

**Investment Consideration**  
**Net profit up significantly**

BTPN Syariah (BTPS) posted a significant net profit increase to IDR 1.1 trillion, +116% YoY in 9M21. Net Interest Income rose 22% YoY on the back of strong credit growth. PPOP also rose significantly 31% YoY from a lower cost of funds and well-managed operational costs. BTPS sticks to its guidance on cost of credit at 7.0-7.5% in FY21F.

**Growth but lower Restructuring**

In 9M21, financing was higher by 12% YoY to IDR 10.2 trillion, but only up 2% QoQ in 3Q21. There were new write-offs which were quite high at IDR 640 billion in 9M21 from IDR 215 billion in 9M20. Although the 3Q21 NPF remained stable at 2.4% in 9M21, loan restructuring increased to IDR 2 trillion or 20% of the total loans, up from IDR 1.8 trillion or 18% of total loans in 1H21.

**Focus on the micro segment**

Third Party Funds rose 11% to IDR 8.3 trillion due to a CASA increase of 16% YoY. By the end of September 2021, BTPS gained 4 million active new customers who are in the micro segment. BTPS will continue to develop its business in the ultra-micro segment by using a credit approach based on women's groups. BTPS' strategy is to make deepen relationships with borrowers through several platform initiatives. One example is the Mitra Right initiative, where the lender acts as an agent of BTPS. Mitra Right borrowers are mostly borrowers who own grocery stalls and can buy basic necessities from BTPS partners at competitive prices and with free shipping using logistics partners.

**Valuation: 18% Upside, Hold.**

Based on our DDM Valuation, we have a target price within one year of IDR 4,730, or trading at 4.6x PBV which gives 18% potential upside, Hold.

Income Statement (Idr bn)	2018	2019	2020	2021F	2022F	2023F
Interest Income	3.447	4.457	4.037	3.533	3.560	3.887
Interest Expense	-368	-524	-498	-374	-389	-407
<b>Net Interest Income</b>	<b>3.815</b>	<b>4.981</b>	<b>4.535</b>	<b>3.907</b>	<b>3.949</b>	<b>4.294</b>
Net Operating Income	13	18	22	24	24	25
Operating Expense	1.517	1.747	1.585	1.726	1.705	1.842
<b>PPOP</b>	<b>1.576</b>	<b>2.204</b>	<b>1.977</b>	<b>1.456</b>	<b>1.489</b>	<b>1.663</b>
Provision Expense	274	323	857	70	-118	-182
<b>Operating Profit</b>	<b>1.850</b>	<b>2.527</b>	<b>2.834</b>	<b>1.526</b>	<b>1.371</b>	<b>1.481</b>
Profit Before Tax	1.299	1.878	1.124	1.391	1.612	1.849
Tax Expense	334	479	270	344	393	454
<b>Net Profit</b>	<b>965</b>	<b>1.400</b>	<b>855</b>	<b>1.047</b>	<b>1.219</b>	<b>1.395</b>
<b>EPS (Rp/Share)</b>	<b>129,82</b>	<b>181,70</b>	<b>110,95</b>	<b>135,91</b>	<b>158,30</b>	<b>181,13</b>

11 November 2021  
Banking, Equity

Price IDR. 4,000  
Target Price IDR. 4,730  
JKSE Index 6,683.15



**Stock Information**  
Bloomberg code BTPS IJ  
Market cap (IDR bn) 30,814.8B  
52-Week High (IDR) 4,480  
52-Week Low (IDR) 2,220  
6-m Avg Daily Val (IDR) 3,022

