

14 May 2020  
Banking, Equity

Price IDR. 625  
Target Price IDR. 810  
JKSE Index 4561.07

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Bank Cim Niaga Tbk, Indonesia, Jakarta:BNGA, M



Stock Code  
Bloomberg code BNGA IJ  
Market cap (IDR.bn) 15,832.9B  
52-Week High (IDR) 1,175  
52-Week Low (IDR) 515  
6-m Avg Daily. Val (IDR) 820

Major Shareholders  
CIMB Group 91.48%  
Public 7.73%  
Treasury 0.79%

USD/IDR-YE  
2019A 14,390  
2020F (6M Avg) 14,228

Key Indicators  
Non Performing Loan (%) 3.23  
Net Interest Margin (%) 5.29

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### Investment Consideration Flat Loan Growth

In 1Q20, BNGA was still able to book Loan Growth of 3.3% YoY, but quarterly growth was flat. Loans were still dominated by Consumer Banking, up 9.8% YoY, supported by mortgages. BNGA will maintain a conservative loan growth strategy and we reduce our Loan Growth estimate from 3% to 1.4% growth this year.

### Asset quality decreases

Special Mention Loans surged to 8.10% in 1Q20 from 4.95% in 4Q19. The increase was partly due to the increased value of USD SML loans as BNGA has 36% of their SML loans in USDs. The main focus of BNGA is more care in channelling loans to reduce the risk of lower asset quality during these difficult economic times. Loan Loss Coverage increased to 191% in 1Q20, from 113% in 4Q19, as the company made additional provisions to comply with IFRS9.

### CASA rose significantly

The CASA ratio increased to 60.06% in 1Q20, from 55.35% in 4Q19., CASA has grown 18.8% YoY, higher than the industry growth of 15%. Growth from Current Accounts was 15.1% and Saving Accounts 10.1%. This increase in CASA helped offset a decrease in Net Interest Income. BNGA will continue to maintain CASA liquidity, and we estimate the CASA ratio will be 56% this year.

### Valuation: 30% Upside, Buy.

Based on our DDM Valuation, we have a target price within one year of IDR 810 or trading at 0.3x PBV which gives 30% potential upside, BUY.

