

Investment Consideration

Net Profit increased by +22%

In 9M22, BNGA's Net Profit grew by +21.97% YoY from IDR 3.15 trillion to IDR 3.84 trillion. The growth was driven by Non-Interest Income which grew by +19.61% YoY. Fees and commissions became a major contributor while FX and Derivatives had the highest YoY growth at +117.1%. For Net Interest Income, there was no significant change as it grew by only +0.87% YoY. We forecast BNGA will continue to grow Net Profit by +30.40%, from IDR 4.10 trillion in FY21 to IDR 5.34 trillion in FY22.

Solid Loan Growth

As of September 2022, BNGA reported solid consolidated loan growth of +10.00% YoY with Non-Bank loans having the highest growth at almost +60% compared to the same period last year. Consumer loans grew fastest among the segments at +14.75% YoY. Other loan segments grew too, except Commercial Banking which declined by -3.21% due to repositioning to focus on lower sized Commercial loans (Medium Enterprises) which offer better risk-adjusted returns. Corporate and EBB loans grew by +12.78% and +8.75% respectively. We project BNGA will continue to grow its consolidated loan portfolio by +9.45% YoY in FY22.

Higher NPL ratio

Although still within OJK's requirement, BNGA's NPL ratio was worse than 9M21. It increased by +20 bps YoY to 3.55% in 9M22. COVID-19 restrictions are still one of the major factors for a higher NPL ratio and the hospitality industry. Is particularly negatively affected. We assume BNGA's NPL ratio will remain stable at 3.55% in FY22, similar to 9M22 or up by +12 bps YoY from FY21.

Valuation: 17% Upside, HOLD.

Based on our DDM Valuation, we have a target price within one year of IDR 1,370 or trading at 0.7x PBV which gives a 17% potential upside, we recommend HOLD.

Income Statement (IDR bn)	2018A	2019A	2020A	2021A	2022F
Interest Income	20,293	21,689	20,703	18,863	18,727
Interest Expense	-8,282	-9,121	-8,233	-5,774	(5,388)
Net Interest Income	12,012	12,568	12,471	13,089	13,338
Fee Other Income	3,816	4,257	3,888	4,479	5,548
Gross Operating Income	15,828	16,825	16,359	17,568	18,887
Operating Expense	-8,004	-8,634	-8,101	-8,279	(8,400)
PPOP	7,824	8,190	8,258	9,288	10,487
Provision Expense	-3,030	-3,257	-5,404	-4,170	(3,851)
Operating Profit	4,794	4,934	2,854	5,118	6,635
Non-Operating Income – Net	56	20	94	73	74
Profit Before Tax	4,851	4,954	2,947	5,191	6,709
Tax Expense	-1,368	-1,311	-936	-1,092	(1,366)
Earning After Tax	3,482	3,643	2,011	4,099	5,344
Income for The Year Attributable to NCI	0	-2	-1	-2	1
Net Income	3,482	3,645	2,012	4,100	5,343
EPS (Rp/Share)	139.67	146.21	80.72	164.48	214.28

November 29th, 2022
Banking, Equity

Price **IDR 1,170**
Target Price **IDR 1,370**
JKSE Index **IDR 7,012.07**



Stock Code
Bloomberg code **BNGA IJ**
Market Cap (IDR.bn) **29,178 B**
52-Week High (IDR) **1,210**
52-Week Low (IDR) **940**
6-m Avg Daily. Val (IDR) **1,084**

