

Hold

Bank BTPN Syariah (BTPS IJ)

Oct24 results: in line; net profit improvement driven by lower CoC

Last Price (Rp)	910
Target Price (Rp)	1,200
Upside/Downside	31.9%
No. of Shares (mn)	7,704
Mkt Cap (Rpbn/US\$m)	7,010/442
Avg, Daily T/O (Rpbn/US\$m)	12.0/0.8

- **10M24 net profit fell 20% yoy** due to a 7% yoy drop in NII from lower loan balances and a 9% yoy increase in opex from collection efforts.
- **CoC improvement and higher NIM** drove a 20% mom net profit growth in Oct24, despite a high CIR (46.1%) and loan contraction (-1% mom).
- **We view the Oct24 results as neutral**, as the market expects stronger 4Q24 profitability from better asset quality and lower CoC.

Key Financials:

	2024F	2025F	2026F
EPS (Rp)	136.6	141.8	165.4
PER (x)	6.7	6.4	5.5
PBV (x)	0.7	0.7	0.6
CoE (x)	14.5	14.8	17.2
Dividend yield (%)	7.5	7.8	9.1
ROAE (%)	11.5	11.1	12.0

10M24 Insight:

- **Net profit declined by 20%:** BTPS posted a net profit of Rp847bn in 10M24, down 20% yoy, achieving 81% of our FY24 estimate and 79% of the consensus, which we believe is in line.
- **Declining NII from lower loan balance and lower NIM:** The bank recorded a 7% decline in NII, driven by a lower loan balance (-13% yoy) and a reduced NIM (-163bps yoy).
- **PPOP declined further due to higher opex:** To enhance collection efforts, opex increased by 9% yoy, resulting in a CIR of 44.4% (up from 38.1% in 10M23) and negative PPOP growth of -16% yoy.
- **Improved CoC from high base in 10M23:** CoC slightly improved to 13.8% (from 14.2% in 10M23).

Oct24 Insight:

- **Lower CoC boosts net profit:** In Oct24, BTPS reduced its provision expenses to Rp116bn (-11% mom, -43% yoy), indicating a CoC of 13.6% (Sep24/Oct23: 15.1%/20.9%). This drove Oct24 net profit to Rp83bn (+20% mom, +48% yoy).
- **Improved NIM mom:** NIM rose to 25.2% in Oct24 (+49bps mom, -206bps yoy), mainly due to a significantly higher EA yield of 27.9% (+51bps mom, -200bps yoy), while CoF remained flat mom at 4.2%.
- **Still high opex and CIR:** BTPS's CIR remained elevated at 46.1% (+26bps mom, +731bps yoy) as the bank continued to prioritize field collections.
- **Loan contraction continued mom:** BTPS reported -1% mom loan growth, while customer deposits were flat mom, leading to a lower LDR of 86.5%.

Summary:

- **Overall performance:** We view the Oct24 results as neutral, as the market anticipated stronger improvements in 4Q24 profitability driven by better asset quality and lower CoC.
- We currently have a **Hold** rating on BTPS with TP of Rp1,200 (based on a 2-year inverse cost of equity GGM).

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Exhibit 1. BTPS Oct24 bank only results

BTPS - Bank Only (Rpbn)	Oct-23	Sep-24	Oct-24	mom, %	yoy, %	10M23	10M24	yoy, %	FY23	10M23/FY23	FY24F	10M24/FY24F	FY24C	10M24/FY24C
Interest income	493	436	446	2%	-9%	4,793	4,504	-6%	5,735	84%	5,499	82%	5,483	82%
Interest expense	(42)	(41)	(42)	1%	-1%	(404)	(424)	5%	(486)	83%	(511)	83%	(511)	83%
Net interest income	451	395	404	2%	-10%	4,389	4,080	-7%	5,249	84%	4,989	82%	4,971	82%
Other operating income	3	9	9	-2%	229%	55	65	17%	61	91%	73	89%		
Operating expenses	(176)	(185)	(190)	3%	8%	(1,693)	(1,841)	9%	(2,041)	83%	(2,201)	84%	(2,248)	82%
PPOP	278	219	223	2%	-20%	2,751	2,304	-16%	3,269	84%	2,860	81%		
Provision	(206)	(130)	(116)	-11%	-43%	(1,404)	(1,224)	-13%	(1,898)	74%	(1,512)	81%	(1,385)	88%
Pre-tax profit	72	89	106	20%	48%	1,348	1,083	-20%	1,371	98%	1,348	80%	1,393	78%
Net profit	56	69	83	20%	48%	1,053	847	-20%	1,072	98%	1,052	81%	1,070	79%
										YTD, %				
Financing	11,702	10,331	10,233	-1%	-13%	11,702	10,233	-13%	11,388	-10%	10,399	98%	10,399	
Customer deposits	12,529	11,839	11,825	0%	-6%	12,529	11,825	-6%	12,143	-3%	12,112	98%		
Key Ratio				mom, bps	yoy, bps			yoy, bps		10M24 vs FY23, bps		vs FY24F, bps		
Earning Asset yield (%) - ann	29.9	27.3	27.9	↑ 51	↓ (200)	29.3	27.9	↓ (148)	29.3	↓ (142)	27.6	↑ 30		
Cost of fund (%) - ann	4.0	4.2	4.2	↓ 5	↓ 24	3.8	4.3	↓ 42	3.9	↓ 39	4.3	↓ (6)		
NIM (%) - ann	27.3	24.8	25.2	↑ 49	↓ (206)	26.9	25.2	↓ (163)	26.8	↓ (156)	4.3	↑ 2,091		
CIR (%) - ann	38.8	45.8	46.1	↓ 26	↓ 731	38.1	44.4	↓ 630	38.4	↓ 597	43.5	↑ 91		
Cost of credit (%) - ann	20.9	15.1	13.6	↑ (150)	↑ (730)	14.2	13.8	↑ (39)	16.1	↑ (229)	13.8	↓ (2)		
CASA Ratio (%)	25.2	25.6	26.2	↑ 63	↑ 103	25.2	26.2	↑ 103	25.6	↑ 59	25.6	↑ 59		
LDR (%)	93.4	87.3	86.5	↑ (73)	↑ (686)	93.4	86.5	↑ (686)	93.8	↑ (724)	90.1	↑ (359)		

Source: Company, BRIDS Estimates, Bloomberg

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INVESTMENT RATING

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

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