



August, 3rd 2009

Recommendation

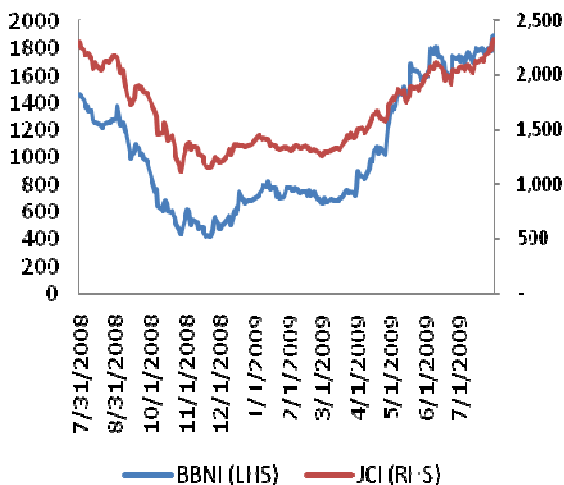
SELL

Ticker	BBNI
Intrinsic Value	Rp 1.540
Current Price	Rp 1.890
Down Side Potential	23%
52W hi/lo	Rp 1.890/415
Shares	13.282 mn
Free Float	76,36%
Market Cap (Rp)	25,103 Bn
Cost Of Equity	17,7%

Share Holder

Government	76,36%
Public – Domestic	17,66%
Public - Foreign	5,98%

Stock Performance



Analyst

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High Cost In The Next Semester

Coverage ratio Perceive Peers

According to the company guideline, coverage ratio target by the end of 2009 between 110-120%, and management said that the coverage ratio had a space to out from the target by considering the peers and economy condition. In our opinion, coverage ratio will be above company target caused most of peers had coverage ratio greater than BBNI. In Q2 2009 BMRI and BBKA (as BBNI peers) book coverage ratio at 150% and 200%, respectively. Meanwhile, BBRI book coverage in Q1 at 167%.

Loan Growth Revision

Management pessimistic loan could grow accordant to the target. Until the end of 2009, loans are expected in growing by about 14%-16%. But today, management pessimistic with this target caused credit to the power plant Rp 10 trillion which planned in beginning year unrealized. Therefore, loans probability grows only around 10% until the end of 2009. This is anomaly with the peers which revise their loan growth better than target previously. Our opinion, consequently of loan growth moderately, net income will be grow unhurried, more over price of credit (interest rate) probability decline pursue BI rate tendency. We estimate net income will be around Rp 19,4 trillion at 2009F and Rp 23,8 trillion at 2010F. Meanwhile, we estimate net interest income in 2009F around Rp 10,2 trillion and Rp 14,13 trillion in 2010F.

CASA Hard to Manage

Management have targeted CASA up by 12-14% to 70-74% until the end of 2009, but in Q2 2009 CASA have fallen by 4,6% to 54% caused some of customers (asset holders in capital market) switch their portfolio from current accounts to time deposit accounts. We predict, pressuring high cost is difficult to be realized in this year; finally growth of interest expense is heavy to pressure too. We revise CASA estimates downward by 55% as a respond this situation, slightly reduce from our estimates 57%, previously.

PT. BANK NEGARA INDONESIA (PERSERO) Tbk.

(in Rp. Billion)

	2008	2009F	2010F	2011F	2012F
Operating Income	13,461	14,825	19,831	24,257	27,352
PPOP	6,233	6,968	8,329	9,460	9,573
PBT	1,932	3,136	4,991	6,145	6,998
Net Income	1,222	2,065	3,238	3,987	4,539
EP - Rp.	92	156	244	300	342
DPS - Rp.	37	62	122	150	171
BVPS - Rp.	1,162	1,226	1,319	1,407	1,496
Dividend Yield	5.4%	3.3%	6.4%	7.9%	9.0%
ROE	7.9%	12.7%	18.5%	21.3%	22.8%
PBV (x)	0.6	1.5	1.4	1.4	1.3
PER (x)	7.4	12.2	7.8	6.3	5.6

Source : Erdikha Securities



CIR Will be Increased

Cost Income Ratio (CIR) in Q2 2009 downward by 10,20% to 42,3% from Q1 2008 and slightly beat from Q1 2009. Nevertheless, operating expense rose slowly by 0,23% (yoy) to Rp 3,6 trillion. In the second semester, operating income will be increased by BNI especially to defray advertising and personnel expenses including salary adjustment. By considering of enhancement operating expense and net income moderately, we expect CIR increase in next semester to 53% in the end of 2009.

