

February 26<sup>th</sup>, 2024  
 Banking, Equity

Price IDR 9,800  
 Target Price IDR 12,050  
 JKSE Index IDR 7,283.82



**Stock Code**  
**Bloomberg code** BBCA IJ  
**Market Cap (IDR)** 1,208.1 T  
**52-Week High (IDR)** 10,025  
**52-Week Low (IDR)** 8,250  
**6-m Avg Daily. Val (IDR)** 9,203  
**Free Float (%)** 42.38

**Major Shareholders (%)**  
**DIA** 54.94  
**Commissioner** 0.10  
**Directors** 0.04  
**Public** 44.92

**USD/IDR-YE**  
**2023A** 15,439  
**2024F (APBN 2024)** 15,000

**Key Indicators (%)**  
**Gross NPL** 1.66  
**Net Interest Margin** 6.22

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### Investment Consideration

#### Net Profit Grew by 19%

In 2023, BBCA made a profit of IDR48.64 trillion, a notable achievement with a 19.40% increase compared to 2022. This growth was mainly due to a 17.41% rise in Net Interest Income, resulting in the bank-only NIM ratio rising by 0.2% to 5.5%. Additionally, there was a significant 46.61% increase in net income from transactions at fair value through profit or loss, while provision expenses decreased by 50.01%, all contributing to the bank's higher profit. Looking ahead, it is forecast that BBCA will continue to experience growth in net profit in 2024, with a projected increase of +7.77% YoY to reach IDR 52.42 trillion.

#### Robust Loan Expansion

As of December 2023, BBCA reported strong loan growth, up by +13.94% compared to the previous year, surpassing the overall loan growth in Indonesia, which was 10.38%. The consumer segment saw the highest growth at 16.02%, followed by Corporate and Commercial & SME at 14.44% and 11.68%, respectively. The significant growth of the consumer segment was primarily boosted by Personal Loans (such as credit cards, payroll loans, pay later options, and unsecured loans), which grew by 21.7% YoY. Looking ahead, BBCA is expected to continue expanding its loan portfolio by 13.76%, outpacing the forecasted overall banking credit growth of 10%-12% YoY.

#### Increasing NPL Ratio, Yet Still Lower Than Industry Average

By December 2023, BBCA's bank-only NPL ratio rose to 1.90%, up by 20 basis points. However, it remained better than the industry average of 2.19%. The increase in the NPL ratio was driven by higher ratios in the Commercial & SME and Consumer segments, which rose to 1.95% and 1.38%, respectively. On the other hand, the Corporate loan segment performed well, with its NPL ratio decreasing. Looking ahead, we expect BBCA to further improve its loan quality, aiming for an NPL ratio of 1.66% by December 2024.

#### Consistently Growing Sustainable Financing Portfolio

BBCA demonstrated its strong commitment to integrating ESG principles into its business. This commitment is evident in its sustainable financing portfolio, which grew by 10.93% YoY, from IDR 183 trillion in December 2022 to IDR 203 trillion in December 2023. Furthermore, this portfolio has shown a CAGR of 12.89% since 2019. The primary contributor to the Green Financing segment was credit for Natural resources & sustainable land use, totalling IDR 67.8 trillion. Additionally, BBCA witnessed substantial growth in EV financing, with outstanding amounts increasing from IDR 0.27 trillion in December 2022 to IDR 1.275 trillion by December 2023. According to data from the IDX website as of December 20th, 2023, BBCA's ESG score was 22.67, ranking 20th among 79 public companies.

