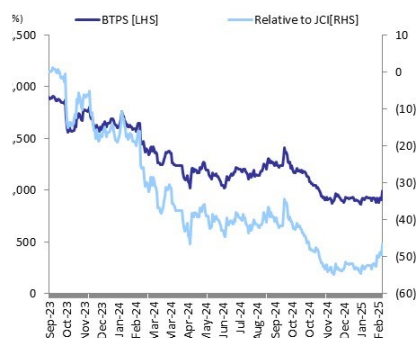


Buy

(Maintained)

Last Price (Rp)	990
Target Price (Rp)	1,200
Previous Target Price (Rp)	1,200
Upside/Downside	+21.5%
No. of Shares (mn)	7,704
Mkt Cap (Rpbn/US\$mn)	7,627/470
Avg, Daily T/O (Rpbn/US\$mn)	13.0/0.8
Free Float (%)	30.0
Major Shareholder (%)	
PT. BTPN Tbk.	70.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	141.3 158.2 170.6
Consensus	155.1 191.5 n/a
BRIDS/Cons (%)	(8.9) (17.4) (17.4)

BTPS relative to JCI Index



Source: Bloomberg

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Bank BTPN Syariah (BTPS IJ)

FY24 Results: in line net profit with improving asset quality trend

- BTPS booked a net profit of Rp1.1tr in FY24 (-2% yoy), with CoC of 12.6% (FY23: 16.0%), in line with our and consensus FY24 estimates.
- 4Q24 NP improved to Rp291bn (+33% qoq, +278% yoy) as CoC decreased to 9.7%; mgmt. expects CoC to be single digit in FY25F.
- Maintain Buy rating with an unchanged TP of Rp1,200. Key risk to our call includes changes in asset quality trend.

In line FY24 net profits supported by lower CoC amid lower lending balance
BTPS recorded a net profit of Rp1.1tr in FY24 (-2% yoy), in line with our (101% of FY24F) and consensus (99%) estimates. BTPS's CoC improved to 12.6% in FY24 from FY23's high base of 16.0%, despite seeing write-offs increasing to Rp1.7tr in FY24, up from Rp1.5tr in FY23. NPL rose from 2.9% in FY23 to 4.0% in FY24, while coverage shrank from 363% to 242%. On the other hand, the LaR ratio improved from 12.4% to 7.0%, and coverage increased from 86% to 137%. This trend could indicate that most of the LaR fell to NPL, while new loan disbursements had better quality.

Improved CoC and write-off sequentially

BTPS posted a net profit of Rp291bn in 4Q24 (+33% qoq, +278% yoy from a low base), driven by lower CoC. After peaking at 23.7% in 4Q23, BTPS's CoC decreased to 9.7% in 4Q24 (3Q24: 14.7%), which we believe was due to the better quality of newly disbursed loans, as shown by the improved LaR ratio. The LaR ratio declined to 7.0% from 8.1%. Gross write-offs improved from ~Rp500bn in 1Q24 and 2Q24 and ~Rp350bn in 3Q24, decreasing to ~Rp300bn in 4Q24.

FY25 guidance: conservative on growth with higher focus on asset quality

The management is still prioritizing asset quality and is comfortable with flat loan growth for FY25. Thanks to the implementation of Solidarity fund and better new loan quality, the bank expects the 4Q24's CoC to be maintained and is eyeing CoC of below 10% and stable NPL coverage at ~240% in FY25F. Management also indicates that they are looking for a new growth engine from synergy with SMBC corporate and consumer loan, and new customer line, i.e., upper ultra micro, with ticket size of up to 25 million with soft collateral model.

Maintain Buy with an unchanged TP of Rp1,200

BTPS's share price has increased by 13% since our upgrade (vs. peers' 1%) which we believe is justified given the cheap valuation of 0.7x PBV and bottoming out asset quality. We maintain our -1SD 2-year avg. inverse CoE of 11.8%, reflecting concern on asset growth, arriving at FV PBV of 0.9x. Risks to our view are deteriorating asset quality of newly disbursed loans.

