

22 February 2021
Banking, Equity

Price 1930
Target Price 2140
JKSE Index 6255.31



Stock Code
Bloomberg code **BBTN IJ**
Market cap (IDR.bn) **19,909.2B**
52-Week High (IDR) **2,000**
52-Week Low (IDR) **720**
6-m Avg Daily. Val (IDR) **1,593**
Free Float (%) **40**

Major Shareholders (%)
Government RI **60.00%**
Public **40.00%**

USD/IDR-YE
2020A **14050**
2021F (6M Avg) **14353**

Key Indicators
Non Performing Loan (%) **3.74**
Net Interest Margin (x) **3.3**

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Investment Consideration

Loan Growth increased slightly

In FY20, Loan Growth increased slightly, 1.7% YoY. The growth was driven by subsidized KPR loans which increased 8.63% YoY, but was offset by the decline in other segments that the bank remains selective in extending credit to. Subsidized mortgages remain the driver for the year, while exposure to high-rise construction will be avoided. We estimate loan growth will be in the range of 8% in 2021F, we hope that KPR credits will improve this year supported by Tapera.

Restructured Loans & Asset Quality

As of December 2020, the company restructured IDR 57.5 trillion or 22% of total loans. Restructured loans consisted of 33.5% non-subsidized KPR loans, 31.6% subsidized KPR loans, and 17.3% were construction and commercial loans. BBTN expects 80% will need further restructuring, 5% or IDR 2 trillion will be reduced, and 10% or IDR 4 trillion will return to normal payments. Non-Performing Loans decreased to 4.37% from 4.78% in FY2019. BBTN plans to increase non-performing loans by IDR 2.5 trillion this year and will continue to accelerate sales of collateral, especially for loans in the corporate segment. We estimate that Non-Performing Loans will be in the range of 3.7% in 2021F.

NIM decreased slightly

NIM fell to 3.06% from 3.32% in FY19. BTN will still maintain their strategy of focusing on low-cost funding. With the restructuring going well and the Cost of Funds being maintained, we expect NIM to be in the range of 3.3% in 2021F

Valuation: 11% Upside, Hold.

