Equity Research

PT Bank CIMB Niaga Tbk

BUY

June 21st, 2024
Banking, Equity

Price	**IDR 1,710**
Target Price	**IDR 2,110**
JKSE Index	**IDR 6,879.98**

Stock Code	
Bloomberg code	**BNGA IJ**
Market Cap (IDR Bn)	**42,563.2**
52-Week High (IDR)	**2,220**
52-Week Low (IDR)	**1,500**
6-M Avg Daily. Val (IDR)	**1,863**
Float Shares (%)	**6.16**

Major Shareholders	
CIMB Group	**92.37%**
PT Commerce Kapital	**1.03%**
Public (including Treasury)	**6.60%**

USD/IDR-YE (JISDOR)	
2023A	**15,439**
2024F	**16,218**

Key Indicators		
Non-Performing Loan	**(%)**	**1.90**
Net Interest Margin	**(%)**	**4.32**

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Investment Considerations

Small Profitability Growth

In Q1-2024, BNGA recorded a modest growth in Net Income Attributable to the Parent entity, increasing by 6.32% to IDR 1.63 trillion. However, this growth was overshadowed by a substantial 31.17% YoY increase in Interest and Shariah expenses, despite a 9.06% YoY growth in Interest Income and a 19.38% YoY growth in Non-Interest Income. Consequently, BNGA's consolidated NIM ratio increased by 15 basis points (bps) YoY to 3.38%, although it was -13 bps lower than Q4-2023. We forecast that BNGA's Net Income Attributable to the Parent entity will grow by 7.31% YoY in 2024, reaching IDR 6.95 trillion.

Slower Loan Growth

As of March 2024, BNGA's consolidated loan portfolio experienced slower growth of 5.24% compared to the annual Q4-2023 growth of 7.36% YoY. Despite the slower pace, all segments showed healthy growth, with none experiencing a decrease. The Emerging Business Banking segment saw the highest growth at 9.42% YoY, while Corporate Banking had the slowest expansion, increasing by only 2.42% YoY. We forecast that BNGA's consolidated loan portfolio will expand by 4.16% YoY in 2024.

Strong CASA Growth

As of March 2024, BNGA’s CASA position stood at IDR 160.11 trillion, marking a solid growth of 8.89% YoY. This growth was supported by a double-digit increase of 12.29% YoY in current accounts and a 5.77% YoY growth in savings accounts. Consequently, this led to an increase in the CASA Ratio by 25 basis points YoY to 64.55%. We forecast that BNGA’s CASA ratio will reach 64.89%, reflecting a 1.03% YoY increase by December 31st, 2024.

Asset Quality Remains Manageable

As of March 2024, BNGA’s consolidated NPL ratio remained manageable at 2.10%, which was 50 bps better than Q1-2023 despite a 10 bps increase on a quarterly basis. Additionally, the SML NPL ratio decreased to only 4.34% compared to Q1-2023’s 5.28%. We forecast that by December 2024, BNGA’s asset quality will remain healthy, with the gross NPL ratio and SML ratio expected to stand at 1.90% and 3.90%, respectively.

Robust Expansion of OCTO Mobile Transactions and QRIS Utilization

As of Q1-2024, the number of financial transactions via OCTO Mobile was 79.7 million, marking a solid growth of 113.10% compared to Q1-2023, resulting in a transaction value of IDR 98.5 trillion, a significant increase of 42.55% YoY. Additionally, the number of QRIS transactions from OCTO Mobile was 7.6 million.

Valuation: 23% Upside, Buy Recommendation.

