

Investment Consideration Stronger Net Profit

Net Profit recorded a significant increase of 249% QoQ to IDR 348 billion in the 4Q20. This rapid recovery was driven by higher Net interest income which rose by 11.9% QoQ. Expenses decreased by IDR 115 billion, down 3%, and PPOP was up 4%. Management is more optimistic that the cost of funds will be lowered by around 4%.

Financing growth

In FY20, Financing reached IDR 9.52 trillion, up 6% YoY, this growth was driven by the gradual easing of restrictions related to COVID-19, which led to greater mobility for BTPS officers. BTPS management emphasized that the bank will continue to maintain close relations with its borrowers through regular visits. Also, BTPS helps sell its customers' products through several e-commerce marketplaces such as Tokopedia, Shopee, and Bukalapak. In this way, borrowers can also expand their sales funnel beyond the surrounding area, potentially helping them generate higher income in the future. We estimate an increase in bank financing growth to 12% YoY this year supported by the gradual economic recovery in Indonesia.

Asset Quality

The decline in asset quality will gradually ease from rescheduling of the monthly installments for most of the affected borrowers as BTPS management views that most of them have continued their business even though their financial health has not returned to pre-COVID-19 levels, yet. We estimate that NPLs will reach 1.8% in 2021F

Valuation: 21% Upside, Buy.

Based on our DDM Valuation, we have a target price within one year of IDR 4,060, or trading at 3.9x PBV which gives 21% potential upside, Buy.

Income Statement (Idr bn)	2018	2019	2020	2021F	2022F	2023F
Interest Income	3.447	4.457	4.037	3.829	4.424	5.578
Interest Expense	-368	-524	-498	-537	-615	-763
Net Interest Income	3.815	4.981	4.535	4.366	5.039	6.341
Net Operating Income	13	18	22	25	31	38
Operating Expense	1.517	1.747	1.585	2.062	2.446	3.107
PPOP	1.576	2.204	1.977	1.254	1.395	1.746
Provision Expense	274	323	857	21	40	77
Operating Profit	1.850	2.527	2.834	1.274	1.434	1.824
Profit Before Tax	1.299	1.878	1.124	1.238	1.360	1.673
Tax Expense	334	479	270	306	331	411
Net Profit	965	1.400	855	932	1.029	1.263
EPS (Rp/Share)	129.82	181.70	110.95	120.95	133.52	163.92

