

May 31st, 2023
Banking, Equity

Price **IDR 9,050**
Target Price **IDR 11,300**
JKSE Index **IDR 6,633.26**



Stock Code
Bloomberg code **BBCA IJ**
Market Cap (IDR.bn) **1,115.60 T**
52-Week High (IDR) **9,400**
52-Week Low (IDR) **7,000**
6-m Avg Daily. Val (IDR) **8,683**
Free Float (%) **42.41**

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

USD/IDR-YE
2022A **14,871.00**
2023F **14,865.54**

Key Indicators (%)
Gross NPL (Bank-Only) **1.62**
Net Interest Margin **5.93**

Investment Consideration

Net Profit Up +43%

BBCA had strong growth in net profit, which reached IDR 11.53 trillion in the first quarter of 2023, with a YoY increase of 42.97% from IDR 8.064 trillion in Q122. The growth was driven by the solid performance of interest and shariah income, which grew by 28.23% YoY, leading to a 70 bps YoY increase in the NIM ratio to 5.60%. A further boost to profit came from provisions which declined by 48.18% YoY. We forecast that BBCA will continue to experience a 24.02% increase in its net income in FY23, rising from IDR 40.74 trillion to IDR 50.52 trillion.

Solid Loan Expansion

As of March 31st, 2023, BBCA reported robust consolidated loan growth, which increased by 12.04% YoY. This growth was primarily driven by the Consumer segment, which experienced the highest growth rate at 12.73%. The Commercial & SME and Corporate segments also demonstrated significant growth, increasing by 11.82% and 11.71% respectively. Among the segments, Corporate loans had the highest proportion, accounting for 45.39% (bank-only). In terms of business banking, Manufacturing, Trading, and Business loans were the largest three sectors in terms of loan proportions. BBCA's Manufacturing Loan Portfolio exceeded the industry average by 6.10%, accounting for 22.4%. We project that BBCA will continue to expand its consolidated loan portfolio with an additional YoY growth of 11.71% in FY23.

Asset Quality Improved

BBCA's (Bank-Only) gross non-performing loan (NPL) ratio improved in Q123, with a YoY decline of -50 basis points to 1.80%, although it was 0.1% higher than the previous quarter. Similarly, for the consolidated NPLs, the ratio also decreased to 1.8% from 2.3% in Q1-23, indicating an improvement in BBCA's asset quality as of March 2023. Among the three segments, the Consumer segment had the lowest NPL, ratio of 1.33%, reflecting a 25 bps YoY decline. The Corporate segment experienced the largest decline, decreasing by 0.96% YoY to 1.885. The Commercial & SME segment also declined, by 15 bps YoY to 1.91%. Based on this trend, it is anticipated that BBCA will continue to reduce its bank-only gross NPL to 1.62% and the consolidated gross NPL to 1.61% in FY2023.

