

Stock Data

Target price	Rp1,440
Prior TP	Rp1,440
Current price	Rp1,290
Upside/downside	+11.6%
Shares outstanding (mn)	14,034
Market cap (Rp bn)	18,104
Free float	40%
Avg. 6m daily T/O (Rp bn)	14

Price Performance

	3M	6M	12M
Absolute	2.0%	5.3%	-12.2%
Relative to JCI	0.3%	0.4%	-11.7%
52w low/high (Rp)	1,175 – 1,485		



Major Shareholders

Republic of Indonesia	60%
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3Q23 results: miss despite sequential qoq improvement in NIM

- BBTN 9M23 net profit of Rp2.3tr came below cons' at 71% but ahead of ours at 80%.
- Pick-up in loan growth (+10% yoy/+3% qoq) supported by corporate (+36% yoy/+8% qoq) and sharia mortgage (+19% yoy/+6% qoq).
- Overall asset quality slightly improved qoq but LAR remains elevated which may lead to elevated CoC. Maintain Hold.

9M23 results was below consensus but ahead of ours

BBTN net profit of Rp2.3tr in 9M23 (+2% yoy/+25% qoq) came below consensus estimates at 71% but ahead of ours at 80%. PPOP grew marginally by +6% yoy (flat qoq) supported by significant increase in non-interest income (+67% yoy/-24% qoq) – mainly from treasury and recovery, along with drop in opex (-11% yoy/+5% qoq); this was despite weak NII at -12% yoy (+9% qoq). Provision rose by +12% yoy but declined -16% qoq, which brought the 9M23 CoC to 1.3% vs. 1.2/1.3% in 9M22/1H23, in-line with its new target of 1.2-1.4% (previously at 1.1-1.2%).

Sequential qoq improvement in NIM

Overall NIM stood at 3.8% in 9M23 (vs. 4.5/3.6% in 9M22/1H23) with qoq improvement was driven by better asset yield. LDR remained at 98% in 3Q23 vs. 93/98% in 3Q22/2Q23. Concurrently, deposit growth was slower at +4% yoy (+3% qoq) as strong CASA growth (+12% yoy/-6% qoq – mostly driven by current account as savings growth dropped by -8% yoy) was offset by drop in TD (-3% yoy/+14% qoq). This resulted in CASA ratio of 50% in 3Q23 vs. 46/54% in 3Q22/2Q23.

Pick-up loan growth from strong sharia mortgage

Overall loan grew by +10% yoy (+3% qoq) in 3Q23, which was in-line with its guidance of 10-11%. This was driven by corporate loans (+36% yoy/+8% qoq) while mortgage grew by +8% yoy/+3% qoq, supported by sharia mortgage (+19% yoy/+6% qoq).

Improving asset quality

NPL/SML slightly improved qoq to 3.5/9.4% in 3Q23 from 3.7/9.5% in 2Q23 respectively. Further NPL improvement will be coming from bulk asset sale in 4Q23 amounting to Rp861bn which expected to reduce NPL by c.0.25%. Overall LAR (incl. Covid) also improved to 23% in 3Q23 vs. 26/23% in 3Q22/2Q23 with LAR coverage of 22% in 3Q23 vs. 20/22% in 3Q22/2Q23.

Maintain Hold

Maintain Hold despite BBTN is currently trading at undemanding valuation of 0.5x FY24F P/B (below -1s.d. of 0.6x) as we see lack of imminent catalyst. Upside risk is lower CoF from peaking interest rate.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net interest income	12,991	14,997	13,784	15,152	16,627
Total revenue	15,354	16,707	16,739	18,160	19,701
PPOP	6,661	7,833	7,963	8,966	10,001
Provision charges	(3,625)	(4,018)	(4,333)	(4,335)	(4,705)
Net profit	2,376	3,045	2,904	3,705	4,237
P/BV (x)	0.6	0.5	0.6	0.5	0.5
Dividend yield	0.0%	1.7%	3.4%	3.2%	4.1%
ROAE	11.7%	12.6%	10.0%	10.9%	11.4%
IPS vs. consensus			90%	101%	97%

Source: Company, Indo Premier

Share price closing as of: 27 November 2023

Fig. 1: BBTN 3Q23 results summary

BBTN 3Q23 result (in Rp bn)	9M23	9M22	%YoY	3Q23	3Q22	%YoY	2Q23	%QoQ	IPS FY23F	% of IPS	Cons FY23F	% of Cons
Interest income	20,833	18,977	10%	7,311	6,300	16%	6,846	7%	27,898	75%		
Interest expenses	(10,691)	(7,431)	44%	(3,647)	(2,491)	46%	(3,489)	5%	(14,114)	76%		
Net interest income	10,142	11,546	-12%	3,664	3,809	-4%	3,357	9%	13,784	74%		
Non-interest income	2,362	1,411	67%	644	402	60%	843	-24%	2,956	80%		
Total Income	12,504	12,957	-3%	4,308	4,211	2%	4,200	3%	16,739	75%		
Overhead expenses	(6,601)	(7,408)	-11%	(2,237)	(2,675)	-16%	(2,135)	5%	(8,777)	75%		
Pre-provision profit	5,903	5,549	6%	2,071	1,536	35%	2,065	0%	7,963	74%		
Loan loss provision	(2,937)	(2,616)	12%	(996)	(546)	82%	(1,192)	-16%	(4,333)	68%		
Non Operating	(50)	(35)	43%	(25)	(10)	150%	(21)	19%				
Pretax profit	2,916	2,898	1%	1,050	980	7%	852	23%	3,630	80%	4,109	71%
Tax	(603)	(623)	-3%	(211)	(176)	20%	(179)	18%	(726)	83%		
Net Profit	2,313	2,275	2%	839	804	4%	673	25%	2,904	80%	3,235	71%

