PT Bank Amar Indonesia Tbk. (AMAR)

Growth Momentum Intact – Positioning for the Next Leg of Expansion

AMAR delivered solid 1H26 results, with consistent NII growth remaining the key driver of profitability improvement. AMAR's net interest income (NII) increased +20.5% YoY to IDR 770.6B in 1H26 (1H25: IDR 639.6B), extending its relatively consistent growth trajectory since 2023. On a quarterly basis, NII also increased +8.2% QoQ and +25.4% YoY to IDR 400.4B in 2Q26, reflecting the continued expansion of earning assets alongside the recovery in lending momentum. NIM improved to 21.9% in 2Q26, up from 20.7% in 1Q26, although it remained below 23.6% in 2Q25. Supported by continued NII growth, operating income increased +15.8% YoY to IDR 1.09T in 1H26 (1H25: IDR 943.3B), while operating profit and net profit rose +20.7% and +21.7% YoY to IDR 186.5B and IDR 143.6B, respectively. In 2Q26 alone, net profit increased +43.4% YoY and +1.8% QoQ to IDR 72.4B, highlighting resilient operating performance despite higher provisioning expenses and still-elevated operating costs.

Lending Side: Recovery Momentum Continues, Leaving Further Room for Expansion

- **Loan growth remained one of AMAR's key highlights, with loans outstanding reaching IDR 4.63T, up +30.5% YoY and +11.4% QoQ in 2Q26/1H26.** The quarterly increase indicates a continued recovery in lending momentum after loans stood at IDR 4.16T in 1Q26. Based on loan utilization, productive loans accounted for 87% of total loans, while consumer loans represented the remaining 13%. By loan composition, working capital loans remained the largest component at 79%, while investment loans accounted for 8%, with the remainder consisting of consumer loans.

- **By lending segment, AMAR's 2Q26 loan portfolio comprised 46% micro, 35% corporate, 13% retail, and 7% SME.** The micro segment remained the largest contributor, in line with AMAR and Tunaiku's positioning as an unsecured retail lending platform. Cumulatively, Tunaiku's loan disbursements have reached approximately IDR 19T since its launch in 2014, demonstrating the platform's established scale and track record.

- **Looking ahead, we see an opportunity for AMAR to gradually broaden its lending exposure from micro toward SME-commercial.** With corporate loans already accounting for 35% of the portfolio, AMAR has room to address the segment between micro and corporate lending, particularly borrowers whose funding requirements are too large for micro lending but do not yet fit the requirements or risk appetite of corporate lending. SME currently contributes only around 7% of the portfolio, leaving significant room for this segment to become a new lending growth engine. Nevertheless, we view this as a medium-term opportunity, as SME's contribution in 2Q26 remained below approximately 8% in 2Q25. Therefore, AMAR's current loan recovery remains primarily supported by its core businesses, while SME-commercial could emerge as an incremental growth driver over time.

Funding Side: Quarterly CASA Mix Improved, but Funding Structure Remains Deposit-Heavy

- **AMAR's funding mix improved QoQ, although its funding structure remains relatively reliant on time deposits.** In 2Q26, CASA increased to 29% of total third-party funds (TPF) from 17% in 1Q26, driven by higher current account contribution to 18% from 8% and savings accounts to 11% from 9%. Meanwhile, time deposits remained dominant, accounting for 71% of total DPK. On a YoY basis, however, CASA remained below the 39% recorded in 2Q25, indicating that AMAR's liquidity base has yet to fully strengthen from the perspective of low-cost funding.

- **Total TPF increased +41.8% YoY to IDR 2.50T, although it declined QoQ from approximately IDR 2.92T in 1Q26.** With loans increasing +11.4% QoQ while DPK contracted sequentially, LDR rose significantly to 185.0% in 2Q26 from 142.56% in 1Q26. Nevertheless, the elevated LDR should be assessed alongside AMAR's still-strong capital position, with CAR at 89.86%, while liquidity ratios also remained robust, with NSFR at 134.73%.

