

Solid 1Q25 PPop growth; PATMI came in above

28 April 2025



BBTN IJ	BUY
Sector	Banks
Price at 28 April 2025 (IDR)	1,100
Price target (IDR)	1,530
Upside/Downside (%)	39.1

Stock Information

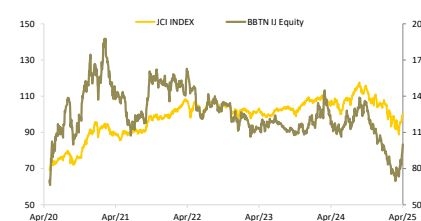
PT Bank Tabungan Negara (Persero) Tbk is a state-owned enterprise bank providing banking services (consumer banking, commercial and sharia banking). It has a strong business presence in subsidized mortgage. The bank has the continuing support from government in channeling housing subsidy which make market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

Market cap (IDR bn)	14,526
Shares outstanding (mn)	14,034
52-week range (IDR)	755 – 1,545
3M average daily vol. ('000)	44,479
3M average daily val. (IDR mn)	40,430

Shareholders (%)

Republic of Indonesia	55.0
Public	45.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance (%)	24.9	3.8	(14.3)

Analyst

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We like BBTN turnaround earnings growth. Top line and PPop grew solid by 17.1% yoy and 17.3% yoy. Despite high provision (49.0% yoy) has made PATMI grew by 5.1% yoy. 1Q25 earnings of IDR 904bn was came in above consensus and our '25F PATMI for BBTN at a run rate of 29.5%/30.9% vs 26.3%. Total loan grew by 5.5% yoy and we like the non-subsidized mortgage higher growth of 8.1% yoy vs subsidized segment of 7.6% yoy. The bank continue enjoying solid CASA growth (10.1% yoy) driven mainly by CA growth of 11.7% yoy. NIM expanded by 35bps, key risk metrics sound manageable with gross NPL stood at 3.3% vs 3.0% and CoC at 1.1% still within '25F range guidance (1.0–1.1%). 1H25 will play crucial role to witness clearer impact of global trade war, steady buying power pressures and prolonged uncertainty. Maintain BUY BBTN, GGM TP of IDR1,530 (0.5x '25F P/B), while currently trades at 0.3x '25F P/B, at its -2SD hist mean (below Covid-19 era of 0.4x).

Expect earnings turnaround growth to continue; above

BBTN booked an impressive earnings growth of 5.1% yoy, Successfully strategic initiatives on third party fund has resulting to a softened funding cost and impacting massively to a high double digit net interest income growth of 17.1% yoy. A manageable Non-IL and cost to income has help PPop grew by 17.3% yoy. We accept the high provision (49.0% yoy) to maintain healthy key risk profile. In all, 1Q25 net profit (5.1% yoy) came in above consensus and our '25F PATMI for BBTN at a run rate of 29.5%/30.9% vs 26.3%.

Healthy loan growth

Total loan grew by 5.5% yoy driven by 6.4% yoy in housing loan. Subsidized loan segment continue as the backbone and we like the non-subsidized portfolio which grew higher than subsidized mortgage (8.1% yoy vs 7.6% yoy). Loan mix on non-housing segment recorded flat. Yet, it is worth to note that corporate segment saw a healthy yearly and quarterly growth of 7.0% yoy and 7.8% qoq. Additionally the high yield segments of KUR, KAR and KRING noted a 9.5% yoy growth reaching IDR 16.4tn in 1Q25.

Solid TPF growth; expect better deposit mix to continue

Amid the prolonged uncertainty and continuing tight liquidity environment, the CA solid growth of 11.7% yoy has brought current account-saving account grew by 10.1% yoy and total third party fund grew by 7.5% yoy to IDR 384.7bn. We expect the high funding cost soft growth of 5% yoy will bring positive impact to BBTN's margin in the upcoming quarters. We also like higher CASA portion to 51.1% vs 49.9% in 1Q24 (+120bps).

NIM expanded 35bps; sound manageable risk metrics

On profitability ratio, NIM expanded by 35bps from 3.3% in 1Q24 to 3.6% in 1Q25. Tier-1 RoE is well managed at 12.5%, while cost to income also made an improvement to 53.6% vs 54.6% in 1Q24, thanks to an increase in operating income. Key risk metrics is considerably manageable with gross non performing loan at 3.3% from 3.0% and cost of credit reported at 1.1% compared to 1Q24 of 0.8%. Loan at risk consistently recorded at a low figure and still made a positive progress around 127bps, reaching 20.3% vs 21.6% in 1Q24.

