

Solid 11M23 earnings

9 January 2024



BBCA IJ	BUY
Sector	Banks
Price at 8 Jan 2024 (IDR)	9,575
Price target (IDR)	10,520
Upside/Downside (%)	9.9

Stock Information

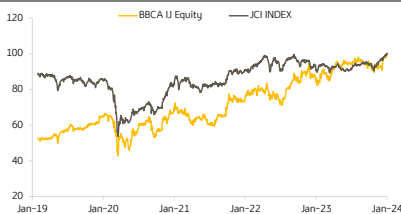
PT Bank Central Asia Tbk has positioned itself as one of the largest transaction banks in Indonesia. The bank provides custodianship, cash management, facilitation for exports and imports, as well as foreign exchange services. Through its subsidiaries, the bank also offers leasing and consumer financing services.

Market cap (IDR bn)	1,180,359
Shares outstanding (mn)	123,275
52-week range (IDR)	8,000-9,625
3M average daily vol. ('000)	75,591
3M average daily val. (IDR mn)	653,563

Shareholders (%)

PT Dwimuria Invest. Andalan	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	9.1	5.8	15.1

Analyst

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BCBA recorded another solid monthly bank only earnings and we believe our '23F for BBCA will be achieved. 11M23 earnings grew by 21.1% yoy, while total loan growth of 11.5% yoy, were above our '23F for BBCA of 10.5% yoy and industry growth (9.74% yoy). On liabilities side, TPF also noted better growth than the industry. This year, we think earnings performance will continue mainly supported by our expectation on carefully selected loan repricing and manageable CoF. AQ improvement which should remain intact will overall underpin PATMI to potentially grow better vs FY23. Maintain our BUY call with DDM-based TP of IDR10,520 (4.8x '24F P/B), while currently BBCA trades at 4.3x '24F P/B or slightly above +1SD of 4.2x.

Strong monthly earnings momentum remains

BCBA recorded another solid monthly performance in Nov '23. Bank only earnings reported grew by 21.1% yoy, mainly driven by solid growth from top to bottom. Net interest income grew strong at 18.3% yoy to IDR 64,19tn amid rising interest expenses (47.9% yoy) due to CoF adjustment. PPOP double-digit growth was also supported by better cost to income. BBCA's strong 11M23 bank only PATMI also helped by a sharp decline in provisions of 50.4% yoy. In all, 11M23 bank only earnings reached 94.8% of our '23F consolidated earnings for BBCA of IDR 46.6tn or above expectation at 5yr hit. run-rate of 91%.

11M23 loan grew better than ours and industry figure

Loan grew by 11.5% yoy (KBVS '23F: 10.5% yoy), better compared to previous month of 10.3% yoy (10M23) and surpassing banking industry loan growth by 173bps (9.74% yoy). Ceteris paribus, '24F loan growth likely to record better vs '23F growth which will be driven by corporate and consumer segments. On the liability side, TPF grew 4.7% yoy and 89bps stronger compared to the industry growth at 3.8% on the back of stronger demand deposits. We also like declining TD growth in Nov23 (-1.3% mom), amid flattish savings account growth of 0.1% mom. In all, CASA growth of 3.0% yoy was 60bps higher vs in 10M23 and bringing the ratio 80.8% remain stable at above its latest quarter figure (9M23) of 80.7%. Despite latest market concern on tighter liquidity condition, we expect liquidity to get better in the following quarter backed by the government spending as well as upcoming election / campaign-related spending.

Solid key metrics remains

NIM inched up by 40bps to 5.5% and arrives within management guidance. Asset quality continue to improve with Sep '23 CoC recorded 40bps healthier to 0.4%. The bank revised down its CoC guidance from 0.7%-0.8% to 0.5%-0.6% (see our previous report). We also like BBCA ability to managed its cost to income (CIR improves 90bps yoy to 33.6% in 9M23).

Growth likely to continue this year

We believe '24F will be another solid year for BBCA. We expect earnings to record stronger growth at 15.3% yoy vs '23F at 14.3% yoy, on the back of stable NIM, manageable cost to income and steady soft provisions. We also expect BBCA to get benefit from a potential peaking interest rate in '24F. Manageable cost of fund and carefully selected loan repricing are another two key components which will assist solid earnings growth to continue standstill.

