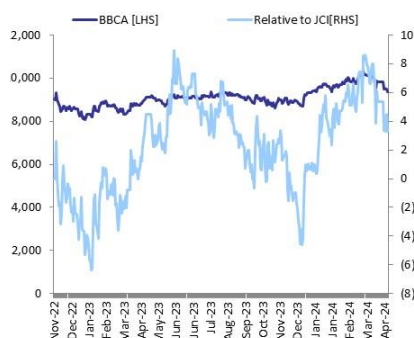


BUY

(Maintained)

Last Price (Rp)	9,350
Target Price (Rp)	11,300
Previous Target Price (Rp)	11,300
Upside/Downside	+20.9%
No. of Shares (mn)	123,275
Mkt Cap (Rpbn/US\$mn)	1,152,622/70,996
Avg, Daily T/O (Rpbn/US\$mn)	765.7/47.2
Free Float (%)	42.4
Major Shareholder (%)	
PT Dwimura Investama	54.9
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	429.8 471.2 503.4
Consensus	434.9 474.5 518.5
BRIDS/Cons (%)	(1.2) (0.7) (2.9)

BBCA relative to JCI Index



Source: Bloomberg

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Bank Central Asia (BBCA II)

The place to shelter from the storm

- Supported by 17% yoy loans growth and a relatively steady NIM, BBKA booked net profit of Rp12.9tr in 1Q24 (+12% yoy, +5% qoq), inline.
- Credit quality was in check with NPL at 1.9% in 1Q24 (+9bps yoy, +13bps qoq) but with a lower LaR ratio of 6.3% (-29bps yoy, -314bps qoq).
- We maintain our forecasts, TP and Buy rating; BBKA remains as our top pick in the banking sector.

1Q24: Robust NP supported by a stable NIM...

BBKA booked net profit of 12.9tr (+12% yoy, +5% qoq) with strong PPOP of 16.9tr (+8% yoy, + 12% qoq) and provisions of Rp1.0tr (-30% yoy, from a reversal in 4Q23). The 1Q24 NP is 24% of both our FY24F and the consensus, hence, in-line. The bank maintained a relatively stable NIM of 6.3% in 1Q24, demonstrating the effective management of its interest income and expenses. This was achieved through a relatively stable EA yield and CoF qoq. In comparison to 1Q23, NIM remained surprisingly flat, with a higher EA yield (from a higher portion of loans) offsetting the higher CoF.

...and high loans growth driven by the corporate segment

Supported by its ample liquidity, BBKA recorded loans growth of 17% yoy in 1Q24. The growth was mainly driven by corporate loans, which grew by 22% with the slowest growth seen in the commercial segment at 9% yoy. The management has kept its loans growth guidance unchanged at 8-10% as it opted to remain prudent on asset quality. TPF recorded 8% yoy growth, resulting in a higher LDR of 74%. TD were flat qoq as the bank gradually cut its TD rate (100bps) starting in Aug23, while CASA rose 2% yoy, bringing the CASA ratio slightly higher to 79.6% in 1Q24 from 79.2% in 4Q23.

Asset quality remained under control

BBKA's asset quality remained robust with an NPL ratio of 1.9% (+9bps yoy, +13bps qoq) in 1Q24 and an improving LAR ratio of 6.3% (vs 6.6% in 4Q23 and 9.5% in 1Q23). However, we note that the <7days SML portion is getting smaller while the >60days SML portion is getting larger. The bank's CoC remained manageable at 0.5%, though slightly above the 30-40bps guidance.