'25F guidance seems achievable

The bank anticipates achieving total deposit growth within the 8–9% yoy range, while projecting loan growth to hover between 7–8% yoy. The CoC is expected to arrive within the 1.0–1.1% range, while the non performing loan is targeted to remain below the 3% threshold. We also expect to witness BBTN to successfully manage a stable NIM improvement. To solidify its long-term trajectory, the bank endeavors to transcend its traditional mortgage lending focus by embracing a comprehensive full-banking approach. This strategic shift encompasses several key initiatives: (a) monetizing the housing ecosystem (b) pursuing Full Banking offerings and (c) evolving into a financial group (establishing subsidiaries)

Positive note on strategic initiatives to manage solid deposit mix

Despite we believe that stiffer competition of third of party fund among banks will exist, a key driver for 2025 performance will be a reduction in borrowing costs. To achieve this, the bank is strategically shifting its deposit mix, prioritizing middle-tier institutions with lower funding costs. This proactive approach has already yielded positive results, with the proportion of deposits from middle-tier institutions increasing significantly to 28.7% in Mar25 compared to the same period of last year of 20.6% in Mar24. Despite the challenges, we like the lower portion on large institution based to 71.3% vs 79.4% in Mar24. We expect the meaningful funding cost gap of 6.3% (large institution) and 4.0% (middle-tier institution) will bring more benefit to BBTN's margin.

Bale to continue play its crucial role to boost low cost funding growth

We believe BBTN's sustained focus on enhancing its digital capabilities will be instrumental in driving its transactional banking performance. Bank BTN's digital transformation is accelerating at a rapid pace. Mobile financial transaction value surged by an impressive 172% yoy to 492mn trx vs 181mn trx in Mar24, with transaction value amounting IDR 22.3tn. This year, the transaction value is expected to reach IDR 89.2tn (FY24: IDR 81.1tn). This robust growth underscores the bank's commitment to digital innovation and its potential to significantly enhance operational efficiency and customer experience.

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 slightly above its -2SD of the historical mean of 0.3x. Risks to our call are: a) lower-than-expected loan and TPF; b) worsening NIM; c) higher-than-expected CoF and CoC; c) deteriorating asset quality; d) worst than expected global trade war impact; 7) prolonged uncertainty; 8) steady pressure on buying power; 9) persistently attractive SRBI yields; 10) weakening IDR/USD.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024F	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)	3.2	3.7	3.8	3.4	3.2
PBV (x)	0.4	0.3	0.3	0.3	0.3
Div. Yield (%)	5.5	6.3	5.4	5.2	5.8
RoE (%)	12.9	12.4	9.5	8.7	8.9

Source: Company, KBVS Research

Exhibit 2: BBTN 1Q25 result and key performance metrics results

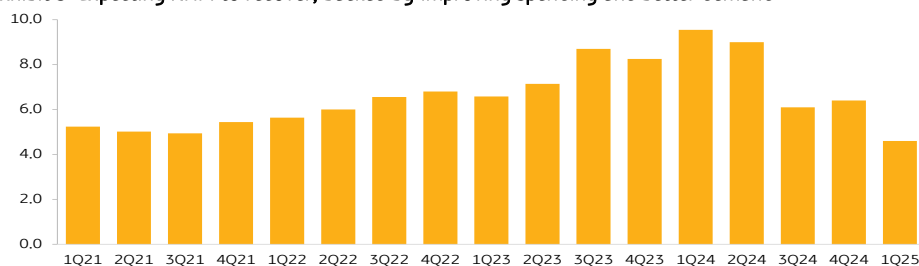
Income statements (IDRbn)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)	KBVS '25F	% to '25F	Cons. '25F	% to Cons.
Interest Income	7,672	8,210	7.0	7,672	8,210	7.0	7,184	14.3				
Interest Expenses	(4,445)	(4,432)	(0.3)	(4,445)	(4,432)	(0.3)	(4,373)	1.3				
Net interest income	3,227	3,778	17.1	3,227	3,778	17.1	2,811	34.4				
Non-interest income	1,005	1,039	3.4	1,005	1,039	3.4	1,846	(43.7)				
Total operating income	4,232	4,817	13.8	4,232	4,817	13.8	4,657	3.4				
Operating expenses	(2,421)	(2,692)	11.2	(2,421)	(2,692)	11.2	(2,798)	(3.8)				
Pre-provision operating profit	1,811	2,125	17.3	1,811	2,125	17.3	1,859	14.3				
Provision expenses	(657)	(979)	49.0	(657)	(979)	49.0	(668)	46.6				
Net profit	860	904	5.1	860	904	5.1	925	(2.3)	2,921	30.9%	3,062	29.5%

