AQ Turnaround Sparks +41% YoY Earnings Surge

21 July 2026

BBTN IJ	BUY
Sector	Banks
Price at 21 July 2026 (IDR)	1,265
Price target (IDR)	1,530
Upside/Downside (%)	20.9

Stock Information

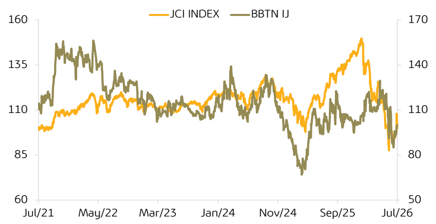
PT Bank Tabungan Negara (Persero) Tbk is a state-owned enterprise bank providing banking services (consumer banking, commercial and sharia banking. It has a strong business presence in subsidized mortgage. The bank has the continuing support from government in channeling housing subsidy which make market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

Market cap (IDR bn)	17,754
Shares outstanding (mn)	14,034
52-week range (IDR)	1,040 - 1,505
3M average daily vol. ('000)	25,814
3M average daily val. (IDR mn)	33,197

Shareholders (%)

Republic of Indonesia	55.0
Public	45.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	2.9	(5.3)	7.2

Analyst

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BBTN delivered an exceptional 1H26 performance with net earnings surging +40.8% YoY to IDR2.40tn, mainly driven by a sharp drop in provisions (-61.3% YoY) to IDR1.41tn, significantly beating our and street expectations (65.9%/61.7%). Loan growth remained robust at +11.2% YoY, exceeding the upper bound of the '26F guidance by 120 bps., while total TPF recorded healthy growth of +6.6% YoY, thanks to CASA segment expansion of +6.5% YoY. NIM was well managed at 3.5% vs 3.6% in the previous quarter, and asset quality improved meaningfully, with declines in both COC (-131bps) to 0.7% vs 2.0% in 1H25 and gross NPL to 3.0% vs 3.3% in 1H25. Maintain BUY, GGM-based TP of IDR1,530 (0.6x '26F P/B). The stock currently trades at an attractive 0.5x 2026F P/B, slightly above its -1SD level of 0.4x.

Lower provisions drive 41% YoY earnings surge; 1H26 beats expectations

BBTN's 1H26 earnings surged +40.8% YoY to IDR2.40 tn from IDR1.70 tn in the same period last year, mainly driven by a steep decline in provisions from IDR3.65 tn to IDR1.41 tn (-61.3% YoY). This result came in above our and consensus estimates, reaching run rates of 65.9% and 61.7%, respectively. Despite solid bottom-line growth, net interest income actually declined -8.0% YoY to IDR8.59 tn due to an -11.8% YoY contraction in topline revenue (to IDR16.31 tn from IDR18.50 tn in 1H25) Moreover, PPoP weakened by -22.8% YoY to IDR4.49 tn, pressured by softer non-interest income growth (-3.4% YoY) to IDR1.84 tn and a +9.4% YoY increase in other expenses to IDR1.83 tn.

Loan growth surpasses '26F upper guidance

Total loans expanded by +11.2% YoY to IDR418.11 tn, primarily supported by healthy housing loan growth (+4.8% YoY to IDR332.887 tn) and robust demand in the non-housing loan segment (+46.1% YoY to IDR85.22 tn). The subsidized mortgages segment (+8.1% YoY) continues to dominate the portfolio, accounting for 47.1% of total loans, while non-subsidized mortgages remain the second-largest contributor (27.0%) of the bank's loan mix. A deliberate strategic shift successfully accelerated the non-housing segment, which now represents 20.5% of the total loan portfolio—a notable 500-bps increase from 15.5% in 1H25, This expansion was driven by robust corporate loan growth (+43.0% YoY to IDR 50.96tn) and a massive spike in consumer loans (+160.9% YoY to IDR 19.62tn, up from IDR 7.52tn in 1H25).

