

**Investment Consideration**  
**Stronger Profit**

In 1Q21, Net Profit increased significantly by 40% YoY. Good cost control can be seen in the operating expenses which increased by only 3% YoY. NIM was stable at 15% on an annual basis, helped by a lower cost of funds (CoF) which fell to a record low of 4.4% in 1Q21

**Growth but lower Asset Quality**

In 1H21, loans increased 15% YoY but Non-Performing loans increased to 2.4% from 2.1% in 1Q21 as BTPS lowered ratings for some restructured loans. In June restructured loans increased slightly to 12% of total loans from 10% in May, due to the impact of rising Covid-19 cases at the end of June. We estimate loans will grow by 12,3% YoY in 2021F

**Customer Digitization**

BTPS launched a new Mitra Right digital application for ultra-micro customer banking transactions. The application will facilitate registration with improved authentication, more transparent customer receipts, and includes distribution features such as customers can order inventory through the application and connect to strategic partners of the bank, and receive orders without shipping costs. The customer base consists of 6 million customers, 4 million of which are active customers covering 235,000 communities in 2,600 districts.

**Valuation: 20% Upside, Buy.**

Based on our DDM Valuation, we have a target price within one year of IDR 2,840, or trading at 2.8x PBV which gives 20% potential upside, Buy.

Income Statement (Idr bn)	2018	2019	2020	2021F	2022F	2023F
Interest Income	3.447	4.457	4.037	3.294	3.371	3.681
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>3.668</b>	<b>3.760</b>	<b>4.088</b>
Net Operating Income	13	18	22	22	23	24
Operating Expense	1.517	1.747	1.585	1.736	1.735	1.863
<b>PPOP</b>	<b>1.576</b>	<b>2.204</b>	<b>1.977</b>	<b>1.206</b>	<b>1.270</b>	<b>1.435</b>
Provision Expense	274	323	857	32	28	77
<b>Operating Profit</b>	<b>1.850</b>	<b>2.527</b>	<b>2.834</b>	<b>1.239</b>	<b>1.298</b>	<b>1.512</b>
Profit Before Tax	1.299	1.878	1.124	1.179	1.247	1.362
Tax Expense	334	479	270	292	304	334
<b>Net Profit</b>	<b>965</b>	<b>1.400</b>	<b>855</b>	<b>887</b>	<b>943</b>	<b>1.028</b>
<b>EPS (Rp/Share)</b>	<b>129,82</b>	<b>181,70</b>	<b>110,95</b>	<b>115,16</b>	<b>122,42</b>	<b>133,40</b>