Maintain BUY; robust loans growth, NIM, and credit quality as key catalysts

We maintain our FY24-25F forecasts and Buy rating on BBKA with an unchanged TP of Rp11,300 based on the GGM with CoE of 6.4% (5-year average) and FY24F ROE of 20.9%, implying FV PBV of 5.3x. Risks to our view include a higher-than-expected CoF, a stagnant LDR, and deterioration in credit quality.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	54,994	62,443	68,911	75,902	81,693
Net profit (Rpbn)	40,736	48,639	52,988	58,092	62,056
EPS (Rp)	330.4	394.6	429.8	471.2	503.4
EPS growth (%)	29.6	19.4	8.9	9.6	6.8
BVPS (Rp)	1,792.9	1,966.0	2,146.2	2,344.8	2,541.8
PER (x)	28.3	23.7	21.8	19.8	18.6
PBV (x)	5.2	4.8	4.4	4.0	3.7
Dividend yield (%)	2.2	2.6	2.9	3.2	3.5
ROAE (%)	19.2	21.0	20.9	21.0	20.6

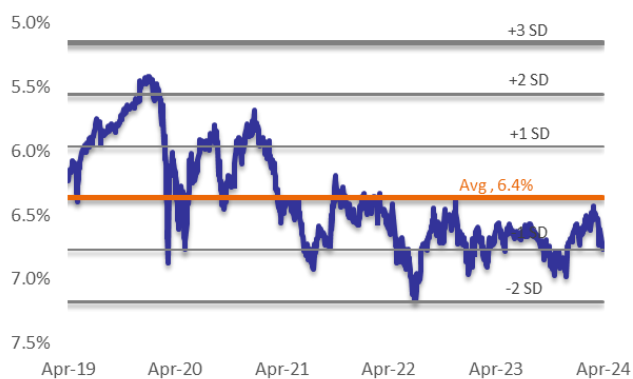
Source: BBKA, BRIDS Estimates

Exhibit 1. BBKA 1Q24 results summary

BBKA (IDR bn)	1Q23	4Q23	1Q24	y-o-y	q-o-q	3M23	3M24	y-o-y	FY24F	FY24C	A/F	A/C
Interest income	21,026	22,783	23,020	9%	1%	21,026	23,020	9%	97,067	94,496	24%	24%
Interest expense	2,544	3,370	3,197	26%	-5%	2,544	3,197	26%	13,755	12,973	23%	25%
Net interest income	18,482	19,413	19,823	7%	2%	18,482	19,823	7%	83,312	81,523	24%	24%
Other operating income	6,449	5,953	6,590	2%	11%	6,449	6,590	2%	26,953	27,324	24%	24%
Operating expenses	9,251	10,226	9,473	2%	-7%	9,251	9,473	2%	41,354	39,124	23%	24%
PPOP	15,680	15,141	16,940	8%	12%	15,680	16,940	8%	68,911	69,762	25%	24%
Provision	1,460	(29)	1,025	-30%	n/a	1,460	1,025	-30%	3,351	3,107	31%	33%
Operating Profit	14,220	15,170	15,915	12%	5%	14,220	15,915	12%	65,560	65,565	24%	24%
Net profit	11,530	12,219	12,879	12%	5%	11,530	12,879	12%	52,988	53,517	24%	24%
Loans	713,822	810,392	835,685	17%	3%				873,604	891,649	96%	94%
Customer deposits	1,038,755	1,101,863	1,120,757	8%	2%				1,155,251	1,180,989	97%	95%
<div> <div>qoq, bps</div> <div>yoy, bps</div> </div>												
Loan yield (%) - ann	7.3	7.4	7.4	👉 (7)	👈 12	7.3	7.4	👈 12				
Cost of fund (%) - ann	1.0	1.2	1.2	👉 (8)	👈 17	1.0	1.1	👉 17				
NIM (%) - ann	6.4	6.3	6.3	👉 (1)	👉 (9)	6.4	6.3	👉 (9)				
CIR (%) - ann	37.1	40.3	35.9	👈 (445)	👈 (124)	37.1	35.9	👈 (124)				
Cost of credit (%) - ann	0.8	(0.0)	0.5	👈 51	👈 (32)	0.8	0.5	👈 (32)				
<div> <div>yoy, bps</div> </div>												
LDR (%)	68.2	72.9	73.9	👈 99	👈 563							
NPL ratio (%)	1.7	1.8	1.9	👈 9	👈 13							
LaR ratio (%)	9.5	6.6	6.3	👈 (29)	👈 (314)							

