

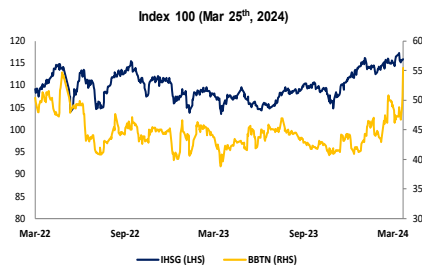
Monday, April 1st, 2024

Buy

Price (Mar 28 th , 24)	1555
Target Price	1807
Potential Upside	16.23%
Market Cap	22.30 T
Number of Share	13.89 B
52w Lo/Hi	1245 / 1585

Source : IDX | Phintraco Sekuritas Research
| as of Mar 28th, 2024

IHSG vs BBTN



Source : IDX

Shareholder	%
Negara Republik Indonesia	60
Public <5%	40

Source : Company | as of fin. statement FY-23

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	311	277	12.27
2025F	337	328	2.74

Source : *marketscreener | as of Mar 25th, 2024

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PT Bank Tabungan Negara (Persero) Tbk

(BBTN.JK / BBTN.IJ)

New Revenue Engine to Generate Profit

BBTN recorded a net profit of IDR 3.5 trillion, growing 15% yoy in FY23. Interest Income rose 9.2% yoy, although this was followed by an increase in Interest Expense of 36.4% yoy in FY23. On the other hand, BBTN succeeded in increasing non-interest income to IDR 3.92 trillion (+75.7% yoy), with a contribution of 12.2% of total assets in FY23. This is in line with BBTN's efforts to improve transactional banking. For information, fee-based income increased by 217.6% yoy to IDR 62.2 billion in FY23.

Loans & financing have been on an uptrend for the last five years. BBTN's loans & financing grew 11.09% yoy to IDR 334 trillion in FY23. Meanwhile, in 2019-2022, BBTN's loans & financing were recorded at IDR 256 trillion, IDR 260 trillion, IDR 275 trillion, and IDR 298 trillion. This growth is in line with the adjustment of the average price of subsidized housing in 2023 and the policy of implementing VAT borne by the government from November 2023-June 2024, which is covered at 100%. Regarding liquidity, the Loan to Deposit Ratio (LDR) remained stable at 95.50% (+27 bps) in FY23.

BBTN became the first state-owned bank to sell significant assets using an asset exchange scheme. The transaction amounting to IDR 861 billion was completed in FY23, with a portion of 7.9% of the 2023 NPL. Thus, BBTN's Non-Performing Loan (gross) in FY23 fell 37 bps to 3.0%. BBTN also estimates that it will carry out similar transactions with a value of up to IDR 1 trillion in 1H24. So, management is targeting FY24 NPL to be below 3%. In line with the downward trend in NPL, Loan at Risk (LaR) was recorded at 21.1%, down 214 bps in FY23.

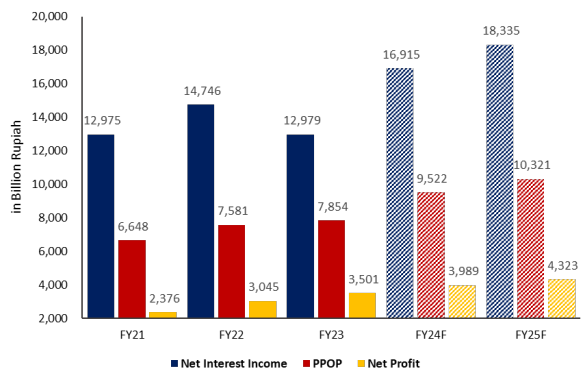
CASA grew 20.4% yoy in FY23. BBTN recorded total Third Party Funds of IDR 349.9 trillion (+8.7% yoy) in FY23. Meanwhile, BBTN's CASA was recorded at IDR 188 trillion (+20.4% yoy) and deposits at IDR 161.9 trillion (-3.6% yoy); this resulted in a CASA ratio of 53.7% (+521 bps) in FY23, and continued to grow in 4 years final.

BBTN will continue to develop high-yield loans in FY24, where in FY23, Home Equity Loan (KAR), People's Business Loan (KUR), and Soft Loan (KRING) succeeded in leading growth with a loan yield of 8.12% and outstanding growth of 28.2% to IDR 14.5 trillion. In addition, with the inauguration of three Consumer Sales Centers (BSD, Kelapa Gading, and Surabaya), which reach the upper middle segment, the average mortgage disbursement was IDR 239 billion per month in FY23 compared to IDR 102 billion in FY22. Meanwhile, in FY24, BBTN will add three new Consumer Sales Centers (Medan, Bandung, and Makassar). In these three provinces, there are 23 thousand houses available, with the highest sales potential at house prices of > IDR 750 million. Management targets contribution to total loans to increase by 6%-7% in FY25.

