

Masked Squeeze

8M26, 8 banks. Peer medians: NIM 4.8% | CIR 47.8% | RoE 14.8% | Credit cost 0.7% | LDR 87.9% | System LDR 92.7%

Profit Up on Lighter Provisions 5 of 8 Banks Aug-26 PPOP flat or lower	Aug-26 Interest Expense 7 of 8 Banks higher YoY, BTPS the exception	Peer Median NIM (8M26) 4.8% 8 of 8 banks lower YoY	Median Discount to 5Y P/BV -35.9% all 8 below own mean
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KEY TAKEAWAYS

- **August profit rose because banks set aside less for provisions, not because the business improved.** At five of the eight banks, Aug-26 net profit rose MoM while PPOP was flat or lower; all five set aside less (**Table 3**). **BNGA is the clearest case: net profit jumped 88.0% MoM to IDR 494Bn because its provisions fell 85.6%.** The eight banks together set aside IDR 5.1Tn in August, their lowest month of 2026 and 25.3% less than in Aug-25. That is unusual: in 2025, August was a normal or heavier month at five of the eight banks.
- **Over the full eight months, total provisions were 3.5% higher than a year earlier, so the cut is recent.** Lower provisions added more to profit than PPOP did at only three banks: BBTN, BTPS and BRIS (**Exhibit 3**). **BBTN's 8M26 net profit rose 8.1% even though PPOP fell 32.7%**, partly because its 2025 base included its sharia unit. BRIS booked part of its new reserve against equity in January. Reserves also thinned against loans at BNGA, to 1.7% from 4.5%, and at BBNI, to 3.7% from 4.6%.
- **Deposit costs kept rising in August, after Bank Indonesia's 100bp of rate hikes in May and June.** Aug-26 interest expense was higher than a year earlier at seven of the eight banks, growing faster than interest income at all seven (**Table 3**). **BBNI's interest expense rose 35.6% YoY and BMRI's 34.3%**, while their interest income rose 24.9% and 11.1%. The eight-month figures do not show this yet, because rates were higher in early 2025.
- **Margins are shrinking at every bank.** 8M26 NIM was lower than in 8M25 at all eight. In August four banks earned a higher yield on their assets than in July, but at BBNI, BBRI and BRIS deposit costs rose just as fast or faster. Only BBTN's NIM improved, to 2.9% from 2.5%. **Among the conventional banks, BBKA keeps the most margin after credit cost at 5.1pp and BBNI the least at 2.5pp (Table 1).**
- **Bank shares got cheaper again.** All eight now trade below their own five-year average P/BV, and the median discount widened to 35.9% on 1 October from 28.6% on 7 September (**Exhibit 7**). **BBKA earns the group's highest RoE at 23.7% and trades at 2.73x book; BMRI earns 21.4% but trades at 1.31x. Key watch: whether profit holds once provisions stop falling, and whether loan rates can rise fast enough to cover rising deposit costs.**

1. 8M26 KEY RATIOS COMPARISON · %

Metric	BBKA	BBNI	BMRI	BBRI	BNGA	BBTN	BRIS	BTPS	Median	Big-4
NIM / NFM (annualised)	5.4%	3.5%	4.2%	6.2%	3.6%	3.3%	5.3%	21.0%	4.8%	4.8%
Asset Yield (annualised)	6.3%	6.3%	6.5%	8.8%	6.6%	6.8%	7.6%	23.1%	6.7%	7.0%
Cost of Funds (annualised)	1.1%	3.1%	2.8%	3.1%	3.8%	4.0%	2.4%	3.8%	3.1%	2.5%
Risk-Adj. Margin*	5.1%	2.5%	3.7%	3.0%	2.9%	2.6%	4.7%	16.1%	3.4%	3.6%
Non-Int. Income / Revenue	26.3%	35.0%	31.9%	31.4%	33.4%	22.1%	22.0%	0.6%	28.9%	31.2%
Cost-to-Income Ratio (CIR)	29.4%	46.8%	35.9%	35.4%	48.8%	62.1%	54.5%	52.6%	47.8%	36.9%
Net Profit Margin	55.0%	32.2%	46.5%	30.9%	33.2%	18.3%	29.0%	28.4%	31.6%	41.2%
RoE	23.7%	13.2%	21.4%	17.5%	11.2%	11.1%	15.9%	13.7%	14.8%	19.0%
LDR / FDR	81.0%	86.9%	94.4%	87.4%	85.0%	96.4%	88.4%	89.0%	87.9%	87.4%
CASA Ratio	85.5%	65.3%	70.3%	64.8%	72.2%	47.6%	63.2%	32.2%	65.1%	71.5%
Credit Cost (annualised)	0.3%	1.0%	0.5%	3.2%	0.7%	0.7%	0.6%	4.9%	0.7%	1.3%
Loan-Loss Reserve / Loans	3.0%	3.7%	2.4%	5.3%	1.7%	3.8%	4.4%	7.5%	3.7%	3.6%

