

Bank Central Asia Tbk (BBCA)

Solid Performance Throughout Pandemic Year

BBCA still managed to book a solid performance amid the pandemic, marked by an increase in PPOP by 11.2% YoY. Net income in 2020 was down by 5% to IDR27.1 trillion, although it was still lower compared to other major banks. Credit quality and net interest margin which were well-maintained are good stepping blocks to face another challenging year in 2021. The company sets a conservative credit growth in the range of 4-6%.

Solid Performance in Pandemic Year, PPOP Grows by Two Digits

- Throughout 2020, BBCA still managed to record solid performance, with PPOP growth booked at 11.2% yoy to IDR45.4 Tn. However, an unavoidable increase in provision expense (by 152.3% to IDR 11.2 Tn); caused net income to fall by 5% to IDR 27.1 Tn.
- Operational income was up by 5.1% in FY20, supported by an increase in Net Interest Income by 7.3% (IDR 54.5 Tn vs IDR 50.8 T in FY19). Meanwhile, non-interest income slightly declined to IDR 20.2 Tn (-0.5% yoy).
- On the margin side, NIM ratio was still well-managed despite falling by 50 bps to 5.7%. This was supported by the decline in cost of fund to 1.42% (vs 1.93% in FY19).

Corporate Segment still Grows, Asset Quality well-maintained

- Amid the decline in outstanding loan by 2.5% yoy; corporate credit was the only segment growing to IDR 255.1 Trillion (+7.7% yoy)
- Gross NPL increased by 50 bps to 1.8%; with the Trade, Restaurant, and Hotel segment had the highest NPL level at 3.8%. On the other hand, NPL Coverage also rose to 260.9%.

Digital Banking Transaction Supports CASA Growth

- In FY20, Third Party Fund also grew by 19.3% to IDR 840.7 Tn (vs IDR 704.8 Tn in FY 19). Portions of low cost funds had also increased, marked by a CASA ratio of 76.6%.
- Transaction value through Internet Banking and Mobile Banking each rose to 5.7% and 28.9%. On the other hand, amid the pandemic, transaction value from branches fell 14.7%.

Upgrade Rating to Overweight with TP at IDR 38,000

- We upgrade our rating for BBCA from Hold to Overweight with a 12-month target price of IDR 38,000. Our target price reflects a forward P/B of 4.5x. We are optimistic that BBCA will be able to maintain its credit quality and cost of fund, which will be a solid foundation to face another challenging year 2021. The company has set a credit growth target of 4-6%.
- Key risk factors of our target price are: 1) Below expectation economic recovery in 2021; 2) Decline in asset quality of loans affected by Covid-19; 3) Changes in BI benchmark interest rate.

Bank Central Asia Tbk | Summary (IDR bn)

	2019/12A	2020/12A	2021/12E	2022/12E
Interest Income	63,838	65,403	69,047	74,934
<i>Interest Income growth</i>	12.5%	2.5%	5.6%	8.5%
Operating Revenue	71,623	75,165	76,936	84,949
Net profit	28,565	27,131	29,977	34,658
EPS (IDR)	1,159	1,100	1,216	1,406
<i>EPS growth</i>	10.5%	-5.0%	10.5%	15.6%
BVPS (IDR)	7,063	7,492	8,455	9,546
Net Interest Margin	6.1%	5.7%	5.0%	5.0%
Loan/Deposits	84.9%	69.4%	67.3%	67.4%
NPL	1.3%	1.7%	1.7%	1.7%
ROE	17.5%	15.1%	15.2%	15.6%
ROA	3.3%	2.7%	2.7%	2.8%
Non-Int. Inc. /Op. Rev	29.5%	27.9%	29.3%	29.8%
P/E	28.8x	30.8x	31.3x	27.0x
P/BV	4.7x	4.5x	4.5x	4.0x
DPS (IDR)	555	451	498	576
<i>Dividend yield</i>	1.7%	1.3%	1.3%	1.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Overweight

Target Price (IDR)	38,000
Consensus Price (IDR)	37,849
TP to Consensus Price	+0.4%
vs. Last Price	+11.4%

Shares data

Last Price (IDR)	34,125
Price date as of	Feb 23, 2021
52 wk range (Hi/Lo)	36,900 / 21,625
Free float (%)	44.8
Outstanding sh.(mn)	24,655
Market Cap (IDR bn)	842,585
Market Cap (USD mn)	59,040
Avg. Trd Vol - 3M (mn)	19.11
Avg. Trd Val - 3M (bn)	648.2
Foreign Ownership	25.5%

Financial Services

Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	0.8%	-3.6%	3.4%	4.6%
Rel. Ret.	-4.4%	-3.4%	-7.9%	0.1%

