

Investment Consideration

Net Profit increased by +23%

In 2022, BNGA experienced a significant increase in net profit, which grew by 22.96% YoY, from IDR 4.10 trillion to IDR 5.04 trillion. This growth was mainly driven by non-interest income, which had a YoY increase of 20.34%. The highest contributor to growth was the net gains from financial instruments measured at FVTPL, which showed an impressive YoY growth of 142.27% with the main contributor of these gains being from derivatives. On the other hand, interest income did not show significant growth, only growing by 1.33%. However, income from current accounts with Bank Indonesia and other banks showed a massive YoY increase of 127.07%. This resulted in a 17 bps decrease in the net interest margin (NIM) ratio to 4.69%. Looking ahead to 2023, we forecast BNGA will continue to experience growth in net profit, with a predicted increase of 33.93%, from IDR 5.04 trillion in FY22 to IDR 6.75 trillion in FY23. Additionally, we anticipate that the NIM ratio will improve to a level of 4.83%.

Solid Loan and CASA Growth

As of December 2022, BNGA saw strong growth in its consolidated loan portfolio, which increased by 9.44% compared to the previous year. Corporate loans grew the most, increasing by 12.96% YoY due to a focus on top-tier corporations, multinationals, and state-owned enterprises. Commercial loans decreased slightly by 0.63%, as the bank focused on smaller commercial loans with better returns. Consumer and EBB loans increased by 11.76% and 9.18%, respectively. The bank's CASA ratio grew to 63.57%, in line with its goal of acquiring low-cost funding through CASA deposits to disburse loans. Based on these trends, BNGA is projected to continue growing its consolidated loan portfolio by 8.88% and to increase the CASA ratio to 66.19%, in FY23.

Improvement in Asset Quality

In December 2022, BNGA achieved an improvement in its Non-Performing Loan (NPL) ratio, which decreased by 70 basis points to 2.80%. This improvement was driven by the recovery in national macroeconomic conditions and the bank's improved collection process in 2022. The top sectors causing NPLs were Trading, Restaurants, Hotels, and Administration, making up almost 40% of the total, followed by Manufacturing and Property. Looking ahead, we project that BNGA will continue to improve its asset quality, with its NPL ratio decreasing further to 2.51% in 2023.

Valuation: 16% Upside, HOLD.

Based on our DDM Valuation, we have a target price within one year of IDR 1490 or trading at 0.7x PBV. With 16% potential upside, we recommend HOLD.

| Financial Highlight | 2019A | 2020A | 2021A | 2022A | 2023F |
|------------------------------|--------|--------|--------|--------|--------|
| Net Interest Income (IDR bn) | 12,568 | 12,471 | 13,089 | 13,476 | 13,791 |
| Net Income (IDR Bn) | 3,645 | 2,012 | 4,100 | 5,042 | 6,752 |
| EPS (IDR) | 146.21 | 80.72 | 164.48 | 202.21 | 270.82 |
| P/E (x) | 6.60 | 12.33 | 5.87 | 5.86 | 5.50 |
| NIM (%) | 5.31% | 4.88% | 4.86% | 4.69% | 4.83% |
| ROA (%) | 1.99% | 1.06% | 1.88% | 2.16% | 2.10% |
| ROE (%) | 9.35% | 5.01% | 10.21% | 11.71% | 13.53% |

April 4th, 2023
Banking, Equity

Price **IDR 1,290**
Target Price **IDR 1,490**
JKSE Index **IDR 6,833.18**



Stock Code
Bloomberg code **BNGA J3**
Market Cap (IDR Bn) **32,220**
52-Week High (IDR) **1,315**
52-Week Low (IDR) **980**
6-M Avg Daily. Val (IDR) **1,181**

