



HOLD

Target Price : IDR7,200

Stock Data

Curent Price : IDR7,525
 52wk Range L-H : IDR5,720-8,250
 Share Outstanding : 123.28 bn
 Free Float (%) : 45.1%
 Mkt Capitalization : 927.64 (IDR tn)

Major Shareholders

Dwimuria Investama : 54.9%
 Andalan
 Public : 45.1%

PT Bank Central Asia Tbk (BBCA IJ)

Banking Sector

9M21 Earnings : Slightly Above Expectations

Solid Earnings Driven by Lower Interest Expenses, Opex and Provision

- BBCA posted a net profit of IDR8.74tn in 3Q21, implying +17.9% QoQ growth. The double digit growth of BBCA's bottom line was attributable to a significant decrease in provision (-66.5% QoQ) despite lower NII (-1.9% QoQ) and Non-II (-0.3% QoQ).
- Cumulatively BBCA's net profit was at IDR23.2tn in 9M21 (+15.8% YoY) on the back of lower interest expense (-16% YoY), Opex (-4.1% YoY) and provision (-16.2% YoY). BBCA's net profit for 9M21 was slightly above our expectation and consensus estimate reflecting 77% of a run rate.
- NII grew moderately by 3.3% YoY in 9M21, primarily driven by a decline in BBCA's CoF on the back of strong CASA growth (+21% YoY). CASA ratio also improved by 170 bps to 78.1% as of Sep-21.
- At the same time, earnings on yielding asset also dropped more than 85 bps YoY in 9M21, causing 63 bps lower in NIM to 5.2%, but still in line with management's conservative guidance at 5.1%-5.3%.
- Non-II also booked a moderate growth of 2.4% YoY in 9M21, supported by +11.2% YoY growth in fees and commissions. Growth in fee and commissions was in line with increasing mobile and internet banking transaction values which grew 50.8% YoY and 33.7% YoY respectively.
- On the expense side, lower Opex was driven by Covid-19 pandemic. However, BBCA management expect CIR to bounce back to 39-40% on the back of improving pandemic conditions.
- In addition, lower provision was also in line with lower restructured loans. BBCA also managed to keep a sizeable coverage ratio.

Positive Credit Growth in 3Q21

- BBCA's loans grew +2.1% QoQ/+4.1% YoY in 3Q21 driven corporate loans segment. Corporate loans portfolio which accounted 44.54% from total outstanding grew 7.1% YoY.
- On the other hand, commercial & SME as well as consumer loan segment grew by 1.5% YoY and 2.1% YoY respectively.
- BBCA's tried to monetize accommodative macroprudential policy enacted by Bank Indonesia (BI) in property and automotive sector by carrying out a virtual expo to boost mortgage and auto loans.
- Total restructured loans dropped 2% YoY as of Sep-21. Meanwhile BBCA's NPL remained manageable at 2.4% in line with management guidance.
- We expect BBCA could achieve management guidance on loan growth target at 4-6% FY21, given the loosening social restriction and speedy rollout Covid-19 vaccination in 4Q21.

BBCA "Blu" Digital Banking Update and Progress

- According to management statement, BBCA has injected additional capital equivalent to IDR2.7tn to BCA digital to strengthen its digital bank's arm capital structure. In total BCA digital equity stood at IDR4tn.
- Since the launching, BCA digital successfully raised IDR800bn in funding and hitting another milestone of 100k daily transactions.

Rerating to HOLD with TP of IDR7,200

We maintain **BBCA IJ** target price at IDR7,200 with **HOLD** rating after stock split which implied **PBV FY21E/FY22F at 4.5x/4.2x**. BBCA is currently traded close to +1STD of 5-year average PBV at 4.69x level. **BBCA IJ** key upside potentials include stronger than expected earning results while risk remain on asset quality.

Key Financial Highlight

YE Dec (IDR bn)	FY18	FY19	FY20	FY21E	FY22F
Net Interest Income	45,291	50,477	54,161	56,518	64,975
Net Profit	25,858	28,565	27,131	30,216	36,989
EPS (IDR)	1,049	1,159	1,100	1,226	1,500
PER (x)	32.99	29.86	31.44	28.23	23.06
BVS (IDR)	6,155	7,063	7,492	7,916	8,566
PBV (x)	5.62	4.90	4.62	4.37	4.04
ROAE (%)	18.26	17.53	15.12	15.91	18.20
ROAA (%)	3.28	3.28	2.48	2.69	3.01

