

Bank Central Asia Tbk (BBCA)

Best Loan Growth in 3Q21

BBCA recorded 9M21 net profit of IDR 23.2 trillion, achieving 70% of our estimates, as it succeeded in lowering interest costs by 15.6% YoY. Better asset quality boosted PPOP to increase by 7.7% YoY and provision costs down 16.2% YoY. BBCA managed to face the challenge of emergency PPKM in 3Q21, and we look forward to more improvement in 4Q21. NHKSI Research maintains its estimate, by raising TP to IDR 8,375 for the next 12 months.

3Q21 Loan Boosts YtD Growth

- As of 3Q21, BBCA recorded loan disbursement of IDR 605.9 trillion or up 2.1% QoQ. Loan growth in 3Q21, represented more than 70% of loan growth in 2021 which grew 2.9% YtD.
- On an annual basis, loan growth in 3Q21 was up 4.1% YoY, the first positive growth since 2Q20 which grew 5.2% YoY. The pandemic outbreak suppressed BBCA's lending to fall in the range of -0.3% to -4.2% during the 3Q20 to 2Q21 period.
- The corporate segment booked the highest loan growth in 3Q21 of up to 5.8% YtD. Meanwhile, LDR was relatively stable at 62%, with our estimate to increase to 68% in 4Q21, in line with the domestic economic recovery.

Improved Asset Quality

- BBCA's LAR fell to 17.1% until September 2021, an improvement compared to the first half of 2021 which was at 19.1%. Meanwhile, restructured loans decreased to IDR 88.9 trillion as of September 2021, from IDR 97.5 trillion at the end of 2020.
- Improved asset quality can also be seen from the NPL which has been maintained at 2.4%. However, relatively high NPL still occur in the manufacturing and trade sectors.
- Meanwhile the growth of low-cost funds still dominated, with CASA growing by 21.0% YoY, and time deposits by 9.7% YoY. Overall, third party funds grew by 18.3% to IDR 923.7 trillion.

Maintaining Overweight with TP IDR 8,375

- We maintain our Overweight rating by increasing our target price to IDR 8,375/share. Our target price reflects FY21/22 forward PBV at 4.7x/4.1x levels.
- Some of the risk factors for our TP include: 1) Loan restructuring which is ongoing until 1Q22; 2) NPL and depressed NIM; 3) Competition for cheap funds amid the trend of low interest rates.

Bank Central Asia Tbk | Summary (IDR bn)

| | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
|------------------------|----------|----------|----------|----------|
| Interest Income | 65,403 | 69,105 | 75,273 | 82,761 |
| Interest Income growth | 2.5% | 5.7% | 8.9% | 9.9% |
| Operating Revenue | 75,165 | 80,661 | 88,122 | 96,394 |
| Net profit | 27,131 | 33,457 | 37,660 | 41,790 |
| EPS (IDR) | 220 | 271 | 305 | 339 |
| EPS growth | -5.0% | 23.3% | 12.6% | 11.0% |
| BVPS (IDR) | 1,498 | 1,787 | 2,020 | 2,273 |
| Net Interest Margin | 5.7% | 5.2% | 5.2% | 5.1% |
| Loan/Deposits | 69.4% | 67.4% | 67.8% | 68.5% |
| NPL | 1.7% | 2.4% | 2.2% | 2.2% |
| ROE | 15.1% | 16.5% | 16.0% | 15.8% |
| ROA | 2.7% | 3.0% | 3.1% | 3.1% |
| Non-Int. Inc. /Op. Rev | 27.9% | 29.3% | 29.8% | 29.8% |
| P/E | 30.8x | 30.9x | 27.4x | 24.7x |
| P/BV | 4.5x | 4.7x | 4.1x | 3.7x |
| DPS (IDR) | 90 | 111 | 125 | 139 |
| Dividend yield | 1.3% | 1.3% | 1.5% | 1.7% |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Overweight

| | |
|---------------------------|--------------|
| Target Price (IDR) | 8,375 |
| Consensus Price (IDR) | 7,773 |
| TP to Consensus Price | -7.2% |
| Potential Upside | +12.4% |