Profitability: Quarterly NIM Recovery Supports Continued ROE Improvement

- **AMAR's profitability continued to improve, primarily supported by NIM recovery and earning asset growth**. NIM increased to 21.91% in 2Q26 from 20.73% in 1Q26, marking a recovery after experiencing pressure throughout 2025 and early 2026. Historically, AMAR has maintained a structurally high NIM, ranging around 20–25% since 1Q24, making the recovery above 21% supportive for the earnings outlook. Nevertheless, NIM remained below the 23.59% recorded in 2Q25, suggesting that further NIM normalization remains an important upside factor to monitor.

- **On the return side, ROE increased to 8.38% in 2Q26 from 7.06% in 2Q25 and remained broadly stable versus 8.34% in 1Q26.** The improvement in ROE came despite equity increasing to IDR 3.44T, indicating that earnings growth has started to catch up with AMAR's expanding capital base. With lending growth strengthening and NIM beginning to recover, further profitability improvement will largely depend on AMAR's ability to optimize its earning assets while improving its funding mix.

Operating Performance: Revenue and Earnings Growth Continue to Outpace Cost Growth

- **AMAR continued to generate positive operating leverage despite higher operating and provisioning expenses.** In 1H26, operating expenses increased +14.6% YoY to IDR 372.4B, while provisioning expenses rose +14.9% YoY to IDR 533.2B. Nevertheless, gross operating income growth of +15.8% YoY was sufficient to generate +20.7% YoY growth in operating profit, indicating that topline expansion continued to more than offset the increase in the cost base. In 2Q26, BOPO improved to 84.17%, from 84.88% in 1Q26, and remained broadly stable versus 84.32% in 2Q25. Therefore, while operating efficiency is not yet a key strength for AMAR, it has started to stabilize and improve on a sequential basis.

Asset Quality: Healthy NPL Supports Sustainable Lending Expansion

- **AMAR's asset quality remained relatively stable.** NPL continued to remain at a healthy level despite the acceleration in loan growth. NPL declined to only 0.80% in 2Q26 from 1.64% in 2Q25, indicating that the renewed lending expansion has yet to translate into meaningful asset quality deterioration. With productive loans accounting for 87% of the portfolio and NPL remaining below 1%, AMAR maintains a relatively healthy asset quality base to support further lending growth.

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Update Report | 31st August 2026

Buy

Target Price (IDR)	**310**
Consensus Price	275
TP to Consensus Price	+12.7%
Potential Upside	+32.5%

Shares Data

Last Price (IDR)	234
Price date as of	28th August 2026
52 wk range (Hi/Lo)	302 / 180
Free Float (%)	16.16
Outstanding sh (mn)	18,381
Market Cap (IDR bn)	4,191
Market Cap (USD mn)	236.1
Avg. Trd Vol – 3M (mn)	0.64
Avg. Trd Val – 3M (IDR Bn)	0.13
Foreign Ownership	88.7%

Sector
Financials

Sub-Sector
Banking – Digital Bank

Bloomberg	AMAR IJ Equity
Reuters	AMAR JK

Shares Price Performance

	YTD	1M	3M	12M
Abs.Ret	+29.1%	+12.5%	+20.6%	+8.3%
Rel.Ret	+54.6%	+6.2%	+14.2%	+26.2%

Leonardo Lijuwardi
leonardo.lijuwardi@nhsec.co.id

Digital Ecosystem Development: Partnership-Based Financial Solutions – Expanding into Overdrafts – Underserved MSMEs

- **Beyond its direct unsecured lending business through Tunaiku and Amar Bank Mobile Banking, AMAR continues to develop its digital financial ecosystem through partnership-based solutions.** AMAR's platform enables partners to directly access AMAR's banking products through their own digital platforms, while helping partners improve user engagement and retention and create alternative revenue streams through financial services and products. AMAR also offers fully digital financial solutions, AI-powered financial insights to help MSMEs improve their creditworthiness, and multi-account banking solutions for managing teams, projects, and budgets.

- **Going forward, this partnership-based financial solutions model could become a complementary growth engine beyond AMAR's core business through the Tunaiku application, particularly by expanding AMAR's reach among underserved MSMEs.** With a combination of credit scoring, digital onboarding, lending platforms, and strategic partnerships, AMAR is well positioned to capture the financial inclusion opportunity without relying entirely on direct customer acquisition.