Key Financials

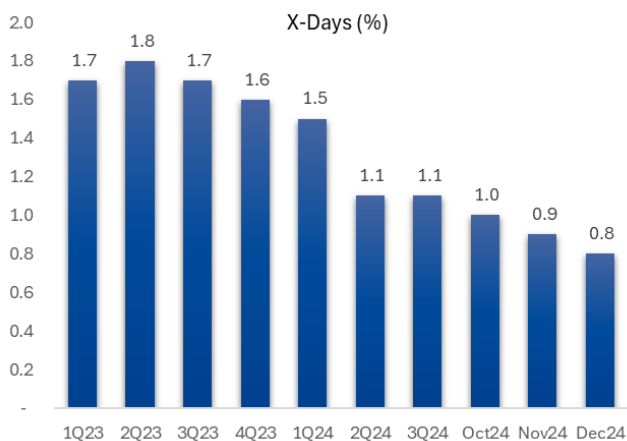
Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
PPOP (Rpbn)	3,277	2,710	2,471	2,654	2,803
Net profit (Rpbn)	1,081	1,061	1,088	1,219	1,314
EPS (Rp)	140.3	137.7	141.3	158.2	170.6
EPS growth (%)	(39.3)	(1.8)	2.6	12.0	7.9
BVPS (Rp)	1,138.9	1,209.0	1,301.3	1,404.2	1,515.2
PER (x)	7.1	7.2	7.0	6.3	5.8
PBV (x)	0.9	0.8	0.8	0.7	0.7
Dividend yield (%)	7.1	7.0	7.1	8.0	8.6
ROAE (%)	12.6	11.7	11.3	11.7	11.7

Source: BTPS, BRIDS Estimates

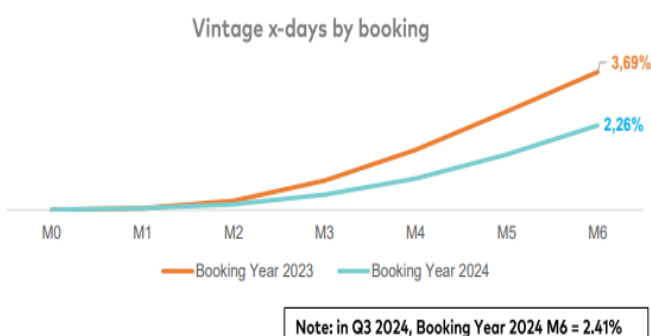
Exhibit 1. BTPS's FY24 earnings summary

BTPS - Financials (Rpbn)	4Q23	3Q24	4Q24	qoq, %	yoy, %	2023	2024	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	1,438	1,330	1,331	0%	-7%	5,746	5,398	-6%	5,499	5,482	98%	98%
Interest expense	124	127	122	-4%	-2%	486	504	4%	511	509	99%	99%
Net interest income	1,314	1,204	1,210	0%	-8%	5,260	4,894	-7%	4,989	4,972	98%	98%
Other operating income	8	16	(12)	n/a	n/a	61	44	-28%	73	47	60%	93%
Operating expenses	525	557	575	3%	9%	2,044	2,228	9%	2,201	2,245	101%	99%
PPOP	797	663	623	-6%	-22%	3,277	2,710	-17%	2,860	2,774	95%	98%
Provision	700	386	251	-35%	-64%	1,898	1,360	-28%	1,512	1,424	90%	96%
Operating Profit	97	278	371	34%	283%	1,379	1,351	-2%	1,348	1,350	100%	100%
Net profit	77	218	291	33%	278%	1,081	1,061	-2%	1,052	1,070	101%	99%
Loans	11,553	10,454	10,274	-2%	-11%	11,553	10,274	-11%	10,399	10,513	99%	98%
Customer deposits	12,143	11,838	11,724	-1%	-3%	12,143	11,724	-3%	12,112		97%	n/a
Key Ratio												
				qoq, bps	yoy, bps			yoy, bps				
Financing yield (%) - ann	44.7	45.1	45.6	↑ 56	↑ 91	44.6	44.8	↑ 23				
Cost of fund (%) - ann	4.0	4.3	4.1	↓ (16)	↓ 14	3.9	4.3	↓ 34				
NIM (%)	25.6	24.2	24.5	↓ 31	↓ (107)	26.2	24.5	↓ (167)				
CIR (%) - ann	39.7	45.6	48.0	↓ 237	↓ 829	38.4	45.1	↓ 670				
Cost of credit (%) - ann	23.7	14.7	9.7	↑ (497)	↑ (1,399)	16.0	12.6	↑ (334)				
ROE (%) - ann	3.5	9.8	12.7	↑ 287	↑ 917	12.5	12.0	↓ (57)				
CASA ratio (%)	25.6	25.6	26.5	↑ 87	↑ 83							
LDR (%)	95.1	88.3	87.6	↑ (68)	↑ (751)							
NPL ratio (%)	2.9	3.7	4.0	↓ 21	↓ 102							
NPL coverage (%)	363.1	260.8	242.3	↓ (1,847)	↓ (12,080)							
LaR ratio (%)	12.4	8.1	7.0	↑ (106)	↑ (534)							
LaR coverage (%)	86.4	121.1	136.7	↑ 1,568	↑ 5,034							

