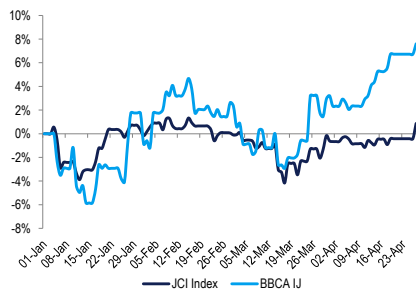


Stock Data

|                           |           |
|---------------------------|-----------|
| Target price              | Rp9,400   |
| Prior TP                  | Rp9,400   |
| Current price             | Rp9,150   |
| Upside/downside           | +2.7%     |
| Shares outstanding (mn)   | 123,275   |
| Market cap (Rp bn)        | 1,127,967 |
| Free float                | 42%       |
| Avg. 6m daily T/O (Rp bn) | 683       |

Price Performance

|                   | 3M            | 6M   | 12M   |
|-------------------|---------------|------|-------|
| Absolute          | 11.6%         | 7.0% | 11.6% |
| Relative to JCI   | 9.9%          | 8.4% | 15.1% |
| 52w low/high (Rp) | 7,000 – 9,300 |      |       |



Major Shareholders

|                               |       |
|-------------------------------|-------|
| PT Dwimuria Investama Andalan | 54.9% |
|-------------------------------|-------|

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## 1Q23 results: in-line; strongest PPOP while having the best asset quality

- 1Q23 net profit of Rp11.5tr (+43% yoy/-2% qoq) was in-line with our/cons' estimates at 24/25% from robust PPOP (+23% yoy/+1% qoq).
- Provision dropped 48% yoy and brought 1Q23 CoC to 0.8% vs. 1.9% in 1Q22. LAR dropped to 9.5% of loan with 58% coverage.
- Maintain Buy as BCA continued to deliver highest ROA (3.6% vs. peers 2.9%) and best asset quality among banks under our coverage.

### 1Q23 profit was in-line as robust PPOP growth offset by opex

BBKA posted 1Q23 net profit of Rp11.5tr (+43% yoy/-2% qoq) was in-line at 24/25% of our/consensus estimates. Robust PPOP growth of 23% yoy (+1% qoq) largely driven by strong NII (+28% yoy/+3% qoq) offset with opex growth (+19% yoy/+6% qoq). Provisions declined by 48% yoy and brought 1Q23 CoC to 0.8% vs. 1.9% in 1Q22. It guides for similar CoC (0.7-0.8%) in FY23F.

### Stellar NIM improvement

NIM improved to 5.6% in 1Q23 vs. 4.9% in 1Q22 on the back of asset yield expansion (IDR loan yield +30bp yoy which only driven by corporate loan yield that linked to JIBOR; placement with Bank Indonesia +320bp yoy). To note, starting 1Q23 BBKA has included placement with Bank Indonesia on the NIM calculation. If we adjust 1Q22 NIM with the same formula it actually stood at 4.6%, translated to +100bp yoy NIM increase in 1Q23. Under the new formula, it guides for NIM of 5.3-5.4% in FY23F (previously 5.7-5.8%).

### Robust loan growth

Loan rose 12% yoy (flat qoq) driven by all segments. The growth was led by consumer (+13% yoy/+2% qoq), followed by commercial/SME (+12% yoy/+0.5% qoq) and corporate (+12% yoy/-0.5% qoq). It maintains its loan growth guidance of 10-12% in FY23F.

### Stellar asset quality with ample coverage

NPL stood at 1.8% in 1Q23 and it improved by 50bp yoy but increased 10bp qoq. SML rose by 10/40bp yoy/qoq as it downgraded Rp600bn mortgage to SML it expects to downgrade another Rp200bn before year-end. Meanwhile, LAR dropped significantly to 9.5% (vs. 13.8/10% in 1Q22/4Q22). NPL/LAR coverage also rose to 285%/58% in 1Q23 from 245%/45% in 1Q22 (287/54% in 4Q22) – the highest among Indonesian banks.

