

# Bank Central Asia Tbk. (BBCA)

## Preparing a Solid Foundation for 2024

BBCA scored a stellar performance for FY23, posting a Net Profit of IDR 28.6 T, an increase of 19.4% YoY (FY22: IDR 40.7 T). The solid increase in Net Profit for FY23 was supported by a robust top-line increase, which was contributed by a significant increase in Net Interest Income (NII) due to the high-interest rate era, by 17.5% to IDR 75.4 T and Non-Interest Income showed a growth of 5.5% YoY to IDR 23.9 T. Besides the significant increase in NII, another factor that boosted BBCA's Net Profit for FY23 was also the suppression of provisioning costs, which decreased by 50% YoY to IDR 2.3T (FY22: IDR 4.5T). One of the other surprises from BBCA was the sharp spike in BBCA's loan growth in 4Q23, which occurred in the corporate segment.

### Loan Disbursement Grows in All Segments and a Significant Surprise from Corporate Segment

- In FY23, BBCA recorded solid loan disbursement growth as total loans disbursed in this period rose by +13.9% YoY and +5.8% QoQ to IDR 810.4 % (FY22: IDR 711.3 T; 3Q23 IDR 766.1 T).
- From the lending segment, BBCA's loan growth is still increasing in all segments. However, there was an unexpected occurrence in the Corporate segment, which contributed the largest portion in the BBCA's loan disbursement, the segment experienced a sharp growth spike in 4Q23, which grew by +8.1% QoQ and 15% YoY. Given this spike in loan growth, it is estimated that BBCA in 2024 will be able to begin reaping the fruits that have been planted.
- A strengthening loan disbursement also occurred in other segments, such as the individual consumer segment (Housing Credit, Vehicle Ownership Financing, and Personal Loan) grew by +14.8% YoY and +4% QoQ, with the non-individual segment (Business Banking) recording a good growth in the Commercial Segment (+7.5% YoY and +4.3% QoQ) and SME (Small Medium Enterprise), which drastically grew by +16% YoY (+2.6% QoQ). Going forward, BBCA will develop its personal loan segment, especially BBCA Paylater. The concept of BBCA Paylater differs from the existing fintech in the market, as it tends to be aimed at purchasing goods (BNPL: Buy Now Pay Later). Currently, BBCA's target is to increase the number of Paylater users, with a database derived from their 30 million BCA debit card customers in circulation. Since its launch at the end of October 2023, BBCA's Paylater product has been used by 52 thousand customers.
- Speaking of BCA's loan credit portfolio quality in FY23, NPL fell by -20 Bps QoQ, yet increased on a year-on-year basis at +20 Bps YoY to 1.9%. In terms of restructured loans, it fell by 35.6% YoY to IDR 44.3 Trillion (QoQ -11.2%), which caused the LAR to decrease by 24.8% YoY (-8.3% QoQ) to IDR 52.2 T, bringing BCA's LAR/Loans level down to 6.9% in FY23.

### Growing Third Party Funds & Fairly Stable CASA Ratio

- As of FY2023, CASA increased by +4.3% YoY and +1.7% QoQ to IDR 884.6 T (3Q23: IDR 869.8 T; 4Q22: IDR 847.9 T). High-cost fund deposits rose 13.2% YoY and decreased -0.9% QoQ. Overall, total third-party funds still rose by 6.0% YoY and 1.2% QoQ to IDR 1,101.7 T (3Q23: IDR 1,089 T; 4Q22: IDR 1,040 T). Although CASA Ratio experienced a slight decline due to Deposit (high-cost funds) growth, given the high interest rate era situation, the CASA Ratio remained stable at 80% (-10 Bps YoY and -80 Bps QoQ).

### Management's Guidance for 2024F: Conservative Tone

- According to the management, the guidance and outlook for 2024 will appear conservative. One factor that is quite influential is the business players' situation and condition, as they seem to remain in a wait-and-see position, waiting for the post-election stability situation. The guidance for 2024 includes credit growth from BBCA indicated at 9-10%, NIM at 5.5-5.6%, Cost Of Credit (CoC) relatively stable at 30-40 Bps, Cost to Income Ratio (CIR) at 34-35 Bps, and LAR will be indicated at 4-6% for FY24.