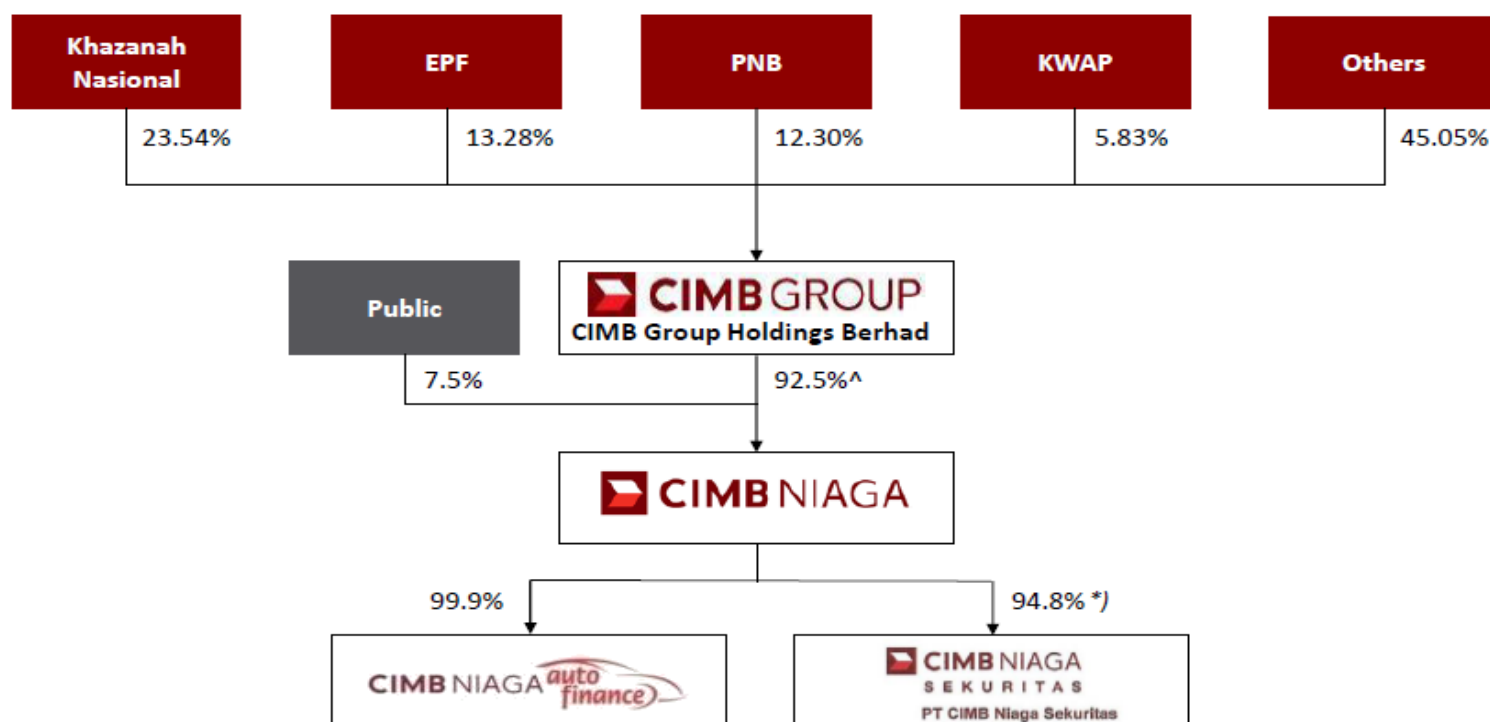
Income Statement (Idr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Interest Income	21.177	20.293	21.689	22.734	23.286	24.717
Interest Expense	-8.000	-8.282	-9.121	-8.235	-9.146	-9.227
<b>Net Interest Income</b>	<b>29.177</b>	<b>28.575</b>	<b>30.811</b>	<b>30.969</b>	<b>32.433</b>	<b>33.944</b>
Net Operating Income	2.578	2.915	4.257	2.946	3.144	3.263
Operating Expense	7.569	8.004	8.634	8.300	8.567	8.961
<b>PPOP</b>	<b>8.186</b>	<b>6.922</b>	<b>8.190</b>	<b>9.145</b>	<b>8.717</b>	<b>9.793</b>
Provision Expense	-4.080	-2.128	-3.257	-3.711	-2.619	-2.824
<b>Operating Profit</b>	<b>12.266</b>	<b>4.794</b>	<b>4.934</b>	<b>5.434</b>	<b>6.098</b>	<b>6.969</b>
Profit Before Tax	4.155	4.851	5.394	5.900	6.568	7.444
Tax Expense	1.177	1.368	1.749	2.236	2.859	3.655
<b>Net Profit</b>	<b>2.978</b>	<b>3.482</b>	<b>3.645</b>	<b>3.664</b>	<b>3.710</b>	<b>3.789</b>
<b>EPS (Rp/Share)</b>	<b>118,6</b>	<b>139,7</b>	<b>146,2</b>	<b>146,9</b>	<b>148,8</b>	<b>152,0</b>

**Company Profile**

PT Bank CIMB Niaga Tbk (“Bank CIMB Niaga” or the “Bank”) was established in accordance with laws applicable in Indonesia by Notarial Deed No. 90 made by Raden Meester Soewandi, Notary in Jakarta dated 26 September 1955, which was amended by deed No. 9 of the same notary dated 4 November 1955. These deeds were approved by the Minister of Justice of the Republic of Indonesia (currently Minister of Law and Human Rights) through decision letter No. J.A.5/110/15 dated 1 December 1955 and was published in Supplement No. 729/1956 to the State Gazette of the Republic of Indonesia No. 71 dated 4 September 1956. According to Article 3 of its Articles of Association, Bank CIMB Niaga’s scope of activities is to conduct general banking services in accordance with the prevailing laws and regulations, and to engage in other banking activities based on Sharia principles. Bank CIMB Niaga started its banking activities based on the Sharia principles on 27 September 2004.

**Corporate Structure**

**Corporate Structure – 30 Sep 2019**



<sup>^</sup> Includes PT Commerce Kapital 1.02%  
<sup>\*)</sup> Awaiting for OJK Capital Market approval



