Bank Central Asia (BBCA IJ)

Repricing Is Lifting NIM; Loan Growth Remains Selective

Highlights

- **NIM improved to 5.7% in August (from 5.3% in 1H26**) as corporate loan yields rose to 7.4% from 6.7-6.8% in April; 2026 NIM guidance of 5.4-5.6% remains unchanged, though the upper end is dependent on rates.
- **CASA at 85.5% of deposits and LDR at 81.0% give BBCA room to stay selective.** The bank is repricing corporate loans on a borrower-by-borrower basis to protect CASA relationships, and holding the line on SME rates and consumer underwriting standards.
- **Maintain BUY with an unchanged target price of Rp8,150.** BBCA remains our preferred bank pick for its funding, liquidity and capital buffers, though further re-rating hinges on macro clarity and foreign flows returning.

Analysis

- **Corporate repricing is lifting NIM, but management remains selective.** Bank Central Asia's (BBCA) corporate loan yield rose to 7.4% in August from 6.7–6.8% in April, helping monthly net interest margin (NIM) improve from 5.3% in 1H26 to 5.6% in July and 5.7% in August. Higher yields on maturing Bank Indonesia (BI) placements also contributed. Management remains confident in its 5.4-5.6% full-year NIM guidance, though the rate outlook makes the upper end uncertain. Its 50-100bp repricing objective covers eligible existing and new corporate loans, with each borrower assessed individually to protect current account and savings account (CASA) relationships. Management is also reluctant to raise SME rates further given the potential impact on asset quality.
- **Liquidity and digital capabilities support its selective growth.** August bank-only deposits rose 8.3% yoy to Rp1,256.8t, led by current accounts (+14.7% yoy) and savings (+8.2% yoy), while time deposits fell 4.3% yoy. CASA accounted for 85.5% of deposits and loan-to-deposit (LDR) stood at 81.0%, giving Bank Central Asia (BBCA) room to wait for better lending opportunities. Management sees reliable digital transactions as central to retaining low-cost funds, and plans to expand its presence in corporate current accounts. Together with its strong capital and liquidity buffers, this provides flexibility if the macro environment weakens.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net interest income	82,264	85,548	90,562	96,955	104,862
Non-Interest Income	26,042	26,458	28,285	30,020	32,142
Net profit (rep./act.)	54,836	57,589	60,479	65,343	71,175
Net profit (adj.)	54,836	57,589	60,479	65,343	71,175
EPS (Rp)	444	467	490	529	577
PE (x)	14.0	13.3	12.7	11.8	10.8
P/B (x)	2.9	2.6	2.5	2.3	2.2
Dividend yield (%)	3.9	4.9	5.7	6.1	6.7
Net int margin (%)	5.8	5.8	5.5	5.5	5.5
Cost/income Ratio (%)	35.1	32.8	32.7	32.4	31.8
Loan loss cover (%)	209.4	184.7	174.0	167.6	161.8
Consensus net profit	-	-	60,338	65,768	72,263
UOBKH/Consensus (x)	-	-	1.01	1.00	0.99

Source: BBCA, Bloomberg, UOB Kay Hian

Analyst(s)

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BUY (Maintained)

Share Price	Rp6,225
Target Price	Rp8,150
Upside	+30.9%

Stock Data

Sector	Financials
Bloomberg ticker	BBCA IJ
Shares issued (m)	123,275
Market cap (Rpb)	770,469
Market cap (US$m)	43,050
3-mth avg daily t'over (US$m)	48.1

Price Performance (%)

52-week high/low				Rp8,750/Rp4,820
1mth	3mth	6mth	1yr	YTD
(2.3)	5.5	(7.7)	(20.6)	(22.6)

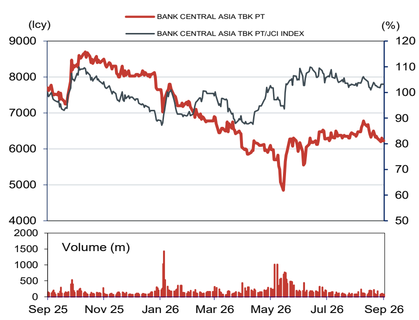
Major Shareholders (%)

Dwimuria Investama Andalan	54.9

Balance Sheet Metrics

FY26 NAV/Share (Rp)	2,520
FY26 Net Debt/Share (Rp)	28.7

Price Chart



Source: Bloomberg

Company Description

BBCA is the largest private bank in Indonesia.

