

Bank Central Asia Tbk (BBCA)

First Quarter of 2023 Exceeds Expectations

At the beginning of 1Q23, BBCA delivered a strong performance, exceeding the quarter's expectations. BBCA booked an IDR 11.53 T Net Profit in 1Q23, an increase of 43.0% YoY. On a year-on-year basis, NIM in 1Q23 went upside by 70 bps or 5.6%, from 4.9% (on a consolidated basis). This tremendous increase in Net Profit at the beginning of 1Q23 was also supported by a 28% increase in Net Interest Income (NII) to IDR 18,531 T YoY, along with PPOP that rose by 22.9% to IDR 15,580 T YoY.

Strong Credit Growth in Q1 2023

- At the beginning of 1Q23, BBCA recorded a credit growth, where total loans disbursed in 2023 increased by 12.0% YoY and 0.4% QoQ to IDR 713.8 % (1Q22 IDR 637.1 T; 4Q22 711.3 T). The credit growth in this quarter is in line with management's indications and guidance for 2023. Moreover, in terms of the lending segment, BBCA's loan growth was increasing throughout all segments, especially with Corporate, as a segment that contributed the most significant portion of loan disbursement. The corporate segment managed to record an increase of 11.7% YoY, followed by Consumer and Commercial & SME, which grew by 12.7% YoY and 11.8% YoY, respectively.
- As for BBCA's credit portfolio quality at the beginning of 1Q23, the NPL declined significantly by 50 bps, from 2.3% to 1.8% on a year-on-year basis, yet increased by 10 bps QoQ. A significant decline also occurred in the Cost of Credit (CoC), which fell 110 bps to 0.8% YoY (1Q22 1.9%). However, the CoC report is aligned with guidance from the management (0.7-0.8%). In terms of restructured loans, it experienced a downside by 25.8% YoY to IDR 57.4 trillion, causing LAR to fall by 22.7% YoY to IDR 66 T. This matter led BCA's LAR/Loans level to drop to 9.5% in 1Q23. (1Q22: 13.8%)

CASA Level Remains Steady with Deposits Increasing

- In 1Q23 performance, CASA increased by 5.7% YoY and fell 0.5% QoQ to IDR 843.3 T (1Q22: IDR 798.16 T; 4Q22: IDR 847.94T). This increase was underpinned by growth in Current Account and Saving Account deposits by 6.5% and 5.2% YoY, respectively, yet decreased by -1% and -0.3% QoQ, respectively. Moreover, deposits fell by 2.1% YoY, resulting in the CASA ratio growing by 1.2% YoY to 81.2% (1Q22: 80%). Overall, total third-party funds rose by 4.1% YoY to IDR 1,038.7 T (1Q22: IDR 997.8 T).

Overweight Recommendation with a TP at IDR 10,050 Level (+13.88 Upside)

- As of now, BBCA is being traded at 5.2x PBV. If compared historically in the last five years, BBCA was traded at 4.5x PBV; this shows that BBCA has a reasonably premium valuation. A potent catalyst is needed to rerate BBCA, such as a new growth driver from BBCA to justify the premium valuation.
- NHKS Research still recommends Overweight for BBCA, with a TP at IDR 10,050 (13.88% Upside); this reflects a P/BV of 4.7x FY23F. The catalyst that can justify BBCA's price is a better performance in 2023 (Loan growth, CoC decline). Meanwhile, the potential downside risks for this stock include unfavorable macro situation, high inflationary pressure, expectation of loan growth, and underperformance.

