

Investment Consideration

Net Income decreased

In 2Q20, Net Income was down 99% QoQ, at IDR. 4 billion because of a decrease in revenue largely due to delayed payments by the ~ 55% of customers in red zones. Interest income decreased 36% QoQ as collecting payments from borrowers was an issue in 2Q20 due to the partial lockdown. As BTPN recognizes revenue on a cash basis, the inability to collect payments results in lower income. Operational Expense decreased significantly by 21% QoQ, due to reduced operational activities, and Capital expenditure.

NPF increased slightly

NPL increased slightly by 1.8% from 1.4% in 1Q20. In June Customers considered to be at risk of default fell to 30% from 50% in May as customers entered the restructuring program and were given a 3-6 month vacation from payments.

BTPN level Book III

As it has enough capital in accordance with the provisions, which is core capital of more than IDR. 5 trillion, and a CAR ratio of 42.3%. BTPN is a level Buku 3 bank and can participate in the government stimulus program. To this end, BTPN has already signed an agreement with insurance companies Jamkrindo and Askrindo Syariah. It is hoped that participating in the stimulus program will further increase CAR to 43-44%.

Valuation: 13% Upside, Hold.

Based on our DDM Valuation, we have a target price within one year of IDR 3910, or trading at 3.3x PBV which gives 13% potential upside, Hold.

Income Statement (Idr bn)	2017	2018	2019	2020F	2021F	2022F
Interest Income	2.905	3.447	4.457	4.555	5.258	6.863
Interest Expense	-346	-368	-524	-337	-399	-491
Net Interest Income	3.251	3.815	4.981	4.892	5.657	7.353
Net Operating Income	7	13	18	17	20	25
Operating Expense	1.439	1.517	1.747	1.861	2.030	2.673
Pre Provision Operating Profit	1.128	1.576	2.204	2.375	2.849	3.724
Provision Expense	219	274	323	99	68	127
Operating Profit	908	1.850	2.527	2.473	2.917	3.851
Profit Before Tax	909	1.299	1.878	2.273	2.779	3.595
Tax Expense	239	334	479	582	710	919
Net Profit	670	965	1.400	1.692	2.069	2.676
EPS (Rp/Share)	95,83	129,82	181,70	219,60	268,66	347,37

1 August 2020
Banking, Equity

Price IDR. 3450
Target Price IDR. 3910
JKSE Index 5149.63



Stock Information
Bloomberg code **BTPN JI**
Market cap (IDR bn) **26,577.8B**
52-Week High (IDR) **5,125**
52-Week Low (IDR) **1,790**
6-m Avg Daily. Val (IDR) **3,128**

