

September 23rd, 2022
 Banking, Equity

Price **IDR 8,375**
 Target Price **IDR 10,260**
 JKSE Index **IDR 7,178.58**



Stock Code **BBCA IJ**
 Bloomberg code **1,037.36 T**
 Market Cap (IDR.bn) **8,875**
 52-Week High (IDR) **6,470**
 52-Week Low (IDR) **7,720**
 6-m Avg Daily. Val (IDR) **42.75**
 Free Float (%) **42.75**

Major Shareholders (%)
 DIA **54.94**
 Public **44.96**

USD/IDR-YE
 2021A **14,278**
 2022F (6M Avg) **14,695**

Key Indicators
 Non-Performing Loan (%) **1.88**
 Net Interest Margin (%) **5.36**

Analyst: Achmadi Hangradhika
 achmadi.hangradhika@binaartha.com

Investment Consideration

Net Profit up +25%

BBCA recorded a Net Profit of IDR 18.05 trillion in 1H22, up +24.86% YoY from IDR 14.46 trillion in 1H21. The growth was driven by interest income which grew +1.89% while well-managed interest expenses decreased almost -18% in 1H22. We forecast that BBCA will improve its Net Profit +30% from IDR 31.42 trillion in FY21 to IDR 40.85 trillion in FY22.

Strong Loan Growth