Bank Central Asia Tbk | Summary (IDR bn)

	2022/12A	2023/12E	2024/12E	2025/12E
Interest Income	72,241	87,820	95,023	104,906
<i>Interest Income growth</i>	10.1%	21.6%	8.2%	10.4%
Operating Revenue	86,817	106,661	116,595	129,123
Net profit	40,736	46,833	53,054	58,555
EPS (IDR)	330	380	430	475
<i>EPS growth</i>	29.6%	15.0%	13.3%	10.4%
BVPS (IDR)	1,794	2,126	2,346	2,567
Net Interest Margin	5.2%	5.7%	5.7%	5.5%
Loan/Deposits	67.7%	72.2%	73.7%	74.1%
NPL	1.7%	1.6%	1.5%	1.4%
ROE	19.2%	19.4%	19.2%	19.3%
ROA	3.2%	3.4%	3.6%	3.6%
Non-Int. Inc. /Op. Rev	26.3%	28.2%	28.0%	28.1%
P/E	25.4x	25.7x	25.7x	25.7x
P/BV	4.7x	4.6x	4.7x	4.7x
DPS (IDR)	205	200	247	261
<i>Dividend yield</i>	2.4%	2.1%	2.2%	2.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Overweight

Target Price (IDR)	10,050
Consensus Price (IDR)	9,776
TP to Consensus Price	+2.80%
Potential Upside	+13.88%

Shares data

Last Price (IDR)	8,825
Price date as of	Mei. 11, 2023
52 wk range (Hi/Lo)	9,400 / 7,000
Free float (%)	42.36
Outstanding sh.(mn)	123,275
Market Cap (IDR bn)	1,084,820
Market Cap (USD mn)	73,458
Avg. Trd Vol - 3M (mn)	74.51
Avg. Trd Val - 3M (bn)	652.54
Foreign Ownership	29.23%

Financial Services

Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	3.2%	0.0%	0.0%	21.3%
Rel. Ret.	4.6%	0.8%	1.8%	18.9%

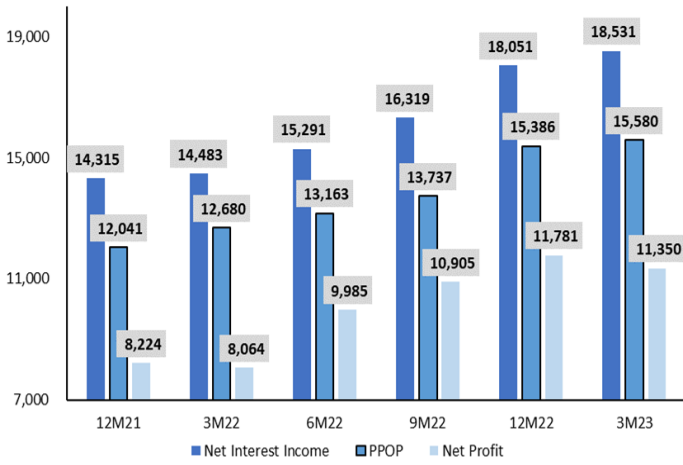
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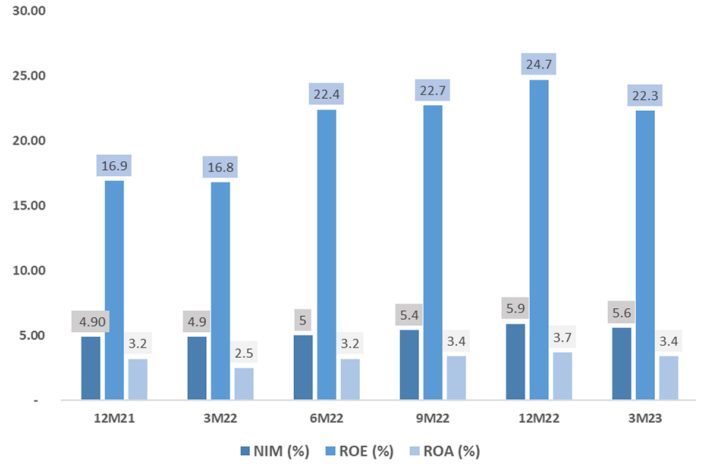
Performance Highlights

Quarterly Financial Performance (IDR Billion)