31 July 2021  
Banking, Equity

Price IDR. 2,370  
Target Price IDR. 2,840  
JKSE Index 6,070.04



**Stock Information**  
Bloomberg code BTPS IJ  
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%

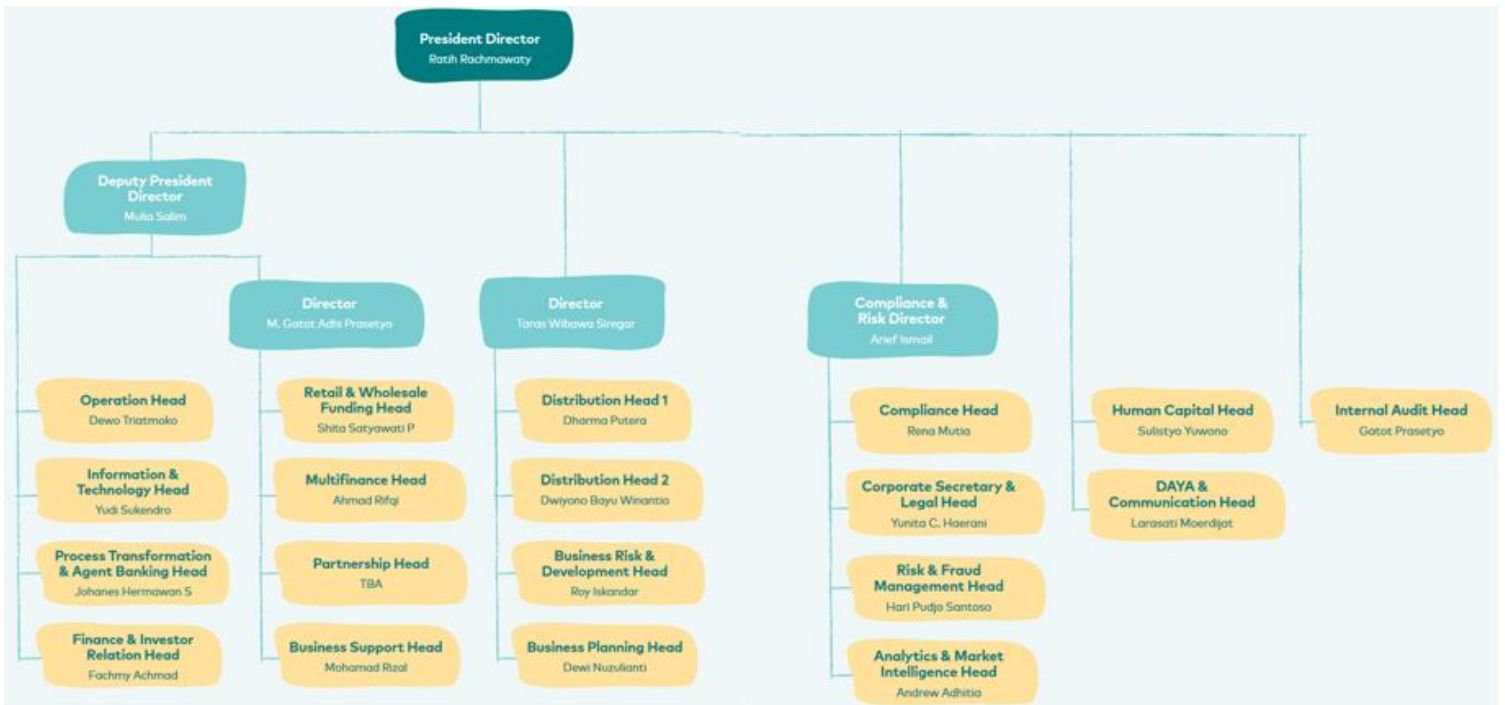
**USD/IDR-YE (IDR)**  
2020A 14,050  
2021F (6M Avg) 14,359

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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