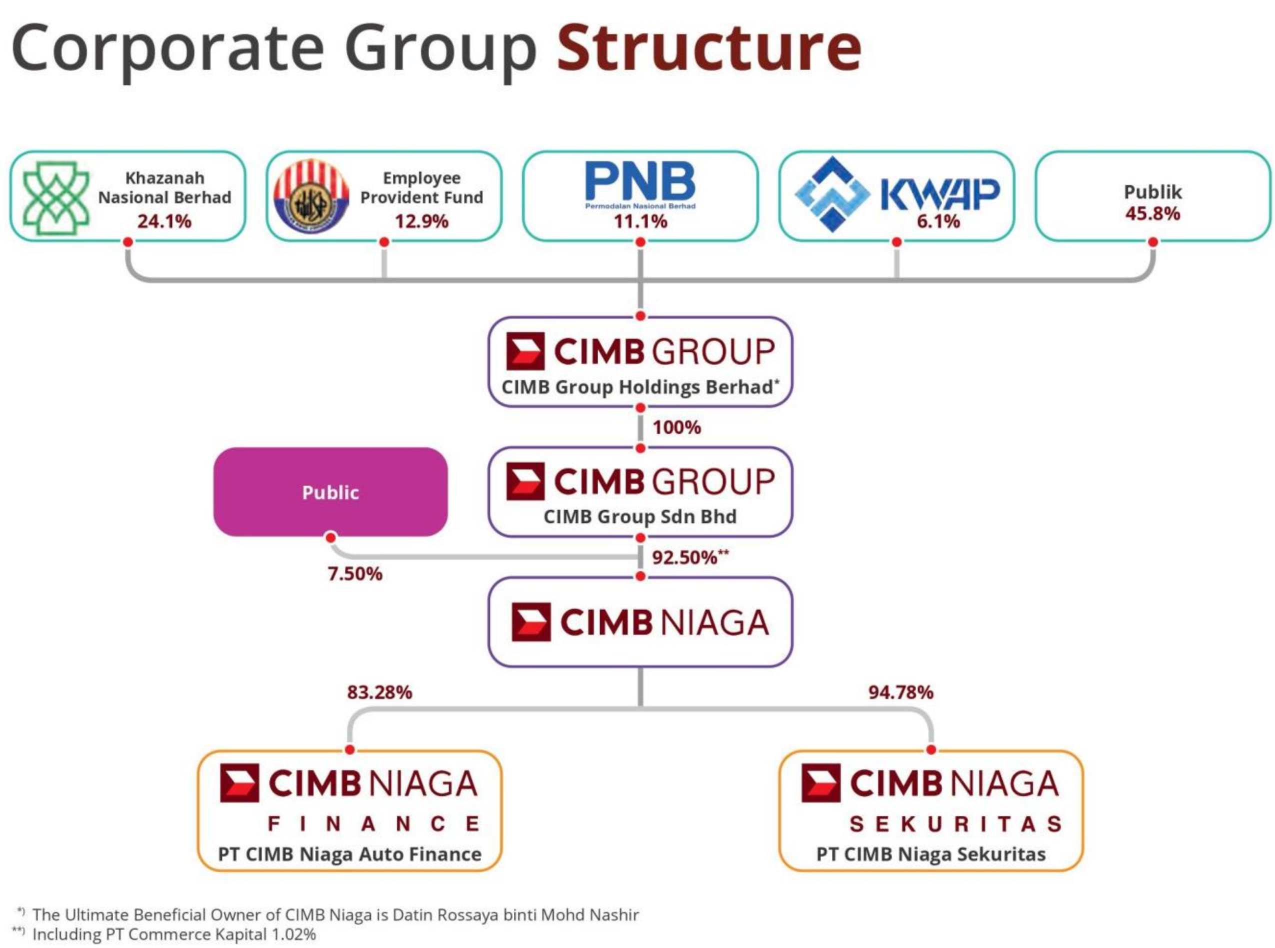
Our discounted dividend model (DDM) valuation sets a one-year target price at IDR 2,110, a revision from the previous target of IDR 2,610, which equates to a valuation of 0.99x PBV. With a potential upside of 23%, we recommend a BUY.

Financial Highlight	2020 A	2021 A	2022 A	2023 A	2024 F
Net Interest Income (IDR Bn)	12,471	13,089	13,476	13,352	13,787
Net Income (IDR Bn)	2,012	4,100	5,042	6,474	6,948
EPS (IDR)	80.72	164.48	202.21	259.45	278.41
NIM (%)	4.88%	4.86%	4.69%	4.40%	4.32%
Cost of Credit (%)	2.83%	2.42%	1.85%	1.03%	0.59%
Gross NPL (%)	3.62%	3.46%	2.80%	1.96%	1.90%
CAR (%)	21.92%	22.68%	22.19%	24.02%	25.09%

Company Profile

PT Bank CIMB Niaga Tbk ("Bank CIMB Niaga" or the "Bank"), established under Indonesian law, was founded by Raden Meester Soewandi, a Notary in Jakarta, through Notarial Deed No. 90 on September 26, 1955. As stated in Article 3 of its Articles of Association, the bank's activities include providing general banking services in accordance with prevailing laws and regulations and engaging in other banking activities based on Sharia principles. Bank CIMB Niaga commenced its Sharia banking activities on September 27, 2004.

