

1H24 PATMI; above, expecting stronger NIM recovery

26 July 2024



BBCA IJ	BUY
Sector	Banks
Price at 25 July 2024 (IDR)	10,300
Price target (IDR)	11,070
Upside/Downside (%)	7.5

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)	1,241,997
Shares outstanding (mn)	123,275
52-week range (IDR)	8,600-10,400
3M average daily vol. ('000)	92,114
3M average daily val. (IDR mn)	881,589

Shareholders (%)

PT Dwimuria Invest. Andalan	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	8.4	7.0	10.2

Analyst

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1H24 healthy net profit growth (11.1% yoy) was driven by solid performance from top to bottom. Soft opex growth (4.7% yoy) coupled with NII (7.9% yoy) and non-int income growth (12.1% yoy) has overall underpinned PPOP to continue arriving at a stronger number (11.2% yoy) and save PATMI double-digit growth amid the increasing provisions. Robust loan growth remains and continues to surpass industry, '24F guidance, and our forecast. Inched-up gross NPL sounds acceptable, especially coupled with improving LAR, CoC, and the absence of flat NIM. Maintain BUY with GGM-TP based on IDR11,070 (4.8x '24F P/B); currently, BBCA trades at 4.6x '24F P/B or slightly below +2SD of 4.7x.

Robust PATMI growth; above expectation.

BBCA net profit growth of 11.1% yoy and 8.7% qoq was mainly driven by solid performance from top to bottom. PPOP growth reported at 11.2% yoy (5.9% qoq) was backed by a combination of net interest income (7.9% yoy), non-interest growth (12.4% yoy), and soft operating expenses growth (+4.7% yoy, - 8.4% qoq). In all, 1H24 PATMI came in above ours and consensus expectation at a run rate of 49.8%/50.3%.

Strong loan growth remains, surpassing industry, '24F guidance, and our forecast.

The bank saw solid total loan growth (15.5% yoy) across the boards. The corporate segment remains as the backbone grew by 19.9% yoy, accounted for around 45.7% of the total loan, and was around 170 bps higher yoy. Meanwhile, consumer loan growth of 13.6% yoy was led by personal loans (20.2% yoy), followed by vehicle loans (18.4% yoy). SME segment and Sharia Financing also recorded double-digit growth of 12.7% yoy and 21.0% yoy, respectively. Across the loan portfolio, commercial segments booked the slowest growth of 7.9% yoy. In all, 1H24 loan growth surpasses '24F loan growth range guidance of 9-10% yoy and above our '24F total loan growth for BBCA of 9.6% yoy. Worth noting that it also beat industry June 24 total loan growth of 12.4% yoy.

Solid customer deposit mix continues.

Total third-party funds were 5.0% yoy higher (0.4% qoq) to IDR 1,121tn. We like its customer deposits mixed, with current accounts recorded as the highest growth (7.4% yoy) followed by saving accounts (4.9% yoy). The flat time deposits growth of 1.7% yoy has added benefit to 1H24 CASA, which stood at 82.2%, or around 0.7% higher than 81.5% in 1H23 (quarterly basis growth: 0.7% qoq). In the remaining quarter of this year, we believe the solid deposits mixed will continue and thus will overall underpin '24F NIM. Additionally, the bank also saw a better loan-to-deposit figure by 7.0% to 82.2% and around 150 bps.

Acceptable NPL; improving LAR and CoC coupled with the absence of flat NIM.

On risk metrics, the bank recorded a slight increase in gross npl to 2.2% vs. 1.9% in 1H23. Yet, cost of credit arrives at a better figure of 0.3% vs. 0.5% in 1H23 and around 0.2% better vs. 0.4% in 1Q24. Consolidated LAR also improved to 6.3% vs. 6.6% in 1Q24 and strongly improved by around 260 bps compared to 9.0% in 1H23 as current restructured sharply dropped by 54.2% yoy amid the increasing SML of 6.3% yoy (6.0% qoq). Worth noting SML growth in 1Q24 was much higher (19.3% yoy, 15.6% qoq). On key profitability metrics, NIM expansion has emerged. Despite booking a mild improvement to 5.7% vs. 5.6% in 1H23 and 0.2% qoq better to 5.8% in 2Q24, we still like the achievement vs. last quarter NIM, which grew flat yoy (1Q24: 5.6% vs. 1Q23: 5.6%).