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

USD/IDR-YE
2021A **14,050**
2022F (9M Avg) **14,621.4**

Key Indicators
Non-Performing Loan (%) **3.55**
Net Interest Margin (%) **4.75**

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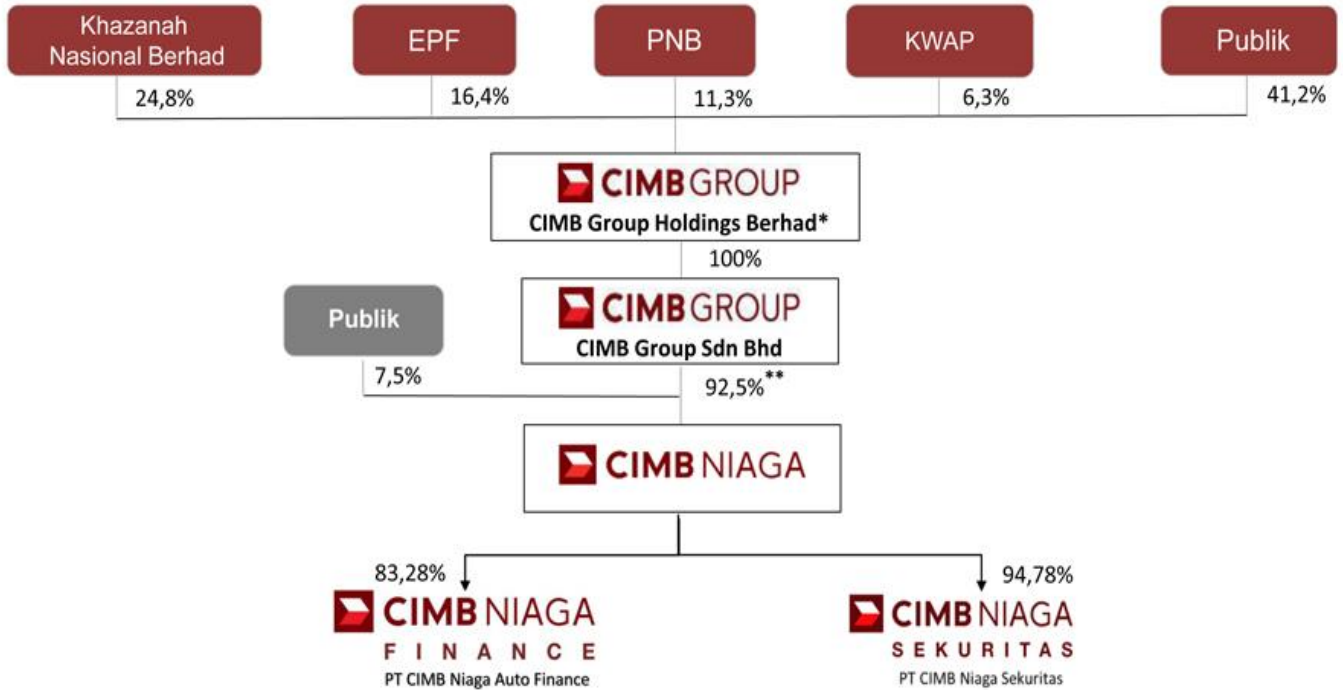
Company Profile

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 Sharia principles on 27 September 2004.

Corporate Structure

STRUKTUR GRUP PERUSAHAAN

Per 30 Juni 2022



*) Penerima manfaat akhir dari pemilikan saham (Ultimate Beneficial Ownership) CIMB Niaga, yaitu Datin Rossaya binti Mohd Nashir
 **) Termasuk PT Commerce Kapital 1,02%