Shares data

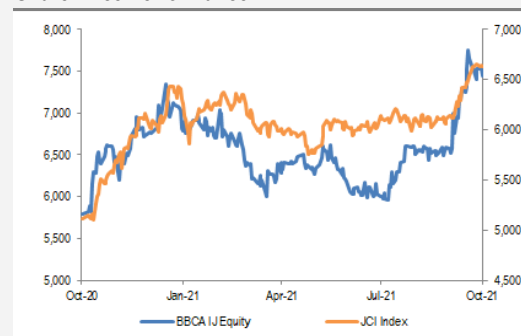
| | |
|------------------------|---------------|
| Last Price (IDR) | 7,450 |
| Price date as of | Oct. 27, 2021 |
| 52 wk range (Hi/Lo) | 8,250 / 5,720 |
| Free float (%) | 44.9 |
| Outstanding sh.(mn) | 123,275 |
| Market Cap (IDR bn) | 912,235 |
| Market Cap (USD mn) | 64,246 |
| Avg. Trd Vol - 3M (mn) | 84.96 |
| Avg. Trd Val - 3M (bn) | 573.8 |
| Foreign Ownership | 26.1% |

Financial Services

Banking

| | |
|-----------|---------|
| Bloomberg | BBCA IJ |
| Reuters | BBCA.JK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|-----------|-------|-------|-------|-------|
| Abs. Ret. | 10.0% | 13.2% | 24.1% | 28.7% |
| Rel. Ret. | -0.4% | 5.4% | 15.8% | -0.4% |

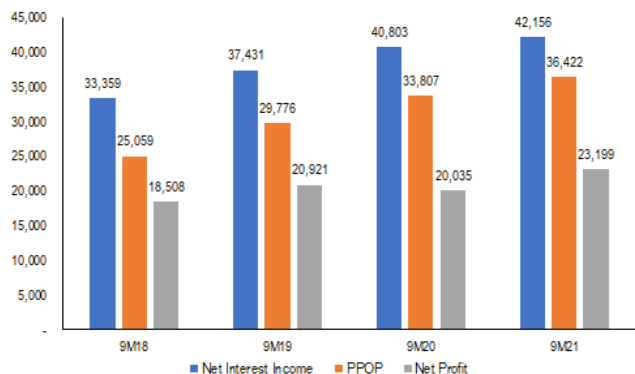
Arief Machrus

(021) 5088 9127

arief.machrus@nhsec.co.id

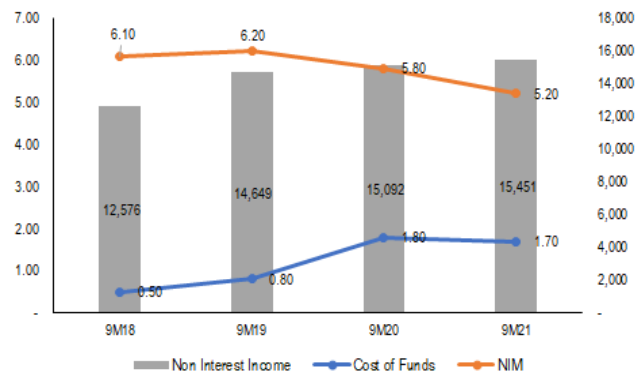
Performance Highlights

Financial Performance (IDR Billion)



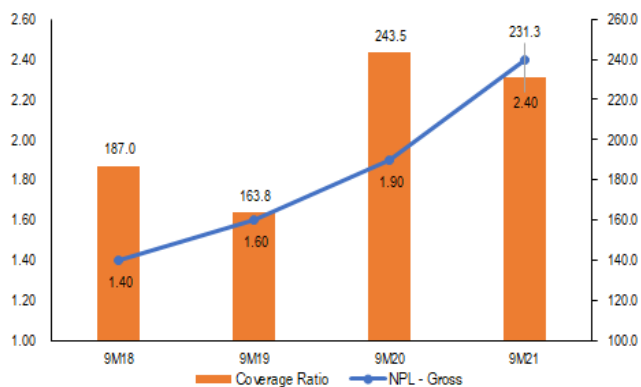
Source: Company, NHKSI Research

Profitability Ratios (%)



