# Indonesia Company Guide

# BFI Finance Ind

Version 9 | Bloomberg: BFIN IJ | Reuters: BFIN.JK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

10 Apr 2018

## BUY

Last Traded Price ( 9 Apr 2018): Rp800 (JCI : 6,246.10)
Price Target 12-mth: Rp1,060 (33% upside) (Prev Rp840)


**Analyst**
Benedictus Agung SWANDONO +6221 3003 4935
agung.swandono@id.dbsvickers.com
Sue Lin LIM +65 83326843 suelinlim@dbs.com


### What's New

- FY18F/19F earnings raised by 11%/15% for higher loan growth and NIM assumption
- Stellar performance in FY17 expected to continue, driven by strong growth in the refinancing business
- Our calculation suggests that the current valuation has an implied ROE of 21%, a disconnect vs 26% in FY17
- Maintain BUY with higher TP of Rp1,060/share

**Price Relative**


**Forecasts and Valuation**

| FY Dec (Rpbn) | 2017A | 2018F | 2019F | 2020F |
|---|---|---|---|---|
| Pre-prov. Profit | 1,791 | 2,152 | 2,412 | 2,725 |
| Net Profit | 1,188 | 1,402 | 1,568 | 1,771 |
| Net Pft (Pre Ex.) | 1,188 | 1,402 | 1,568 | 1,771 |
| Net Pft Gth (Pre-ex) (%) | 48.7 | 18.0 | 11.8 | 13.0 |
| EPS (Rp) | 74.4 | 87.8 | 98.2 | 111 |
| EPS Pre Ex. (Rp) | 74.4 | 87.8 | 98.2 | 111 |
| EPS Gth Pre Ex (%) | 47 | 18 | 12 | 13 |
| Diluted EPS (Rp) | 74.4 | 87.8 | 98.2 | 111 |
| PE Pre Ex. (X) | 10.8 | 9.1 | 8.1 | 7.2 |
| Net DPS (Rp) | 31.9 | 37.2 | 43.9 | 49.1 |
| Div Yield (%) | 4.0 | 4.6 | 5.5 | 6.1 |
| ROAE Pre Ex. (%) | 25.9 | 26.4 | 25.5 | 25.0 |
| ROAE (%) | 25.9 | 26.4 | 25.5 | 25.0 |
| ROA (%) | 8.2 | 8.0 | 7.9 | 8.1 |
| BV Per Share (Rp) | 307 | 358 | 412 | 474 |
| P/Book Value (x) | 2.6 | 2.2 | 1.9 | 1.7 |
| Earnings Rev (%): | | 11 | 15 | N/A |
| Consensus EPS (Rp): | | 81.6 | 89.4 | N/A |
| Other Broker Recs: | | B: 2 | S: 0 | H: 0 |

*Source of all data on this page: Company, DBS Bank, DBSVI, Bloomberg Finance L.P.*

## On a winning streak

**Maintain BUY; bumping up earnings.** We expect the strong growth momentum to continue. Earnings in 2017 grew 49% y-o-y on the back of strong refinancing business growth, which brings along higher yield and fee income. Financing costs continued to head lower due to improved credit rating and a low interest rate environment. Asset quality and operating efficiencies are also well maintained. We expect these trends to continue, thus it should deliver 25%-26% ROE level in the next three years. Moreover, digitisation and further collaboration with fintech should open up various business opportunities which can add value to the already profitable brick-and-mortar business model. We also like management's forward-looking strategy which has benefited the company from time to time. We raise BFIN's earnings estimate by 11%/15% for FY18F/19F on the back of higher receivable growth and margin assumption. Currently, the stock is trading at 2.3x18F BV after doubling last year. But we believe the better-than-expected fundamentals deserve further share price appreciation.

**Where we differ.** We have the highest target price and earnings forecast on the street.

**Potential catalyst.** We believe the current market valuation only implies an ROE of 21% which is a disconnect vs its ROE of 26%in FY17. If the company can sustain this high ROE level by maintaining high growth and keeping asset quality in check, its valuation should re-rate further. BFIN is also expected to maintain a generous dividend payout policy of around 50%, thus implying an attractive dividend yield of c.5%.

### Valuation:

**Maintain BUY with higher TP.** We raise our TP to Rp1,060, based on the Gordon Growth Model (assuming 25% ROE, 9% growth and 14% cost of equity), which implies 2.9x FY18 BV.

### Key Risks to Our View:

Higher-than-expected inflation could hit fixed-income customers. An adverse economic cycle could also hit non-fixed-income customers.