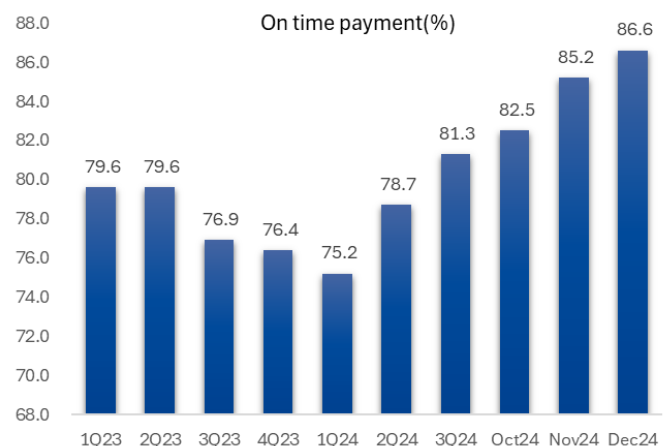
Source: Company, BRIDS Estimates, Bloomberg

Exhibit 2. Trend of x-days (1-30 days past due)


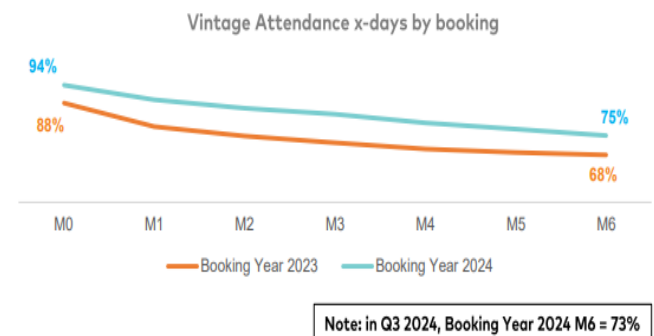
Source: Company

Exhibit 4. Vintage of x-days by new booking (up to MOB-6)


Source: Company

Exhibit 3. Trend on time payment at the customer meeting


Source: Company

Exhibit 5. Vintage of attendance rate by new booking (up to MOB-6)