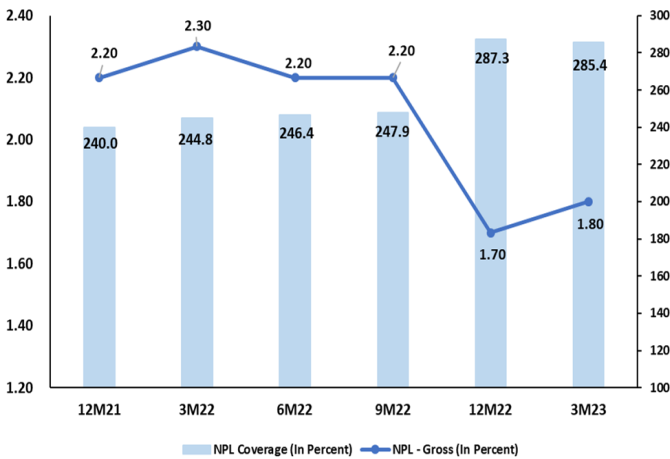
Source: Company, NHKSI Research

Profitability Ratios (%)



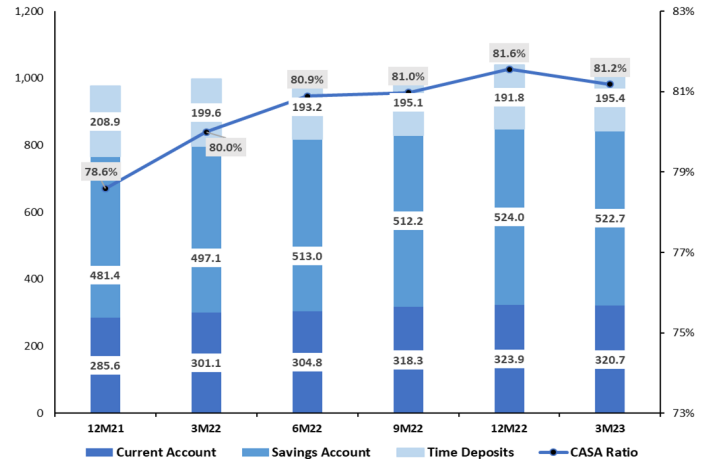
Source: Company, NHKSI Research

Asset Quality (%)



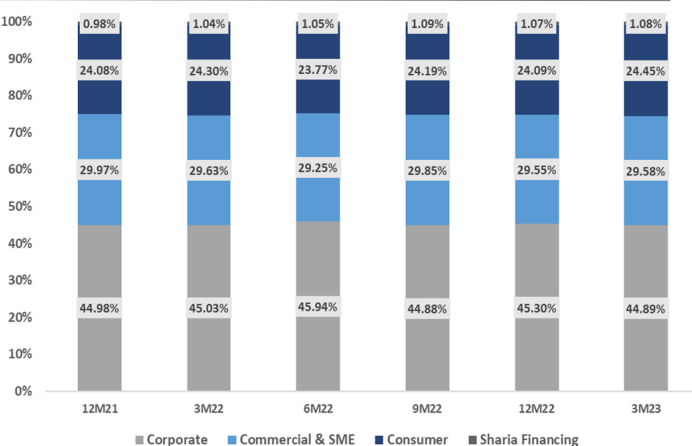
Source: Company, NHKSI Research

Third Party Fund (IDR Trn)