Source: Company, Indo Premier

Fig. 2: BBTN 3Q23 balance sheet summary

Balance sheet	3Q23	3Q22	%YoY	2Q23	%QoQ
Secondary reserves	61,126	69,591	-12%	60,218	2%
Loans & financing	318,300	289,693	10%	307,669	3%
Provision	(15,977)	(15,047)	6%	(15,657)	2%
Other assets	46,226	45,055	3%	48,315	-4%
Total Assets	409,675	389,292	5%	400,545	2%
Current Account (CA)	118,061	97,882	21%	128,677	-8%
Savings Account (SA)	42,199	45,709	-8%	41,541	2%
CASA	160,260	143,591	12%	170,218	-6%
Time Deposits (TD)	163,648	169,255	-3%	143,038	14%
Total Deposits	323,908	312,846	4%	313,256	3%
Deposit from other banks	1,504	1,629	-8%	1,526	-1%
Securities issued	6,436	8,312	-23%	6,638	-3%
Borrowings	35,627	31,803	12%	34,994	2%
Other liabilities	13,145	13,105	0%	15,735	-16%
Total liabilities	380,620	367,695	4%	372,149	2%
Equity	29,055	21,597	35%	28,396	2%

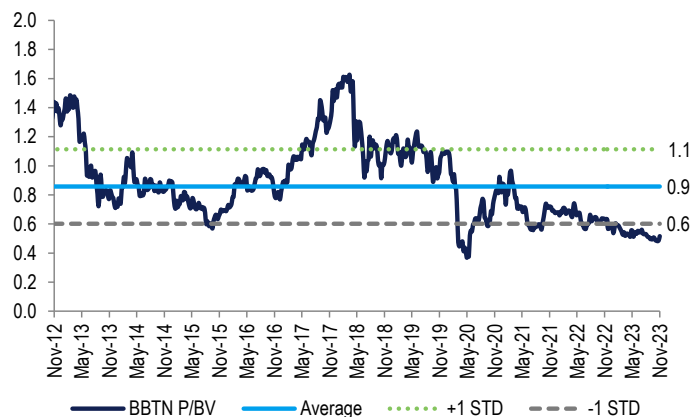
Source: Company, Indo Premier

Fig. 3: BBTN 3Q23 key ratios summary

Key ratios	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23
Asset yield	8.5	8.0	7.7	7.9	7.8	7.8	7.8	7.9	8.0	7.7	7.8
Cost of funds (reported)	3.7	3.5	3.3	3.1	2.4	2.4	2.4	2.6	3.6	3.6	3.6
NIM (C)	3.3	3.4	3.5	4.0	4.3	4.6	4.5	4.4	3.5	3.6	3.8
CIR	53.6	52.0	51.2	48.2	45.0	46.1	48.4	46.7	47.4	47.8	46.7
Credit Costs (C)	50	102	103	136	116	150	124	140	104	131	129
Credit Costs (Q)	50	154	109	239	116	186	78	196	104	161	131
LDR	88.6	89.1	92.8	92.9	95.4	93.1	92.6	92.7	93.8	98.2	98.3
CASA ratio	38.2	37.5	41.5	44.3	44.2	44.7	45.9	48.5	52.2	54.4	49.5
SML	6.1	8.6	6.0	4.5	6.6	7.1	8.2	6.8	8.8	9.5	9.4
NPL	4.3	4.1	3.9	3.7	3.6	3.5	3.5	3.4	3.5	3.7	3.5
Coverage ratio	115.9	120.7	125.5	141.8	146.7	149.7	150.5	155.7	145.9	139.1	142.0
LAR (incl Covid)	32.6	33.5	29.8	26.8	27.6	26.4	26.4	24.2	24.2	23.2	22.8
LAR coverage (incl Covid)	15.1	14.8	16.6	19.6	19.2	20.1	19.7	22.6	21.3	22.0	22.1
CAR	17.7	17.8	18.5	19.1	18.2	17.4	17.3	20.2	21.2	20.4	19.6