Corporate Group Structure



Source: Company

Chart: Gross Loan (IDR Bn) YoY

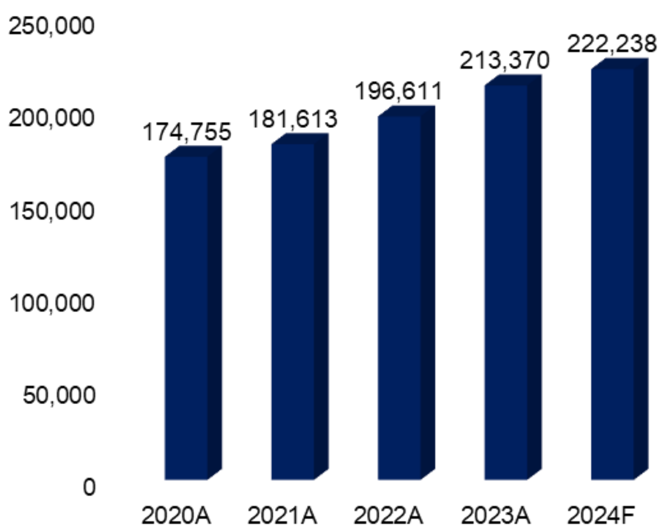


Chart: Customer Deposit (IDR Bn) YoY

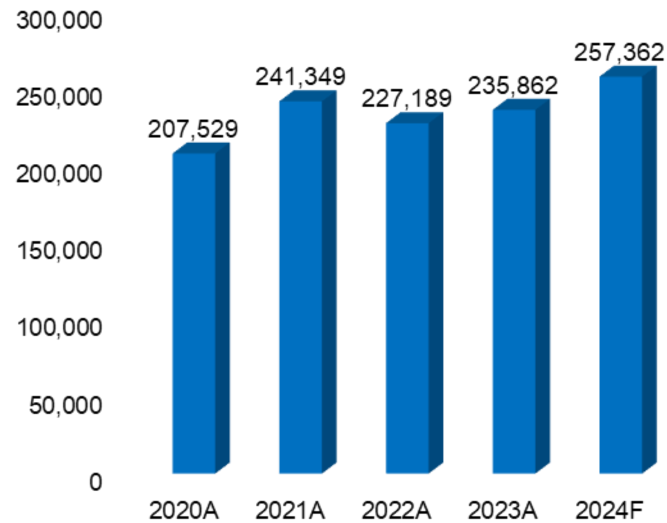