### Maintain Buy

Maintain Buy. BBKA is currently trading at 4.7x FY23F P/B, tad higher vs. +1s.d. of 4.2x P/BV, though we think the premium is justified given the strong NII/PPOP growth along with stellar asset quality. Risk is weaker than expected NIM.

| Financial Summary (Rp bn) | 2021A   | 2022A   | 2023F   | 2024F   | 2025F   |
|---------------------------|---------|---------|---------|---------|---------|
| Net interest income       | 56,136  | 63,990  | 75,311  | 82,253  | 90,670  |
| PPOP                      | 48,165  | 54,994  | 64,217  | 70,232  | 76,613  |
| Provision charges         | (9,324) | (4,527) | (5,253) | (5,803) | (6,383) |
| Net profit                | 31,423  | 40,736  | 47,739  | 52,163  | 56,860  |
| Net profit growth         | 16%     | 30%     | 17%     | 9%      | 9%      |
| P/BV (x)                  | 255     | 330     | 387     | 423     | 461     |
| Dividend yield            | 5.7     | 5.3     | 4.7     | 4.2     | 3.7     |
| ROAE                      | 1.2%    | 1.2%    | 1.8%    | 2.1%    | 2.3%    |
| IPS vs. consensus         |         |         | 103%    | 103%    | 101%    |

Source: Company, Indo Premier

Share price closing as of: 27 April 2023

Fig. 1: BBKA 1Q23 results summary

| BBKA 1Q23 result<br>in Rp bn | 1Q23          | 1Q22          | %YoY       | 4Q22          | %QoQ       | IPS FY23F     | % of<br>IPS | Cons.<br>FY23F | % of<br>Cons. |
|------------------------------|---------------|---------------|------------|---------------|------------|---------------|-------------|----------------|---------------|
| Interest income              | 21,106        | 16,462        | 28%        | 20,252        | 4%         | 84,391        | 25%         |                |               |
| Interest expenses            | (2,575)       | (1,979)       | 30%        | (2,201)       | 17%        | (9,080)       | 28%         |                |               |
| <b>Net interest income</b>   | <b>18,531</b> | <b>14,483</b> | <b>28%</b> | <b>18,050</b> | <b>3%</b>  | <b>75,311</b> | <b>25%</b>  |                |               |
| Non interest income          | 6,253         | 5,920         | 6%         | 6,010         | 4%         | 23,660        | 26%         |                |               |
| <b>Total Income</b>          | <b>24,784</b> | <b>20,403</b> | <b>21%</b> | <b>24,060</b> | <b>3%</b>  | <b>98,971</b> | <b>25%</b>  |                |               |
| Overhead Expenses            | (9,204)       | (7,722)       | 19%        | (8,675)       | 6%         | (34,753)      | 26%         |                |               |
| <b>Pre-provision profit</b>  | <b>15,580</b> | <b>12,681</b> | <b>23%</b> | <b>15,385</b> | <b>1%</b>  | <b>64,217</b> | <b>24%</b>  |                |               |
| Loan loss provision          | (1,460)       | (2,818)       | -48%       | (609)         | 140%       | (5,253)       | 28%         |                |               |
| <b>Pretax Profit</b>         | <b>14,120</b> | <b>9,863</b>  | <b>43%</b> | <b>14,776</b> | <b>-4%</b> | <b>58,965</b> | <b>24%</b>  | <b>57,094</b>  | <b>25%</b>    |
| Non operating                | 100           | 91            | 9%         | (116)         | -186%      |               |             |                |               |
| Tax                          | (2,687)       | (1,886)       | 42%        | (2,876)       | -7%        | (11,203)      | 24%         |                |               |
| Minority interests           | (3)           | (3)           | -6%        | (4)           | -30%       | (22)          | 14%         |                |               |
| <b>Net Profit</b>            | <b>11,530</b> | <b>8,064</b>  | <b>43%</b> | <b>11,781</b> | <b>-2%</b> | <b>47,739</b> | <b>24%</b>  | <b>46,451</b>  | <b>25%</b>    |