Major Shareholders
CIMB Group **91.48%**
Public **7.75%**
Treasury **0.77%**

USD/IDR-YE
2022A **14,871**
2023F (12M Avg) **15,091.4**

Key Indicators
Non-Performing Loan (%) **2.51**
Net Interest Margin (%) **4.83**

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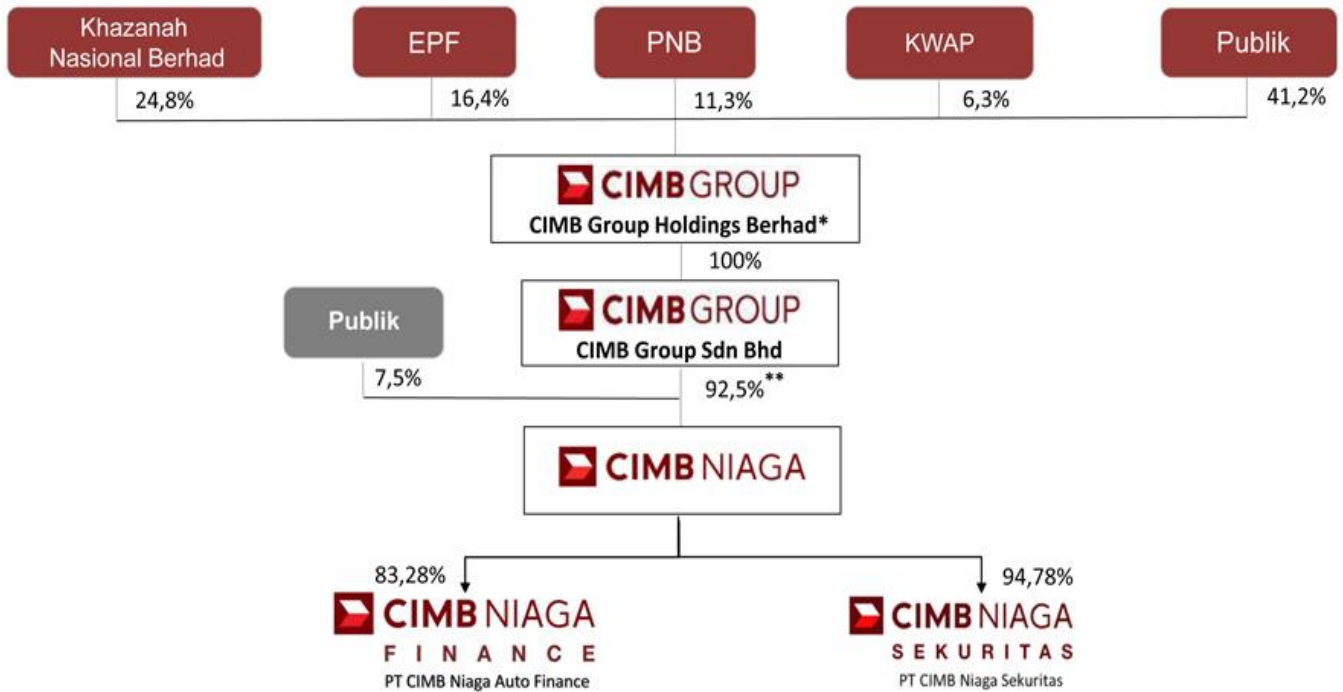
Company Profile

