

BUY | TP : IDR10,500
BBCA Stock Price Data

Last Price	:	IDR9,550
52wk High	:	IDR9,800
52wk Low	:	IDR8,000
Share Out	:	123.28bn
Market Cap	:	IDR1,177 tn

BBCA Stock Price Performance

1-Day	:	+1.57%
1-Week	:	+3.21%
1-Month	:	+0.78%
3-Month	:	+10.57%
Year-to-Date	:	+2.93%

Major Shareholders

Dwimuria Investama Andalan	:	55%
Public	:	45%

PT Bank Central Asia Tbk (BBCA IJ)
Strong Operating Result in FY23
The 4Q23 result was in-line with our expectation

- Net profit reached IDR12.2tn in 4Q23 (flat QoQ), bringing FY23 net profit to IDR48.6tn (+19.4% YoY), in line with our & consensus' expectations estimates. This remarkable growth in net profit due to robust expansion of NII growth and reduced provision charges by 50% YoY which resulted in all-time-low CoC of 0.3%.
- The robust PPOP growth of +14% YoY was mainly propelled by a strong net interest income & non-interest income growth. CIR rose to 36.9% in FY23 (vs 36.7% in FY22) due to higher opex growth (+15% YoY), primarily led by an increase in personnel expenses & other expenses.
- NIM remained flat on QoQ at 5.5% and it is anticipated that NIM to remain stable at 5.5%-5.6% in FY24E. Management foresees a possibility for a 25-50bps improvement in loan yield.

Loan growth target: 9-10% in FY24E

- Loan grew +6% QoQ/+14% YoY reaching IDR810.3tn in FY23, 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/+15% YoY. Corporate loans also posted strong numbers with a +5% QoQ/+15% YoY, while commercial loans were slower at +7.5% YoY. The strong corporate loan growth in 4Q23 was propelled by sectors such as edible oils, financial, mining and transportation & logistics.
- Management anticipates a moderate 9%-10% loan growth in FY24E (vs 10%-12% in FY23E). We anticipate a slowdown in loan growth in 1H24, as businesses await the formation of a new government and the implementation of new policies.
- Moreover, deposits growth slightly lagged behind loans at +1% QoQ (+6% YoY), where CASA increased by 4.3% YoY higher than industry, and time deposits (TD) rose by 13%. BBCA previously mentioned that this trend should normalize when interest rates start easing, possibly in 2H24.

NPL improved, and as LAR decreased, it contributed to a lower CoC

The bank only-NPL showed improvement, declining -20bps from 2.0% in 9M23 to 1.8% in FY23, although there was a slight increase from 1.7% in FY22. Notably, the bank continued its efforts to reduce the Loan at Risk (LAR) ratio, achieving a ratio of 6.9% in 4Q23 (vs 7.9% in 3Q23/10% in 4Q22). Furthermore, the bank revised down its LAR ratio target to a range of 4%-6% in FY24E which justifies its low CoC guidance of 0.3%-0.4%.

Valuation & Recommendation: BUY with TP of IDR10,500

We maintain our BUY recommendation with higher TP of IDR10,500 which implied 4.6x PBV FY24E. We expect potential loan growth surprises, coupled with higher asset yields, credit cost savings and steady ROE. Downside risk: slower-than-anticipated loan growth.

Key Financial Highlight (IDR bn)	FY21	FY22	FY23	FY24E	FY25F
Net Interest Income	56,136	63,989	75,129	81,954	93,072
Net Profit	31,423	40,736	48,639	53,623	59,246
EPS (IDR)	255	330	395	435	481
BVS (IDR)	1,644	1,793	1,966	2,274	2,494
P/E (x)	37.5	28.9	24.2	22.0	19.9
P/B (x)	5.8	5.3	4.9	4.2	3.8
ROAE (%)	16.2	19.2	21.0	20.5	20.2
ROAA (%)	2.7	3.2	3.6	3.7	3.7

