

Bank Central Asia Tbk. (BBCA)

Remain Robust & Solid Amidst the Ongoing Storms

BBCA continued its solid performance in the first semester of 2024 despite liquidity challenges in the era of high interest rates by posting Net Profit of IDR 26.9T as of 1H24 (+11.1% YoY 1H23: IDR 24.2T & +8.7% QoQ; 1Q24: IDR 12.9T). The top line increase was supported by the increase in Net Interest Income (NII) which grew +7.9% YoY to IDR 39.9T as of 1H24, as well as quarterly (QoQ +1.9% & 1Q24: IDR 19.8T). Non-interest income showed growth of +12.1% YoY to IDR 12.4T in 1H24 (1H23: IDR 11.1T & QoQ -2.5%, 1Q24: IDR 6.3T). NIM saw a +10Bps YoY expansion to 5.7%, where on a quarterly basis NIM rose +20 Bps QoQ in line with BBCCA's rising LDR ratio. Despite the ongoing liquidity challenges, BBCCA still managed to deliver impressive loan growth performance that still exceeded its FY24 guidance in 1H24 (Loan Growth: +15.5% YoY and +1.7% QoQ).

Lending Remains Strong in All Segments: Key Corporate Segments Continue to Advance

- As of 1H24, BBCCA continued to post impressive lending growth as total loans rose by +15.5% YoY and +1.7% QoQ to IDR 850T (1H23: IDR 736T; 1Q24 IDR 836T). From the lending segment, BBCCA's loan growth was still in double digits in almost all segments on a YoY basis (except Commercial). The lending performance of the Corporate Segment, which is the segment that contributes the largest portion of BBCCA's lending, grew +19.9% YoY to IDR 388.6T (1H23: IDR 368.7T), which was largely contributed by lending to the minerals & mining sector, as well as downstreaming (Smelter).
- From other lending segments, strengthening lending growth such as individual consumer segment (KPR: Mortgage, KKB: Motor Vehicle and Personal Loan) grew +13.6% YoY & +3.7% QoQ to IDR 210.2T in 1H24. The consumer segment in 1H24 on a QoQ basis continued to grow after the implementation of the BCA Expoversary 2024 program where the KKB segment showed a performance of +4% QoQ (YoY +18.4%), KPR grew 3.6% QoQ (+10.8% YoY) and personal loans (Paylater, credit card) grew +3.7% QoQ.
- The non-individual segment (Business Banking) other than corporate still recorded growth in the SME (Small Medium Enterprise) Segment which continued to grow both yearly and quarterly (+12.7% YoY and +3.7% QoQ) to IDR 114.4T in 1H24. The Commercial Segment is a challenging segment and requires caution in developing this segment, which experienced growth of +7.9% YoY and +2.1% QoQ to IDR 127.8T as of 1H24.

BBCCA Asset Quality: Slight Deterioration in Some Sectors, but Still Stable and Solid

- On the other side of credit, especially asset quality, BBCCA's NPL (Non-Performing Loan) increased +30 Bps YoY to 2.2% as of 1H24, pushing BBCCA's NPL Coverage level to 190.2% as of 1H24 (1Q24: 220.3%). The increase in NPLs stemmed from asset quality deterioration in the Consumer, SME and Commercial Banking sectors. Despite the slight contraction in NPLs, BBCCA's LAR level continued its downward trend, falling to 6.4% in 1H24 (-20 Bps QoQ; -2.6% YoY, FY24 Guidance: 6%). The Cost of Credit level QoQ decreased by -20 Bps to 0.3% and is still inline with management's guidance (FY24: 30-40 Bps).

CASA Continues to Grow Amidst Challenges of Tight Liquidity

- As of 1H24, CASA (Consolidated) increased by +5.8% YoY and +1.2% QoQ to IDR 915T. High cost fund deposits rose +1.7% YoY and -2.8% QoQ to IDR 210T in 1H24. This quarterly softening is also in line with BBCCA keeping pricing and rates of deposits quite low during 2Q24. Overall, total deposits still rose +5% YoY and +0.4% QoQ to IDR 1,125T. As the bank with the best CASA ratio in Indonesia, BBCCA can capitalize on the momentum of the CASA spillover condition while maintaining stable NIM amidst tight liquidity.

