

7 December 2020
Banking, Equity

Price IDR. 870
Target Price IDR. 960
JKSE Index 5810.48

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



Stock Code BNGA IJ
Bloomberg code BNGA IJ
Market cap (IDR.bn) 18848.7B
52-Week High (IDR) 1110
52-Week Low (IDR) 515
6-m Avg Daily. Val (IDR) 722

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

USD/IDR-YE
2019A 14,390
2020F (6M Avg) 14,250

Key Indicators
Non Performing Loan (%) 3.41
Net Interest Margin (%) 5.02

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Investment Consideration Net Profit decreased

In 9M20, BNGA profit decreased -30.4% YoY to IDR.1.86 trillion from IDR.2.68 trillion in 9M19. PPOP decreased -3.1% YoY due to lower Net Interest Income -2.3% because BNGA posted a decrease in credit growth of -5.6% YoY. SME Banking fell -8.4%, Consumer Banking increased +4.1% driven by mortgage loans, Commercial Banking fell -16.4%, Corporate Banking decreased -5.1%. However, Operating Expense efficiency improved by +3.2%. Provision expenses increased +48.1% in 9M20.

The Restructuring Process

As of September 30, 2020, loans restructured due to Covid-19 reached IDR.28.6 trillion or 16% of total loans in 3Q20. BNGA estimates 10-15% of restructured Covid-led loans are vulnerable to downgrades in the future. The restructured loans came from the consumer segment 36%, the commercial segment 26%, the corporate segment 24%. By the end of the year, BNGA targets restructured loans to reach IDR.39 trillion or 20% of total loans.

Cost of Credit higher

In 9M20, Cost Of Credit increased to 2.56% from 1.79% in 9M19, BNGA estimates it will reach 2.6% by the end of the year to anticipate the risks associated with Covid-19. Loan loss coverage increased to 163.38% in 9M20 from 111.86% in 9M19.

Valuation: 10% Upside, HOLD.

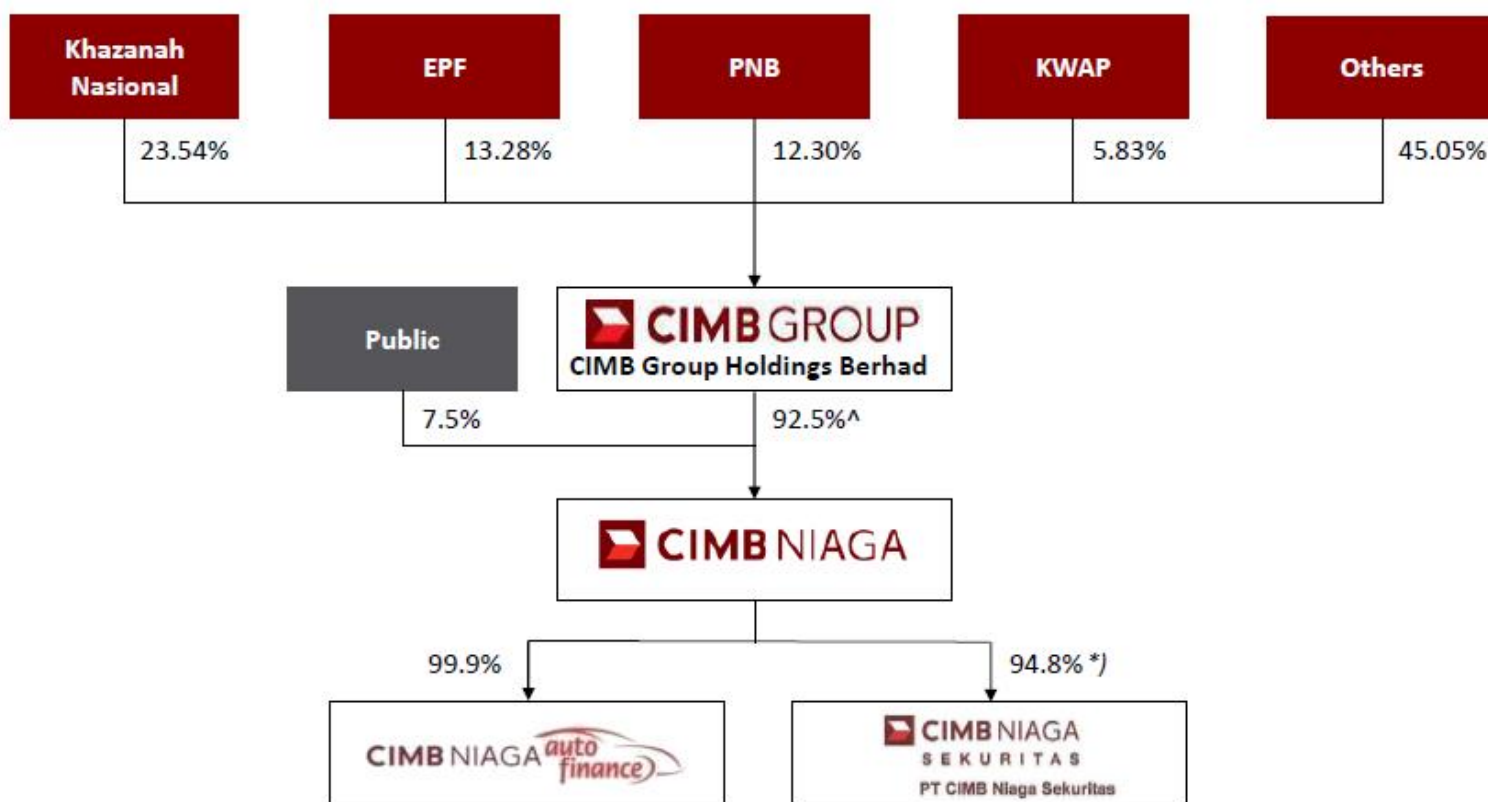
Based on our DDM Valuation, we have a target price within one year of IDR 960 or trading at 0.4x PBV which gives 10% potential upside, Hold.

