

# Bank Central Asia Tbk (BBCA)

## Scored Solid Strong Results in the First Half of 2023

First semester of 2023, BBCA still posted a solid and strong performance. BBCA booked Net Profit in 2Q23 of IDR 24.190T, an increase of 34.0% YoY (2Q22: IDR 18.049T) and 9.8% QoQ. NIM in 2Q23 was stable at 5.6% (YoY +60 Bps). The solid increase in Net Profit in H1 2023 was driven by a 24.6% increase in Net Interest Income (NII) to IDR 37.104 T YoY (+0.2% QoQ), followed by a 22.6% increase in PPOP to IDR 31.670 T YoY (+3.3% QoQ).

### Lending Continues to Grow in 2Q-2023

- As per the first semester of 2023, BBCA still recorded growth in lending where total loans disbursed in 2023 rose by 9.0% YoY and 3.1% QoQ to IDR 735.9T (1Q23 IDR 713.8T; 2Q22 IDR 675.4T). Credit growth for FY2023 is indicated to be around 10-12% and there is still room for growth in lending.
- From the lending segment, BBCA's credit growth is still growing in all segments, especially with Corporate as the segment that contributes the largest portion of lending grew up to 5.1% YoY and 1.7% QoQ. In addition, in 2Q23, one interesting thing to note is the strong growth in lending to the consumer segment (mortgages, motor vehicles and CC), which grew 13.9% YoY and 4.8% QoQ. In 2Q23, the Consumer Credit segment that experienced strong growth was the Motor Vehicle segment, which recorded growth of 19.2% YoY and 7.4% QoQ. Furthermore, loan growth from the Commercial & SME segment grew 10.9% YoY and 3.7% QoQ.
- As for the quality of BCA's loan portfolio in 2Q23, NPLs fell significantly by 30 Bps on a year-on-year basis, from 2.2% to 1.9%, but increased by 10 Bps on a QoQ basis. In terms of restructured loans, it decreased by 30.8% YoY to IDR 49.9 Trillion and caused LAR to decrease by 23.5% YoY to IDR 62 T, bringing BCA's LAR/Loans level down to 8.7% in 2Q23.

### CASA Level Remains Steady and Third Party Funds Are Still Growing

- For the first half of 2023, CASA was still able to increase by +5.7% YoY and +2.5% QoQ to IDR 865T (2Q22: IDR 818T; 1Q23: IDR 843.3T). This was driven by an increase in Current Account and Saving Account deposits by +7.9% and +4.5% YoY, respectively, as well as quarterly growth of +2.6% and +2.5%. Deposits rose by 6.9% YoY and 5.7% QoQ. CASA ratio decreased by 20 Bps YoY and 50 Bps QoQ to 80.7%. Overall, total deposits still rose 6.0% YoY and 3.1% QoQ to IDR 1,071T (2Q22: IDR 1,011T; 1Q23: IDR 1,039T). Although CASA Ratio experienced a slight decline amidst high interest rate era as well as the increase in high-cost funds, it was offset and mitigated by the growth of CASA (low-cost funds) which was still quite solid.

### Overweight Recommendation with TP at IDR 10,200 Level (+11.47 Upside)

- BBCA is currently trading at a level of 5.1x PBV, where if compared historically in the last 5 years, BBCA is trading at an average of 4.5x PBV. This shows that BBCA has a fairly premium valuation. Strong catalysts are needed to upgrade BBCA, such as new growth drivers from BBCA to justify the premium valuation.
- NHKS Research still recommends Overweight for BBCA, with a TP of IDR 10,200 (11.47% Upside) which reflects a P/BV of 4.8x FY23F. The catalyst that can justify this BBCA price is a more solid performance in 2023 (Loan growth, CoC decline). Meanwhile, the potential downside risks include unfavorable macro situation, high inflationary pressure and poor loan growth and performance expectations.

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

	2022/12A	2023/12F	2024/12F	2025/12F
Interest Income	72,241	87,820	95,023	104,906
Interest Income growth	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
EPS growth	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	26.7x	26.5x	26.5x	26.5x
P/BV	4.9x	4.7x	4.9x	4.9x
DPS (IDR)	205	200	247	261
Dividend yield	2.3%	2.0%	2.2%	2.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | Juli. 26, 2023

## Overweight

Target Price (IDR)	10,200
Consensus Price (IDR)	9,899
TP to Consensus Price	+3.04%
Potential Upside	+11.47%