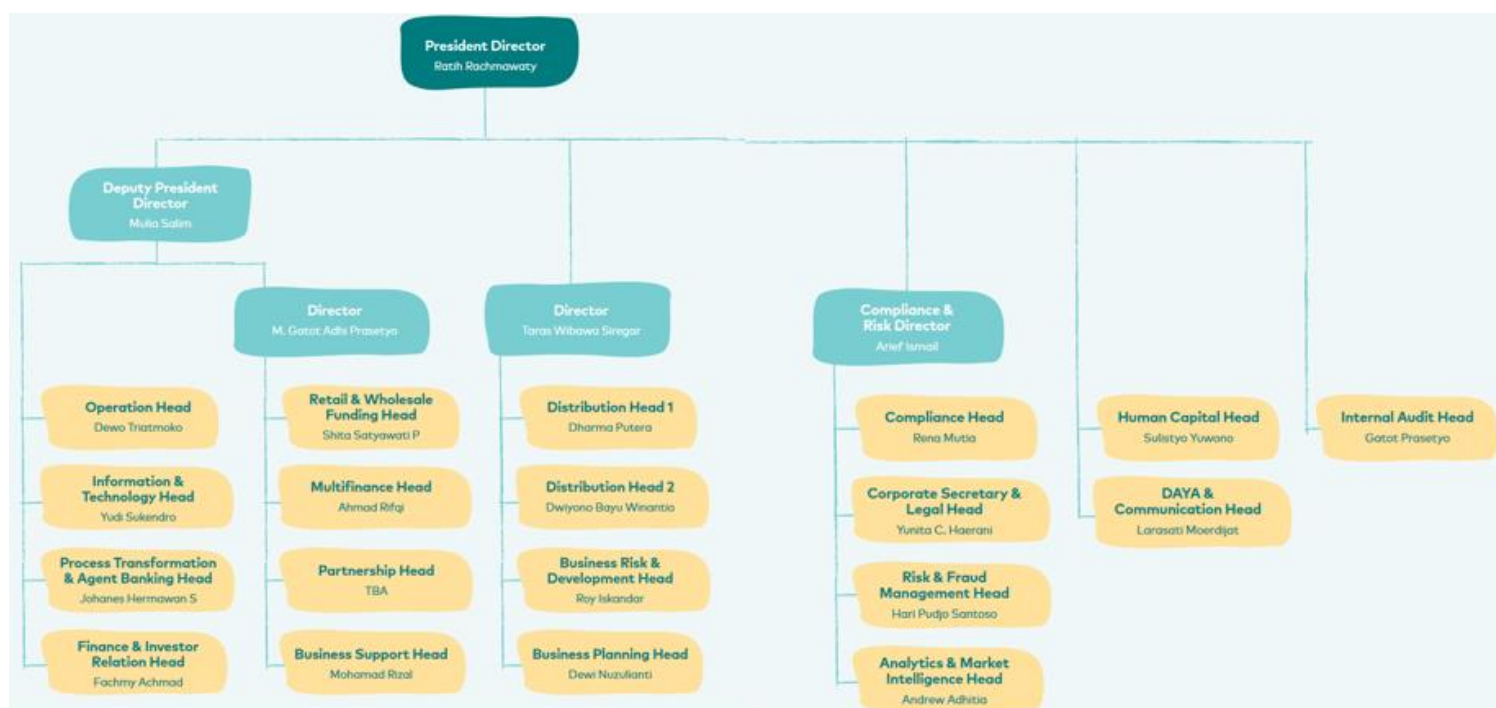
Major Shareholders (%)
BTPN **70.00%**
Public **29.97%**
Treasury **0.03%**

USD/IDR-YE (IDR)
2019A **14,390**
2020F (6M Avg) **14,334**

Company Profile

PT National Pension Savings Bank Syariah ("Bank") 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 whose 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 had been registered in the court registry office in Semarang on 30 July 1992, No. 206A / 1992 / II and has been 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

