

Monday, 22 October 2018

BUY
Maintain

Last price (IDR)	1,685
Target Price (IDR)	2,100
Upside/Downside	+24.6%
Previous Target Price (IDR)	2,100

Stock Statistics

Sector	Banking
Bloomberg Ticker	BTPS IJ
No of Shrs (mn)	7,704
Mkt. Cap (IDRbn/USDmn)	12,981/855
Avg. daily T/O (IDRbn/USDmn)	41.4/2.7

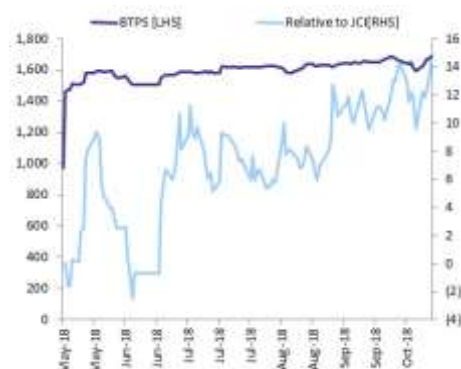
Major shareholders (%)

PT. BTPN Tbk.	70.0
PT. Triputra Persada Rahmat	10.0
Estimated free float	20.0

EPS Consensus (IDR)

	2018F	2019F	2020F
Danareksa	117.6	152.5	186.6
Consensus	119.5	145.0	174.6
Danareksa/Cons	(1.6)	5.2	6.9

BTPS relative to JCI Index



Source : Bloomberg



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Bank Tab. Pensiunan Nasional Syariah (BTPS IJ)

A profitable business model

We reiterate our BUY call on BTPS with a GGM-derived TP of IDR2,100 (implying 3.4x 2019F P/BV) following the release of the 9M18 results that are inline with our forecast. NIM will remain high in our view despite the gradual decline to 36.4% next year coming from a 130bps drop in asset yields to 41.5%. While the funding mixture will still be dominated by TD with a 79.8% contribution to total funding by the end 2019F. All in, we assume a 410bps credit cost and 29.7% yoy net profits growth next year.

9M18 highlights. The net profits of IDR698bn (+48.9% yoy) in 9M18 are inline with our forecast and supported by strong 21.1% yoy loans growth and a lower credit cost of 394bps with a 1.6% gross NPLs ratio as of September 2018. The loans loss coverage (LLC) ratio climbed to 183% as of September 2018 coming from BPTS' financing exposure in areas of Lombok. If we strip out this one-off event, the LLC ratio would stand at 156%.

Maintaining its captive market. BTPS will continue to focus on its niche market - the productive poor segment for women. Despite the government's Ultra Micro (Umi) loans program that channels loans through cooperatives and two non-listed SOE financing companies, PT Pegadaian and PT Permodalan Nasional Madani (PNM), the management of BTPS argues that the bank's current scale has room to be increased. As such, we expect 20.8% yoy financing growth next year with 3.8mn borrowers. This should translate into a higher ticket size of IDR2.3mn vs. IDR2.1mn as of September 2018.

Margins will remain high. Given its one-of-a-kind business model, the NIM will remain far above the industry level. However, we do expect the NIM to gradually decline to 36.4% for FY19F supported by higher individual financing exposure. Please note that the bank's individual financing is still in the pilot project stage as this type of financing is only offered to borrowers who have already passed cycle 5 (each cycle has a 52-week tenor). While funding is still heavily skewed towards wealthy individuals who place their funds in TD products (the mudharabah akad scheme). We assume that the blended CoF touches 6.0% next year in light of the recent 150bps policy rate hikes.

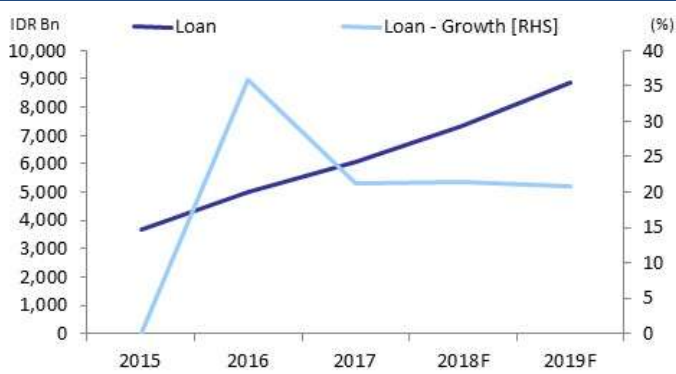
Maintain BUY with a TP of IDR2,100. We maintain our BUY call on BTPS with a GGM-derived TP of IDR2,100 assuming 9.3% CoE, 24.5% sustainable ROAE and 3% long-term growth.