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

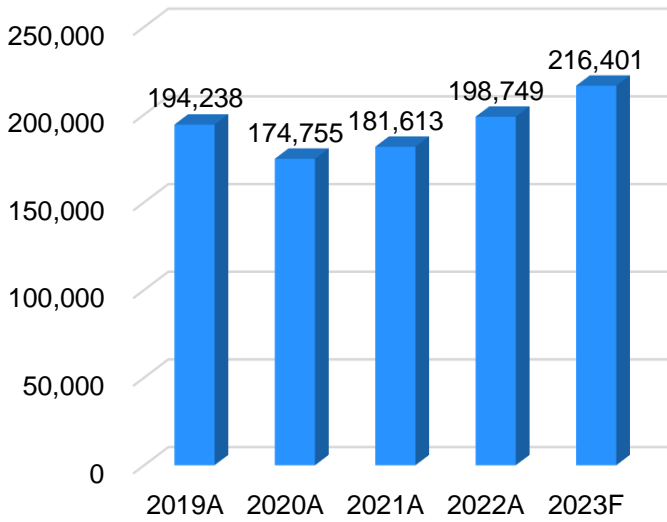


Chart: Customer Deposit (IDR Bn) YoY

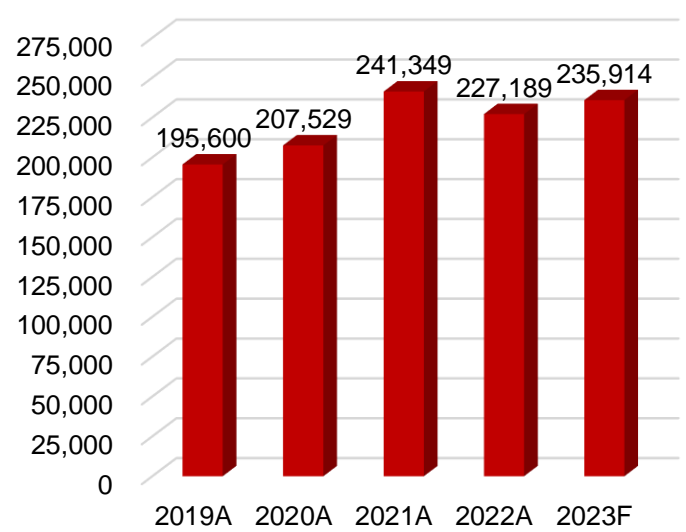


Chart: Profitability YoY

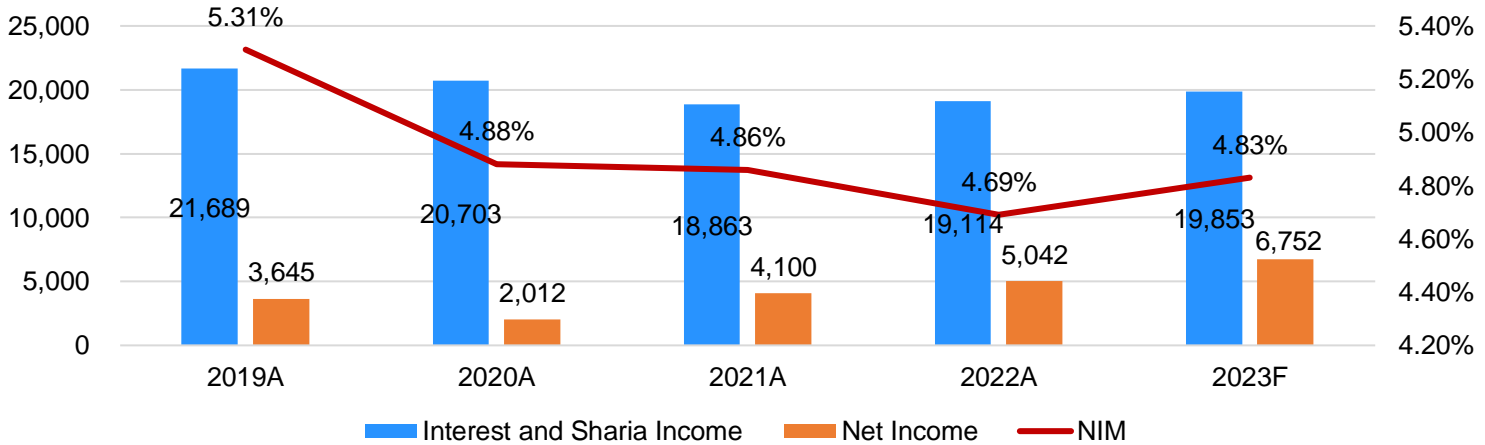


Chart: CAR (%) YoY

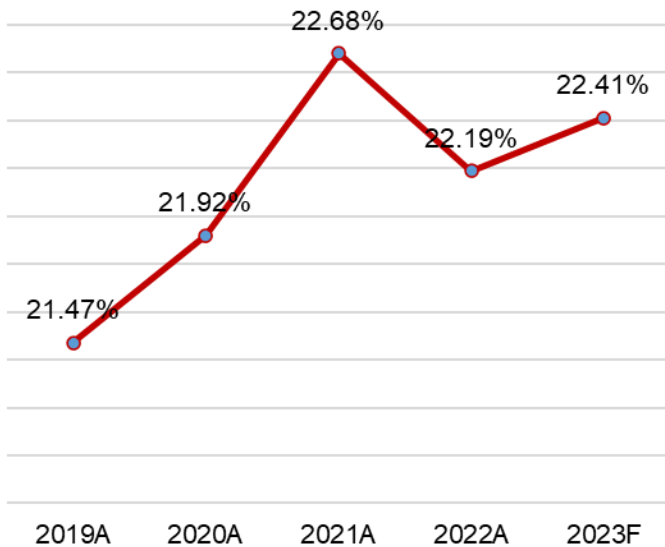


Chart: NPL (%) YoY

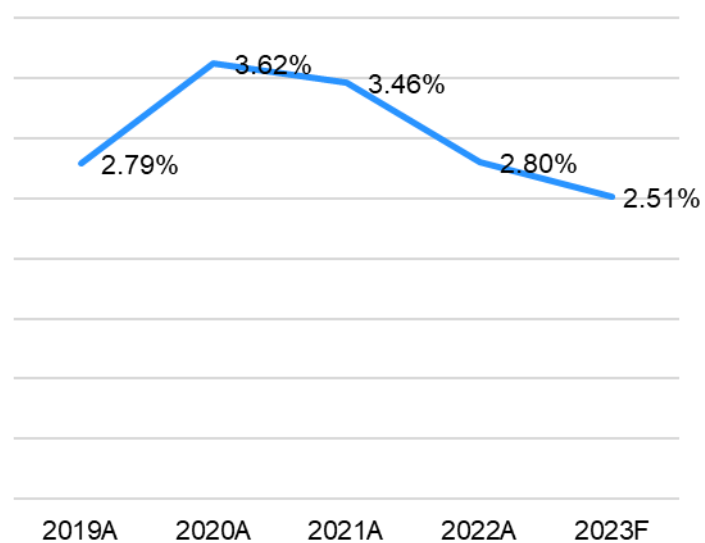


Chart: Gross Loan (IDR Bn) QoQ

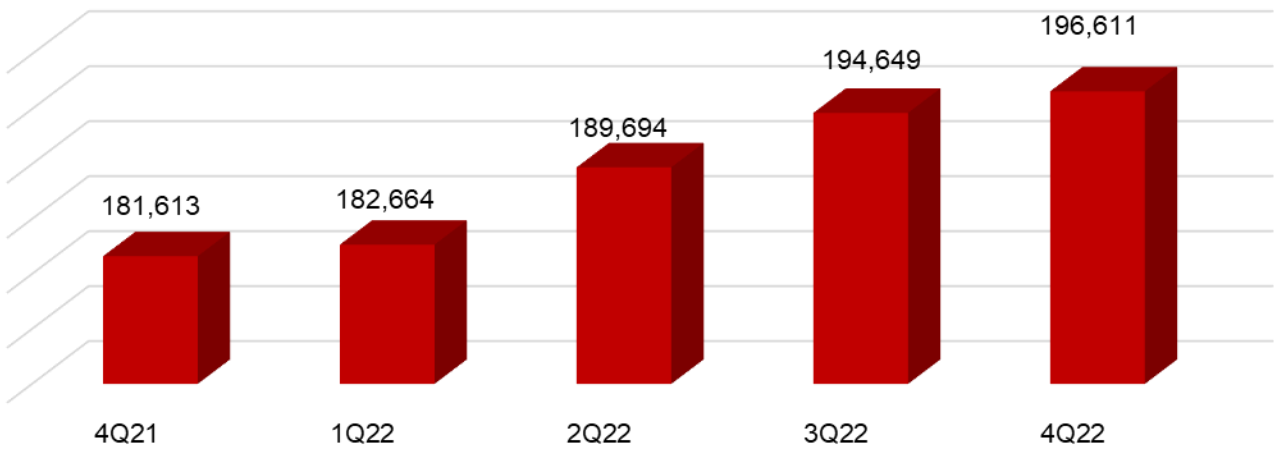


Chart: Net Income (IDR Bn) QoQ

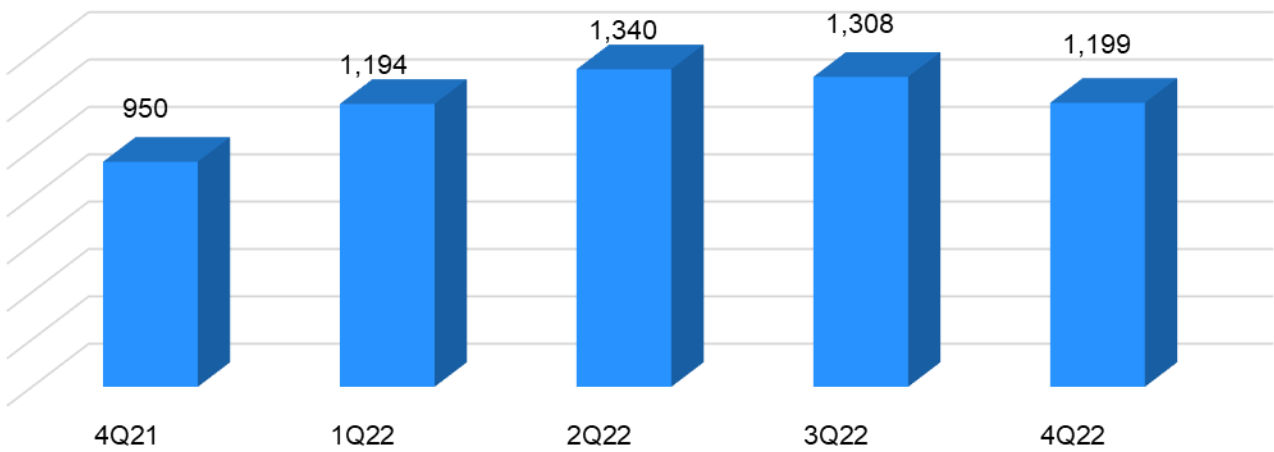
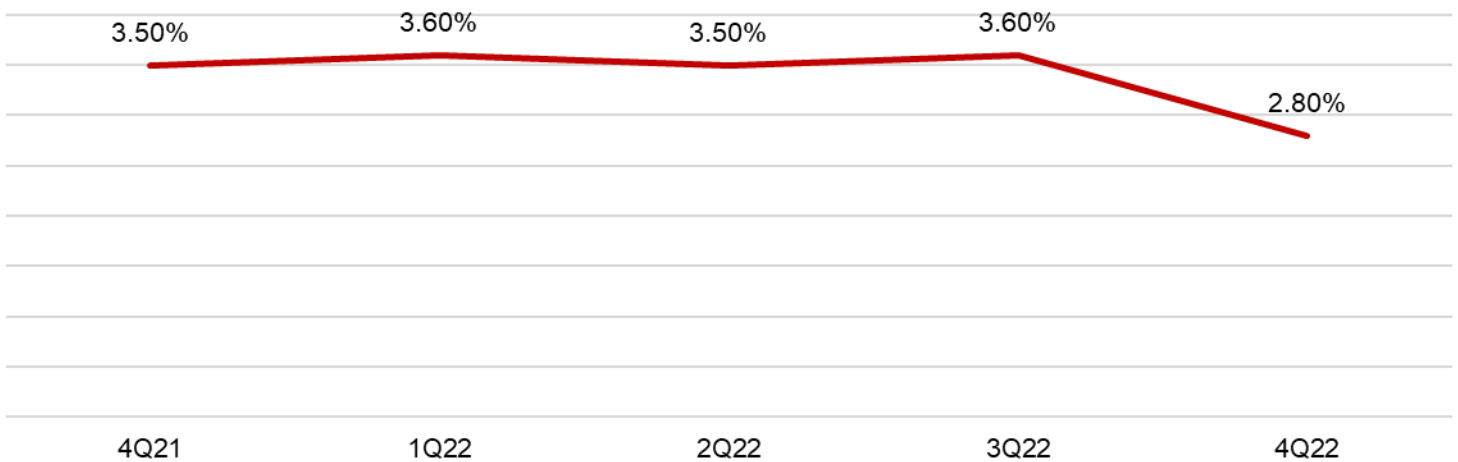