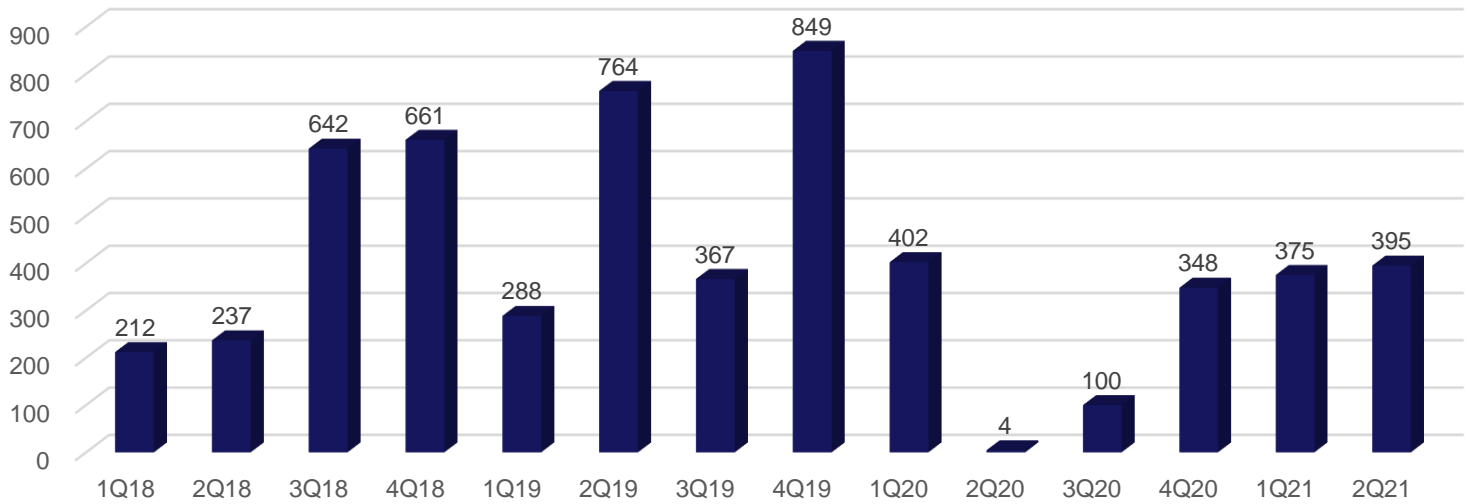


Chart: Gross Loan (x) QoQ

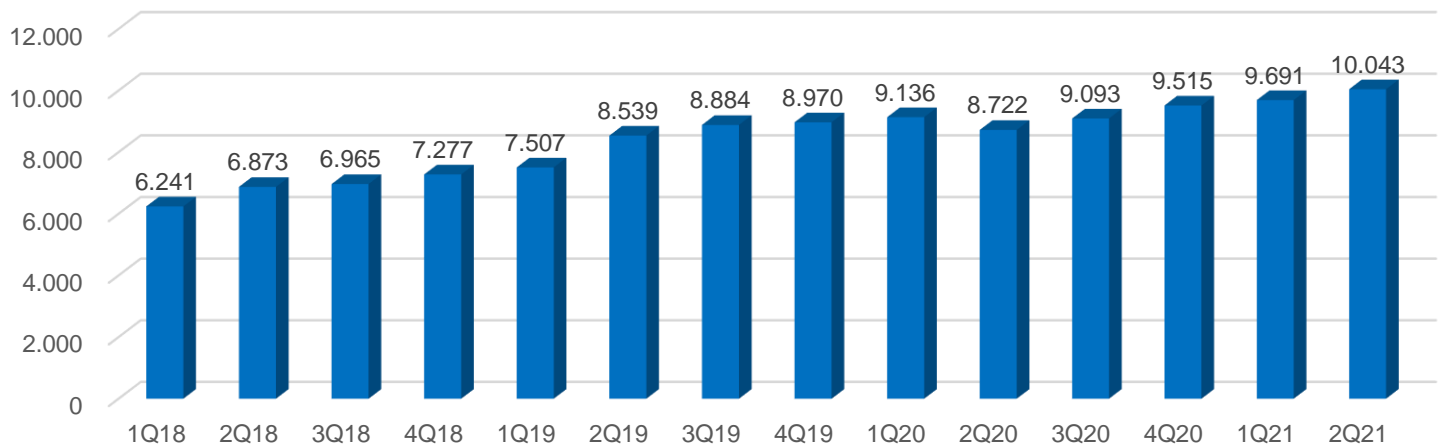


Chart: Non Performing Loan (x) QoQ

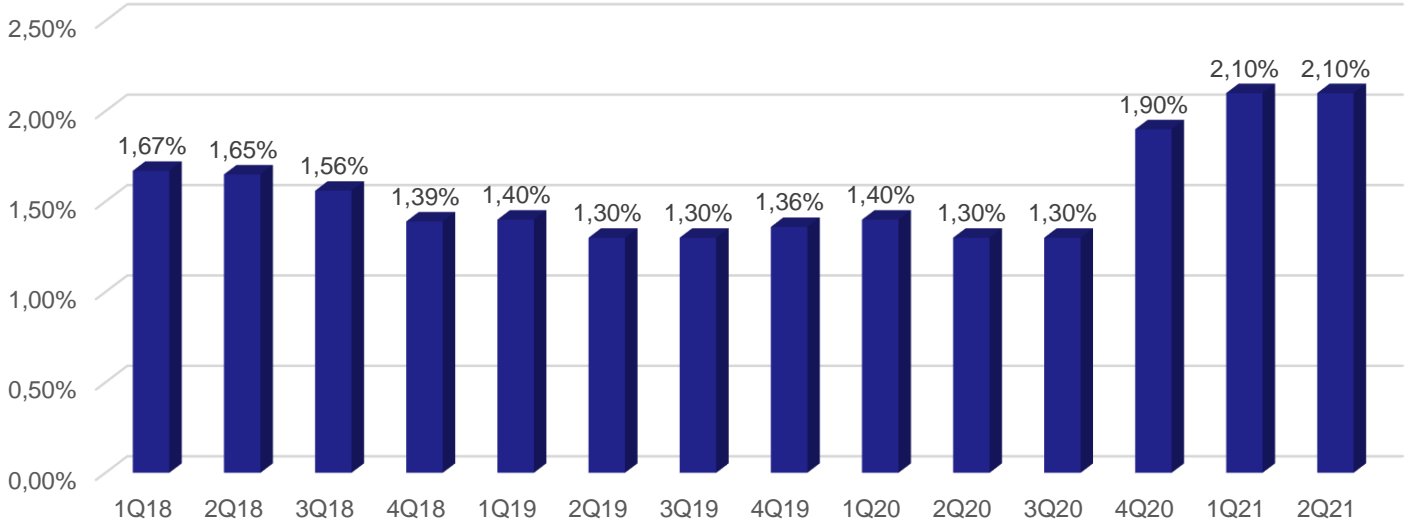