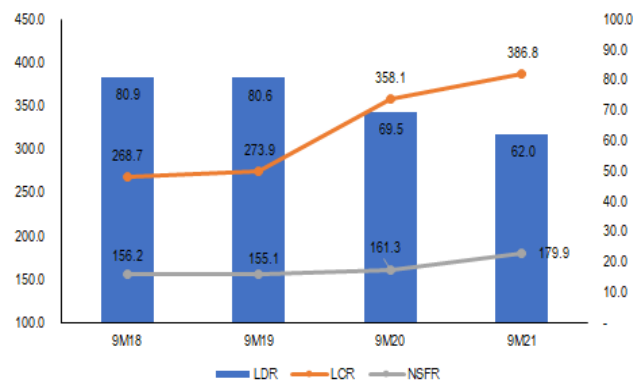
Source: Company, NHKSI Research

Asset Quality (%)



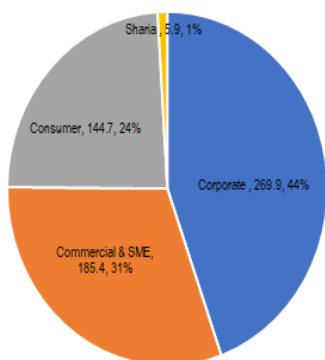
Source: Company, NHKSI Research

Liquidity (%)



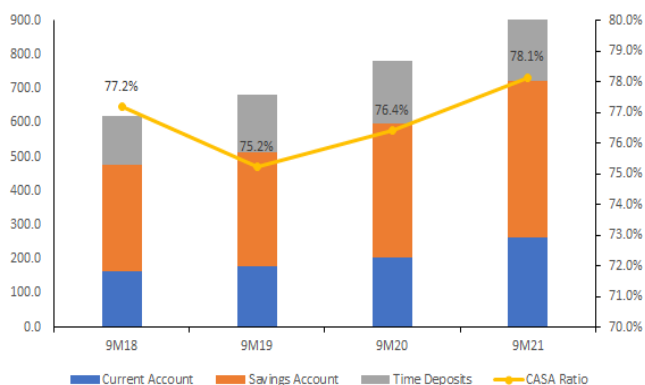
Source: Company, NHKSI Research

Loan Composition by Segment (IDR Tn)



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 and headquartered in Jakarta. Currently, BBCA is the largest private bank in Indonesia with the support of strong branch and ATM networks, as well as electronic banking. Various products and services have been widely known, such as: Debit BCA, KlikBCA (internet banking), and M-BCA (mobile banking).

In 2000, the company held its Initial Public Offering (IPO) by releasing 22.5% of its shares to the public. This divestment continued in 2001 by releasing 10% of shares through Secondary Public Offering. BBCA also owns some subsidiaries in the financial sector, such as: BCA Finance, Bank BCA Syariah, BCA Sekuritas, and Asuransi Umum BCA.

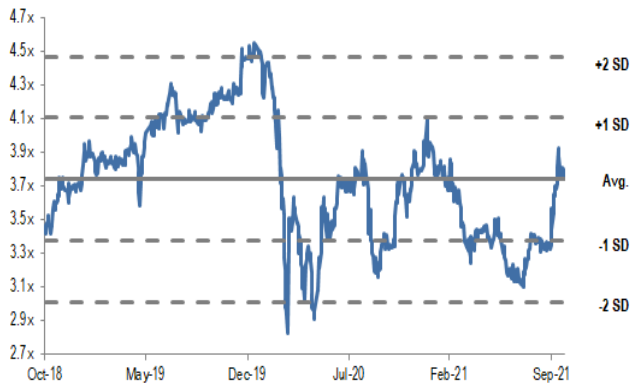
ASEAN Banking Peers (as of 27 October 2021)