#### Valuation: 23% Upside, Buy

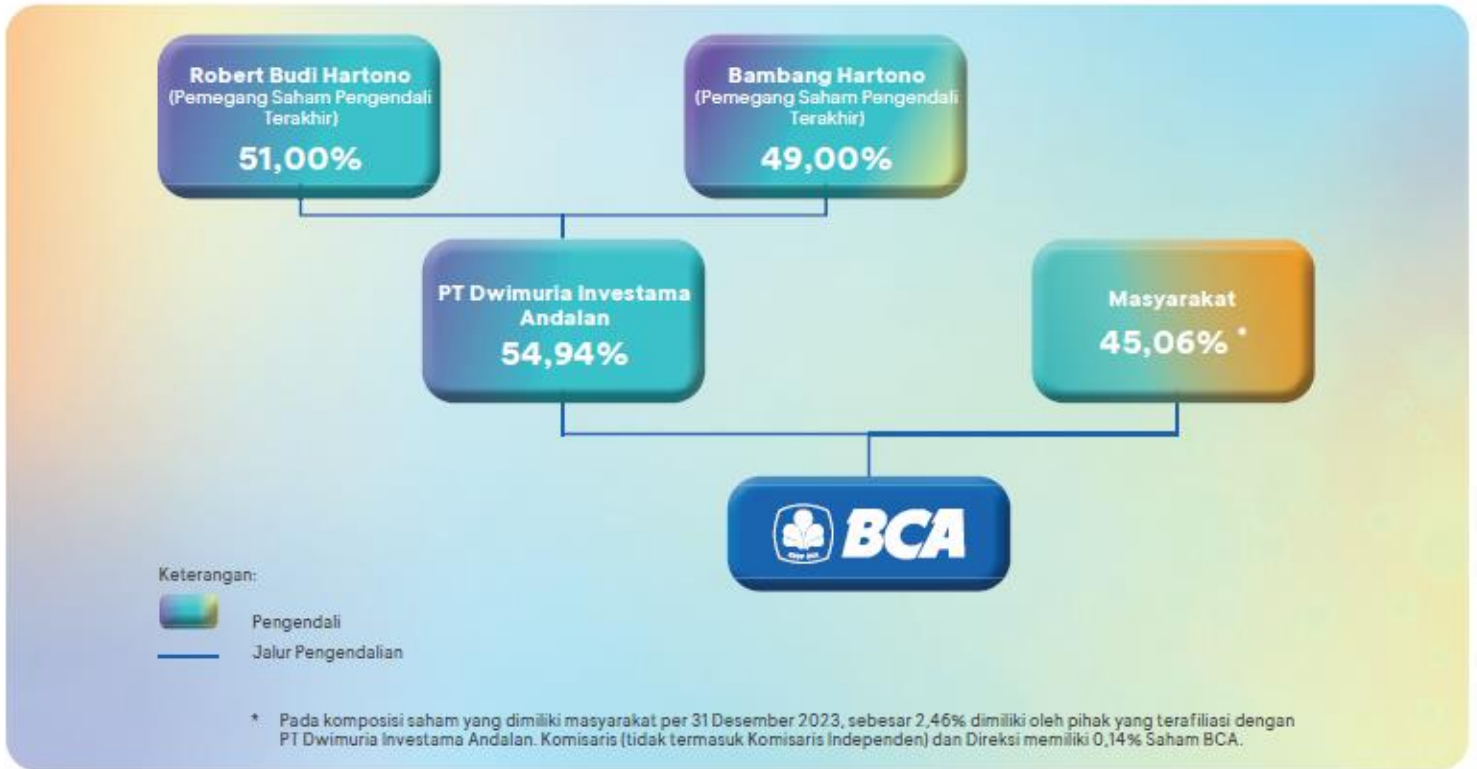
Based on our DDM valuation, we set a one-year target price of IDR 12,050, implying a valuation of 5.53x PBV and a potential upside of 23%. Consequently, we maintain a Buy rating for BBCA.

Financial Highlights	2021A	2022A	2023A	2024F
Total Loan (Consol in IDR Bn)	636,987	711,262	810,392	921,902
Net Income (Consol in IDR Bn)	31,423	40,736	48,639	52,417
NIM (Consol)	5.24%	5.51%	6.13%	6.22%
NPL	2.20%	1.70%	1.90%	1.66%
CAR (Consol)	26.85%	26.84%	29.40%	29.72%

