

Tuesday, 06 April 2021

BUY
Maintain

Last price (IDR) 3,480
Target Price (IDR) 4,200
Upside/Downside +20.7%
Previous Target Price (IDR) 4,200

Stock Statistics

Sector Banking
Bloomberg Ticker BTPN IJ
No of Shrs (mn) 7,704
Mkt. Cap (IDRbn/USDmn) 26,809/1,847
Avg. daily T/O (IDRbn/USDmn) 39.8/2.7

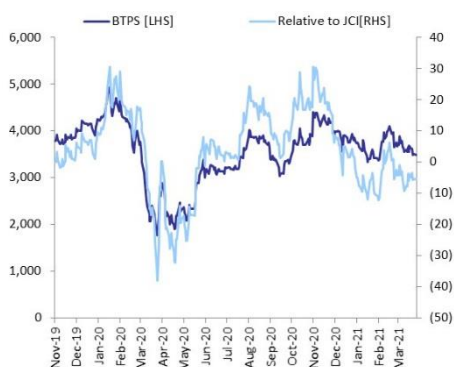
Major shareholders (%)

PT. BTPN Tbk. 70.0
Estimated free float 30.0

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	189.0	245.4	299.7
Consensus	204.4	273.3	310.5
Danareksa/Cons	(7.5)	(10.2)	(3.5)

BTPN relative to JCI Index



Source : Bloomberg



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BTPN Syariah (BTPN IJ)

Sound recovery play

We maintain our BUY call on BTPN with an unchanged GGM-derived TP of IDR4,200 (implying 4.7x 2021F P/BV) as we expect earnings to rebound by 70.3% yoy to IDR1.4tn. The earnings recovery will mainly be driven by stronger yoy financing growth of 13.4% in 2021F, an expansion in NIM equivalent to 31.4% in FY21F and lower credit costs of 506bps (FY20: 920bps). Downside risks are the formation of SOE micro-holding plan, possible on significant number of borrowers that need to have second restructuring scheme and sudden tightening in system's liquidity.

A more holistic relationship with the borrowers. We expect a pick-up in the bank's financing growth by 13.4% yoy this year on the back of the gradual economic recovery in Indonesia. Moreover, BTPN's management highlighted that the bank would continue to maintain a close relationship with its borrowers through regular visits. Aside from that, BTPN also helps to sell its customers' products via several e-commerce marketplaces such as Tokopedia, Shopee and Bukalapak. In this way, the borrowers can also expand their sales channels to beyond their surrounding areas, which should potentially help them generate higher revenues in the future.

Expect NIM expansion. NIM equivalent should expand by 150bps to 31.4% in FY21F supported by a 130bps increase in asset yields. On an encouraging note, most of the borrowers already make their monthly financing installments and this should support the NIM. Another driver will come from the acquisition of new borrowers. Aside from that, the blended CoF will dip by c.10bps to 5.0% based on our forecast mainly as its equivalent TD rate is expected to decline slightly, inline with the recent policy rate cut.

Less pressure on assets quality. Given the easing of last year's social distancing restrictions in some areas, deterioration in assets quality should gradually abate. Notably, BTPN has rescheduled the monthly installments for most of the impacted borrowers as BTPN's management views that some of them have already resumed their businesses even though their health has not returned to pre-COVID-19 levels. As such, we assume a drop in 2021's credit costs to 506bps. The gross NPF ratio will reach 1.7% with ample coverage ratio of 328.0% by December 2021F based on our model.

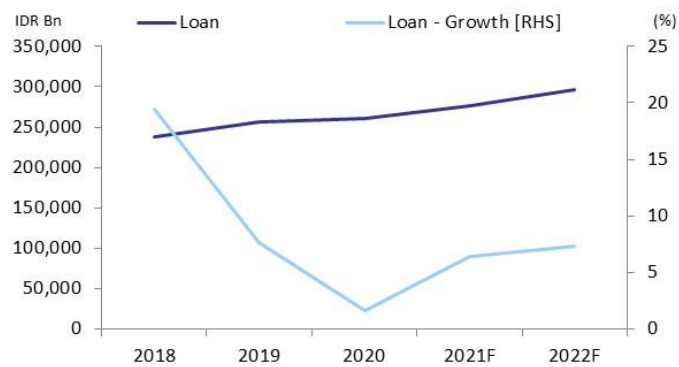
BUY maintained: TP of IDR4,200. We maintain our BUY call with an unchanged GGM-derived TP of IDR4,200 (implying 4.7x 2021F PBV). We assume a CoE of 8.2%, a sustainable ROAE of 27.4% and 3% long-term growth.