In the 1H22, BBCA recorded strong loan growth of +13.72% YoY. The growth was driven by corporate loans, which grew +19.12%. Other loans like Commercial/SME and Consumer grew too, by +11.12% and +8.08 respectively. We assume Total Gross Loans (bank only) will grow +10.61% YoY in FY2022 with Corporate Loans growing the fastest at 14.39% compared to last year.

Asset Quality Improvement

There was an improvement of BBCA's Gross NPL ratio in 1H2022 which declined almost -19 bps to 2.20%. Of the three types of loans, only Commercial/SME had a higher NPL ratio, from 2.46% in 1H21 to 2.48% in 1H22. Corporate lending had the biggest improvement with a -30bps decline to 2.32%, while consumer NPLs were down -25 bps to 0.25%. We predict BBCA will be able to decrease its NPL ratio further to 1.88% in FY2022.

Valuation: 23% Upside, Buy

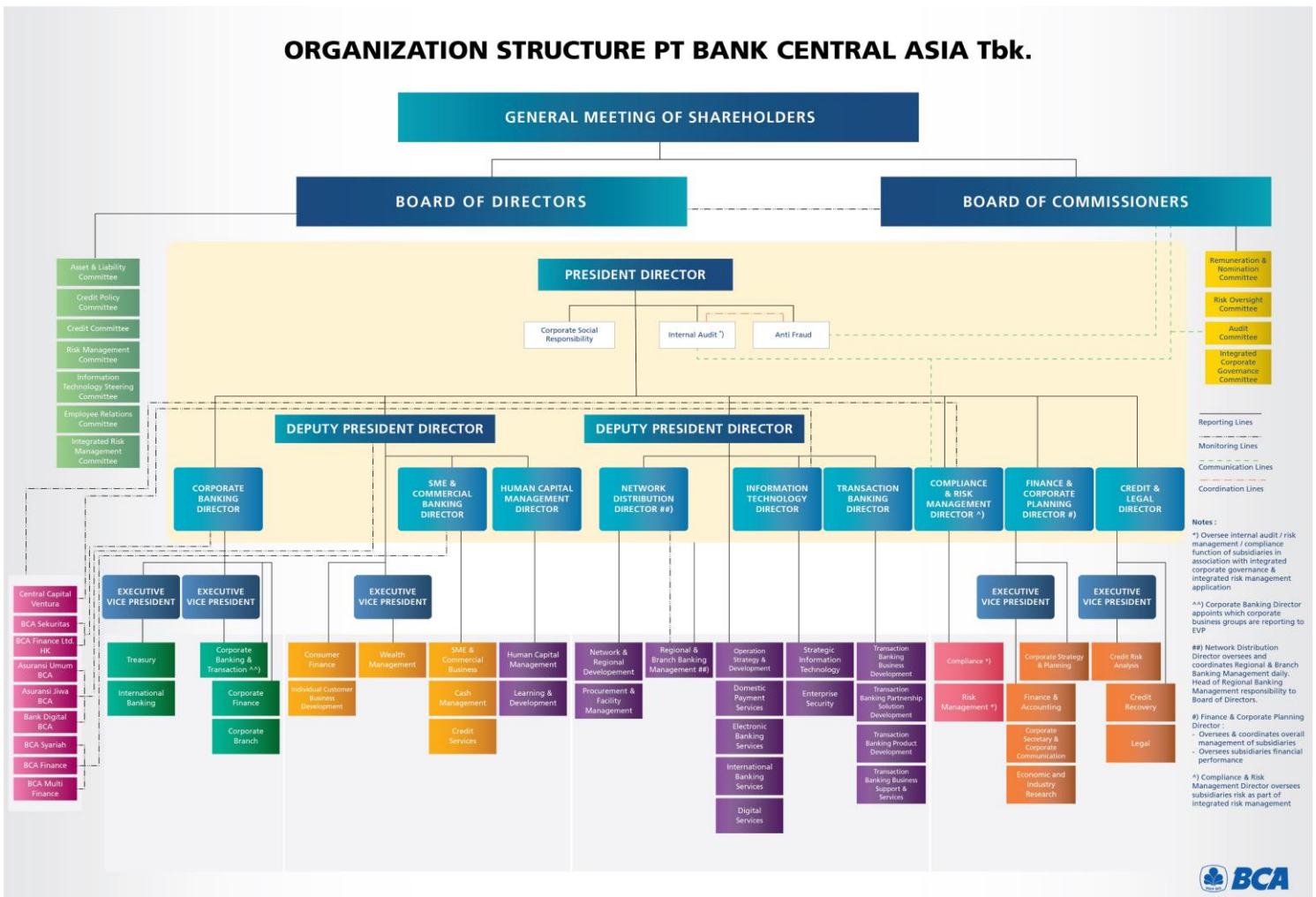
Based on our DDM Valuation, we have a target price within one year of IDR 10,260 or trading at 5.6x PBV which gives 23% potential upside, Buy.