Maintain BUY with TP of IDR10,520

Despite premium, BBCA remain look attractive. Our GGM intrinsic value for BBCA is pegged at 4.8x '24F P/B while currently trading at 4.3x '24F P/B, or slightly above +1SD of 4.2x. Downside risks to our call are: 1) Slower loan growth, 2) worsening NIM and AQ, 3) higher than expected CoC, CoF, NPL 4) slowing down economic activity, worsening domestic political situation and 5) longer than expected wait and see stance.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Net Interest income	56,136	63,990	72,581	83,797	97,393
Non int. income	22,338	23,487	25,243	26,891	29,093
Operating income	78,473	87,476	97,824	110,688	126,485
Pre-provision profit	48,165	54,994	61,916	70,782	82,143
Net income (IDR bn)	31,423	40,736	46,570	53,709	62,658
EPS (IDR)	255	330	378	436	508
EPS growth (%)	15.8	29.6	14.3	15.3	16.7
PER (x)	37.6	29.0	25.3	22.0	18.8
PBV (x)	5.8	5.3	4.8	4.3	3.9
Div. Yield (%)	1.5	1.6	1.9	2.1	2.5
RoE (%)	16.2	19.2	20.0	20.8	21.7

Source: Company, KBVS Research

Exhibit 2: BCA bank only monthly result – key financial

Income Statements (Rpbn)	9M23	10M23	11M23	10M YoY (%)	11M YoY (%)	KBVS '23F (cons)	% to '23F	Cons' '23F (cons)	% to Cons'
Interest income	60,809	67,908	74,866	22.9%	21.8%	82,264	91.0		
Interest expense	(8,474)	(9,561)	(10,670)	46.5%	47.9%	(9,683)	110.2		
Net interest income	52,335	58,348	64,197	19.8%	18.3%	72,581	88.4		
Non Int Inc & others	16,224	19,211	20,187	0.0%	0.0%	25,243	80.0		
Total Income	68,559	77,558	84,383	0.0%	0.0%	97,824	86.3		
Opex	(23,006)	(25,805)	(27,957)	14.8%	13.6%	(35,908)	77.9		
PPOP	45,553	51,754	56,426	20.7%	15.2%	61,916	91.1		
Provision	(2,098)	(2,252)	(2,038)	-38.4%	-50.4%	(4,359)	46.8		
Operating income	43,455	49,501	54,388	26.2%	21.2%	57,557	94.5		
PBT	43,405	49,241	54,096	0.0%	0.0%	57,557	94.0		
Net Profit	35,298	40,228	44,153	26.1%	21.1%	46,570	94.8	46,500	95.0

Source: Company, KBVS Research

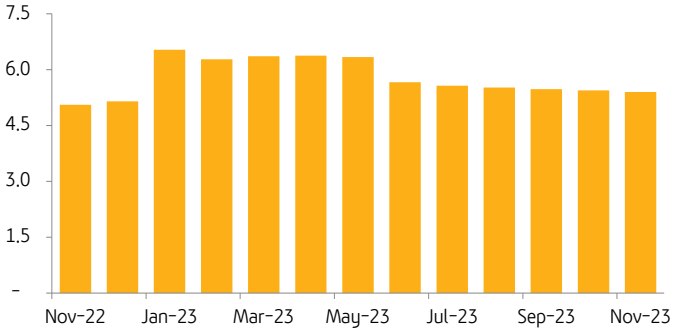
Exhibit 3: BCA bank only monthly result – key financial and key performance metrics

Loan, TPF and Equity (Rpbn)	9M23	10M23	11M23	10M YoY (%)	11M YoY (%)
Total Loan	743,845.57	751,358.20	758,430.08	10.3%	11.5%
Total Equity	225,819	229,351	234,072	11.0%	12.2%
Total deposits	1,070,266	1,070,803	1,072,136	4.1%	4.7%
Demand deposits	335,994	331,003	334,492	-0.8%	2.6%
Savings deposits	527,316	531,224	531,810	4.4%	3.3%
Time deposits	206,955	208,576	205,835	12.2%	12.4%
CASA	863,311	862,227	866,301	2.4%	3.0%

Key metrics (%)	9M23	10M23	11M23	10M YoY (%)	11M YoY (%)
NIM	5.5	5.4	5.4	0.4	0.3
Asset yield (Int Earnings Assets)	-	-	-	-	-
Cost of fund	0.8	0.8	0.8	0.0	0.0
Cost of credit	0.4	0.4	0.3	(0.3)	(0.4)
CASA (IDRbn)	863,311	862,227	866,301	2.4	3.0
CASA	80.7	80.5	80.8	(1.4)	(1.3)
Loan to Deposits	69.5	70.2	70.7	3.9	4.3
CIR	33.6	33.3	33.1	(1.1)	(0.3)
RoA	0.0	0.0	0.0	0.0	0.0
RoE	0.2	0.2	0.2	0.0	0.0