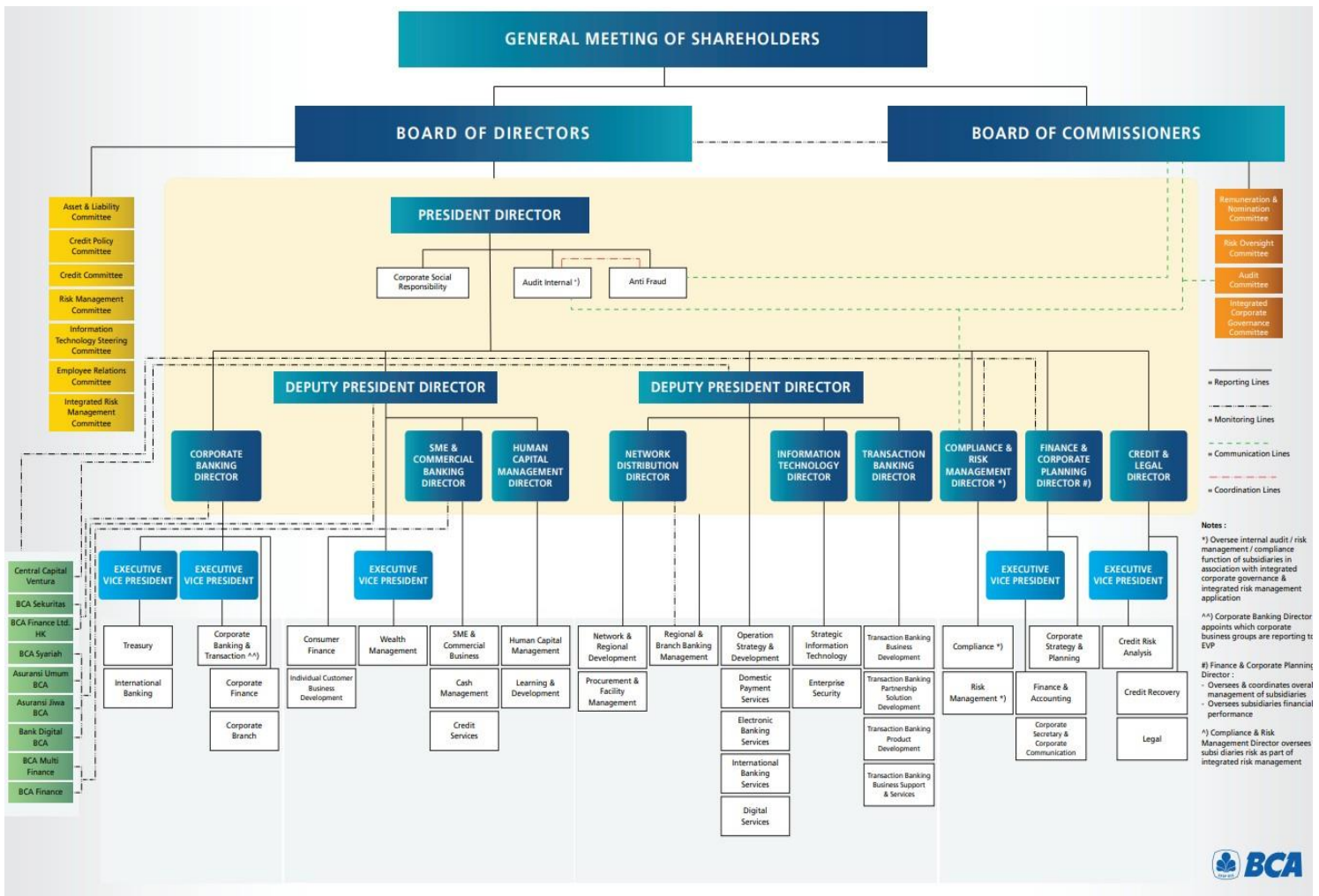
Valuation: 25% Upside, Buy

Based on our DDM valuation, we have a target price of IDR 11,300 within one year, implying a trading price of 5.71x PBV and indicating a potential upside of 25%. Therefore, we recommend a Buy rating.

Financial Highlights	2020A	2021A	2022A	2023F
Total Loan (IDR Bn)	588,672	636,987	711,262	785,972
Total Assets (IDR Bn)	1,075,570	1,228,345	1,314,732	1,449,639
Net Income (IDR Bn)	27,131	31,423	40,736	50,519
NIM	5.70%	5.10%	5.30%	5.93%
ROA	2.70%	2.80%	3.20%	3.66%
ROE	16.50%	18.30%	21.70%	21.64%
NPL (Consol)	1.80%	2.20%	1.70%	1.61%
CAR (Consol)	26.89%	26.85%	26.84%	28.41%