FY26 Outlook: Maintaining Sustainable and Optimal Growth

- We expect AMAR to deliver steady earnings growth, with FY26E net profit projected to increase +19.6% YoY to IDR 299B. This will be supported by +28.0% YoY growth in interest income, alongside our updated assumptions following the increase in the BI policy rate this year. AMAR's performance should also remain supported by resilient asset quality. While we expect FY26E NIM to remain under pressure, we anticipate NIM to begin recovering in FY27F as the bank benefits from improving lending momentum and a more favorable funding environment.

"Buy" Recommendation with Target Price at IDR 310 / Share (Upside Potential +32.5%)

- **NHKSI Research gives a "BUY" recommendation on AMAR with a target price of IDR 310/share, implying a valuation of 1.2x 2026F forward PBV, in line with its three-year historical average.** From a lending segmentation perspective, the micro and corporate segments continue to dominate AMAR's portfolio. Therefore, the bank's ability to gradually and consistently scale up its SME-commercial exposure could serve as an important medium-term growth catalyst. We believe AMAR is entering a phase of more stable and sustainable lending recovery, with potential upside supported by NIM recovery, SME-commercial expansion, and resilient asset quality. Going forward, the key areas to monitor will be loan growth and, more importantly, the sustainability and composition of its funding base.

- Key risks to our AMAR thesis include intensifying competition in digital banking, heightened competition from other financial institutions in unsecured lending, potential deterioration in asset quality, and an unstable macroeconomic environment that could weigh on lending growth.

PT Bank Amar Indonesia Tbk. | Summary (IDR Billions)

In IDR Bn	2025 A	2026 F	2027 F	2028 F
Interest Income	1,440	1,843	2,160	2,541
Interest Income Growth	*17.4%*	*28.0%*	*17.2%*	*17.6%*
Operating Income	1,971	2,252	2,897	3,411
Net Profit	250	299	422	481
EPS (IDR)	14	17	23	27
Growth	*16.1%*	*19.6%*	*41.3%*	*14.1%*
BVPS (IDR)	195	205	220	235
Net Interest Margin	*22.6%*	*21.9%*	*22.4%*	*23.5%*
Loan / Deposits	*138.9%*	*148.3%*	*156.2%*	*161.9%*
NPL	*0.6%*	*0.7%*	*0.6%*	*0.6%*
ROE	*7.4%*	*8.4%*	*11.0%*	*11.7%*
ROA	*4.3%*	*4.3%*	*5.5%*	*5.6%*
Non.Int. Inc. / Op. Inc	*32.4%*	*27.5%*	*33.3%*	*32.8%*
P/E	16.9x	18.7x	13.2x	11.6x
P/BV	1.2x	1.5x	1.4x	1.3x
DPS (IDR)	10	7	8	12
Dividend yield	4.3%	2.2%	2.7%	3.8%

Source : Company Data, Bloomberg, NHKSI Research

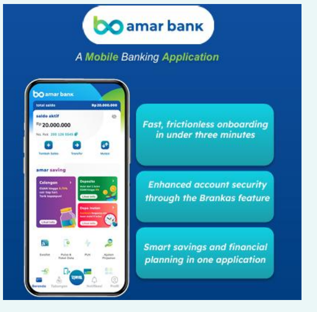
Please consider the rating criteria & important disclaimer