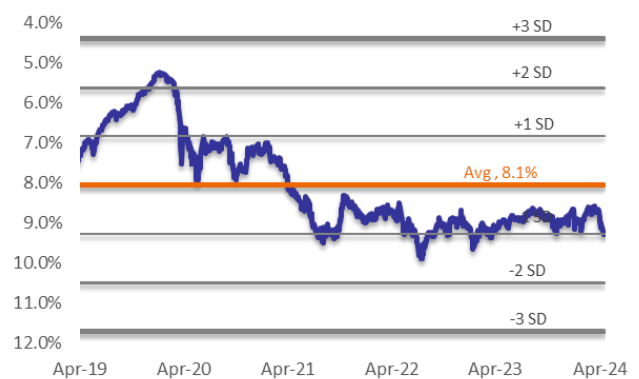
Source: Company, BRIDS Estimates

Exhibit 2. BBKA's cost of equity band chart (5-year)



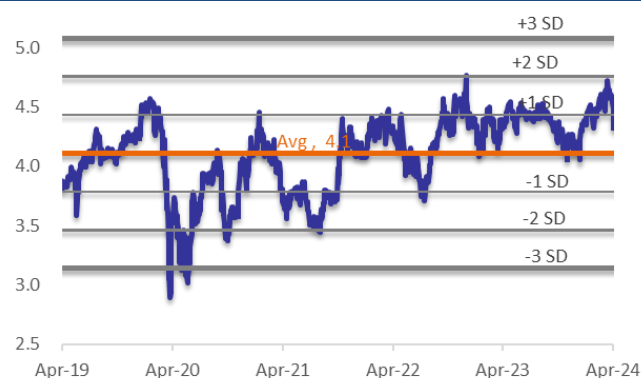
Source: Company, BRIDS Estimates

Exhibit 3. Big 4 Banks's cost of equity band chart (5-year)



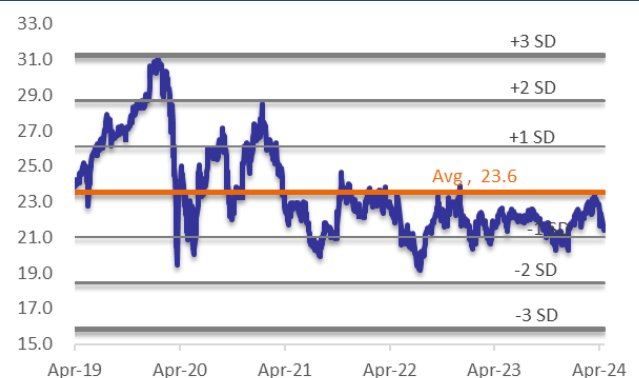
Source: Company, BRIDS Estimates

Exhibit 4. BBKA's PBV band chart (5-year)



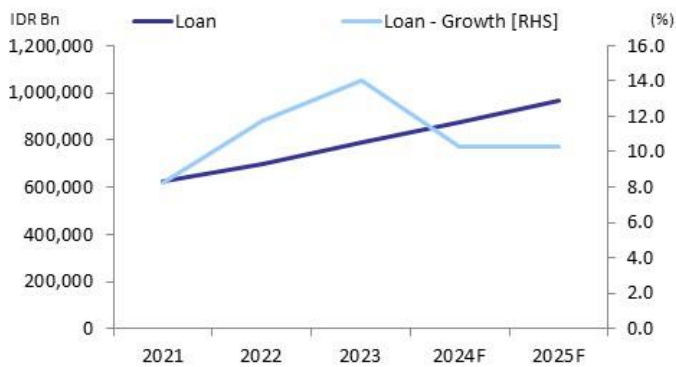
Source: Company, BRIDS Estimates

Exhibit 5. BBKA's PE band chart (5-year)



