

September 12th, 2022
Banking, Equity

Price **IDR 1,135**
Target Price **IDR 1,260**
JKSE Index **IDR 7,254.46**



Stock Code **BNGA**
Bloomberg code **IJ**
Market Cap (IDR.bn) **28,901.3 B**
52-Week High (IDR) **1,185**
52-Week Low (IDR) **930**
6-m Avg Daily. Val (IDR) **980**

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

USD/IDR-YE
2021A **14,050**
2022F (6M Avg) **14,654**

Key Indicators
Non-Performing Loan (%) **3.41**
Net Interest Margin (%) **3.75**

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Investment Consideration

Stagnant Net Interest Income

In 1H22, BNGA's Net Interest Income was stagnant. There was no growth from 1H21, which was at IDR 3.54 trillion. But net profit grew +18.85% yoy, from IDR 2.13 trillion in 1H21 to IDR 2.53 in 1H22. The net profit growth was driven by Non-Interest Income which grew +22.32% from IDR 2.49 trillion in 1H21 to 3.05 trillion in 1H22. We estimate that BNGA's net profit will increase +12.73% in FY22, to IDR 4.62 trillion from IDR 4.10 trillion in FY21.

Strong Loan and Deposit growth

Total Gross Loans grew +9.43% from IDR 173.35 trillion in 1H21 to IDR 189.70 trillion in 1H22, supported by Corporate loans, which grew +16.43%. Other loans, Consumer and EBB grew too. Those segments grew +13.83 and +7.31% respectively. In contrast to other loans, commercial credits declined -9.08% due a change of focus towards SME loans which offer higher risk-adjusted returns. Total Customer Deposits grew +6.38% yoy from IDR 218.07 trillion to IDR 231.99 trillion. The deposit growth was driven by Current Accounts, which grew +16.90% yoy, and led to a CASA ratio improvement of 335 bps to 65.72%. We forecast Total Gross Loans and Customer Deposits will grow by +9.03% and +8.83 respectively.

Higher NPL ratio

Although still within OJK's requirement, BNGA's NPL ratio was worse compared to 1H21. It increased 30 bps to 3.50% this semester. The COVID-19 restrictions are still one of the major factors, especially for the hospitality industry. We assume that BNGA's will improve its NPL ratio to 3.41% in FY22.

Valuation: 11% Upside, HOLD.

Based on our DDM Valuation, we have a target price within one year of IDR 1,260 or trading at 0.7x PBV which gives 11% potential upside, Hold.

Income Statement (IDR bn)	2018A	2019A	2020A	2021A	2022F
Interest Income	20,293	21,689	20,703	18,863	19,973
Interest Expense	-8,282	-9,121	-8,233	-5,774	-6,118
Net Interest Income	12,012	12,568	12,471	13,089	13,855
Fee Other Income	3,816	4,257	3,888	4,479	5,580
Gross Operating Income	15,828	16,825	16,359	17,568	19,434
Operating Expense	-8,004	-8,634	-8,101	-8,279	-8,880
PPOP	7,824	8,190	8,258	9,288	10,554
Provision Expense	-3,030	-3,257	-5,404	-4,170	-4,639
Operating Profit	4,794	4,934	2,854	5,118	5,915
Non-Operating Income – Net	56	20	94	73	74
Profit Before Tax	4,851	4,954	2,947	5,191	5,989
Tax Expense	-1,368	-1,311	-936	-1,092	-1,366
Earning After Tax	3,482	3,643	2,011	4,099	4,624
Income for The Year Attributable to NCI	0	-2	-1	-2	1
Net Income	3,482	3,645	2,012	4,100	4,622
EPS (Rp/Share)	139.67	146.21	80.72	164.48	185.42

