

Bank Central Asia Tbk. (BBCA)

Glowing 2024 Results - Steeply Undervalued With High Resilience Against Sector Headwinds

Closing the year, BBCA scored a pretty impressive performance amidst the tight liquidity situation & "Higher for longer" era. The company still scored a solid performance growth with Net Profit increasing +12.7% YoY to IDR 54.8 T per FY 24 (FY23: IDR 48.6 T & -3.1% QoQ, 4Q24: IDR 13.8 T; 3Q24: IDR 14.2 T). The increase in top line was supported by the increase in Net Interest Income (NII), which grew +9.5% YoY to IDR 82.3 T as of FY24 (FY23: IDR 97.9 T & +1.4% QoQ, 4Q24: IDR 21.4T; 3Q24: IDR 21.1T). Non-interest income continued to show growth of +10.2% YoY to IDR 25.2 T in FY24 (FY23: IDR 22.8 T & -6.2% QoQ, 4Q24: IDR 6.2T; 3Q24: IDR 6.6T). This performance was also supported by loan growth that still scored double digits, increasing +13.8% YoY to IDR 922 T as of FY25 (FY23: IDR 810T & +5.1% QoQ 9M24: IDR 877T). Furthermore, The Net Interest Margin (NIM) level is also in line with management's guidance, where BBCA's NIM for FY24 is at 5.7-5.8%.

Lending/Credit Side: Solid Lending, Corporate & Business Banking Segments Remain Impressive

- As of FY24, BBCA continued to deliver solid double-digit loan growth and exceeded management's guidance for FY24 (Loan growth: +10-12%). Lending performance in the non-individual segment was supported by corporate and SME (small & medium enterprises) growth which still scored double digits. The corporate segment, which is the segment that contributes the largest portion of BBCA's loan disbursement, grew +15.7% YoY & +7.8% QoQ to IDR 426.8T in FY24 (FY23: IDR 368.9T & 9M24: IDR 395.9T), contributed mostly from disbursements to sectors related to downstream-natural resources projects, such as mining, smelters and CPO. The SME segment continued to post double-digit growth and exceeded the industry average, growing +14.8% YoY & +3.0% YoY to IDR 123.8T in FY24 (FY23: IDR 107.8T & 9M24: IDR 120.1T). Commercial segment still grew +8.9% YoY & +2.0% QoQ to IDR 135.3T in FY24 (FY23: IDR 126.6T & 9M24: IDR 135.3T).
- Personal/consumer loans are also still growing at a healthy double-digit rate, rising +12.4% YoY & +3.3% QoQ to IDR 223.7T in FY24 (FY23: IDR 199.1T & 9M24: IDR 216.5T). The consumer loan growth performance was supported by the Auto Loan (KKB) segment which grew +1.9% QoQ (+14.8% YoY) as well as Mortgage (KPR) which grew +3.9% QoQ (+11.2% YoY) and Personal Loan (Paylater, Credit Card) which grew +4.5% QoQ (+12.8% YoY).

Funding Side: Persistently Strong CASA Amidst Liquidity Challenges

- BBCA, a bank with the best low-cost fund (CASA) strength in Indonesia, still continues to solidify its position, as BBCA's CASA still grew +4.4% YoY & +0.9% QoQ to IDR 924T in FY24 (FY23: IDR 884.6T & 9M24: IDR 915.3T). The level of deposits in FY24 decreased -3.4% YoY & -0.3% QoQ to IDR 209.6T in FY24 (FY23: IDR 217.0T & 9M24: IDR 210.3T). This pushed BBCA's CASA ratio for FY24 at 81.5% (FY23: 80.3% & 9M24: 81.3%). **BBCA remains focused on maintaining a stable CoF (Cost of Fund) trend in both CASA and expensive funds.** For example, BBCA also maintained "No special rate" regardless for low cost corporate current account, even though several other competitors offered special current account rates. Given the tight liquidity and ongoing economic challenges in 2025, it is likely that BBCA will continue to maintain CASA to mitigate the conservative conditions that will prevail.

