

Another robust bank only (11M24) earnings; '25F to continue

19 December 2024



BBCA IJ	BUY
Sector	Banks
Price at 19 Dec 2024 (IDR)	9,725
Price target (IDR)	12,510
Upside/Downside (%)	28.6

Stock Information

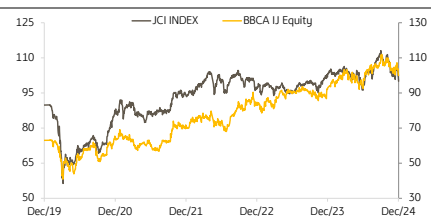
PT Bank Central Asia Tbk has positioned itself as one of the largest transaction banks in Indonesia. The bank provides custodianship, cash management, facilitation for exports and imports, as well as foreign exchange services. Through its subsidiaries, the bank also offers leasing and consumer financing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

Market cap (IDR bn)	1,208,096
Shares outstanding (mn)	123,275
52-week range (IDR)	8,775-10,950
3M average daily vol. ('000)	77,601
3M average daily val. (IDR mn)	802,872

Shareholders (%)

PT Dwimuria Invest. Andalan	54.9
Public	45.1

Stock Performance



Source: Bloomberg

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

BBCA demonstrated robust earnings momentum in Nov24, achieving an 11M bank-only PATMI of IDR 4.24tn, surpassing our forecast by 2.6%. This strong performance, driven by broad-based growth across key metrics, aligns with our expectations for '24F, with the 11M run-rate indicating a potential for achieving our IDR 50.36tn '24F earnings for BBCA. While a low-interest rate environment could present limited upside potential due to BBCA's strong deposit base, the bank's performance is underpinned by several key factors. Notably, robust non-interest income, efficient operating expenses, and a continued low credit cost are expected to drive earnings growth in 2025. Robust loan growth will be crucial for top-line expansion amidst softer loan yields, while stable borrowing costs will support margin expansion. BBCA's prudent strategy, evidenced by slower growth in marketable securities relative to its loan-to-asset ratio, underscores its commitment to its core intermediation function. Maintain BUY with GGM-TP of IDR 12,510 (4.8x P/B '25F), trades at 3.8x '25F P/B or slightly above its historical mean of 3.7x '25F P/B

Another robust 11M24 earnings

BBCA recorded another sturdy monthly (bank only) earnings (14.3% yoy), driven by solid growth across P&L account. Net interest income noted 9.3% yoy higher backed by 7.9% growth in interest income and a lower borrowing cost by 0.1% yoy. Non-II booked at 7.5% yoy higher, while OPEX noted a much efficient level 0.7% yoy and bringing PpoP growth of 13.6% yoy around 86bps higher compared to the previous month growth of 12.7% yoy (Oct24). In all, our Nov24F net profit for BBCA of IDR 4.13tn (above expectation) has brought our BBCA' 11M24F earnings of IDR50.36tn came in inline with 11M24 of IDR50.47tn (run-rate: 90.8%/93.1%).

Nov24 earnings; above expectation

On a monthly basis, despite it only grow by high single-digit (8.2% yoy), the Nov24 (bank-only) net profit of IDR 4.24tn arrives above our Nov24F net profit for BBCA of IDR 4.13tn. The growth was mainly attributable by strong net interest income growth and PpoP growth (11.0% yoy, 20.7% yoy) coupled with a strong credit cost improvement.

Stable robust loan; deposit remain under pressure

Robust loan growth continued and reported 127bps higher to 15.5% yoy vs 14.2% yoy in the previous month (Nov24 MoM: 2.1%) and consistently arriving above BBCA's '24F guidance of 9-10% yoy and our forecast of 9.6% yoy. Worth noting that the growth was beating total sector loan growth by around 467bps higher (10.8% yoy vs 15.5% yoy). On the right hand side of the balance sheet, total third party fund grew by 74bps better from 2.7% yoy to 3.5% in Nov24, thanks to stronger growth in savings account segment which grew almost double vs in Oct24 to 8.5% yoy (Nov24). The steady declining growth in TD has helped CASA to record 5.6% yoy higher to IDR914.85tn or 82.5% of total deposit vs 80.8% (Nov23).

