

BUY (Maintained)

Target Price (IDR)	1,600
Potential Upside (%)	20.3

Company Data

Cons. Target Price (IDR)	1,555
SSI vs. Cons (%)	102.9

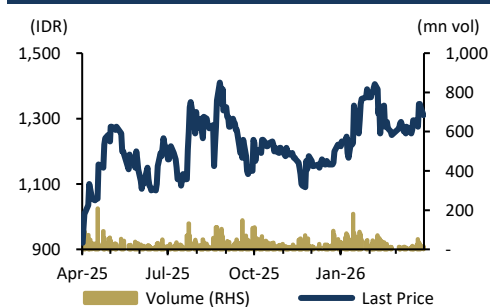
Stock Information

Last Price (IDR)	1,330
Market Cap. (IDR bn)	18,315
52-Weeks High/Low (IDR)	1,450/910
3M Avg. Daily Value (IDR bn)	48.2
Free Float (%)	39.8
Shareholders (%):	
Government	60.0
Public & Others	40.0

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	11.1	2.8	7.0	38.1
JCI Return	(12.2)	6.9	(15.7)	17.8
Relative	23.2	(4.1)	22.7	20.3

Stock Price & Volumes, 12M



Company Background

PT Bank Tabungan Negara, Indonesia's leading mortgage bank with a legacy spanning over 125 years, holds the nation's largest housing loan portfolio. BBTN plays a key role in government housing programs by financing affordable, eco-friendly homes for underserved and informal communities through integrated digital ecosystem.

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Cheapest in the Sector

Retain BUY with TP of IDR 1,600 (0.43x 2026F PBV) on undemanding valuation. BBTN, helped by recently released solid 1Q26 net profit of IDR 1.1tn (+22.6% YoY, -7.6% QoQ), is on target to meet our full-year 2026F estimate, as we expect higher provisions in the subsequent quarters. BBTN's 1Q26 earnings were driven by lower CoF and normalized credit cost, which lifted profitability despite margin pressure and in-line operating income. Supported by solid NII growth and lower provisioning, net profit was above expectations at 31.2% of our estimate and 29.6% of consensus. Looking ahead, management maintains guidance for 8–10% loan growth, 7–9% deposit growth, credit cost at 1.0–1.2%, and stable NIM albeit below previous peak levels. While NIM expansion remains constrained by falling assets yields, improving funding mix and improved assets quality provide support for earnings resilience. Thus, we retain BUY on BBTN with unchanged IDR 1,600 TP, supported by improving CoF trajectory, stronger assets quality, and undemanding valuation relative to peers ([Figure 2](#)). Biggest risk to our call: higher inflation to raise interest rates and NPLs.

2Q26F net profit -20.5% QoQ, -9.8% YoY on lower NIM and higher provisions. We estimate BBTN to book 2Q26F net profit of IDR881bn (-20.5% QoQ, +9.8% YoY), driven by normalized credit cost, while margin expansion remains limited amid ongoing pressure on assets yields. Following strong 1Q26 performance, earnings were supported by NII growth of +13% YoY, lower provisioning with CoC at 0.9%, and stable NIM at 3.6%, as lower CoF offset yield compression. Loan growth remained solid at ~10% YoY, driven by continued expansion in non-housing segments. For 2026F, we maintain our forecast for net profit at IDR3.5tn (+1.4% YoY), as we believe CoC will normalize in coming quarters while NIM is expected to decline due to ongoing pressure on asset yields.

Liquidity remains manageable, supported by improving funding mix. We expect 2Q26F liquidity to remain stable (LDR: ~94–95%), supported by steady deposit growth and ongoing optimization of funding mix. In 1Q26, deposits grew ~10% YoY, driven by time deposits (+12% YoY), while CASA grew +8% YoY, bringing CASA ratio to 50.2%. The improvement in funding mix was due to higher share of mid-institution deposits (~36% vs. 28% in 1Q25), carrying lower cost compared to large institutions. Loan growth remained solid at 10.3% YoY, mainly on non-housing loans, in line with BBTN's strategy to increase non-housing mix toward ~30% over the medium term, which should support more balanced growth and margin stability despite near-term funding cost trade-offs.

Assets quality improving, with higher buffers and stronger capital position. With NPL at around ~3.0–3.2%, supported by better mortgage collection and tighter underwriting, 2Q26F assets quality should remain stable. In 1Q26, gross NPL improved to 3.1% (vs. 3.3% in 1Q25), while loan-at-risk declined to 19.6%, reflecting early success of the bank's collection strategy. Provisioning declined significantly (-47% QoQ, -8% YoY), bringing credit cost to 0.9%, below guidance, while coverage ratio improved to ~124%, indicating stronger buffer positioning. Capital remains solid with CAR at ~20.6%, providing sufficient headroom for growth and supporting more sustainable earnings outlook into 2026.

