

5 March 2021
Banking, Equity

Price **IDR. 1,095**
Target Price **IDR. 1,300**
JKSE Index **6,258.75**

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



Stock Code
Bloomberg code **BNGA IJ**
Market cap (IDR.bn) **28,273.1B**
52-Week High (IDR) **1,245**
52-Week Low (IDR) **515**
6-m Avg Daily. Val (IDR) **887**

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

USD/IDR-YE
2020A **14,050**
2021F (6M Avg) **14,250**

Key Indicators
Non Performing Loan (%) **3.23**
Net Interest Margin (%) **4.31**

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Investment Consideration
Loan Growth Increased

Loan growth increased 10% YoY. Growth was driven by Consumer loans, up 1.7% YoY, Mortgages, up 5.9% YoY and Auto Loans, up 4.5%. BNGA is quite competitive in the KPR loan segment. BNGA plans to continue to concentrate on the consumer segment, while growth in the corporate segment is expected to be flat this year. We estimate loan growth to be around 3.74% in 2021F.

Lower loan restructuring

Non-performing loans increased to 3.62% from 2.79% in FY19 with corporate NPLs at 4.1%, Commercial 5.7%, SME 2.8%, and Consumer 1.8%. Special Mention Loans increased to 6.33% from 4.95% in FY19. The total restructured loan portfolio was -11% lower at Rp25.5tn or equivalent to 14.6% of the total loan book and management estimates this downward trend in restructuring will continue in 1Q21.

BNGA Mobile Banking Focus

BNGA Octo Mobile is growing and in FY20 the transaction value of Octo Mobile increased by Rp9.6 trillion (GMV) or 45% YoY and the total value of digital channel transactions in FY20 increased by 26% YoY (both Octo Click and Mobile). Focus of the developing digital brands is on driving new mortgage loans from the property sector.

Valuation: 19% Upside, HOLD.