9 April 2021
Banking, Equity

Price IDR. 3350
Target Price IDR. 4060
JKSE Index 6071.724



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**

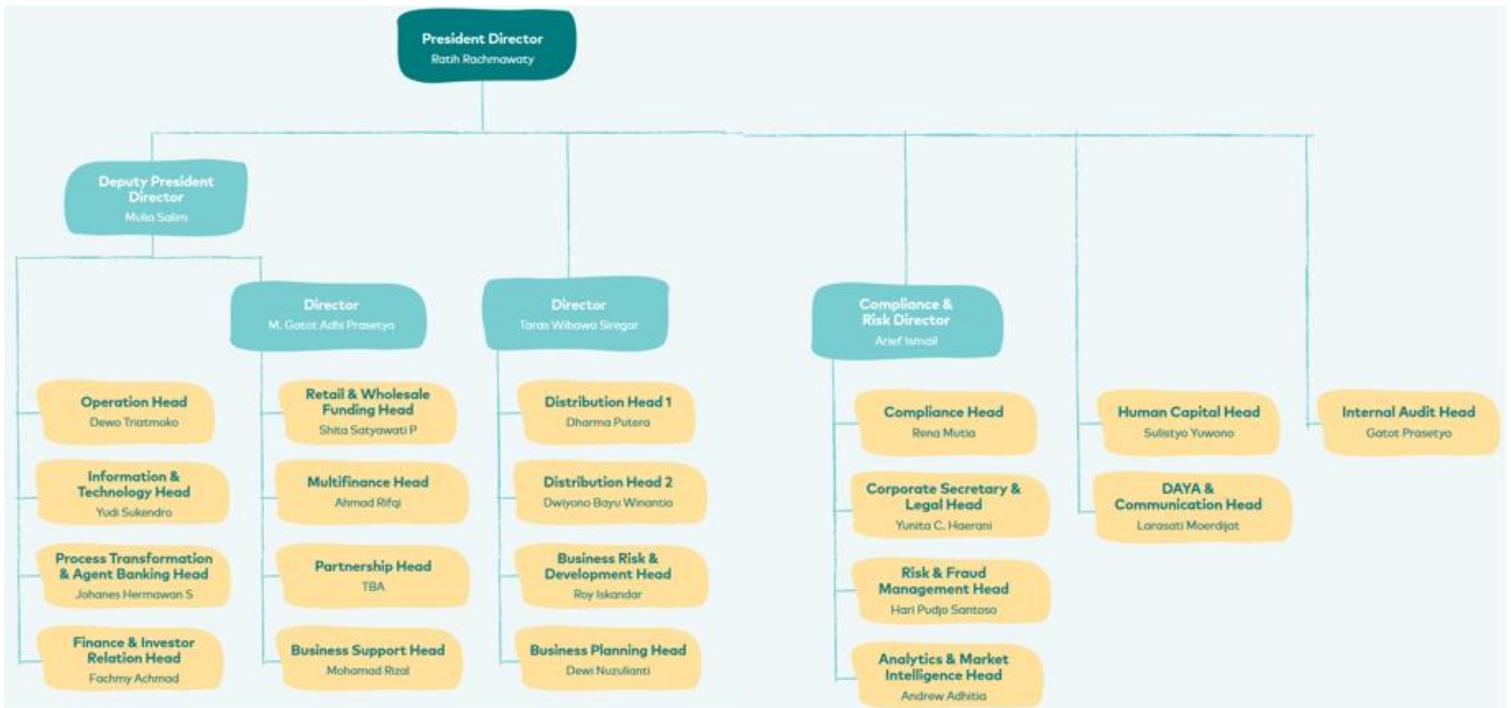
Major Shareholders (%)
BTPN **70.00%**
Public **29.97%**
Treasury **0.03%**

USD/IDR-YE (IDR)
2020A **14,050**
2021F (6M Avg) **14,243**

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 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 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

