

**BUY | TP : IDR9,900**
**BBCA Stock Price Data**

Last Price	:	IDR8,775
52wk High	:	IDR9,450
52wk Low	:	IDR8,000
Share Out	:	123.28bn
Market Cap	:	IDR1,097.1 tn

**BBCA Stock Price Performance**

1-Day	:	+1.71%
1-Week	:	-0.56%
1-Month	:	-0.83%
3-Month	:	-2.46%
Year-to-Date	:	+4.39%

**Major Shareholders**

Dwimuria Investama Andalan	:	55%
Public	:	45%

**PT Bank Central Asia Tbk (BBCA IJ)**
**Strong Earnings Should Continue**
**The 3Q23 result was in-line with our expectation**

Net profit reached IDR36.4tn in 9M23 (-3% QoQ/+26% YoY), meeting expectations at 76/75% of our/consensus estimates. This remarkable growth in net profit due to robust expansion of net interest income, consistent growth in non-interest income, and reduced provision charges. The robust PPOP growth of +19% YoY (-4% QoQ) was mainly propelled by a strong Net Interest Income (+1% QoQ/+21% YoY), offset by higher operating expenses (+12% QoQ/+17% YoY). On quarterly basis, the 3Q23 Net Profit surged by +12% YoY, amounting to IDR12.2tn, thanks to solid loan growth and higher benchmark rates boosting operating income. We expect the strong earnings should continue in 4Q23 which reflect to IDR46.2tn of NPAT in FY23E. Meanwhile, provisions decreased by -3% QoQ/-42% YoY, bringing the 9M23 CoC to 0.4% (0.3% in 3Q23) compared to 0.8/0.5% in 9M22/1H23, falling below the FY23E guidance of 0.5-0.6%. NIM remained flat on QoQ at 5.5% in 3Q23, and it is anticipated that NIM to remain stable at 5.5% in FY23E.

**Loan growth hits double digits**

Loan grew +4% QoQ/+12% YoY reaching IDR766tn in 9M23, with nearly all segments achieving double-digit growth. SME led the way with a robust +3% QoQ/+16% YoY, followed by consumer loans at +3% QoQ/+14% YoY. Corporate loans also posted strong numbers with a +5% QoQ/+12% YoY, while commercial loans +3% QoQ/+6% YoY. In terms of sectors, the primary contributors to YTD loan growth are edible oils, non-OG mining, and FMCG. Management expects loan to grow 10%-12% in FY23E. Moreover, deposits growth slightly lagged behind loans at +2% QoQ (+6% YoY), where CASA increased by 1%, and time deposits (TD) rose by 6%. This shift is attributed to high net worth and depositors seeking higher yields. BBCA previously mentioned that this trend should normalize when interest rates start easing, possibly in 2024.

**The overall asset quality turned out better than anticipated**

The bank only-NPL showed improvement, declining -20bps from 2.2% in 9M22 to 2.0% in 9M23, although there was a slight increase from 1.9% in 6M23. Notably, the bank continued its efforts to reduce the Loan at Risk (LAR) ratio, achieving a ratio of 7.6% as of 9M23, down from 11.7% in 9M22. Furthermore, the bank revised down its LAR ratio target to a range of 7.1%-7.5% in FY23E, compared to the earlier target of 8%-9%.

**Valuation & Recommendation: BUY with unchanged TP of IDR9,900**

Since BBCA's stock has experienced a significant decrease lately, and we observe that the decline is constrained with a reversal in direction, we are elevating our recommendation from HOLD to BUY, maintaining the unchanged TP of IDR9,900 which implied 4.4x PBV FY24E. BBCA is currently trading below its 3-year trailing PBV average. We anticipate BBCA to gain advantages from the unforeseen policy rate hike.

Key Financial Highlight (IDR bn)	FY20	FY21	FY22	FY23E	FY24F
Net Interest Income	54,161	56,136	63,989	73,331	77,352
Net Profit	27,131	31,423	40,736	46,202	51,999
EPS (IDR)	220	255	330	375	422
BVS (IDR)	1,497	1,644	1,793	1,955	2,265
P/E (x)	42.5	36.7	28.3	24.9	22.2
P/B (x)	6.2	5.7	5.2	4.8	4.1
ROAE (%)	15.1	16.2	19.2	20.0	20.0
ROAA (%)	2.7	2.7	3.2	3.4	3.5

