

While second quarter results are just around the corner, PT Bank Tabungan Negara (Persero) Tbk (BBTN) posted strong performance across all segments in May '17. We believe that May numbers will reduce market's doubt concerning limited low-cost housing supply due to inadequate cheap land bank that are available.

From subsidized housing, number of units being funded was recorded at 16,459 in May '17 (up 24.4% MoM, up 31.8% YoY). With average ticket size increased by 5.9% YoY, loan disbursement for subsidized housing surged by 39.6% YoY in Rupiah term. On the other hand, non-subsidized housing also held its ground and recorded a strong performance in May '17. Non-subsidized housing being funded was amounted to 19,153 units in May'17 (up 22.8% MoM, 21.0% YoY). Average ticket size for non-subsidized housing accelerated faster than the subsidized. As of 5M17, average ticket size for non-subsidized housing grew by 12.6% YoY, resulting loan disbursement for the segment to increase by 36.3% YoY. Above all, we see an uptick in the construction loans as well, which is a positive sign as it indicates additional supply stream in the following quarters.

Our view: we see that second quarter result will most likely be strong for the bank given the solid performance year-to-date driven by continuous supply and demand in the low-cost housing segment. Hence, we reiterate our BUY rating on PT Bank Tabungan Negara (Persero) Tbk (BBTN) with FY17 TP of IDR 2,900. ([Refer to our sectoral report for industry overview and more details on BBTN](#))

Evan Lie Hadiwidjaja

Head of Research

+62 21 392 5550 ext. 610

evan.hadiwidjaja@sinarmassekuritas.co.id



Monthly Loan Disbursement

(in IDR mn)	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Total
Subsidized Mortgage	724,773	1,343,559	1,765,902	1,524,178	1,917,340	7,275,752
Non-subsidized Mortgage	707,393	1,142,199	1,553,105	1,108,470	1,420,934	5,932,101
Other Housing Loans	102,493	150,451	168,339	155,437	183,254	759,974
Construction	884,822	1,010,502	1,740,355	986,560	1,301,531	5,923,770
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Consumer	226,069	262,643	671,378	394,358	462,648	2,017,096
Commercial	411,030	608,739	857,796	449,446	653,577	2,980,588
Total	3,056,580	4,518,093	6,756,875	4,618,449	5,939,284	24,889,281

(Unit)	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Total
Subsidized Mortgage	6,455	11,793	15,325	13,227	16,459	63,259
Non-subsidized Mortgage	2,283	3,736	4,850	3,718	4,566	19,153
Other Housing Loans	547	687	820	662	885	3,601
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Consumer	703	1,044	1,048	978	1,168	4,941

Housing Loan Growth	Period	Unit	1M17	2M17	3M17	4M17	5M17
Subsidized	MoM	Unit	-58.7%	82.7%	29.9%	-13.7%	24.4%
Subsidized	MoM	IDR	-58.5%	85.4%	31.4%	-13.7%	25.8%
Subsidized	MoM	Ticket Size	0.6%	1.5%	1.1%	0.0%	1.1%
Subsidized	YoY	Unit	-8.5%	-1.2%	25.5%	-1.6%	31.8%
Subsidized	YoY	IDR	-3.6%	4.8%	34.1%	4.1%	39.6%
Subsidized	YoY	Ticket Size	5.3%	6.1%	6.9%	5.7%	5.9%
Non-subsidized	MoM	Unit	-65.2%	63.6%	29.8%	-23.3%	22.8%
Non-subsidized	MoM	IDR	-64.2%	61.5%	36.0%	-28.6%	28.2%
Non-subsidized	MoM	Ticket Size	2.8%	-1.3%	4.7%	-6.9%	4.4%
Non-subsidized	YoY	Unit	-9.0%	-2.2%	11.8%	-15.3%	21.0%
Non-subsidized	YoY	IDR	6.5%	10.1%	30.2%	-9.1%	36.3%
Non-subsidized	YoY	Ticket Size	17.0%	12.6%	16.5%	7.3%	12.6%

Source: Company Data, Sinarmas Investment Research

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