Income Statement (IDR bn)	2018A	2019A	2020A	2021A	2022F
Interest Income	53,799	64,352	65,875	65,980	74,112
Interest Expense	(11,941)	(13,528)	(11,329)	(9,509)	(9,229)
Net Interest Income	41,858	50,824	54,547	56,471	64,883
Net Operating Income	18,109	21,121	21,101	21,518	24,664
Operating Expense	(25,361)	(31,096)	(30,228)	(29,525)	(32,085)
PPOP	34,606	40,849	45,420	48,464	57,462
Provision Expense	(5,447)	(4,598)	(11,599)	(9,324)	(6,079)
Operating Profit	29,159	36,251	33,820	39,140	51,384
Non Operating Income - net	0	38	(252)	(298)	(301)
Profit Before Tax	29,159	36,289	33,569	38,841	51,082
Tax Expense	(5,838)	(7,719)	(6,421)	(7,401)	(10,216)
Earning After Tax	23,321	28,570	27,147	31,440	40,866
Income for The Year Attributable to - NCI	(11)	(5)	(16)	(17)	(15)
Net Income	23,310	28,565	27,131	31,423	40,851

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



Source: Company

Chart: Gross Loan (IDR bn) YoY

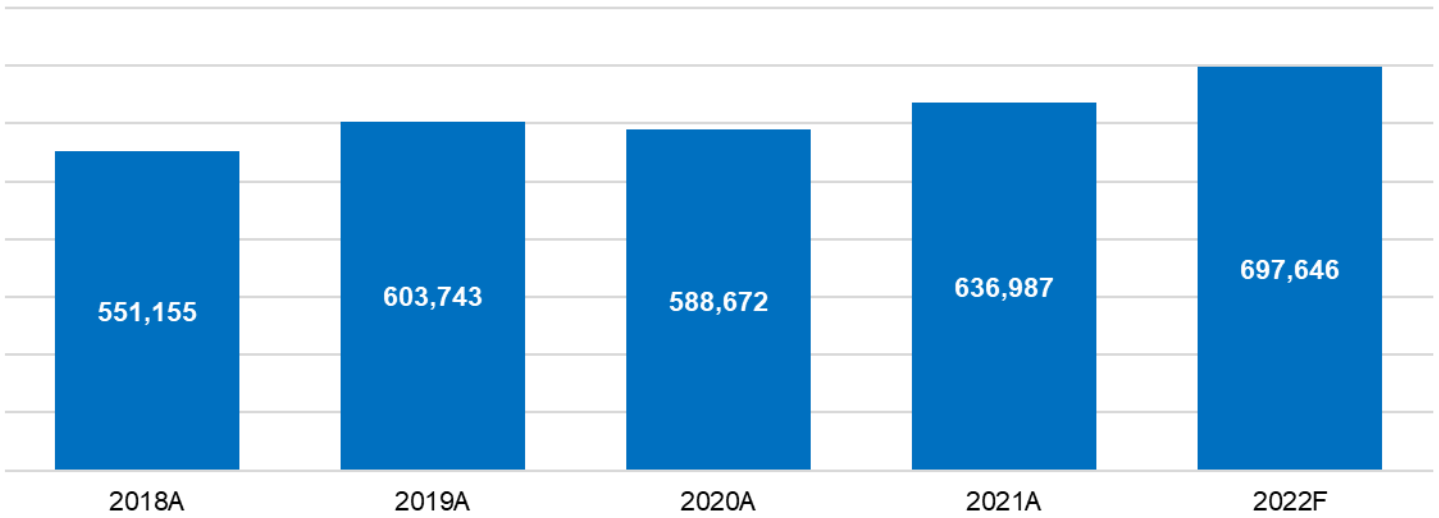


Chart: Profitability Ratio YoY

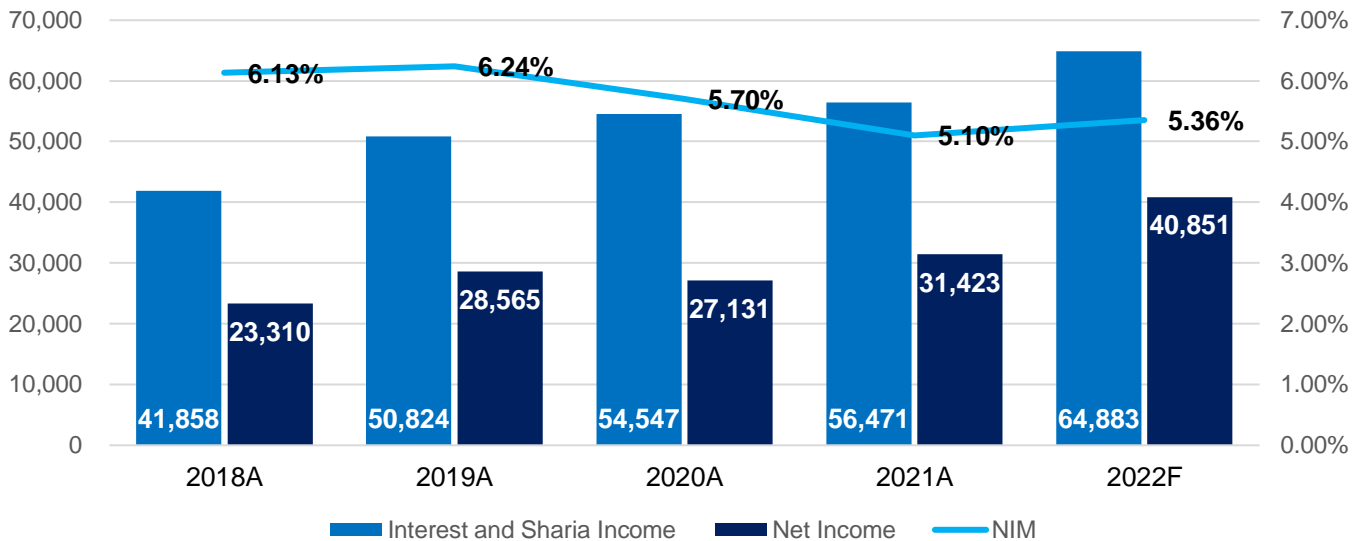


Chart: NPL (%) YoY

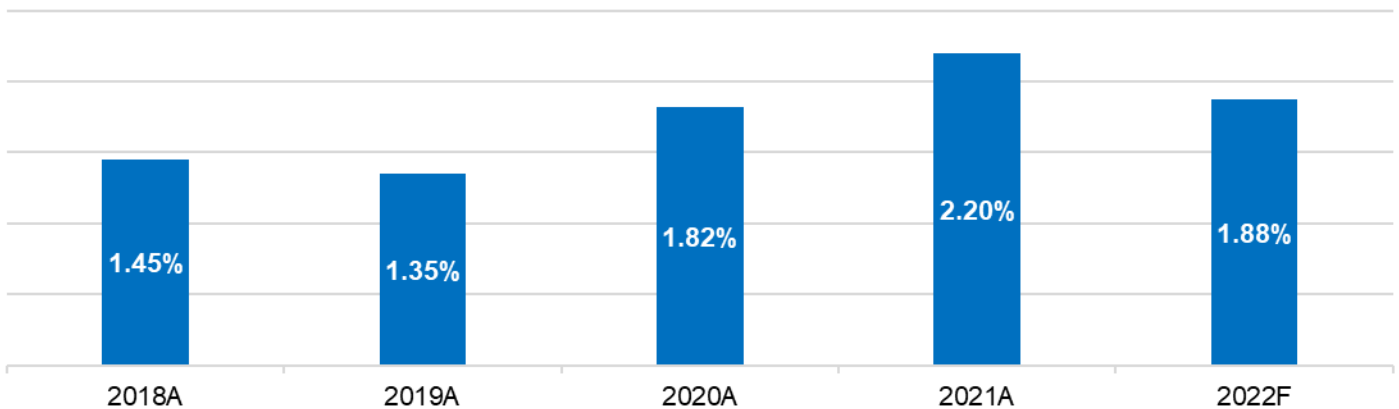


