Bank Central Asia (BBCA IJ)

2Q26: Defensive Growth Sets The Stage For A Stronger 2H26

BUY (Maintained)

Share Price	Rp6,275
Target Price	Rp8,150
Upside	29.9%

Analyst(s)
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Highlights

- **In-line results despite soft core earnings.** 1H26 net profit grew 1.7% yoy and accounted for 49% of our/consensus 2026 estimates, although 2Q26 PPOP declined 0.8% qoq.
- **Defensive loan growth accelerated.** Loans grew 8.0% yoy, led by corporate lending, while management maintained its 8-10% 2026 guidance and cautious underwriting in SME and auto loans.
- **Better 2H26 NII outlook supports BUY.** Higher new-loan yields, strong CASA and late-2Q26 disbursements should support NIM in 2H26, while ample liquidity and manageable asset quality preserve BBCA's defensive appeal. Maintain BUY; target price: Rp8,150.

2Q26 Results

Year to 31 Dec (Rpb)	2Q26	qoq % chg	yoy % chg	1H26	yoy % chg
Profit & Loss					
Interest Income	25,218	2.3%	-5.4%	49,858	1.0%
Interest Expenses	3,769	8.2%	0.9%	7,254	7.8%
Net Interest Income	21,244	0.4%	-1.4%	42,400	-0.5%
Non-Interest Income & Others	6,600	0.0%	-2.3%	13,200	10.9%
Total Income	27,844	0.8%	-1.6%	55,600	2.0%
Operating Expenses	8,900	4.7%	-2.2%	17,400	1.2%
PPOP	18,944	-0.8%	-1.3%	38,200	2.4%
Provision Expenses	600	-50.0%	-40.0%	1,800	-5.3%
Net Profit	14,800	1.1%	-0.7%	29,500	1.7%

Source: Bank Central Asia, UOB Kay Hian

Analysis

- **Results in line, net profit inched up 1.1% qoq.** Bank Central Asia's (BBCA) 2Q26 net profit inched up 1.1% qoq (-0.7% yoy) to Rp14.9t, bringing 1H26 net profit to Rp29.5t (+1.7% yoy). 1H26 net profit is within our/market expectations, accounting for 49% of our/market full-year 2026 estimates. Core earnings remained soft, with pre-provision operating profit (PPOP) declining 0.8% qoq as operating income rose only 0.8% while opex increased 4.6%. Credit cost (CoC) dropped 20bp qoq, supporting the bottom line. Loan growth accelerated materially toward end-2Q26, booking 4.2% qoq (8% yoy) loan growth.

Key Financials

Year to 31 Dec (Rpb)	2024	2025F	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)	14.1	13.5	12.8	11.9	10.9
P/B (x)	3.0	2.7	2.5	2.3	2.2
Dividend yield (%)	3.9	4.8	5.6	6.1	6.6
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)	-	-	1.00	0.99	0.98

Source: Bank Central Asia, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Financials
Bloomberg ticker	BBCA IJ
Shares issued (m)	123,275.1
Market cap (Rpb)	773,550.9
Market cap (US$m)	42,844.1
3-mth avg daily t'over (US$m)	89.2

Price Performance (%)

52-week high/low: Rp8,975.0/Rp4,820

1mth	3mth	6mth	1yr	YTD
1.6	4.6	(18.0)	(26.2)	(22.3)

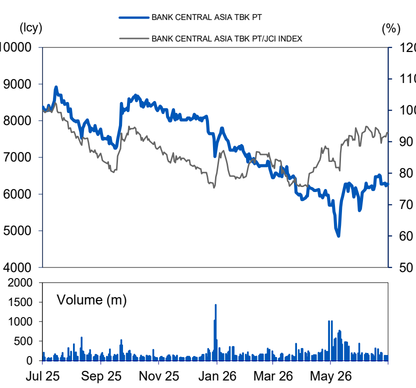
Major Shareholders

	%
Dwimuria Investama Andalan	54.9

Balance Sheet Metrics

FY26 NAV/Share (Rp)	2,520
FY26 Net Debt/Share (XX$)	28.67

Price Chart



Source: Bloomberg

Company Description

BBCA is the largest private bank in Indonesia.