**At A Glance**

| | |
|---|---|
| Issued Capital (m shrs) | 15,967 |
| Mkt. Cap (Rpbn/US$m) | 12,774 / 928 |
| Major Shareholders (%) | |
| Trinugraha Capital & Co (%) | 43.7 |
| Fil Ltd (%) | 0.7 |
| Commonwealth Bank (%) | 0.2 |
| Free Float (%) | 55.4 |
| 3m Avg. Daily Val (US$m) | 0.08 |
| ICB Industry : Financials / Banks | |

DBS

ed: CK / sa: MA, PY, CS

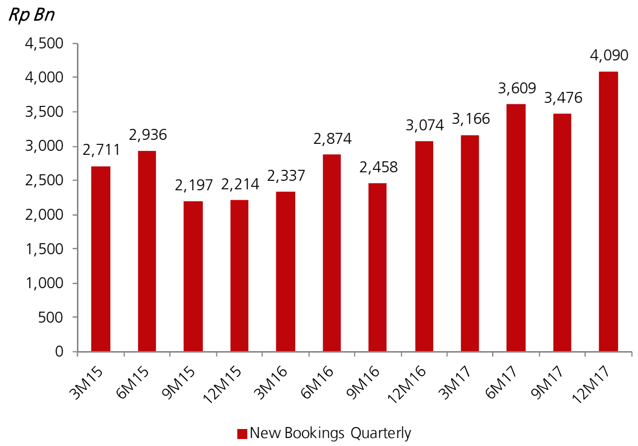
## WHAT'S NEW

### On a winning streak

**Stellar 2017 performance.** FY17 net profit grew 49% y-o-y, driven by strong new booking of 33.5% and higher net interest margin.

**Strong receivable growth.** Its balance sheet receivables grew 22% y-o-y, driven by strong new booking of 34%. Receivables for used car financing (27% y-o-y), used 2W financing (44% y-o-y), and heavy equipment financing (36% y-o-y) were the main driver.

**New booking quarterly**




*Source: Company, DBSVI*

**Higher NIM.** The higher margin is driven by both higher asset yield (due to product shift towards the high-yielding refinancing business) and lower cost of funds (due to bond rating upgrade and a lower interest rate environment).

**Opex and asset quality well maintained.** Operating expenses rose 19% due to branch and employee addition. However, the higher cost is justified by even higher operating income, which brought down cost to income ratio to 44% from 47% in 2016. Asset quality is well maintained with NPL at 0.95%. Cost of credit also improved to 1.6% from 1.8%.

**BFIN: Management's targets for 2018**

| Description | Target |
|---|---|
| New Financing Growth | 20% |
| Net Receivables Growth | 17%-20% |
| Asset Growth | Around Rp20tr |
| Revenue Growth | 21% |
| Net Profit | Above 2017 |
| NPL | <2% |
| Debt to Equity Ratio (Gearing) | <3x |
| Dividend Payout Ratio | Up to 50% |

*Source: Company*

**Conservative management targets for 2018.** In 2017, new booking grew by 34%, exceeding management's target of 20% at the time. Management set the same 20% new booking target for 2018 but looking at the growth momentum, we believe the target is too conservative. Payout ratio is expected to be the same as last year at 50%, which translates into 5-6% dividend yield at the current share price.

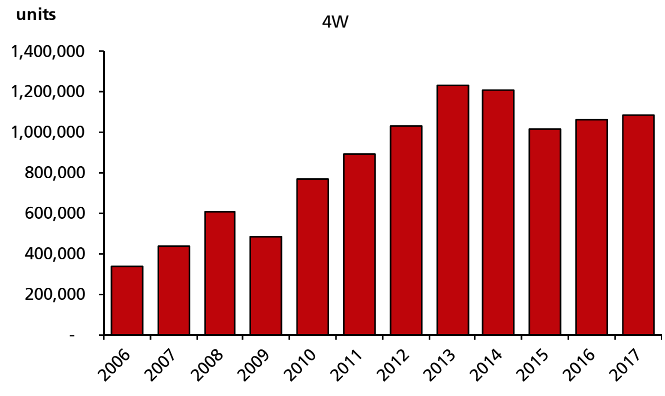
**New digital products.** So far, BFI's major products are based on collateralised financing. However, our checks revealed that the company launched a payday loan product called PeDeku. This is an uncollateralised 1-month loan with a maximum ticket size of Rp3m. It requires the debtors to be fixed-income Indonesian citizens aged above 21 years old with verified bank accounts. When the loans are approved, the cash can be received in less than 48 hours. However, the approval rate for this credit is still small, as management is still conservatively exploring new opportunities for uncollateralised loans.

Last year, BFIN also launched the BFI-ku mobile app which is packed with useful features such as credit simulation, order tracking, product description, and the nearest branch location.