Chart: Gross Loan (IDR Tn) QoQ

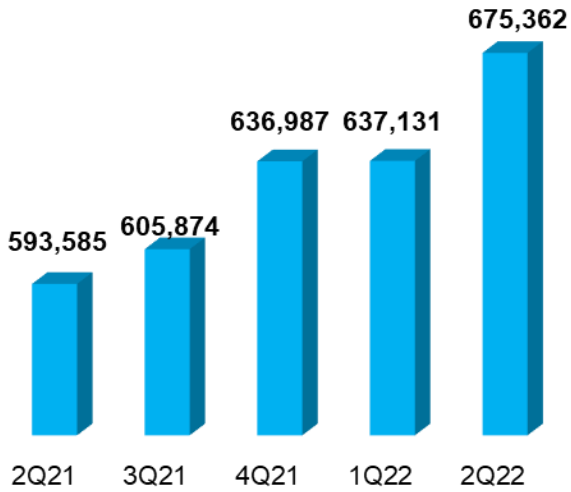


Chart: Customer Deposit (IDR Tn) QoQ

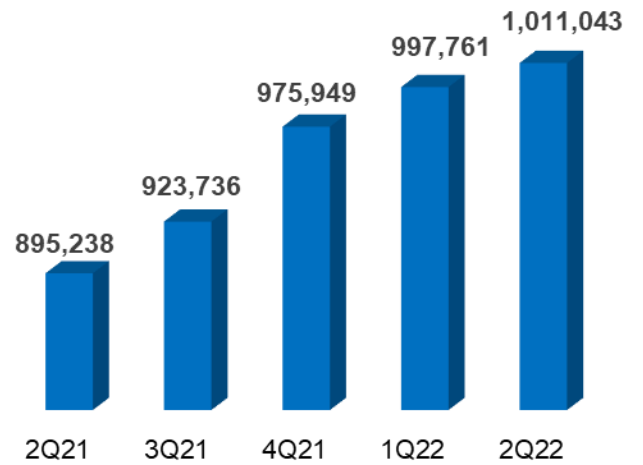


Chart: Non Performing Loan (%) QoQ

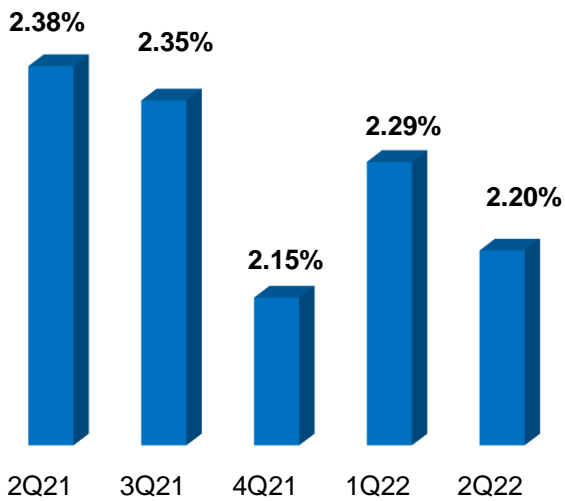
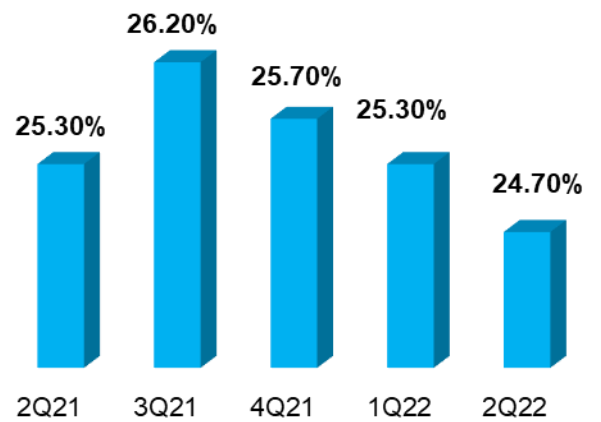


Chart: CAR (%) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2018A	2019A	2020A	2021A	2022F
Cash and CA with BI	65,240	73,326	51,805	89,401	76,551
Interbank Placement	8,498	10,522	11,972	11,605	21,492
Marketable Securities	4,802	3,975	1,856	1,117	9,516
Gross Loan	551,155	603,743	588,672	636,987	697,646
Allowance for Loans	(14,012)	(15,528)	(27,914)	(33,240)	(31,074)
Loans-net	537,142	588,215	560,758	603,747	666,571
Other Earning Asset	184,499	217,340	417,968	489,751	585,560
Non Earning Asset	37,907	40,108	45,040	45,445	45,406
Total Asset	824,788	918,989	1,075,570	1,228,345	1,374,088
Deposit:					
Current Account	166,822	184,918	229,821	285,640	346,108
Saving Account	316,182	345,634	414,041	481,373	544,816
Time Deposits	146,808	168,428	196,890	208,937	206,041
