

Healthy 1Q25 earnings growth; inline

24 April 2025



BBCA IJ	BUY
Sector	Banks
Price at 23 April 2025 (IDR)	8,725
Price target (IDR)	12,510
Upside/Downside (%)	43.4

Stock Information

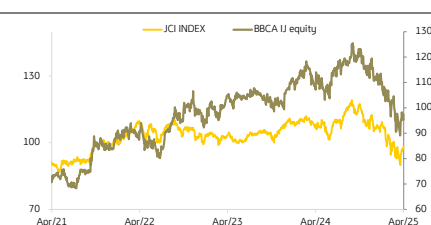
PT Bank Central Asia Tbk has positioned itself as one of the largest transaction banks in Indonesia. The bank provides custodianship, cash management, facilitation for exports and imports, as well as foreign exchange services. Through its subsidiaries, the bank also offers leasing and consumer financing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

Market cap (IDR bn)	1,047,838
Shares outstanding (mn)	123,275
52-week range (IDR)	7,275–10,950
3M average daily vol. ('000)	143,316
3M average daily val. (IDR mn)	1,237,320

Shareholders (%)

PT Dwimuria Invest. Andalan	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	10.4	(9.1)	(10.3)

Analyst

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BBCA's 1Q25 earnings demonstrated a strong 9.8% yoy growth, positioning it well against the 24.1%/24.1% consensus and our forecasts (1Q24 run-rate: 23.5%). Loan growth remained robust at 12.6% yoy, exceeding industry averages, our projections, and management guidance. The bank sustained NIM expansion alongside manageable key risk metrics. The 1H25 will be critical in assessing the impact of ongoing global trade tensions, persistent buying power pressure, and prolonged uncertainty. Our cautiously optimistic outlook for BBKA's 2025 earnings hinges on a stable NIM and sound asset quality. Key catalysts include achievable loan growth guidance, a solid low-cost funding base with a robust deposit mix, and manageable risk metrics. We maintain our BUY recommendation with a 12-month GGM-based target price of IDR 12,510 (5.0x 2025F P/B), noting the current attractive trading level of 3.5x, below its historical average of 3.7x.

Inline 1Q25 run-rate; beating our 1Q25F PATMI for BBKA

BBKA navigated ongoing uncertainty and buying power pressures to deliver another solid earnings result in the 1Q25. Net profit expanded by 9.8% yoy, fueled by robust operating performance characterized by healthy top-line growth and well-managed funding costs. This translated to a 7.1% yoy increase in NII and a 9.9% yoy rise in PPoP. The reported 1Q25 earnings of IDR 14.1tn aligned with both consensus and our full-year 2025 forecast of 24.1%/24.1%, representing a 23.5%/24.1% run-rate. While exhibiting a modest 2.8% qoq growth, the IDR 14.1tn in 1Q25 earnings met the IDR 14.0tn consensus forecast and surpassed our IDR 13.7tn 1Q25F net income projection for BBKA by 3.2%.

Robust loans growth continue; surpassing industry, our forecast and BBKA guidance

BBKA's loan portfolio demonstrated exceptional growth across all segment boards, registering a 12.6% yoy surge. This performance significantly outpaced the industry average of 9.16% yoy and exceeded both our '25F and management's projections. Corporate lending spearheaded this expansion with a 13.9% yoy increase, closely followed by a 12.9% yoy rise in SME loans. Consumer loans also exhibited strong numbers, growing by 11.3% yoy, driven by a 12.3% yoy rise in vehicle financing and a 10.5% yoy expansion in mortgages, alongside a notable 13.9% yoy increase in personal loans. Furthermore, commercial loans recorded a solid 9.9% year-on-year growth.

Solid deposit mix still intact

Despite tight market liquidity, BBKA effectively grew its total third-party funds by a solid 6.5% yoy. This expansion was spearheaded by a 7.5% yoy increase in savings deposits and a significant 9.5% yoy rise in current accounts, leading to an impressive 8.3% yoy growth in the bank's current and savings account base. Notably, high-cost time deposits decreased by 0.9% yoy, further strengthening BBKA's low-cost funding structure.

