

26 Februari 2020  
Banking, Equity

Price IDR. 815  
Target Price IDR. 980  
JKSE Index 5787.14

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



Stock Code  
Bloomberg code BNGA IJ  
Market cap (IDR.bn) 24.88B  
52-Week High (IDR) 1265  
52-Week Low (IDR) 800  
6-m Avg Daily. Val (IDR) 959

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

USD/IDR-YE  
2019A 13834  
2020F (6M Avg) 13866

Key Indicators  
Non Performing Loan (%) 3.1  
Net Interest Margin (%) 5.6

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### Investment Consideration Higher Loan growth

In FY19 Loan growth increased by 3.1% YoY from 1.8% in FY18, which was Loan growth in FY19 increased to 3.1% YoY from 1.8% in FY18. The growth was supported by improvements in the quality of loan assets, especially in the consumer segment which has helped to reduce the overall asset risk. To further growth of it's consumer loans, BNGA has been partnering with several property developers. We estimate loan growth in FY20 will stay at around 3%.

### Stable Net Interest Margin

In FY19, the Net Interest Margin was 5.31%, an increase of 19bps YoY, driven by BNGA's focus on higher-yielding loans. We expect with the current decrease in interest rates, NIM will increase further to around 5.7% in 2020.

### Improvement in Asset Quality

NPLs have shown a significant improvement over the past year, falling to 2.79% in 2019 from 3.11% in 2018, this is due to a decrease in NPLs in the commercial segment to 4.6% in 2019 from 7.9% in 2018. Special Mention Loans increased to 4.95% due to downgrades of PT Krakatau Steel and the Cement Industry.

### CAR increased by 21.47%

In FY19, CAR increased to 21.47%, as a result of a moderate repayment ratio and moderate loan growth in the past few years. With a higher dividend payout ratio of 40%, we estimate CAR will be at around 19% in 2020.

### Valuation: 20% Upside, Hold.

Based on our DDM Valuation, we have a target price within one year of IDR 980. or trading at 0.4x PBV which gives 20% potential upside, BUY.

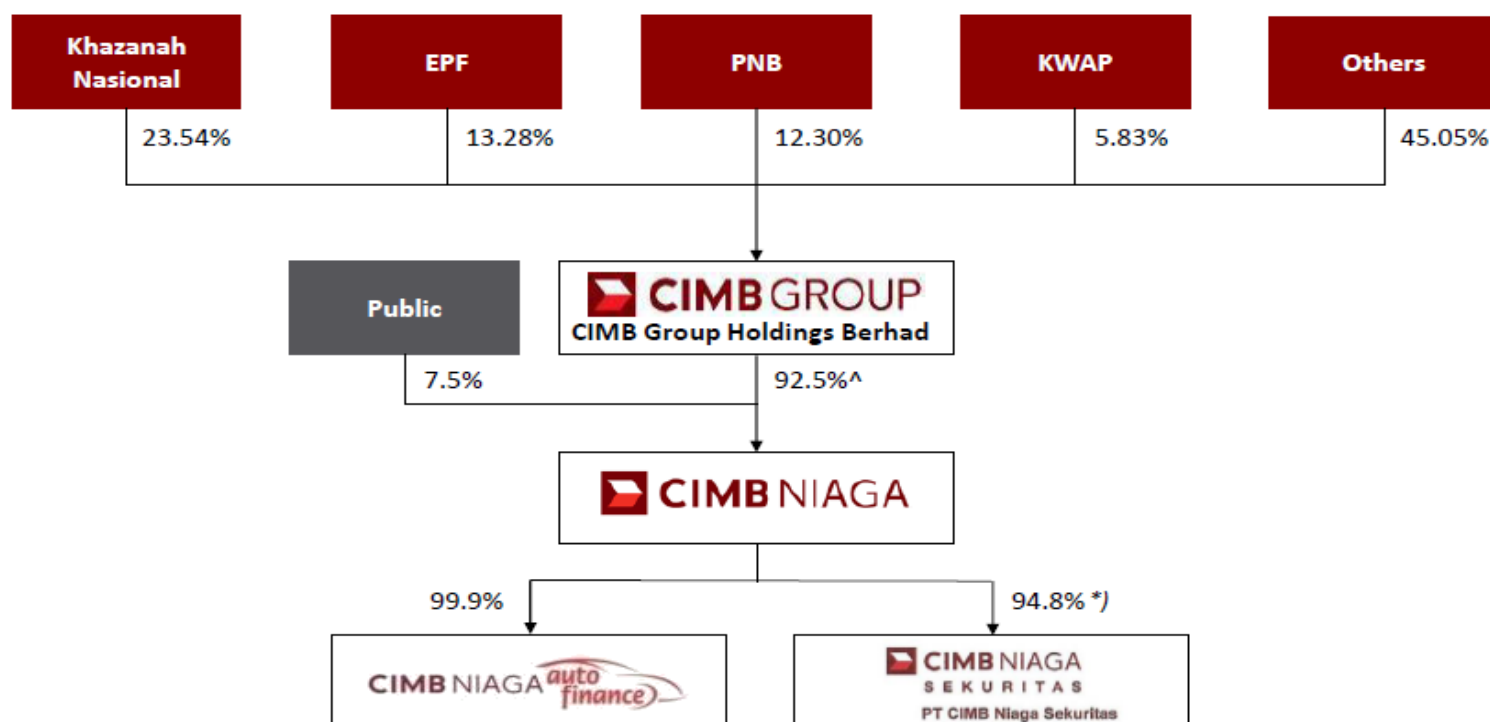
Income Statement (Idr bn)	2017A	2018A	2019F	2020F	2021F	2022F
Interest Income	21.177	20.293	21.689	22.803	24.015	25.970
Interest Expense	-8.000	-8.282	-9.121	-8.267	-9.180	-9.267
<b>Net Interest Income</b>	<b>29.177</b>	<b>28.575</b>	<b>30.810</b>	<b>31.070</b>	<b>33.195</b>	<b>35.237</b>
Net Operating Income	2.578	2.915	2.953	2.962	3.163	3.284
Operating Expense	7.569	8.004	8.634	8.346	8.618	9.019
<b>PPOP</b>	<b>8.186</b>	<b>6.922</b>	<b>8.191</b>	<b>9.153</b>	<b>9.380</b>	<b>10.968</b>
Provision Expense	-4.080	-2.128	-3.257	-3.549	-2.809	-3.093
Operating Profit	12.266	4.794	4.934	5.604	6.570	7.875
Profit Before Tax	4.155	4.851	5.394	6.069	7.041	8.350
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>3.833</b>	<b>4.182</b>	<b>4.695</b>
<b>EPS (Rp/Share)</b>	<b>118,6</b>	<b>139,7</b>	<b>146,2</b>	<b>153,7</b>	<b>167,7</b>	<b>188,3</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