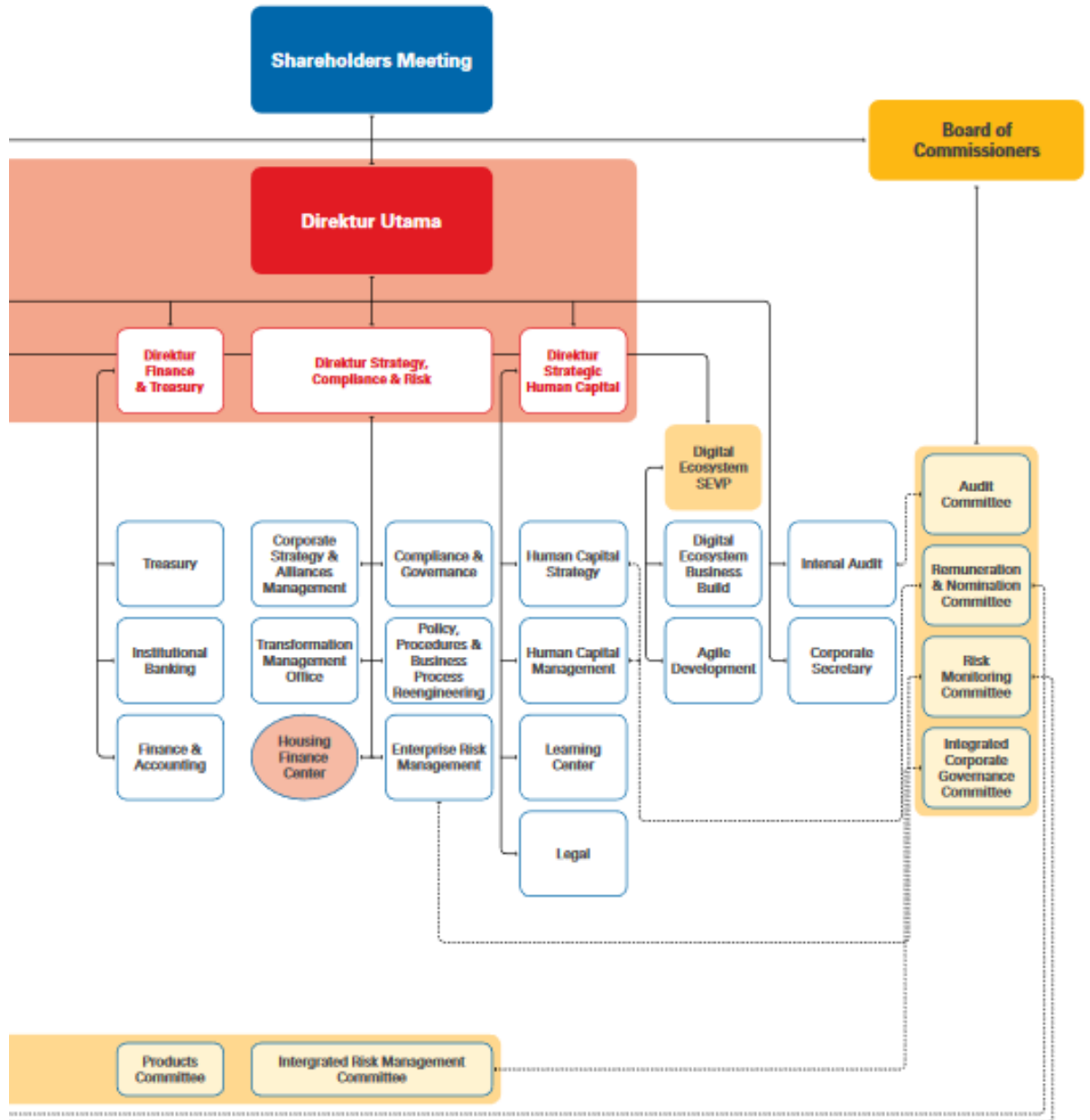
Based on our DDM Valuation, we have a target price within one year of IDR 2140 or trading at 1.0x PBV which gives 11% potential upside, Hold.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	20.092	22.852	25.720	25.106	22.442	24.191	25.860
Interest Expense	-10.751	-12.763	-16.758	-16.192	-11.615	-12.649	-13.575
Net Interest Income	30.842	35.614	42.478	41.298	34.057	36.840	39.436
Net Operating Income	1.604	2.072	2.110	2.515	2.834	2.919	3.139
Operating Expense	6.169	6.853	7.063	6.836	9.075	9.542	10.117
PPOP	4.776	5.308	4.008	4.593	4.586	4.920	5.308
Provision Expense	-884	-1.714	-3.487	-2.262	-2.262	-2.262	-2.262
Operating Profit	5.661	3.594	522	2.330	2.324	2.657	3.046
Profit Before Tax	3.862	3.610	411	2.271	2.264	2.597	2.986
Tax Expense	834	802	202	668	503	577	664
Net Profit	3.027	2.808	209	1.602	1.761	2.020	2.322
EPS (Rp/Share)	285,9	265,1	19,8	151,3	166,3	190,8	219,3

Company Profile

PT Bank Tabungan Negara (Persero) Tbk (“the Bank”) was originally established as a fully state-owned bank under the name “Bank Tabungan Pos” based on Martial Law No. 9, February 9, 1950. Subsequently, the name of the Bank was changed to “Bank Tabungan Negara” based on Government Regulation Amendment of Law No. 4 of 1963. The Bank started operating as a state-owned commercial bank on April 29, 1989. Based on Government Regulation No. 24 of 1992, the status of the Bank was changed to a state-owned limited liability corporation (Persero). The scope of the Bank’s activities is to conduct commercial banking activities in accordance with the prevailing laws and regulations, including activities based on sharia principles.

