

9M24 earnings above; solid 25F growth to continue

28 October 2024



<b>BBCA IJ</b>	<b>BUY</b>
Sector	Banks
Price at 25 October 2024 (IDR)	10,750
Price target (IDR)	12,510
Upside/Downside (%)	16.4

**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)	1,319,044
Shares outstanding (mn)	123,275
52-week range (IDR)	8,600-10,950
3M average daily vol. ('000)	68,378
3M average daily val. (IDR mn)	713,484

**Shareholders (%)**

PT Dwimuria Invest. Andalan	54.9
Public	45.1

**Stock Performance**



Source: Bloomberg

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Performance	(0.9)	4.4	21.1

BBCA delivered a robust 9M24 performance, exceeding both our and consensus expectations. The bank's 3Q24 net income of IDR14.2tn aligned with our forecast. Loan growth continued to outperform the industry, driven by strong performances in the corporate, SME, and consumer segments. The bank's NIM expansion persisted, while risk metrics remained well-controlled. Given the strong 9M24, we anticipate that the '24F net income may surpass our and consensus forecasts. We are refining our 2025 forecasts to reflect BBCA's performance and future growth prospects. Post rolled-over to '25F period, our new higher GGM TP of IDR12,510 (pegged at 4.8x '25F P/B) is look more eye-catching as the stock is now trades at 4.2x '25F P/B or at its +1SD.

**Robust PATMI growth; above expectation.**

BBCA's robust earnings growth surpassed expectations (ours/cons '24F run-rate: 76.0%/76.8% vs 73.4%), with net profit increasing by 12.8% yoy (4.9% qoq) supported by solid growth from top to bottom. On quarterly basis, the growth accelerated 16.4% yoy supported by strong performance across key Profit and Loss accounts. BBCA's 3Q24 net income of IDR14.2tn came in line with our 3Q24F for BBCA of IDR14.3tn (BBCA vs consensus: above) and bringing our 9M24F forecast of IDR41.2tn that also inline with BBCA's 9M24 of IDR41.1tn (9M24 BBCA vs 9M24F consensus: inline).

**Solid total loan growth surpassing industry and our forecast**

BBCA demonstrated strong loan growth across all segments, with total loan (14.5% yoy) continues to arrive above industry figures (10.4% yoy) and our 'FY24F loan growth for BBCA, thanks to the strong growth in corporate (15.9% yoy), SME (14.2% yoy), and consumer segment (13.1% yoy).

**NIM expansion remain intact; well-managed risk metrics**

NIM expansion remain intact, reaching 5.8% from 5.5% in 9M23 and consistently increasing to 5.9% in 3Q24 vs 5.6% in 1Q24 (beating our '24F NIM for BBCA around 30bps). Key risk metrics continue to exhibit a positive trend with CoC and NPL figure remain at low level, while LAR continue recorded another improvement from 7.9% in 9M23 to 6.1% in 9M24 (flattish on qoq basis). Additionally, CIR has decreased by 2.7% yoy, suggesting improved operational efficiency.

**We might witness another better-than-expected '24F result**

Following its robust 9M24 earnings, we might witness BBCA to deliver even higher 4Q24 earnings than our and consensus forecasts. To achieve our '24F earnings for BBCA of IDR54.06 trillion (consensus: IDR54.26 trillion), the bank would only need to record 4Q24 PATMI of IDR12.97 trillion (-8.7% qoq). Worth to note that using our 4Q24F of IDR14.26tn (0.36% qoq), BBCA's '24F net income is equal to IDR55.34tn or around 2.4% higher vs our original forecast (3Q24F cons: IDR13.27tn, '24F at IDR54.36 vs IDR54.26tn originally).

**Deserved continuing premium valuation**

The stock deserves continuing premium valuation in '25F. Despite the upcoming low interest environment, we think it would not impacting much to BBCA's solid deposit mixed funding cost. As such, we believe the '25F key growth driver will be underlined by stronger loan growth coupled with consistent NIM expansion. While non interest income will continue to play crucial role, we also believe BBCA's manageable cost to income will overall support solid PpOP growth to remain intact. We make an adjustment on: (1) BBCA '25F loan growth (2) funding cost and loan yield as well as (3) risk free assumption to accommodate robust 9M24 result which resulting to potential stronger '25F earnings growth anda higher GGM TP.

