

# Hold

(Maintained)

## Bank BTPN Syariah (BTPS IJ)

### 9M24 in line with ours/below cons., as persistently high CoC dragged down 3Q24 earnings

Last Price (Rp)	1,125
Target Price (Rp)	1,200
Previous Target Price (Rp)	1,300
Upside/Downside	+6.7%

No. of Shares (mn)	7,704
Mkt Cap (Rpbn/US\$mn)	8,667/554
Avg, Daily T/O (Rpbn/US\$mn)	12.3/0.8
Free Float (%)	30.0

Major Shareholder (%)	
PT. BTPN Tbk.	70.0

EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	136.6	141.8	165.4
Consensus	146.8	172.4	213.8
BRIDS/Cons (%)	(7.0)	(17.7)	(22.7)

- BTPS booked a net profit of Rp218bn in 3Q24 (-24% qoq, -13% yoy) driven by higher qoq CoC, in line with ours but below consensus est.
- Following declines in the past two quarters, CoC rose to 14.7% in 3Q24 as the bank continues to focus on asset quality.
- Maintain Hold rating with a lower TP of Rp1,200 as we tweaked FY25F NP by 3%, resulting in a lower RoE and FV PBV of 0.9x (from 1.0x prev.)

#### Contracted 3Q24 NP, in line with ours but below consensus

In 3Q24, BTPS booked a net profit of Rp218bn (-24% qoq, -13% yoy), driven by lower NIM and persistently high provision expenses. This brings 9M24 NP to Rp771bn (-22% yoy), in line with our FY24F (73%) but below consensus (69%). NIM dropped to 24.2% (-47bps qoq, -274bps yoy) in 3Q24 as LDR continued to trend down, aligned with the bank's focus on asset quality. Loans continued to decline to Rp10.4tr (-1% qoq, -14% yoy), while deposits stood at Rp11.8tr (+1% qoq, -7% yoy).

#### CoC rose again after trending down in the 1H24

CoC rose to 14.7% in 3Q24 (from 12.5% in 2Q24 and 13.6% in 1Q24) due to higher provision expenses (+14% qoq, -25% yoy) and reduced loan balances (-1% qoq, -14% yoy). NPL rose to 3.7% (2Q24/3Q23: 3.1%/3.0%) as loan write-offs decreased (from approximately Rp500bn in 1Q24 and 2Q24 to Rp350bn in 3Q24), as the bank tightened its write-off policy. This decreased the NPL coverage from 287% in 2Q24 to 257% in 3Q24. However, the LaR ratio improved to 8.1% in 3Q24 from 9.2% in 2Q24 and 13.0% in 3Q23. Repayment remains at around 93% in Sep24 (94% in 2Q24), while the trend in 'x-days' remains stable at 1.1%, similar to in 2Q24.

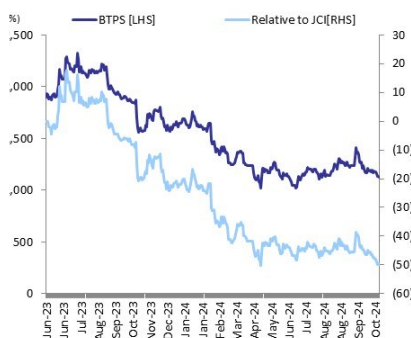
#### Maintain FY24F unchanged, slightly tweaked FY25F

We slightly adjusted our FY25F loan growth down and slightly increased our opex assumptions, resulting in lower NIM and higher CIR for FY25F. Hence, our FY25F net profit est. decreased by 3%, resulting in a lower FY25F ROE of 11.1% from 11.5% previously. Despite the management guidance for improving CoC in 4Q24, we see risk of downgrades in consensus FY24F numbers.

#### Maintain Hold with a TP of Rp1,200

Despite its low positioning by both local and foreign funds, we maintain our Hold rating on BTPS due to persistent issue with asset quality. We slightly lowered our TP to Rp1,200 (from Rp1,300 prev), which was derived using the inverse CoE (-1SD of its 2-year average) in the GGM model, with an 11.6% CoE, 11.1% FY25F ROE, and 3% LTG, resulting in a fair value PBV of 0.9x to its FY25F BV/share. Upside risks include faster improved asset quality and lower-than-expected CoC, while downside risks involve further asset quality deterioration.

