

Solid 1H25 top and bottom-line growth; above

2 September 2025



BBTN IJ	BUY
Sector	Banks
Price at 1 Sept 2025 (IDR)	1,280
Price target (IDR)	1,530
Upside/Downside (%)	19.5

Stock Information

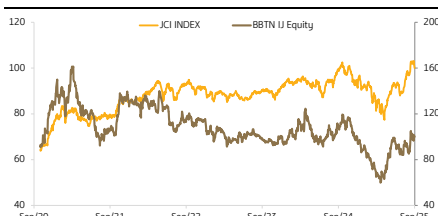
PT Bank Tabungan Negara (Persero) Tbk is a state-owned enterprise bank providing banking services (consumer banking, commercial and sharia banking). It has a strong business presence in subsidized mortgage. The bank has the continuing support from government in channeling housing subsidy which make market share stand out among its competitor.

Market cap (IDR bn)	18,245
Shares outstanding (mn)	14,034
52-week range (IDR)	755 – 1,545
3M average daily vol. ('000)	26,120
3M average daily val. (IDR mn)	31,634

Shareholders (%)

Republic of Indonesia	55.0
Public	45.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	15.2	2.4	(8.9)

BBTN delivered a strong performance in 1H25, with net income +13.6% yoy, surpassing expectations. The bank's recorded healthy loan growth of +6.8% yoy (+6.2% yoy housing and 10.5% yoy in non-housing). Total TPF grew 11.2% yoy amid tight liquidity environment and tough competition. From a profitability standpoint, BBTN showed strong performance with +139bps in its NIM, reaching 4.4%. While the bank saw a slight rise in its gross NPL ratio to 3.3% and its CoC to 2.0%, these figures remain closed with the '25F guidance. BBTN's digital transformation is a powerful growth engine, with mobile financial transactions soaring 141.6% yoy. The bank is poised for continued growth, projecting a balanced expansion of both loans and deposits and a stable improvement in its NIM, in our view. Maintain BUY BBTN, GGM-based TP of IDR1,530 (0.5x '25F P/B), while currently trades at its -1SD of 0.4x 25F P/B.

Strong 1H25 earnings, exceeding expectations

BBTN recorded solid 1H25 results. 1H25 net income grew by 13.6% yoy to IDR1.70tn mainly driven by strong achievement from top to bottom. On quarterly basis, the growth was recorded higher at +25.1% yoy to IDR 803bn. Top line arrives at IDR 18.5tn or 23.5% yoy higher, supported by healthy loan growth (+6.8% yoy) and interest income improvement, while robust NII growth of +55.1% yoy to IDR 9.34tn was due to soft funding cost increased (+2.3% yoy), resulting to double growth in PPoP from IDR2.90tn to IDR5.82tn in 1H25 (+100.6% yoy). In all, BBTN 1H25 earnings came in above our '25F and consensus expectation.

Healthy loan growth; higher non-subsidized and robust non-housing segment

The bank's total loan portfolio expanded by a 6.8% yoy, a performance largely underpinned by the strength of its housing loan segment, which grew by 6.2% yoy. While the subsidized loan book remains a foundational pillar of growth, a noteworthy development is the accelerating momentum in the non-subsidized mortgage portfolio. This segment grew at a faster clip, expanding by 8.8% yoy compared to the 6.5% growth observed in the subsidized segment, signaling a successful strategic pivot towards higher-margin assets. Across the non-housing loan segments, the mix remained stable. However, a deep dive into the corporate book reveals a vigorous and encouraging growth (18.4% yoy and 12.7% qoq).

Expect stronger deposit mix to continue

Total TPF have demonstrated remarkable resilience (robust growth: 11.2% yoy) reaching IDR406.38bn, with the CASA growing healthy by 5.6% yoy to IDR199.72bn. Within the funding mix, the low-funding cost segment, specifically SA, experienced a healthy yoy growth of 6.5%. This was complemented by a 5.3% yoy increase in CA, bringing their respective balances to IDR 155.28bn and IDR 44.43bn. This growth trajectory underscores a favorable shift towards more stable and cost-effective funding sources. It is noteworthy that the 17.3% yoy growth in TD was underpinned by a balanced contribution from both the retail and institutional. We anticipate that BBTN's continuing strategic initiatives to enhance its deposit mix will lead to a higher proportion of low-cost funding segments in the future, further strengthening the bank's financial position and profitability.