NIM expansion remains; risk metrics considerably well managed

BBKA achieved strong profitability in 1Q25, NIM expanding by 20 basis points to 5.8%, surpassing our 2025 forecast. The bank's robust current account and savings account (CASA) position, reaching 82.9%, is also a key strength, improving by approximately 140 basis points yoy from 81.5% in the 1Q24. Despite prolonged uncertainty, key risk metrics remained well-managed, with the cost of credit at 0.5% (up from 0.4%) and the gross non-performing loan at 2.0% (compared to 1.9% in 1Q24).

What to watch

The 1H25 earnings will be critical in clarifying the impact of the global trade war. We acknowledge that ongoing pressure on buying power and the struggles of the middle-income class could materially affect 2025 earnings. On a brighter note, we are optimistic that BBKA likely to meet its '25 loan growth guidance of 6%–8% yoy (1Q25 growth: 12.6% yoy). Moreover, the bank's favorable low funding costs and robust deposit mix should sustain healthy top-line growth. Lastly, we anticipate that credit costs and the gross NPL ratio will remain manageable and potentially improve over the next two quarters. Our base and best-case GGM-derived TP, adjusted for risk-free and required rates of return, continue to support a BUY recommendation, largely due to the previous stock sell-off.

Maintain BUY: TP IDR12,510.

Our 12M GGM-based TP of IDR12,510 is pegged at 5.0x '25F P/B, while currently BBKA stock trades (3.5x) slightly below its average historical mean of 3.7x. Key downside risks to our target price include: 1) deteriorating NIM and AQ; 2) worsening NPL; 3) lower-than-anticipated interest income coupled with rising funding costs; 4) worst than expected global trade war impact; 5) prolonged uncertainty; 6) steady pressure on buying power; 7) persistently attractive SRBI yields; 8) weakening IDR/USD.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net Interest income	74,938	82,264	88,514	94,815	101,701
Non int. Income	23,579	26,042	27,858	30,324	33,307
Operating income	98,517	108,307	116,372	125,139	135,008
Pre-provision profit	61,236	70,252	76,077	82,405	88,750
Net income (IDR bn)	48,639	54,836	58,578	63,147	67,884
EPS (IDR)	395	445	475	512	551
EPS growth (%)	19.4	12.7	6.8	7.8	7.5
PER (x)	23.2	20.6	19.3	17.9	16.6
PBV (x)	4.7	4.3	3.6	3.1	2.6
Div. Yield (%)	2.3	3.0	3.2	3.5	3.8
RoE (%)	23.5	24.6	25.0	25.6	26.3

Source: Company, KBVS Research

Exhibit 2: BBCA 1Q25 key financial and key performance metrics results

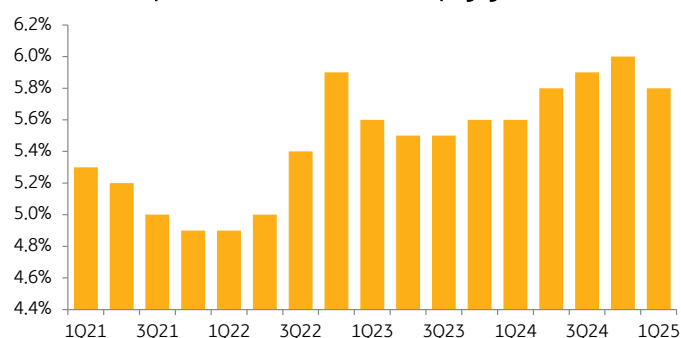
Profit and Loss (IDRtn)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)	KBVS '24F	% to KBVS	Cons '24F	% to Cons
Interest income	23.0	24.4	6.1	23.0	24.4	6.1	24.4	0.1				
Interest expenses	(3.2)	(3.2)	1.5	(3.2)	(3.2)	1.5	(3.1)	4.8				
Net interest income	19.7	21.1	7.1	19.8	21.1	7.1	21.3	(1.1)				
Non-interest income	6.3	6.8	8.1	6.3	6.8	8.1	6.2	10.6				
Total operating income	26.0	27.9	7.4	26.1	27.9	7.4	27.5	1.6				
Total operating expenses	(9.3)	(9.5)	2.8	(9.3)	(9.5)	2.8	(10.4)	(8.5)				
PPoP	16.7	18.4	9.9	16.8	18.4	9.9	17.1	7.7				
Provision (inc. loan recoveries)	0.9	1.0	18.2	0.9	1.0	18.2	(0.3)	n/a				
Net profit	12.9	14.1	9.8	12.9	14.1	9.8	13.8	2.8	58.6	24.1%	58.4	24.1%

