PT Bank Central Asia Tbk. (BBCA)

2Q26: Operational Resilience Intact as Business Lending Regains Momentum, While Higher Funding Costs Weigh on NIM

BBCA once again delivered resilient earnings in 1H26 despite slowing domestic economic activity. Net profit grew 1.8% YoY to IDR 29.5T (1H25: IDR 29.0T | Quarterly Basis: -0.1% YoY; +1.1% QoQ; 2Q26: IDR 14.9T | representing 48.8% of our FY26 earnings estimate), supported by Pre-Provision Operating Profit (PPOP) of IDR 38.4T (+2.5% YoY; Quarterly Basis: -1.7% YoY; -0.8% QoQ; 2Q26: IDR 19.1T). Although Net Interest Income (NII) declined 0.6% YoY to IDR 42.5T, primarily due to a 7.8% YoY increase in interest expenses to IDR 7.25T, resilient Non-Interest Income, which expanded 11.0% YoY to IDR 13.2T, continued to support profitability and sustain positive earnings growth. Profitability was primarily pressured by higher Cost of Fund (CoF) following deposit repricing after the cumulative 75 bps BI Rate hikes, resulting in Bank Only NIM contracting to 5.3% in 1H26 (1H25: 5.8% | Quarterly Basis: 1Q26: 5.4%; 2Q26: 5.3%). Nevertheless, margin pressure was partially offset by resilient fee-based income, disciplined cost management, and healthy asset quality. This was reflected in a Cost-to-Income Ratio (CIR) of 29.3%, remaining comfortably below management's FY26 guidance of 31–33%, highlighting BBCA's ability to preserve profitability despite a softer domestic operating environment.

Lending Side: Business Banking Regained Momentum in 2Q26

- **Business Banking Re-emerged as the Primary Growth Driver**. Loan growth regained momentum in 2Q26 following a relatively soft start to the year. Total outstanding loans increased to IDR 993.8T, representing 8.0% YoY growth (Quarterly Basis: +4.2% QoQ), primarily driven by stronger Business Banking demand. Corporate loans expanded 13.6% YoY and 6.1% QoQ to IDR 513.4T, while Commercial loans grew 7.2% YoY and 6.0% QoQ to IDR 153.9T, reflecting improving financing demand from the private sector despite a still-subdued domestic economy.

- **Consumer Lending Remained Soft.** Consumer lending remained relatively sluggish, declining 2.4% YoY and 0.2% QoQ, reflecting still-weak domestic consumption alongside BBCA's continued emphasis on maintaining asset quality rather than pursuing aggressive volume growth.

- **2H26 Outlook**. Looking ahead to 2H26, management indicated a more proactive lending strategy, with greater emphasis on expanding private corporate lending. BBCA's exposure to State-Owned Enterprises (SOEs) remained conservative at approximately 11% of total loans as of 2Q26, with the majority concentrated in high-quality financial institutions, including BBTN and Pegadaian. Supported by an improving corporate loan pipeline, management maintained its FY26 loan growth guidance of 8–10%, which we believe remains achievable. Meanwhile, stronger corporate loan disbursements are expected to gradually lift loan yields, providing an additional catalyst for NIM recovery over the coming quarters.

Funding Side: Funding Franchise Remained Resilient Despite Higher Funding Costs

- **CASA Franchise Continues to Anchor Funding Stability.** From a funding perspective, BBCA's liquidity profile remained fundamentally solid, underpinned by its industry-leading CASA franchise. The deposit mix remained largely unchanged from the previous quarter, with low-cost CASA deposits continuing to dominate total funding. Growth in Current Accounts and Savings Accounts largely offset the normalization in time deposits, demonstrating the resilience of BBCA's funding franchise despite intensifying industry-wide competition for deposits. Consequently, CASA Ratio remained healthy at 84.3% in 2Q26.

- **Higher CoF Continued to Pressure Margins**. Meanwhile, higher Cost of Fund (CoF) remained the primary headwind throughout 1H26 following deposit repricing triggered by the cumulative 75 bps BI Rate hikes. Combined with still-soft loan yields, rising funding costs continued to weigh on Net Interest Margin (NIM). Nevertheless, given BBCA's resilient 84.3% CASA Ratio, we believe current margin pressure remains largely cyclical and driven by higher funding costs rather than any deterioration in BBCA's funding franchise.

