

Another robust bank only earnings in 10M24

28 November 2024



BBCA IJ	BUY
Sector	Banks
Price at 26 Nov 2024 (IDR)	10,000
Price target (IDR)	12,510
Upside/Downside (%)	25.1

Stock Information

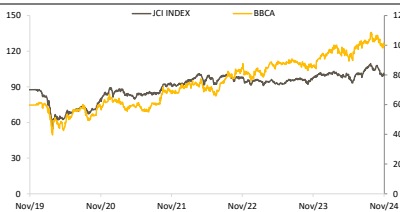
PT Bank Central Asia Tbk has positioned itself as one of the largest transaction banks in Indonesia. The bank provides custodianship, cash management, facilitation for exports and imports, as well as foreign exchange services. Through its subsidiaries, the bank also offers leasing and consumer financing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

Market cap (IDR bn)	1,232,751
Shares outstanding (mn)	123,275
52-week range (IDR)	8,675-10,950
3M average daily vol. ('000)	73,899
3M average daily val. (IDR mn)	768,648

Shareholders (%)

PT Dwimuria Invest. Andalan	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(5.7)	(3.4)	12.7

Analyst

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BBCA delivered another robust 10M24 bank only earnings performance, driven by healthy growth from top to bottom. On monthly stand alone basis, 10M24 earnings figure surpassing our bank only net profit 10M24F for BBCA. We anticipate the bank will record an inline FY24 earnings numbers vs our '24F, given it has pocketing solid 10M24 results. Continuing NIM likely to continue both in the remaining month of '24F and in '25F, mainly driven by its unbeaten borrowing cost. Pressure on deposit growth could remain intact. However, we still believe the Nov24 and Dec24 as well as '25F growth potentially to be higher yoy, supported by its solid transactional banking business. Maintain BUY GGM TP of IDR12,510 (pegged at 4.8x '25F P/B), trades at 3.8x '25F P/B or slightly above its historical mean of 3.7x '25F P/B

Another robust bank only earnings

BBCA delivered another strong monthly performance. 10M24 bank-only earnings grew by a robust 14.9% yoy, driven by solid growth across all key metrics. BBCA's 10M24 bank-only net income is in line with our '24F, with a run rate of 85.3%. Our 10M24F of IDR45.39tn aligns closely with the actual 10M24 figure of IDR46.22 tn.

On monthly basis, the growth was even stronger

On a monthly basis, Oct24 net profit grew strongly by 18.8% yoy (33.8% mom) to IDR5.8tn. This robust growth was driven by double-digit growth in net interest income and profit before provisions (PPoP), coupled with a stable asset quality profile. Oct24F bank only net profit for BBCA of IDR5.3tn came in above our expectation for BBCA'2 10M24F bank only earnings of IDR5.8tn.

Sustain double-digit funding growth; deposit remain under pressure

BBCA successfully maintained a double-digit loan growth of 14.2% yoy, albeit slightly lower on a MoM basis. This performance exceeded the bank's '24F guidance of 9-10% yoy and our forecast of 9.6% yoy. On the liability side, total third-party funds grew by 2.7% yoy, slightly lower than the previous month's growth of 3.1% yoy, reaching IDR903.10tn. While saving account growth moderated to 4.8% yoy from 5.4% in Sept24, the significant decline in TD (-5.5% yoy) boosted the CASA ratio to 1.6% yoy (Oct24), up vs 1.5% yoy in Sep24. We anticipate that deposit growth may face continued pressure. However, lower SRBI yields and improved consumer spending power could support higher deposit growth in 2025, in our view,

Pocketing solid 10M24 PATMI; FY24 likely exceed our '24F

Given the strong 10M24 bank-only earnings performance, we anticipate that BBCA's FY24 net income will align with our expectations. Even under a conservative scenario for Nov24 and Dec24, the bank's FY24 bank-only PATMI is projected to grow by approximately 14.6% yoy to IDR54.8tn. This growth will be driven by: (a) stable and robust loan growth, (b) manageable earning asset yields, (c) lower funding costs, and (d) a well-managed risk profile.