#### BTPS relative to JCI Index



Source: Bloomberg

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#### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	3,226	3,277	2,860	2,818	3,071
Net profit (Rpbn)	1,780	1,081	1,052	1,092	1,274
EPS (Rp)	231.0	140.3	136.6	141.8	165.4
EPS growth (%)	21.4	(39.3)	(2.6)	3.8	16.6
BVPS (Rp)	1,091.0	1,138.9	1,228.4	1,320.6	1,428.1
PER (x)	4.9	8.0	8.2	7.9	6.8
PBV (x)	1.0	1.0	0.9	0.9	0.8
Dividend yield (%)	8.2	5.0	4.2	4.4	5.1
ROAE (%)	23.0	12.6	11.5	11.1	12.0

Source: BTPS, BRIDS Estimates

**Exhibit 1. BTPS's 3Q24 earnings summary**

BTPS - Financial (Rpbn)	3Q23	2Q24	3Q24	qoq, %	yoy, %	9M23	9M24	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	1,476	1,364	1,330	-2%	-10%	4,308	4,067	-6%	5,499	5,491	74%	74%
Interest expense	127	130	127	-3%	-1%	362	383	6%	511	504	75%	76%
Net interest income	1,349	1,234	1,204	-2%	-11%	3,946	3,685	-7%	4,989	4,987	74%	74%
Other operating income	11	19	16	-14%	43%	53	56	7%	73	73	77%	n/a
Operating expenses	522	547	557	2%	7%	1,519	1,653	9%	2,201	2,215	75%	75%
PPOP	839	705	663	-6%	-21%	2,480	2,088	-16%	2,860		73%	n/a
Provision	517	338	386	14%	-25%	1,198	1,108	-7%	1,512	1,370	73%	81%
Operating Profit	321	367	278	-24%	-14%	1,282	979	-24%	1,348	1,504	73%	65%
Net profit	251	288	218	-24%	-13%	1,004	771	-23%	1,052	1,120	73%	69%
Loans	12,091	10,582	10,454	-1%	-14%	12,091	10,454	-14%	10,399	10,380	101%	101%
Customer deposits	12,754	11,760	11,838	1%	-7%	12,754	11,838	-7%	12,112		98%	n/a
<b>Key Ratio</b>				qoq, bps	yoy, bps			yoy, bps				
Financing yield (%) - ann	45.0	45.2	45.1	↓ (16)	↑ 13	44.3	44.6	↑ 29				
Cost of fund (%) - ann	4.1	4.4	4.3	↑ (15)	↓ 24	3.9	4.3	↓ 43				
NIM (%)	27.0	24.7	24.2	↓ (47)	↓ (274)	26.3	24.5	↓ (182)				
CIR (%) - ann	38.4	43.7	45.6	↓ 193	↓ 726	38.0	44.2	↓ 621				
Cost of credit (%) - ann	17.0	12.5	14.7	↓ 214	↑ (236)	13.3	13.6	↓ 23				
ROE (%) - ann	11.7	13.3	9.8	↓ (352)	↓ (191)	15.6	11.7	↓ (385)				
CASA ratio (%)	23.5	27.3	25.6	↓ (171)	↑ 208							
LDR (%)	94.8	90.0	88.3	↑ (168)	↑ (649)							
NPL ratio (%)	3.0	3.1	3.7	↓ 63	↓ 72							
LaR ratio (%)	13.0	9.2	8.1	↑ (109)	↑ (493)							