Source: Company, NHKSI Research

Loan Composition Breakdown



Source: Bloomberg, NHKSI Research

F-PBV | Last 3 Years



Source: Bloomberg, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Interest Income	72,241	87,820	95,023	104,906
Growth (% y/y)	10.1%	21.6%	8.2%	10.4%
Interest Expenses	8,252	11,207	11,121	12,062
Net Interest Income	64,143	76,613	83,901	92,844
Net Interest Margin	5.2%	5.7%	5.7%	5.5%
Net Fee Income	16,584	20,111	22,234	25,068
Trading Income	1,134	3,804	3,332	3,388
Other Operating Income	5,109	6,134	7,128	7,823
Operating Revenue	86,817	106,661	116,595	129,123
Operating Expenses	(31,851)	(41,109)	(44,422)	(48,970)
Pre-provisioning OP	54,966	65,552	72,174	80,154
Provision for Impairment	(4,527)	(7,618)	(6,539)	(7,686)
EBT	50,467	57,933	65,635	72,468
Income Tax	(9,711)	(11,090)	(12,567)	(13,897)
Non-controlling Interest	(20)	(10)	(14)	(16)
Net Profit	40,736	46,833	53,054	58,555
Growth (% y/y)	29.6%	15.0%	13.3%	10.4%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Cash	21,360	26,014	24,145	30,974
Placement in Banks	140,239	133,915	151,009	171,185
Net Loans	669,326	749,675	840,223	942,174
Investment	405,972	424,833	447,347	479,692
Fixed Asset	26,276	29,782	31,295	32,078
Other Assets	51,558	54,860	63,235	70,278
Total Assets	1,314,732	1,419,078	1,557,254	1,726,381
Deposits	1,047,654	1,106,733	1,211,327	1,346,899
Debt	1,956	2,083	2,384	2,634
Other liabilities	43,940	48,159	54,313	60,450
Total Liabilities	1,093,550	1,156,974	1,268,023	1,409,983
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	200,959	239,498	267,144	294,706
Shareholders' Equity	221,182	262,105	289,231	316,398

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12E	2024/12E	2025/12E
Operating Cash Flow	53,068	47,399	57,885	61,650
Investing Cash Flow	(106,703)	(116,354)	(158,721)	(239,255)
Financing Cash Flow	35,915	53,609	78,967	104,435
Net Changes in Cash	(17,720)	(15,346)	(21,868)	(73,171)

Source: Bloomberg, NHKSI Research

PROFITABILITY & STABILITY

	2022/12A	2023/12E	2024/12E	2025/12E
ROE	19.2%	19.4%	19.2%	19.3%
ROA	3.2%	3.4%	3.6%	3.6%
Non-Int. Inc. /Op. Rev	26.3%	28.2%	28.0%	28.1%
Cost/Income	36.7%	38.5%	38.1%	37.9%
Cash Dividend (IDR bn)	25,271	24,687	30,440	32,231
Dividend Yield (%)	2.3%	2.1%	2.2%	2.2%
Payout Ratio (%)	62.0%	52.7%	57.4%	55.0%
Loan/Deposits	67.7%	72.2%	73.7%	74.1%
Loan/Assets	53.5%	55.4%	56.4%	56.9%
NPL	1.68%	1.57%	1.53%	1.40%
Loan Loss Res./Loan	4.9%	4.6%	4.3%	4.0%
CASA/Deposits	81.6%	81.0%	83.4%	85.5%
Time Deposits/Deposits	18.4%	19.0%	16.6%	14.5%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	123,275	123,275	123,275	123,275
Share Price (IDR)	8,825	9,725	11,017	12,159
Market Cap (IDR tn)	1,087.9	1,198.8	1,358.1	1,498.9

VALUATION INDEX

	2022/12A	2023/12E	2024/12E	2025/12E
Price /Earnings	26.7x	25.6x	25.6x	25.6x
Price /Book Value	4.9x	4.6x	4.7x	4.7x
Price/Op. Revenue	12.5x	11.2x	11.6x	11.6x
PE/EPS Growth	0.9x	1.7x	1.9x	2.5x
EV/Operating Revenue	12.3x	11.0x	11.5x	11.4x
EV/PPOP	19.4x	17.9x	18.5x	18.3x
EV (IDR bn)	1,066,013	1,175,109	1,336,546	1,470,813
Op. Rev. CAGR (3-Yr)	6.9%	12.4%	14.1%	13.9%
EPS CAGR (3-Yr)	12.6%	20.0%	19.1%	12.9%
Basic EPS (IDR)	330	380	430	475
Diluted EPS (IDR)	330	380	430	475
BVPS (IDR)	1,794	2,126	2,346	2,567
Op. Revenue PS (IDR)	704	865	946	1,047
DPS (IDR)	205	200	247	261

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	70.03	Dwimuria Investama And 54.94
United States	12.30	Vanguard Group Inc 1.80
Luxembourg	4.09	JP Morgan Chase & Co 1.75
Others	13.58	Others 41.51

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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