

# Bank Tabungan Negara

**BUY** (upgrade)

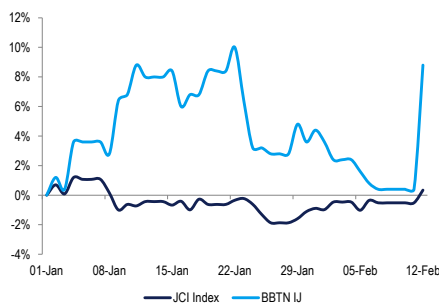
Company Update | Banks | **BBTN IJ** | 12 February 2024

## Stock Data

Target price	Rp1,750
Prior TP	Rp1,440
Current price	Rp1,360
Upside/downside	+28.7%
Shares outstanding (mn)	14,034
Market cap (Rp bn)	19,087
Free float	40%
Avg. 6m daily T/O (Rp bn)	27

## Price Performance

	3M	6M	12M
Absolute	11.9%	5.0%	-1.4%
Relative to JCI	4.8%	-1.1%	-7.5%
52w low/high (Rp)	1,175 – 1,380		



## Major Shareholders

Republic of Indonesia	60%
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## Anthony

PT Indo Premier Sekuritas  
anthony@ipc.co.id  
+62 21 5088 7168 ext. 715

## Jovent Muliadi

PT Indo Premier Sekuritas  
jovent.muliadi@ipc.co.id  
+62 21 5088 7168 ext. 710

## 4Q23 results: ahead on lower than expected CoC and one-off recovery

- BBTN FY23 net profit of Rp3.5tr came ahead at 121/108% of our/consensus' amid lower than expected CoC of 1.2% (vs. ours 1.4%).
- Pick-up in loan growth (+12% yoy/+5% qoq) supported by corporate (+61% yoy/+26% qoq) and sharia mortgage (+19% yoy/+4% qoq).
- We adjust our FY24/25F EPS by +5%/flat and upgrade our rating to Buy on the back of strong result and attractive valuation.

### 4Q23 results: ahead on lower than expected CoC and one-off recovery

BBTN net profit of Rp3.5tr in FY23 (+15% yoy/+42% qoq) surpassed both our/consensus estimates at 121/108% attributed to lower than expected provisions (-7% yoy/-17% qoq) resulting in a CoC of 1.2% (vs. ours at 1.4%). On the other hand, PPOP growth was marginal at +3% yoy (+13% qoq) – this was in-line with our estimates, driven by significant increase in non-interest income (+76% yoy/+142% qoq) from recovery and treasury activities (including a one-off Rp300bn payment from Jiwasraya), while NII saw a drop of -10% yoy/-5% qoq. It guides for CoC of 1.1-1.2% in FY24F.

### NIM was surprisingly flat on qoq basis

Overall NIM contracted by -60bp yoy (flat qoq) to 3.8% in FY23 due to steep increase in CoF but was offset by higher LDR. Concurrently, deposit growth was slower at +9% yoy (+8% qoq) as strong CASA growth (+20% yoy/+17% qoq – mostly driven by current account (+26% yoy/+22% qoq) and savings (+5% yoy/qoq) was offset by drop in TD (-2% yoy/-1% qoq). This resulted in CASA ratio of 54% in 4Q23 vs. 48/50% in 4Q22/3Q23. It expects NIM of c.4% (+20bp yoy) in FY24F assuming a -50bp drop in the BI rate. Note that, every -25bp drop in BI rate translates to a +6bp increase in NIM/+5% EPS.

### Pick-up loan growth particularly in 4Q

Overall loan grew by +12% yoy (+5% qoq) 4Q23 surpassing the guidance of 10-11%. This was driven by corporate loans (+61% yoy/+26% qoq) and commercial (+12% yoy/+16% qoq) while mortgage (+10% yoy/+3% qoq) was slower, supported by sharia mortgage (+19% yoy/+4% qoq). For FY24F, it guides for 10-11% loan growth supported by non-subsidized mortgage as well as higher yielding loan (i.e. KAR/KUR).

