

17 December 2019  
Banking, Equity

Price IDR. 965  
Target Price IDR. 1130  
JKSE Index 6211.59

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



Stock Code  
Bloomberg code BNGA IJ  
Market cap (IDR.bn) 23623.7B  
52-Week High (IDR) 1290  
52-Week Low (IDR) 855  
6-m Avg Daily. Val (IDR) 1027

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

USD/IDR-YE  
2018A 14033  
2019F 14390

Key Indicators  
Non Performing Loan (x) 2.2  
Net Interest Margin (x) 8.4

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### Investment Consideration Growth of CASA

As of September 2019, total Third Party Funds ("DPK") was Rp 190.3 trillion with a low-cost fund (CASA) ratio of 53.67%. Saving deposits experienced pretty good growth of 5.9% YoY, which was supported by the Bank's commitment to develop digital services and improve customer experience. There were declines in current accounts -8.9% and time deposits -2.9%, mainly because of a decrease in the non-retail segment. BNGA will continue to focus on increasing CASA through investments in digital channels and also augmenting digital service features.

### Loan Growth 4.9% YoY

During 9M19, loan growth was 4.9% YoY. Slower loan growth was influenced by market demand and the decline is in line with the slower growth of total bank credits to the single-digit range (compared to 11% YoY in 2018). BNGA focus in 2019 has been on improving asset quality, which can be seen in the NPL ratio which decreased by 4.1% YoY. We estimate loan growth during 2019-2020 will be 5% on average compared to 2018A.

### Cost of Credit grew 1.79%

Cost of Credit in 9M19 increased by 1.79% YoY as part of the Bank's principle to maintain adequate reserves based on applicable regulations, We estimate that cost of credit will increased by an average 2% during 2019-2020 compared to 2018A.

### Valuation: 17% Upside, Hold.

Based on our DDM Valuation, we have a target price within one year of IDR 1130. or trading at 0.6x PBV which gives 17% potential upside, Hold.