Company Structure



Source: Company

Chart: Gross Loan (x) YoY

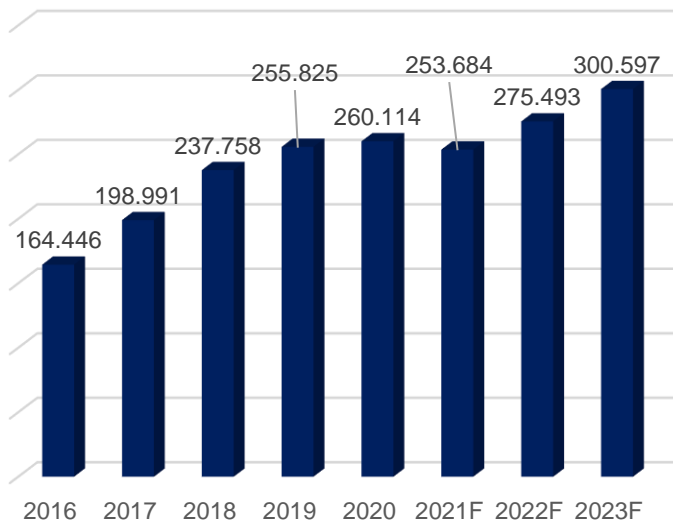


Chart: Customer Deposit (x) YoY

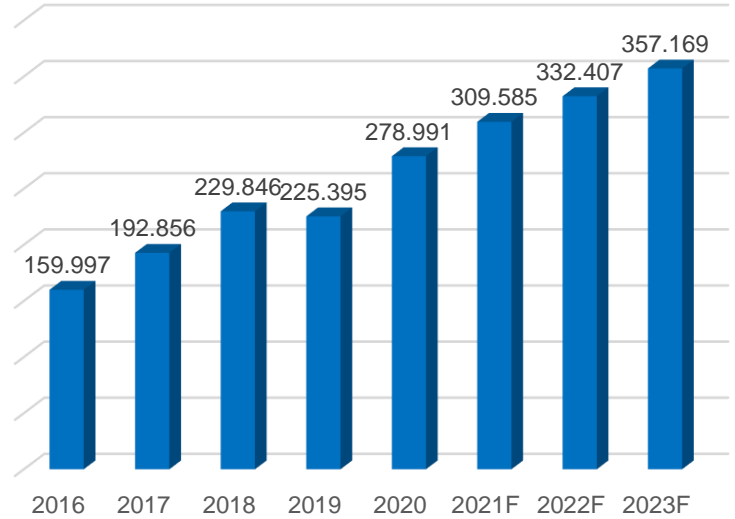