Update Report | 31st August 2026

Figure 1. AMAR Lending Product | Tunaiku

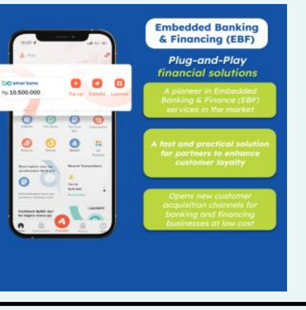
Source : AMAR, NHKSI Research

Figure 2. AMAR Bank | Mobile Banking



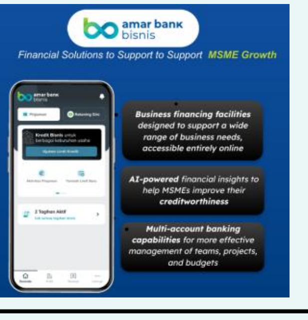
Source : AMAR, NHKSI Research

Figure 3. AMAR Embedded Banking & Financing



Source : AMAR, NHKSI Research

Figure 4. AMAR Bank Bisnis for MSME



Source : AMAR, NHKSI Research

1H26 / 2Q26: AMAR Quarterly Income Statement & Balance Sheet Breakdown

AMAR Quarterly Result & Performance Breakdown

(In IDR Billion)		1H25		1H26	YoY Growth		2Q25		1Q26		2Q26	QoQ Growth	YoY Growth
AMAR Income Statement 1H26 | 2Q26													
Interest Income	**IDR**	**682**	**IDR**	**857**	25.7%	**IDR**	**341.9**	**IDR**	**416.5**	**IDR**	**440.6**	5.8%	28.9%
Interest Expense	*IDR*	*(42)*	*IDR*	*(87)*	104.2%	*IDR*	*(22.6)*	*IDR*	*(46.3)*	*IDR*	*(40.2)*	-13.2%	78.0%
Net Interest Income	**IDR**	**640**	**IDR**	**771**	20.5%	**IDR**	**319.3**	**IDR**	**370.2**	**IDR**	**400.4**	8.2%	25.4%
Non - Interest Income	*IDR*	*304*	*IDR*	*322*	*5.9%*	*IDR*	*160.3*	*IDR*	*157.6*	*IDR*	*164.0*	*4.1%*	*2.3%*
Operating Profit	**IDR**	**943**	**IDR**	**1,092**	15.8%	**IDR**	**479.7**	**IDR**	**527.8**	**IDR**	**564.4**	6.9%	17.7%
Operating Expense	*IDR*	*(325)*	*IDR*	*(372)*	14.6%	*IDR*	*(163.4)*	*IDR*	*(177.4)*	*IDR*	*(195.0)*	9.9%	19.4%
Pre-Provision Operating Profit	**IDR**	**618**	**IDR**	**720**	16.4%	**IDR**	**316.3**	**IDR**	**350.4**	**IDR**	**369.4**	5.4%	16.8%
Provision Expense	*IDR*	*(464)*	*IDR*	*(533)*	14.9%	IDR	(249.8)	IDR	(258.0)	IDR	(275.2)	6.6%	10.2%
Income Tax Expenses	*IDR*	*(37)*	*IDR*	*(43)*	17.7%	IDR	(16.0)	IDR	(21.2)	IDR	(21.7)	2.4%	36.1%
Net Profit	**IDR**	**118**	**IDR**	**144**	21.7%	**IDR**	**50.5**	**IDR**	**71.1**	**IDR**	**72.4**	1.9%	43.4%