Chart: Profitability YoY

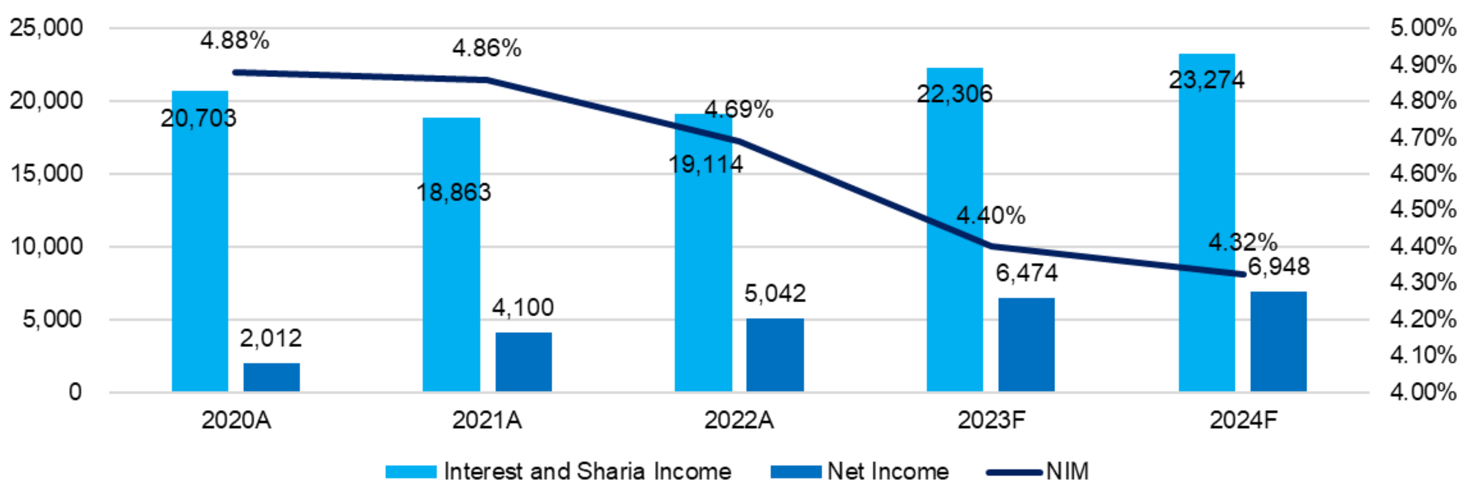


Chart: CAR (%) YoY

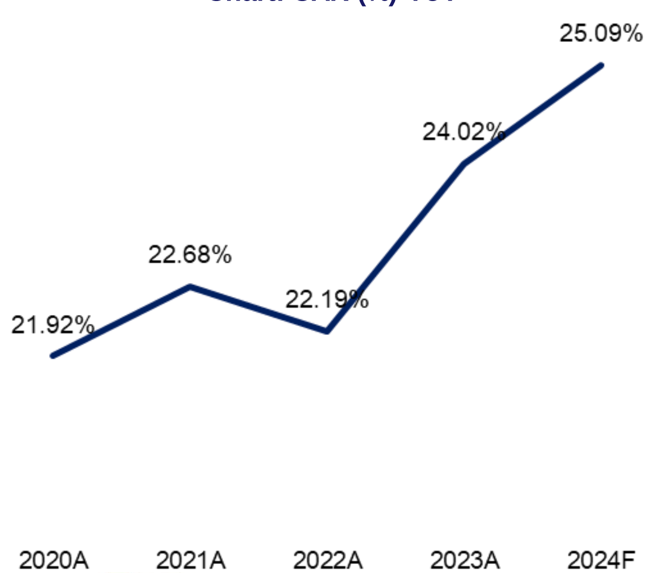
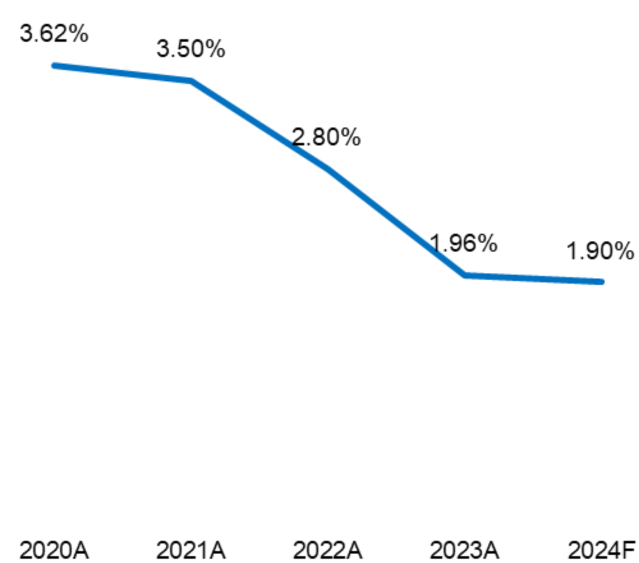