Chart: Profitability (x) YoY

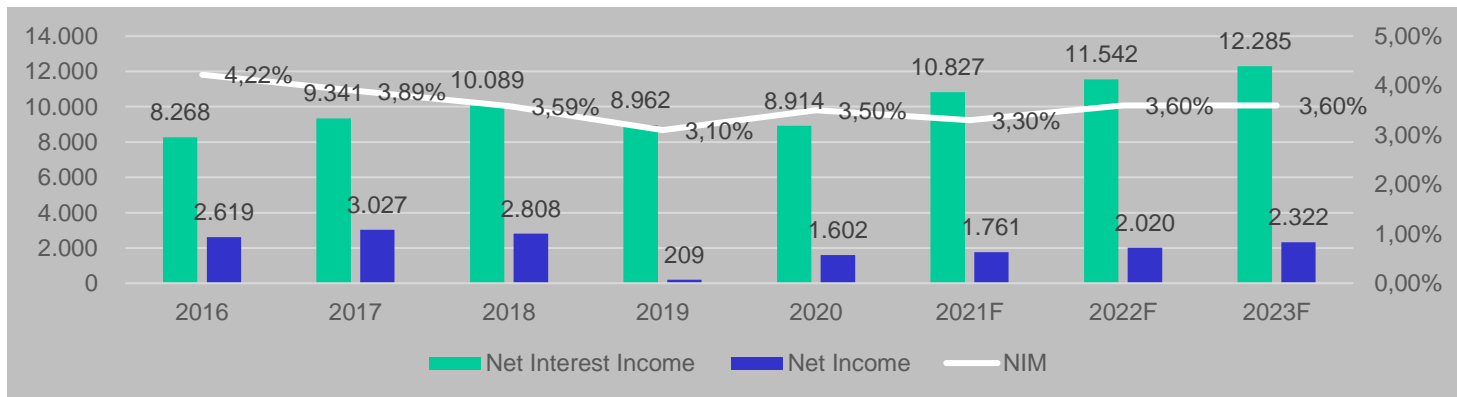


Chart: Net Interest Margin (x) YoY

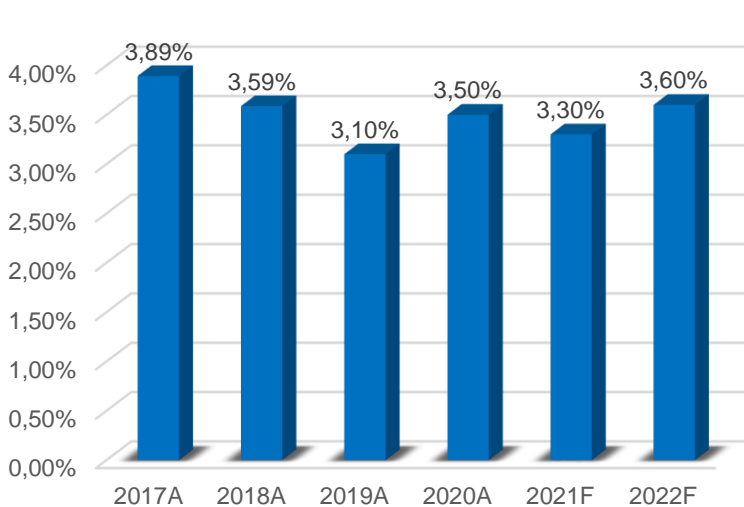


Chart: CAR (x) YoY

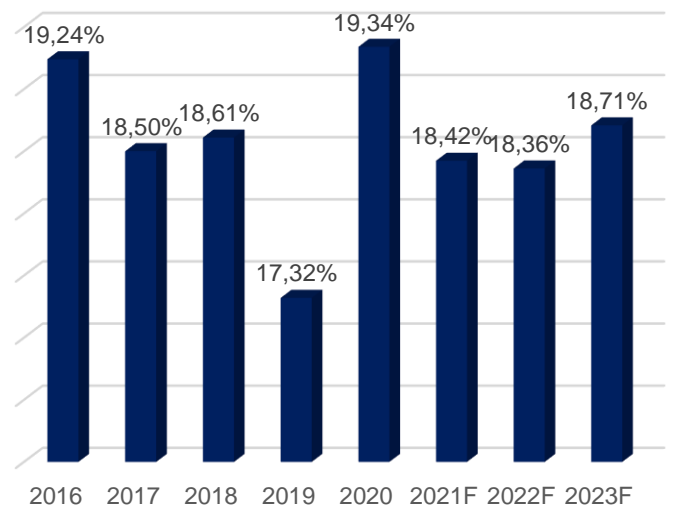