Asset Quality Remained Healthy and Well Within Guidance

- **Asset quality remained stable throughout 2Q26, with no signs of meaningful deterioration**. Gross NPL edged up slightly to 1.9% (2Q25: 2.2%; 1Q26: 1.8%), while Loan at Risk (LAR) continued to improve to 4.9% (2Q25: 5.7%; 1Q26: 5.1%). Meanwhile, NPL and LAR Coverage Ratios moderated to 165.5% and 68.7%, respectively, while remaining at comfortable levels.

- In addition, Cost of Credit (CoC) declined to 0.4% in 2Q26, bringing the 1H26 CoC to 0.5%, well within management's FY26 guidance of 50–60 bps. Overall, we believe BBCA's prudent underwriting standards and disciplined risk management continue to support healthy asset quality and provide ample earnings resilience.

FY26 Outlook: 2H26 Recovery Supported by Improving Business Lending Despite Higher Funding Costs

- Looking ahead, we expect loan growth momentum to improve further in 2H26, supported by stronger private corporate lending activity and a more proactive lending strategy. Improving corporate loan disbursements should gradually support higher loan yields, providing a meaningful tailwind for NIM recovery over the coming quarters. Management maintained FY26 guidance for loan growth of 8–10%, NIM of 5.4–5.6%, and Cost of Credit of 50–60 bps. Reflecting our more conservative funding cost assumptions, we revised our FY26 earnings forecast to IDR 59.7T (NHKSI Research previous forecast: IDR 60.7T). to capture a more normalized margin outlook. However, the revision primarily reflects higher funding costs rather than any deterioration in BBCA's core operating fundamentals. We therefore continue to maintain a constructive medium-term outlook on the stock.

"Buy" Recommendation with Target Price at IDR 8,200 / Share (Upside Potential of +30.7%)

- **NHKSI Research maintains "Buy" recommendation for BBCA while lowering our Target Price to IDR 8,200/share, implying 26F P/BV of 3.1x (1 SD below its three-year historical average), offering an upside potential of 30.7%.** We believe the recent share price correction has largely priced in concerns surrounding higher Cost of Fund, NIM compression, and our earnings revision. Despite near-term margin pressure and an increasingly competitive banking environment, BBCA continues to demonstrate one of the strongest banking franchises in Indonesia, supported by its industry-leading CASA base, healthy asset quality, and consistent operating discipline. Looking ahead, we expect gradually improving corporate lending, recovering loan yields, and easing funding cost pressure to become key catalysts for NIM recovery and earnings reacceleration over the medium term. Key downside risks include prolonged macroeconomic and political uncertainty, intensifying competition within the banking sector, weaker-than-expected loan growth, and further downside pressure on NIM.

PT Bank Central Asia Tbk. | Summary (IDR Billions)

In IDR Bn	2025 A	2026 F	2027 F	2028 F
Interest Income	98,913	105,364	114,595	125,091
Interest Income Growth	*4.3%*	*6.5%*	*8.8%*	*9.2%*
Operating Revenue	112,006	117,570	127,968	140,590
Net Profit	57,537	59,697	64,488	71,899
EPS (IDR)	467	484	523	583
Growth	*4.9%*	*3.8%*	*8.0%*	*11.5%*
BVPS (IDR)	2,283	2,473	2,687	2,932
Net Interest Margin	*5.9%*	*5.6%*	*5.7%*	*5.7%*
Loan / Deposits	*77.1%*	*80.1%*	*81.6%*	*82.4%*
NPL	*1.7%*	*1.8%*	*1.8%*	*1.8%*
ROE	*21.1%*	*20.3%*	*20.3%*	*20.7%*
ROA	*3.8%*	*3.7%*	*3.7%*	*3.8%*
Non.Int. Inc. / Op. Rev	*23.6%*	*24.8%*	*24.8%*	*25.0%*
P/E	13.3x	16.9x	16.8x	16.8x
P/BV	2.7x	3.3x	3.3x	3.3x
DPS (IDR)	305	303	315	340
Dividend yield	4.9%	3.7%	3.6%	3.5%

Source : Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Update Report | 30th July 2026

Buy

Target Price (IDR)	**8,200**
Consensus Price	8,163
TP to Consensus Price	+0.5%
Potential Upside	+30.7%

