

PT Bank Central Asia,Tbk

BUY

Investment Consideration

Net Profit up

BBCA posted a net profit of IDR 14.45 trillion, up 18% YoY. Interest expenses declined from repricing time deposits and operating expenses decreased quite significantly -12.1% YoY from accounting change in employee bonus costs which are now accumulated over 12 months,... plus provision expenses increased only 0.4% YoY. PPOP growth slowed to 13.4% YoY as the Net Interest Margin dropped by -0.7% YoY with loan growth of only 0.9% YoY. Non-Interest earnings also decreased -1.2% YoY due to last year's mutual fund gains.

CASA Up Significantly

CASA grew significantly by IDR 697.08 trillion or 8.3% YoY driven by an increase in mobile banking and internet banking transactions by 86.4%. BBCA also launched BCA Digital through its subsidiaries and a digital application for merchants.

Loan Growth Slows

Loans grew only 0.9% YoY or 1.2% QoQ, this increase was driven by corporate loans, up 1% YoY, Commercial & SME -1.0% YoY, Consumer -1.7%. BBCA hopes the easing of mobility restrictions will eventually support a rebound in loan demand later this year while maintaining its 4-6% growth target for the year.

Asset quality down

Non-Performing Loans increased to 2.4% from 1.8% in 1Q21. Special Mention Loans also increased to 2.8% from 2.5%. This was mainly due to the downgrade of a IDR 1 trillion debt in the textile sector and an IDR 3 trillion downgrade in the commercial MSME segment. NPLs should stay in the range of 2.4-2.7%. BBCA maintains NPL guidance of 2.4% and Cost of Credit 1.3%-1.5%.

Valuation: 23% Upside, Buy.

Based on our DDM Valuation, we have a target price within one year of IDR 37,090 or trading at 4.7x PBV which gives 23% potential upside, Buy.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	53.799	56.812	64.352	65.875	77.994	84.455	106.920
Interest Expense	-11.941	-11.476	-13.528	-11.329	-17.945	-21.003	-23.959
Net Interest Income	41.858	45.336	50.824	54.547	60.049	63.452	82.961
Net Operating Income	18.109	23.150	26.484	21.101	30.279	35.455	37.720
Operating Expense	-21.430	-30.659	-32.737	-30.480	-35.879	-36.245	-43.625
PPOP	38.537	37.826	44.571	45.168	54.450	62.661	77.056
Provision Expense	-5.447	-5.740	-8.282	-11.599	-18.011	-22.602	-32.601
Operating Profit	33.089	32.086	36.289	33.569	36.439	40.060	44.454
Profit Before Tax	29.159	32.706	36.289	33.569	36.439	40.060	44.454
Tax Expense	-5.838	-6.854	-7.719	-6.421	-7.413	-8.182	-9.080
Net Profit	23.321	25.852	28.570	27.147	29.026	31.877	35.374
EPS (Rp/Share)	945,4	1.048,3	1.158,1	1.100,0	1.176,3	1.291,7	1.433,4

26 July 2021
Banking, Equity

Price IDR. 30,175
Target Price IDR. 37,090
JKSE Index 6,101.69

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Bank Central Asia Tbk, Indonesia, Jakarta:BBCA, M



Stock Code
Bloomberg code **BBCA IJ**
Market cap (IDR.bn) **743,964.9B**
52-Week High (IDR) **36,900**
52-Week Low (IDR) **26,950**
6-m Avg Daily. Val (IDR) **32,279**

