

Thursday, 22 April 2021

**BUY**  
**Maintain**

Last price (IDR) 3,210  
Target Price (IDR) 4,200  
Upside/Downside +30.8%  
Previous Target Price (IDR) 4,200

**Stock Statistics**

Sector Banking  
Bloomberg Ticker BTPS IJ  
No of Shrs (mn) 7,704  
Mkt. Cap (IDRbn/USDmn) 24,729/1,702  
Avg. daily T/O (IDRbn/USDmn) 40.3/2.8

**Major shareholders (%)**

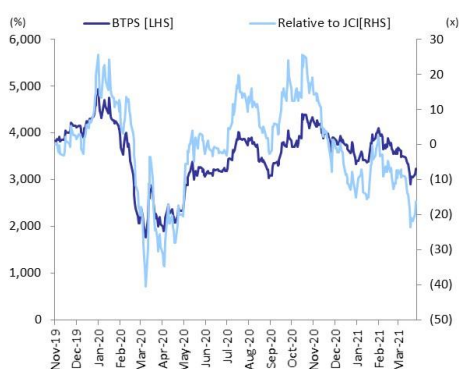
PT. BTPN Tbk. 70.0

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)

**BTPS relative to JCI Index**



Source : Bloomberg



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## BTPN Syariah (BTPS IJ)

### Decent results with further improvements expected

We maintain our BUY call on BTPS with an unchanged GGM-derived TP of IDR4,200 (implying 4.7x 2021F P/BV) with an inline 1Q21 set of results. 1Q21's net profits of IDR375bn were driven by the pick-up in financing growth by 5.1% yoy, flattish growth in opex and 454bps credit costs. We expect earnings to rebound by 70.3% yoy to IDR1.4tn mainly driven by stronger yoy financing growth of 13.4% in 2021F, a 31.4% NIM equivalent and lower credit costs of 506bps. Downside risks relate to the formation of SOE micro-holding plans, a possibility given the significant number of borrowers that need a second restructuring scheme and sudden tightening in the system's liquidity.

**1Q21 highlights.** The 1Q21 net profits declined by only 6.5% yoy to IDR375bn, inline with our forecast (25.8% of FY21F). The NIM equivalent stood at 30.2% with an all-time low blended CoF of 4.3% based on our calculation. The operating expenses were flat due to the optimization of its 12K field staff through deployment of its new application for them. Credit costs of 454bps remain within the bank's management guidance of a maximum 4.7% in FY21F.

**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, BTPS' management highlighted that the bank would continue to push its financing to selective sectors, i.e. basic necessities and primary products. Aside from that, BTPS also assumes that the reopening of schools and tourism areas in 2H21 would support its financing growth this year. As we know, there are several derivative sectors in MSME for these areas such as handicrafts, F&B, 2W rentals, small retailers and many others.

**Assets quality remains under control.** Given the current conditions, as of March 2021, the restructured loans bucket had declined to IDR2tn from IDR3tn in December 2020. From IDR2tn in the restructured category, IDR998bn are still in the delay payment scheme and the remainder are already regarded as 'normal'. Additionally, BTPS' management wrote off IDR203bn in 1Q21 and maintained its IDR850bn write-off target for FY21F. As such, we assume a lower cost of financing of 506bps in FY21F with a 1.7% gross NPF ratio by December 2021F.

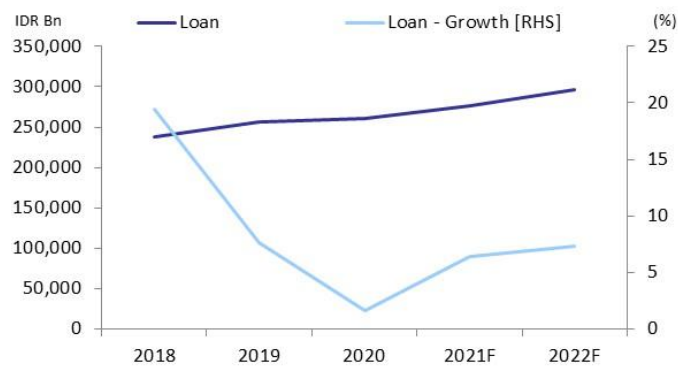
**Maintain BUY: TP of IDR4,200.** We upgrade our call to BUY with an unchanged GGM-derived TP of IDR4,200 (implying 4.7x 2021F PBV). We assume a CoE of 8.2%, a sustainable ROAE of 27.4% and 3% long-term growth.