Shares Data

Last Price (IDR)	6,275
Price date as of	29th July 2026
52 wk range (Hi/Lo)	8,975 / 4,820
Free Float (%)	42.5
Outstanding sh (mn)	123,275
Market Cap (IDR bn)	773,551
Market Cap (USD mn)	42,825
Avg. Trd Vol – 3M (mn)	270.7
Avg. Trd Val – 3M (IDR Bn)	1,588.3
Foreign Ownership	29.3%

Sector
Financial

Sub-Sector
Bank

Bloomberg	BBCA IJ Equity
Reuters	BBCA JK

Shares Price Performance

	YTD	1M	3M	12M
Abs.Ret	-21.8%	+5.9%	+5.0%	-22.3%
Rel.Ret	+7.7%	+2.6%	+18.9%	-0.1%

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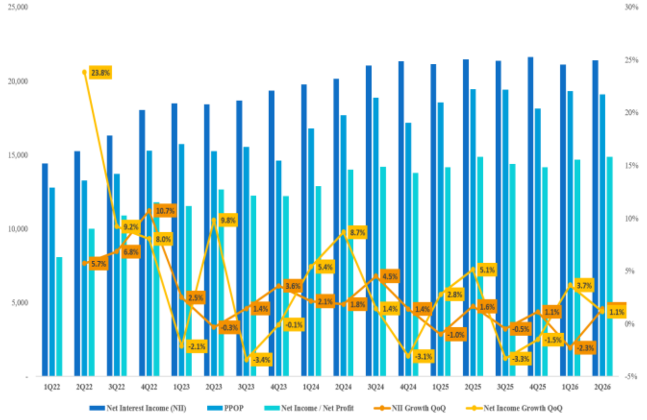
Performance Highlight For BBCA

Exhibit 1. BBCA Quarterly Financial Performance (In IDR Billion)

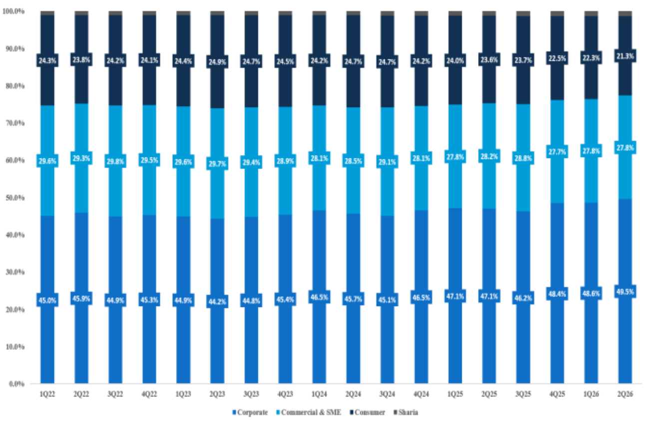


Source : BBCA, NHKSI Research

Exhibit 2. BBCA Profitability Ratio (In %)