*(NIM less credit cost)

As Sharia-compliant institutions, BRIS and BTPS use Sharia-specific terminology. Net Interest Income, Non-Interest Income, Interest Expense, Total Loans, NIM, LDR and Credit Cost are reported as Net Financing Income, Other Operating Income, Profit-Sharing Expense, Total Financing, NFM, FDR and net financing loss respectively; CASA and Total Equity are unchanged. They are shown on the conventional row labels above with no relabelling.

2. 8M26 YEAR-TO-DATE AND CONSENSUS TRACKING · IDR Tn · 8M Pace = 66.7%

8M26 Year-to-Date	BBCA	BBNI	BMRI	BBRI	BNGA	BBTN	BRIS	BTPS
Revenue (IDR Tn)	73.0	44.4	80.5	112.6	11.9	11.8	18.3	3.1
PPOP (IDR Tn)	51.5	23.7	51.6	72.8	6.1	4.5	8.3	1.5
Net Profit (IDR Tn)	40.2	14.3	37.5	34.8	3.9	2.2	5.3	0.9
PPOP YoY	+1.6%	+13.4%	+22.8%	+6.7%	+0.0%	-32.7%	+3.0%	-10.0%
Provision Charge YoY	-18.5%	+26.9%	+23.6%	+8.9%	+43.2%	-58.6%	-22.1%	-35.7%
Net Profit YoY	+2.9%	+6.9%	+22.3%	+6.6%	-6.7%	+8.1%	+10.1%	+3.2%
Revenue, % of FY26F Consensus	62.0%	64.4%	52.0%	52.0%	57.8%	53.0%	62.0%	62.2%
Net Profit, % of FY26F Consensus	66.6%	67.3%	65.4%	59.0%	55.7%	54.1%	61.9%	67.6%
Verdict vs. Consensus	In-Line	In-Line	In-Line	Miss	Miss	Miss	Miss	In-Line

3. AUG-26 SINGLE MONTH · IDR Tn and % · Momentum Behind the Year to Date

Aug-26 Single Month	BBCA	BBNI	BMRI	BBRI	BNGA	BBTN	BRIS	BTPS
PPOP YoY	+3.6%	+12.0%	+12.7%	-5.2%	-10.8%	-62.2%	-16.2%	-10.0%
Provision Charge YoY	-65.3%	-17.0%	54.0%	-11.0%	-73.4%	-70.1%	-55.9%	-45.8%
Net Profit YoY	+13.1%	+17.3%	+10.0%	-3.1%	+13.8%	-30.3%	-9.2%	+7.1%
Interest / Profit-Sharing Expense YoY	+13.3%	+35.6%	+34.3%	+13.6%	+7.5%	+5.7%	+24.8%	-2.5%
PPOP MoM	-1.5%	-7.4%	-1.2%	+0.6%	-5.4%	+61.6%	-6.3%	+0.5%
Provision Charge MoM	-2.2%	-19.0%	-4.1%	-13.7%	-85.6%	+42.9%	-66.7%	-9.3%
Net Profit MoM	-2.7%	+11.0%	-0.6%	+16.2%	+88.0%	+127.2%	+11.7%	+1.5%
Interest / Profit-Sharing Expense MoM	-3.9%	+5.8%	+1.2%	+8.7%	+4.5%	+9.6%	+9.0%	-4.9%
Asset Yield (annualised)	6.6%	6.7%	6.8%	8.9%	6.9%	7.4%	7.7%	23.7%
Cost of Funds (annualised)	1.1%	3.7%	3.4%	3.8%	4.3%	5.1%	2.9%	3.9%
NIM / NFM (annualised)	5.6%	3.4%	4.0%	5.6%	3.5%	2.9%	5.0%	21.5%
Cost-to-Income Ratio (CIR)	31.0%	51.6%	37.1%	39.9%	50.1%	67.1%	61.1%	53.7%
Credit Cost (annualised)	0.3%	0.6%	0.6%	2.6%	0.3%	1.1%	0.2%	3.7%