Source: Company, Indo Premier

Fig. 2: BBKA 1Q23 balance sheet summary

| Balance Sheet                | 1Q23             | 1Q22             | %YoY       | 4Q22             | %QoQ       |
|------------------------------|------------------|------------------|------------|------------------|------------|
| Secondary reserves           | 456,042          | 507,120          | -10%       | 446,367          | 2%         |
| <b>Gross Loan</b>            | <b>713,822</b>   | <b>637,131</b>   | <b>12%</b> | <b>711,262</b>   | <b>0%</b>  |
| Other assets and receivables | 151,859          | 115,184          | 32%        | 157,103          | -3%        |
| <b>Total Assets</b>          | <b>1,321,723</b> | <b>1,259,435</b> | <b>5%</b>  | <b>1,314,732</b> | <b>1%</b>  |
| Current Account (CA)         | 320,660          | 301,098          | 6%         | 323,924          | -1%        |
| Savings Account (SA)         | 522,674          | 497,061          | 5%         | 524,014          | 0%         |
| <b>CASA</b>                  | <b>843,334</b>   | <b>798,159</b>   | <b>6%</b>  | <b>847,938</b>   | <b>-1%</b> |
| Time Deposits                | 195,416          | 199,602          | -2%        | 191,780          | 2%         |
| <b>Total deposits</b>        | <b>1,038,750</b> | <b>997,761</b>   | <b>4%</b>  | <b>1,039,718</b> | <b>0%</b>  |
| Other liabilities&accrued    | 71,712           | 66,985           | 7%         | 53,995           | 33%        |
| <b>Total Liabilities</b>     | <b>1,110,462</b> | <b>1,064,746</b> | <b>4%</b>  | <b>1,093,713</b> | <b>2%</b>  |
| <b>Equity</b>                | <b>211,261</b>   | <b>194,689</b>   | <b>9%</b>  | <b>221,019</b>   | <b>-4%</b> |

Source: Company, Indo Premier

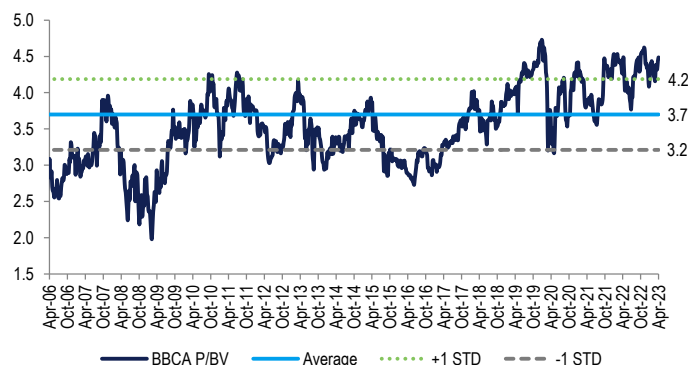
Fig. 3: BBKA 1Q23 key ratios summary

| Key Ratios (in %)         | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | 1Q23 |
|---------------------------|------|------|------|------|------|------|------|------|------|
| Asset Yield               | 6.2  | 6.3  | 6.1  | 6.0  | 5.8  | 5.9  | 6.3  | 6.8  | 7.0  |
| Cost of Funds             | 1.2  | 1.1  | 1.1  | 1.0  | 0.8  | 0.8  | 0.8  | 0.8  | 1.0  |
| NIM                       | 5.3  | 5.3  | 5.2  | 5.1  | 4.9  | 5.0  | 5.1  | 5.3  | 5.6  |
| CAR                       | 25   | 25   | 26   | 26   | 24   | 25   | 25   | 26   | 29   |
| LDR                       | 69   | 66   | 66   | 65   | 64   | 67   | 67   | 68   | 69   |
| Gross NPL                 | 1.8  | 2.4  | 2.4  | 2.2  | 2.3  | 2.2  | 2.2  | 1.7  | 1.8  |
| Special Mention           | 2.5  | 2.8  | 2.8  | 2.0  | 2.0  | 2.0  | 1.8  | 1.7  | 2.1  |
| Coverage Ratio            | 281  | 231  | 231  | 240  | 245  | 246  | 248  | 287  | 285  |
| CASA Ratio                | 78   | 78   | 78   | 79   | 80   | 81   | 81   | 82   | 81   |
| Credit Costs (Q)          | 1.9  | 2.5  | 0.8  | 1.1  | 1.9  | 0.6  | 0.0  | 0.4  | 0.8  |
| Credit Costs (C)          | 1.9  | 2.2  | 1.7  | 1.6  | 1.9  | 1.2  | 0.8  | 0.7  | 0.8  |
| Loan at risk (incl Covid) | 19.4 | 19.1 | 17.1 | 14.6 | 13.8 | 12.3 | 11.7 | 10.0 | 9.5  |
| Cost to income            | 35   | 34   | 33   | 35   | 36   | 34   | 35   | 34   | 35   |