Chart: Gross Loan (x) YoY

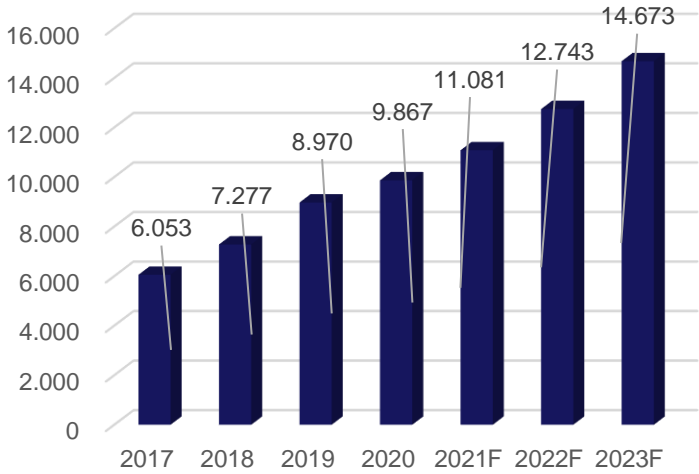


Chart: Customer Deposit (x) YoY

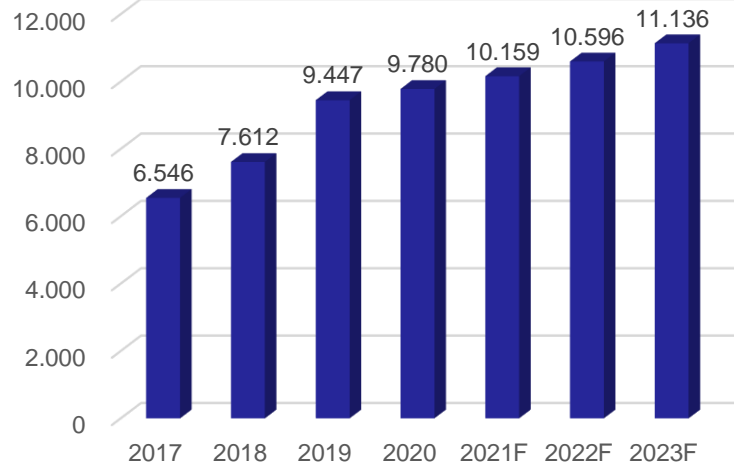


Chart: Profitability (x) YoY