Solid earnings growth in '25F to continue

Bank Central Asia (BBCA) has successfully navigated the recent peak in industry borrowing costs and we believe will continue in '25F. Softer yield is acceptable and it should be offset by steady robust loan. In all, we anticipate that BBCA will continue to deliver robust earnings and 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 and solid Non-II are expected to support PpoP to arrive at a much better growth in '25F. Total deposit growth may face some pressure, but we anticipate a higher growth rate in 2025 compared to 2024, driven by lower SRBI yield expectation and improved spending confidence. Furthermore, BBCA's prudent strategy is evident in the slower growth of its marketable securities portfolio relative to its loan to asset ratio, demonstrating its strong focus on its core intermediation function.

The least sold shares; wider upside potential

Amid the continuing market pressure on indo banking stocks, BBCA remain as the least sold stock. The 1M24 return of -1.5% has offered a wider upside potential, in our view. Additionally, the stock ranked on the 5th most sold stock (-0.3% mom) following BRIS (-0.1% mom), indicating that BBCA remain as the preferred stock in the sector.

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)	29.4	24.6	22.1	20.1	18.6
PBV (x)	5.4	4.9	4.3	3.8	3.3
Div. Yield (%)	1.6	2.2	2.9	3.2	3.5
RoE (%)	19.2	19.2	21.0	20.9	21.5

Source: Company, KBVS Research

Analyst

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Exhibit 2: BBCA 11M24 bank only key (selected) financial results

Profit & Loss (IDRbn)	1M24	2M24	3M24	4M24	5M24	6M24	7M24	8M24	9M24	10M24	11M24	11M23	11M24	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	80,816	74,866	80,816	7.9	
Interest expense	(1,064)	(2,023)	(2,998)	(3,948)	(4,887)	(5,775)	(6,731)	(7,726)	(8,725)	(9,702)	(10,659)	(10,670)	(10,659)	(0.1)	
Net interest income	6,278	12,133	18,473	24,643	30,997	37,337	43,955	50,547	57,004	63,663	70,157	64,197	70,157	9.3	
Non Int Inc & others	1,666	3,414	5,195	7,725	9,631	11,187	13,455	15,363	17,289	19,839	21,699	20,187	21,699	7.5	
Opex	(2,253)	(4,774)	(7,567)	(9,886)	(12,375)	(14,837)	(17,627)	(20,238)	(22,558)	(25,154)	(27,753)	(27,957)	(27,753)	(0.7)	
PPOP	5,690	10,773	16,101	22,481	28,254	33,687	39,783	45,672	51,735	58,348	64,103	56,426	64,103	13.6	
Provision	(187)	(559)	(885)	(1,396)	(1,723)	(1,064)	(1,162)	(1,288)	(1,829)	(1,488)	(1,724)	(2,038)	(1,724)	(15.4)	
Net Profit	4,469	8,278	12,296	17,215	21,634	26,485	31,396	35,992	40,367	46,226	50,473	44,153	50,473	14.3	93.1

Profit and Loss (IDRbn)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Nov-23	Nov-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	7,451	6,958	7,451	7.1	(2.4)
Interest expense	(1,064)	(959)	(975)	(951)	(938)	(888)	(957)	(994)	(999)	(977)	(957)	(1,109)	(957)	(13.7)	(2.0)
Net interest income	6,278	5,856	6,340	6,170	6,354	6,340	6,618	6,592	6,457	6,659	6,494	5,849	6,494	11.0	(2.5)
Non Int Inc & others	1,666	1,748	1,781	2,530	1,906	1,555	2,268	1,908	1,926	2,550	1,860	976	1,860	90.6	(27.1)
Opex	(2,253)	(2,521)	(2,793)	(2,320)	(2,488)	(2,463)	(2,790)	(2,611)	(2,320)	(2,596)	(2,599)	(2,153)	(2,599)	20.7	0.1
PPOP	5,690	5,083	5,328	6,380	5,772	5,433	6,096	5,889	6,062	6,613	5,755	4,672	5,755	23.2	(13.0)
Provision	(187)	(372)	(327)	(511)	(327)	658	(98)	(126)	(541)	341	(236)	214	(236)	(210.1)	(169.1)
Net Profit	4,469	3,809	4,018	4,919	4,419	4,851	4,911	4,596	4,375	5,859	4,247	3,924	4,247	8.2	(27.5)