Structural CASA shift helps reduce funding costs

Total TPF grew by +6.6% YoY to IDR433.00tn from IDR406.38tn in 1H25. CASA booked another solid expansion (+6.5% YoY to IDR212.78 tn, from IDR199.72 tn in 1H25), supported heavily by the CA segment, which rose +7.5% YoY to IDR166.95tn. CASA portion is relatively well-managed at 49.1% of total deposits, slightly higher compared to 48.7% at the end of 2025. We also like BBTN's initiatives to strengthen its low-cost funding portion, which have proven effective in reducing deposit costs. Low-cost CASA grew significantly by +9.1% YoY to IDR140.5 tn, while high-cost CASA declined -7.9% YoY to IDR35.4 tn. This structural shift effectively anchors year-to-date funding costs. Consequently, the cumulative cost of deposits dropped sharply to 3.01% in 6M26 (vs. 4.13% in 6M25) and remains stable compared to the 2.97% recorded in 3M26.

Well managed NIM and healthier risk metrics.

The bank successfully maintained a stable NIM of 3.5% in Jun '26 vs. 3.6% in Mar '26, alongside solid loan growth. On the risk profile front, we view BBTN's consistent improvements positively. CoC improved meaningfully by -131 bps from 2.0% to 0.7% in Jun '25. Gross non-performing loans (NPL) improved to 3.0% (1H26) - a 33-bps reduction from 3.3% in 1H25—in line with the bank's 26F gross NPL guidance. The core housing loan segment was key to this improvement, with its NPL ratio dipping to 3.5% (down from 3.7% in Jun '25). Concurrently, a healthier gross NPL figure was also reported in the non-housing segment, which improved by 30 bps from 1.2% in Jun '25 to 0.9% in Jun '26.

Maintain BUY

Our GGM approach generated BBTN's fair value at '26F P/B of 0.6x; the stock currently trades at 0.5x 26F P/B, or slightly above -1SD of 0.4x 26F P/B. Potential upside: (a) faster-than-expected switching to low-cost CASA on successful high institution migration, (b) sooner-than-anticipated loan yield repricing (c) stronger loan growth and (d) stable solid CoC. Key downside risks include: (a) weaker-than-expected loan growth on weakening FLPP demand, (b) higher-than-anticipated CoF due to latest BI rate hike and (c) slower-than-anticipated loan yields repricing which could put more pressure on BBTN '26F NIM and earnings growth.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net interest income	11,493	18,219	19,550	20,805	23,030
Non interest income	4,576	4,108	6,184	6,663	7,366
Operating income	16,069	22,327	25,734	27,468	30,396
Pre provisions operating profit	5,806	10,532	13,258	14,105	16,147
Net income	3,007	3,501	3,646	3,876	4,434
EPS (IDR)	214	249	260	276	316
EPS growth (%)	(14.1)	16.4	4.1	6.3	14.4
PER (x)	5.9	5.1	4.9	4.6	4.0
PBV (x)	0.5	0.5	0.5	0.4	0.4
Div. Yield (%)	3.9	3.4	3.9	4.1	4.3
RoE (%)	9.5	10.2	9.8	9.9	10.4

Source: Company, KBVS Research

Exhibit 2: BBTN 1H26 result, selected Profit and Loss

Income statements (IDRbn)	6M25	6M26	YoY (%)	2Q25	2Q26	YoY (%)	1Q26	QoQ (%)	KBVS '26F	% to KBVS.	Cons. '26F	% to Cons.
Interest Income	18,501	16,315	(11.8)	10,290	8,311	(19.2)	8,004	3.8				
Interest Expenses	(9,154)	(7,720)	(15.7)	(4,721)	(3,983)	(15.6)	(3,736)	6.6				
Net interest income	9,347	8,595	(8.0)	5,569	4,328	(22.3)	4,268	1.4				
Non-interest income	1,903	1,839	(3.4)	864	886	2.5	954	(7.1)				
Other Opex (Excl. Provision)	(5,426)	(5,938)	9.4	(2,734)	(3,054)	11.7	(2,884)	5.9				
PPoP	5,824	4,496	(22.8)	3,699	2,160	(41.6)	2,338	(7.6)				
Provision expenses	(3,657)	(1,415)	(61.3)	(2,678)	(512)	(80.9)	(903)	(43.3)				
Operating income	2,167	3,081	42.2	1,021	1,648	61.4	1,435	14.8				
Net profit	1,706	2,402	40.8	803	1,294	61.1	1,108	16.8	3,646	65.9	3,892	61.7