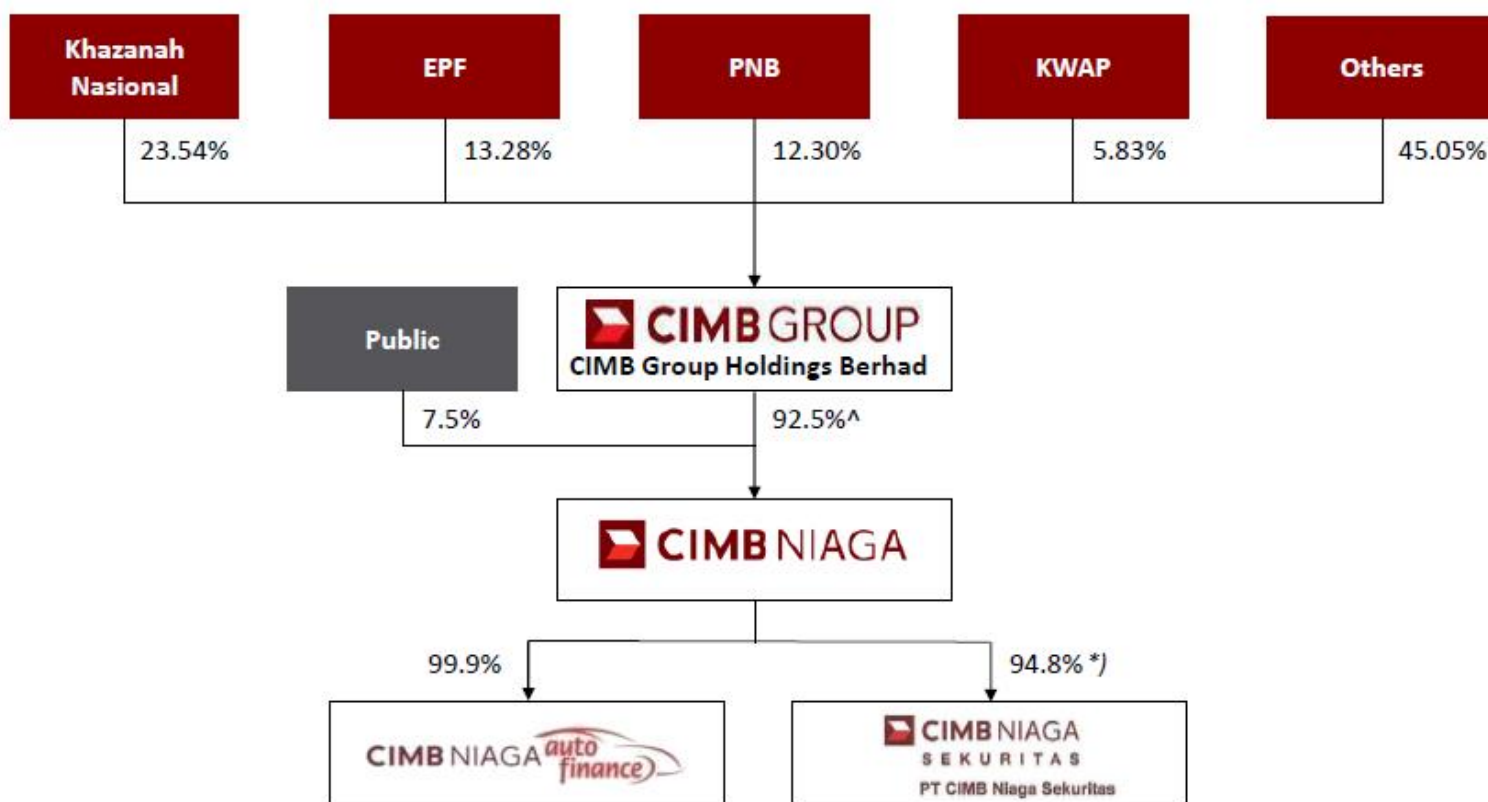
Based on our DDM Valuation, we have a target price within one year of IDR 1300 or trading at 0.7x PBV which gives 19% potential upside, Hold.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	20.403	20.293	21.689	20.703	22.974	26.548	33.640
Interest Expense	-8.000	-7.331	-9.121	-8.233	-9.578	-11.589	-14.657
Net Interest Income	28.403	27.625	30.811	28.936	32.552	38.137	48.297
Net Operating Income	4.455	4.899	6.402	4.066	6.658	8.314	9.481
Operating Expense	-8.767	-9.059	-10.713	-10.055	-13.239	-15.816	-19.889
PPOP	8.092	8.801	8.257	6.482	6.815	7.457	8.576
Provision Expense	-3.985	-3.057	-3.323	-3.628	-3.585	-3.804	-4.339
Operating Profit	12.076	5.745	4.934	2.854	3.230	3.653	4.237
Profit Before Tax	4.155	5.801	4.954	2.947	3.324	3.748	4.333
Tax Expense	1.177	1.368	1.311	936	1.179	1.485	1.871
Net Profit	2.978	4.433	3.643	2.011	2.145	2.263	2.462
EPS (Rp/Share)	118,6	177,8	146,2	80,7	86,0	90,8	98,7

