

Bank Central Asia Tbk (BCA)

Pencadangan sebagai Penopang Performa

Company Report | August 12, 2020

Hold

Target Price (IDR)	34,000
Consensus Price (IDR)	32,464
TP to Consensus Price	+4.7%
vs. Last Price	+10.0%

Shares data

Last Price (IDR)	30,900
Price date as of	August 7, 2020
52 wk range (Hi/Lo)	35,300 / 21,625
Free float (%)	44.8
Outstanding sh.(mn)	24,655
Market Cap (IDR bn)	764,922
Market Cap (USD mn)	51,687
Avg. Trd Vol - 3M (mn)	19.67
Avg. Trd Val - 3M (bn)	551.78
Foreign Ownership	25.3%

Finance

Bank

Bloomberg	BBCA IJ
Reuters	BBCA.JK

Pencadangan Tekan Laba Bersih

BCA mencatatkan penurunan laba bersih menjadi senilai Rp 12,2 triliun pada 1H20 dari periode sama tahun sebelumnya Rp 12,8 triliun. Upaya menjaga kualitas kredit, membuat BCA mencatatkan kenaikan signifikan pencadangan hingga 167,3% YoY atau menjadi senilai Rp 6,5 triliun. Kenaikan provisi ini yang kemudian membuat laba bersih BCA turun sebesar 4,8% YoY. Tanpa kenaikan signifikan pada pencadangan, BCA mencatatkan kenaikan laba sebelum pencadangan hampir 16% YoY yang didukung oleh pendapatan bunga bersih dan pendapatan operasional lainnya yang masing-masing tumbuh 10,6% YoY dan 9,6% YoY. Pertumbuhan tersebut sejalan dengan penurunan cost of fund dan perlambatan kenaikan beban operasional. Selain itu, pembatasan aktivitas ekonomi juga mengurangi permintaan kredit korporasi yang merupakan segmen terbesar BCA. Selama periode 1H20, BCA masih mampu mencatatkan kredit segmen korporasi yang tumbuh 17,7% YoY, melampaui segmen commercial & SME dan consumer yang masing-masing turun 0,9% YoY dan 5,1% YoY.

Optimisme untuk 4Q20

Restrukturisasi kredit yang diproyeksikan hingga 30% dari total portofolio kredit BCA, membuat tekanan NIM akan berlanjut hingga periode 3Q20. Hingga pertengahan Juli 2020, restrukturisasi kredit BCA mencapai nilai Rp 116 triliun atau 20% yang berasal dari sebanyak 121 ribu debitur. Periode 1H20, NIM BCA berada di level 6% atau lebih rendah 20 bps dari periode 1H19. Tekanan NIM ini sebagai kombinasi antara pemangkasan suku bunga acuan BI 7-DRRR hingga 75% selama periode 1H20, dan restrukturisasi kredit. NHKSI Research melihat selesainya proses restrukturisasi, yang kemudian mengurangi pencadangan, akan menjadi penopang bagi kinerja BCA di periode 4Q20.

Menaikkan Target Price Menjadi Rp 34.000

NHKSI Research menaikkan target price BCA menjadi Rp 34.000 dari sebelumnya Rp 30.100. Target price baru ini dengan asumsi forward P/B sebesar 4,5x atau diatas rata-rata 3 tahun sebesar 3,7x. Selain itu, peran serta BCA dalam program kredit modal kerja (KMK) pemerintah akan mendongkrak kinerja bank swasta ini. Jaminan pemerintah pada program KMK ini, dengan cost of fund yang lebih rendah, berpotensi menjaga NIM BCA, yang saat ini masih terjaga di level 6%.

