

November 15th, 2023

Banking, Equity

Price **IDR 9,050**
 Target Price **IDR 11,400**
 JKSE Index **IDR 6,958.205**



Stock Code
Bloomberg code **BBCA IJ**
Market Cap (IDR) **1,115.60 T**
52-Week High (IDR) **9,450**
52-Week Low (IDR) **8,000**
6-m Avg Daily. Val (IDR) **9,078**
Free Float (%) **42.37**

Major Shareholders (%)

DIA **54.94**
Commissioner **0.10**
Directors **0.04**
Public **44.92**

USD/IDR-YE

2022A **14,871.00**
2023F **15,904.22**

Key Indicators (%)

Gross NPL (Consol) **1.94**
Net Interest Margin **6.03**

Analyst: Achmadi Hangradhika
 achmadi.hangradhika@binaartha.com

Investment Consideration

Net Profit Surges 26%

In the 9M-2023 period, BBCA achieved robust net income growth of 25.78% YoY, to IDR 36.42 trillion. Interest income rose by 24.17% YoY to IDR 64.61 trillion, supporting a 10-bps increase in the NIM ratio to 5.50%, despite a 10-bps quarterly decrease. Net income from transactions at fair value through profit or loss experienced 51% annual growth. We predict a further 14.42% YoY growth in net profit for FY23, reaching IDR 46.61 trillion.

Solid Loan Expansion

As of September 2023, BBCA reported a strong 12.33% YoY increase in consolidated loans. The Consumer segment led with 14.93% YoY growth, while Corporate and Commercial&SME also grew significantly at 12.23% and 10.93% respectively. We anticipate a continued 10.72% expansion in BBCA's loan portfolio in FY23.

Good Asset Quality

By September 2023, BBCA's Consolidated Non-Performing Loan (NPL) ratio improved, decreasing by 20 bps annually to 2.00%. The Corporate segment saw the most significant improvement, decreasing by 25 bps YoY to 2.08%. The Special Mention Loan (SML) ratio improved 0.3% quarterly to 2.4%. We forecast BBCA's NPL ratio to align with regulations at 1.94% by December 2023, 6 bps lower than September 2023.

ESG Focus

As of September 2023, BBCA's sustainable portfolio grew by 11.19% to IDR 193 trillion, comprising 25% of the total portfolio. Outstanding loans for EV financing surged 15 times YoY to IDR 877 billion. BBCA's commitment to ESG is evident not only in its loan portfolio but also through participation in Indonesia's first carbon trading exchange.