Overweight Recommendation with TP at IDR 11,500 (+11.7% Upside)

- NHKS Research recommends Overweight for BBCCA, but raising the TP at IDR 11,500 (+11.7% Upside) which reflects a P/BV of 5.1x FY24F. The catalysts that can justify BBCCA's price are optimal and efficient operational performance supported by lending growth, healthier portfolio asset quality performance that leads to a more expansive NIM. Meanwhile, the potential downside risks include the macro situation that tends not to be conducive and stable, as well as the expectation of loan growth and performance that does 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	26.1x	26.6x	26.6x	26.6x
P/BV	5.2x	5.7x	5.7x	5.5x
DPS (IDR)	270	216	243	262
Dividend yield	2.6%	1.9%	1.9%	1.9%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | July 26, 2024

Overweight

Target Price (IDR)	11,500
Consensus Price (IDR)	11,227
TP to Consensus Price	+2.4%
Potential Upside	+11.7%

Shares data

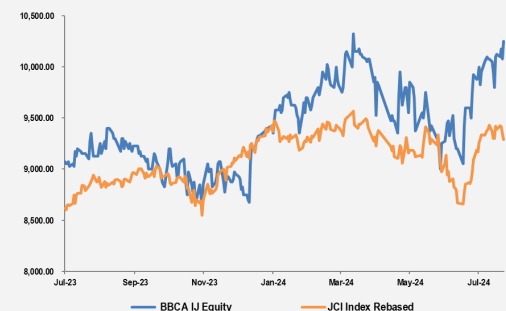
Last Price (IDR)	10,300
Price date as of	July 25, 2024
52 wk range (Hi/Lo)	10,400 / 8,600
Free float (%)	42.4
Outstanding sh.(mn)	123,275
Market Cap (IDR bn)	1,266,651
Market Cap (USD mn)	77,881
Avg. Trd Vol - 3M (mn)	92.70
Avg. Trd Val - 3M (bn)	886.79
Foreign Ownership	29.29%

Financial Services

Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	9.3%	7.3%	5.4%	11.1%
Rel. Ret.	10.4%	2.1%	4.2%	5.8%

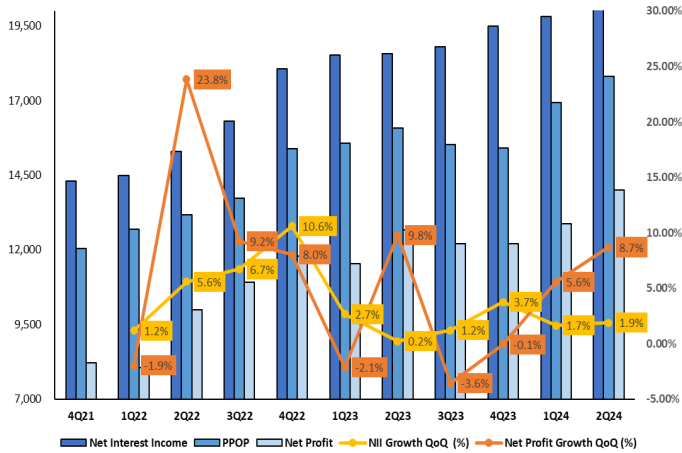
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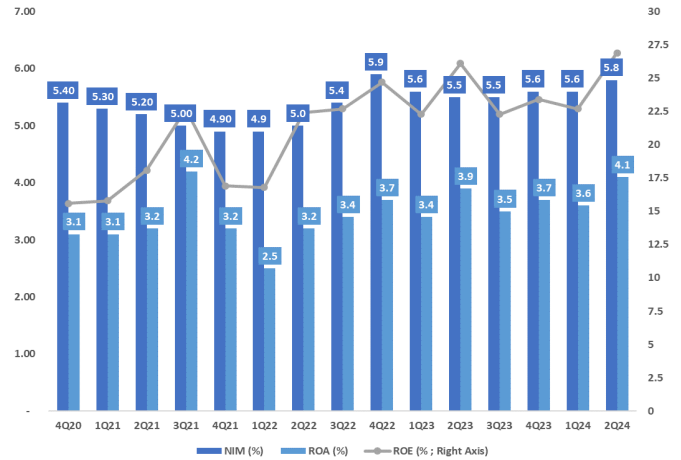
Performance Highlights