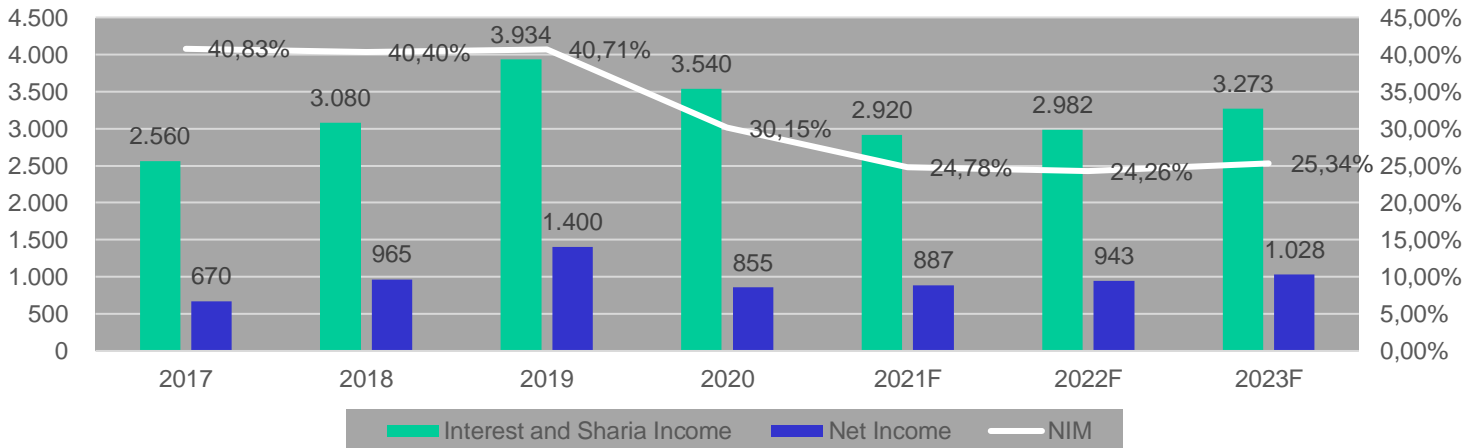


Chart: Net Interest Margin (x) YoY

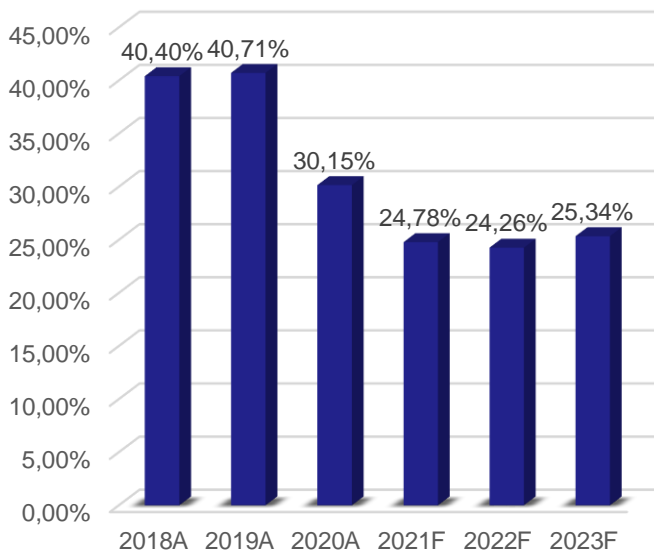
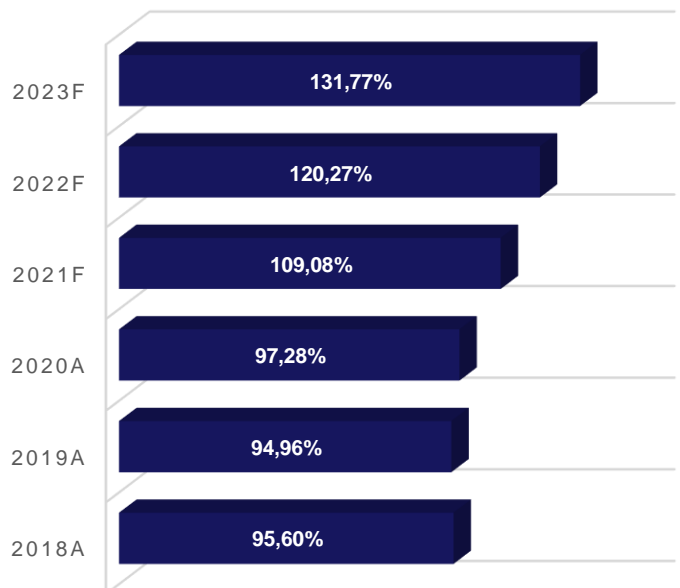