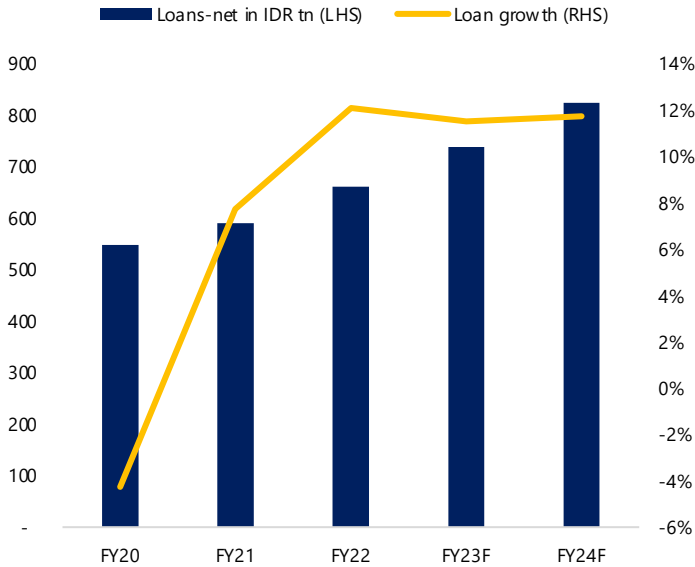
Sources : Bloomberg, MNCS Research


**Research Analyst**

Victoria Venny

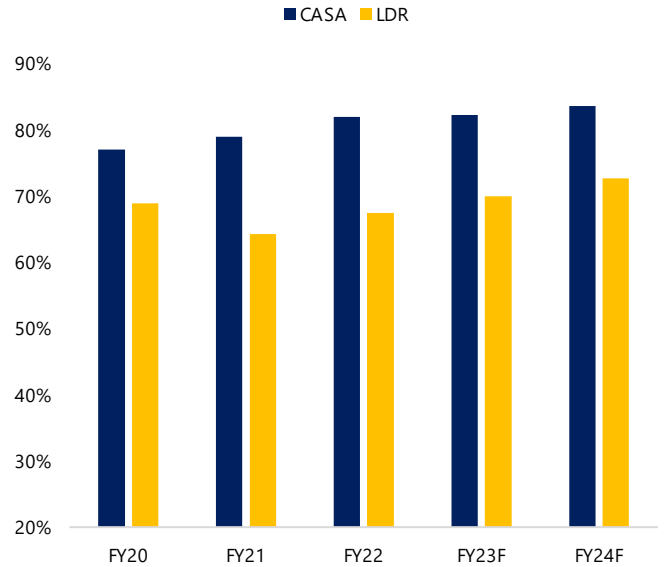
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**Exhibit 01. We expect loan to grow double digit in FY23F**



