



HOLD

Target Price : IDR7,900

Stock Data

Current Price	:	IDR7,725
52Wk Range (H-L)	:	IDR5,960-8,200
Share Outstanding	:	123.28 bn
Free Float	:	45.06%
Mkt Capitalization (IDR Tn)	:	950.32

Major Shareholders

Dwimuria Investama Andalan	:	60.61%
Public	:	45.06%

PT Bank Central Asia Tbk (BBCA IJ)

Banking Sector

Maintain Hold as it already Fairly Valued

1Q22 Performance Review : In Line with Our Expectation

- BBCA booked a net profit of IDR8.06tn in 1Q22 (-1.9% QoQ/+14.6% YoY), implying 22% run rate to our FY22F projection.
- On an annual basis, rising bottom line was driven by : 1) increasing non-II (+19.5% YoY) and 2) lower provisioning expense (-13.4% YoY).
- Non-II grew solidly thanks to fee income, bancassurance and investment revenue. Lower provisioning was driven by BBCA's frontloading strategy.
- Albeit the continued decline in CoF, NIM stabilized at 4.9% in 1Q22 due to the downtrend in IEA yield.
- NPL slightly increased (+10 bps QoQ/+50 bps YoY) partly attributable to BBCA's exposure to textile sector.

Expecting to Boost Loan Given its Ample Liquidity

- BBCA's loan disbursement was flattish on a quarterly basis amid low loan demand during 1Q based on historical perspective.
- BBCA's loan expanded +8.6% YoY in 1Q22 driven by corporate segment (+9.2% YoY); commercial and SME (+8.2% YoY); consumer (+7.6% YoY) and sharia financing (+16.1% YoY).
- In the consumer segment, mortgage loan rose 9.8% YoY in 1Q22 with the new booking of IDR7.2tn and run off IDR6.5tn.
- We think that lower interest rate, accommodative macroprudential policy and fiscal policy as well as the spillover impact of higher commodity price to boost domestic property demand.
- As CASA franchise recorded a solid growth, it finally hit another milestone of 80% to TPF. Given BBCA's ample liquidity (LDR at 60.5% in 1Q22), thus we expect BBCA has room to boost loan disbursement to keep NIM at 5.0-5.2%.
- We project BBCA loan could grow by 10% YoY for FY22F, above management guidance at 8% YoY.

Maintain Prudent Risk Management Going Forward

- BBCA's management expects LaR to continue to decline and stood at 13% by end of FY22F (vs current 13.8%). We think this is achievable given the trend of LaR has already been declining (-560 bps YoY in 1Q22).
- In addition, CoC is expected at 0.8-1.0% given its ample provisioning (NPL coverage at 244.8% and LaR coverage 44.7%).
- We think BBCA would still allocate its earning assets in high quality assets including placement with BI and other liquid securities including corporate bond to lower risk weighted asset in order to maintain its strong capital adequacy.

Key Catalysts and Risks

- BBCA's recent share price rally was also driven by dividend payment to shareholders implying 56.8% DPR for FY21.
- Key catalyst include possible EPS growth (+14.1% YoY in our scenario for FY22F) due to potential non-II growth and frontloading provisioning strategy.
- As the largest market cap and weight on JCI & EIDO, BBCA could benefit from foreign inflows during heightened geopolitical tension between Russia and Ukraine that is likely to trigger geographical asset rebalancing from China & Russia moving to EM such as India & SEA.
- Risk to our call include unfavorable macro condition such as higher inflation and BI policy to increase RRR to 6.5% by end of FY22, that would sap out bank's earning due to lower yield (note that BI remuneration offer 1.5% interest rate). However we expect this impact to be minimal to BBCA.

Maintain Hold Rating with TP at IDR 7,900/share

Currently BBCA share is traded at +1STD of 3-year forward P/B. Despite all the catalysts aforementioned, we think that BBCA share price has already fairly valued thus maintain a hold rating with TP at IDR 7,900/share implying 4.5x and 4.2x FY22F and FY23F P/B.