AMAR Balance Sheet Statement 1H26 | 2Q26

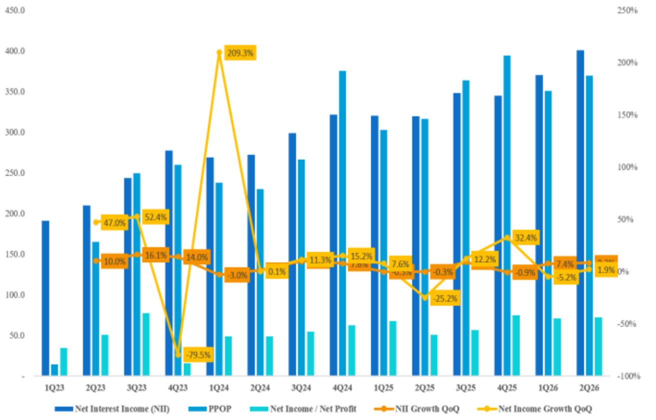
(In IDR Billion)		1H25		1H26	YoY Growth		2Q25		1Q26		2Q26	QoQ Growth	YoY Growth
Customer Deposits													
Current Account	*IDR*	*499.9*	*IDR*	*441.0*	-11.8%	*IDR*	*499.9*	*IDR*	*236.7*	*IDR*	*441.0*	86.3%	-11.8%
Savings Account	*IDR*	*180.4*	*IDR*	*274.5*	52.2%	*IDR*	*180.4*	*IDR*	*267.4*	*IDR*	*274.5*	2.6%	52.2%
CASA Total	**IDR**	**680.3**	**IDR**	**715.4**	**40.4%**	**IDR**	**680.3**	**IDR**	**504.2**	**IDR**	**715.4**	41.9%	5.2%
Time Deposits	*IDR*	*1,085*	*IDR*	*1,789*	64.9%	*IDR*	*1,085.4*	*IDR*	*2,410.6*	*IDR*	*1,789.4*	-25.8%	64.9%
CASA Ratio		**38.5%**		**28.6%**			**38.5%**		**17.3%**		**28.6%**		
Total Third Party Fund / Customer Deposits	**IDR**	**1,766**	**IDR**	**2,505**	41.9%	**IDR**	**1,765.7**	**IDR**	**2,914.7**	**IDR**	**2,504.8**	-14.1%	41.9%
Loan Based on Composition													
Consumer Loan	*IDR*	*482.4*	*IDR*	*606.5*	25.7%	*IDR*	*482.4*	*IDR*	*583.3*	*IDR*	*606.5*	4.0%	25.7%
Working Capital Loan	*IDR*	*3,045.0*	*IDR*	*3,656.9*	20.1%	*IDR*	*3,045.0*	*IDR*	*3,325.8*	*IDR*	*3,656.9*	10.0%	20.1%
Investment Loan	*IDR*	*23.7*	*IDR*	*370.5*	1465.6%	*IDR*	*23.7*	*IDR*	*251.2*	*IDR*	*370.5*	47.5%	1465.6%
Loan Total	**IDR**	**3,551**	**IDR**	**4,634**	30.5%	**IDR**	**3,551**	**IDR**	**4,160**	**IDR**	**4,634**	11.4%	30.5%
Loan to Deposit Ratio (LDR)		**201.1%**		**185.0%**			**201.1%**		**142.7%**		**185.0%**		

Source : AMAR, NHKSI Research

Please consider the rating criteria & important disclaimer

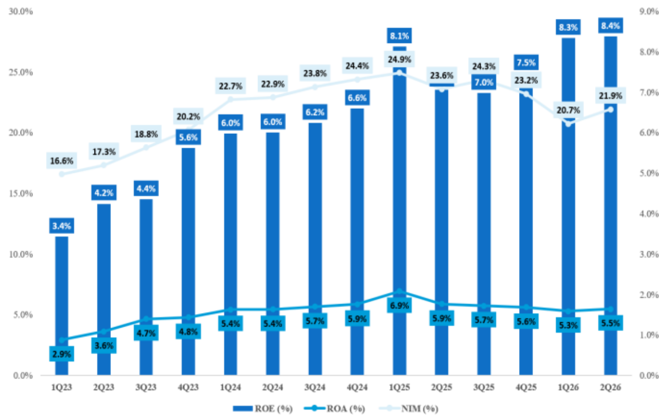
Performance Highlight For AMAR

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



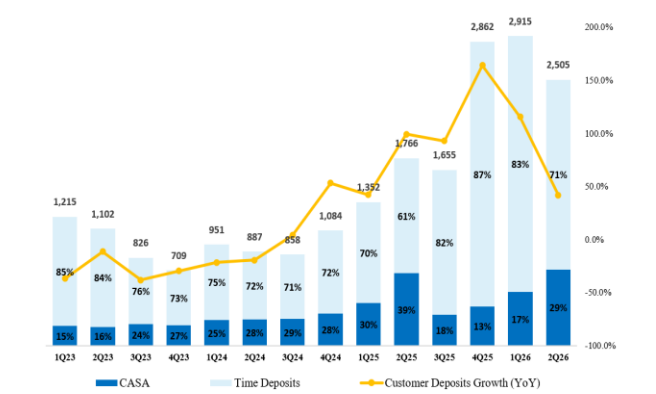
Source : AMAR, NHKSI Research

Exhibit 2. AMAR Profitability Ratio (In %)