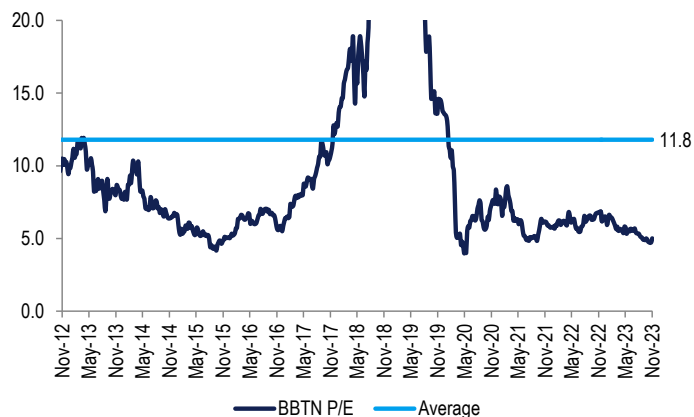
Source: Company, Indo Premier

Fig. 4: BBTN's P/BV – now trading at 0.5x FY24F P/BV vs. 10 year average of 0.9x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 5: BBTN's P/E – now trading at 5x FY24F P/E vs. 10 year average of 11.8x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 6: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY23F	FY24F	10Y Avg	FY23F	FY24F	10Y Avg
BBCA	8,875	10,400	4.7	17%	Buy	22.9	21.0	20.6	4.5	4.0	3.7
BBRI	5,350	6,500	2.9	21%	Buy	13.1	11.0	14.5	2.5	2.4	2.4
BMRI	5,900	7,200	2.3	22%	Buy	11.0	9.8	12.0	2.0	1.9	1.6
BBNI	5,275	5,200	1.1	-1%	Buy	9.3	8.6	10.6	1.3	1.1	1.1
BBTN	1,290	1,440	0.6	12%	Hold	6.2	4.9	11.8	0.6	0.5	0.9
BRIS*	1,645	2,100	2.2	28%	Buy	14.1	11.9	15.9	2.0	1.7	2.1

Source: Bloomberg, Company, Indo Premier
*3Y avg

Share price closing as of: 27 November 2023

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Interest income	25,795	25,907	27,898	29,486	31,531
Interest expense	(12,804)	(10,910)	(14,114)	(14,334)	(14,905)
Net interest income	12,991	14,997	13,784	15,152	16,627
Non-interest income	2,363	1,710	2,956	3,008	3,074
Total operating income	15,354	16,707	16,739	18,160	19,701
Opex	(8,692)	(8,874)	(8,777)	(9,194)	(9,700)
PPOP	6,661	7,833	7,963	8,966	10,001
Provisions	(3,625)	(4,018)	(4,333)	(4,335)	(4,705)
Operating profit	3,037	3,815	3,630	4,631	5,297
Non-operating profit	(44)	61	-	-	-
Pre-tax profit	2,993	3,876	3,630	4,631	5,297
Income tax	(617)	(831)	(726)	(926)	(1,059)
Minority interest	-	-	-	-	-
Net profit	2,376	3,045	2,904	3,705	4,237

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash + CA with BI	12,232	27,078	27,564	28,753	30,408
Secondary reserves	78,906	69,566	66,026	62,064	57,099
Gross loans	274,835	298,282	320,653	346,305	377,473
Loan provisions	(14,436)	(15,675)	(18,933)	(22,101)	(25,560)
Other assets	20,331	22,897	22,897	22,897	22,897
Total Assets	371,868	402,148	418,206	437,918	462,316
Total deposits	296,023	322,098	331,761	348,350	369,250
Securities and borrowings	12,886	9,282	9,282	9,282	9,282
Other liabilities	41,552	44,859	44,859	44,859	44,859
Total liabilities	350,462	376,239	385,902	402,490	423,391
Shareholders' equity	21,407	25,909	32,304	35,428	38,925
Total liabilities & equity	371,868	402,148	418,206	437,918	462,316

Growth YoY	2021A	2022A	2023F	2024F	2025F
Gross loans	5.7%	8.5%	7.5%	8.0%	9.0%
Total assets	3.0%	8.1%	4.0%	4.7%	5.6%
Total deposits	6.1%	8.8%	3.0%	5.0%	6.0%
Net interest income	45.7%	15.4%	-8.1%	9.9%	9.7%
Non-interest income	-6.0%	-27.6%	72.9%	1.8%	2.2%
Total operating income	34.3%	8.8%	0.2%	8.5%	8.5%
Operating expense	27.2%	2.1%	-1.1%	4.8%	5.5%
PPOP	45.0%	17.6%	1.7%	12.6%	11.5%
Net profit	48.3%	28.1%	-4.6%	27.6%	14.4%

Key Ratios	2021A	2022A	2023F	2024F	2025F
ROAA	0.6%	0.8%	0.7%	0.9%	0.9%
ROAE	11.5%	12.9%	10.0%	10.9%	11.4%
NIM	3.9%	4.3%	3.8%	4.0%	4.2%
Credit cost	1.4%	1.4%	1.4%	1.3%	1.3%
Cost/income	56.6%	53.1%	52.4%	50.6%	49.2%
LDR	92.8%	92.6%	96.7%	99.4%	102.2%
CAR	19.1%	20.2%	20.4%	20.7%	20.8%
NPL ratio	3.7%	3.4%	3.3%	3.3%	3.3%
Provisions/NPL	141.8%	155.7%	178.2%	194.9%	206.4%

Source: Company, Indo Premier

INVESTMENT RATINGS

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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