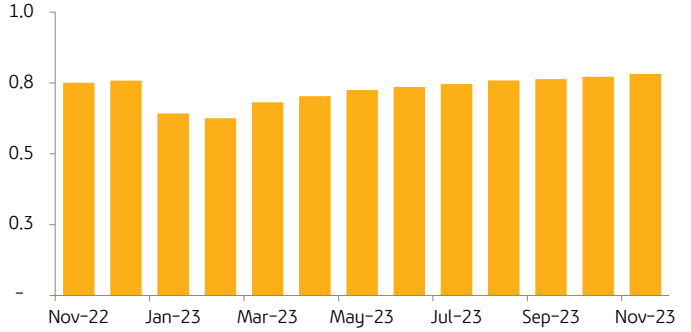
Source: Company, KBVS Research

Exhibit 4: Solid NIM remains



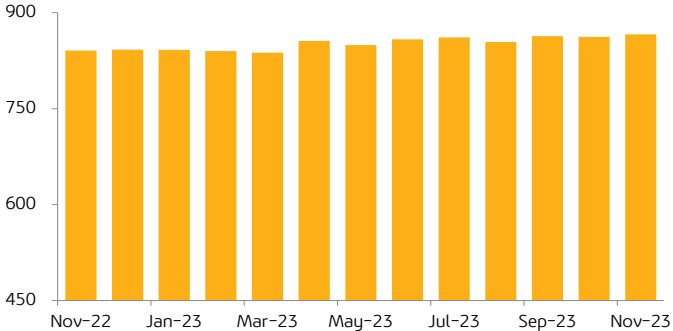
Source: Company, KBVS Research

Exhibit 5: Expecting CoF to stay low



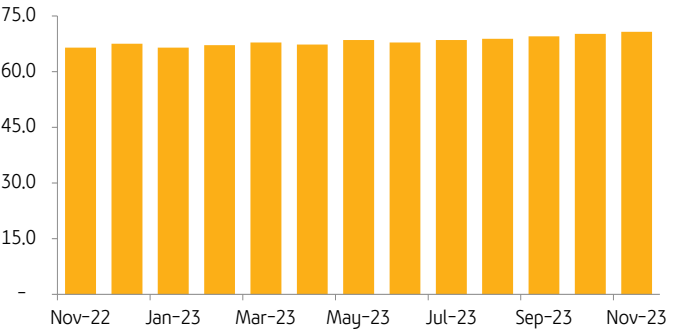
Source: Company, KBVS Research

Exhibit 6: Stable CASA to maintain cost of fund and underpin NIM



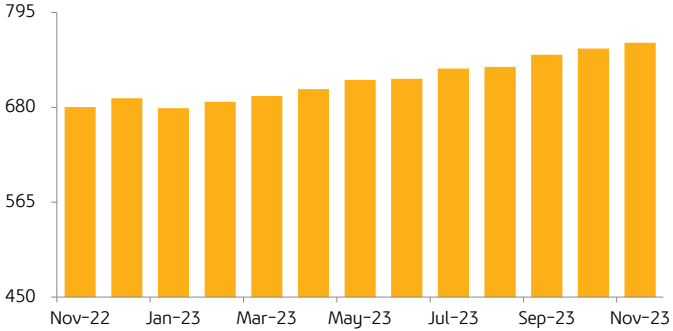
Source: Company, KBVS Research

Exhibit 7: Healthy LDR to continue



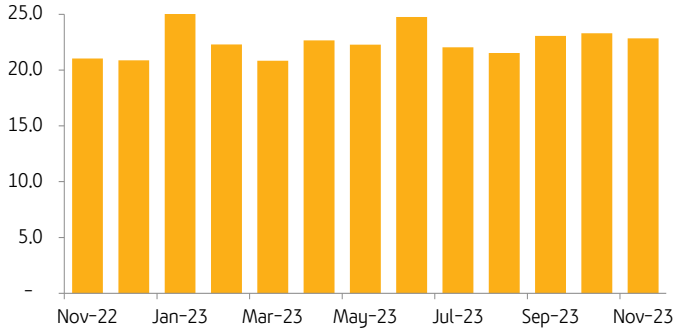
Source: Company, KBVS Research

Exhibit 8: Loan growth trajectory remain intact



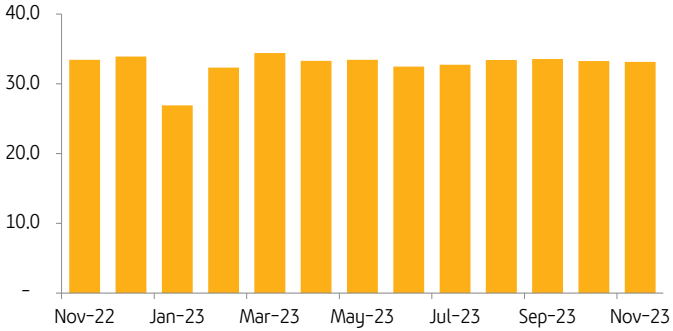
Source: Company, KBVS Research

Exhibit 9: ..while RoE should continue solid



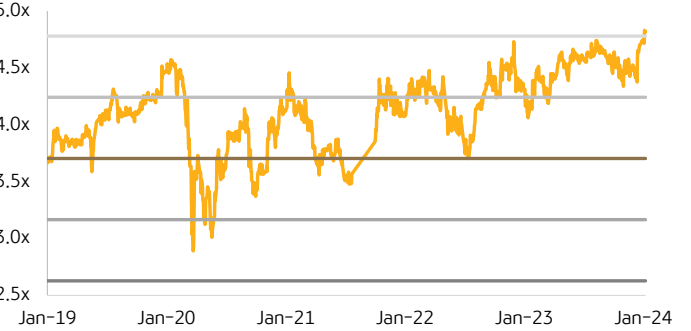
Source: Company, KBVS Research

Exhibit 10: Manageable CIR will act as additional growth support



Source: Company, KBVS Research

Exhibit 11 Currently trading at 4.3x '24F P/B, slightly above +1SD of 4.2x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 12: Profit & Loss

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Interest income	65,627	72,241	82,264	94,763	109,885
Interest expenses	-9,491	-8,252	-9,683	-10,967	-12,492
Net interest income	56,136	63,990	72,581	83,797	97,393
Non-interest income	22,338	23,487	25,243	26,891	29,093
Operating expenses	-30,308	-32,483	-35,908	-39,906	-44,343
Pre-provision operating profit	48,165	54,994	61,916	70,782	82,143
Loan loss provision	-9,324	-4,527	-4,359	-4,406	-4,711
Pretax Profit	38,841	50,467	57,557	66,376	77,432
Income Tax Expenses	-7,401	-9,711	-10,967	-12,648	-14,754
Net profit	31,423	40,736	46,570	53,709	62,658

Exhibit 13: Balance sheet

Year End Dec (IDR bn)	2021A	2022A	2023F	2024F	2025F
