

Bank Central Asia Tbk (BBCA)

Tantangan Kestabilan

Ulasan Kinerja 4Q17

BBCA mencetak *interest income* sebesar Rp13,7 triliun yang tumbuh 6,5% y-y dan sejalan dengan pertumbuhan *net interest income* sebesar 6,4% y-y menjadi Rp10,9 triliun. Laba bersih tercatat sebesar Rp6,5 triliun atau tumbuh 18,1% y-y yang dipengaruhi oleh penurunan beban provisi sebesar 43,6% y-y.

Tantangan Kontraksi Margin

Dari 2Q17 hingga 4Q17, kestabilan *net interest margin* (NIM) BBCA mulai goyah. Tren NIM yang terjaga di sekitar 6,5% pada periode sebelumnya akhirnya harus terhenti. Pada 4Q17, BBCA hanya mampu mencetak NIM sebesar 6,15%. Kami mengamati bahwa tren **penurunan *loan yield* menjadi 9,6% tidak diikuti oleh penurunan *cost of deposit* yang justru stabil** di posisi 1,8%.

Penurunan *loan yield* memang merupakan sesuatu yang wajar terjadi di tengah tren penurunan suku bunga acuan saat ini. Namun, khususnya bagi BBCA, **peningkatan kontribusi *loan* dari segmen korporasi** yang berkontribusi 37,9% terhadap total *loan* mengurangi daya saing margin.

Perlambatan Pertumbuhan Laba Akibat Normalisasi Beban Provisi

Kami memperkirakan bahwa **pertumbuhan laba bersih BBCA pada 2018 akan melambat menjadi 9,3%** yang dipicu oleh normalisasi beban provisi. Pada 2017, laba bersih yang tumbuh 13,1% lebih disebabkan oleh tajamnya penurunan beban provisi dari Rp4,5 triliun menjadi hanya Rp2,6 triliun.

Target Harga Rp24.950

Kami menggunakan asumsi *forward P/B* sebesar 3,6x (1SD di atas rata-rata 4 tahun terakhir sebesar 3,2x) sebagai basis metode valuasi. Target harga ini mengimplikasikan P/B 2018E sebesar 4,1x (vs 3,8x saat ini).

Bank Central Asia Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Interest Income	50,426	53,768	58,543	65,245
<i>growth</i>	7.1%	6.6%	8.9%	11.4%
Operating Revenue	53,779	56,982	62,393	69,938
Net profit	20,606	23,310	25,473	28,723
EPS (IDR)	836	945	1,033	1,165
<i>EPS growth</i>	14.4%	13.1%	9.3%	12.8%
BVPS (IDR)	4,572	5,330	6,129	7,036
Net Interest Margin	6.6%	6.1%	6.1%	6.0%
Loan/Deposits	80.1%	82.0%	83.7%	85.2%
NPL	1.3%	1.5%	1.3%	1.3%
ROE	20.4%	19.1%	18.0%	17.7%
ROA	3.2%	3.3%	3.2%	3.3%
ROIC	22.9%	20.1%	19.1%	18.6%
P/E	18.5x	23.2x	22.6x	20.1x
P/BV	3.4x	4.1x	3.8x	3.3x
DPS (IDR)	200	226	247	279
<i>Dividend yield</i>	0.8%	0.9%	1.0%	1.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Hold

Dec 2018 TP (IDR)	24,975
Consensus Price (IDR)	23,727
TP to Consensus Price	+5.3%
vs. Last Price	+6.7%

Shares data

Last Price (IDR)	23,400
Price date as of	Apr 02, 2018
52 wk range (Hi/Lo)	24,700/16,575
Free float (%)	43.0
Outstanding sh.(mn)	24,655
Market Cap (IDR bn)	576,927
Market Cap (USD mn)	41,916
Avg. Trd Vol - 3M (mn)	16.03
Avg. Trd Val - 3M (bn)	370.33
Foreign Ownership	27.4%

Finance

Bank

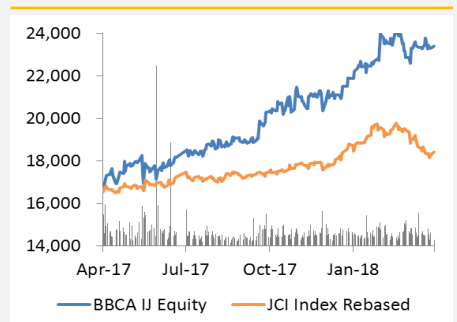
Bloomberg
Reuters

BBCA IJ
BBCA.JK

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Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	6.8%	2.3%	6.8%	41.2%
Rel. Ret.	8.7%	7.5%	8.4%	29.9%

Sekilas tentang BBKA

BBKA merupakan bank swasta terbesar di Indonesia. Sekitar 38% dari total kredit BBKA disalurkan ke segmen korporasi. Kontribusi penyaluran kredit ke segmen ini mencatatkan kenaikan signifikan dari 35% pada 2014. Sementara itu, kontribusi penyaluran kredit ke segmen komersial dan UKM konsisten turun dari 39% pada 2014 menjadi 36% pada 2017.