4. VALUATION · P/BV Against Own Five-Year History · 1 October 2026

Valuation	BBCA	BBNI	BMRI	BBRI	BNGA	BBTN	BRIS	BTPS
P/BV (x), 1 Oct 2026	2.73x	0.77x	1.31x	1.44x	0.76x	0.39x	1.29x	0.71x
5-Year Mean P/BV (x)	4.49x	1.14x	1.96x	2.23x	0.77x	0.62x	2.46x	1.81x
Discount to 5-Year Mean	-39.3%	-32.3%	-33.4%	-35.4%	-2.1%	-36.5%	-47.6%	-61.0%
RoE	23.7%	13.2%	21.4%	17.5%	11.2%	11.1%	15.9%	13.7%

5. EXHIBITS

Exhibit 1 · Franchise quality: margin against cost, 8M26

Marker size scales with Total Earning Assets at end-August 2026. Dashed lines are the peer medians, NIM 4.8% and CIR 47.8%. Banks in the bottom-right quadrant earn more per rupiah of asset and spend less to do it.

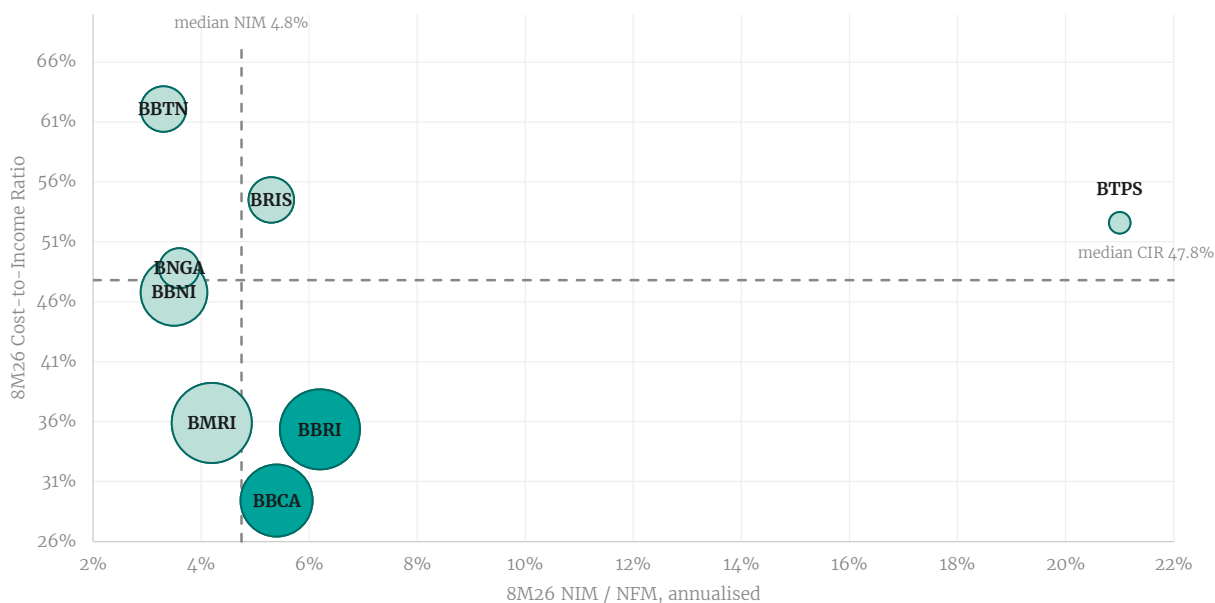


Exhibit 2 · Quality of earnings: where the growth came from, YoY

A tall net-profit bar beside a short or negative PPOP bar means provisions, not operations, drove the bottom line. 8M26 is the primary read; Aug-26 is shown beside it for momentum.