### The underdog story of the refinancing business

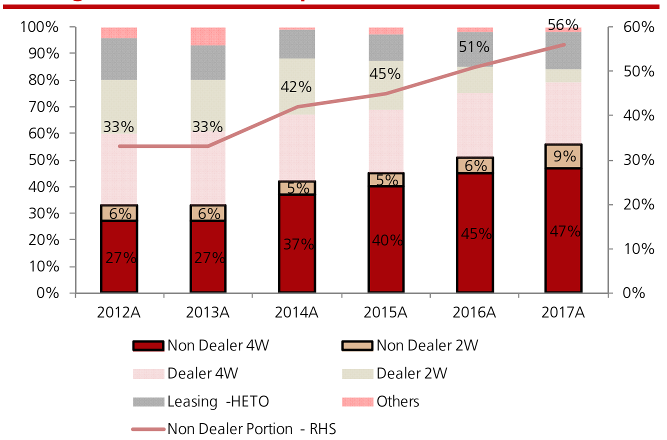
**Who would invest in refinancing business during automotive sales boom?** During 2006-2013, automotive financing is on the rise. Auto sales were at an all-time high, supported by strong purchasing power. Heavy equipment sales were also stellar high due to high coal price. Bank-backed multi-finance companies, which are armed with strong balance sheet and low cost of funds, were enjoying the rising demand for automotive and heavy equipment loans. The dealership-backed companies, are also enjoying the rise of its captive market. Automotive financing is a booming business and much more interesting compared with refinancing second-hand vehicles. Refinancing is more risky because it lends money to customers that nobody wants. If these customers are more creditworthy, they would have gone to the banks to get cheaper rates. The high risk can be neutralised, but it needs a strong screening and collection mechanism. But these methods are costly due to its labour-intensive nature. Moreover, keep in mind that all these costs are just to gather relatively small ticket size loans with short tenors. This means that the company needs to work harder to grow the loan book. **At the time, the bank/dealer-backed multi-finance companies are not desperate enough to expand and invest in the refinancing business.**

## Indonesia 4W industry sales




*Source: Company, DBSVI*

## Managed receivables composition




*Source: Company, DBSVI*

BFIN is a standalone multi-finance company. It has no support from either a bank or automotive dealer. It has neither low cost of funds nor a captive market. **Competing in the new car dealer financing will be equivalent of challenging the giants at their own game with a very predictable outcome.**

This condition forces them to go under the radar, and pick up the crumbs which everybody has ignored, i.e. the refinancing business. **This has forced them to solve a difficult problem that no one else is desperate enough to address.** What is the best screening process for the unbankable so risks are well controlled? What is the most efficient collection process so the costs are well controlled? How to ensure the continuous influx of new booking to maintain loan balance?

**Non-dealer financing was first introduced in 2006** to serve the financing needs of the customers (car and motorcycle owners) directly, as well as existing customers with repeat orders, new customers referred by existing customers (CustomerGet-Customer programme), or through independent sales agents and telesales call centres (direct marketing and sales). The company's target market is the low to-middle income segment.

**When the economic cycle reversed in 2015**, automotive sales began to slump. The credit cycle has also reversed and NPLs have started to surface. Some multi-finance companies are having trouble with their dealer financing portfolios even until now, especially the ones that cater to second-tier customers. The economic downturn has been the main reason for the declining profitability of the industry during that period. **But BFIN's profitability was heading the other way. It enjoyed an all-time high ROE at 26% in FY17, thanks to the refinancing business.**

Until now, the refinancing business has been the main earnings driver for BFI Finance. "Good execution" has always been management's answer to every question revolving around the key success factor for its refinancing business. But such modest words might have more meaning than what it seems. It is the fruits of relentless hard work and efforts to continuously improve.

## Valuation and recommendation

**We raise our FY18F/19F earnings estimate by 11%/15%** for higher growth and margin assumption. We believe the current business model can sustain and the good momentum can continue.

**Our new target price of Rp1,060/share** implies 2.9x 18F BV. Valuation-wise, it is hard to compare BFIN with other listed multi-finance companies due to major differences in ROE, ROA (unleveraged ROE) and business model. Muangthai Finance (MTLS TB) appears to be a better comparison due to the similarity of business model and profitability metrics, and it is currently trading at 6x 18F BV. The valuation discount vs BFIN should be justified in view of the liquidity discount.

**Matter of time...** The Trinugraha Capital and Co. investor group, which also includes Jakarta-based private equity fund Northstar Equity Partners, bought a 45% in BFIN for a reported transaction value of Rp1.44tr back in 2011. Adjusted for stock split, this implied transaction price of Rp210/share (vs current market price of c.Rp800/share). Private Equity typically has 5-7 years investment horizon. After almost 7 years since its investment in BFIN, an exit plan by the fund could be imminent, paving the way for a possible M&A.

