

# Bank Tabungan Negara

**BUY** (unchanged)

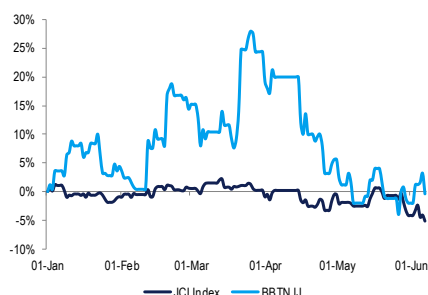
Company Update | Banks | BBTN IJ | 10 June 2024

## Stock Data

Target price	Rp1,750
Prior TP	Rp1,750
Current price	Rp1,245
Upside/downside	+40.6%
Shares outstanding (mn)	14,034
Market cap (Rp bn)	18,104
Free float	40%
Avg. 6m daily T/O (Rp bn)	70

## Price Performance

	3M	6M	12M
Absolute	-8.8%	1.6%	-4.6%
Relative to JCI	-2.3%	4.9%	-8.1%
52w low/high (Rp)	1,190 – 1,600		



## Major Shareholders

Republic of Indonesia	60%
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## KTA from BBTN's update on Tapera

- Despite having 89% market share of Tapera, the overall contribution to BBTN's subsidized mortgage portfolio is less than 1%.
- BBTN is currently proposing a new interest subsidy scheme to replace existing FLPP which has higher margin of 5.8-7.8% vs. FLPP 3.5%.
- BBTN expects another round of bulk asset sales totalling to c.Rp2tr in 4Q24. Maintain Buy but risk is high probability of delay in Tapera.

### Tapera to support 3mn housing but implementation may be delayed

Government has released a regulation on Tapera, mandating participation from everyone (civil servants include police and military, SOEs, private employee, and self-employed). This initiative aims to support the new government's program to build 3mn houses/600k houses disbursement per year (vs. current annual distribution of 200k houses). All workers must be participating with Tapera by May27, the latest. However, recent statement by Minister of Public Works suggests that there is a high chance that the implementation of Tapera will be delayed although the details remain limited.

### Impact of Tapera has been minimal so far

As of 2022, the total Tapera fund management has reached Rp8.1tr, with 3.9mn participants. However, only 9,816 units were disbursed between 2021-1Q24. Out of Rp167tr outstanding subsidized mortgage in 1Q24, Tapera's contribution was only c.Rp1.5tr, despite BBTN has c.89% market share of the disbursed units. Therefore, we are sceptical that even with much larger asset under management base, Tapera will significantly impact BBTN's portfolio.

### Expecting new interest subsidy scheme to drive NIM expansion

In addition to Tapera, BBTN is proposing a new interest subsidy scheme to replace existing FLPP scheme to support 3mn houses program. Under the new scheme, the government would reallocate c.Rp20tr/year from the FLPP budget to create an endowment fund. The investment income from this fund will be used to subsidize interest rate differences of up to 5% (fig. 3). This new scheme is expected to deliver higher NIM of 5.8-7.8%, compared to FLPP margin of 3.5% (fig. 4).

### Update on bulk asset sales

BBTN targets another bulk asset sale with potential amount of c.Rp2tr in FY24F. The sale will be divided into 2 tranches of Rp1tr each and is expected to close in 4Q24, which may reduce the NPL by at least 50-60bp. Last year, it was able to divest a total of Rp861bn which lower the NPL by 26bp to 3%. Nevertheless, it maintains its CoC and NPL guidance unchanged at 1.1-1.2% and <3% respectively.

### Maintain Buy with unchanged TP

We keep our Buy rating and earnings estimates unchanged for now. BBTN is currently trading at 0.5x FY24F P/B and 4.7x P/E (vs. 10Y average of 0.8x and 7x). Risk is NIM compression amid higher for longer rate expectation.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net interest income	14,997	13,623	15,455	16,871	18,553
Total revenue	16,707	17,545	19,138	20,669	22,438
PPOP	7,833	8,234	9,056	9,920	11,058
Provision charges	(4,018)	(3,765)	(4,205)	(4,603)	(5,017)
Net profit	3,045	3,501	3,881	4,254	4,832
P/BV (x)	0.6	0.6	0.6	0.5	0.5
Dividend yield	1.7%	3.4%	3.9%	4.3%	4.7%
ROAE	12.6%	13.0%	12.1%	12.0%	12.3%
IPS vs. consensus			104%	99%	97%