Chart: Gross Loan (x) QoQ

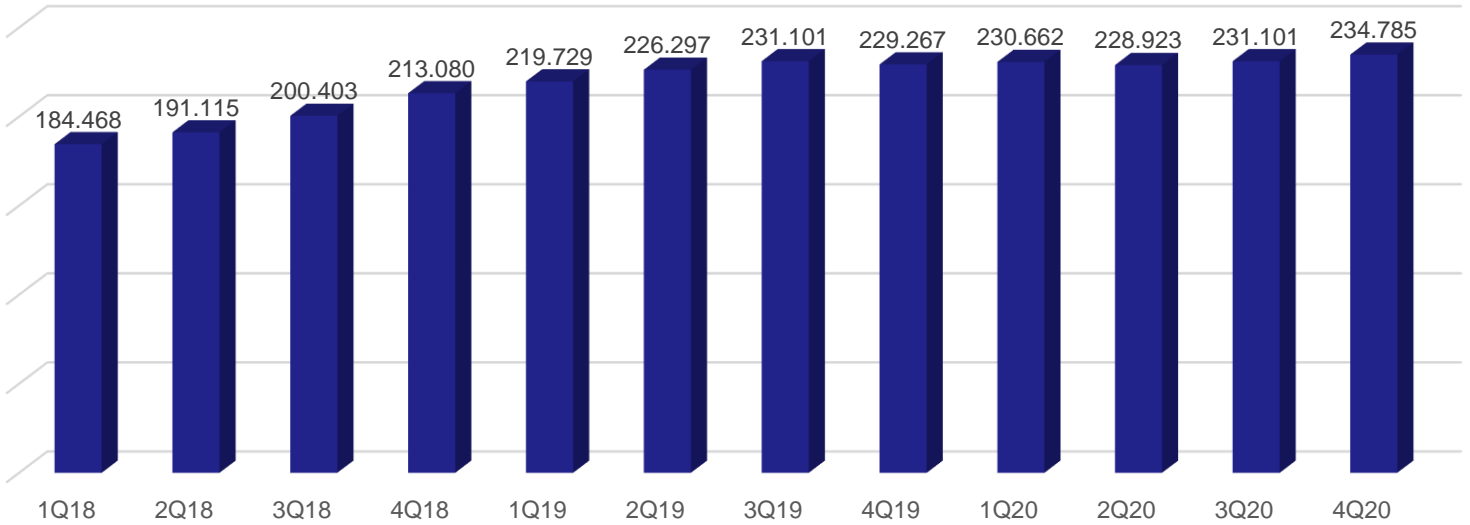


Chart: Net Income (x) QoQ

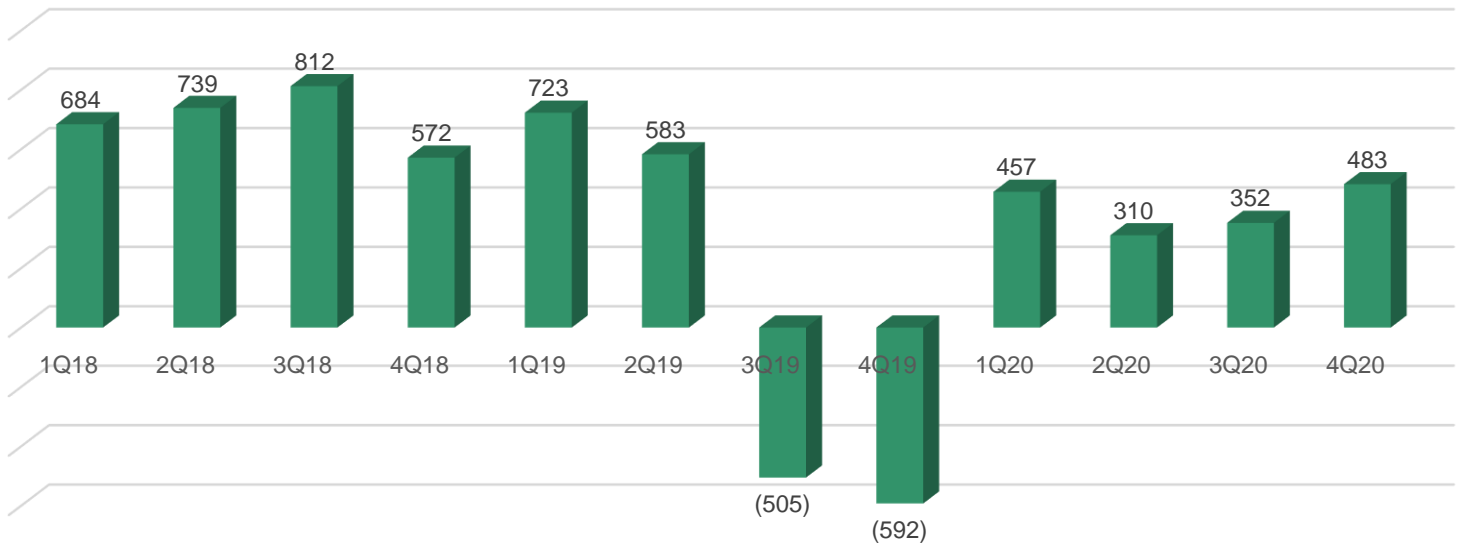
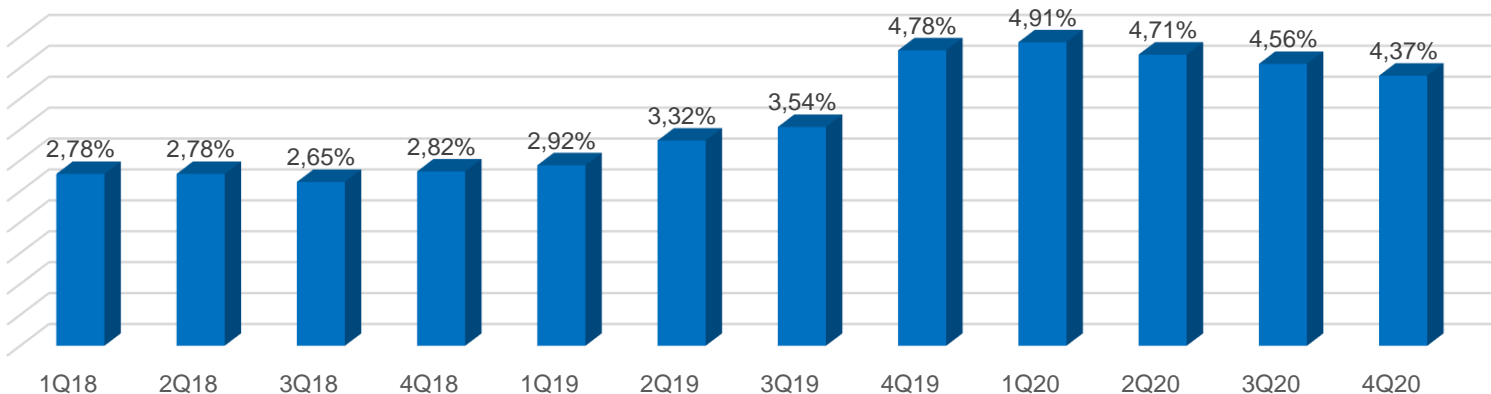


