

March 2nd, 2023
Banking, Equity

Price IDR 8,625
Target Price IDR 10,970
JKSE Index IDR 6,857.42



Stock Code
Bloomberg code BBCA IJ
Market Cap (IDR.bn) 1,052.61 T
52-Week High (IDR) 9,400
52-Week Low (IDR) 7,000
6-m Avg Daily. Val (IDR) 8,580
Free Float (%) 42.41

Major Shareholders (%)
DIA 54.94
Commissioner 0.10
Directors 0.05
Public 44.91

USD/IDR-YE
2022A 14,871
2023F (6M Avg) 15,345

Key Indicators (%)
Gross NPL (Bank-Only) 1.53
Net Interest Margin 5.72

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Investment Consideration

Net Profit up +30%

BBCA recorded a strong net profit of IDR 40.736 trillion in FY22, up by 29.64% YoY from IDR 31.423 trillion in FY21. The growth was driven by the solid performance of interest and shariah income, which grew by 10.08% YoY. Loan receivables and investment securities became major contributors, accounting for 82.55% of the total. They also grew by 7.03% and 13.47%, respectively. We forecast BBCA will grow its net profit by 22% from IDR 40.73 trillion in FY22 to IDR 49.50 trillion in FY23.

Robust loan and CASA expansion

As of December 2022, BBCA recorded strong consolidated loan growth of +11.66% YoY, with the highest growth in Corporate Loans, which increased by 12.46% YoY. Other segments also experienced growth, with Consumer and Commercial & SME expanding by 11.72% and 10.10%, respectively. The business banking loan portfolio was primarily supported by Manufacturing, Trading, and Business Services, accounting for 58.10%. Additionally, BBCA's funding performance was strong, with CASA growing by +6.53%, and the ratio increasing by 296 bps to 81.55% fueled by the recovery of economic activities. We anticipate Consolidated Total Gross Loans will grow +14.32% YoY in FY2023, while the CASA ratio will also rise to 83.37%.

Asset Quality Improved

BBCA's (Bank-Only) gross non-performing loan (NPL) ratio showed an improvement in FY22, with a YoY decline of -50 basis points to 1.70%. Similarly, for consolidated figures, the ratio decreased from 2.16% in FY21 to 1.70% in FY22, indicating an improvement in BBCA's asset quality as of December 2022. This improvement can be attributed to BBCA's disciplined risk management approach in handling non-performing loans. The bank's risk appetite was maintained within acceptable limits, aided by the implementation of a credit relaxation policy in accordance with POJK No. 11/POJK.03/2020, which allowed restructured loans affected by the pandemic to be classified as Current for debtors who met the criteria. Based on this trend, it is anticipated that BBCA will continue to reduce its bank-only gross NPL to 1.53% and consolidated gross NPL to 1.52% in FY2023.