Didukung oleh 1.235 cabang, BBKA memiliki jaringan distribusi yang cukup luas di Indonesia. Dari sisi dana pihak ketiga, produk tabungan memiliki kontribusi yang mencapai 50% dari total dana pihak ketiga. Tingginya kontribusi ini ditopang oleh fakta BBKA sebagai bank swasta utama yang dipilih masyarakat Indonesia untuk menabung.

Daya Saing Perbankan Indonesia di ASEAN

Industri perbankan di Indonesia menjadi prioritas investasi utama di ASEAN karena menawarkan **suku bunga kredit yang lebih tinggi** dibandingkan dengan suku bunga yang ditawarkan bank lain di ASEAN. Hal ini merupakan faktor utama keunggulan industri perbankan di Indonesia.

Bank di Indonesia masih **mampu mempertahankan NIM di atas bank ASEAN lain** meskipun sedang menghadapi tekanan penurunan suku bunga acuan oleh bank sentral. Keunggulan NIM ini mampu ditranslasikan menjadi ROE yang lebih tinggi.

Bank di Indonesia mampu mencetak **pertumbuhan laba bersih di kisaran 10%-20%** yang mampu disaingi oleh beberapa bank di Malaysia dan Singapura, seperti OCBC, CIMB dan Malayan Banking. Namun, tiga bank tersebut memiliki aset yang jauh lebih besar dibandingkan dengan aset bank di Indonesia.

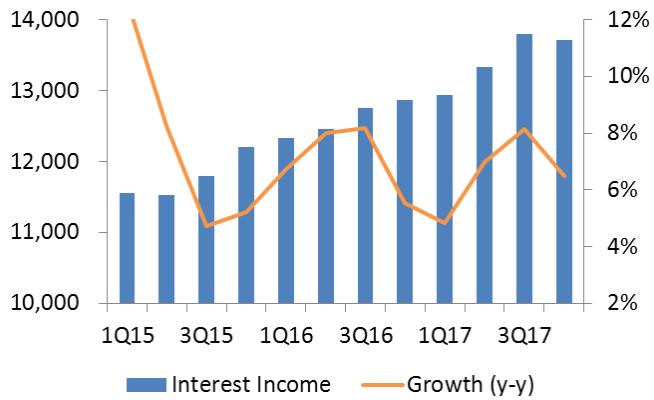
ASEAN Banks

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Interest Margin	ROE	P/E	P/BV	Dividend Yield
BBCA	41,916	55,219	13.1%	6.1%	19.1%	23.2x	4.1x	0.9%
BBRI	32,172	82,886	10.7%	7.6%	18.5%	15.5x	2.7x	2.6%
BMRI	26,446	82,772	49.7%	5.3%	12.8%	18.1x	2.2x	2.5%
BBNI	11,686	52,203	20.1%	5.4%	14.3%	13.6x	1.8x	2.6%
BBTN	2,854	19,235	15.6%	4.1%	14.8%	12.5x	1.7x	1.6%
Singapore								
DBS	53,086	387,334	3.1%	1.8%	9.5%	15.8x	1.5x	2.3%
UOB	34,208	268,287	9.5%	1.8%	10.4%	13.3x	1.3x	2.6%
OCBC	40,564	340,370	19.4%	1.6%	11.1%	13.0x	1.4x	2.8%
Malaysia								
CIMB	17,194	124,711	25.6%	2.5%	9.6%	14.5x	1.4x	3.5%
Malayan Banking	29,664	188,433	11.5%	1.9%	10.6%	14.5x	1.6x	5.2%
Hong Leong	5,573	50,939	5.9%	1.6%	9.8%	13.2x	2.5x	2.0%
Thailand								
Bangkok Bank	12,209	94,446	3.8%	2.4%	8.5%	11.5x	0.9x	3.3%
Siam Commercial	15,567	92,841	-9.4%	2.7%	12.4%	11.3x	1.3x	3.8%
Bank of Ayudhya	9,433	64,128	8.4%	3.8%	10.7%	12.7x	1.3x	2.1%
Philippine								
BDO Unibank	11,793	53,371	7.0%	4.2%	11.0%	21.9x	2.1x	0.9%
Metropolitan Bank	6,537	41,612	0.8%	3.7%	9.3%	15.6x	1.5x	1.1%
Philippine Island Bank	8,235	38,084	1.7%	3.4%	13.0%	19.6x	2.4x	1.6%

