

Another solid monthly earnings to support 9M24

22 August 2024



<b>BBCA IJ</b>	<b>BUY</b>
Sector	Banks
Price at 21 Aug 2024 (IDR)	10,425
Price target (IDR)	11,070
Upside/Downside (%)	6.2

**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)	1,285,143
Shares outstanding (mn)	123,275
52-week range (IDR)	8,600-10,500
3M average daily vol. ('000)	82,852
3M average daily val. (IDR mn)	803,148

**Shareholders (%)**

PT Dwimuria Invest. Andalan	54.9
Public	45.1

**Stock Performance**



Source: Bloomberg

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Performance	3.2	10.6	12.1

**Analyst**

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Both of 7M24 and Jul24 stand-alone bank-only net profit came in in line with our 24F for BBCA. Key performance metrics continue to arrive within our expectations, while 7M24 bank-only NIM has exceeded our '24F NIM forecast for BBCA. With such solid 7M24 bank-only PATMI and robust loan growth, we believe the 9M24 period will be another solid result for the bank, driven by healthy top-line growth with the absence of flat NIM and coupled with steady low-risk metrics. Maintain BUY with GGM-TP based on IDR 11,070 (4.8x '24F P/B), while currently trading at 4.6x '24F P/B or slightly below +2SD of 4.7x.

**Solid 7M24 result to support 9M24 earnings**

BBCA Bank's only net profit grew strong by 12.4% year over year to IDR 31.4 trillion, helped by solid growth from top to bottom coupled with another softer provision. Interest income grew 8.1% yoy to IDR50.6tn on the back of continuing robust bank-only loan growth and slightly higher earnings asset yield. We also like its cost of funding expenses, which reported lower to 5.3% yoy compared to 8.0% yoy in the previous month and bringing net interest income growth at 8.6% yoy, or 126 basis points, better vs. a month earlier. In the PPOP level, the 10.8% yoy growth was underpinned by higher non-interest income. At the bottom line, better risk key metrics have brought provision to a much lower figure and brought in net earnings growth recorded at a very healthy level of 12.4% yoy. In all, BBCA 7M24 PATMI came in line with our '24F net profit for BBCA at a run-rate of 58.1%.

**In-line Jul24 bank only net profit**

On a monthly stand alone, Jul24 net profit growth is even stronger at 17.1% yoy to IDR4.91tn. Despite growing flat on a monthly basis of 1.2% mom, it recorded a much better versus Jul23 growth of -4.0% mom. In all, the solid July 24 earnings growth of 17.1% yoy was supported by a combination of strong net interest income (16.3% yoy) and PPOP growth (21.4% yoy), as well as a sharp decline in credit cost. Our Jul24F bank only net profit for BBCA of IDR4.87tn came in at 101% of BBCA's Jul24 bank only PATMI of IDR4.91tn.

**Another robust loan growth with a well-managed CASA**

The bank saw another solid total loan growth. Albeit considerably flat at 0.9% mom, the figure was recorded as a better figure from -0.3% mom in the previous period and booked a very strong growth in yearly basis of 14.5% yoy to IDR 823.34tn. The loan growth came in far above '24F management guidance of 9%-10% yoy and our '24F loan growth forecast for BBCA of 9.6% yoy. On the liabilities side, total third-party fund grew 3.7% yoy to IDR 1,100.70tn, with a well-managed CASA level at 82.2% and around 57bps higher than the average year-to-date level of 81.6%, thanks to the continuing solid customer deposit mixed with a consistent TD segment drop in the six consecutive months (Jul24: -1.8% yoy to IDR 196.36tn).

**9M24 net income growth looks promising.**

With the solid 7M24 and Jul24 bank-only earnings, we believe the bank will book another inline growth in the 9M24 period. Even using our conservative outlook of Aug24F and Sept24F bank only net income for BBCA, the cumulative 9M24F net income for BBCA could grow by around 12.6% yoy to IDR39.7tn. The growth will be driven by: (a) stable, robust loan growth; (b) better EA yield; (c) softer cost of funding; (d) and coupled with key risk metrics that continue to stay low.

