

Bank Central Asia Tbk. (BBCA)

Begins 2024 with a Sturdy and Solid Foundation

BBCA began the year with a solid start as it posted a Net Profit of IDR 12.9 T in 1Q24 (+11.7% YoY 1Q23: IDR 11.5 T & +5.4% QoQ; 4Q23: IDR 12.2 T). This impressive start of the year. This impressive early-year performance was supported by strong and solid top-line growth, driven by an increase in Net Interest Income (NII), which grew by 7.1% YoY to IDR 19.8 trillion (QoQ +2%; 4Q23: IDR 19.5 trillion), and non-interest income, which showed a growth of 6.8% YoY to IDR 6.4 trillion in 1Q24. Besides the still-growing NII, another factor that boosted BBKA's early year performance for 1Q24 was the solid and increasingly healthy asset quality. Aside from the impressive performance of profitability, another surprise from BBKA was that BBKA's loan growth in 1Q24 was still growing in double digits on an annualized and quarterly basis (Loan Growth: +17.1% YoY and +3.1% QoQ).

Strong Lending Performance, Corporate Segment Continues to Advance

- Starting 2024, BBKA recorded an impressive growth in lending where total loans disbursed as of 1Q24 rose by +17.1% YoY and +3.1% QoQ to IDR 835.7T (1Q23: IDR 713.8T; 4Q23 IDR 810.4T). From the lending segment, BBKA's loan growth is still growing in almost all segments. The impressive early-year credit distribution performance was led by the Corporate segment, which remains the main contributor to BBKA's largest credit distribution share. This segment continued its significant growth from 4Q23, showing an impressive quarterly growth of +5.6% QoQ to IDR 389.2 trillion in 1Q24 (YoY: +22.1%).
- From other segments, strengthening lending growth such as individual consumer segment (KPR: Mortgage, KKB: Motor Vehicle and Personal Loan) grew +14.9% YoY & +1.8% QoQ to IDR 201.6T in 1Q24. The KKB segment was the best performing segment compared to the other consumer loan segments, growing +5% QoQ as of 1Q24. The achievement of lending in the consumer loan segment was supported by the success of the BCA Expoversary 2024 programme, which took place from 29 February to 3 March 2024, and was online until the end of April 2024, where total mortgage and KKB applications submitted until the end of March reached more than IDR 30T. Additionally, factors supporting the increase in consumer loans during this period include seasonal factors such as the Ramadan and Eid al-Fitr 2024 period, which have a positive impact on consumer optimism and spending.
- The non-individual segment (Business Banking), apart from corporations, still recorded growth in the SME (Small Medium Enterprise) segment, which continued to grow both annually and quarterly (+13.5% YoY and +2.3% QoQ) to IDR 125.2 trillion in 1Q24. Meanwhile, the Commercial segment experienced a quarterly decline of -1.3% QoQ but grew by 9.3% YoY to IDR 125.2 trillion in 1Q24.
- From another perspective on credit, especially in terms of asset quality, NPL (Non-Performing Loan) remained healthy and stable in 1Q24, with NPL still at 1.90% during this period. The LAR (Loan-to-Asset Ratio) for Loans BCA decreased to 6.6% in 1Q24 (-30 Bps QoQ; 4Q23: 6.9%).

On the Liquidity/Funding Side: Third Party Funds Grow & CASA Ratio Remain at 80% Level

- As of 1Q24, CASA increased by +7.3% YoY and +2.2% QoQ to IDR 904.5 T (1Q23: IDR 843.3 %; 4Q23: IDR 904.5 T). High cost fund deposits rose +10.6% YoY and -0.4% QoQ to IDR 216.1T in 1Q24 (1Q23: IDR 195.4T; 4Q23: IDR 217T). Overall, total deposits still rose +7.9% YoY and +1.7% QoQ to IDR 1,120.6T (1Q23: IDR 1,039T; 4Q23: IDR 1,102T). Despite the ongoing high interest rate situation, BBKA's CASA ratio performance as of 1Q24 has started to stabilize back in the 80s where it currently stands at 80.7%. As the Bank with the best CASA ratio in Indonesia, BBKA can capitalize on the momentum of the condition.