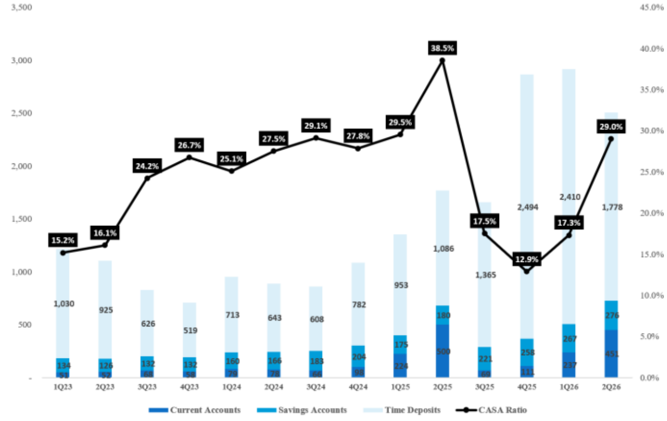
Source : AMAR, NHKSI Research

Exhibit 3. AMAR Customer Deposit Growth vs Composition Funding



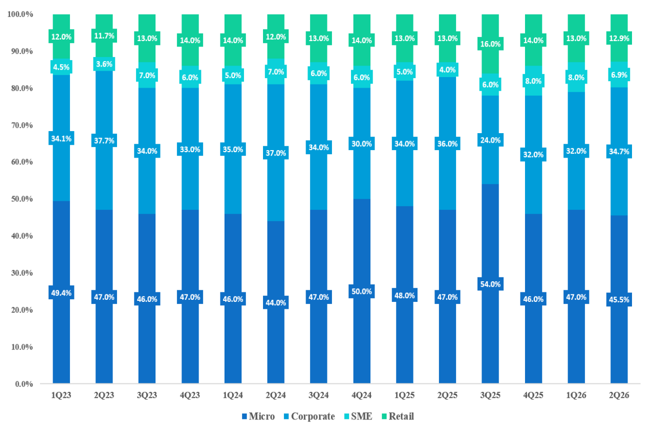
Source : AMAR, NHKSI Research

Exhibit 4. AMAR Funding Breakdown (In IDR Bio) & CASA Ratio (In %)



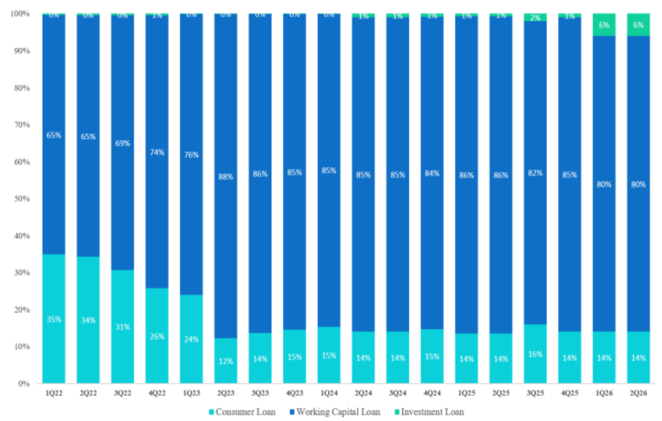
Source : AMAR, NHKSI Research

Exhibit 5. AMAR Loan Portfolio Breakdown by Segment



Source : AMAR, NHKSI Research

Exhibit 6. AMAR Loan Portfolio Breakdown by Composition



Source : AMAR, NHKSI Research

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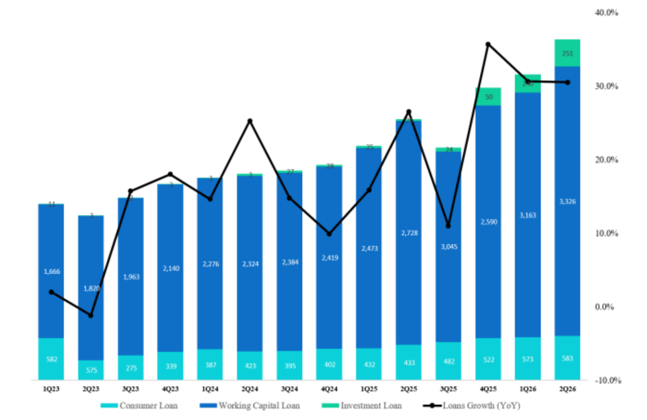
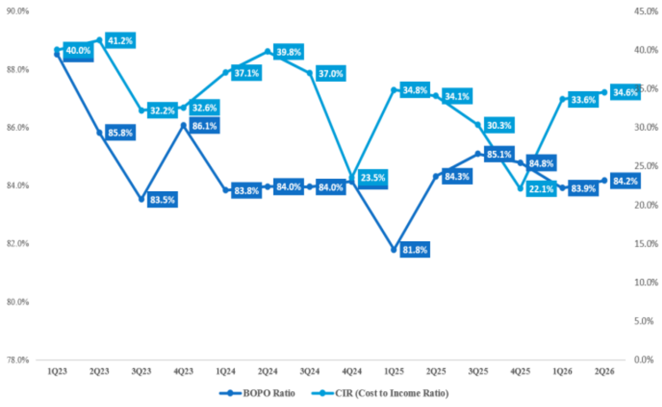
Performance Highlight For AMAR