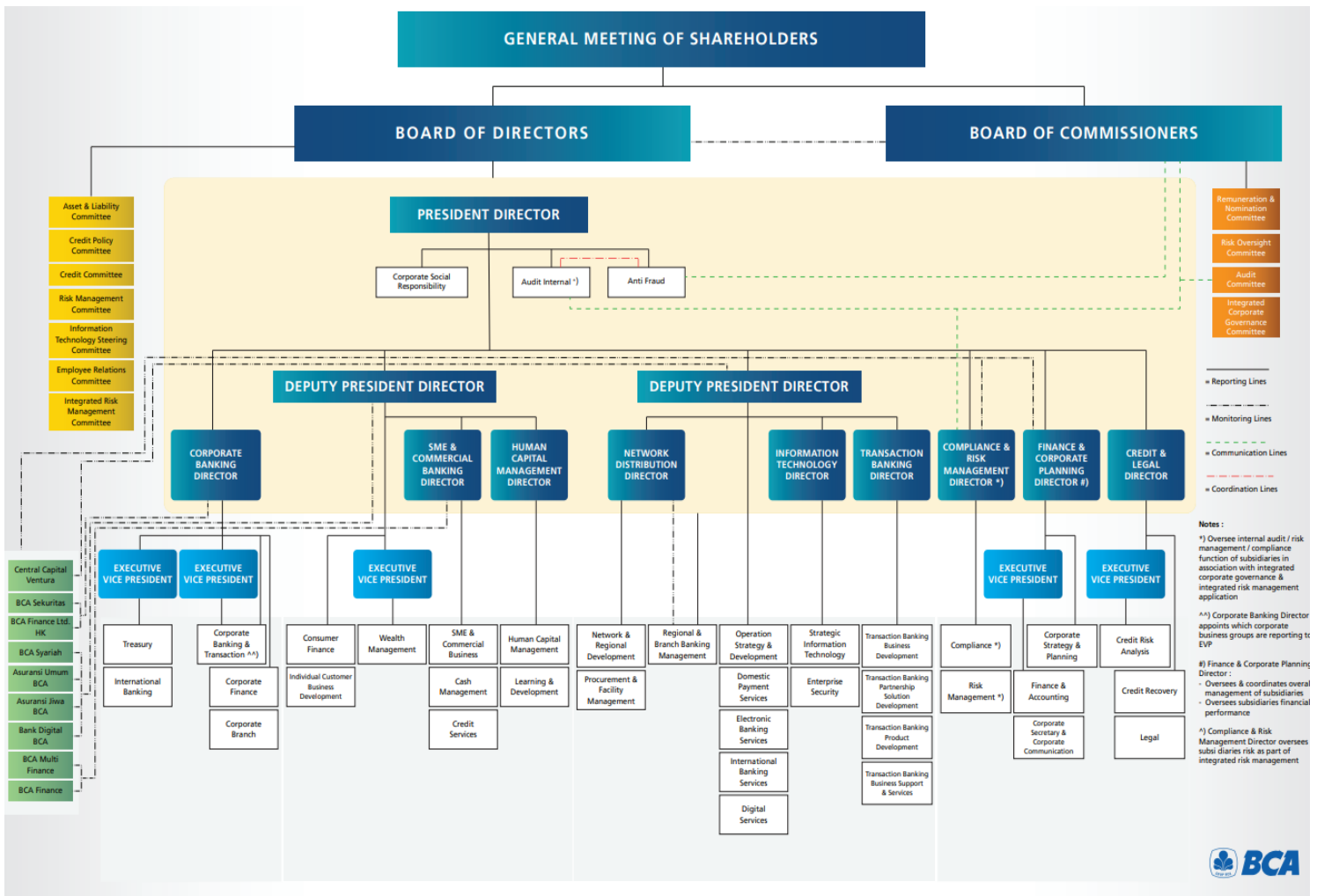
Valuation: 27% Upside, Buy

Based on our DDM valuation, we have a target price of IDR 10,970 within one year, implying a trading price of 5.3x PBV and indicating a potential upside of 27%. Therefore, we recommend a Buy rating.

Income Statement (IDR bn)	2019A	2020A	2021A	2022A	2023F
Interest Income	63,838	65,403	65,627	72,241	84,238
Interest Expense	(13,360)	(11,242)	(9,491)	(8,252)	(8,463)
Net Interest Income	50,477	54,161	56,136	63,990	75,775
Net Operating Income	21,145	21,004	22,338	23,487	26,778
Operating Expense	(30,742)	(29,969)	(30,308)	(32,483)	(33,889)
PPOP	40,880	45,197	48,165	54,994	68,663
Provision Expense	(4,591)	(11,628)	(9,324)	(4,527)	(6,765)
Profit Before Tax	36,289	33,569	38,841	50,467	61,898
Tax Expense	(7,719)	(6,421)	(7,401)	(9,711)	(12,380)
Earning After Tax	28,570	27,147	31,440	40,756	49,519
Income for The Year					
Attributable to - NCI	5	16	17	20	17
Net Income	28,565	27,131	31,423	40,736	49,502

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.