**Expect better NIM and CoC to continue.**

7M24 key performance metrics continue to arrive within our '24F forecast. NIM stood at around 5.7% and higher vs. around 5.5% in 1Q24, while CoC consistently arrives at a much lower figure. We believe the NIM expansion and risk metrics figure will continue to perform well in the remaining quarters of this year. Worth noting that bank only 7M24 NIM and CoC has exceeded our 24F for BBCA of 5.6% and 0.2%.

**Maintain BUY; GGM TP of IDR11,070.**

Our GGM intrinsic value for BBCA is pegged at 4.8x '24F P/B while currently trading at 4.6x '24F P/B, or slightly below +2SD of 4.7x. Downside risks to our call are: 1) slower loan growth; 2) worsening NIM and AQ; 3) higher than expected CoC and NPL. 4) lower than expected interest income and mounting COF; 5) slowing down economic activity; 6) stubborn inflation 6) uninterrupted strengthening of DXY; 7) worsening middle-east tension; and 8) prolonged uncertainty (which will jeopardize growth expectations).

**Exhibit 1: Key Statistics**

Year end Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Net Interest income	63,990	75,129	81,654	87,809	96,161
Non int. income	23,487	24,817	27,294	29,927	32,995
Income from operations	87,476	99,945	108,948	117,736	129,156
Pre-provision profit	54,994	62,443	68,667	74,329	81,932
Net income (IDR bn)	40,736	48,639	54,062	58,569	64,729
EPS (IDR)	330	395	439	475	525
EPS growth (%)	29.6	19.4	11.1	8.3	10.5
PER (x)	31.5	26.4	23.8	21.9	19.9
PBV (x)	5.8	5.3	4.6	4.0	3.5
Div. Yield (%)	1.5	2.0	2.7	2.9	3.2
RoE (%)	19.2	21.0	20.8	21.2	22.1

Source: Company, KBVS Research

**Exhibit 2: BBCA 7M24 key financial results**

Profit and Loss (IDRbn)	3M24	4M24	5M24	6M24	7M24	7M23	7M24	YoY (%)	To KBVS '24F	To Cons '24F
Interest income	21,471	28,591	35,884	43,112	50,686	46,868	50,686	8.1		
Interest expense	(2,998)	(3,948)	(4,887)	(5,775)	(6,731)	(6,390)	(6,731)	5.3		
Net interest income	18,473	24,643	30,997	37,337	43,955	40,478	43,955	8.6		
Non Int Inc & others	5,195	7,725	9,631	11,187	13,455	12,906	13,455	4.3		
Opex	(7,567)	(9,886)	(12,375)	(14,837)	(17,627)	(17,464)	(17,627)	0.9		
PPOP	16,101	22,481	28,254	33,687	39,783	35,920	39,783	10.8		
Provision	(885)	(1,396)	(1,723)	(1,064)	(1,162)	(1,582)	(1,162)	(26.6)		
Net Profit	12,296	17,215	21,634	26,485	31,396	27,942	31,396	12.4	58.1	58.1

Profit and Loss (IDRbn)	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Jul-23	Jul-24	YoY (%)	MoM (%)
Interest income	7,314	7,120	7,293	7,228	7,574	6,730	7,574	12.5	4.8
Interest expense	(975)	(951)	(938)	(888)	(957)	(1,042)	(957)	(8.2)	7.7
Net interest income	6,340	6,170	6,354	6,340	6,618	5,689	6,618	16.3	4.4
Non Int Inc & others	1,781	2,530	1,906	1,555	2,268	1,941	2,268		
Opex	(2,793)	(2,320)	(2,488)	(2,463)	(2,790)	(2,609)	(2,790)		
PPOP	5,328	6,380	5,772	5,433	6,096	5,020	6,096	21.4	12.2
Provision	(327)	(511)	(327)	658	(98)	156	(98)		
Net Profit	4,018	4,919	4,419	4,851	4,911	4,195	4,911	17.1	1.2

