

**Investment Consideration**

**Net Profit Surges**

In 9M2023, BNGA achieved solid net profit growth, rising by 27.55% YoY. This growth was driven by a 19.20% increase in interest income and a 39.20% increase in other fees and commissions. Despite this, the net interest margin (NIM) ratio decreased by 44 basis points YoY to 4.33%, attributed to a 61.23% YoY increase in interest expense. A 36.79% decrease in provision expenses contributed to a higher net profit, leading to a profit forecast of another 30.76% YoY increase to IDR 6.59 trillion for FY23.

**LDR Rose by 40 bps Quarterly**

As of September 2023, BNGA's consolidated loan portfolio grew significantly by 5.22%, causing a 40 basis points quarterly increase in the Loan-to-Deposit Ratio (LDR) to 86.40%. Notable loan growth was observed in the EBB segment with an 8.20% YoY increase, followed by the Corporate segment at 6.00% YoY. Consumer banking grew by 5.90%, while commercial banking saw a slight decrease of -0.06%. On the liability side, the CASA ratio increased by 1% quarterly to 66.70%, driven by a substantial 7.28% QoQ growth in Current Account deposits. Overall, the bank's deposits grew by 6.04% YoY. Projections indicate continued expansion in loans (5.13% growth) and stability in the CASA ratio (66.29%).

**Improved Asset Quality**

BNGA's asset quality significantly improved, with the consolidated NPL ratio dropping by 120 bps YoY to 2.40%, attributed to its strategy of "Preservation of Capital and Balanced Risk Culture." The Cost of Credit decreased by 90 bps YoY to 0.40%. Our forecast assumes continued maintenance of asset quality with a decrease of consolidated gross NPL to 2.36% in FY23.

**ESG Commitment to Support Climate Action**

BNGA's serious commitment is evident in its sustainable financing portfolio, reaching IDR 52.55 trillion for 9M23, which is 25.6% of the total and experiencing significant 8.82% growth compared to 9M22. The highest portion came from MSME, accounting for 36.2% of the total.

**Valuation: 24% Upside, Buy.**

Based on our DDM Valuation, we now have a one-year target price of IDR 2,120 or a valuation of 1.1x PBV. With a potential upside of 24%, we advise a BUY.

Financial Highlight	2019A	2020A	2021A	2022A	2023F
Net Interest Income (IDR bn)	12,568	12,471	13,089	13,476	13,296
Net Income (IDR Bn)	3,645	2,012	4,100	5,042	6,593
EPS (IDR)	146.21	80.72	164.48	202.21	264.42
NIM (%)	5.31%	4.88%	4.86%	4.69%	4.54%
ROA (%)	1.99%	1.06%	1.88%	2.16%	2.41%
ROE (%)	9.35%	5.01%	10.21%	11.71%	14.00%
Gross NPL (%)	2.79%	3.62%	3.46%	2.80%	2.36%

November 16<sup>th</sup>, 2023  
Banking, Equity

Price **IDR 1,710**  
Target Price **IDR 2,120**  
JKSE Index **IDR 6,985.01**



Stock Code **BNGA IJ**  
Bloomberg code **BNGA IJ**  
Market Cap (IDR Bn) **42,975**  
52-Week High (IDR) **1,815**  
52-Week Low (IDR) **1,115**  
6-M Avg Daily. Val (IDR) **1,641**

