

28 March 2022
Banking, Equity

Price **IDR. 1,080**
Target Price **IDR. 1,280**
JKSE Index **7,002.53**

Investment Consideration

Net profit increased significantly

In 2021, Bank CIMB Niaga (BNGA) recorded a net profit of IDR 4.2 trillion, up 109,4% YoY. This increase was driven by Non interest income which increased by 15.2% YoY to make PPOP grow by 13,8% YoY. In addition, Operating Expenses were stable. BNGA expects strong credit growth and operating income growth to continue in 2022F.

Good Loan and Deposit growth

Loans grew by 3,9% YoY driven by consumer loans up 9.2% YoY which in turn was driven by Mortgages up 9% YoY, Auto loans grew by 28,8% YoY and Corporate loans 7%. BNGA is still focused on consumer and SME loan growth which is supported by their branch network and because the loans have a lower risk profile. We estimate credit growth will be in the range of 4-6% in 2022F. Total Deposits were up 16.3% driven by CASA growth of 19.7% (Current accounts 35.1% and Saving accounts 6,9%). Time deposits were up 11.3%.

Increased Digital transactions

Digital revenue grew by 47% YoY to IDR 306 billion. The value of digital transactions through OCTO Mobile also increased by 41% YoY to IDR 37 trillion and OCTO Clicks grew by 7% YoY to IDR 24 trillion. Meanwhile, ATM transactions decreased by 6.4% YoY to IDR 20 trillion.

Valuation: 19% Upside, BUY.

Based on our DDM Valuation, we have a target price within one year of IDR 1,280 or trading at 0.6x PBV which gives 19% potential upside, Buy.

Income Statement (Idr bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Interest Income	20.293	21.689	20.703	18.863	21.076	23.083	26.514
Interest Expense	-7.331	-9.121	-8.233	-5.774	-5.613	-5.613	-5.441
Net Interest Income	27.625	30.811	28.936	24.637	26.689	28.696	31.955
Net Operating Income	4.899	6.402	4.066	4.571	4.299	4.217	4.125
Operating Expense	-9.059	-10.713	-10.055	-9.002	-9.488	-9.840	-10.420
PPOP	8.801	8.257	6.482	8.658	10.275	11.847	14.778
Provision Expense	-3.057	-3.323	-3.628	-3.539	-4.237	-4.141	-4.619
Operating Profit	5.745	4.934	2.854	5.118	6.038	7.706	10.159
Profit Before Tax	5.801	4.954	2.947	5.191	6.112	7.780	10.234
Tax Expense	1.368	1.311	936	1.092	1.202	1.310	1.388
Net Profit	4.433	3.643	2.011	4.099	4.910	6.471	8.846
EPS (Rp/Share)	177,8	146,2	80,7	164,5	196,1	258,6	353,8

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



Stock Code
Bloomberg code **BNGA IJ**
Market cap (IDR.bn) **26,513.8B**
52-Week High (IDR) **1,200**
52-Week Low (IDR) **865**
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) **14,305**