NIM expanded +139bps; well-managed risk metrics

From a profitability perspective, BBTN's NIM showed a notable expansion, soaring by 139bps to 4.4% (1H25), up from 3.0% in the same period of 1H24. Tier-1 ROE remains well-managed (+67bps) to 11.7%, while the CIR ratio improved to 43.8%. On the risk front, key metrics remain manageable. The gross NPL ratio saw a slight increase (+20bps) to 3.3% from 3.1%, and the CoC also rose to 2.0% (1H25) from 0.6% in the 1H24. Yet, remain within BBTN '25F CoC guidance of >1.5%. New regulations are expected to drive down NPL levels for unsubsidized mortgages. Moreover, the bank's LAR consistently recorded a low figure, demonstrating positive progress with a 102bps improvement, reaching 20.2% compared to 21.2% (1H24). This trend signals effective risk management and a sound asset quality outlook.

Lower borrowing costs is crucial to drive earnings

Despite anticipating heightened competition for TPF in the 2H25, we foresee a key driver for 2025 earnings performance to be a reduction in borrowing costs. We favor BBTN's strategy of shifting its deposit mix, prioritizing middle-tier institutions with lower funding costs. This proactive approach is already yielding positive results, with the proportion from middle-tier institutions rising significantly to 31.4% (1H24: 26.3%). Consequently, the reliance on large institutions has decreased to 68.6% from 73.7% (1H24).

BBTN's digital push: a catalyst for transactional banking growth

BBTN's digital pivot is a powerful catalyst for its transactional banking growth. The bank's digital transformation is gaining significant momentum, evidenced by a 141.6% YOY surge in mobile financial transactions, from 385mn transactions in 1H24 to 931.5mn in 1H25. This robust activity drove transaction value to IDR 43.1tn. The bank projects this digital momentum will carry through the year, with transaction value expected to reach IDR 86.2tn, up from IDR 81.1tn in FY24. This growth underscores BBTN's commitment to digital innovation and its potential to enhance both operational efficiency and customer experience, positioning it for sustained performance.

Maintain BUY, TP of IDR1,530

Our GGM approach for BBTN's fair value pegged at '25F P/B of 0.5x while currently it is trading at 0.4x'25F P/B, or at its -1SD. Key downside risks to our target price include: a) lower-than-expected loan growth; b) prolonged tight liquidity and higher SRBI high; c) NIM stagnation d) higher-than expected CoF and CoC; f) deteriorating asset quality; g) prolonged trade war uncertainty, mild economic activity, motionless wait & see stance, steady weakening purchasing power and household loan confidence. 10) weakening IDR/USD.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net interest income	13,430	11,493	12,948	13,563	14,791
Non interest income	3,891	4,576	4,862	5,217	5,628
Operating income	17,321	16,069	17,810	18,781	20,419
Pre provisions operating profit	8,304	5,806	6,885	7,218	8,033
Net income	3,501	3,007	2,921	3,239	3,470
EPS (IDR)	319	274	266	295	316
EPS growth (%)	15.0	(14.1)	(2.9)	10.9	7.1
PER (x)	4.0	4.7	4.8	4.3	4.1
PBV (x)	0.5	0.4	0.4	0.4	0.4
Div. Yield (%)	4.3	5.0	4.3	4.2	4.6
RoE (%)	12.4	9.5	8.7	8.9	9.0

Source: Company, KBVS Research

Analyst

Akhmad Nurcahyadi

akhmad.nurcahyadi@kbvalbury.com

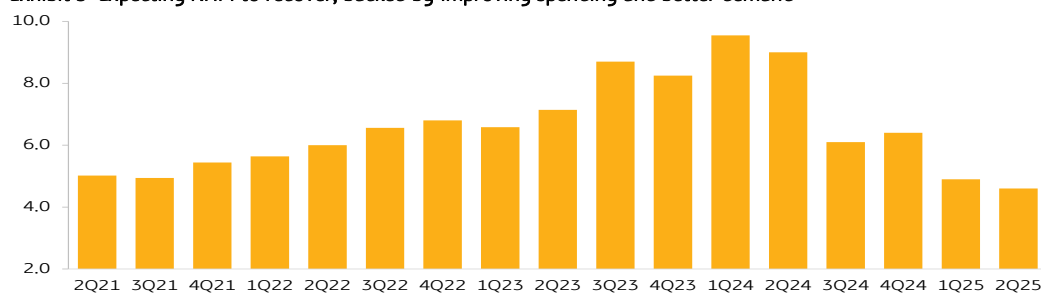
Exhibit 2: BBTN 1H25 result and key performance metrics results