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

USD/IDR-YE  
2022A **14,871**  
2023F **15,788**

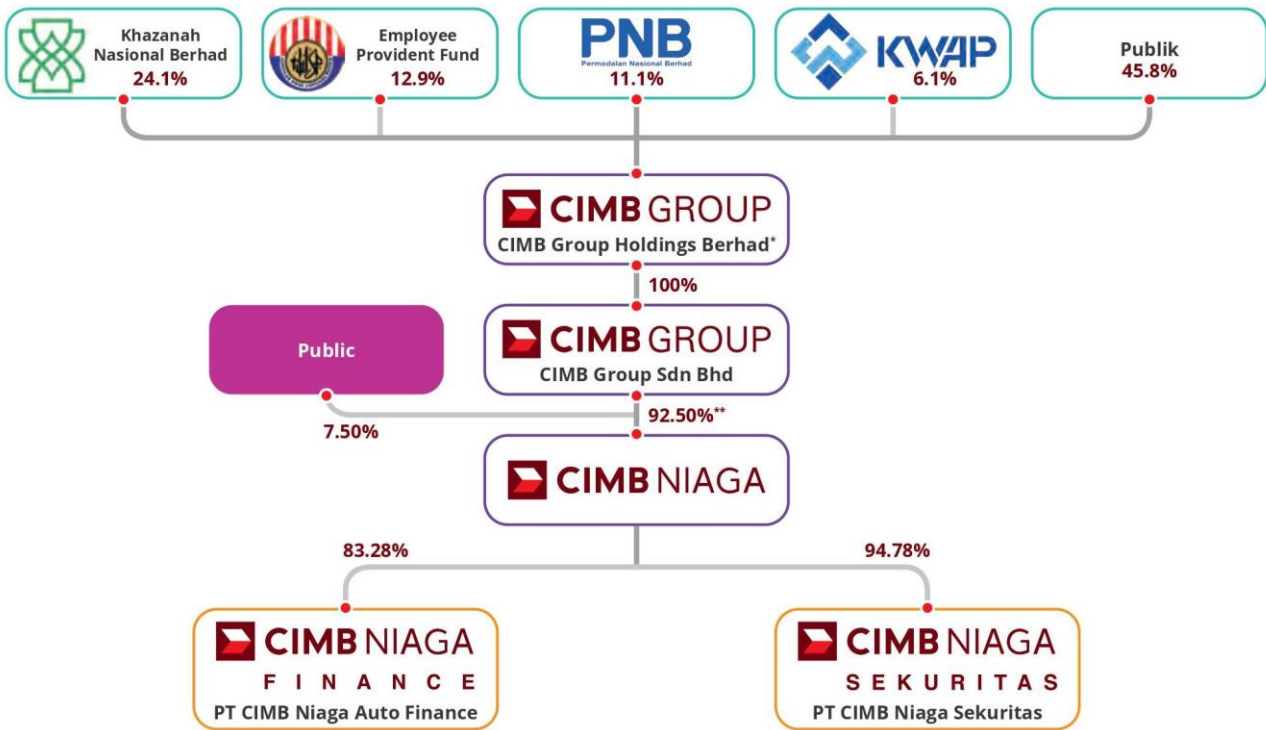
Key Indicators  
Non-Performing Loan (%) **2.36**  
Net Interest Margin (%) **4.54**

**Company Profile**

PT Bank CIMB Niaga Tbk (“Bank CIMB Niaga” or the “Bank”) was established in accordance with Indonesian laws. Founded by Raden Meester Soewandi, a Notary in Jakarta, through Notarial Deed No. 90 on September 26, 1955. The bank’s scope of activities, as per Article 3 of its Articles of Association, includes providing general banking services in compliance with prevailing laws and regulations, as well as engaging in other banking activities based on Sharia principles. Bank CIMB Niaga commenced its banking activities based on Sharia principles on September 27, 2004.