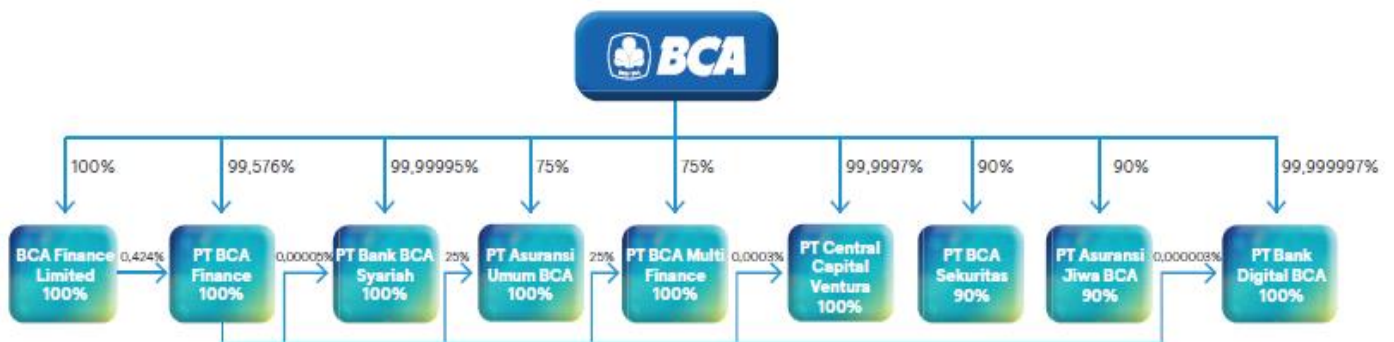
**Company Profile**

PT Bank Central Asia Tbk (the “Bank”) was established in Indonesia based on the Notary Deed No. 38 of Raden Mas Soeprapto dated 10 August 1955, originally named “N.V. Perseroan Dagang Dan Industrie Semarang Knitting Factory.” It started its banking operations on 12 October 1956. Currently known as PT Bank Central Asia, the Bank engages in banking activities and other financial services in accordance with the prevailing regulations in Indonesia.