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 (x) YoY

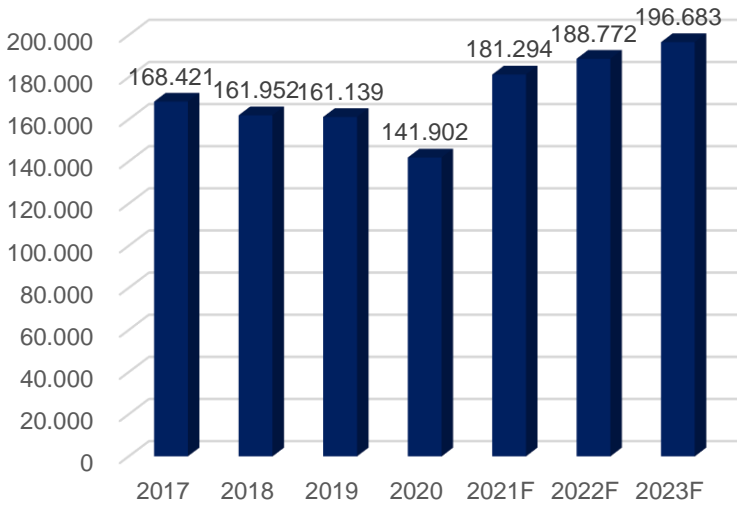


Chart: Customer Deposit (x) YoY

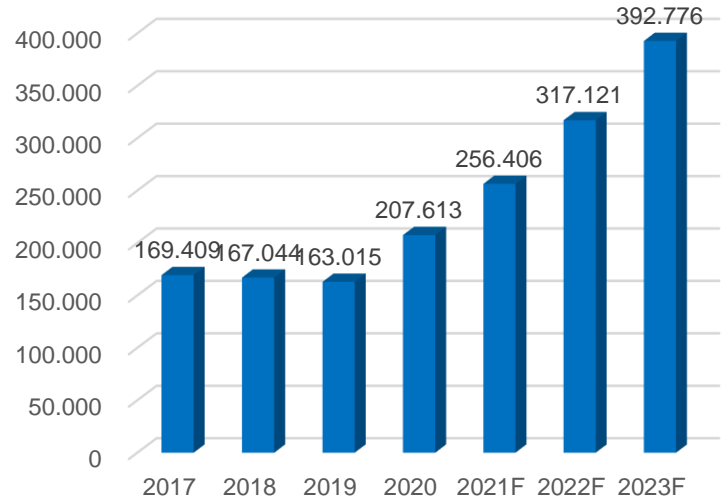


