

31 August 2021
Banking, Equity

Price IDR. 995
Target Price IDR. 1,210
JKSE Index 6,144.9

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



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 (%) 4.19

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Investment Consideration

Lower Provision

In 2Q21, BNGA recorded a net profit of IDR 1.1 trillion, up 14.1% from IDR 0.9 trillion in 1Q21. This growth was supported by a 28.4% reduction in provisioning costs thanks to their front-loading strategy in 1Q21. PPOP rose 4.6% on the back of non-interest income mainly from non-core items such as marketable securities gains and loan recovery income.

Loan down, deposits up

Loans were unchanged quarterly, but decreased 6.8% YoY. The consumer segment was up 5% YoY, Corporate was down -14% YoY, Commercial was down -14.3% YoY. Third party fund growth was 7% YoY driven by low-cost funds with current accounts up 8.2% and saving accounts up 10.5% so that the cost of funds also decreased to 2.4% from 3% in 1Q21.

BNGA low cost funding Focus

BNGA is focusing on increasing low-cost funding and non-interest income, as well as their digital transactions through Octo Mobile. They are also digitizing the back end (Octo smart and Octo RM Bench).

Valuation: 22% Upside, BUY.

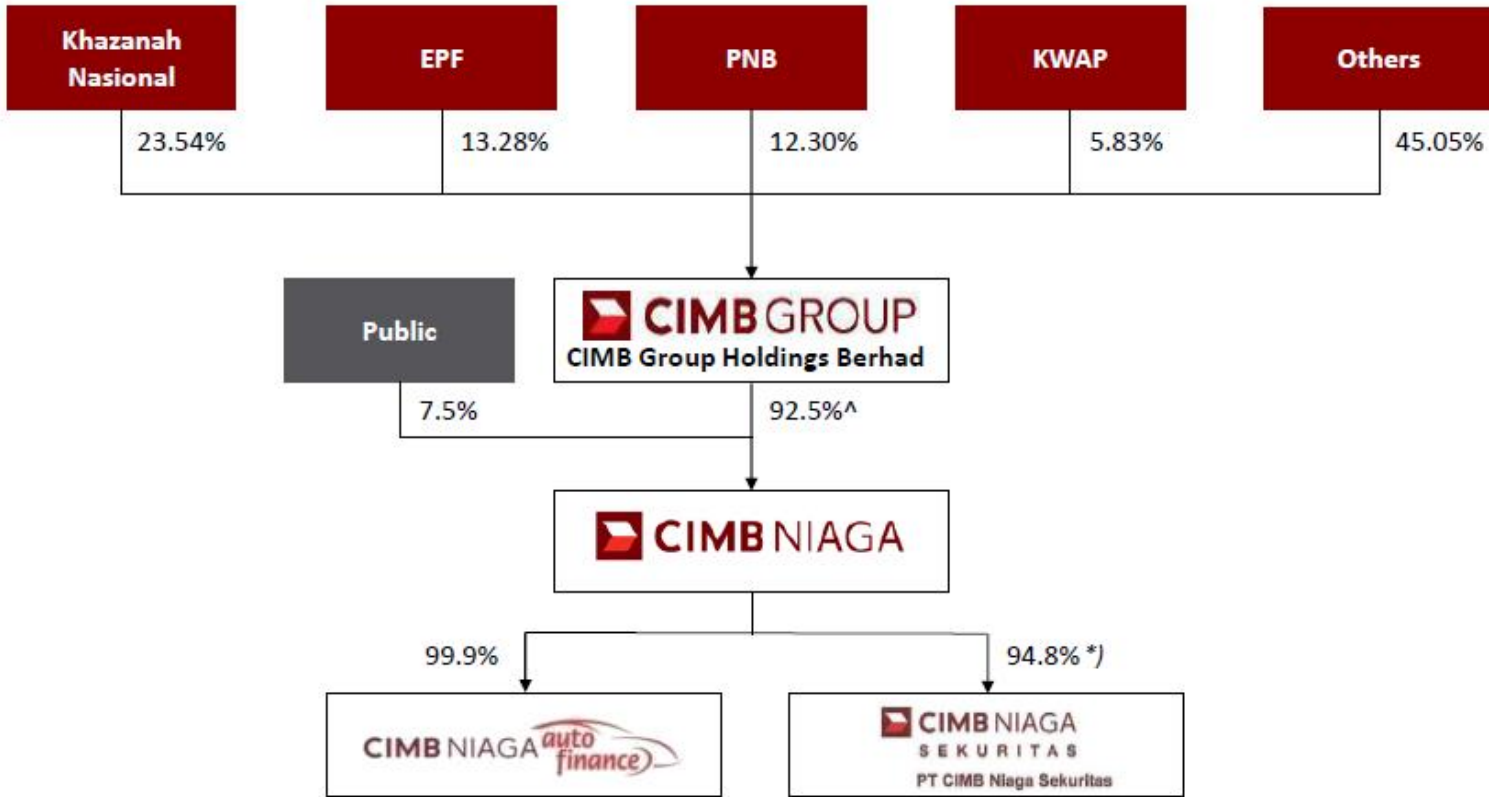
Based on our DDM Valuation, we have a target price within one year of IDR 1,210 or trading at 0.6x PBV which gives 22% potential upside, Buy.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	20.403	20.293	21.689	20.703	20.563	23.413	29.734
Interest Expense	-8.000	-7.331	-9.121	-8.233	-7.561	-8.915	-11.275
Net Interest Income	28.403	27.625	30.811	28.936	28.124	32.328	41.009
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	6.420	6.997	8.052
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	2.835	3.193	3.714
Profit Before Tax	4.155	5.801	4.954	2.947	2.929	3.288	3.810
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	1.750	1.803	1.939
EPS (Rp/Share)	118,6	177,8	146,2	80,7	70,2	72,3	77,8