**Controlling Shareholder of BCA**



**Company Group Structure and Ownership of Subsidiaries**



Source: Company

Chart: Gross Loan (IDR Bn) YoY

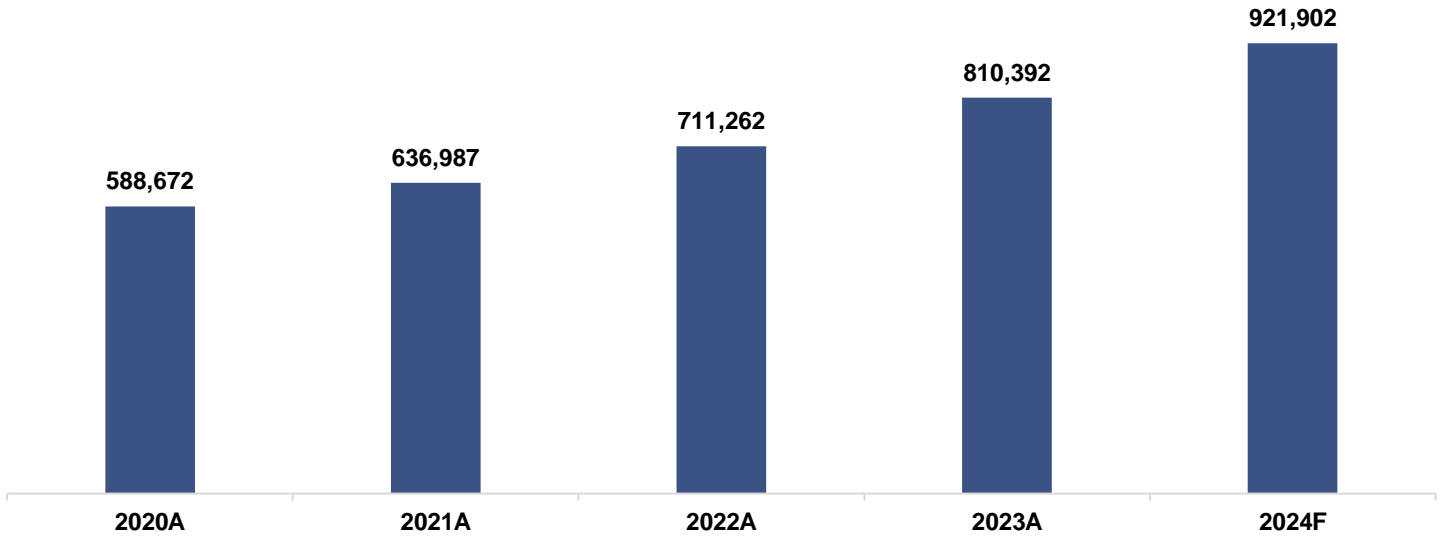


Chart: Profitability Ratio YoY

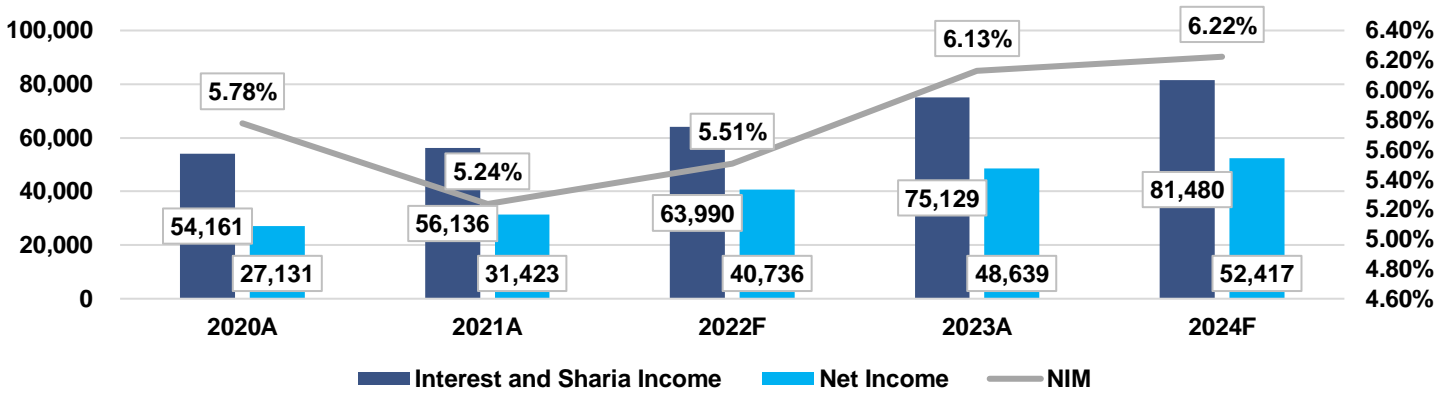
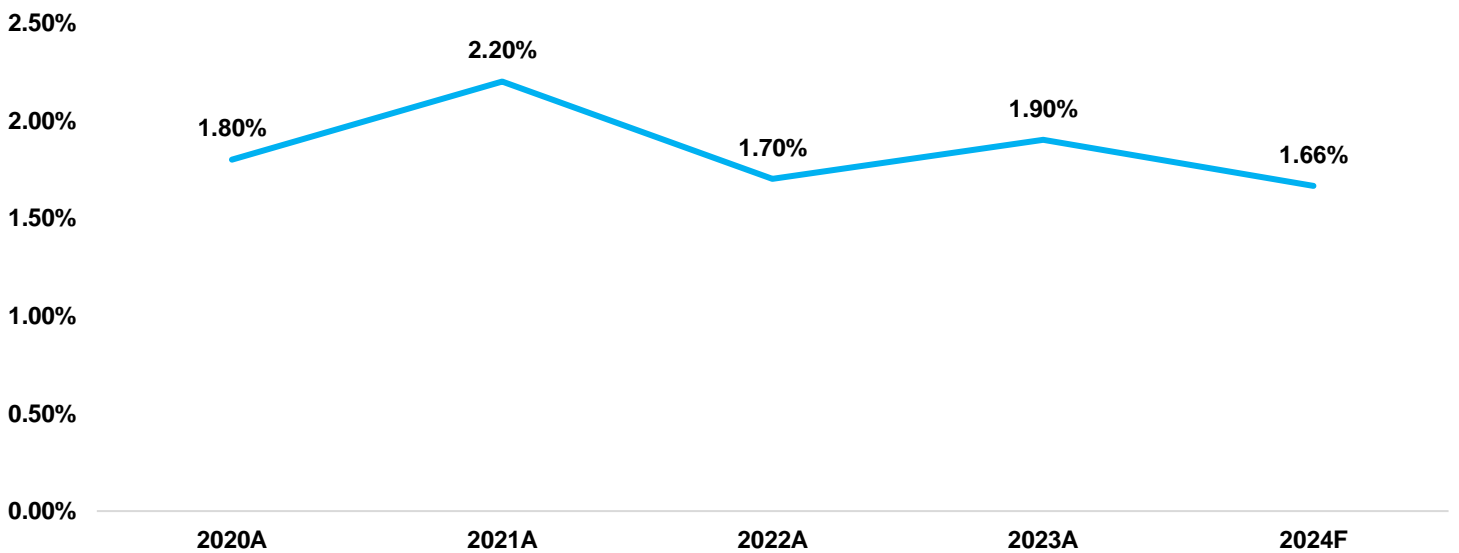
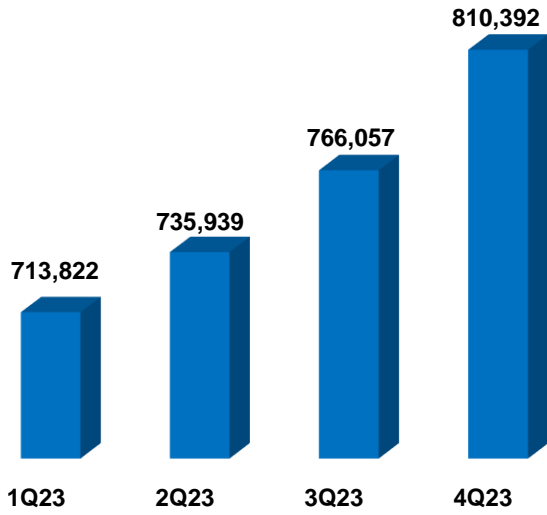