Key Financials

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
PPOP (IDRbn)	673	1,143	1,495	1,924	2,395
Net profit (IDRbn)	412	670	906	1,174	1,437
EPS (IDR)	59.5	96.7	117.6	152.5	186.6
EPS growth (%)	39.2	62.5	21.6	29.7	22.4
BVPS (IDR)	229.7	325.2	505.9	612.7	743.4
PER (x)	28.3	17.4	14.3	11.1	9.0
PBV (x)	7.3	5.2	3.3	2.8	2.3
Dividend yield (%)	0.0	0.0	0.0	2.7	3.3
ROAE (%)	29.9	34.8	29.4	27.3	27.5

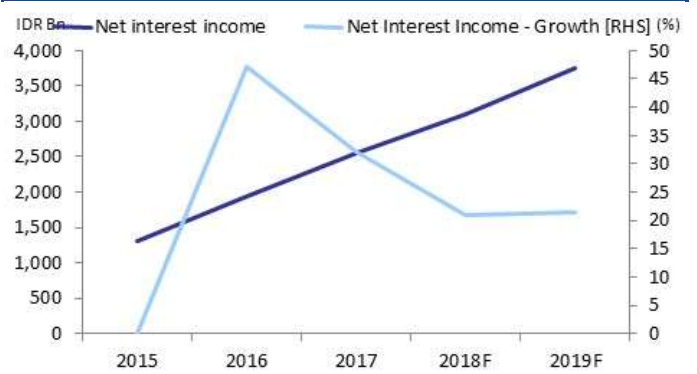
Source : BTPS, Danareksa Estimates

Exhibit 1. Loans and Growth



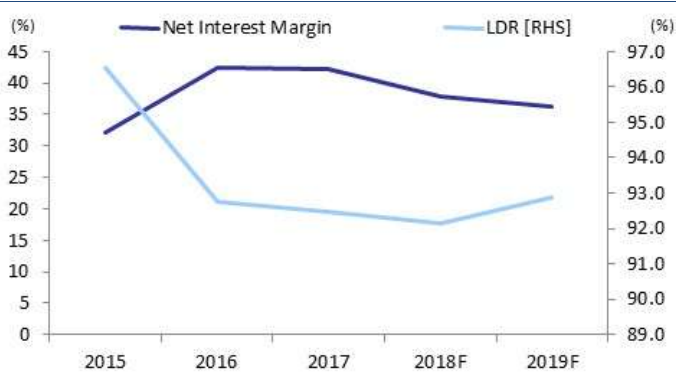
Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Interest Income and Growth



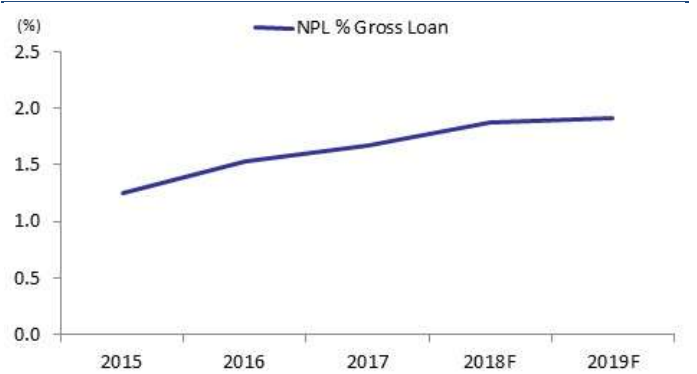
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. NIM and LDR



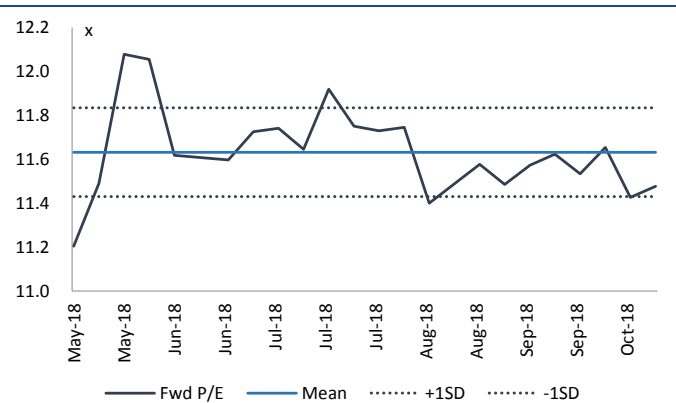
Source: Company, Danareksa Sekuritas estimates