Selected Balance Sheet (IDRbn)	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Jul-23	Jul-24	YoY (%)
Total Loan	811,554	818,077	826,729	824,590	832,341	727,049	832,341	14.5
Total deposits	1,099,940	1,099,571	1,094,316	1,103,512	1,100,707	1,061,484	1,100,707	3.7
Demand deposits	347,666	340,943	339,368	351,345	344,494	330,456	344,494	4.2
Savings deposits	549,137	556,737	555,951	555,584	559,847	531,056	559,847	5.4
Time deposits	203,136	201,891	198,996	196,583	196,366	199,972	196,366	(1.8)
CASA	896,803	897,680	895,320	906,930	904,341	861,512	904,341	5.0

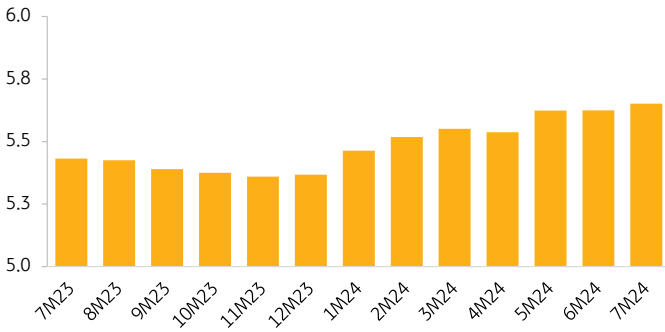
Source: Company, KBVS research

**Exhibit 3: BBCA 7M24 selected key performance metrics results**

Selected key ratios	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Jul-23	Jul-24	YoY (%)	MoM (%)
NIM	5.6	5.5	5.6	5.6	5.7	5.4	5.7	0.2	0.0
Loan yield	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Asset yield	6.4	6.5	6.5	6.5	6.5	6.3	6.5	0.3	0.1
Cost of fund	0.8	0.8	0.8	0.8	0.8	0.7	0.8	0.0	0.0
Cost of credit	0.4	0.5	0.5	0.3	0.2	0.4	0.2	-0.1	0.0
CASA (IDRbn)	896,803	897,680	895,320	906,930	904,341	861,512	904,341	5.0	-0.3
CASA	81.5	81.6	81.8	82.2	82.2	81.2	82.2	1.0	0.0
Loan to Deposits	73.8	74.4	75.5	74.7	75.6	68.5	75.6	7.1	0.9
CIR	32.0	30.5	30.5	30.6	30.7	32.7	30.7	-2.0	0.1