Source: Company, Indo Premier

Share price closing as of: 06 June 2024

**Fig. 1: Tapera at a glance**

Tapera (2020-Now)		
Fee (% of salary)	3% (0.5% employer; 2.5% employee)	
Participants	Civil servants (ex BAPERTARUM)	
# of participants (mn)	3.9 (2022)	
AUM (Rp tr)	8.1 (2022)	
Total unit disbursed (units)	9,816 (2021-1Q24)	
BTN's portion	~89%	
Product list & terms	Interest rate	Time period (max)
- Tapera Home Ownership Loan (KPR)	5%	30 years
- Tapera Housing Construction Loan (KBR)	5%	20 years
- Tapera Home Ownership Loan (KPR)	5%	10 years
Participant criteria		
- Part of low-income segments (maximum salary of Rp8mn/month)		
- First home buyers		

Source: Company, Indo Premier

**Fig. 2: BP Tapera assigned to manage self-employees fund; while ministry of manpower is to manage SOE, regional owned enterprise, and private employees**

	PP25/2020 Pasal 15 ayat 4	PP21/2024 Pasal 15 ayat 4
Civil servants	Ministry of Finance in coordination with Ministry of State Apparatus Utilization and Bureaucratic Reform (Kementrian PAN-RB)	
SOE	Ministry of SOE	Ministry of Manpower (Kementrian TK)
Regional Owned Enterprise (BUMD)	Regional government in accordance with ministry of Home Affairs (Kemendagri)	
Private	Ministry of Manpower (Kementrian TK)	
Self employee	Ministry of Manpower (Kementrian TK)	BP Tapera

Source: Company, Indo Premier

**Fig. 3: Potential new subsidized mortgage scheme**

	Existing scheme	New scheme proposal
Source of fund	Government annual budget	Bank funding
Government subsidy	Liquidity support for banks	Interest rate difference up to 5%
Interest	5%	5% and 7% (depending on low to middle segment income)
Mortgage term	20 years	30 years
Subsidy term	20 years	10 years

Source: Company, Indo Premier

**Fig. 4: Profitability comparison between FLPP and proposed interest rate subsidy**

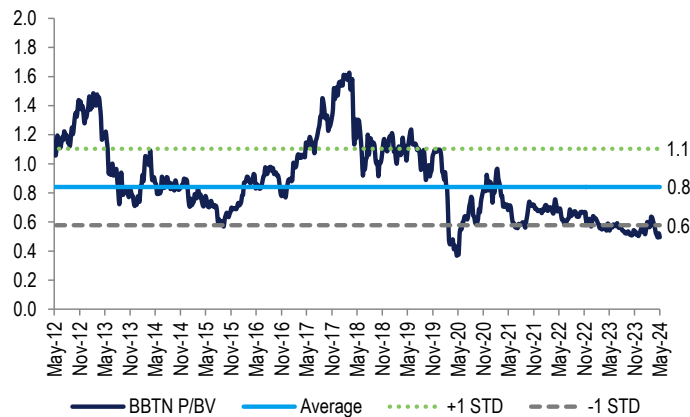
Simulation	Existing scheme	New scheme proposal
Interest	5.0%	5.0-7.0%
Subsidy*	0.0%	5.0%
CoF**	(1.5%)	(4.2%)
<b>Net margin</b>	<b>3.5%</b>	<b>5.8-7.8%</b>

\*Assuming interest rate difference of 5.0%

\*\*based on BBTN's 1Q24 CoF

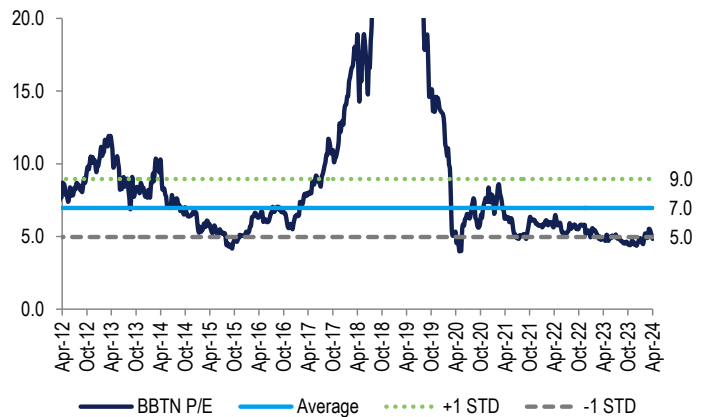
Source: Company, Indo Premier

**Fig. 5: BBTN's P/BV – now trading at 0.5x FY24F P/BV vs. 10 year average of 0.8x P/BV**



Source: Bloomberg, Company, Indo Premier

**Fig. 6: BBTN's P/E – now trading at 4.5x FY24F P/E vs. 10 year average of 7.0x P/E**



Source: Bloomberg, Company, Indo Premier

**Fig. 7: Peer comparison table**

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBCA	9,325	10,400	4.7	12%	Buy	21.0	19.1	20.9	4.4	4.0	3.7
BBRI	4,350	5,600	2.5	29%	Buy	11.1	10.1	13.4	2.1	2.0	2.2
BMRI	6,275	7,800	2.4	24%	Buy	10.4	9.3	12.0	2.1	1.9	1.7
BBNI	4,700	5,600	1.1	19%	Hold	8.3	7.6	10.7	1.1	1.0	1.2
BBTN	1,245	1,750	0.7	41%	Buy	4.5	4.1	7.0	0.5	0.5	0.8
BRIS*	2,180	2,600	2.4	19%	Buy	15.0	13.5	16.0	2.3	2.0	2.2