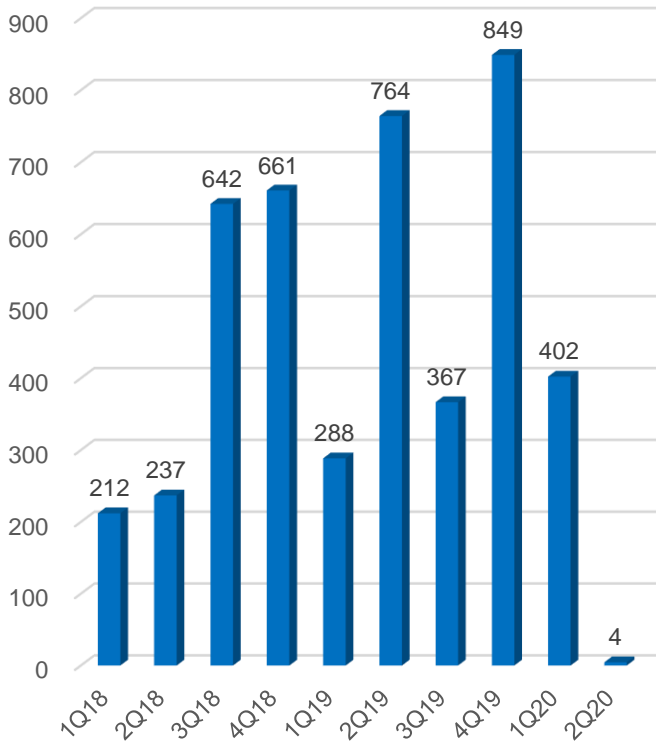


Chart: Gross Loan (x) QoQ

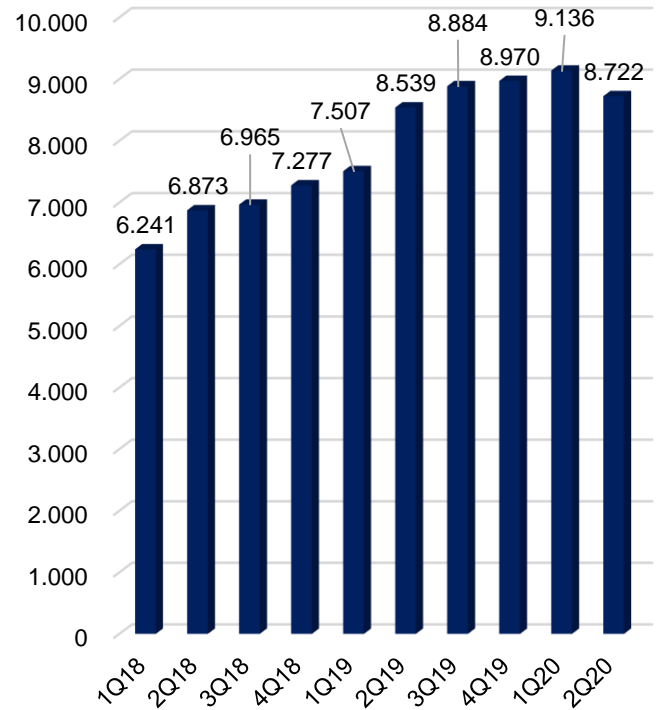


Chart: Non Performing Loan (x) QoQ

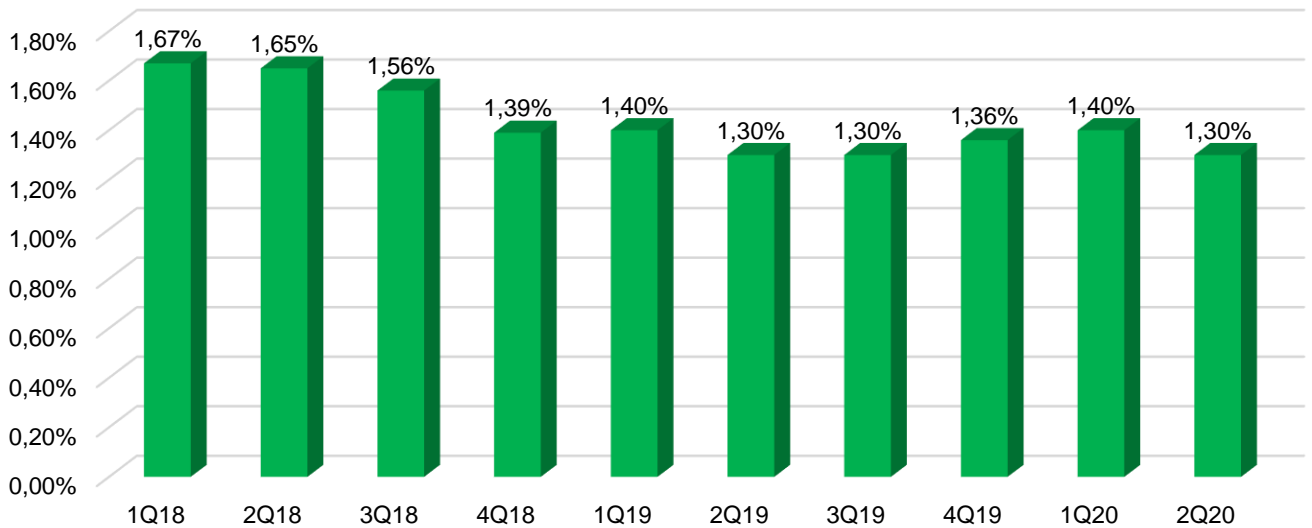


Chart: Gross Loan (x) YoY

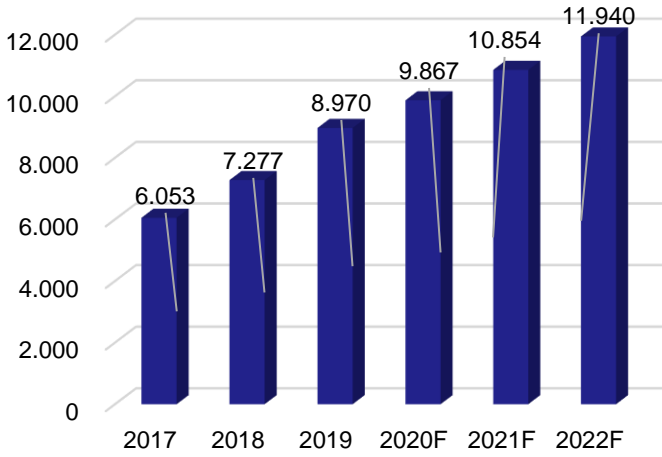


Chart: Gross Loan (x) YoY

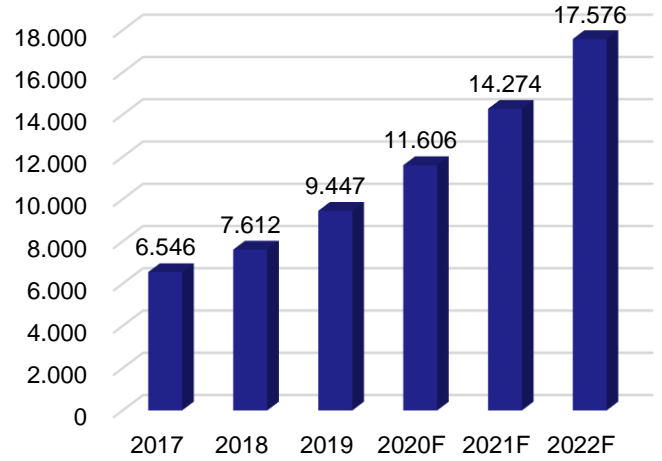


Chart: Profitability (x) YoY

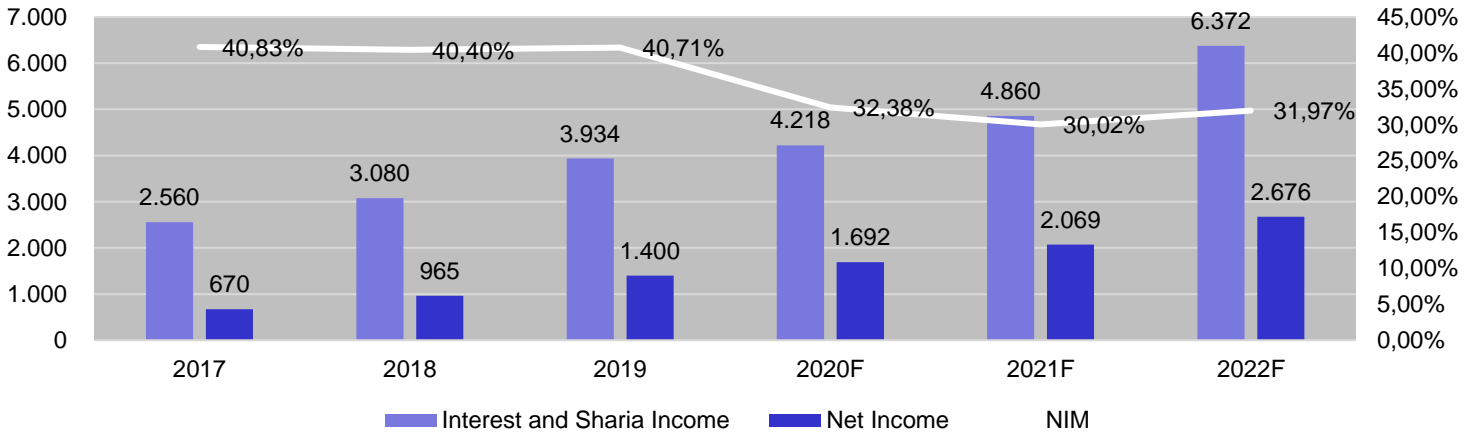


Chart: Net Interest Margin (x) YoY

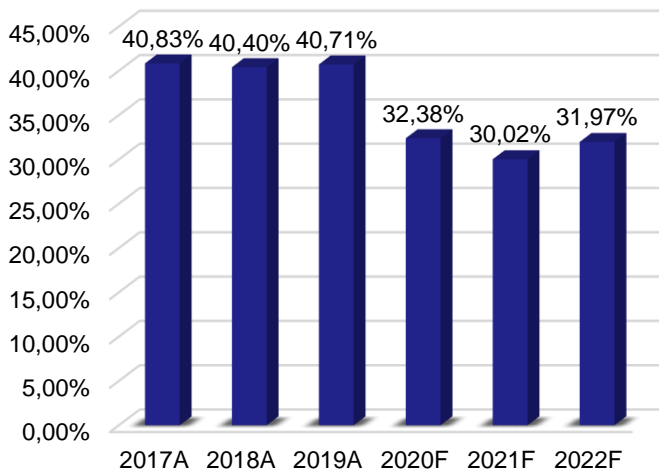