\*Asset yield and CoF are calculated numbers since 1Q22

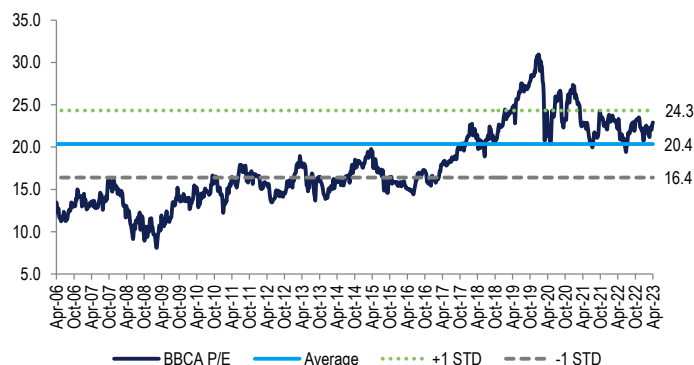
Source: Company, Indo Premier

**Fig. 4: BBKA's P/BV – now trading at 4.7x FY23F P/BV vs. 10-year average of 3.7x P/BV**



Source: Bloomberg, Company, Indo Premier

**Fig. 5: BBKA's P/E – now trading at 23.6x FY23F P/E vs. 10-year average of 20.4x P/E**



Source: Bloomberg, Company, Indo Premier

**Fig. 6: Peers comparison**

| Ticker | Closing Price | Target Price | P/BV multiple target (x) | Upside | Recommendation | P/E (x) |       |         | P/BV (x) |       |         |
|--------|---------------|--------------|--------------------------|--------|----------------|---------|-------|---------|----------|-------|---------|
|        |               |              |                          |        |                | FY23F   | FY24F | 10Y Avg | FY23F    | FY24F | 10Y Avg |
| BBKA   | 9,150         | 9,400        | 4.4                      | 3%     | Buy            | 23.6    | 21.6  | 20.4    | 4.7      | 4.2   | 3.7     |
| BBRI   | 5,150         | 5,700        | 2.5                      | 11%    | Buy            | 12.6    | 10.6  | 14.4    | 2.4      | 2.3   | 2.4     |
| BMRI   | 5,200         | 5,900        | 2.0                      | 13%    | Buy            | 10.0    | 9.0   | 12.1    | 1.8      | 1.6   | 1.6     |
| BBNI   | 9,500         | 10,400       | 1.1                      | 9%     | Buy            | 8.4     | 7.7   | 10.7    | 1.1      | 1.0   | 1.2     |

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 27 April 2023

| Income Statement (Rp bn)      | 2021A         | 2022A         | 2023F         | 2024F          | 2025F          |
|-------------------------------|---------------|---------------|---------------|----------------|----------------|
| Interest income               | 65,627        | 72,241        | 84,391        | 92,029         | 101,197        |
| Interest expense              | (9,491)       | (8,252)       | (9,080)       | (9,776)        | (10,527)       |
| <b>Net interest income</b>    | <b>56,136</b> | <b>63,990</b> | <b>75,311</b> | <b>82,253</b>  | <b>90,670</b>  |
| Non-interest income           | 22,338        | 23,487        | 23,660        | 24,720         | 25,841         |
| <b>Total operating income</b> | <b>78,474</b> | <b>87,476</b> | <b>98,971</b> | <b>106,972</b> | <b>116,511</b> |
| Opex                          | (30,308)      | (32,483)      | (34,753)      | (36,741)       | (39,898)       |
| <b>PPOP</b>                   | <b>48,165</b> | <b>54,994</b> | <b>64,217</b> | <b>70,232</b>  | <b>76,613</b>  |
| Provisions                    | (9,324)       | (4,527)       | (5,253)       | (5,803)        | (6,383)        |
| <b>Operating profit</b>       | <b>38,841</b> | <b>50,467</b> | <b>58,965</b> | <b>64,429</b>  | <b>70,230</b>  |
| Non-operating profit          | -             | -             | -             | -              | -              |
| <b>Pre-tax profit</b>         | <b>38,841</b> | <b>50,467</b> | <b>58,965</b> | <b>64,429</b>  | <b>70,230</b>  |
| Income tax                    | (7,401)       | (9,711)       | (11,203)      | (12,241)       | (13,344)       |
| Minority interest             | (17)          | (20)          | (22)          | (24)           | (26)           |
| <b>Net profit</b>             | <b>31,423</b> | <b>40,736</b> | <b>47,739</b> | <b>52,163</b>  | <b>56,860</b>  |