Bank Central Asia Tbk | Summary (IDR bn)

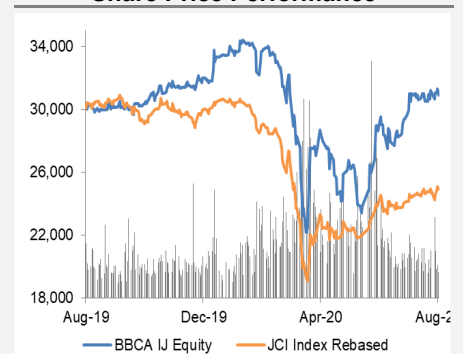
	2018/12A	2019/12A	2020/12E	2021/12E
Interest Income	56,767	63,838	64,423	69,294
<i>Interest Income growth</i>	5.6%	12.5%	0.9%	7.6%
Operating Revenue	63,034	71,623	71,598	77,900
Net profit	25,848	28,565	27,548	28,434
EPS (IDR)	1,048	1,159	1,117	1,153
<i>EPS growth</i>	10.9%	10.5%	-3.6%	3.2%
BVPS (IDR)	6,155	7,063	7,593	8,573
Net Interest Margin	6.0%	6.1%	5.6%	5.5%
Loan/Deposits	86.0%	84.9%	82.7%	88.0%
NPL	1.4%	1.3%	2.0%	2.0%
ROE	18.3%	17.5%	15.2%	14.3%
ROA	3.3%	3.3%	2.9%	2.7%
Non-Int. Inc. /Op. Rev	28.1%	29.5%	27.9%	27.9%
P/E	24.8x	28.8x	30.4x	29.5x
P/BV	4.2x	4.7x	4.5x	4.0x
DPS (IDR)	340	555	458	473
<i>Dividend yield</i>	1.3%	1.7%	1.3%	1.4%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Share Price Performance



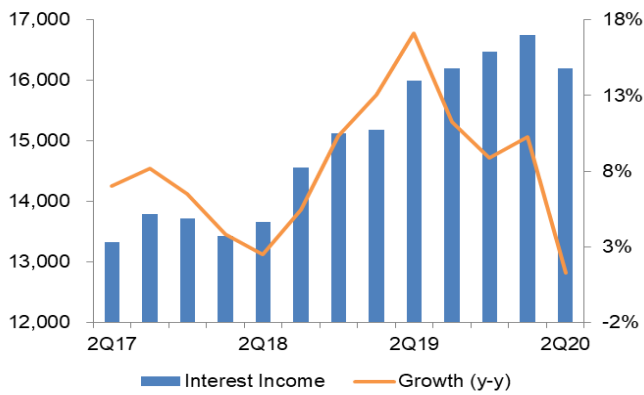
	YTD	1M	3M	12M
Abs. Ret.	-7.6%	3.2%	15.4%	2.8%
Rel. Ret.	10.8%	0.0%	3.8%	19.9%

Arief Machrus

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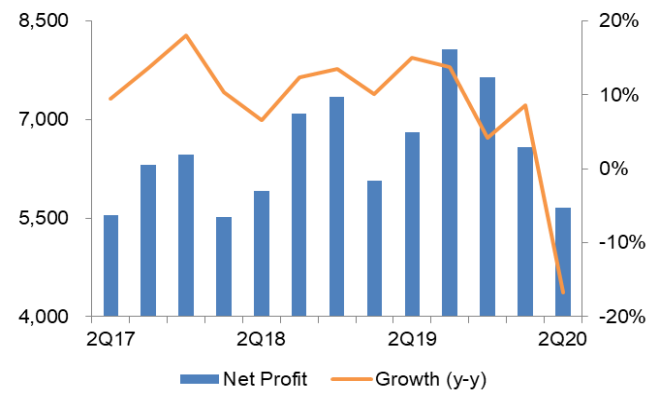
Performance Highlights