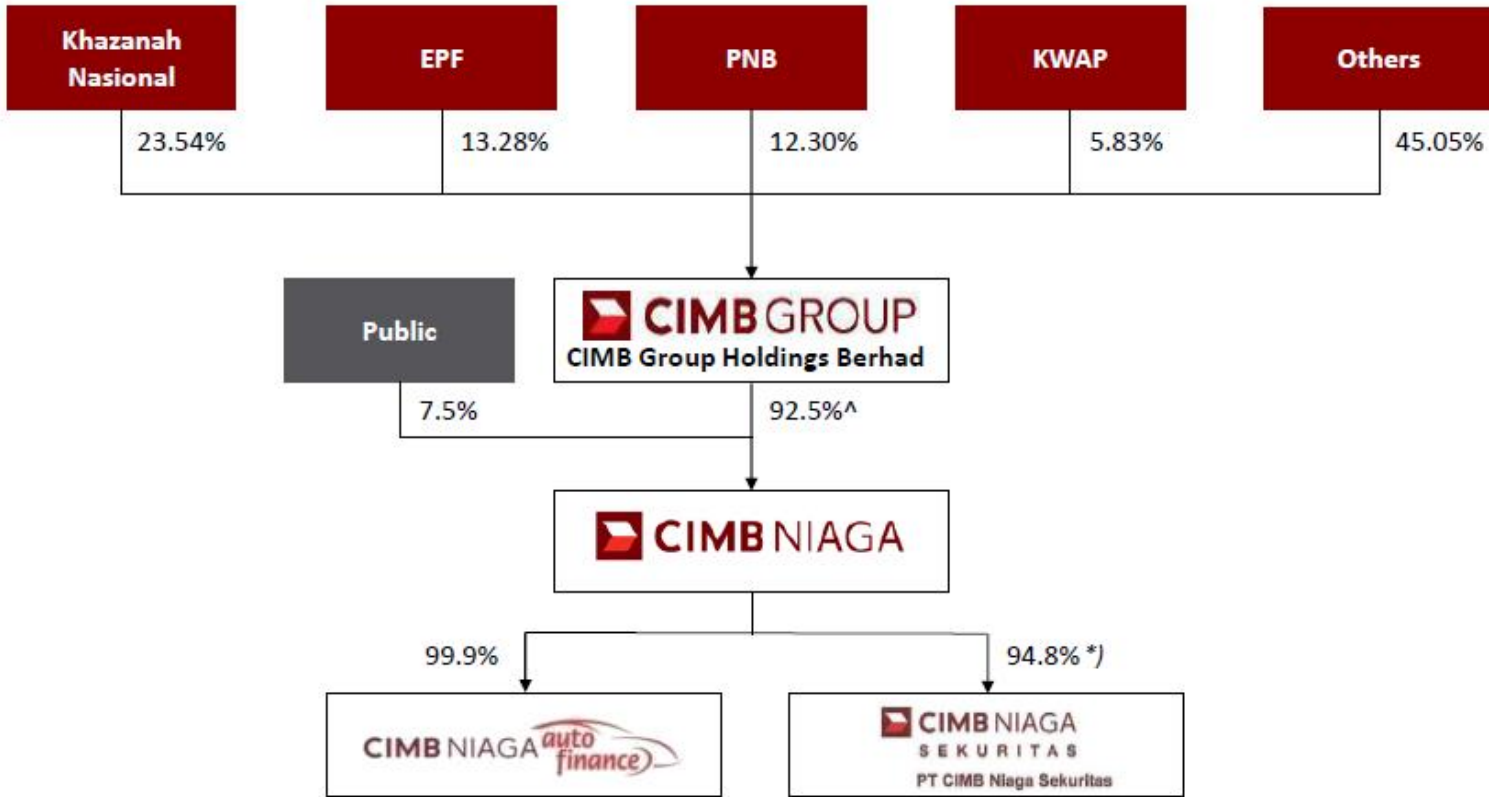
Key Indicators
Non Performing Loan (%) **3.23**
Net Interest Margin (%) **4.00**

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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