- **Loan growth accelerated, led by corporate loans.** Loans increased 4.2% qoq and 8.0% yoy, accelerating from 5.6% yoy in 1Q26. Corporate and commercial loans grew 13.6% and 7.2% yoy, respectively, while consumer loans contracted 2.4%, mainly due to a 21.5% decline in auto loans. Management characterised the expansion as defensive and selective, with tighter underwriting maintained for auto and cautious growth in small and medium enterprises (SME). Management maintains its 8-10% loan growth guidance for 2026.
- **A better NIM outlook in 2H26; NIM guidance reiterated.** NIM declined 10bp qoq to 5.3%, bringing the 1H26 contraction to 50bp yoy (5.3%). Management expects asset yields to improve in 2H26, as new loans are priced 50-100bp above the existing portfolio. Most of the 2Q26 loan expansion was also booked late in the quarter, suggesting a fuller net interest income (NII) contribution from 3Q26. Management maintains its NIM of 5.4-5.6% guidance.
- **CASA remained strong, supporting the stable cost of funds.** CASA grew 10.2% yoy and accounted for 85.2% of funding. However, total deposits declined 0.6% qoq while loans increased 4.2%, lifting loan-to-deposit ratio (LDR) to 78.7% in Jun 26 (Mar 26: 74.1%). Management claimed that competition in time deposit was fierce, following the tight liquidity environment. Despite a 2.8% yoy decline in time deposits, liquidity remained ample, with liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) at 277.6% and 154.9%, respectively.
- **Asset quality remained manageable.** Loan at risk (LAR) improved to 4.9% from 5.1% in 1Q26, although nominal NPLs increased 6.2% qoq and the NPL ratio edged up to 1.9%. NPL coverage declined to 165.5% and LAR coverage stood at 68.7% in Jun 26. Management considers the coverage adequate after incorporating collateral values and maintained its 50-60bp CoC guidance.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Rp8,150.** We maintain BUY, with an unchanged target price of Rp8,150. Our Gordon Growth Model assumptions: ROE of 20.5%, growth of 8% and cost of equity of 11.9% (from 11.2%), implying 3.2x P/B. The acceleration in defensively underwritten loans, higher yields on new bookings and full-quarter income contribution from late-2Q26 disbursements should support stronger NII in 2H26. BBCA's superior CASA franchise, ample liquidity, prudent asset-quality management and sustainable 24% ROE and 26% CAR reinforce its defensive appeal. We believe the re-rating case is increasingly macro-contingent and government policy direction. A return of foreign flows remains critical for multiple expansion.

Earnings Revision/Risk

- No change in our 2026/27 earnings estimates.
- **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.

2Q26/1H26 Key Ratios

Key Metrics (%)	1H26	yoy	2Q26	qoq	ytd
Loan (Rpt)	1,036	8.0%	1,036	4.2%	4.3%
Deposit (Rpt)	1,284	7.9%	1,284	-0.6%	2.8%
Loan/Deposit Ratio	78.7%	0.7%	78.7%	4.6%	1.9%
CASA Ratio	85.2%	2.7%	85.2%	0.0%	0.6%
NIM	5.3%	-0.5%	5.3%	-0.1%	-0.4%
CIR	29.3%	0.2%	31.7%	4.4%	-1.4%
NPL Ratio	1.9%	-0.3%	1.9%	0.1%	0.2%
NPL Coverage Ratio	165.5%	-1.7%	165.5%	-9.1%	-18.3%
Credit Cost	0.5%	0.0%	0.4%	-0.2%	0.0%
CAR	26.8%	-1.6%	26.8%	-0.2%	-3.0%
ROE	24.1%	-1.1%	23.1%	-2.0%	0.8%
ROA	3.8%	-0.3%	3.6%	-0.5%	-0.1%

Source: Bank Central Asia

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: Bank Central Asia

Asset Quality Ratio

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: Bank Central Asia

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

Cash Flow

Year to 31 Dec (Rpb)	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 Metrics

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	2.7	2.5	2.3	2.2
P/NTA	2.7	2.5	2.3	2.2
Adjusted P/E	13.5	12.8	11.9	10.9
Dividend Yield	4.8	5.6	6.1	6.6

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