Balance Sheets (IDRbn)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)
Loans	344,244	363,112	5.5	344,244	363,112	5.5	357,973	1.4
Current accounts	135,765	151,671	11.7	135,765	151,671	11.7	160,848	(5.7)
Saving deposits	42,842	45,008	5.1	42,842	45,008	5.1	45,510	(1.1)
Time deposits	179,134	188,024	5.0	179,134	188,024	5.0	175,309	7.3
Total TPF	357,741	384,703	7.5	357,741	384,703	7.5	381,667	0.8
CASA	178,607	196,679	10.1	178,607	196,679	10.1	206,358	(4.7)
Total equity	30,568	33,537	9.7	30,568	33,537	9.7	32,572	3.0

Key Ratio (%)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)
NIM	3.3	3.6	0.3	3.3	3.6	0.3	2.9	0.7
CIR	54.6	53.6	(1.0)	54.6	53.6	(1.0)	57.1	(3.5)
ROE	12.7	12.5	(0.2)	12.7	12.5	(0.2)	10.8	1.7
ROA	1.0	1.0	0.0	1.0	1.0	0.0	0.8	0.2
NPL gross	3.0	3.3	0.3	3.0	3.3	0.3	3.2	0.1
LAR	21.6	20.3	(1.3)	21.6	20.3	(1.3)	19.7	0.6
NPL coverage	152.8	104.6	(48.2)	152.8	104.6	(48.2)	115.4	(10.8)
CoC	0.8	1.1	0.3	0.8	1.1	0.3	0.6	0.5
LDR	96.2	94.4	(1.8)	96.2	94.4	(1.8)	93.8	0.6
CASA	49.9	51.1	1.2	49.9	51.1	1.2	54.1	(3.0)
Cost of Fund	4.2	4.0	(0.2)	4.2	4.0	(0.2)	4.1	(0.1)