Exhibit 7. AMAR Loan By Composition Value (In IDR Million) & Growth



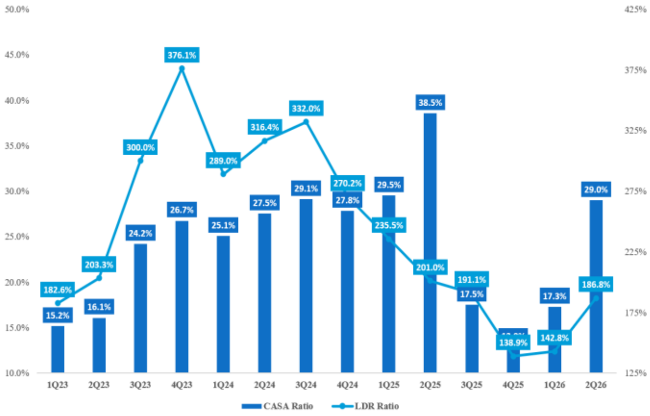
Source : AMAR, NHKSI Research

Exhibit 8. AMAR BOPO Ratio & CIR (Cost to Income Ratio) | In %



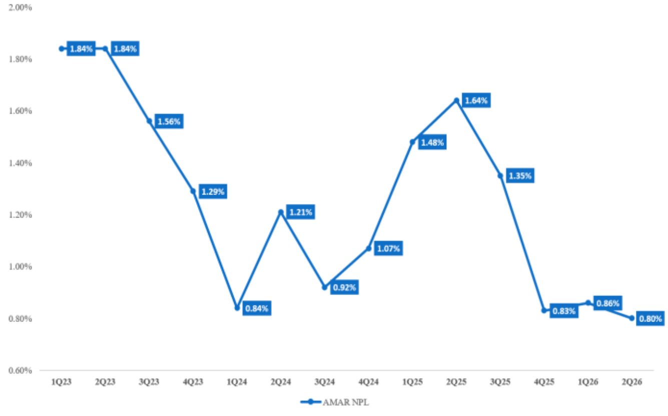
Source : AMAR, NHKSI Research

Exhibit 9. AMAR CASA Ratio vs LDR Ratio (In %)



Source : AMAR, NHKSI Research

Exhibit 10. AMAR NPL (In %)



Source : AMAR, NHKSI Research

Exhibit 11. AMAR Forward 3-Year PBV Bands

Source : AMAR, NHKSI Research

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Summary of AMAR's Financials & Forecast

INCOME STATEMENT

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Interest Income	**1,440**	**1,843**	**2,160**	**2,541**
Growth (% y/y)	*17.4%*	*28.0%*	*17.2%*	*17.6%*
Interest Expenses	(108)	(211)	(228)	(248)
Net Interest Income (NII)	**1,332**	**1,632**	**1,932**	**2,293**
Net Interest Margin (NIM)	*22.6%*	*21.9%*	*22.4%*	*23.5%*
Net Fee Income	404	456	516	586
Recovery Income	202	125	398	480
Other Operating Income	32	39	51	51
Operating Income	**1,971**	**2,252**	**2,897**	**3,411**
Growth (% y/y)	*17.9%*	*14.3%*	*28.7%*	*17.7%*
Operating Expenses	(597)	(775)	(907)	(1,090)
Pre-Provisioning O.P (PPOP)	**1,373**	**1,477**	**1,990**	**2,321**
Provision for Impairment	(1,059)	(1,102)	(1,460)	(1,715)
EBT	**314**	**375**	**530**	**605**
Income Tax	(64)	(77)	(108)	(124)
Net Profit	**250**	**299**	**422**	**481**
Growth (% y/y)	*16.1%*	*19.6%*	*41.3%*	*14.1%*