Chart: Non Performing Loan (%) QoQ



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 | 30,955 |
| Interbank Placement | 12,105 | 13,334 | 30,346 | 14,870 | 16,733 |
| Marketable Securities | 11,963 | 9,310 | 10,176 | 5,810 | 7,091 |
| Gross Loan | 194,238 | 174,755 | 181,613 | 198,749 | 216,401 |
| Allowance for Loans | (6,060) | (11,925) | (13,136) | (13,197) | (14,569) |
| Loans-net | 188,178 | 162,830 | 168,478 | 185,551 | 201,832 |
| Other Earning Asset | 54,649 | 90,363 | 111,878 | 89,121 | 73,128 |
| Non Earning Asset | 14,552 | 16,751 | 16,592 | 17,658 | 16,266 |
| Total Asset | 274,467 | 280,944 | 310,787 | 306,754 | 322,180 |
| Deposit: | | | | | |
| Current Account | 48,944 | 55,863 | 75,477 | 70,340 | 76,102 |
| Saving Account | 59,316 | 67,861 | 72,565 | 74,086 | 80,055 |
| Time Deposits | 87,340 | 83,806 | 93,306 | 82,763 | 79,757 |
| Other Interest Bearing Liabilities | 21,157 | 22,407 | 15,373 | 17,260 | 18,300 |
| Non Interest Bearing Liabilities | 14,416 | 9,954 | 10,677 | 17,030 | 18,065 |
| Total Liabilities | 231,173 | 239,891 | 267,399 | 261,478 | 272,278 |
| Total Shareholder's Equity | 43,294 | 41,053 | 43,388 | 45,276 | 49,902 |