Key Financials

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
PPOP (IDRbn)	2,190	1,970	2,452	2,957	3,505
Net profit (IDRbn)	1,400	855	1,456	1,890	2,308
EPS (IDR)	181.7	111.0	189.0	245.4	299.7
EPS growth (%)	39.9	(38.9)	70.3	29.8	22.1
BVPS (IDR)	700.1	763.4	896.9	1,068.7	1,278.5
PER (x)	19.2	31.4	18.4	14.2	11.6
PBV (x)	5.0	4.6	3.9	3.3	2.7
Dividend yield (%)	1.6	1.0	1.6	2.1	2.6
ROAE (%)	29.8	15.2	22.8	25.0	25.5

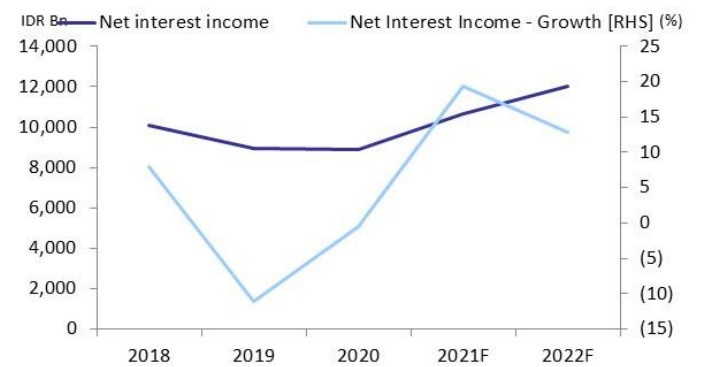
Source : BTPN, Danareksa Estimates

Exhibit 1. Loan and Growth



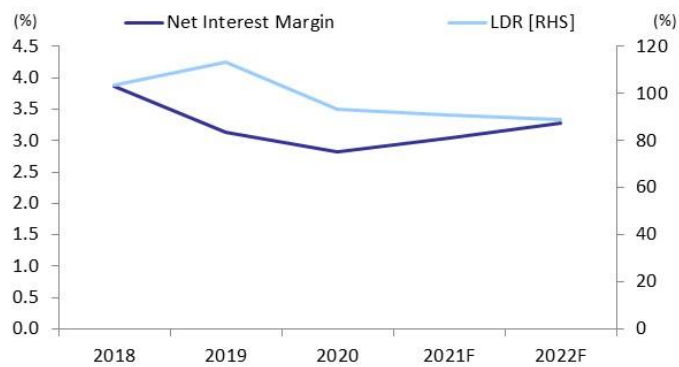
Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Interest Income and Growth



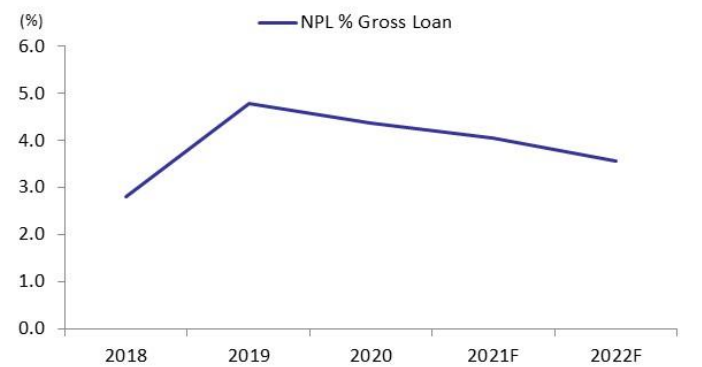
Source: Company, Danareksa Sekuritas estimates

Exhibit 3. NIM and LDR



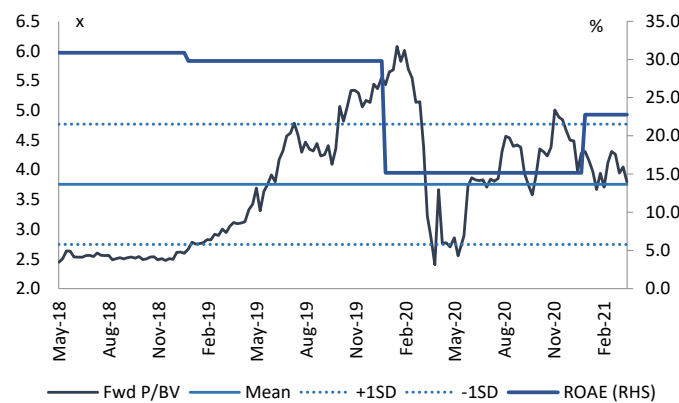
Source: Company, Danareksa Sekuritas estimates

Exhibit 4. NPL



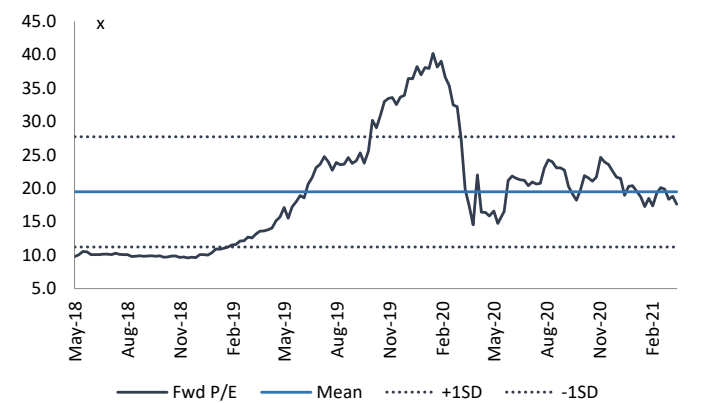
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. PBV ROAE Band Chart



