

# Bank Central Asia Tbk (BBCA)

## Double Digit Net Profit Growth

BBCA recorded a net profit of IDR 31.4 Tn in FY21 (+15.8 YoY), despite moderate growth from both Interest and Non-Interest Income. This was supported by Provision costs, which was able to go down by 19.6% YoY. On other notes, Gross NPL slightly worsen on an annual basis, while Net Interest Margin (NIM) continued to decline. With the potential Interest rate hike this year, BBCA has set moderate loan growth target of 6%-8%.

### Lower Provision Boosts Net Profit

- BBCA booked moderate income growth in FY2021, with Net Interest Income recorded at IDR 56.5 trillion (up 3.5% yoy). Meanwhile, Non-Interest Income also grew by 6.0% to IDR 21.4 Tn; mainly due to Fee and Commission-based Income which was up 11.5%.
- Provision expense managed to go down significantly to IDR 9.3 Tn; or a 19.6% decrease compared to FY20 figure of IDR 11,6 Tn
- This improvement in provision enabled to boost BBCA's profitability, despite moderate income growth. FY21 net profit was up 15.8% yoy to IDR 31.4 Tn (vs IDR 27.1 Tn in FY20).

### Corporate Segment Supports Loan Growth

- Corporate loan led the growth from segment perspective, with a 12.3% increase compared to previous year; while making up 45% of BBCA's total loan.
- Gross NPL rose to 2.2% in FY21 (vs 1.8% in FY20). However, this figure has been improving on a quarterly basis, where it was recorded at 2.4% in 3Q21.
- Third Party Funds continued to book impressive growth; totaling IDR 975.9 Tn by the end of 2021 (+16.1% yoy). This was led by Current Account segment which increased 24.3% yoy to IDR 285.6 Tn. As of FY21, LDR position was down to 62.0% (compared to 65.8% in FY20).

### Conservative Loan Growth Guidance for 2022

- Transactions from digital channels continue to grow significantly; with transactions value from both Mobile and Internet Banking were up 50.4% and 33.7% YoY respectively.
- On the other hand, Net Interest Margin (NIM) continued its steady downward trend in recent years, with FY21 position recorded at 5.1%.
- BBCA continues to set moderate loan growth target in 2022 of around 6%-8%. Some challenges in loan disbursement this year include: potential interest rate hike, a prolonged pandemic, and rising NPL level.

### Maintain Overweight Recommendation

- We continue our Overweight call on BBCA with TP at IDR 8.375, as the stock price has started 2022 with a minor rally. Our TP implies FY22 PBV of 4.1x (approximately -1 STD of its 3-year average)

### Bank Central Asia Tbk | Summary (IDR bn)

	2021/12A	2022/12E	2023/12E	2024/12E
Interest Income	65,627	78,819	87,141	96,441
Interest Income growth	0.3%	20.1%	10.6%	10.7%
Operating Revenue	78,473	90,790	99,797	110,161
Net profit	31,423	37,460	42,487	46,918
EPS (IDR)	255	304	345	381
EPS growth	15.8%	19.2%	13.4%	10.4%
BVPS (IDR)	1,645	1,893	2,150	2,393
Net Interest Margin	5.0%	5.1%	5.1%	5.1%
Loan/Deposits	64.6%	65.4%	66.3%	68.5%
NPL	1.7%	1.7%	1.7%	1.7%
ROE	16.2%	17.2%	17.0%	16.8%
ROA	2.7%	2.9%	3.0%	3.0%
Non-Int. Inc. /Op. Rev	28.5%	29.1%	29.5%	29.6%
P/E	28.6x	27.6x	24.3x	22.0x
P/BV	4.4x	4.4x	3.9x	3.5x
DPS (IDR)	111	79	120	116
Dividend yield	1.5%	0.9%	1.4%	1.4%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | 03 February 2022