Source: Bloomberg, MNCS as of October 25, 2021



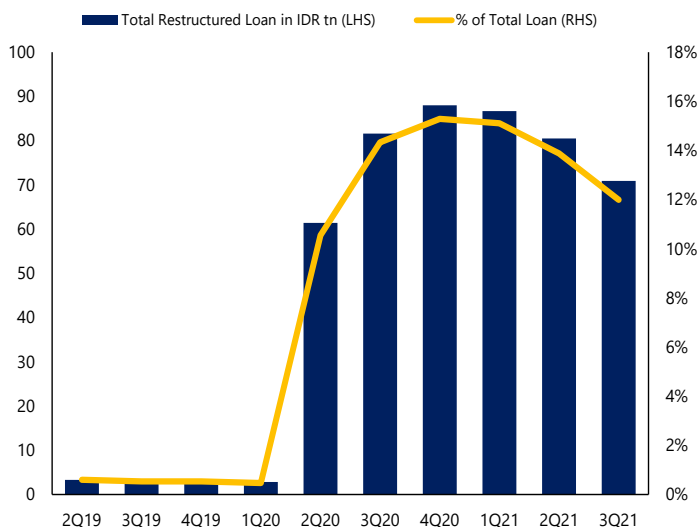
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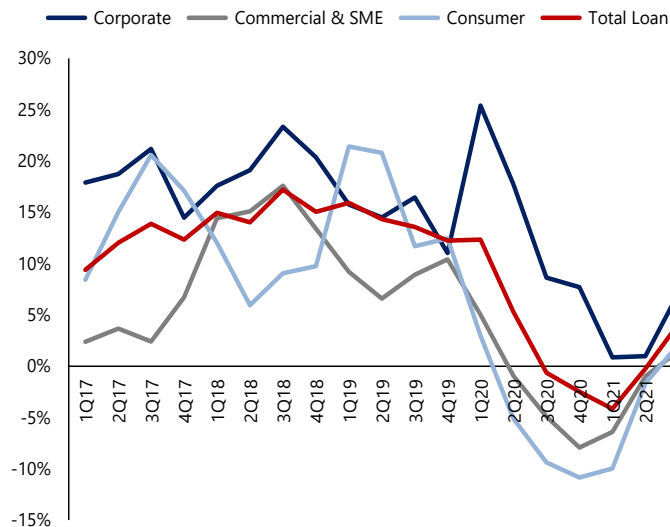
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Exhibit 01. Current Restructured—include Covid-19



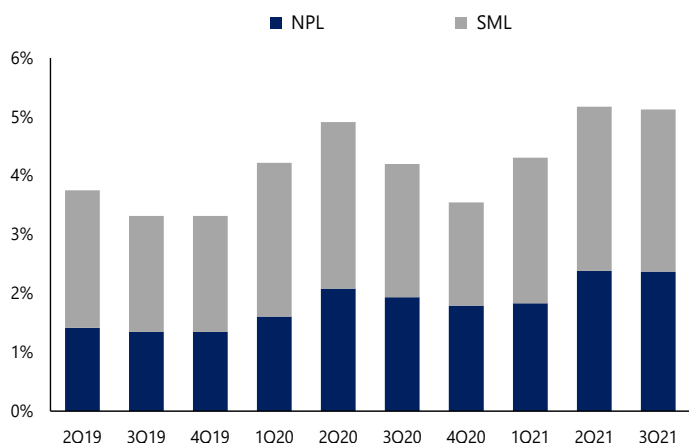
Source : BBCA, MNCS

Exhibit 02. BBCA's Loan Growth by Segment



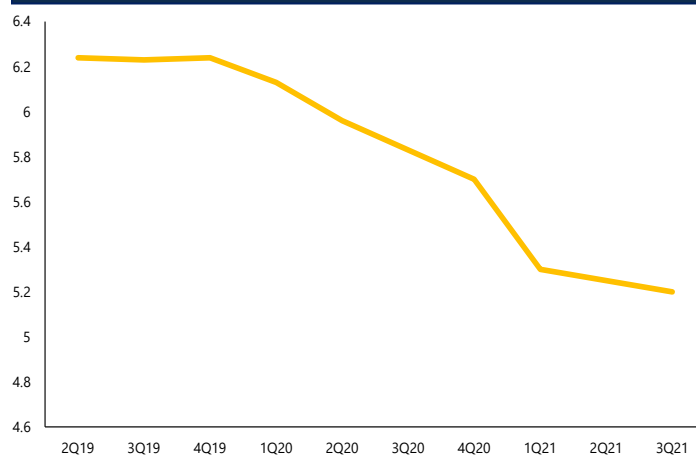
Source : BBCA, MNCS

Exhibit 03. Loan Quality



Source : BBCA

Exhibit 04. BBCA's Net Interest Margin/NIM (%)