### Sequential asset quality improvement

NPL/SML slightly improved qoq to 3/7.9% in 4Q23 from 3.5/9.4% in 3Q23 respectively. Overall LAR (incl. Covid) also improved to 21% in 4Q23 vs. 23% in 4Q22/3Q23 with LAR coverage of 22% in 4Q23 vs. 23/22% in 4Q22/3Q23.

### We upgrade our rating to Buy

We adjust our FY24/25F EPS by +5%/flat and upgrade our rating to Buy with new TP of Rp1,750 due to valuation as it trades at 0.5x FY24F P/B and 4.9x P/E (vs. 10Y average of 0.8x and 7x). Upside risk is lower CoF from peaking interest rate.

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	0.5	0.5	0.4
Dividend yield	1.7%	3.2%	3.7%	4.1%	4.5%
ROAE	12.6%	12.2%	11.3%	11.2%	11.6%
IPS vs. consensus			104%	95%	92%

Source: Company, Indo Premier

Share price closing as of: 12 February 2024

Fig. 1: BBTN 4Q23 results summary

BBTN 4Q23 result (in Rp bn)	FY23	FY22	%YoY	4Q23	4Q22	%YoY	3Q23	%QoQ	IPS FY23F	% of IPS	Cons FY23F	% of Cons
Interest income	28,271	25,888	9%	7,438	6,911	8%	7,311	2%	27,898	101%		
Interest expenses	(14,648)	(10,740)	36%	(3,957)	(3,309)	20%	(3,647)	9%	(14,114)	104%		
<b>Net interest income</b>	<b>13,623</b>	<b>15,148</b>	<b>-10%</b>	<b>3,481</b>	<b>3,602</b>	<b>-3%</b>	<b>3,664</b>	<b>-5%</b>	<b>13,784</b>	<b>99%</b>		
Non-interest income	3,922	2,234	76%	1,560	823	90%	644	142%	2,956	133%		
<b>Total Income</b>	<b>17,545</b>	<b>17,382</b>	<b>1%</b>	<b>5,041</b>	<b>4,425</b>	<b>14%</b>	<b>4,308</b>	<b>17%</b>	<b>16,739</b>	<b>105%</b>		
Overhead expenses	(9,311)	(9,406)	-1%	(2,710)	(1,998)	36%	(2,237)	21%	(8,777)	106%		
<b>Pre-provision profit</b>	<b>8,234</b>	<b>7,976</b>	<b>3%</b>	<b>2,331</b>	<b>2,427</b>	<b>-4%</b>	<b>2,071</b>	<b>13%</b>	<b>7,963</b>	<b>103%</b>		
Loan loss provision	(3,765)	(4,041)	-7%	(828)	(1,425)	-42%	(996)	-17%	(4,333)	87%		
Non Operating	(90)	(59)	53%	(40)	(24)	67%	(25)	60%				
<b>Pretax profit</b>	<b>4,379</b>	<b>3,876</b>	<b>13%</b>	<b>1,463</b>	<b>978</b>	<b>50%</b>	<b>1,050</b>	<b>39%</b>	<b>3,630</b>	<b>121%</b>	<b>4,108</b>	<b>107%</b>
Tax	(878)	(831)	6%	(275)	(208)	32%	(211)	30%	(726)	121%		
<b>Net Profit</b>	<b>3,501</b>	<b>3,045</b>	<b>15%</b>	<b>1,188</b>	<b>770</b>	<b>54%</b>	<b>839</b>	<b>42%</b>	<b>2,904</b>	<b>121%</b>	<b>3,251</b>	<b>108%</b>