Other Interest Bearing Liabilities	17,693	18,073	15,529	17,729	17,987
Non Interest Bearing Liabilities	25,530	27,793	34,575	31,818	34,035
Total Liabilities	673,035	744,846	890,856	1,025,496	1,148,987
Total Shareholder's Equity	151,753	174,143	184,715	202,849	225,101

Income Statement (IDR.bn)

Income Statement (IDR bn)	2018A	2019A	2020A	2021A	2022F
Interest Income	53,799	64,352	65,875	65,980	74,112
Interest Expense	(11,941)	(13,528)	(11,329)	(9,509)	(9,229)
Net Interest Income	41,858	50,824	54,547	56,471	64,883
Net Operating Income	18,109	21,121	21,101	21,518	24,664
Operating Expense	(25,361)	(31,096)	(30,228)	(29,525)	(32,085)
PPOP	34,606	40,849	45,420	48,464	57,462
Provision Expense	(5,447)	(4,598)	(11,599)	(9,324)	(6,079)
Operating Profit	29,159	36,251	33,820	39,140	51,384
Non Operating Income - net	0	38	(252)	(298)	(301)
Profit Before Tax	29,159	36,289	33,569	38,841	51,082
Tax Expense	(5,838)	(7,719)	(6,421)	(7,401)	(10,216)
Earning After Tax	23,321	28,570	27,147	31,440	40,866
Income for The Year Attributable to - NCI	(11)	(5)	(16)	(17)	(15)
Net Income	23,310	28,565	27,131	31,423	40,851