Income statements (IDRbn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)	KBVS '25F	% to '25F	Cons. '25F	% to Cons.
Interest Income	14,975	18,501	23.5	7,303	10,290	40.9	8,210	25.3				
Interest Expenses	(8,949)	(9,154)	2.3	(4,505)	(4,721)	4.8	(4,432)	6.5				
Net interest income	6,026	9,347	55.1	2,798	5,569	99.0	3,778	47.4				
Non-interest income	2,009	1,903	(5.3)	1,004	864	(13.9)	1,039	(16.8)				
Total operating income	8,035	11,250	40.0	3,802	6,433	69.2	4,817	33.5				
Operating expenses	(5,131)	(5,426)	5.7	(2,710)	(2,734)	0.9	(2,692)	1.6				
Pre-provision operating profit	2,904	5,824	100.6	1,092	3,699	238.7	2,125	74.1				
Provision expenses	(976)	(3,657)	274.7	(319)	(2,678)	739.5	(979)	173.5				
Net profit	1,877	2,130	13.5	642	803	25.1	904	(11.2)	2,921	72.9%	3,062	69.6%

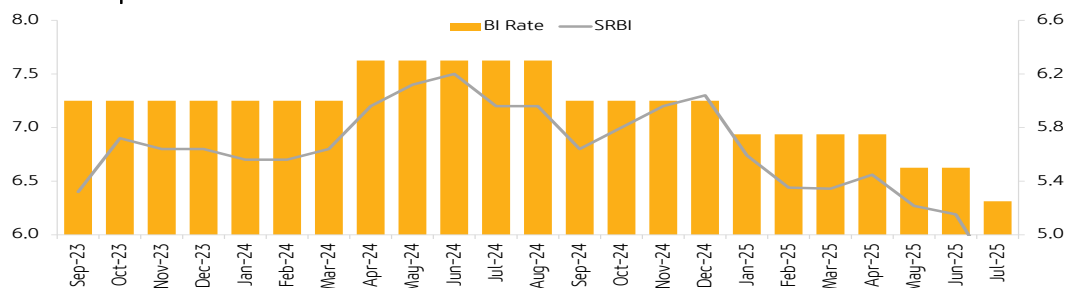
Balance Sheets (IDRbn)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
Loans	352,066	376,110	6.8	352,066	376,110	6.8	363,112	3.6
Current accounts	147,504	155,287	5.3	147,504	155,287	5.3	151,671	2.4
Saving deposits	41,713	44,437	6.5	41,713	44,437	6.5	45,008	(1.3)
Time deposits	176,165	206,658	17.3	176,165	206,658	17.3	188,024	9.9
Total TPF	365,382	406,382	11.2	365,382	406,382	11.2	384,703	5.6
CASA	189,217	199,724	5.6	189,217	199,724	5.6	196,679	1.5
Total equity	31,003	33,926	9.4	31,003	33,926	9.4	33,537	1.2

Key Ratio (%)	6M24	6M25	YoY (%)	2Q24	2Q25	YoY (%)	1Q25	QoQ (%)
NIM	3.0	4.4	1.4	3.0	4.4	1.4	3.6	0.8
Cost of Fund	4.1	4.1	0.0	4.1	4.1	0.0	4.0	0.1
NPL gross	3.1	3.3	0.2	3.1	3.3	0.2	3.3	0.0
NPL coverage	135.7	115.0	(20.7)	135.7	115.0	(20.7)	104.6	10.4
LAR	21.2	20.2	(1.0)	21.2	20.2	(1.0)	20.3	(0.1)
CoC	0.6	2.0	1.4	0.6	2.0	1.4	1.1	0.9
Tier-1 CAR	16.6	16.2	(0.4)	16.6	16.2	(0.4)	16.4	(0.2)
CAR	18.6	17.5	(1.1)	18.6	17.5	(1.1)	17.7	(0.2)
ROE	11.1	11.7	0.6	11.1	11.7	0.6	12.5	(0.8)
ROA	0.8	0.9	0.1	0.8	0.9	0.1	1.0	(0.1)
CIR	58.8	43.8	(15.0)	58.8	43.8	(15.0)	53.6	(9.8)
LDR	96.4	92.6	(3.8)	96.4	92.6	(3.8)	94.4	(1.8)
CASA	51.8	49.1	(2.7)	51.8	49.1	(2.7)	51.1	(2.0)