| Balance Sheet (Rp bn)                 | 2021A            | 2022A            | 2023F            | 2024F            | 2025F            |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Cash + CA with BI                     | 89,401           | 125,470          | 111,648          | 120,400          | 129,133          |
| Secondary reserves                    | 478,810          | 447,118          | 492,177          | 521,708          | 553,010          |
| Gross loans                           | 628,262          | 702,513          | 779,790          | 857,769          | 943,546          |
| Loan provisions                       | (9,324)          | (4,527)          | (5,253)          | (5,803)          | (6,383)          |
| Other assets                          | 41,196           | 44,157           | 46,621           | 49,059           | 51,651           |
| <b>Total Assets</b>                   | <b>1,228,345</b> | <b>1,314,732</b> | <b>1,424,983</b> | <b>1,543,133</b> | <b>1,670,956</b> |
| Total deposits                        | 985,966          | 1,047,654        | 1,122,895        | 1,212,727        | 1,309,745        |
| Securities and borrowings             | 1,535            | 1,573            | 1,573            | 1,573            | 1,573            |
| Other liabilities                     | 37,994           | 44,323           | 51,940           | 51,940           | 51,940           |
| <b>Total liabilities</b>              | <b>1,025,496</b> | <b>1,093,550</b> | <b>1,176,408</b> | <b>1,266,240</b> | <b>1,363,258</b> |
| <b>Shareholders' equity</b>           | <b>202,849</b>   | <b>221,182</b>   | <b>248,575</b>   | <b>276,893</b>   | <b>307,698</b>   |
| <b>Total liabilities &amp; equity</b> | <b>1,228,345</b> | <b>1,314,732</b> | <b>1,424,983</b> | <b>1,543,133</b> | <b>1,670,956</b> |

| Growth YoY             | 2021A | 2022A | 2023F | 2024F | 2025F |
|------------------------|-------|-------|-------|-------|-------|
| Gross loans            | 8.3%  | 11.8% | 11.0% | 10.0% | 10.0% |
| Total assets           | 14.2% | 7.0%  | 8.4%  | 8.3%  | 8.3%  |
| Total deposits         | 15.9% | 6.3%  | 7.2%  | 8.0%  | 8.0%  |
| Net interest income    | 3.6%  | 14.0% | 17.7% | 9.2%  | 10.2% |
| Non-interest income    | 6.4%  | 5.1%  | 0.7%  | 4.5%  | 4.5%  |
| Total operating income | 15.7% | 29.9% | 16.8% | 9.3%  | 9.0%  |
| Operating expense      | 1.1%  | 7.2%  | 7.0%  | 5.7%  | 8.6%  |
| PPOP                   | 6.6%  | 14.2% | 16.8% | 9.4%  | 9.1%  |
| Net profit             | 15.8% | 29.6% | 17.2% | 9.3%  | 9.0%  |

| Key Ratios     | 2021A  | 2022A  | 2023F  | 2024F  | 2025F  |
|----------------|--------|--------|--------|--------|--------|
| ROAA           | 2.7%   | 3.2%   | 3.5%   | 3.5%   | 3.5%   |
| ROAE           | 16.2%  | 19.2%  | 20.3%  | 19.9%  | 19.5%  |
| NIM            | 5.0%   | 5.2%   | 5.7%   | 5.9%   | 6.0%   |
| Credit cost    | 1.5%   | 0.7%   | 0.7%   | 0.7%   | 0.7%   |
| Cost/income    | 38.6%  | 37.1%  | 35.1%  | 34.3%  | 34.2%  |
| LDR            | 63.7%  | 67.1%  | 69.4%  | 70.7%  | 72.0%  |
| CAR            | 26.9%  | 26.8%  | 21.6%  | 22.1%  | 22.7%  |
| NPL ratio      | 2.1%   | 1.7%   | 2.0%   | 2.1%   | 2.0%   |
| Provisions/NPL | 242.0% | 291.8% | 229.3% | 212.9% | 217.3% |

Source: Company, Indo Premier

## INVESTMENT RATINGS

|      |   |
|------|---|
| BUY  | : Expected total return of 10% or more within a 12-month period       |
| HOLD | : Expected total return between -10% and 10% within a 12-month period |
| SELL | : Expected total return of -10% or worse within a 12-month period     |

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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