

14th March 2022
 Banking, Equity

Price **IDR. 7,950**
 Target Price **IDR. 8,700**
 JKSE Index **6,922.60**

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 Bank Central Asia Tbk, Indonesia, Jakarta:BBCA, M



Stock Code
Bloomberg code **BBCA IJ**
Market cap (IDR.bn) **122.04**
52-Week High (IDR) **8250**
52-Week Low (IDR) **5905**
6-m Avg Daily. Val (IDR) **6481**

Major Shareholders (%)
Dwimuria **54.94%**
Public **45.06%**

USD/IDR-YE
2021A **14,278**
2022F (6M Avg) **14,337**

Key Indicators
Non Performing Loan (%) **2.09**
Net Interest Margin (%) **5.76**

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Investment Consideration Strong Net Income Growth

BBCA recorded a Net Profit of IDR 31.42 trillion in FY21 up 15.8% YoY from IDR 27.3 trillion in FY20. Net Interest income was up 3.5% YoY to IDR 5.5 trillion in FY21 supported by higher earning assets and strong CASA. Provisions and commissions increased 11.5% YoY to IDR 14.68 trillion in FY21, mainly from CASA transactions and trade finance. NIM decreased to 5% in FY21 on the back of lower asset yields from competitive loan pricing. For 2022, the bank targets a NIM of 4.9%-5% and we expect in the range of 5% as the bank sees limited room to increase loan yields as most banks will focus on loan growth in FY22.

Corporate Loan Growth

BBCA loans increased 8.7% YoY to IDR 637 trillion in 2021, driven by corporate loans up 12.3% YoY, while commercial, SME and consumer increased 4.8% YoY and 5.1% YoY, respectively. We estimate BBCA's loan growth will be in the range of 8% this year. FY21 loan growth was driven by telecommunications, infrastructure, nickel mining as well as consumer loans from mortgages. We also expect strong growth from commercial and SME loans this year as mobility increases.

Asset Quality Asset and Loan Restructured

NPLs decreased to 2.2% in FY21 from 2.4% in 3Q21. Special Mention Loans also decreased to 2% in FY21 from 2.8% in FY20. As of December 2021, loans under restructuring have continued to decline to IDR 64.9 trillion or 10% of total loans. Provisions brought NPL coverage to a strong 240% in 2021 in anticipation of any further deteriorating asset quality. We estimate that NPLs for this year will be in the range of 2%.

Valuation: 10% Upside, Hold.

Based on our DDM Valuation, we have a target price within one year of IDR 8,700 or trading at 4.8x PBV which gives 10% potential upside, Hold.