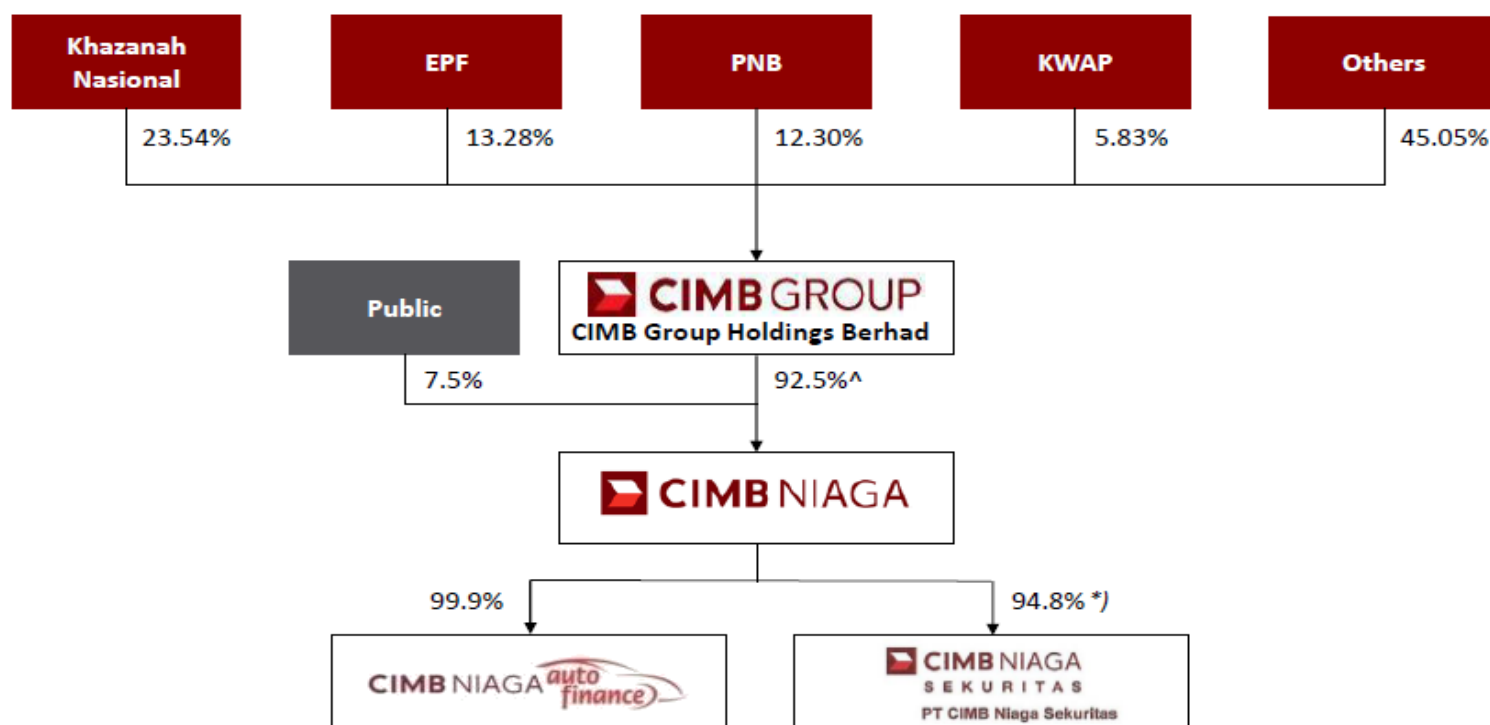
Income Statement (Idr bn)	2017A	2018A	2019F	2020F	2021F
Interest Income	21.177	20.293	24.243	27.528	26.186
Interest Expense	-8.000	-8.282	-9.064	-8.476	-8.062
<b>Net Interest Income</b>	<b>13.177</b>	<b>12.012</b>	<b>15.179</b>	<b>19.052</b>	<b>18.124</b>
Net Operating Income	2.578	2.915	3.539	1.783	9.553
Operating Expense	-7.569	-8.004	-8.686	-8.048	-7.701
<b>PPOP</b>	<b>8.186</b>	<b>6.922</b>	<b>10.032</b>	<b>12.787</b>	<b>19.977</b>
Provision Expense	-4.080	-2.128	-3.457	-4.832	-10.439
<b>Operating Profit</b>	<b>4.107</b>	<b>4.794</b>	<b>6.574</b>	<b>7.955</b>	<b>9.537</b>
Profit Before Tax	4.155	4.851	6.592	7.983	9.566
Tax Expense	-1.177	-1.368	-1.810	-2.262	-2.116
<b>Net Profit</b>	<b>2.978</b>	<b>3.482</b>	<b>4.782</b>	<b>5.721</b>	<b>7.450</b>
<b>EPS (Rp/Share)</b>	<b>119</b>	<b>140</b>	<b>192</b>	<b>230</b>	<b>295</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