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

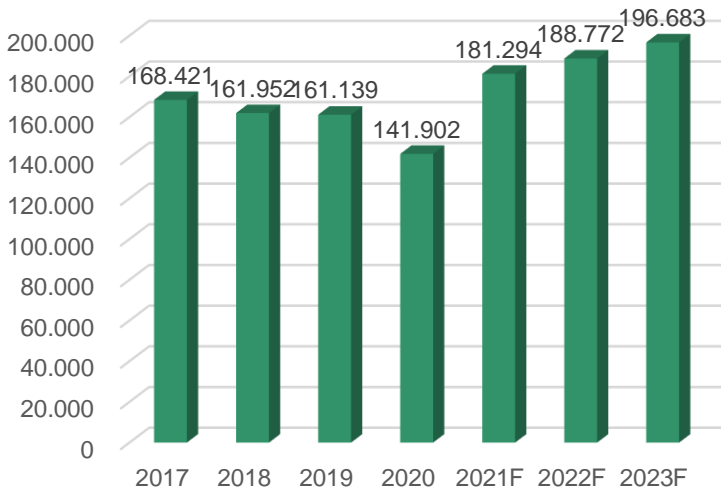


Chart: Customer Deposit (x) YoY

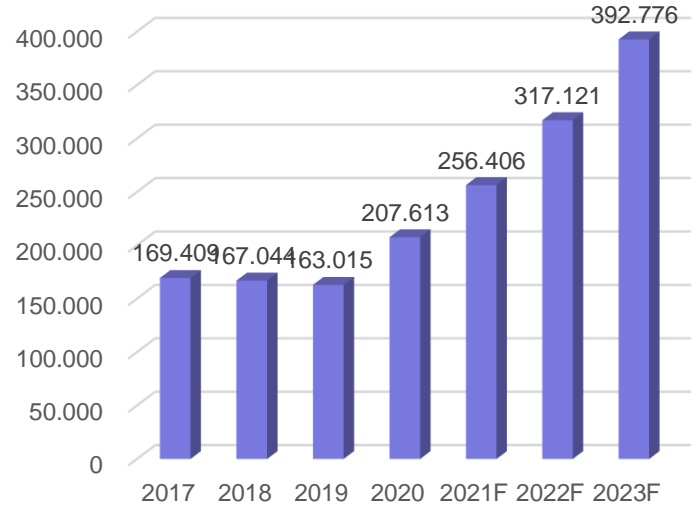


Chart: Profitability (x) YoY