BBCA Asset Quality: Persistently Solid and LAR Continues to Trend Downward

- BBCA continues to maintain good asset quality, despite the sluggish macroeconomic conditions. From a different view point, BBCA's asset quality, especially NPL (Non-Performing Loan) improved to 1.8% as of FY24 (FY23: 1.9%). Looking at BBCA's LAR (Loan at Risk), especially on a quarterly basis, the figure shows a downward trend with 5.3% as of 4Q24 (3Q23: 6.1% & FY23: 6.9%). This is in line with management's expectation for FY24 at 4-6%. Speaking of credit quality, BBCA's Cost of Credit level is at 0.3% for FY24 (FY23: 0.3%), in accordance with management's guidance for FY24 (Remain stable at 30-40 Bps).

BBCA's Management Outlook for 2025F

- According to the management's presentation in the FY24 analyst meeting, it seems that the company's outlook for 2025 will be more conservative with a wait-and-see stance. Sluggish purchasing power in the community is one of the concerns that is felt for 2025, causing the performance for FY25 to not be as strong as the previous year. Talking about the guidance for FY25, lending growth is targeted to be at 6-8% level while keeping the prudential aspect into consideration. NIM level for BBCA in FY25 is targeted at 5.7-5.8% with Cost of Credit (CoC) at ±30 Bps for FY25.

Buy Recommendation with TP at IDR 11,000 (+23.2% Upside)

- Under the assumption of loan growth at +7.3% YoY and BBCA's NIM expectation at 5.9% for 2025, NHKSI Research recommends Buy for BBCA, along with a higher TP at **IDR 11,000 (+23.2% Upside)** which reflects a Forward FY25 P/BV of 4.3x (Equivalent to the Average of the last 3 years). This **Buy** recommendation for BBCA is based on its efficient and resilient performance amidst uncertain conditions, notably driven by BBCA's strong foundation with the best CASA in Indonesia and healthy asset quality performance. The catalyst that can justify BBCA's price is also supported by optimal lending performance, increasingly healthy portfolio asset quality performance that leads to stable-expansive NIM, despite liquidity challenges and a conservative outlook. Meanwhile, the potential downside risks for BBCA are: the intensity of funding competition that is quite tight, the macro situation that tends not to be conducive and stable, and the expectation of loan growth that fails to grow as expected.

Bank Central Asia Tbk. | Summary (IDR Billion)

	2024/12A	2025/12F	2026/12F	2027/12F
Interest Income	94,796	102,663	114,254	128,915
Interest Income growth	8.7%	8.3%	11.3%	12.8%
Operating Revenue	108,307	120,225	133,638	150,448
Net profit	54,836	59,371	65,833	73,457
EPS (IDR)	445	482	534	596
EPS growth	12.7%	8.3%	10.9%	11.6%
BVPS (IDR)	2,132	2,375	2,556	2,774
Net Interest Margin	6.0%	5.9%	5.8%	6.0%
Loan/Deposits	81.3%	84.1%	88.0%	93.1%
NPL	1.7%	1.8%	1.7%	1.7%
ROE	21.7%	21.4%	21.7%	22.4%
ROA	3.8%	4.0%	4.1%	4.3%
Non-Int. Inc. /Op. Rev	24.0%	25.7%	25.1%	24.8%
P/E	20.1x	22.8x	22.7x	22.7x
P/BV	4.2x	4.6x	4.7x	4.9x
DPS (IDR)	304	329	365	408
Dividend yield	3.4%	3.0%	3.0%	3.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | March 11, 2025

Buy

Target Price (IDR)	11,000
Consensus Price (IDR)	11,560
TP to Consensus Price	-4.8%
Potential Upside	+23.2%

Shares data

Last Price (IDR)	8,925
Price date as of	March 11, 2025
52 wk range (Hi/Lo)	10,950 / 8,425
Free float (%)	42.4
Outstanding sh.(mn)	123,275
Market Cap (IDR bn)	1,100,230
Market Cap (USD mn)	66,875
Avg. Trd Vol - 3M (mn)	98.02
Avg. Trd Val - 3M (bn)	907.35
Foreign Ownership	30.32%