Source: Company, KBVS Research

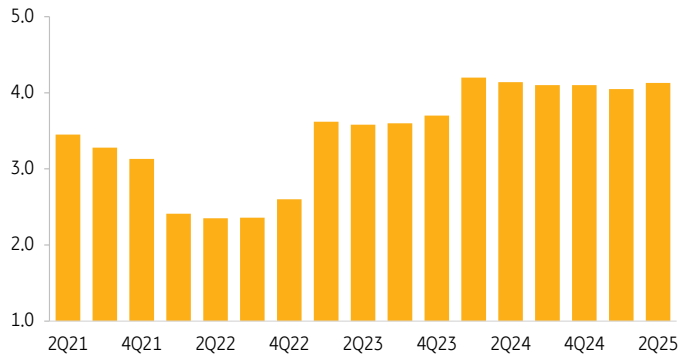
Exhibit 3: Expecting NHPI to recover, backed by improving spending and better demand


Source: Company, KBVS Research

Exhibit 4: Expect SRBI to continue softened


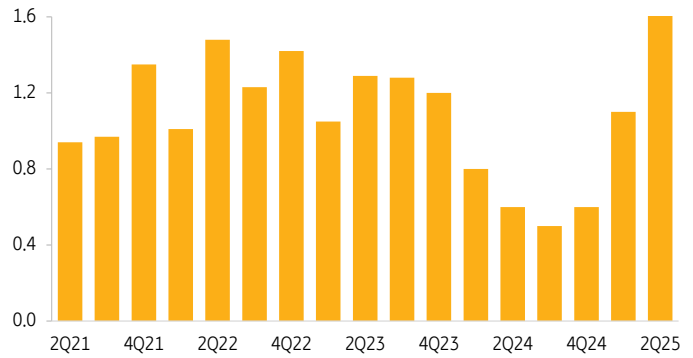
Source: Company, KBVS Research

Exhibit 5: Softened cost of fund to play crucial role (%)



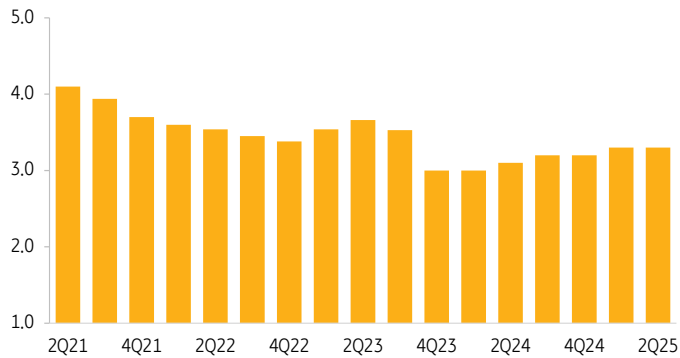
Source: Company, KBVS Research

Exhibit 6: Expect softer CoC, despite within '25F guidance (%)



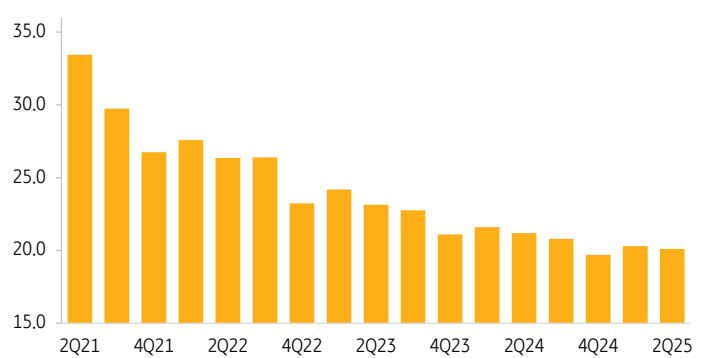
Source: Company, KBVS Research

Exhibit 7: Healthier NPL sound to continue (%)