**Major Shareholders (%)**  
BTPN 70.00%  
Public 29.97%  
Treasury 0.03%

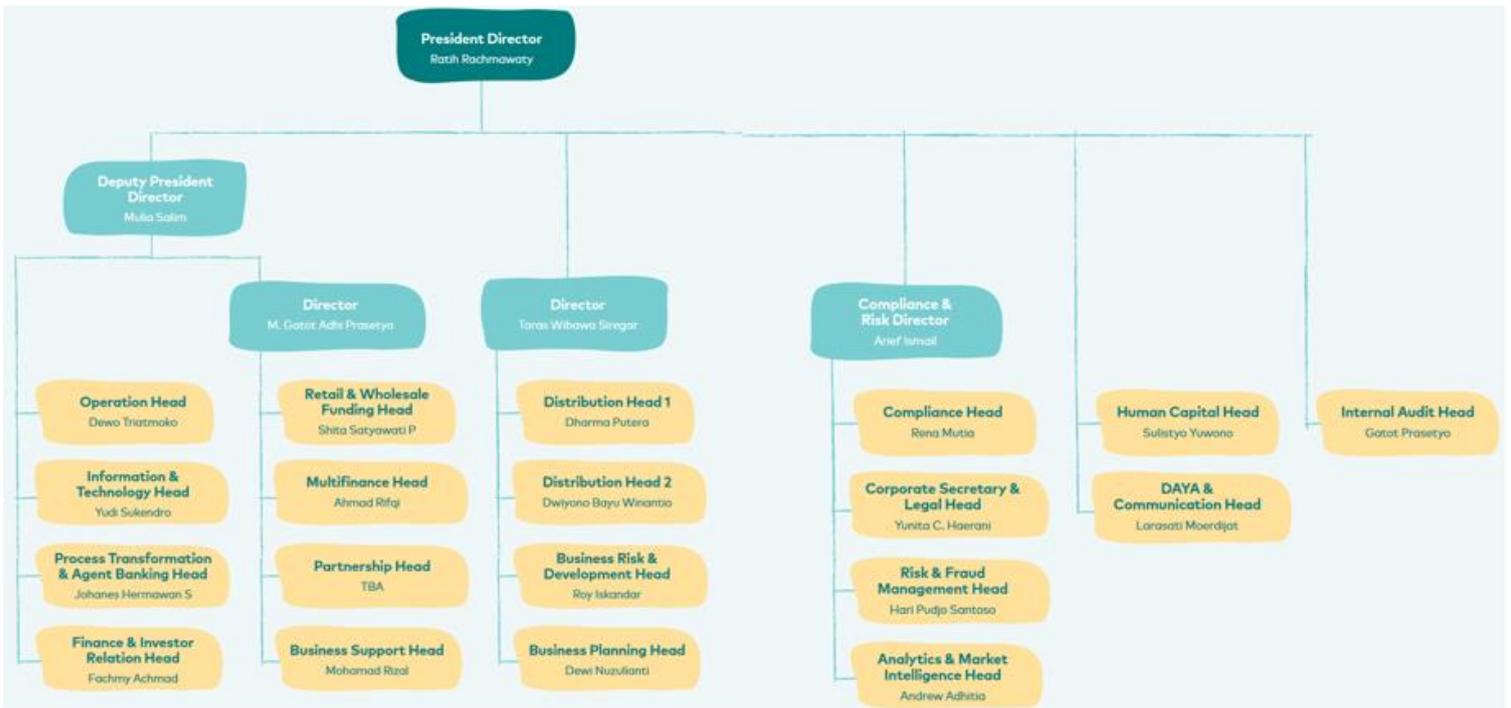
**USD/IDR-YE (IDR)**  
2020A 14,050  
2021F (6M Avg) 14,337

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Company Profile

PT National Pension Savings Bank Syariah was established under the name of PT Bank Purba Danarta, based on Notarial Deed No. 10 dated 7 March 1991 which was amended by the Notarial Deed No. 39 dated May 25, 1992, and Notarial Deed No. 25 dated 11 July 1992. All the Notarial Deeds were made before Haji Abu Jusuf, S.H., notary in Jakarta and approved by the Minister of Justice of the Republic of Indonesia who's name was amended several times and became the Minister of Law and Human Rights ("Menkumham"), in its decree No. C2.5839.HT.01.01-TH.92 dated 21 July 1992, and registered in the court registry office in Semarang on 30 July 1992, No. 206A / 1992 / II and published in State Gazette of the Republic of Indonesia No. 81 dated 9 October 1992, supplement to No. 5020 with license to perform business activities as a Commercial Bank under the Decision Letter of Minister of Finance No. 1060 / KMK.017 / 1992 dated 14 October 1992.