Selected BS (IDRbn)	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Nov-23	Nov-24	YoY (%)	MoM (%)
Total Loan (IDRbn)	776,084	790,194	811,554	818,077	826,729	824,590	832,341	842,706	851,045	858,062	875,782	758,430	875,782	15.5	2.1
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	1,109,460	1,072,136	1,109,460	3.5	0.8
Demand deposits	335,060	332,235	347,666	340,943	339,368	351,345	344,494	346,657	350,385	346,257	363,090	334,492	363,090	8.5	4.9
Savings deposits	537,370	538,304	549,137	556,737	555,951	555,584	559,847	557,483	556,035	556,849	551,763	531,810	551,763	3.8	(0.9)
Time Deposits	205,933	205,234	203,136	201,891	198,996	196,583	196,366	198,145	196,859	197,020	194,607	205,835	194,607	(5.5)	(1.2)
CASA	872,430	870,539	896,803	897,680	895,320	906,930	904,341	904,140	906,420	903,106	914,853	866,301	914,853	5.6	1.3

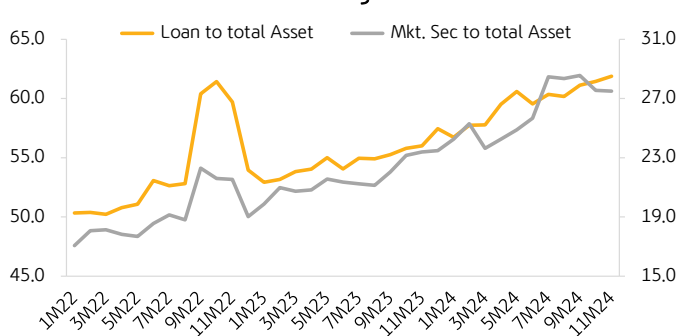
Source: Company, KBVS Research

Exhibit 3: BBCA 11M24 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	Nov-24	Nov-23	Nov-24	YoY (%)	MoM (%)
NIM	5.5	5.5	5.6	5.5	5.6	5.6	5.7	5.7	5.6	5.7	5.6	5.4	5.6	0.3	(0.0)
Yield	7.7	7.4	7.4	7.4	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.2	7.5	0.3	(0.0)
Cost of fund (CoF)	1.2	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.0	(0.1)	(0.0)
Cost of credit (CoC)	0.3	0.4	0.4	0.5	0.5	0.3	0.2	0.2	0.3	0.2	0.2	0.3	0.2	(0.1)	0.0
CASA (IDRbn)	872,430	870,539	896,803	897,680	895,320	906,930	904,341	904,140	906,420	903,106	914,853	866,301	914,853	48,551	11,746
CASA	80.9	80.9	81.5	81.6	81.8	82.2	82.2	82.0	82.2	82.1	82.5	80.8	82.5	1.7	0.4
Loan to deposits (LDR)	72.0	73.5	73.8	74.4	75.5	74.7	75.6	76.5	77.1	78.0	78.9	70.7	78.9	8.2	0.9
Cost to income (CIR)	28.4	30.7	32.0	30.5	30.5	30.6	30.7	30.7	30.4	30.1	30.2	33.1	30.2	(2.9)	0.1
Mkt sec to total asset	24.3	25.3	23.6	24.3	24.9	25.7	28.5	28.3	28.5	27.6	27.5	23.4	27.5	4.1	(0.1)
Loan to asset	56.7	57.7	57.8	59.5	60.6	59.5	60.3	60.2	61.1	61.4	61.9	56.0	61.9	5.9	0.4