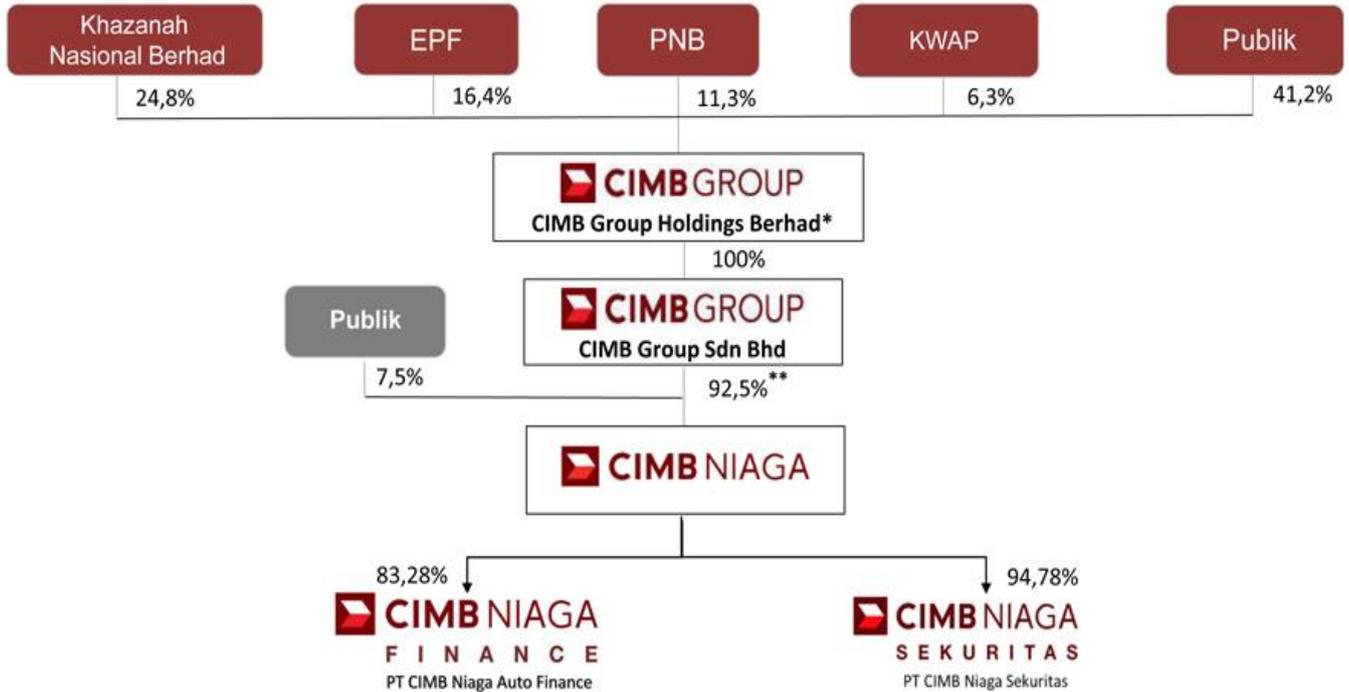
Company Profile

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 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

STRUKTUR GRUP PERUSAHAAN

Per 30 Juni 2022



*) Penerima manfaat akhir dari pemilikan saham (Ultimate Beneficial Ownership) CIMB Niaga, yaitu Datin Rossaya binti Mohd Nashir
 **) Termasuk PT Commerce Kapital 1,02%