Company Structure



Source: Company

Chart: Net Income (x) QoQ

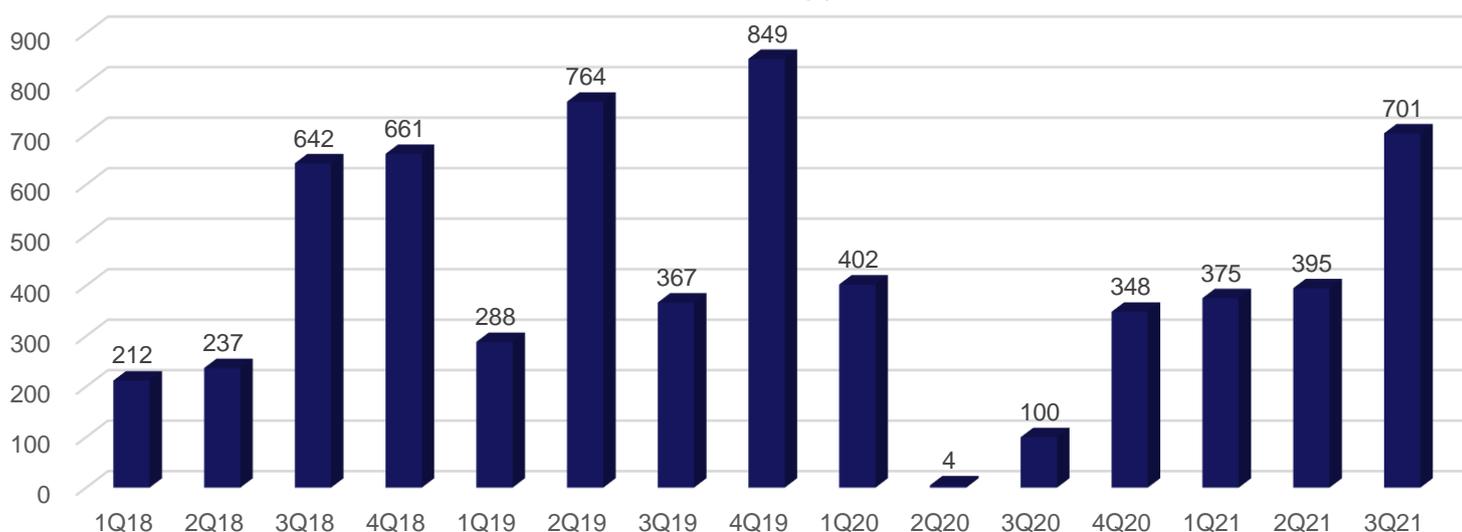


Chart: Gross Loan (x) QoQ

