

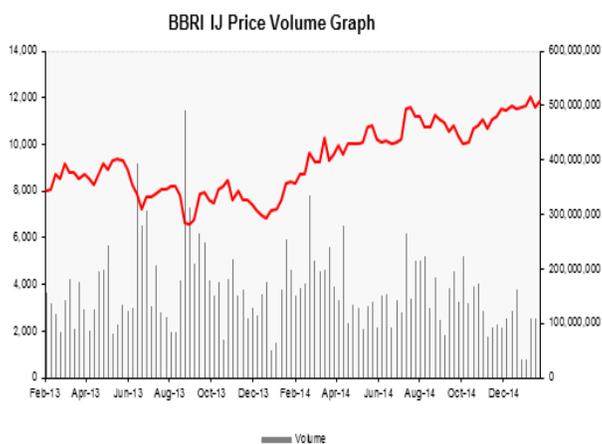
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PT Bank Rakyat Indonesia (Persero) Tbk provides commercial banking activities and its related services. The bank also provides banking activities based on shariah principles.

BBRI IJ

Price: IDR 11,875

Price Target: IDR 13,950



Source: Bloomberg, Sinarmas Investment Research

Sector	Financial		2012	2013	2014	2015F	2016F
Bloomberg Ticker	BBRI IJ	NIM	8.42%	8.55%	8.51%	8.47%	8.68%
52-Week Low	8,000	CASA	59%	58%	54%	55%	55%
52-Week High	12,200	Net Profit	18,687	21,354	24,197	26,980	30,082
52-Week Return	41.4%	Total Loans	336,081	419,145	490,403	573,772	677,050
Shares Outstanding (mn)	24,669.2	Total Deposits	450,166	504,281	600,404	696,469	807,904
Market Cap. (IDR bn)	286,162.3	LDR	79.24%	87.90%	81.68%	82.38%	83.80%
Avg. Daily Value (IDR bn)	298.45	NPL	1.83%	1.55%	1.69%	2.00%	2.16%
		CoF	3.02%	3.71%	4.38%	4.45%	4.60%

Source: Bloomberg,

Bank Rakyat Indonesia

Seizing the Opportunities

BUY

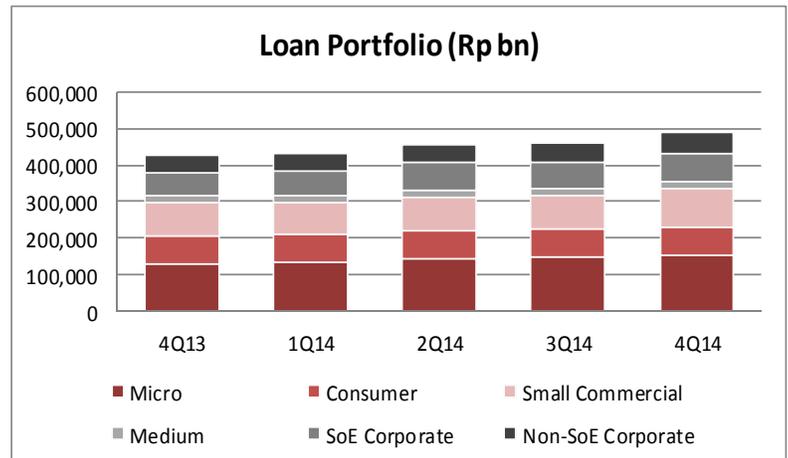
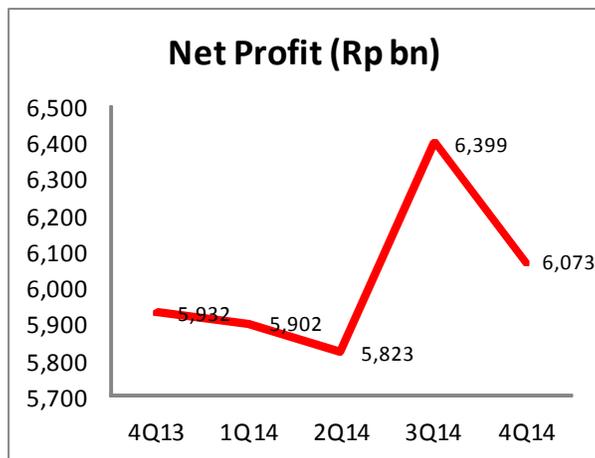
Surpassing our full-year estimate by 9%, BBRI has accumulated net profit of Rp 24.2 tn (up 14.4% YoY). Besides there was a surprise in the earnings, asset quality can also be maintained despite poor historical micro performances in 4Q. This year, we maintain our positive view that BBRI will deliver another sustainable performance, given the positive outlook in micro sector.

