

Friday, 10 February 2023

**BUY**  
**Maintain**

Last price (IDR) 2,590  
Target Price (IDR) 4,000  
Upside/Downside +54.4%  
Previous Target Price (IDR) 3,800

#### Stock Statistics

Sector Banking  
Bloomberg Ticker BTPS IJ  
No of Shrs (mn) 7,704  
Mkt. Cap (IDRbn/USDmn) 19,953/1,322  
Avg. daily T/O (IDRbn/USDmn) 13.4/0.9

#### Major shareholders (%)

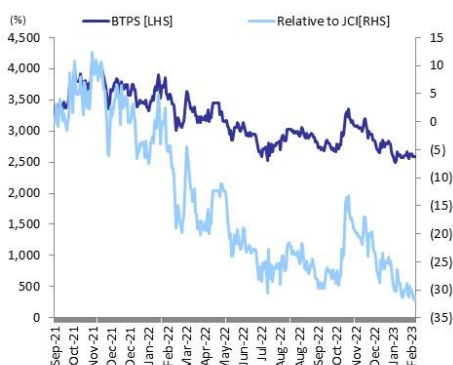
PT. BTPN Tbk. 70.0

Estimated free float 30.0

#### EPS Consensus (IDR)

	2022F	2023F	2024F
Danareksa	229.9	285.4	357.5
Consensus	237.4	304.2	362.4
Danareksa/Cons	(3.2)	(6.2)	(1.4)

#### BTPS relative to JCI Index



Source : Bloomberg



**Eka Savitri**  
(62-21) 5091 4100 ext. 3506  
eka.savitri@brids.co.id

## BTPN Syariah (BTPS IJ)

### Deep dive the ultra-micro market

We reiterate our BUY call on BTPS with an unchanged GGM-derived TP of IDR4,000 (implying 3.2x PBV 2023F) post the release of inline FY22 results. By building the sharia digital ecosystem specialized to cater to the ultra-micro segment, BTPS hopes to increase the loyalty of borrowers while, at the same time, explore new business ventures. The ecosystem has several initiatives, ranging from the mobile apps of field staff, Warung Tepat (agent banking) to setting up a VC subsidiary. As such, our estimates of 12.6% yoy financing growth and 550bps credit costs should support FY23F net profits of IDR2.2tn.

**FY22/4Q22 highlights.** The FY22 net profits of IDR1.7tn (+21.5% yoy) are inline with our forecast and the consensus (100.5/97.1% of FY22F) with 10.4% yoy financing growth and 9.8% yoy customer deposits growth as of December 2022. Meanwhile, the IDR837bn FY22 provisions expenses mainly covered the IDR950bn write-offs in FY22. On a qoq basis, 4Q22's earnings of IDR452bn (-3.8%, +22.7% yoy) mainly driven by a lower NIM of 27.8% (3Q22: 28.5%, 4Q21: 28.7%) as the blended CoF rose to 3.6%, inline with higher policy rates as well as upward adjustments on the RRR (which increased to 9% in September 2022).

**Building a proper ultra-micro digital ecosystem.** BTPS has emphasized its customer focus by customizing its products and services based on customer needs, while, at the same time, digitizing some of the business processes without sacrificing risk management aspects. While the progress to build a sharia digital ecosystem is on-track, with recent investments done through its VC subsidiary in Dagangan, a local logistics app providing basic items for warung, linked into the agents' apps. Looking ahead, BTPS is also exploring new business opportunities to offer financing beyond female group-based lending. With this initiative, the CIR is expected to be higher at 41-43% in FY23F.

**More players coming into the picture.** Due to its attractive yields, the mass-market segment has always been a fruitful business not only for banks, but also fintech names. PNM-BRI and Amaan (a sharia fintech formed by BTPS' previous BOD) are the two closest competitors for BTPS despite different approaches. While PNM seeks a national presence, Amaan utilizes digital platforms with a higher ticket size. Pak Hadi (the CEO) believes the unique customer behavior in this segment and BTPS' long-standing knowledge remain key in performing well in this segment, mainly to establish more stickiness from customers.