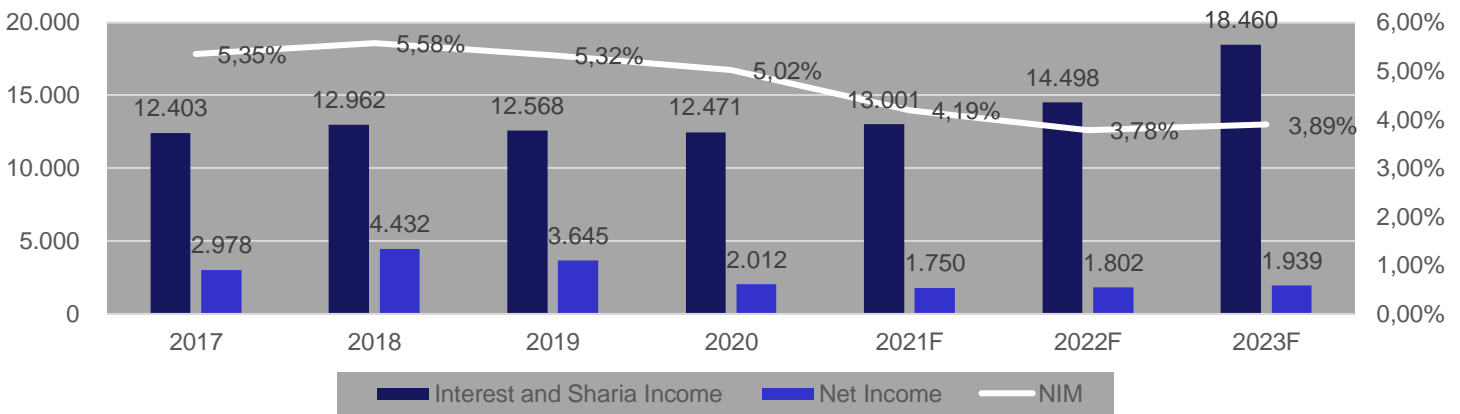


Chart: Net Interest Margin (x) YoY

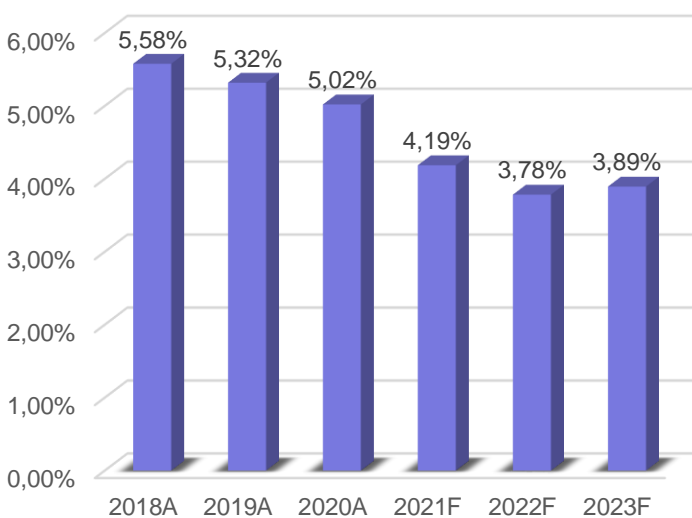


Chart: CAR (x) YoY

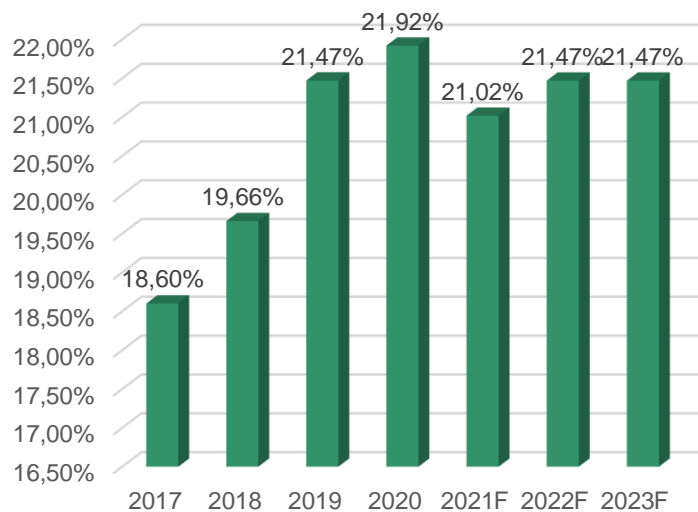


Chart: Gross Loan (x) QoQ