Source: Company, KBVS research

Exhibit 4: Loan to Asset still recorded higher than Mkt. Sec to Asset



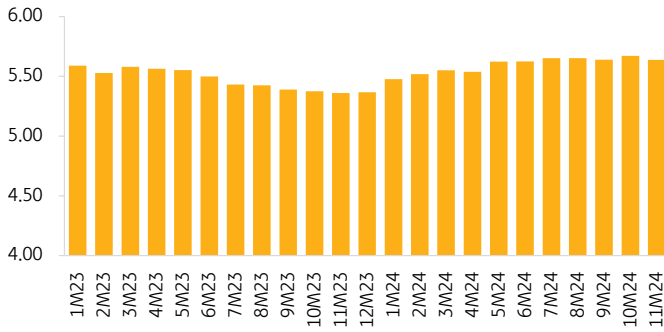
Source: Company, KBVS Research

Exhibit 5: The least sold shares

Ticker	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	YTD 2023	YTD 2024	Incr / (Decr)	Nov-23	Nov-24	YoY (chg)	MoM (chg)
BBCA IJ	36.3%	36.4%	36.6%	36.5%	36.2%	-0.1%	0.1%	0.2%	35.6%	36.2%	0.6%	-0.3%
BBRI IJ	34.1%	34.2%	34.0%	32.9%	32.1%	0.8%	-4.6%	-5.4%	36.3%	32.1%	-4.3%	-0.9%
BMRI IJ	33.6%	34.2%	34.4%	34.1%	33.8%	0.4%	-0.1%	-0.6%	33.5%	33.8%	0.3%	-0.4%
BBNI IJ	26.0%	26.1%	26.8%	27.1%	26.6%	2.0%	-0.5%	-2.5%	27.1%	26.6%	-0.5%	-0.5%
BBTN IJ	10.9%	10.8%	11.4%	11.3%	10.9%	-1.4%	0.8%	2.2%	9.7%	10.9%	1.3%	-0.4%
BRIS IJ	4.2%	4.3%	4.9%	4.8%	4.7%	0.8%	1.2%	0.5%	3.0%	4.7%	1.7%	-0.1%
Average	24.2%	24.3%	24.7%	24.5%	24.0%	0.4%	-0.5%	-0.9%	24.2%	24.0%	-0.2%	-0.4%