## Overweight

Target Price (IDR)	8,375
Consensus Price (IDR)	8,128
TP to Consensus Price	+3.0%
Potential Upside	+7.4%

### Shares data

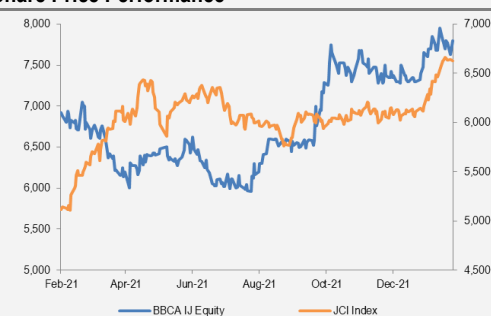
Last Price (IDR)	7,800
Price date as of	Feb 02, 2022
52 wk range (Hi/Lo)	8,250 / 5,905
Free float (%)	44.9
Outstanding sh.(mn)	123,275
Market Cap (IDR bn)	955,382
Market Cap (USD mn)	66,441
Avg. Trd Vol - 3M (mn)	66.52
Avg. Trd Val - 3M (bn)	498.7
Foreign Ownership	26.8%

### Financial Services

#### Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	6.8%	6.5%	6.8%	14.7%
Rel. Ret.	4.9%	5.8%	3.5%	-12.3%

### Arief Machrus

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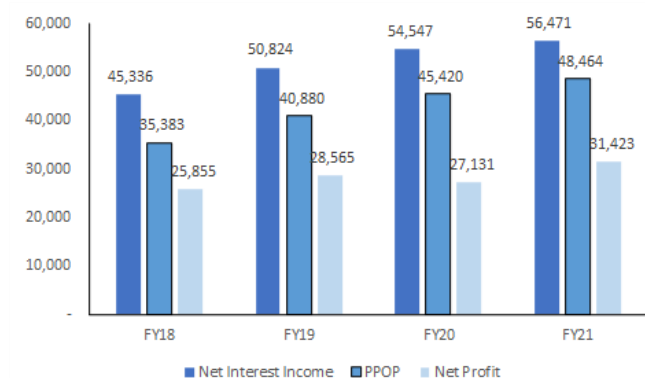
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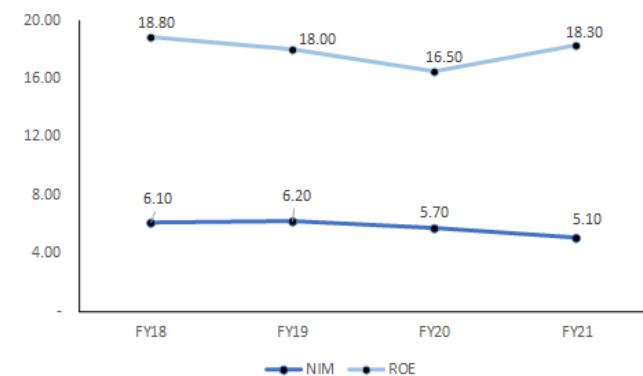
## Performance Highlights