### Shares data

Last Price (IDR)	9,150
Price date as of	Juli. 25, 2023
52 wk range (Hi/Lo)	9,400 / 7,250
Free float (%)	42.37
Outstanding sh. (mn)	123,275
Market Cap (IDR bn)	1,127,967
Market Cap (USD mn)	75,138
Avg. Trd Vol - 3M (mn)	74.51
Avg. Trd Val - 3M (bn)	673.95
Foreign Ownership	25.48%

### Financial Services

#### Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	8.5%	2.2%	0.8%	27.1%
Rel. Ret.	7.5%	-1.6%	0.7%	26.2%

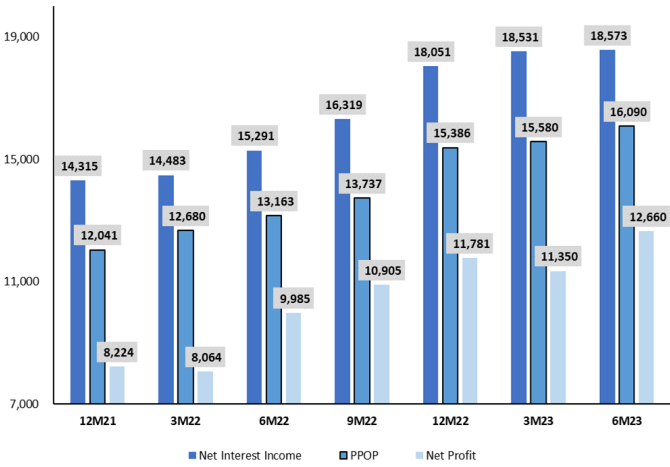
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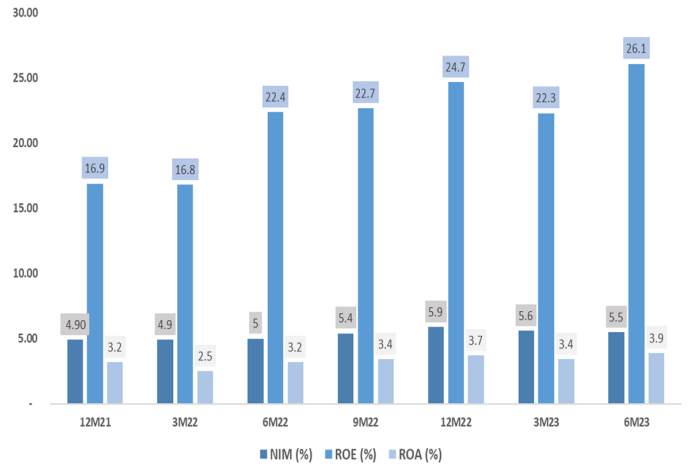
# Performance Highlights