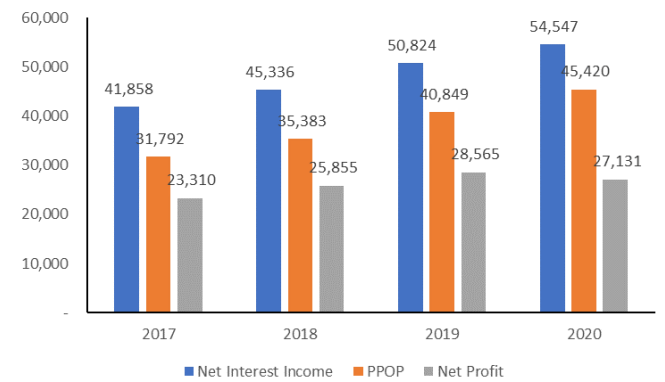
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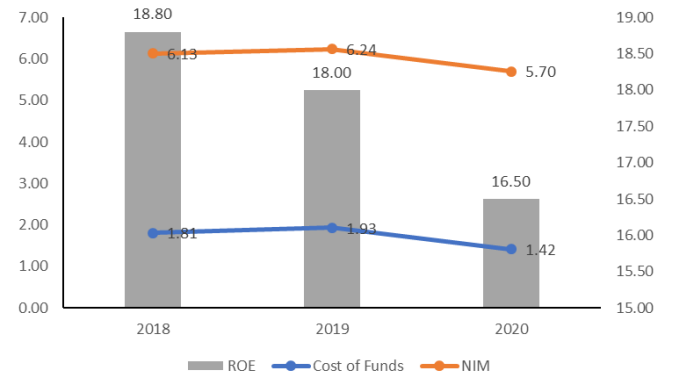
Performance Highlights

Financial Performance (IDR Billion)



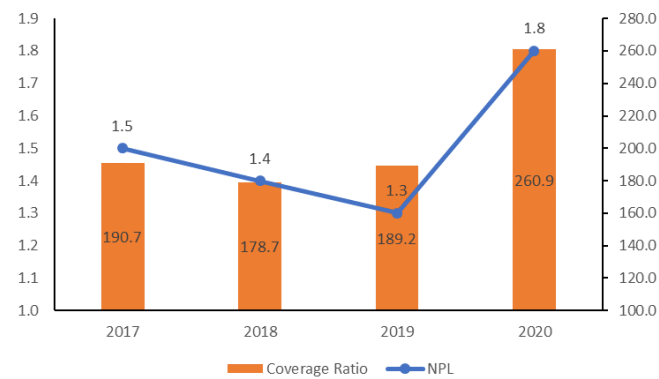
Source: Company, NHKSI Research

Profitability Ratios (%)



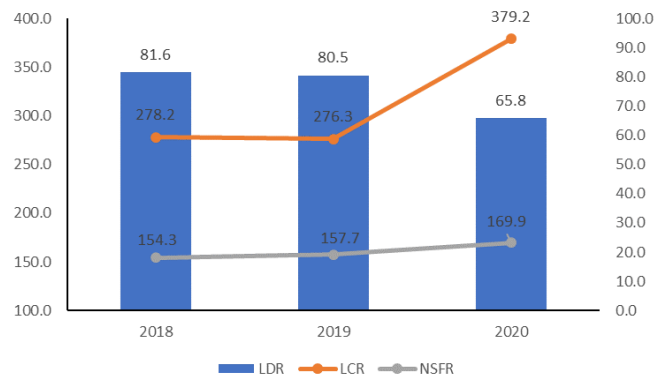
Source: Company, NHKSI Research

Asset Quality (%)



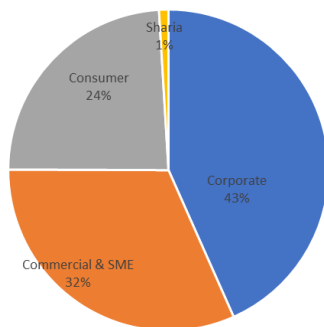
Source: Company, NHKSI Research

Liquidity (%)



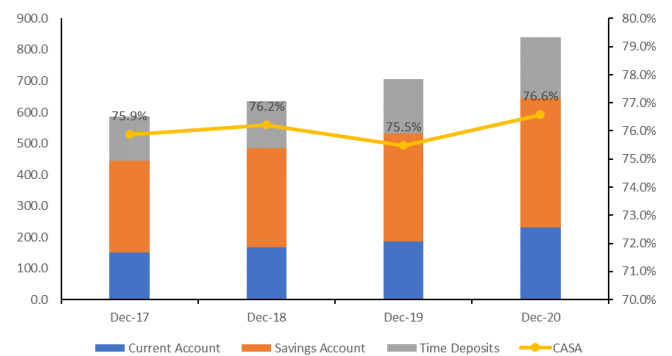
Source: Company, NHKSI Research

Loan Composition by Segment



Source: Company, NHKSI Research

Third Party Funds Composition (IDR Trillion)