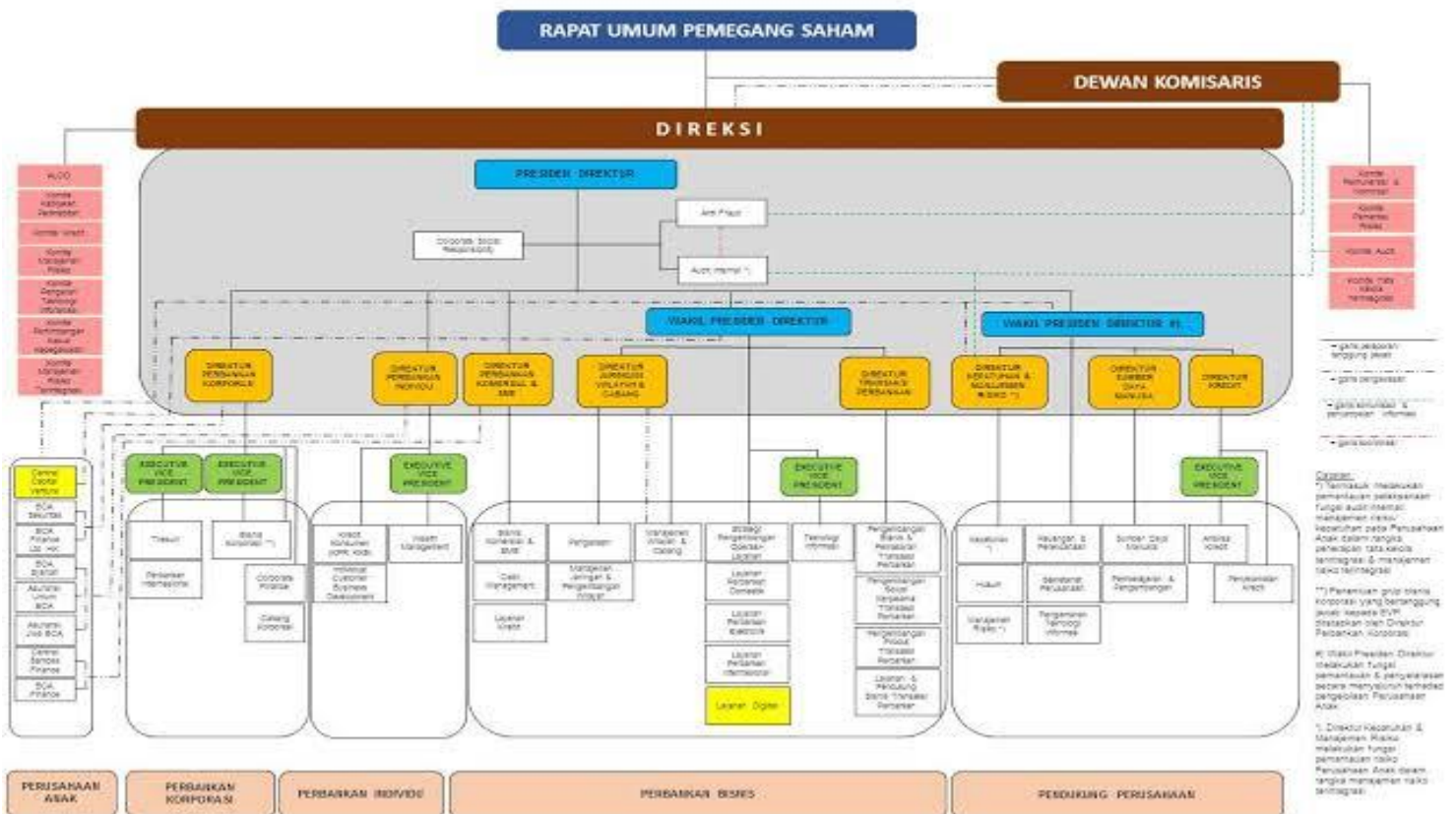
Income Statement (Idr bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Interest Income	56.812	64.352	65.875	65.980	77.086	83.795	106.341
Interest Expense	-11.476	-13.528	-11.329	-9.509	-9.860	-10.911	-13.199
Net Interest Income	45.336	50.824	54.547	56.471	67.227	72.883	93.142
Net Operating Income	23.150	26.484	21.101	21.427	22.559	24.646	25.672
Operating Expense	-30.659	-32.737	-30.480	-29.434	-31.332	-33.345	-36.914
PPOP	37.826	44.571	45.168	48.464	58.454	64.185	81.900
Provision Expense	-5.740	-8.282	-11.599	-9.324	-12.123	-8.458	-8.715
Operating Profit	32.086	36.289	33.569	39.140	46.331	55.727	73.185
Profit Before Tax	32.706	36.289	33.569	38.841	46.030	55.424	72.882
Tax Expense	-6.854	-7.719	-6.421	-7.401	-9.206	-11.085	-14.576
Net Profit	25.852	28.570	27.147	31.440	36.824	44.340	58.305
EPS (Rp/Share)	1.048,3	1.158,1	1.100,0	255,0	301,0	362,0	475,3

Company Profile

PT Bank Central Asia Tbk (the “Bank”) was established in the Republic of Indonesia based on the Notary Deed No. 38 of Raden Mas Soeprpto dated 10 August 1955 under the name of “N.V. Perseroan Dagang Dan Industrie Semarang Knitting Factory”. This deed of establishment was approved by the Minister of Justice in its decision letter No. J.A.5/89/19 dated 10 October 1955 and was published in Supplement No. 595 to the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1956. The name of the Bank has been changed several times with the latest change being PT Bank Central Asia based on the Notary Deed No. 144 of Wargio Suhardjo, S.H., the substitute of notary public Ridwan Suselo, dated 21 May 1974. The Bank started its commercial operations in the banking business on 12 October 1956. According to Article 3 of the Bank’s Articles of Association, the Bank operates as a commercial bank. The Bank is engaged in banking activities and other financial services in accordance with the prevailing regulations in Indonesia.

Company Structure

STRUKTUR ORGANISASI PT BANK CENTRAL ASIA Tbk.