Exhibit 4. NPLs



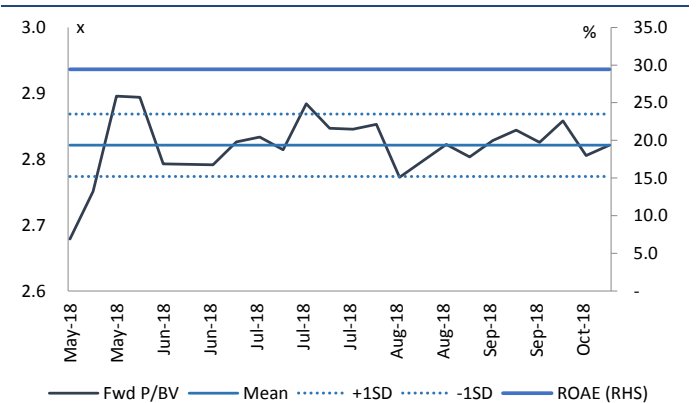
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. PE BAND CHART



Source: Company, Danareksa Sekuritas estimates

Exhibit 6. PBV ROAE BAND CHART



Source: Company, Danareksa Sekuritas estimates

Exhibit 7. BTPS' result

FYE Dec (IDRbn)	3Q17	2Q18	3Q18	QoQ (%)	YoY (%)	9M17	9M18	YoY (%)
Net interest income	664	753	793	5.2	19.3	1,863	2,245	20.5
<i>NIM (%)</i>	40.5	39.4	38.2			42.9	38.0	
Non-interest income	1	4	5	28.8	451.9	3	11	247.1
<i>Non-Int/Total income (%)</i>	0.1	0.5	0.6			0.2	0.5	
Operating income	665	757	797	5.3	19.9	1,866	2,255	20.9
Overhead expenses	(362)	(374)	(395)	5.5	9.0	(1,061)	(1,124)	5.9
<i>Cost-Income Ratio (%)</i>	54.4	49.4	49.5			56.9	49.8	
Pre-provisions profit	303	383	403	5.2	32.8	805	1,132	40.6
Provisions allowance	(65)	(63)	(66)	4.4	0.3	(175)	(190)	8.8
<i>Credit cost - annualised (bps)</i>	454	383	379			434	394	
Pretax profit	237	320	335	4.8	41.0	632	939	48.6
Tax	(61)	(83)	(85)	2.9	39.7	(163)	(241)	47.6
<i>Effective tax rate (%)</i>	25.7	25.9	25.5			25.8	25.6	
Net Profit	176	237	250	5.4	41.5	469	698	48.9
Other Key Data and Ratios								
Gross loans	5,753	6,873	6,965	1.3	21.1	5,753	6,965	21.1
Customer deposits	6,166	7,021	7,253	3.3	17.6	6,166	7,253	17.6
Gross non-performing loans	96	113	109	(4.2)	13.8	96	109	13.8
Total assets	8,542	10,727	11,305	5.4	32.4	8,542	11,305	32.4
Equity	2,066	3,444	3,711	7.7	79.6	2,066	3,711	79.6
ROAA (%)	8.5	9.4	9.1			7.9	9.1	
ROAE (%)	35.7	32.0	27.9			34.2	31.2	
LDR (%)	93.3	97.9	96.0			93.3	96.0	
Gross NPL ratio (%)	1.7	1.7	1.6			1.7	1.6	
LLC ratio (%)	176.3	159.6	183.0			176.3	183.0	
CAR (%)	27.3	36.9	39.7			27.3	39.7	