Source: Company, KBVS Research

Exhibit 3: BBTN 1H26 result, selected Balance Sheet

Balance Sheets (IDRbn)	6M25	6M26	YoY (%)	2Q25	2Q26	YoY (%)	1Q26	QoQ (%)
Loans	376,110	418,111	11.2	376,110	418,111	11.2	400,631	4.4
Current accounts	155,287	166,954	7.5	155,287	166,954	7.5	168,808	(1.1)
Saving deposits	44,438	45,833	3.1	44,438	45,833	3.1	43,304	5.8
Time deposits	206,658	220,215	6.6	206,658	220,215	6.6	210,520	4.6
Total TPF	406,383	433,002	6.6	406,383	433,002	6.6	422,632	2.5
CASA	199,725	212,787	6.5	199,725	212,787	6.5	212,112	0.3
Total equity	33,926	37,558	10.7	33,926	37,558	10.7	36,769	2.1

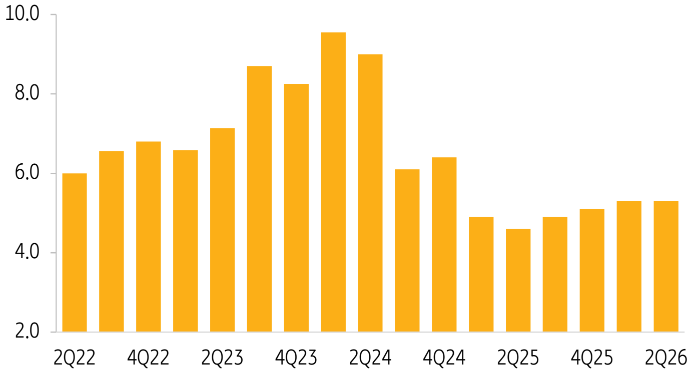
Source: Company, KBVS Research

Exhibit 4: BBTN 1H26 result, selected key performance metrics

Key Ratio (%)	6M25	6M26	YoY (%)	2Q25	2Q26	YoY (%)	1Q26	QoQ (%)
NIM	4.4	3.5	0.9	4.4	3.5	(0.9)	3.6	(0.1)
CIR	43.8	50.5	6.7	43.8	50.5	6.7	49.9	0.6
ROE	11.8	13.3	1.5	11.8	13.3	1.5	12.4	0.9
NPL gross	3.3	3.0	(0.3)	3.3	3.0	(0.3)	3.1	(0.1)
LAR	20.2	18.6	(1.6)	20.2	18.6	(1.6)	19.6	(1.0)
NPL coverage	115.0	121.7	6.7	115.0	121.7	6.7	124.0	(2.3)
CoC	2.0	0.7	(1.3)	2.0	0.7	(1.3)	0.9	(0.2)
LDR	92.6	96.6	4.0	92.6	96.6	4.0	94.8	1.8
CASA	49.1	49.1	0.0	49.1	49.1	0.0	50.2	(1.1)
Tier-1 CAR	16.2	18.0	1.8	16.2	18.0	1.8	18.4	(0.4)
CAR	17.5	20.0	2.5	17.5	20.0	2.5	20.6	(0.6)

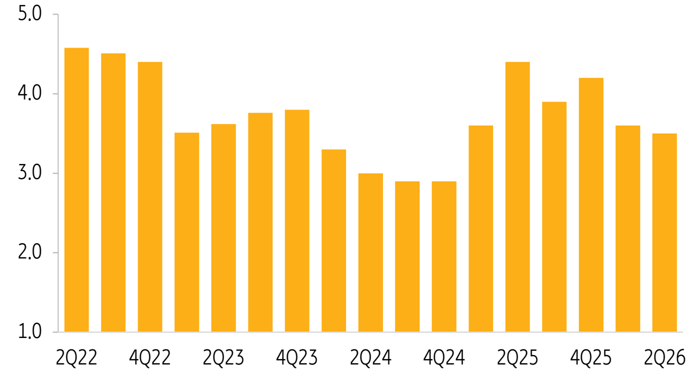
Source: Company, KBVS Research

Exhibit 5: Expecting NHPI recovery to continue (%)