Using the Discounted Cash Flow method with a Required Return of 9.98% and Terminal Growth of 8.43%, we estimate BBTN's fair value at 1,807 (6.29x expected P/E). Considering BBTN's reasonable price and its relative valuation, which is below 0.74x its 5-year average P/B, we give BBTN a buy rating with a potential upside of 16.23%.

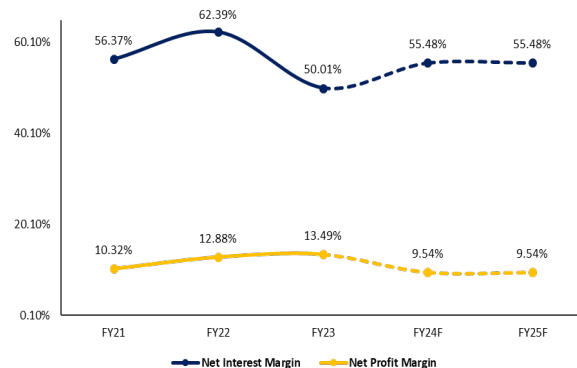
Performance Highlight

Figure 1. Financial Performance



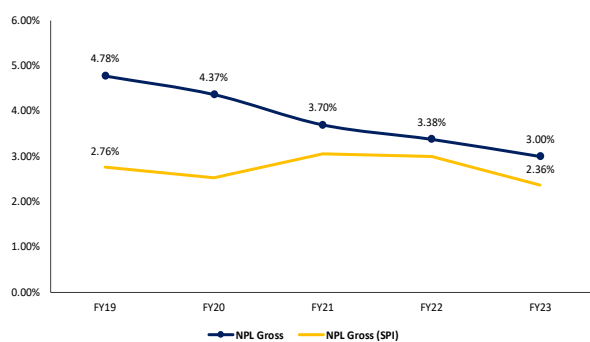
Source : Company | Phintraco Sekuritas Research

Figure 2. Profitability Ratios



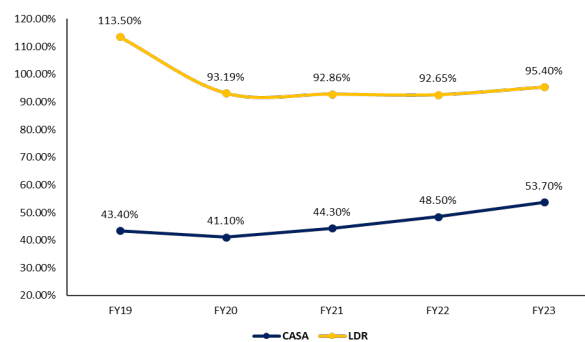
Source : Company | Phintraco Sekuritas Research

Figure 3. Asset Quality



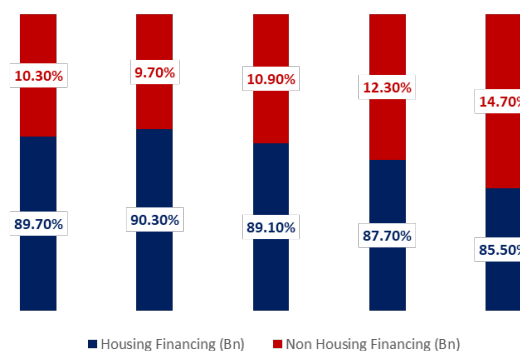
Source : Company | Phintraco Sekuritas Research

Figure 4. Liquidity Ratios



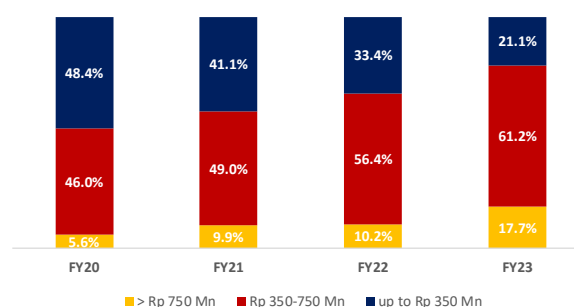
Source : Company | Phintraco Sekuritas Research

