

2 July 2020
Banking, Equity

Price **IDR. 3140**
Target Price **IDR. 3520**
JKSE Index **4973.79**



Stock Information
Bloomberg code **BTPS IJ**
Market cap (IDR bn) **24035.5B**
52-Week High (IDR) **5125**
52-Week Low (IDR) **1790**
6-m Avg Daily. Val (IDR) **3325**

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

USD/IDR-YE (IDR)
2019A **14,375**
2020F (6M Avg) **14,564**

Investment Consideration

1Q20 Net income jumped

Net Income grew significantly by 40% YoY in 1Q20 despite a 51% YoY increase in provision costs. Operating expenses increased by only 3% YoY, while Net Interest Income grew 22%. This was in line with the financing growth, meaning a stable Net Interest Margin. We estimate this year profit growth will be around 30%

Financing from Micro

In 1Q20, Financing growth was strong, up 22% YoY, and 2% QoQ. Financing is still growing fast from loans customers which are micro-finance and small businesses, especially in the Tunas Usaha Rakyat (TUR) segment. Most loan customers are businesses that sell basic goods which continue to see good demand. BTPS will also improve efficiencies, optimize costs, relax financing to customers, while at the same time strengthen their loss reserves. Credit growth will probably be a bit slow amid the pandemic and in the range of 10%.

Pandemic installment postponements

BTPS has dramatically adjusted their operations during the covid-19 Pandemic. Across Indonesia there has been a rapid increase in red zones (local lockdown areas) which cover 40-50% of BTPS operational areas. Due to the large-scale social restrictions (PSBB) in these red zone areas, BTPS has conducted restructurings in the form of postponements of instalment payments.

Valuation: 12% Upside, Hold.

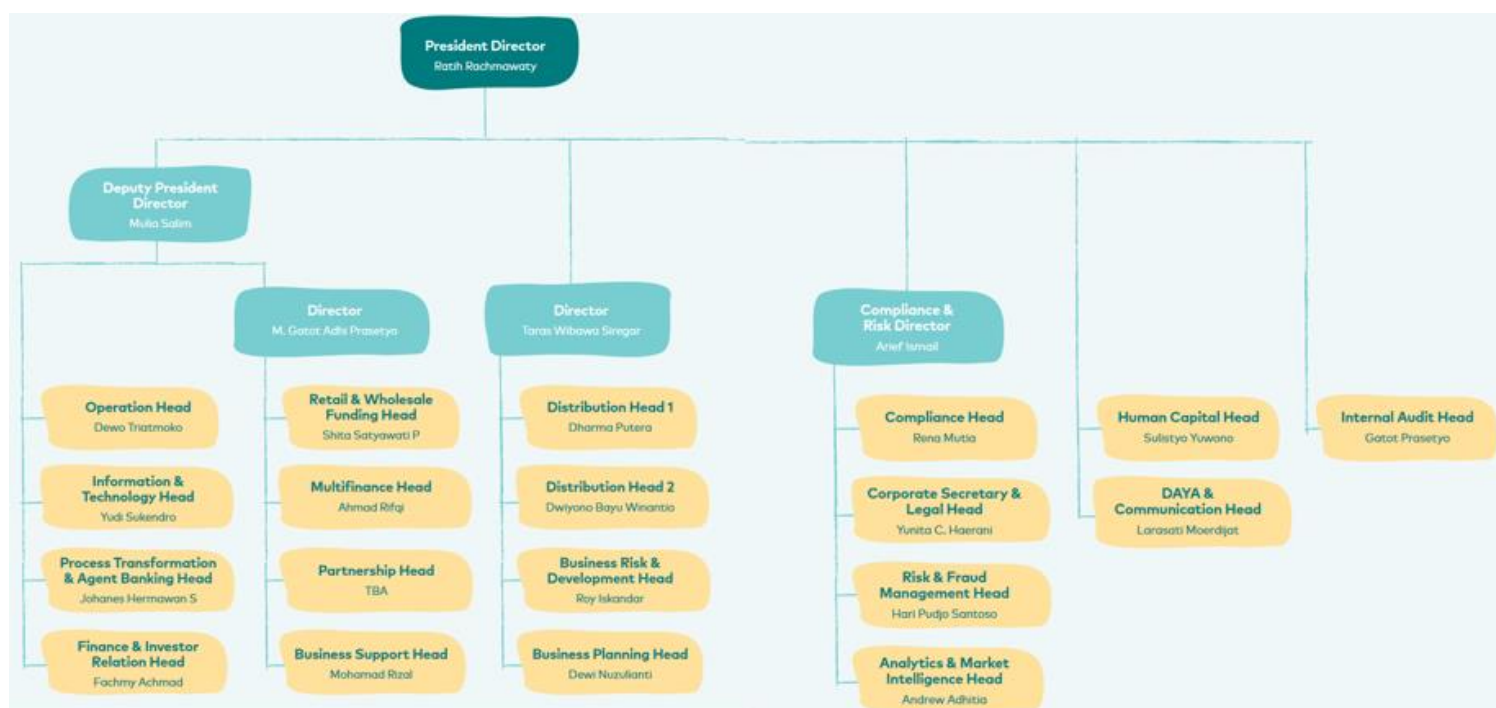
Based on our DDM Valuation, we have a target price within one year of IDR 3520, or trading at 3.2x PBV which gives 12% potential upside, Hold.