Buy Recommendation with TP at IDR 11,025 (+15.4% Upside)

- NHKS Research maintains Buy Recommendation for BBKA with a TP of IDR 11,025 (+15.4% Upside), which reflects a P/BV of 4.9x FY24F. The catalysts that can justify the BBKA price are optimal operational performance supported by loan disbursement that remains expansive, healthier portfolio asset quality performance and better non-interest income growth. Meanwhile, the risks in its potential downside include a macro situation that tends to be unfavorable, as well as expectations of loan growth and performance that do not grow as expected.

Bank Central Asia Tbk | Summary (IDR bn)

	2023/12A	2024/12F	2025/1F	2026/12F
Interest Income	87,398	97,400	106,383	114,255
Interest Income growth	21.0%	34.8%	9.2%	7.4%
Operating Revenue	99,286	114,977	125,294	134,598
Net profit	48,639	53,205	59,813	64,490
EPS (IDR)	395	432	485	523
EPS growth	19.4%	9.4%	12.4%	7.8%
BVPS (IDR)	1,967	2,035	2,261	2,554
Net Interest Margin	5.7%	5.7%	5.4%	5.3%
Loan/Deposits	72.8%	77.0%	81.5%	86.2%
NPL	1.8%	1.8%	1.8%	1.6%
ROE	21.0%	21.6%	22.6%	21.7%
ROA	3.6%	3.7%	3.8%	3.8%
Non-Int. Inc. /Op. Rev	24.3%	26.1%	25.4%	25.1%
P/E	23.8x	25.5x	25.5x	25.5x
P/BV	4.8x	5.4x	5.5x	5.2x
DPS (IDR)	270	216	243	262
Dividend yield	2.9%	2.0%	2.0%	2.0%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer



Company Report | May. 15, 2024

Buy

Target Price (IDR)	11,025
Consensus Price (IDR)	11,048
TP to Consensus Price	+0.2%
Potential Upside	+15.4%

Shares data

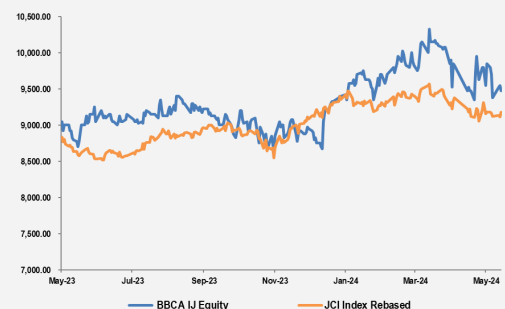
Last Price (IDR)	9,550
Price date as of	May 14, 2023
52 wk range (Hi/Lo)	10,400 / 8,600
Free float (%)	42.4
Outstanding sh.(mn)	123,275
Market Cap (IDR bn)	1,174,195
Market Cap (USD mn)	73,063
Avg. Trd Vol - 3M (mn)	97.14
Avg. Trd Val - 3M (bn)	952.95
Foreign Ownership	29.23%

Financial Services

Banking

Bloomberg	BBKA IJ
Reuters	BBKA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	1.3%	0.8%	-3.0%	8.8%
Rel. Ret.	4.6%	1.9%	0.0%	3.3%