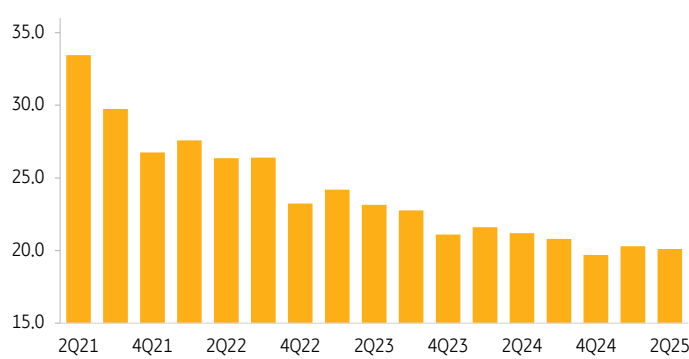
Source: Company, KBVS Research

Exhibit 8: LAR remain at low level (%)



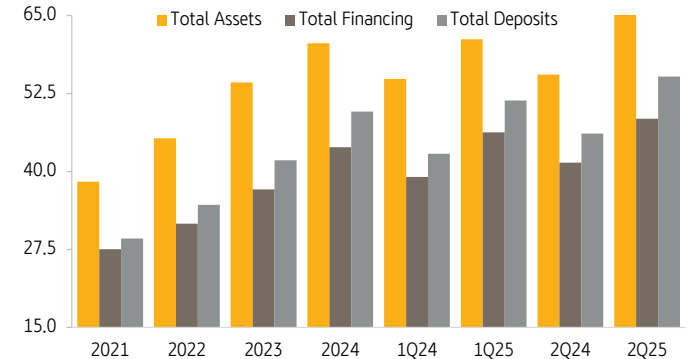
Source: Company, KBVS Research

Exhibit 9: Solid CASA portion likely to continue (%)



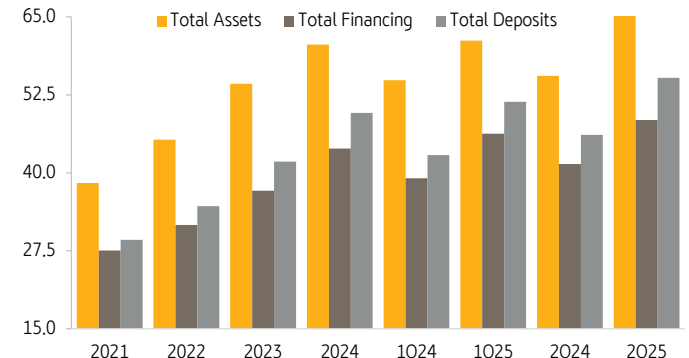
Source: Company, KBVS Research

Exhibit 10: Sharia business units Assets, Financing and Deposits (IDR tn)



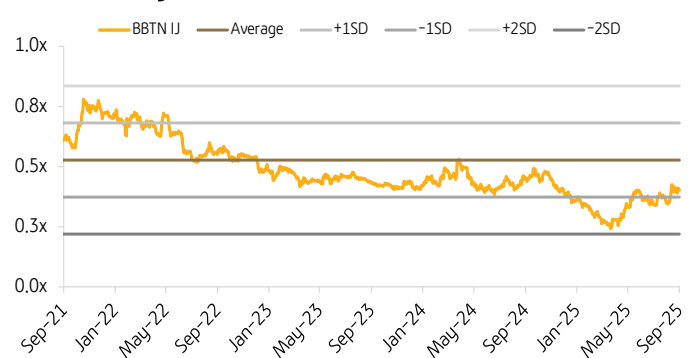
Source: Company, KBVS Research

Exhibit 11: Sharia business unit NIM and NPF (%)