Income Statement (IDR Bn)

| Income Statement (IDR Bn) | 2019A | 2020A | 2021A | 2022A | 2023F |
|---|---------------|---------------|---------------|---------------|---------------|
| Interest Income | 21,689 | 20,703 | 18,863 | 19,114 | 19,853 |
| Interest Expense | (9,121) | (8,233) | (5,774) | (5,638) | (6,062) |
| Net Interest Income | 12,568 | 12,471 | 13,089 | 13,476 | 13,791 |
| Fee Other Income | 4,257 | 3,888 | 4,479 | 5,390 | 6,194 |
| Gross Operating Income | 16,825 | 16,359 | 17,568 | 18,866 | 19,985 |
| Operating Expense | (8,634) | (8,101) | (8,279) | (8,484) | (9,015) |
| PPOP | 8,190 | 8,258 | 9,288 | 10,382 | 10,970 |
| Provision Expense | (3,257) | (5,404) | (4,170) | (3,814) | (2,924) |
| Operating Profit | 4,934 | 2,854 | 5,118 | 6,568 | 8,045 |
| Non-Operating Income – Net | 20 | 94 | 73 | 11 | 74 |
| Profit Before Tax | 4,954 | 2,947 | 5,191 | 6,579 | 8,119 |
| Tax Expense | (1,311) | (936) | (1,092) | (1,483) | (1,366) |
| Earning After Tax | 3,643 | 2,011 | 4,099 | 5,097 | 6,753 |
| Income for The Year Attributable to NCI | (2) | (1) | (2) | 55 | 1 |
| Net Income | 3,645 | 2,012 | 4,100 | 5,042 | 6,752 |
| EPS (Rp/Share) | 146.21 | 80.72 | 164.48 | 202.21 | 270.82 |

Ratio Highlights

| Ratio Analysis (Consolidated) | 2019A | 2020A | 2021A | 2022A | 2023F |
|---------------------------------------|---------|---------|---------|---------|---------|
| Profitability & Efficiency | | | | | |
| NIM | 5.31% | 4.88% | 4.86% | 4.69% | 4.83% |
| Cost-to-Income Ratio | 49.07% | 48.95% | 45.88% | 44.91% | 40.19% |
| ROE | 9.35% | 5.01% | 10.21% | 11.71% | 13.53% |
| ROA | 1.99% | 1.06% | 1.88% | 2.16% | 2.10% |
| BOPO | 82.44% | 89.38% | 78.37% | 74.10% | 69.11% |
| Liquidity | | | | | |
| LDR | 97.64% | 82.91% | 74.35% | 85.63% | 91.73% |
| CASA | 55.35% | 59.62% | 61.34% | 63.57% | 66.19% |
| Asset Quality | | | | | |
| Gross NPL | 2.79% | 3.62% | 3.46% | 2.80% | 2.51% |
| Loan Loss Coverage | 113.60% | 194.33% | 212.10% | 242.75% | 268.13% |
| Cost of Credit | 1.75% | 2.83% | 2.42% | 1.85% | 1.35% |
| Capital | | | | | |
| CAR | 21.47% | 21.92% | 22.68% | 22.19% | 22.41% |
| Growth | | | | | |
| Loan Growth | 3.06% | -10.03% | 3.92% | 9.44% | 8.88% |
| Deposit Growth | 2.54% | 6.10% | 16.30% | -5.87% | 3.84% |
| Net Income Growth | 4.68% | -44.79% | 103.75% | 22.96% | 33.93% |