Figure 5. Housing & Non Housing Composition (In Rp trillion)



Source : Company | Phintraco Sekuritas Research

Figure 6. Non-Subsidized Mortgage Disbursement



Source : Company | Phintraco Sekuritas Research

Key Financial Figures

(in Billion Rupiah)						
INCOME STATEMENT	FY21	FY22	FY22	FY23	FY24E	FY25F
Interest Income	23,294	23,015	23,636	25,955	30,487	33,045
Interest Expense	(13,017)	(10,040)	(8,889)	(12,975)	(13,572)	(14,710)
Net Interest Income	10,277	12,975	14,746	12,979	16,915	18,335
<i>NIM</i>	<i>44.12%</i>	<i>56.37%</i>	<i>62.39%</i>	<i>50.01%</i>	<i>55.48%</i>	<i>55.48%</i>
PPOP	5,941	6,648	7,581	7,854	9,522	10,321
Provision	(2,258)	(3,627)	(4,017)	(3,765)	(4,009)	(4,345)
EBITDA	4,210	3,517	4,078	4,679	6,204	6,725
<i>EBITDA Margin</i>	<i>18.07%</i>	<i>15.28%</i>	<i>17.25%</i>	<i>18.03%</i>	<i>20.35%</i>	<i>20.35%</i>
EBIT	3,682	3,020	3,564	4,089	5,513	5,976
<i>EBIT Margin</i>	<i>15.81%</i>	<i>13.12%</i>	<i>15.08%</i>	<i>15.75%</i>	<i>15.68%</i>	<i>15.68%</i>
Profit Before Tax	2,271	2,993	3,876	4,380	5,054	5,478
<i>EBT Margin</i>	<i>9.75%</i>	<i>13.01%</i>	<i>16.40%</i>	<i>16.88%</i>	<i>16.58%</i>	<i>16.58%</i>
Net Profit After Tax	1,602	2,376	3,045	3,501	3,989	4,323
<i>NPM</i>	<i>6.88%</i>	<i>10.32%</i>	<i>12.88%</i>	<i>13.49%</i>	<i>9.54%</i>	<i>9.54%</i>

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)						
BALANCE SHEET	FY21	FY22	FY22	FY23	FY24E	FY25F
Asset						
Cash & Marketable Securities	4,633	3,770	3,382	7,410	7,154	8,816
Loans	247,053	260,400	282,607	318,106	346,736	377,942
Current Accounts	34,153	39,689	39,863	50,908	48,015	52,044
Total Current Assets	349,104	356,958	385,044	419,105	453,048	494,236
Fixed Assets	5,818	5,737	6,354	8,118	8,649	9,374
Investments	-	-	-	-	-	-
Total Non Current Assets	12,104	14,910	17,104	19,644	21,741	23,565
Total Asset	361,208	371,868	402,148	438,750	474,789	517,801
Liabilities						
Portion of Long Term Debt	-	-	-	-	361	392
Deposits	259,180	273,255	297,236	322,592	351,286	382,533
Total Current Liabilities	271,564	284,500	308,745	330,017	364,159	396,485
Long-Term Debt	49,812	43,194	42,631	51,147	54,792	59,390
Total Non Current Liabilities	49,812	43,194	42,631	51,147	54,792	59,390
Total Liabilities	321,376	327,694	351,377	381,164	418,951	455,875
Equity	19,988	21,407	25,909	30,479	26,640	30,476

Source : Company | AT Research

(in Billion Rupiah)						
CASH FLOW	FY21	FY22	FY22	FY23	FY24E	FY25F
Cash Flow from Operating						
Net Income	1,602	2,376	3,045	3,501	3,989	4,323
Depreciation & Amortization	527	497	514	590	692	464
Working Capital	48,298	(6,809)	1,988	(23,867)	6,734	(3,095)
Others	(47,761)	11,028	(6,217)	15,106	(7,153)	(4,135)
Net-CFFO	2,667	7,093	(670)	(4,670)	4,262	(2,443)
Cash Flow from Investing						
CAPEX	(945)	(415)	(1,131)	(2,354)	(1,223)	(1,190)
Others	-	-	-	-	-	-
Net-CFFI	(4,020)	(3,303)	(2,708)	(3,130)	(2,789)	(2,288)
Cash Flow from Financing						
Ch. in Lt liab.	628	(6,618)	(562)	8,516	4,007	4,628
Ch. in other non-current liab.	-	-	-	-	-	-
Equity	(5,451)	(957)	1,458	1,069	(7,828)	(487)
Net-CFFF	(3,467)	(4,652)	2,990	11,828	(1,730)	6,393
NET CASH FLOW	(4,820)	(863)	(388)	4,028	(256)	1,662