**Corporate Structure**

# Corporate Group Structure



<sup>\*)</sup> The Ultimate Beneficial Owner of CIMB Niaga is Datin Rossaya binti Mohd Nashir  
<sup>\*\*)</sup> Including PT Commerce Kapital 1.02%

Chart: Gross Loan (IDR Bn) YoY

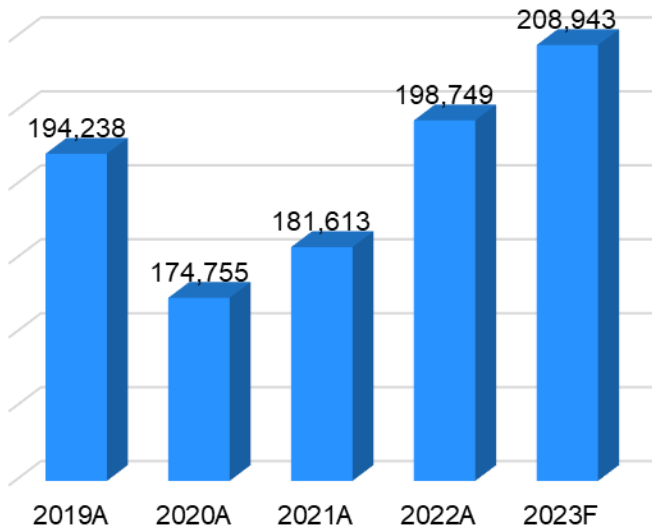


Chart: Customer Deposit (IDR Bn) YoY

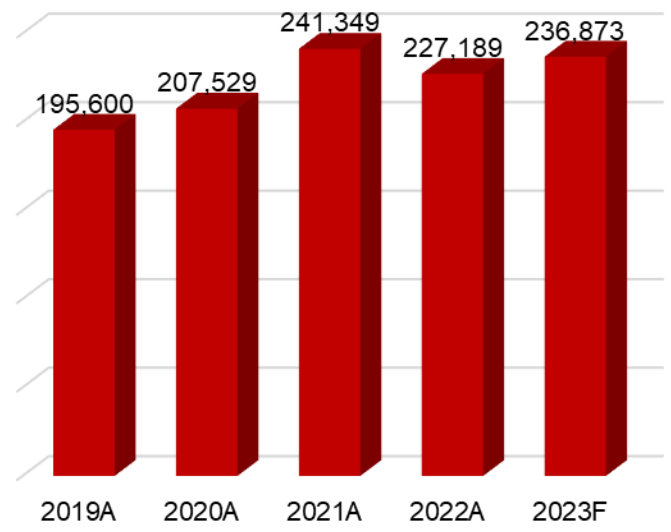


Chart: Profitability YoY

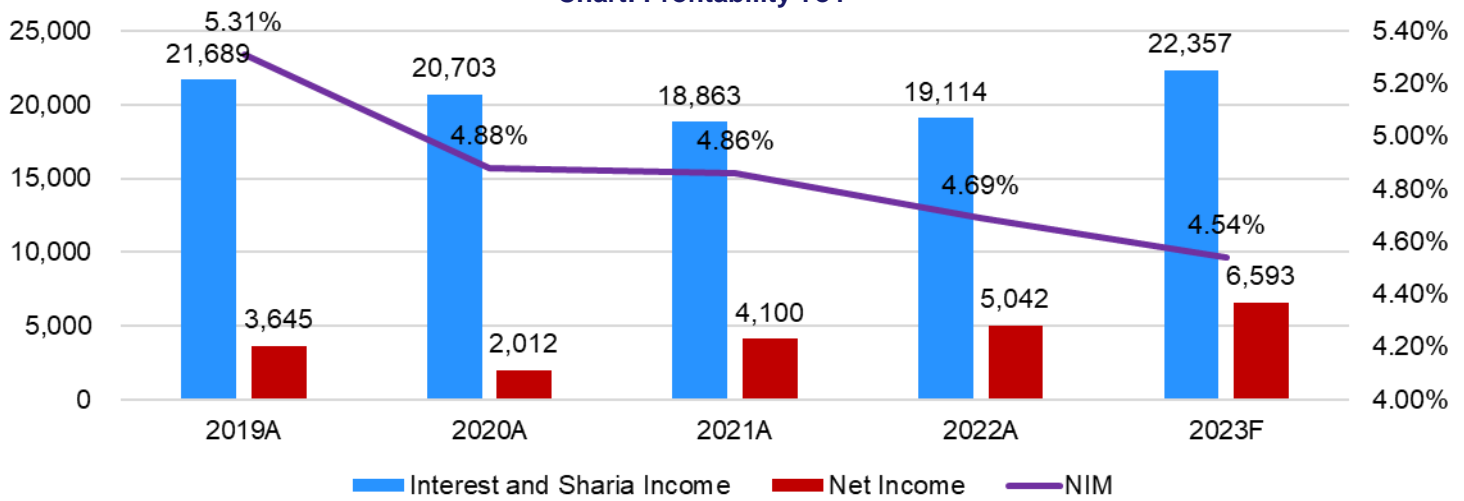


Chart: CAR (%) YoY

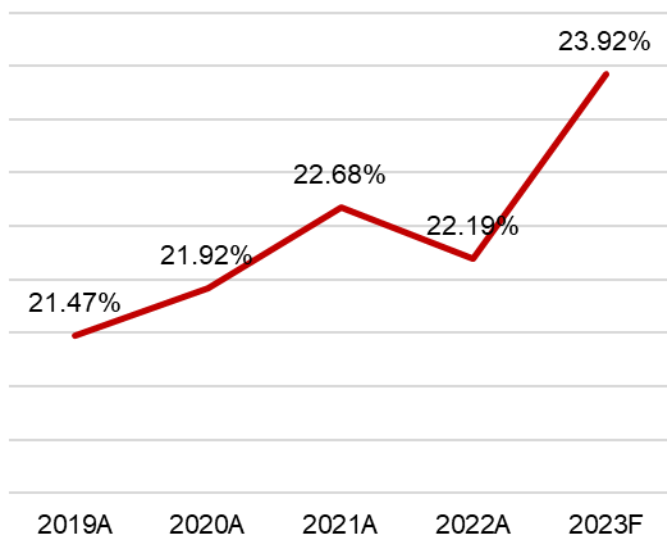