- **The economic backdrop supports a cautious growth stance.** BBCA's economic research also points to a cautious backdrop – business transaction volumes have been moving broadly sideways over the past year and consumer spending has been flattening since early-26. Its analysis of public companies suggests that revenues are holding steady, but capex and workforce plans have become more cautious. This is consistent with management's comments that mortgage demand has yet to recover. It also suggests that a potential 4Q26 pick-up in working capital borrowing, ahead of next year's earlier festive season, should be treated as seasonal until there is clearer evidence of sustained business expansion.
- **Asset quality remains the priority in consumer lending.** Management stated that auto loan quality is improving after 18 months of prudent underwriting, although lower priced EVs continue to weigh on financing value and mortgage demand remains weak. BBCA does not intend to push growth by easing credit standards. LAR improved to 4.9% in Jun 26 from 5.1% in Mar 26, but nominal NPLs rose 6.2% qoq and the NPL ratio edged up to 1.9%. NPL coverage declined to 165.5%, while LAR coverage stood at 68.7%. Management considers coverage adequate after accounting for collateral, and maintained its 50-60bp CoC guidance.

Earnings Revision

Profit & Loss (Rpt)	8M26	8M25	yoy	Aug 26	Jul 26	Aug 25	Mom	yoy
Interest income	62.9	61.4	2.4%	8.3	8.3	7.6	0.0%	9.1%
Interest expense	9.0	8.3	9.4%	1.2	1.2	1.0	-3.8%	13.3%
Net Interest Income	53.8	53.1	1.3%	7.1	7.1	6.6	0.7%	8.4%
Other Opr Income	19.2	18.3	5.0%	2.2	2.3	2.4	-6.7%	-10.3%
Other Opr Expenses	21.5	20.7	3.9%	2.9	2.9	2.8	0.4%	2.9%
PPoP	51.5	50.7	1.6%	6.4	6.5	6.2	-1.9%	3.6%
Provision Expenses	2.2	2.7	-18.6%	0.3	0.3	0.8	-2.2%	-65.3%
Pretax Income	49.0	47.9	2.5%	6.1	6.2	5.4	-2.1%	13.1%
Income After Tax	40.2	39.1	2.9%	4.9	5.1	4.4	-2.7%	13.1%
Balance Sheet (Rpt)	Aug 26	Jul 26	Aug 25	Dec 25	mom	yoy	ytd	
Loan	1,018	1,001	921	962	1.7%	10.5%	5.8%	
Deposit	1,257	1,258	1,160	1,220	-0.1%	8.3%	3.1%	
Current Account	448	446	390	431	0.3%	14.7%	3.8%	
Saving	627	629	579	601	-0.3%	8.2%	4.3%	
Time Deposit	183	183	191	188	-0.3%	-4.3%	-2.8%	
CASA	1,074	1,074	969	1,032	0.0%	10.8%	4.1%	
Ratios (%)	Aug 26	Jul 26	Aug 25	Dec 25	mom	yoy	ytd	
LDR	81.0	79.6	79.4	78.9	1.4	1.6	2.1	
CASA	85.5	85.4	83.6	84.6	0.0	1.9	0.9	
Loan/CASA	94.7	93.2	95.0	93.2	1.6	-0.3	1.5	