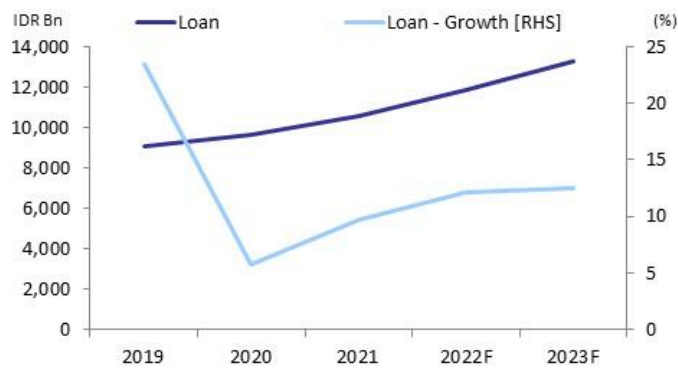
**BUY: TP of IDR4,000.** BUY maintained with an unchanged GGM-derived TP of IDR4,000 (implying 3.2x 2023F PBV). A potentially higher payout ratio should be one of the short-term catalysts due to its 53.4% CAR as of December 2022.

#### Key Financials

Year to 31 Dec	2020A	2021A	2022F	2023F	2024F
PPOP (IDRbn)	1,970	2,608	3,062	3,590	4,229
Net profit (IDRbn)	855	1,465	1,771	2,198	2,754
EPS (IDR)	111.0	190.2	229.9	285.4	357.5
EPS growth (%)	(38.9)	71.4	20.9	24.1	25.3
BVPS (IDR)	763.4	919.9	1,058.8	1,231.3	1,463.6
PER (x)	23.3	13.6	11.3	9.1	7.2
PBV (x)	3.4	2.8	2.4	2.1	1.8
Dividend yield (%)	1.3	2.4	3.6	4.4	4.8
ROAE (%)	15.2	22.6	23.2	24.9	26.5