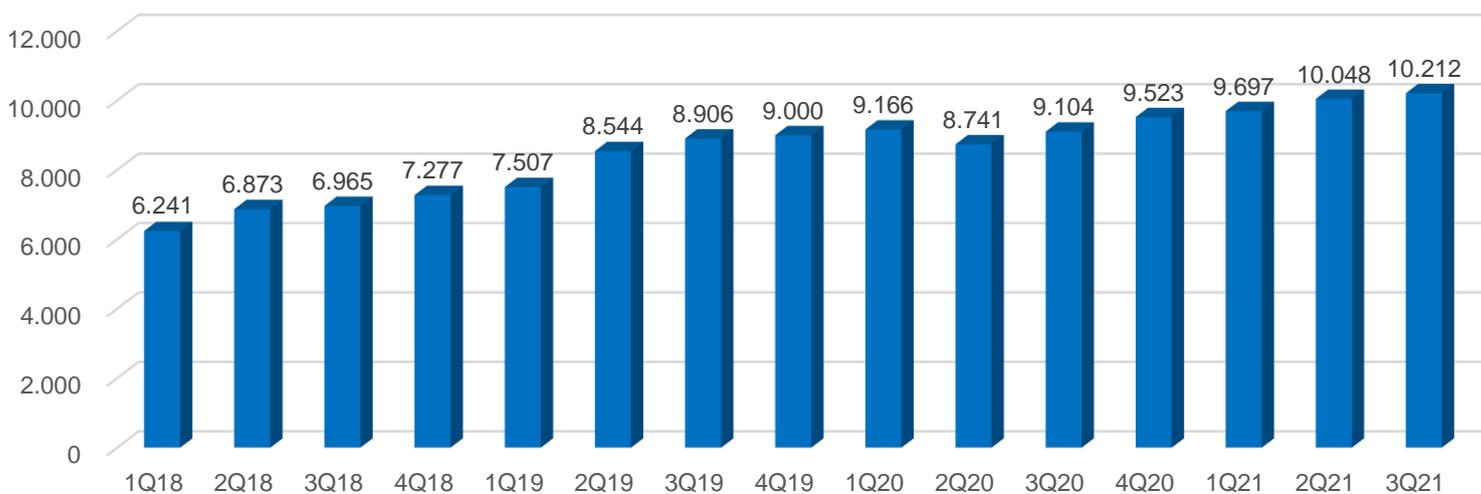
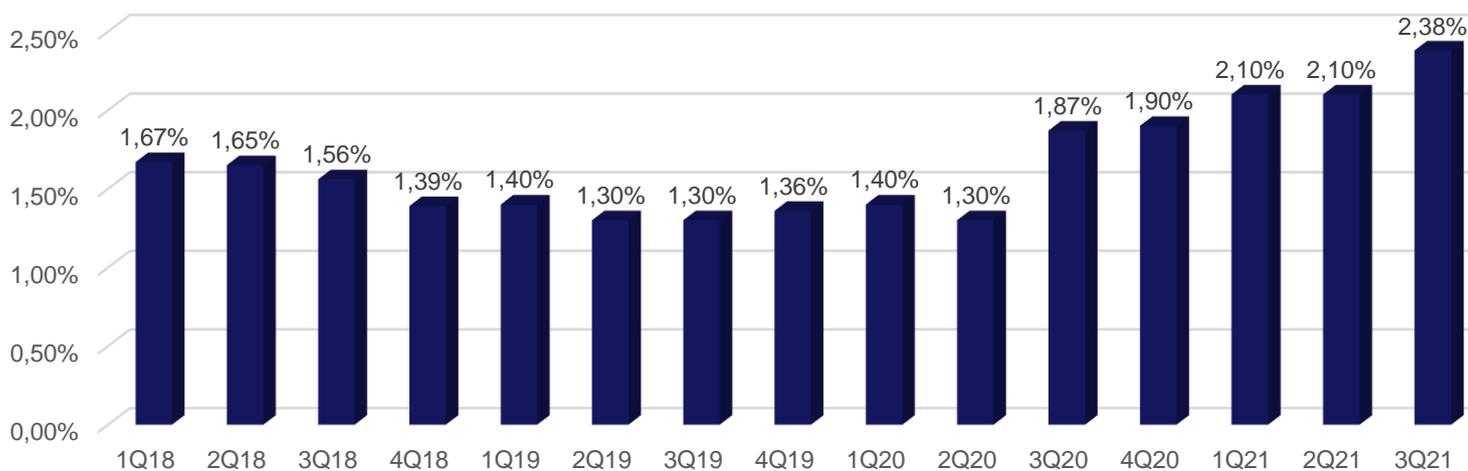
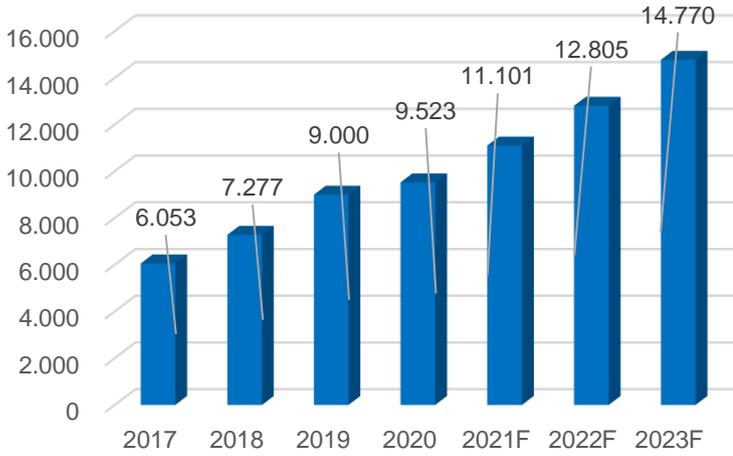