Balance Sheet (IDRtn)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)
Gross loans	836	941	12.6	836	941	12.6	922	2.1
Current accounts	349	383	9.5	349	383	9.5	362	5.7
Saving deposits	555	597	7.5	555	597	7.5	562	6.1
Time deposits	216	214	(0.9)	216	214	(0.9)	210	2.2
Total Deposits	1,121	1,193	6.5	1,121	1,193	6.5	1,134	5.3
CASA	904	979	8.3	904	979	8.3	924	6.0
Total equity	227	246	8.4	227	246	8.4	263	(6.2)

Selected Key Ratios (%)	1Q24	1Q25	YoY (%)	3M24	3M25	YoY (%)	4Q24	QoQ (%)
NIM	5.6	5.8	0.2	5.6	5.8	0.2	6.0	(0.2)
CoC	0.4	0.5	0.1	0.4	0.5	0.1	(0.1)	0.6
CIR	32.4	28.5	(3.9)	32.4	28.5	(3.9)	35.0	(6.5)
ROA	3.6	4.3	0.7	3.6	4.3	0.7	4.1	0.2
ROE	22.7	26.2	3.5	22.7	26.2	3.5	24.2	2.0
CAR	26.3	26.6	0.3	26.3	26.6	0.3	29.4	(2.8)
CASA	81.5	82.9	1.4	81.5	82.9	1.4	82.4	0.5
NPL gross	1.9	2.0	0.1	1.9	2.0	0.1	1.8	0.2
NPL coverage	220.3	180.5	(39.8)	220.3	180.5	(39.8)	208.5	(28.0)
LAR	6.6	6.0	(0.6)	6.6	6.0	(0.6)	5.3	0.7

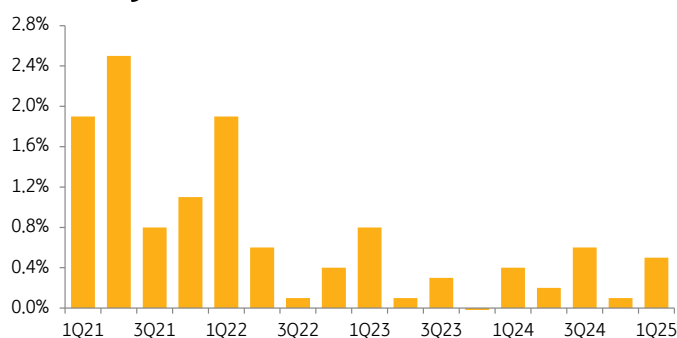
Source : Company, KBVS Research

Exhibit 3: NIM expansion continues in 1Q25 (20bps yoy)