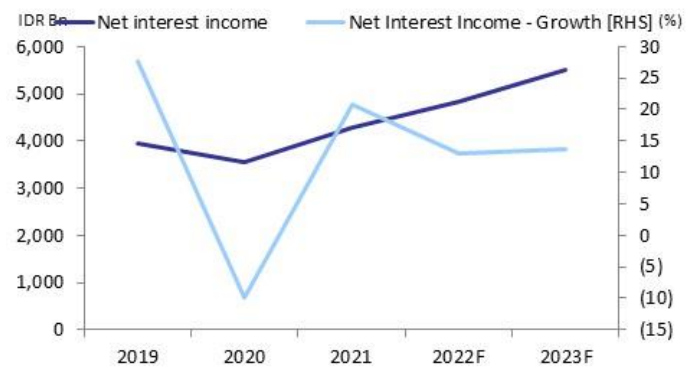
Source : BTPS, BRIDS estimates

**Exhibit 1. Loan and Growth**



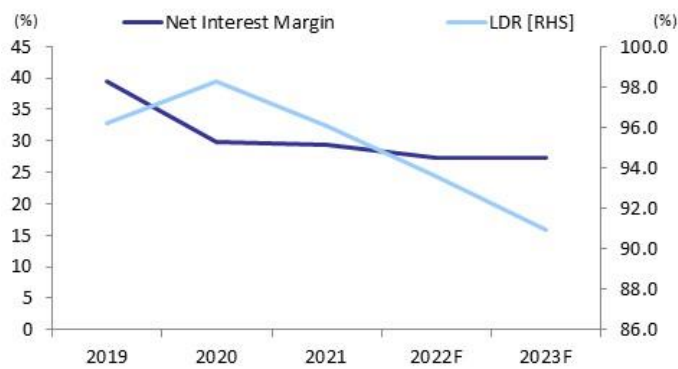
Source: Company, BRIDS estimates

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



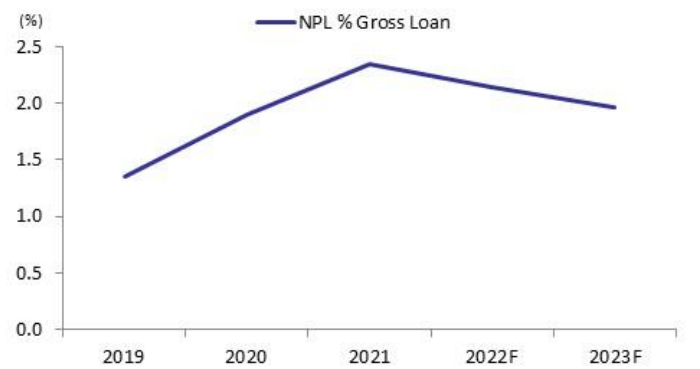
Source: Company, BRIDS estimates

**Exhibit 3. NIM and LDR**



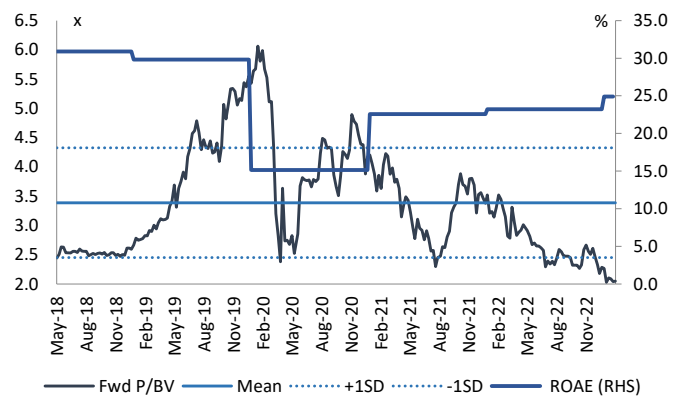
Source: Company, BRIDS estimates

**Exhibit 4. NPL**



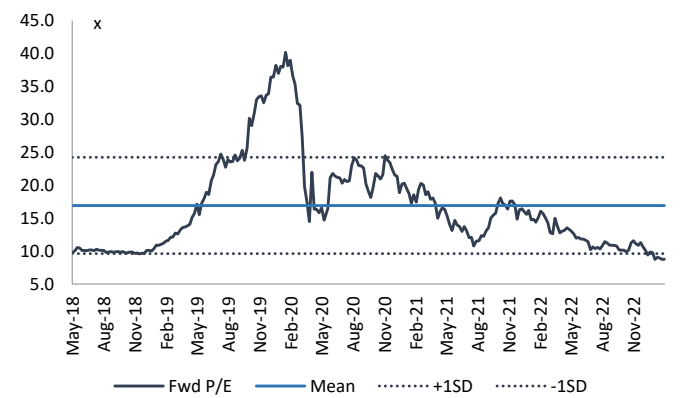
Source: Company, BRIDS estimates

**Exhibit 5. PBV ROAE Band chart**



Source: Bloomberg, BRIDS estimates

**Exhibit 6. PE Band Chart**



Source: Bloomberg, BRIDS estimates

### Exhibit 7. BTPS' FY22 result

FYE Dec (IDRbn)	4Q21	3Q22	4Q22	QoQ (%)	YoY (%)	FY21	FY22	YoY (%)
Net interest income	1,159	1,303	1,320	1.3	13.9	4,279	5,029	17.5
<i>NIM equivalent (%)</i>	28.7	28.5	27.8			29.5	27.9	
Non-interest income	6	2	9	301.1	35.5	22	11	(50.7)
<i>Non-Il/Total income (%)</i>	0.6	0.2	0.7			0.5	0.2	
<b>Operating income</b>	<b>1,165</b>	<b>1,305</b>	<b>1,329</b>	<b>1.8</b>	<b>14.0</b>	<b>4,302</b>	<b>5,040</b>	<b>17.2</b>
Overhead expenses	(451)	(477)	(506)	6.1	12.1	(1,693)	(1,926)	13.7
<i>Cost-Income Ratio (%)</i>	38.7	36.5	38.1			39.4	38.2	
<b>Pre-provisions profit</b>	<b>714</b>	<b>828</b>	<b>823</b>	<b>(0.6)</b>	<b>15.3</b>	<b>2,608</b>	<b>3,114</b>	<b>19.4</b>
Provisions allowance	(243)	(249)	(202)	(18.6)	(16.8)	(728)	(837)	14.9
<i>Credit cost - annualised (bps)</i>	933	880	704			723	759	
<b>Net Profit</b>	<b>369</b>	<b>470</b>	<b>452</b>	<b>(3.8)</b>	<b>22.7</b>	<b>1,465</b>	<b>1,780</b>	<b>21.5</b>
<b>Other Key Data and Ratios</b>								
