

Solid FY24 earnings growth; inline

31 January 2025



BBCA IJ	BUY
Sector	Banks
Price at 25 October 2024 (IDR)	12,510
Price target (IDR)	9,150
Upside/Downside (%)	36.7

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)	1,127,967
Shares outstanding (mn)	123,275
52-week range (IDR)	8,775-10,950
3M average daily vol. ('000)	78,088
3M average daily val. (IDR mn)	775,304

Shareholders (%)

PT Dwimuria Invest. Andalan	54.9
Public	45.1

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	(2.8)	(8.3)	(1.6)

Analyst

Akhmad Nurcahyadi
akhmad.nurcahyadi@kbvalbury.com

BBCA delivered a solid 12M24 performance (12.7% yoy), arriving at 100.8% and 99.9% of consensus and our '25F earnings for BBCA. 4Q24 PATMI of IDR 13.8tn surpassed our forecast (IDR 13.1tn). Robust loan growth continues (13.8% yoy), beating both industry and our '25F loan growth projections for BBCA. NIM expansion remain intact (+30bps) coupled with persistence healthy key risk metrics. Our cautiously optimistic view on BBCA's '25F earnings will be underpinned by manageable NIM tied with sound asset quality. The bank expects loan growth to hover at 6-8% yoy (KBVS '25F: 7% yoy), with NIM range at 5.7-5.8% (KBVS '25F: 5.7%) and vigorous credit cost of 30bps. Maintain our BUY stance with 12M GGM-based TP of IDR12,510 (4.9x '25F P/B), while currently trading at slightly below its avg. historical mean of 3.7x.

Double digit FY24 PATMI growth; 4Q24 above expectation

Bank Central Asia (BBCA) reported robust FY24 financial performance, with earnings expanding 12.7% yoy. This growth trajectory was underpinned by a healthy expansion across the P&L from top to bottom. Notably, strong revenue growth was complemented by a 8.4% yoy growth in fees and commissions, alongside a remarkable 62.3% yoy increase in trading income. This dynamic propelled total operating income to IDR 107.4tn, signifying a 9.7% yoy improvement. Furthermore, BBCA demonstrated commendable cost discipline, resulting in a significant boost to its PPOp at 14.1% yoy. This achievement is particularly noteworthy given the challenging sector in the 4Q24 and the prevailing uncertainty. Despite these headwinds, BBCA successfully navigated the quarter, culminating in a manageable fourth-quarter net income of IDR 13.8tn, surpassing our '4Q2F for BBCA of IDR 13.1tn. In all, BBCA's FY24 PATMI reached IDR 54.8tn, came in at 100.8% and 99.9% of consensus and our '24F earnings forecast for BBCA.

Robust loans growth continue; surpassing industry and our forecast

The bank exhibited robust loan growth across all segments, with total loans surging 13.8% yoy, surpassing both industry growth and our '25F loan growth projections for BBCA. Corporate lending led the charge, expanding 15.7% yoy, primarily driven by robust demand from the mining and palm oil (CPO) sectors. Consumer loans also demonstrated strong growth at 12.4% yoy, fueled by a 14.8% yoy increase in vehicle loans and a 11.2% yoy expansion in the mortgage segment. Furthermore, the personal loans segment maintained a healthy growth trajectory at 12.8% yoy.

Solid deposit mix remain intact

On the liabilities side, despite navigating a period of tight liquidity, the bank achieved a commendable 2.9% yoy growth in total third-party funds. This growth was primarily driven by a 4.8% yoy increase in savings deposits and a 4.8% yoy expansion in current accounts, resulting in a 4.4% yoy growth in current and savings accounts (CASA). A notable positive was the 3.4% yoy decline in high-cost time deposits, further enhancing the bank's funding profile.

NIM (+0.3%), while improvements in key risk metrics persisted

The bank delivered strong FY24 profitability, with NIM expanding 30bps to 5.8%, exceeding our forecast (5.6%). On key risk metrics continue well managed with NPLs declining around 10bps to 1.8%, while AQ remained robust at 0.3%. We also like solid CASA position which stood at 82.4%, approximately 130bps yoy stronger from 81.1% in the same period of last year. Moreover, a rock-hard coverage ratio continues (208.5%) with continuing improvement in LAR from 6.9% to 5.3% (-1.6% yoy).

