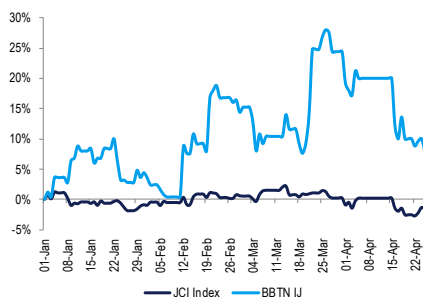


## Stock Data

Target price	Rp1,750
Prior TP	Rp1,750
Current price	Rp1,360
Upside/downside	+29.6%
Shares outstanding (mn)	14,034
Market cap (Rp bn)	18,946
Free float	40%
Avg. 6m daily T/O (Rp bn)	80

## Price Performance

	3M	6M	12M
Absolute	4.7%	10.7%	7.1%
Relative to JCI	5.7%	6.0%	3.6%
52w low/high (Rp)	1,190 – 1,600		



## Major Shareholders

Republic of Indonesia	60%
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## 1Q24 results: slightly below on weak PPOP; loan growth was ahead

- 1Q24 net profit of Rp860bn (+7% yoy) came below at 22% of estimates amid weak PPOP (+2% yoy) despite benign provision (-12% yoy).
- NIM contracted by -20bp yoy amid steep increase in CoF. It now guides for lower FY24F NIM of 3.8% (vs. c.4% initially).
- Overall asset quality was stable qoq with LAR at 21.6% in 1Q24 vs. 24.2/21.1% in 1Q23/4Q23. Maintain Buy with unchanged TP.

### 1Q24 results: below on weak PPOP

BBTN posted 1Q24 net profit of Rp860bn (+7% yoy), below at 22% of our/consensus estimates. This was attributed to weak PPOP growth (+2% yoy) amid tepid NII growth (+3% yoy) and rising opex (+9% yoy). It expects non-II (+15% yoy) to remain strong throughout the year backed by treasury transaction and recovery on top of potential bulk asset sale (2x this year; total Rp2tr). Concurrently, provision dropped -12% yoy and brought CoC to 0.8% vs. 1/1.2% in 1Q23/FY23, though it guides for FY24F CoC of 1.1-1.2% which implies higher provision in subsequent quarters.

### Lower NIM due to steep increase in CoF

NIM contracted to 3.3% vs. 3.5/3.8% in 1Q23/FY23 due to steep increase in CoF (+60bp yoy/+50bp qoq) but was offset by higher LDR of 96% (vs. 94/95 in 1Q23/4Q23). It guides for lower FY24F NIM of 3.8% due to higher for longer rate expectation (initially at c.4%). Deposit grew by +12% yoy (+2% qoq) as TD growth (+17% yoy/+11% qoq) outpaced CASA (+7% yoy/-5% qoq).

### Strong loan growth backed by all segments

Loan grew by +15% yoy (+3% qoq) mainly supported from mortgage growth of +12% yoy (+3% qoq). Moreover, non-housing loan also posted robust growth of +46% yoy (+5% qoq) driven by corporate loan at +56% yoy (+2% qoq). Despite the strong loan growth, BBTN kept its FY24F loan growth unchanged at 10-11%.

### Stable asset quality

NPL was flattish qoq at 3% while SML increased +120bp qoq to 9.1%. Concurrently, LAR stood at 21.6% in 1Q24 vs. 24.2/21.1% in 1Q23/4Q23 with LAR coverage of 21.3% in 1Q24 vs. 21.3/22.1% in 1Q23/4Q23.

### Maintain Buy with unchanged TP amid attractive valuation

Maintain our Buy rating with unchanged TP of Rp1,750. BBTN is currently trading at 0.6x FY24F P/B and 4.9x P/E (vs. 10Y average of 0.8x and 7x). Risk is NIM compression amid higher for longer rate expectation.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net interest income	14,997	13,623	15,455	16,871	18,553
Total revenue	16,707	17,545	19,138	20,669	22,438
PPOP	7,833	8,234	9,056	9,920	11,058
Provision charges	(4,018)	(3,765)	(4,205)	(4,603)	(5,017)
Net profit	3,045	3,501	3,881	4,254	4,832
P/BV (x)	0.6	0.6	0.6	0.5	0.5
Dividend yield	1.7%	3.2%	3.7%	4.1%	4.5%
ROAE	12.6%	13.0%	12.1%	12.0%	12.3%
IPS vs. consensus			101%	96%	93%

