

# Buy

(Maintained)

## Bank Central Asia (BBCA IJ)

### Solid 3Q24 performances; FY24F NIM and loan growth guidance upgraded

Last Price (Rp)	10,650
Target Price (Rp)	12,800
Previous Target Price (Rp)	12,400
Upside/Downside	+20.2%

No. of Shares (mn)	123,275
Mkt Cap (Rpbn/US\$m)	1,312,879/84,051
Avg, Daily T/O (Rpbn/US\$m)	806.4/51.6
Free Float (%)	42.4

Major Shareholder (%)	
PT Dwimura Investama	54.9

EPS Consensus (Rp)	2024F	2025F	2026F
BRIDS	442.9	484.1	519.7
Consensus	437.6	479.2	526.6
BRIDS/Cons (%)	1.2	1.0	(1.3)

- BBCA's higher loan growth and improving NIM offset the higher CoC, resulting in 3Q24 net profit of Rp14.2tr (+1% qoq, +16% yoy), in line.
- Mgmt surprisingly raised its FY24F NIM guidance from 5.5-5.6% to 5.7-5.8%, while maintaining its CoC at c. 4% and LaR ratio at c. 6%
- We maintain BUY with a higher TP of Rp12,800 as we tweaked our FY24-25F earnings by +3%, resulting in a higher FY25F ROE.

#### Solid net profit with NIM improvement offsetting the higher CoC

BBCA booked net profit of Rp14.2tr in 3Q24 (+1% qoq, +16% yoy), driven by PPOP of Rp18.6tr (+5% qoq, +21% yoy), which offset the higher CoC of 0.4% (2Q24/3Q23: 0.2%/0.1%). This resulted in 9M24 net profit of Rp41.1tr (+13% yoy), forming 78% and 76% of our and the consensus FY24F, respectively. NIM rose to 6.5% in 3Q24 (+22bps qoq, +27bps yoy) due to a higher EA yield (from a greater portion of loans), relatively stable CoF, and higher LDR. Meanwhile, CoC increased to 0.4% in 3Q24 (+26bps qoq, +32bps yoy) but remained in line with the FY24F guidance (maintained at around 0.4%).

#### Higher loan growth target but lower in 4Q24 due to last year high base

Led by corporate loans, which grew by 16% yoy, and other segments such as SME, consumer, and commercial, which recorded solid growth of 14%, 13%, and 12%, respectively, overall loans grew by 15% yoy in 3Q24. The bank expects a higher FY24F loan growth of 10-12% (up from 8-10% prev.). Even though loan growth was 15% in 3Q24, this guidance came to be as the bank anticipates lower qoq growth in 4Q24 compared to 4Q23. Loan growth accelerated to Rp877tr (+3% qoq), while TPF remained flat, resulting in a higher LDR of 78% in 3Q24, up from 76% in 2Q24. This partly helped the higher NIM.

#### Upgrading NIM expectation amid the recent rate cut

Mgmt expects limited impact from the recent rate cut in the short term, citing 1) SBN yields remain high, 2) a low portion of benchmark and managed rate loans, and 3) limited room for further rate cuts if the Rupiah approaches Rp16,000. The bank believes it can maintain its corporate loan yield in both managed rate and benchmark rate loans. As such, it raised FY24F NIM guidance from 5.5-5.6% to 5.7-5.8%.

#### Maintain Buy with a higher GGM-based TP of Rp12,800

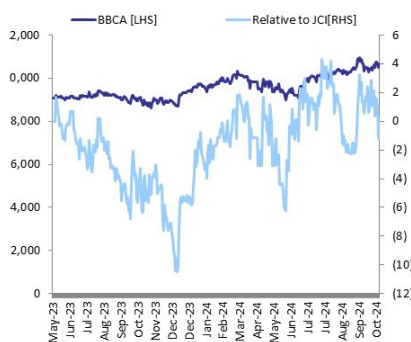
We slightly raised our FY24-25F earnings by +3% while maintaining our GGM-based valuation with a 5-year inverse CoE of 6.4% and LTG of 3.0%, resulting in an FV PBV of 5.5x (from 5.3 previously). Hence, our TP increases to Rp12,800 (from Rp12,400). We maintain our Buy rating on BBCA's intact earnings quality. Risks to our view are lower loan yield and deteriorating asset quality.

#### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
PPOP (Rpbn)	54,994	62,443	70,907	77,857	84,183
Net profit (Rpbn)	40,736	48,639	54,601	59,673	64,070
EPS (Rp)	330.4	394.6	442.9	484.1	519.7
EPS growth (%)	29.6	19.4	12.3	9.3	7.4
BVPS (Rp)	1,792.9	1,966.0	2,133.7	2,308.7	2,481.5
PER (x)	32.2	27.0	24.0	22.0	20.5
PBV (x)	5.9	5.4	5.0	4.6	4.3
Dividend yield (%)	1.9	2.5	2.8	3.2	3.5
ROAE (%)	19.2	21.0	21.6	21.8	21.7

Source: BBCA, BRIDS Estimates

#### BBCA relative to JCI Index



Source: Bloomberg

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**Exhibit 1. BBCA's 3Q24 earnings summary**

BBCA - Financial (Rpbn)	3Q23	2Q24	3Q24	qoq, %	yoy, %	9M23	9M24	yoy, %	FY24F	FY24C	A/F	A/C
Interest income	21,980	23,058	24,210	5%	10%	64,484	70,288	9%	94,125	94,461	75%	74%
Interest expense	3,297	2,985	3,173	6%	-4%	8,899	9,355	5%	13,264	12,377	71%	76%
Net interest income	18,684	20,073	21,037	5%	13%	55,585	60,933	10%	80,860	82,084	75%	74%
Other operating income	5,817	6,188	6,826	10%	17%	17,220	19,604	14%	26,922	26,349	73%	74%
Operating expenses	9,138	8,572	9,279	8%	2%	26,317	27,323	4%	38,908	39,097	70%	70%
PPOP	15,362	17,688	18,585	5%	21%	46,488	53,213	14%	68,874	69,710	77%	76%
Provision	235	381	961	152%	309%	1,478	2,367	60%	3,351	3,181	71%	74%
Operating Profit	15,127	17,308	17,624	2%	17%	45,010	50,846	13%	65,523	66,569	78%	76%
Net profit	12,230	13,997	14,198	1%	16%	36,420	41,074	13%	52,958	53,975	78%	76%
Loans	765,509	849,783	877,178	3%	15%	765,509	877,178	15%	893,669	904,870	98%	97%
Customer deposits	1,088,773	1,125,333	1,125,582	0%	3%	1,088,773	1,125,582	3%	1,167,661	1,173,599	96%	96%
<b>Key Ratio</b>				qoq, bps	yoy, bps			yoy, bps				
Loan yield (%) - ann	7.3	7.4	7.6	↑ 15	↑ 23	7.3	7.4	↑ 11				
Non-loan EA yield (%) - ann	7.3	6.8	7.2	↑ 49	→ (1)	7.2	7.1	→ (10)				
Cost of fund (%) - ann	1.2	1.1	1.1	→ 7	→ (9)	1.1	1.1	→ (0)				
NIM (%) - ann	6.2	6.3	6.5	↑ 22	↑ 27	6.3	6.3	→ 8				
CIR (%) - ann	37.3	32.6	33.3	↓ 66	↓ (400)	36.1	33.9	↓ (222)				
Cost of credit (%) - ann	0.1	0.2	0.4	↓ 26	↓ 32	0.3	0.4	↓ 10				
ROE (%) - ann	21.3	23.9	22.9	↓ (106)	↑ 163	21.8	22.7	↑ 92				
CASA ratio (%)	80.5	81.4	82.0	↑ 55	↑ 149							
LDR (%)	70.3	75.5	77.9	↓ 242	↓ 762							
NPL ratio (%)	2.0	2.1	2.0	→ (9)	→ 2							
LaR ratio (%)	7.6	6.3	5.9	↑ (37)	↑ (173)							