Source: Company

Exhibit 6. BTPS's Changes in Forecast

BTPS - Forecast Changes	2025F (Prev)	2025F (Curr)	Δ%	2025F (Prev)	2026F (Curr)	Δ%
Net Interest Income (Rpbn)	4,978	4,713	(5.34)	5,322	5,029	(5.50)
PPOP (Rpbn)	2,818	2,471	(12.31)	3,071	2,654	(13.58)
Net profit (Rpbn)	1,092	1,088	(0.36)	1,274	1,219	(4.34)
BVPS (Rp)	1,321	1,301	(1.46)	1,428	1,404	(1.67)
Gross Loans (Rpbn)	10,711	10,566	(1.35)	11,245	11,068	(1.58)
Customer Deposits (Rpbn)	12,112	11,959	(1.27)	12,718	12,557	(1.27)
Ratios (%)	2025F (Prev)	2025F (Curr)	Δ bps	2025F (Prev)	2026F (Curr)	Δ bps
Net Interest Margin	24.3	23.6	(64)	24.5	24.2	(34)
Gross NPL Ratio	2.4	3.6	122	2.2	3.4	118
Cost/Income Ratio	44.3	48.1	380	43.2	47.8	454
Cost of Credit	13.4	10.3	(310)	13.1	10.1	(300)
ROAE	11.1	11.3	13	12.0	11.7	(34)

Source: Company, BRIDS Estimates

Exhibit 7. BTPS's Valuation

Gordon Growth Valuation with Inverse Cost of Equity	
Parameters:	Remarks:
Cost of equity (%) - Mean	9.8 2-year avg
Cost of equity (%) - SD	2.0
SD used	(1.0)
Cost of equity (%) used	11.8
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	11.3 FY25F ROAE
Fair value P/BV (x)	0.9 (ROAE - g) / (COC - g)
BV/share (IDR)	1,301 FY25F Book value per share
Fair value (IDR)	1,200 Fair value P/BV multiple x BVPS

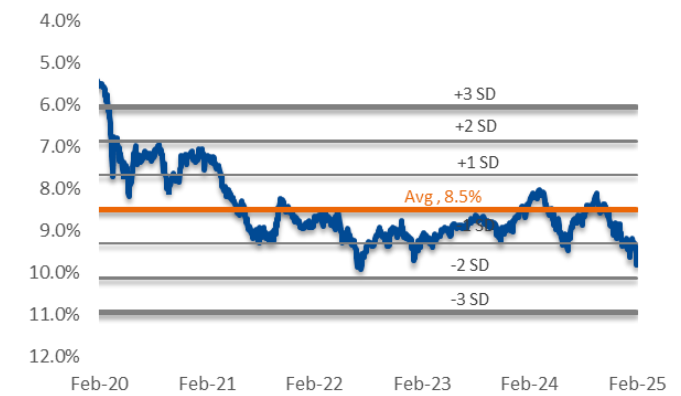
Source: Company, BRIDS Estimates

Exhibit 8. BTPS's cost of equity band chart (2-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. Sector's cost of equity band chart (5-year)



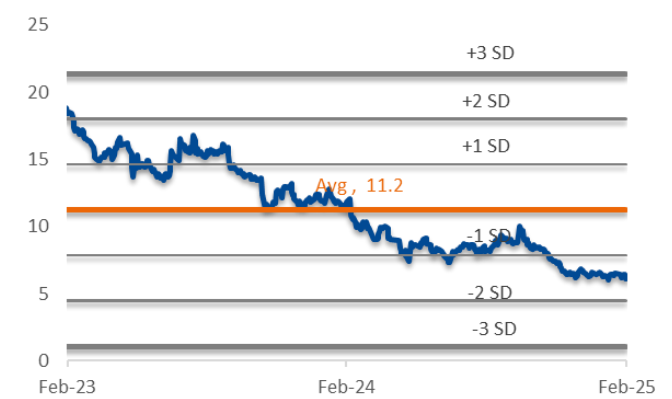
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 10. BTPS's P/BV band chart (2-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 11. BTPS's P/E band chart (2-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 12. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Interest Income	5,746	5,398	5,186	5,519	5,795
Interest Expense	(486)	(504)	(473)	(490)	(514)
Net Interest Income	5,260	4,894	4,713	5,029	5,281
Non-Interest Income (NII)	61	44	48	53	58
Oper. Income	5,321	4,938	4,761	5,082	5,339
Oper. Expenses	(2,044)	(2,228)	(2,290)	(2,429)	(2,536)
Pre-provisions profit	3,277	2,710	2,471	2,654	2,803
Provisions & Allowances	(1,898)	(1,360)	(1,077)	(1,092)	(1,118)
Operating Profits	1,379	1,351	1,394	1,562	1,685
Non-Operating Income	1	3	1	1	0
Exceptionals	0	0	0	0	0
Pre-tax Profit	1,380	1,353	1,395	1,562	1,685
Income Tax	(299)	(292)	(307)	(344)	(371)
Minorities	0	0	0	0	0
Net Profit	1,081	1,061	1,088	1,219	1,314