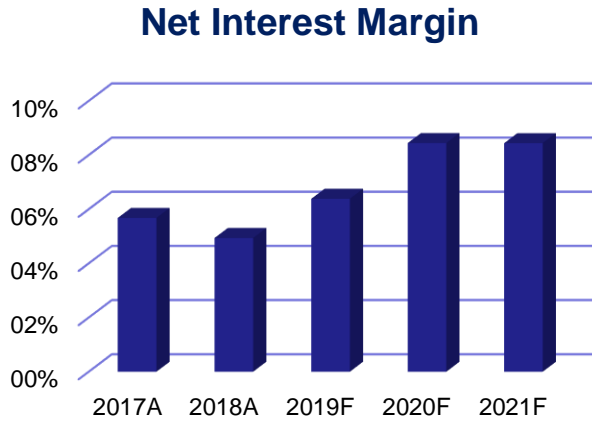


Chart: Loan to Deposit Ratio (x) YoY

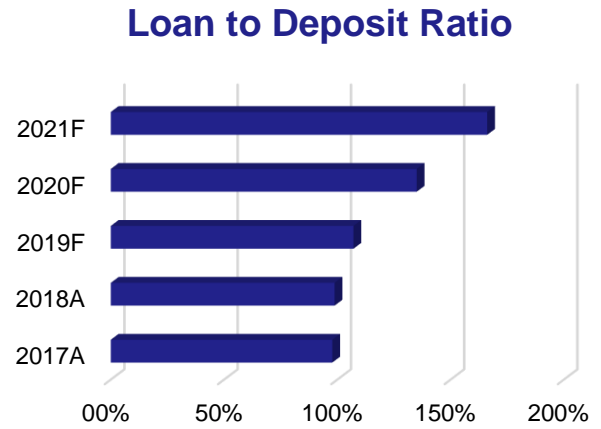


Chart: Growth (x) YoY

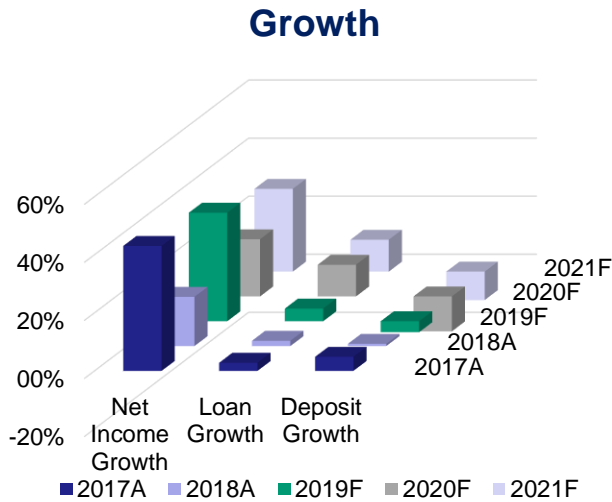
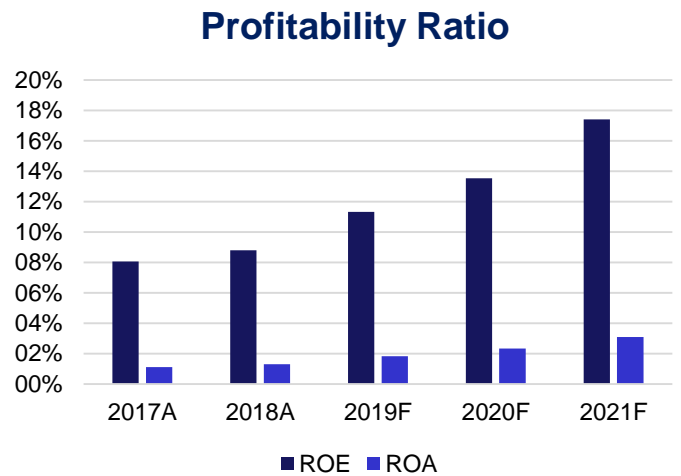


Chart: Profitability Ratio (x) YoY



**Balance Sheet (IDR.bn)**

Balance sheet (Idr bn)	2017A	2018A	2019F	2020F	2021F
Cash and CA with BI	15.419	14.729	19.495	18.788	18.867
Interbank Placement	13.314	9.227	5.148	827	-2.278
Marketable Securities	13.442	10.676	8.708	1.399	-3.853
Gross Loan	185.116	188.462	195.417	211.357	228.964
Allowance for Loans	-7.308	-6.098	-5.140	-5.169	-5.671
Loans-net	177.808	182.364	190.277	206.188	223.293
Other Earning Asset	59.782	53.143	38.398	6.171	-16.991
Non Earning Asset	13.297	16.546	14.805	13.703	13.349
<b>Total Asset</b>	<b>266.305</b>	<b>266.781</b>	<b>262.974</b>	<b>244.849</b>	<b>238.518</b>
Deposit:					
Current Account	49.281	45.857	41.222	27.230	17.987
Saving Deposits	50.214	54.496	57.098	59.840	62.713
Time Deposits	89.822	90.397	85.218	74.368	64.900
Other Interest Bearing Liabilities	24.193	24.061	18.799	26.592	37.615
Non Interest Bearing Liabilities	15.844	12.389	18.354	14.537	13.020
<b>Total Liabilities</b>	<b>229.354</b>	<b>227.201</b>	<b>220.691</b>	<b>202.566</b>	<b>196.234</b>
<b>Total Shareholder's Equity</b>	<b>36.951</b>	<b>39.581</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>