Quarterly Financial Performance (In IDR Billion)



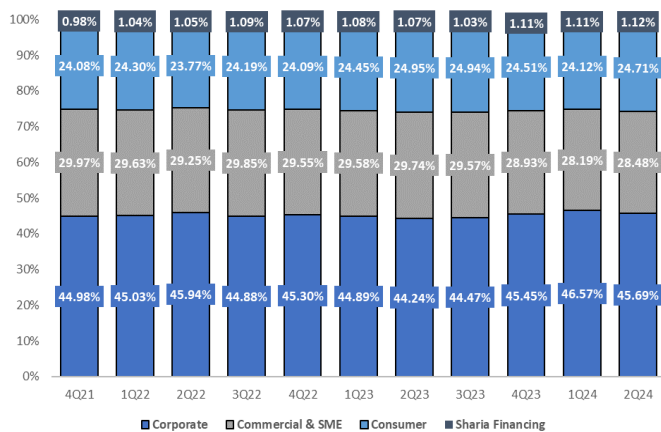
Source: Company, NHKSI Research

Profitability Ratios (In %)



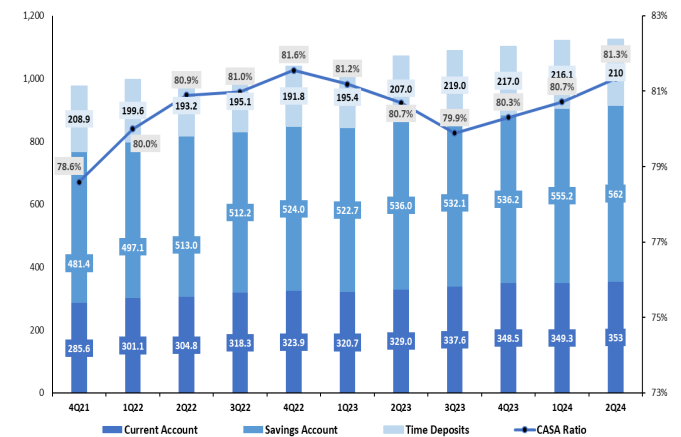
Source: Company, NHKSI Research

Loan Segmentation Breakdown (In %)