Chart: NPL (%) YoY

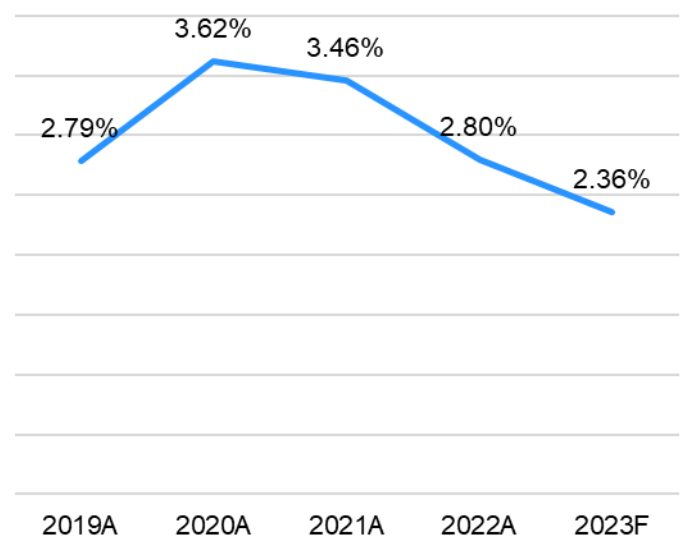


Chart: Gross Loan (IDR Bn) QoQ

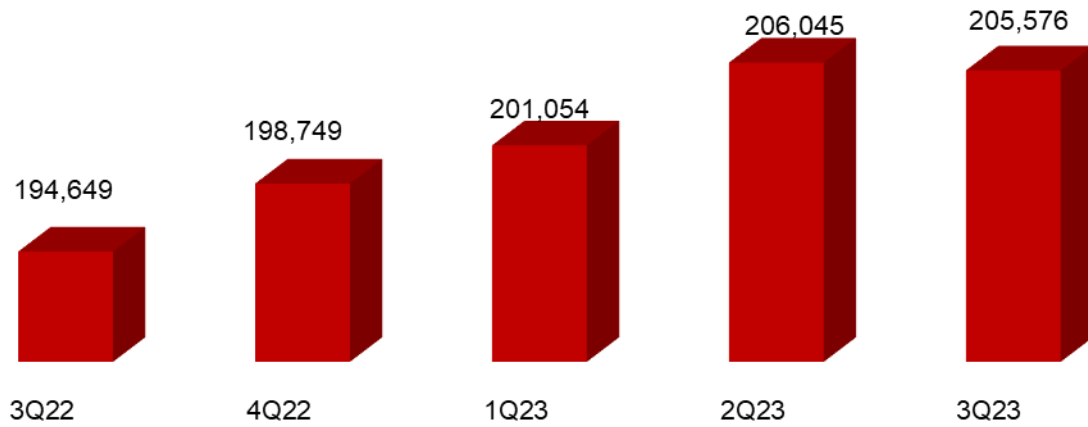


Chart: Net Income (IDR Bn) QoQ

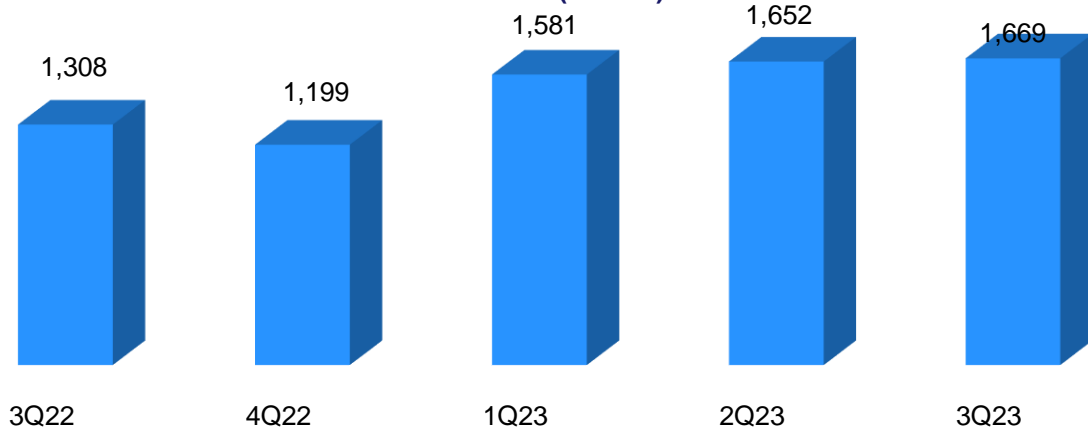
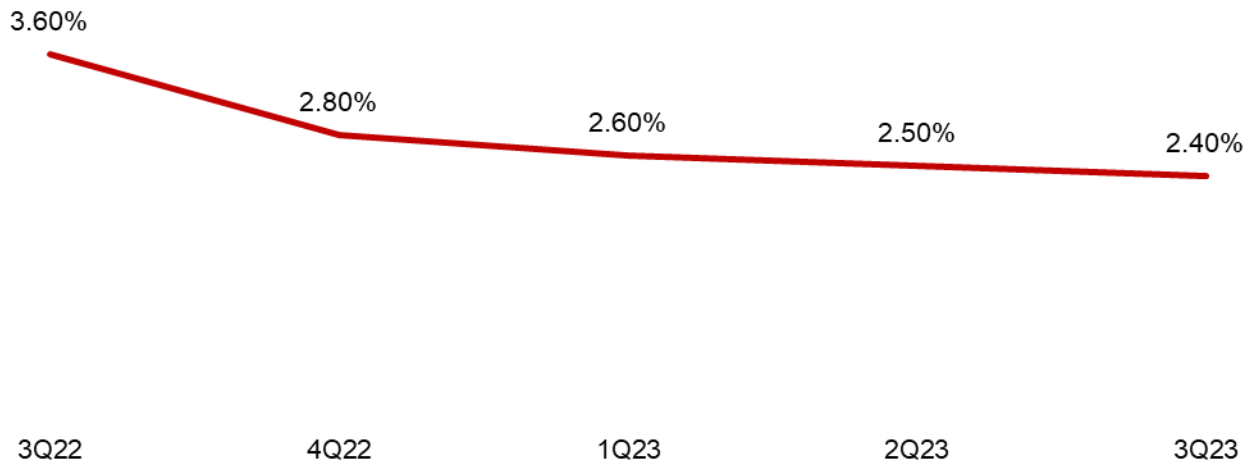