Source: Company, Indo Premier

Share price closing as of: 25 April 2024

Fig. 1: BBTN 1Q24 results summary

BBTN 1Q24 result (in Rp bn)	1Q24	1Q23	%YoY	4Q23	%QoQ	IPS FY24F	% of IPS	Cons FY24F	% of Cons
Interest income	7,672	6,676	15%	7,438	3%	31,019	25%		
Interest expenses	(4,445)	(3,555)	25%	(3,957)	12%	(15,564)	29%		
<b>Net interest income</b>	<b>3,227</b>	<b>3,121</b>	<b>3%</b>	<b>3,481</b>	<b>-7%</b>	<b>15,455</b>	<b>21%</b>		
Non-interest income	1,005	875	15%	1,560	-36%	3,683	27%		
<b>Total Income</b>	<b>4,232</b>	<b>3,996</b>	<b>6%</b>	<b>5,041</b>	<b>-16%</b>	<b>19,138</b>	<b>22%</b>		
Overhead expenses	(2,421)	(2,229)	9%	(2,710)	-11%	(10,082)	24%		
<b>Pre-provision profit</b>	<b>1,811</b>	<b>1,767</b>	<b>2%</b>	<b>2,331</b>	<b>-22%</b>	<b>9,056</b>	<b>20%</b>		
Loan loss provision	(657)	(749)	-12%	(828)	-21%	(4,205)	16%		
<b>Pretax profit</b>	<b>1,154</b>	<b>1,014</b>	<b>14%</b>	<b>1,503</b>	<b>-23%</b>	<b>4,851</b>	<b>24%</b>	<b>4,864</b>	<b>24%</b>
Non Operating	(24)	(4)	500%	(40)	-40%				
Tax	(270)	(213)	27%	(275)	-2%	(970)	28%		
<b>Net Profit</b>	<b>860</b>	<b>801</b>	<b>7%</b>	<b>1,188</b>	<b>-28%</b>	<b>3,881</b>	<b>22%</b>	<b>3,840</b>	<b>22%</b>

Source: Company, Indo Premier

Fig. 2: BBTN 1Q24 balance sheet summary

Balance sheet	1Q24	1Q23	%YoY	4Q23	%QoQ
Secondary reserves	66,852	69,225	-3%	56,129	19%
<b>Loans &amp; financing</b>	<b>344,244</b>	<b>299,748</b>	<b>15%</b>	<b>333,698</b>	<b>3%</b>
Provision	(15,796)	(15,465)	2%	(15,641)	1%
Other assets	58,719	48,000	22%	64,564	-9%
<b>Total Assets</b>	<b>454,019</b>	<b>401,508</b>	<b>13%</b>	<b>438,750</b>	<b>3%</b>
Current Account (CA)	135,765	127,405	7%	143,535	-5%
Savings Account (SA)	42,842	39,405	9%	44,472	-4%
<b>CASA</b>	<b>178,607</b>	<b>166,810</b>	<b>7%</b>	<b>188,007</b>	<b>-5%</b>
Time Deposits (TD)	179,134	152,798	17%	161,927	11%
<b>Total Deposits</b>	<b>357,741</b>	<b>319,608</b>	<b>12%</b>	<b>349,934</b>	<b>2%</b>
Deposit from other banks	5,358	1,350	297%	1,300	312%
Securities issued	6,810	6,645	2%	6,835	0%
Borrowings	42,763	34,221	25%	42,875	0%
Other liabilities	10,780	12,059	-11%	7,327	47%
<b>Total liabilities</b>	<b>423,452</b>	<b>373,883</b>	<b>13%</b>	<b>408,271</b>	<b>4%</b>
<b>Equity</b>	<b>30,567</b>	<b>27,625</b>	<b>11%</b>	<b>30,479</b>	<b>0%</b>

