

Bank Central Asia

BUY (unchanged)

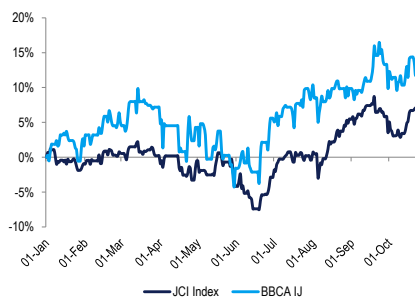
Company Update | Banks | BBKA IJ | 23 October 2024

Stock Data

Target price	Rp11,500
Prior TP	Rp10,400
Current price	Rp10,650
Upside/downside	+8.0%
Shares outstanding (mn)	123,275
Market cap (Rp bn)	1,312,879
Free float	42%
Avg. 6m daily T/O (Rp bn)	703

Price Performance

	3M	6M	12M
Absolute	4.7%	9.5%	21.4%
Relative to JCI	-1.8%	0.0%	7.0%
52w low/high (Rp)	8,600 – 10,950		



Major Shareholders

PT Dwimuria Investama Andalan	54.9%
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3Q24 results: in-line with prudent cost control and NIM improvement

- BBKA's 9M24 net profit of Rp41.1tr (+13% yoy/+1% qoq) was in-line with estimates driven by strong PPOP and mild opex.
- Following the strong results, It now guides for higher loan by 10-12% (from 9-10%) and NIM to 5.7-5.8% (from 5.5-5.6%).
- Maintain Buy with higher TP of Rp11,500 as we roll forward our valuation to FY25F with 4.7x P/B (ROE: 23.1%, Ke: 12.8%).

9M24 results: in-line from strong loan growth and prudent cost control

BBKA posted 9M24 net profit of Rp41.1tr (+13% yoy/+1% qoq in 3Q24), in-line at 75/76% of our/consensus FY24F estimates. PPOP grew by 15% yoy (+6% qoq) driven by 1) strong NII (+10% yoy/+5% qoq) due to strong loan growth and better earnings asset mix, 2) non-II at +13% yoy/+9% qoq and 3) mild opex growth (+3% yoy/+7% qoq). It guides CIR target of 33-34% in FY24F (30% in 9M24 vs. 34/31% in 9M23/1H24) as most of IT related expenses will reflect in 4Q. Provision rose by +60% yoy (+152% qoq) which translated to credit costs of 0.4% in 9M24 and in-line with guidance.

Upgrade in guidance for NIM to 5.7-5.8%

Overall NIM improved by +30/10bp yoy/qoq to 5.8/5.9% in 9M24/3Q24 partly due to higher LDR of 78% in 3Q24 vs. 70/76% in 3Q23/2Q24. Meanwhile, asset yield improved by +40bp yoy/qoq amid improving earnings asset mix. This has prompted an upward guidance revision on FY24F NIM to 5.7-5.8% from 5.5-5.6%. Deposit grew by +3% yoy (flat qoq) driven by CASA (+5% yoy/flat qoq) amidst drop in TD (-4% yoy/flat qoq).

Robust loan growth from all segments resulted in higher loan target

Loan growth was robust at +14% yoy (+3% qoq) driven by all segments. The growth was led by corporate (+16% yoy/+2% qoq) followed by SME (+14% yoy/+5% qoq) and consumer (+13% yoy/+3% qoq). It upgrades its loan growth guidance to 10-12% in FY24F from 9-10% previously.

LAR continued to trend down

NPL was stable at 2.1% in 3Q24 vs. 2.1/2.2% in 3Q23/2Q24 while total LAR continued to trend down in both yoy and qoq basis at 6.1% in 3Q24 from 9.0/6.6% in 2Q23/1Q24 and in-line with FY24F guidance of c.6%. LAR coverage continues to pick-up to 74% in 3Q24 vs. 66/71% in 3Q23/2Q24.