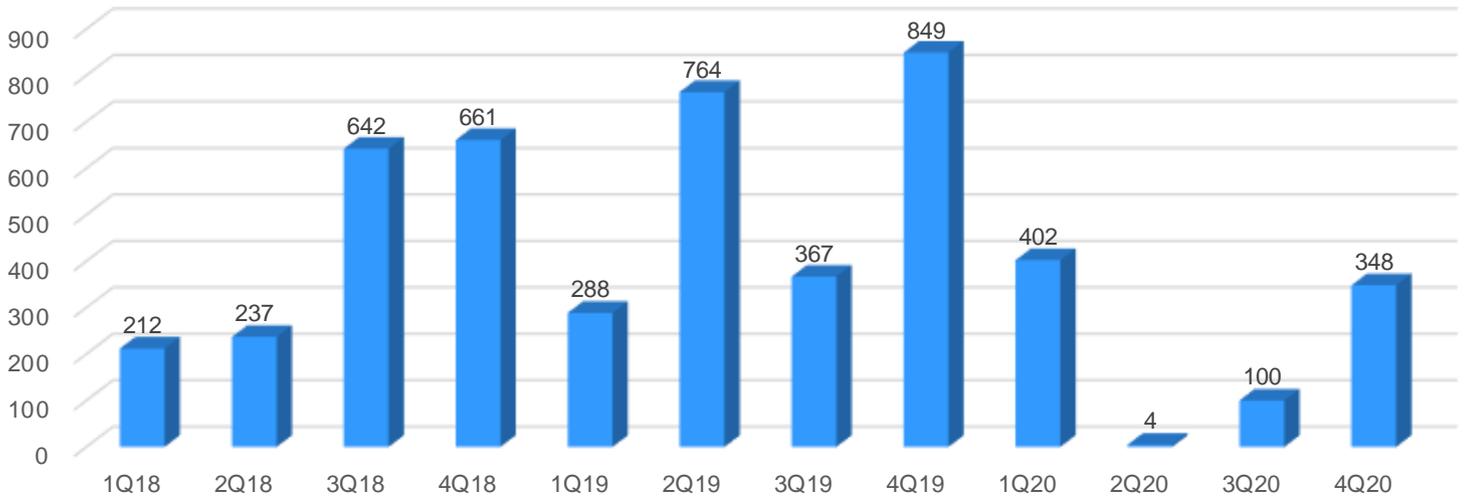


Chart: Gross Loan (x) QoQ

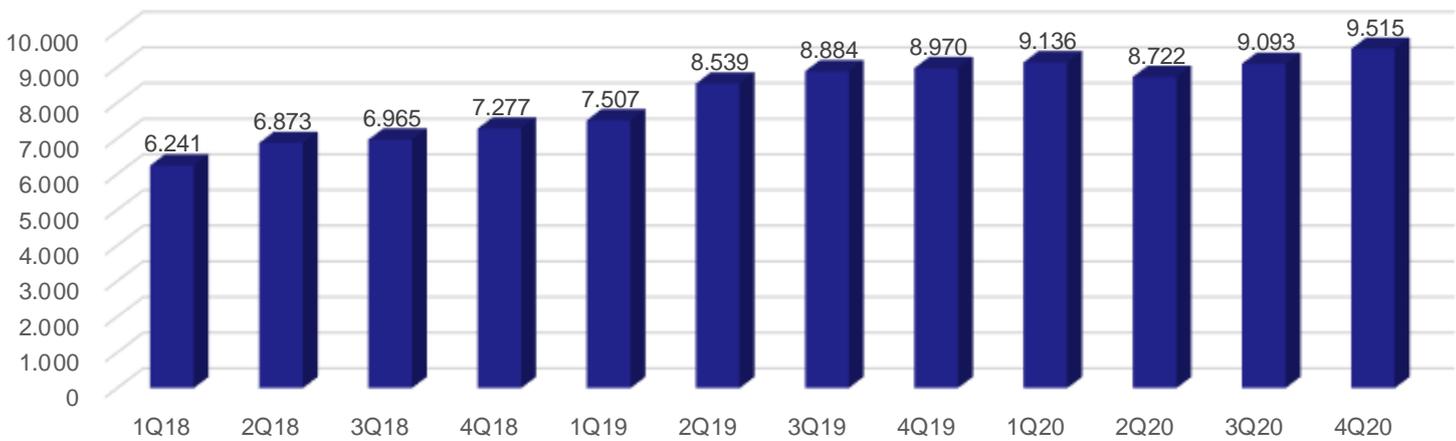


Chart: Non Performing Loan (x) QoQ

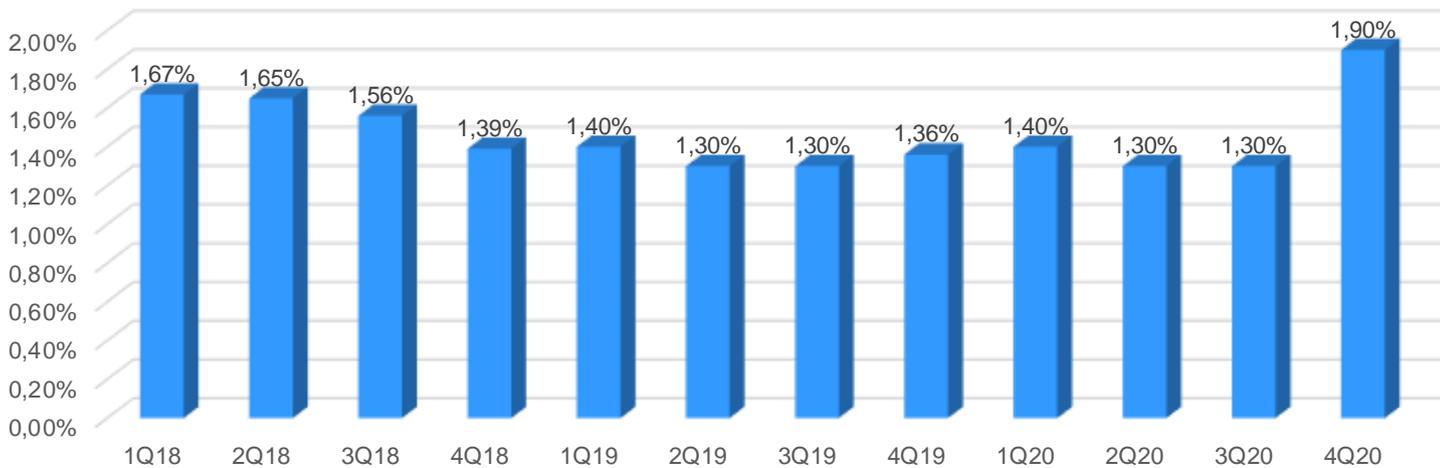


Chart: Gross Loan (x) YoY

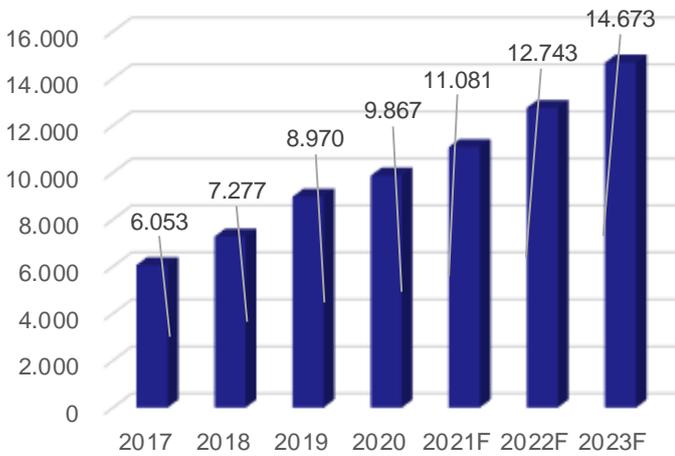


Chart: Customer Deposit (x) YoY

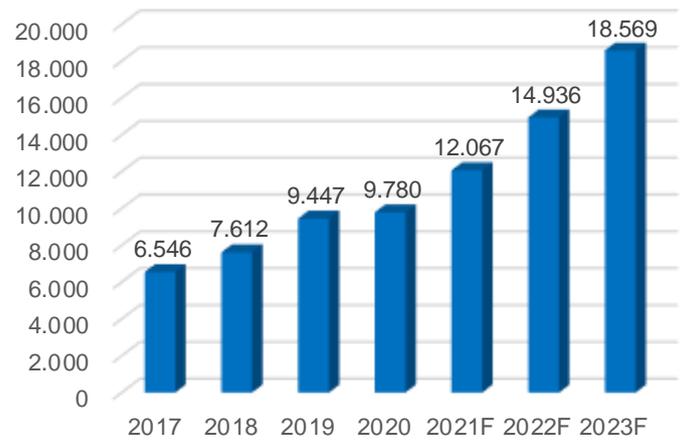


Chart: Profitability (x) YoY

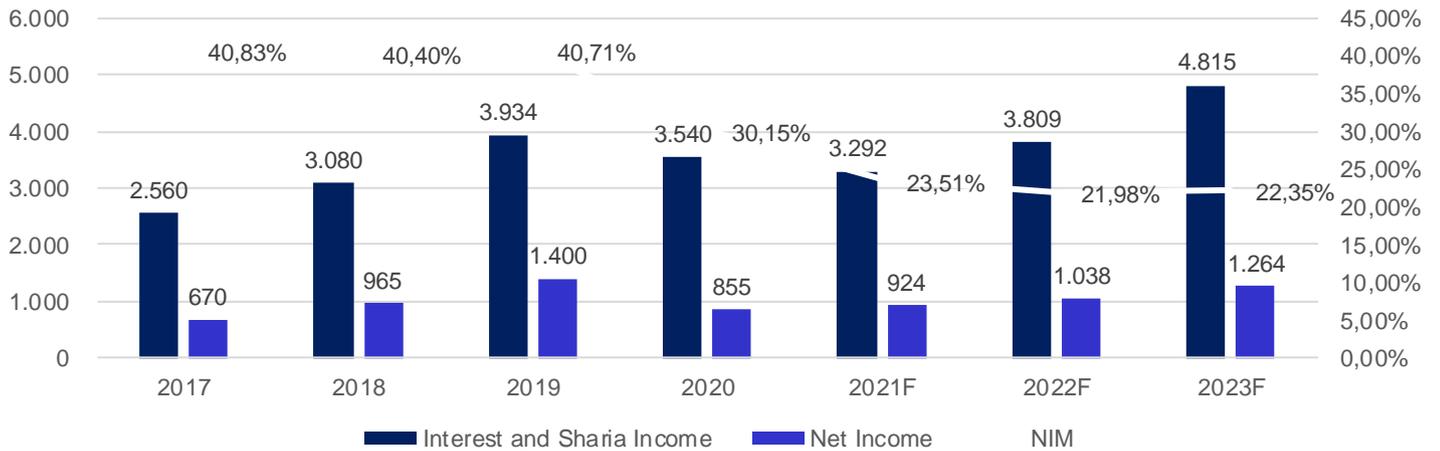


Chart: Net Interest Margin (x) YoY