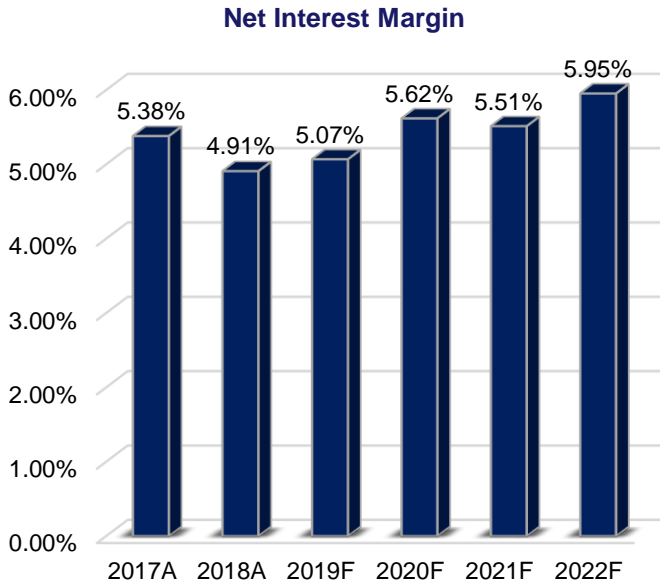


Chart: Loan to Deposit Ratio (x) YoY

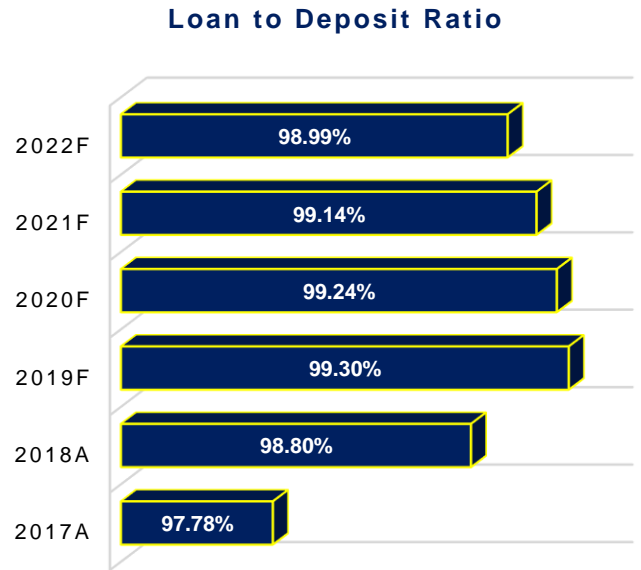


Chart: Growth (x) YoY

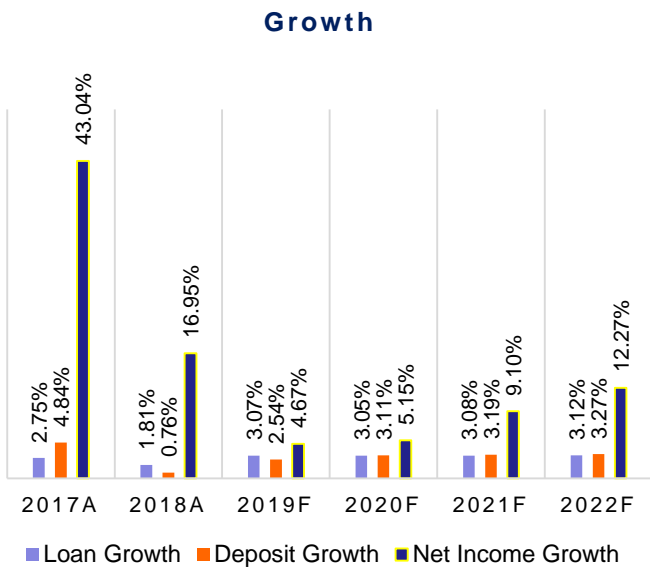
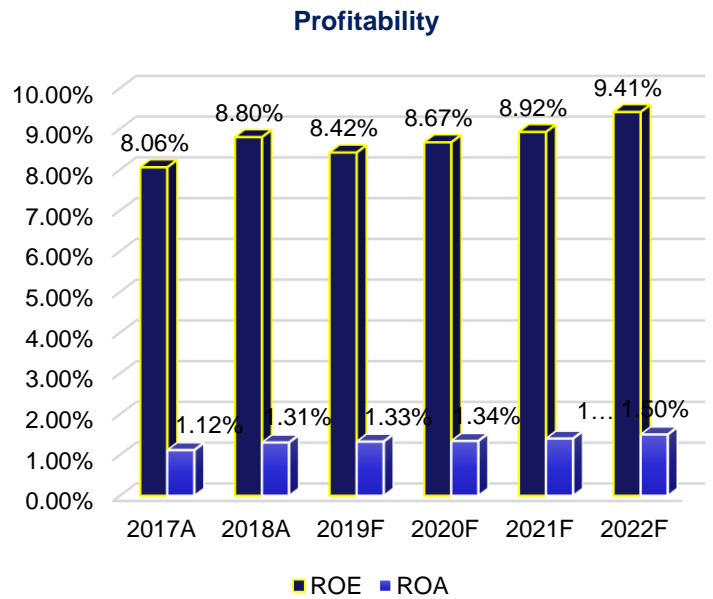


Chart: Profitability Ratio (x) YoY



**Balance Sheet (IDR.bn)**

Balance sheet (Idr bn)	2017A	2018A	2019F	2020F	2021F	2022F
Cash and CA with BI	15.419	14.729	5.693	19.106	21.272	23.518
Interbank Placement	13.314	9.227	9.010	9.606	10.285	11.118
Marketable Securities	13.442	10.676	10.424	11.114	11.900	12.864
Gross Loan	185.116	188.462	194.240	200.160	206.332	212.767
Allowance for Loans	-7.308	-6.098	6.060	-6.836	-6.788	-6.977
Loans-net	177.808	182.364	200.300	193.325	199.544	205.790
Other Earning Asset	59.782	56.276	54.949	58.583	62.726	67.809
Non Earning Asset	13.297	13.413	13.528	14.147	14.694	15.332
<b>Total Asset</b>	<b>266.305</b>	<b>266.781</b>	<b>274.470</b>	<b>285.161</b>	<b>298.236</b>	<b>312.449</b>
Deposit:						
Current Account	49.281	45.857	48.940	49.809	50.694	51.595
Saving Account	50.214	54.496	59.320	63.736	68.481	73.579
Time Deposits	89.822	90.397	87.340	88.141	88.949	89.765
Other Interest Bearing Liabilities	24.193	24.061	22.278	24.980	27.956	31.222
Non Interest Bearing Liabilities	15.844	12.389	13.302	14.288	15.301	16.417
<b>Total Liabilities</b>	<b>229.354</b>	<b>227.201</b>	<b>231.180</b>	<b>240.954</b>	<b>251.382</b>	<b>262.577</b>
<b>Total Shareholder's Equity</b>	<b>36.951</b>	<b>39.581</b>	<b>43.290</b>	<b>44.207</b>	<b>46.855</b>	<b>49.872</b>