Income Statement (Idr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Interest Income	20.403	20.293	21.689	21.612	22.164	23.864
Interest Expense	-8.000	-7.331	-9.121	-6.441	-7.583	-7.797
Net Interest Income	28.403	27.625	30.811	28.054	29.747	31.661
Net Operating Income	4.455	4.899	6.402	5.135	5.639	6.054
Operating Expense	-8.767	-9.059	-10.713	-9.712	-10.412	-11.237
PPOP	8.092	8.801	8.257	10.595	9.808	10.884
Provision Expense	-3.985	-3.057	-3.323	-4.921	-3.360	-3.504
Operating Profit	12.076	5.745	4.934	5.674	6.449	7.380
Profit Before Tax	4.155	5.801	4.954	5.694	6.469	7.400
Tax Expense	1.177	1.368	1.311	1.651	2.080	2.620
Net Profit	2.978	4.433	3.643	4.043	4.389	4.780
EPS (Rp/Share)	118,6	177,8	146,2	162,1	176,0	191,7

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

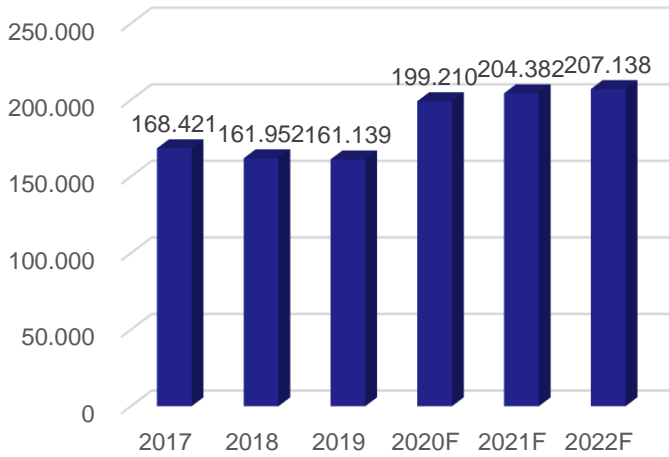


Chart: Customer Deposit (x) YoY

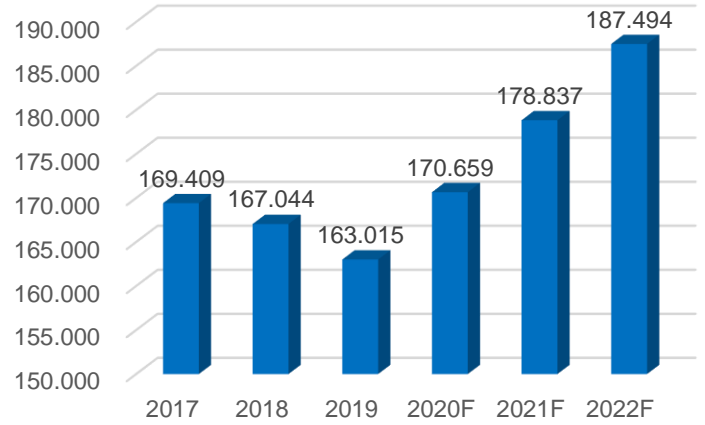


Chart: Profitability (x) YoY

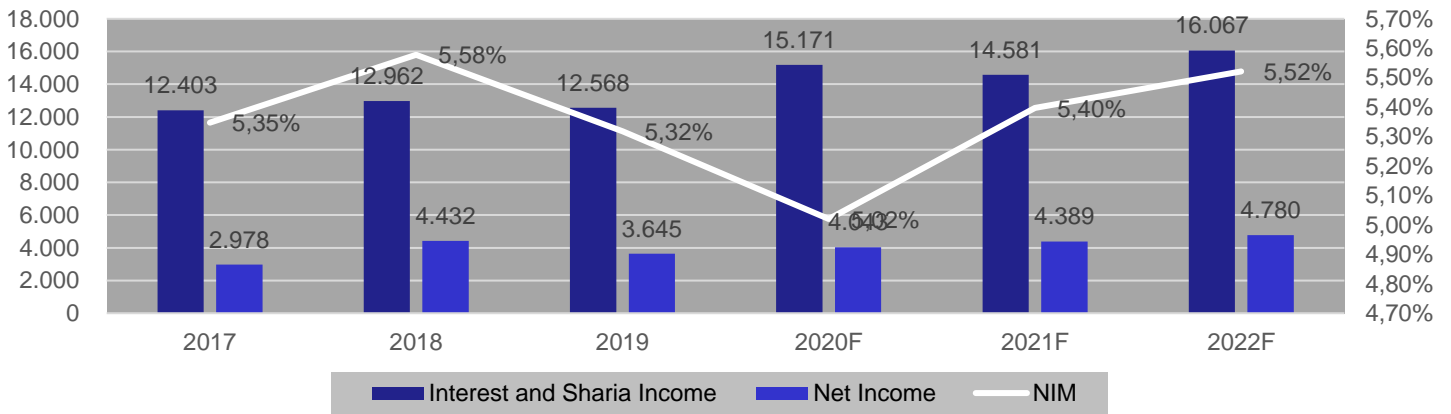


Chart: Net Interest Margin (x) YoY

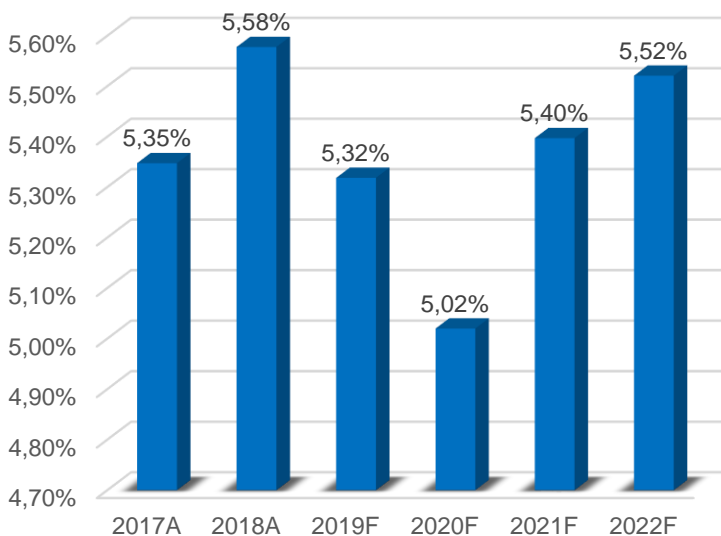


Chart: CAR (x) YoY

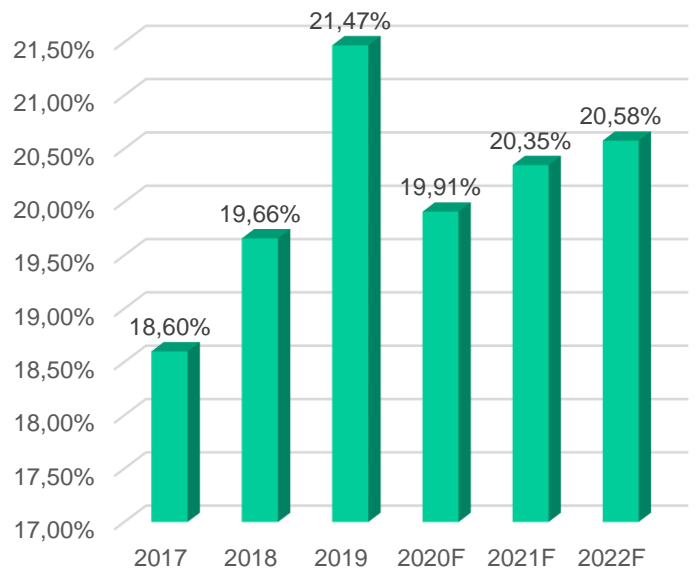


Chart: Gross Loan (x) QoQ

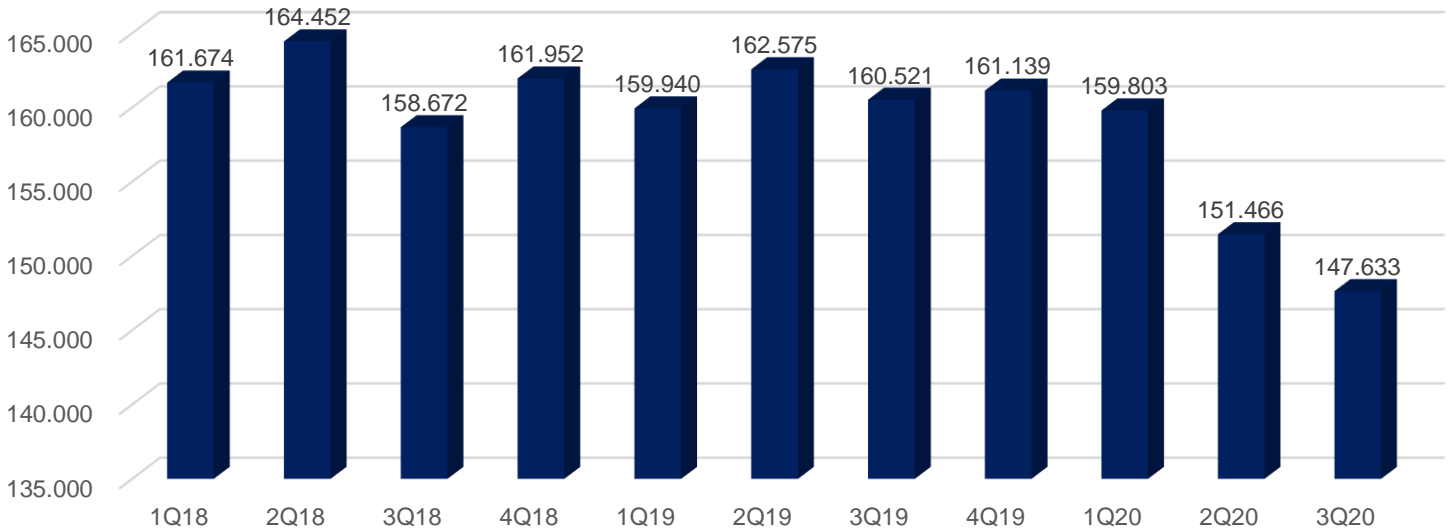


