

ABSTRACT

The banking industry is one of the industry whose shares are in great demand by the people who will invest in the capital market. Several large banks are also entered into the category of leading shares LQ 45 that is a collection of 45 stocks of companies that have high levels of liquidity and high market capitalization. The purpose of this study was to determine the fair value of banking shares included in the index LQ45 period August 2014-January 2015 and determine whether stocks are considered overvalued, undervalued, or fair.

Stock valuation method used is the Dividend Discount Model (DDM) constant growth model that includes calculations Dividend Per Share (DPS), Expected Growth (g) and Required Rate of Return (k). With this method it can be seen the fair value of each stock banking sub-sector for 2015 which can be compared with the market value then, so it can be known whether the stock undervalued, overvalued, or fair.

This research was conducted by means of descriptive quantitative method which is descriptive research study conducted to determine the value of an independent variable, either a variable or more without making comparisons, or connect with other variables. The object of this research is the banking sub-sector companies are included in the LQ45 index in the Indonesia Stock Exchange (BEI) in the period August 2014 to January of each sample financial statements from 2012 to 2014.

Based on the results of this study note that the fair value of BBKA Rp 3366.97, BBNI Rp 1024.74, BBRI Rp 1517.9, BBTN Rp 401.64, BDMN Rp 1459.62, and BMRI Rp 2,606, 76. From the results of the fair value is then compared to the market price per share in January 2015 concluded that all the banking sub-sector shares included in the index LQ45 period August 2014 - January 2015 rated overvalued or too expensive.

Key Words : Stock Valuation, Dividend Discount Model, overvalued, undervalued, fair.