Assets					
Cash	23,616	21,360	19,023	17,501	17,663
Current Account at BI	65,785	104,110	106,495	108,226	114,150
Interbank Loans	98,754	36,129	38,952	40,360	42,239
Govt Treas Bills & Sec	189,806	211,181	223,438	227,954	226,216
Investment Securities	35,543	39,847	41,927	44,362	47,274
Loans	603,747	676,421	750,214	839,898	944,784
Fixed Assets	22,169	24,709	27,376	30,177	33,117
Other assets	188,924	200,974	215,162	226,711	241,240
Total Asset	1,228,345	1,314,731	1,422,590	1,535,188	1,666,683
Liabilities					
Interbank Deposit	10,017	7,936	8,557	9,179	9,901
Customer Deposit	975,949	1,039,718	1,121,000	1,202,513	1,297,164
Debts Sec and Subordinates	982	500	500	500	500
Other Liabilities	38,548	45,396	47,941	50,621	53,536
Total liabilities	1,025,496	1,093,550	1,177,998	1,262,813	1,361,101
Equity					
Capital Stock	1,541	1,541	1,541	1,541	1,541
Additional Paid-in Capital	5,549	5,549	5,549	5,549	5,549
Retained Earnings	179,580	200,959	227,949	259,236	295,977
Other Equity	16,043	12,970	9,370	5,847	2,293
Shareholder's Equity	202,713	221,019	244,409	272,173	305,360
Non-controlling Interest	136	163	183	203	223
Total Equity	202,849	221,182	244,592	272,376	305,583

Exhibit 14: Key performance metrics

Year End Dec (%)	2021A	2022A	2023F	2024F	2025F
NIM (%)	5.1	5.3	5.7	5.8	6.0
LDR (%)	65.3	68.4	70.1	72.8	75.6
CASA (%)	78.6	81.6	82.0	82.2	82.7
NPL (%)	2.2	1.7	1.6	1.5	1.4
ROAE (%)	16.2	19.2	20.0	20.8	21.7
ROAA (%)	2.7	3.2	3.4	3.6	3.9
CAR (%)	26.9	27.4	28.0	28.8	29.8
BVPS (IDR)	1,644	1,793	1,983	2,208	2,477
PER (x)	37.6	29.0	25.3	22.0	18.8
PBV (x)	5.8	5.3	4.8	4.3	3.9
Div. Yield (%)	1.5	1.6	1.9	2.1	2.5

Source: Company, KBVS Research

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