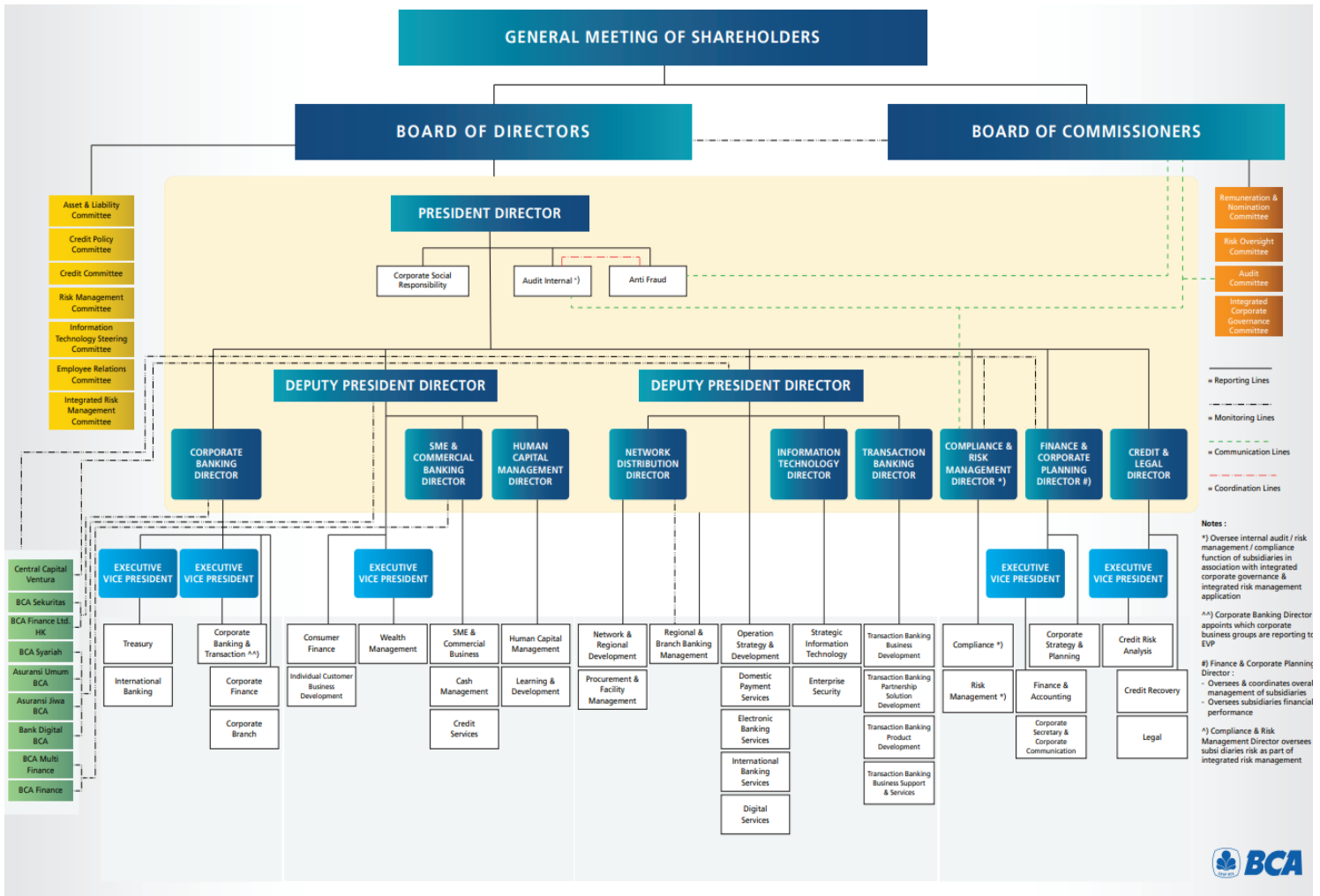
Valuation: 26% Upside, Buy

Based on our DDM valuation, we set a one-year target price of IDR 11,400, implying a valuation of 5.84x PBV and a potential upside of 26%. Consequently, we maintain a Buy rating for BBCA.

Financial Highlights	2020A	2021A	2022A	2023F
Total Loan (IDR Bn)	588,672	636,987	711,262	787,522
Total Assets (IDR Bn)	1,075,570	1,228,345	1,314,732	1,410,390
Net Income (IDR Bn)	27,131	31,423	40,736	46,611
NIM (Consol)	5.70%	5.10%	5.30%	6.03%
ROA (Consol)	2.70%	2.80%	3.20%	3.42%
ROE (Consol)	16.50%	18.30%	21.70%	21.75%
NPL (Consol)	1.80%	2.20%	1.70%	1.94%
CAR (Consol)	26.89%	26.85%	26.84%	29.67%

Company Profile

PT Bank Central Asia Tbk (the “Bank”) was established in Indonesia based on the Notary Deed No. 38 of Raden Mas Soeprpto dated 10 August 1955, originally named “N.V. Perseroan Dagang Dan Industrie Semarang Knitting Factory.” It started its banking operations on 12 October 1956. Currently known as PT Bank Central Asia, the Bank engages in banking activities and other financial services in accordance with the prevailing regulations in Indonesia.