^ Includes PT Commerce Kapital 1.02%
* Awaiting for OJK Capital Market approval



Chart: Gross Loan (ldr.bn) YoY

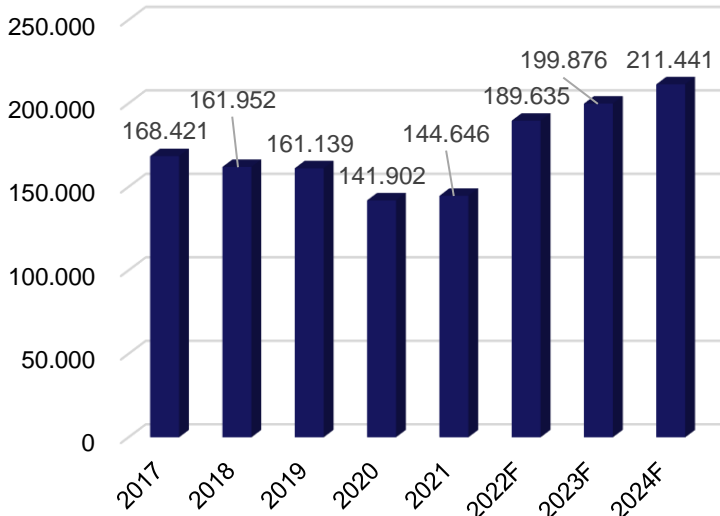


Chart: Customer Deposit (ldr.bn) YoY