'25F earnings growth likely to sustained

We anticipate that BBCA will continue to deliver robust earnings, maintaining its leadership position in the banking landscape. While the potential benefits from a low-interest rate environment may be limited, the bank's strong transactional banking foundation is expected to support NIM expansion. We expect steady loan growth, particularly in the corporate segment. On the liability side, deposit growth may face some pressure, but we anticipate a higher growth rate in 2025 compared to 2024, driven by lower SRBI rates and improved consumer spending power.

Maintain BUY GGM TP of IDR12,510.

Maintain BUY GGM-TP IDR12,510 (4.8x '25F P/B), while currently trade at 3.8x '25F P/B or slightly above average mean of 3.7x '25F P/B. Downside risks: 1) slower loan growth; 2) worsening NIM and AQ; 3) soaring CoC and NPL. 4) lower than expected interest income; 5) slower-than-expected economic activity; 6) strengthening DXY; 7) worsening middle-east tension; and 8) prolonged global uncertainty.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Net Interest income	63,990	75,129	81,755	88,871	95,467
Non int. Income	23,487	24,817	27,378	30,041	33,203
Operating income	87,476	99,945	109,134	118,912	128,670
Pre-provision profit	54,994	62,443	68,853	75,505	81,446
Net income (IDR bn)	40,736	48,639	54,212	59,517	64,322
EPS (IDR)	330	395	440	483	522
EPS growth (%)	29.6	19.4	11.5	9.8	8.1
PER (x)	30.3	25.3	22.7	20.7	19.2
PBV (x)	5.6	5.1	4.4	3.9	3.4
Div. Yield (%)	1.6	2.1	2.8	3.1	3.4
RoE (%)	19.2	21.0	20.9	21.5	21.9

Source: Company, KBVS Research

Exhibit 2: BBCA 10M24 bank only key (selected) financial results

Profit & Loss (IDRbn)	1M24	2M24	3M24	4M24	5M24	6M24	7M24	8M24	9M24	10M24	10M23	10M24	YoY (%)	To KBVS '24F
Interest income	7,341	14,156	21,471	28,591	35,884	43,112	50,686	58,273	65,729	73,365	67,908	73,365	8.0	
Interest expense	(1,064)	(2,023)	(2,998)	(3,948)	(4,887)	(5,775)	(6,731)	(7,726)	(8,725)	(9,702)	(9,561)	(9,702)	1.5	
Net interest income	6,278	12,133	18,473	24,643	30,997	37,337	43,955	50,547	57,004	63,663	58,348	63,663	9.1	
Non Int Inc & others	1,666	3,414	5,195	7,725	9,631	11,187	13,455	15,362	17,289	19,839	19,211	19,839	3.3	
Opex	(2,253)	(4,774)	(7,567)	(9,886)	(12,375)	(14,837)	(17,627)	(20,238)	(22,558)	(25,154)	(25,805)	(25,154)	(2.5)	
PPOP	5,690	10,773	16,101	22,481	28,254	33,687	39,783	45,671	51,735	58,348	51,754	58,348	12.7	
Provision	(187)	(559)	(885)	(1,396)	(1,723)	(1,064)	(1,162)	(1,288)	(1,829)	(1,488)	(2,252)	(1,488)	(33.9)	
Net Profit	4,469	8,278	12,296	17,215	21,634	26,485	31,396	35,991	40,367	46,226	40,228	46,226	14.9	85.3