Source: Company

Chart: Gross Loan (IDR Bn) YoY

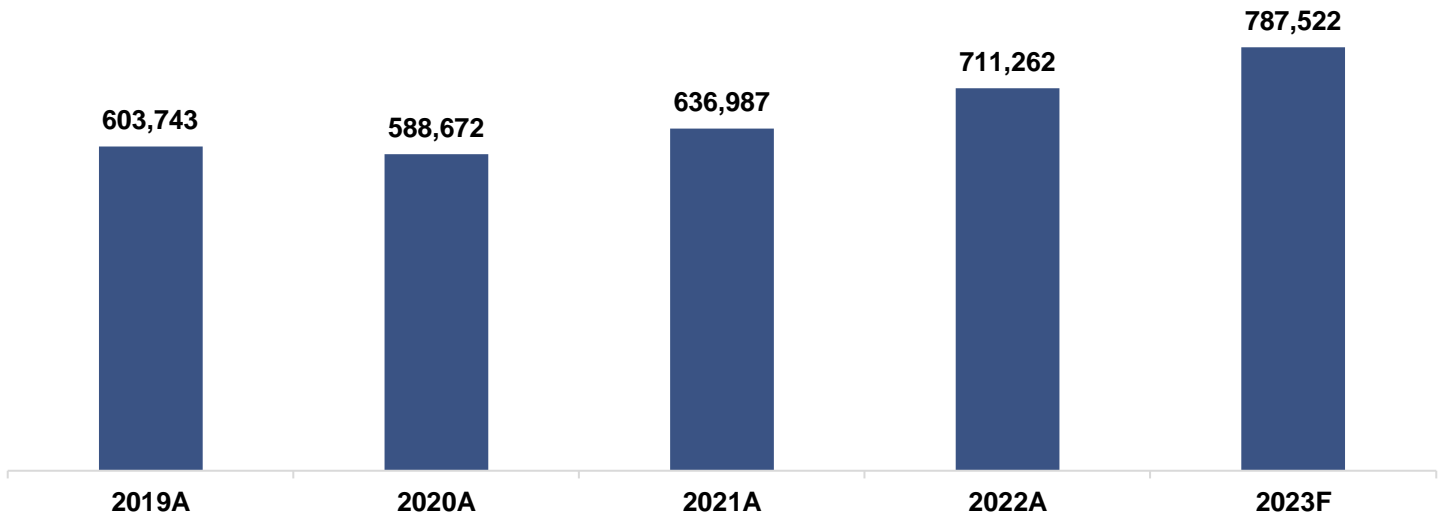


Chart: Profitability Ratio YoY

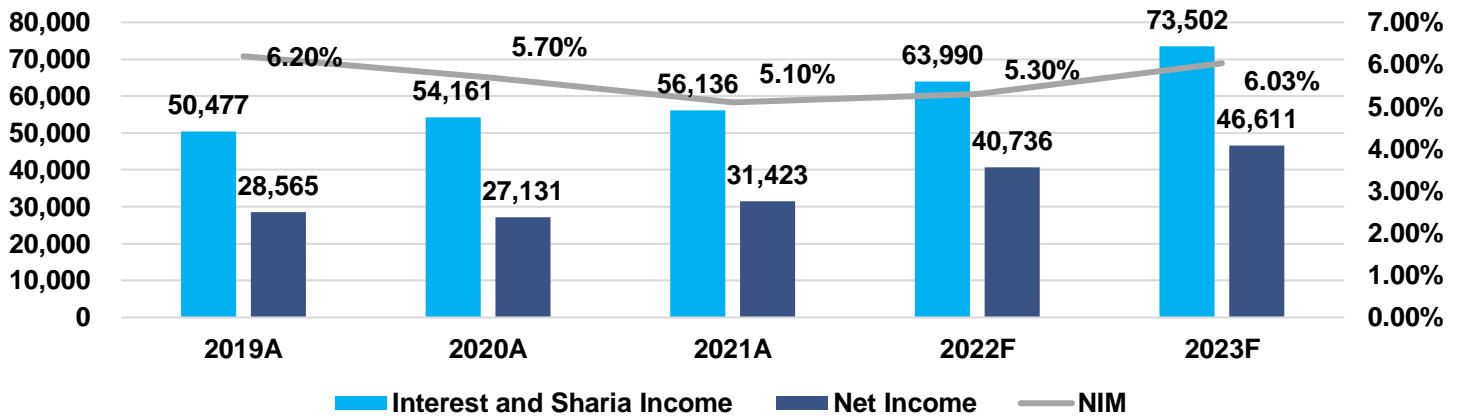


Chart: NPL Consolidated (%) YoY

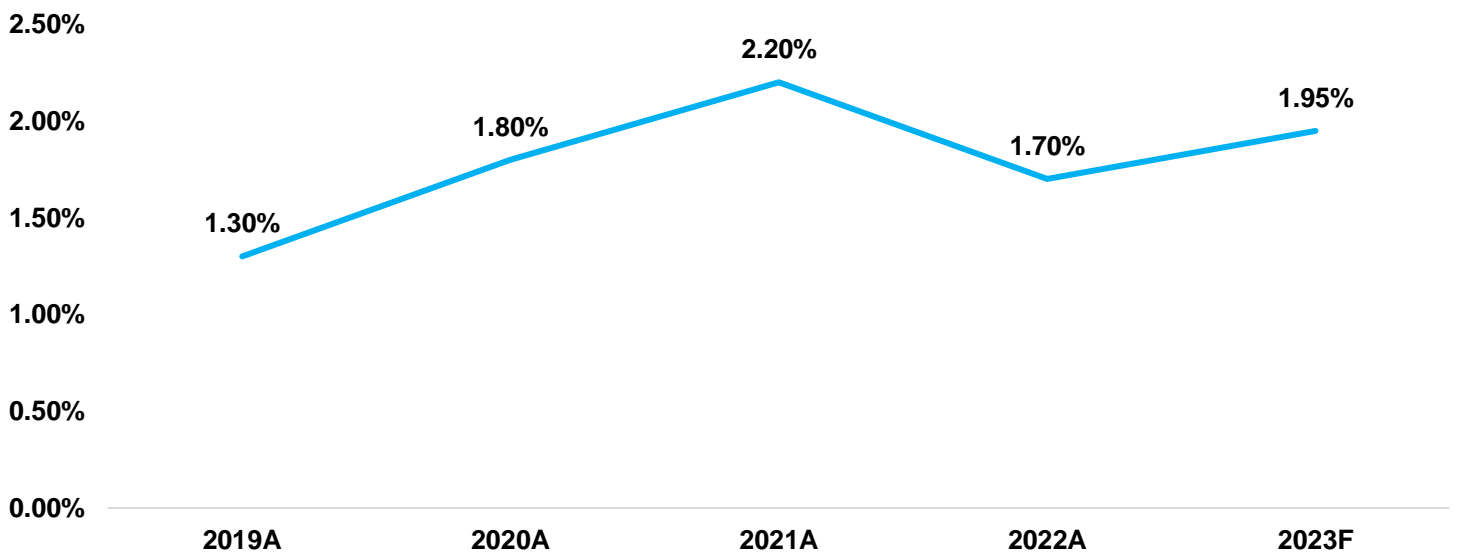


Chart: Gross Loan (IDR Bn) QoQ

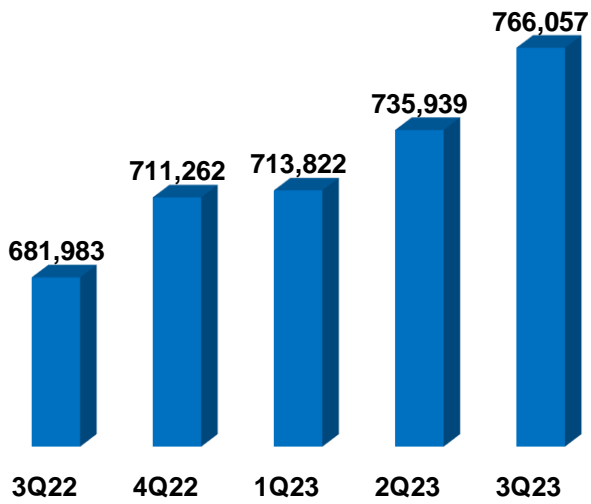


Chart: Customer Deposit (IDR Tn) QoQ

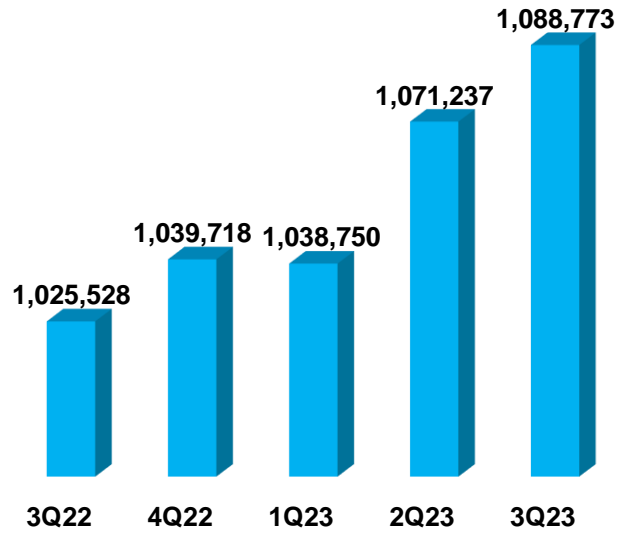


Chart: NPL Ratio Consol (%) QoQ

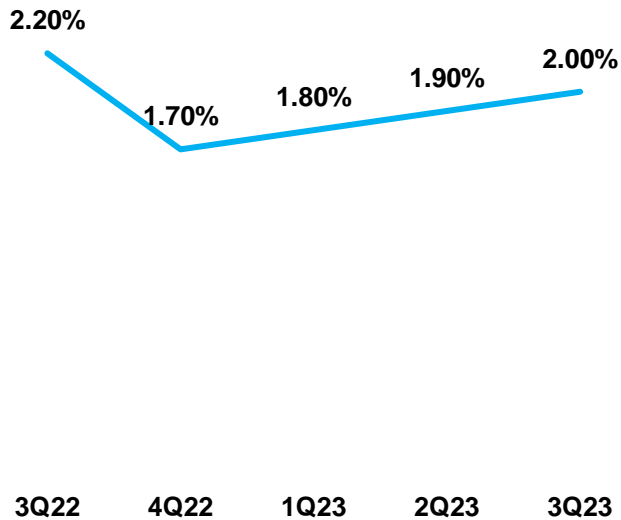
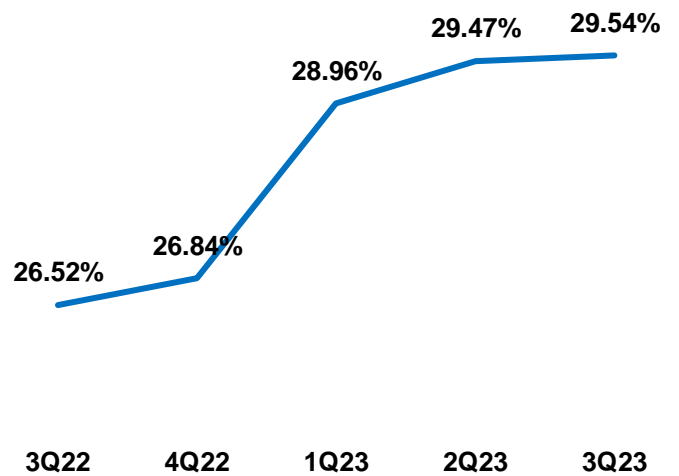


Chart: CAR (%) QoQ



Balance Sheet (IDR bn)

Balance sheet	2019A	2020A	2021A	2022A	2023F
Cash and CA with BI	73,326	51,805	89,401	125,470	127,340
Interbank Placement	30,948	47,456	87,153	31,383	17,226
Marketable Securities	143,053	192,753	224,512	249,186	293,302