Result Summary

Rp bn	Q2 '08	Q1 '08	Q2 '09	QoQ	YoY	FY08	FY09F
Net interest income	4,629	2,774	5,595	102%	21%	9,912	10,258
Fee-based income	906	503	1,011	101%	12%	1,976	2,489
Other operating income	806	713	1,091	53%	35%	3,549	4,566
Total operating income	6,341	3,990	7,696	93%	21%	13,461	14,825
Total operating exp	(3,572)	(1,605)	(3,559)	122%	0%	(7,228)	(7,857)
Pre-provision opr profit	2,769	2,385	4,138	74%	49%	9,409	10,988
Provisions	(2,154)	(1,474)	(2,588)	76%	20%	(4,359)	(3,965)
Profit before tax	642	949	1,607	69%	150%	1,932	3,136
Net Profit	435	635	1,200	89%	176%	1,226	2,065
Cash, Placement at BI & oth banks	32,618	40,045	36,836	-8%	13%	38,122	45,101
Marketable securities	4,942	6,011	7,007	17%	42%	9,874	17,430
Government bonds	34,281	35,676	36,094	1%	5%	34,655	37,040
Gross loan	99,023	114,695	119,862	5%	21%	111,994	123,194
Loan Provision	(7,591)	(6,721)	(7,778)	16%	2%	(5,652)	(7,574)
Total Assets	176,047	201,172	203,619	1%	16%	201,741	217,880
Demand deposit	34,522	39,049	38,609	-1%	12%	42,131	39,127
Saving deposit	49,007	48,701	50,180	3%	2%	52,357	58,690
Time deposit & CDs	55,701	76,100	77,129	1%	38%	68,676	80,032
Deposits from customers	139,231	163,850	165,917	1%	19%	163,164	177,849
Deposits from oth banks	4,971	1,191	3,658	207%	-26%	4,100	4,729
Total Liabilities	161,382	184,606	186,119	1%	15%	186,279	201,556
Equity	14,696	16,566	17,500	6%	19%	15,431	16,285

RATIOS

NIM	6.1%	6.2%	6.1%			6.3%	5.9%
CAR	16,08%	15.1%	14,08%			14.4%	14.0%
Cost-to-income	56.3%	40.2%	46.2%			53.7%	53.0%
Loan to deposit ratio (LDR)	69,55%	68.8%	70,97%			68.6%	69.3%
Gross NPL	7,50%	5.6%	5,54%			5.0%	5.1%
NPL Net	1.7%	1.5%	1.2%			1.7%	1.6%
Coverage	99.6%	106.1%	118.1%			96.0%	120.0%
ROA	0,76%	1.9%	1,62%			1.1%	0.9%
ROE	6,26%	16.7%	16,11%			9.0%	12.7%
CASA	62.0%	54.0%	54.0%			57.9%	55.0%



Underperformed, TP Rp. 1.540

From beginning of this year share price BBNI has increased 261% until July 28 at Rp 1880. Compare our valuation for BBNI current price, Using Book Values Multiples (GGM Model), we found intrinsic value of BBNI Rp 1.540, hence we evaluate share price of BBNI is trading overvalued (Underperformed). We assume normalized ROE 19%, cost of equity 17,7% and Price Book Ratio 1.17 x. According to intrinsic value, BBNI will trading at PBV 1.17 x and PER 6.31 x in 2010F.

Valuation Book Values Multiples

Equity (Bn)	17,519
ROE-g	9.5%
COE-g	8.2%
Price Book Ratio (PBR)	1.17
Book Value (Rp.)	1,319
Intrinsic Value (Rp. Per Share)	1,537
EPS (Rp.)	244
PBV (x)	1.17
PER (x)	6.31

Source : Erdikha Securities

Financial Summary Actual and Forecast

PT. BANK NEGARA INDONESIA (PERSERO) Tbk.

Rp bn	2008A	2009F	2010F	2011F	2012F	2013F
Profit and loss						
Interest revenues	16,628	19,349	23,867	28,092	31,355	35,587
Interest expenses	(6,716)	(9,091)	(9,734)	(10,952)	(12,947)	(14,482)
Net Interest Income	9,912	10,258	14,132	17,140	18,409	21,105
Other operating revenues	3,549	4,566	5,698	7,117	8,943	11,242
Commissions and fees	1,976	2,489	3,112	3,890	4,862	6,078
Operating Income	13,461	14,825	19,831	24,257	27,352	32,347
Other operating exp.	(7,228)	(7,857)	(11,502)	(14,797)	(17,779)	(21,026)
Pre ProvisionsOp. Profit	6,233	6,968	8,329	9,460	9,573	11,322
Provision (Reversal of provisions)	(4,359)	(3,965)	(3,604)	(3,848)	(3,639)	(3,898)
Profit Before Tax	1,932	3,136	4,991	6,145	6,998	9,553
Net Income	1,222	2,065	3,238	3,987	4,539	6,197

Rp bn	2008A	2009F	2010F	2011F	2012F	2013F
Balance sheet						
Assets	201,741	217,880	238,579	261,244	286,062	311,808
Cash	4,428	4,793	5,249	5,747	6,293	6,860
BI (LRR)	9,351	13,073	14,315	15,675	17,164	18,708
Due from Other Banks	24,343	27,235	29,822	32,655	35,758	38,976
Marketable Securities	9,874	17,430	19,086	18,287	20,024	21,827
Government Recap Bonds	34,655	37,040	42,944	52,249	57,212	62,362
Loans	106,342	115,620	134,688	156,972	180,885	208,384
Deposits from customers	163,164	177,849	192,077	207,443	224,039	241,962
Demand Deposits	42,131	39,127	57,623	62,233	56,010	60,490
Saving Deposits	52,357	58,690	61,465	66,382	71,692	77,428
Time Deposits	68,676	80,032	72,989	78,828	96,337	104,044
Deposits from other banks	4,100	4,729	6,476	8,514	10,882	13,624
Securities Issued	1,269	2,262	3,097	4,072	5,204	6,516
Borrowings	8,617	8,224	11,263	14,806	18,924	23,695
Equity	15,431	16,285	17,519	18,690	19,874	21,943

Source : Erdikha Securities



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