Profit and Loss (IDRbn)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Oct-23	Oct-24	YoY (%)	MoM (%)
Interest income	7,341	6,815	7,314	7,120	7,293	7,228	7,574	7,587	7,456	7,636	7,099	7,636	7.6	2.4
Interest expense	(1,064)	(959)	(975)	(951)	(938)	(888)	(957)	(994)	(999)	(977)	(1,087)	(977)	(10.1)	(2.3)
Net interest income	6,278	5,856	6,340	6,170	6,354	6,340	6,618	6,592	6,457	6,659	6,012	6,659	10.8	3.1
Non Int Inc & others	1,666	1,748	1,781	2,530	1,906	1,555	2,268	1,907	1,927	2,550	2,987	2,550		
Opex	(2,253)	(2,521)	(2,793)	(2,320)	(2,488)	(2,463)	(2,790)	(2,611)	(2,320)	(2,596)	(2,799)	(2,596)		
PPOP	5,690	5,083	5,328	6,380	5,772	5,433	6,096	5,888	6,063	6,613	6,200	6,613	6.7	9.1
Provision	(187)	(372)	(327)	(511)	(327)	658	(98)	(126)	(541)	341	(155)	341		
Net Profit	4,469	3,809	4,018	4,919	4,419	4,851	4,911	4,595	4,376	5,859	4,931	5,859	18.8	33.9

Selected BS (IDRbn)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Oct-23	Oct-24	YoY (%)	MoM (%)
Total Loan	776,084	790,194	811,554	818,077	826,729	824,590	832,341	842,706	851,045	858,062	751,358	858,062	14.2	0.8
Total deposits	1,078,363	1,075,773	1,099,940	1,099,571	1,094,316	1,103,512	1,100,707	1,102,284	1,103,279	1,100,126	1,070,803	1,100,126	2.7	(0.3)
Demand deposits	335,060	332,235	347,666	340,943	339,368	351,345	344,494	346,657	350,385	346,257	331,003	346,257	4.6	(1.2)
Savings deposits	537,370	538,304	549,137	556,737	555,951	555,584	559,847	557,483	556,035	556,849	531,224	556,849	4.8	0.1
Time deposits	205,933	205,234	203,136	201,891	198,996	196,583	196,366	198,145	196,859	197,020	208,576	197,020	(5.5)	0.1
CASA	872,430	870,539	896,803	897,680	895,320	906,930	904,341	904,140	906,420	903,106	862,227	903,106	4.7	(0.4)

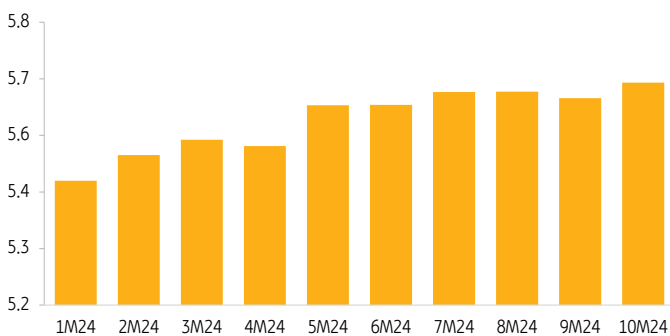
Source: Company, KBVS research

Exhibit 3: BBCA 10M24 bank only key (selected) ratio performance metrics

Selected key ratios (%)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Oct-23	Oct-24	YoY (%)	MoM (%)
NIM	5.7	5.5	5.6	5.5	5.6	5.6	5.7	5.7	5.6	5.7	5.4	5.7	0.3	0.0
Yield	6.7	6.4	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.2	6.5	0.3	0.0
Cost of fund	2.6	2.5	2.4	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.4	2.3	(0.0)	0.0
Cost of credit	0.3	0.4	0.4	0.5	0.5	0.3	0.2	0.2	0.3	0.2	0.3	0.2	(0.1)	(0.1)
CASA (IDRbn)	872,430	870,539	896,803	897,680	895,320	906,930	904,341	904,140	906,420	903,106	862,227	903,106	4.7	(0.4)
Loan to deposits	72.0	73.5	73.8	74.4	75.5	74.7	75.6	76.5	77.1	78.0	70.2	78.0	7.8	0.9
CASA	80.9	80.9	81.5	81.6	81.8	82.2	82.2	82.0	82.2	82.1	80.5	82.1	1.6	(0.1)
Cost to income	28	31	32	31	30	31	31	31	30	30	33	30	(3.1)	(0.2)