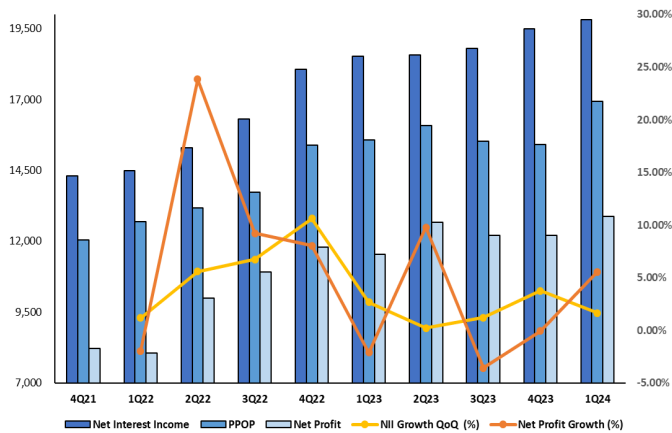
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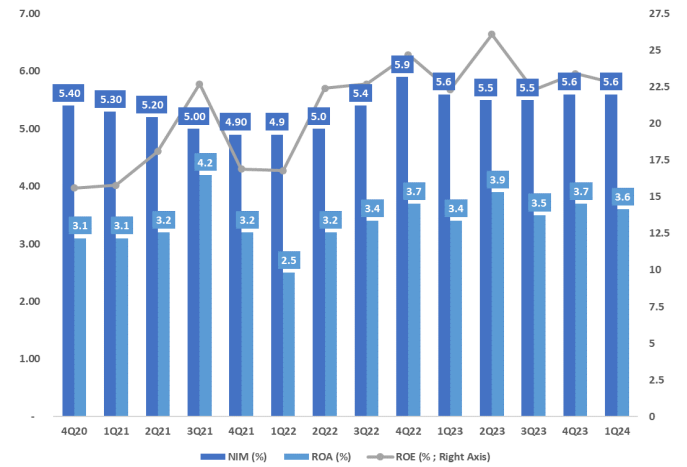
Performance Highlights

Quarterly Financial Performance (In IDR Billion)



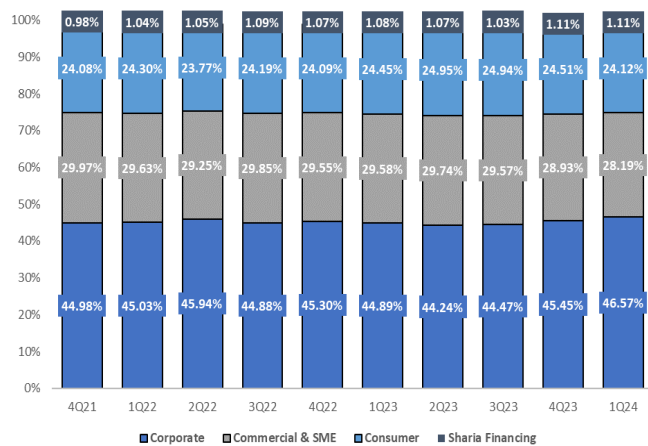
Source: Company, NHKSI Research

Profitability Ratios (In %)



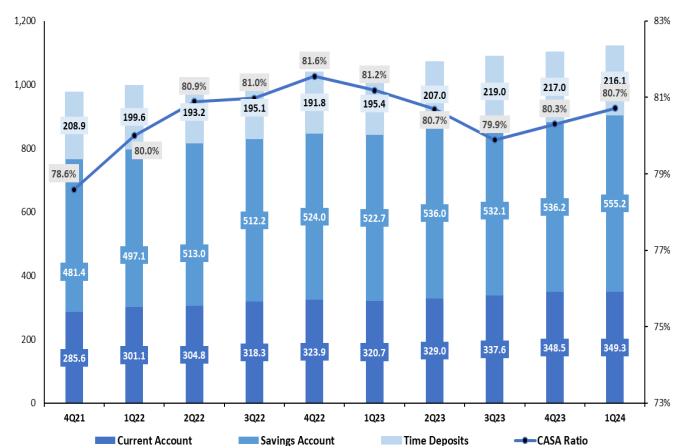
Source: Company, NHKSI Research

Loan Segmentation Breakdown (In %)



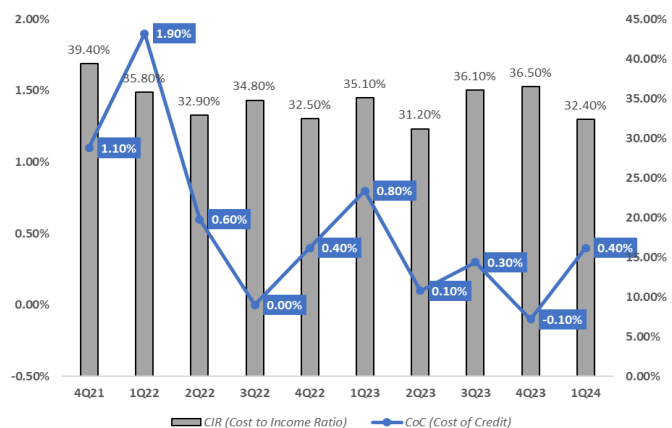
Source: Company, NHKSI Research

Third Party Fund Composition (IDR Tn) & CASA Ratio (In %)