Source: Company

Chart: Gross Loan (Idr.bn) YoY

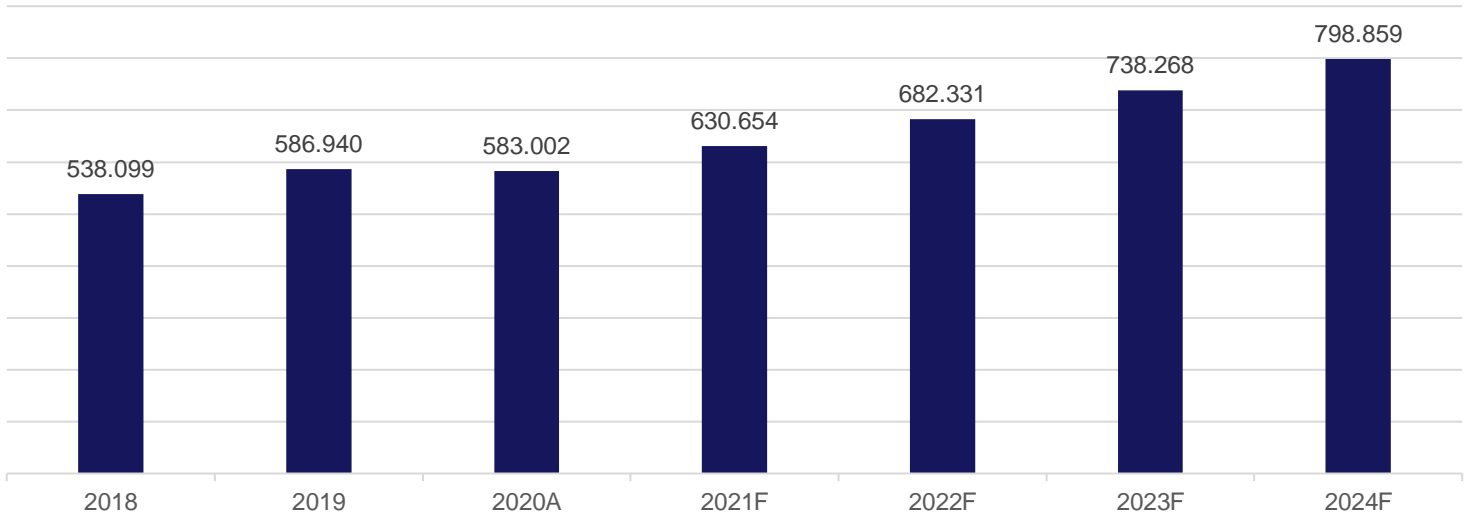


Chart: Profitability Ratio YoY

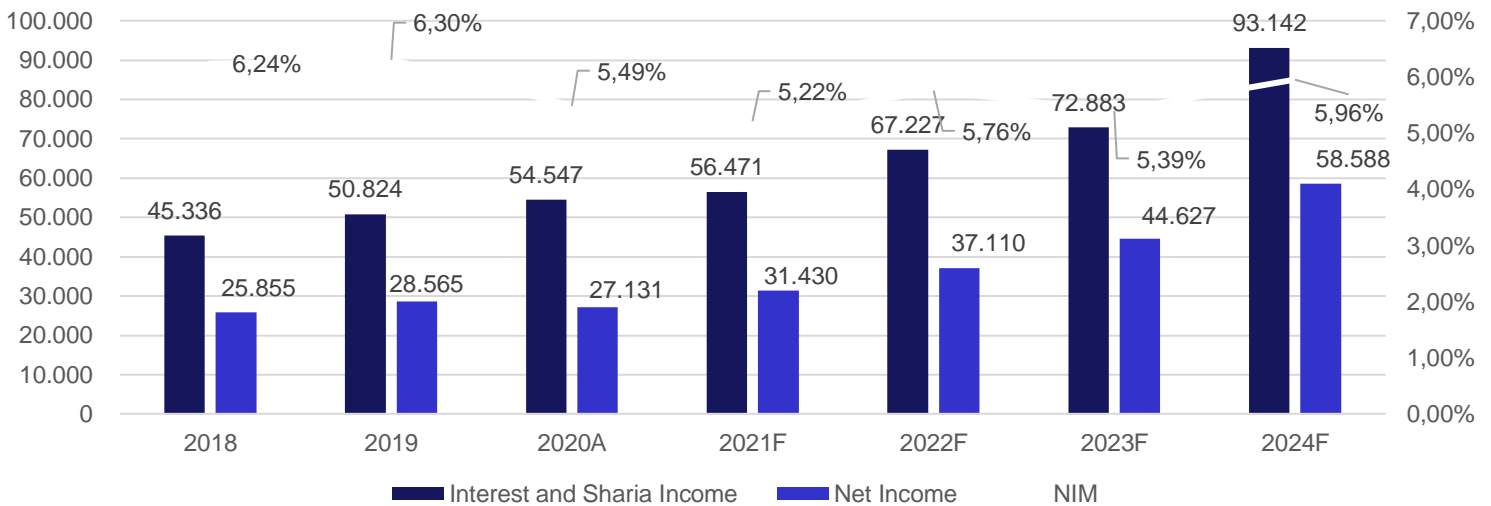
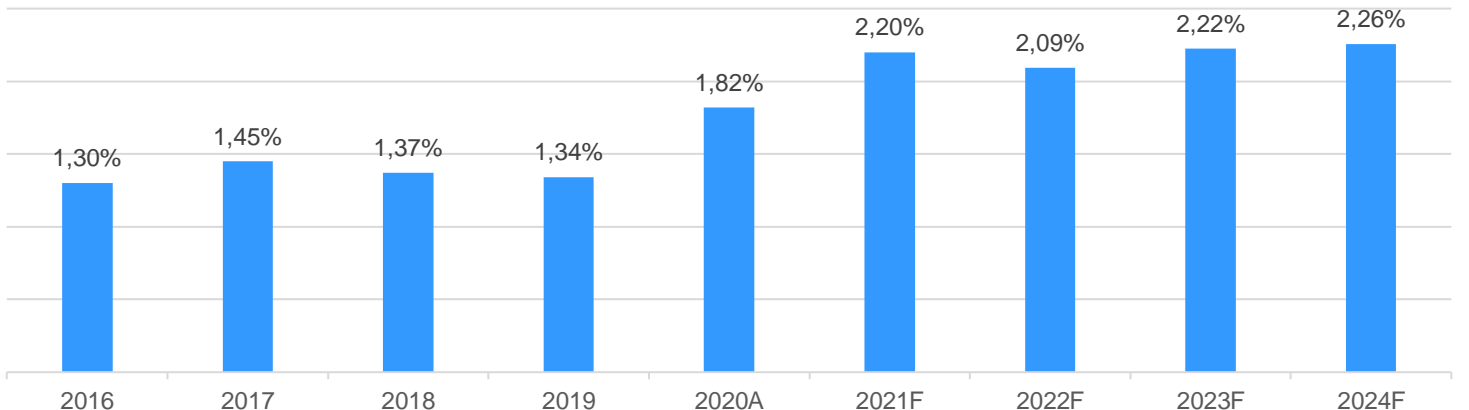


Chart: NPL (%) YoY



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Cash and CA with BI	86.410	99.640	90.211	158.636	123.997	70.259	8.761
Interbank Placement	1.040	1.936	1.080	1.330	2.740	2.460	3.282
Marketable Securities	121.862	153.720	201.947	231.066	343.701	404.927	522.814
Gross Loan	538.099	586.940	583.002	630.654	682.331	738.268	798.859
Allowance for Loans	-13.569	-14.906	-27.913	-33.239	-36.716	-25.504	-16.922
Loans-net	524.530	572.034	555.088	597.415	645.615	712.764	781.936
Other Earning Asset	188.452	219.382	410.343	452.036	570.933	711.521	879.042
Non Earning Asset	25.395	27.934	19.928	20.258	24.296	27.617	32.245
Total Asset	824.788	918.989	1.075.570	1.228.345	1.364.841	1.522.160	1.701.985
Deposit:							
Current Account	166.822	184.918	230.646	285.640	345.624	418.205	506.028
Saving Account	316.182	345.634	414.041	481.373	553.579	636.615	732.108
Time Deposits	146.808	168.428	196.890	208.937	232.546	256.964	282.660
Other Interest Bearing Liabilities	17.693	18.073	14.703	17.729	18.035	18.297	18.563
Non Interest Bearing Liabilities	25.530	27.793	34.693	31.954	29.431	27.107	24.967
Total Liabilities	673.035	744.846	890.974	1.025.632	1.179.215	1.357.188	1.564.325
Total Shareholder's Equity	151.753	174.143	184.596	202.713	185.626	164.972	137.659