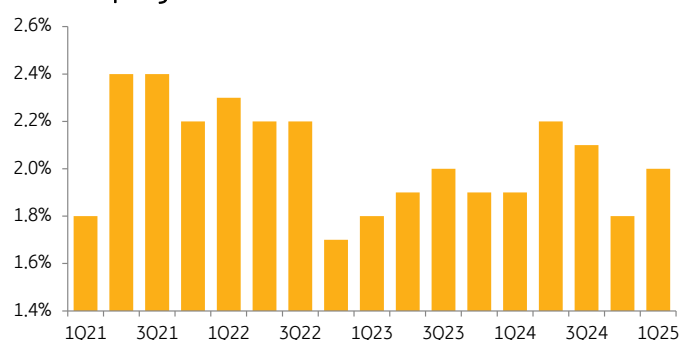
Source: Company, KBVS Research

Exhibit 4: Manageable credit cost



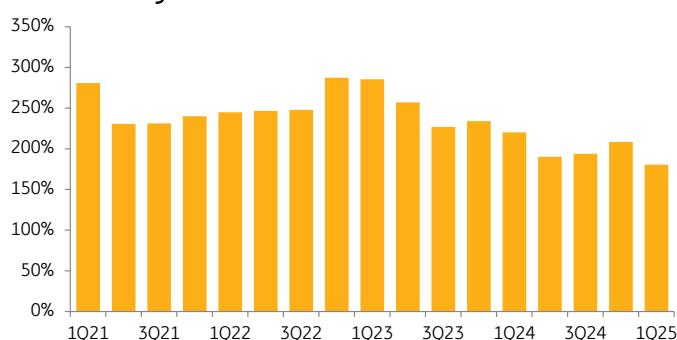
Source: Company, KBVS Research

Exhibit 5: Expect gross NPL to softened



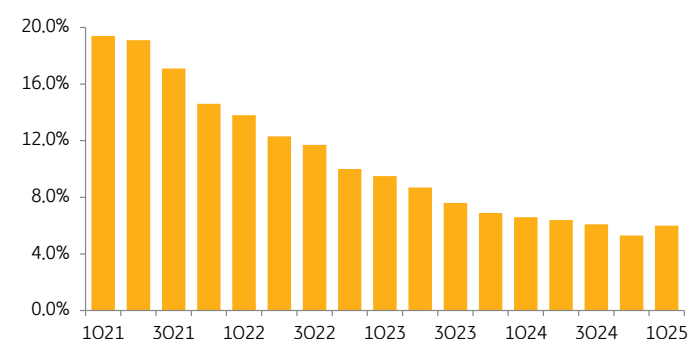
Source: Company, KBVS Research

Exhibit 6: Coverage ratio remain solid



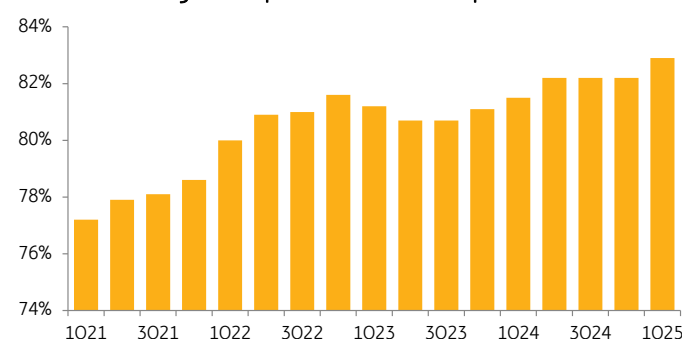
Source: Company, KBVS Research

Exhibit 7: Softer LAR continue intact



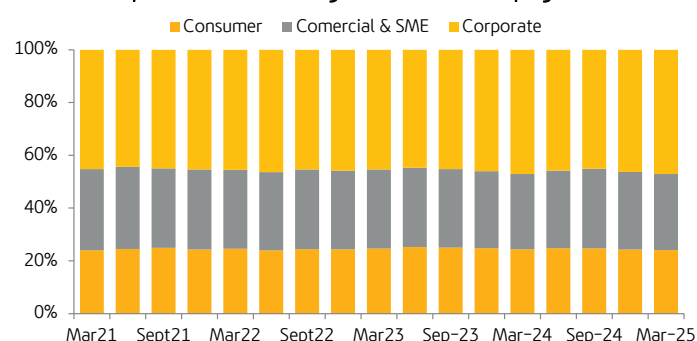
Source: Company, KBVS Research

Exhibit 8: Continuing solid deposit mix to overall help NIM



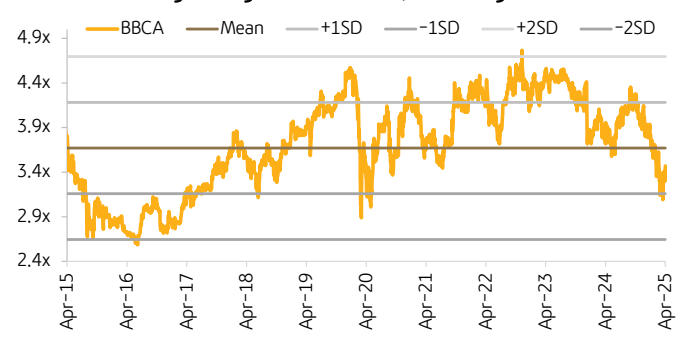
Source: Company, KBVS Research

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



Source: Company, KBVS Research

Exhibit 10: Currently trading at 3.5x '25F P/B, below avg. historical mean of 3.7x



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 11: Profit & Loss

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Interest income	87,207	94,796	101,358	108,082	115,437
Interest expenses	(12,269)	(12,532)	(12,843)	(13,267)	(13,736)
Net interest income	74,938	82,264	88,514	94,815	101,701
Non-interest income	23,579	26,042	27,858	30,324	33,307
Operating expenses	(37,281)	(38,054)	(40,295)	(42,734)	(46,258)
Pre-provision operating profit	61,236	70,252	76,077	82,405	88,750
Loan loss provision	(1,056)	(2,034)	(3,205)	(3,850)	(4,305)
Pretax Profit	60,180	68,218	72,872	78,554	84,446
Income Tax Expenses	(11,522)	(13,367)	(14,278)	(15,392)	(16,546)
Net profit	48,639	54,836	58,578	63,147	67,884

Exhibit 12: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Assets					