PROFITABILITY & STABILITY

	2025/12A	2026/12F	2027/12F	2028/12F
ROE	7.4%	8.4%	11.0%	11.7%
ROA	4.3%	4.3%	5.5%	5.6%
Non-Int. Inc/ Op. Rev.	32.4%	27.5%	33.3%	32.8%
Cost / Income	30.2%	34.3%	31.2%	31.9%
Cash Dividend (IDR Bn)	181	125	149	211
Dividend Yield	4.29%	2.24%	2.67%	3.78%
Dividend Payout Ratio	84.1%	50.0%	50.0%	50.0%
Loan / Deposits	138.9%	148.3%	156.2%	161.9%
Loan / Assets	58.8%	62.7%	65.1%	66.1%
NPL	0.58%	0.68%	0.63%	0.58%
CASA / Deposits	12.9%	14.1%	15.3%	17.0%
Time Deposits / Deposits	87.1%	85.9%	84.7%	83.0%
Par Value (IDR)	174	174	174	174
Total Shares (mn)	18.01	18.01	18.01	18.01
Share Price (IDR)	234	310	310	310
Market Cap (IDR tn)	4,215	5,584	5,584	5,584

BALANCE SHEET

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Cash and equivalents	145	231	150	341
Net Loans	3,463	3,364	3,830	4,315
Other Earning Assets	2,871	3,548	3,912	4,303
Fixed Asset & Other Non- Earning Assets	285	101	160	181
Total Assets	**6,764**	**7,244**	**8,052**	**9,141**
Demand Deposits	111	127	143	178
Saving Deposits	258	304	372	456
Time Deposits	2,494	2,631	2,842	3,097
Other Interest Bearing Liabilities	303	308	539	970
Non-Interest Bearing Liabilities	177	184	195	206
Total Liabilities	**3,342**	**3,554**	**4,090**	**4,908**
Capital Stock + APIC	3,301	3,301	3,301	3,301
Retained Earnings	215	388	661	931
Shareholders' Equity	**3,516**	**3,689**	**3,962**	**4,233**

VALUATION INDEX

	2025/12A	2026/12F	2027/12F	2028/12F
Price / Earnings	16.9x	18.7x	13.2x	11.6x
Price / Book Value	1.2x	1.5x	1.4x	1.3x
Price / Op. Income	2.1x	2.5x	1.9x	1.6x
PE / EPS Growth	104.8x	95.4x	32.0x	82.4x
EV / Operating Income	3.7x	3.9x	3.2x	2.9x
EV / PPOP	5.3x	5.9x	4.7x	4.3x
EV (IDR Billions)	7,235	8,724	9,330	9,945
Op. Inc. CAGS (3-Yr)	28.8%	19.6%	20.1%	20.1%
EPS CAGR (3-Yr)	-217.1%	18.8%	25.2%	24.5%
Basic EPS (IDR)	13.9	16.6	23.4	26.7
Dilluted EPS (IDR)	14	17	23	27
BVPS (IDR)	195	205	220	235
Op. Rev. PS (IDR)	109	125	161	189
DPS (IDR)	10.0	6.9	8.3	11.7

CASH FLOW STATEMENT

(IDR Billions)	2025/12A	2026/12F	2027/12F	2028/12F
Operating Cash Flow	306	(74)	117	411
Investing Cash Flow	55	(184)	59	21
Financing Cash Flow	(173)	(24)	(138)	(199)
Net Changes in Cash	**187**	**(282)**	**38**	**233**

Source : AMAR, Bloomberg & NHKSI Research

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	11.26	Tolaram Group	75.25
Singapore	81.10	Jagat Raya Imajinasi	6.59
Japan	5.63	Bank of Singapore	5.85
Others	2.01	Others	12.31

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