Maintain Buy with higher TP of Rp11,500

We maintain our Buy call with higher TP at Rp11,500 (4.7x P/B - 23.1% ROE and 12.8% Ke) as we roll forward our valuation. It currently trades at 4.6x FY25F P/B vs. 10Y avg of 3.7x but we believe that the premium is justified. Risk to our call is weaker NIM from competition in lending.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net interest income	63,990	75,129	82,976	90,184	97,949
PPOP	54,994	62,443	70,897	78,112	84,588
Provision charges	(4,527)	(2,263)	(3,361)	(3,697)	(4,066)
Net profit	40,736	48,639	54,684	60,254	65,199
Net profit growth	30%	19%	12%	10%	8%
P/BV (x)	6.1	5.6	5.1	4.7	4.4
Dividend yield	1.5%	2.0%	2.6%	2.9%	3.2%
ROAE	19.2%	21.0%	21.6%	22.0%	22.0%
IPS vs. consensus			101%	102%	100%

Source: Company, Indo Premier

Share price closing as of: 23 October 2024

Fig. 1: BBKA 3Q24 results summary

BBKA 3Q24 result (in Rp bn)	9M24	9M23	yoy%	3Q24	3Q23	%YoY	2Q24	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	70,436	64,754	9%	24,309	22,067	10%	23,085	5%	94,995	74%		
Interest expenses	(9,355)	(8,978)	4%	(3,173)	(3,313)	-4%	(2,983)	6%	(12,019)	78%		
Net interest income	61,081	55,776	10%	21,136	18,754	13%	20,103	5%	82,976	74%		
Non interest income	18,998	16,741	13%	6,561	5,648	16%	6,030	9%	25,523	74%		
Total Income	80,079	72,517	10%	27,697	24,402	14%	26,133	6%	108,499	74%		
Overhead Expenses	(26,837)	(26,060)	3%	(9,040)	(9,058)	0%	(8,452)	7%	(37,601)	71%		
Pre-provision profit	53,242	46,457	15%	18,657	15,344	22%	17,681	6%	70,897	75%		
Loan loss provision	(2,367)	(1,478)	60%	(961)	(235)	309%	(381)	152%	(3,361)	70%		
Pretax Profit	50,875	44,979	13%	17,696	15,109	17%	17,300	2%	67,537	75%	66,860	76%
Non operating	(29)	31	-191%	(72)	18	-496%	7	-1105%				
Tax	(9,758)	(8,570)	14%	(3,413)	(2,887)	18%	(3,309)	3%	(12,832)	76%		
Minority interests	(14)	(20)	-29%	(13)	(10)	28%	(2)	454%	(21)	68%		
Net Profit	41,074	36,420	13%	14,198	12,230	16%	13,997	1%	54,684	75%	53,975	76%

Source: Company, Indo Premier

Fig. 2: BBKA 3Q24 balance sheet summary

Balance Sheet (in Rp tr)	3Q24	3Q23	%YoY	2Q24	%QoQ
Secondary reserves	438	461	-5%	447	-2%
Gross Loan	877	766	14%	850	3%
Other assets and receivables	119	154	-23%	128	-7%
Total Assets	1,434	1,381	4%	1,425	1%
Current Account (CA)	352	338	4%	353	0%
Savings Account (SA)	563	532	6%	562	0%
CASA	915	870	5%	915	0%
Time Deposits	210	219	-4%	210	0%
Total deposits	1,125	1,089	3%	1,125	0%
Other liabilities&accrued	53	57	-7%	59	-10%
Total Liabilities	1,178	1,146	3%	1,184	-1%
Equity	256	236	9%	241	6%

