

Investment Considerations

Highest Profit Ever

In 2023, BNGA recorded a consolidated net profit surge of 28.40% YoY, reaching IDR 6.47 trillion, marking the highest profit in its history. This achievement was propelled by improvements in asset quality and efficiency, evidenced by a 47.38% YoY reduction in provision expenses. Interest income saw a significant rise of 16.70% YoY. However, interest expenses soared by 58.81% YoY, leading to a 29-basis point decline in the NIM ratio to 4.40%. We predict BNGA will continue its faster growth trajectory, with profits expected to grow by 13.50% to IDR 7.35 trillion in 2024.

Exceeding Loan Growth Targets for 2023

By December 2023, BNGA's consolidated loan portfolio reached IDR 213.37 trillion, marking an 8.52% YoY increase (excluding *salam*-financing) and surpassing its 6%-8% growth target. The corporate segment, as the primary contributor, saw an 11.66% YoY increase. Shariah financing also significantly contributed to loan growth, with a 17.06% YoY increase. Predictions for December 2024 suggest a further expansion of BNGA's consolidated loan portfolio by 7.04%.

Advancing Sustainable Financing: A Firm ESG Commitment

BNGA's loan portfolio growth of 8.52% YoY included notable advancements in sustainable financing, which increased by 7.81% YoY to IDR 55.46 trillion, making up 25.9% of the total. Additionally, 29% of CPO debtors are pursuing or have obtained ISPO and/or RSPO certification, surpassing the 5% growth target, as the sustainable CPO portfolio expanded by 17% YoY.

Maintaining Growth in CASA Ratio

As of December 2023, BNGA's CASA Ratio was 63.86%, up by 29 basis points YoY, driven by a robust customer growth of 25.2% YoY. This is also reflected in the significant increase of digital savings account openings by 84.84% YoY. The CASA ratio is expected to further increase to 64.61% by December 2024.

Asset Quality Remains Robust

BNGA's gross NPL ratio improved significantly, dropping by 83 basis points YoY to 1.96% in December 2023, a figure even lower than pre-COVID levels in 2019. This improvement is attributed to a diversified and enhanced portfolio mix. The cost of credit also decreased by 81 basis points YoY to 1.04%. BNGA's consolidated NPL ratio is forecasted to improve to 1.82%, a 14-basis point decrease from 2023.

Valuation: 28% Upside, Buy Recommendation.

Our DDM valuation sets a one-year target price at IDR 2,610, equivalent to a valuation of 1.23x PBV. With potential upside of 28% , 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	14,035
Net Income (IDR Bn)	2,012	4,100	5,042	6,474	7,348
EPS (IDR)	80.72	164.48	202.21	259.45	293.83
NIM (%)	4.88%	4.86%	4.69%	4.40%	4.40%
Cost of Credit (%)	2.83%	2.42%	1.85%	1.03%	1.00%
Gross NPL (%)	3.62%	3.46%	2.80%	1.96%	1.82%
CAR (%)	21.92%	22.68%	22.19%	24.02%	24.67%

March 21st, 2024
Banking, Equity

Price **IDR 2,040**
Target Price **IDR 2,610**
JKSE Index **IDR 7,338.35**



Stock Code **BNGA IJ**
Bloomberg code **BNGA IJ**
Market Cap (IDR Bn) **50,777.2**
52-Week High (IDR) **2,140**
52-Week Low (IDR) **1,195**
6-M Avg Daily. Val (IDR) **1,770**
Float Shares (%) **6.17**

Major Shareholders
CIMB Group **91.48%**
PT Commerce Kapital **1.02%**
Public (including Treasury) **7.50%**