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

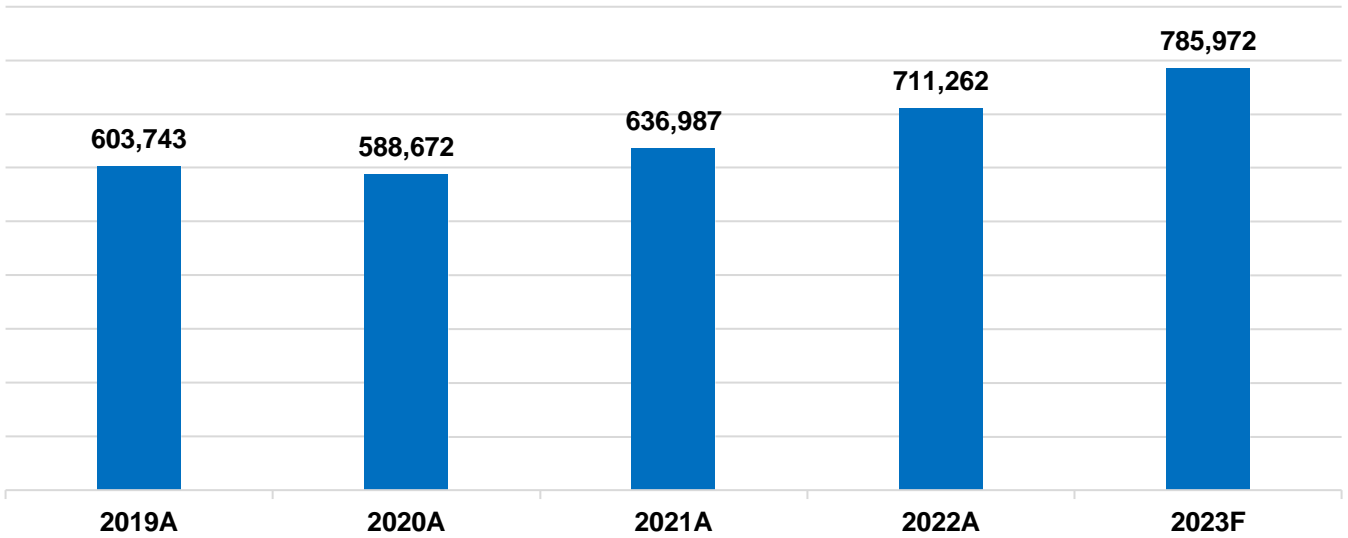


Chart: Profitability Ratio YoY

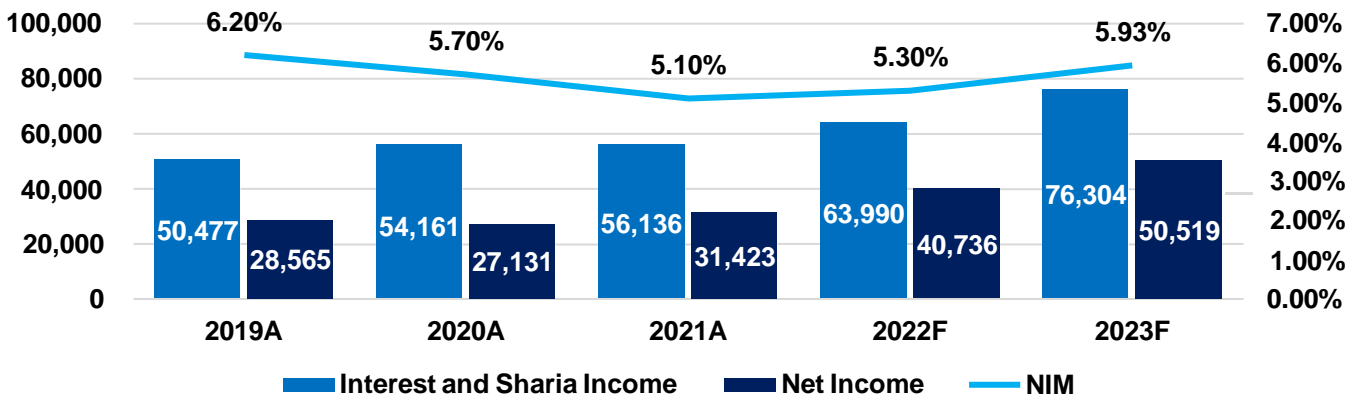


Chart: NPL Consol (%) YoY

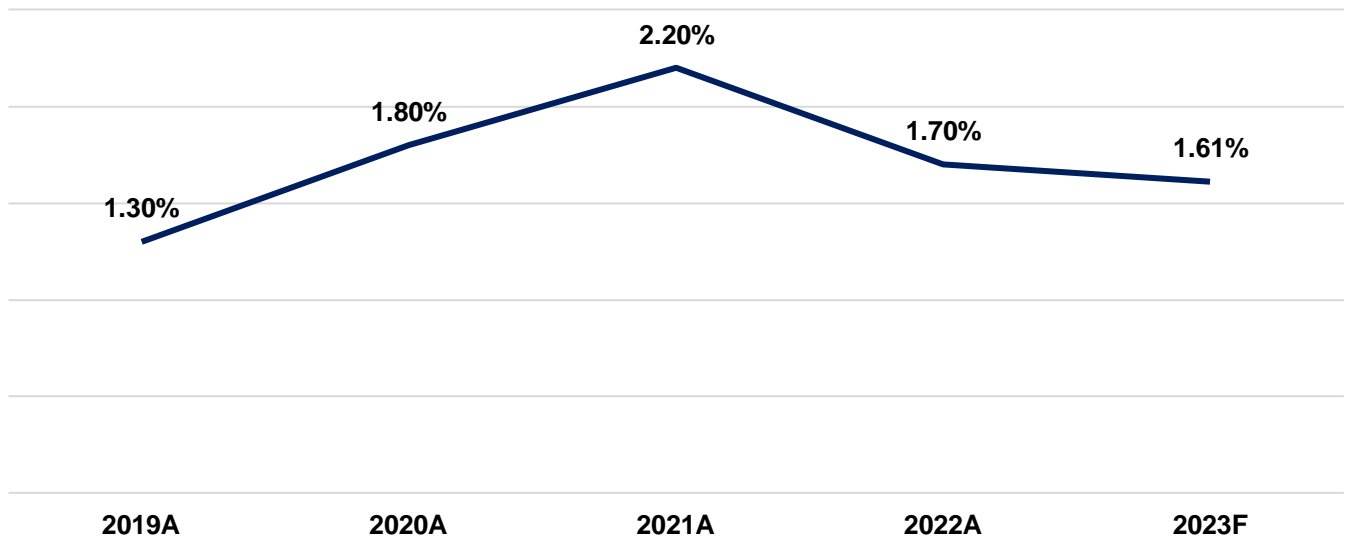


Chart: Gross Loan (IDR Bn) QoQ

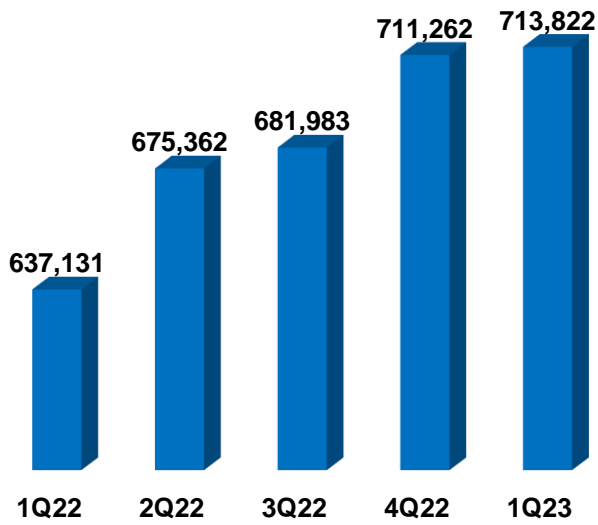


Chart: Customer Deposit (IDR Tn) QoQ

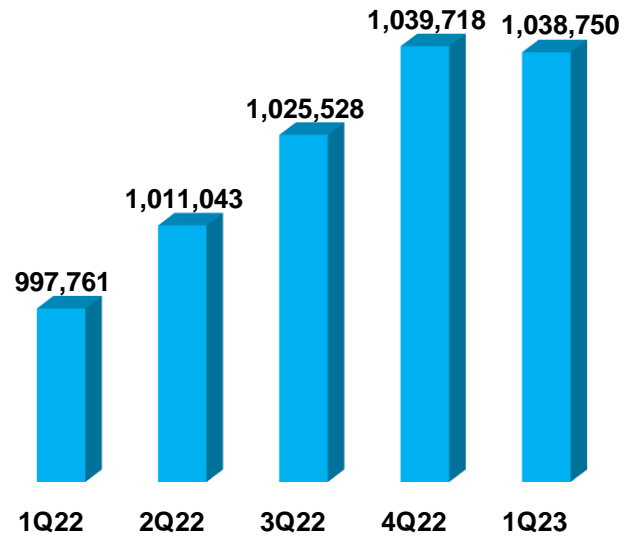


Chart: NPL ratio Consol (%) QoQ

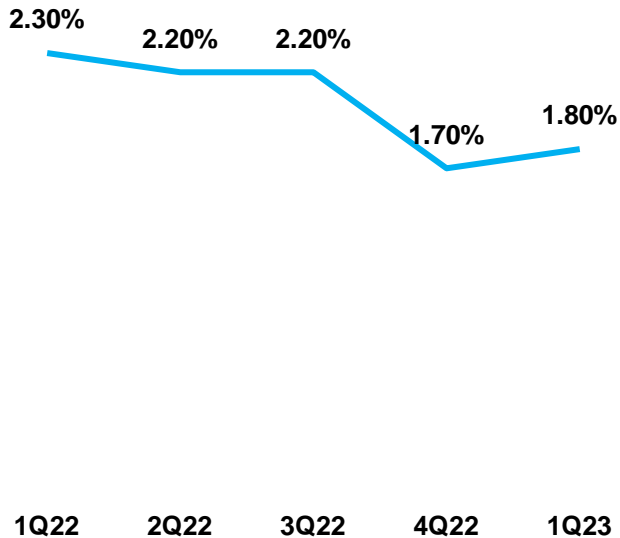
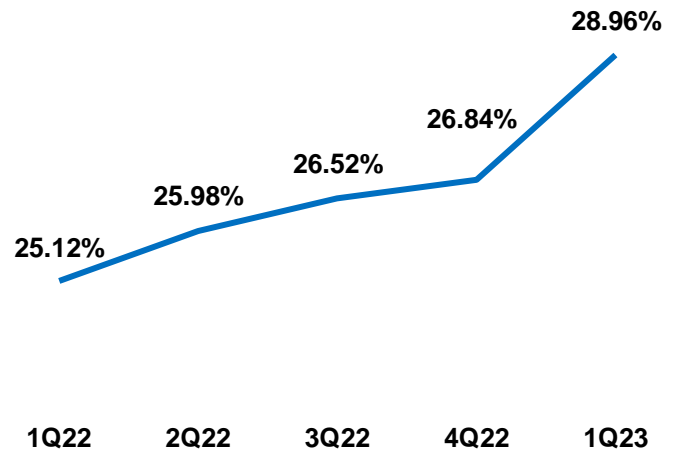


Chart: CAR (%) QoQ



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	31,383	76,234
Marketable Securities	142,983	192,553	224,232	249,186	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	19,366	5,750
Non-Interest-Bearing Liabilities	27,793	34,575	31,818	34,466	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

Income Statement (IDR Bn)

Balance sheet	2019A	2020A	2021A	2022A	2023F
Interest Income	63,838	65,403	65,627	72,241	84,454
Interest Expense	(13,360)	(11,242)	(9,491)	(8,252)	(8,150)
Net Interest Income	50,477	54,161	56,136	63,990	76,304
Net Operating Income	21,145	21,004	22,338	23,487	26,114
Operating Expense	(30,742)	(29,969)	(30,308)	(32,483)	(33,360)
PPOP	40,880	45,197	48,165	54,994	69,058
Provision Expense	(4,591)	(11,628)	(9,324)	(4,527)	(5,888)
Profit Before Tax	36,289	33,569	38,841	50,467	63,170
Tax Expense	(7,719)	(6,421)	(7,401)	(9,711)	(12,634)
Earning After Tax	28,570	27,147	31,440	40,756	50,536
Income for The Year Attributable to - NCI	5	16	17	20	17
Net Income	28,565	27,131	31,423	40,736	50,519