Chart: Non Performing Loan (x) QoQ

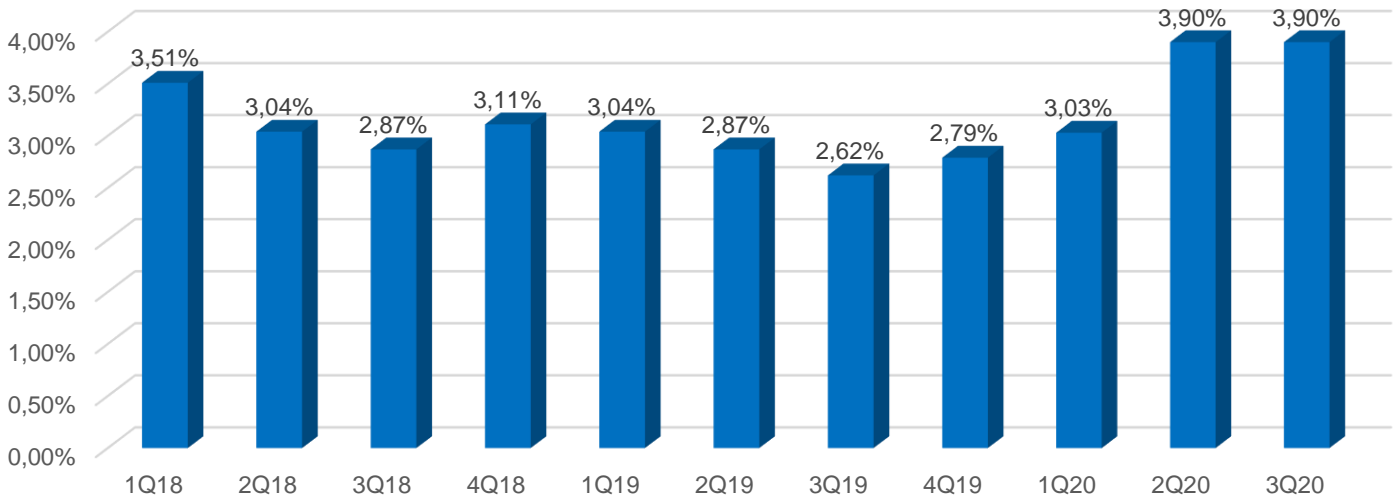
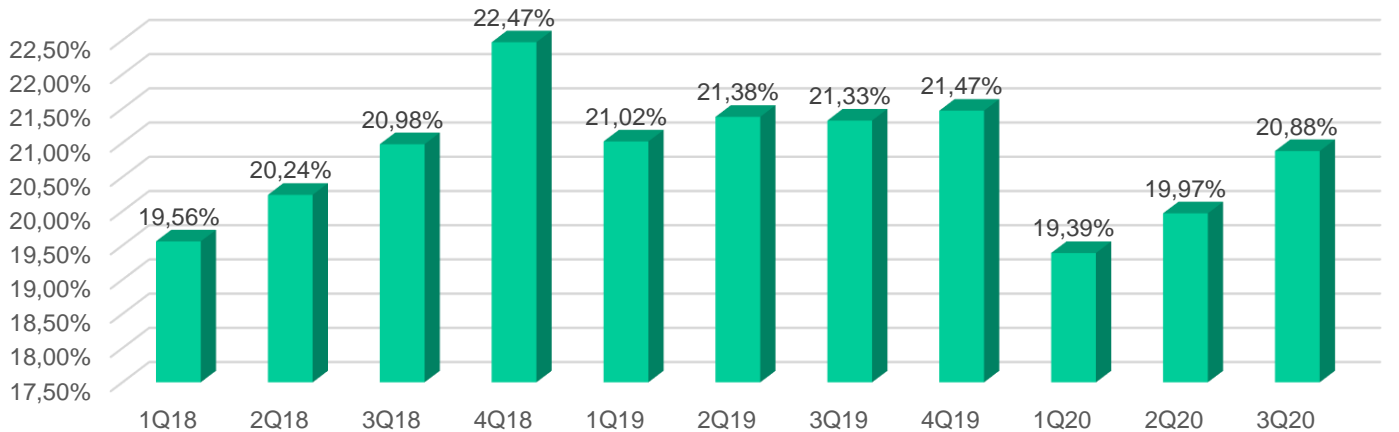


Chart: CAR (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Cash and CA with BI	27.910	23.506	27.983	36.590	43.255	51.514
Interbank Placement	4.407	3.557	3.402	2.345	2.977	3.795
Marketable Securities	38.452	34.715	34.161	23.550	29.893	38.117
Gross Loan	168.421	161.952	161.139	199.210	204.382	207.138
Allowance for Loans	-7.308	-6.098	-6.060	-7.264	-7.135	-7.111
Loans-net	161.113	155.853	155.079	191.946	197.246	200.027
Other Earning Asset	63.527	70.430	75.171	51.822	65.780	83.875
Non Earning Asset	13.756	16.991	16.234	17.488	18.354	20.022
Total Asset	266.305	266.781	274.467	297.847	324.636	355.440
Deposit:						
Current Account	47.442	43.117	46.127	49.356	52.811	56.508
Saving Account	45.457	48.838	51.937	55.053	58.452	62.060
Time Deposits	76.510	75.088	64.950	66.249	67.574	68.926
Other Interest Bearing Liabilities	26.903	27.319	34.425	40.547	48.015	57.190
Non Interest Bearing Liabilities	33.042	32.838	33.733	40.339	48.248	57.699
Total Liabilities	229.354	227.201	231.173	251.545	275.100	302.383
Total Shareholder's Equity	36.951	39.581	43.294	46.302	49.535	53.057