### Financial Performance (IDR Billion)



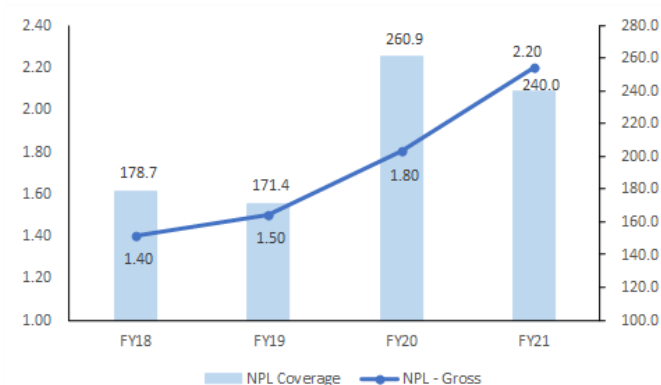
Source: Company, NHKSI Research

### Profitability Ratios (%)



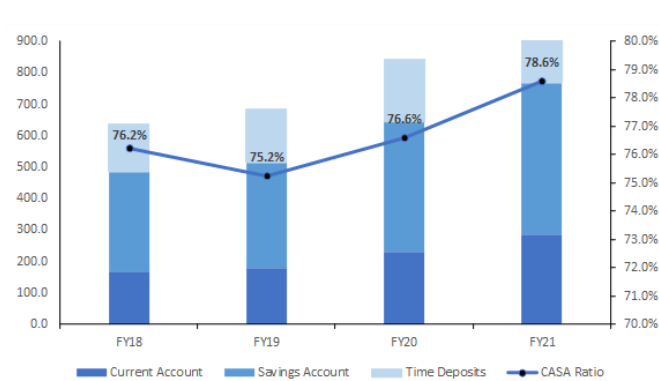
Source: Company, NHKSI Research

### Asset Quality (%)



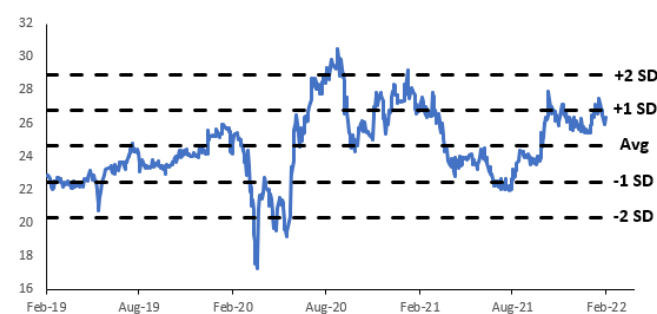
Source: Company, NHKSI Research

### Third Party Fund (IDR Trn)



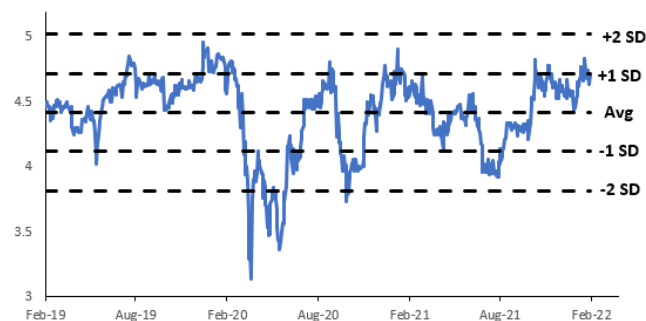
Source: Company, NHKSI Research

### Blended Forward P/E Ratio - 3 Years



Source: Bloomberg, NHKSI Research

### Price / Book Ratio - 3 Years



Source: Bloomberg, NHKSI Research

## Summary of Financials

INCOME STATEMENT				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Interest Income	65,627	78,819	87,141	96,441
Growth (% y/y)	0.3%	20.1%	10.6%	10.7%
Interest Expenses	9,491	14,457	16,788	18,839
Net Interest Income	56,136	64,362	70,353	77,602
Net Interest Margin	5.0%	5.1%	5.1%	5.1%
Net Fee Income	14,680	17,378	19,699	21,728
Trading Income	2,772	4,146	4,003	4,707
Other Operating Income	4,886	4,905	5,742	6,124
Operating Revenue	78,473	90,790	99,797	110,161
Operating Expenses	(30,308)	(35,632)	(38,855)	(43,062)
Pre-provisioning OP	48,165	55,158	60,942	67,099
Provision for Impairment	(9,324)	(8,911)	(8,535)	(9,279)
EBT	38,841	46,248	52,407	57,819
Income Tax	(7,401)	(8,778)	(9,908)	(10,888)
Non-controlling Interest	(17)	(10)	(12)	(14)
Net Profit	31,423	37,460	42,487	46,918
Growth (% y/y)	15.8%	19.2%	13.4%	10.4%