### Buy Recommendation with TP at IDR 11,025 Level (+15.4% Upside)

- NHKSI Research recommends Buy for BBCA with TP at IDR 11,025 (+15.4% Upside), which reflects a P/BV of 4.7x FY24F. The catalysts that can justify BBCA's price include a more expansive loan disbursement performance and a more attractive loan yield. Meanwhile, potential downside risks include unfavorable macro situations, high inflationary pressure, and expectations if the loan growth and performance fail to record growth.

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

	2023/12A	2024/12F	2025/1F	2026/12F
Interest Income	87,398	97,400	106,383	114,255
Interest Income growth	21.0%	34.8%	9.2%	7.4%
Operating Revenue	99,286	114,977	125,294	134,598
Net profit	48,639	53,205	59,813	64,490
EPS (IDR)	395	432	485	523
EPS growth	19.4%	9.4%	12.4%	7.8%
BVPS (IDR)	1,967	2,035	2,245	2,545
Net Interest Margin	5.7%	5.7%	5.4%	5.3%
Loan/Deposits	72.8%	77.0%	81.5%	86.2%
NPL	1.8%	1.8%	1.8%	1.6%
ROE	21.0%	21.6%	22.7%	21.8%
ROA	3.6%	3.7%	3.8%	3.8%
Non-Int. Inc./Op. Rev	24.3%	26.1%	25.4%	25.1%
P/E	24.2x	24.4x	24.4x	24.4x
P/BV	4.9x	5.2x	5.3x	5.0x
DPS (IDR)	205	216	243	262
Dividend yield	2.1%	2.1%	2.1%	2.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | January. 30, 2024

## Buy

Target Price (IDR)	11,025
Consensus Price (IDR)	10,743
TP to Consensus Price	+2.4%
Potential Upside	+15.4%

### Shares data

Last Price (IDR)	9,550
Price date as of	January 29, 2023
52 wk range (Hi/Lo)	9,775 / 8,250
Free float (%)	42.4
Outstanding sh. (mn)	123,275
Market Cap (IDR bn)	1,180,359
Market Cap (USD mn)	74,706
Avg. Trd Vol - 3M (mn)	73.31
Avg. Trd Val - 3M (bn)	671.51
Foreign Ownership	29.23%

### Financial Services

#### Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	1.3%	1.6%	7.9%	9.8%
Rel. Ret.	3.6%	3.2%	1.7%	5.6%

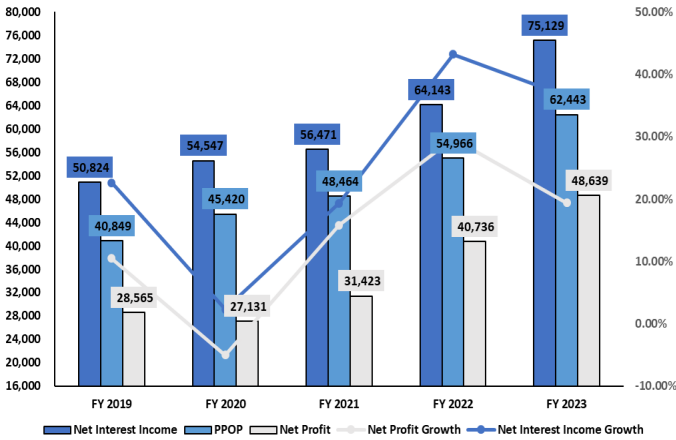
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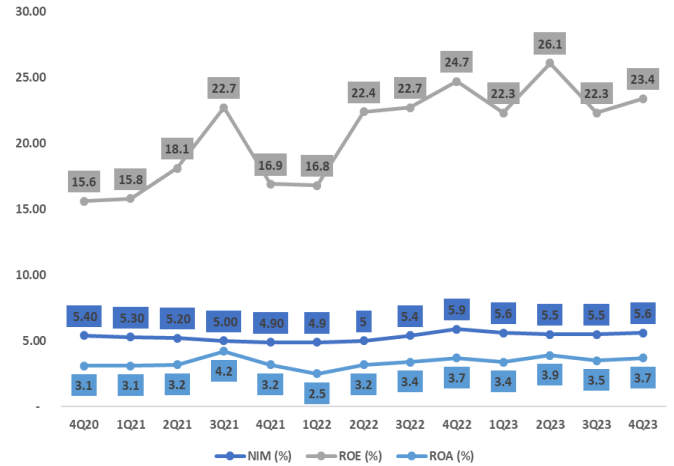
# Performance Highlights