Source: Company, KBVS Research

Exhibit 12: Currently trades at 0.4x '25F P/B or at its -1SD



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 13: Profit & Loss

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	28,281	29,542	31,388	33,180	35,266
Interest expense	(14,851)	(18,049)	(18,440)	(19,617)	(20,475)
Net interest income	13,430	11,493	12,948	13,563	14,791
Non-interest income	3,891	4,576	4,862	5,217	5,628
Operating expenses	(9,017)	(10,263)	(10,925)	(11,563)	(12,387)
Pre-provision operating profit	8,304	5,806	6,885	7,218	8,033
Loan loss provision	(3,764)	(1,981)	(2,938)	(2,847)	(3,354)
Pretax profit	4,380	3,773	3,895	4,319	4,627
Net profit	3,501	3,007	2,921	3,239	3,470

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Assets					
Cash	2,127	2,106	2,296	2,504	3,839
Current Account BI	18,146	22,740	24,528	28,652	30,551
Interbank	32,763	10,610	11,445	11,243	12,317
Gov Bond	5,283	25,363	26,344	32,158	34,836
Marketable Securities	35,894	35,476	35,815	35,983	36,957
Loan	318,106	344,916	373,725	406,124	443,325
Fixed assets	8,118	9,176	8,338	8,930	9,492
Other assets	18,313	19,229	21,968	23,277	25,040
Total Asset	438,750	469,614	504,460	548,871	596,357
Liabilities					
Interbank Deposit	115	101	71	50	36
Deposit from customer	349,584	381,654	411,661	449,789	492,761
Debts Sec and Subordinates	51,147	45,258	45,986	47,091	48,731
Other Liabilities	7,425	10,029	11,828	14,071	15,450
Total liabilities	408,271	437,043	469,546	511,001	556,978
Equity					
Capital Stock	7,017	7,017	7,017	7,017	7,017
Additional Paid-in Capital	4,419	4,419	4,419	4,419	4,419
Retained Earnings	16,839	19,146	21,466	24,121	26,943
Other Equity	2,204	1,990	2,012	2,313	1,000
Total Equity	30,479	32,572	34,913	37,870	39,379

Exhibit 15: Key performance metrics

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
NIM (%)	3.8	3.1	3.2	3.1	3.1
LDR (%)	95.5	93.8	93.8	92.8	92.1
CASA (%)	53.8	54.1	56.6	58.7	60.5
NPL (%)	3.0	3.2	3.1	3.0	2.9
ROE (%)	12.4	9.5	8.7	8.9	9.0
ROA (%)	0.8	0.7	0.6	0.6	0.6
CAR (%)	20.1	20.0	19.9	19.5	19.2
BVPS (IDR)	2,775	2,966	3,179	3,448	3,585
PER (x)	4.0	4.7	4.8	4.3	4.1
PBV (x)	0.5	0.4	0.4	0.4	0.4
Div. Yield (%)	4.3	5.0	4.3	4.2	4.6

Source: Company, KBVS Research

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KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. (021) 25098300
F. (021) 25098400

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Boulevard Barat Raya Blok A1 No. 10,
Jakarta Utara 14240
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. Abdul Rivei No. 1A, Kel. Pasirkaliki,
Kec. Cicendo Bandung 40171
T. (022) 3003133

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 2005050

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 21008080

Padang

Jl. Proklamasi No. 60A
Padang Timur 25121
T. (0751) 8688080

Yogyakarta

Jl. Magelang KM 5,5 No. 75
Yogyakarta 55000
T. (0274) 8099090

Semarang

Jl. Gajahmada 25A,
Kecamatan Semarang Tengah,
Kelurahan Kembang Sari 50241
T. (024) 40098080

Makassar

Komplek Ruko Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0411) 6000818

Medan

Komplek Golden Trade Center
Jl. Jenderal Gatot Subroto No. 18-19
Medan 20112
T. (061) 50339090

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Pontianak

Jl. Prof. M Yamin No. 14
Kotabaru, Pontianek Selatan
Kalimantan Barat 78116
T. (0561) 8069000

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 52392181

Tangerang

Ruko Aniva Junction Blok D No. 32
Gading Serpong, Tangerang,
Banten 15334
T. (021) 35293147

Semarang

Jl. Jati Raya No. D6,
Srandol Wetan, Banyumanik,
Semarang 50263
T. (024) 84151195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 315007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 3199090

Jambi

Jl. Orang Kayo Hitam No. 48 B
Jambi Timur 36123
T. (0741) 3068533