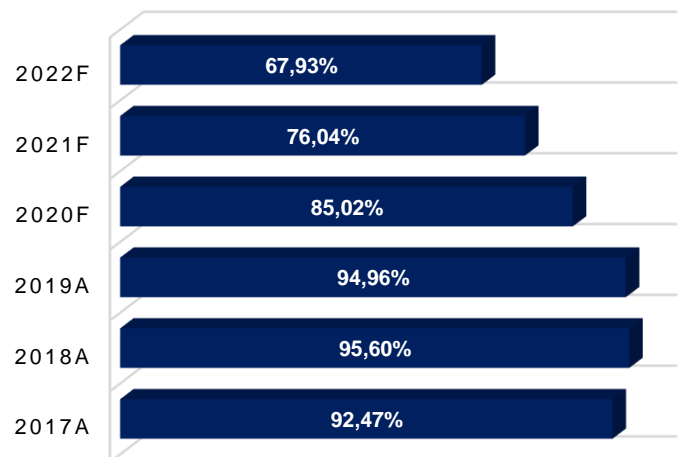


Chart: Loan to Deposit Ratio (x) YoY



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017	2018	2019	2020F	2021F	2022F
Cash and CA with BI	1.677	3.056	3.820	5.821	6.435	4.320
Interbank Placement	38	317	38	324	666	999
Marketable Securities	1.022	1.031	2.072	2.979	5.000	7.492
Gross Loan	6.053	7.277	8.970	9.867	10.854	11.940
Allowance for Loans	69	100	145	-244	-313	-440
Loans-net	6.122	7.377	9.115	9.623	10.542	11.499
Other Earning Asset	1.062	1.255	1.978	3.158	5.334	7.993
Non Earning Asset	295	351	470	456	567	698
Total Asset	9.157	12.039	15.383	19.058	22.878	24.510
Deposit:						
Current Account	95	100	25	27	28	29
Saving Account	1.296	1.633	1.976	2.272	2.613	3.005
Time Deposits	5.154	5.878	7.446	9.307	11.634	14.543
Other Interest Bearing Liabilities	0	0	0	0	0	0
Non Interest Bearing Liabilities	356	430	543	574	607	642
Total Liabilities	6.902	8.042	9.990	12.180	14.882	18.219
Total Shareholder's Equity	2.255	3.997	5.393	6.878	7.996	6.292