Chart: Gross Loan (IDR.bn) YoY

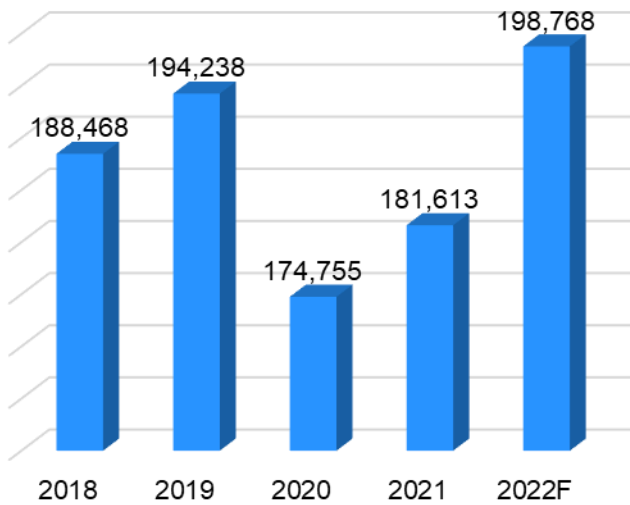


Chart: Customer Deposit (IDR.bn) YoY

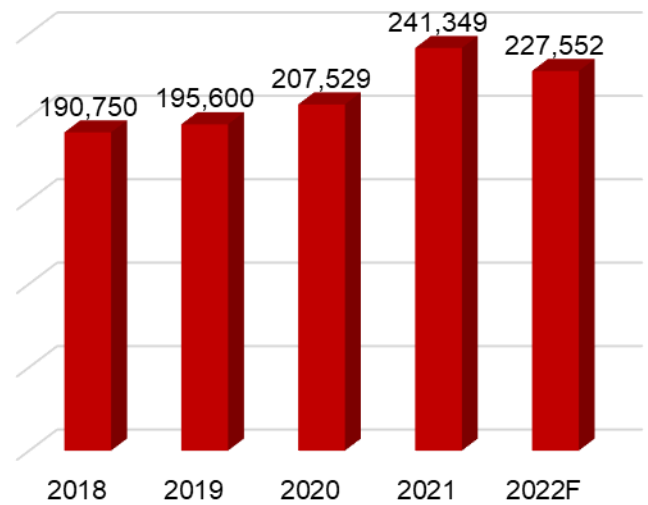


Chart: Profitability (x) YoY

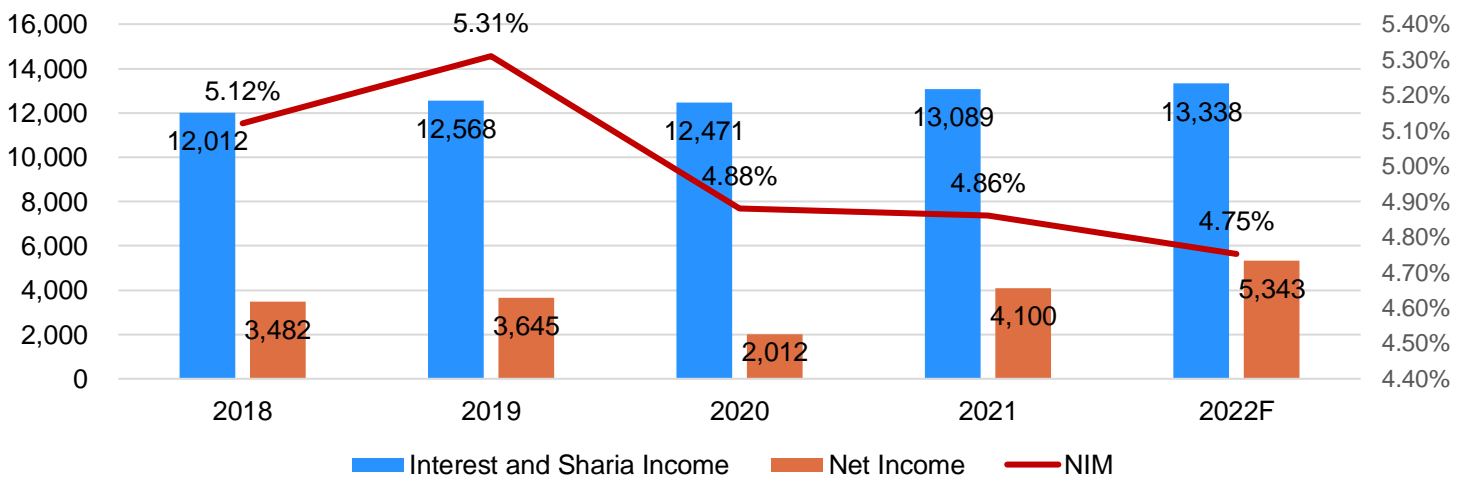


Chart: CAR (%) YoY

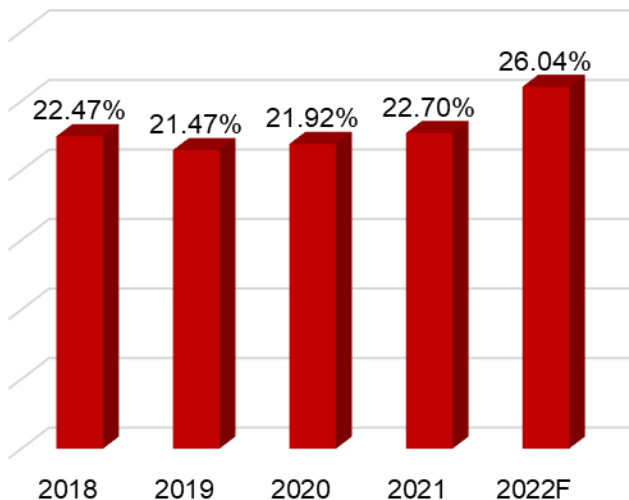


Chart: NPL (%) YoY

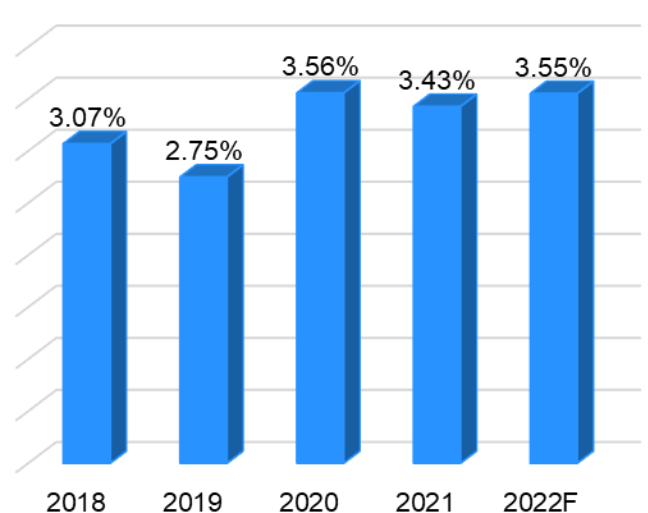


Chart: Gross Loan (x) QoQ

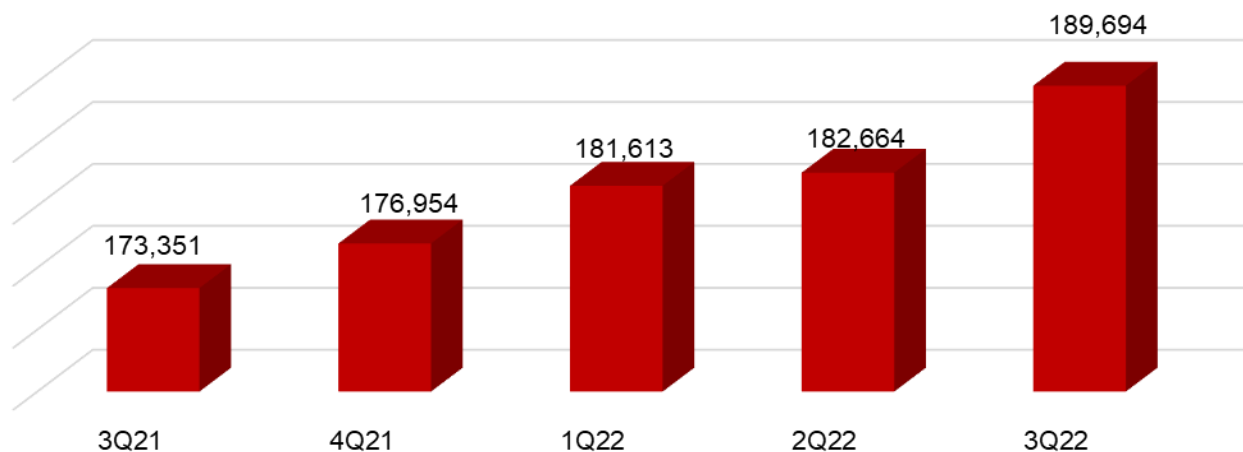


Chart: Non Performing Loan (x) QoQ

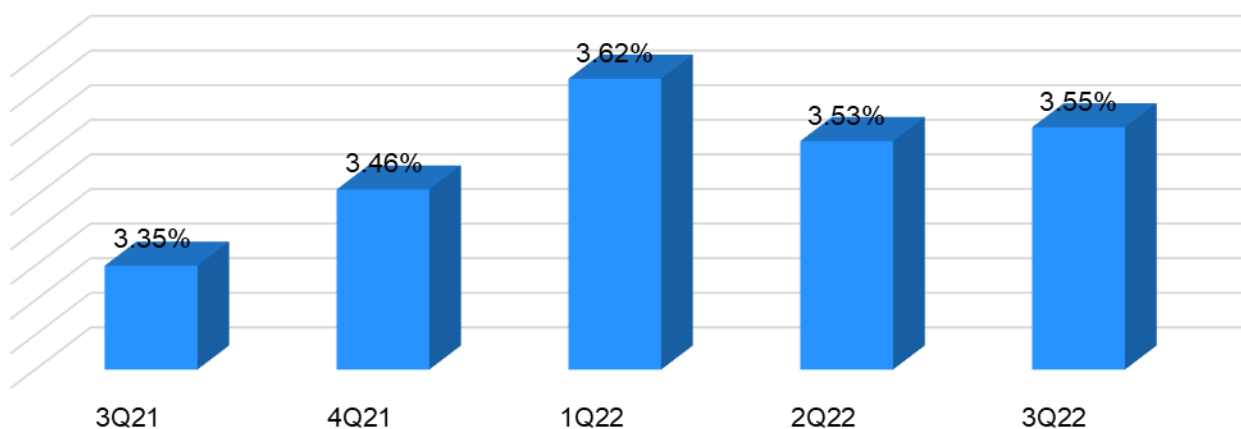
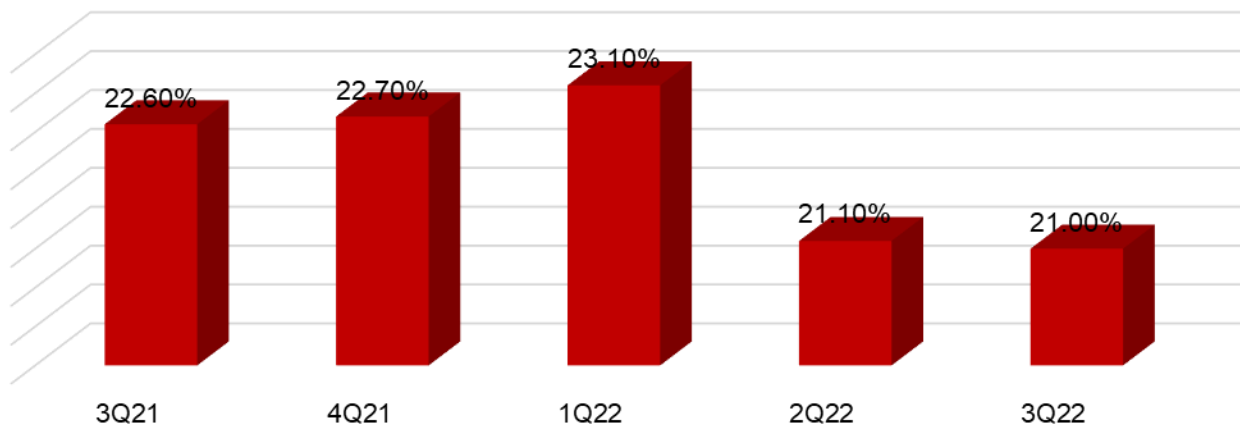