Source: BBCA, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Rp8,150.** The meeting strengthens our confidence in a 2H26 NIM recovery, supported by corporate repricing, a strong deposit mix and a full-quarter contribution from loans disbursed late in 2Q26. August bank-only loans grew 10.5% yoy, while 8M26 NII rose only 1.3% yoy and net profit grew 2.9% yoy to Rp40.17t. Sustained monthly NIM improvement should help narrow this gap, provided BBCA preserves its CASA base and asset quality. Our target price implies 3.2x P/B, based on a Gordon Growth Model with 20.5% ROE, 8% growth and an 11.9% cost of equity (previously 11.2%). BBCA remains our preferred bank pick given its funding, liquidity and capital buffers. Further multiple expansion, however, depends heavily on the macro outlook, confidence in government policy and a return of foreign flows.

Earnings Revision/Risk

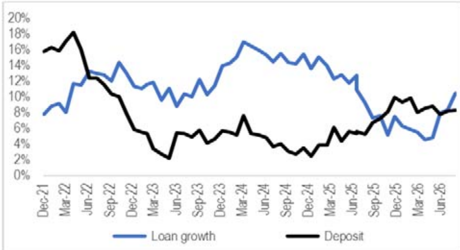
- No earnings revisions.
- Risks include: a) adverse macro development(s); b) rupiah instability that could impact rate cuts and SRBI issuances; c) uncertainty in geopolitical issues; d) a slowing economy, which would affect loan growth and worsen asset quality; e) NIM compression, and f) government policy uncertainties.

Loan Breakdown And Growth

(Rpt)	Jun-26	% yoy	% qoq	% of Loans
Corporate	513.4	13.6%	6.1%	49.6%
Commercial	153.9	7.2%	6.0%	14.9%
SME	134.6	6.0%	2.6%	13.0%
Consumer	221	-2.4%	-0.2%	21.3%
Mortgage	144.3	4.8%	1.3%	13.9%
Vehicles	51.3	21.5%	-4.7%	5.0%
Personal	25.4	8.2%	1.0%	2.5%
Sharia	13.6	20.5%	2.6%	1.3%
Total	1,036	8.0%	4.2%	100.0%

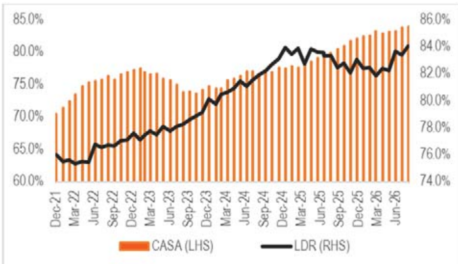
Source: BBCA

Yoy Loan And Deposit Growth



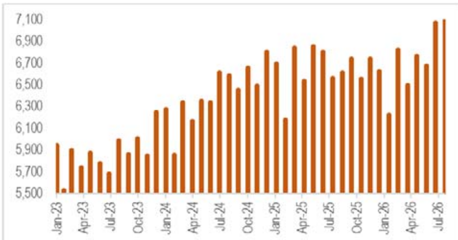
Source: BBCA

LDR And CASA Ratio



Source: BBCA

Monthly Net Interest Income Trend



Source: BBCA

Asset Quality Trend

NPL	Jun-26	Mar-26	Dec-25	Sep-25	Jun-25
NPL (Rpt)	18.8	17.7	16.5	19.3	20.3
Corporate	6.3	6.2	6.4	6.4	7.5
Commercial	3.9	3.5	3.1	4.2	4.3
SME	3.7	3.2	2.9	3.5	3.4
Consumer	4.7	4.5	4.0	5.0	4.9
NPL ratio	1.8%	1.8%	1.7%	2.0%	2.1%
Corporate	1.2%	1.3%	1.5%	1.5%	1.7%
Commercial	2.5%	2.4%	2.1%	2.9%	3.0%
SME	2.7%	2.4%	2.2%	2.7%	2.7%
Consumer	2.1%	2.0%	1.8%	2.2%	2.2%