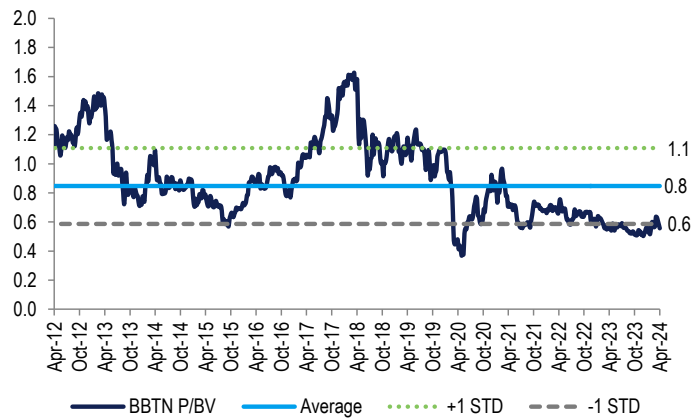
Source: Company, Indo Premier

Fig. 3: BBTN 1Q24 key ratios summary

Key ratios	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Asset yield	7.8	7.8	7.8	7.9	8.0	7.7	7.8	7.7	8.1
Cost of funds (reported)	2.4	2.4	2.4	2.6	3.6	3.6	3.6	3.7	4.2
NIM (C)	4.3	4.6	4.5	4.4	3.5	3.6	3.8	3.8	3.3
CIR	45.0	46.1	48.4	46.7	47.4	47.8	46.7	45.3	54.6
Credit Costs (C)	116	150	124	140	104	131	129	119	82
Credit Costs (Q)	116	186	78	196	104	161	131	105	82
LDR	95.4	93.1	92.6	92.7	93.8	98.2	98.3	95.4	96.2
CASA ratio	44.2	44.7	45.9	48.5	52.2	54.4	49.5	53.7	49.9
SML	6.6	7.1	8.2	6.8	8.8	9.5	9.4	7.9	9.1
NPL	3.6	3.5	3.5	3.4	3.5	3.7	3.5	3.0	3.0
Coverage ratio	146.7	149.7	150.5	155.7	145.9	139.1	142.0	155.2	152.8
LAR (incl Covid)	27.6	26.4	26.4	23.2	24.2	23.2	22.8	21.1	21.6
LAR coverage (incl Covid)	19.2	20.1	19.7	22.6	21.3	22.0	22.1	22.1	21.3
CAR	18.2	17.4	17.3	20.2	21.2	20.4	19.6	20.1	19.0

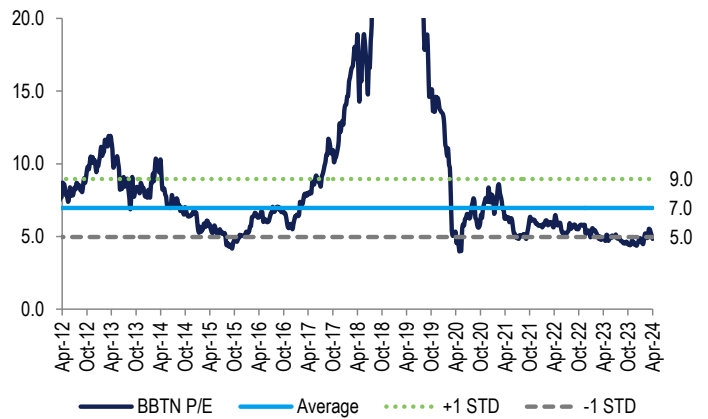
Source: Company, Indo Premier

**Fig. 4: BBTN's P/BV – now trading at 0.6x FY24F P/BV vs. 10 year average of 0.8x P/BV**



Source: Bloomberg, Company, Indo Premier

**Fig. 5: BBTN's P/E – now trading at 4.9x FY24F P/E vs. 10 year average of 7.0x 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)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBCA	9,775	10,400	4.7	6%	Buy	22.0	20.0	20.9	4.7	4.3	3.8
BBRI	5,150	5,600	2.5	9%	Buy	13.1	12.0	14.8	2.4	2.3	2.4
BMRI	6,950	8,000	2.4	15%	Buy	10.3	9.2	11.8	2.0	1.9	1.6
BBNI	5,300	6,000	1.2	13%	Buy	8.5	7.8	10.7	1.2	1.1	1.1
BBTN	1,350	1,750	0.7	30%	Buy	4.9	4.5	7.0	0.6	0.5	0.8
BRIS*	2,580	2,600	2.4	1%	Buy	17.8	16.0	16.0	2.7	2.4	2.2