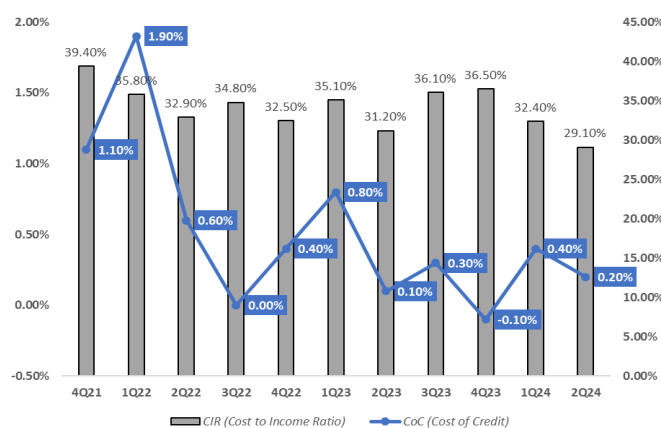
Source: Company, NHKSI Research

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



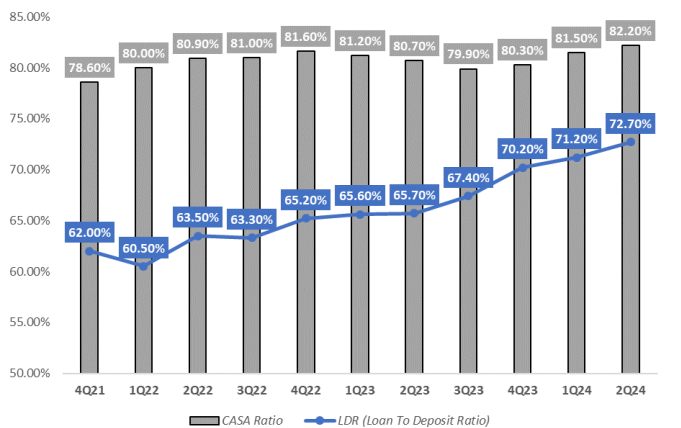
Source: Company, NHKSI Research

Cost of Credit (CoC) and CIR (Cost To Income Ratio) (Bank Only)



Source: Company, NHKSI Research

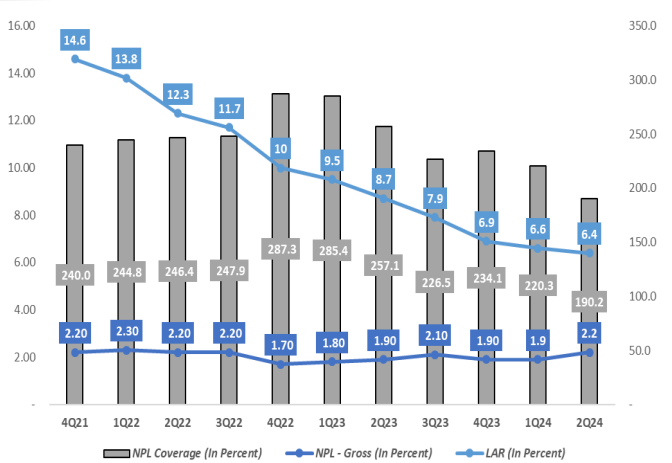
CASA Ratio vs Loan To Deposit (LDR) Ratio (In % & Bank Only)



Source: Company, NHKSI Research

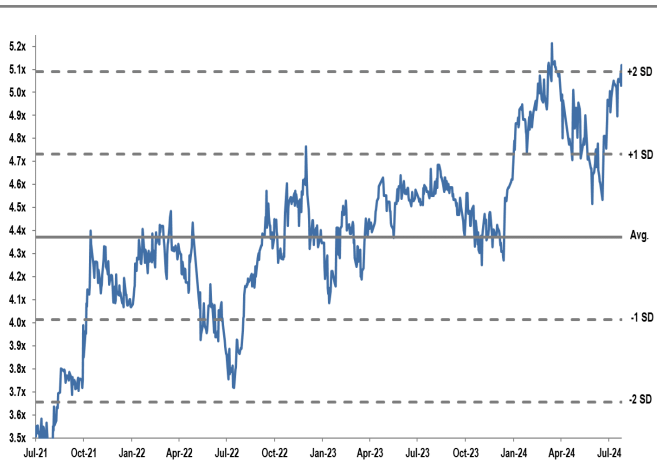
Performance Highlights

Asset Quality (In %)



Source: Company, NHKSI Research

BBCA F-PBV (x) | Latest 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 (%)	2.6%	1.9%	1.9%	1.9%
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)	10,300	11,500	12,925	13,425
Market Cap (IDR tn)	1,269.7	1,417.7	1,593.3	1,655.0

VALUATION INDEX

	2023/12A	2024/12F	2025/1F	2026/12F
Price /Earnings	26.1x	26.6x	26.6x	25.7x
Price /Book Value	5.2x	5.7x	5.7x	5.3x
Price/Op. Revenue	12.8x	12.3x	12.7x	12.3x
PE/EPS Growth	1.3x	2.8x	2.1x	3.3x
EV/Operating Revenue	12.6x	12.2x	12.6x	12.1x
EV/PPOP	20.0x	19.6x	20.1x	19.5x
EV (IDR bn)	1,251,020	1,403,191	1,572,755	1,634,245
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	70.71 Dwimuria Investama A.	54.94
United States	14.75 FMR LLC.	2.18
Luxembourg	3.39 Vanguard Group Inc.	2.10
Others	11.15 Others	40.78

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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