## Financial Performance (IDR Billion)



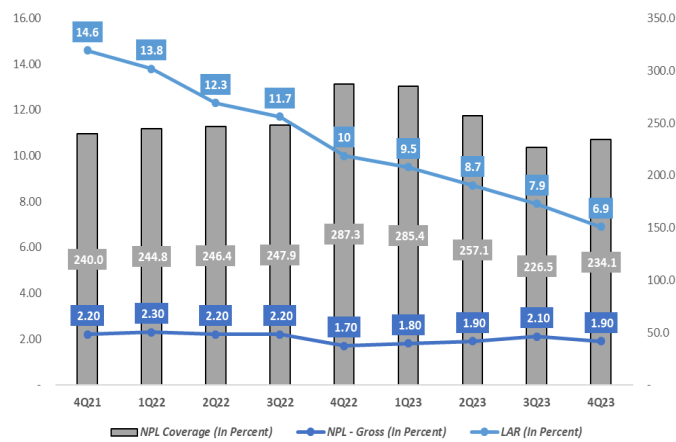
Source: Company, NHKSI Research

## Profitability Ratios (%)



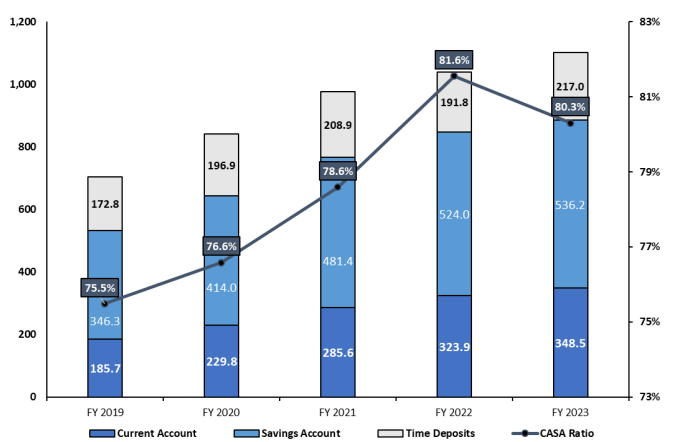
Source: Company, NHKSI Research

## Asset Quality (%)



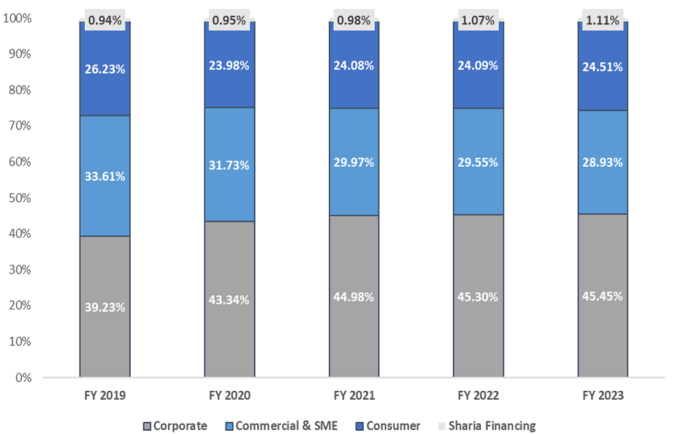
Source: Company, NHKSI Research

## Third Party Fund Composition & CASA Ratio (IDR Tn)



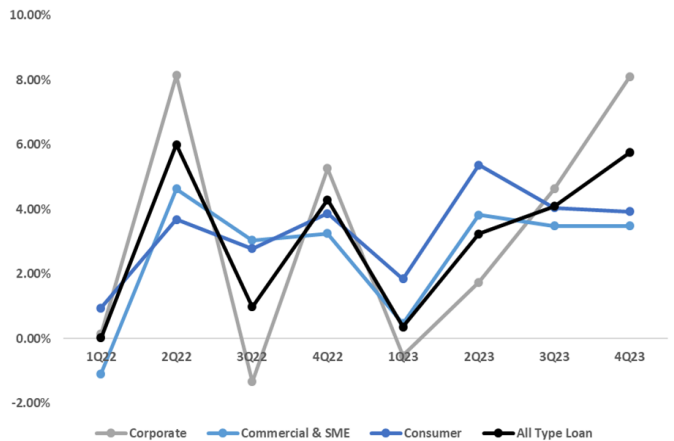
Source: Company, NHKSI Research

## Loan Composition Breakdown



Source: Company, NHKSI Research

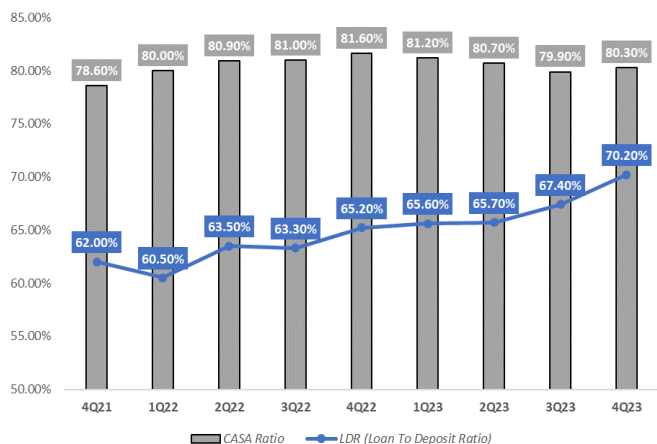
## Loan Growth By Segment, Spike Growth in Corporate Segment (4Q23)



Source: Company, NHKSI Research

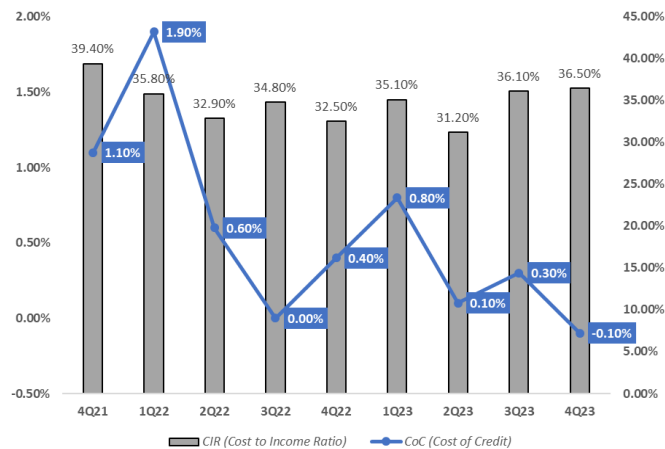
# Performance Highlights

## CASA Ratio and LDR (Loan to Deposit Ratio)



Source: Company, NHKSI Research

## Cost of Credit (CoC) Getting Lower and CIR Remains Stable



Source: Company, NHKSI Research

## F-PBV BBKA | Last 3 Years



Source: Company, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