Source: Bloomberg, NHKS research

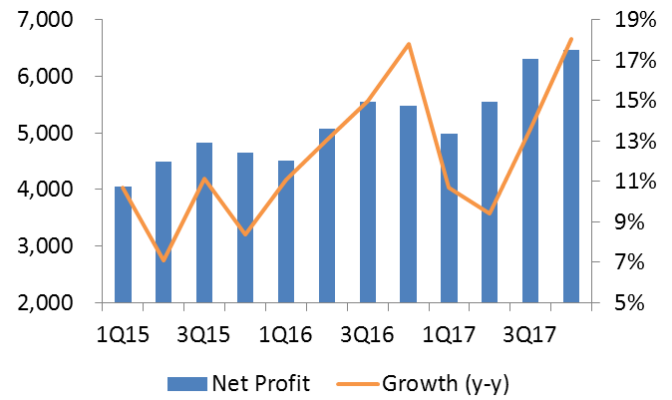
Performance Highlights

Interest Income (IDR bn)



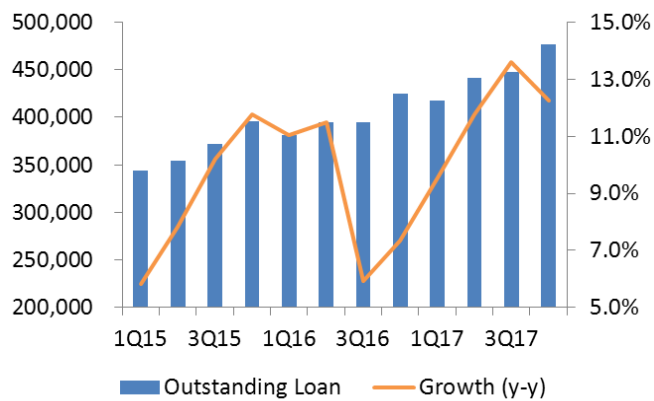
Source: Company, NHKS research

Net Profit (IDR bn)



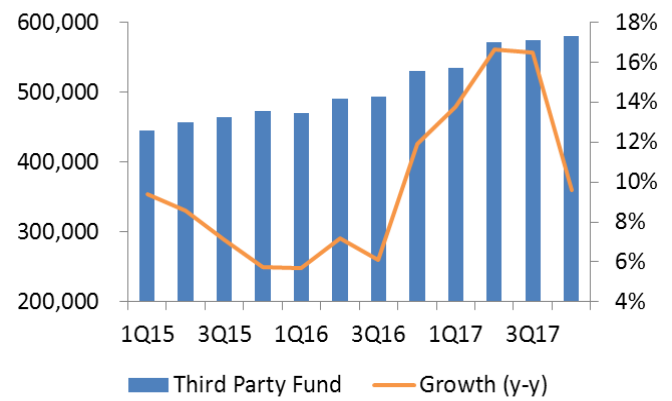
Source: Company, NHKS research

Outstanding Loan (IDR bn)



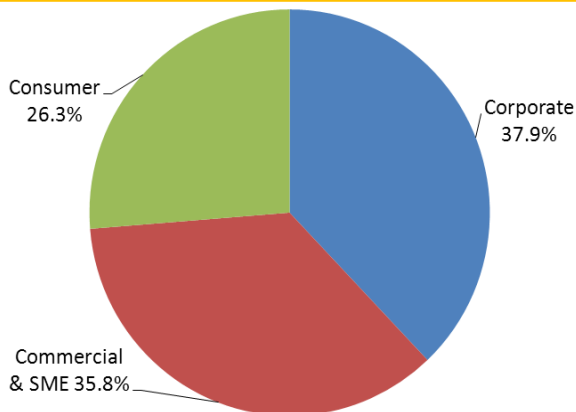
Source: Company, NHKS research

Third Party Fund (IDR bn)