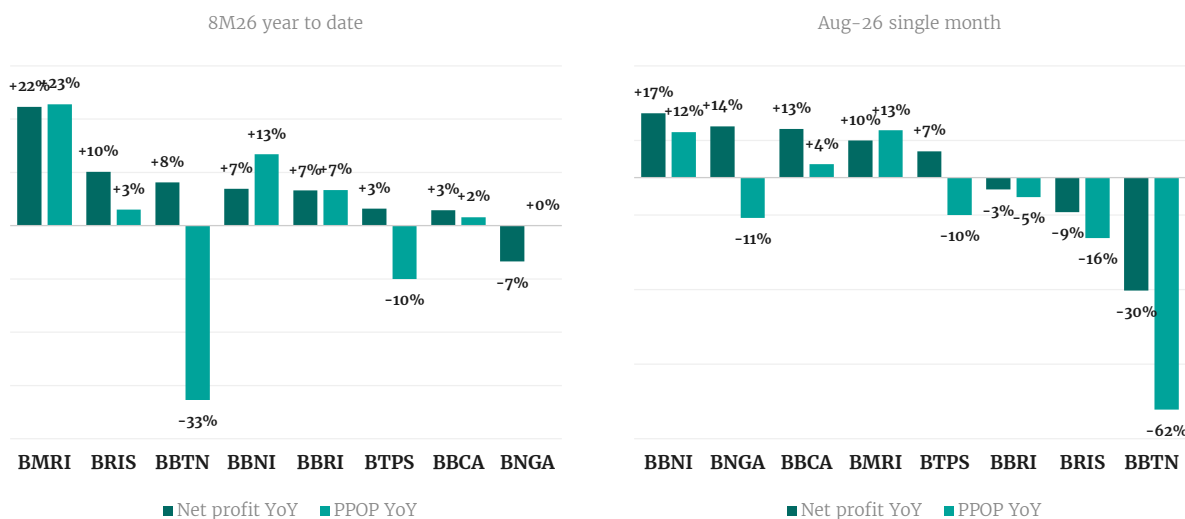


Exhibit 3 · Provisions: August was unusually light, and at three banks they did more for profit than PPOP

Chart: each bar compares a bank's August provisions with its own monthly average for January to July of the same year. 100% means August was a normal month; below 100% means August was lighter than usual. Example, BNGA: from January to July 2026 it set aside IDR 151Bn a month on average. In August it set aside IDR 56Bn, 37% of that average (dark bar). In 2025 the January-to-July average was IDR 81Bn and August was IDR 209Bn, or 258% (teal bar).