Chart: Non-Performing Loan (%) QoQ



**Balance Sheet (IDR Bn)**

Balance sheet (IDR bn)	2019A	2020A	2021A	2022A	2023F
Cash and CA with BI	17,089	10,999	13,839	14,425	24,815
Interbank Placement	12,105	13,334	30,346	14,870	5,546
Marketable Securities	11,963	9,310	10,176	5,810	8,936
Gross Loan	194,238	174,755	181,613	198,749	208,943
Allowance for Loans	(6,060)	(11,925)	(13,136)	(13,197)	(13,780)
Loans-net	188,178	162,830	168,478	185,551	195,163
Other Earning Asset	54,649	90,363	111,878	89,121	94,079
Non-Earning Asset	14,552	16,751	16,592	17,658	19,922
<b>Total Asset</b>	<b>274,467</b>	<b>280,944</b>	<b>310,787</b>	<b>306,754</b>	<b>333,979</b>
Deposit:					
Current Account	48,944	55,863	75,477	70,340	77,977
Saving Account	59,316	67,861	72,565	74,086	79,056
Time Deposits	87,340	83,806	93,306	82,763	79,840
Other-Interest Bearing Liabilities	21,157	22,407	15,373	17,260	34,995
Non-Interest-Bearing Liabilities	14,416	9,954	10,677	17,030	13,224
<b>Total Liabilities</b>	<b>231,173</b>	<b>239,891</b>	<b>267,399</b>	<b>261,478</b>	<b>285,092</b>
<b>Total Shareholder's Equity</b>	<b>43,294</b>	<b>41,053</b>	<b>43,388</b>	<b>45,276</b>	<b>48,887</b>

**Income Statement (IDR Bn)**

Income Statement (IDR Bn)	2019A	2020A	2021A	2022A	2023F
Interest Income	21,689	20,703	18,863	19,114	22,357
Interest Expense	(9,121)	(8,233)	(5,774)	(5,638)	(9,061)
<b>Net Interest Income</b>	<b>12,568</b>	<b>12,471</b>	<b>13,089</b>	<b>13,476</b>	<b>13,296</b>
Fee Other Income	4,257	3,888	4,479	5,390	5,616
<b>Gross Operating Income</b>	<b>16,825</b>	<b>16,359</b>	<b>17,568</b>	<b>18,866</b>	<b>18,912</b>
Operating Expense	(8,634)	(8,101)	(8,279)	(8,484)	(8,616)
<b>PPOP</b>	<b>8,190</b>	<b>8,258</b>	<b>9,288</b>	<b>10,382</b>	<b>10,296</b>
Provision Expense	(3,257)	(5,404)	(4,170)	(3,814)	(1,922)
<b>Operating Profit</b>	<b>4,934</b>	<b>2,854</b>	<b>5,118</b>	<b>6,568</b>	<b>8,374</b>
Non-Operating Income – Net	20	94	73	11	121
<b>Profit Before Tax</b>	<b>4,954</b>	<b>2,947</b>	<b>5,191</b>	<b>6,579</b>	<b>8,495</b>
Tax Expense	(1,311)	(936)	(1,092)	(1,483)	(1,914)
<b>Earning After Tax</b>	<b>3,643</b>	<b>2,011</b>	<b>4,099</b>	<b>5,097</b>	<b>6,581</b>
Income for The Year Attributable to NCI	(2)	(1)	(2)	55	(12)
<b>Net Income</b>	<b>3,645</b>	<b>2,012</b>	<b>4,100</b>	<b>5,042</b>	<b>6,593</b>
<b>EPS (Rp/Share)</b>	<b>146.21</b>	<b>80.72</b>	<b>164.48</b>	<b>202.21</b>	<b>264.42</b>