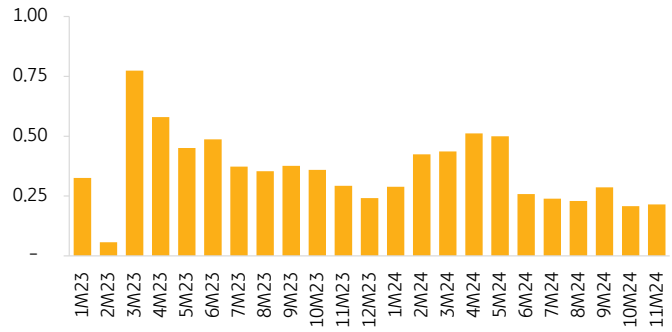
Source: Company, KBVS Research

Exhibit 6: NIM trajectory remains



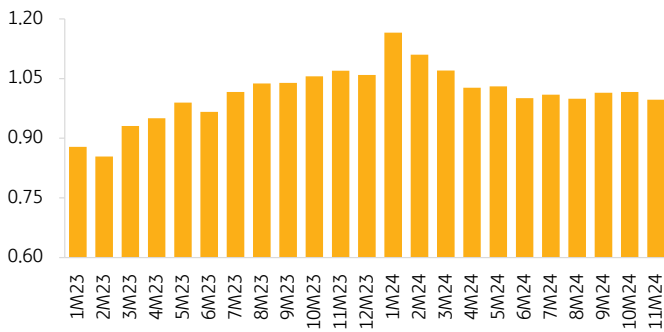
Source: Company, KBVS Research

Exhibit 7: Steady CoC improvement



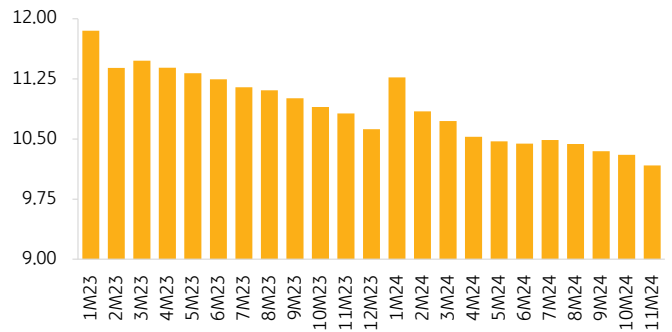
Source: Company, KBVS Research

Exhibit 8: Expect soft borrowing cost to sustain on solid deposit mix



Source: Company, KBVS Research

Exhibit 9: The upcoming softer yield to be offset by steady robust loan growth



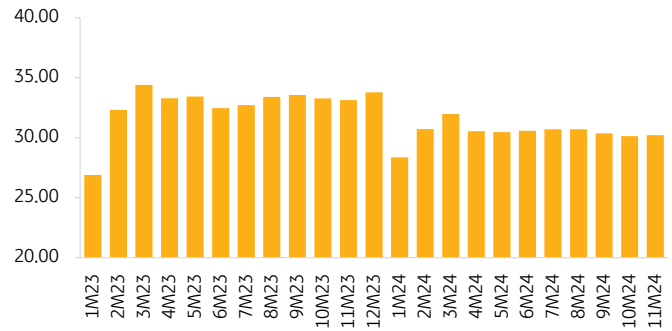
Source: Company, KBVS Research

Exhibit 10: Expect manageable LDR to continue amid the tight liquidity



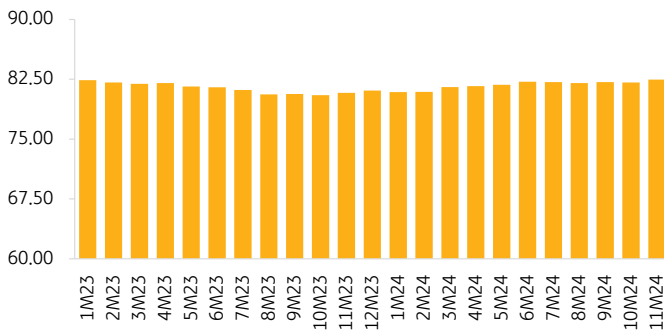
Source: Company, KBVS Research

Exhibit 11: Cost to income will play pivotal role to support PPOp performance



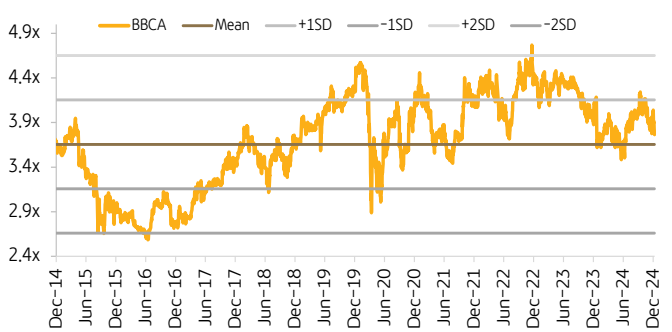
Source: Company, KBVS Research

Exhibit 12: Steady solid CASA to support soft blended funding cost



Source: Company, KBVS Research

Exhibit 13: 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)	29.4	24.6	22.1	20.1	18.6
PBV (x)	5.4	4.9	4.3	3.8	3.3
Div. Yield (%)	1.6	2.2	2.9	3.2	3.5

Source: Company, KBVS Research

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Malang 65112
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Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
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Pekanbaru

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T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukamto
Palembang 30114
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Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
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Padang

Jl. Kampung Nias II No. 10,
Padang 25211
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Yogyakarta

Jl. Magelang KM 5.5 No. 75
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Semarang 50252
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Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
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Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
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Denpasar

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Komplek Ibis Styles Hotel
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Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
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Solo

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