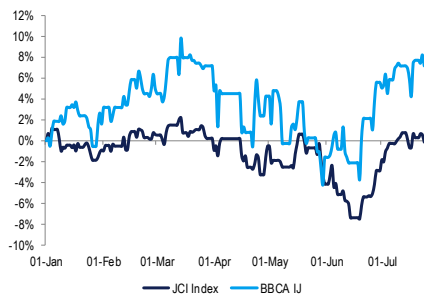


Stock Data

Target price	Rp10,400
Prior TP	Rp10,400
Current price	Rp10,075
Upside/downside	+3.2%
Shares outstanding (mn)	123,275
Market cap (Rp bn)	1,241,996
Free float	42%
Avg. 6m daily T/O (Rp bn)	912

Price Performance

	3M	6M	12M
Absolute	3.6%	4.9%	10.1%
Relative to JCI	1.5%	4.9%	5.1%
52w low/high (Rp)	8,600 – 10,325		



Major Shareholders

PT Dwimuria Investama Andalan	54.9%
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1H24 results: in-line amid strong loan growth and benign CoC

- BBKA's 1H24 net profit of Rp26.9tr (+11% yoy/+9% qoq) was in-line with estimates driven by strong PPOP and benign CoC.
- NIM up by +10/20bp yoy/qoq to 5.7/5.8% in 1H24/2Q24 amid higher LDR (76% in 2Q24 vs. 69/75% in 2Q23/1Q24) above its target of 5.5-5.6%.
- Strong loan growth (+16% yoy) was coming from all segment while LAR also improved (-260/-20bp yoy/qoq). Maintain Buy with unchanged TP.

1H24 results: in-line from strong loan growth and better asset quality

BBKA posted 1H24 net profit of Rp26.9tr (+11% yoy/+9% qoq), in-line at 49/50% of our/consensus FY24F estimates. PPOP grew by 11% yoy (+5% qoq) driven by NII and non-II at +8/12% yoy (+1/-6% qoq) and mild opex growth (+5% yoy/-10% qoq). Provision rose by +13% yoy (-63% qoq) which translated to credit costs of 0.3% in 1H24 (0.5/0.4% in 1H23/1Q24), in-line with its FY24F CoC guidance of 0.3-0.4%.

Better NIM in 2Q24 driven by higher LDR

Overall NIM improved by +10/20bp yoy/qoq to 5.7/5.8% in 1H24/2Q24 amid higher LDR of 76% in 2Q24 vs. 69/75% in 2Q23/1Q24. Nevertheless, it maintains FY24F NIM guidance unchanged at 5.5-5.6% as it recently hiked its TD rate by c.75bp in Jun24. Deposit grew by +5% yoy (flat qoq), driven by CASA (+6% yoy/+1% qoq) while TD was slower (+2% yoy/-3% qoq) partly due to TD rate cut in Mar24.

Robust loan growth from all segments

Loan growth was robust at +16% yoy (+2% qoq) driven by all segments. The growth was led by corporate (+20% yoy/flat qoq) – largely investment loan from minerals and down-streaming, followed by consumer (+14% yoy/+4% qoq), SME (+13% yoy/+4% qoq) while commercial was the slowest (+8% yoy/+2% qoq). However, it maintains FY24F loan growth target at 9-10%, which we think is too conservative.

LAR continued to trend down while coverage was maintained

NPL stood at 2.2% in 2Q24 vs. 1.9% in 2Q23/1Q24 while total LAR continued to trend down in both yoy and qoq basis at 6.4% in 2Q24 from 9.0/6.6% in 2Q23/1Q24. LAR coverage stood at 71% in 2Q24 vs. 62/72% in 2Q23/1Q24.

Maintain Buy with unchanged TP as its ROAE continued to deliver

We continue to like BBKA and maintain our Buy call following the strong result; worth noting that its 2Q24 ROAE has reached 24%, a 10 year high. BBKA currently trades at 4.7x P/BV 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)	5.8	5.3	4.8	4.5	4.1
Dividend yield	1.5%	2.1%	2.7%	3.1%	3.4%
ROAE	19.2%	21.0%	21.6%	22.0%	22.0%
IPS vs. consensus			101%	103%	101%

Source: Company, Indo Premier

Share price closing as of: 24 July 2024

Fig. 1: BBKA 2Q24 results summary

BBKA 2Q24 result (in Rp bn)	1H24	1H23	yoy%	2Q24	2Q23	%YoY	1Q24	%QoQ	IPS FY24F	% of IPS	Cons. FY24F	% of Cons.
Interest income	46,128	42,687	8%	23,085	21,581	7%	23,042	0%	94,995	49%		
Interest expenses	(6,183)	(5,665)	9%	(2,983)	(3,090)	-3%	(3,200)	-7%	(12,019)	51%		
Net interest income	39,945	37,022	8%	20,103	18,491	9%	19,842	1%	82,976	48%		
Non interest income	12,437	11,093	12%	6,030	5,093	18%	6,406	-6%	25,523	49%		
Total Income	52,382	48,115	9%	26,133	23,584	11%	26,249	0%	108,499	48%		
Overhead Expenses	(17,797)	(17,002)	5%	(8,452)	(8,052)	5%	(9,345)	-10%	(37,601)	47%		
Pre-provision profit	34,585	31,112	11%	17,681	15,533	14%	16,904	5%	70,897	49%		
Loan loss provision	(1,406)	(1,243)	13%	(381)	217	-275%	(1,025)	-63%	(3,361)	42%		
Pretax Profit	33,179	29,869	11%	17,300	15,750	10%	15,879	9%	67,537	49%	66,807	50%
Non operating	43	13	224%	7	(87)	-108%	36	-80%				
Tax	(6,345)	(5,683)	12%	(3,309)	(2,996)	10%	(3,037)	9%	(12,832)	49%		
Minority interests	(1)	(10)	-87%	(2)	(7)	-66%	1	-334%	(21)	6%		
Net Profit	26,876	24,190	11%	13,997	12,660	11%	12,879	9%	54,684	49%	53,913	50%