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Ratio Highlights

Ratio Analysis	2017	2018	2019	2020F	2021F	2022F
Profitability & Efficiency						
NIM	40,83%	40,40%	40,71%	32,38%	30,02%	31,97%
Cost-to-Income Ratio	56,07%	-49,04%	-44,22%	43,93%	41,60%	41,79%
Cost of Credit	3,62%	3,76%	3,60%	-1,00%	-0,62%	-1,06%
ROE	29,72%	24,15%	25,95%	24,59%	25,88%	42,53%
ROA	7,32%	8,02%	9,10%	8,88%	9,05%	10,92%
ROAE		26,94%	25,05%	25,27%	25,24%	34,21%
BOPO	68,81%	62,36%	57,97%	50,22%	47,29%	47,77%
Liquidity						
FDR	92,47%	95,60%	94,96%	85,02%	76,04%	67,93%
CASA	21,26%	22,77%	21,18%	19,80%	18,50%	17,26%
Asset Quality						
Gross NPF	1,67%	1,39%	1,36%	1,65%	1,60%	1,54%
Provision Coverage	68,12%	98,45%	118,75%	95,11%	104,10%	104,10%
Capital						
CAR	28,90%	40,90%	44,60%	43,60%	43,03%	43,74%
Growth						
Loan Growth		20,22%	23,27%	10,00%	10,00%	10,00%
Deposit Growth		16,29%	24,10%	22,86%	23,00%	23,13%
Net Income Growth		44,04%	44,99%	20,86%	22,34%	29,30%

QoQ Result

Balance Sheet	2Q19	1Q20	2Q20	%QoQ	%YoY
Loan	8.539	9.136	8.722	-4,53%	2,15%
Loan Loss Reserves	110	125	138	9,93%	25,71%
NPL	111	128	113	-11,35%	2,15%
Deposit					
Demand	25	27	168	513,59%	583,73%
Savings	1.755	2.032	9.295	357,42%	429,50%
Time Deposit	7.104	7.620	0	-100,00%	-100,00%
Total Asset	13.942	16.004	15.272	-4,57%	9,54%
Shareholder Equity	4.601	5.781	5.440	-5,90%	18,22%

Income Statement	2Q19	1Q20	2Q20	%QoQ	%YoY
Interest Income	1.077	1.182	753	-36,30%	-30,06%
Interest Expense	127	135	129	-4,48%	1,10%
Net Interest Income	949	1.048	624	-40,40%	-34,24%
Net Operating Income	4	8	6	-16,26%	52,24%
Operating Expense	82	518	623	20,39%	662,77%
PPOP	872	537	7	-98,66%	-99,17%
Operating Profit	-1	1	2	92,25%	-408,77%
Profit Before Tax	871	538	9	-98,30%	-98,95%
Tax Expense	107	136	5	-96,58%	-95,65%
Net Profit	764	402	4	-98,88%	-99,41%

Ratio	2Q19	1Q20	2Q20	QoQ	YoY
Profitability & Efficiency					
NIM	12,28%	10,80%	6,26%	(4,54)	(6,02)
ROE	29,30%	29,80%	15,20%	(14,60)	(14,10)
ROA	12,70%	13,60%	7,00%	(6,60)	(5,70)
BOPO	60,40%	54,80%	72,10%	17,30	11,70
Cost of Credit	1,48%	1,47%	1,39%	(0,08)	(0,08)
Cost to Income Ratio	47,00%	40,00%	45,00%	5,00	(2,00)
Liquidity					
FDR	109,23%	96,72%	90,11%	(6,61)	(19,11)
CASA	22,77%	21,80%	97,76%	75,96	74,99
Asset Quality					
Gross NPF	1,30%	1,40%	1,80%	0,40	0,50
Loan Provision Coverage	223,00%	230,00%	351,00%	121,00	128,00
Capital					
CAR	39,40%	42,40%	42,30%	(0,10)	2,90

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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