Chart: Gross Loan (ldr.bn) YoY

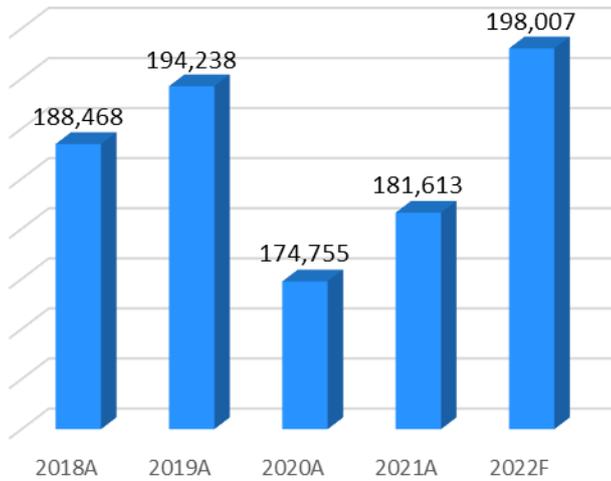


Chart: Customer Deposit (ldr.bn) YoY

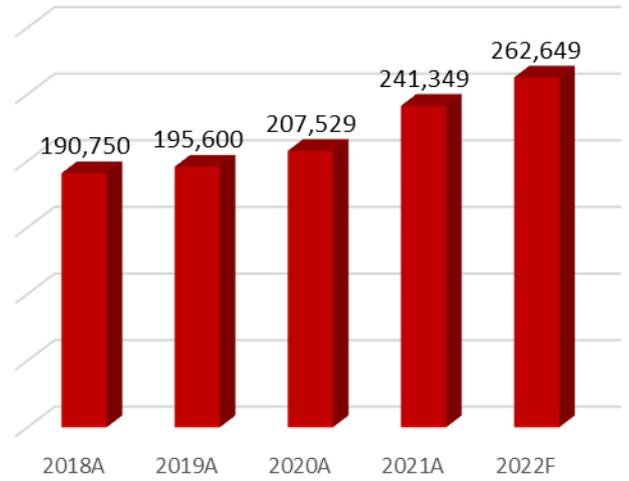


Chart: Profitability (x) YoY

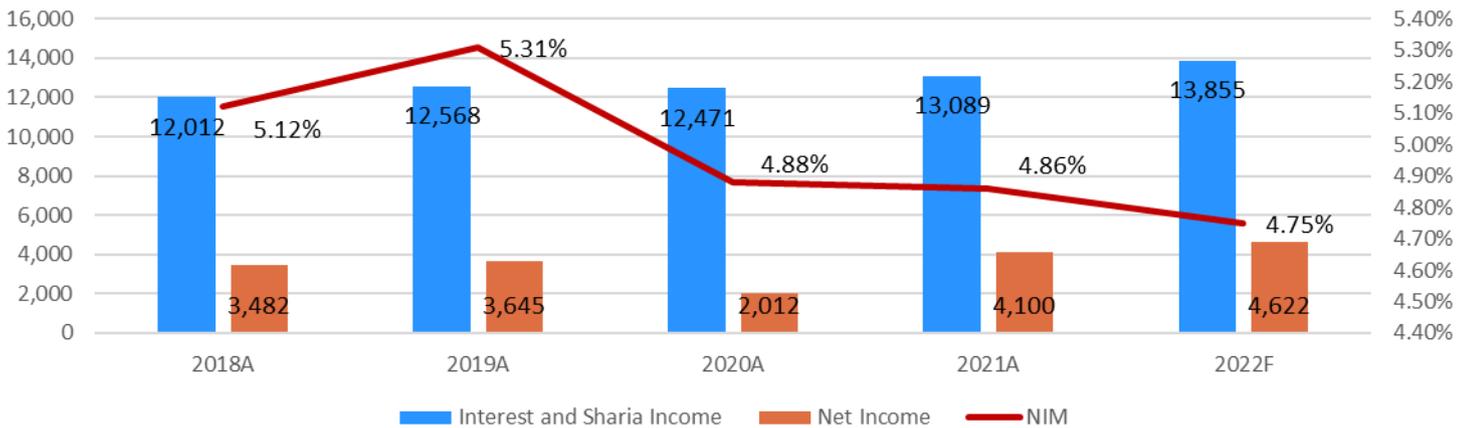


Chart: Net Interest Margin (%) YoY

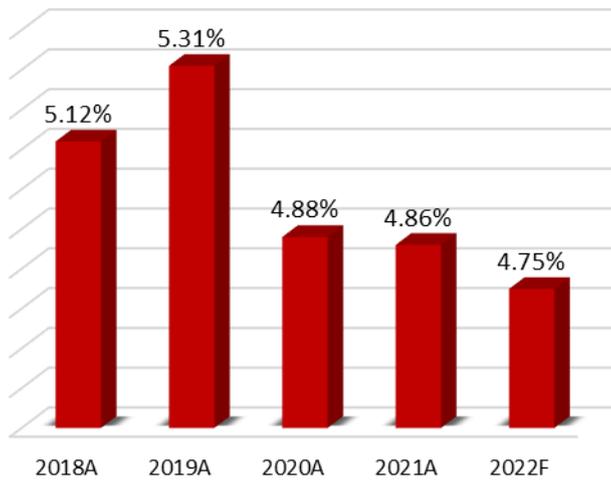


Chart: LDR (%) YoY

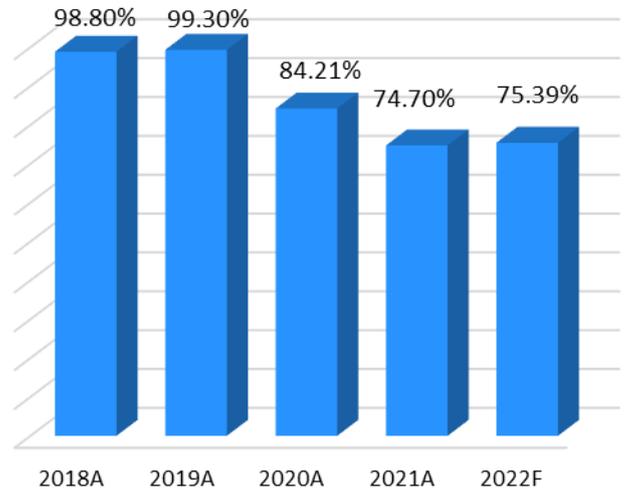


Chart: Gross Loan (x) QoQ

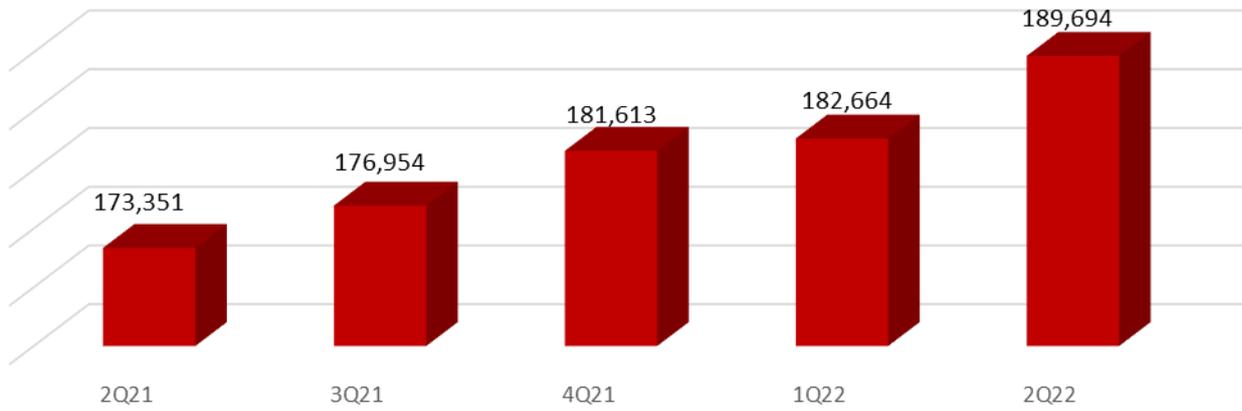


Chart: Non Performing Loan (x) QoQ

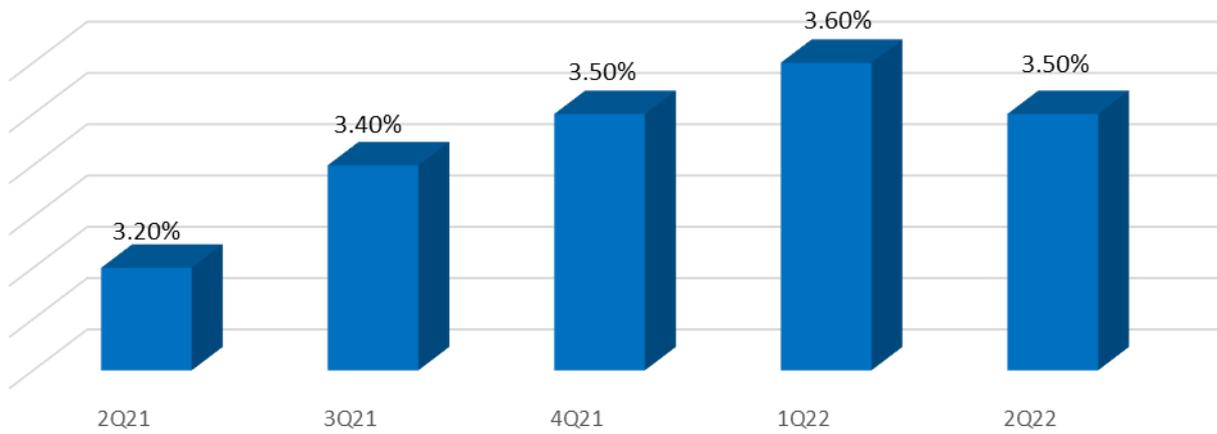
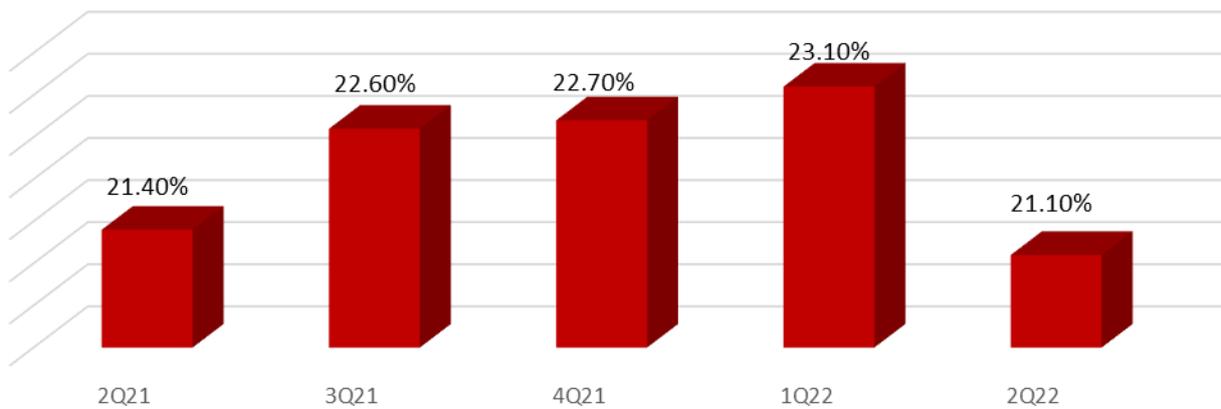