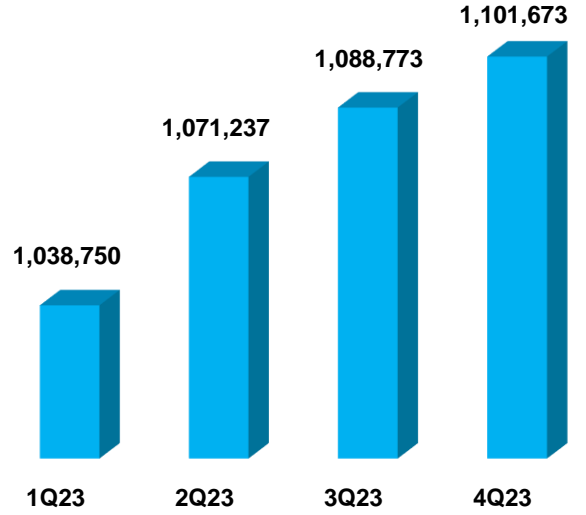
Chart: NPL Ratio (%) YoY



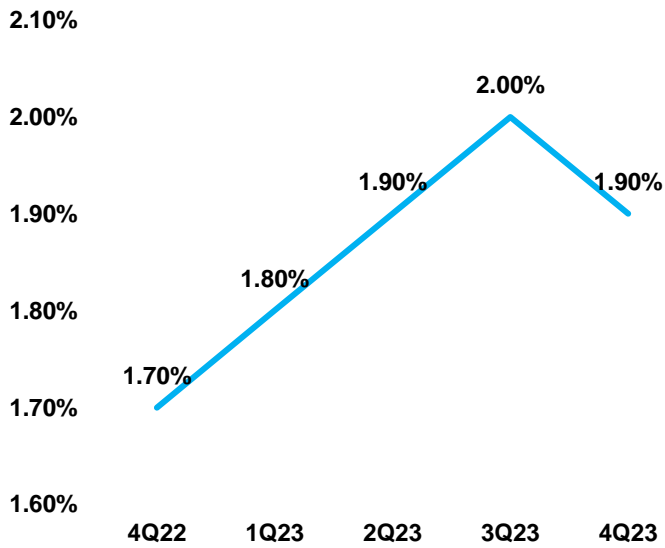
**Chart: Gross Loan (IDR Bn) QoQ**



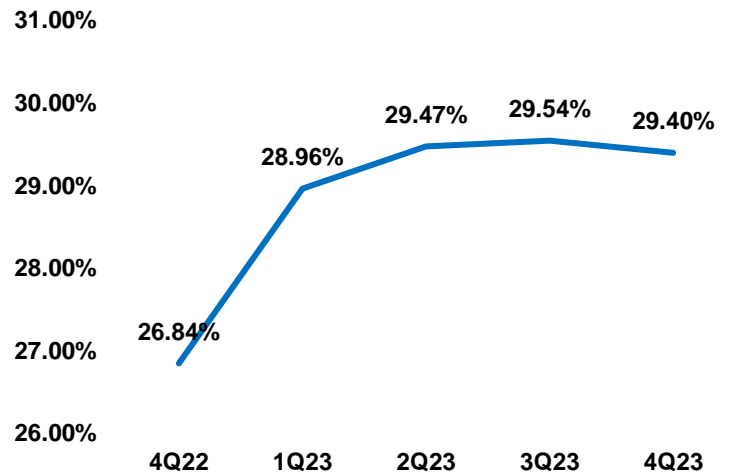
**Chart: Customer Deposit (IDR Tn) QoQ**