Chart: Non Performing Loan (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (ldr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Cash and CA with BI	13.582	16.661	16.881	12.537	4.475	8.318	15.310
Interbank Placement	24.698	26.465	11.097	19.830	61.311	64.737	65.409
Marketable Securities	7.706	5.848	8.085	3.204	19.303	20.381	21.639
Gross Loan	198.991	237.758	255.825	260.114	253.684	275.493	300.597
Allowance for Loans	-2.025	-2.778	-5.426	-12.152	-3.605	-3.755	-3.951
Loans-net	196.966	234.980	250.399	247.962	250.078	271.738	296.647
Other Earning Asset	40.995	43.562	33.284	84.821	131.191	138.522	144.718
Non Earning Asset	9.822	11.233	11.212	15.888	16.327	18.316	19.296
Total Asset	261.365	306.436	311.777	361.208	402.071	436.894	475.970
Deposit:							
Current Account	54.657	58.050	52.116	72.045	80.690	88.759	97.635
Saving Account	40.948	41.886	45.641	41.814	47.250	52.920	59.271
Time Deposits	97.250	129.910	127.638	165.132	181.645	190.728	200.264
Other Interest Bearing Liabilities	12.262	9.229	13.443	15.022	15.865	16.754	17.674
Non Interest Bearing Liabilities	34.584	43.520	49.103	47.207	55.814	65.989	78.311
Total Liabilities	239.702	282.596	287.941	341.221	381.264	415.150	453.155
Total Shareholder's Equity	21.663	23.840	23.836	19.988	20.807	21.744	22.816

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Operating Expense	6.169	6.853	7.063	6.836	9.075	9.542	10.117
Pre Provision Operating Profit	4.776	5.308	4.008	4.593	4.586	4.920	5.308
Provision Expense	-884	-1.714	-3.487	-2.262	-2.262	-2.262	-2.262
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Tax Expense	834	802	202	668	503	577	664
Net Profit	3.027	2.808	209	1.602	1.761	2.020	2.322
EPS (Rp/Share)	285,9	265,1	19,8	151,3	166,3	190,8	219,3