| Company | Ticker | Market Cap (USD Mn) | Total Assets (USD Mn) | Net Interest Margin (LTM) | ROE (%) | P/E (x) | P/B (x) | Dividend Yield LTM (%) |
|------------------------------|---------|---------------------|-----------------------|---------------------------|---------|---------|---------|------------------------|
| INDONESIA | | | | | | | | |
| BANK CENTRAL ASIA TBK PT | BBCA IJ | 64,626 | 77,240 | 5.4% | 16.41% | 30.3x | 4.6x | 1.4% |
| BANK NEGARA INDONESIA PERSER | BBNI IJ | 9,284 | 64,010 | 5.5% | 5.8% | 19.6x | 1.1x | 0.6% |
| BANK MANDIRI PERSERO TBK PT | BMRI IJ | 23,479 | 102,645 | 5.1% | 10.5% | 17.3x | 1.8x | 3.1% |
| BANK RAKYAT INDONESIA PERSER | BBRI IJ | 45,667 | 108,568 | 5.7% | 10.1% | 22.5x | 1.9x | 2.2% |
| SINGAPORE | | | | | | | | |
| DBS GROUP HOLDINGS LTD | DBS SP | 60,426 | 491,893 | 1.4% | 10.8% | 13.4x | 1.4x | 2.7% |
| UNITED OVERSEAS BANK LTD | UOB SP | 33,295 | 326,810 | 1.6% | 8.5% | 13.7x | 1.1x | 3.7% |
| OVERSEA-CHINESE BANKING CORP | OCBC SP | 39,917 | 394,608 | 1.6% | 8.7% | 12.4x | 1.0x | 3.4% |
| MALAYSIA | | | | | | | | |
| CIMB GROUP HOLDINGS BHD | CIMB MK | 12,729 | 149,821 | 2.2% | 6.9% | 13.3x | 0.9x | 2.9% |
| THAILAND | | | | | | | | |
| BANGKOK BANK PUBLIC CO LTD | BBL TB | 7,038 | 127,453 | 1.6% | 4.9% | 10.4x | 0.5x | 2.8% |
| SIAM COMMERCIAL BANK PUB CO | SCB TB | 12,519 | 109,298 | 2.7% | 7.9% | 12.8x | 1.0x | 3.0% |