Chart: CAR (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (IDR bn)	2018A	2019A	2020A	2021A	2022F
Cash and CA with BI	14,729	17,089	10,999	13,839	19,881
Interbank Placement	9,227	12,105	13,334	30,346	18,872
Marketable Securities	10,676	11,963	9,310	10,176	14,194
Gross Loan	188,468	194,238	174,755	181,613	198,768
Allowance for Loans	-6,102	-6,060	-11,925	-13,136	(13,400)
Loans-net	182,365	188,178	162,830	168,478	185,368
Other Earning Asset	54,399	54,649	90,363	111,878	93,205
Non Earning Asset	15,289	14,552	16,751	16,592	19,027
Total Asset	266,781	274,467	280,944	310,787	317,480
Deposit:					
Current Account	45,857	48,944	55,863	75,477	78,294
Saving Account	54,496	59,316	67,861	72,565	76,946
Time Deposits	90,397	87,340	83,806	93,306	72,312
Other Interest Bearing Liabilities	24,061	21,157	22,407	15,520	32,633
Non Interest Bearing Liabilities	12,389	14,416	9,954	10,530	10,600
Total Liabilities	227,201	231,173	239,891	267,399	270,785
Total Shareholder's Equity	39,581	43,294	41,053	43,388	46,695

Income Statement (IDR.bn)