## Trinugraha Capital and Co. investor group historical transaction and estimated valuation

| | 1Q11 - TPG bought 45% of BFIN's stake | 4Q17 | Remarks |
|---|---|---|---|
| Estimated alue per share | 210.4 | 805.0 | 805 is current market price |
| P/B Multiple | 1.6 | 2.6 | |
| Shares Outstanding (bn shares) | 15.206 | 15.967 | Series of MSOP programs in 2014; Buyback Rp252bn in 2015 for 1bn shares; adjusted for stock split 1:2 in 2012 and 1:10 in 2017 |
| Trinugraha Capital SA & Consortium ( % shares) | 45% | 42.80% | |
| Trinugraha Capital SA & Consortium ( # of shares in bn) | 6.835 | 6.835 | |
| Total Transaction Value (Rp bn) | 1,440 | N/A | |
| BVPS | 134.3 | 309.09 | |

*Source: Company, DBSVI*

## Quarterly / Interim Income Statement (Rpbn)

| FY Dec | 4Q2016 | 3Q2017 | 4Q2017 | % chg yoy | % chg qoq |
|---|---|---|---|---|---|
| Net Interest Income | 441 | 1,214 | 861 | 95.2 | (29.1) |
| Non-Interest Income | 228 | (412) | 21.0 | (90.8) | nm |
| Operating Income | 669 | 802 | 882 | 31.9 | 10.0 |
| Operating Expenses | (311) | (358) | (378) | 21.6 | 5.8 |
| Pre-Provision Profit | 358 | 444 | 503 | 40.8 | 13.3 |
| Provisions | (51.3) | (47.7) | (70.7) | 38.0 | 48.3 |
| Associates | 0.0 | 0.0 | 0.0 | nm | nm |
| Exceptionals | 0.0 | 0.0 | 0.0 | nm | nm |
| Pretax Profit | 306 | 397 | 433 | 41.3 | 9.1 |
| Taxation | (61.6) | (80.4) | (87.2) | 41.7 | 8.4 |
| Minority Interests | 0.0 | 0.0 | 0.0 | nm | nm |
| Net Profit | 245 | 316 | 345 | 41.2 | 9.2 |
| **Growth (%)** | | | | | |
| Net Interest Income Gth | 6.8 | 142.1 | (29.1) | | |
| Net Profit Gth | 14.7 | 16.5 | 9.2 | | |

*Source: Company*

## CRITICAL DATA POINTS TO WATCH

### Critical Factors

Strong growth of non-dealer financing. Managed receivables are expected to continue to book double-digit growth. Looking at the continuing improvement in asset quality, management indicated that it is comfortable to take on more risk this year and has guided for c.20% increase in new bookings. We expect the strong growth momentum in the non-dealer business, along with the improvement in the commodity-related business, to support a sustainable 15% receivables growth going forward.

Diverse products. BFIN offers a variety of products including dealer new/used 4W financing, as well as non-dealer 4W and 2W financing. There is also heavy equipment and machinery leasing. However, management will continue to focus on the non-dealer financing business, with the portfolio targeted to be maintained at the current 50% level.

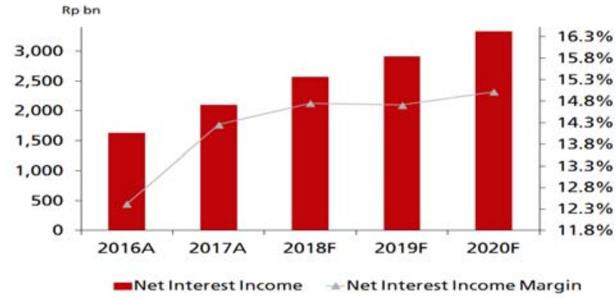
Possible NIM improvement. Further expansion in the non-dealer business can increase asset yield further. The yields from non-dealer 4W and 2W financing can be up to 20% and 40%, respectively, much higher than dealer financing yields of 15-16%. Elsewhere, the bond rating upgrade from Fitch and lower interest-rate environment may enable BFIN to lower its cost of funds further.

Non-interest income supported by financing growth. About 60% of BFIN's non-interest income is upfront fees worth 2-3% of loan size, while 40% are other fees such as late and transaction penalty charges.

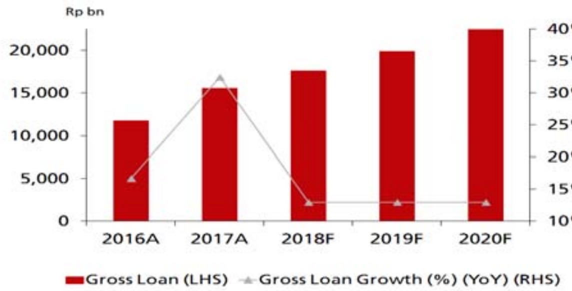
NPL and credit cost to stabilise. We believe NPL and credit cost can be maintained at current levels, as the economy and automotive market should stabilise this year. We expect NPL to hover around 1.2%, while credit cost should be flattish.

Higher opex due to expansion. We expect higher operating expenses to stem from its aggressive expansion plan. Management targets to add up to 50 new outlets in 2018.