Gross Loan	603,743	588,672	636,987	711,262	787,522
Allowance for Loans	(15,528)	(27,914)	(33,240)	(34,841)	(34,792)
Loans-net	588,215	560,758	603,747	676,421	752,730
Other Earning Asset	217,340	417,968	489,751	462,318	474,981
Non-Earning Asset	40,108	45,040	45,445	50,523	53,340
Total Asset	918,989	1,075,570	1,228,345	1,314,732	1,408,391
Deposit:					
Current Account	184,918	229,821	285,640	323,924	346,023
Saving Account	345,634	414,041	481,373	524,014	555,018
Time Deposits	168,428	196,890	208,937	191,780	207,497
Other Interest-Bearing Liabilities	18,073	15,529	17,729	19,366	16,742
Non-Interest-Bearing Liabilities	27,793	34,575	31,818	34,466	40,908
Total Liabilities	744,846	890,856	1,025,496	1,093,550	1,166,188
Total Shareholder's Equity	174,143	184,715	202,849	221,182	242,203

Income Statement (IDR Bn)

Balance sheet	2019A	2020A	2021A	2022A	2023F
Interest Income	63,838	65,403	65,627	72,241	85,769
Interest Expense	(13,360)	(11,242)	(9,491)	(8,252)	(12,267)
Net Interest Income	50,477	54,161	56,136	63,990	73,502
Net Operating Income	21,145	21,004	22,338	23,487	25,309
Operating Expense	(30,742)	(29,969)	(30,308)	(32,483)	(37,517)
PPOP	40,880	45,197	48,165	54,994	61,295
Provision Expense	(4,591)	(11,628)	(9,324)	(4,527)	(3,009)
Profit Before Tax	36,289	33,569	38,841	50,467	58,286
Tax Expense	(7,719)	(6,421)	(7,401)	(9,711)	(11,657)
Earning After Tax	28,570	27,147	31,440	40,756	46,629
Income for The Year Attributable to - NCI	5	16	17	20	17
Net Income	28,565	27,131	31,423	40,736	46,611