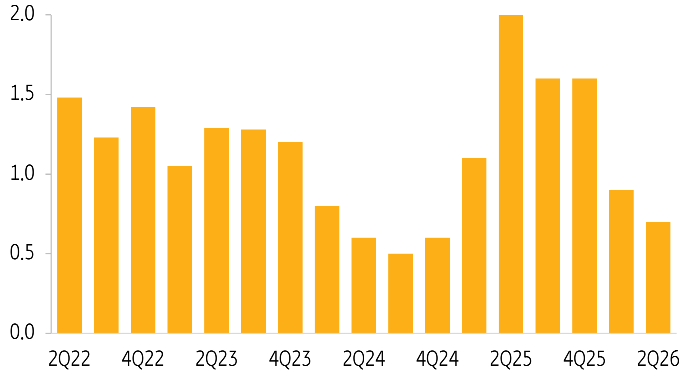
Source: Company, KBVS Research

Exhibit 6: Expect stronger NIM on softer funding cost and manageable EA



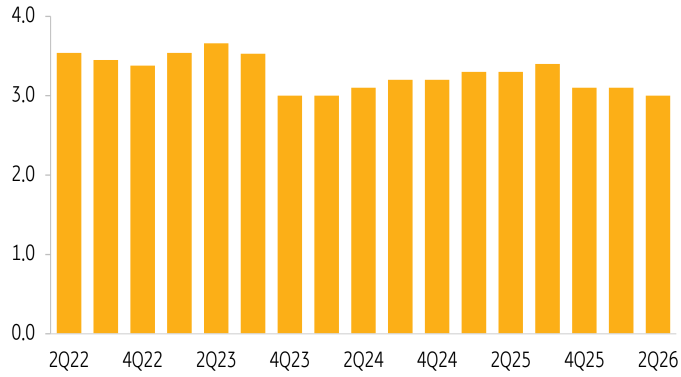
Source: Company, KBVS Research

Exhibit 7: Credit cost likely to stay at low level (%)



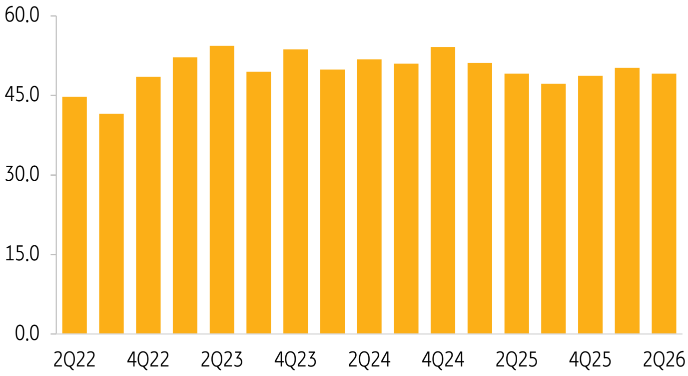
Source: Company, KBVS Research

Exhibit 8: Expect gross NPL improvement to sustain (%)



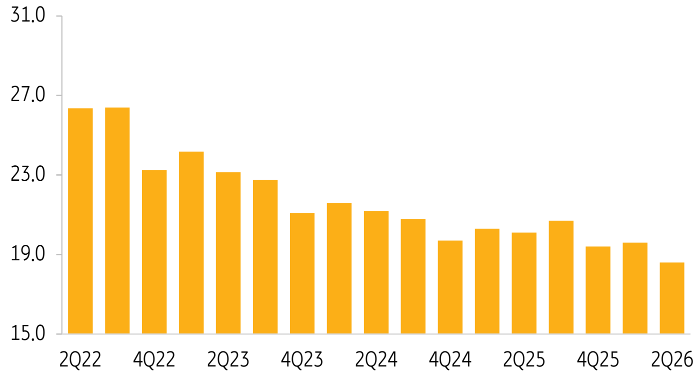
Source: Company, KBVS Research

Exhibit 9: Expect stronger CASA portion in '26F (%)



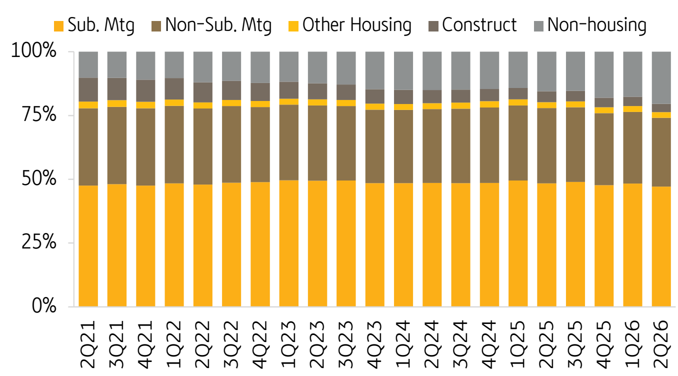
Source: Company, KBVS Research

Exhibit 10: Steady healthy LAR to total loan (%)