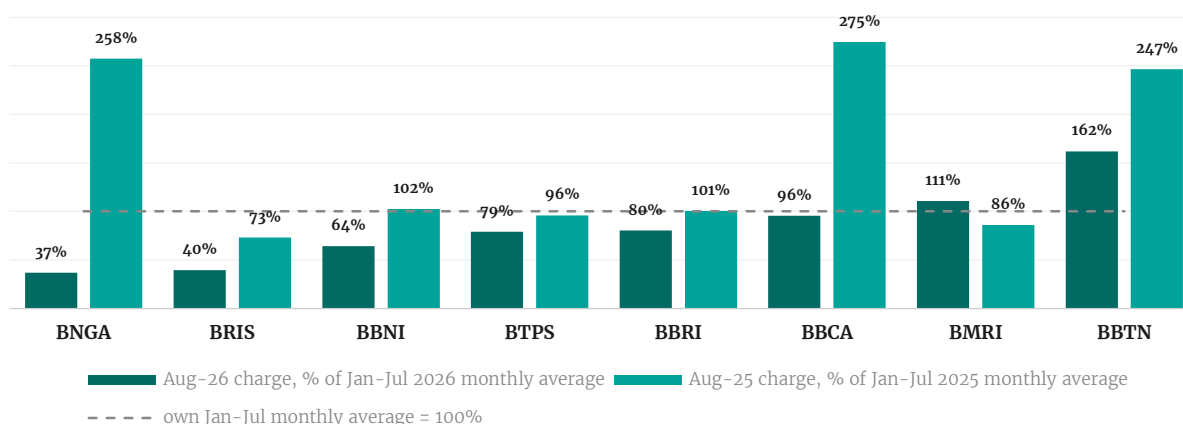


Table: where each bank's 8M26 profit growth came from, in percentage points of 8M25 net profit. Example, BBTN: net profit grew 8.1%. Weaker PPOP took 108.5pp off that growth, smaller provisions added 120.6pp, and tax and other items took 4.0pp off. Shaded cells mark the banks where smaller provisions added more to profit than PPOP did.

8M26 against 8M25	BBTN	BTPS	BRIS	BBCA	BMRI	BBRI	BNGA	BBNI
Net profit YoY	+8.1%	+3.2%	+10.1%	+2.9%	+22.3%	+6.6%	-6.7%	+6.9%
from PPOP	-108.5pp	-19.0pp	+5.0pp	+2.1pp	+31.3pp	+14.0pp	+0.0pp	+20.9pp
from provisions	+120.6pp	+22.7pp	+7.8pp	+1.3pp	-3.5pp	-7.5pp	-7.9pp	-9.4pp
from tax and other	-4.0pp	-0.4pp	-2.8pp	-0.5pp	-5.5pp	+0.1pp	+1.2pp	-4.6pp
Provision charge YoY	-58.6%	-35.7%	-22.1%	-18.5%	+23.6%	+8.9%	+43.2%	+26.9%
Credit cost, 8M25	1.7%	7.6%	0.9%	0.4%	0.5%	3.3%	0.5%	0.9%
Credit cost, 8M26	0.7%	4.9%	0.6%	0.3%	0.5%	3.2%	0.7%	1.0%

Exhibit 4 · 8M26 against full-year Bloomberg consensus

Circles are 8M26 net profit as a share of FY26F consensus, diamonds the same for revenue. The dashed line is a straight-line eight months and the shaded band the 63.7% to 69.7% in-line range. Four banks fall short of the band and none clears it; revenue trails profit everywhere except BNGA and BRIS.

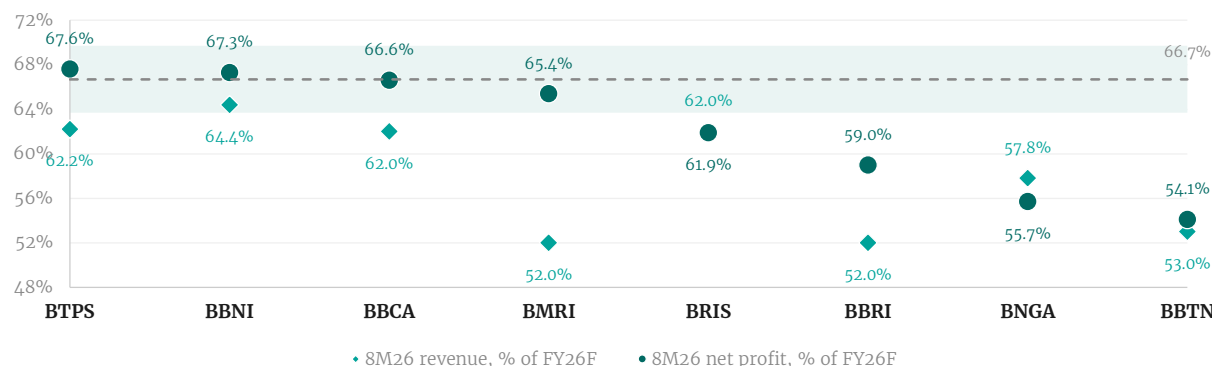


Exhibit 5 · Credit cost against reserve cover, 8M26

Bars are annualised 8M26 credit cost, dots the loan-loss reserve as a share of gross loans at 31 August 2026. Peer median credit cost 0.7%, median reserve cover 3.7%. Cover is lower than a year earlier at BNGA, BBNI and BBRI, where reserves have not kept pace with the loan book.