**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)	17.7	28.9	17.0	13.1	10.7
PBV (x)	4.6	4.2	3.6	3.0	2.5
Dividend yield (%)	1.7	1.0	1.8	2.3	2.8
ROAE (%)	29.8	15.2	22.8	25.0	25.5

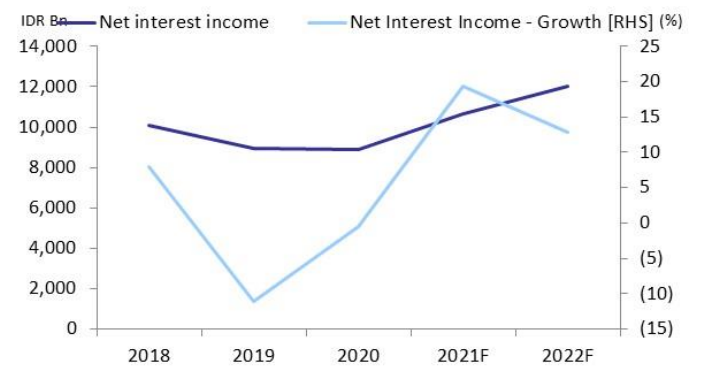
Source : BTPS, BRI Danareksa Estimates

**Exhibit 1. Loans and Growth**



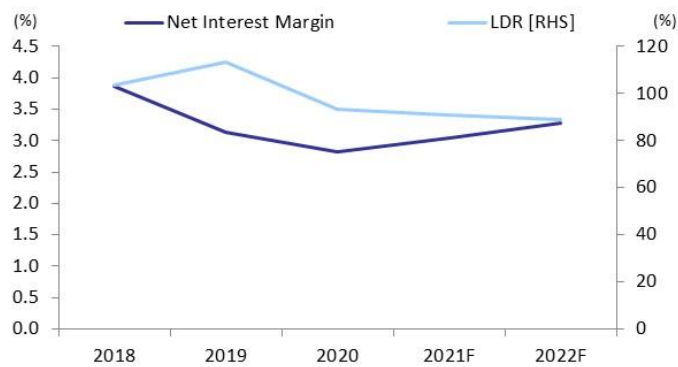
Source: Company, BRI Danareksa Sekuritas estimates

**Exhibit 2. Net Interest Income and Growth**



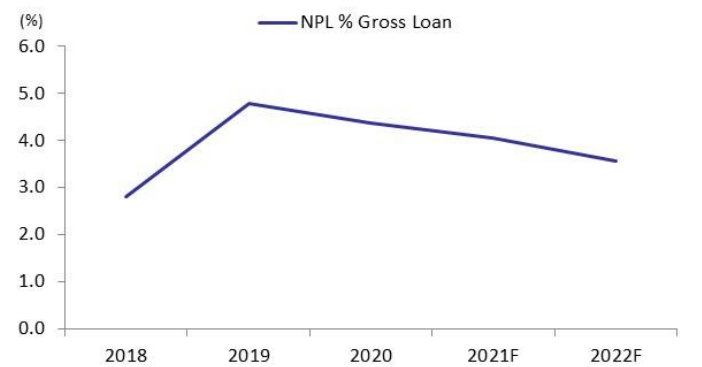
Source: Company, BRI Danareksa Sekuritas estimates

**Exhibit 3. NIM and LDR**



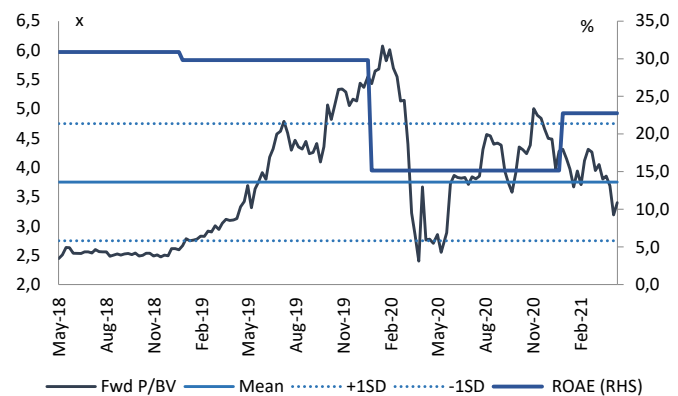
Source: Company, BRI Danareksa Sekuritas estimates

**Exhibit 4. NPLs**



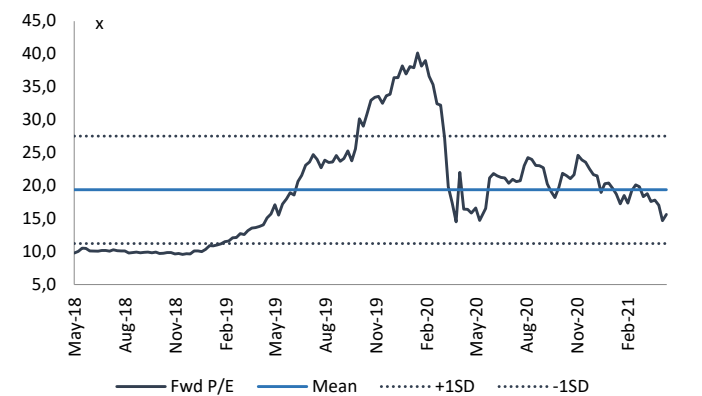
Source: Company, BRI Danareksa Sekuritas estimates