Source: Company, Indo Premier

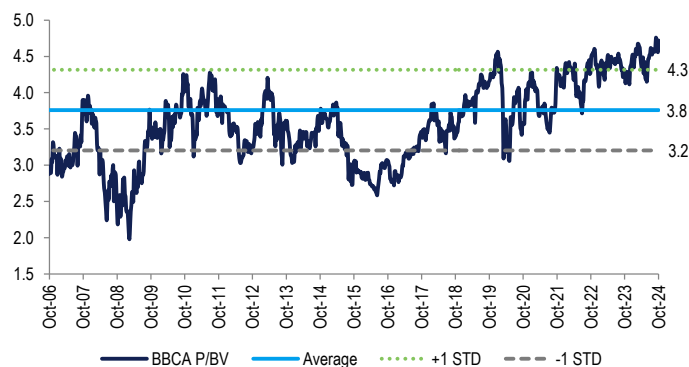
Fig. 3: BBKA 3Q24 key ratios summary

Key Ratios (in %)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Asset Yield	5.8	5.9	6.2	6.6	6.8	6.9	6.9	7.1	7.0	6.9	7.3
Cost of Funds	0.8	0.8	0.8	0.8	1.0	1.2	1.2	1.2	1.1	1.1	1.1
NIM	4.9	5.0	5.1	5.3	5.6	5.6	5.5	5.5	5.6	5.7	5.8
CAR	24	25	25	26	29	30	30	29	26	28	29
LDR	64	67	67	68	69	69	70	74	75	76	78
Gross NPL	2.3	2.2	2.2	1.7	1.8	1.9	2.0	1.9	1.9	2.2	2.1
Special Mention	2.0	2.0	1.8	1.7	2.1	2.7	2.4	2.2	2.5	2.6	2.4
Coverage Ratio	245	246	248	287	285	257	227	234	220	190	194
CASA Ratio	80	81	81	82	81	81	80	80	81	81	81
Credit Costs (Q)	1.9	0.6	0.0	0.4	0.8	0.1	0.3	-0.1	0.4	0.2	0.6
Credit Costs (C)	1.9	1.2	0.8	0.7	0.8	0.5	0.4	0.3	0.4	0.3	0.4
Loan at risk (incl Covid)	13.8	12.3	11.7	10.0	9.8	9.0	7.9	6.9	6.6	6.4	6.1
Cost to income	36	34	35	34	35	33	34	34	32	31	30

*Asset yield and CoF are calculated numbers since 1Q22

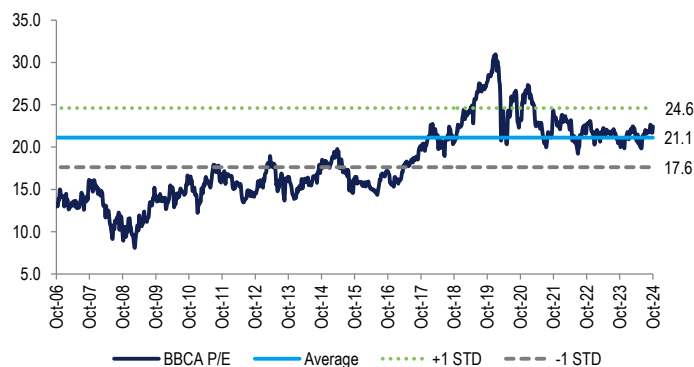
Source: Company, Indo Premier

Fig. 4: BBCA's P/BV – now trading at 4.6x FY25F P/BV vs. 10-year average of 3.7x P/BV



Source: Bloomberg, Company, Indo Premier

Fig. 5: BBCA's P/E – now trading at 21.8x FY25F P/E vs. 10-year average of 21.0x P/E



Source: Bloomberg, Company, Indo Premier

Fig. 6: Peer comparison table

Ticker	Closing Price	Target Price	P/BV multiple target (x)	Upside	Recommendation	P/E (x)			P/BV (x)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBCA	10,650	11,500	4.7	8%	Buy	24.0	21.8	21.1	5.0	4.6	3.8
BBRI	4,860	5,800	2.6	19%	Buy	11.8	10.6	14.7	2.3	2.2	2.4
BMRI	7,075	7,800	2.4	10%	Buy	11.7	10.4	11.9	2.3	2.1	1.7
BBNI	5,675	5,600	1.1	-1%	Hold	10.1	9.2	10.7	1.3	1.2	1.1
BBTN	1,480	2,120	0.8	43%	Buy	6.7	5.7	6.9	0.6	0.6	0.8
BRIS*	3,020	3,300	2.7	9%	Buy	20.8	18.7	16.1	3.2	2.8	2.2