## Quarterly Financial Performance (IDR Billion)



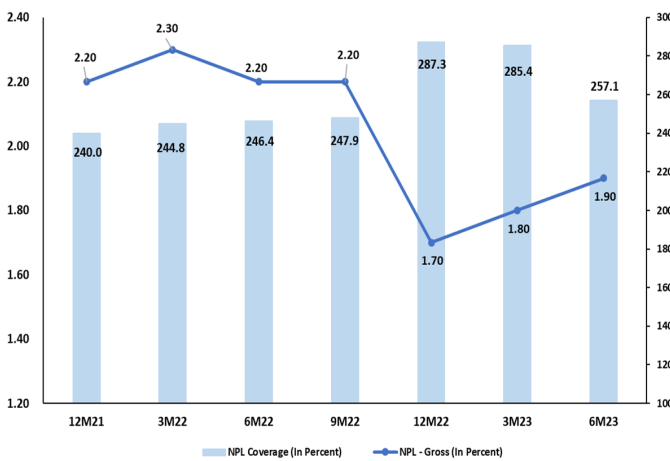
Source: Company, NHKSI Research

## Profitability Ratios (%)



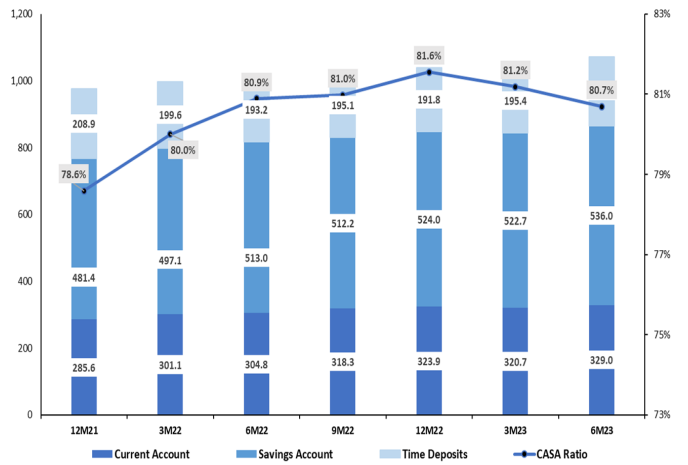
Source: Company, NHKSI Research

## Asset Quality (%)



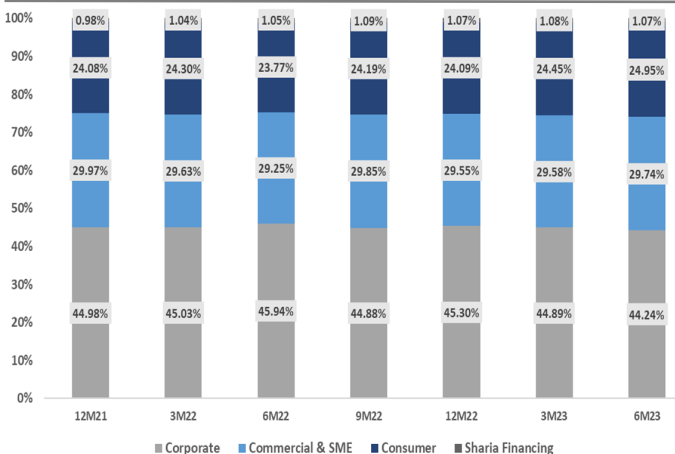
Source: Company, NHKSI Research

## Third Party Fund Composition (IDR Tn)



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	2023/12F	2024/12F	2025/12F
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
<b>Net Interest Income</b>	<b>64,143</b>	<b>76,613</b>	<b>83,901</b>	<b>92,844</b>
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
<b>Operating Revenue</b>	<b>86,817</b>	<b>106,661</b>	<b>116,595</b>	<b>129,123</b>
Operating Expenses	(31,851)	(41,109)	(44,422)	(48,970)
<b>Pre-provisioning OP</b>	<b>54,966</b>	<b>65,552</b>	<b>72,174</b>	<b>80,154</b>
Provision for Impairment	(4,527)	(7,618)	(6,539)	(7,686)
<b>EBT</b>	<b>50,467</b>	<b>57,933</b>	<b>65,635</b>	<b>72,468</b>
Income Tax	(9,711)	(11,090)	(12,567)	(13,897)
Non-controlling Interest	(20)	(10)	(14)	(16)
<b>Net Profit</b>	<b>40,736</b>	<b>46,833</b>	<b>53,054</b>	<b>58,555</b>
Growth (% y/y)	29.6%	15.0%	13.3%	10.4%

### BALANCE SHEET

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
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
<b>Total Assets</b>	<b>1,314,732</b>	<b>1,419,078</b>	<b>1,557,254</b>	<b>1,726,381</b>
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
<b>Total Liabilities</b>	<b>1,093,550</b>	<b>1,156,974</b>	<b>1,268,023</b>	<b>1,409,983</b>
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	200,959	239,498	267,144	294,706
<b>Shareholders' Equity</b>	<b>221,182</b>	<b>262,105</b>	<b>289,231</b>	<b>316,398</b>

### CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	53,068	60,949	66,439	75,631
Investing Cash Flow	(106,703)	(108,354)	(123,464)	(129,255)
Financing Cash Flow	35,915	52,059	55,156	60,453
<b>Net Changes in Cash</b>	<b>(17,720)</b>	<b>4,654</b>	<b>(1,869)</b>	<b>6,829</b>

Source: Bloomberg, NHKSI Research

### PROFITABILITY & STABILITY

	2022/12A	2023/12F	2024/12F	2025/12F
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 (%)	2.2%	2.0%	2.1%	2.1%
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	1.7%	1.6%	1.5%	1.4%
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)	9,150	10,200	11,555	12,753
Market Cap (IDR tn)	1,128.0	1,257.4	1,424.4	1,572.1

### VALUATION INDEX

	2022/12A	2023/12F	2024/12F	2025/12F
Price /Earnings	27.7x	26.8x	26.8x	26.8x
Price /Book Value	5.1x	4.8x	4.9x	5.0x
Price/Op. Revenue	13.0x	11.8x	12.2x	12.2x
PE/EPS Growth	0.9x	1.8x	2.0x	2.6x
EV/Operating Revenue	12.7x	11.6x	12.0x	12.0x
EV/PPOP	20.1x	18.8x	19.4x	19.3x
EV (IDR bn)	1,106,077	1,233,664	1,402,879	1,544,024
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	74.52	Dwimuria Investama Andalan 54.94
United States	10.43	Affiliated Parties 2.46
Luxembourg	3.11	Blackrock 1.71
Others	11.94	Others 40.89

## 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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