Chart: NPL (%) YoY



Source: Binaartha & Company

Chart: Gross Loan (IDR Bn) QoQ

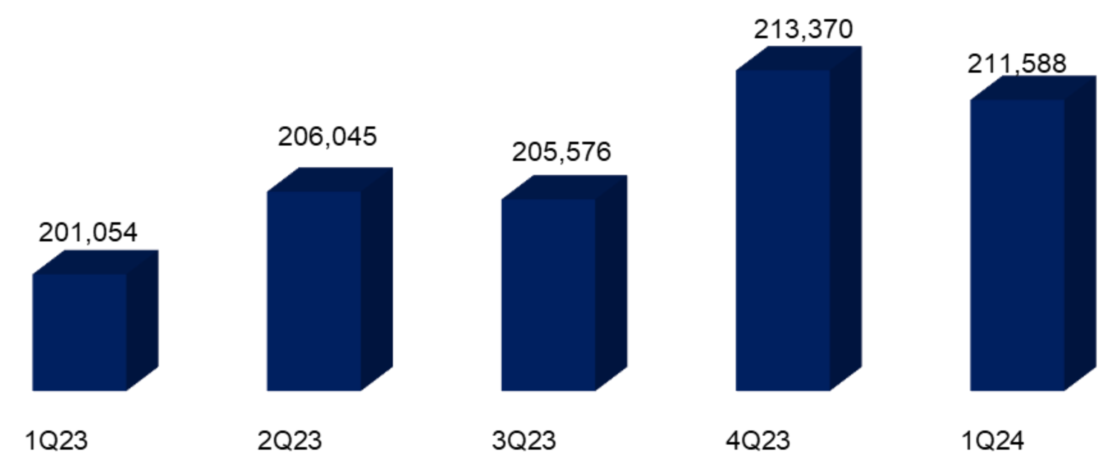


Chart: Net Income (IDR Bn) QoQ

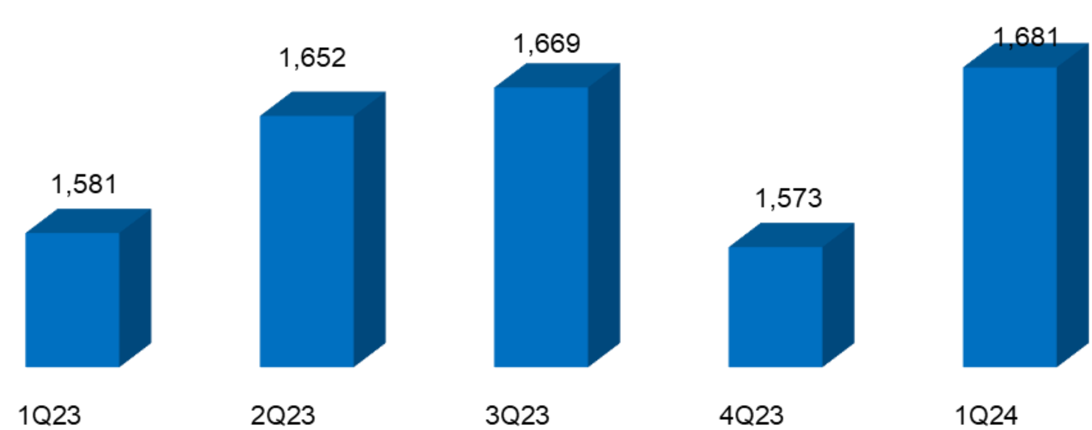
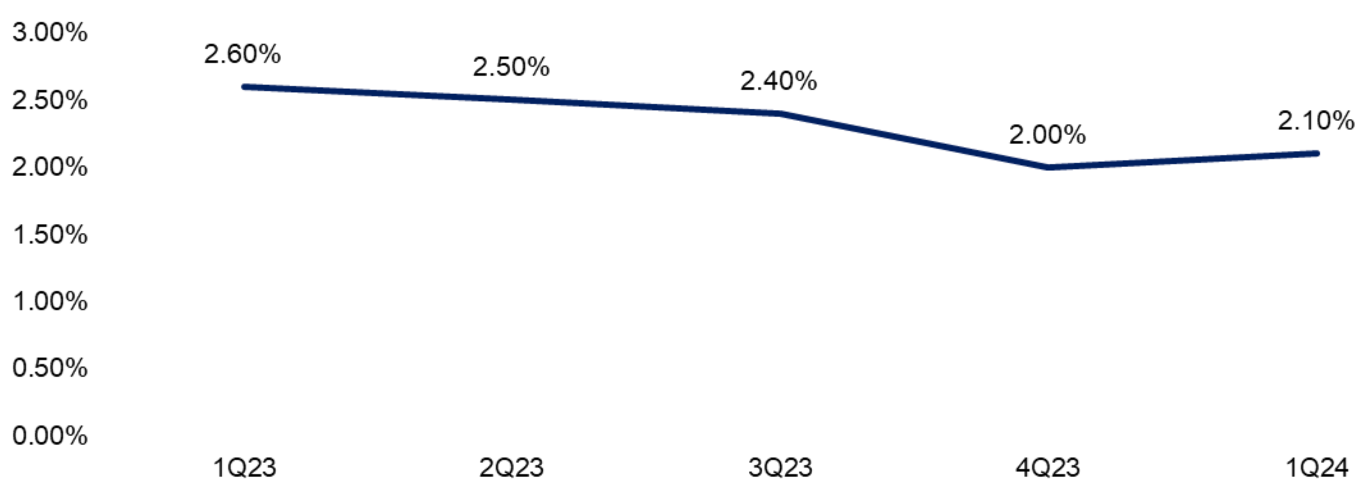