Ratio Highlights

Ratio Analysis	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	59.10%	63.50%	54.20%	46.50%	37.54%
Cost of Credit	0.80%	1.70%	1.60%	0.70%	0.75%
Liquidity					
LDR	80.50%	65.80%	62.00%	65.20%	68.86%
CASA (Consol)	75.50%	76.60%	78.60%	81.60%	82.86%
Asset Quality					
Gross NPL	1.34%	1.79%	2.16%	1.70%	1.52%
Gross NPL (Bank-Only)	1.30%	1.80%	2.20%	1.70%	1.61%
Provision Coverage	189.20%	260.90%	240.00%	287.30%	272.90%
Capital					
CAR (Consol)	24.64%	26.89%	26.85%	26.84%	28.99%
Growth					
Loan Growth	9.54%	-2.50%	8.21%	11.66%	10.50%
Deposit Growth	10.98%	20.28%	16.08%	6.53%	9.77%
CASA Growth	9.84%	21.36%	19.13%	10.55%	11.53%
Net Income Growth	10.48%	-5.02%	15.82%	29.64%	24.02%

QoQ Result

PT Bank Central Asia Tbk

Key Ratios

Balance Sheet	1Q22	2Q22	3Q22	4Q22	1Q23	%QoQ	%YoY
Loan	637,131	675,362	681,983	711,262	713,822	0.36%	12.04%
Loan Loss Reserves	(36,080)	(36,907)	(36,694)	(34,841)	(35,816)	2.80%	-0.73%
NPL	14,512	14,711	14,483	11,991	12,400	3.41%	-14.56%
Deposit							
Demand	301,097	304,808	318,274	323,924	320,660	-1.01%	6.50%
Savings	497,061	513,003	512,174	524,014	522,673	-0.26%	5.15%
Time Deposit	199,602	193,231	195,081	191,780	195,416	1.90%	-2.10%
Total Asset	1,259,435	1,264,468	1,288,723	1,314,732	1,321,723	0.53%	4.95%
Shareholder Equity	194,689	202,987	211,940	221,019	211,261	-4.41%	8.51%

Income Statement	1Q22	2Q22	3Q22	4Q22	1Q23	%QoQ	%YoY
Interest Income	16,397	17,234	18,407	20,203	21,026	4.07%	28.23%
Interest Expense	(1,976)	(1,988)	(2,118)	(2,169)	(2,544)	17.26%	28.73%
Net Interest Income	14,421	15,246	16,289	18,033	18,482	2.49%	28.16%
Net Operating Income	6,132	5,402	5,737	6,215	6,449	3.76%	5.17%
Operating Expense	(7,782)	(7,394)	(8,328)	(8,978)	(9,251)	3.04%	18.88%
PPOP	12,771	13,254	13,698	15,270	15,680	2.68%	22.77%
Provision Expense	(2,818)	(909)	(191)	(609)	(1,460)	139.93%	-48.18%
Profit Before Tax	9,953	12,345	13,507	14,662	14,220	-3.01%	42.86%
Tax Expense	(1,886)	(2,356)	(2,593)	(2,876)	(2,687)	-6.58%	42.49%
Earning After Tax	8,068	9,989	10,914	11,786	11,533	-2.14%	42.95%
Income for The Year Attributable to - NCI	3	4	8	4	3	-30.34%	-6.00%
Net Income	8,064	9,985	10,905	11,781	11,530	-2.13%	42.97%
	0	0	0	0	0		

Ratio (Bank-Only)	1Q22	2Q22	3Q22	4Q22	1Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.90%	5.00%	5.40%	5.90%	5.60%	(0.30)	0.70
CIR	35.80%	32.90%	34.80%	32.50%	35.10%	2.60	(0.70)
ROE	16.80%	22.40%	22.70%	24.70%	22.30%	(2.40)	5.50
ROA	3.10%	3.90%	3.40%	3.70%	3.40%	(0.30)	0.30
Cost of Credit	1.90%	0.60%	0.00%	0.40%	0.80%	0.40	(1.10)
Liquidity							
LDR	60.50%	63.50%	63.30%	65.20%	65.60%	0.40	5.10
CASA	80.00%	80.90%	81.00%	81.60%	81.20%	(0.40)	1.20
Asset Quality							
Gross NPL	2.30%	2.20%	2.20%	1.70%	1.80%	0.10	(0.50)
Provision Coverage	244.80%	246.40%	247.90%	287.30%	285.40%	(1.90)	40.60
Capital							
CAR	23.90%	24.70%	25.40%	25.80%	28.90%	3.10	5.00

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.