Forecasts and Valuations (at closing price IDR 1,330 per share)

Y/E Dec	24A	25A	26F	27F	28F
Net Interest Income (IDRbn)	11,702	18,425	17,769	18,986	20,944
Pre-prov op. Profit (IDRbn)	5,806	10,674	9,291	9,715	10,807
Net Profit (IDR bn)	3,007	3,501	3,551	3,893	4,317
EPS (IDR)	284	331	336	368	408
EPS Growth (%)	(14.1)	16.4	1.4	9.6	10.9
P/E Ratio (x)	4.6	3.9	3.9	3.5	3.2
BVPS (IDR)	32,572	36,210	39,061	42,244	45,782
P/BV Ratio (x)	3,078	3,422	3,691	3,992	4,326
DPS (IDR)	0.4	0.4	0.4	0.3	0.3
Dividend Yield (%)	57	66	67	74	82
ROE (%)	4.4	5.1	5.1	5.6	6.3

Figure 1. BBTN's 1Q26 Results

(IDRbn)	1Q26	QoQ (%)	YoY (%)	3M25	3M26	YoY (%)	3M26/ 2026F	3M26/ Cons.
Interest Income	8,004	(18.0)	(2.5)	8,210	8,004	(2.5)	-	-
Net interest income	4,268	(24.6)	13.0	3,778	4,268	13.0	-	-
Total operating income	5,222	(21.9)	8.4	4,817	5,222	8.4	23.6	23.6
Provisions	903	(46.7)	(7.8)	979	903	(7.8)	-	-
Operating profit	1,434	(10.0)	25.1	1,146	1,434	25.1	-	-
Net profit	1,108	(7.5)	22.6	904	1,108	22.6	31.2	29.6
Key Ratios (%)								
NIM	-	-	-	3.6	3.5	-	-	-
LDR	-	-	-	94.4	94.8	-	-	-
Capital adequacy	-	-	-	17.7	18.6	-	-	-
Gross NPL	-	-	-	3.3	3.2	-	-	-
ROE	-	-	-	11.3	3.2	-	-	-

Sources: Company, SSI Research

Solid 1Q26 results provides sufficient cushion to account for higher provisions in the subsequent quarters to bring our current full year 2026F net profit expectation to be in-line

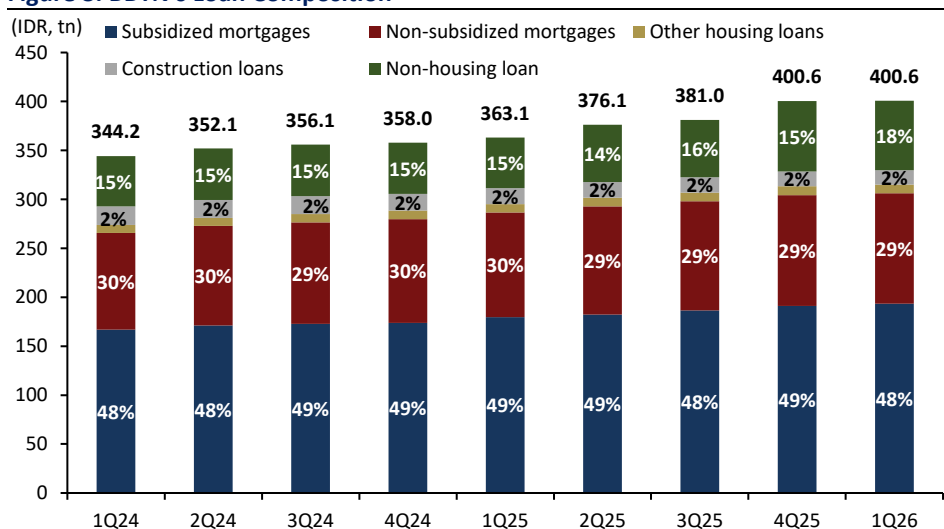
Figure 2. Peer Comparables

Company Ticker	Rating	Market Cap. (IDR tn)	Last Price (IDR)	TP (IDR)	YTD Net Buy/(Sell) (IDR bn)	Upside Potential (%)	NIM (%)	EPS Growth (%)	2026F PBV (x)	ROE (%)
BBCA	BUY	798	6,475	8,600	(21,775)	32.8	5.6	7.4	2.5	20.8
BBRI	BUY	521	3,440	4,400	(5,111)	27.9	7.5	5.8	1.6	18.2
BMRI	BUY	431	4,620	5,700	(4,501)	23.4	4.5	3.0	1.4	19.0
BBNI	BUY	137	3,670	5,300	(2,814)	44.4	3.9	3.5	0.8	11.7
BNLI	SPEC-BUY	122	3,180	6,200	(222)	95.0	4.2	12.2	2.5	7.9
BRIS	BUY	94	2,350	2,800	(461)	19.1	5.0	10.8	1.6	16.6
BINA	SPEC-BUY	26	4,180	7,000	117	67.5	2.9	107.6	6.6	6.7
ARTO	BUY	26	1,370	2,700	(18)	97.1	2.0	81.8	2.1	2.0
PNBN	BUY	24	980	1,700	(93)	73.5	4.5	10.6	0.4	8.5
BBTN	BUY	18	1,330	1,600	373	20.3	3.6	1.4	0.4	9.4
BBKP	SPEC-BUY	12	64	100	7	56.3	2.6	154.4	1.7	8.1
BCIC	SPEC-BUY	2	128	270	0	110.9	2.4	13.1	0.5	7.9
Sector	OVERWEIGHT	2,212			(34,498)	34.9	5.6	8.9	1.9	17.9