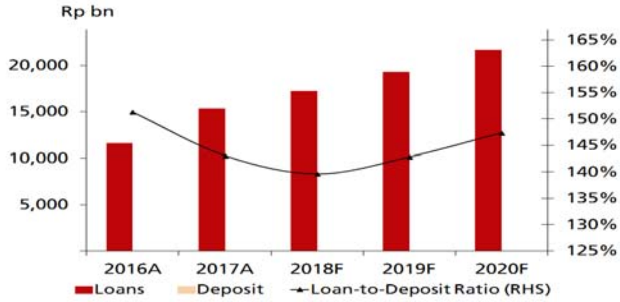
**Margin Trends**



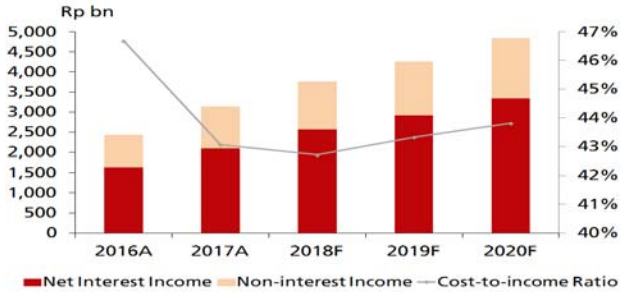

**Gross Loan & Growth**




**Loan-to-Deposit Ratio Trend**



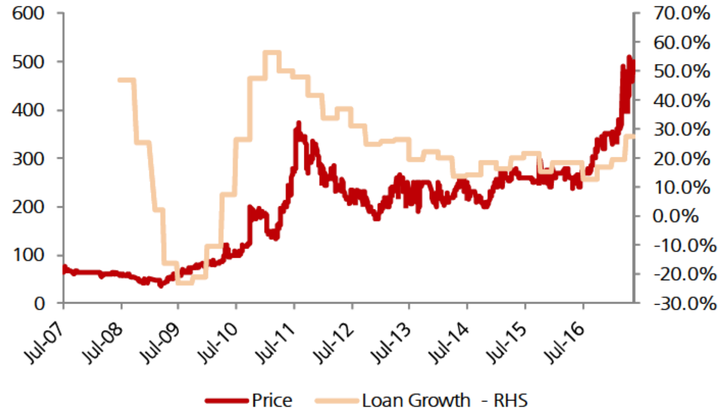

**Cost & Income Structure**




*Source: Company, DBS Bank, DBSVI*

Appendix 1: A look at Company's listed history – what drives its share price?

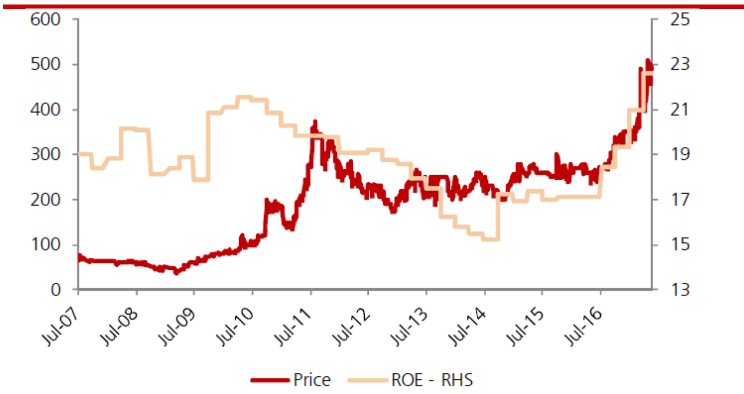
**Loan growth as critical factor**




**Remarks**

Loan growth is the main driver of stock price. BFI has been underleveraged and is known for its conservatism to maintain safe levels of liquidity and leverage. BFI is a standalone multi-finance company (unlike most multi-finance companies which are backed by banks), and therefore would not expect an easy line of help, like most of its peers.