Source: Bloomberg

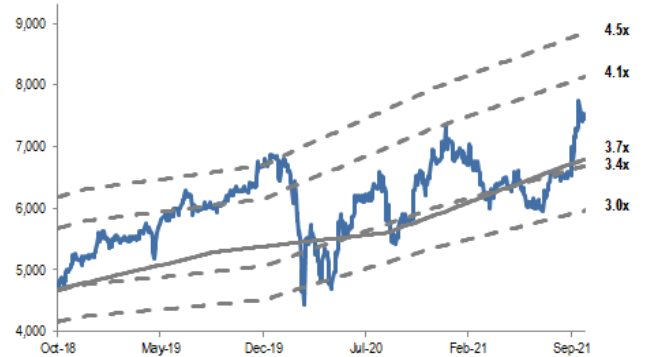
Multiple Valuation

P/E Ratio Band | Last 3 Years



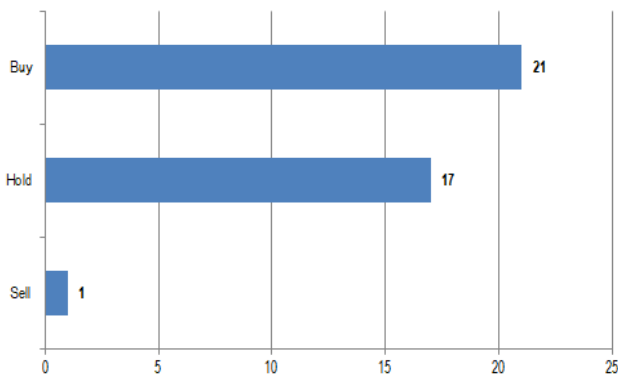
Source: Bloomberg, NHKSI research

P/BV Band | Last 3 Years



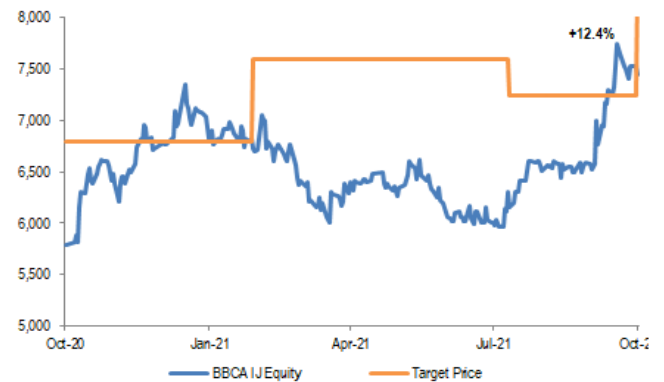
Source: Bloomberg, NHKSI research

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 | Potential Upside | vs Consensus |
|------------|------------|--------------|------------|-----------|------------------|--------------|
| 12/07/2020 | Overweight | 6,800 | 6,180 | 6,493 | +10.0% | +4.7% |
| 13/11/2020 | Hold | 6,800 | 6,600 | 6,822 | +3.0% | -0.3% |
| 24/02/2021 | Overweight | 7,600 | 6,825 | 7,570 | +11.4% | +0.4% |
| 06/08/2021 | Overweight | 7,240 | 6,300 | 7,307 | +14.9% | -0.9% |
| 28/10/2021 | Overweight | 8,375 | 7,450 | 7,773 | +12.4% | -7.2% |

Source: NHKSI Research, Bloomberg

Summary of Financials

| INCOME STATEMENT | | | | | PROFITABILITY & STABILITY | | | | |
|----------------------------|---------------|---------------|---------------|---------------|---------------------------|----------|----------|----------|----------|
| (IDR bn) | 2020/12A | 2021/12E | 2022/12E | 2023/12E | | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| Interest Income | 65,403 | 69,105 | 75,273 | 82,761 | ROE | 15.1% | 16.5% | 16.0% | 15.8% |
| <i>Growth (% y/y)</i> | 2.5% | 5.7% | 8.9% | 9.9% | ROA | 2.7% | 3.0% | 3.1% | 3.1% |
| Interest Expenses | 11,242 | 12,094 | 13,425 | 15,108 | Non-Int. Inc. /Op. Rev | 27.9% | 29.3% | 29.8% | 29.8% |
| Net Interest Income | 54,161 | 57,011 | 61,848 | 67,653 | Cost/Income | 39.9% | 39.9% | 39.9% | 39.9% |
| <i>Net Interest Margin</i> | 5.7% | 5.2% | 5.2% | 5.1% | Cash Dividend (IDR bn) | 11,124 | 13,717 | 15,440 | 17,134 |
| Net Fee Income | 13,160 | 15,393 | 17,317 | 18,943 | Dividend Yield (%) | 1.3% | 1.3% | 1.5% | 1.7% |
| Trading Income | 4,303 | 4,529 | 4,913 | 5,375 | Payout Ratio (%) | 41.0% | 41.0% | 41.0% | 41.0% |
| Other Operating Income | 3,541 | 3,728 | 4,044 | 4,424 | Loan/Deposits | 69.4% | 67.4% | 67.8% | 68.5% |
| Operating Revenue | 75,165 | 80,661 | 88,122 | 96,394 | Loan/Assets | 54.2% | 52.0% | 52.0% | 52.1% |
| Operating Expenses | (29,969) | (32,160) | (35,135) | (38,433) | NPL | 1.7% | 2.4% | 2.2% | 2.2% |
| Pre-provisioning OP | 45,197 | 48,501 | 52,988 | 57,961 | Loan Loss Res./Loan | 4.8% | 5.9% | 6.2% | 6.5% |
| Provision for Impairment | (11,628) | (8,187) | (8,753) | (10,078) | CASA/Deposits | 76.6% | 77.4% | 78.4% | 79.4% |
| EBT | 33,569 | 40,314 | 44,235 | 47,883 | Time Deposits/Deposits | 23.4% | 22.6% | 21.6% | 20.6% |
| Income Tax | (6,421) | (6,848) | (6,567) | (6,083) | Par Value (IDR) | 63 | 63 | 63 | 63 |
| Non-controlling Interest | (16) | (9) | (8) | (10) | Total Shares (mn) | 123,275 | 123,275 | 123,275 | 123,275 |
| Net Profit | 27,131 | 33,457 | 37,660 | 41,790 | Share Price (IDR) | 6,770 | 8,375 | 8,375 | 8,375 |
| <i>Growth (% y/y)</i> | -5.0% | 23.3% | 12.6% | 11.0% | Market Cap (IDR tn) | 834.6 | 1,032.4 | 1,032.4 | 1,032.4 |