Income Statement (Idr bn)	2017	2018	2019	2020F	2021F	2022F
Interest Income	2.905	3.447	4.457	4.435	4.966	6.321
Interest Expense	-346	-368	-524	-379	-448	-552
Net Interest Income	3.251	3.815	4.981	4.814	5.415	6.873
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	2.213	2.507	3.121
Provision Expense	219	274	323	99	68	127
Operating Profit	908	1.850	2.527	2.311	2.575	3.248
Profit Before Tax	909	1.299	1.878	2.111	2.437	2.991
Tax Expense	239	334	479	540	622	765
Net Profit	670	965	1.400	1.571	1.815	2.227
EPS (Rp/Share)	95,83	129,82	181,70	203,95	235,60	289,08

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 Interest Margin (x) YoY

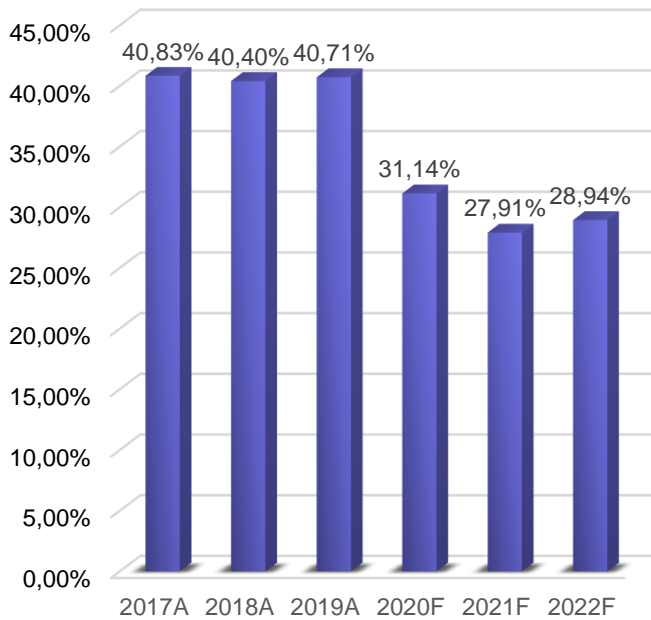


Chart: Financing to Deposit Ratio (x) YoY

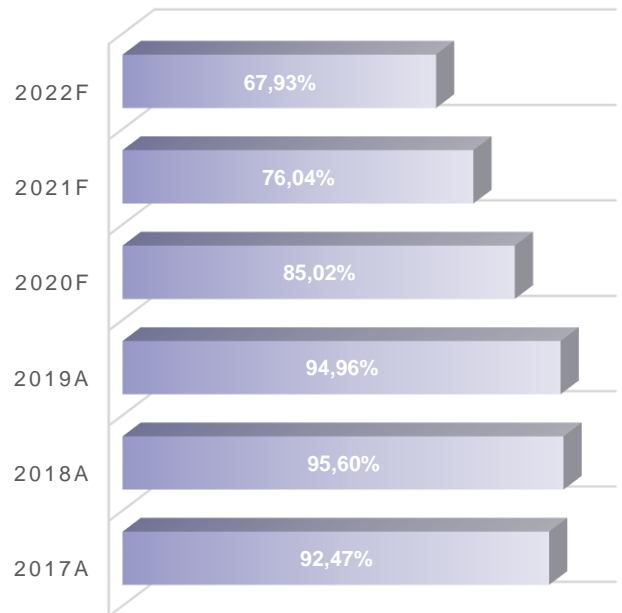


Chart: Profitability (x) YoY

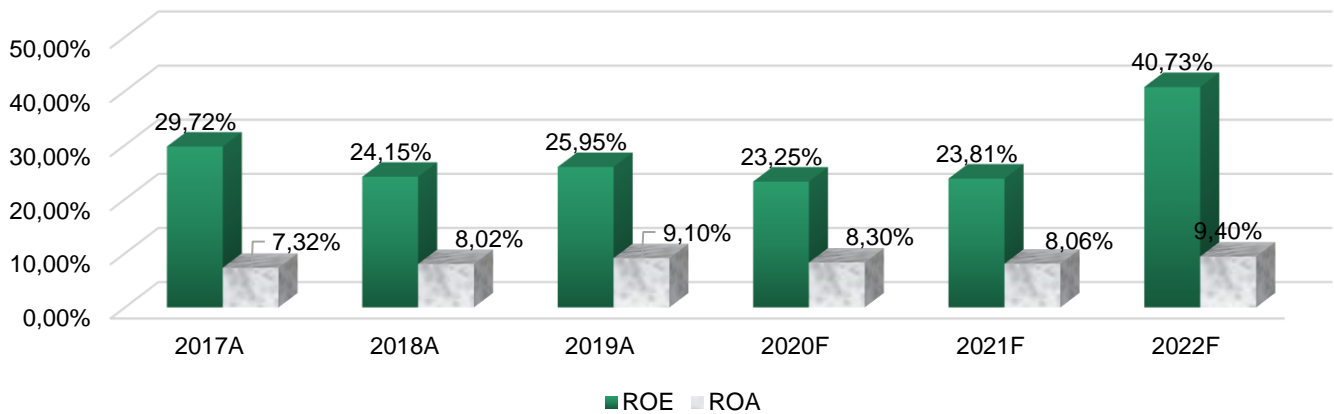
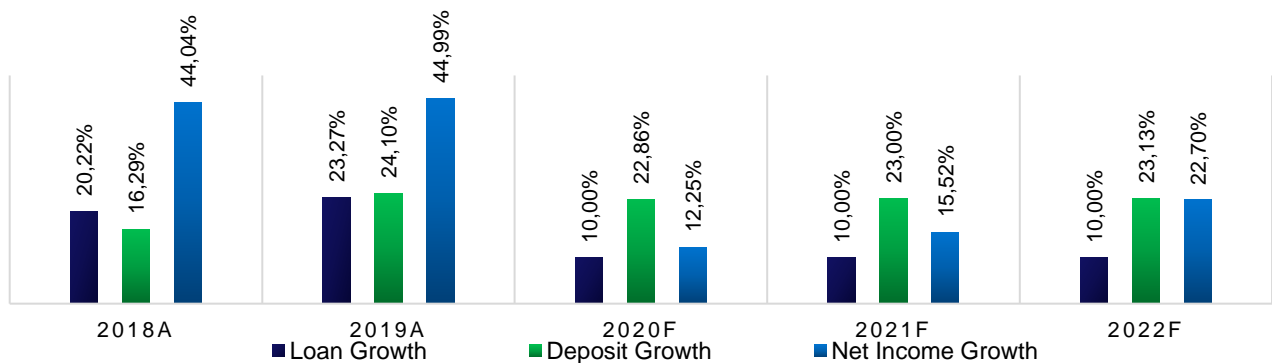


Chart: Growth (x) YoY



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	5.701	6.060	3.496
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	18.938	22.502	23.686
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	6.758	7.621	5.468

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Ratio Highlights

Ratio Analysis	2017	2018	2019	2020F	2021F	2022F
Profitability & Efficiency						
NIM	40,83%	40,40%	40,71%	31,14%	27,91%	28,94%
Cost-to-Income Ratio	56,07%	-49,04%	-44,22%	45,68%	44,74%	46,14%
Cost of Credit	3,62%	3,76%	3,60%	-1,00%	-0,62%	-1,06%
ROE	29,72%	24,15%	25,95%	23,25%	23,81%	40,73%
ROA	7,32%	8,02%	9,10%	8,30%	8,06%	9,40%
ROAE		26,94%	25,05%	24,60%	23,53%	32,27%