Ratio Highlights

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability & Efficiency							
NIM	3,89%	3,59%	3,10%	3,50%	3,30%	3,60%	3,60%
Cost-to-Income Ratio	56,36%	56,35%	63,80%	59,81%	66,43%	65,98%	65,59%
ROE	13,97%	11,78%	0,88%	8,02%	8,46%	9,29%	10,18%
ROA	1,16%	0,92%	0,07%	0,44%	0,44%	0,46%	0,49%
ROAE		12,88%	6,33%	4,45%	8,24%	8,88%	9,73%
BOPO	73,91%	71,82%	73,07%	75,18%	72,90%	73,51%	73,90%
Cost of Credit	0,44%	0,72%	1,36%	0,87%	0,89%	0,82%	0,75%
Liquidity							
LDR	103,18%	103,44%	113,50%	93,23%	81,94%	82,88%	84,16%
CASA	49,57%	43,48%	43,37%	40,81%	41,33%	42,62%	43,93%
Asset Quality							
Gross NPL	2,30%	2,49%	4,42%	4,12%	3,74%	3,48%	3,21%
Provision Coverage	21,63%	24,35%	22,99%	22,99%	22,99%	22,99%	23,27%
Capital							
CAR	18,50%	18,61%	17,32%	19,34%	18,42%	18,36%	18,71%
Growth							
Loan Growth	21,14%	19,19%	7,32%	2,41%	8,05%	8,60%	9,11%
Deposit Growth	20,54%	19,18%	-1,94%	23,78%	10,97%	7,37%	7,45%
Net Income Growth	15,60%	-7,25%	-92,55%	665,71%	9,91%	14,71%	14,94%

BBTN QoQ Result

Balance Sheet	4Q19	3Q20	4Q20	%QoQ	%YoY
Loan	255.825	254.918	260.114	2,04%	1,68%
Loan Loss Reserves	-6.116	-12.946	-13.061	0,89%	113,55%
NPL	10.140	11.394	9.665	-15,18%	-4,69%
Deposit					
Demand	52.116	62.737	72.045	14,84%	38,24%
Savings	45.641	38.289	41.814	9,21%	-8,38%
Time Deposit	127.638	172.283	165.132	-4,15%	29,38%
Total Asset	311.777	356.974	361.208	1,19%	15,85%
Shareholder Equity	23.836	17.616	19.988	13,46%	-16,14%

Income Statement	4Q19	3Q20	4Q20	%QoQ	%YoY
Interest Income	6.347	6.343	6.401	0,91%	0,85%
Interest Expense	4.243	4.092	4.105	0,32%	-3,25%
Net Interest Income	2.104	2.251	2.296	1,97%	9,13%
Net Operating Income	521	577	892	54,64%	71,27%
Operating Expense	1.821	1.799	1.618	-10,06%	-11,14%
PPOP	804	1.029	1.570	52,52%	95,29%
Provision Expense	1.311	561	664	18,35%	-49,37%
Operating Profit	-88	-23	-43	87,24%	-50,65%
Profit Before Tax	-595	445	863	93,75%	-245,06%
Tax Expense	-3	93	380	308,42%	-14231,46%
Net Profit	-592	352	483	36,99%	-181,48%

Ratio	4Q19	3Q20	4Q20	QoQ	YoY
Profitability & Efficiency					
NIM	3,10%	3,13%	3,50%	0,37	0,03
Cost-to-Income Ratio	63,80%	55,72%	59,81%	4,09	(8,08)
ROE	0,88%	9,56%	8,02%	(1,54)	8,68
ROA	0,07%	0,59%	0,44%	(0,15)	0,52
BOPO	73,07%	77,02%	75,18%	(1,84)	3,95
Coverage Ratio	50,01%	111,36%	115,02%	3,66	61,35
Liquidity					
LDR	113,50%	93,26%	93,23%	(0,03)	(20,24)
CASA	43,37%	41,66%	40,81%	(0,85)	(1,71)
Asset Quality					
Gross NPL (Bank only)	4,42%	4,56%	4,12%	(0,44)	0,14
Provision Coverage	22,99%	71,31%	22,99%	(48,32)	48,32
Capital					
CAR	18,61%	18,95%	19,34%	0,39	0,34

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

**RESEARCH TEAM
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