**Maintain BUY; new GGM TP of IDR12,510.**

Our new GGM TP of IDR12,510 (previously IDR11,070) is pegged at 4.8x '25F P/B, while currently BBCA stock trades at its +1SD of 4.2x '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)	32.5	27.2	24.4	22.3	20.6
PBV (x)	6.0	5.5	4.8	4.2	3.6
Div. Yield (%)	1.4	2.0	2.6	2.9	3.1
RoE (%)	19.2	21.0	20.9	21.5	21.9

Source: Company, KBVS Research

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**Exhibit 2: BBKA 9M24 key financial and key performance metrics results**

Profit and Loss (IDRtn)	9M23	9M24	YoY (%)	3Q23	3Q24	YoY (%)	2Q24	QoQ (%)	KBVS '24F	% to KBVS	Cons '24F	% to Cons
Net interest income	55.8	61.1	9.5	18.8	21.1	12.2	20.2	4.9				
Non-interest income	16.7	19.0	13.5	6.1	6.6	8.2	6.1	6.9				
Total operating income	72.5	80.1	10.4	24.9	27.7	11.2	26.3	5.3				
Total operating expenses	(26.1)	(26.8)	3.0	(9.4)	(9.0)	(4.3)	(8.5)	6.3				
PPoP	46.5	53.2	14.6	15.5	18.7	20.6	17.8	4.9				
Provision (inc. loan recoveries)	(1.5)	(2.4)	60.2	(0.4)	(1.0)	150.0	(0.5)	85.1				
Net profit	36.4	41.1	12.8	12.2	14.2	16.4	14.0	1.4	54.2	75.8	53.5	76.8

Source : Company, KBVS Research

Balance Sheet (IDRtn)	9M23	9M24	YoY (%)	3Q23	3Q24	YoY (%)	2Q24	QoQ (%)
Gross loans	766.0	877.0	14.5	766.0	877.0	14.5	850.0	3.2
Current accounts	338.0	352.0	4.3	338.0	352.0	4.1	353.0	(0.3)
Saving deposits	532.0	563.0	5.8	532.0	563.0	5.8	562.0	0.2
Time deposits	219.0	210.0	(4.0)	219.0	210.0	(4.1)	210.0	0.1
Total Deposits	1,089.0	1,125.0	3.4	1,089.0	1,125.0	3.3	1,125.0	0.0
CASA	870.0	915.0	5.2	870.0	915.0	5.2	915.0	0.0
Total equity	236.0	256.0	8.5	236.0	256.0	8.5	241.0	6.3

Source : Company, KBVS Research

Selected Key Ratios (%)	9M23	9M24	YoY (%)	3Q23	3Q24	YoY (%)	2Q24	QoQ (%)
NIM	5.5	5.8	0.3	5.5	5.9	0.4	5.8	0.1
CoC	0.4	0.4	0.0	0.40	0.6	0.2	0.2	0.4
CIR	33.1	30.4	(2.7)	36.1	30.1	(6.0)	29.1	1.0
ROA	3.6	3.9	0.3	3.5	4.0	0.5	4.1	(0.1)
ROE	23.5	24.7	1.2	22.3	24.6	2.3	26.9	(2.3)
CAR	29.5	29.3	(0.2)	29.5	29.3	(0.2)	27.8	1.5
CASA	80.7	82.2	1.5	79.9	82.2	2.3	82.2	0.0
NPL gross	2.1	2.1	0.0	2.0	2.1	0.1	2.2	(0.1)
NPL coverage	226.5	193.9	(32.6)	226.9	193.9	(33.0)	190.2	3.7
LAR	7.9	6.1	(1.8)	7.6	6.1	(1.5)	6.4	(0.3)