Source: Company, Indo Premier

Fig. 2: BBTN 4Q23 balance sheet summary

Balance sheet	4Q23	4Q22	%YoY	3Q23	%QoQ
Secondary reserves	56,129	62,097	-10%	61,126	-8%
<b>Loans &amp; financing</b>	<b>333,698</b>	<b>298,282</b>	<b>12%</b>	<b>318,300</b>	<b>5%</b>
Provision	(15,641)	(15,679)	0%	(15,977)	-2%
Other assets	64,564	57,448	12%	46,226	40%
<b>Total Assets</b>	<b>438,750</b>	<b>402,148</b>	<b>9%</b>	<b>409,675</b>	<b>7%</b>
Current Account (CA)	143,535	114,007	26%	118,061	22%
Savings Account (SA)	44,472	42,195	5%	42,199	5%
<b>CASA</b>	<b>188,007</b>	<b>156,202</b>	<b>20%</b>	<b>160,260</b>	<b>17%</b>
Time Deposits (TD)	161,927	165,736	-2%	163,648	-1%
<b>Total Deposits</b>	<b>349,934</b>	<b>321,938</b>	<b>9%</b>	<b>323,908</b>	<b>8%</b>
Deposit from other banks	1,300	179	626%	1,504	-14%
Securities issued	6,835	8,652	-21%	6,436	6%
Borrowings	42,875	33,979	26%	35,627	20%
Other liabilities	7,327	11,491	-36%	13,145	-44%
<b>Total liabilities</b>	<b>408,271</b>	<b>376,239</b>	<b>9%</b>	<b>380,620</b>	<b>7%</b>
<b>Equity</b>	<b>30,479</b>	<b>25,909</b>	<b>18%</b>	<b>29,055</b>	<b>5%</b>

Source: Company, Indo Premier

Fig. 3: BBTN 4Q23 key ratios summary

Key ratios	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23
Asset yield	8.5	8.0	7.7	7.9	7.8	7.8	7.8	7.9	8.0	7.7	7.8	7.7
Cost of funds (reported)	3.7	3.5	3.3	3.1	2.4	2.4	2.4	2.6	3.6	3.6	3.6	3.7
NIM (C)	3.3	3.4	3.5	4.0	4.3	4.6	4.5	4.4	3.5	3.6	3.8	3.8
CIR	53.6	52.0	51.2	48.2	45.0	46.1	48.4	46.7	47.4	47.8	46.7	45.3
Credit Costs (C)	50	102	103	136	116	150	124	140	104	131	129	119
Credit Costs (Q)	50	154	109	239	116	186	78	196	104	161	131	105
LDR	88.6	89.1	92.8	92.9	95.4	93.1	92.6	92.7	93.8	98.2	98.3	95.4
CASA ratio	38.2	37.5	41.5	44.3	44.2	44.7	45.9	48.5	52.2	54.4	49.5	53.7
SML	6.1	8.6	6.0	4.5	6.6	7.1	8.2	6.8	8.8	9.5	9.4	7.9
NPL	4.3	4.1	3.9	3.7	3.6	3.5	3.5	3.4	3.5	3.7	3.5	3.0
Coverage ratio	115.9	120.7	125.5	141.8	146.7	149.7	150.5	155.7	145.9	139.1	142.0	155.2
LAR (incl Covid)	32.6	33.5	29.8	26.8	27.6	26.4	26.4	23.2	24.2	23.2	22.8	21.1
LAR coverage (incl Covi)	15.1	14.8	16.6	19.6	19.2	20.1	19.7	22.6	21.3	22.0	22.1	22.1
CAR	17.7	17.8	18.5	19.1	18.2	17.4	17.3	20.2	21.2	20.4	19.6	20.1