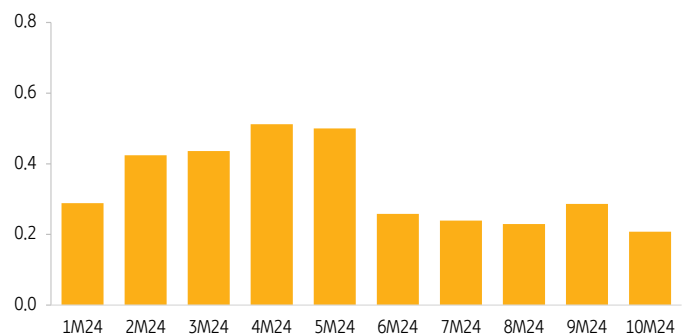
Source: Company, KBVS research

Exhibit 4: Expecting NIM trajectory to sustained (bank only)



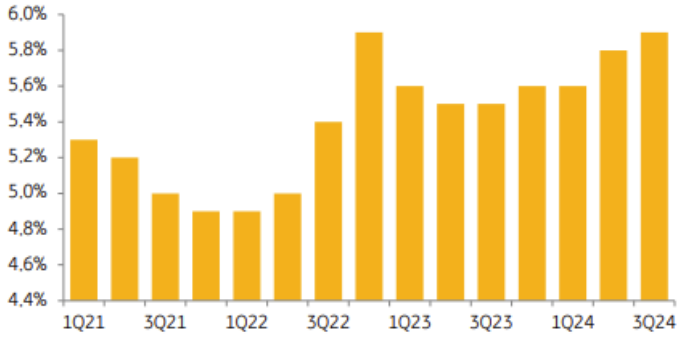
Source: Company, KBVS Research

Exhibit 5: CoC should continue at low level (bank only)