Chart: Net Interest Margin (x) YoY

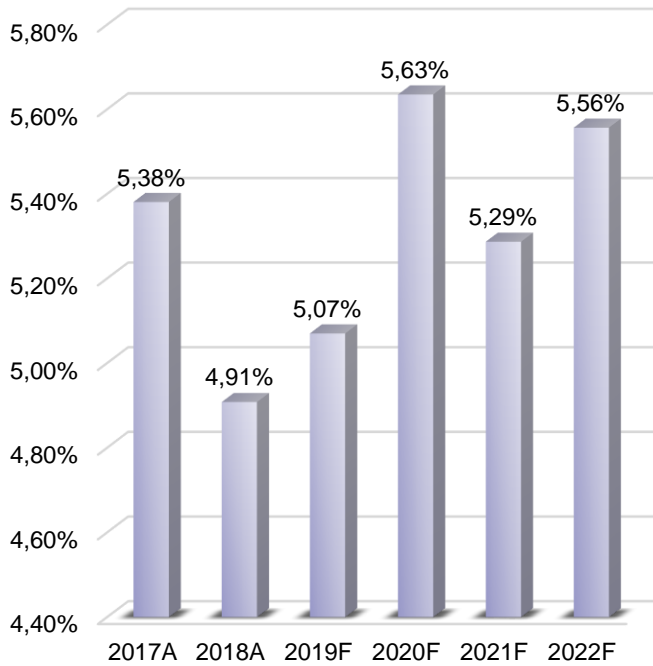


Chart: Loan to Deposit Ratio (x) YoY

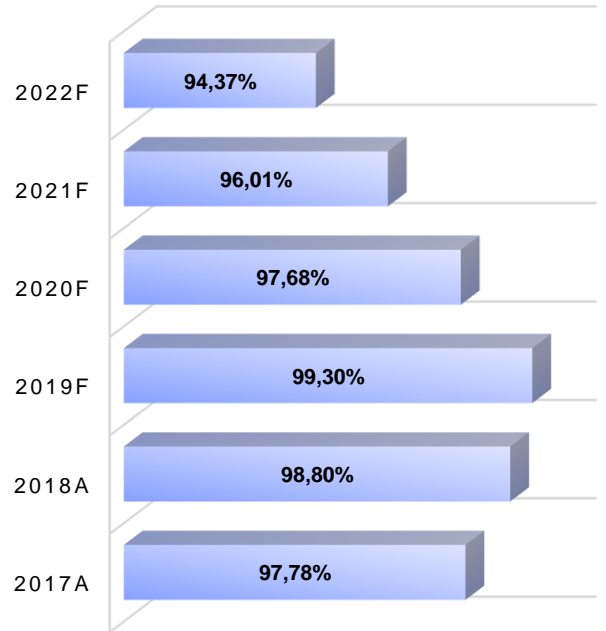


Chart: Growth (x) YoY

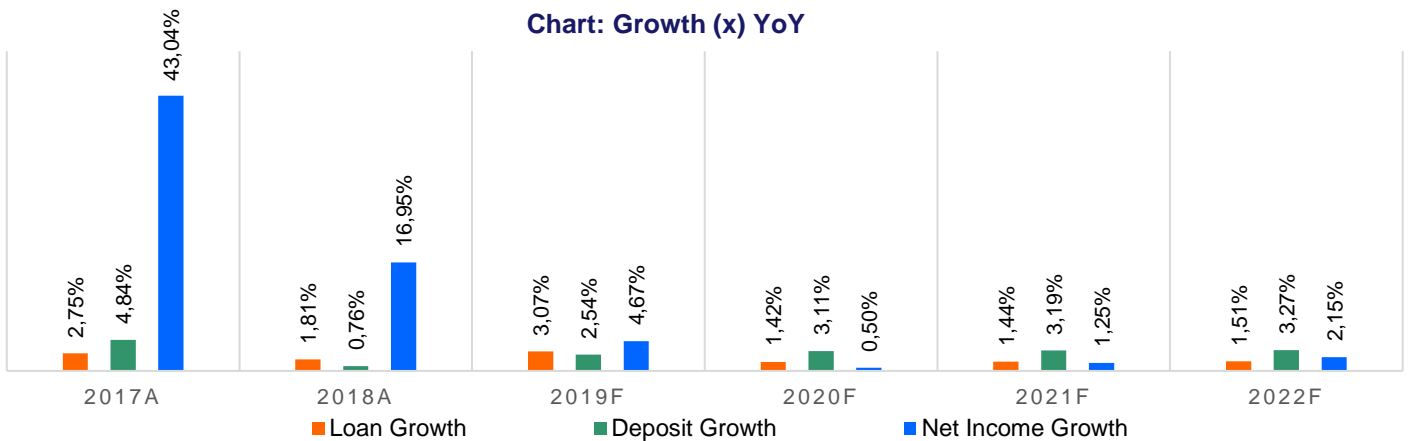
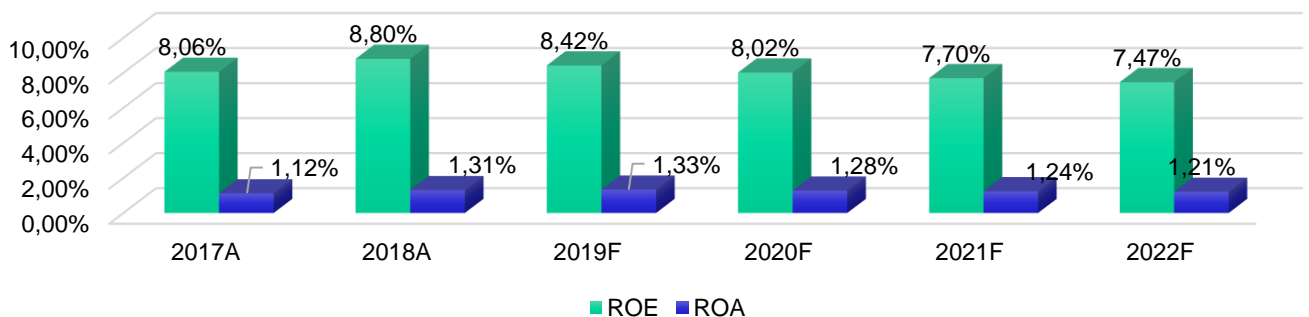