**Ratio Highlights**

Ratio Analysis (Consolidated)	2019A	2020A	2021A	2022A	2023F
<b>Profitability &amp; Efficiency</b>					
NIM	5.31%	4.88%	4.86%	4.69%	4.54%
Cost-to-Income Ratio	49.07%	48.95%	45.88%	44.91%	40.59%
ROE	9.35%	5.01%	10.21%	11.71%	14.00%
ROA	1.99%	1.06%	1.88%	2.16%	2.41%
BOPO	82.44%	89.38%	78.37%	74.10%	70.06%
Cost of Credit	1.75%	2.83%	2.42%	1.85%	0.92%
<b>Liquidity</b>					
LDR	97.64%	82.91%	74.35%	85.63%	88.21%
CASA	55.35%	59.62%	61.34%	63.57%	66.29%
<b>Asset Quality</b>					
Gross NPL	2.79%	3.62%	3.46%	2.80%	2.36%
Loan Loss Coverage	113.60%	194.33%	212.10%	242.75%	279.53%
<b>Capital</b>					
CAR	21.47%	21.92%	22.68%	22.19%	23.92%
<b>Growth</b>					
Loan Growth	3.06%	-10.03%	3.92%	9.44%	5.13%
Deposit Growth	2.54%	6.10%	16.30%	-5.87%	4.26%
Net Income Growth	4.68%	-44.79%	103.75%	22.96%	30.76%