Interest Income (IDR bn) | 2Q17 - 2Q20



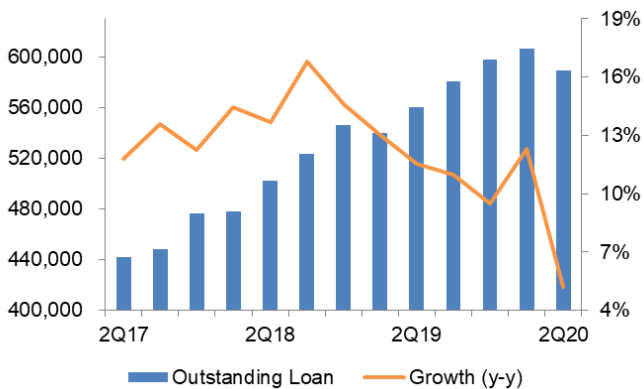
Source: Company, NHKSI Research

Net Profit (IDR bn) | 2Q17 - 2Q20



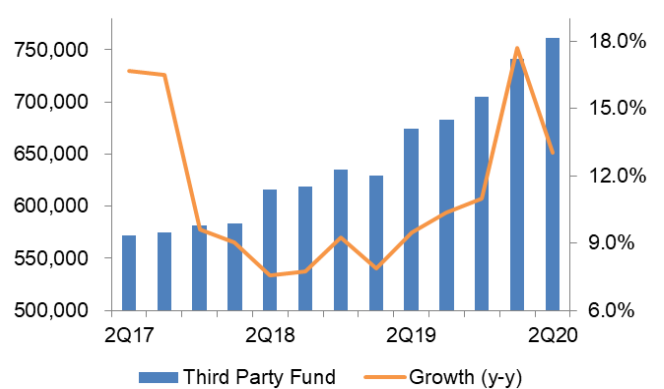
Source: Company, NHKSI Research

Outstanding Loan (IDR bn) | 2Q17 - 2Q20



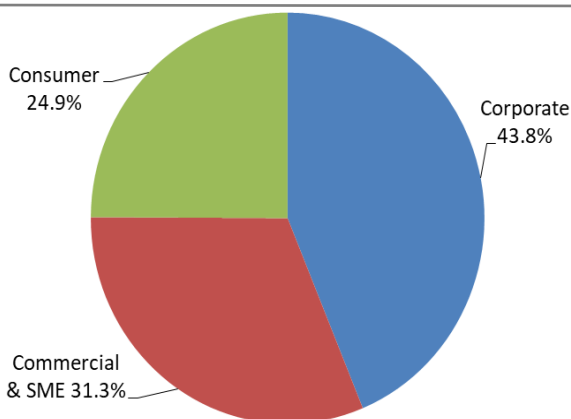
Source: Company, NHKSI Research

Third Party Fund (IDR bn) | 2Q17 - 2Q20



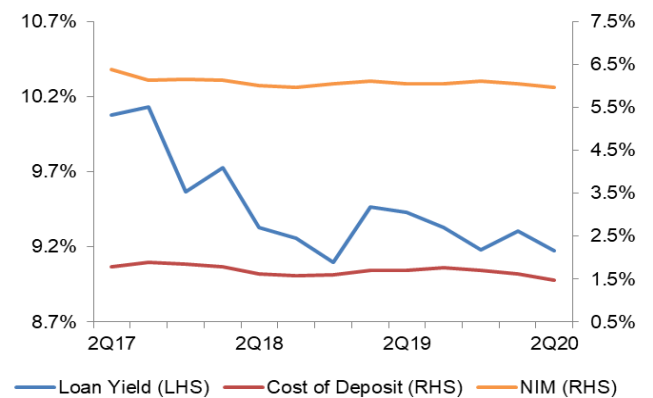
Source: Company, NHKSI Research

Deposit Composition



Source: Company, NHKS Research

Loan Yield, Cost of Deposit, NIM | 2Q17 - 2Q20



Source: Company, NHKS Research

2Q20 review (IDR bn)

	2Q19	3Q19	4Q19	1Q20	2Q20					3Q20E
					Actual	Estimate	y-y	q-q	Surprise	
Interest Income	15,996	16,190	16,470	16,741	16,196	12,352	1.3%	-3.3%	31.1%	15,578
Interest Expense	(3,417)	(3,514)	(3,170)	(3,143)	(2,727)	(2,948)	-20.2%	-13.2%	-7.5%	(3,914)
Net Interest Income	12,578	12,676	13,300	13,598	13,469	15,300	7.1%	-1.0%	-12.0%	11,664
Operating Revenue	17,552	18,196	19,185	19,581	18,197	21,437	3.7%	-7.1%	-15.1%	16,057
Pre-Provisioning Operating Profit (PPOP)	9,988	11,239	11,049	10,107	11,424	12,211	14.4%	13.0%	-6.4%	10,860
Loan loss provisions	(1,466)	(1,049)	(1,095)	(2,179)	(4,361)	(2,336)	197.6%	100.1%	86.7%	(659)
Net Profit	6,801	8,060	7,644	6,581	5,659	8,227	-16.8%	-14.0%	-31.2%	8,177