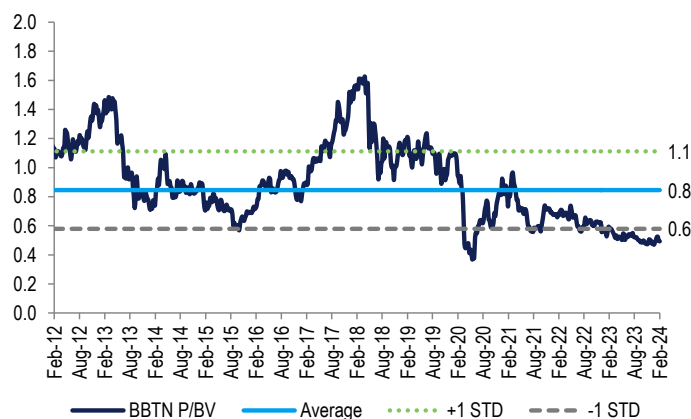
Source: Company, Indo Premier

Fig. 4: Forecast changes summary

Income statement (Rp bn)	New			Previous			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Interest income	31,019	33,492	36,155	29,486	31,531	NA	5%	6%	NA
Interest expense	(15,564)	(16,622)	(17,602)	(14,334)	(14,905)	NA	9%	12%	NA
<b>Net interest income</b>	<b>15,455</b>	<b>16,871</b>	<b>18,553</b>	<b>15,152</b>	<b>16,627</b>	<b>NA</b>	<b>2%</b>	<b>1%</b>	<b>NA</b>
Non-interest income	3,683	3,799	3,885	3,008	3,074	NA	22%	24%	NA
<b>Total operating income</b>	<b>19,138</b>	<b>20,669</b>	<b>22,438</b>	<b>18,160</b>	<b>19,701</b>	<b>NA</b>	<b>5%</b>	<b>5%</b>	<b>NA</b>
Opex	(10,082)	(10,749)	(11,381)	(9,194)	(9,700)	NA	10%	11%	NA
<b>PPOP</b>	<b>9,056</b>	<b>9,920</b>	<b>11,058</b>	<b>8,966</b>	<b>10,001</b>	<b>NA</b>	<b>1%</b>	<b>-1%</b>	<b>NA</b>
Provisions	(4,205)	(4,603)	(5,017)	(4,335)	(4,705)	NA	-3%	-2%	NA
<b>Operating profit</b>	<b>4,851</b>	<b>5,317</b>	<b>6,040</b>	<b>4,631</b>	<b>5,297</b>	<b>NA</b>	<b>5%</b>	<b>0%</b>	<b>NA</b>
Non-operating profit	0	0	0	0	0	NA	NA	NA	NA
<b>Pre-tax profit</b>	<b>4,851</b>	<b>5,317</b>	<b>6,040</b>	<b>4,631</b>	<b>5,297</b>	<b>NA</b>	<b>5%</b>	<b>0%</b>	<b>NA</b>
Income tax	(970)	(1,063)	(1,208)	(926)	(1,059)	NA	5%	0%	NA
Minority interests	0	0	0	0	0	NA	NA	NA	NA
<b>Net profit</b>	<b>3,881</b>	<b>4,254</b>	<b>4,832</b>	<b>3,705</b>	<b>4,237</b>	<b>NA</b>	<b>5%</b>	<b>0%</b>	<b>NA</b>

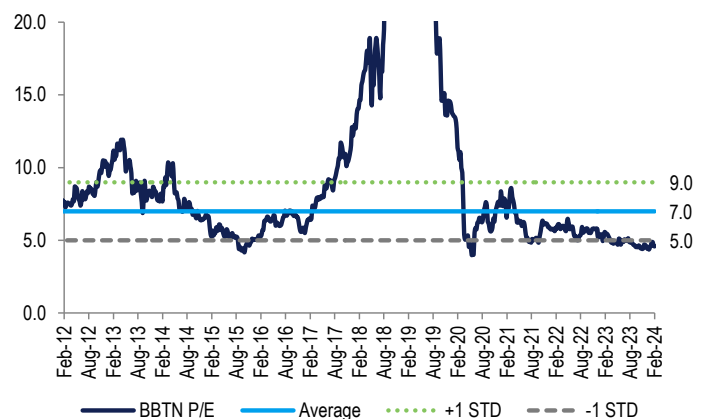
Source: Indo Premier

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 4.9x 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	9,800	10,400	4.7	6%	Buy	22.1	20.0	20.7	4.7	4.3	3.8
BBRI	6,025	6,500	2.9	8%	Buy	13.5	12.0	14.6	2.7	2.6	2.4
BMRI	7,100	8,000	2.4	13%	Buy	10.5	9.2	11.9	2.1	1.9	1.6
BBNI	5,950	6,000	1.2	1%	Buy	9.6	8.8	10.7	1.3	1.2	1.1
BBTN	1,360	1,750	0.7	29%	Buy	4.9	4.5	7.0	0.5	0.5	0.8
BRIS*	2,370	2,600	2.4	10%	Buy	16.4	14.7	16.1	2.5	2.2	2.2

Source: Bloomberg, Company, Indo Premier  
\*3Y avg

Share price closing as of: 12 February 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

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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