<b>Interest Income</b>	<b>87,398</b>	<b>97,400</b>	<b>106,383</b>	<b>114,255</b>
Growth (% y/y)	21.0%	34.8%	9.2%	7.4%
Interest Expenses	12,269	12,482	12,939	13,411
<b>Net Interest Income</b>	<b>75,282</b>	<b>84,918</b>	<b>93,444</b>	<b>100,845</b>
Net Interest Margin	5.7%	5.7%	5.4%	5.3%
Net Fee Income	16,652	21,012	22,683	23,928
Trading Income	1,735	2,679	2,392	2,765
Other Operating Income	5,769	6,369	6,775	7,059
<b>Operating Revenue</b>	<b>99,286</b>	<b>114,977</b>	<b>125,294</b>	<b>134,598</b>
Operating Expenses	(36,871)	(43,415)	(46,950)	(50,588)
<b>Pre-provisioning OP</b>	<b>62,415</b>	<b>71,562</b>	<b>78,344</b>	<b>84,009</b>
Provision for Impairment	(2,263)	(5,744)	(4,319)	(4,217)
<b>EBT</b>	<b>60,180</b>	<b>65,818</b>	<b>74,024</b>	<b>79,792</b>
Income Tax	(11,522)	(12,603)	(14,197)	(15,286)
Non-controlling Interest	(19)	(10)	(15)	(16)
<b>Net Profit</b>	<b>48,639</b>	<b>53,205</b>	<b>59,813</b>	<b>64,490</b>
Growth (% y/y)	19.4%	9.4%	12.4%	7.8%

### BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Cash	21,702	22,065	26,843	28,121
Placement in Banks	103,434	118,055	113,477	106,200
Net Loans	767,740	871,955	985,429	1,111,506
Investment	421,272	383,558	368,337	357,975
Fixed Asset	28,390	29,775	31,523	33,409
Other Assets	65,570	81,000	91,732	103,874
<b>Total Assets</b>	<b>1,408,107</b>	<b>1,506,407</b>	<b>1,617,339</b>	<b>1,741,085</b>
Deposits	1,111,933	1,196,964	1,273,666	1,352,707
Debt	2,807	2,403	3,038	3,226
Other liabilities	43,940	56,212	63,897	71,431
<b>Total Liabilities</b>	<b>1,165,569</b>	<b>1,255,578</b>	<b>1,340,601</b>	<b>1,427,364</b>
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	222,957	230,009	254,538	290,004
<b>Shareholders' Equity</b>	<b>242,538</b>	<b>250,828</b>	<b>276,738</b>	<b>313,721</b>

### CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Operating Cash Flow	100,389	126,751	88,361	89,822
Investing Cash Flow	(177,128)	(207,178)	(157,018)	(170,265)
Financing Cash Flow	44,986	80,791	73,435	81,722
<b>Net Changes in Cash</b>	<b>(36,752)</b>	<b>363</b>	<b>4,778</b>	<b>1,279</b>

Source: Company Data, Bloomberg, NHKSI Research

### PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/1F	2026/12F
ROE	21.0%	21.6%	22.7%	21.8%
ROA	3.6%	3.7%	3.8%	3.8%
Non-Int. Inc. /Op. Rev	24.3%	26.1%	25.4%	25.1%
Cost/Income	37.1%	37.8%	37.5%	37.6%
Cash Dividend (IDR bn)	25,271	26,602	29,906	32,245
Dividend Yield (%)	2.1%	2.1%	2.1%	2.1%
Payout Ratio (%)	52.0%	50.0%	50.0%	50.0%
Loan/Deposits	72.8%	77.0%	81.5%	86.2%
Loan/Assets	56.9%	60.2%	63.1%	65.8%
NPL	1.77%	1.82%	1.76%	1.64%
Loan Loss Res./Loan	4.2%	3.8%	3.4%	3.0%
CASA/Deposits	80.9%	81.9%	82.8%	83.5%
Time Deposits/Deposits	19.1%	18.1%	17.2%	16.5%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	123,275	123,275	123,275	123,275
Share Price (IDR)	9,550	10,525	11,825	12,275
Market Cap (IDR tn)	1,177.3	1,297.5	1,457.7	1,513.2

### VALUATION INDEX

	2023/12A	2024/12F	2025/1F	2026/12F
Price /Earnings	24.2x	24.4x	24.4x	23.5x
Price /Book Value	4.9x	5.2x	5.3x	4.8x
Price/Op. Revenue	11.9x	11.3x	11.6x	11.2x
PE/EPS Growth	1.2x	2.6x	2.0x	3.0x
EV/Operating Revenue	11.7x	11.1x	11.4x	11.1x
EV/PPOP	18.6x	17.9x	18.3x	17.7x
EV (IDR bn)	1,158,564	1,277,998	1,434,140	1,488,550
Op. Rev. CAGR (3-Yr)	11.7%	15.2%	16.9%	15.4%
EPS CAGR (3-Yr)	19.4%	25.2%	23.9%	16.5%
Basic EPS (IDR)	395	432	485	523
Diluted EPS (IDR)	395	432	485	523
BVPS (IDR)	1,967	2,035	2,245	2,545
Op. Revenue PS (IDR)	805	933	1,016	1,092
DPS (IDR)	205	216	243	262

### OWNERSHIP

By Geography	% Shareholders		%
Indonesia	70.76	Dwimuria Investama A.	54.94
United States	13.82	Vanguard Group Inc.	2.09
Luxembourg	3.70	FMR LLC.	1.80
Others	11.72	Others	41.17

## 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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