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Ratio Highlights

Ratio Analysis	2018A	2019A	2020A	2021A	2022F
Profitability & Efficiency					
NIM	5.12%	5.31%	4.88%	4.86%	4.75%
Cost-to-Income Ratio	50.57%	51.32%	49.52%	47.13%	44.48%
ROE	8.80%	8.42%	4.90%	9.45%	11.44%
ROA	1.31%	1.33%	0.72%	1.32%	1.68%
ROAE		8.61%	6.66%	7.17%	10.45%
BOPO	80.11%	80.98%	88.39%	78.07%	72.67%
Cost of Credit	1.61%	1.68%	3.09%	2.30%	1.94%
Liquidity					
LDR	98.80%	99.30%	84.21%	74.70%	87.35%
CASA	52.61%	55.35%	59.62%	61.34%	68.22%
Asset Quality					
Gross NPL	3.07%	2.75%	3.56%	3.43%	3.55%
Provision Coverage	76.30%	73.71%	125.11%	135.30%	134.83%
Capital					
CAR	22.47%	21.47%	21.92%	22.70%	26.04%
Growth					
Loan Growth		3.06%	-10.03%	3.93%	9.45%
Deposit Growth		2.54%	6.10%	16.30%	-5.72%
Net Income Growth		4.68%	-44.79%	103.75%	30.29%

QoQ Result

Balance Sheet	3Q21	4Q21	1Q22	2Q22	3Q22	%QoQ	%YoY
Loan	176,954	181,613	182,664	189,694	194,649	2.61%	10.00%
Loan Loss Reserves	(12,715)	(13,136)	(13,752)	(14,223)	(14,291)	0.47%	12.39%
NPL	6,016	6,356	6,576	6,639	7,007	5.54%	16.47%
Deposit							
Demand	67,268	75,477	76,000	75,595	75,430	-0.22%	12.13%
Savings	73,472	72,565	74,860	76,862	74,752	-2.74%	1.74%
Time Deposit	87,219	93,306	86,459	79,534	71,681	-9.87%	-17.81%
Total Asset	295,396	310,787	307,425	310,980	306,968	-1.29%	3.92%
Shareholder Equity	42,529	43,377	44,559	43,070	43,433	0.84%	2.12%
Income Statement	3Q21	4Q21	1Q22	2Q22	3Q22	%QoQ	%YoY
Interest Income	4,804	4,634	4,584	4,689	4,749	1.28%	-1.15%
Interest Expense	(1,454)	(1,433)	(1,375)	(1,361)	(1,313)	-3.50%	-9.73%
Net Interest Income	3,350	3,201	3,209	3,329	3,436	3.23%	2.58%
Fee Other Income	948	1,042	1,590	1,455	1,066	-26.72%	12.48%
Gross Operating Income	4,298	4,242	4,799	4,783	4,502	-5.88%	4.76%
Operating Expense	(2,053)	(2,096)	(2,108)	(2,081)	(2,073)	-0.37%	0.99%
PPOP	2,245	2,147	2,692	2,703	2,429	-10.12%	8.21%
Provision Expense	(948)	(1,067)	(1,139)	(961)	(715)	-25.61%	-24.61%
Operating Profit	1,297	1,080	1,553	1,742	1,714	-1.57%	32.19%
Non-Operating Income – Net	(0)	13	4	3	4	18.86%	-3230.08%
Profit Before Tax	1,297	1,093	1,556	1,745	1,718	-1.53%	32.50%
Tax Expense	(279)	(143)	(347)	(387)	(394)	1.62%	40.92%
Earning After Tax	1,017	949	1,209	1,358	1,325	-2.44%	30.19%
Income for The Year Attributable to NCI	(1)	(0)	15	17	16	-6.62%	-2852.97%
Net Income	1,018	950	1,194	1,340	1,308	-2.38%	28.52%
Ratio Consolidated	3Q21	4Q21	1Q22	2Q22	3Q22	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.84%	4.47%	4.46%	4.63%	4.77%	0.14	(0.07)
Cost-to-Income Ratio	46.60%	47.80%	43.80%	43.40%	46.00%	2.60	(0.60)
ROE	10.70%	9.70%	11.80%	13.70%	13.10%	(0.60)	2.40
ROA	1.50%	1.30%	2.10%	2.30%	2.20%	(0.10)	0.70
Cost of Credit	2.10%	2.10%	2.40%	1.70%	1.30%	(0.40)	(0.80)
Liquidity							
LDR	76.70%	74.40%	76.10%	80.90%	86.90%	6.00	10.20
CASA	61.70%	61.30%	63.60%	65.70%	67.70%	2.00	6.00
Asset Quality							
Gross NPL	3.35%	3.46%	3.62%	3.53%	3.55%	0.02	0.20
Provision Coverage	217.2%	212.1%	210.8%	215.0%	208.8%	(6.20)	(8.40)
Capital							
CAR	22.60%	22.70%	23.10%	21.10%	21.00%	(0.10)	(1.60)

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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