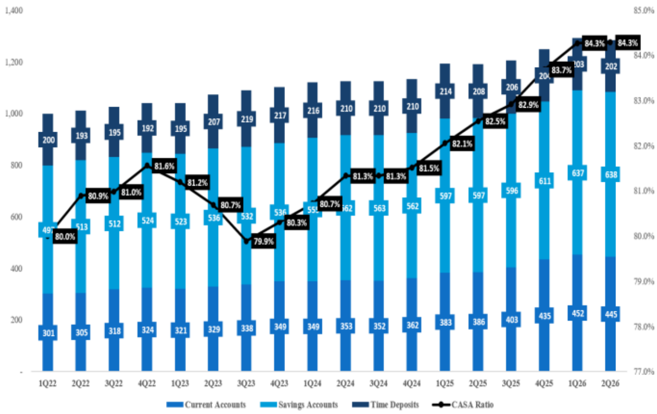
Source : BBCA, NHKSI Research

Exhibit 3. BBCA Loan Segmentation Breakdown



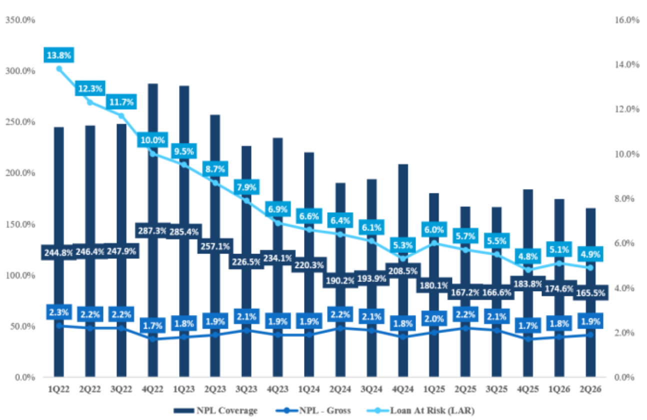
Source : BBCA, NHKSI Research

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



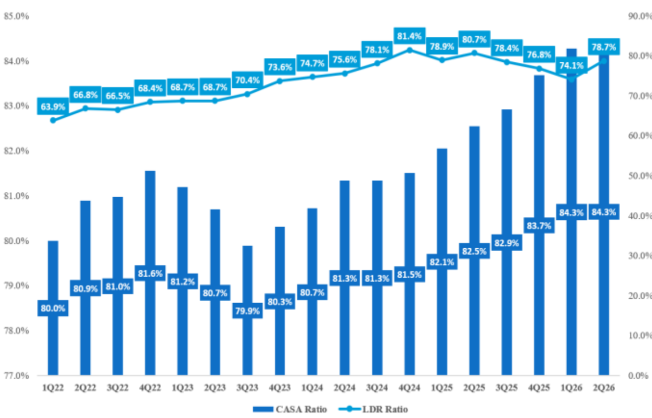
Source : BBCA, NHKSI Research

Exhibit 5. BBCA Asset Quality (In %)



Source : BBCA, NHKSI Research

Exhibit 6. CASA Ratio vs Loan to Deposit Ratio (LDR) (In % & Bank Only)

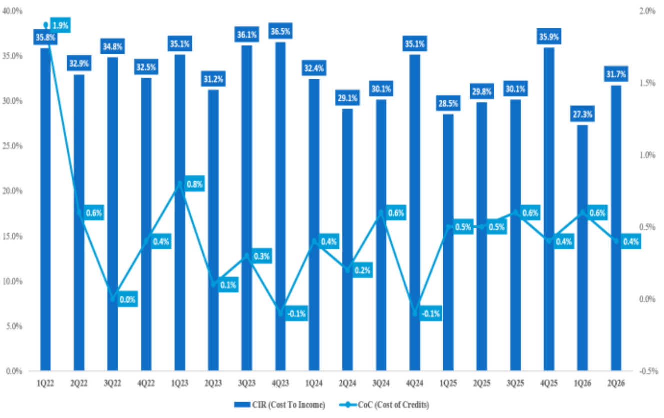


Source : BBCA, NHKSI Research

Please consider the rating criteria & important disclaimer

Performance Highlight For BBCA

Exhibit 7. BBCA CIR & CoC



Source : BBCA, NHKSI Research

Exhibit 8. BBCA Forward PBV | (In x – Last 3 Years)

Source : BBCA, NHKSI Research

Please consider the rating criteria & important disclaimer

Summary of BBCA's Financials & Forecast

INCOME STATEMENT

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Interest Income	**98,913**	**105,364**	**114,595**	**125,091**
Growth (% y/y)	*4.3%*	*6.5%*	*8.8%*	*9.2%*
Interest Expenses	(13,364)	(16,895)	(18,392)	(19,645)
Net Interest Income (NII)	**85,548**	**88,470**	**96,203**	**105,447**
Net Interest Margin (NIM)	*5.9%*	*5.6%*	*5.7%*	*5.7%*
Net Fee Income	19,660	21,233	23,570	26,098
Trading Income	4,007	4,247	4,810	5,378
Other Operating Income	2,791	3,621	3,386	3,667
Operating Revenue	**112,006**	**117,570**	**127,968**	**140,590**
Operating Expenses	(36,734)	(38,798)	(43,509)	(47,801)
Pre-Provisioning O.P (PPOP)	**75,272**	**78,772**	**84,459**	**92,789**
Provision for Impairment	(4,011)	(4,751)	(4,442)	(3,652)
EBT	**71,261**	**74,020**	**80,017**	**89,138**
Income Tax	(13,698)	(14,301)	(15,506)	(17,210)
Non Controlling Interest	(26)	(22)	(23)	(28)
Net Profit	**57,537**	**59,697**	**64,488**	**71,899**
Growth (% y/y)	*4.9%*	*3.8%*	*8.0%*	*11.5%*