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)	31.2	26.1	23.5	21.7	19.6
PBV (x)	5.7	5.2	4.6	4.0	3.5
Div. Yield (%)	1.5	2.1	2.7	3.0	3.3
RoE (%)	19.2	21.0	20.8	21.2	22.1

Source: Company, KBVS Research

Exhibit 2: BBCA 1H24 key financial and key performance metrics results

Profit and Loss (IDRtn)	6M23	6M24	YoY (%)	2Q23	2Q24	YoY (%)	1Q24	QoQ (%)	KBVS '24F	% to KBVS Cons '24F	% to '24F cons.
Net interest income	37.0	39.9	7.8	18.5	20.1	8.6	19.8	1.9			
Non-interest income	11.1	12.4	11.7	5.1	6.1	19.6	6.3	(3.2)			
Total operating income	48.1	52.3	8.7	23.6	26.3	11.4	26.1	0.8			
Total operating expenses	17	17.8	4.7	26.0	8.5	(67.3)	9.3	(8.6)			
PPoP	31.1	34.6	11.3	15.5	17.8	14.8	16.8	6.0			
Provision (inc. loan recoveries)	1.2	1.4	13.1	0.4	0.5	18.5	0.9	(41.4)			
Net profit	24.2	26.9	11.2	12.7	14.0	10.2	12.9	8.7	54.1	49.8	53.5 50.3

Source : Company, KBVS Research

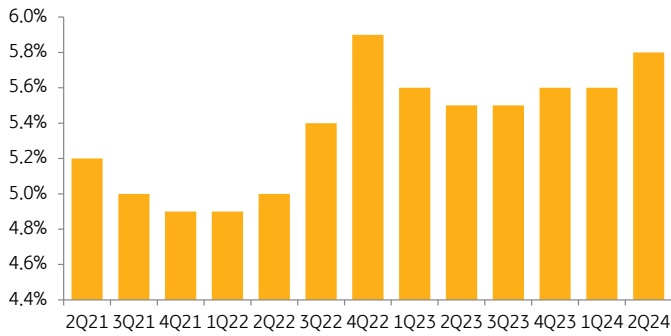
Balance Sheet (IDRtn)	6M23	6M24	YoY (%)	2Q23	2Q24	YoY (%)	1Q24	QoQ (%)
Gross loans	736	850	15.5	736	850	15.5	835.7	1.7
Current accounts	329	353	7.3	329	353	7.3	349.3	1.1
Saving deposits	536	562	4.9	536	562	4.9	555.2	1.2
Time deposits	207	210	1.4	207	210	1.4	216.1	(2.8)
Total Deposits	1072	1125	4.9	1072	1125	4.9	1,120.6	0.4
CASA	865	915	5.8	865	915	5.8	904.5	1.2
Total equity	225	241	7.1	225	241	7.1	227.2	6.1

Source : Company, KBVS Research

Selected Key Ratios (%)	6M23	6M24	YoY (%)	2Q23	2Q24	YoY (%)	1Q24	QoQ (%)
NIM	5.6	5.7	0.1	5.5	5.8	0.3	5.6	0.2
CoC	0.5	0.3	-0.2	0.1	0.2	0.1	0.4	-0.2
CIR	32.5	30.7	-1.8	31.2	29.1	-2.1	32.4	-3.3
ROA	3.7	3.8	0.1	3.9	4.1	0.2	3.6	0.5
ROE	24.2	24.8	0.6	26.1	26.9	0.8	22.7	4.2
CAR	29.5	27.8	-1.7	29.5	27.8	-1.7	26.3	1.5
CASA	81.5	82.2	0.7	81.5	82.2	0.7	81.5	0.7
NPL gross	1.9	2.2	0.3	1.9	2.2	0.3	1.9	0.3
NPL coverage	256.6	190.2	-66.4	257.1	190.2	-66.9	220.3	-30.1
LAR	9.0	6.4	-2.6	8.7	6.4	-2.3	6.6	-0.2