Major Shareholders (%)
Dwimuria **54.94%**
Public **45.06%**

USD/IDR-YE
2020A **14,050**
2021F (6M Avg) **14,344**

Key Indicators
Non Performing Loan (%) **2.00**
Net Interest Margin (%) **5.34**

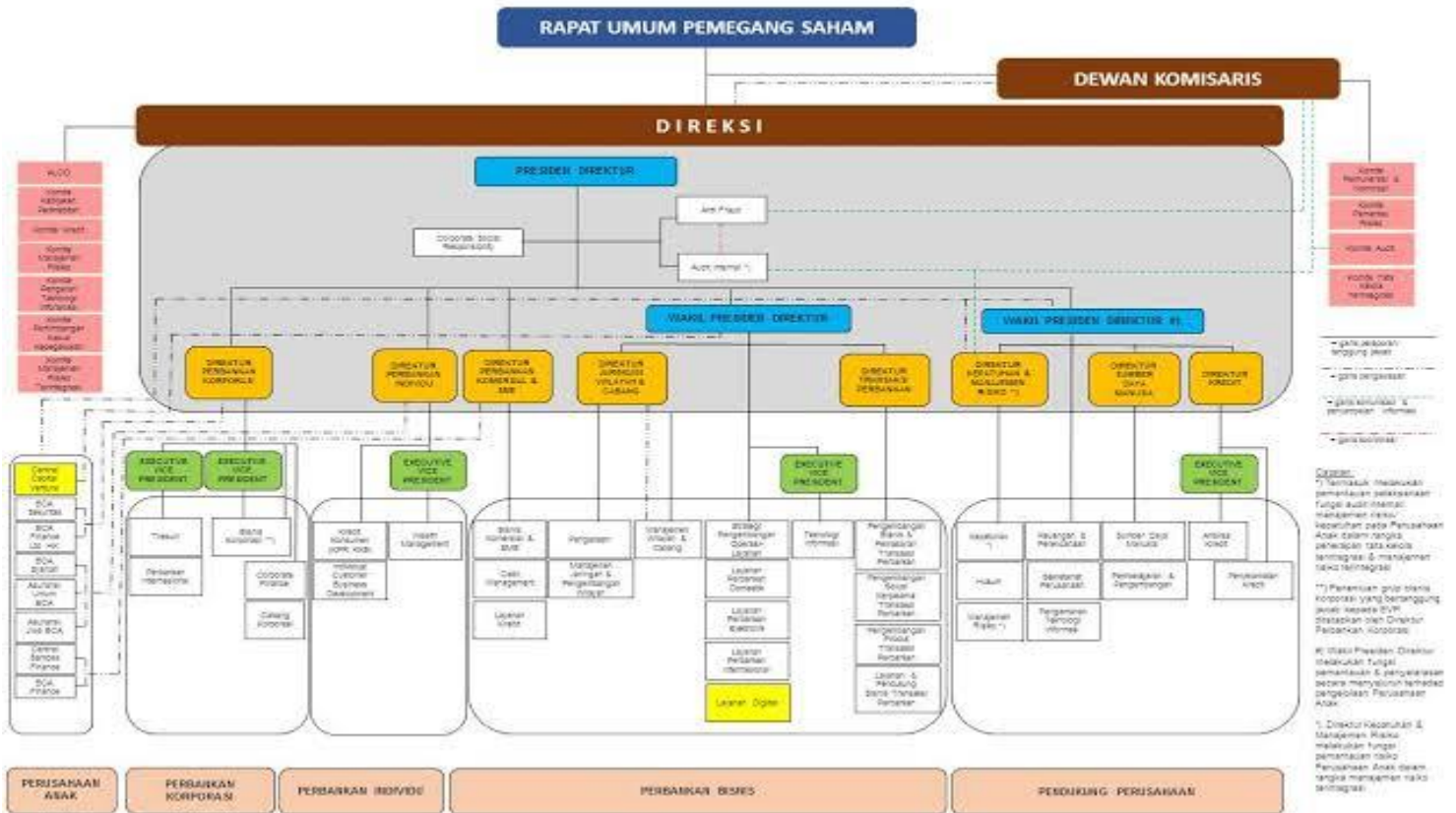
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Company Profile

PT Bank Central Asia Tbk (the "Bank") was established in the Republic of Indonesia based on the Notary Deed No. 38 of Raden Mas Soeprpto dated 10 August 1955 under the name of "N.V. Perseroan Dagang Dan Industrie Semarang Knitting Factory". This deed of establishment was approved by the Minister of Justice in its decision letter No. J.A.5/89/19 dated 10 October 1955 and was published in Supplement No. 595 to the State Gazette of the Republic of Indonesia No. 62 dated 3 August 1956. The name of the Bank has been changed several times with the latest change being PT Bank Central Asia based on the Notary Deed No. 144 of Wargio Suhardjo, S.H., the substitute of notary public Ridwan Suselo, dated 21 May 1974. The Bank started its commercial operations in the banking business on 12 October 1956. According to Article 3 of the Bank's Articles of Association, the Bank operates as a commercial bank. The Bank is engaged in banking activities and other financial services in accordance with the prevailing regulations in Indonesia.