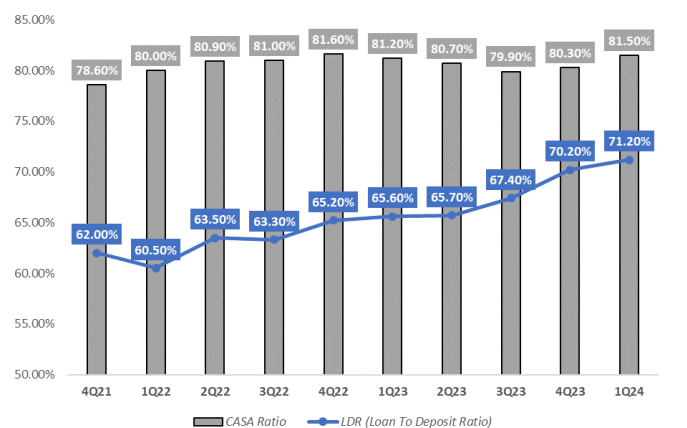
Source: Company, NHKSI Research

Cost of Credit (CoC) and CIR (Cost To Income Ratio) Remains Stable



Source: Company, NHKSI Research

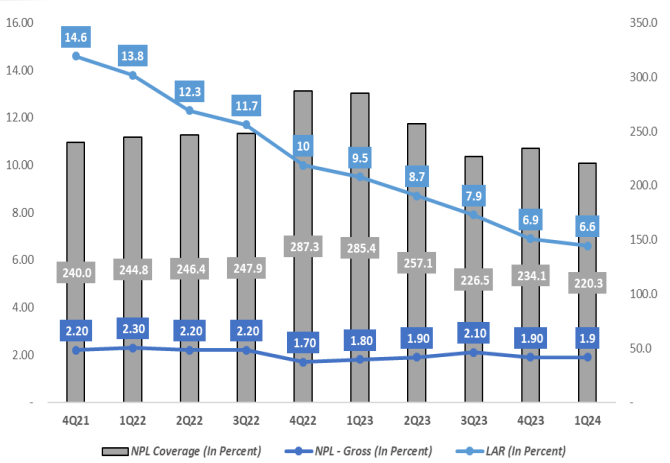
CASA Ratio vs Loan To Deposit (LDR) Ratio (In %)



Source: Company, NHKSI Research

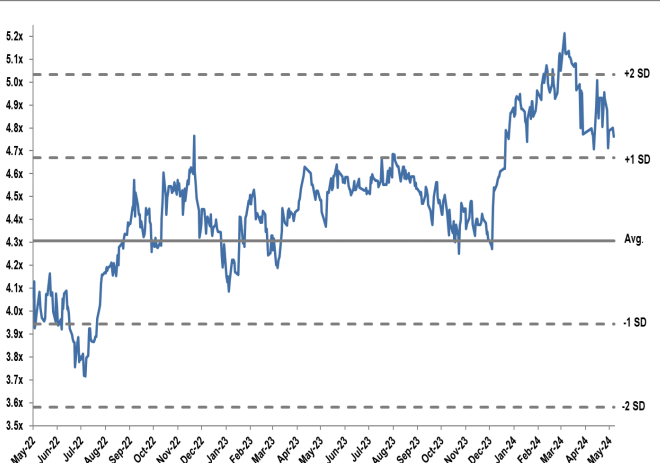
Performance Highlights

Asset Quality (In %)



Source: Company, NHKSI Research

BBCA F-PBV (x) | Last 3 Years



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Interest Income	87,398	97,400	106,383	114,255
Growth (% y/y)	21.0%	34.8%	9.2%	7.4%
Interest Expenses	12,269	12,482	12,939	13,411
Net Interest Income	75,282	84,918	93,444	100,845
Net Interest Margin	5.7%	5.7%	5.4%	5.3%
Net Fee Income	16,652	21,012	22,683	23,928
Trading Income	1,735	2,679	2,392	2,765
Other Operating Income	5,769	6,369	6,775	7,059
Operating Revenue	99,286	114,977	125,294	134,598
Operating Expenses	(36,871)	(43,415)	(46,950)	(50,588)
Pre-provisioning OP	62,415	71,562	78,344	84,009
Provision for Impairment	(2,263)	(5,744)	(4,319)	(4,217)
EBT	60,180	65,818	74,024	79,792
Income Tax	(11,522)	(12,603)	(14,197)	(15,286)
Non-controlling Interest	(19)	(10)	(15)	(16)
Net Profit	48,639	53,205	59,813	64,490
Growth (% y/y)	19.4%	9.4%	12.4%	7.8%

BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Cash	21,702	17,065	23,830	24,193
Placement in Banks	103,434	123,055	118,477	111,200
Net Loans	767,740	871,955	985,429	1,111,506
Investment	421,272	383,558	368,337	357,975
Fixed Asset	28,390	29,775	31,523	33,409
Other Assets	65,570	81,000	91,732	103,874
Total Assets	1,408,107	1,506,407	1,619,327	1,742,156
Deposits	1,111,933	1,196,964	1,273,666	1,352,707
Debt	2,807	2,403	3,038	3,226
Other liabilities	43,940	56,212	63,897	71,431
Total Liabilities	1,165,569	1,255,578	1,340,601	1,427,364
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	222,957	230,009	256,525	291,076
Shareholders' Equity	242,538	250,828	278,726	314,793

CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/1F	2026/12F
Operating Cash Flow	100,389	136,751	88,361	89,822
Investing Cash Flow	(177,128)	(227,178)	(157,018)	(170,265)
Financing Cash Flow	44,986	85,791	75,422	80,806
Net Changes in Cash	(36,752)	(4,637)	6,765	363

Source: Company Data, Bloomberg, NHKSI Research

PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/1F	2026/12F
ROE	21.0%	21.6%	22.6%	21.7%
ROA	3.6%	3.7%	3.8%	3.8%
Non-Int. Inc. /Op. Rev	24.3%	26.1%	25.4%	25.1%
Cost/Income	37.1%	37.8%	37.5%	37.6%
Cash Dividend (IDR bn)	33,269	26,602	29,906	32,245
Dividend Yield (%)	2.8%	2.0%	2.0%	2.0%
Payout Ratio (%)	68.4%	50.0%	50.0%	50.0%
Loan/Deposits	72.8%	77.0%	81.5%	86.2%
Loan/Assets	56.9%	60.2%	63.0%	65.8%
NPL	1.77%	1.82%	1.76%	1.64%
Loan Loss Res./Loan	4.2%	3.8%	3.4%	3.0%
CASA/Deposits	80.9%	81.9%	82.8%	83.5%
Time Deposits/Deposits	19.1%	18.1%	17.2%	16.5%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	123,275	123,275	123,275	123,275
Share Price (IDR)	9,550	11,025	12,375	12,850
Market Cap (IDR tn)	1,177.3	1,359.1	1,525.5	1,584.1

VALUATION INDEX

	2023/12A	2024/12F	2025/1F	2026/12F
Price /Earnings	24.2x	25.5x	25.5x	24.6x
Price /Book Value	4.9x	5.4x	5.5x	5.0x
Price/Op. Revenue	11.9x	11.8x	12.2x	11.8x
PE/EPS Growth	1.2x	2.7x	2.1x	3.1x
EV/Operating Revenue	11.7x	11.7x	12.0x	11.6x
EV/PPOP	18.6x	18.8x	19.2x	18.6x
EV (IDR bn)	1,158,564	1,344,636	1,504,954	1,563,362
Op. Rev. CAGR (3-Yr)	11.7%	15.2%	16.9%	15.4%
EPS CAGR (3-Yr)	19.4%	25.2%	23.9%	16.5%
Basic EPS (IDR)	395	432	485	523
Diluted EPS (IDR)	395	432	485	523
BVPS (IDR)	1,967	2,035	2,261	2,554
Op. Revenue PS (IDR)	805	933	1,016	1,092
DPS (IDR)	270	216	243	262

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	70.45 Dwimuria Investama A.	54.94
United States	14.50 Vanguard Group Inc.	2.07
Luxembourg	3.81 FMR LLC.	2.05
Others	11.24 Others	40.94

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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