**Chart: NPL Ratio (%) QoQ**



**Chart: CAR (%) QoQ**



**Balance Sheet (IDR bn)**

Balance sheet	2020A	2021A	2022A	2023A	2024F
Cash and CA with BI	51,805	89,401	125,470	114,319	136,763
Interbank Placement	47,456	87,153	31,383	5,202	8,896
Marketable Securities	192,753	224,512	249,186	312,598	324,575
Gross Loan	588,672	636,987	711,262	810,392	921,902
Allowance for Loans	(27,914)	(33,240)	(34,841)	(34,061)	(34,017)
Loans-net	560,758	603,747	676,421	776,331	887,885
Other Earning Asset	417,968	489,751	462,318	456,068	418,794
Non-Earning Asset	45,040	45,445	50,523	61,389	61,854
<b>Total Asset</b>	<b>1,075,570</b>	<b>1,228,345</b>	<b>1,314,732</b>	<b>1,408,107</b>	<b>1,505,296</b>
Deposit:					
Current Account	229,821	285,640	323,924	348,457	376,071
Saving Account	414,041	481,373	524,014	536,184	561,654
Time Deposits	196,890	208,937	191,780	217,032	234,160
Other Interest-Bearing Liabilities	15,529	17,729	19,366	20,269	17,945
Non-Interest-Bearing Liabilities	34,575	31,818	34,466	43,628	46,843
<b>Total Liabilities</b>	<b>890,856</b>	<b>1,025,496</b>	<b>1,093,550</b>	<b>1,165,569</b>	<b>1,236,673</b>
<b>Total Shareholder's Equity</b>	<b>184,715</b>	<b>202,849</b>	<b>221,182</b>	<b>242,538</b>	<b>268,623</b>

**Income Statement (IDR Bn)**

Balance sheet	2020A	2021A	2022A	2023A	2024F
Interest Income	65,403	65,627	72,241	87,398	95,805
Interest Expense	(11,242)	(9,491)	(8,252)	(12,269)	(14,325)
<b>Net Interest Income</b>	<b>54,161</b>	<b>56,136</b>	<b>63,990</b>	<b>75,129</b>	<b>81,480</b>
Net Operating Income	21,004	22,338	23,487	24,817	28,120
Operating Expense	(29,969)	(30,308)	(32,483)	(37,503)	(41,040)
<b>PPOP</b>	<b>45,197</b>	<b>48,165</b>	<b>54,994</b>	<b>62,443</b>	<b>68,560</b>
Provision Expense	(11,628)	(9,324)	(4,527)	(2,263)	(3,023)
<b>Profit Before Tax</b>	<b>33,569</b>	<b>38,841</b>	<b>50,467</b>	<b>60,180</b>	<b>65,537</b>
Tax Expense	(6,421)	(7,401)	(9,711)	(11,522)	(13,107)
<b>Earning After Tax</b>	<b>27,147</b>	<b>31,440</b>	<b>40,756</b>	<b>48,658</b>	<b>52,430</b>
Income for The Year Attributable to - NCI	16	17	20	19	13
<b>Net Income</b>	<b>27,131</b>	<b>31,423</b>	<b>40,736</b>	<b>48,639</b>	<b>52,417</b>

**Ratio Highlights**

Ratio Analysis (Consol)	2020A	2021A	2022A	2032A	2024F
<b>Profitability &amp; Efficiency</b>					
NIM	5.78%	5.24%	5.51%	6.13%	6.22%
ROE	15.41%	16.40%	19.62%	21.29%	21.06%
ROA	2.69%	2.72%	3.18%	3.56%	3.60%
BOPO	47.69%	45.24%	42.55%	44.35%	44.68%
Cost of Credit	1.98%	1.46%	0.64%	0.28%	0.33%
<b>Liquidity</b>					
LDR	70.02%	65.27%	68.41%	73.56%	78.67%
CASA	76.58%	78.59%	81.55%	80.30%	80.02%
<b>Asset Quality</b>					
Gross NPL (Bank-Only)	1.80%	2.20%	1.70%	1.90%	1.66%
Gross NPL	1.80%	2.20%	1.70%	1.75%	1.66%
Provision Coverage	260.90%	240.00%	287.30%	234.10%	222.36%
<b>Capital</b>					
CAR	26.89%	26.85%	26.84%	29.40%	29.72%
<b>Growth</b>					
Loan Growth	-2.50%	8.21%	11.66%	13.94%	13.76%
Deposit Growth	20.28%	16.08%	6.53%	5.96%	6.37%
CASA Growth	21.36%	19.13%	10.55%	4.33%	6.00%
Net Income Growth	-5.02%	15.82%	29.64%	19.40%	7.77%