Ratio Highlights

Ratio Analysis	2019A	2020A	2021A	2022A	2023F
Profitability & Efficiency					
NIM	6.20%	5.70%	5.10%	5.30%	6.03%
ROE	18.00%	16.50%	18.30%	21.70%	21.75%
ROA	4.00%	2.70%	2.80%	3.20%	3.42%
BOPO	59.10%	63.50%	54.20%	46.50%	44.82%
Cost of Credit	0.80%	1.70%	1.60%	0.70%	0.38%
Liquidity					
LDR	80.50%	65.80%	62.00%	65.20%	71.04%
CASA (Consol)	75.50%	76.60%	78.60%	81.60%	81.28%
Asset Quality					
Gross NPL	1.30%	1.80%	2.20%	1.70%	1.95%
Gross NPL (Bank-Only)	1.30%	1.80%	2.20%	1.70%	1.94%
Provision Coverage	189.20%	260.90%	240.00%	287.30%	227.58%
Capital					
CAR (Consol)	24.64%	26.89%	26.85%	26.84%	29.67%
Growth					
Loan Growth	9.54%	-2.50%	8.21%	11.66%	10.72%
Deposit Growth	10.98%	20.28%	16.08%	6.53%	6.62%
CASA Growth	9.84%	21.36%	19.13%	10.55%	6.26%
Net Income Growth	10.48%	-5.02%	15.82%	29.64%	14.42%

QoQ Result

**PT Bank Central Asia Tbk
Key Ratios**

Balance Sheet	3Q22	4Q22	1Q23	2Q23	3Q23	%QoQ	%YoY
Loan	681,983	711,262	713,822	735,939	766,057	3.10%	12.33%
Loan Loss Reserves	(36,694)	(34,841)	(35,816)	(35,625)	(35,389)	-0.53%	-3.56%
NPL	14,483	11,991	12,400	13,690	15,444	10.40%	6.63%
Deposit							
Demand	318,274	323,924	320,660	328,879	337,625	2.56%	6.08%
Savings	512,174	524,014	522,673	535,849	532,143	2.52%	3.90%
Time Deposit	195,081	191,780	195,416	206,509	219,005	5.68%	12.26%
Total Asset	1,288,723	1,314,732	1,321,723	1,356,757	1,381,449	2.65%	7.20%
Shareholder Equity	211,940	221,019	211,261	224,599	235,751	6.31%	11.23%

Income Statement	3Q22	4Q22	1Q23	2Q23	3Q23	%QoQ	%YoY
Interest Income	18,407	20,203	21,026	21,559	22,029	2.54%	19.68%
Interest Expense	(2,118)	(2,169)	(2,544)	(3,059)	(3,297)	20.24%	55.63%
Net Interest Income	16,289	18,033	18,482	18,501	18,733	0.10%	15.00%
Net Operating Income	5,737	6,215	6,449	6,109	6,305	-5.28%	9.90%
Operating Expense	(8,328)	(8,978)	(9,251)	(8,525)	(9,501)	-7.85%	14.08%
PPOP	13,698	15,270	15,680	16,085	15,537	2.58%	13.43%
Provision Expense	(191)	(609)	(1,460)	(422)	(410)	-71.12%	114.41%
Profit Before Tax	13,507	14,662	14,220	15,663	15,127	10.15%	12.00%
Tax Expense	(2,593)	(2,876)	(2,687)	(2,996)	(2,887)	11.51%	11.33%
Earning After Tax	10,914	11,786	11,533	12,667	12,240	9.83%	12.16%
Income for The Year Attributable to - NCI	8	4	3	7	10	115.05%	17.61%
Net Income	10,905	11,781	11,530	12,660	12,230	9.81%	12.15%

Ratio (Bank-Only)	3Q22	4Q22	1Q23	2Q23	3Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	5.40%	5.90%	5.60%	5.50%	5.50%	(0.10)	0.10
CIR	34.80%	32.50%	35.10%	31.20%	33.60%	(3.90)	(1.20)
ROE	22.70%	24.70%	22.30%	26.10%	23.50%	3.80	0.80
ROA	3.40%	3.70%	3.40%	3.90%	3.60%	0.50	0.20
Cost of Credit	0.00%	0.40%	0.80%	0.10%	0.40%	(0.70)	(0.40)
Liquidity							
LDR	63.30%	65.20%	65.60%	65.70%	67.40%	0.10	4.10
CASA	81.00%	81.60%	81.20%	80.70%	79.90%	(0.50)	(1.10)
Asset Quality							
Gross NPL	2.20%	1.70%	1.80%	1.90%	2.00%	0.10	(0.20)
Provision Coverage	247.90%	287.30%	285.40%	257.10%	226.90%	(28.30)	(21.00)
Capital							
CAR	25.40%	25.80%	28.90%	29.50%	29.50%	0.60	4.10

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
(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.