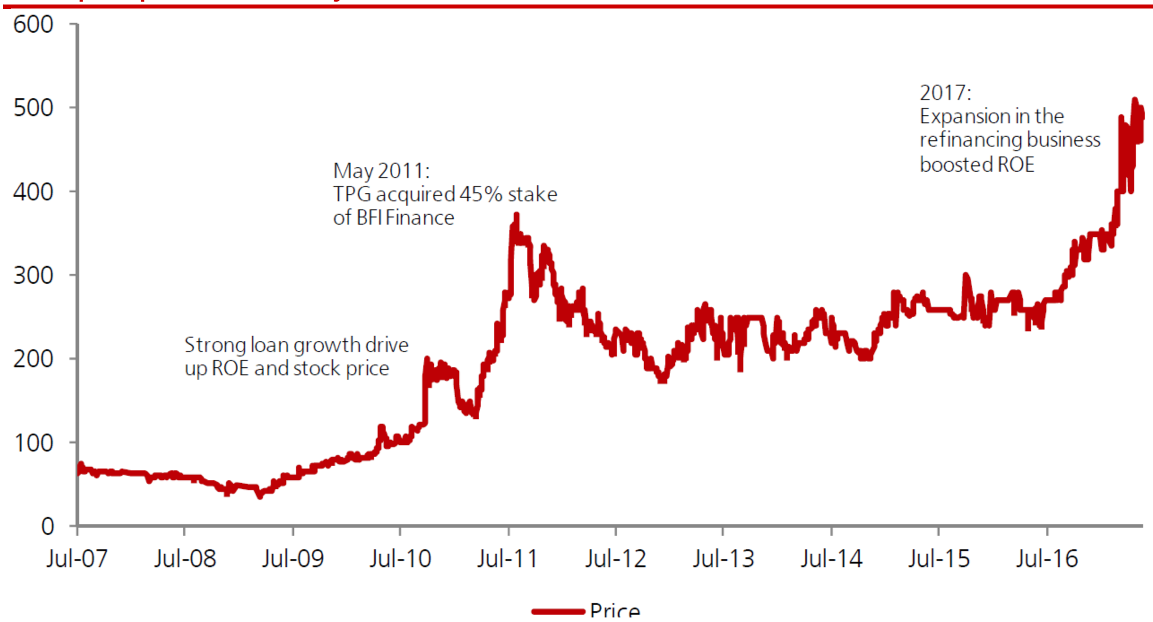
**Bond Yield as critical factor**




ROE in the past year has been improving significantly due to expansion in the refinancing business, which offers higher yield.

*Source: Bloomberg Finance L.P, DBSVI*

**Share price performance (10-year historical trend)**




*Source: Bloomberg Finance L.P, DBSVI*

*Balance Sheet:*

Funding is not an issue. Funding is not an issue this year as BFIN continues to utilise bond issuances and bank borrowings. Currently, bonds contribute c.40% of the funding and no significant change is expected. USD debt exposure is about 30% of its total debt and is fully hedged.

NPLs to be maintained at low level. Management expects NPL to be stable at around c.1.2%. The company recently changed its write-off policy on its automotive loans to 210 days overdue from 270 days.

Gearing ratio remains low. The company's gearing ratio has stayed below 2x historically. BFIN is well-capitalised and carries low solvency risk. Even with the currently strong growth momentum, management expects gearing to not exceed 3x in the near future.

**Share Price Drivers:**

Near-term resilience will support valuation; M&A will boost multiples over the long term. BFIN's diversified portfolio and unique direct financing business will continue to deliver sustainable earnings in the long term. BFIN is also an attractive M&A target given its cheap valuation, and also that it is one of the few sizeable multi-finance companies not directly backed by a bank.

**Key Risks:**

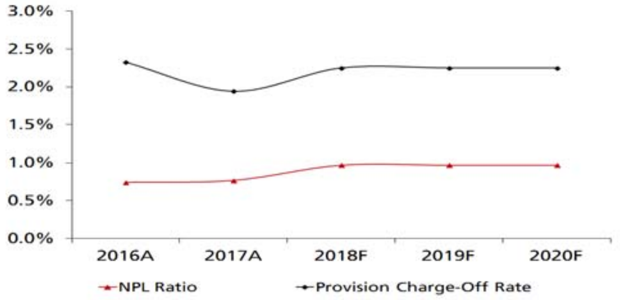
Slower-than-expected growth; more intense competition. The slower growth of consumer financing would be a downside risk to our forecast. Tougher competition can also lower yields and erode NIM.

Macro risk. Higher-than-expected inflation could hit customers earning fixed income. An adverse economic cycle could also hit the non-fixed-income customers.

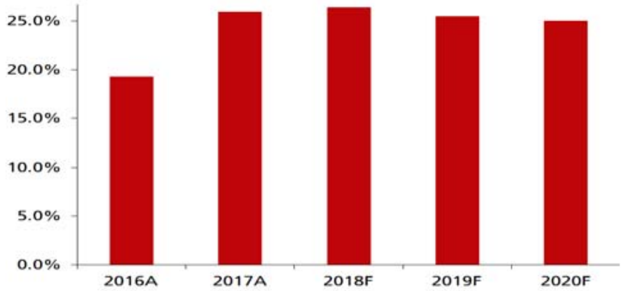
**Company Background**

BFI Finance (BFIN) is a financing company that focuses on consumer financing, both dealer generated and direct lending. The major shareholder with a 44.95% stake is a consortium comprising TPG Capital, Northstar Equity Partners and Boy Garibaldi Thohir.