BALANCE SHEET				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Cash	23,616	22,734	25,417	30,296
Placement in Banks	164,539	181,859	201,150	178,405
Net Loans	597,754	661,060	731,747	827,528
Investment	374,405	411,982	456,673	514,965
Fixed Asset	23,752	23,035	20,728	19,064
Other Assets	44,280	52,081	56,638	64,105
Total Assets	1,228,345	1,352,751	1,492,354	1,634,364
Deposits	985,966	1,084,231	1,183,776	1,292,785
Debt	1,591	2,097	2,132	2,512
Other liabilities	37,939	33,025	41,455	44,017
Total Liabilities	1,025,496	1,119,353	1,227,363	1,339,314
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	179,580	211,035	243,535	274,500
Shareholders' Equity	202,849	233,398	264,991	295,050

CASH FLOW STATEMENT				
(IDR bn)	2021/12A	2022/12E	2023/12E	2024/12E
Operating Cash Flow	42,525	28,790	50,696	46,783
Investing Cash Flow	(91,765)	(121,533)	(136,699)	(134,434)
Financing Cash Flow	120,080	91,861	88,686	92,530
Net Changes in Cash	70,840	(882)	2,683	4,879

Source: Bloomberg, NHKSI research

PROFITABILITY & STABILITY				
	2021/12A	2022/12E	2023/12E	2024/12E
ROE	16.2%	17.2%	17.0%	16.8%
ROA	2.7%	2.9%	3.0%	3.0%
Non-Int. Inc. /Op. Rev	28.5%	29.1%	29.5%	29.6%
Cost/Income	38.6%	39.2%	38.9%	39.1%
Cash Dividend (IDR bn)	13,634	9,795	14,772	14,290
Dividend Yield (%)	1.5%	0.9%	1.4%	1.4%
Payout Ratio (%)	43.4%	26.1%	34.8%	30.5%
Loan/Deposits	64.6%	65.4%	66.3%	68.5%
Loan/Assets	51.3%	51.5%	51.7%	53.3%
NPL	1.7%	1.7%	1.7%	1.7%
Loan Loss Res./Loan	5.2%	5.2%	5.1%	4.9%
CASA/Deposits	78.6%	79.2%	79.8%	80.3%
Time Deposits/Deposits	21.4%	20.8%	20.2%	19.7%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	123,275	123,275	123,275	123,275
Share Price (IDR)	7,300	8,375	8,375	8,375
Market Cap (IDR tn)	899.9	1,032.4	1,032.4	1,032.4

VALUATION INDEX				
	2021/12A	2022/12E	2023/12E	2024/12E
Price /Earnings	28.6x	27.6x	24.3x	22.0x
Price /Book Value	4.4x	4.4x	3.9x	3.5x
Price/Op. Revenue	11.5x	11.4x	10.3x	9.4x
PE/EPS Growth	1.8x	1.4x	1.8x	2.1x
EV/Operating Revenue	11.2x	11.1x	10.1x	9.1x
EV/PPOP	18.2x	18.3x	16.6x	15.0x
EV (IDR bn)	878,019	1,011,945	1,009,315	1,004,834
Op. Rev. CAGR (3-Yr)	11.3%	12.9%	11.7%	13.6%
EPS CAGR (3-Yr)	10.5%	13.2%	14.1%	20.0%
Basic EPS (IDR)	255	304	345	381
Diluted EPS (IDR)	255	304	345	381
BVPS (IDR)	1,645	1,893	2,150	2,393
Op. Revenue PS (IDR)	637	736	810	894
DPS (IDR)	111	79	120	116

OWNERSHIP		
By Geography	% Shareholders	%
Indonesia	73.1 Dwimuria Investama And	54.9
United States	11.6 JP Morgan Chase & Co	2.1
Luxembourg	5.3 Vanguard Group Inc	1.5
Others	10.1 Others	41.4

**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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