Chart: CAR (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2018A	2019A	2020A	2021A	2022F
Cash and CA with BI	14,729	17,089	10,999	13,839	23,953
Interbank Placement	9,227	12,105	13,334	30,346	23,509
Marketable Securities	10,676	11,963	9,310	10,176	17,681
Gross Loan	188,468	194,238	174,755	181,613	198,007
Allowance for Loans	-6,102	-6,060	-11,925	-13,136	-14,348
Loans-net	182,365	188,178	162,830	168,478	183,659
Other Earning Asset	54,399	54,649	90,363	111,878	116,105
Non Earning Asset	15,289	14,552	16,751	16,592	20,470
Total Asset	266,781	274,467	280,944	310,787	344,187
Deposit:					
Current Account	45,857	48,944	55,863	75,477	88,505
Saving Account	54,496	59,316	67,861	72,565	79,318
Time Deposits	90,397	87,340	83,806	93,306	94,825
Other Interest Bearing Liabilities	24,061	21,157	22,407	15,520	24,964
Non Interest Bearing Liabilities	12,389	14,416	9,954	10,530	10,600
Total Liabilities	227,201	231,173	239,891	267,399	298,213
Total Shareholder's Equity	39,581	43,294	41,053	43,388	45,975

Income Statement (IDR.bn)

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EPS (Rp/Share)	139.67	146.21	80.72	164.48	185.42