Source: Company, BRIDS Estimates

**Exhibit 2. BTPS's Changes in Forecast**

BTPS - Forecast Changes	2024F (Prev)	2024F (Curr)	Δ%	2025F (Prev)	2025F (Curr)	Δ%
Net Interest Income (Rpbn)	4,989	4,989	-	5,027	4,978	(0.97)
PPOP (Rpbn)	2,860	2,860	-	2,882	2,818	(2.22)
Net profit (Rpbn)	1,052	1,052	-	1,132	1,092	(3.45)
BVPS (Rp)	1,228	1,228	-	1,324	1,321	(0.25)
Gross Loans (Rpbn)	10,399	10,399	-	10,918	10,711	(1.90)
Customer Deposits (Rpbn)	11,536	11,536	-	12,112	12,112	-
Ratios (%)	2024F (Prev)	2024F (Curr)	Δ bps	2025F (Prev)	2025F (Curr)	Δ bps
Net Interest Margin	24.7	24.7	-	24.4	24.3	(11)
Gross NPL Ratio	2.6	2.6	-	2.4	2.4	0
Cost/Income Ratio	43.5	43.5	-	43.6	44.3	72
Cost of Credit	13.8	13.8	-	13.4	13.4	(0)
ROAE	11.5	11.5	-	11.5	11.1	(38)

Source: Company, BRIDS Estimates

**Exhibit 3. BTPS's Valuation**

Gordon Growth Valuation with Inverse Cost of Equity	
Parameters:	Remarks:
Cost of equity (%) - Mean	9.4 2-year avg
Cost of equity (%) - SD	2.2
SD used	(1.0)
Cost of equity (%) used	11.6
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	11.1 FY25F ROAE
Fair value P/BV (x)	0.9 (ROAE - g) / (COC - g)
BV/share (IDR)	1,321 FY25F Book value per share
Fair value (IDR)	1,200 Fair value P/BV multiple x BVPS

Source: Company, BRIDS Estimates

**Exhibit 4. Peers Comparison**

Ticker	Rec.	Target Price (Rp)	Market Cap (Rpbn)	P/E (x)		P/BV (x)		ROE FY25F
				FY24F	FY25F	FY24F	FY25F	
BBCA IJ	BUY	12,800	1,325,207	24.3	22.2	5.0	4.7	21.8%
BBRI IJ	NR	n/a	722,936	n/a	n/a	n/a	n/a	n/a
BMRI IJ	BUY	8,200	658,000	11.6	10.5	2.3	2.1	21.2%
BBNI IJ	BUY	7,600	210,730	9.7	8.7	1.3	1.2	14.3%
BRIS IJ	HOLD	2,800	138,849	21.1	18.5	3.1	2.8	15.9%
BTPS IJ	HOLD	1,200	8,667	8.2	7.9	0.9	0.9	11.1%

Source: Company, BRIDS Estimates

**Exhibit 5. BTPS’s cost of equity band chart (2-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 6. Sector’s cost of equity band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 7. BTPS’s PBV band chart (2-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 8. BTPS’s PE band chart (2-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 9. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	5,374	5,746	5,499	5,464	5,833
Interest Expense	(344)	(486)	(511)	(486)	(510)
<b>Net Interest Income</b>	<b>5,029</b>	<b>5,260</b>	<b>4,989</b>	<b>4,978</b>	<b>5,322</b>
Non-Interest Income (NII)	66	61	73	80	88
<b>Oper. Income</b>	<b>5,095</b>	<b>5,321</b>	<b>5,062</b>	<b>5,059</b>	<b>5,411</b>
Oper. Expenses	(1,869)	(2,044)	(2,201)	(2,241)	(2,340)
<b>Pre-provisions profit</b>	<b>3,226</b>	<b>3,277</b>	<b>2,860</b>	<b>2,818</b>	<b>3,071</b>
Provisions & Allowances	(945)	(1,898)	(1,512)	(1,417)	(1,438)
<b>Operating Profits</b>	<b>2,280</b>	<b>1,379</b>	<b>1,348</b>	<b>1,400</b>	<b>1,633</b>
Non-Operating Income	2	1	0	0	0
Exceptionals	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>2,282</b>	<b>1,380</b>	<b>1,349</b>	<b>1,401</b>	<b>1,633</b>
Income Tax	(503)	(299)	(297)	(308)	(359)
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>1,780</b>	<b>1,081</b>	<b>1,052</b>	<b>1,092</b>	<b>1,274</b>