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Provision Expense	-3.985	-3.057	-3.323	-4.921	-3.360	-3.504
Operating Profit	12.076	5.745	4.934	5.674	6.449	7.380
Profit Before Tax	4.155	5.801	4.954	5.694	6.469	7.400
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Ratio Highlights

Ratio Analysis	2017A	2018A	2019A	2020F	2021F	2022F
Profitability & Efficiency						
NIM	5,35%	5,58%	5,32%	5,02%	5,40%	5,52%
Cost-to-Income Ratio	52,00%	50,72%	56,47%	47,83%	51,49%	50,80%
ROE	8,06%	11,20%	8,42%	8,73%	8,86%	9,01%
ROA	1,12%	1,66%	1,33%	1,36%	1,35%	1,34%
ROAE		9,63%	9,81%	8,58%	8,80%	8,94%
BOPO	19,11%	18,99%	17,50%	30,63%	22,26%	23,21%
Cost of Credit	2,37%	1,89%	2,06%	2,60%	2,50%	2,50%
Liquidity						
LDR	99,42%	96,95%	98,85%	116,73%	114,28%	110,48%
CASA	54,84%	55,05%	60,16%	61,18%	62,21%	63,24%
Asset Quality						
Gross NPL	3,67%	3,07%	2,88%	3,41%	3,21%	3,14%
Provision Coverage	77,61%	76,17%	76,89%	76,53%	76,71%	76,62%
Capital						
CAR	18,60%	19,66%	21,47%	19,91%	20,35%	20,58%
Growth						
Loan Growth	2,75%	1,81%	3,07%	2,56%	2,60%	1,35%
Deposit Growth		-1,40%	-2,41%	4,69%	4,79%	4,84%
Net Income Growth		48,85%	-17,76%	10,90%	8,57%	8,91%

QoQ Result

Balance Sheet	3Q19	2Q20	3Q20	%QoQ	%YoY
Loan	160.521	151.466	147.633	-2,5%	-8,0%
Loan Loss Reserves	-5.528	-10.804	-11.286	4,5%	104,1%
NPL	4.961	7.147	6.947	-2,8%	40,0%
Deposit					
Demand	43.761	52.462	62.005	18,2%	41,7%
Savings	49.281	56.956	65.768	15,5%	33,5%
Time Deposit	70.697	62.041	84.083	35,5%	18,9%
Total Asset	262.819	274.419	281.696	2,7%	7,2%
Shareholder Equity	42.267	39.705	40.051	0,9%	-5,2%

Income Statement	3Q19	2Q20	3Q20	%QoQ	%YoY
Interest Income	5.479	5.209	5.089	-2,3%	-7,1%
Interest Expense	-2.324	-2.075	-2.033	-2,0%	-12,5%
Net Interest Income	3.156	3.134	3.056	-2,5%	-3,2%
Net Operating Income	1.800	1.346	-390	-129,0%	-121,7%
Operating Expense	-3.044	-1.698	1.279	-175,3%	-142,0%
PPOP	1.913	2.781	3.945	41,8%	106,3%
Provision Expense	-942	-1.964	-909	-53,7%	-3,4%
Operating Profit	7	23	-1	-102,6%	-108,5%
Profit Before Tax	978	840	3.035	261,2%	210,3%
Tax Expense	-277	-151	-235	56,0%	-15,0%
Net Profit	701	689	2.799	306,1%	299,5%

Ratio	3Q19	2Q20	3Q20	QoQ	YoY
Profitability & Efficiency					
NIM	5,37%	5,08%	4,71%	(0,37)	(0,66)
Cost-to-Income Ratio	48,92%	48,17%	50,79%	2,62	1,87
ROE	9,52%	6,91%	1,18%	(5,73)	(8,34)
ROA	1,48%	1,02%	0,17%	(0,85)	(1,31)
Cost of Credit	1,79%	3,01%	3,18%	0,17	1,39
Liquidity					
LDR	99,02%	89,84%	83,89%	(5,95)	(15,13)
CASA	53,67%	61,03%	60,31%	(0,72)	6,64
Asset Quality					
Gross NPL (Bank only)	2,62%	3,89%	3,89%	-	1,27
Provision Coverage	112%	159%	163%	4,01	51,52
Capital					
CAR	21,21%	19,97%	20,88%	0,91	(0,33)

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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