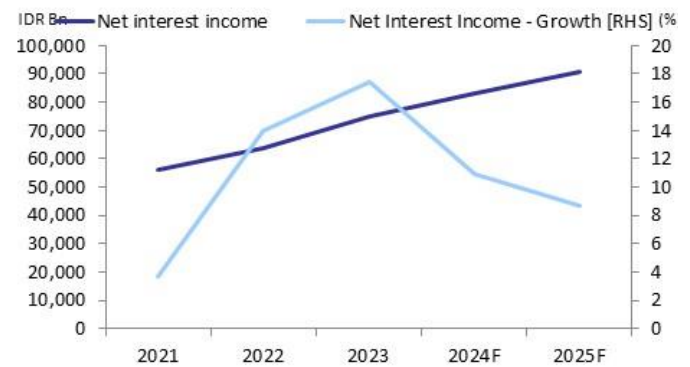
Source: Company, BRIDS Estimates

Exhibit 6. Loan and Growth



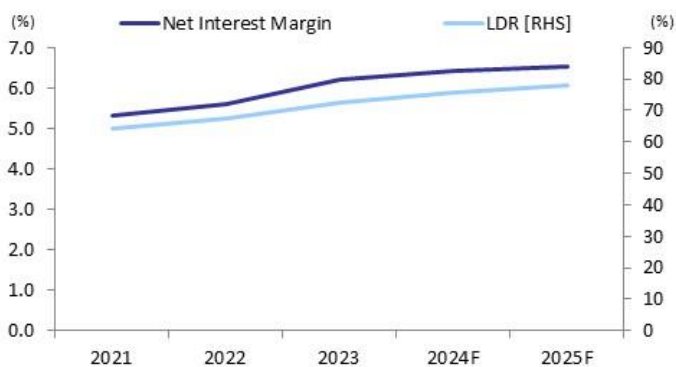
Source: Company, BRIDS Estimates

Exhibit 7. Net Interest Income and Growth



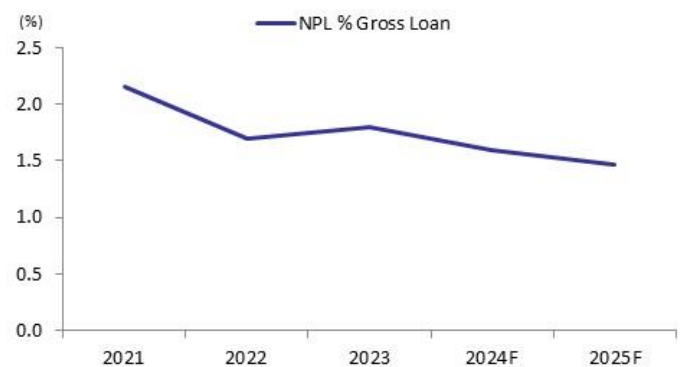
Source: Company, BRIDS Estimates

Exhibit 8. NIM and LDR



Source: Company, BRIDS Estimates

Exhibit 9. NPL



Source: Company, BRIDS Estimates

Exhibit 10. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	72,241	87,398	97,067	105,125	112,095
Interest Expense	(8,252)	(12,269)	(13,755)	(14,578)	(14,828)
Net Interest Income	63,990	75,129	83,312	90,547	97,267
Non-Interest Income (NII)	23,487	24,817	26,953	30,129	32,558
Oper. Income	87,476	99,945	110,265	120,676	129,825
Oper. Expenses	(32,483)	(37,503)	(41,354)	(44,774)	(48,132)
Pre-provisions profit	54,994	62,443	68,911	75,902	81,693
Provisions & Allowances	(4,527)	(2,263)	(3,351)	(4,027)	(4,913)
Operating Profits	50,467	60,180	65,560	71,875	76,780
Non-Operating Income	0	0	0	0	0
Exceptionals	0	0	0	0	0
Pre-tax Profit	50,467	60,180	65,560	71,875	76,780
Income Tax	(9,711)	(11,522)	(12,552)	(13,761)	(14,700)
Minorities	(19)	(19)	(20)	(22)	(24)
Net Profit	40,736	48,639	52,988	58,092	62,056