**Asset Quality**

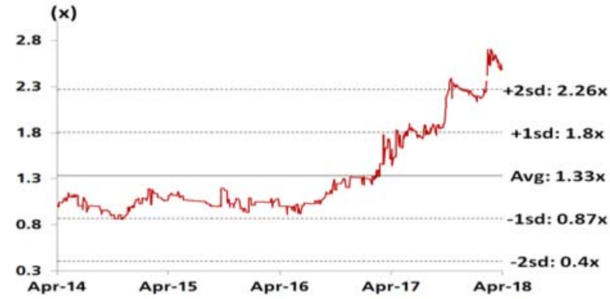



**ROE (%)**




**Forward PE Band (x)**


**PB Band (x)**




*Source: Company, DBS Bank, DBSVI*

**Key Assumptions**

| FY Dec | 2016A | 2017A | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| Gross Loans Growth | 16.8 | 32.5 | 13.0 | 13.0 | 13.0 |
| Customer Deposits Growth | N/A | N/A | N/A | N/A | N/A |
| Yld. On Earnings Assets | 18.5 | 20.4 | 21.1 | 20.9 | 21.1 |
| Avg Cost Of Funds | 10.6 | 9.8 | 9.5 | 9.5 | 9.5 |

Financing growth is expected to normalise

**Income Statement (Rpbn)**

| FY Dec | 2016A | 2017A | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| Net Interest Income | 1,630 | 2,095 | 2,570 | 2,915 | 3,333 |
| Non-Interest Income | 805 | 1,050 | 1,187 | 1,341 | 1,515 |
| Operating Income | 2,435 | 3,145 | 3,757 | 4,255 | 4,848 |
| Operating Expenses | (1,137) | (1,355) | (1,604) | (1,844) | (2,124) |
| Pre-provision Profit | 1,298 | 1,791 | 2,152 | 2,412 | 2,725 |
| Provisions | (273) | (303) | (396) | (448) | (506) |
| Associates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax Profit | 1,025 | 1,488 | 1,756 | 1,964 | 2,219 |
| Taxation | (227) | (300) | (354) | (396) | (448) |
| Minority Interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Preference Dividend | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Profit | 798 | 1,188 | 1,402 | 1,568 | 1,771 |
| Net Profit bef Except | 798 | 1,188 | 1,402 | 1,568 | 1,771 |
| **Growth (%)** | | | | | |
| Net Interest Income Gth | 12.6 | 28.5 | 22.7 | 13.4 | 14.4 |
| Net Profit Gth | 22.8 | 48.7 | 18.0 | 11.8 | 13.0 |
| **Margins, Costs & Efficiency (%)** | | | | | |
| Spread | 7.9 | 10.6 | 11.6 | 11.4 | 11.6 |
| Net Interest Margin | 12.4 | 14.3 | 14.8 | 14.7 | 15.0 |
| Cost-to-Income Ratio | 46.7 | 43.1 | 42.7 | 43.3 | 43.8 |
| **Business Mix (%)** | | | | | |
| Net Int. Inc / Opg Inc. | 66.9 | 66.6 | 68.4 | 68.5 | 68.7 |
| Non-Int. Inc / Opg inc. | 33.1 | 33.4 | 31.6 | 31.5 | 31.3 |
| Fee Inc / Opg Income | 29.2 | 30.2 | 28.6 | 28.5 | 28.3 |
| Oth Non-Int Inc/Opg Inc | 3.9 | 3.2 | 3.0 | 3.0 | 3.0 |
| **Profitability (%)** | | | | | |
| ROAE Pre Ex. | 19.3 | 25.9 | 26.4 | 25.5 | 25.0 |
| ROAE | 19.3 | 25.9 | 26.4 | 25.5 | 25.0 |
| ROA Pre Ex. | 6.6 | 8.2 | 8.0 | 7.9 | 8.1 |
| ROA | 6.6 | 8.2 | 8.0 | 7.9 | 8.1 |

Increasing profitability due to shift towards high yielding segment and structurally lower cost of funds

Expecting ROE to hover around 25-26% for the next three years

*Source: Company, DBS Bank, DBSVI*

**Quarterly / Interim Income Statement (Rpbn)**

| FY Dec | 4Q2016 | 1Q2017 | 2Q2017 | 3Q2017 | 4Q2017 |
|---|---|---|---|---|---|
| Net Interest Income | 441 | 470 | 501 | 1,214 | 861 |
| Non-Interest Income | 228 | 230 | 261 | (412) | 21.0 |
| **Operating Income** | 669 | 700 | 762 | 802 | 882 |
| Operating Expenses | (311) | (305) | (314) | (358) | (378) |
| **Pre-Provision Profit** | 358 | 395 | 448 | 444 | 503 |
| Provisions | (51.3) | (75.8) | (109) | (47.7) | (70.7) |
| Associates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Pretax Profit** | 306 | 319 | 340 | 397 | 433 |
| Taxation | (61.6) | (64.5) | (68.1) | (80.4) | (87.2) |
| Minority Interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net Profit** | 245 | 254 | 271 | 316 | 345 |
| **Growth (%)** | | | | | |
| Net Interest Income Gth | 6.8 | 6.6 | 6.6 | 142.1 | (29.1) |
| Net Profit Gth | 14.7 | 4.0 | 6.7 | 16.5 | 9.2 |