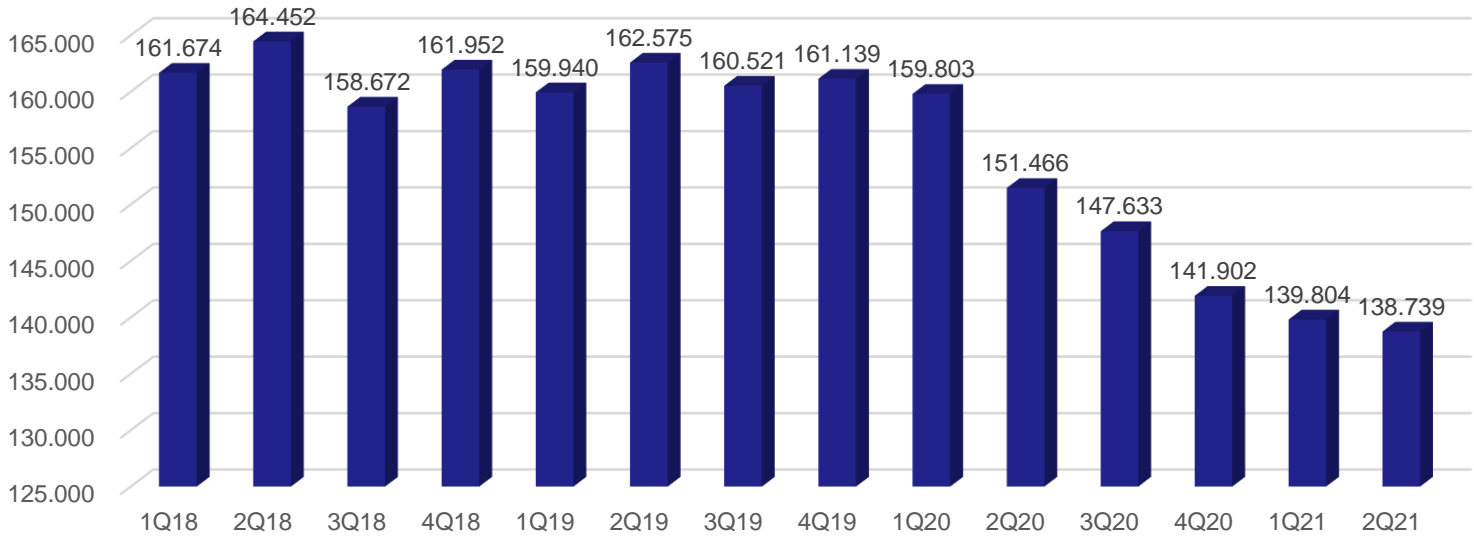


Chart: Non Performing Loan (x) QoQ

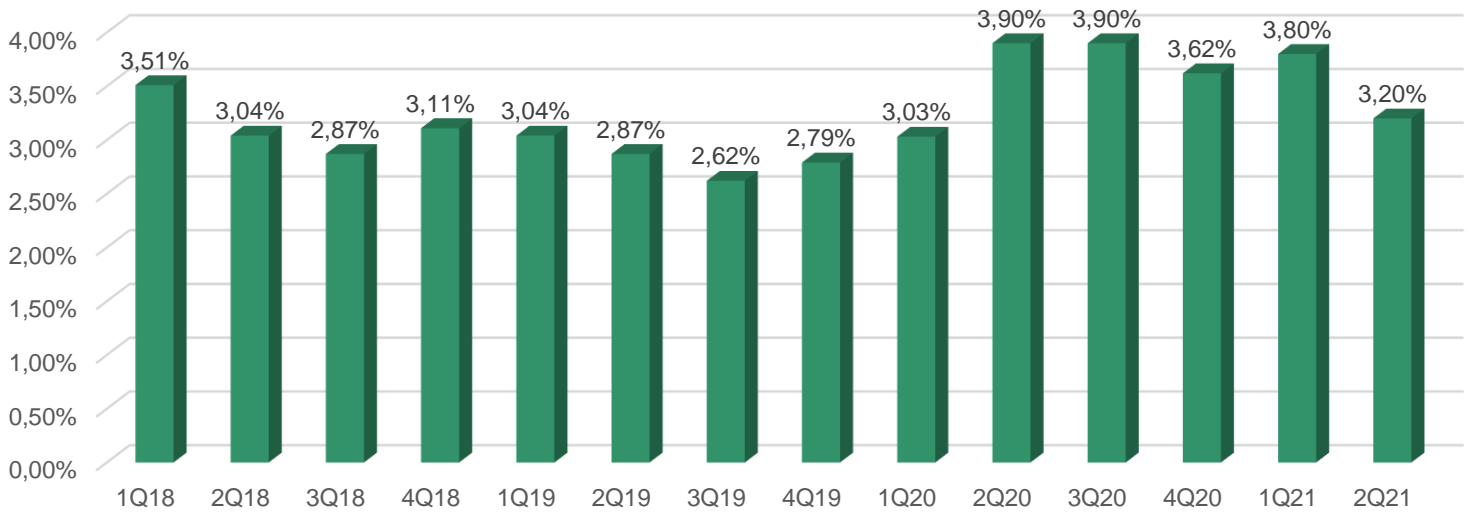
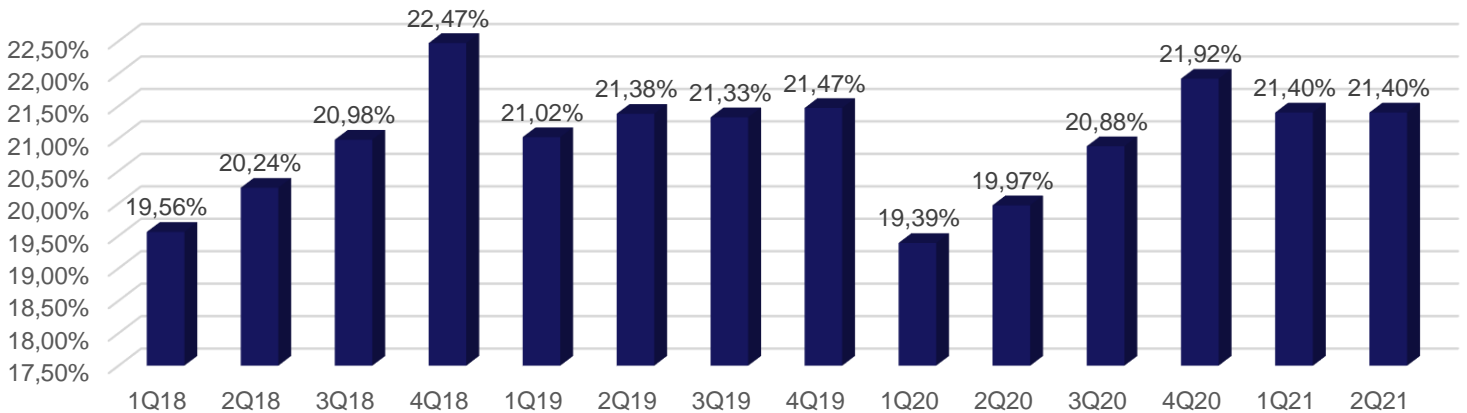


Chart: CAR (x) QoQ



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	10.927	1.805	-9.701
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	335.988	404.462	489.265
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	41.193	41.739	42.434