**Income Statement (IDR.bn)**

Income Statement (Idr bn)	2017A	2018A	2019F	2020F	2021F
Interest Income	21.177	20.293	24.243	27.528	26.186
Interest Expense	-8.000	-8.282	-9.064	-8.476	-8.062
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Net Operating Income	2.578	2.915	3.539	1.783	9.553
Operating Expense	-7.569	-8.004	-8.686	-8.048	-7.701
<b>PPOP</b>	<b>8.186</b>	<b>6.922</b>	<b>10.032</b>	<b>12.787</b>	<b>19.977</b>
Provision Expense	-4.080	-2.128	-3.457	-4.832	-10.439
<b>Operating Profit</b>	<b>4.107</b>	<b>4.794</b>	<b>6.574</b>	<b>7.955</b>	<b>9.537</b>
Profit Before Tax	4.155	4.851	6.592	7.983	9.566
Tax Expense	-1.177	-1.368	-1.810	-2.262	-2.116
<b>Net Profit</b>	<b>2.978</b>	<b>3.482</b>	<b>4.782</b>	<b>5.721</b>	<b>7.450</b>
<b>EPS (Rp/Share)</b>	<b>119</b>	<b>140</b>	<b>192</b>	<b>230</b>	<b>295</b>

Ratio Analysis	2017A	2018A	2019F	2020F	2021F
NIM	5,68%	4,94%	6,39%	8,44%	8,44%
LDR	97,78%	98,80%	107,15%	135,08%	166,18%
Gross NPL (Bank only)	3,67%	3,07%	2,36%	2,20%	2,23%
Cost of Credit	2,20%	1,13%	1,76%	2,22%	4,31%
Provision Coverage	107,55%	105,32%	109,07%	108,61%	108,81%
CAR	0,00%	0,00%	0,00%	18,31%	16,51%
CASA	52,55%	52,61%	53,57%	53,93%	55,43%
Cost-to-Income Ratio	48,04%	53,62%	46,40%	38,63%	27,82%
ROE	8,06%	8,80%	11,31%	13,54%	17,40%
ROA	1,12%	1,31%	1,82%	2,34%	3,08%
ROAE		8,43%	10,06%	12,43%	15,47%
BOPO	98,93%	93,37%	83,85%	74,18%	70,41%
Loan Growth	2,80%	1,81%	4,35%	10,88%	10,96%
Deposit Growth	4,84%	0,76%	-3,78%	-12,04%	-9,81%
Net Income Growth	43,04%	16,95%	37,38%	19,68%	28,50%