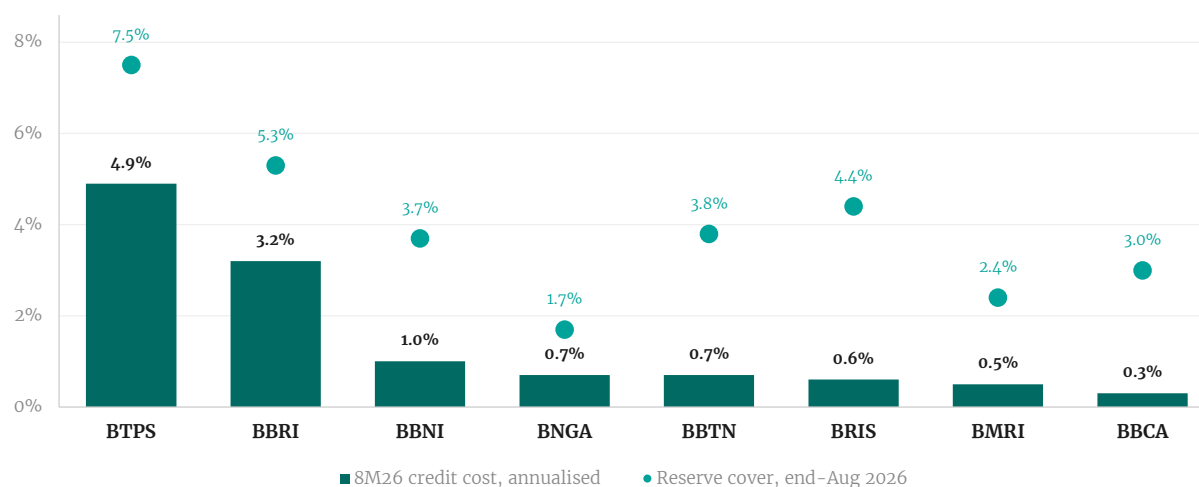


Exhibit 6 · Funding franchise against liquidity headroom, end-August 2026

A high CASA ratio is cheap funding; a high LDR is tight liquidity. Dashed lines are the peer medians, CASA 65.1% and LDR 87.9%. The system loan-to-deposit ratio was 92.7% in August 2026 on Bank Indonesia data, which covers every commercial bank rather than these eight.

CASA ratio · higher is cheaper funding

LDR / FDR · higher is tighter liquidity

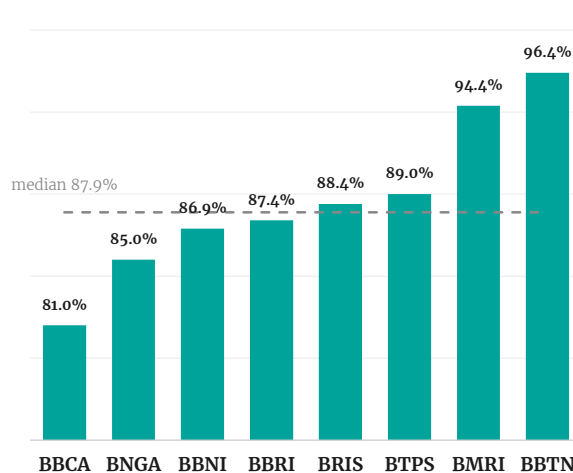
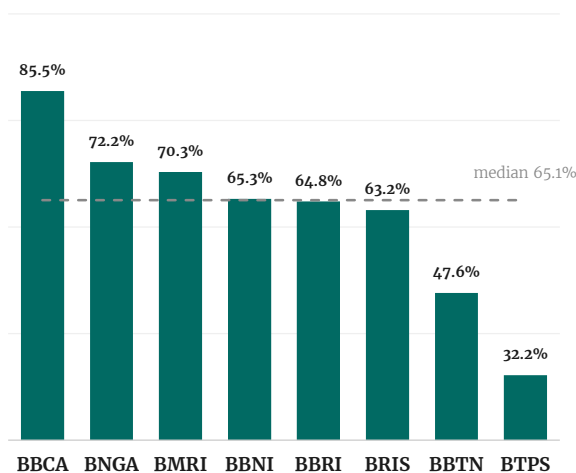


Exhibit 7 · What the market pays for the return it is getting

Left: 8M26 RoE against P/BV as at 1 October 2026, with the dashed peer fit. Banks below the line are cheap for the return they earn. Right: each bank against its own five-year mean multiple; every name now trades below it.