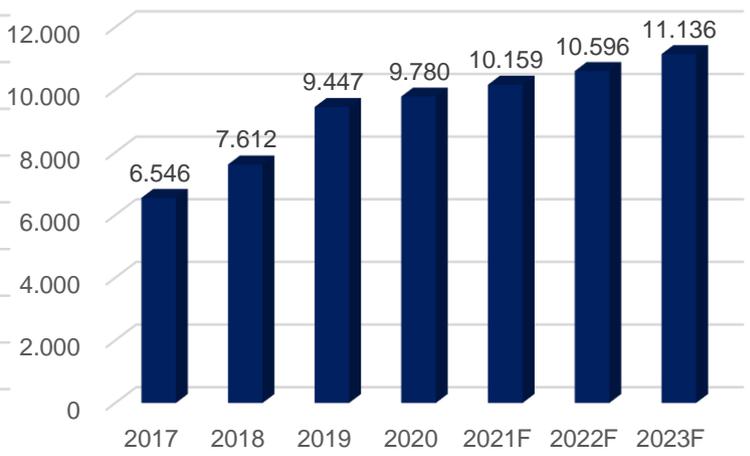
Chart: Non Performing Loan (x) QoQ



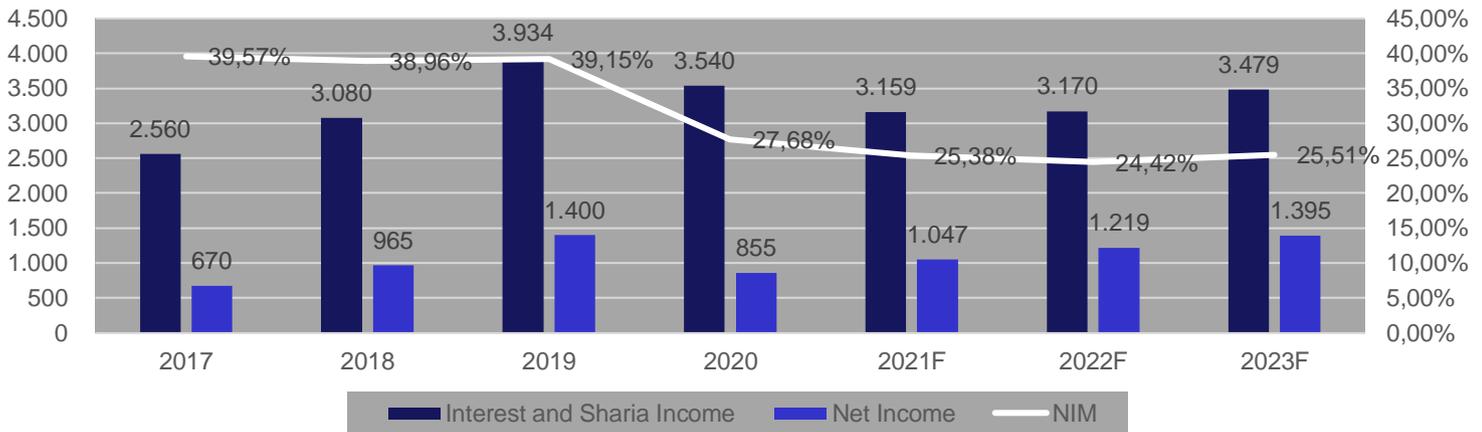
**Chart: Gross Loan (x) YoY**



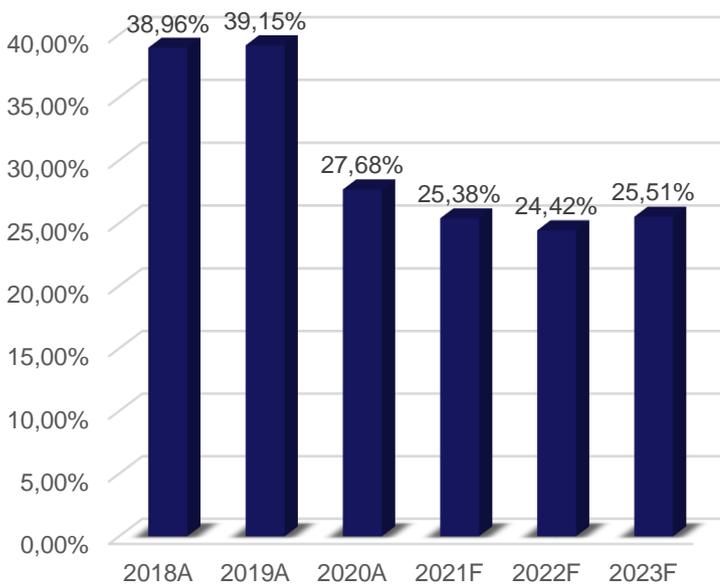
**Chart: Customer Deposit (x) YoY**



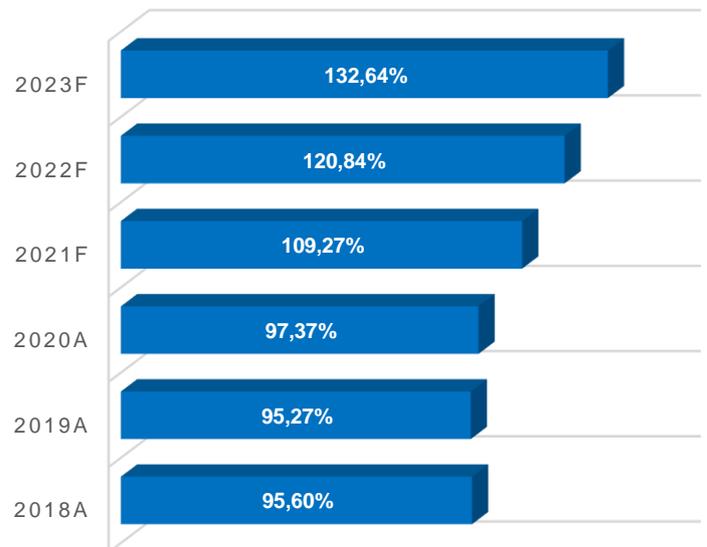
**Chart: Profitability (x) YoY**



**Chart: Net Interest Margin (x) YoY**



**Chart: Loan to Deposit Ratio (x) YoY**



**Balance Sheet (IDR.bn)**

Balance sheet (Idr bn)	2018	2019	2020	2021F	2022F	2023F
Cash and CA with BI	3.056	3.820	4.089	5.657	6.319	5.458
Interbank Placement	317	38	28	101	13	-85
Marketable Securities	1.031	2.072	2.803	1.068	140	-896
Gross Loan	7.277	9.000	9.523	11.101	12.805	14.770
Allowance for Loans	-216	-292	-849	-784	-910	-1.100
Loans-net	7.061	8.707	8.673	10.316	11.894	13.670
Other Earning Asset	1.571	2.386	3.265	1.344	176	-1.128
Non Earning Asset	351	470	407	436	454	477
<b>Total Asset</b>	<b>12.039</b>	<b>15.383</b>	<b>16.435</b>	<b>17.753</b>	<b>18.844</b>	<b>18.477</b>
Deposit:						
Current Account	100	25	51	99	194	378
Saving Account	1.633	1.976	1.973	1.993	2.013	2.033
Time Deposits	5.878	7.446	7.756	8.066	8.389	8.725
Other Interest Bearing Liabilities	0	0	0	0	0	0
Non Interest Bearing Liabilities	430	543	776	837	904	975
<b>Total Liabilities</b>	<b>8.042</b>	<b>9.990</b>	<b>10.556</b>	<b>10.996</b>	<b>11.500</b>	<b>12.111</b>
<b>Total Shareholder's Equity</b>	<b>3.997</b>	<b>5.393</b>	<b>5.879</b>	<b>6.757</b>	<b>7.344</b>	<b>6.366</b>

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Net Operating Income	13	18	22	24	24	25
Operating Expense	1.517	1.747	1.585	1.726	1.705	1.842
<b>Pre Provision Operating Profit</b>	<b>1.576</b>	<b>2.204</b>	<b>1.977</b>	<b>1.456</b>	<b>1.489</b>	<b>1.663</b>
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<b>EPS (Rp/Share)</b>	<b>129,82</b>	<b>181,70</b>	<b>110,95</b>	<b>135,91</b>	<b>158,30</b>	<b>181,13</b>