Gross loans	10,443	11,471	11,527	0.5	10.4	10,443	11,527	10.4
Customer deposits	10,973	11,871	12,049	1.5	9.8	10,973	12,049	9.8
Gross non-performing loans	247	273	300	9.8	21.1	247	300	21.1
Total assets	18,544	20,574	21,218	3.1	14.4	18,544	21,218	14.4
Shareholders' funds	7,095	7,948	8,405	5.7	18.5	7,095	8,405	18.5
ROAA (%)	8.1	9.3	8.7			8.4	9.0	
ROAE (%)	21.3	24.4	22.1			22.6	23.0	
LDR (%)	95.2	96.6	95.7			95.2	95.7	
Gross NPL ratio (%)	2.4	2.4	2.6			2.4	2.6	
Coverage ratio (%)	279.9	248.8	233.0			279.9	233.0	
CAR (%)	58.3	50.4	53.4			58.3	53.4	

Source : Company, BRI Danareksa Sekuritas estimates

### Exhibit 8. Income Statement

Year to 31 Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Interest Income	4,037	4,674	5,308	6,012	6,814
Interest Expense	(498)	(395)	(470)	(515)	(556)
<b>Net Interest Income</b>	<b>3,540</b>	<b>4,279</b>	<b>4,837</b>	<b>5,496</b>	<b>6,258</b>
Non-Interest Income (NII)	22	22	25	29	33
<b>Oper. Income</b>	<b>3,562</b>	<b>4,302</b>	<b>4,863</b>	<b>5,526</b>	<b>6,291</b>
Oper. Expenses	(1,592)	(1,693)	(1,801)	(1,936)	(2,063)
<b>Pre-provisions profit</b>	<b>1,970</b>	<b>2,608</b>	<b>3,062</b>	<b>3,590</b>	<b>4,229</b>
Provisions & Allowances	(850)	(728)	(775)	(697)	(629)
<b>Operating Profits</b>	<b>1,120</b>	<b>1,880</b>	<b>2,287</b>	<b>2,893</b>	<b>3,600</b>
Non-Operating Income	5	(3)	(1)	(1)	0
Exceptionals	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>1,124</b>	<b>1,877</b>	<b>2,285</b>	<b>2,893</b>	<b>3,600</b>
Income Tax	(270)	(412)	(514)	(694)	(846)
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>855</b>	<b>1,465</b>	<b>1,771</b>	<b>2,198</b>	<b>2,754</b>