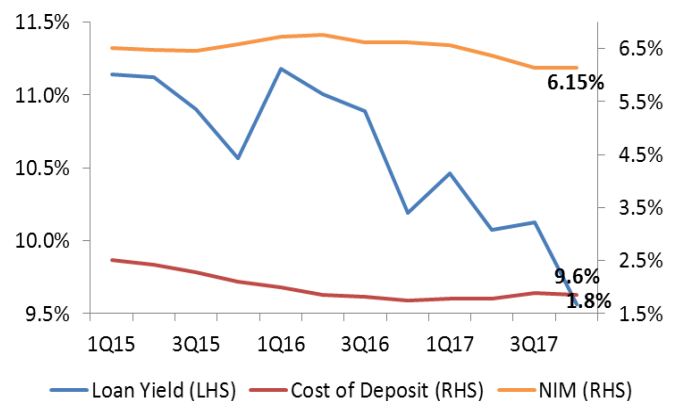
Source: Company, NHKS research

Loan Composition



Source: Company, NHKS research

Loan Yield, Cost of Deposit, NIM | 1Q15 - 4Q17



Source: Company, NHKS research

Multiple Valuation

Forward P/B band | Last 4 years



Source: NHKS research

Dynamic Forward P/B band | Last 4 years



Source: NHKS research

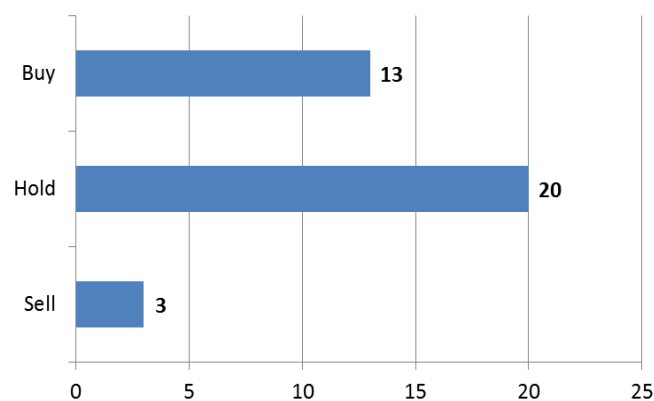
Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
10/04/2017	Buy	24,100 (Dec 2018)	20,325	19,622	+18.6%	+22.8%
4/03/2018	Hold	24,975 (Dec 2018)	23,400	23,727	+6.7%	+5.3%

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

BBCA Summary		
Last Price (IDR)	April 2, 2018	23,400
Target Price (IDR)	Dec 2018	24,975
Analyst: Raphon Prima	Rating:	Hold

INCOME STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Interest Income	50,426	53,768	58,543	65,245
Growth (% y/y)	7.1%	6.6%	8.9%	11.4%
Interest Expenses	10,347	11,941	12,630	14,103
Net Interest Income	40,079	41,826	45,913	51,142
Net Interest Margin	6.6%	6.1%	6.1%	6.0%
Net Fee Income	9,401	10,386	11,085	12,523
Trading Income	2,346	1,804	2,140	2,647
Other Operating Income	1,954	2,966	3,256	3,626
Operating Revenue	53,779	56,982	62,393	69,938
Operating Expenses	(23,379)	(25,190)	(27,707)	(31,025)
Pre-provisioning OP (PPOP)	30,400	31,791	34,686	38,913
Provision for Impairment	(4,561)	(2,633)	(2,786)	(2,962)
EBT	25,839	29,159	31,901	35,951
Income Tax	(5,207)	(5,838)	(6,407)	(7,209)
Non-controlling Interest	(27)	(11)	(20)	(19)
Net Profit	20,606	23,310	25,473	28,723
Growth (% y/y)	14.4%	13.1%	9.3%	12.8%

BALANCE SHEET

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	15,944	16,754	18,236	16,491
Placement in Banks	88,427	71,536	80,682	91,436
Net Loans	411,761	462,953	523,020	593,761
Investment	116,384	146,365	156,484	172,604
Fixed Asset	16,991	16,869	17,320	17,678
Other Assets	27,233	35,842	36,810	41,755
Total Assets	676,739	750,320	832,553	933,724
Deposits	538,866	591,330	652,005	726,226
Debt	5,378	3,801	4,287	4,859
Other liabilities	19,780	23,787	25,148	29,173
Total Liabilities	564,024	618,918	681,439	760,258
Capital Stock	1,541	1,541	1,541	1,541
Retained Earnings	98,503	115,998	135,710	158,063
Shareholders' Equity	112,715	131,402	151,114	173,466