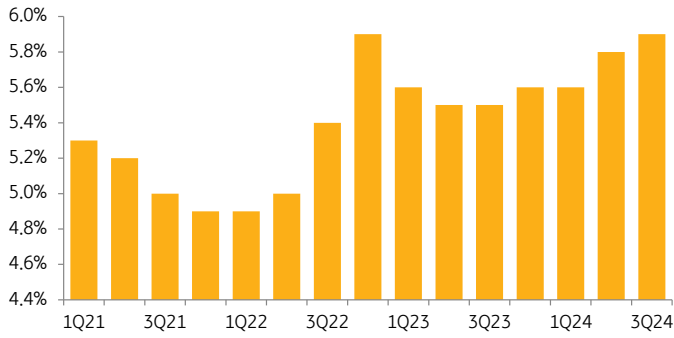
Source : Company, KBVS Research

**Exhibit 3: Forecast Revision**

	New		Old		Difference (%)		Street		Difference (%)	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Loan	888,373	975,709	888,373	973,035	0.0%	0.3%				
Deposit	1,196,057	1,289,742	1,181,915	1,274,387	1.2%	1.2%				
Interest Income	95,374	104,037	95,203	102,822	0.2%	1.2%				
Interest Expenses	(13,619)	(15,166)	(13,549)	(15,012)	0.5%	1.0%				
Net Interest Income	81,755	88,871	81,654	87,809	0.1%	1.2%				
Non Interest Income	27,378	30,041	27,294	29,927	0.3%	0.4%				
Total Income	109,134	118,912	108,948	117,736	0.2%	1.0%				
Opex	(40,281)	(43,407)	(40,281)	(43,407)	0.0%	0.0%				
PPOP	68,853	75,505	68,667	74,329	0.3%	1.6%				
Loan Loss Provision	(1,780)	(1,871)	(1,780)	(1,868)	0.0%	0.2%				
Net Profit	54,212	59,517	54,062	58,569	0.3%	1.6%	54,265	58,174	-0.1%	2.3%