Source: BBCA

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Interest income	98,913	104,083	111,840	121,258
Interest expense	(13,364)	(13,521)	(14,885)	(16,396)
Net interest income/(expense)	85,548	90,562	96,955	104,862
Fees & Commissions	19,660	21,036	22,509	24,084
Net Trading Income	6,798	7,248	7,511	8,057
Non-Interest Income	26,458	28,285	30,020	32,142
Total Income	112,006	118,847	126,974	137,004
Staff Costs	(17,781)	(19,114)	(20,510)	(22,007)
Other Operating Expense	(18,954)	(19,794)	(20,676)	(21,602)
Pre-Provision Profit	75,272	79,938	85,789	93,395
Loan Loss Provision	(4,011)	(5,310)	(5,160)	(5,573)
Pre-tax profit	71,261	74,628	80,629	87,822
Tax	(13,698)	(14,179)	(15,319)	(16,686)
Minorities	26	30	34	39
Net profit	57,589	60,479	65,343	71,175
Net profit (adj.)	57,589	60,479	65,343	71,175

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Cash With Central Bank	25,305	25,305	25,305	25,305
Govt Treasury Bills & Securities	106,449	119,765	130,617	141,990
Interbank Loans	62,913	42,093	44,138	46,356
Customer Loans	962,733	1,029,554	1,112,652	1,202,642
Investment Securities	302,972	340,869	371,757	404,126
Derivative Receivables	74,624	85,025	96,986	110,741
Properties & Other Fixed Assets	28,474	29,328	30,208	31,114
Other Assets	23,358	28,440	28,854	28,570
Total assets	1,586,829	1,700,379	1,840,518	1,990,845
Interbank Deposits	3,966	3,966	3,966	3,966
Customer Deposits	1,249,044	1,343,409	1,445,684	1,556,583
Debts Securities Issued	2,210	2,210	2,210	2,210
Other Liabilities	39,288	39,464	55,535	70,841
Total liabilities	1,294,508	1,389,049	1,507,395	1,633,599
Shareholders' funds	292,099	311,109	332,902	357,024
Minority interest	221	221	221	221
Total Equity & Liabilities	1,586,829	1,700,379	1,840,518	1,990,624

Operating Ratios

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	29.3	28.7	28.4	28.1
Total CAR	30.5	29.9	29.6	29.3
Total Assets/Equity	5.4	5.5	5.5	5.6
Tangible Assets/Tangible Common Equity	5.4	5.5	5.5	5.6
Asset Quality				
NPL Ratio	1.7	1.8	1.8	1.8
Loan Loss Coverage	184.7	174.0	167.6	161.8
Loan Loss Reserve/Gross Loans	3.0	3.1	3.0	2.9
Increase in NPLs	5.2	14.0	9.0	8.9
Credit Cost (bp)	40	50	45	45
Liquidity				
Loan/Deposit Ratio	79.5	79.1	79.3	79.6
Liquid Assets/Short-Term Liabilities	15.5	13.9	13.8	13.7
Liquid Assets/Total Assets	12.3	11.0	10.9	10.7

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	4.0	5.9	7.1	8.2
Fees & Commissions, yoy Chg	9.3	7.0	7.0	7.0
Pre-Provision Profit, yoy Chg	7.1	6.2	7.3	8.9
Net Profit, yoy Chg	5.0	5.0	8.0	8.9
Customer Loans, yoy Chg	5.0	5.0	8.0	8.9
Customer Deposits, yoy Chg	8.3	6.9	8.1	8.1
Profitability				
Net Interest Margin	5.8	5.5	5.5	5.5
Cost/Income Ratio	32.8	32.7	32.4	31.8
Adjusted ROA	3.8	3.7	3.7	3.7
Reported ROE	20.8	20.1	20.3	20.6
Adjusted ROE	20.8	20.1	20.3	20.6
Valuation				
P/BV	2.6	2.5	2.3	2.2
P/NTA	2.6	2.5	2.3	2.2
Adjusted P/E	13.3	12.7	11.8	10.8
Dividend Yield	4.9	5.7	6.1	6.7