Cautiously optimistic 2025

Given the anticipated persistence of uncertainty, we believe achieving high single-digit loan growth would represent a commendable outcome. The bank has set a loan growth target for FY25 within the range of 6-8% yoy (KBVS '25F: 7% yoy). Segmentally, corporate loan growth is expected to mirror broader economic activity. Conversely, commercial and small and SME loans growth likely to reach 7.5% yoy, (BBCA's '25F: 8-9% yoy for SME loans). Moreover, the consumer segment faces potential headwinds from subdued purchasing power and the challenges faced by the middle-income class, in our view. Despite this cautious outlook, we are confident in BBCA's ability to sustain a manageable net interest margin and a healthy asset quality profile. The bank anticipates NIM to remain within the range of 5.7-5.8% (KBVS '25F: 5.7%). Furthermore, a well-managed AQ should support a cost of credit at least on par with the FY24 level.

Maintain BUY; TP IDR12,510.

Our 12M GGM-based TP of IDR12,510 is pegged at 4.9x '25F P/B, while currently BBCA stock trades 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) a slowdown in economic activity; 5) persistently attractive SRBI yields; 6) a prolonged "higher for longer"; 7) a strengthening US dollar (DXY); and 8) sustained market uncertainty.

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: BBKA FY24 key financial and key performance metrics results

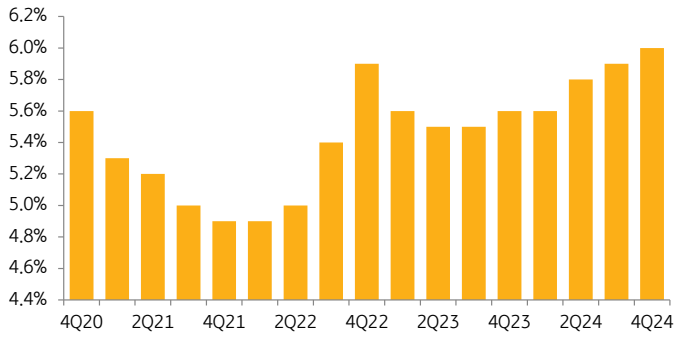
Profit and Loss (IDRtn)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)	KBVS '24F	% to KBVS	Cons '24F	% to Cons
Net interest income	74.9	82.3	9.8	19.2	21.4	11.7	21.1	1.4				
Checked calculation	0	0	0									
Net interest income	75.1	82.3	9.5	19.5	21.4	9.7	21.1	1.4				
Non-interest income	22.8	25.2	10.2	6.4	6.2	(3.1)	6.6	(6.2)				
Total operating income	97.9	107.4	9.7	25.9	27.5	6.2	27.6	(0.4)				
Total operating expenses	(36.5)	(37.3)	2.2	(10.5)	(10.4)	(1.0)	(9.0)	15.4				
PPoP	61.5	70.1	14.0	15.4	17.1	11.0	18.6	(8.1)				
Provision (inc. loan recoveries)	(2.3)	(2.0)	51.3	(0.0)	(0.3)	n/a	0.9	n/a				
Net profit	48.6	54.8	12.7	12.2	13.8	13.1	14.2	(3.1)	54.8	99.9%	54.4	100.8%

Balance Sheet (IDRtn)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)
Gross loans	810.0	922.0	13.8	810.0	922.0	13.8	877.0	5.1
Current accounts	348.0	362.0	4.0	348.0	362.0	4.0	352.0	2.8
Saving deposits	536.0	562.0	4.9	536.0	562.0	4.9	563.0	(0.2)
Time deposits	217.0	210.0	(3.4)	217.0	210.0	(3.2)	210.0	0.0
Total Deposits	1,102.0	1,134.0	2.9	1,102.0	1,134.0	2.9	1,125.0	0.8
CASA	885.0	924.0	4.4	885.0	924.0	4.4	915.0	1.0
Total equity	242.0	263.0	8.4	242.0	263.0	8.7	256.0	2.7