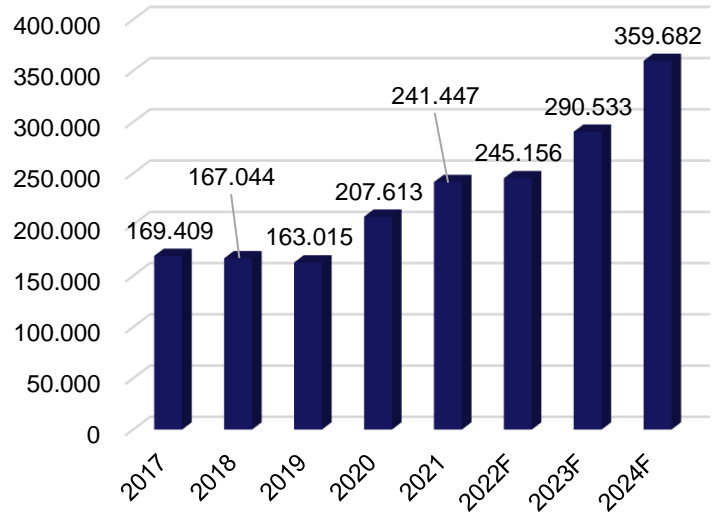


Chart: Profitability (x) YoY

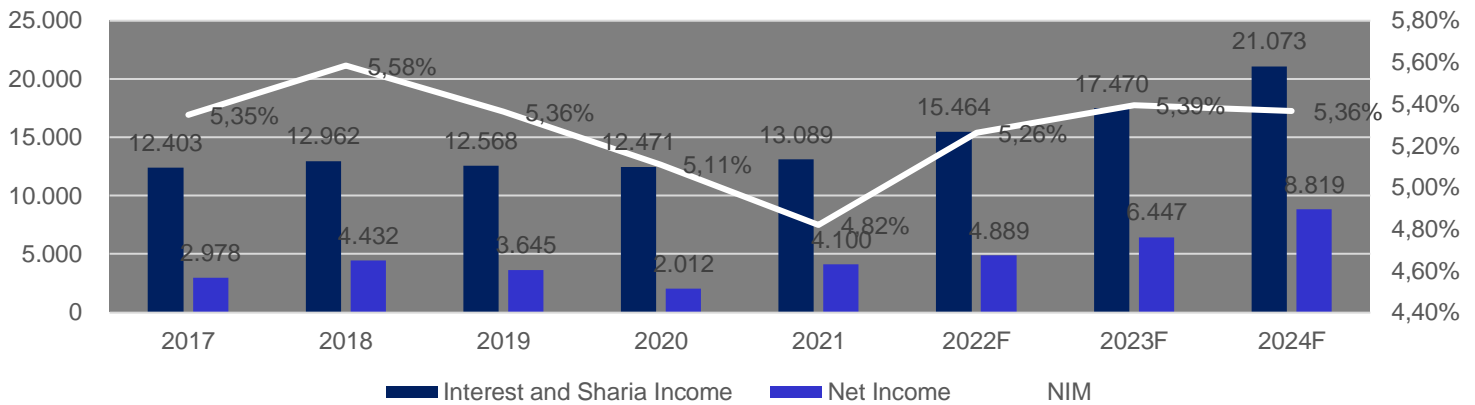


Chart: Net Interest Margin (%) YoY

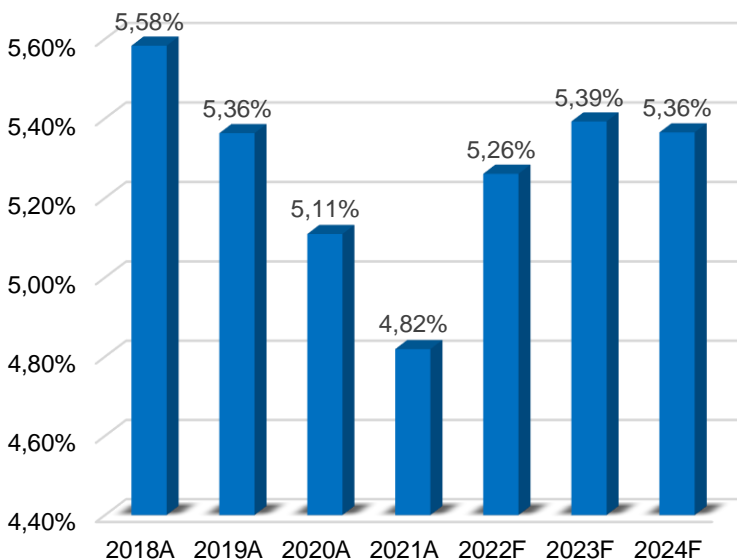


Chart: LDR (%) YoY