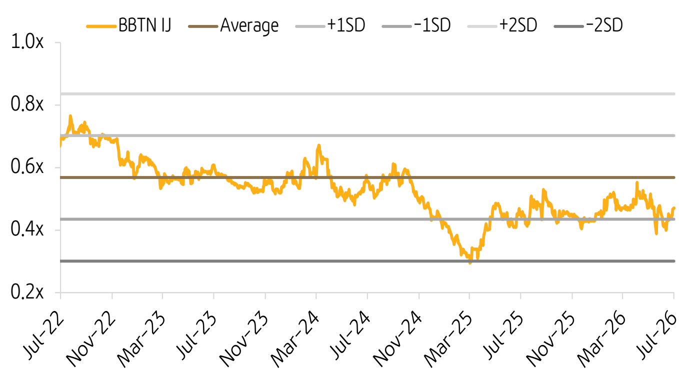
Source: Company, KBVS Research

Exhibit 11: Anticipate stronger non subsidized and non-housing loan (%)



Source: Company, KBVS Research

Exhibit 12: Currently trades at 0.5x '26F P/B or slightly above -1SD of 0.4x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 13: Profit & Loss

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Interest income	29,542	36,341	39,039	41,151	44,525
Interest expense	(18,049)	(18,122)	(19,489)	(20,346)	(21,494)
Net interest income	**11,493**	**18,219**	**19,550**	**20,805**	**23,030**
Non-interest income	4,576	4,108	6,184	6,663	7,366
Operating expenses	(10,263)	(11,795)	(12,476)	(13,363)	(14,249)
Pre-provision operating profit	**5,806**	**10,532**	**13,258**	**14,105**	**16,147**
Loan loss provision	(1,981)	(6,176)	(8,423)	(8,963)	(10,261)
Pretax profit	3,773	4,382	4,861	5,168	5,912
Net profit	**3,007**	**3,501**	**3,646**	**3,876**	**4,434**

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Assets					
Cash	2,106	2,155	-3,090	6,380	5,065
Current Account BI	22,740	33,798	28,652	30,551	33,636
Interbank	10,610	15,444	11,243	12,317	14,123
Gov Bond	25,363	22,053	32,158	34,836	35,942
Marketable Securities	35,476	38,107	35,983	36,957	43,932
Loan	344,916	385,262	411,734	442,222	488,794
Fixed assets	9,176	10,509	8,930	9,492	10,024
Other assets	19,157	20,467	22,164	23,842	24,080
Total Asset	**469,543**	**527,794**	**547,773**	**596,597**	**655,597**
Liabilities					
Interbank Deposit	101	123	50	36	24
Deposit from customer	381,654	437,356	449,789	492,761	544,613
Debts Sec and Subordinates	45,258	47,469	47,091	48,731	49,878
Other Liabilities	10,029	6,635	12,976	14,415	16,605
Total liabilities	**437,043**	**491,583**	**509,906**	**555,943**	**611,122**
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	19,146	21,895	24,992	28,139	31,797
Other Equity	1,990	2,879	1,439	1,080	1,241
Total Equity	**32,572**	**36,210**	**37,867**	**40,654**	**44,475**

Exhibit 15: Key performance metrics

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
NIM (%)	2.9	4.2	4.3	4.4	4.5
LDR (%)	93.8	97.3	95.9	94.7	95.2
CASA (%)	54.1	56.6	58.7	60.5	62.3
NPL (%)	3.2	3.1	3.0	2.9	2.8
ROE (%)	9.5	10.2	9.8	9.9	10.4
ROA (%)	0.7	0.7	0.7	0.7	0.7
CAR (%)	20.0	19.2	20.0	19.7	16.1
BVPS (IDR)	2,321	2,580	2,698	2,897	3,169
PER (x)	5.9	5.1	4.9	4.6	4.0
PBV (x)	0.5	0.5	0.5	0.4	0.4
Div. Yield (%)	3.9	3.4	3.9	4.1	4.3

Source: Company, KBVS Research

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