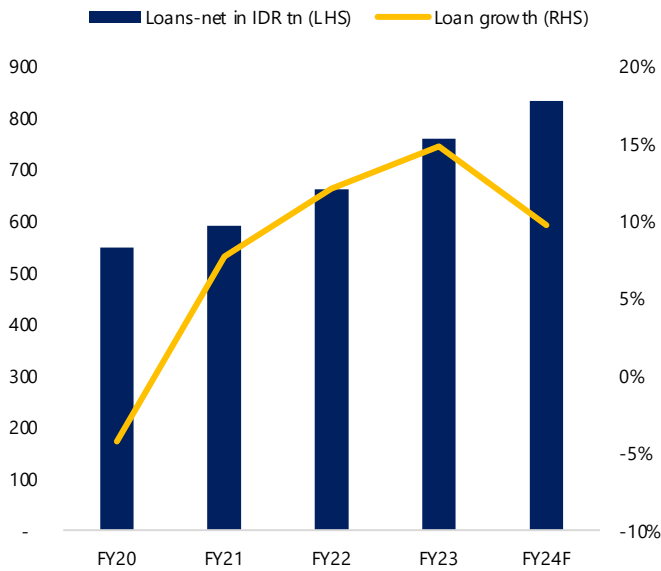
Sources : Bloomberg, MNCS Research


Research Analyst

Victoria Venny

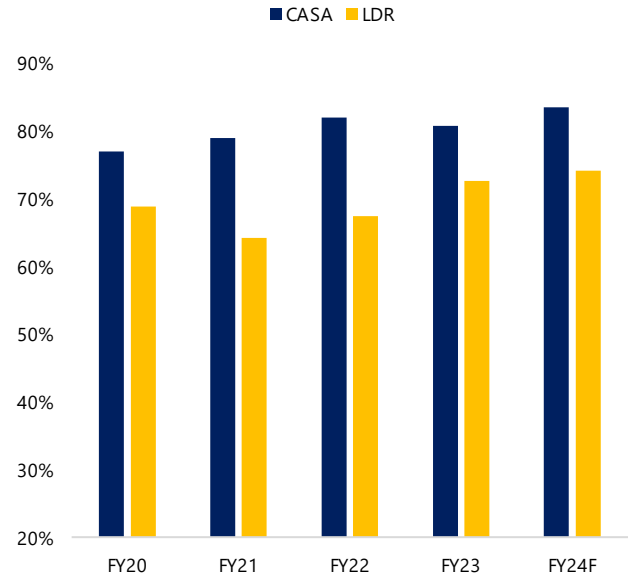
victoria.nawang@mncgroup.com

Exhibit 01. We expect loan to grow moderately in FY24E



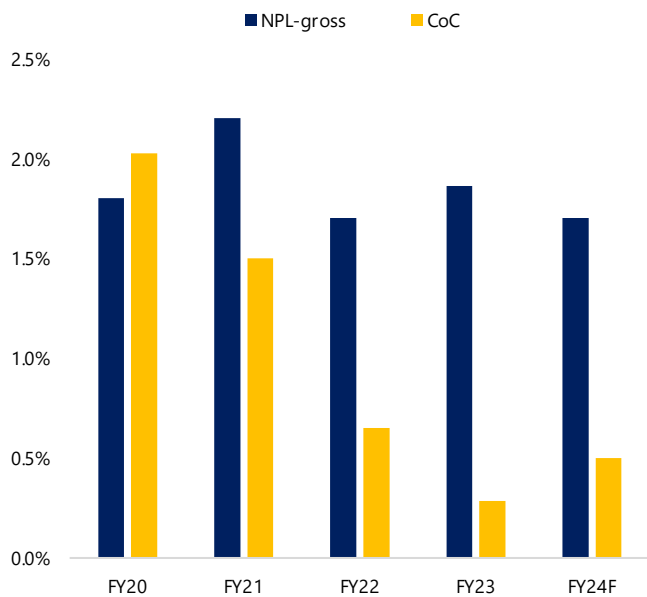
Sources : BBCA Data, MNCS Research

Exhibit 02. Ample liquidity & strong low-cost funding



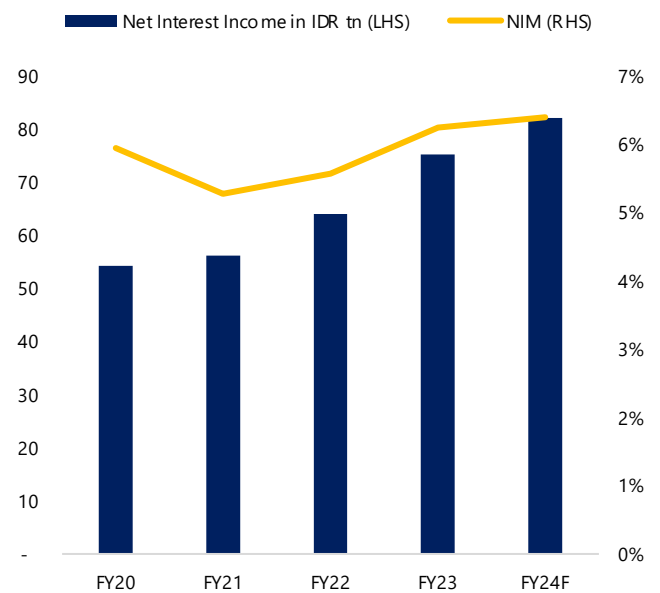
Sources : BBCA Data, MNCS Research

Exhibit 03. BBCA's NPL trend



Sources : BBCA Data, MNCS Research

Exhibit 04. Net Interest Income & NIM trend



Sources : BBCA Data, MNCS Research

Exhibit 05. BBKA's Financial Projection & Key Ratio

Income Statement (IDR bn)	FY21	FY22	FY23	FY24E	FY25F
Interest Income	65,627	72,241	87,398	92,606	101,282
Interest Expense	(9,491)	(8,252)	(12,269)	(10,652)	(8,210)
Net Interest Income	56,136	63,989	75,129	81,954	93,072
Opex	(30,308)	(32,483)	(37,503)	(37,949)	(40,742)
PPOP	48,165	54,993	62,443	70,620	80,817
Provision	(9,324)	(4,526)	(2,263)	(4,337)	(7,586)
Income Before Tax	38,841	50,467	60,180	66,283	73,231
Tax	(7,401)	(9,711)	(11,522)	(12,690)	(14,020)
Net Profit	31,423	40,736	48,639	53,623	59,246
Balance Sheet (IDR bn)	FY21	FY22	FY23	FY24E	FY25F
Securities - net	371,297	402,860	405,150	423,579	440,874
Placement with BI & other Banks	87,149	31,377	5,202	6,298	8,033
Other Earnings Assets	77,158	77,918	65,036	68,417	72,600
Loans	589,814	660,989	758,888	832,757	921,856