Source : BBCA

Exhibit 05. BBCA's 2Q21 Results

IDR Billion	2Q21	3Q21	QoQ	YoY	MNCS est.
Net Interest Income	14,146	13,878	-1.9%	2.4%	74.6%
PPOP	12,409	12,158	-2.0%	-2.1%	
Provision Expenses	3,292	1,103	-66.5%	-57.7%	
Net Profit	7,416	8,743	17.9%	12.2%	76.8%
Ratios (%)					
CAR	25.3	26.2			
LDR	62.4	62.0			
NIM	5.2	5.2			
NPL gross	2.4	2.4			

Source : BBCA, MNCS

Exhibit 06. BBCA is currently traded at 5-year average of PBV



Source : Bloomberg

Exhibit 07. Financial Projections

Income Statement						Balance Sheet					
IDR Billion	FY18	FY19	FY20	FY21E	FY22F	IDR Billion	FY18	FY19	FY20	FY21E	FY22F
Interest Income	56,767	63,838	65,403	68,400	76,859	Cash	21,691	25,421	24,322	22,562	27,768
Interest Expense	(11,476)	(13,360)	(11,242)	(11,882)	(11,883)	CA with BI	43,548	47,905	27,482	30,168	45,324
Net Interest Income	45,291	50,477	54,161	56,518	64,975	CA with Other Banks	8,498	10,522	11,972	13,612	19,075
Non-Interest Income	17,744	21,145	21,004	22,700	24,377	Placement with BI and Banks	31,683	30,948	47,451	54,569	62,754
Operating Income	63,034	71,623	75,165	79,218	89,352	Marketable Securities	109,081	142,983	192,553	259,514	349,681
Operating Expense	(27,649)	(30,742)	(29,969)	(32,031)	(34,272)	Loans	524,530	572,034	547,644	565,052	607,446
Pre-Provision Income	35,386	40,880	45,420	47,187	55,080	Fixed Assets	19,337	20,852	21,915	25,202	28,983
Provision Expense	(2,677)	(4,591)	(11,600)	(9,810)	(9,319)	Other Assets	57,207	58,749	245,444	54,464	41,618
Pre-tax Profit	32,709	36,289	33,820	37,377	45,761	Total Assets	824,788	918,989	1,075,570	1,174,010	1,286,855
Tax	(6,854)	(7,719)	(6,421)	(7,150)	(8,754)	Current Account	166,822	184,918	229,821	259,205	294,335
Minority Interest	(3)	5	16	11	18	Saving Account	316,182	345,634	414,041	443,024	474,036
Net Profit	25,858	28,565	27,131	30,216	36,989	Time Deposit	146,808	168,428	196,890	220,696	247,028
EPS (full amount)	1,049	1,159	1,100	1,226	1,500	Third Party Funds	629,812	698,980	840,752	922,926	1,015,399
BVS (full amount)	6,155	7,063	7,492	7,916	8,566	Deposit Other Banks	6,494	6,717	10,163	12,323	16,793
						Securities Issued	240	1,348	591	620	462
						Borrowings	2,093	2,333	1,307	1,095	765
						Other Liabilities	29,751	30,576	32,724	33,041	33,165
						Total Liabilities	673,035	744,846	890,856	976,120	1,073,616
						Shareholder's Equity	151,753	174,143	184,715	197,890	213,239
						Total Liabilities and Equity	824,788	918,989	1,075,570	1,174,010	1,286,855

Key Ratios	Ratios					Percentage (%)	Growth				
	FY18	FY19	FY20	FY21E	FY22F		FY18	FY19	FY20	FY21E	FY22F
NIM	6.11	6.13	5.69	5.19	5.43	Loan Growth	15.10	9.08	-2.10	4.86	6.68
ROAE	18.26	17.53	15.12	15.91	18.20	Deposit Growth	8.38	10.98	20.28	11.92	12.24
ROAA	3.28	3.28	2.48	2.69	3.01	Net Interest Income Growth	8.28	11.45	7.30	4.35	14.96
CASA	76.69	75.90	76.58	76.12	75.71	Net Profit Growth	10.93	10.47	-5.02	11.37	22.42
NPL Gross	1.41	1.34	1.80	1.63	1.46						
CIR	43.86	42.92	39.87	40.43	38.36						
CAR	23.57	24.97	24.46	25.03	24.52						

Source: BBKA, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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