Chart: Profitability Ratio (x) YoY



**Balance Sheet (IDR.bn)**

Balance sheet (Idr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Cash and CA with BI	15.419	14.729	17.089	22.435	24.398	26.129
Interbank Placement	13.314	9.227	12.105	9.889	11.089	12.451
Marketable Securities	13.442	10.676	11.963	11.442	12.830	14.406
Gross Loan	185.116	188.462	194.237	196.998	199.826	202.847
Allowance for Loans	-7.308	-6.098	-6.060	-7.202	-7.009	-7.020
Loans-net	177.808	182.364	188.178	189.797	192.817	195.827
Other Earning Asset	59.782	56.276	53.654	60.311	67.629	75.939
Non Earning Asset	13.297	13.413	15.547	14.069	14.607	15.234
<b>Total Asset</b>	<b>266.305</b>	<b>266.781</b>	<b>274.467</b>	<b>286.612</b>	<b>299.451</b>	<b>313.129</b>
Deposit:						
Current Account	49.281	45.857	48.944	49.813	50.698	51.599
Saving Account	50.214	54.496	59.316	63.732	68.476	73.574
Time Deposits	89.822	90.397	87.340	88.141	88.949	89.765
Other Interest Bearing Liabilities	24.193	24.061	21.157	23.723	26.550	29.651
Non Interest Bearing Liabilities	15.844	12.389	14.416	15.484	16.582	17.791
<b>Total Liabilities</b>	<b>229.354</b>	<b>227.201</b>	<b>231.173</b>	<b>240.894</b>	<b>251.256</b>	<b>262.380</b>
<b>Total Shareholder's Equity</b>	<b>36.951</b>	<b>39.581</b>	<b>43.294</b>	<b>45.718</b>	<b>48.195</b>	<b>50.749</b>

**Income Statement (IDR.bn)**

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Net Operating Income	2.578	2.915	4.257	2.946	3.144	3.263
Operating Expense	7.569	8.004	8.634	8.300	8.567	8.961
<b>PPOP</b>	<b>8.186</b>	<b>6.922</b>	<b>8.190</b>	<b>9.145</b>	<b>8.717</b>	<b>9.793</b>
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Operating Profit	12.266	4.794	4.934	5.434	6.098	6.969
<b>Profit Before Tax</b>	<b>4.155</b>	<b>4.851</b>	<b>5.394</b>	<b>5.900</b>	<b>6.568</b>	<b>7.444</b>
Tax Expense	1.177	1.368	1.749	2.236	2.859	3.655
Net Profit	2.978	3.482	3.645	3.664	3.710	3.789
<b>EPS (Rp/Share)</b>	<b>118,6</b>	<b>139,7</b>	<b>146,2</b>	<b>146,9</b>	<b>148,8</b>	<b>152,0</b>