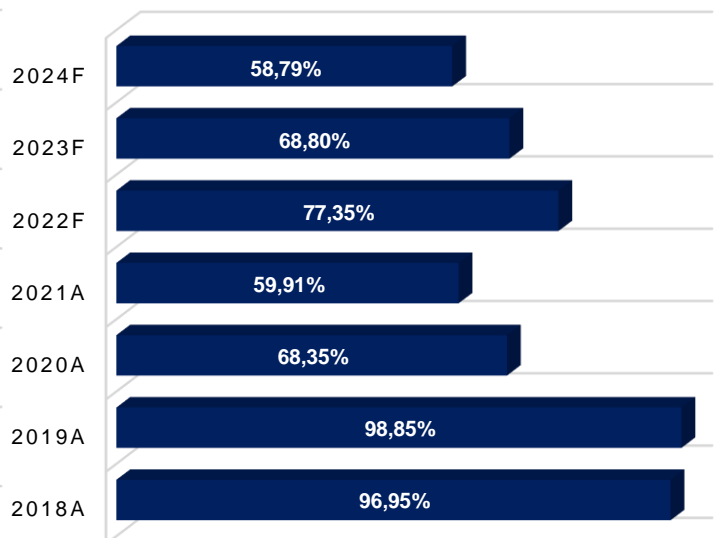


Chart: Gross Loan (x) QoQ

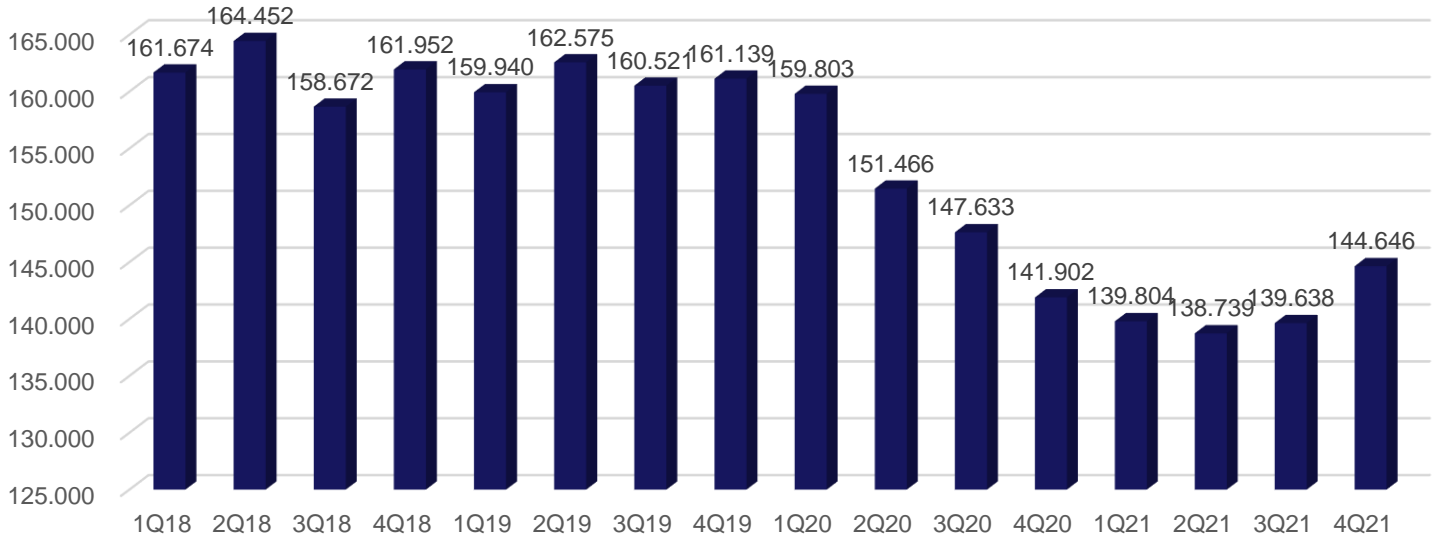


Chart: Non Performing Loan (x) QoQ

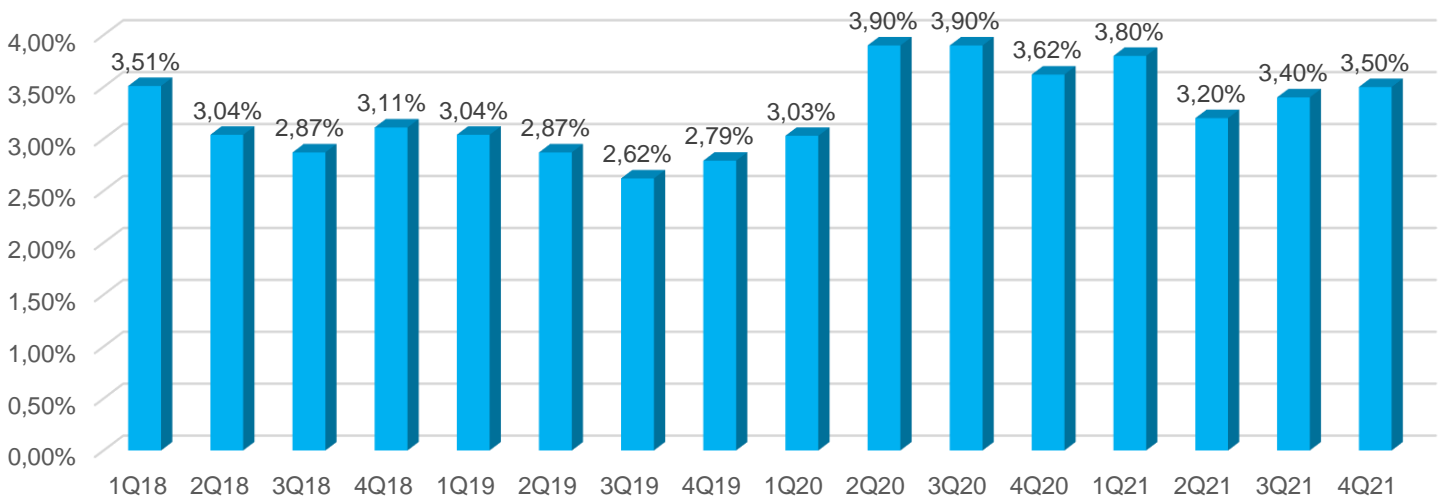
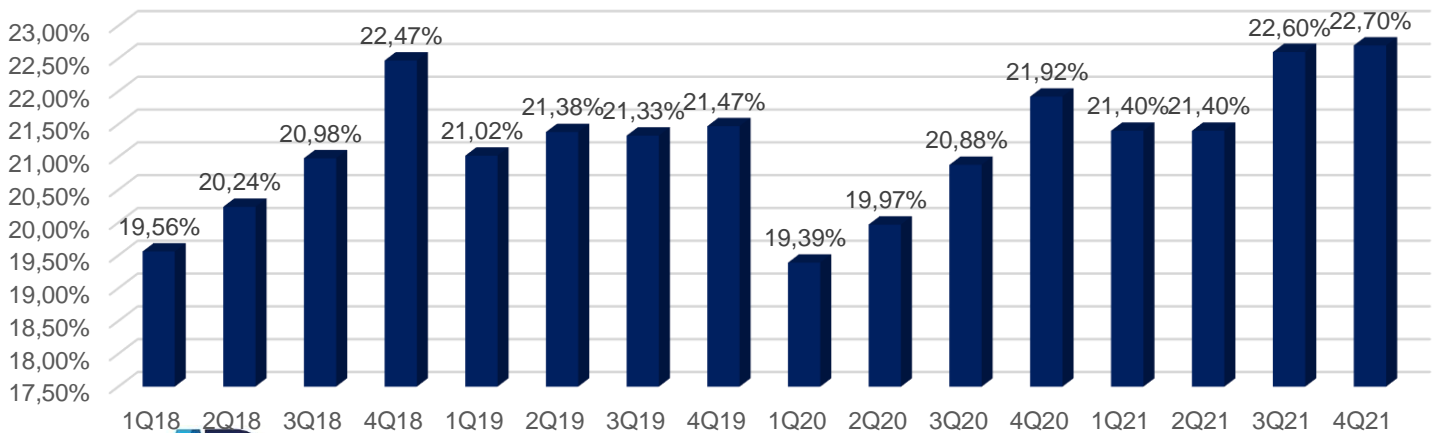