BOPO	68,81%	62,36%	57,97%	52,52%	51,06%	52,82%
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%	38,13%	41,21%	41,31%
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%	12,25%	15,52%	22,70%

QoQ Result

Balance Sheet	1Q19	4Q19	1Q20	%QoQ	%YoY
Loan	7.507	8.970	9.136	1,85%	21,71%
Loan Loss Reserves	87	145	125	-13,49%	43,43%
NPL	105	122	128	4,85%	21,71%
Deposit					
Demand	113	25	27	8,14%	-75,87%
Savings	1.713	1.976	2.032	2,86%	18,65%
Time Deposit	5.992	7.446	7.620	2,34%	27,18%
Total Asset	12.538	15.383	16.004	4,03%	27,64%
Shareholder Equity	4.283	5.393	5.781	7,18%	34,97%

Income Statement	1Q19	4Q19	1Q20	%QoQ	%YoY
Interest Income	973	1.230	1.182	-3,85%	21,58%
Interest Expense	115	139	135	-2,89%	16,94%
Net Interest Income	857	1.091	1.048	-3,97%	22,20%
Net Operating Income	5	3	8	124,84%	60,62%
Operating Expense	472	97	518	432,04%	9,75%
PPOP	390	997	537	-46,11%	37,72%
Operating Profit	-1	-1	1	-171,12%	-240,25%
Profit Before Tax	389	996	538	-45,93%	38,23%
Tax Expense	101	147	136	-7,16%	34,73%
Net Profit	288	849	402	-52,62%	39,46%

Ratio	1Q19	4Q19	1Q20	QoQ	YoY
Profitability & Efficiency					
NIM	11,09%	11,23%	9,83%	(1,41)	(1,27)
ROE	6,73%	15,74%	6,96%	(8,78)	0,22
ROA	2,30%	5,52%	2,51%	(3,01)	0,21
BOPO	60,08%	19,16%	54,85%	35,70	(5,23)
Cost of Credit	1,48%	1,47%	1,39%	(0,08)	(0,08)
Liquidity					
FDR	96,03%	94,96%	94,39%	(0,57)	(1,64)
CASA	23,36%	21,18%	21,27%	0,10	(2,08)
Capital					
CAR	39,30%	44,60%	42,40%	(2,20)	3,10

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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