**Balance Sheet (Rpbn)**

| FY Dec | 2016A | 2017A | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| Cash/Bank Balance | 165 | 225 | 630 | 593 | 404 |
| Government Securities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Inter Bank Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Net Loans & Advs. | 11,583 | 15,352 | 17,217 | 19,324 | 21,704 |
| Investment | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Associates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed Assets | 414 | 457 | 456 | 453 | 448 |
| Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other Assets | 313 | 449 | 449 | 449 | 449 |
| **Total Assets** | 12,476 | 16,483 | 18,751 | 20,818 | 23,005 |
| Customer Deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Inter Bank Deposits | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debts/Borrowings | 7,656 | 10,729 | 12,329 | 13,529 | 14,729 |
| Others | 565 | 851 | 710 | 710 | 710 |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' Funds | 4,255 | 4,904 | 5,712 | 6,579 | 7,566 |
| **Total Liab& S/H's Funds** | 12,476 | 16,483 | 18,751 | 20,818 | 23,005 |

*Source: Company, DBS Bank, DBSVI*

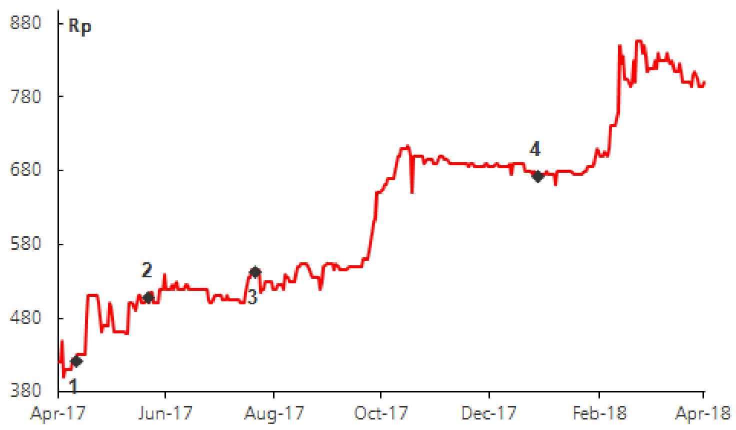
**Financial Stability Measures (%)**

| FY Dec | 2016A | 2017A | 2018F | 2019F | 2020F |
|---|---|---|---|---|---|
| **Balance Sheet Structure** | | | | | |
| Loan-to-Deposit Ratio | 151.3 | 143.1 | 139.6 | 142.8 | 147.4 |
| Net Loans / Total Assets | 92.8 | 93.1 | 91.8 | 92.8 | 94.3 |
| Investment / Total Assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cust . Dep./Int. Bear. Liab. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Interbank Dep / Int. Bear. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Asset Quality** | | | | | |
| NPL / Total Gross Loans | 0.7 | 0.8 | 1.0 | 1.0 | 1.0 |
| NPL / Total Assets | 0.9 | 0.9 | 0.9 | 0.9 | 1.0 |
| Loan Loss Reserve Coverage | 154.4 | 156.9 | 229.2 | 295.7 | 354.7 |
| Provision Charge-Off Rate | 2.3 | 1.9 | 2.2 | 2.2 | 2.2 |
| **Capital Strength** | | | | | |
| Total CAR | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Tier-1 CAR | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Expecting stable asset quality ratio

*Source: Company, DBS Bank, DBSVI*

**Target Price & Ratings History**




| S.No. | Date of Report | Closing Price | 12-mth Target Price | Rating |
|---|---|---|---|---|
| 1: | 18 Apr 17 | 425 | 500 | BUY |
| 2: | 29 May 17 | 510 | 500 | HOLD |
| 3: | 28 Jul 17 | 545 | 700 | BUY |
| 4: | 04 Jan 18 | 675 | 840 | BUY |

***Note**: Share price and Target price are adjusted for corporate actions.*

*Source: DBS Bank, DBSVI*

*Analyst: Benedictus Agung SWANDONO*
*Sue Lin LIM*

| |
|---|
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| **BUY** (>15% total return over the next 12 months for small caps, >10% for large caps) |
| **HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps) |
| **FULLY VALUED** (negative total return i.e. > -10% over the next 12 months) |
| **SELL** (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame) |

*Share price appreciation + dividends*

Completed Date: 10 Apr 2018 07:19:37 (WIB)
Dissemination Date: 10 Apr 2018 09:12:34 (WIB)

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## DBS Regional Research Offices

HONG KONG
DBS Vickers (Hong Kong) Ltd
Contact: Paul Yong
18th Floor Man Yee Building
68 Des Voeux Road Central
Central, Hong Kong
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Participant of the Stock Exchange of Hong Kong

MALAYSIA
AllianceDBS Research Sdn Bhd
Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

SINGAPORE
DBS Bank Ltd
Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: research@id.dbsvickers.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
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