

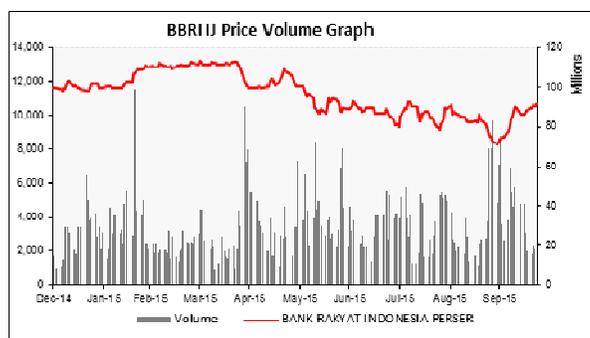
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PT Bank Rakyat Indonesia (Persero) Tbk provides commercial banking activities and its related services. The bank also provides banking activities based on shariah principles.

Current Price: IDR 10,700

52-Week Target Price: IDR 13,775



Share Price Performance

Price (IDR)	10,700
52-Week High (04/01/15)	13,450
52-Week Low (09/29/15)	7,975
52-Week Beta	1.49
YTD Change/%	(950) / (11.9%)

Stock Information

Market Cap (IDR)	276,294.6 B
Shares Out/Float (M)	24,669.2 / 10,669.4

Source: Bloomberg, Sinarmas Investment Research

Company Update

PT Bank Rakyat Indonesia (Persero) Tbk (BBRI)

Golden Moment of Opportunity

BUY

We maintain our BUY recommendation on PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) and increased our 52-Week Target Price to IDR 13,775 from IDR 13,230, offering a potential upside of 28.7% from the current price. While 9M15's Net Profit only grew moderately at 1.4% YoY, PPOP still grew at a strong pace of 12.6% YoY. 9M15's results are still in-line with our expectations as we forecast Net Profit and PPOP for FY15E to increase by 2.7% YoY and 14.5% YoY respectively.

As of 9M15, credit growth was reported at 11.8% YoY and deposit at 12.3% YoY, with CASA as the main driver (Demand, Saving, and Time Deposit grew by 38.5% YoY, 10.7% YoY, and 5.5% YoY respectively).

Disbursement of Micro KUR is still a fraction of FY15 Target (IDR 21.4 Tn), although, considering it has just started from August 18, 2015 as it awaits for the government's approval, having disbursed IDR 3 Tn in just 1.5 months is a great achievement for the bank. Meanwhile, as of end of October 2015, Bank Rakyat has disbursed IDR 5 Tn and aims to achieve IDR 12 Tn by year end.

Seeing that Bank Rakyat is the biggest player in Micro Segment, especially for loans under IDR 25 Mn, we view that next year will be a golden moment of opportunity for Bank Rakyat with the increase of KUR allocation from IDR 30 Tn to IDR 100 Tn; allocation for Bank Rakyat is yet to be decided. With the biggest and largest infrastructure for the segment, and the fact that cannibalism cannot be hindered, we view Bank Rakyat will have the advantage to grab additional market share for loans under IDR 25 Mn next year.

Thus, we maintain our BUY recommendation and enhanced our 52-Week Target Price to IDR 13,775 with a potential upside of 28.7%.

Financial Highlights (in IDR Bn)

	9M14	9M15	%
Total Loans	464,182	518,952	11.8%
Demand Deposit	79,088	109,565	38.5%
Saving Deposit	211,113	233,754	10.7%
Time Deposit	254,071	268,006	5.5%
Total Customer Deposit	544,272	611,325	12.3%
Net Interest Income	36,963	41,576	12.5%
Net Profit	18,031	18,285	1.4%
NIM (%)	8.78	8.08	
NPL - Gross (%)	1.89	2.24	

Source: Company Data, Sinarmas Investment Research

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