CASH FLOW STATEMENT

in IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	20,606	23,310	25,473	28,723
Deprec & Provision	6,449	4,012	1,860	1,988
Chg. In Working Capital	(8,372)	(13,040)	370	(932)
CFO	18,682	14,283	27,703	29,780
Net Changes in Loan	(30,904)	(57,087)	(70,073)	(82,402)
CFI	(91,501)	(77,708)	(81,620)	(99,949)
Dividends Paid	(4,315)	(5,178)	(5,761)	(6,371)
Net Changes in Deposit	57,145	51,606	60,674	74,222
CCF	54,477	45,808	55,399	68,423
Net Changes in Cash	(18,341)	(17,617)	1,482	(1,746)

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	72.6	Dwimuria Investama 54.9
United States	13.2	Salim Anthoni 1.8
Luxembourg	4.3	Blackrock 1.7
Britain	1.6	Capital Group 1.7

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	20.4%	19.1%	18.0%	17.7%
ROA	3.2%	3.3%	3.2%	3.3%
ROIC	22.9%	20.1%	19.1%	18.6%
Operating ROA	8.5%	8.0%	7.9%	7.9%
Pre-Provision ROA	4.8%	4.5%	4.4%	4.4%
Non-Interest Income/Op. Rev	25.5%	26.6%	26.4%	26.9%
Cost/Income	43.5%	44.2%	44.4%	44.4%
Cash Dividend (IDR bn)	4,931	5,578	6,096	6,874
Dividend Yield (%)	0.8%	0.9%	1.0%	1.1%
Payout Ratio (%)	23.9%	23.9%	23.9%	23.9%
Equity/Assets	16.7%	17.5%	18.2%	18.6%
Loan/Deposits	80.1%	82.0%	83.7%	85.2%
Loan/Assets	62.7%	63.5%	64.6%	65.2%
NPL	1.3%	1.5%	1.3%	1.3%
Loan Loss Reserves/Loans	3.0%	2.9%	2.7%	2.5%
Deposits/Liabilities	1.5%	1.7%	1.5%	1.5%
CASA/Deposits	77.0%	76.3%	75.9%	75.6%
Time Deposits/Deposits	23.0%	23.7%	24.1%	24.4%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	24,655	24,655	24,655	24,655
Share Price (IDR)	15,500	21,900	23,400	23,400
Market Cap (IDR tn)	382.2	539.9	576.9	576.9

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	18.5x	23.2x	22.6x	20.1x
Price /Book Value	3.4x	4.1x	3.8x	3.3x
Price/Op. Revenue	7.1x	9.5x	9.2x	8.2x
PE/EPS Growth	1.3x	1.8x	2.4x	1.6x
EV/Operating Revenue	6.9x	9.3x	9.0x	8.1x
EV/PPOP	12.2x	16.6x	16.2x	14.5x
EV (IDR bn)	371,868	527,090	563,076	565,393
Op. Revenue CAGR (3-Yr)	16.8%	11.6%	9.2%	9.2%
EPS CAGR (3-Yr)	13.1%	12.2%	12.2%	11.7%
Basic EPS (IDR)	836	945	1,033	1,165
Diluted EPS (IDR)	836	945	1,033	1,165
BVPS (IDR)	4,572	5,330	6,129	7,036
Op. Revenue PS (IDR)	2,181	2,311	2,531	2,837
DPS (IDR)	200	226	247	279

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	24,274	25,427	27,719	31,110
+Depr./Amor.	6,449	4,012	1,860	1,988
-Chg. in Loan	(30,904)	(57,087)	(70,073)	(82,402)
-Incr. (Decr.) in Working Cap.	(8,372)	(13,040)	370	(932)
(Unlevered) FCFF	(57,267)	(97,722)	(122,896)	(49,303)
WACC				
Cost of Debt (Tax Adj.)	7.8%	5.9%	6.2%	6.6%
Cost of Equity (COE)	9.9%	10.4%	10.7%	11.0%
WACC (%)	9.9%	10.1%	10.1%	10.0%
RIM				
Spread (FROE-COE) (%)	13.0%	10.3%	8.7%	8.0%
Residual Income (IDR bn)	11,692	11,621	11,450	12,113
Equity Charge	8,914	11,689	14,023	16,610
EVA				
Invested Capital (IDR bn)	94,302	118,093	135,203	155,401
ROIC-WACC (%)	15.8%	11.4%	10.4%	10.0%
EVA (IDR bn)	14,924	13,490	14,087	15,528

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