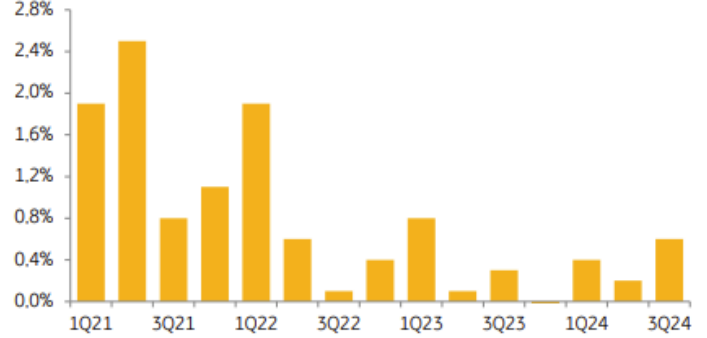
Source: Company, KBVS Research

Exhibit 6: NIM trajectory remains



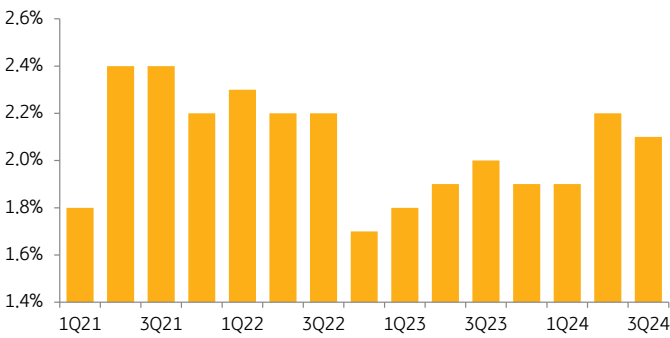
Source: Company, KBVS Research

Exhibit 7: Steady CoC improvement



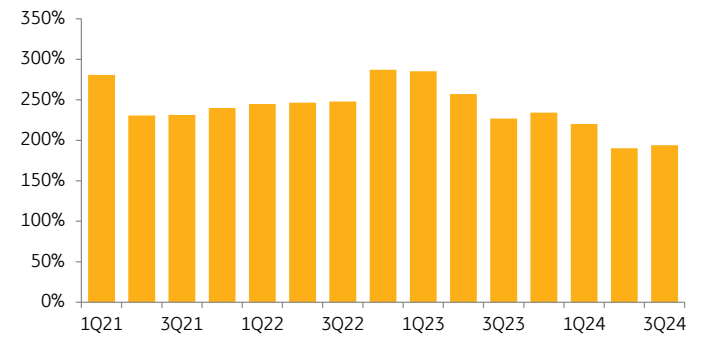
Source: Company, KBVS Research

Exhibit 8: Manageable soft gross NPL



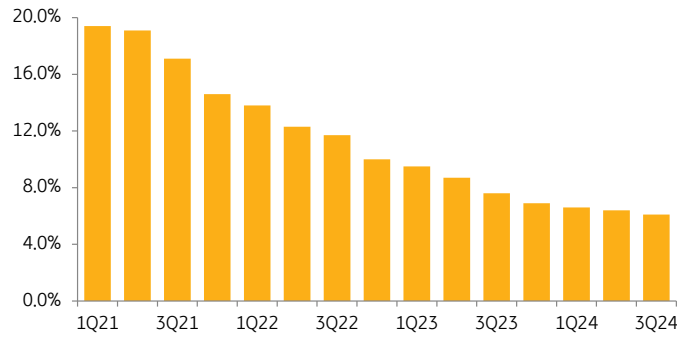
Source: Company, KBVS Research

Exhibit 9: Solid NPL coverage to continue intact



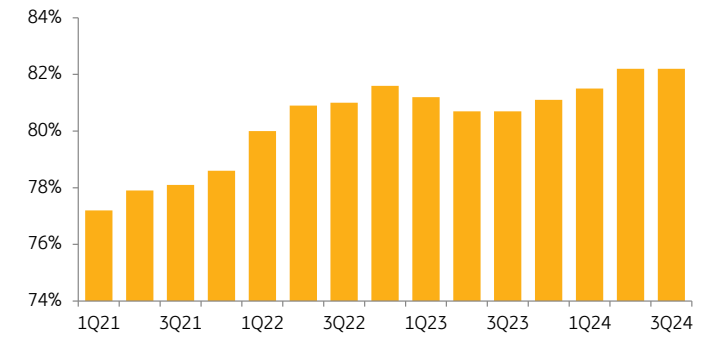
Source: Company, KBVS Research

Exhibit 10: LAR continued to trend down



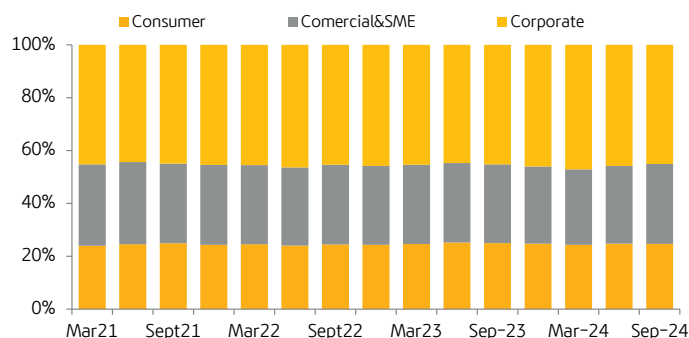
Source: Company, KBVS Research

Exhibit 11: Continuing solid deposit mix to overall help NIM



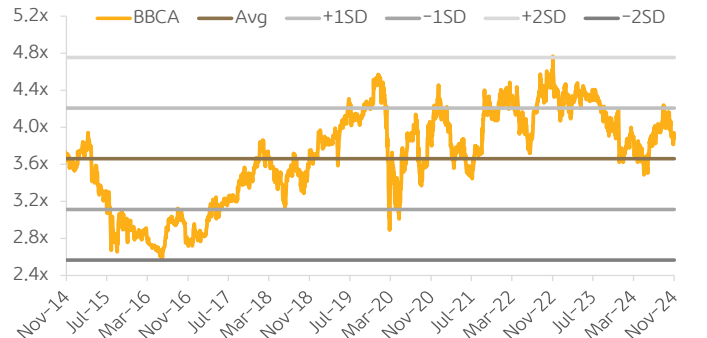
Source: Company, KBVS Research

Exhibit 12: Corporate & consumer segment will continue play crucial role



Source: Company, KBVS Research

Exhibit 13: GGM TP at 4.8x '25F P/B, currently 3.8x (above avg mean of 3.7x)



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES
Exhibit 14: Profit & Loss

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Interest income	72,241	87,398	95,374	104,037	112,378
Interest expenses	(8,252)	(12,269)	(13,619)	(15,166)	(16,911)
Net interest income	63,990	75,129	81,755	88,871	95,467
Non-interest income	23,487	24,817	27,378	30,041	33,203
Operating expenses	(32,483)	(37,503)	(40,281)	(43,407)	(47,224)
Pre-provision operating profit	54,994	62,443	68,853	75,505	81,446
Loan loss provision	(4,527)	(2,263)	(1,780)	(1,871)	(1,870)
Pretax Profit	50,467	60,180	67,072	73,633	79,576
Income Tax Expenses	(9,711)	(11,522)	(12,841)	(14,097)	(15,235)
Net profit	40,736	48,639	54,212	59,517	64,322