Source: Bloomberg, Company, Indo Premier

\*3Y avg

Share price closing as of: 07 June 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	25,907	28,271	31,019	33,492	36,155
Interest expense	(10,910)	(14,648)	(15,564)	(16,622)	(17,602)
<b>Net interest income</b>	<b>14,997</b>	<b>13,623</b>	<b>15,455</b>	<b>16,871</b>	<b>18,553</b>
Non-interest income	1,710	3,922	3,683	3,799	3,885
<b>Total operating income</b>	<b>16,707</b>	<b>17,545</b>	<b>19,138</b>	<b>20,669</b>	<b>22,438</b>
Opex	(8,874)	(9,311)	(10,082)	(10,749)	(11,381)
<b>PPOP</b>	<b>7,833</b>	<b>8,234</b>	<b>9,056</b>	<b>9,920</b>	<b>11,058</b>
Provisions	(4,018)	(3,765)	(4,205)	(4,603)	(5,017)
<b>Operating profit</b>	<b>3,815</b>	<b>4,469</b>	<b>4,851</b>	<b>5,317</b>	<b>6,040</b>
Non-operating profit	61	(90)	-	-	-
<b>Pre-tax profit</b>	<b>3,876</b>	<b>4,379</b>	<b>4,851</b>	<b>5,317</b>	<b>6,040</b>
Income tax	(831)	(878)	(970)	(1,063)	(1,208)
Minority interest	-	-	-	-	-
<b>Net profit</b>	<b>3,045</b>	<b>3,501</b>	<b>3,881</b>	<b>4,254</b>	<b>4,832</b>

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	27,078	34,164	36,228	38,446	40,525
Secondary reserves	69,566	66,026	63,385	56,413	49,079
Gross loans	298,282	333,698	367,068	400,104	436,113
Loan provisions	(15,675)	(15,613)	(17,214)	(19,331)	(22,055)
Other assets	22,897	22,897	22,897	22,897	22,897
<b>Total Assets</b>	<b>402,148</b>	<b>441,172</b>	<b>472,363</b>	<b>498,528</b>	<b>526,559</b>
Total deposits	322,098	350,121	378,131	400,819	424,868
Securities and borrowings	9,282	7,464	7,464	7,464	7,464
Other liabilities	44,859	50,685	50,685	50,685	50,685
<b>Total liabilities</b>	<b>376,239</b>	<b>408,271</b>	<b>436,280</b>	<b>458,968</b>	<b>483,017</b>
<b>Shareholders' equity</b>	<b>25,909</b>	<b>32,901</b>	<b>36,082</b>	<b>39,560</b>	<b>43,541</b>
<b>Total liabilities &amp; equity</b>	<b>402,148</b>	<b>441,172</b>	<b>472,363</b>	<b>498,528</b>	<b>526,559</b>

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	8.5%	11.9%	10.0%	9.0%	9.0%
Total assets	8.1%	9.7%	7.1%	5.5%	5.6%
Total deposits	8.8%	8.7%	8.0%	6.0%	6.0%
Net interest income	15.4%	-9.2%	13.4%	9.2%	10.0%
Non-interest income	-27.6%	129.4%	-6.1%	3.1%	2.3%
Total operating income	8.8%	5.0%	9.1%	8.0%	8.6%
Operating expense	2.1%	4.9%	8.3%	6.6%	5.9%
PPOP	17.6%	5.1%	10.0%	9.5%	11.5%
Net profit	28.1%	15.0%	10.9%	9.6%	13.6%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	0.8%	0.8%	0.8%	0.9%	0.9%
ROAE	12.9%	11.9%	11.3%	11.2%	11.6%
NIM	4.3%	3.7%	3.9%	4.0%	4.1%
Credit cost	1.4%	1.2%	1.2%	1.2%	1.2%
Cost/income	53.1%	53.1%	52.7%	52.0%	50.7%
LDR	92.6%	95.3%	97.1%	99.8%	102.6%
CAR	20.2%	20.1%	17.7%	18.0%	18.7%
NPL ratio	3.4%	3.0%	2.8%	2.7%	2.7%
Provisions/NPL	155.7%	157.4%	164.7%	179.9%	186.3%

Source: Company, Indo Premier

**INVESTMENT RATINGS**

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

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