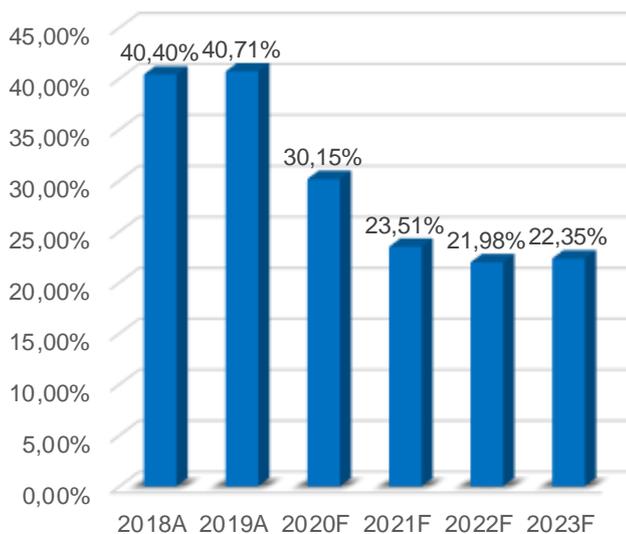
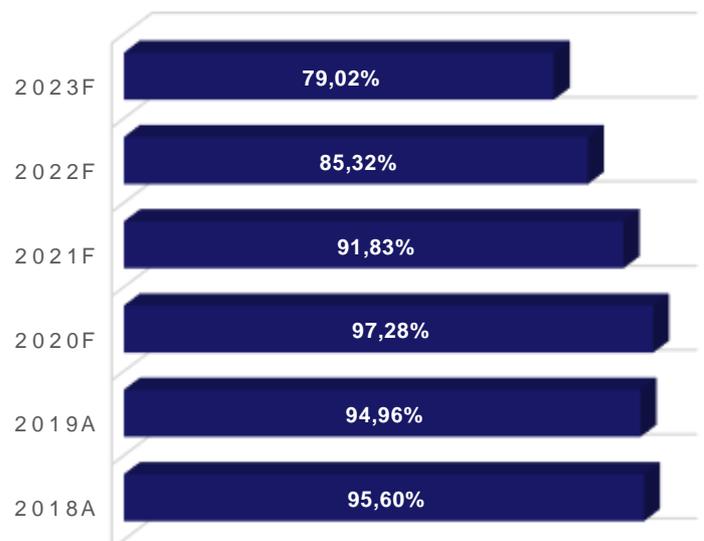


Chart: Loan to Deposit Ratio (x) YoY



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	4.830	4.752	3.186
Interbank Placement	317	38	28	277	435	652
Marketable Securities	1.031	2.072	2.803	3.042	4.779	7.160
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	2.919	4.585	6.870
Non Earning Asset	351	470	407	490	606	754
Total Asset	12.039	15.383	16.435	19.546	22.937	25.806
Deposit:						
Current Account	100	25	51	103	208	419
Saving Account	1.633	1.976	1.973	2.269	2.610	3.001
Time Deposits	5.878	7.446	7.756	9.695	12.119	15.149
Other Interest Bearing Liabilities	0	0	0	0	0	0
Non Interest Bearing Liabilities	430	543	776	837	904	975
Total Liabilities	8.042	9.990	10.556	12.905	15.840	19.544
Total Shareholder's Equity	3.997	5.393	5.879	6.641	7.097	6.262

Income Statement (IDR.bn)