The government had recently revealed its intention to regulate micro loans rate as well as the maximum amount that can be lent. While it could be considered a threat, it could also be considered as an opportunity, since BBRI has the biggest market share in micro industry. The bank had also mentioned that, the biggest challenge in micro industry is its overhead cost. Since BBRI has the biggest network in the country, the bank has an advantage in controlling the overhead cost compared to its peers.

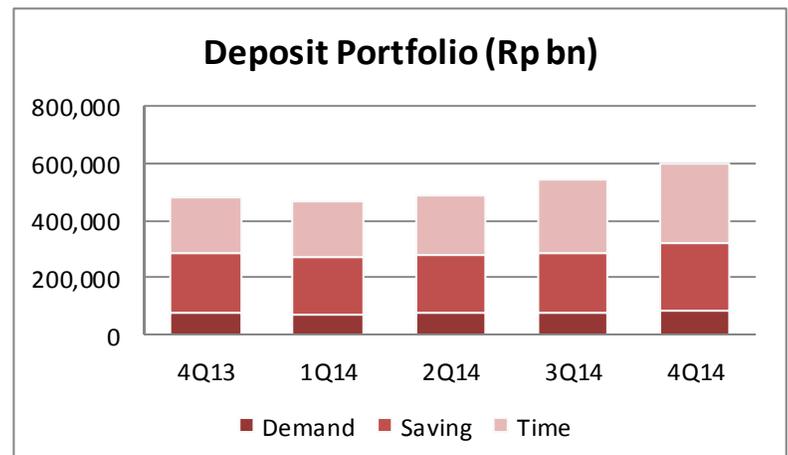
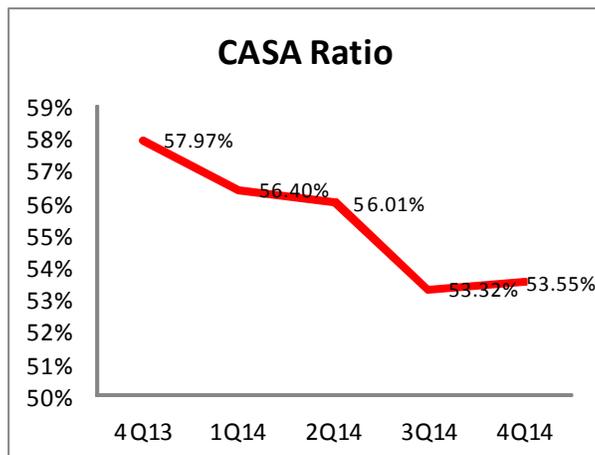
NIM experienced a decrease by 0.27% QoQ and 0.04% YoY. The decrease in NIM was driven by accelerated deposit in the form of Time Deposit, compared to other types of deposit (CASA). Given that Time Deposit outperformed CASA, CoF had grown by 67 bps YoY.

The growth in earning asset (14.2% QoQ / 29.0% YoY) is in-line with total asset's expansion (13.9% QoQ / 28.3% YoY). Although, with earning asset's expansion outperformed loan's, loan to earning asset ratio diminished to 71.0% for FY14 from 80.5% for FY13.

Source: Bloomberg, Sinarmas Investment Research



Loans grew at a moderate pace in 2014 (5.7% QoQ / 13.9% YoY). Even though most sectors only recorded single digit growth, loans in Small Commercial industry had successfully booked 14.9% growth QoQ and 12.0% growth YoY, accounted for 21.4% of BBRI's loan portfolio. While loans grew below our expectation, asset quality can still be maintained and even improved quarter wise. For FY14, BBRI recorded an NPL ratio of 1.69% (dn 20 bps QoQ / up 14 bps YoY). While Micro and Consumer had shown an improvement, Small Commercial, Medium, and Non-SoE Corporate had shown a deterioration. As for 2015, the bank is targeting loan growth 15-17%, along with NPL of 2.0-2.2%.



On the liabilities side, total deposit grew by 10.3% QoQ / 23.5% YoY. Deposit collection in 4Q14 was driven by temporary fund from SoE's and the government amounted to Rp 41.0 tn. While all three deposits recorded double digit growth quarterly and yearly, Time Deposits almost doubled the other two by recording robust growth of 21.8% QoQ / 40.6% YoY, which lowered CASA ratio to 53.6% for FY14 (dn 442bps YoY).

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