Chart: Loan to Deposit Ratio (x) YoY



**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	5.194	5.631	5.074
Interbank Placement	317	38	28	67	-43	-166
Marketable Securities	1.031	2.072	2.803	734	-470	-1.828
Gross Loan	7.277	8.970	9.515	11.081	12.743	14.673
Allowance for Loans	100	145	196	226	250	324
Loans-net	7.377	9.115	9.711	11.307	12.994	14.997
Other Earning Asset	1.255	1.978	2.228	705	-451	-1.754
Non Earning Asset	351	470	407	413	430	452
<b>Total Asset</b>	<b>12.039</b>	<b>15.383</b>	<b>16.435</b>	<b>17.618</b>	<b>18.604</b>	<b>18.769</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>6.622</b>	<b>7.105</b>	<b>6.658</b>

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Net Operating Income	13	18	22	22	23	24
Operating Expense	1.517	1.747	1.585	1.736	1.735	1.863
<b>Pre Provision Operating Profit</b>	<b>1.576</b>	<b>2.204</b>	<b>1.977</b>	<b>1.206</b>	<b>1.270</b>	<b>1.435</b>
Provision Expense	274	323	857	32	28	77
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<b>EPS (Rp/Share)</b>	<b>129,82</b>	<b>181,70</b>	<b>110,95</b>	<b>115,16</b>	<b>122,42</b>	<b>133,40</b>

**Ratio Highlights**

Ratio Analysis	2018	2019	2020	2021F	2022F	2023F
<b>Profitability &amp; Efficiency</b>						
NIM	40,40%	40,71%	30,15%	24,78%	24,26%	25,34%
Cost-to-Income Ratio	-49,04%	-44,22%	44,51%	59,00%	57,74%	56,50%
Cost of Credit	3,76%	3,60%	9,01%	0,29%	0,22%	0,53%
ROE	24,15%	25,95%	14,54%	13,40%	13,27%	15,43%
ROA	8,02%	9,10%	5,20%	5,03%	5,07%	5,48%
ROAE	26,94%	25,05%	20,24%	13,97%	13,33%	14,35%
BOPO	62,36%	57,97%	72,42%	64,60%	63,41%	63,37%
<b>Liquidity</b>						
FDR	95,60%	94,96%	97,28%	109,08%	120,27%	131,77%
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%	2,00%	1,80%
Provision Coverage	328,00%	238,00%	467,00%	315,00%	337,00%	337,00%
<b>Capital</b>						
CAR	40,90%	44,60%	49,40%	44,97%	46,32%	46,90%
<b>Growth</b>						
Loan Growth	20,22%	23,27%	10,00%	12,30%	15,00%	15,14%
Deposit Growth	16,29%	24,10%	3,53%	3,87%	4,30%	5,09%
Net Income Growth	44,04%	44,99%	-38,94%	3,80%	6,31%	8,97%

**QoQ Result**

Balance Sheet	2Q20	1Q21	2Q21	%QoQ	%YoY
Loan	9.136	9.515	9.691	1,85%	6,07%
Loan Loss Reserves	125	196	0	-100,00%	-100,00%
NPL	128	181	204	12,57%	59,10%
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	2Q20	1Q21	2Q21	%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	2Q20	1Q21	2Q21	%QoQ	%YoY
<b>Profitability &amp; Efficiency</b>					
NIM	24,00%	26,40%	27,30%	0,90	3,30
Cost-to-Income Ratio	45,00%	42,00%	40,00%	(2,00)	(5,00)
ROE	15,20%	25,80%	26,10%	0,30	10,90
ROA	7,00%	11,40%	11,60%	0,20	4,60
BOPO	72,10%	57,20%	56,80%	(0,40)	(15,30)
Cost of Fund	8,70%	4,40%	5,00%	0,60	(3,70)
<b>Liquidity</b>					
FDR	92,40%	92,20%	94,70%	2,50	2,30
<b>Asset Quality</b>					
Gross NPF	1,80%	2,10%	2,40%	0,30	0,60
Loan Provision Coverage	351,00%	372,00%	272,00%	(100,00)	(79,00)
<b>Capital</b>					
CAR	42,30%	50,70%	52,00%	1,30	9,70

**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.

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