Chart: Non-Performing Loan (%) QoQ



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IDR Bn)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IDR Bn)	2020A	2021A	2022A	2023A	2024F
Cash and CA with BI	10,999	13,839	14,425	17,109	22,208
Interbank Placement	13,334	30,346	14,870	4,533	8,762
Marketable Securities	9,310	10,176	5,810	9,364	12,369
Gross Loan	174,755	181,613	198,749	213,370	222,238
Allowance for Loans	(11,925)	(13,136)	(13,197)	(12,047)	(12,257)
Loans-net	162,830	168,478	185,551	201,322	209,980
Other Earning Asset	90,363	111,878	89,121	97,716	93,968
Non-Earning Asset	16,751	16,592	17,658	18,222	18,961
Total Asset	**280,944**	**310,787**	**306,754**	**334,369**	**345,118**
Deposit:					
Current Account	55,863	75,477	70,340	73,202	83,010
Saving Account	67,861	72,565	74,086	77,431	83,996
Time Deposits	83,806	93,306	82,763	85,229	90,355
Other-Interest Bearing Liabilities	22,407	15,373	17,260	36,153	21,310
Non-Interest-Bearing Liabilities	9,954	10,677	17,030	13,017	13,035
Total Liabilities	**239,891**	**267,399**	**261,478**	**285,032**	**291,707**
Total Shareholder's Equity	**41,053**	**43,388**	**45,276**	**49,337**	**53,411**

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (IDR Bn)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (IDR Bn)	2020A	2021A	2022A	2023A	2024F
Interest Income	20,703	18,863	19,114	22,306	23,274
Interest Expense	(8,233)	(5,774)	(5,638)	(8,954)	(9,486)
Net Interest Income	**12,471**	**13,089**	**13,476**	**13,352**	**13,787**
Fee Other Income	3,888	4,479	5,390	5,433	6,153
Gross Operating Income	**16,359**	**17,568**	**18,866**	**18,786**	**19,940**
Operating Expense	(8,101)	(8,279)	(8,484)	(8,584)	(9,672)
PPOP	**8,258**	**9,288**	**10,382**	**10,202**	**10,268**
Provision Expense	(5,404)	(4,170)	(3,814)	(2,007)	(1,304)
Operating Profit	**2,854**	**5,118**	**6,568**	**8,195**	**8,965**
Non-Operating Income – Net	94	73	11	162	93
Profit Before Tax	**2,947**	**5,191**	**6,579**	**8,357**	**9,057**
Tax Expense	(936)	(1,092)	(1,483)	(1,806)	(2,041)
Earning After Tax	**2,011**	**4,099**	**5,097**	**6,551**	**7,017**
Income for The Year Attributable to NCI	**(1)**	**(2)**	**55**	**77**	**69**
Net Income	**2,012**	**4,100**	**5,042**	**6,474**	**6,948**
EPS (Rp/Share)	**80.72**	**164.48**	**202.21**	**259.45**	**278.41**

Source: Binaartha & Company

Ratio Highlights

Ratio Analysis (Consolidated)	2020A	2021A	2022A	2023A	2024F
Profitability & Efficiency					
NIM	4.88%	4.86%	4.69%	4.40%	4.32%
ROE	5.01%	10.21%	11.71%	14.03%	13.52%
ROA	1.06%	1.88%	2.16%	2.59%	2.04%
BOPO	89.38%	78.37%	74.10%	71.47%	69.54%
Cost of Credit	2.83%	2.42%	1.85%	1.03%	0.59%
Liquidity					
LDR	82.91%	74.35%	85.63%	89.30%	86.35%
CASA	59.62%	61.34%	63.57%	63.86%	64.89%
Asset Quality					
Gross NPL	3.62%	3.46%	2.80%	1.96%	1.90%
Loan Loss Coverage	194.33%	212.10%	242.70%	292.10%	318.10%
Capital					
CAR	21.92%	22.68%	22.19%	24.02%	25.09%
Growth					
Loan Growth	-10.03%	3.92%	8.26%	8.52%	4.16%
Deposit Growth	6.10%	16.30%	-5.87%	3.82%	9.12%
Net Income Growth	-44.79%	103.75%	22.96%	28.41%	7.31%