Source: Company, NHKSI Research

Company Overview



PT Bank Central Asia Tbk (BBCA) started its operation on February 21, 1957, which headquartered in Jakarta. Currently, BBCA is the biggest private bank in Indonesia with the support of strong branch networks, ATMs, and electronic banking. Various BBCA products and services have been widely recognized by the public, such as: Debit BCA, KlikBCA (internet banking), and M-BCA (mobile banking).

In 2000, the company conducted an initial public offering (IPO) by releasing 22.5% of its shares to the public. This divestment was continued in 2001 with the sale of 10% of the shares through a Secondary Public Offering. BBCA also has several subsidiaries in the financial sector, including: BCA Finance, Bank BCA Syariah, BCA Sekuritas, and Asuransi Umum BCA.

ASEAN Banking Peers (as of 22 February 2021)

Company	Ticker	Market Cap (USD Mn)	Total Assets (USD Mn)	Net Income LTM (USD Mn)	ROE (%)	P/E (x)	P/B (x)	Dividend Yield LTM (%)
INDONESIA								
BANK CENTRAL ASIA TBK PT	BBCA IJ	59,589	77,240	1,864	15.1	31.0	4.6	1.6
BANK NEGARA INDONESIA PERSER	BBNI IJ	7,931	64,010	225	2.8	34.1	1.0	3.4
BANK MANDIRI PERSERO TBK PT	BMRI IJ	21,417	102,645	1,176	8.7	17.7	1.6	5.5
BANK RAKYAT INDONESIA PERSER	BBRI IJ	42,393	108,568	1,280	9.2	31.9	3.0	3.5
SINGAPORE								
DBS GROUP HOLDINGS LTD	DBS SP	49,521	491,893	3,448	8.9	13.8	1.2	4.0
UNITED OVERSEAS BANK LTD	UOB SP	30,055	309,261	2,222	8.4	12.4	1.0	4.8
OVERSEA-CHINESE BANKING CORP	OCBC SP	35,947	372,904	2,550	8.0	12.7	1.0	4.1
MALAYSIA								
CIMB GROUP HOLDINGS BHD	CIMB MK	10,291	144,524	430	3.3	22.7	0.8	2.9
THAILAND								
BANGKOK BANK PUBLIC CO LTD	BBL TB	7,664	127,453	543	3.9	13.4	0.5	4.2
SIAM COMMERCIAL BANK PUB CO	SCB TB	11,540	109,298	877	6.7	12.7	0.8	3.9

Source: Bloomberg

Multiple Valuation

P/E Ratio Band | Last 3 Years



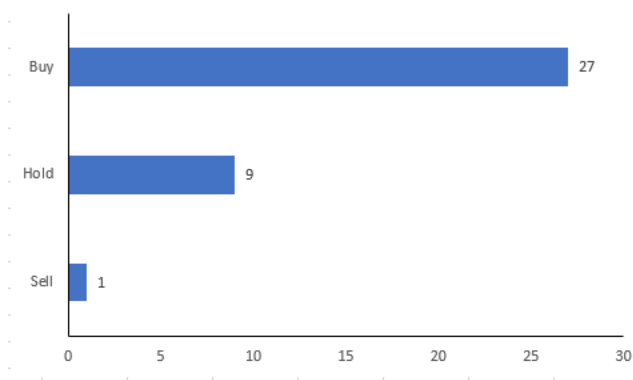
Source: Bloomberg, NHKSI research

P/BV Band | Last 3 Years



Source: Bloomberg, NHKSI research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI research

Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
03/07/2020	Hold	30,100	28,475	30,057	+5.7%	+0.1%
12/07/2020	Hold	34,000	30,900	32,464	+10.0%	+4.7%
13/11/2020	Hold	34,000	33,000	34,108	+3.0%	-0.3%
24/02/2021	Overweight	38,000	34,125	37,849	+11.4%	+0.4%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Interest Income	63,838	65,403	69,047	74,934
<i>Growth (% y/y)</i>	<i>12.5%</i>	<i>2.5%</i>	<i>5.6%</i>	<i>8.5%</i>
Interest Expenses	13,360	11,242	14,669	15,314
Net Interest Income	50,477	54,161	54,378	59,620
<i>Net Interest Margin</i>	<i>6.1%</i>	<i>5.7%</i>	<i>5.0%</i>	<i>5.0%</i>
Net Fee Income	13,608	13,160	14,682	16,694
Trading Income	3,456	4,303	4,320	4,736
Other Operating Income	4,080	3,541	3,556	3,898
Operating Revenue	71,623	75,165	76,936	84,949
Operating Expenses	(30,742)	(29,969)	(30,675)	(33,869)
Pre-provisioning OP	40,880	45,197	46,261	51,079
Provision for Impairment	(4,591)	(11,628)	(10,140)	(10,369)
EBT	36,289	33,569	36,122	40,711
Income Tax	(7,719)	(6,421)	(6,136)	(6,044)
Non-controlling Interest	(5)	(16)	(9)	(8)
Net Profit	28,565	27,131	29,977	34,658
<i>Growth (% y/y)</i>	<i>10.5%</i>	<i>-5.0%</i>	<i>10.5%</i>	<i>15.6%</i>