Chart: CAR (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Cash and CA with BI	23.506	27.983	23.067	43.424	18.545	14.963	8.215
Interbank Placement	3.557	3.402	4.972	3.592	4.728	6.707	9.855
Marketable Securities	34.715	34.161	65.155	65.713	61.966	87.892	129.149
Gross Loan	161.952	161.139	141.902	144.646	189.635	199.876	211.441
Allowance for Loans	-6.098	-6.060	-11.925	-13.136	-7.106	-7.404	-8.025
Loans-net	155.853	155.079	129.977	131.510	182.529	192.473	203.416
Other Earning Asset	70.430	75.171	112.360	116.099	106.860	151.569	222.717
Non Earning Asset	16.991	16.234	15.539	19.754	20.144	24.079	29.621
Total Asset	266.781	274.467	280.944	310.787	328.078	383.083	463.969
Deposit:							
Current Account	43.117	46.127	55.946	75.576	76.646	100.501	135.077
Saving Account	48.838	51.937	67.861	72.565	74.648	85.845	99.580
Time Deposits	75.088	64.950	83.806	93.306	93.862	104.187	125.024
Other Interest Bearing Liabilities	27.319	34.425	3.640	3.354	4.116	4.500	4.787
Non Interest Bearing Liabilities	32.838	33.733	28.652	22.609	34.273	40.993	49.032
Total Liabilities	227.201	231.173	239.905	267.410	283.545	336.026	413.501
Total Shareholder's Equity	39.581	43.294	41.039	43.377	44.533	47.058	50.468

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Tax Expense	1.368	1.311	936	1.092	1.202	1.310	1.388
Net Profit	4.433	3.643	2.011	4.099	4.910	6.471	8.846
EPS (Rp/Share)	177,8	146,2	80,7	164,5	196,1	258,6	353,8