Financial Services

Banking

Bloomberg	BBCA IJ
Reuters	BBCA.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.8%	-2.5%	-12.3%	-10.8%
Rel. Ret.	-1.2%	-1.0%	-0.8%	1.0%

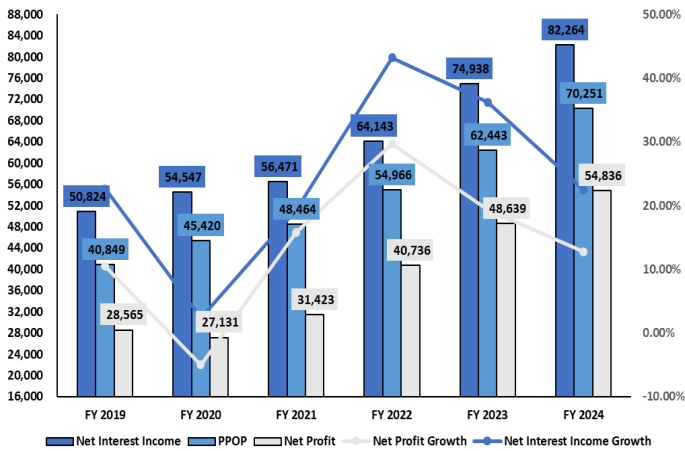
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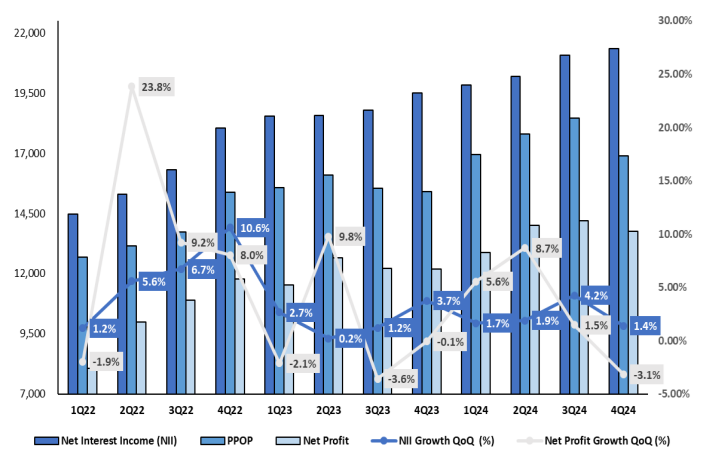
FY2024 - Performance Highlight for BBKA

Fig 1. Full Year Financial Performance (In IDR Billion)



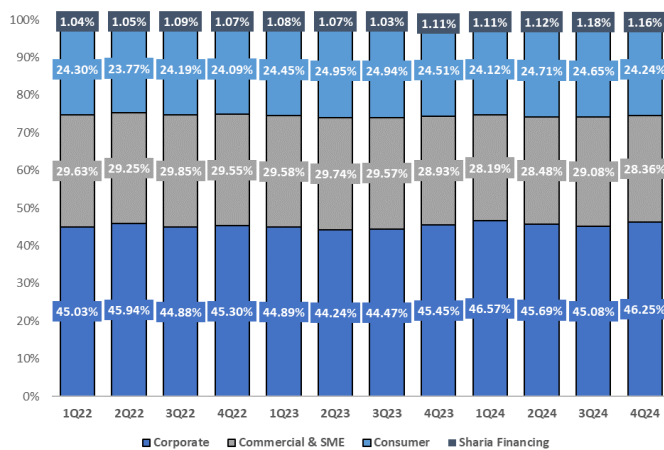
Source: Company, NHKSI Research

Fig 2. Quarterly Financial Performance (In IDR Billion)