QoQ Result

| Balance Sheet | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | %QoQ | %YoY |
|--------------------|----------|----------|----------|----------|----------|---------|---------|
| Loan | 181,613 | 182,664 | 189,694 | 194,649 | 196,611 | 1.01% | 8.26% |
| Loan Loss Reserves | (13,136) | (13,752) | (14,223) | (14,291) | (13,197) | -7.65% | 0.47% |
| NPL | 6,356 | 6,576 | 6,639 | 7,007 | 5,505 | -21.44% | -13.39% |
| Deposit | | | | | | | |
| Demand | 75,477 | 76,000 | 75,595 | 75,430 | 70,340 | -6.75% | -6.81% |
| Savings | 72,565 | 74,860 | 76,862 | 74,752 | 74,086 | -0.89% | 2.10% |
| Time Deposit | 93,306 | 86,459 | 79,534 | 71,681 | 82,763 | 15.46% | -11.30% |
| Total Asset | 310,787 | 307,425 | 310,980 | 306,968 | 306,754 | -0.07% | -1.30% |
| Shareholder Equity | 43,377 | 44,559 | 43,070 | 43,433 | 45,192 | 4.05% | 4.18% |

| Income Statement | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | %QoQ | %YoY |
|---|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Interest Income | 4,634 | 4,584 | 4,689 | 4,749 | 5,092 | 7.21% | 9.89% |
| Interest Expense | (1,433) | (1,375) | (1,361) | (1,313) | (1,590) | 21.10% | 10.96% |
| Net Interest Income | 3,201 | 3,209 | 3,329 | 3,436 | 3,502 | 1.91% | 9.41% |
| Fee Other Income | 1,042 | 1,590 | 1,455 | 1,066 | 1,279 | 19.98% | 22.76% |
| Gross Operating Income | 4,242 | 4,799 | 4,783 | 4,502 | 4,781 | 6.19% | 12.69% |
| Operating Expense | (2,096) | (2,108) | (2,081) | (2,073) | (2,222) | 7.18% | 6.03% |
| PPOP | 2,147 | 2,692 | 2,703 | 2,429 | 2,559 | 5.34% | 19.19% |
| Provision Expense | (1,067) | (1,139) | (961) | (715) | (999) | 39.84% | -6.33% |
| Operating Profit | 1,080 | 1,553 | 1,742 | 1,714 | 1,559 | -9.05% | 44.41% |
| Non-Operating Income – Net | 13 | 4 | 3 | 4 | 0 | -95.45% | -98.66% |
| Profit Before Tax | 1,093 | 1,556 | 1,745 | 1,718 | 1,560 | -9.24% | 42.71% |
| Tax Expense | (143) | (347) | (387) | (394) | (354) | -10.07% | 146.84% |
| Earning After Tax | 949 | 1,209 | 1,358 | 1,325 | 1,206 | -8.99% | 26.98% |
| Income for The Year Attributable to NCI | (0) | 15 | 17 | 16 | 7 | -59.81% | -1525.82% |
| Net Income | 950 | 1,194 | 1,340 | 1,308 | 1,199 | -8.36% | 26.23% |

| Ratio Consolidated | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 | %QoQ | %YoY |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Profitability & Efficiency | | | | | | | |
| NIM | 4.47% | 4.46% | 4.63% | 4.77% | 4.90% | 0.13 | 0.43 |
| Cost-to-Income Ratio | 47.80% | 43.80% | 43.40% | 46.00% | 46.50% | 0.50 | (1.30) |
| ROE | 9.70% | 11.80% | 13.70% | 13.10% | 11.70% | (1.40) | 2.00 |
| ROA | 1.30% | 2.10% | 2.30% | 2.20% | 2.00% | (0.20) | 0.70 |
| Liquidity | | | | | | | |
| LDR | 74.40% | 76.10% | 80.90% | 86.90% | 85.60% | (1.30) | 11.20 |
| CASA | 61.30% | 63.60% | 65.70% | 67.70% | 63.60% | (4.10) | 2.30 |
| Asset Quality | | | | | | | |
| Gross NPL | 3.50% | 3.60% | 3.50% | 3.60% | 2.80% | (0.80) | (0.70) |
| Provision Coverage | 212.1% | 210.8% | 215.0% | 208.8% | 242.2% | 33.40 | 30.10 |
| Cost of Credit | 2.10% | 2.40% | 1.70% | 1.30% | 1.90% | 0.60 | (0.20) |
| Capital | | | | | | | |
| CAR | 22.70% | 23.10% | 21.10% | 21.00% | 22.20% | 1.20 | (0.50) |

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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