Ratio Highlights

Ratio Analysis	2018A	2019A	2020A	2021A	2022F
Profitability & Efficiency					
NIM	6.13%	6.24%	5.70%	5.10%	5.36%
Cost-to-Income Ratio	42.29%	43.22%	39.96%	37.86%	35.83%
ROE	15.37%	16.41%	14.70%	15.50%	18.16%
ROA	2.83%	3.11%	2.52%	2.56%	2.97%
ROAE		15.89%	15.56%	15.10%	16.83%
BOPO	59.45%	57.59%	61.12%	55.27%	47.98%
Cost of Credit	0.99%	0.76%	1.97%	1.46%	0.87%
Liquidity					
LDR	87.51%	86.37%	70.02%	65.27%	63.60%
CASA	76.69%	75.90%	76.58%	78.59%	81.22%
Asset Quality					
Gross NPL	1.45%	1.35%	1.82%	2.20%	1.88%
Provision Coverage	124.99%	129.76%	202.59%	187.82%	193.30%
Capital					
CAR	23.40%	23.80%	25.80%	25.70%	25.97%
Growth					
Loan Growth		9.54%	-2.50%	8.21%	9.52%
Deposit Growth		7.95%	17.25%	13.98%	10.39%
CASA Growth		9.84%	21.36%	19.13%	16.16%
Net Income Growth		22.54%	-5.02%	15.82%	30.00%

QoQ Result

Balance Sheet	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Loan	593,585	605,874	636,987	637,131	675,362	6.00%	13.78%
Loan Loss Reserves	(32,989)	(33,171)	(33,240)	(36,080)	(36,907)	2.29%	11.87%
NPL	14,144	14,227	13,690	14,566	14,836	1.85%	4.89%
Deposit							
Demand	248,237	263,375	285,640	301,097	304,808	1.23%	22.79%
Savings	448,838	458,424	481,373	497,061	513,003	3.21%	14.30%
Time Deposit	198,163	201,936	208,937	199,602	193,231	-3.19%	-2.49%
Total Asset	1,129,497	1,169,296	1,228,345	1,259,435	1,264,468	0.40%	11.95%
Shareholder Equity	187,370	197,815	202,713	194,689	202,987	4.26%	8.33%

Income Statement	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Interest Income	16,514	16,268	16,588	16,462	17,288	5.02%	4.69%
Interest Expense	(2,368)	(2,390)	(2,273)	(1,979)	(1,997)	0.93%	-15.65%
Net Interest Income	14,146	13,878	14,315	14,483	15,291	5.58%	8.09%
Net Operating Income	4,879	4,391	6,014	6,521	6,900	5.82%	41.44%
Operating Expense	(6,616)	(6,111)	(8,287)	(8,324)	(9,029)	8.47%	36.47%
PPOP	12,409	12,158	12,041	12,680	13,163	3.81%	6.07%
Provision Expense	(3,292)	(1,103)	(1,675)	(2,818)	(909)	-67.75%	-72.39%
Operating Profit	9,117	11,056	10,366	9,862	12,254	24.25%	34.41%
Non Operating Income - net	77	(290)	(166)	91	91	0.08%	18.52%
Profit Before Tax	9,194	10,766	10,200	9,953	12,345	24.03%	34.28%
Tax Expense	(1,773)	(2,018)	(1,972)	(1,886)	(2,356)	24.97%	32.90%
Earning After Tax	7,421	8,748	8,228	8,068	9,989	23.81%	34.60%
Income for The Year Attributable to - NCI	5	5	4	3	4	9.29%	-20.88%
Net Income	7,416	8,743	8,224	8,064	9,985	23.82%	34.64%

Ratio	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Profitability & Efficiency							
NIM	5.20%	5.00%	4.90%	4.90%	5.00%	0.10	(0.20)
CIR	33.50%	31.40%	39.40%	35.80%	32.90%	(2.90)	(0.60)
ROE	18.10%	22.70%	16.90%	16.80%	22.40%	5.60	4.30
ROA	3.20%	4.20%	3.20%	3.10%	3.90%	0.80	0.70
Cost of Credit	2.50%	0.80%	1.10%	1.90%	0.60%	(1.30)	(1.90)
Liquidity							
LDR	62.40%	62.00%	62.00%	60.50%	63.50%	3.00	1.10
CASA	77.90%	78.10%	78.60%	80.00%	80.90%	0.90	3.00
Asset Quality							
Gross NPL (Bank only)	2.40%	2.40%	2.20%	2.30%	2.20%	(0.10)	(0.20)
Provision Coverage	230.60%	231.30%	240.00%	244.80%	246.40%	1.60	15.80
Capital							
CAR	25.30%	26.20%	25.70%	23.90%	24.70%	0.80	(0.60)

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
(62-21) 520-6678 ext.612**

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.