Source: Company, BRIDS Estimates

**Exhibit 2. BBCA Changes in Forecast**

BBCA - Forecast Changes	2024F (Prev)	2024F (Curr)	Δ%	2025F (Prev)	2025F (Curr)	Δ%
Net Interest Income (Rpbn)	80,860	82,583	2.13	87,806	89,763	2.23
PPOP (Rpbn)	68,874	70,907	2.95	75,721	77,857	2.82
Net profit (Rpbn)	52,958	54,601	3.10	57,946	59,673	2.98
BVPS (Rp)	2,146	2,134	(0.57)	2,292	2,309	0.73
Gross Loans (Rpbn)	873,604	873,604	-	963,643	963,643	-
Customer Deposits (Rpbn)	1,155,251	1,155,251	-	1,237,206	1,237,206	-
Ratios (%)	2024F (Prev)	2024F (Curr)	Δ bps	2025F (Prev)	2025F (Curr)	Δ bps
Net Interest Margin	6.2	6.4	13	6.3	6.5	14
Gross NPL Ratio	1.6	1.6	-	1.5	1.5	-
Cost/Income Ratio	36.1	36.0	(15)	35.8	35.6	(14)
Cost of Credit	0.4	0.4	-	0.4	0.4	-
ROAE	20.9	21.6	71	21.3	21.8	49

Source: Company, BRIDS Estimates

**Exhibit 3. BBCA's Valuation**

Gordon Growth Valuation	with Inverse Cost of Equity
Current	
<b>Parameters:</b>	<b>Remarks:</b>
Cost of equity (%) - Mean	6.4 5-Year average
Cost of equity (%) - SD	0.4 5-Year average
SD used	-
Cost of equity (%) used	6.4
Long-term growth (%)	3.0 Long-term GDP growth
Forward ROE (%)	21.8 FY24F ROAE
Fair value P/BV (x)	5.5 (ROAE - g) / (COC - g)
BV/share (IDR)	2,309 FY24F Book value per share
Fair value (IDR)	12,800 Fair value P/BV multiple x BVPS

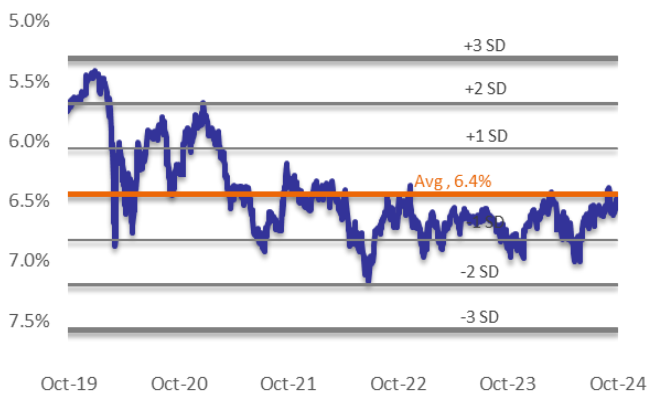
Source: Company, BRIDS Estimates

**Exhibit 4. Peers Comparison**

Ticker	Rec.	Target Price (Rp)	Market Cap (Rpbn)	P/E (x)		P/BV (x)		ROE
				FY24F	FY25F	FY24F	FY25F	FY25F
BBCA IJ	BUY	12,800	1,312,879	24.8	22.7	5.0	4.5	20.9%
BBRI IJ	NR	n/a	736,577	n/a	n/a	n/a	n/a	n/a
BMRI IJ	BUY	8,200	660,333	11.6	10.5	2.3	2.1	21.2%
BBNI IJ	BUY	7,600	211,662	9.8	8.7	1.3	1.2	14.3%
BRIS IJ	HOLD	2,800	139,310	21.2	18.6	3.1	2.8	15.9%
BTPS IJ	HOLD	1,300	8,744	8.3	7.7	0.9	0.9	11.5%

Source: Company, BRIDS Estimates

**Exhibit 5. BBCA's cost of equity band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 6. Sector's cost of equity band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 7. BBCA's PBV band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 8. BBCA's PE band chart (5-year)**



Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 9. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Interest Income	72,241	87,398	95,549	103,527	110,460
Interest Expense	(8,252)	(12,269)	(12,966)	(13,764)	(14,034)
<b>Net Interest Income</b>	<b>63,990</b>	<b>75,129</b>	<b>82,583</b>	<b>89,763</b>	<b>96,426</b>
Non-Interest Income (NII)	23,487	24,817	28,129	31,171	33,854
<b>Oper. Income</b>	<b>87,476</b>	<b>99,945</b>	<b>110,711</b>	<b>120,934</b>	<b>130,279</b>
Oper. Expenses	(32,483)	(37,503)	(39,804)	(43,077)	(46,096)
<b>Pre-provisions profit</b>	<b>54,994</b>	<b>62,443</b>	<b>70,907</b>	<b>77,857</b>	<b>84,183</b>
Provisions & Allowances	(4,527)	(2,263)	(3,351)	(4,027)	(4,913)
<b>Operating Profits</b>	<b>50,467</b>	<b>60,180</b>	<b>67,556</b>	<b>73,830</b>	<b>79,270</b>
Non-Operating Income	0	0	0	0	0
Exceptionals	0	0	0	0	0
<b>Pre-tax Profit</b>	<b>50,467</b>	<b>60,180</b>	<b>67,556</b>	<b>73,830</b>	<b>79,270</b>
Income Tax	(9,711)	(11,522)	(12,934)	(14,135)	(15,177)
Minorities	(19)	(19)	(20)	(22)	(24)
<b>Net Profit</b>	<b>40,736</b>	<b>48,639</b>	<b>54,601</b>	<b>59,673</b>	<b>64,070</b>

**Exhibit 10. 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)
<b>Net Loans</b>	<b>660,989</b>	<b>758,888</b>	<b>840,176</b>	<b>929,400</b>	<b>1,027,600</b>
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
<b>Total Earnings Assets</b>	<b>1,166,791</b>	<b>1,255,324</b>	<b>1,338,070</b>	<b>1,429,454</b>	<b>1,553,886</b>
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
<b>Total Assets</b>	<b>1,314,732</b>	<b>1,408,107</b>	<b>1,493,944</b>	<b>1,606,739</b>	<b>1,739,788</b>
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
<b>Total Liabilities</b>	<b>1,093,550</b>	<b>1,165,569</b>	<b>1,230,732</b>	<b>1,321,957</b>	<b>1,433,698</b>
Share capital & Reserves	20,060	19,399	19,399	19,399	19,399
Retained Earnings	200,959	222,957	243,632	265,202	286,511
<b>Shareholders' Funds</b>	<b>221,019</b>	<b>242,356</b>	<b>263,031</b>	<b>284,601</b>	<b>305,909</b>
Minority interests	163	181	181	181	181
<b>Total Equity &amp; Liabilities</b>	<b>1,314,732</b>	<b>1,408,107</b>	<b>1,493,944</b>	<b>1,606,739</b>	<b>1,739,788</b>

**Exhibit 11. Key Ratios**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Yield on Earning Assets	6.3	7.2	7.4	7.5	7.4
Cost of funds	0.8	1.1	1.1	1.1	1.1
Interest Spread	5.5	6.1	6.2	6.4	6.4
Net Interest Margin	5.6	6.2	6.4	6.5	6.5
Cost/Income Ratio	37.1	37.5	36.0	35.6	35.4
Oper. Exp./Oper. Gross Inc.	47.3	46.4	45.4	45.2	45.1
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	21.6	21.8	21.7
ROAA	3.2	3.6	3.8	3.8	3.8
CAR	25.6	26.2	26.4	24.7	24.4

**Exhibit 12. Dupont and Growth**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Dupont</b>					
Pre-Tax ROAA	4.0	4.4	4.7	4.8	4.7
Tax Retention rate	80.8	80.9	80.9	80.9	80.9
Post-Tax ROAA	3.2	3.6	3.8	3.9	3.8
Goodwil, Assoc& Min	0.0	0.0	0.0	0.0	0.0
Leverage	6.0	5.9	5.7	5.7	5.7
ROAE	19.2	21.0	21.6	21.8	21.7
<b>Growth (%)</b>					
Interest income	10.1	21.0	9.3	8.3	6.7
Net Interest Income	14.0	17.4	9.9	8.7	7.4
Other Oper. Expenses	7.2	15.5	6.1	8.2	7.0
Fee Based Income	13.0	0.4	12.0	13.5	10.9
Pre-Provision Oper. Profit	14.2	13.5	13.6	9.8	8.1
Net Profit	29.6	19.4	12.3	9.3	7.4
Shareholders' Equity	9.0	9.7	8.5	8.2	7.5
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	6.1	7.6	8.3

Source: BBCA, BRIDS Estimates

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**INVESTMENT RATING**

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

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