Source: Bloomberg, Danareksa Sekuritas estimates

Exhibit 6. PE Band Chart



Source: Bloomberg, Danareksa Sekuritas estimates

Exhibit 7. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Interest Income	4,457	4,037	4,707	5,470	6,286
Interest Expense	(524)	(498)	(536)	(607)	(710)
Net Interest Income	3,934	3,540	4,171	4,863	5,576
Non-Interest Income (NII)	18	22	30	41	51
Oper. Income	3,952	3,562	4,201	4,903	5,627
Oper. Expenses	(1,761)	(1,592)	(1,749)	(1,946)	(2,122)
Pre-provisions profit	2,190	1,970	2,452	2,957	3,505
Provisions & Allowances	(309)	(850)	(514)	(472)	(469)
Operating Profits	1,881	1,120	1,939	2,485	3,037
Non-Operating Income	(3)	5	2	1	1
Exceptionals	0	0	0	0	0
Pre-tax Profit	1,878	1,124	1,941	2,487	3,037
Income Tax	(479)	(270)	(485)	(597)	(729)
Minorities	0	0	0	0	0
Net Profit	1,400	855	1,456	1,890	2,308

Exhibit 8. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Gross Loans	9,089	9,611	10,894	12,640	14,869
Provisions	(292)	(849)	(620)	(618)	(669)
Net Loans	8,797	8,761	10,274	12,023	14,201
Govt. Bonds	0	0	0	0	0
Securities	2,087	2,827	3,180	3,737	4,297
Other Earnings Assets	0	0	0	0	0
Total Earnings Assets	11,214	12,465	14,103	16,408	19,200
Fixed Assets	551	815	892	973	1,055
Non-Earnings Assets	213	155	243	263	334
Total Assets	15,383	16,435	18,748	21,813	25,809
Customer Deposits	9,447	9,780	11,229	13,151	15,510
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	0	0	0	0	0
Total Liabilities	9,990	10,556	11,840	13,582	15,963
Share capital & Reserves	1,631	1,633	1,643	1,643	1,643
Retained Earnings	3,762	4,245	5,264	6,587	8,203
Shareholders' Funds	5,393	5,879	6,907	8,230	9,846
Minority interests	0	0	0	0	0
Total Equity & Liabilities	15,383	16,435	18,748	21,813	25,809

Exhibit 9. Ratios

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Yield on Earning Assets	44.7	34.1	35.4	35.9	35.3
Cost of funds	6.1	5.1	5.0	4.9	5.0
Interest Spread	38.6	29.0	30.4	30.9	30.4
Net Interest Margin	39.5	29.9	31.4	31.9	31.3
Cost/Income Ratio	44.6	44.7	41.6	39.7	37.7
Oper. Exp./Oper. Gross Inc.	58.0	72.4	59.1	54.9	52.1
Gross NPL Ratio	1.4	1.9	1.7	1.5	1.4
LLP/Gross NPL	238.1	466.5	328.0	323.0	323.0
Cost of Credit	3.8	9.1	5.0	4.0	3.4
Loan to Deposit Ratio	96.2	98.3	97.0	96.1	95.9
Loan to Funding Ratio	96.2	96.3	95.3	96.1	95.9
CASA Mix	21.2	20.7	20.7	20.3	20.5
ROAE	29.8	15.2	22.8	25.0	25.5
ROAA	10.2	5.4	8.3	9.3	9.7
CAR	44.6	49.4	45.7	43.8	42.8

Exhibit 10. Dupont and growth

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Dupont					
Pre-Tax ROAA	13.7	7.1	11.0	12.3	12.8
Tax Retention rate	74.5	76.0	75.0	76.0	76.0
Post-Tax ROAA	10.2	5.4	8.3	9.3	9.7
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.9	2.8	2.8	2.7	2.6
ROAE	29.8	15.2	22.8	25.0	25.5
Growth (%)					
Interest income	29.3	(9.4)	16.6	16.2	14.9
Net Interest Income	27.7	(10.0)	17.8	16.6	14.7
Other Oper. Expenses	16.3	(9.6)	9.8	11.3	9.0
Fee Based Income	63.2	270.0	(100.0)	0.0	0.0
Pre-Provision Oper. Profit	38.8	(10.1)	24.5	20.6	18.5
Net Profit	45.0	(38.9)	70.3	29.8	22.1
Shareholders' Equity	34.9	9.0	17.5	19.2	19.6
Loan	23.5	5.7	13.4	16.0	17.6
Earnings Asset	28.7	11.2	13.1	16.3	17.0
Deposit	24.1	3.5	14.8	17.1	17.9
Int. Bearing Liab.	24.2	6.0	14.0	15.1	17.9
CASA	15.4	1.2	15.0	14.9	18.8
Total Asset	27.8	6.8	14.1	16.3	18.3

Source : BTPS, Danareksa Estimates

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