Source: Binaartha & Company

QoQ Result

PT Bank CIMB Niaga Tbk
Key Ratios

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IDR Bn)	1Q23	2Q23	3Q23	4Q23	1Q24	%QoQ	%YoY
Loan	201,054	206,045	205,576	213,370	211,588	-0.84%	5.24%
Loan Loss Reserves	(13,010)	(13,435)	(13,184)	(12,047)	(11,465)	-4.84%	-11.88%
NPL	5,227	5,151	4,934	4,267	4,443	4.12%	-15.00%
Deposit							
Demand	70,430	71,998	77,237	73,202	79,084	8.04%	12.29%
Savings	76,610	79,614	79,725	77,431	81,027	4.64%	5.77%
Time Deposit	93,104	84,181	78,298	85,229	87,918	3.15%	-5.57%
Total Asset	347,280	329,683	329,130	334,369	332,994	-0.41%	-4.11%
Shareholder Equity	46,880	46,041	47,272	49,193	51,215	4.11%	9.25%

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (IDR Bn)	1Q23	2Q23	3Q23	4Q23	1Q24	%QoQ	%YoY
Interest Income	5,359	5,645	5,710	5,592	5,845	4.52%	9.06%
Interest Expense	(1,952)	(2,218)	(2,357)	(2,427)	(2,560)	5.47%	31.17%
Net Interest Income	**3,408**	**3,427**	**3,352**	**3,165**	**3,285**	**3.79%**	**-3.60%**
Fee Other Income	1,576	1,608	1,136	1,114	1,882	68.98%	19.38%
Gross Operating Income	**4,984**	**5,035**	**4,488**	**4,279**	**5,167**	**20.76%**	**3.67%**
Operating Expense	(2,269)	(2,171)	(2,089)	(2,054)	(2,524)	22.86%	11.21%
PPOP	**2,715**	**2,864**	**2,399**	**2,225**	**2,643**	**18.82%**	**-2.64%**
Provision Expense	(749)	(780)	(249)	(228)	(490)	115.41%	-34.56%
Operating Profit	**1,965**	**2,083**	**2,150**	**1,997**	**2,153**	**7.80%**	**9.53%**
Non-Operating Income – Net	51	52	12	47	21	-54.08%	-57.62%
Profit Before Tax	**2,016**	**2,136**	**2,162**	**2,044**	**2,174**	**6.39%**	**7.85%**
Tax Expense	(416)	(466)	(477)	(447)	(479)	7.09%	15.21%
Earning After Tax	**1,600**	**1,670**	**1,685**	**1,597**	**1,695**	**6.19%**	**5.94%**
Income for The Year Attributable to NCI	19	18	16	24	14	-40.19%	-25.85%
Net Income	**1,581**	**1,652**	**1,669**	**1,573**	**1,681**	**6.90%**	**6.32%**

Ratio Consolidated	1Q23	2Q23	3Q23	4Q23	1Q24	%QoQ	%YoY
Profitability & Efficiency							
NIM	**4.71%**	**4.52%**	**4.33%**	**4.05%**	**4.20%**	**0.15**	**(0.51)**
Cost-to-Income Ratio	**44.50%**	**42.10%**	**46.30%**	**46.90%**	**44.50%**	**(2.40)**	**-**
ROE	**15.10%**	**15.80%**	**15.30%**	**13.90%**	**14.40%**	**0.50**	**(0.70)**
ROA	**2.60%**	**2.60%**	**2.60%**	**2.50%**	**2.60%**	**0.10**	**-**
Liquidity							
LDR	**82.20%**	**86.00%**	**86.40%**	**89.30%**	**84.20%**	**(5.10)**	**2.00**
CASA	**61.20%**	**64.30%**	**66.70%**	**63.90%**	**64.60%**	**0.70**	**3.40**
Asset Quality							
Gross NPL	**2.60%**	**2.50%**	**2.40%**	**2.00%**	**2.10%**	**0.10**	**(0.50)**
Loan Loss Coverage	**253.50%**	**261.90%**	**267.10%**	**292.10%**	**257.40%**	**(34.70)**	**3.90**
Cost of Credit	**1.50%**	**1.80%**	**0.40%**	**0.54%**	**0.82%**	**0.28**	**(0.68)**
Capital							
CAR	**21.31%**	**23.21%**	**23.83%**	**24.02%**	**24.46%**	**0.44**	**3.15**

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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