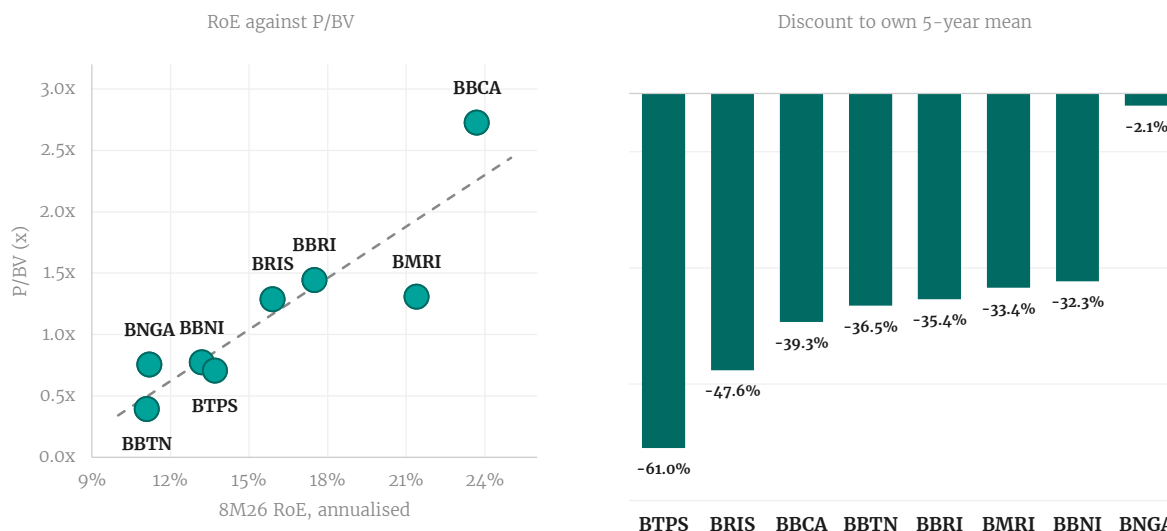


Exhibit 8 · Peer scorecard: eight 8M26 metrics, ranked one to eight

Each cell shows the bank's figure, shaded by its rank on that metric from 1 (best, dark green) to 8 (worst); on reserve cover a thicker reserve ranks better. Composite rank is the average of a bank's eight ranks, so lower is better: BBKA's 3.0 means it placed third on average. Banks are ordered best to worst.

Metric	BBKA	BMRI	BBRI	BRIS	BBNI	BTPS	BNGA	BBTN
Risk-adj. margin	5.1%	3.7%	3.0%	4.7%	2.5%	16.1%	2.9%	2.6%
Cost-to-income	29.4%	35.9%	35.4%	54.5%	46.8%	52.6%	48.8%	62.1%
RoE	23.7%	21.4%	17.5%	15.9%	13.2%	13.7%	11.2%	11.1%
Net profit YoY	+2.9%	+22.3%	+6.6%	+10.1%	+6.9%	+3.2%	-6.7%	+8.1%
PPOP YoY	+1.6%	+22.8%	+6.7%	+3.0%	+13.4%	-10.0%	+0.0%	-32.7%
CASA ratio	85.5%	70.3%	64.8%	63.2%	65.3%	32.2%	72.2%	47.6%
LDR / FDR	81.0%	94.4%	87.4%	88.4%	86.9%	89.0%	85.0%	96.4%
Reserve cover	3.0%	2.4%	5.3%	4.4%	3.7%	7.5%	1.7%	3.8%
COMPOSITE RANK	3.0	3.5	3.6	4.2	4.5	5.0	5.5	6.6

Source: Company, Aldiracita



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