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Profit Before Tax	4.155	4.851	5.394	6.069	7.041	8.350
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<b>Net Profit</b>	<b>2.978</b>	<b>3.482</b>	<b>3.645</b>	<b>3.833</b>	<b>4.182</b>	<b>4.695</b>
<b>EPS (Rp/Share)</b>	<b>118,6</b>	<b>139,7</b>	<b>146,2</b>	<b>153,7</b>	<b>167,7</b>	<b>188,3</b>

Ratio Analysis	2017A	2018A	2019F	2020F	2021F	2022F
NIM	5,38%	4,91%	5,07%	5,62%	5,51%	5,95%
LDR	97,78%	98,80%	99,30%	99,24%	99,14%	98,99%
Gross NPL	3,67%	3,07%	2,74%	3,10%	2,95%	2,94%
Cost of Credit	-2,20%	-1,13%	-1,68%	-1,77%	-1,36%	-1,45%
Provision Coverage	77,61%	76,17%	76,89%	76,53%	76,71%	76,62%
CAR	18,60%	19,66%	21,47%	19,91%	20,35%	20,58%
CASA	52,55%	52,61%	55,35%	56,30%	57,26%	58,24%
Cost-to-Income Ratio	48,04%	53,62%	51,32%	47,69%	47,88%	45,12%
ROE	8,06%	8,80%	8,42%	8,67%	8,92%	9,41%
ROA	1,12%	1,31%	1,33%	1,34%	1,40%	1,50%
ROAE		8,43%	8,61%	8,55%	8,80%	9,17%
BOPO	48,37%	61,00%	58,83%	50,70%	55,15%	51,93%
Loan Growth	2,75%	1,81%	3,07%	3,05%	3,08%	3,12%
Deposit Growth	4,84%	0,76%	2,54%	3,11%	3,19%	3,27%
Net Income Growth	43,04%	16,95%	4,67%	5,15%	9,10%	12,27%

**QoQ Result**

Balance Sheet	4Q18	3Q19	4Q19	%QoQ	%YoY
Loan	182.684	190.532	191.662	0,6%	4,9%
Loan Loss Reserves	-6.092	-5.446	-5.528	1,5%	-9,3%
NPL	6.196	5.309	4.961	-6,6%	-19,9%
Deposit					
Demand	50.207	50.720	45.725	-9,8%	-8,9%
Savings	53.267	55.906	56.432	0,9%	5,9%
Time Deposit	90.851	91.223	88.170	-3,3%	-3,0%
<b>Total Asset</b>	<b>260.607</b>	<b>271.860</b>	<b>262.819</b>	<b>-3,3%</b>	<b>0,8%</b>
<b>Shareholder Equity</b>	<b>38.478</b>	<b>41.522</b>	<b>42.267</b>	<b>1,8%</b>	<b>9,8%</b>

Income Statement	4Q18	3Q19	4Q19	%QoQ	%YoY
Interest Income	4.683	5.669	5.387	-5,0%	15,0%
Interest Expense	2.230	2.324	2.291	-1,4%	2,7%
<b>Net Interest Income</b>	<b>2.453</b>	<b>3.346</b>	<b>3.096</b>	<b>-7,5%</b>	<b>26,2%</b>
Net Operating Income	594	1.042	1.043	0,1%	75,5%
Operating Expense	2.003	2.472	2.060	-16,7%	2,8%
<b>PPOP</b>	<b>1.044</b>	<b>1.915</b>	<b>2.079</b>	<b>8,6%</b>	<b>99,1%</b>
Provision Expense	-182	944	791	-16,2%	-535,2%
<b>Operating Profit</b>	<b>-1</b>	<b>7</b>	<b>1</b>	<b>-85,9%</b>	<b>-174,2%</b>
Profit Before Tax	1.225	978	1.289	31,8%	5,2%
Tax Expense	334	277	-321	-215,8%	-196,1%
<b>Net Profit</b>	<b>891</b>	<b>701</b>	<b>968</b>	<b>38,1%</b>	<b>8,7%</b>

Ratio	4Q18	3Q19	4Q19	QoQ	YoY
NIM	1,98%	2,29%	2,24%	(0,05)	0,25
LDR	94,01%	96,30%	100,70%	4,40	6,69
Gross NPL (Bank only)	2,87%	2,87%	2,62%	(0,25)	(0,25)
Cost of Credit	1,06%	-1,08%	1,10%	2,18	0,04
Provision Coverage	69%	72%	82%	9,54	12,50
CAR	20,98%	21,38%	21,33%	(0,05)	0,35
CASA	53,25%	53,89%	53,67%	(0,22)	0,43
Cost-to-Income Ratio	65,73%	56,35%	49,77%	(6,58)	(15,96)
ROE	2,31%	1,69%	2,29%	0,60	(0,02)
ROA	0,34%	0,26%	0,37%	0,11	0,03
BOPO	83,65%	57,39%	55,37%	(2,02)	(28,29)

**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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