Source : Company | Phintraco Sekuritas Research

RATIOS	FY21	FY22	FY22	FY23	FY24E	FY25F
Profitability Ratio (%)						
<i>NIM</i>	44.12%	56.37%	62.39%	50.01%	55.48%	55.48%
<i>OPM (EBITDA Margin)</i>	18.07%	15.28%	17.25%	18.03%	20.35%	20.35%
<i>NPM</i>	6.88%	10.32%	12.88%	13.49%	9.54%	9.54%
<i>ROA</i>	0.44%	0.64%	0.76%	1.06%	0.84%	0.83%
<i>ROE</i>	8.02%	11.10%	11.75%	15.32%	14.97%	14.19%
Banking Ratio						
<i>CASA to Third Party Funds</i>	41.10%	44.30%	48.50%	53.70%	46.90%	46.90%
<i>BOPO</i>	91.61%	89.28%	86.00%	86.10%	88.25%	88.25%
<i>LDR</i>	93.19%	92.86%	92.65%	95.40%	93.53%	93.53%
<i>CAR</i>	19.59%	24.27%	23.00%	123.00%	47.47%	47.47%
<i>NPL Gross</i>	4.37%	3.70%	3.38%	3.00%	3.61%	3.61%
Price Ratio						
<i>Share Price (IDR)</i>	1,407	1,411	1,256	1,204	1,560	1,747
<i>Average Share Price (IDR)</i>	1,144	1,337	1,304	1,217	1,313	1,471
<i>Outstanding Shares (in Billion)</i>	14	14	14	14	14	14
<i>EPS (IDR)</i>	115	171	219	252	311	337
<i>BVPS (IDR)</i>	1,439	1,541	1,865	2,194	2,194	2,493
<i>RPS (IDR)</i>	1,677	1,657	1,702	1,869	2,379	2,579
<i>PER(X)</i>	12.20	8.25	5.73	4.78	5.01	5.18
<i>PBV(X)</i>	0.98	0.92	0.67	0.55	0.71	0.70
<i>P/R(X)</i>	0.84	0.85	0.74	0.64	0.66	0.68
<i>EV/EBITDA</i>	115.36	171.07	219.23	252.05	311.25	337.37
Dividends						
<i>DPS</i>	-	20	43	50	-	-
<i>DPR</i>	0.00%	11.65%	19.79%	19.79%	0.00%	0.00%
<i>Div. Yield</i>	0.00%	1.42%	3.08%	3.97%	0.00%	0.00%

Source : Company | Phintraco Sekuritas Research

BANKING RATIOS GUIDANCE

<i>CAR</i>	>8%
<i>LDR</i>	78%~92%

Source : Bank Indonesia | Phintraco Sekuritas Research

BBTN P/B Band (5 Years)



Source : Company | Phintraco Sekuritas Research

Glossarium

CFFO	: <i>Cash Flow from Operating</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFF	: <i>Cash Flow from Financing</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBIT	: <i>Earning Before Interes & Tax</i>
EBT	: <i>Earning Before Tax</i>
OPM	: <i>Operating Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
EPS	: <i>Earning per Share</i>
BVPS	: <i>Book Value per Share</i>
RPS	: <i>Revenue per Share</i>
PER	: <i>Price to Earning Ratio</i>
PBV	: <i>Price to Book Value</i>
P / R	: <i>Price to Revenue Ratio</i>
DPS	: <i>Dividend per Share</i>
DPR	: <i>Dividend Payout Ratio</i>
EV	: <i>Enterprise Value</i>
OJK	: <i>Otoritas Jasa Keuangan</i>
COF	: <i>Cost of Fund</i>
BOPO	: <i>Biaya Operasi Pendapatan Operasi</i>
DPK	: <i>Dana Pihak Ketiga</i>
CAR	: <i>Capital Adequacy Ratio</i>
CASA	: <i>Current Account Saving Account</i>
LDR	: <i>Loan to Deposit Ratio</i>
LFR	: <i>Loan to Financing Ratio</i>
NIM	: <i>Net Interest Margin</i>
NPL	: <i>Non Performing Loan</i>
PPOP	: <i>Pre-Provision Operating Profit</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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