**Ratio Highlights**

Ratio Analysis	2017A	2018A	2019A	2020F	2021F	2022F
<b>Profitability &amp; Efficiency</b>						
NIM	5,38%	4,91%	5,07%	5,63%	5,29%	5,56%
Cost-to-Income Ratio	48,04%	53,62%	51,32%	47,58%	49,56%	47,78%
ROE	8,06%	8,80%	8,42%	8,02%	7,70%	7,47%
ROA	1,12%	1,31%	1,33%	1,28%	1,24%	1,21%
ROAE		8,43%	8,61%	8,22%	7,86%	7,58%
BOPO	48,37%	61,00%	55,88%	49,94%	57,11%	54,91%
Cost of Credit	-2,20%	-1,13%	-1,68%	-1,88%	-1,31%	-1,39%
<b>Liquidity</b>						
LDR	97,78%	98,80%	99,30%	97,68%	96,01%	94,37%
CASA	52,55%	52,61%	55,35%	56,30%	57,26%	58,24%
<b>Asset Quality</b>						
Gross NPL	3,67%	3,07%	2,88%	3,42%	3,23%	3,18%
Provision Coverage	77,61%	76,17%	76,89%	76,53%	76,71%	76,62%
<b>Capital</b>						
CAR	18,60%	19,66%	21,47%	19,91%	20,35%	20,58%
<b>Growth</b>						
Loan Growth	2,75%	1,81%	3,07%	1,42%	1,44%	1,51%
Deposit Growth	4,84%	0,76%	2,54%	3,11%	3,19%	3,27%
Net Income Growth	43,04%	16,95%	4,67%	0,50%	1,25%	2,15%

**QoQ Result**

Balance Sheet	1Q19	4Q19	1Q20	%QoQ	%YoY
Loan	187.984	194.237	194.282	0,0%	3,3%
Loan Loss Reserves	-6.392	-6.060	-10.355	70,9%	62,0%
NPL	5.648	5.595	5.830	4,2%	3,2%
Deposit					
Demand	48.094	48.944	56.316	15,1%	17,1%
Savings	54.321	59.316	65.334	10,1%	20,3%
Time Deposit	88.147	87.340	80.913	-7,4%	-8,2%
<b>Total Asset</b>	<b>262.818</b>	<b>274.467</b>	<b>274.518</b>	<b>0,0%</b>	<b>4,5%</b>
<b>Shareholder Equity</b>	<b>40.959</b>	<b>43.294</b>	<b>45.718</b>	<b>5,6%</b>	<b>11,6%</b>

Income Statement	1Q19	4Q19	1Q20	%QoQ	%YoY
Interest Income	5.463	4.707	5.364	14,0%	-1,8%
Interest Expense	2.212	2.291	2.223	-3,0%	0,5%
<b>Net Interest Income</b>	<b>3.251</b>	<b>2.416</b>	<b>3.142</b>	<b>30,0%</b>	<b>-3,4%</b>
Net Operating Income	818	1.723	1.078	-37,5%	31,7%
Operating Expense	2.086	-2.564	2.078	-181,0%	-0,4%
<b>PPOP</b>	<b>1.983</b>	<b>6.704</b>	<b>2.142</b>	<b>-68,0%</b>	<b>8,0%</b>
Provision Expense	-712	-791	-774	-2,1%	8,7%
<b>Operating Profit</b>	<b>13</b>	<b>10</b>	<b>61</b>	<b>544,6%</b>	<b>358,5%</b>
Profit Before Tax	1.285	5.922	1.429	-75,9%	11,3%
Tax Expense	340	333	374	12,5%	10,0%
<b>Net Profit</b>	<b>944</b>	<b>5.589</b>	<b>1.055</b>	<b>-81,1%</b>	<b>11,7%</b>

Ratio	1Q19	4Q19	1Q20	QoQ	YoY
<b>Profitability &amp; Efficiency</b>					
NIM	2,27%	2,18%	2,10%	(0,07)	(0,17)
Cost-to-Income Ratio	51,26%	49,77%	49,77%	-	(1,49)
ROE	2,31%	2,24%	2,12%	(0,12)	(0,19)
ROA	0,36%	0,35%	0,35%	(0,00)	(0,01)
BOPO	57,08%	55,37%	55,37%	-	(1,72)
Cost of Credit	1,04%	1,06%	1,04%	(0,02)	(0,01)
<b>Liquidity</b>					
LDR	98,65%	99,30%	95,91%	(3,39)	(2,74)
CASA	53,74%	55,35%	60,06%	4,71	6,31
<b>Asset Quality</b>					
Gross NPL (Bank only)	3,04%	2,79%	3,03%	0,24	(0,01)
Provision Coverage	79%	71%	98%	26,68	19,51
<b>Capital</b>					
CAR	21,02%	21,47%	19,39%	-	0,45

**Stock Ratings:**

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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