**QoQ Result**

Balance sheet (ldr bn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Cash and CA with BI	13.257	13.553	12.626	19.420	16.601	18.650	18.124	18.829	19.031	19.180	19.135	19.075
Interbank Placement	6.488	15.181	6.578	4.981	3.646	2.309	1.092	-72	-1.156	-2.177	-3.131	-4.021
Marketable Securities	11.544	10.939	11.128	8.425	6.167	3.906	1.847	-122	-1.956	-3.683	-5.296	-6.802
Gross Loan	187.984	190.532	191.662	196.664	201.796	207.071	212.493	218.067	223.796	229.685	235.739	241.964
Allowance for Loans	-6.392	-5.446	-5.528	-5.065	-4.980	-5.092	-5.046	-5.211	-5.517	-5.606	-5.731	-5.878
Loans-net	181.593	185.086	186.134	191.599	196.816	201.979	207.448	212.856	218.278	224.079	230.008	236.085
Other Earning Asset	52.421	57.272	49.067	37.151	27.193	17.224	8.144	-539	-8.623	-16.240	-23.350	-29.991
Non Earning Asset	15.547	15.948	14.993	14.805	14.380	14.144	13.885	13.703	13.548	13.442	13.374	13.349
<b>Total Asset</b>	<b>262.818</b>	<b>271.860</b>	<b>262.819</b>	<b>262.974</b>	<b>254.991</b>	<b>251.997</b>	<b>247.599</b>	<b>244.849</b>	<b>242.235</b>	<b>240.462</b>	<b>239.168</b>	<b>238.518</b>
Deposit:												
Current Account	48.094	50.720	45.725	41.222	37.163	33.503	30.204	27.230	24.548	22.131	19.951	17.987
Saving Deposits	54.321	55.906	56.432	57.098	57.771	58.453	59.142	59.840	60.546	61.260	61.982	62.713
Time Deposits	88.147	91.223	88.170	85.218	82.366	79.609	76.944	74.368	71.879	69.473	67.147	64.900
Other Interest Bearing Liabilities	21.229	17.378	17.238	18.799	20.501	22.358	24.383	26.592	29.000	31.626	34.491	37.615
Non Interest Bearing Liabilities	10.067	15.108	12.971	18.354	14.907	15.790	14.643	14.537	13.979	13.689	13.313	13.020
<b>Total Liabilities</b>	<b>221.857</b>	<b>230.336</b>	<b>220.536</b>	<b>220.691</b>	<b>212.708</b>	<b>209.713</b>	<b>205.316</b>	<b>202.566</b>	<b>199.951</b>	<b>198.179</b>	<b>196.885</b>	<b>196.234</b>
<b>Total Shareholder's Equity</b>	<b>40.961</b>	<b>41.524</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>	<b>42.283</b>
Income Statement (ldr bn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Interest Income	5.463	5.850	5.669	7.261	7.081	6.935	6.807	6.704	6.620	6.558	6.515	6.493
Interest Expense	-2.212	-2.295	-2.324	-2.234	-2.181	-2.135	-2.096	-2.064	-2.038	-2.019	-2.006	-1.999
<b>Net Interest Income</b>	<b>3.251</b>	<b>3.555</b>	<b>3.346</b>	<b>5.027</b>	<b>4.900</b>	<b>4.800</b>	<b>4.711</b>	<b>4.640</b>	<b>4.582</b>	<b>4.539</b>	<b>4.509</b>	<b>4.494</b>
Net Operating Income	818	673	1.042	1.005	458	449	441	435	2.410	2.391	2.379	2.374
Operating Expense	-2.086	-2.017	-2.472	-2.111	-2.067	-2.025	-1.992	-1.964	-1.943	-1.927	-1.917	-1.914
<b>PPOP</b>	<b>1.983</b>	<b>2.212</b>	<b>1.915</b>	<b>3.921</b>	<b>3.291</b>	<b>3.224</b>	<b>3.161</b>	<b>3.111</b>	<b>5.049</b>	<b>5.002</b>	<b>4.971</b>	<b>4.954</b>
Provision Expense	-712	-809	-944	-992	-1.041	-1.145	-1.260	-1.386	-1.760	-2.235	-2.839	-3.605
<b>Operating Profit</b>	<b>1.271</b>	<b>1.403</b>	<b>971</b>	<b>2.929</b>	<b>2.250</b>	<b>2.079</b>	<b>1.901</b>	<b>1.725</b>	<b>3.289</b>	<b>2.767</b>	<b>2.132</b>	<b>1.349</b>
Profit Before Tax	1.285	1.393	978	2.937	2.257	2.086	1.908	1.732	3.296	2.774	2.139	1.356
Tax Expense	-340	-361	-277	-832	-639	-591	-541	-491	-659	-671	-472	-314
<b>Net Profit</b>	<b>8.196</b>	<b>7.966</b>	<b>11.265</b>	<b>11.354</b>	<b>11.283</b>	<b>11.378</b>	<b>11.422</b>	<b>11.473</b>	<b>11.570</b>	<b>11.782</b>	<b>11.987</b>	<b>12.188</b>
<b>EPS (Rp/Share)</b>	<b>38</b>	<b>41</b>	<b>28</b>	<b>84</b>	<b>65</b>	<b>60</b>	<b>55</b>	<b>50</b>	<b>104</b>	<b>84</b>	<b>66</b>	<b>41</b>

Ratio Analysis	3Q18	2Q19	3Q19
NIM	5,12%	5,53%	5,29%
ROE	9,08%	10,10%	9,18%
ROA	1,33%	1,54%	1,43%
Cost of Credit	1,67%	1,81%	1,96%
CASA Ratio	53,25%	53,9%	53,67%
Gross NPL	3,41%	2,87%	2,62%
LDR	92,44%	94,67%	99,02%

**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.

**RESEARCH TEAM  
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