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PPOP	8.092	8.801	8.257	6.482	6.420	6.997	8.052
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	2.835	3.193	3.714
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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	1.750	1.803	1.939
EPS (Rp/Share)	118,6	177,8	146,2	80,7	70,2	72,3	77,8

Ratio Highlights

Ratio Analysis	2018A	2019A	2020A	2021F	2022F	2023F
Profitability & Efficiency						
NIM	5,58%	5,32%	5,02%	4,19%	3,78%	3,89%
Cost-to-Income Ratio	50,72%	56,47%	60,80%	67,34%	69,33%	71,18%
ROE	11,20%	8,42%	4,90%	4,25%	4,32%	4,57%
ROA	1,66%	1,33%	0,72%	0,52%	0,45%	0,40%
ROAE	9,63%	9,81%	6,66%	4,58%	4,28%	4,44%
BOPO	18,99%	17,50%	22,00%	34,03%	33,74%	33,03%
Cost of Credit	1,89%	2,06%	2,60%	2,50%	2,50%	2,50%
Liquidity						
LDR	96,95%	98,85%	68,35%	70,71%	59,53%	50,08%
CASA	55,05%	60,16%	59,63%	57,83%	56,00%	54,16%
Asset Quality						
Gross NPL	3,07%	2,88%	3,55%	3,23%	3,22%	3,37%
Provision Coverage	76,17%	76,89%	76,53%	76,71%	76,62%	76,66%
Capital						
CAR	19,66%	21,47%	21,92%	21,02%	21,47%	21,47%
Growth						
Loan Growth	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%	-13,04%	3,00%	7,56%

QoQ Result

Balance Sheet	2Q20	1Q21	2Q21	%QoQ	%YoY
Loan	151.466	139.804	138.739	-0,8%	-8,4%
Loan Loss Reserves	-10.804	-12.677	-12.282	-3,1%	13,7%
NPL	7.147	5.313	4.440	-16,4%	-37,9%
Deposit					
Demand	52.462	58.347	64.760	11,0%	23,4%
Savings	56.956	68.372	71.342	4,3%	25,3%
Time Deposit	62.041	73.440	82.063	11,7%	32,3%
Total Asset	274.419	272.547	288.931	6,0%	5,3%
Shareholder Equity	39.705	41.126	41.390	0,6%	4,2%

Income Statement	2Q20	1Q21	2Q21	%QoQ	%YoY
Interest Income	5.209	4.773	4.652	-2,5%	-10,7%
Interest Expense	-2.075	-1.504	-1.383	-8,0%	-33,4%
Net Interest Income	3.134	3.269	3.269	0,0%	4,3%
Net Operating Income	1.346	1.300	1.307	0,6%	-2,8%
Operating Expense	-1.698	-3.328	-939	-71,8%	-44,7%
PPOP	2.781	1.241	3.637	193,1%	30,8%
Provision Expense	-1.964	0	-2.136	#DIV/0!	8,8%
Operating Profit	23	61	-1	-101,2%	-103,3%
Profit Before Tax	840	1.301	1.500	15,2%	78,5%
Tax Expense	-151	-306	-364	19,1%	141,3%
Net Profit	689	996	1.136	14,1%	64,8%

Ratio	2Q20	1Q21	2Q21	%QoQ	%YoY
Profitability & Efficiency					
NIM	5,08%	5,12%	5,05%	(0,07)	(0,03)
Cost-to-Income Ratio	48,17%	44,00%	45,30%	1,30	(2,87)
ROE	6,91%	10,50%	12,30%	1,80	5,39
ROA	1,02%	1,50%	1,70%	0,20	0,68
Cost of Credit	3,01%	3,80%	3,20%	(0,60)	0,19
Liquidity					
LDR	89,84%	85,30%	78,40%	(6,90)	(11,44)
CASA	61,03%	63,30%	62,40%	(0,90)	1,37
Asset Quality					
Gross NPL (Bank only)	3,89%	3,80%	3,20%	(0,60)	(0,69)
Provision Coverage	159%	195%	224%	28,60	64,13
Capital					
CAR	19,97%	21,40%	21,40%	-	1,43

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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