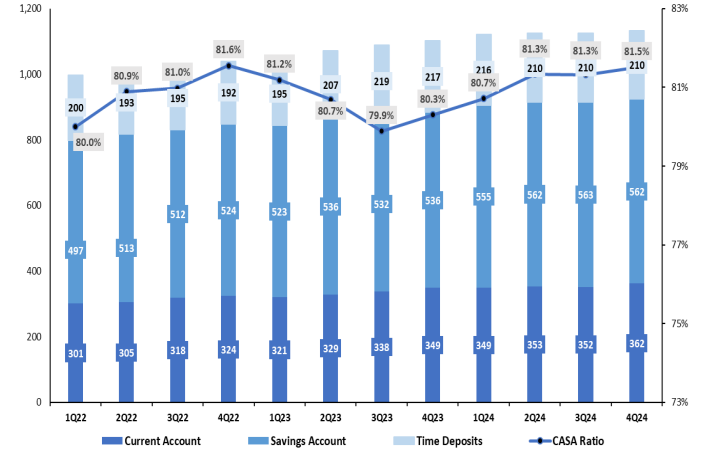
Source: Company, NHKSI Research

Fig 3. Loan Segmentation Breakdown (In %)



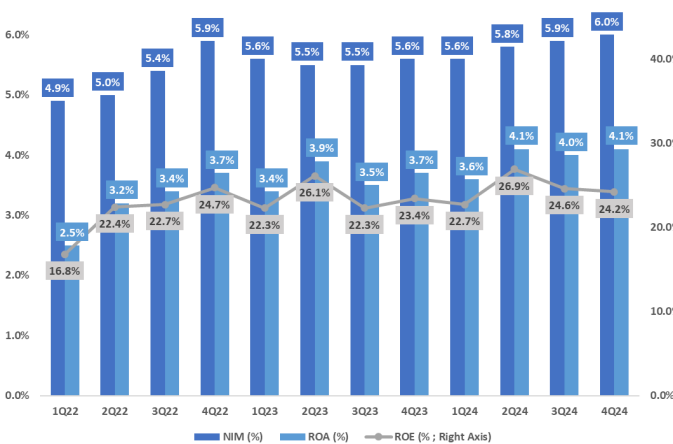
Source: Company, NHKSI Research

Fig 4. Third Party Fund Composition (IDR Tn) & CASA Ratio (In %)



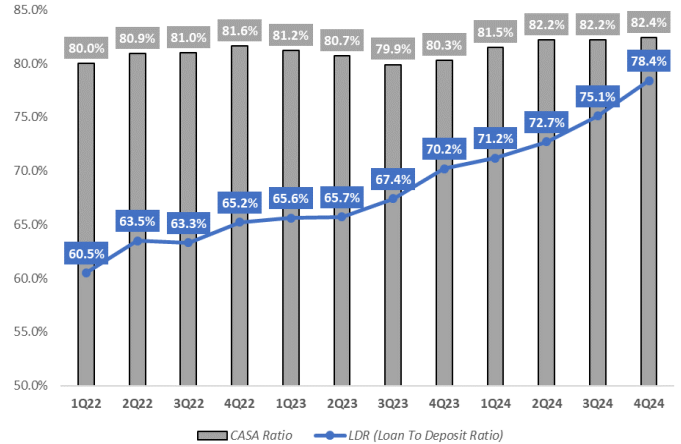
Source: Company, NHKSI Research

Fig 5. Profitability Ratios (In %)



Source: Company, NHKSI Research

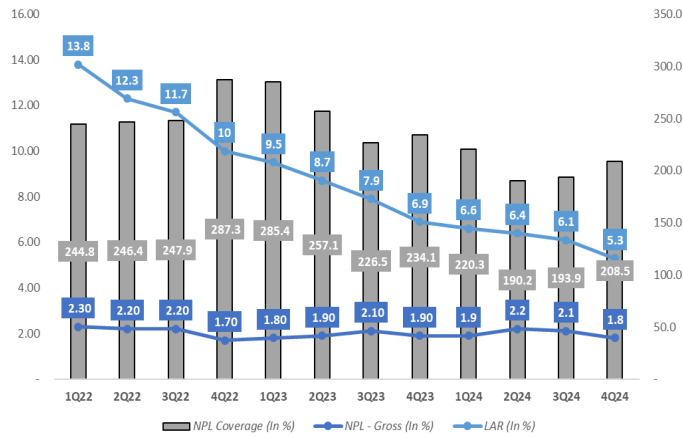
Fig 6. CASA Ratio vs Loan To Deposit (LDR) Ratio (In % & Bank Only)