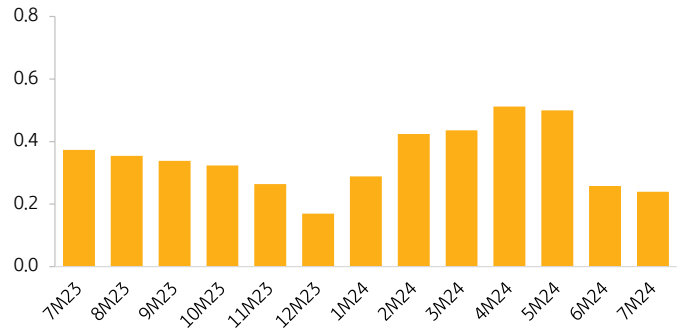
Source: Company, KBVS research

Exhibit 4: NIM trajectory remains



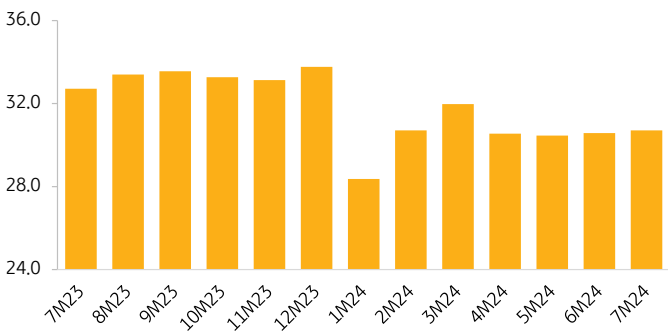
Source: Company, KBVS Research

Exhibit 5: Steady CoC improvement



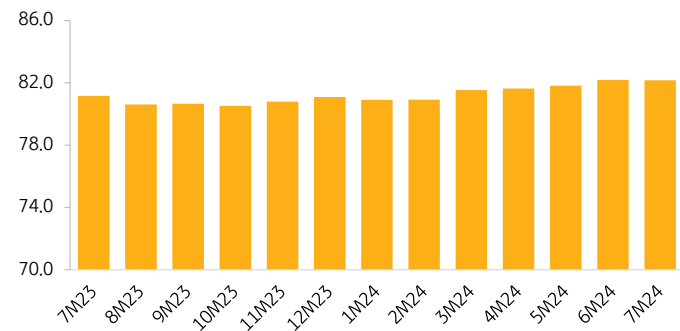
Source: Company, KBVS Research

Exhibit 6: Well managed CIR



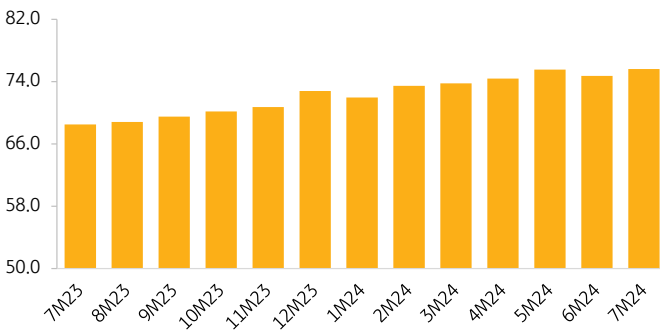
Source: Company, KBVS Research

Exhibit 7: Continuing solid CASA posture



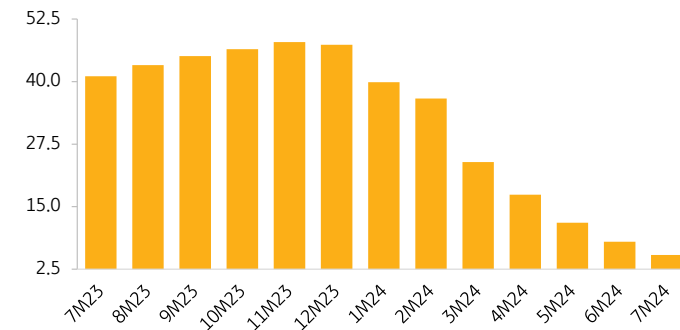
Source: Company, KBVS Research

Exhibit 8: More than enough LDR to capture the ongoing loan demand



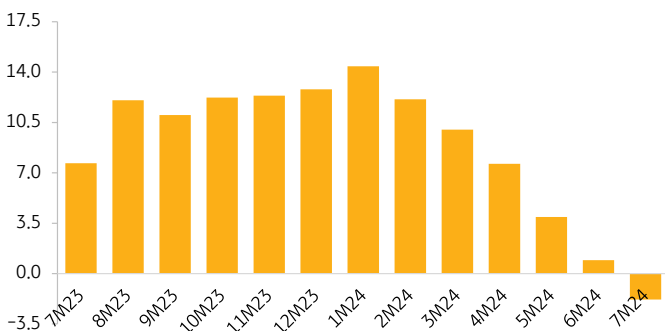
Source: Company, KBVS Research

Exhibit 9: Total cost of funding growth to continue softened



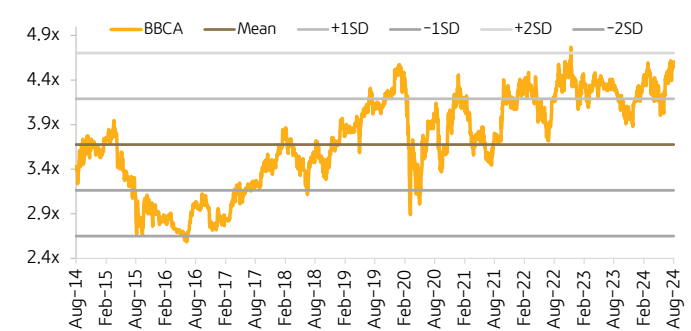
Source: Company, KBVS Research

Exhibit 10: Expect customer deposit mixed to continue solid



Source: Company, KBVS Research

Exhibit 11: Currently trading at 4.6x '24F P/B, slightly below +2SD of 4.7x



Source: Company, Bloomberg, KBVS Research

**FINANCIAL TABLES**
**Exhibit 12: Profit & Loss**

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Interest income	72,241	87,398	95,203	102,822	112,897
Interest expenses	(8,252)	(12,269)	(13,549)	(15,012)	(16,735)
<b>Net interest income</b>	63,990	75,129	81,654	87,809	96,161
Non-interest income	23,487	24,817	27,294	29,927	32,995
Operating expenses	(32,483)	(37,503)	(40,281)	(43,407)	(47,224)
<b>Pre-provision operating profit</b>	54,994	62,443	68,667	74,329	81,932
Loan loss provision	(4,527)	(2,263)	(1,780)	(1,868)	(1,852)
<b>Pretax Profit</b>	50,467	60,180	66,887	72,461	80,080
Income Tax Expenses	(9,711)	(11,522)	(12,806)	(13,873)	(15,332)
<b>Net profit</b>	40,736	48,639	54,062	58,569	64,729