Source: Company

Chart: Gross Loan (IDR bn) YoY

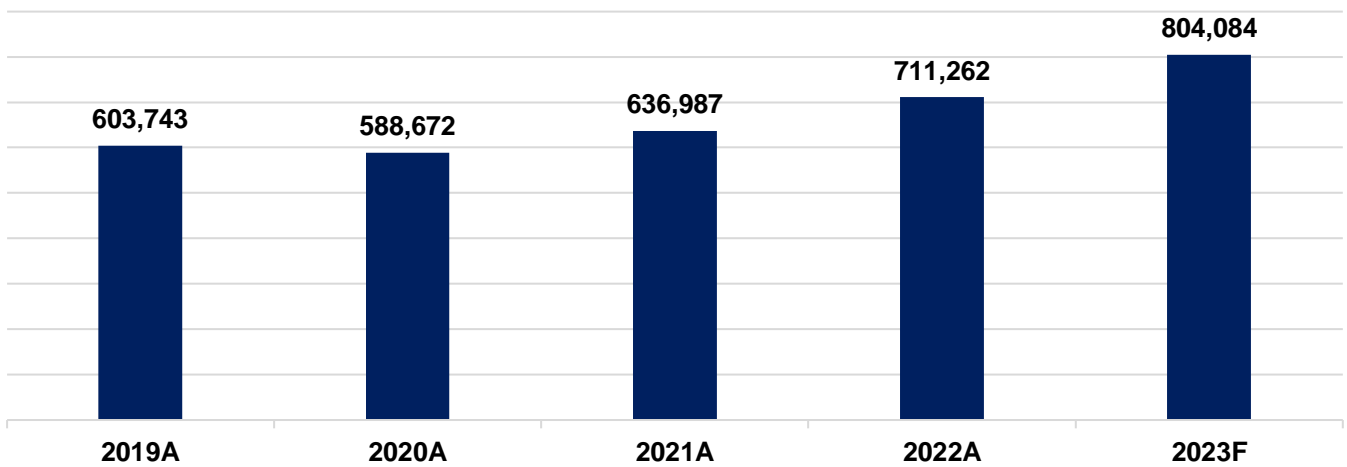


Chart: Profitability Ratio YoY

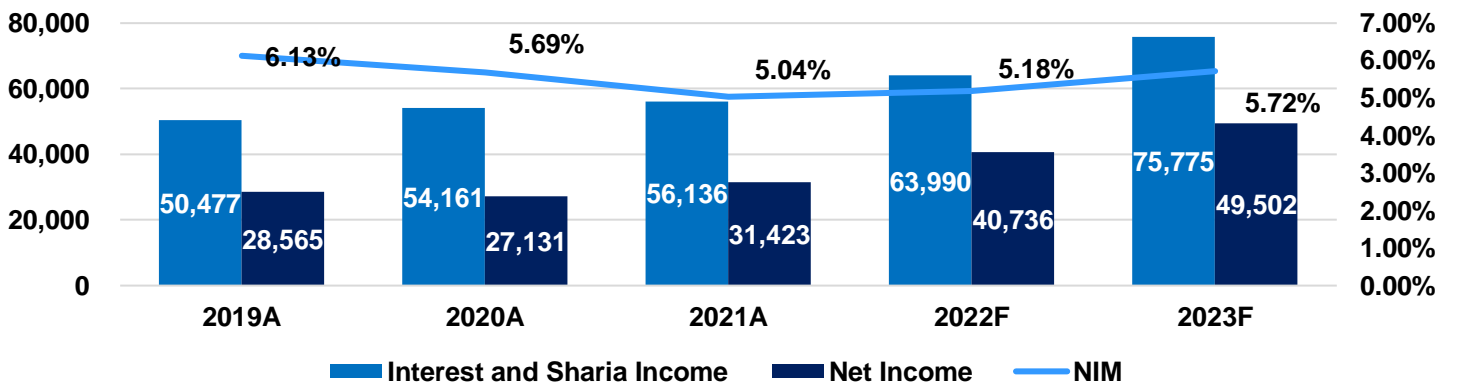


Chart: NPL (%) YoY

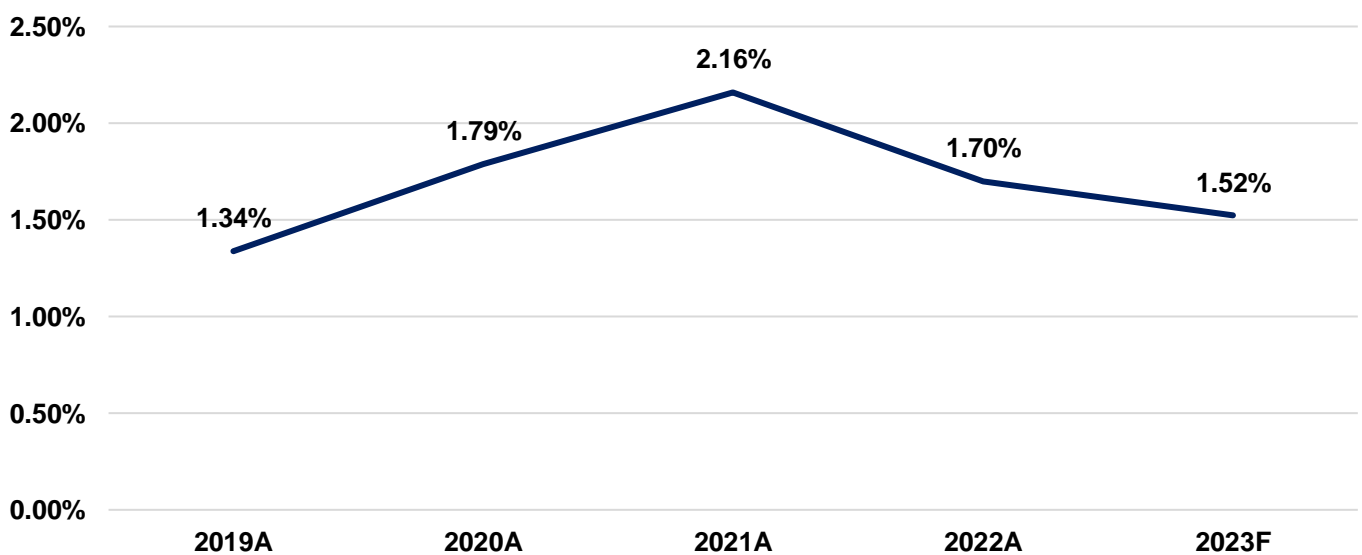


Chart: Gross Loan (IDR Bn) QoQ

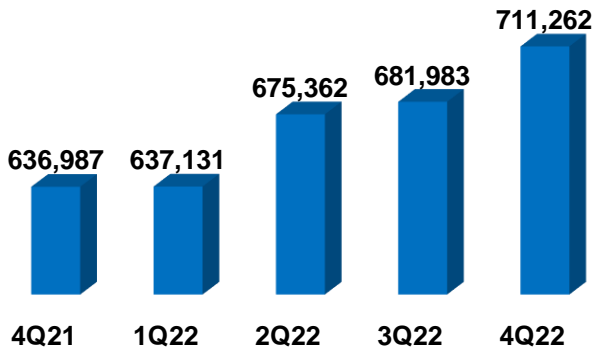


Chart: Customer Deposit (IDR Tn) QoQ

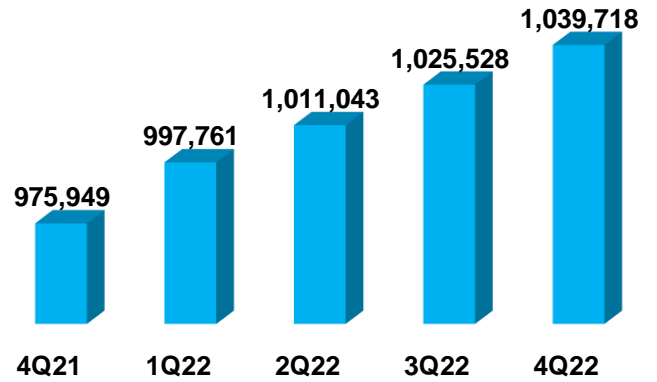


Chart: Non Performing Loan (%) QoQ

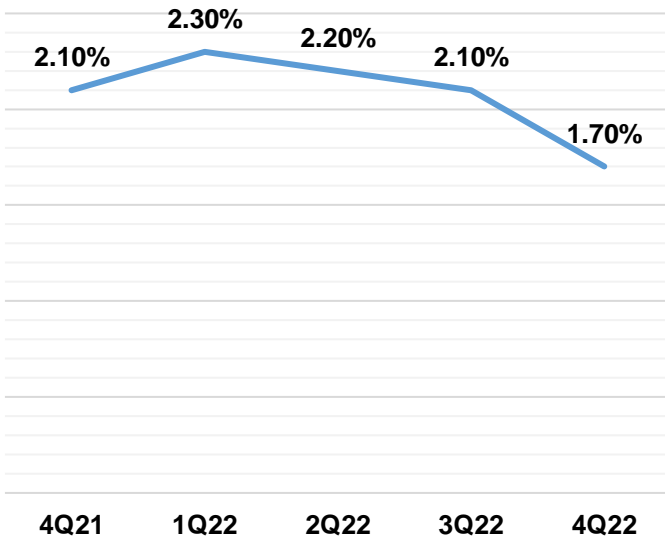
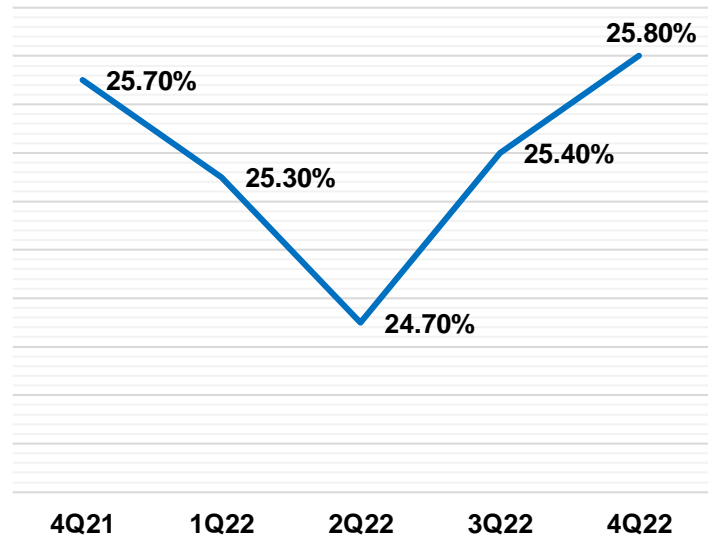


Chart: CAR (%) QoQ