Chart: Profitability (x) YoY

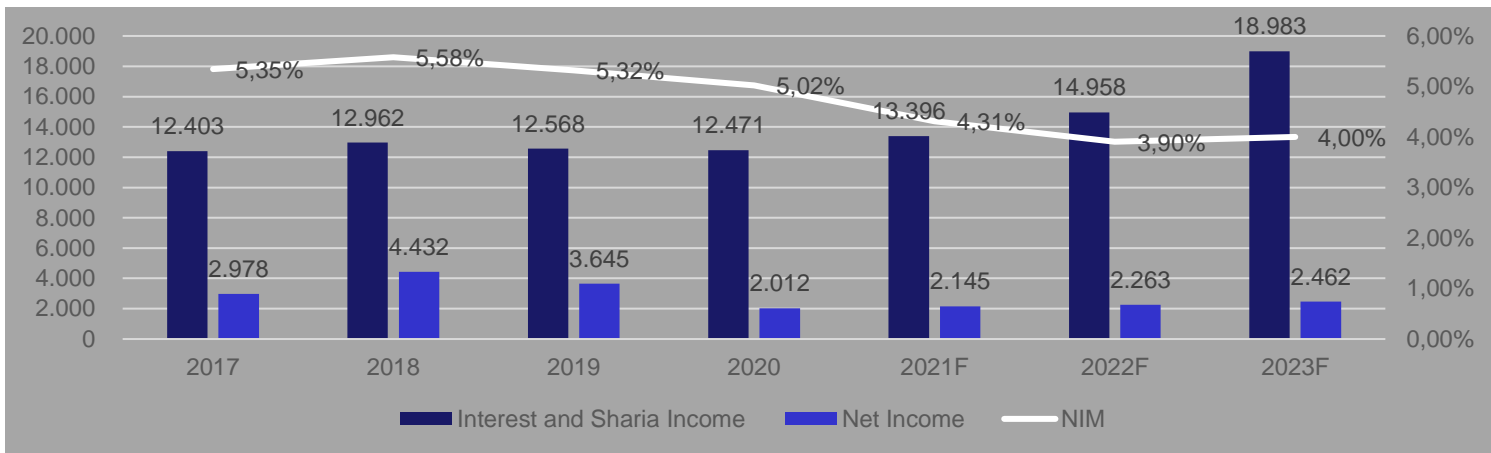


Chart: Net Interest Margin (x) YoY

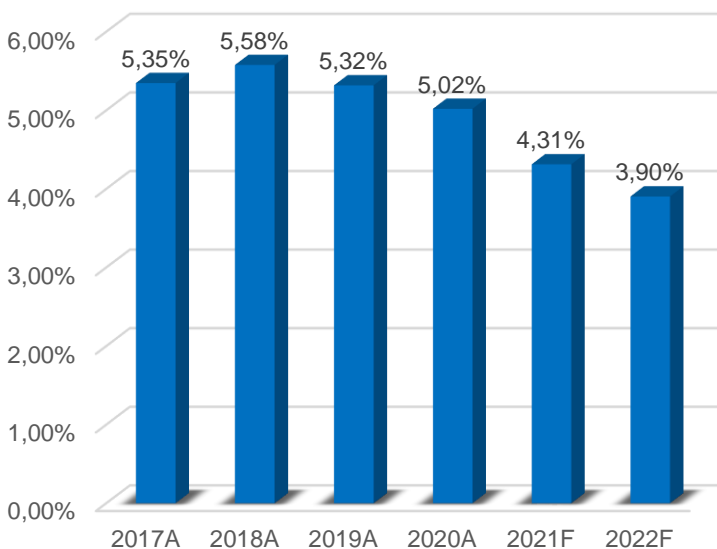


Chart: CAR (x) YoY

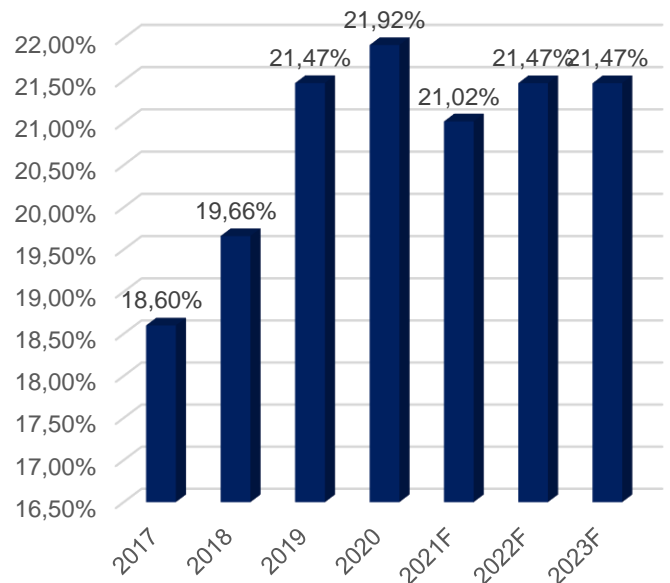