Source: Company, NHKSI Research

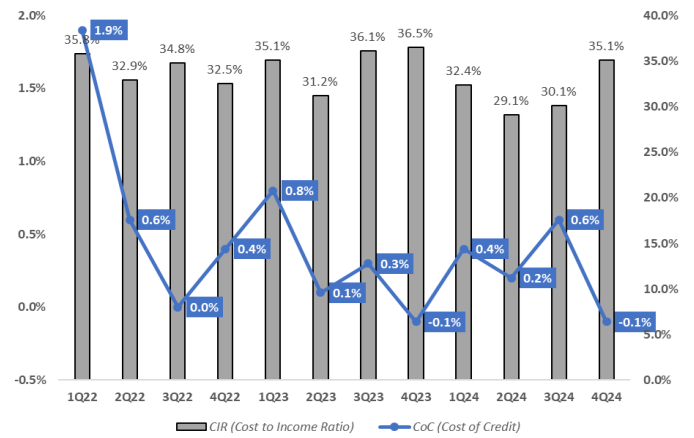
Performance Highlight for BBKA

Fig 7. Asset Quality (In %)



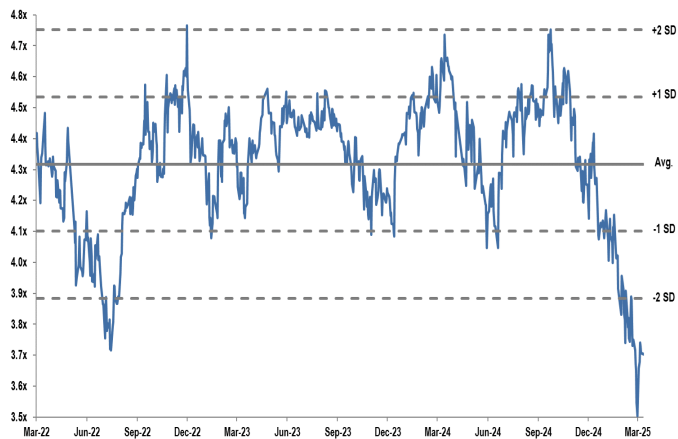
Source: Company, NHKSI Research

Fig 8. Cost of Credit (CoC) and CIR (Cost To Income Ratio) (Bank Only)



Source: Company, NHKSI Research

Fig 9. BBKA F-PBV (x) | Last 3 Years



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2024/12A	2025/12F	2026/12F	2027/12F
Interest Income	94,796	102,663	114,254	128,915
Growth (% y/y)	8.7%	8.3%	11.3%	12.8%
Interest Expenses	(12,532)	(13,284)	(14,191)	(15,709)
Net Interest Income	82,264	89,379	100,063	113,206
Net Interest Margin	6.0%	5.9%	5.8%	6.0%
Net Fee Income	17,980	21,474	23,510	25,912
Trading Income	2,855	2,891	2,811	3,405
Other Operating Income	5,208	6,480	7,255	7,924
Operating Revenue	108,307	120,225	133,638	150,448
Operating Expenses	(38,054)	(44,127)	(50,114)	(57,170)
Pre-provisioning OP	70,252	76,098	83,524	93,278
Provision for Impairment	(2,034)	(2,552)	(1,917)	(2,202)
EBT	68,218	73,546	81,606	91,076
Income Tax	(13,367)	(14,164)	(15,759)	(17,603)
Non-controlling Interest	(15)	(10)	(15)	(16)
Net Profit	54,836	59,371	65,833	73,457
Growth (% y/y)	12.7%	8.3%	10.9%	11.6%