Company Structure

STRUKTUR ORGANISASI PT BANK CENTRAL ASIA Tbk.



Source: Company

Chart: Gross Loan (x) YoY

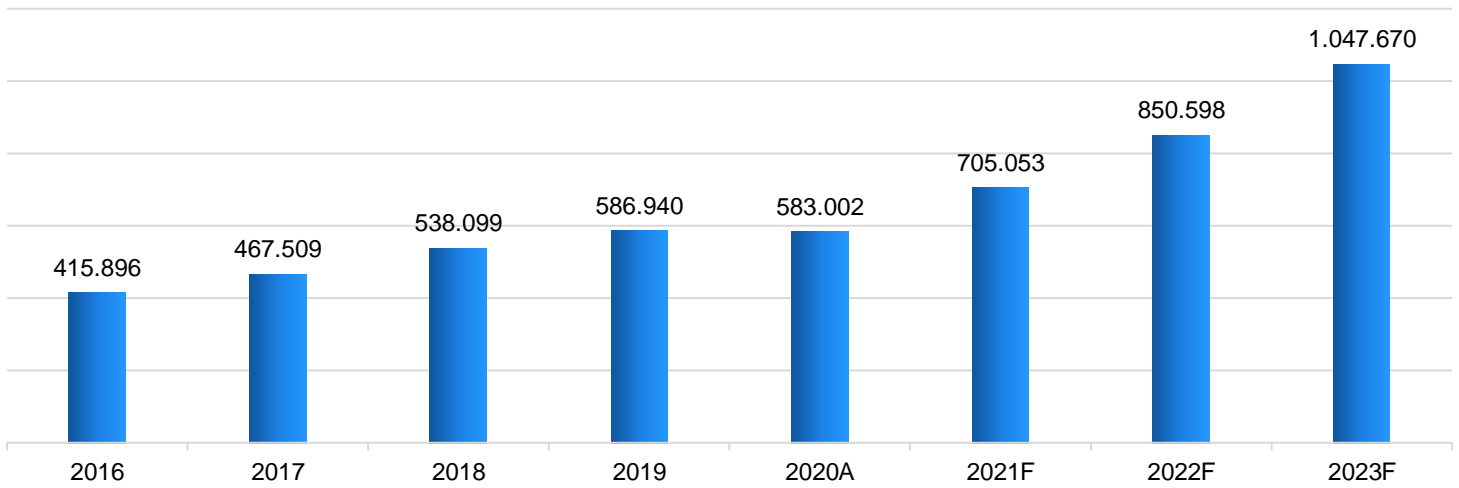


Chart: Profitability Ratio (x) YoY

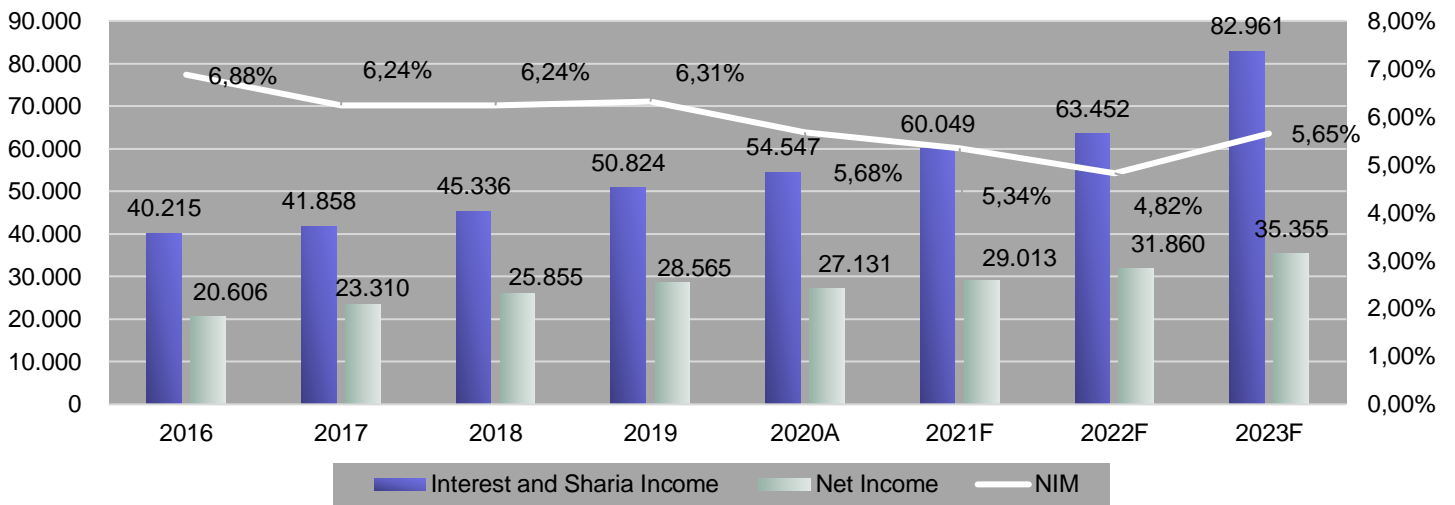
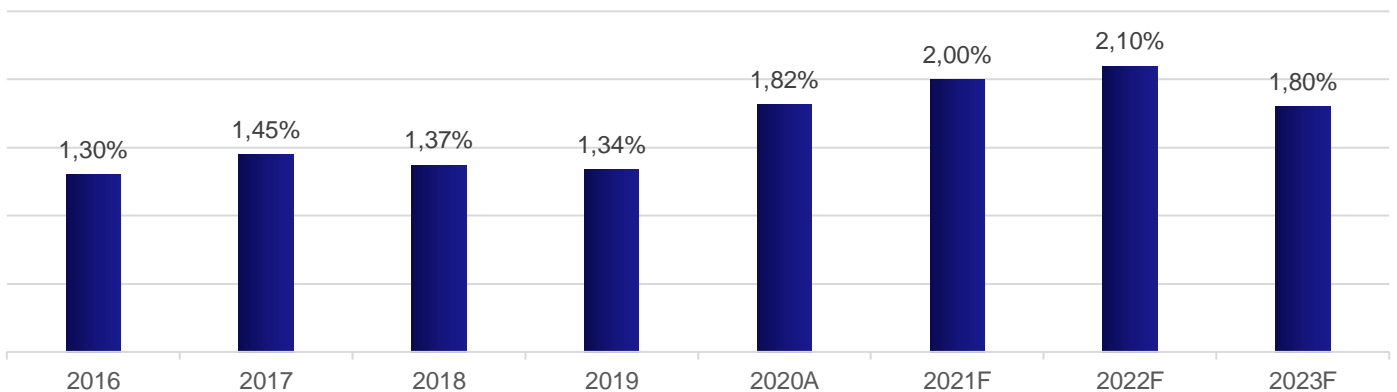


Chart: NPL (x) YoY



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Cash and CA with BI	69.639	86.410	99.640	90.211	93.098	71.343	57.618
Interbank Placement	124	1.040	1.936	1.080	2.372	2.658	1.960
Marketable Securities	143.679	121.862	153.720	201.947	257.104	280.495	239.118
Gross Loan	467.509	538.099	586.940	583.002	705.053	850.598	1.047.670
Allowance for Loans	-13.244	-13.569	-14.906	-27.913	-43.660	-63.955	-94.205
Loans-net	454.265	524.530	572.034	555.088	661.392	786.643	953.465
Other Earning Asset	203.309	188.452	219.382	410.343	419.310	465.940	420.168
Non Earning Asset	23.107	25.395	27.934	19.928	31.166	31.896	38.124
Total Asset	750.320	824.788	918.989	1.075.570	1.204.966	1.355.821	1.469.376
Deposit:							
Current Account	151.250	166.822	184.918	230.646	265.243	305.029	320.281
Saving Account	292.417	316.182	345.634	414.041	495.988	594.152	683.275
Time Deposits	137.449	146.808	168.428	196.890	226.424	260.387	291.634
Other Interest Bearing Liabilities	16.166	17.693	18.073	14.703	14.033	13.393	12.535
Non Interest Bearing Liabilities	21.637	25.530	27.793	34.693	43.306	54.058	67.480
Total Liabilities	618.918	673.035	744.846	890.974	1.044.993	1.227.020	1.375.204
Total Shareholder's Equity	131.402	151.753	174.143	184.596	159.973	128.802	94.171