Exhibit 13. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Gross Loans	11,553	10,274	10,566	11,068	11,595
Provisions	(1,214)	(924)	(884)	(864)	(846)
Net Loans	10,339	9,350	9,682	10,204	10,749
Govt. Bonds	0	0	0	0	0
Securities	8,647	9,049	9,502	9,977	10,476
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	20,444	19,575	20,320	21,298	22,324
Fixed Assets	1,082	1,109	1,188	1,274	1,357
Non-Earnings Assets	294	273	379	436	543
Total Assets	21,435	21,748	22,474	23,890	25,400
Customer Deposits	12,143	11,724	11,959	12,557	13,185
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	12,658	12,431	12,448	13,073	13,729
Share capital & Reserves	1,638	1,647	1,651	1,651	1,652
Retained Earnings	7,136	7,667	8,374	9,166	10,021
Shareholders' Funds	8,774	9,314	10,025	10,817	11,673
Minority interests	3	3	0	0	0
Total Equity & Liabilities	21,435	21,748	22,474	23,890	25,402

Exhibit 14. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Yield on Earning Assets	28.7	27.0	26.0	26.5	26.6
Cost of funds	4.0	4.2	4.0	4.0	4.0
Interest Spread	24.7	22.8	22.0	22.5	22.6
Net Interest Margin	26.3	24.5	23.6	24.2	24.2
Cost/Income Ratio	38.4	45.1	48.1	47.8	47.5
Oper. Exp./Oper. Gross Inc.	76.3	75.2	73.4	72.0	71.2
Gross NPL Ratio	2.9	3.9	3.6	3.4	3.2
LLP/Gross NPL	363.2	242.3	242.2	242.1	242.1
Cost of Credit	16.3	12.5	10.3	10.1	9.9
Loan to Deposit Ratio	95.1	87.6	88.4	88.1	87.9
Loan to Funding Ratio	95.1	86.2	88.4	88.1	87.9
CASA Mix	25.6	26.5	26.5	26.5	26.5
ROAE	12.6	11.7	11.3	11.7	11.7
ROAA	5.1	4.9	4.9	5.3	5.3
CAR	56.6	48.6	43.1	44.0	45.1

Exhibit 15. Dupont and Growth

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Dupont					
Pre-Tax ROAA	6.5	6.3	6.3	6.7	6.8
Tax Retention rate	78.3	78.4	78.0	78.0	78.0
Post-Tax ROAA	5.1	4.9	4.9	5.3	5.3
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.5	2.4	2.3	2.2	2.2
ROAE	12.6	11.7	11.3	11.7	11.7
Growth (%)					
Interest income	6.9	(6.1)	(3.9)	6.4	5.0
Net Interest Income	4.6	(6.9)	(3.7)	6.7	5.0
Other Oper. Expenses	9.3	9.0	2.8	6.1	4.4
Fee Based Income	0.0	0.0	0.0	0.0	0.0
Pre-Provision Oper. Profit	1.6	(17.3)	(8.8)	7.4	5.6
Net Profit	(39.3)	(1.8)	2.6	12.0	7.9
Shareholders' Equity	4.4	6.1	7.6	7.9	7.9
Loan	(1.0)	(11.1)	2.8	4.7	4.8
Earnings Asset	4.4	(4.3)	3.8	4.8	4.8
Deposit	0.8	(3.4)	2.0	5.0	5.0
Int. Bearing Liab.	(0.1)	(1.8)	0.1	5.0	5.0
CASA	4.8	(0.3)	2.0	5.0	5.0
Total Asset	1.3	1.5	3.3	6.3	6.3

Source : BTPS, BRIDS Estimates

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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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