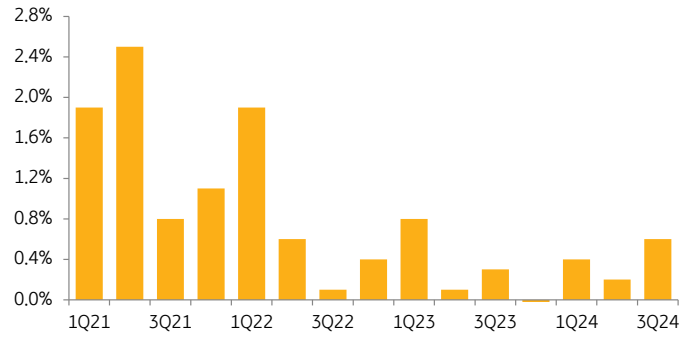
Source : KBVS Research

Exhibit 4: NIM trajectory remains



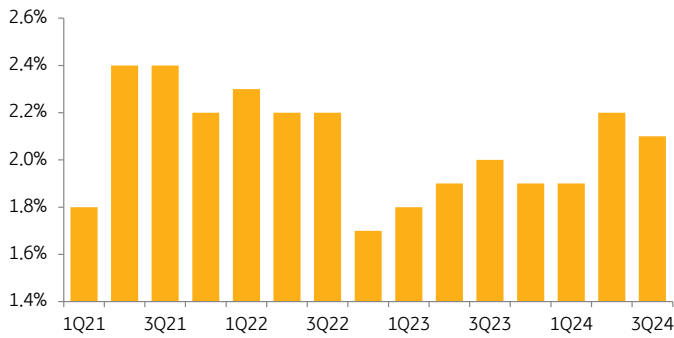
Source: Company, KBVS Research

Exhibit 5: Steady CoC improvement



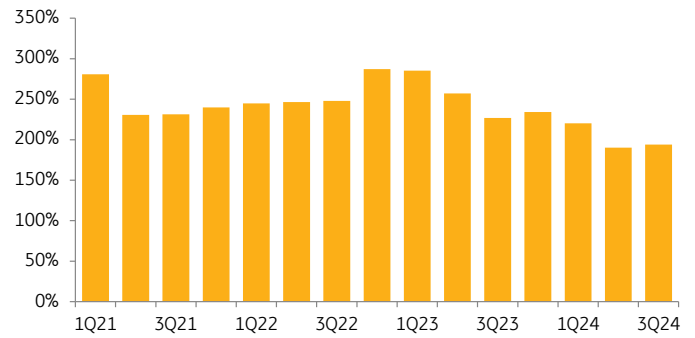
Source: Company, KBVS Research

Exhibit 6: Manageable soft gross NPL



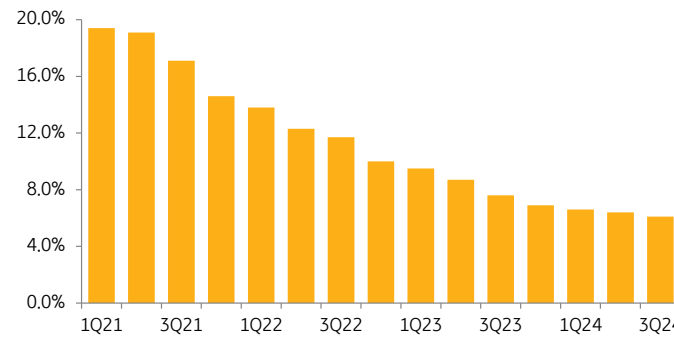
Source: Company, KBVS Research

Exhibit 7: Solid NPL coverage to continue intact



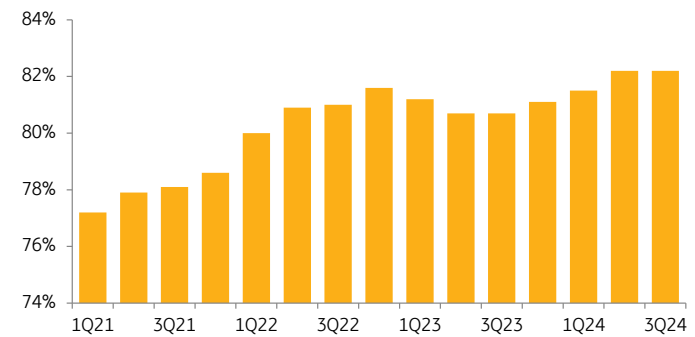
Source: Company, KBVS Research

Exhibit 8: LAR continued to trend down



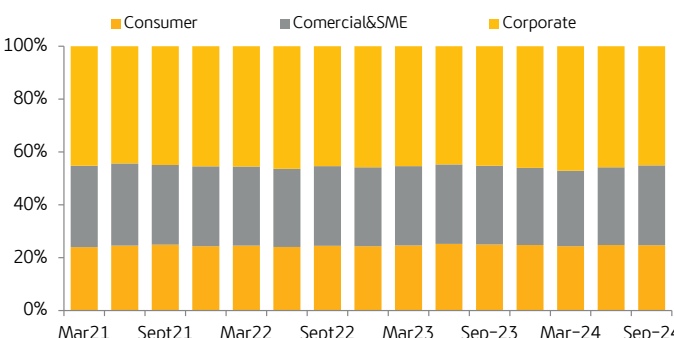
Source: Company, KBVS Research

Exhibit 9: Continuing solid deposit mix to overall help NIM



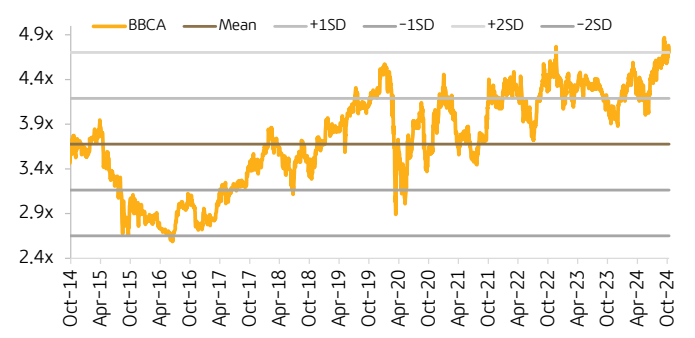
Source: Company, KBVS Research

Exhibit 10: Corporate & consumer segment will continue play crucial role



Source: Company, KBVS Research

Exhibit 11: Currently trading at 4.2x '25F P/B, at its +1SD



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	95,374	104,037	112,378
Interest expenses	(8,252)	(12,269)	(13,619)	(15,166)	(16,911)
<b>Net interest income</b>	<b>63,990</b>	<b>75,129</b>	<b>81,755</b>	<b>88,871</b>	<b>95,467</b>
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)
<b>Pre-provision operating profit</b>	<b>54,994</b>	<b>62,443</b>	<b>68,853</b>	<b>75,505</b>	<b>81,446</b>
Loan loss provision	(4,527)	(2,263)	(1,780)	(1,871)	(1,870)
<b>Pretax Profit</b>	<b>50,467</b>	<b>60,180</b>	<b>67,072</b>	<b>73,633</b>	<b>79,576</b>
Income Tax Expenses	(9,711)	(11,522)	(12,841)	(14,097)	(15,235)
<b>Net profit</b>	<b>40,736</b>	<b>48,639</b>	<b>54,212</b>	<b>59,517</b>	<b>64,322</b>

**Exhibit 13: Balance sheet**

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
<b>Assets</b>					
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
<b>Total Asset</b>	<b>1,314,731</b>	<b>1,408,107</b>	<b>1,552,017</b>	<b>1,699,120</b>	<b>1,863,621</b>
<b>Liabilities</b>					
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
<b>Total liabilities</b>	<b>1,093,550</b>	<b>1,165,569</b>	<b>1,274,638</b>	<b>1,380,615</b>	<b>1,496,853</b>
<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	257,544	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
<b>Total Equity</b>	<b>221,182</b>	<b>242,538</b>	<b>277,379</b>	<b>318,505</b>	<b>366,768</b>

**Exhibit 14: 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)	32.5	27.2	24.4	22.3	20.6
PBV (x)	6.0	5.5	4.8	4.2	3.6
Div. Yield (%)	1.4	2.0	2.6	2.9	3.1

Source: Company, KBVS Research

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