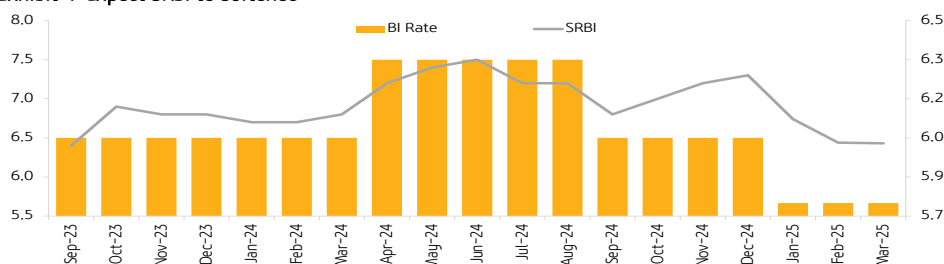
Source : Company, KBVS Research

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



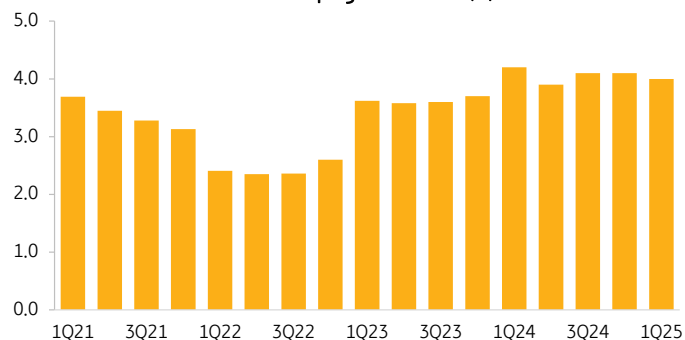
Source: Company, KBVS Research

Exhibit 4: Expect SRBI to softened



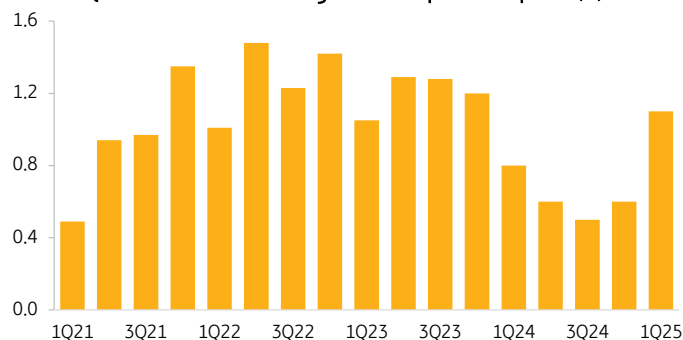
Source: Company, KBVS Research

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



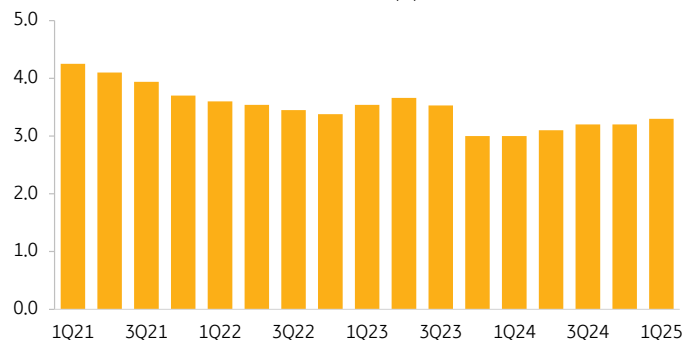
Source: Company, KBVS Research

Exhibit 6: 1Q25 CoC still within '25F guidance; expect to improve (%)



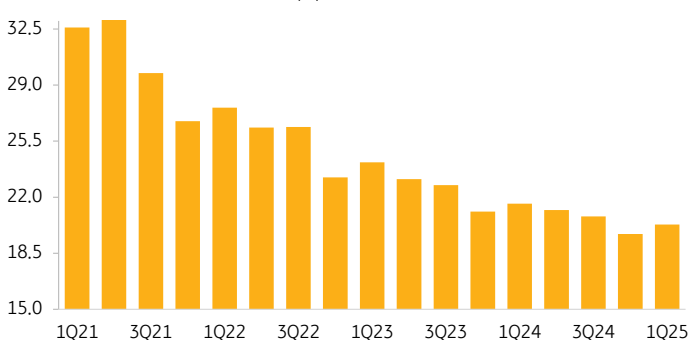
Source: Company, KBVS Research

Exhibit 7: Healthier NPL sound to continue (%)



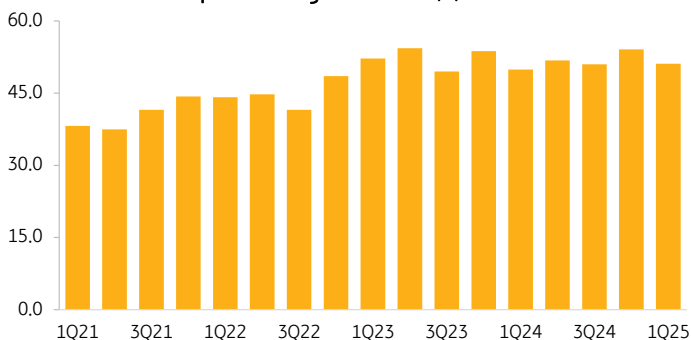
Source: Company, KBVS Research

Exhibit 8: LAR remain at low level (%)



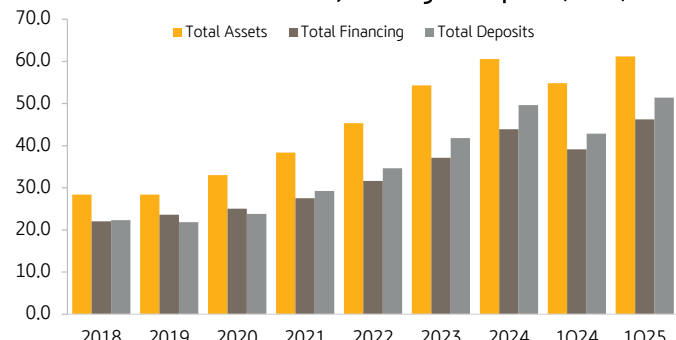
Source: Company, KBVS Research

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



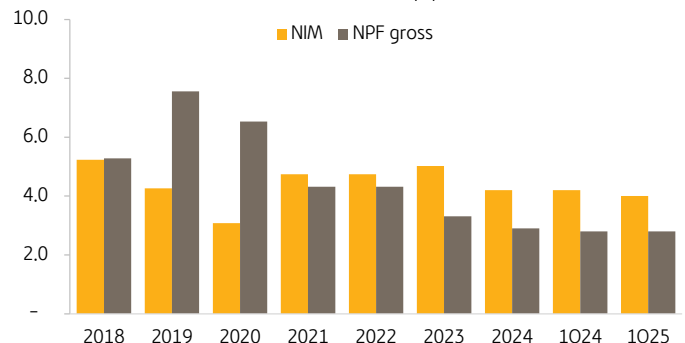
Source: Company, KBVS Research

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 slightly above its -2SD of 0.3x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 13: Profit & Loss

Year End Dec (IDR bn)	2023A	2024F	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	2024F	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	2024F	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)	3.2	3.7	3.8	3.4	3.2
PBV (x)	0.4	0.3	0.3	0.3	0.3
Div. Yield (%)	5.5	6.3	5.4	5.2	5.8

Source: Company, KBVS Research

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