**QoQ Result**
**PT Bank CIMB Niaga Tbk  
Key Ratios**

<b>Balance Sheet</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>%QoQ</b>	<b>%YoY</b>
Loan	194,649	196,611	199,552	205,074	205,576	-0.23%	5.61%
Loan Loss Reserves	(14,291)	(13,197)	(13,010)	(13,435)	(13,184)	-1.87%	-7.74%
NPL	7,007	5,505	5,188	5,127	4,934	-4.22%	-29.86%
Deposit							
Demand	75,430	70,340	70,430	71,998	77,237	7.28%	2.40%
Savings	74,752	74,086	76,610	79,614	79,725	0.14%	6.65%
Time Deposit	71,681	82,763	93,104	84,181	78,298	-6.99%	9.23%
Total Asset	306,968	306,754	347,280	329,683	329,130	-0.17%	7.22%
Shareholder Equity	43,433	45,192	46,880	46,041	47,272	2.67%	8.84%
<b>Income Statement</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>%QoQ</b>	<b>%YoY</b>
Interest Income	4,749	5,092	5,359	5,645	5,710	1.15%	20.23%
Interest Expense	(1,313)	(1,590)	(1,952)	(2,218)	(2,357)	6.30%	79.56%
<b>Net Interest Income</b>	<b>3,436</b>	<b>3,502</b>	<b>3,408</b>	<b>3,427</b>	<b>3,352</b>	<b>-2.18%</b>	<b>-2.44%</b>
Fee Other Income	1,066	1,279	1,576	1,608	1,136	-29.36%	6.53%
<b>Gross Operating Income</b>	<b>4,502</b>	<b>4,781</b>	<b>4,984</b>	<b>5,035</b>	<b>4,488</b>	<b>-10.86%</b>	<b>-0.32%</b>
Operating Expense	(2,073)	(2,222)	(2,269)	(2,171)	(2,089)	-3.77%	0.78%
<b>PPOP</b>	<b>2,429</b>	<b>2,559</b>	<b>2,715</b>	<b>2,864</b>	<b>2,399</b>	<b>-16.24%</b>	<b>-1.25%</b>
Provision Expense	(715)	(999)	(749)	(780)	(249)	-68.06%	-65.13%
<b>Operating Profit</b>	<b>1,714</b>	<b>1,559</b>	<b>1,965</b>	<b>2,083</b>	<b>2,150</b>	<b>3.17%</b>	<b>25.38%</b>
Non-Operating Income – Net	4	0	51	52	12	-76.79%	216.26%
<b>Profit Before Tax</b>	<b>1,718</b>	<b>1,560</b>	<b>2,016</b>	<b>2,136</b>	<b>2,162</b>	<b>1.21%</b>	<b>25.80%</b>
Tax Expense	(394)	(354)	(416)	(466)	(477)	2.24%	21.10%
<b>Earning After Tax</b>	<b>1,325</b>	<b>1,206</b>	<b>1,600</b>	<b>1,670</b>	<b>1,685</b>	<b>0.92%</b>	<b>27.20%</b>
Income for The Year Attributable to NCI	16	7	19	18	16	-9.97%	-1.10%
<b>Net Income</b>	<b>1,308</b>	<b>1,199</b>	<b>1,581</b>	<b>1,652</b>	<b>1,669</b>	<b>1.04%</b>	<b>27.55%</b>
<b>Ratio Consolidated</b>	<b>3Q22</b>	<b>4Q22</b>	<b>1Q23</b>	<b>2Q23</b>	<b>3Q23</b>	<b>%QoQ</b>	<b>%YoY</b>
<b>Profitability &amp; Efficiency</b>							
<b>NIM</b>	<b>4.77%</b>	<b>4.90%</b>	<b>4.71%</b>	<b>4.52%</b>	<b>4.33%</b>	<b>(0.19)</b>	<b>(0.44)</b>
<b>Cost-to-Income Ratio</b>	<b>46.00%</b>	<b>46.50%</b>	<b>44.50%</b>	<b>42.10%</b>	<b>46.30%</b>	<b>4.20</b>	<b>0.30</b>
<b>ROE</b>	<b>13.10%</b>	<b>11.70%</b>	<b>15.10%</b>	<b>15.80%</b>	<b>15.30%</b>	<b>(0.50)</b>	<b>2.20</b>
<b>ROA</b>	<b>2.20%</b>	<b>2.00%</b>	<b>2.60%</b>	<b>2.60%</b>	<b>2.60%</b>	<b>-</b>	<b>0.40</b>
<b>Liquidity</b>							
<b>LDR</b>	<b>86.90%</b>	<b>85.60%</b>	<b>82.20%</b>	<b>86.00%</b>	<b>86.40%</b>	<b>0.40</b>	<b>(0.50)</b>
<b>CASA</b>	<b>67.70%</b>	<b>63.60%</b>	<b>61.20%</b>	<b>64.30%</b>	<b>66.70%</b>	<b>2.40</b>	<b>(1.00)</b>
<b>Asset Quality</b>							
<b>Gross NPL</b>	<b>3.60%</b>	<b>2.80%</b>	<b>2.60%</b>	<b>2.50%</b>	<b>2.40%</b>	<b>(0.10)</b>	<b>(1.20)</b>
<b>Loan Loss Coverage</b>	<b>208.8%</b>	<b>242.2%</b>	<b>253.5%</b>	<b>261.9%</b>	<b>267.1%</b>	<b>5.20</b>	<b>58.30</b>
<b>Cost of Credit</b>	<b>1.30%</b>	<b>1.90%</b>	<b>1.50%</b>	<b>1.80%</b>	<b>0.40%</b>	<b>(1.40)</b>	<b>(0.90)</b>
<b>Capital</b>							
<b>CAR</b>	<b>21.00%</b>	<b>22.20%</b>	<b>21.30%</b>	<b>23.20%</b>	<b>23.80%</b>	<b>0.60</b>	<b>2.80</b>

**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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