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Ratio Highlights

Ratio Analysis	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Profitability & Efficiency							
NIM	6,24%	6,30%	5,49%	5,22%	5,76%	5,39%	5,96%
Cost-to-Income Ratio	43,86%	42,35%	40,29%	37,79%	34,90%	34,19%	31,07%
ROE	17,05%	16,41%	14,70%	15,50%	19,99%	27,05%	42,56%
ROA	3,13%	3,11%	2,52%	2,56%	2,72%	2,93%	3,44%
ROAE	17,40%	16,73%	15,56%	15,10%	17,75%	23,52%	34,81%
BOPO	44,74%	41,81%	34,73%	33,89%	29,17%	33,01%	31,36%
Cost of Credit	1,07%	1,41%	1,99%	1,48%	1,78%	1,15%	1,09%
Liquidity							
CASA	76,69%	75,90%	76,60%	78,59%	79,45%	80,41%	81,41%
Asset Quality							
Gross NPL	1,37%	1,34%	1,82%	2,20%	2,09%	2,22%	2,26%
Provision Coverage	125,83%	189,20%	260,90%	310,00%	200,00%	124,00%	76,00%
Capital							
CAR	23,40%	23,40%	25,80%	25,70%	24,58%	24,87%	24,87%
Growth							
Loan Growth	14,62%	9,49%	-2,51%	8,17%	8,18%	8,20%	8,21%
Deposit Growth	8,38%	10,98%	20,40%	15,97%	15,96%	15,91%	15,93%
CASA Growth	8,69%	8,87%	9,84%	21,51%	18,97%	17,23%	17,31%
Net Income Growth	10,92%	10,48%	-5,02%	15,84%	18,07%	20,26%	31,29%

QoQ Result

Balance Sheet	4Q20	3Q21	4Q21	%QoQ	%YoY
Loan	583.002	599.933	630.654	5,12%	8,17%
Loan Loss Reserves	-27.913	-33.170	-33.239	0,21%	19,08%
NPL	10.496	14.400	13.876	-3,64%	32,21%
Deposit					
Demand	230.646	263.375	285.640	8,45%	23,84%
Savings	414.041	458.424	481.373	5,01%	16,26%
Time Deposit	196.890	201.936	208.937	3,47%	6,12%
Total Asset	1.075.570	1.169.296	1.228.345	5,05%	14,20%
Shareholder Equity	184.596	197.815	202.713	2,48%	9,81%

Income Statement	4Q20	3Q21	4Q21	%QoQ	%YoY
Interest Income	16.432	16.268	16.588	1,97%	0,95%
Interest Expense	2.688	2.390	2.273	-4,87%	-15,42%
Net Interest Income	13.744	13.878	14.315	3,15%	4,15%
Net Operating Income	3.266	4.391	5.923	34,87%	81,32%
Operating Expense	5.667	13.760	547	-96,02%	-90,34%
PPOP	11.343	4.509	19.690	336,65%	73,59%
Provision Expense	-2.470	6.546	-9.324	-242,43%	277,44%
Operating Profit	13.813	-2.037	29.014	-1524,47%	110,05%
Profit Before Tax	8.872	11.056	10.366	-6,24%	16,84%
Tax Expense	-1.770	-2.018	-1.972	-2,29%	11,38%
Net Profit	7.102	9.038	8.394	-7,12%	18,20%

Ratio	4Q20	3Q21	4Q21	QoQ	YoY
Profitability & Efficiency					
NIM	5,70%	5,00%	5,10%	0,10	(0,70)
CIR	37,40%	31,40%	34,90%	3,50	(6,00)
ROE	16,50%	22,70%	18,30%-	4,40	6,20
ROA	3,30%	4,20%	3,40%-	0,80	0,90
Cost of Credit	1,70%	0,80%	1,10%	0,30	(0,90)
Liquidity					
LDR	65,80%	62,00%	62,00%	-	(3,80)
CASA	76,60%	78,10%	78,60%	0,50	1,50
Asset Quality					
Gross NPL (Bank only)	1,80%	2,40%	2,20%-	0,20	0,60
Provision Coverage	260,9%	230,2%	240,0%	9,80	(30,70)
Capital					
CAR	25,80%	26,20%	25,70%-	0,50	0,40

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

**RESEARCH TEAM
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