Key Financial Highlight

Financial Projections	FY20	FY21	FY22F	FY23F
Net Interest Income (IDR Bn)	54,161	56,136	60,419	65,301
Net Profit (IDR Bn)	27,131	31,423	35,865	39,005
EPS (IDR)	220	255	291	316
BVS (IDR)	1,498	1,645	1,753	1,860
P/E (x)	35.8	30.9	27.1	24.9
P/B (x)	5.3	4.8	4.5	4.2
ROAE (%)	15.1%	16.2%	17.1%	17.5%
ROAA (%)	2.7%	2.7%	2.8%	2.8%

Sources : Bloomberg, MNCS



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Exhibit 01. BBKA 1Q22 performance slightly in line with our projection

Income Statement (IDR bn)	FY22F	1Q22	Run Rate
Net Interest Income	60,419	14,483	24%
Non Interest Income	23,242	5,920	25%
Operating Income	83,661	20,403	24%
Operating Expense	(32,126)	(7,722)	24%
PPOP	51,535	12,681	25%
Provision Expense	(6,780)	(2,818)	42%
Attributable Net Profit	35,865	8,064	22%

Sources : BBKA Financial Statement, MNCS

Exhibit 02. BBKA Loan Growth by Segment (%YoY)

	1Q21	4Q21	1Q22	QoQ	YoY
NII	14,132	14,315	14,483	1.2%	2.5%
Non-II	4,954	5,976	5,920	-0.9%	19.5%
Operating Income	19,086	20,291	20,403	0.6%	6.9%
Opex	(7,231)	(8,250)	(7,722)	-6.4%	6.8%
PPOP	11,855	12,041	12,681	5.3%	7.0%
Provisioning	(3,254)	(1,675)	(2,818)	68.2%	-13.4%
Net Income	7,040	8,224	8,064	-1.9%	14.5%

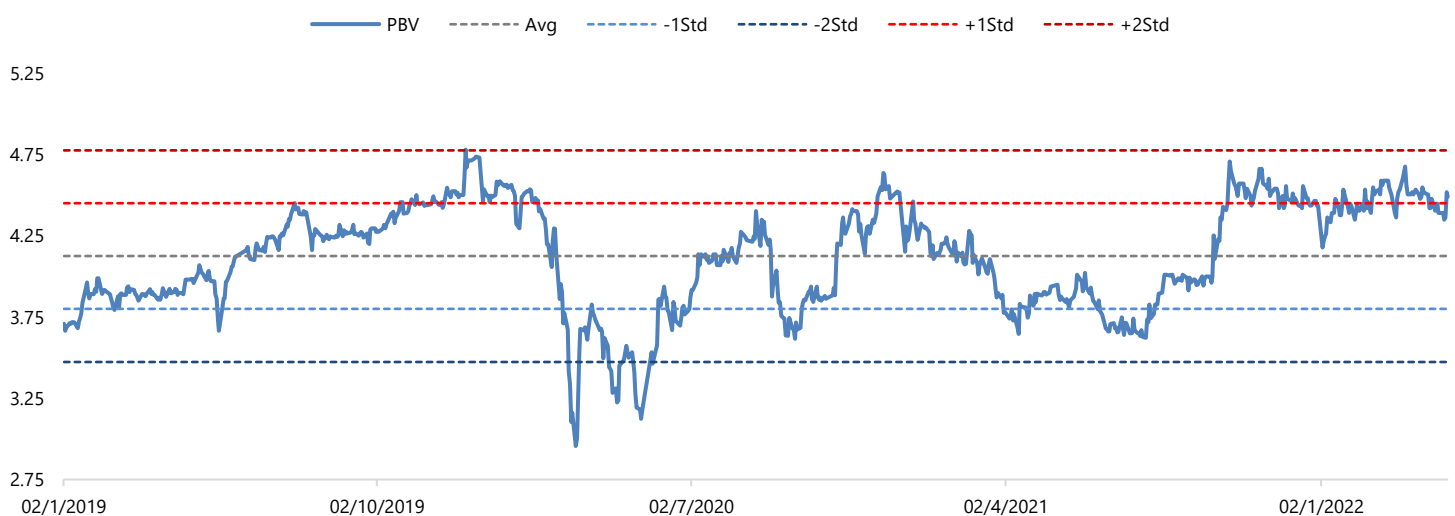
Sources : BBKA Financial Statement, MNCS

Exhibit 03. BBKA loan growth was driven by corporate, commercial & SME as well as consumer segment