Cash	21,702	29,316	30,517	32,017	33,701
Current Account at BI	92,618	36,408	37,819	39,378	44,788
Interbank Loans	10,816	19,812	20,579	21,427	23,003
Govt Treas Bills & Sec	250,233	265,839	275,318	291,983	297,463
Investment Securities	76,662	126,617	132,816	139,666	147,257
Loans	776,331	888,379	947,439	1,013,727	1,101,043
Fixed Assets	26,825	28,251	29,748	31,320	32,970
Other assets	152,921	54,680	61,728	62,352	63,836
Total Asset	1,408,107	1,449,302	1,535,963	1,631,868	1,744,060
Liabilities					
Interbank Deposit	10,071	3,656	3,798	3,954	4,127
Customer Deposit	1,101,863	1,133,612	1,177,526	1,226,067	1,279,668
Debts Sec and Subordinates	500	500	500	500	500
Other Liabilities	53,136	48,698	44,471	37,446	36,851
Total liabilities	1,165,569	1,186,466	1,226,295	1,267,968	1,321,146
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	222,957	243,679	290,618	347,901	409,515
Other Equity	12,309	11,871	11,751	8,685	6,069
Shareholder's Equity	242,356	262,641	309,459	363,676	422,674
Non-controlling Interest	181	195	209	224	239
Total Equity	242,538	262,836	309,668	363,901	422,914

Exhibit 13: Key performance metrics

Year End Dec (%)	2023A	2024A	2025F	2026F	2027F
NIM (%)	5.5	5.8	5.7	5.8	5.9
LDR (%)	73.5	81.3	83.4	85.7	89.2
CASA (%)	80.3	81.5	81.9	82.4	82.8
NPL (%)	1.8	1.7	1.7	1.7	1.7
ROAE (%)	23.5	24.6	25.0	25.6	26.3
ROAA (%)	3.6	3.8	3.9	3.9	3.9
CAR (%)	29.4	31.0	34.2	37.7	0.0
BVPS (IDR)	1,966	2,131	2,515	2,983	3,487
PER (x)	22.1	19.6	18.4	17.0	15.8
PBV (x)	4.4	4.1	3.5	2.9	2.5
Div. Yield (%)	2.4	3.2	3.4	3.7	3.9

Source: Company, KBVS Research

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