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Ratio Highlights

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability & Efficiency							
NIM	6,24%	6,24%	6,31%	5,68%	5,34%	4,82%	5,65%
Cost-to-Income Ratio	42,29%	43,86%	42,35%	40,29%	39,72%	36,65%	36,15%
ROE	17,75%	17,05%	16,41%	14,70%	18,14%	24,74%	37,54%
ROA	3,11%	3,13%	3,11%	2,52%	2,41%	2,35%	2,41%
ROAE		17,40%	16,73%	15,56%	16,42%	21,44%	31,14%
BOPO	44,30%	44,74%	41,81%	34,73%	33,08%	28,89%	24,19%
Cost of Credit	1,17%	1,07%	1,41%	1,99%	2,55%	2,66%	3,11%
Liquidity							
LDR	80,45%	85,44%	83,97%	69,27%	71,39%	73,35%	80,89%
CASA	76,35%	76,69%	75,90%	76,60%	77,07%	77,54%	77,48%
Asset Quality							
Gross NPL	1,45%	1,37%	1,34%	1,82%	2,00%	2,10%	1,80%
Provision Coverage	142,93%	125,83%	189,20%	260,90%	310,00%	380,00%	450,00%
Capital							
CAR	23,10%	23,40%	23,40%	25,80%	24,20%	24,20%	24,40%
Growth							
Loan Growth	14,48%	14,62%	9,49%	-2,51%	20,91%	20,64%	23,17%
Deposit Growth	9,62%	8,38%	10,98%	20,40%	17,36%	17,41%	11,70%
CASA Growth		8,69%	8,87%	9,84%	21,51%	18,08%	18,12%
Net Income Growth	13,12%	10,92%	10,48%	-5,02%	6,94%	9,81%	10,97%

QoQ Result

Balance Sheet	2Q20	1Q21	2Q21	%QoQ	%YoY
Loan	580.987	580.980	587.588	1,14%	1,14%
Loan Loss Reserves	-24.819	-30.528	-32.989	8,06%	32,92%
NPL	17.683	9.704	9.403	-3,10%	-46,82%
Deposit					
Demand	194.516	236.747	248.237	4,85%	27,62%
Savings	380.207	419.097	448.838	7,10%	18,05%
Time Deposit	181.168	193.573	198.163	2,37%	9,38%
Total Asset	975.076	1.090.382	1.129.497	3,59%	15,84%
Shareholder Equity	169.170	178.713	187.370	4,84%	10,76%

Income Statement	2Q20	1Q21	2Q21	%QoQ	%YoY
Interest Income	16.318	16.610	16.514	-0,58%	1,20%
Interest Expense	2.752	2.478	2.368	-4,45%	-13,95%
Net Interest Income	13.566	14.132	14.146	0,10%	4,27%
Net Operating Income	-3.088	4.954	6.158	24,30%	-299,45%
Operating Expense	-1.369	7.151	7.976	11,53%	-682,39%
PPOP	11.848	11.935	12.329	3,30%	4,06%
Provision Expense	-4.786	-3.254	-3.292	1,18%	-31,22%
Operating Profit	16.635	15.189	15.621	2,85%	-6,09%
Profit Before Tax	7.062	8.681	9.037	4,10%	27,97%
Tax Expense	-1.400	-1.638	-1.773	8,25%	26,68%
Net Profit	5.662	7.043	7.264	3,13%	28,28%

Ratio	2Q20	1Q21	2Q21	QoQ	YoY
Profitability & Efficiency					
NIM	5,30%	5,30%	5,20%-	0,10	-
CIR	34,40%	35,30%	33,50%-	1,80	0,90
ROE	16,60%	15,80%	18,10%	2,30	(0,80)
ROA	3,10%	3,10%	3,20%	0,10	-
Cost of Credit	2,20%	1,90%	2,50%	0,60	(0,30)
Liquidity					
LDR	62,40%	65,20%	62,40%-	2,80	2,80
CASA	75,60%	77,20%	77,90%	0,70	1,60
Asset Quality					
Gross NPL (Bank only)	2,10%	1,80%	2,40%	0,60	(0,30)
Provision Coverage	204,5%	280,80%	230,60%-	50,20	76,30
Capital					
CAR	22,90%	24,50%	25,30%	0,80	1,60

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

**RESEARCH TEAM
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