Selected Key Ratios (%)	12M23	12M24	YoY (%)	4Q23	4Q24	YoY (%)	3Q24	QoQ (%)
NIM	5.5	5.8	0.3	5.6	6.0	0.4	5.9	0.1
CoC	0.3	0.3	0.0	(0.1)	(0.1)	0.0	0.6	(0.7)
CIR	34.1	31.5	(2.6)	36.5	35.1	(1.4)	30.1	5.0
ROA	3.6	3.9	0.3	3.7	4.1	0.4	4.0	0.1
ROE	23.5	24.6	1.1	23.4	24.2	0.8	24.6	(0.4)
CAR	29.4	29.4	0.0	29.4	29.4	0.0	29.3	0.1
CASA	81.1	82.4	1.3	80.3	82.4	2.1	82.2	0.2
NPL gross	1.9	1.8	(0.1)	1.9	1.8	(0.1)	2.1	(0.3)
NPL coverage	234.1	208.5	(25.6)	234.1	208.5	(25.6)	193.9	14.6
LAR	6.9	5.3	(1.6)	6.9	5.3	(1.6)	6.1	(0.8)

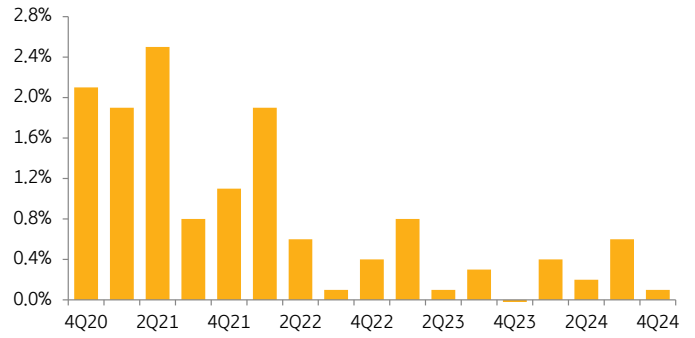
Source : Company, KBVS Research

Exhibit 3: NIM trajectory remains



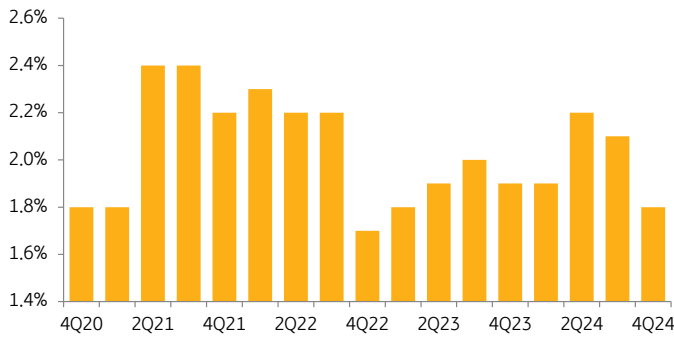
Source: Company, KBVS Research

Exhibit 4: Steady CoC improvement



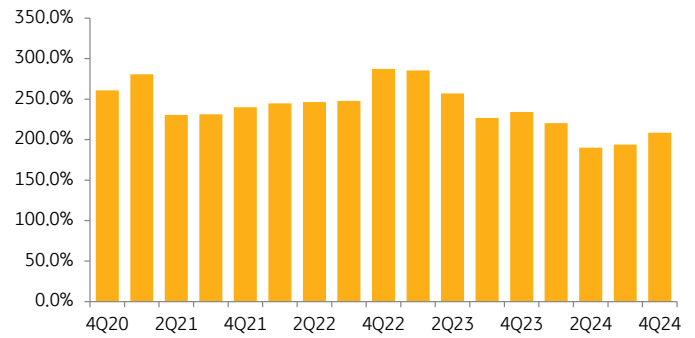
Source: Company, KBVS Research

Exhibit 5: Healthier gross NPL



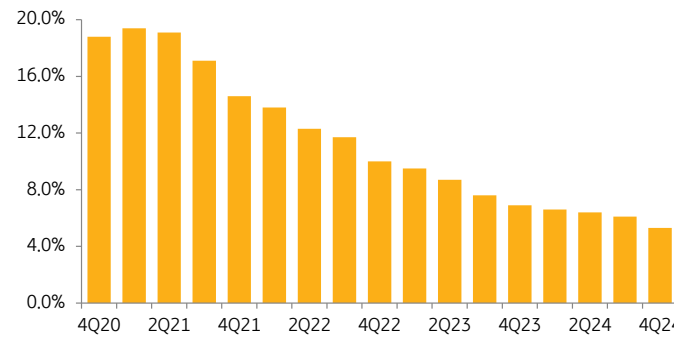
Source: Company, KBVS Research

Exhibit 6: Coverage ratio remain intact



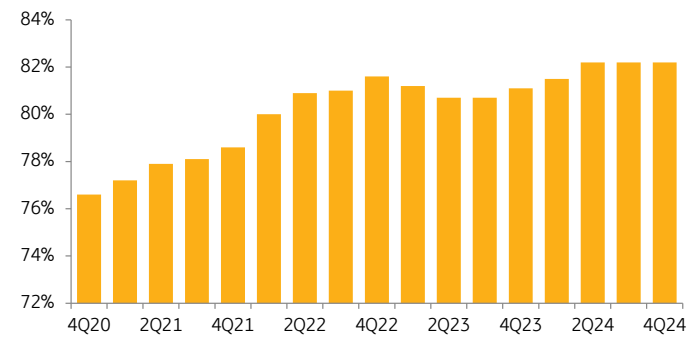
Source: Company, KBVS Research

Exhibit 7: LAR continued to trend down



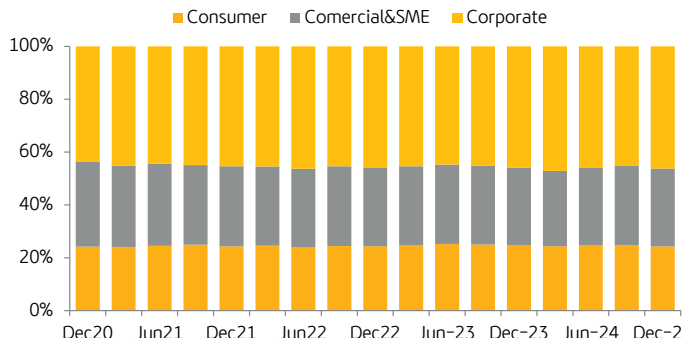
Source: Company, KBVS Research

Exhibit 8: Continuing solid deposit mix to overall help NIM



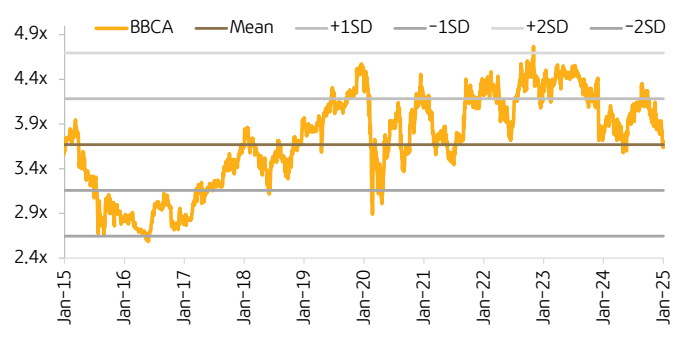
Source: Company, KBVS Research

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



Source: Company, KBVS Research

Exhibit 10: Currently trading at 3.6x '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	43,083	64,479	81,175
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	1,548,529	1,664,331	1,791,535
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	56,485	65,837	77,117
Total liabilities	1,165,569	1,186,466	1,238,309	1,296,359	1,361,413
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	290,613	347,851	409,383
Other Equity	12,309	11,871	12,308	12,807	13,410
Shareholder's Equity	242,356	262,641	310,011	367,748	429,883
Non-controlling Interest	181	195	209	224	239
Total Equity	242,538	262,836	310,220	367,972	430,122

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)	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

Source: Company, KBVS Research

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KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. +62 21 – 250 98 300
F. +62 21 – 255 33 778

Branch Office

Jakarta – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta Utara 11620
T. (021) 29451577

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T. (022) 87255800

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) – 3265918

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839393

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukamto
Palembang 30114
T. (0711) 5700281

Surabaya

Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 2955788

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 623111

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306