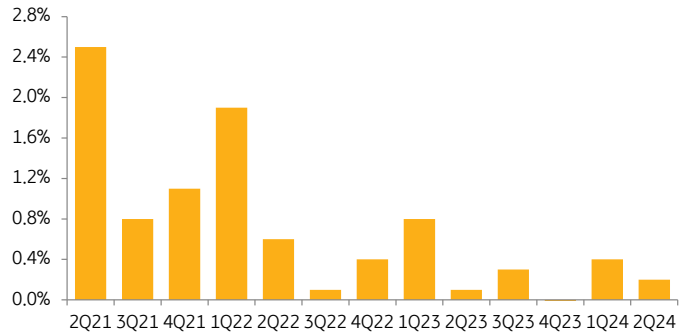
Source : Company, KBVS Research

Exhibit 3: NIM trajectory remains



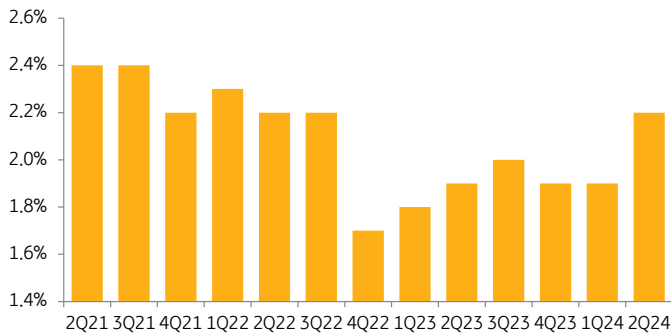
Source: Company, KBVS Research

Exhibit 4: Steady CoC improvement



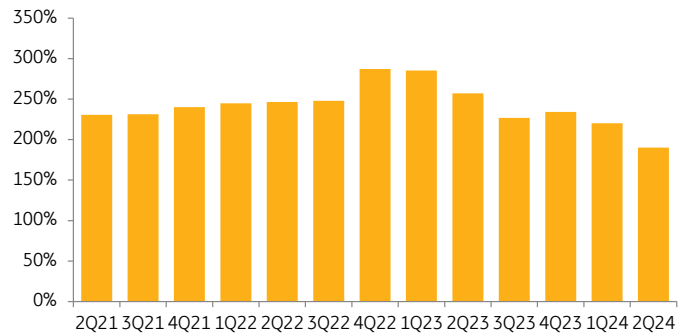
Source: Company, KBVS Research

Exhibit 5: Acceptable NPL



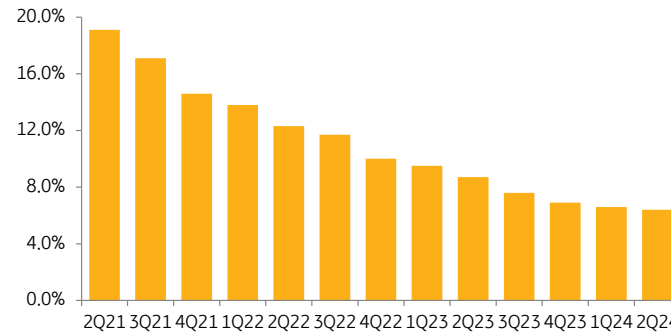
Source: Company, KBVS Research

Exhibit 6: Solid NPL coverage likely intact



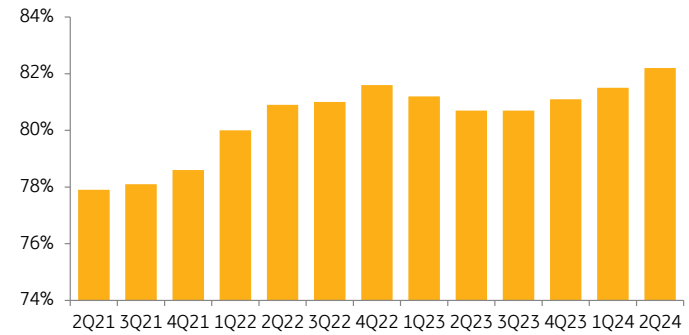
Source: Company, KBVS Research

Exhibit 7: LAR continued to trend down



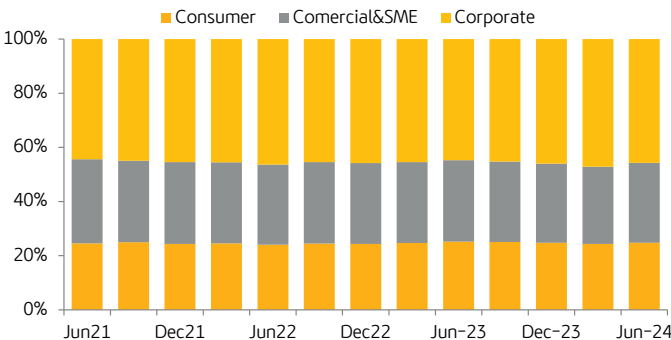
Source: Company, KBVS Research

Exhibit 8: Continuing solid deposit mix to overall help NIM



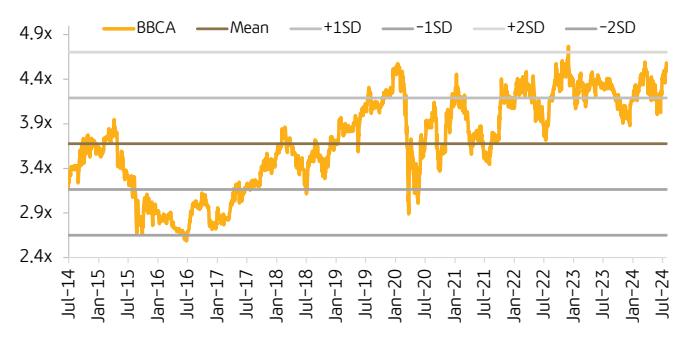
Source: Company, KBVS Research

Exhibit 9: Corporate and consumer segment will continue play crucial role



Source: Company, KBVS Research

Exhibit 10: Currently trading at 4.6x '24F P/B, slightly below +2SD of 4.7x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 13: 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)
Net interest income	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)
Pre-provision operating profit	54,994	62,443	68,667	74,329	81,932
Loan loss provision	(4,527)	(2,263)	(1,780)	(1,868)	(1,852)
Pretax Profit	50,467	60,180	66,887	72,461	80,080
Income Tax Expenses	(9,711)	(11,522)	(12,806)	(13,873)	(15,332)
Net profit	40,736	48,639	54,062	58,569	64,729

Exhibit 14: Balance sheet

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Assets					
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
Total Asset	1,314,731	1,408,107	1,537,469	1,682,694	1,846,160
Liabilities					
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
Total liabilities	1,093,550	1,165,569	1,260,189	1,364,927	1,479,817
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	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
Total Equity	221,182	242,538	277,279	317,766	366,342

Exhibit 15: 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	0.0
BVPS (IDR)	1,793	1,966	2,248	2,576	2,970
PER (x)	31.2	26.1	23.5	21.7	19.6
PBV (x)	5.7	5.2	4.6	4.0	3.5
Div. Yield (%)	1.5	2.1	2.7	3.0	3.3

Source: Company, KBVS Research

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