Sources: Bloomberg, SSI Research

BBTN offers 20.3% share price upside potential with 2026F forward P/BV of 0.4x, implying 81.6% discount to the sector average and representing the lowest P/BV within our coverage

Figure 3. BBTN's Loan Composition



Sources: SSI Research, Company

BBTN's loan growth reached 10.3% YoY (guidance: 8-10%) as solid mortgage demand and housing-ecosystem disbursements outweighed selective underwriting in non-housing segments

Figure 4. What Drives BBTN's Share Price



Sources: Bloomberg, Company, SSI Research

Financial Highlights

Profit and Loss					
Y/E (IDRbn)	24A	25A	26F	27F	28F
Interest income	29,550	36,339	38,933	41,700	45,404
Interest expense	17,848	17,914	21,164	22,714	24,460
Net interest income	11,702	18,425	17,769	18,986	20,944
Non interest income	4,518	4,174	4,366	4,569	4,783
Total operating income	16,220	22,599	22,135	23,555	25,727
Operating expenses	10,414	11,925	12,844	13,840	14,920
Loan loss provisions	1,981	6,176	4,615	4,596	5,138
Operating profit	3,825	4,499	4,675	5,119	5,669
Non-operating inc./ (exp.)	(52)	(117)	(122)	(128)	(135)
Pre-tax profit	3,773	4,382	4,553	4,991	5,534
Corporate tax	(766)	(881)	(1,002)	(1,098)	(1,218)
Minorities	0	0	0	0	0
Net profit	3,007	3,501	3,551	3,893	4,317

We project BBTN's FY26 net profit to grow 1.4% YoY, as earnings normalize on higher FY25 base, with NIM normalization offsetting steady loan growth and efficiency gains

Balance Sheet					
Y/E (IDRbn)	24A	25A	26F	27F	28F
Placement with other banks	5,952	2,516	2,768	3,044	3,349
Loans	357,973	400,576	438,598	480,546	526,823
Government bonds	35,476	38,107	37,707	37,307	36,907
Other interest-bearing assets	53,882	71,040	51,460	55,188	59,226
Impairment	(13,063)	(15,316)	(23,996)	(28,329)	(33,207)
Net earnings assets	440,220	496,922	506,536	547,757	593,098
Cash on hand	2,106	2,155	2,263	2,376	2,494
Fixed assets	9,176	10,509	13,155	16,384	20,319
Other assets	18,113	18,208	28,531	28,761	29,025
Total assets	469,615	527,793	550,484	595,277	644,936
Customer deposits	381,667	437,398	471,512	510,725	553,237
Deposits from other banks	70	96	106	117	128
Borrowings & bonds	45,258	47,469	52,040	54,770	57,660
Total liabilities	437,043	491,583	511,423	553,033	599,154
Minorities	0	0	0	0	0
Equity	32,572	36,210	39,061	42,244	45,782
Total liabilities and equity	469,615	527,793	550,484	595,277	644,936

BBTN's FY26 loan book is projected to expand 9.5% YoY, implying normalized growth pace driven by continued mortgage disbursements and steady expansion in housing-related corporate loans

Key Ratios (%)					
	24A	25A	26F	27F	28F
ROA	0.6	0.7	0.7	0.7	0.7
ROE	9.2	9.7	9.4	9.6	9.8
NIM	2.8	4.1	3.6	3.7	3.7
COC	0.6	1.5	1.1	1.0	1.0
Loan to deposit ratio	93.8	91.6	93.0	94.1	95.2
Loan to funding ratio	83.0	82.4	83.8	85.0	86.2
Cost efficiency ratio	64.2	52.8	58.0	58.8	58.0
CIR	88.8	88.9	89.2	88.9	88.7
Gross NPL	3.2	3.2	3.1	3.1	3.1
NPL coverage	115.4	120.6	175.5	189.3	202.5
LLR to total loans	0.6	1.6	1.1	1.0	1.0
CAR-total	19.1	20.1	19.5	19.5	20.7
CAR-tier I	17.7	17.9	17.2	17.2	18.5

CoC is expected to normalize to 1.1% in 2026 (vs. 1.5% in 2025) as earlier front-loaded provisioning fades and loan growth shifts toward lower-risk mortgage and housing-ecosystem segments

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