Source : Company, Danareksa Sekuritas estimates

Exhibit 8. Income Statement

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Interest Income	2,226	2,905	3,509	4,287	5,055
Interest Expense	(290)	(346)	(413)	(527)	(612)
Net Interest Income	1,936	2,560	3,096	3,760	4,443
Non-Interest Income (NII)	5	7	8	9	10
Oper. Income	1,941	2,567	3,103	3,769	4,452
Oper. Expenses	(1,268)	(1,423)	(1,608)	(1,845)	(2,057)
Pre-provisions profit	673	1,143	1,495	1,924	2,395
Provisions & Allowances	(119)	(235)	(268)	(332)	(399)
Operating Profits	555	908	1,228	1,592	1,996
Non-Operating Income	1	0	0	0	0
Exceptionals	0	0	0	0	0
Pre-tax Profit	556	909	1,228	1,592	1,996
Income Tax	(143)	(239)	(322)	(418)	(559)
Minorities	0	0	0	0	0
Net Profit	412	670	906	1,174	1,437

Exhibit 9. Balance Sheet

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Gross Loans	4,997	6,053	7,346	8,875	10,677
Provisions	(114)	(158)	(219)	(269)	(336)
Net Loans	4,883	5,896	7,127	8,607	10,341
Govt. Bonds	0	0	0	0	0
Securities	0	39	1,361	1,905	2,381
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	5,031	7,114	9,283	11,400	13,771
Fixed Assets	350	434	538	660	794
Non-Earnings Assets	442	264	460	472	607
Total Assets	7,323	9,157	12,242	14,667	17,389
Customer Deposits	5,388	6,546	7,971	9,554	11,250
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	5,388	6,546	7,971	9,554	11,250
Total Liabilities	5,731	6,902	8,345	9,946	11,662
Share capital & Reserves	915	905	1,642	1,643	1,643
Retained Earnings	678	1,350	2,256	3,078	4,084
Shareholders' Funds	1,593	2,255	3,898	4,720	5,727
Minority interests	0	0	0	0	0
Total Equity & Liabilities	7,323	9,157	12,242	14,667	17,389

Exhibit 10. Ratios

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Yield on Earning Assets	48.8	47.8	42.8	41.5	40.2
Cost of funds	6.3	5.8	5.7	6.0	5.9
Interest Spread	42.4	42.0	37.1	35.4	34.3
Net Interest Margin	42.4	42.2	37.8	36.4	35.3
Cost/Income Ratio	65.3	55.5	51.8	48.9	46.2
Oper. Exp./Oper. Gross Inc.	75.1	68.8	65.1	62.9	60.6
Gross NPL Ratio	1.5	1.7	1.9	1.9	2.0
LLP/Gross NPL	149.0	156.4	159.5	158.7	159.5
Cost of Credit	2.7	4.3	4.0	4.1	4.1
Loan to Deposit Ratio	92.7	92.5	92.2	92.9	94.9
Loan to Funding Ratio	92.7	92.5	92.2	92.9	94.9
CASA Mix	19.6	21.3	20.5	20.2	20.2
ROAE	29.9	34.8	29.4	27.3	27.5
ROAA	6.6	8.1	8.5	8.7	9.0
CAR	24.0	28.7	34.6	33.4	33.2

Exhibit 11. Dupont and growth

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Dupont					
Pre-Tax ROAA	8.9	11.0	11.5	11.8	12.5
Tax Retention rate	74.2	73.8	73.8	73.8	72.0
Post-Tax ROAA	6.6	8.1	8.5	8.7	9.0
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	4.5	4.3	3.5	3.1	3.1
ROAE	29.9	34.8	29.4	27.3	27.5
Growth (%)					
Interest income	42.4	30.5	20.8	22.2	17.9
Net Interest Income	47.1	32.2	20.9	21.5	18.1
Other Oper. Expenses	25.2	12.3	13.0	14.7	11.5
Fee Based Income	(45.0)	150.7	(100.0)	0.0	0.0
Pre-Provision Oper. Profit	83.0	69.8	30.8	28.7	24.5
Net Profit	143.9	62.5	35.1	29.7	22.4
Shareholders' Equity	36.9	41.6	72.9	21.1	21.3
Loan	35.9	21.1	21.4	20.8	20.3
Earnings Asset	22.6	41.4	30.5	22.8	20.8
Deposit	41.4	21.5	21.8	19.9	17.8
Int. Bearing Liab.	41.4	21.5	21.8	19.9	17.8
CASA	34.5	31.7	17.6	18.0	17.5
Total Asset	41.1	25.0	33.7	19.8	18.6

Source : BTPS, Danareksa Estimates

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