PROFITABILITY & STABILITY

	2025/12A	2026/12F	2027/12F	2028/12F
ROE	21.1%	20.3%	20.3%	20.7%
ROA	3.8%	3.7%	3.7%	3.8%
Non-Int. Inc/ Op. Rev.	23.6%	24.8%	24.8%	25.0%
Cost / Income	32.8%	33.0%	34.0%	34.0%
Cash Dividend (IDR Bn)	37,595	37,399	38,803	41,917
Dividend Yield	4.9%	3.7%	3.6%	3.5%
Dividend Payout Ratio	68.6%	65.0%	65.0%	65.0%
Loan / Deposits	77.1%	80.1%	81.6%	82.4%
Loan / Assets	60.6%	62.6%	63.6%	64.3%
NPL	1.65%	1.77%	1.82%	1.76%
Loan Loss Res. / Loan	3.2%	2.7%	2.3%	1.9%
CASA / Deposits	83.7%	83.7%	84.7%	84.7%
Time Deposits / Deposits	16.3%	16.3%	15.3%	15.3%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	123,275	123,275	123,275	123,275
Share Price (IDR)	6,275	8,200	8,800	9,800
Market Cap (IDR tn)	774	1,011	1,085	1,208

BALANCE SHEET

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Cash	25,305	26,070	29,214	33,949
Placement In Banks	62,913	63,142	68,224	70,159
Net Loans	962,141	1,019,330	1,120,992	1,238,116
Investment	414,707	464,953	483,635	508,893
Fixed Asset	28,474	30,067	31,351	32,559
Other Assets	93,288	71,843	69,541	79,658
Total Assets	**1,586,829**	**1,675,405**	**1,802,956**	**1,963,334**
Deposits	1,248,398	1,307,679	1,405,800	1,530,109
Debt	2,112	3,142	3,603	3,396
Other Liabilities	54,631	59,452	62,095	68,036
Total Liabilities	**1,305,141**	**1,370,273**	**1,471,498**	**1,601,541**
Capital Stock + APIC	7,033	7,033	7,033	7,033
Retained Earnings	263,189	285,487	311,171	341,154
Shareholders' Equity	**281,688**	**305,132**	**331,458**	**361,792**

VALUATION INDEX

	2025/12A	2026/12F	2027/12F	2028/12F
Price / Earnings	13.4x	16.9x	16.8x	16.8x
Price / Book Value	2.7x	3.3x	3.3x	3.3x
Price / Op. Revenue	6.9x	8.6x	8.5x	8.6x
PE / EPS Growth	2.7x	4.5x	2.1x	1.5x
EV / Operating Revenue	6.7x	8.4x	8.3x	8.4x
EV / PPOP	10.0x	12.5x	12.5x	12.7x
EV (IDR Billions)	750,579	988,169	1,059,477	1,177,836
Op. Rev. CAGS (3-Yr)	8.6%	6.1%	6.3%	7.9%
EPS CAGR (3-Yr)	12.2%	7.1%	5.6%	7.7%
Basic EPS (IDR)	467	484	523	583
Dilluted EPS (IDR)	467	484	523	583
BVPS (IDR)	2,283	2,473	2,687	2,932
Op. Rev. PS (IDR)	909	954	1,038	1,140
DPS (IDR)	305	303	315	340

CASH FLOW STATEMENT

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Operating Cash Flow	95,303	110,866	129,119	145,132
Investing Cash Flow	(228,725)	(185,850)	(209,189)	(213,896)
Financing Cash Flow	131,318	75,749	83,213	73,499
Net Changes in Cash	**(2,104)**	**765**	**3,144**	**4,735**

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	70.68	Dwimuria Investama Andalan	54.94
United States	12.90	Anthoni Salim	1.15
United Kingdom	2.89	Tricipta Mandhala Gemilang	1.07
Others	13.53	Others	42.84

Source : BBCA, Bloomberg & NHKSI Research

Please consider the rating criteria & important disclaimer

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%

Disclaimer