Ratio Highlights

Ratio Analysis	2018A	2019A	2020A	2021A	2022F
Profitability & Efficiency					
NIM	5.12%	5.31%	4.88%	4.86%	4.75%
Cost-to-Income Ratio	50.57%	51.32%	49.52%	47.13%	45.69%
ROE	8.80%	8.42%	4.90%	9.45%	10.06%
ROA	1.31%	1.33%	0.72%	1.32%	1.34%
ROAE		8.61%	6.66%	7.17%	9.75%
BOPO	80.11%	80.98%	88.39%	78.07%	76.85%
Cost of Credit	1.61%	1.68%	3.09%	2.30%	2.34%
Liquidity					
LDR	98.80%	99.30%	84.21%	74.70%	75.39%
CASA	52.61%	55.35%	59.62%	61.34%	63.90%
Asset Quality					
Gross NPL	3.07%	2.75%	3.56%	3.43%	3.41%
Provision Coverage	76.30%	73.71%	125.11%	135.30%	149.30%
Capital					
CAR	22.47%	21.47%	21.92%	22.70%	23.37%
Growth					
Loan Growth		3.06%	-10.03%	3.93%	9.03%
Deposit Growth		2.54%	6.10%	16.30%	8.83%
Net Income Growth		4.68%	-44.79%	103.75%	12.73%

QoQ Result

Balance Sheet	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Loan	173,351	176,954	181,613	182,664	189,694	3.85%	9.43%
Loan Loss Reserves	-12,282	-12,715	-13,136	-13,752	-14,223	3.43%	15.81%
NPL	5,547	6,016	6,357	6,576	6,640	0.96%	19.69%
Deposit							
Demand	64,669	67,268	75,477	76,000	75,595	-0.53%	16.90%
Savings	71,342	73,472	72,565	74,860	76,862	2.67%	7.74%
Time Deposit	82,063	87,219	93,306	86,459	79,534	-8.01%	-3.08%
Total Asset	288,931	295,396	310,787	307,425	310,980	1.16%	7.63%
Shareholder Equity	41,390	42,529	43,377	44,559	43,070	-3.34%	4.06%
Income Statement	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Interest Income	4,652	4,804	4,634	4,584	4,689	2.30%	0.80%
Interest Expense	-1,383	-1,454	-1,433	-1,375	-1,361	-1.03%	-1.62%
Net Interest Income	3,269	3,350	3,201	3,209	3,329	3.72%	1.83%
Fee Other Income	1,189	948	1,042	1,590	1,455	-8.52%	22.30%
Gross Operating Income	4,458	4,298	4,242	4,799	4,783	-0.33%	7.29%
Operating Expense	-2,059	-2,053	-2,096	-2,108	-2,081	-1.27%	1.08%
PPOP	2,400	2,245	2,147	2,692	2,703	0.40%	12.61%
Provision Expense	-899	-948	-1,067	-1,139	-961	-15.66%	6.84%
Operating Profit	1,501	1,297	1,080	1,553	1,742	12.19%	16.07%
Non-Operating Income – Net	-1	-0	13	4	3	-12.60%	-534.18%
Profit Before Tax	1,500	1,297	1,093	1,556	1,745	12.13%	16.34%
Tax Expense	-364	-279	-143	-347	-387	11.52%	6.43%
Earning After Tax	1,136	1,017	949	1,209	1,358	12.30%	19.52%
Income for The Year Attributable to NCI	-1	-1	-0	15	17	16.58%	-2928.01%
Net Income	1,137	1,018	950	1,194	1,340	12.25%	17.93%
Ratio	2Q21	3Q21	4Q21	1Q22	2Q22	%QoQ	%YoY
Profitability & Efficiency							
NIM	5.05%	4.84%	4.47%	4.46%	4.63%	0.17	(0.42)
Cost-to-Income Ratio	45.30%	46.60%	47.80%	43.80%	43.40%	(0.40)	(1.90)
ROE	12.30%	10.70%	9.70%	11.80%	13.70%	1.90	1.40
ROA	1.70%	1.50%	1.30%	2.10%	2.30%	0.20	0.60
Cost of Credit	2.40%	2.10%	2.10%	2.40%	1.70%	(0.70)	(0.70)
Liquidity							
LDR	78.40%	76.70%	74.40%	76.10%	80.90%	4.80	2.50
CASA	62.40%	61.70%	61.30%	63.60%	65.70%	2.10	3.30
Asset Quality							
Gross NPL	3.20%	3.40%	3.50%	3.60%	3.50%	(0.10)	0.30
Provision Coverage	223.5%	217.2%	212.1%	210.8%	215.0%	4.20	(8.50)
Capital							
CAR	22.10%	22.60%	22.70%	23.10%	21.10%	(2.00)	(1.00)

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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