**Exhibit 13: Balance sheet**

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
<b>Assets</b>					
Cash	21,360	21,702	22,227	23,182	24,046
Current Account at BI	104,110	92,618	80,370	70,091	68,723
Interbank Loans	36,129	10,816	11,597	12,500	13,477
Govt Treas Bills & Sec	211,181	250,233	292,917	332,927	377,545
Investment Securities	39,847	76,662	82,234	90,227	97,494
Loans	676,421	776,331	855,451	941,456	1,033,015
Fixed Assets	24,709	26,825	29,046	31,378	33,827
Other assets	200,974	152,922	163,627	180,932	198,032
<b>Total Asset</b>	1,314,731	1,408,107	1,537,469	1,682,694	1,846,160
<b>Liabilities</b>					
Interbank Deposit	7,936	10,071	10,802	11,648	12,562
Customer Deposit	1,039,718	1,101,863	1,181,915	1,274,387	1,374,466
Debts Sec and Subordinates	500	500	625	625	625
Other Liabilities	45,396	53,136	66,847	78,268	92,164
<b>Total liabilities</b>	1,093,550	1,165,569	1,260,189	1,364,927	1,479,817
<b>Equity</b>					
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	200,959	222,957	257,433	297,547	345,626
Other Equity	12,970	12,309	12,556	12,910	13,388
Shareholder's Equity	221,019	242,356	277,079	317,547	366,104
Non-controlling Interest	163	181	200	219	238
<b>Total Equity</b>	221,182	242,538	277,279	317,766	366,342

**Exhibit 14: Key performance metrics**

Year End Dec (%)	2022A	2023A	2024F	2025F	2026F
NIM (%)	5.3	5.5	5.6	5.7	5.8
LDR (%)	68.4	73.5	75.2	76.4	77.3
CASA (%)	81.6	80.3	80.5	81.0	81.5
NPL (%)	1.7	1.8	1.7	1.7	1.7
ROAE (%)	19.2	21.0	20.8	21.2	22.1
ROAA (%)	3.2	3.6	3.7	3.6	3.7
CAR (%)	26.8	29.4	30.8	32.2	33.9
BVPS (IDR)	1,793	1,966	2,248	2,576	2,970
PER (x)	31.5	26.4	23.8	21.9	19.9
PBV (x)	5.8	5.3	4.6	4.0	3.5
Div. Yield (%)	1.5	2.0	2.7	2.9	3.2

Source: Company, KBVS Research

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