Source: Bloomberg, NHKSI Research

Earnings revision (IDR bn)

		2019A	2020E	2021E
Interest Income	Revised	63,838	64,423	69,294
	Previous	63,838	64,384	69,770
	Change	0.0%	0.1%	-0.7%
Interest Expenses	Revised	(13,360)	(12,766)	(13,089)
	Previous	(13,360)	(11,760)	(10,374)
	Change	0.0%	8.6%	26.2%
Net Interest Income	Revised	50,477	51,658	56,205
	Previous	50,477	52,623	59,396
	Change	0.0%	-1.8%	-5.4%
Operating Revenue	Revised	71,623	71,598	77,900
	Previous	71,623	74,927	83,940
	Change	0.0%	-4.4%	-7.2%
Pre-Provisioning OP	Revised	40,880	43,542	47,374
	Previous	40,880	42,758	47,902
	Change	0.0%	1.8%	-1.1%
Loan Loss Provision	Revised	(4,591)	(9,192)	(12,569)
	Previous	(4,591)	(9,609)	(15,601)
	Change	0.0%	-4.3%	-19.4%
Net Profit	Revised	28,565	27,548	28,434
	Previous	28,565	27,380	27,932
	Change	0.0%	0.6%	1.8%

Source: NHKSI Research

Sekilas tentang BBCA

BBCA merupakan bank swasta terbesar di Indonesia. Sekitar 44% dari total kredit BBCA 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 34% pada tahun 2019. Didukung oleh banyak cabang, BBCA memiliki jaringan distribusi yang cukup luas di Indonesia. Dari sisi dana pihak ketiga, produk tabungan memiliki kontribusi lebih dari 49% dibandingkan total dana pihak ketiga. Tingginya kontribusi ini ditopang oleh fakta BBCA 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. Mayoritas bank di Indonesia masih mampu mempertahankan NIM di atas 5% meskipun sedang menghadapi tantangan tren penurunan suku bunga kredit. Keunggulan NIM ini mampu ditranslasikan menjadi ROE yang lebih tinggi.

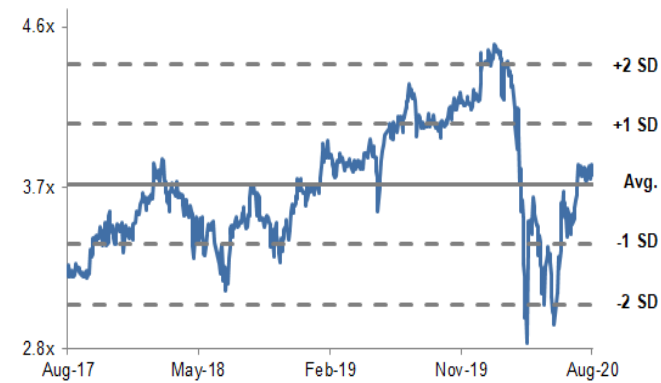
ASEAN Banking Sector

	Market Cap (USD mn)	Asset (USD mn)	Int. Income LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	ROE (LTM)	P/E LTM	P/BV
Indonesia								
BBCA	50,196	66,367	4,074	2,054	10.1%	17.6%	24.9x	4.2x
BBRI	26,182	102,315	8,049	2,428	3.8%	18.6%	10.9x	2.1x
BMRI	16,186	95,201	6,063	1,989	6.7%	15.5%	8.3x	1.3x
BBNI	5,938	61,068	3,839	1,099	0.8%	14.1%	5.5x	0.8x
Singapore								
Oversea-Chinese Banking	29,024	365,678	6,625	3,162	-6.0%	9.5%	6.3x	0.8x
Malaysia								
CIMB Group	8,542	140,141	4,826	931	-29.1%	7.2%	9.3x	0.7x
Malayan Banking	19,983	203,988	4,360	2,027	4.8%	10.8%	10.1x	1.1x
Hong Leong Financial	3,489	57,497	1,275	433	-5.5%	9.2%	8.3x	0.7x
Thailand								
Bangkok Bank	6,727	108,104	3,307	1,114	-2.5%	8.2%	6.1x	0.5x
Siam Commercial Bank	8,251	99,602	3,997	1,310	7.1%	10.3%	6.3x	0.6x
Bank of Ayudhya	5,492	79,298	3,573	874	-13.7%	10.3%	6.3x	0.6x
Philippines								
BDO Unibank	8,868	62,894	2,840	840	18.0%	12.3%	10.2x	1.2x
Metropolitan Bank & Trust	3,549	48,338	1,893	534	19.7%	9.2%	6.8x	0.6x
Bank of the Philippine Island	6,814	43,490	1,732	554	20.9%	10.7%	11.9x	1.2x