Ratio Highlights

Ratio Analysis	2018A	2019A	2020A	2021A	2022F	2023F	2024F
Profitability & Efficiency							
NIM	5,58%	5,36%	5,11%	4,82%	5,26%	5,39%	5,36%
Cost-to-Income Ratio	50,72%	56,47%	60,80%	50,98%	48,01%	45,37%	41,35%
ROE	11,20%	8,42%	4,90%	9,45%	10,98%	13,70%	17,48%
ROA	1,66%	1,33%	0,72%	1,32%	1,49%	1,68%	1,90%
ROAE	9,63%	9,81%	6,66%	7,18%	10,22%	12,34%	15,59%
BOPO	18,99%	17,50%	22,00%	28,88%	31,97%	30,65%	31,33%
Cost of Credit	1,89%	2,06%	2,56%	2,45%	2,23%	2,07%	2,18%
Liquidity							
LDR	96,95%	98,85%	68,35%	74,70%	77,35%	68,80%	58,79%
CASA	55,05%	60,16%	59,63%	61,36%	61,71%	64,14%	65,24%
Asset Quality							
Gross NPL	3,07%	2,88%	3,55%	3,50%	3,37%	3,23%	3,26%
Capital							
CAR	19,66%	21,47%	21,92%	22,70%	21,02%	21,78%	21,85%
Growth							
Loan Growth	1,81%	3,07%	-10,03%	3,93%	4,41%	5,40%	5,79%
Deposit Growth	-1,40%	-2,41%	27,36%	16,30%	18,08%	18,51%	23,80%
Net Income Growth	48,85%	-17,76%	-44,79%	103,75%	19,23%	31,88%	36,79%

QoQ Result

Balance Sheet	4Q20	3Q21	4Q21	%QoQ	%YoY
Loan	141.902	139.638	144.646	3,6%	1,9%
Loan Loss Reserves	-11.925	-12.715	-13.136	3,3%	10,2%
NPL	6.212	4.748	6.357	33,9%	2,3%
Deposit					
Demand	55.946	67.268	75.576	12,4%	35,1%
Savings	67.861	73.472	72.565	-1,2%	6,9%
Time Deposit	83.806	87.219	93.306	7,0%	11,3%
Total Asset	280.944	295.396	310.787	5,2%	10,6%
Shareholder Equity	41.039	42.529	43.377	2,0%	5,7%

Income Statement	4Q20	3Q21	4Q21	%QoQ	%YoY
Interest Income	5.114	4.804	4.634	-3,6%	-9,4%
Interest Expense	-1.901	-1.454	-1.433	-1,5%	-24,6%
Net Interest Income	3.212	3.350	3.201	-4,5%	-0,4%
Fee Other Operating Income	918	898	1.066	18,8%	16,2%
Operating Expense	-3.810	-2.025	-2.710	33,9%	-28,9%
PPOP	320	2.223	1.557	-30,0%	386,8%
Provision Expense	-6	-926	-477	-48,5%	7280,8%
Operating Profit	313	1.297	1.080	-16,7%	244,7%
Profit Before Tax	323	1.297	1.093	-15,7%	238,2%
Tax Expense	-175	-279	-143	-48,7%	-18,2%
Net Profit	148	1.017	949	-6,7%	542,6%

Ratio	4Q20	3Q21	4Q21	%QoQ	%YoY
Profitability & Efficiency					
NIM	4,88%	4,84%	4,86%	0,02	(0,02)
Cost-to-Income Ratio	48,90%	46,60%	45,90%	(0,70)	(3,00)
ROE	5,30%	10,60%	10,70%	0,10	5,40
ROA	0,70%	1,50%	1,50%	-	0,80
Cost of Credit	2,80%	2,10%	2,40%	0,30	(0,40)
Liquidity					
LDR	82,90%	76,70%	74,40%	(2,30)	(8,50)
CASA	59,60%	61,70%	61,30%	(0,40)	1,70
Asset Quality					
Gross NPL (Bank only)	3,60%	3,40%	3,50%	0,10	(0,10)
Provision Coverage	194,3%	217,2%	212,1%	(5,10)	17,80
Capital					
CAR	21,90%	22,60%	22,70%	0,10	0,80

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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