### Exhibit 9. Balance Sheet

Year to 31 Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Gross Loans	9,611	10,541	11,814	13,297	15,021
Provisions	(849)	(699)	(1,070)	(1,108)	(1,167)
<b>Net Loans</b>	<b>8,761</b>	<b>9,842</b>	<b>10,744</b>	<b>12,190</b>	<b>13,854</b>
Govt. Bonds	0	0	0	0	0
Securities	2,827	6,023	7,077	8,139	9,360
Other Earnings Assets	0	0	0	0	0
<b>Total Earnings Assets</b>	<b>12,465</b>	<b>16,571</b>	<b>18,898</b>	<b>21,444</b>	<b>24,389</b>
Fixed Assets	815	961	1,126	1,312	1,542
Non-Earnings Assets	155	193	231	280	338
<b>Total Assets</b>	<b>16,435</b>	<b>18,534</b>	<b>21,241</b>	<b>24,597</b>	<b>29,150</b>
Customer Deposits	9,780	10,973	12,621	14,623	17,357
Banks Deposits	0	0	0	0	0
Int. Bearing Liab. - Others	0	0	0	0	0
<b>Total Liabilities</b>	<b>10,556</b>	<b>11,449</b>	<b>13,084</b>	<b>15,112</b>	<b>17,875</b>
Share capital & Reserves	1,633	1,624	1,634	1,643	1,643
Retained Earnings	4,245	5,461	6,523	7,842	9,632
<b>Shareholders' Funds</b>	<b>5,879</b>	<b>7,085</b>	<b>8,157</b>	<b>9,485</b>	<b>11,275</b>
Minority interests	0	0	0	0	0
<b>Total Equity &amp; Liabilities</b>	<b>16,435</b>	<b>18,534</b>	<b>21,241</b>	<b>24,597</b>	<b>29,150</b>

### Exhibit 10. Ratios

Year to 31 Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Yield on Earning Assets	34.1	32.2	29.9	29.8	29.7
Cost of funds	5.1	3.8	4.0	3.8	3.5
Interest Spread	29.0	28.4	25.9	26.0	26.3
Net Interest Margin	29.9	29.5	27.3	27.2	27.3
Cost/Income Ratio	44.7	39.4	37.0	35.0	32.8
Oper. Exp./Oper. Gross Inc.	72.4	60.0	57.1	52.1	47.4
Gross NPL Ratio	1.9	2.3	2.1	2.0	1.8
LLP/Gross NPL	466.5	282.8	423.9	423.9	423.9
Cost of Credit	9.1	7.2	6.9	5.5	4.4
Loan to Deposit Ratio	98.3	96.1	93.6	90.9	86.5
Loan to Funding Ratio	96.3	96.1	93.6	90.9	86.5
CASA Mix	20.7	25.6	24.8	25.4	26.0
ROAE	15.2	22.6	23.2	24.9	26.5
ROAA	5.4	8.4	8.9	9.6	10.2
CAR	49.4	58.3	49.9	44.2	41.3

### Exhibit 11. Dupont and growth

Year to 31 Dec	2020A	2021A	2022F	2023F	2024F
<b>Dupont</b>					
Pre-Tax ROAA	7.1	10.7	11.5	12.6	13.4
Tax Retention rate	76.0	78.0	77.5	76.0	76.5
Post-Tax ROAA	5.4	8.4	8.9	9.6	10.2
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	2.8	2.7	2.6	2.6	2.6
ROAE	15.2	22.6	23.2	24.9	26.5
<b>Growth (%)</b>					
Interest income	(9.4)	15.8	13.6	13.3	13.3
Net Interest Income	(10.0)	20.9	13.0	13.6	13.9
Other Oper. Expenses	(9.6)	6.4	6.4	7.5	6.6
Fee Based Income	270.0	(82.3)	50.0	50.0	50.0
Pre-Provision Oper. Profit	(10.1)	32.4	17.4	17.2	17.8
Net Profit	(38.9)	71.4	20.9	24.1	25.3
Shareholders' Equity	9.0	20.5	15.1	16.3	18.9
Loan	5.7	9.7	12.1	12.6	13.0
Earnings Asset	11.2	32.9	14.0	13.5	13.7
Deposit	3.5	12.2	15.0	15.9	18.7
Int. Bearing Liab.	6.0	9.7	14.8	15.9	18.7
CASA	1.2	38.6	11.6	18.7	21.5
Total Asset	6.8	12.8	14.6	15.8	18.5

Source : BTPS, BRIDS Estimates

#### Disclaimer

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.