Source: Company, Indo Premier

Fig. 2: BBKA 2Q24 balance sheet summary

Balance Sheet (in Rp tr)	2Q24	2Q23	%YoY	1Q24	%QoQ
Secondary reserves	447	459	-3%	451	-1%
Gross Loan	850	736	16%	836	2%
Other assets and receivables	128	162	-21%	153	-16%
Total Assets	1,425	1,357	5%	1,440	-1%
Current Account (CA)	353	329	7%	349	1%
Savings Account (SA)	562	536	5%	555	1%
CASA	915	865	6%	905	1%
Time Deposits	210	207	2%	216	-3%
Total deposits	1,125	1,071	5%	1,121	0%
Other liabilities&accrued	59	61	-3%	92	-36%
Total Liabilities	1,184	1,132	5%	1,213	-2%
Equity	241	225	7%	227	6%

Source: Company, Indo Premier

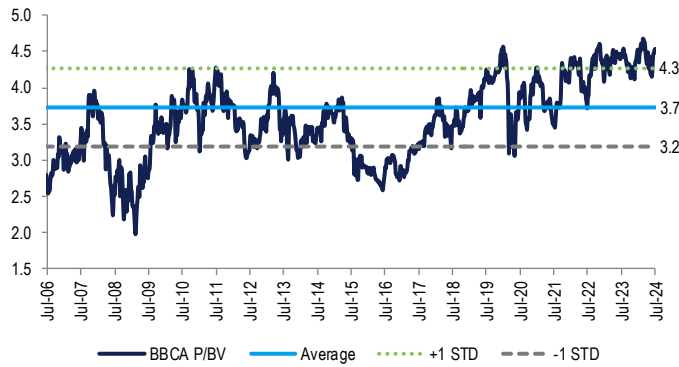
Fig. 3: BBKA 2Q24 key ratios summary

Key Ratios (in %)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Asset Yield	5.8	5.9	6.2	6.6	6.8	6.9	6.9	7.1	7.0	6.9
Cost of Funds	0.8	0.8	0.8	0.8	1.0	1.2	1.2	1.2	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
CAR	24	25	25	26	29	30	30	29	26	28
LDR	64	67	67	68	69	69	70	74	75	76
Gross NPL	2.3	2.2	2.2	1.7	1.8	1.9	2.0	1.9	1.9	2.2
Special Mention	2.0	2.0	1.8	1.7	2.1	2.7	2.4	2.2	2.5	2.6
Coverage Ratio	245	246	248	287	285	257	227	234	220	190
CASA Ratio	80	81	81	82	81	81	80	80	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
Credit Costs (C)	1.9	1.2	0.8	0.7	0.8	0.5	0.4	0.3	0.4	0.3
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
Cost to income	36	34	35	34	35	33	34	34	32	31

*Asset yield and CoF are calculated numbers since 1Q22

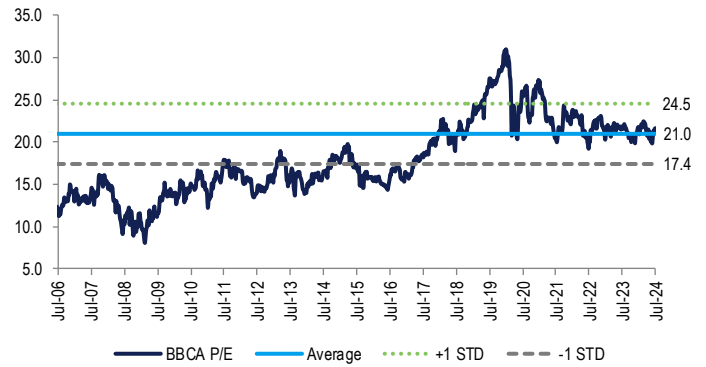
Source: Company, Indo Premier

Fig. 4: BBKA's P/BV – now trading at 4.7x FY24F 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 22.7x FY24F P/E vs. 10-year average of 21.0x 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)		
						FY24F	FY25F	10Y Avg	FY24F	FY25F	10Y Avg
BBKA	10,075	10,400	4.7	3%	Buy	22.7	20.6	21.0	4.7	4.4	3.7
BBRI	4,780	5,800	2.6	21%	Buy	11.6	10.4	14.7	2.3	2.1	2.4
BMRI	6,475	7,800	2.4	20%	Buy	10.7	9.5	11.9	2.1	1.9	1.7
BBNI	5,100	5,600	1.1	10%	Hold	9.1	8.2	10.7	1.2	1.1	1.1
BBTN	1,355	1,750	0.7	29%	Buy	4.9	4.5	6.9	0.6	0.5	0.8
BRIS*	2,500	2,600	2.4	4%	Buy	17.2	15.5	16.1	2.6	2.3	2.2

Source: Bloomberg, Company, Indo Premier

Share price closing as of: 24 July 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

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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