| BALANCE SHEET | | | | | VALUATION INDEX | | | | |
|-----------------------------|------------------|------------------|------------------|------------------|----------------------|----------|-----------|-----------|-----------|
| (IDR bn) | 2020/12A | 2021/12E | 2022/12E | 2023/12E | | 2020/12A | 2021/12E | 2022/12E | 2023/12E |
| Cash | 24,322 | 25,331 | 26,804 | 29,180 | Price /Earnings | 30.8x | 30.9x | 27.4x | 24.7x |
| Placement in Banks | 86,905 | 91,905 | 100,132 | 110,224 | Price /Book Value | 4.5x | 4.7x | 4.1x | 3.7x |
| Net Loans | 555,350 | 574,154 | 627,191 | 687,816 | Price/Op. Revenue | 11.1x | 12.8x | 11.7x | 10.7x |
| Investment | 343,128 | 408,726 | 454,703 | 500,273 | PE/EPS Growth | -6.1x | 1.3x | 2.2x | 2.3x |
| Fixed Asset | 23,545 | 25,970 | 27,306 | 28,897 | EV/Operating Revenue | 10.8x | 12.5x | 11.5x | 10.5x |
| Other Assets | 42,319 | 46,653 | 50,726 | 54,891 | EV/PPOP | 18.0x | 20.9x | 19.1x | 17.4x |
| Total Assets | 1,075,570 | 1,172,739 | 1,286,861 | 1,411,280 | EV (IDR bn) | 812,405 | 1,012,116 | 1,011,131 | 1,009,309 |
| Deposits | 850,916 | 909,678 | 990,982 | 1,079,583 | Op. Rev. CAGR (3-Yr) | 9.7% | 8.6% | 7.2% | 8.6% |
| Debt | 2,037 | 4,883 | 5,352 | 5,888 | EPS CAGR (3-Yr) | 5.2% | 9.0% | 9.7% | 15.5% |
| Other liabilities | 37,902 | 37,840 | 41,475 | 45,629 | Basic EPS (IDR) | 220 | 271 | 305 | 339 |
| Total Liabilities | 890,856 | 952,401 | 1,037,809 | 1,131,100 | Diluted EPS (IDR) | 220 | 271 | 305 | 339 |
| Capital Stock & APIC | 1,541 | 1,541 | 1,541 | 1,541 | BVPS (IDR) | 1,498 | 1,787 | 2,020 | 2,273 |
| Retained Earnings | 160,540 | 191,017 | 214,585 | 240,567 | Op. Revenue PS (IDR) | 610 | 654 | 715 | 782 |
| Shareholders' Equity | 184,715 | 220,338 | 249,052 | 280,180 | DPS (IDR) | 90 | 111 | 125 | 139 |

| CASH FLOW STATEMENT | | | | | OWNERSHIP | | | |
|----------------------------|----------------|--------------|--------------|--------------|---------------|----------------|------------------------|------|
| (IDR bn) | 2020/12A | 2021/12E | 2022/12E | 2023/12E | By Geography | % Shareholders | % | |
| Operating Cash Flow | (99,909) | 38,710 | 44,168 | 49,656 | Indonesia | 73.9 | Dwimuria Investama And | 54.9 |
| Investing Cash Flow | (32,389) | (101,475) | (115,523) | (125,754) | United States | 11.9 | JP Morgan Chase & Co | 1.9 |
| Financing Cash Flow | 123,606 | 63,774 | 72,828 | 78,474 | Luxembourg | 5.1 | Vanguard Group Inc | 1.8 |
| Net Changes in Cash | (8,692) | 1,009 | 1,472 | 2,376 | Others | 9.2 | Others | 41.4 |

Source: Bloomberg, NHKSI research

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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.