**QoQ Result**

**PT Bank Central Asia Tbk  
Key Ratios**

Balance Sheet	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Loan	711,262	713,822	735,939	766,057	810,392	5.79%	13.94%
Loan Loss Reserves	(34,841)	(35,816)	(35,625)	(35,389)	(34,061)	-3.75%	-2.24%
NPL	11,991	12,400	13,690	15,444	14,100	-8.70%	17.59%
Deposit							
Demand	323,924	320,660	328,879	337,625	348,457	3.21%	7.57%
Savings	524,014	522,673	535,849	532,143	536,184	0.76%	2.32%
Time Deposit	191,780	195,416	206,509	219,005	217,032	-0.90%	13.17%
Total Asset	1,314,732	1,321,723	1,356,757	1,381,449	1,408,107	1.93%	7.10%
Shareholder Equity	221,019	211,261	224,599	235,751	242,356	2.80%	9.65%

Income Statement	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Interest Income	20,203	21,026	21,559	22,029	22,783	3.42%	12.77%
Interest Expense	(2,169)	(2,544)	(3,059)	(3,297)	(3,370)	2.22%	55.33%
<b>Net Interest Income</b>	<b>18,033</b>	<b>18,482</b>	<b>18,501</b>	<b>18,733</b>	<b>19,413</b>	<b>3.63%</b>	<b>7.65%</b>
Net Operating Income	6,215	6,449	6,109	6,305	5,953	-5.58%	-4.21%
Operating Expense	(8,978)	(9,251)	(8,525)	(9,501)	(10,226)	7.63%	13.90%
<b>PPOP</b>	<b>15,270</b>	<b>15,680</b>	<b>16,085</b>	<b>15,537</b>	<b>15,141</b>	<b>-2.55%</b>	<b>-0.85%</b>
Provision Expense	(609)	(1,460)	(422)	(410)	29	-106.96%	-104.69%
<b>Profit Before Tax</b>	<b>14,662</b>	<b>14,220</b>	<b>15,663</b>	<b>15,127</b>	<b>15,170</b>	<b>0.28%</b>	<b>3.46%</b>
Tax Expense	(2,876)	(2,687)	(2,996)	(2,887)	(2,952)	2.23%	2.63%
<b>Earning After Tax</b>	<b>11,786</b>	<b>11,533</b>	<b>12,667</b>	<b>12,240</b>	<b>12,218</b>	<b>-0.18%</b>	<b>3.67%</b>
Income for The Year Attributable to - NCI	4	3	7	10	(1)	-107.75%	-117.19%
<b>Net Income</b>	<b>11,781</b>	<b>11,530</b>	<b>12,660</b>	<b>12,230</b>	<b>12,219</b>	<b>-0.09%</b>	<b>3.71%</b>

Ratio (Bank-Only)	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
<b>Profitability &amp; Efficiency</b>							
NIM	5.90%	5.60%	5.50%	5.50%	5.60%	0.10	(0.30)
CIR	32.50%	35.10%	31.20%	36.10%	36.50%	0.40	4.00
ROE	24.70%	22.30%	26.10%	22.30%	23.40%	1.10	(1.30)
ROA	3.70%	3.40%	3.90%	3.40%	3.70%	0.30	0.00
Cost of Credit	0.40%	0.80%	0.10%	0.30%	-0.10%	(0.40)	(0.50)
<b>Liquidity</b>							
LDR	65.20%	65.60%	65.70%	67.40%	70.20%	2.80	5.00
CASA	81.60%	81.20%	80.70%	79.90%	80.30%	0.40	(1.30)
<b>Asset Quality</b>							
Gross NPL	1.70%	1.80%	1.90%	2.10%	1.90%	(0.20)	0.20
Provision Coverage	287.30%	285.40%	257.10%	226.50%	234.10%	7.60	(53.20)
<b>Capital</b>							
CAR	25.80%	28.90%	29.50%	29.50%	29.40%	(0.10)	3.60

**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.

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