Source: Bloomberg

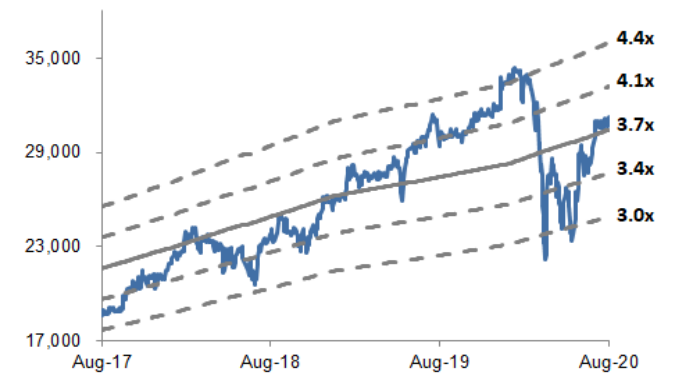
Multiple Valuation

Forward P/B band | Last 3 years



Source: NHKSI research

Dynamic Forward P/B band | Last 3 years



Source: NHKSI research

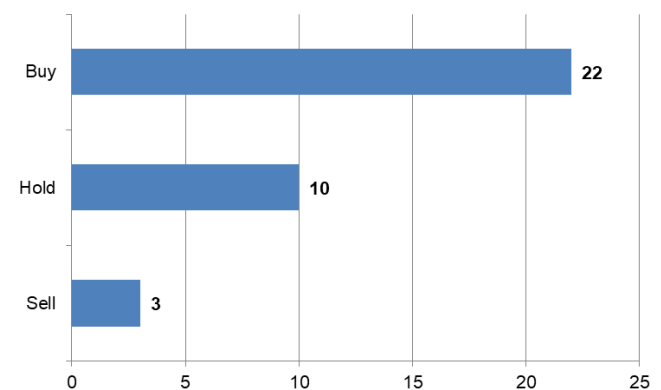
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
5/14/2018	Hold	25,400 (Dec 2018)	22,900	24,077	+10.9%	+5.5%
8/23/2018	Buy	27,650 (Dec 2018)	23,900	24,500	+15.7%	+12.9%
11/14/2018	Buy	28,825 (Dec 2019)	24,075	25,201	+19.7%	+14.4%
07/03/2020	Hold	30,100 (12 Month)	28,475	30,057	+5.7%	+0.1%
07/12/2020	Hold	34,000 (12 Month)	30,900	32,464	+10.0%	+4.7%

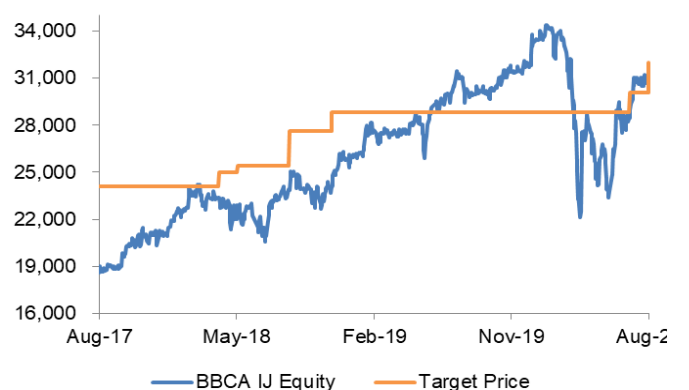
Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. 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