BALANCE SHEET

(IDR bn)	2024/12A	2025/12F	2026/12F	2027/12F
Cash	29,316	39,540	39,915	47,195
Placement in Banks	56,220	82,119	86,725	73,100
Net Loans	878,173	943,807	1,057,713	1,203,032
Investment	396,658	374,694	354,701	331,684
Fixed Asset	30,056	31,512	33,290	35,139
Other Assets	58,878	66,431	73,355	81,222
Total Assets	1,449,301	1,538,104	1,645,699	1,771,373
Deposits	1,137,268	1,182,071	1,262,205	1,350,637
Debt	3,831	2,592	3,585	3,670
Other liabilities	45,367	60,625	64,859	75,079
Total Liabilities	1,186,466	1,245,288	1,330,649	1,429,386
Capital Stock & APIC	1,541	1,541	1,541	1,541
Retained Earnings	243,679	271,996	292,849	318,270
Shareholders' Equity	262,835	292,816	315,049	341,987

CASH FLOW STATEMENT

(IDR bn)	2024/12A	2025/12F	2026/12F	2027/12F
Operating Cash Flow	143,929	148,098	144,040	149,768
Investing Cash Flow	(171,170)	(152,047)	(166,193)	(169,985)
Financing Cash Flow	(11,216)	14,173	22,528	27,497
Net Changes in Cash	(38,457)	10,224	375	7,281

Source: Company Data, Bloomberg, NHKSI Research

PROFITABILITY & STABILITY

	2024/12A	2025/12F	2026/12F	2027/12F
ROE	21.7%	21.4%	21.7%	22.4%
ROA	3.8%	4.0%	4.1%	4.3%
Non-Int. Inc. /Op. Rev	24.0%	25.7%	25.1%	24.8%
Cost/Income	35.1%	36.7%	37.5%	38.0%
Cash Dividend (IDR bn)	37,508	40,610	45,030	50,245
Dividend Yield (%)	3.4%	3.0%	3.0%	3.0%
Payout Ratio (%)	68.4%	68.4%	68.4%	68.4%
Loan/Deposits	81.3%	84.1%	88.0%	93.1%
Loan/Assets	62.9%	63.6%	66.3%	69.8%
NPL	1.71%	1.75%	1.72%	1.74%
Loan Loss Res./Loan	3.6%	3.5%	3.1%	2.7%
CASA/Deposits	82.0%	81.0%	81.8%	82.5%
Time Deposits/Deposits	18.0%	19.0%	18.2%	17.5%
Par Value (IDR)	63	63	63	63
Total Shares (mn)	123,275	123,275	123,275	123,275
Share Price (IDR)	8,925	11,000	12,100	13,500
Market Cap (IDR tn)	1,100.2	1,356.0	1,491.6	1,664.2

VALUATION INDEX

	2024/12A	2025/12F	2026/12F	2027/12F
Price /Earnings	20.1x	22.8x	22.7x	22.7x
Price /Book Value	4.2x	4.6x	4.7x	4.9x
Price/Op. Revenue	10.2x	11.3x	11.2x	11.1x
PE/EPS Growth	1.6x	2.8x	2.1x	2.0x
EV/Operating Revenue	10.0x	11.0x	10.9x	10.8x
EV/PPOP	15.4x	17.3x	17.4x	17.4x
EV (IDR bn)	1,081,517	1,319,267	1,455,516	1,620,931
Op. Rev. CAGR (3-Yr)	11.3%	11.2%	10.7%	11.6%
EPS CAGR (3-Yr)	20.4%	13.4%	10.6%	10.2%
Basic EPS (IDR)	445	482	534	596
Diluted EPS (IDR)	445	482	534	596
BVPS (IDR)	2,132	2,375	2,556	2,774
Op. Revenue PS (IDR)	879	975	1,084	1,220
DPS (IDR)	304	329	365	408

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	69.68 Dwimuria Investama A.	54.94
United States	15.34 FMR LLC.	2.89
Luxembourg	3.31 Vanguard Group Inc.	2.46
Others	11.67 Others	39.71

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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