Balance Sheet (IDR bn)

Balance sheet	2019A	2020A	2021A	2022A	2023F
Cash and CA with BI	73,326	51,805	89,401	125,470	69,503
Interbank Placement	30,948	47,451	87,149	31,377	76,234
Marketable Securities	142,983	192,553	224,232	248,895	321,771
Gross Loan	603,743	588,672	636,987	711,262	804,084
Allowance for Loans	(15,528)	(27,914)	(33,240)	(34,841)	(36,066)
Loans-net	588,215	560,758	603,747	676,421	768,017
Other Earning Asset	217,340	417,968	489,751	462,318	565,989
Non Earning Asset	40,108	45,040	45,445	50,523	46,843
Total Asset	918,989	1,075,570	1,228,345	1,314,732	1,450,352
Deposit:					
Current Account	184,918	229,821	285,640	323,924	375,287
Saving Account	345,634	414,041	481,373	524,014	568,028
Time Deposits	168,428	196,890	208,937	191,780	188,155
Other Interest Bearing Liabilities	18,073	15,529	17,729	5,475	5,750
Non Interest Bearing Liabilities	27,793	34,575	31,818	48,357	55,711
Total Liabilities	744,846	890,856	1,025,496	1,093,550	1,192,930
Total Shareholder's Equity	174,143	184,715	202,849	221,182	257,422