	Mar-21	Dec-21	Mar-22	QoQ	YoY
Corporate	262,638	286,490	286,879	0.1%	9.2%
Commercial & SME	174,511	190,882	188,803	-1.1%	8.2%
Consumer	143,922	153,367	154,803	0.9%	7.6%
Mortgage	89,421	97,531	98,220	0.7%	9.8%
Vehicles	40,122	40,602	41,573	2.4%	3.6%
CC & Others	14,379	15,234	15,010	-1.5%	4.4%
Sharia Financing	5,726	6,248	6,646	6.4%	16.1%
Total O/S Loans	586,797	636,987	637,131	0.0%	8.6%
Corp. Bonds	23,178	26,174	29,099	11.2%	25.5%
Loans & Corp Bonds	609,975	663,161	666,230	0.5%	9.2%

Sources : BBKA Financial Statement, MNCS

Exhibit 04. BBKA share price is traded at +1STD 3 year forward P/B



Sources : Bloomberg

Exhibit 05. BBCA Financial Projection

Income Statement (IDR bn)	FY20	FY21	FY22F	FY23F
Interest Income	65,403	65,627	71,559	79,825
Interest Expense	(11,242)	(9,491)	(11,139)	(14,524)
Net Interest Income	54,161	56,136	60,419	65,301
Net Fee Income	13,160	14,680	15,077	16,398
Other Operating Income	7,844	7,658	8,164	8,835
Opex	(29,969)	(30,308)	(32,126)	(34,403)
PPOP	45,420	48,165	51,535	56,131
Provision	(11,628)	(9,324)	(6,780)	(7,458)
PBT	33,792	38,841	44,755	48,673
Tax	(6,421)	(7,401)	(8,870)	(9,646)
Net Income	27,131	31,423	35,865	39,005
Balance Sheet (IDR bn)	FY20	FY21	FY22F	FY23F
CA with BI	27,482	65,785	69,885	76,000
CA & Placement	59,423	98,754	66,971	75,521
Securities & Government Bond	339,372	371,297	448,000	467,979
Loans	547,644	589,814	653,311	725,999
Other IEA	32,286	33,634	35,536	37,372
IEA	1,006,208	1,159,284	1,273,703	1,382,871
Non IEA	47,447	46,891	47,654	48,110
Fixed Assets	21,915	22,169	23,740	24,796
Total Assets	1,075,570	1,228,345	1,345,096	1,455,777
CA	228,985	284,594	322,546	350,769
SA	413,161	480,000	537,577	584,615
TD	192,138	204,013	215,031	233,846
Sharia	1,152	1,620	1,863	2,143
Customer Deposit	835,435	970,227	1,077,017	1,171,372
Deposit from other Banks	10,163	10,017	8,966	9,715
Securities & Borrowing	2,398	1,958	2,124	2,041
Other IBL	4,539	6,776	5,641	5,664
IBL	852,536	988,979	1,093,747	1,188,793
Non IBL	38,320	36,517	35,288	37,670
Total Liabilities	890,856	1,025,496	1,129,035	1,226,463
Paid & Add Capital	7,090	7,090	7,090	7,090
Retained Earnings	160,540	179,580	192,769	205,050
Others	17,085	16,179	16,202	17,174
Shareholder Equity	184,715	202,849	216,061	229,313
Total Liabilities & Equity	1,075,570	1,228,345	1,345,096	1,455,777
Financial Ratios	FY20	FY21	FY22F	FY23F
IEA Yields	6.5%	5.7%	5.6%	5.8%
CoF	1.3%	1.0%	1.0%	1.2%
NIM	5.8%	5.2%	5.1%	5.2%
CIR	39.9%	38.6%	38.4%	38.0%
ROAA	2.7%	2.7%	2.8%	2.8%
ROA	2.5%	2.6%	2.7%	2.7%
ROAE	15.1%	16.2%	17.1%	17.5%
ROE	14.7%	15.5%	16.6%	17.0%
LDR	65.6%	60.9%	60.8%	62.1%
Gross NPL	1.8%	2.2%	2.1%	2.0%
CoC	2.0%	1.5%	1.0%	1.0%

Sources : BBCA Financial Statement, 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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