BALANCE SHEET

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Cash	25,421	24,322	24,104	33,745
Placement in Banks	89,375	86,905	91,167	98,828
Net Loans	582,716	555,350	565,895	613,975
Investment	161,390	343,128	408,381	452,089
Fixed Asset	20,852	23,545	24,636	23,786
Other Assets	39,236	42,319	46,603	50,418
Total Assets	918,990	1,075,570	1,160,786	1,272,842
Deposits	711,512	850,916	909,678	990,982
Debt	5,000	2,037	4,875	5,313
Other liabilities	28,334	37,902	37,779	41,179
Total Liabilities	744,846	890,856	952,332	1,037,475
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	155,114	160,540	146,741	168,507
Shareholders' Equity	174,144	184,715	208,454	235,366

CASH FLOW STATEMENT

(IDR bn)	2019/12A	2020/12A	2021/12E	2022/12E
Operating Cash Flow	37,044	(99,909)	44,792	45,766
Investing Cash Flow	(91,148)	(32,389)	(100,963)	(110,122)
Financing Cash Flow	63,978	123,606	55,255	73,997
Net Changes in Cash	9,875	(8,692)	(916)	9,641

Source: NHKSI research

PROFITABILITY & STABILITY

	2019/12A	2020/12A	2021/12E	2022/12E
ROE	17.5%	15.1%	15.2%	15.6%
ROA	3.3%	2.7%	2.7%	2.8%
Non-Int. Inc. /Op. Rev	29.5%	27.9%	29.3%	29.8%
Cost/Income	42.9%	39.9%	39.9%	39.9%
Cash Dividend (IDR bn)	13,684	11,124	12,290	14,210
Dividend Yield (%)	1.7%	1.3%	1.3%	1.5%
Payout Ratio (%)	47.9%	41.0%	41.0%	41.0%
Loan/Deposits	84.9%	69.4%	67.3%	67.4%
Loan/Assets	65.1%	54.2%	52.5%	52.2%
NPL	1.3%	1.7%	1.7%	1.7%
Loan Loss Res./Loan	2.6%	4.8%	7.1%	7.6%
CASA/Deposits	75.5%	76.6%	77.4%	78.4%
Time Deposits/Deposits	24.5%	23.4%	22.6%	21.6%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	24,655	24,655	24,655	24,655
Share Price (IDR)	33,425	33,850	38,000	38,000
Market Cap (IDR tn)	824.1	834.6	936.9	936.9

VALUATION INDEX

	2019/12A	2020/12A	2021/12E	2022/12E
Price /Earnings	28.8x	30.8x	31.3x	27.0x
Price /Book Value	4.7x	4.5x	4.5x	4.0x
Price/Op. Revenue	11.5x	11.1x	12.2x	11.0x
PE/EPS Growth	2.7x	-6.1x	3.0x	1.7x
EV/Operating Revenue	11.2x	10.8x	11.9x	10.7x
EV/PPOP	19.7x	18.0x	19.8x	17.8x
EV (IDR bn)	803,773	812,405	917,798	908,613
Op. Rev. CAGR (3-Yr)	10.0%	9.7%	6.9%	5.9%
EPS CAGR (3-Yr)	11.5%	5.2%	5.1%	6.7%
Basic EPS (IDR)	1,159	1,100	1,216	1,406
Diluted EPS (IDR)	1,159	1,100	1,216	1,406
BVPS (IDR)	7,063	7,492	8,455	9,546
Op. Revenue PS (IDR)	2,905	3,049	3,121	3,445
DPS (IDR)	555	451	498	576

OWNERSHIP

By Geography	% Shareholders	%	
Indonesia	74.5	Republic of Indonesia	54.9
United States	12.2	Vanguard Group Inc	1.7
Luxembourg	4.6	JP Morgan Chase & Co	1.6
United Kingdom	3.2	Others	41.8

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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