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Ratio Highlights

Ratio Analysis (Consolidated)	2019A	2020A	2021A	2022A	2023F
Profitability & Efficiency					
NIM	6.13%	5.69%	5.04%	5.18%	5.72%
Cost-to-Income Ratio	42.92%	39.87%	38.62%	37.13%	33.05%
ROAE	17.53%	15.12%	16.22%	19.21%	20.69%
ROAA	3.28%	2.72%	2.73%	3.20%	3.58%
BOPO	51.90%	47.69%	45.24%	42.55%	38.15%
Cost of Credit	0.76%	1.98%	1.46%	0.64%	0.84%
Liquidity					
LDR	86.37%	70.02%	65.27%	68.41%	71.07%
CASA	75.90%	76.58%	78.59%	81.55%	83.37%
Asset Quality					
Gross NPL	1.34%	1.79%	2.16%	1.70%	1.52%
Provision Coverage	193.06%	263.34%	242.62%	287.94%	291.34%
Capital					
CAR	23.80%	25.80%	25.70%	25.80%	25.87%
Growth					
Loan Growth	9.54%	-2.50%	8.21%	11.66%	13.05%
Deposit Growth	10.98%	20.28%	16.08%	6.53%	8.82%
CASA Growth	9.84%	21.36%	19.13%	10.55%	11.25%
Net Income Growth	10.48%	-5.02%	15.82%	29.64%	21.52%

QoQ Result

Balance Sheet	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Loan	636,987	637,131	675,362	681,983	711,262	4.29%	11.66%
Loan Loss Reserves	(33,240)	(36,080)	(36,907)	(36,694)	(34,841)	-5.05%	4.82%
NPL	13,412	14,272	14,499	14,325	11,800	-17.62%	-12.02%
Deposit							
Demand	285,640	301,097	304,808	318,274	323,924	1.78%	13.40%
Savings	481,373	497,061	513,003	512,174	524,014	2.31%	8.86%
Time Deposit	208,937	199,602	193,231	195,081	191,780	-1.69%	-8.21%
Total Asset	1,228,345	1,259,435	1,264,468	1,288,723	1,314,732	2.02%	7.03%
Shareholder Equity	202,713	194,689	202,987	211,940	221,019	4.28%	9.03%

Income Statement	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Interest Income	16,488	16,397	17,234	18,407	20,203	9.76%	22.53%
Interest Expense	(2,270)	(1,976)	(1,988)	(2,118)	(2,169)	2.42%	-4.45%
Net Interest Income	14,218	14,421	15,246	16,289	18,033	10.71%	26.84%
Net Operating Income	6,269	6,132	5,402	5,737	6,215	8.33%	-0.85%
Operating Expense	(8,611)	(7,782)	(7,394)	(8,328)	(8,978)	7.81%	4.26%
PPOP	11,875	12,771	13,254	13,698	15,270	11.48%	28.59%
Provision Expense	(1,675)	(2,818)	(909)	(191)	(609)	218.54%	-63.67%
Profit Before Tax	10,200	9,953	12,345	13,507	14,662	8.55%	43.74%
Tax Expense	(1,972)	(1,886)	(2,356)	(2,593)	(2,876)	10.90%	45.86%
Earning After Tax	8,228	8,068	9,989	10,914	11,786	7.99%	43.23%
Income for The Year Attributable to – NCI	4	3	4	8	4	-47.00%	0.56%
Net Income	8,224	8,064	9,985	10,905	11,781	8.03%	43.25%

Ratio (Bank-Only)	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.90%	4.90%	5.00%	5.40%	5.90%	0.50	1.00
CIR	39.40%	35.80%	32.90%	34.80%	32.50%	(2.30)	(6.90)
ROE	16.90%	16.80%	22.40%	22.70%	24.70%	2.00	7.80
ROA	3.20%	3.10%	3.90%	3.40%	3.70%	0.30	0.50
Cost of Credit	1.10%	1.90%	0.60%	0.00%	0.40%	0.40	(0.70)
Liquidity							
LDR	62.00%	60.50%	63.50%	63.30%	65.20%	1.90	3.20
CASA	78.60%	80.00%	80.90%	81.00%	81.60%	0.60	3.00
Asset Quality							
Gross NPL	2.20%	2.30%	2.20%	2.20%	1.70%	(0.50)	(0.50)
Provision Coverage	240.00%	244.80%	246.40%	247.90%	287.30%	39.40	47.30
Capital							
CAR	25.70%	23.90%	24.70%	25.40%	25.80%	0.40	0.10

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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