Source: Bloomberg, Company, Indo Premier

*3Y avg

Share price closing as of: 23 October 2024

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Interest income	72,241	87,398	94,995	103,111	111,880
Interest expense	(8,252)	(12,269)	(12,019)	(12,927)	(13,931)
Net interest income	63,990	75,129	82,976	90,184	97,949
Non-interest income	23,487	24,817	25,523	27,150	29,017
Total operating income	87,476	99,945	108,499	117,333	126,966
Opex	(32,483)	(37,503)	(37,601)	(39,221)	(42,378)
PPOP	54,994	62,443	70,897	78,112	84,588
Provisions	(4,527)	(2,263)	(3,361)	(3,697)	(4,066)
Operating profit	50,467	60,180	67,537	74,416	80,522
Non-operating profit	-	-	-	-	-
Pre-tax profit	50,467	60,180	67,537	74,416	80,522
Income tax	(9,711)	(11,522)	(12,832)	(14,139)	(15,299)
Minority interest	(20)	(19)	(21)	(22)	(24)
Net profit	40,736	48,639	54,684	60,254	65,199

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash + CA with BI	125,470	114,319	124,058	130,986	141,450
Secondary reserves	447,118	441,408	456,873	475,148	489,402
Gross loans	702,513	801,210	881,331	969,464	1,066,411
Loan provisions	(34,430)	(33,732)	(33,123)	(32,369)	(31,539)
Other assets	74,060	84,901	88,580	92,559	96,866
Total Assets	1,314,732	1,408,107	1,517,719	1,635,788	1,762,589
Total deposits	1,047,654	1,111,933	1,200,888	1,296,959	1,400,716
Securities and borrowings	1,573	2,684	2,684	2,684	2,684
Other liabilities	44,323	50,952	50,952	50,952	50,952
Total liabilities	1,093,550	1,165,569	1,254,524	1,350,595	1,454,352
Shareholders' equity	221,182	242,538	263,195	285,193	308,237
Total liabilities & equity	1,314,732	1,408,107	1,517,719	1,635,788	1,762,589

Growth YoY	2022A	2023A	2024F	2025F	2026F
Gross loans	11.8%	14.0%	10.0%	10.0%	10.0%
Total assets	7.0%	7.1%	7.8%	7.8%	7.8%
Total deposits	6.3%	6.1%	8.0%	8.0%	8.0%
Net interest income	14.0%	17.4%	10.4%	8.7%	8.6%
Non-interest income	5.1%	5.7%	2.8%	6.4%	6.9%
Total operating income	29.9%	19.2%	12.2%	10.2%	8.2%
Operating expense	7.2%	15.5%	0.3%	4.3%	8.0%
PPOP	14.2%	13.5%	13.5%	10.2%	8.3%
Net profit	29.6%	19.4%	12.4%	10.2%	8.2%

Key Ratios	2022A	2023A	2024F	2025F	2026F
ROAA	3.2%	3.6%	3.7%	3.8%	3.8%
ROAE	19.2%	21.0%	21.6%	22.0%	22.0%
NIM	5.2%	5.7%	5.9%	6.1%	6.1%
Credit cost	0.7%	0.3%	0.4%	0.4%	0.4%
Cost/income	37.1%	37.5%	34.7%	33.4%	33.4%
LDR	67.1%	72.1%	73.4%	74.7%	76.1%
CAR	26.8%	29.4%	21.6%	21.6%	21.6%
NPL ratio	1.7%	1.8%	1.9%	1.8%	1.7%
Provisions/NPL	291.8%	237.6%	202.0%	189.7%	177.3%

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

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