**Exhibit 5. PBV ROAE Band Chart**



Source: Bloomberg, BRI Danareksa Sekuritas estimates

**Exhibit 6. PE Band Chart**



Source: Bloomberg, BRI Danareksa Sekuritas estimates

## Exhibit 7. BTPS' result

FYE Dec (IDRbn)	1Q20	4Q20	1Q21	QoQ (%)	YoY (%)
Net margin income	1,047	987	1,004	1.7	(4.1)
<i>Net interest margin (%)</i>	36.2	32.1	30.2		
Non-interest income	8	4	6	38.2	(23.4)
<b>Operating income</b>	<b>1,054</b>	<b>991</b>	<b>1,009</b>	<b>1.9</b>	<b>(4.2)</b>
Overhead expenses	(419)	(463)	(419)	(9.5)	0.0
<i>Cost-Income Ratio (%)</i>	39.7	46.7	41.5		
<b>Pre-provisions profit</b>	<b>635</b>	<b>528</b>	<b>590</b>	<b>11.9</b>	<b>(7.1)</b>
Provisions allowance	(99)	(82)	(109)	33.6	10.7
<i>Credit cost - annualised (bps)</i>	433	349	454		
<b>Pretax profit</b>	<b>537</b>	<b>446</b>	<b>480</b>	<b>7.7</b>	<b>(10.6)</b>
Tax	(136)	(98)	(105)	7.1	(22.6)
<i>Effective tax rate (%)</i>	25.3	22.0	21.9		
<b>Net Profit</b>	<b>401</b>	<b>348</b>	<b>375</b>	<b>7.9</b>	<b>(6.5)</b>
<b>Other Key Data and Ratios</b>					
Gross financing	9,231	9,602	9,697	1.0	5.1
Customer deposits	9,679	9,780	10,523	7.6	8.7
Gross non-performing financing	131	182	204	11.8	55.4
Total assets	16,004	16,435	17,297	5.2	8.1
Shareholders' funds	5,781	5,879	6,255	6.4	8.2
ROAA (%)	10.2	8.7	8.9		
ROAE (%)	28.7	24.4	24.7		
LDR (%)	95.4	98.2	92.2		
Gross NPFs ratio (%)	1.4	1.9	2.1		
LLC ratio (%)	230.2	466.5	370.9		
CAR (%)	42.4	49.4	50.7		

Source : Company, BRI Danareksa Sekuritas estimates

### Exhibit 8. 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)
<b>Net Interest Income</b>	<b>3,934</b>	<b>3,540</b>	<b>4,171</b>	<b>4,863</b>	<b>5,576</b>
Non-Interest Income (NII)	18	22	30	41	51
<b>Oper. Income</b>	<b>3,952</b>	<b>3,562</b>	<b>4,201</b>	<b>4,903</b>	<b>5,627</b>
Oper. Expenses	(1,761)	(1,592)	(1,749)	(1,946)	(2,122)
<b>Pre-provisions profit</b>	<b>2,190</b>	<b>1,970</b>	<b>2,452</b>	<b>2,957</b>	<b>3,505</b>
Provisions & Allowances	(309)	(850)	(514)	(472)	(469)
<b>Operating Profits</b>	<b>1,881</b>	<b>1,120</b>	<b>1,939</b>	<b>2,485</b>	<b>3,037</b>
Non-Operating Income	(3)	5	2	1	1
Exceptionals	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>1,878</b>	<b>1,124</b>	<b>1,941</b>	<b>2,487</b>	<b>3,037</b>
Income Tax	(479)	(270)	(485)	(597)	(729)
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>1,400</b>	<b>855</b>	<b>1,456</b>	<b>1,890</b>	<b>2,308</b>

### Exhibit 9. 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)
<b>Net Loans</b>	<b>8,797</b>	<b>8,761</b>	<b>10,274</b>	<b>12,023</b>	<b>14,201</b>
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
<b>Total Earnings Assets</b>	<b>11,214</b>	<b>12,465</b>	<b>14,103</b>	<b>16,408</b>	<b>19,200</b>
Fixed Assets	551	815	892	973	1,055
Non-Earnings Assets	213	155	243	263	334
<b>Total Assets</b>	<b>15,383</b>	<b>16,435</b>	<b>18,748</b>	<b>21,813</b>	<b>25,809</b>
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
<b>Total Liabilities</b>	<b>9,990</b>	<b>10,556</b>	<b>11,840</b>	<b>13,582</b>	<b>15,963</b>
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
<b>Shareholders' Funds</b>	<b>5,393</b>	<b>5,879</b>	<b>6,907</b>	<b>8,230</b>	<b>9,846</b>
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>15,383</b>	<b>16,435</b>	<b>18,748</b>	<b>21,813</b>	<b>25,809</b>

### Exhibit 10. 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 11. Dupont and growth

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
<b>Dupont</b>					
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
<b>Growth (%)</b>					
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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