**Ratio Highlights**

Ratio Analysis	2018	2019	2020	2021F	2022F	2023F
<b>Profitability &amp; Efficiency</b>						
NIM	38,96%	39,15%	27,68%	25,38%	24,42%	25,51%
Cost-to-Income Ratio	-49,04%	-44,22%	44,51%	54,25%	53,38%	52,56%
Cost of Credit	3,76%	3,59%	9,00%	0,63%	-0,92%	-1,23%
ROE	24,15%	25,95%	14,54%	15,49%	16,60%	21,92%
ROA	8,02%	9,10%	5,20%	5,90%	6,47%	7,55%
ROAE	26,94%	25,05%	20,24%	15,02%	16,05%	19,26%
BOPO	62,36%	57,97%	72,42%	61,02%	55,14%	52,85%
<b>Liquidity</b>						
FDR	95,60%	95,27%	97,37%	109,27%	120,84%	132,64%
CASA	22,77%	21,18%	20,70%	20,60%	20,83%	21,65%
<b>Asset Quality</b>						
Gross NPF	1,39%	1,36%	1,90%	2,30%	2,10%	2,20%
Provision Coverage	328,00%	238,00%	467,00%	315,00%	337,00%	337,00%
<b>Capital</b>						
CAR	40,90%	44,60%	49,40%	52,56%	50,98%	51,77%
<b>Growth</b>						
Loan Growth	20,22%	23,67%	5,81%	16,57%	15,35%	15,35%
Deposit Growth	16,29%	24,10%	3,53%	3,87%	4,30%	5,09%
Net Income Growth	44,04%	44,99%	-38,94%	22,50%	16,47%	14,43%

**QoQ Result**

Balance Sheet	3Q20	2Q21	3Q21	%QoQ	%YoY
Loan	9.166	9.523	9.697	1,83%	5,80%
Loan Loss Reserves	-223	-849	-755	-11,08%	239,40%
NPL	128	181	204	12,55%	58,70%
Deposit					
Demand	27	51	26	-49,26%	-5,30%
Savings	2.032	1.973	2.065	4,66%	1,64%
Time Deposit	7.620	7.756	8.432	8,71%	10,65%
<b>Total Asset</b>	<b>16.004</b>	<b>16.435</b>	<b>17.297</b>	<b>5,24%</b>	<b>8,08%</b>
<b>Shareholder Equity</b>	<b>5.781</b>	<b>5.879</b>	<b>6.255</b>	<b>6,40%</b>	<b>8,20%</b>

Income Statement	3Q20	2Q21	3Q21	%QoQ	%YoY
Interest Income	1.182	1.102	1.114	1,11%	-5,78%
Interest Expense	135	115	110	-3,91%	-18,11%
<b>Net Interest Income</b>	<b>1.048</b>	<b>987</b>	<b>1.004</b>	<b>1,69%</b>	<b>-4,19%</b>
Net Operating Income	8	4	6	26,03%	-25,90%
Operating Expense	518	545	529	-3,01%	2,12%
<b>PPOP</b>	<b>537</b>	<b>446</b>	<b>480</b>	<b>7,68%</b>	<b>-10,58%</b>
Operating Profit	1	0	0	-94,23%	-98,81%
Profit Before Tax	538	446	480	7,63%	-10,74%
Tax Expense	136	98	105	7,10%	-22,61%
<b>Net Profit</b>	<b>402</b>	<b>348</b>	<b>375</b>	<b>7,78%</b>	<b>-6,73%</b>

Ratio	3Q20	2Q21	3Q21	%QoQ	%YoY
<b>Profitability &amp; Efficiency</b>					
NIM	6,20%	27,30%	11,74%	(15,56)	5,54
Cost-to-Income Ratio	39,59%	40,00%	43,90%	3,90	4,31
ROE	24,20%	26,10%	12,79%	(13,31)	(11,41)
ROA	10,86%	11,60%	5,80%	(5,80)	(5,06)
BOPO	59,11%	56,80%	77,20%	20,40	18,09
Cost of Fund	1,90%	5,00%	2,40%	(2,60)	0,50
<b>Liquidity</b>					
FDR	98,48%	94,70%	96,04%	1,34	(2,44)
<b>Asset Quality</b>					
Gross NPF	1,87%	2,40%	2,38%	(0,02)	0,51
Loan Provision Coverage	496,00%	272,00%	281,00%	9,00	(215,00)
<b>Capital</b>					
CAR	43,09%	52,00%	54,98%	2,98	11,89

**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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