Chart: Gross Loan (x) QoQ

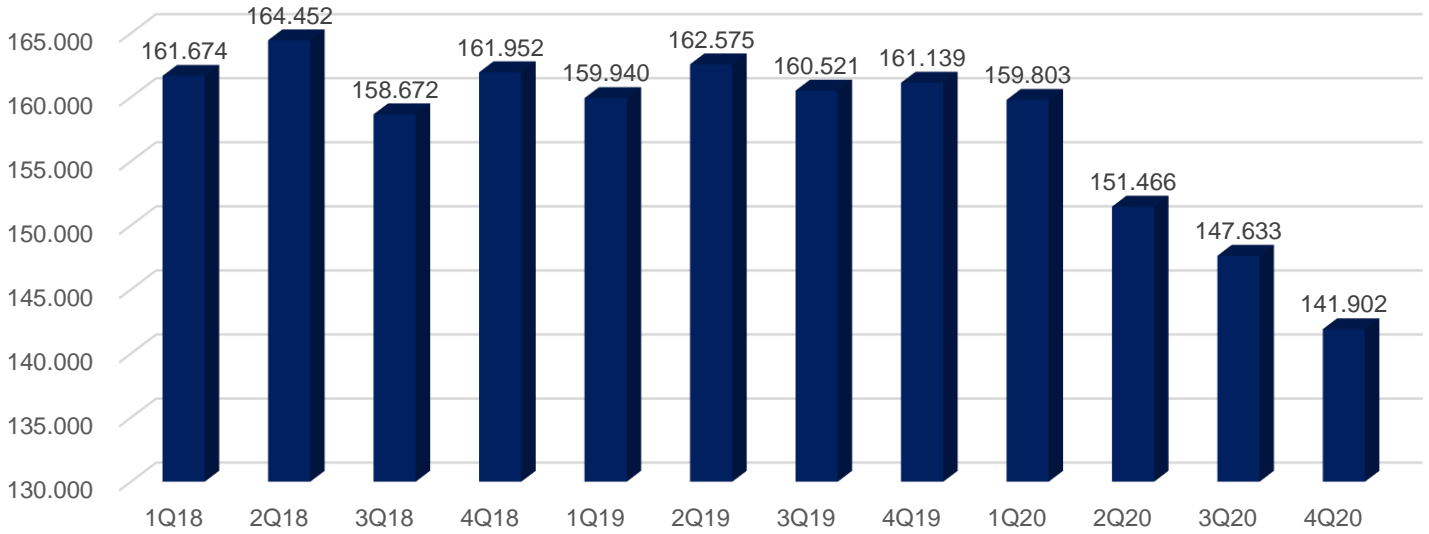


Chart: Non Performing Loan (x) QoQ

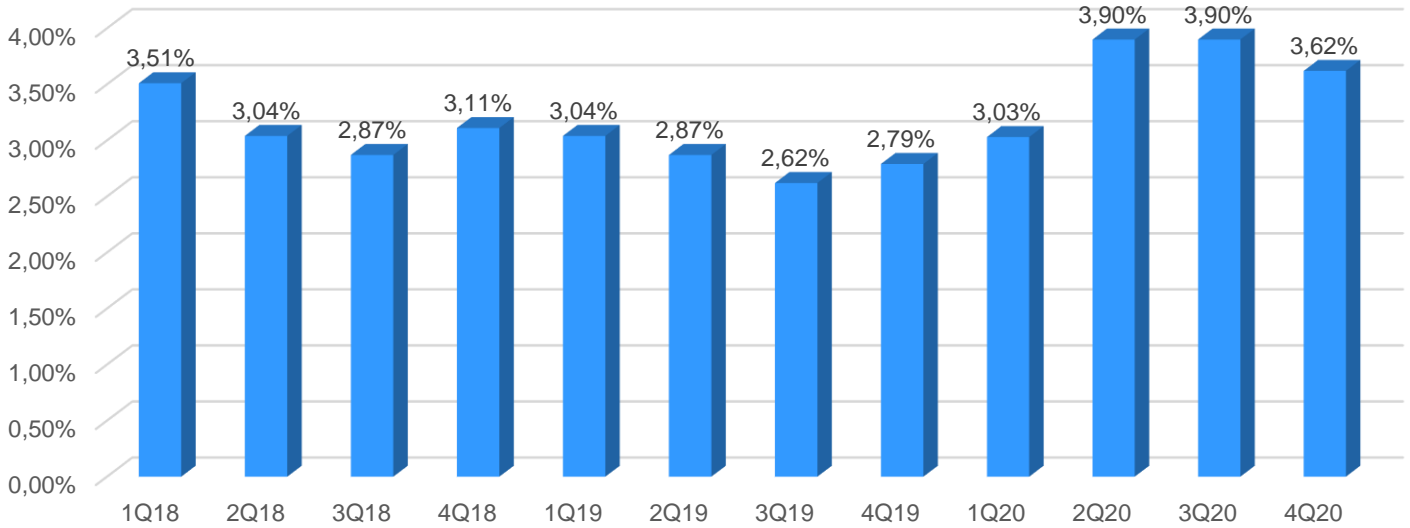
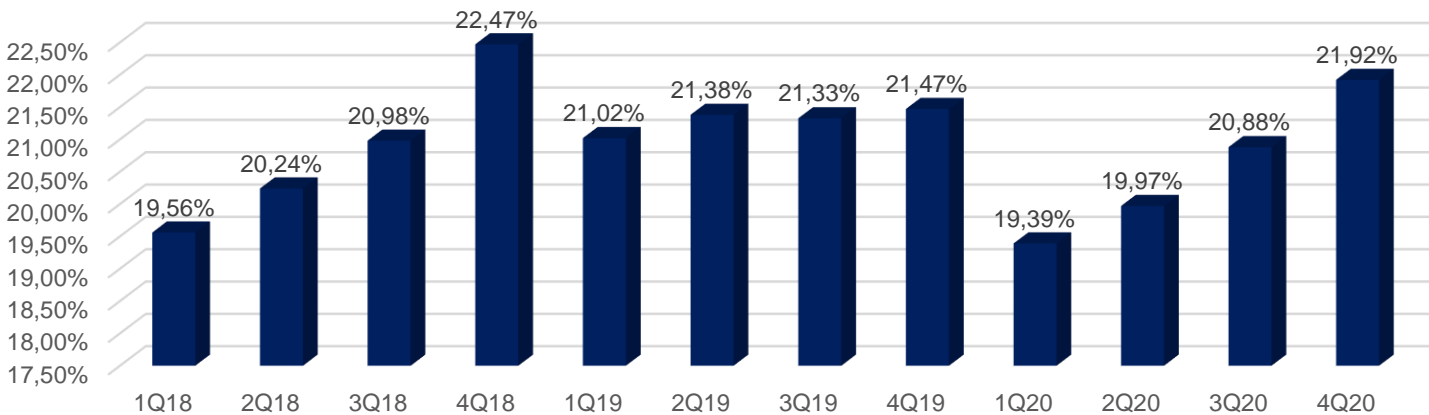