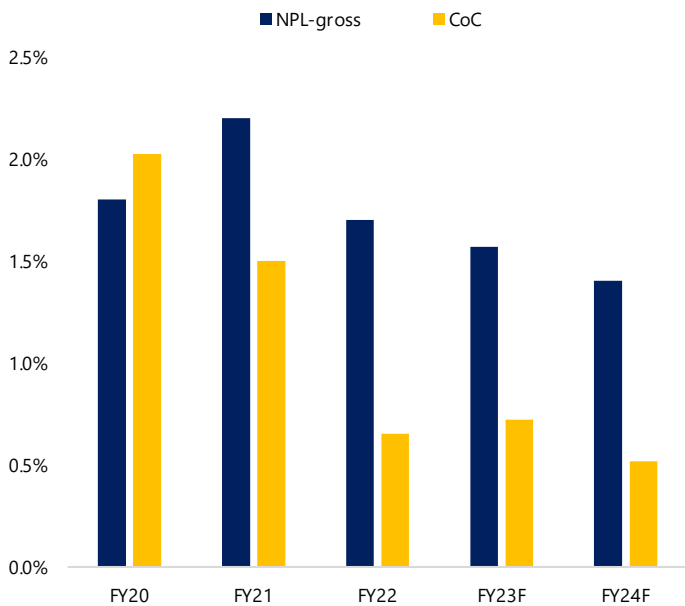
Sources : BBKA Data, MNCS Research

**Exhibit 02. Ample liquidity & strong low-cost funding**



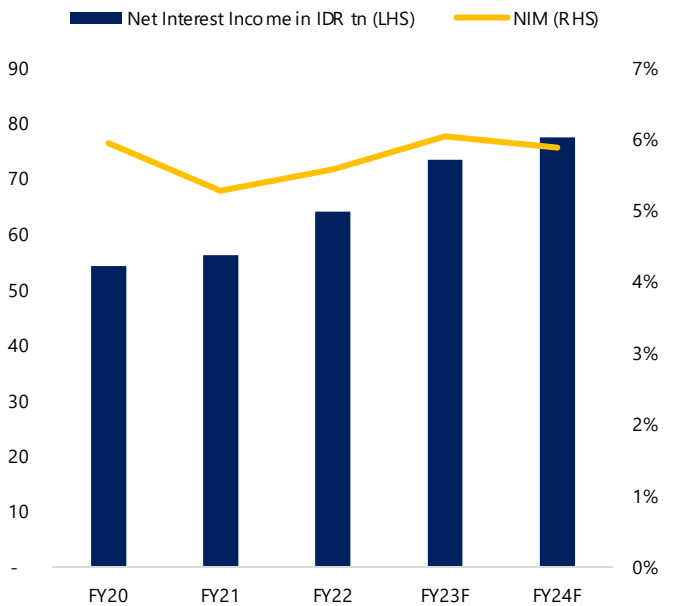
Sources : BBKA Data, MNCS Research

**Exhibit 03. BBKA's NPL trend**



Sources : BBKA Data, MNCS Research

**Exhibit 04. Net Interest Income & NIM trend**



Sources : BBKA Data, MNCS Research

**Exhibit 07. BBKA's Financial Projection & Key Ratio**

<b>Income Statement (IDR bn)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23F</b>	<b>FY24F</b>
Interest Income	65,403	65,627	72,241	84,692	86,330
Interest Expense	(11,242)	(9,491)	(8,252)	(11,360)	(8,977)
<b>Net Interest Income</b>	<b>54,161</b>	<b>56,136</b>	<b>63,989</b>	<b>73,331</b>	<b>77,352</b>
Opex	(29,969)	(30,308)	(32,483)	(35,970)	(35,779)
<b>PPOP</b>	<b>45,196</b>	<b>48,165</b>	<b>54,993</b>	<b>62,579</b>	<b>68,619</b>
Provision	(11,628)	(9,324)	(4,526)	(5,571)	(4,461)
Income Before Tax	33,568	38,841	50,467	57,007	64,158
Tax	(6,421)	(7,401)	(9,711)	(10,831)	(12,190)
<b>Net Profit</b>	<b>27,131</b>	<b>31,423</b>	<b>40,736</b>	<b>46,202</b>	<b>51,999</b>

<b>Balance Sheet (IDR bn)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23F</b>	<b>FY24F</b>
Securities - net	339,372	371,297	402,860	410,047	428,699
Placement with BI & other Banks	47,451	87,149	31,377	31,914	40,704
Other Earnings Assets	70,956	77,158	77,918	79,830	84,710
<b>Loans</b>	<b>547,644</b>	<b>589,814</b>	<b>660,989</b>	<b>736,940</b>	<b>823,164</b>
Total Earnings Assets	1,005,423	1,125,418	1,173,144	1,258,730	1,377,277
Non Earnings Assets	70,147	102,927	141,588	156,946	165,458
<b>Total Assets</b>	<b>1,075,570</b>	<b>1,228,345</b>	<b>1,314,732</b>	<b>1,415,676</b>	<b>1,542,735</b>

CA	228,985	284,594	321,858	353,864	395,238
SA	413,161	480,000	522,458	554,949	595,533
TD	192,138	204,013	186,136	197,564	195,806
Customer Deposits	834,284	968,607	1,030,452	1,106,376	1,186,576
<b>Total Liabilities</b>	<b>890,856</b>	<b>1,025,496</b>	<b>1,093,550</b>	<b>1,174,525</b>	<b>1,263,303</b>

Paid in Capital & Reserves	24,057	23,132	20,160	23,956	45,329
Retained Earnings	160,539	179,581	200,859	217,021	233,910
Shareholders Equity	184,596	202,713	221,019	240,976	279,240
Minority Interests	118	136	163	175	192
<b>Total Equity</b>	<b>184,714</b>	<b>202,849</b>	<b>221,182</b>	<b>241,151</b>	<b>279,432</b>

<b>Total Liabilities &amp; Equity</b>	<b>1,075,570</b>	<b>1,228,345</b>	<b>1,314,732</b>	<b>1,415,676</b>	<b>1,542,735</b>
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<b>Key Ratio</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23F</b>	<b>FY24F</b>
IEA Yields	7.2%	6.2%	6.3%	7.0%	6.6%
CoF	1.4%	1.0%	0.8%	1.1%	0.8%
NIM	5.9%	5.3%	5.6%	6.0%	5.9%
CIR	39.9%	38.6%	37.1%	36.5%	34.3%
ROAA	2.7%	2.7%	3.2%	3.4%	3.5%
ROAE	15.1%	16.2%	19.2%	20.0%	20.0%
LDR	68.9%	64.2%	67.4%	69.9%	72.6%
NPL-gross	1.8%	2.2%	1.7%	1.6%	1.4%
CoC	2.0%	1.5%	0.7%	0.7%	0.5%

Sources : BBKA Data, MNCS Research

### 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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