Total Earnings Assets	1,125,418	1,173,144	1,234,276	1,331,052	1,443,363
Non Earnings Assets	102,927	141,588	173,831	193,624	200,973
Total Assets	1,228,345	1,314,732	1,408,107	1,524,677	1,644,337
CA	284,594	321,858	346,415	389,662	433,932
SA	480,000	522,458	534,087	587,131	628,472
TD	204,013	186,136	210,265	193,043	189,698
Customer Deposits	968,607	1,030,452	1,090,767	1,169,835	1,252,101
Total Liabilities	1,025,496	1,093,550	1,157,676	1,244,119	1,336,724
Paid in Capital & Reserves	23,132	20,160	19,399	39,990	49,264
Retained Earnings	179,581	200,859	222,957	240,375	258,138
Shareholders Equity	202,713	221,019	242,356	280,365	307,402
Minority Interests	136	163	181	192	210
Total Equity	202,849	221,182	242,538	280,557	307,612
Total Liabilities & Equity	1,228,345	1,314,732	1,400,213	1,524,677	1,644,337
Key Ratio	FY21	FY22	FY23	FY24E	FY25F
IEA Yields	6.2%	6.3%	7.3%	7.2%	7.3%
CoF	1.0%	0.8%	1.1%	0.9%	0.7%
NIM	5.3%	5.6%	6.2%	6.4%	6.7%
CIR	38.6%	37.1%	37.5%	35.0%	33.5%
ROAA	2.7%	3.2%	3.6%	3.7%	3.7%
ROAE	16.2%	19.2%	21.0%	20.5%	20.2%
LDR	64.2%	67.4%	72.6%	74.2%	77.1%
NPL-gross	2.2%	1.7%	1.9%	1.7%	1.6%
CoC	1.5%	0.7%	0.3%	0.5%	0.8%

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

PT MNC SEKURITAS

MNC Bank Tower Lt. 14 – 16
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340
Telp : (021) 2980 3111
Fax : (021) 3983 6899
Call Center : 1500 899

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