Chart: CAR (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Cash and CA with BI	27.910	23.506	27.983	23.067	11.322	2.241	-9.229
Interbank Placement	4.407	3.557	3.402	4.972	5.720	8.601	12.273
Marketable Securities	38.452	34.715	34.161	65.155	74.961	112.717	160.841
Gross Loan	168.421	161.952	161.139	141.902	181.294	188.772	196.683
Allowance for Loans	-7.308	-6.098	-6.060	-11.925	-6.603	-6.857	-7.498
Loans-net	161.113	155.853	155.079	129.977	174.691	181.915	189.184
Other Earning Asset	63.527	70.430	75.171	112.360	129.271	194.381	277.370
Non Earning Asset	13.756	16.991	16.234	15.539	21.099	26.362	32.411
Total Asset	266.305	266.781	274.467	280.944	336.383	404.898	489.737
Deposit:							
Current Account	47.442	43.117	46.127	55.946	67.854	82.298	99.815
Saving Account	45.457	48.838	51.937	67.861	80.418	95.297	112.930
Time Deposits	76.510	75.088	64.950	83.806	108.134	139.526	180.030
Other Interest Bearing Liabilities	26.903	27.319	34.425	3.640	4.116	4.609	5.021
Non Interest Bearing Liabilities	33.042	32.838	33.733	28.652	34.273	40.993	49.034
Total Liabilities	229.354	227.201	231.173	239.905	294.796	362.723	446.831
Total Shareholder's Equity	36.951	39.581	43.294	41.039	41.588	42.175	42.906

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PPOP	8.092	8.801	8.257	6.482	6.815	7.457	8.576
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Operating Profit	12.076	5.745	4.934	2.854	3.230	3.653	4.237
Profit Before Tax	4.155	5.801	4.954	2.947	3.324	3.748	4.333
Tax Expense	1.177	1.368	1.311	936	1.179	1.485	1.871
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Ratio Highlights