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Interest Income	3.447	4.457	4.037	3.829	4.424	5.578
Interest Expense	-368	-524	-498	-537	-615	-763
Net Interest Income	3.815	4.981	4.535	4.366	5.039	6.341
Net Operating Income	13	18	22	27	33	41
Operating Expense	1.517	1.747	1.585	2.062	2.446	3.107
Pre Provision Operating Profit	1.576	2.204	1.977	1.256	1.396	1.749
Provision Expense	274	323	857	32	28	77
Operating Profit	1.850	2.527	2.834	1.288	1.424	1.826
Profit Before Tax	1.299	1.878	1.124	1.228	1.373	1.676
Tax Expense	334	479	270	304	334	411
Net Profit	965	1.400	855	924	1.038	1.264
EPS (Rp/Share)	129,82	181,70	110,95	120,00	134,80	164,15

Ratio Highlights

Ratio Analysis	2018	2019	2020	2021F	2022F	2023F
Profitability & Efficiency						
NIM	40,40%	40,71%	30,15%	23,51%	21,98%	22,35%
Cost-to-Income Ratio	-49,04%	-44,22%	44,51%	62,15%	63,67%	63,99%
Cost of Credit	3,76%	3,60%	9,01%	0,29%	0,22%	0,53%
ROE	24,15%	25,95%	14,54%	13,92%	14,63%	20,19%
ROA	8,02%	9,10%	5,20%	4,73%	4,53%	4,90%
ROAE	26,94%	25,05%	20,24%	14,23%	14,27%	17,41%
BOPO	62,36%	57,97%	72,42%	68,27%	69,31%	70,26%
Liquidity						
FDR	95,60%	94,96%	97,28%	91,83%	85,32%	79,02%
CASA	22,77%	21,18%	20,70%	19,66%	18,86%	18,42%
Asset Quality						
Gross NPF	1,39%	1,36%	1,90%	1,90%	1,78%	2,00%
Provision Coverage	328,00%	238,00%	467,00%	315,00%	337,00%	337,00%
Capital						
CAR	40,90%	44,60%	49,40%	44,97%	46,32%	46,90%
Growth						
Loan Growth	20,22%	23,27%	10,00%	12,30%	15,00%	15,14%
Deposit Growth	16,29%	24,10%	3,53%	23,38%	23,77%	24,32%
Net Income Growth	44,04%	44,99%	-38,94%	8,16%	12,34%	21,78%

QoQ Result

Balance Sheet	4Q19	3Q20	4Q20	%QoQ	%YoY
Loan	8.884	8.722	9.093	4,25%	2,35%
Loan Loss Reserves	143	138	0	-100,00%	-100,00%
NPL	115	113	118	4,25%	2,35%
Deposit					
Demand	25	168	25	-85,07%	2,08%
Savings	1.894	9.295	1.952	-79,00%	3,10%
Time Deposit	7.107	0	7.267	#DIV/0!	2,25%
Total Asset	14.586	15.272	15.469	1,29%	6,06%
Shareholder Equity	4.954	5.440	5.539	1,84%	11,81%

Income Statement	4Q19	3Q20	4Q20	%QoQ	%YoY
Interest Income	1.178	753	1.000	32,77%	-15,12%
Interest Expense	142	129	119	-7,76%	-16,25%
Net Interest Income	1.036	624	881	41,13%	-14,96%
Net Operating Income	6	6	4	-39,65%	-31,27%
Operating Expense	551	623	756	21,25%	37,16%
PPOP	491	7	129	1690,42%	-73,70%
Operating Profit	-0	2	2	-22,26%	-2887,04%
Profit Before Tax	491	9	131	1327,73%	-73,39%
Tax Expense	124	5	31	558,66%	-75,26%
Net Profit	367	4	100	2126,29%	-72,76%

Ratio	4Q19	3Q20	4Q20	%QoQ	%YoY
Profitability & Efficiency					
NIM	40,71%	25,30%	30,15%	4,85	(10,56)
Cost-to-Income Ratio	45,00%	43,00%	47,00%	4,00	2,00
ROE	31,20%	7,80%	25,70%	17,90	(5,50)
ROA	13,60%	3,40%	7,20%	3,80	(6,40)
BOPO	57,97%	77,20%	72,42%	(4,78)	14,45
Cost of Fund	3,70%	17,00%	9,40%	(7,60)	5,70
Liquidity					
FDR	94,96%	98,50%	97,28%	(1,22)	2,32
Asset Quality					
Gross NPF	1,36%	1,90%	1,90%	-	0,54
Loan Provision Coverage	238,00%	496,00%	467,00%	(29,00)	229,00
Capital					
CAR	44,60%	43,10%	49,40%	6,30	4,80

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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