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2018/12A	2019/12A	2020/12E	2021/12E		2018/12A	2019/12A	2020/12E	2021/12E
Interest Income	56,767	63,838	64,423	69,294	ROE	18.3%	17.5%	15.2%	14.3%
<i>Growth (% y/y)</i>	5.6%	12.5%	0.9%	7.6%	ROA	3.3%	3.3%	2.9%	2.7%
Interest Expenses	11,476	13,360	12,766	13,089	Non-Int. Inc. /Op. Rev	28.1%	29.5%	27.9%	27.9%
Net Interest Income	45,291	50,477	51,658	56,205	Cost/Income	43.9%	42.9%	39.2%	39.2%
<i>Net Interest Margin</i>	6.0%	6.1%	5.6%	5.5%	Cash Dividend (IDR bn)	8,383	13,684	11,295	11,658
Net Fee Income	11,996	13,608	12,541	13,645	Dividend Yield (%)	1.3%	1.7%	1.3%	1.4%
Trading Income	2,807	3,456	4,227	4,599	Payout Ratio (%)	32.4%	47.9%	41.0%	41.0%
Other Operating Income	2,940	4,080	3,173	3,452	Loan/Deposits	86.0%	84.9%	82.7%	88.0%
Operating Revenue	63,034	71,623	71,598	77,900	Loan/Assets	66.2%	65.1%	64.5%	66.3%
Operating Expenses	(27,652)	(30,742)	(28,057)	(30,526)	NPL	1.4%	1.3%	2.0%	2.0%
Pre-provisioning OP	35,383	40,880	43,542	47,374	Loan Loss Res./Loan	2.6%	2.6%	4.7%	4.6%
Provision for Impairment	(2,677)	(4,591)	(9,192)	(12,569)	CASA/Deposits	76.2%	75.5%	74.5%	74.6%
EBT	32,706	36,289	34,350	34,806	Time Deposits/Deposits	23.8%	24.5%	25.5%	25.4%
Income Tax	(6,854)	(7,719)	(6,794)	(6,365)	Par Value (IDR)	63	63	63	63
Non-controlling Interest	(3)	(5)	(8)	(7)	Total Shares (mn)	24,655	24,655	24,655	24,655
Net Profit	25,848	28,565	27,548	28,434	Share Price (IDR)	26,000	33,425	34,000	34,000
<i>Growth (% y/y)</i>	10.9%	10.5%	-3.6%	3.2%	Market Cap (IDR tn)	641.0	824.1	838.3	838.3

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2018/12A	2019/12A	2020/12E	2021/12E		2018/12A	2019/12A	2020/12E	2021/12E
Cash	21,691	25,421	19,046	20,546	Price /Earnings	24.8x	28.8x	30.4x	29.5x
Placement in Banks	83,729	89,375	89,756	88,834	Price /Book Value	4.2x	4.7x	4.5x	4.0x
Net Loans	532,318	582,716	614,645	682,414	Price/Op. Revenue	10.2x	11.5x	11.7x	10.8x
Investment	126,196	161,390	219,301	222,092	PE/EPS Growth	2.3x	2.7x	-8.5x	9.2x
Fixed Asset	19,337	20,852	22,973	24,504	EV/Operating Revenue	9.9x	11.2x	11.5x	10.6x
Other Assets	41,517	39,236	34,010	40,534	EV/PPOP	17.6x	19.7x	18.9x	17.4x
Total Assets	824,788	918,990	999,730	1,078,922	EV (IDR bn)	622,925	803,773	821,273	823,574
Deposits	641,524	711,512	787,997	817,475	Op. Rev. CAGR (3-Yr)	9.6%	10.0%	7.9%	7.3%
Debt	3,493	5,000	1,936	5,723	EPS CAGR (3-Yr)	12.8%	11.5%	5.7%	3.2%
Other liabilities	28,018	28,334	22,586	44,354	Basic EPS (IDR)	1,048	1,159	1,117	1,153
Total Liabilities	673,034	744,846	812,518	867,552	Diluted EPS (IDR)	1,048	1,159	1,117	1,153
Capital Stock & APIC	1,541	1,541	1,541	1,541	BVPS (IDR)	6,155	7,063	7,593	8,573
Retained Earnings	135,569	155,114	160,745	145,074	Op. Revenue PS (IDR)	2,557	2,905	2,904	3,160
Shareholders' Equity	151,754	174,144	187,212	211,370	DPS (IDR)	340	555	458	473

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