Exhibit 15: Balance sheet

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Assets					
Cash	21,360	21,702	22,380	23,392	24,324
Current Account at BI	104,110	92,618	81,332	70,936	69,557
Interbank Loans	36,129	10,816	11,736	12,651	13,641
Govt Treas Bills & Sec	211,181	250,233	296,407	336,924	382,111
Investment Securities	39,847	76,662	83,225	91,321	98,684
Loans	676,421	776,331	855,451	944,137	1,048,773
Fixed Assets	24,709	26,825	29,046	31,378	33,827
Other assets	200,974	152,922	172,441	188,382	192,704
Total Asset	1,314,731	1,408,107	1,552,017	1,699,120	1,863,621
Liabilities					
Interbank Deposit	7,936	10,071	10,932	11,788	12,715
Customer Deposit	1,039,718	1,101,863	1,196,057	1,289,742	1,391,140
Debts Sec and Subordinates	500	500	625	625	625
Other Liabilities	45,396	53,136	67,025	78,460	92,373
Total liabilities	1,093,550	1,165,569	1,274,638	1,380,615	1,496,853
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	257,544	298,307	346,083
Other Equity	12,970	12,309	12,545	12,889	13,357
Shareholder's Equity	221,019	242,356	277,179	318,285	366,530
Non-controlling Interest	163	181	200	219	238
Total Equity	221,182	242,538	277,379	318,505	366,768

Exhibit 16: Key performance metrics

Year End Dec (%)	2022A	2023A	2024F	2025F	2026F
NIM (%)	5.3	5.5	5.6	5.8	5.9
LDR (%)	68.4	73.5	74.3	75.7	77.5
CASA (%)	81.6	80.3	80.8	81.3	81.8
NPL (%)	1.7	1.8	1.7	1.7	1.7
ROAE (%)	19.2	21.0	20.9	21.5	21.9
ROAA (%)	3.2	3.6	3.7	3.7	3.6
CAR (%)	26.8	29.4	30.5	32.0	33.6
BVPS (IDR)	1,793	1,966	2,248	2,582	2,973
PER (x)	29.8	25.0	22.4	20.4	18.9
PBV (x)	5.5	5.0	4.4	3.8	3.3
Div. Yield (%)	1.6	2.2	2.9	3.2	3.4

Source: Company, KBVS Research

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