**Exhibit 10.. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Gross Loans	11,666	11,553	10,399	10,711	11,245
Provisions	(769)	(1,214)	(793)	(669)	(609)
<b>Net Loans</b>	<b>10,897</b>	<b>10,339</b>	<b>9,606</b>	<b>10,041</b>	<b>10,636</b>
Govt. Bonds	0	0	0	0	0
Securities	7,681	8,647	9,338	10,086	10,892
Other Earnings Assets	0	0	0	0	0
<b>Total Earnings Assets</b>	<b>19,589</b>	<b>20,444</b>	<b>19,983</b>	<b>21,042</b>	<b>22,384</b>
Fixed Assets	1,092	1,082	1,128	1,179	1,234
Non-Earnings Assets	341	294	421	474	592
<b>Total Assets</b>	<b>21,162</b>	<b>21,435</b>	<b>21,489</b>	<b>22,803</b>	<b>24,266</b>
Customer Deposits	12,049	12,143	11,536	12,112	12,718
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	0	0	0	0	0
<b>Total Liabilities</b>	<b>12,754</b>	<b>12,658</b>	<b>12,026</b>	<b>12,630</b>	<b>13,264</b>
Share capital & Reserves	1,636	1,638	1,643	1,643	1,643
Retained Earnings	6,769	7,136	7,820	8,530	9,358
<b>Shareholders' Funds</b>	<b>8,405</b>	<b>8,774</b>	<b>9,463</b>	<b>10,173</b>	<b>11,001</b>
Minority interests	3	3	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>21,162</b>	<b>21,435</b>	<b>21,489</b>	<b>22,803</b>	<b>24,266</b>

**Exhibit 11. Key Ratios**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	29.7	28.7	27.2	26.6	26.9
Cost of funds	3.0	4.0	4.3	4.1	4.1
Interest Spread	26.7	24.7	22.9	22.5	22.8
Net Interest Margin	27.8	26.3	24.7	24.3	24.5
Cost/Income Ratio	36.7	38.4	43.5	44.3	43.2
Oper. Exp./Oper. Gross Inc.	58.1	76.3	75.8	74.7	72.4
Gross NPL Ratio	2.6	2.9	2.6	2.4	2.2
LLP/Gross NPL	251.9	363.2	289.2	259.6	246.3
Cost of Credit	8.5	16.3	13.8	13.4	13.1
Loan to Deposit Ratio	96.8	95.1	90.1	88.4	88.4
Loan to Funding Ratio	96.8	95.1	90.1	88.4	88.4
CASA Mix	24.6	25.6	25.6	25.6	25.6
ROAE	23.0	12.6	11.5	11.1	12.0
ROAA	9.0	5.1	4.9	4.9	5.4
CAR	55.9	56.6	46.3	44.7	44.3

**Exhibit 1. Dupont and Growth**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Dupont</b>					
Pre-Tax ROAA	11.5	6.5	6.3	6.3	6.9
Tax Retention rate	78.0	78.3	78.0	78.0	78.0
Post-Tax ROAA	9.0	5.1	4.9	4.9	5.4
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.6	2.5	2.4	2.3	2.2
ROAE	23.0	12.6	11.5	11.1	12.0
<b>Growth (%)</b>					
Interest income	15.0	6.9	(4.3)	(0.6)	6.7
Net Interest Income	17.5	4.6	(5.2)	(0.2)	6.9
Other Oper. Expenses	10.4	9.3	7.7	1.8	4.4
Fee Based Income	(100.0)	0.0	0.0	0.0	0.0
Pre-Provision Oper. Profit	23.7	1.6	(12.7)	(1.5)	9.0
Net Profit	21.5	(39.3)	(2.6)	3.8	16.6
Shareholders' Equity	18.5	4.4	7.9	7.5	8.1
Loan	10.6	(1.0)	(10.0)	3.0	5.0
Earnings Asset	18.1	4.4	(2.3)	5.3	6.4
Deposit	9.8	0.8	(5.0)	5.0	5.0
Int. Bearing Liab.	10.8	(0.1)	(5.2)	5.0	5.0
CASA	5.8	4.8	(5.0)	5.0	5.0
Total Asset	14.1	1.3	0.2	6.1	6.4

Source : BTPS, BRIDS Estimates

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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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