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability & Efficiency							
NIM	5,35%	5,58%	5,32%	5,02%	4,31%	3,90%	4,00%
Cost-to-Income Ratio	52,00%	50,72%	56,47%	60,80%	66,02%	67,96%	69,87%
ROE	8,06%	11,20%	8,42%	4,90%	5,16%	5,37%	5,74%
ROA	1,12%	1,66%	1,33%	0,72%	0,64%	0,56%	0,50%
ROAE		9,63%	9,81%	6,66%	5,03%	5,26%	5,55%
BOPO	19,11%	18,99%	17,50%	22,00%	24,46%	23,03%	22,19%
Cost of Credit	2,37%	1,89%	2,06%	2,60%	2,50%	2,50%	2,50%
Liquidity							
LDR	99,42%	96,95%	98,85%	68,35%	70,71%	59,53%	50,08%
CASA	54,84%	55,05%	60,16%	59,63%	57,83%	56,00%	54,16%
Asset Quality							
Gross NPL	3,67%	3,07%	2,88%	3,55%	3,23%	3,22%	3,37%
Provision Coverage	77,61%	76,17%	76,89%	76,53%	76,71%	76,62%	76,66%
Capital							
CAR	18,60%	19,66%	21,47%	21,92%	21,02%	21,47%	21,47%
Growth							
Loan Growth	2,75%	1,81%	3,07%	-10,03%	3,74%	4,12%	4,19%
Deposit Growth		-1,40%	-2,41%	27,36%	23,50%	23,68%	23,86%
Net Income Growth		48,85%	-17,76%	-44,79%	6,58%	5,50%	8,81%

QoQ Result

Balance Sheet	4Q19	3Q20	4Q20	%QoQ	%YoY
Loan	161.139	147.633	141.902	-3,9%	-11,9%
Loan Loss Reserves	-6.060	-11.286	-11.925	5,7%	96,8%
NPL	5.595	6.947	6.212	-10,6%	11,0%
Deposit					
Demand	46.127	62.005	55.946	-9,8%	21,3%
Savings	51.937	65.768	67.861	3,2%	30,7%
Time Deposit	64.950	84.083	83.806	-0,3%	29,0%
Total Asset	274.467	281.696	280.944	-0,3%	2,4%
Shareholder Equity	43.279	40.051	41.039	2,5%	-5,2%

Income Statement	4Q19	3Q20	4Q20	%QoQ	%YoY
Interest Income	5.387	5.089	5.114	0,5%	-5,1%
Interest Expense	-2.291	-2.033	-1.901	-6,5%	-17,0%
Net Interest Income	3.096	3.056	3.212	5,1%	3,8%
Net Operating Income	1.531	-390	918	-335,2%	-40,0%
Operating Expense	-2.555	-1.401	-3.810	172,0%	49,2%
PPOP	2.072	1.265	320	-74,7%	-84,6%
Provision Expense	-783	-909	-6	-99,3%	-99,2%
Operating Profit	10	-1	10	-1729,8%	3,2%
Profit Before Tax	1.299	355	323	-8,9%	-75,1%
Tax Expense	-333	-235	-175	-25,5%	-47,3%
Net Profit	966	119	148	23,9%	-84,7%

Ratio	4Q19	3Q20	4Q20	%QoQ	%YoY
Profitability & Efficiency					
NIM	5,32%	4,71%	5,02%	0,31	(0,30)
Cost-to-Income Ratio	56,47%	50,79%	66,02%	15,23	9,55
ROE	8,42%	1,18%	4,92%	3,74	(3,50)
ROA	1,33%	0,17%	0,72%	0,55	(0,61)
Cost of Credit	2,06%	3,18%	2,60%	(0,58)	0,54
Liquidity					
LDR	98,85%	83,89%	68,35%	(15,54)	(30,50)
CASA	60,16%	60,31%	59,63%	(0,68)	(0,53)
Asset Quality					
Gross NPL (Bank only)	2,88%	3,89%	3,55%	(0,34)	0,67
Provision Coverage	77%	163%	77%	(86,85)	(0,36)
Capital					
CAR	21,47%	20,88%	21,92%	1,04	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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