Exhibit 11. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Gross Loans	694,937	792,197	873,604	963,643	1,063,249
Provisions	(33,948)	(33,309)	(33,427)	(34,243)	(35,649)
Net Loans	660,989	758,888	840,176	929,400	1,027,600
Govt. Bonds	0	0	0	0	0
Securities	251,128	327,112	328,581	325,499	344,379
Other Earnings Assets	15,432	17,443	19,181	21,186	23,361
Total Earnings Assets	1,166,791	1,255,324	1,338,070	1,429,454	1,553,886
Fixed Assets	34,781	36,925	37,539	39,339	40,834
Non-Earnings Assets	24,388	37,497	28,649	30,178	32,108
Total Assets	1,314,732	1,408,107	1,495,390	1,611,094	1,747,091
Customer Deposits	1,030,452	1,090,767	1,155,251	1,237,206	1,342,529
Banks Deposits	7,936	10,071	12,780	16,217	20,579
Int. Bearing Liab. - Others	9,266	11,096	12,410	13,881	15,525
Total Liabilities	1,093,550	1,165,569	1,230,633	1,321,860	1,433,570
Share capital & Reserves	20,060	19,399	19,399	19,399	19,399
Retained Earnings	200,959	222,957	245,176	269,654	293,940
Shareholders' Funds	221,019	242,356	264,575	289,053	313,339
Minority interests	163	181	181	181	181
Total Equity & Liabilities	1,314,732	1,408,107	1,495,390	1,611,094	1,747,091

Exhibit 12. Key Ratios

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	6.3	7.2	7.5	7.6	7.5
Cost of funds	0.8	1.1	1.2	1.2	1.1
Interest Spread	5.5	6.1	6.3	6.4	6.4
Net Interest Margin	5.6	6.2	6.4	6.5	6.5
Cost/Income Ratio	37.1	37.5	37.5	37.1	37.1
Oper. Exp./Oper. Gross Inc.	47.3	46.4	47.1	46.9	46.9
Gross NPL Ratio	1.7	1.8	1.6	1.5	1.5
LLP/Gross NPL	287.7	234.6	240.8	241.4	227.8
Cost of Credit	0.7	0.3	0.4	0.4	0.5
Loan to Deposit Ratio	67.4	72.6	75.6	77.9	79.2
Loan to Funding Ratio	67.4	72.6	75.6	77.9	79.2
CASA Mix	81.3	80.0	80.2	80.3	80.5
ROAE	19.2	21.0	20.9	21.0	20.6
ROAA	3.2	3.6	3.6	3.7	3.7
CAR	25.7	27.7	27.4	25.9	25.8

Exhibit 13. Dupont and Growth

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Dupont					
Pre-Tax ROAA	4.0	4.4	4.5	4.6	4.6
Tax Retention rate	80.8	80.9	80.9	80.9	80.9
Post-Tax ROAA	3.2	3.6	3.7	3.7	3.7
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	6.0	5.9	5.7	5.6	5.6
ROAE	19.2	21.0	20.9	21.0	20.6
Growth (%)					
Interest income	10.1	21.0	11.1	8.3	6.6
Net Interest Income	14.0	17.4	10.9	8.7	7.4
Other Oper. Expenses	7.2	15.5	10.3	8.3	7.5
Fee Based Income	13.0	0.4	12.0	13.5	10.9
Pre-Provision Oper. Profit	14.2	13.5	10.4	10.1	7.6
Net Profit	29.6	19.4	8.9	9.6	6.8
Shareholders' Equity	9.0	9.7	9.2	9.3	8.4
Loan	11.7	14.0	10.3	10.3	10.3
Earnings Asset	4.2	7.6	6.6	6.8	8.7
Deposit	6.1	6.0	6.1	7.3	8.8
Int. Bearing Liab.	6.5	5.9	6.1	7.4	8.8
CASA	10.4	4.3	6.3	7.5	8.9
Total Asset	7.0	7.1	6.2	7.7	8.4

Source : BBKA, BRIDS Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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