Source: Bloomberg, Company, Indo Premier

\*3Y avg

Share price closing as of: 25 April 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	25,907	28,271	31,019	33,492	36,155
Interest expense	(10,910)	(14,648)	(15,564)	(16,622)	(17,602)
<b>Net interest income</b>	<b>14,997</b>	<b>13,623</b>	<b>15,455</b>	<b>16,871</b>	<b>18,553</b>
Non-interest income	1,710	3,922	3,683	3,799	3,885
<b>Total operating income</b>	<b>16,707</b>	<b>17,545</b>	<b>19,138</b>	<b>20,669</b>	<b>22,438</b>
Opex	(8,874)	(9,311)	(10,082)	(10,749)	(11,381)
<b>PPOP</b>	<b>7,833</b>	<b>8,234</b>	<b>9,056</b>	<b>9,920</b>	<b>11,058</b>
Provisions	(4,018)	(3,765)	(4,205)	(4,603)	(5,017)
<b>Operating profit</b>	<b>3,815</b>	<b>4,469</b>	<b>4,851</b>	<b>5,317</b>	<b>6,040</b>
Non-operating profit	61	(90)	-	-	-
<b>Pre-tax profit</b>	<b>3,876</b>	<b>4,379</b>	<b>4,851</b>	<b>5,317</b>	<b>6,040</b>
Income tax	(831)	(878)	(970)	(1,063)	(1,208)
Minority interest	-	-	-	-	-
<b>Net profit</b>	<b>3,045</b>	<b>3,501</b>	<b>3,881</b>	<b>4,254</b>	<b>4,832</b>

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	27,078	34,164	36,228	38,446	40,525
Secondary reserves	69,566	66,026	63,385	56,413	49,079
Gross loans	298,282	333,698	367,068	400,104	436,113
Loan provisions	(15,675)	(15,613)	(17,214)	(19,331)	(22,055)
Other assets	22,897	22,897	22,897	22,897	22,897
<b>Total Assets</b>	<b>402,148</b>	<b>441,172</b>	<b>472,363</b>	<b>498,528</b>	<b>526,559</b>
Total deposits	322,098	350,121	378,131	400,819	424,868
Securities and borrowings	9,282	7,464	7,464	7,464	7,464
Other liabilities	44,859	50,685	50,685	50,685	50,685
<b>Total liabilities</b>	<b>376,239</b>	<b>408,271</b>	<b>436,280</b>	<b>458,968</b>	<b>483,017</b>
<b>Shareholders' equity</b>	<b>25,909</b>	<b>32,901</b>	<b>36,082</b>	<b>39,560</b>	<b>43,541</b>
<b>Total liabilities &amp; equity</b>	<b>402,148</b>	<b>441,172</b>	<b>472,363</b>	<b>498,528</b>	<b>526,559</b>

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	8.5%	11.9%	10.0%	9.0%	9.0%
Total assets	8.1%	9.7%	7.1%	5.5%	5.6%
Total deposits	8.8%	8.7%	8.0%	6.0%	6.0%
Net interest income	15.4%	-9.2%	13.4%	9.2%	10.0%
Non-interest income	-27.6%	129.4%	-6.1%	3.1%	2.3%
Total operating income	8.8%	5.0%	9.1%	8.0%	8.6%
Operating expense	2.1%	4.9%	8.3%	6.6%	5.9%
PPOP	17.6%	5.1%	10.0%	9.5%	11.5%
Net profit	28.1%	15.0%	10.9%	9.6%	13.6%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	0.8%	0.8%	0.8%	0.9%	0.9%
ROAE	12.9%	11.9%	11.3%	11.2%	11.6%
NIM	4.3%	3.7%	3.9%	4.0%	4.1%
Credit cost	1.4%	1.2%	1.2%	1.2%	1.2%
Cost/income	53.1%	53.1%	52.7%	52.0%	50.7%
LDR	92.6%	95.3%	97.1%	99.8%	102.6%
CAR	20.2%	20.1%	17.7%	18.0%	18.7%
NPL ratio	3.4%	3.0%	2.8%	2.7%	2.7%
Provisions/NPL	155.7%	157.4%	164.7%	179.9%	186.3%

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

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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