

Company Update

Evan Lie Hadiwidjaja
Equity Analyst
Evan.hadiwidjaja@sinarmassekuritas.co.id
(021) 392 5550 ext: 610

PT Bank Tabungan Negara (Persero) Tbk (BBTN)
Possibly the First Bank to Break 52-Week High
BUY


PT Bank Tabungan Negara (Persero) Tbk is a State-Owned Enterprise Bank in Indonesia that provides commercial banking services with primary focus on housing loans.

Current Price: IDR 1,185

52-Week Target Price: IDR 1,420



We maintain our BUY recommendation on PT Bank Tabungan Negara (Persero) Tbk (BBTN) and increased our 52-Week Target Price to IDR 1,420 from IDR 1,380, offering a potential upside of 19.8% from the current price. As of 9M15, Bank Tabungan managed to book Net Profit of IDR 1.2 Tn (up 61.8% YoY). We are bullish that FY15 achievement will be above the consensus (IDR 1.5 Tn), given that the bank is greatly benefited from “One Million Houses” Program. Meanwhile, Net Interest Income still recorded a robust growth of 24.4% YoY. All in all, 9M15’s results are still in-line with our expectations as we forecast Net Profit and Net Interest Income for FY15E to increase by 39.7% YoY and 23.8% YoY respectively.

Despite slower demand in credit, Bank Tabungan booked 19.0% growth YoY. Credit growth was driven by subsidized mortgages (up 24.2% YoY). Meanwhile, the amount disbursed in subsidized mortgages surged by 72.6% YoY. On liabilities, Customer Deposit grew by 22.2% YoY, balancing LDR to a lower level of 105.7% from previously 108.5% in 9M14. Customer Deposit was driven by Demand Deposit collection, which reported 47.6% growth YoY.

As for asset quality, NPL has improved from 4.9% in 9M14 to 4.5% in 9M15. However, NPL in commercial loans is still in an upward trend; 13.2% as of September 2015, with 14.2% of the portfolio is in special mention. The bank has restructured IDR 1.97 Tn, which mostly came from collectability 2 (only IDR 313 Bn came from NPL status; IDR 177 Bn consumer loans and IDR 54 Bn commercial loans). As for Write-Offs, the biggest chunk happened in 3Q15, amounted to IDR 177 Bn from IDR 243 Bn for 9M15.

Taking the 9M15 performances into account, and future prospect of “One Million Houses” and increased government budget next year for subsidized mortgages, we reiterate our BUY recommendation on BBTN and raised our 52-Week Target Price to IDR 1,420 with a potential upside of 19.8%.

Share Price Performance

Price (IDR)	1,185
52-Week High (03/31/15)	1,270
52-Week Low (08/24/15)	935
52-Week Beta	1.14
YTD Change/%	(20) / (1.7%)

Stock Information

Market Cap (IDR)	12,857.5 B
Shares Out/Float (M)	10,582.4 / 4,125.0

Source: Bloomberg, Sinarmas Investment Research

Financial Highlights (in IDR Bn)

	9M14	9M15	%
Total Loans	110,538	131,580	19.0%
Demand Deposit	20,784	30,683	47.6%
Saving Deposit	25,815	27,247	5.5%
Time Deposit	55,236	66,518	20.4%
Total Customer Deposit	101,835	124,448	22.2%
Net Interest Income	3,984	4,958	24.4%
Net Profit	755	1,222	61.9%
NIM (%)	4.42	4.77	
NPL - Gross (%)	4.85	4.50	

Source: Company Data, Sinarmas Investment Research

DISCLAIMER

This report has been prepared by PT Sinarmas Sekuritas, an affiliate of Sinarmas Group.

This material is: (i) created based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such; (ii) for your private information, and we are not soliciting any action based upon it; (iii) not to be construed as an offer to sell or a solicitation of an offer to buy any security.

Opinions expressed are current opinions as of original publication date appearing on this material and the information, including the opinions contained herein, is subjected to change without notice. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this publication may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, integrating and interpreting market information. Research will initiate, update and cease coverage solely at the discretion of Sinarmas Research department. If and as applicable, Sinarmas Sekuritas' investment banking relationships, investment banking and non-investment banking compensation and securities ownership, if any, are specified in disclaimers and related disclosures in this report. In addition, other members of Sinarmas Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from companies under our research coverage. Further, the Sinarmas Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, to the extent permitted by law and/or regulation, have long or short positions in, and buy or sell, the securities (including ownership by Sinarmas Group), or derivatives (including options) thereof, of companies under our coverage, or related securities or derivatives. In addition, the Sinarmas Group, including Sinarmas Sekuritas, may act as market maker and principal, willing to buy and sell certain of the securities of companies under our coverage. Further, the Sinarmas Group may buy and sell certain of the securities of companies under our coverage, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Recipients should not regard this report as substitute for exercise of their own judgment. Past performance is not necessarily a guide to future performance. The value of any investments may go down as well as up and you may not get back the full amount invested.

Sinarmas Sekuritas specifically prohibits the redistribution of this material in whole or in part without the written permission of Sinarmas Sekuritas and Sinarmas Sekuritas accepts no liability whatsoever for the actions of third parties in this respect. If publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Additional information is available upon request.

Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual properties.

©Sinarmas Sekuritas(2015). All rights reserved.