USD/IDR-YE
2023A **15,439**
2024F (APBN 2024) **15,000**

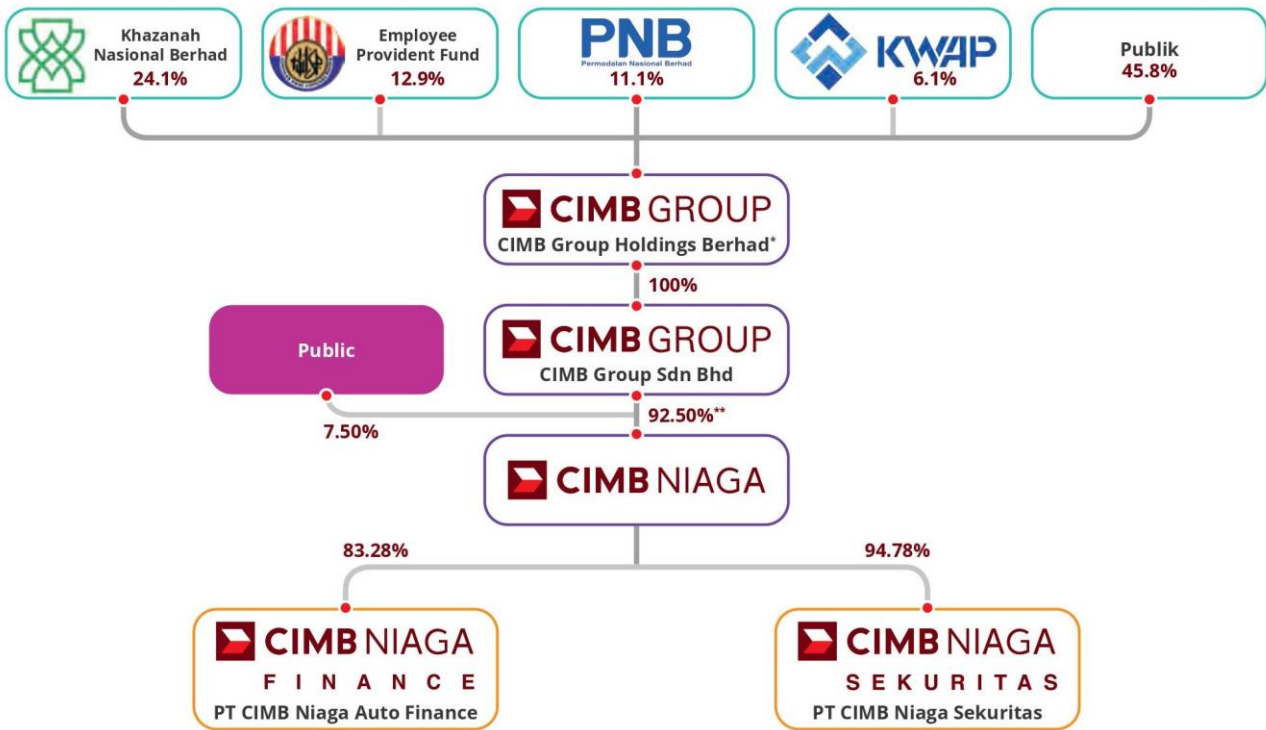
Key Indicators
Non-Performing Loan (%) **1.82**
Net Interest Margin (%) **4.40**

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

Corporate Group Structure



^{*)} The Ultimate Beneficial Owner of CIMB Niaga is Datin Rossaya binti Mohd Nashir
^{**)} Including PT Commerce Kapital 1.02%

Chart: Gross Loan (IDR Bn) YoY

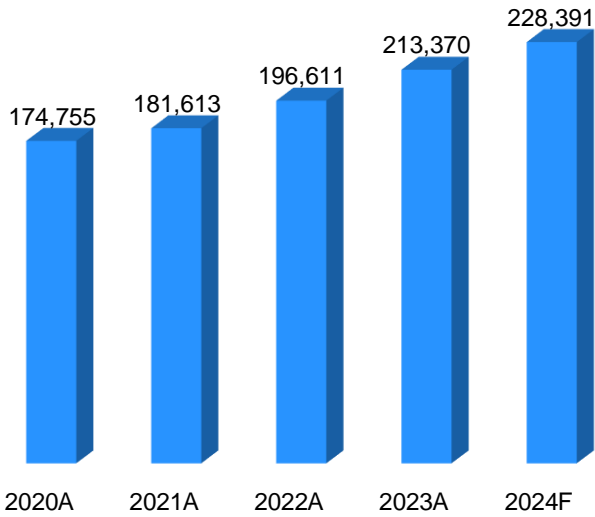


Chart: Customer Deposit (IDR Bn) YoY

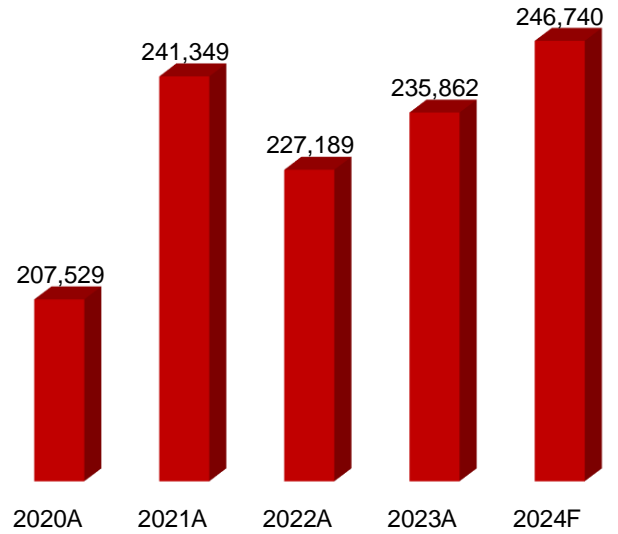


Chart: Profitability YoY

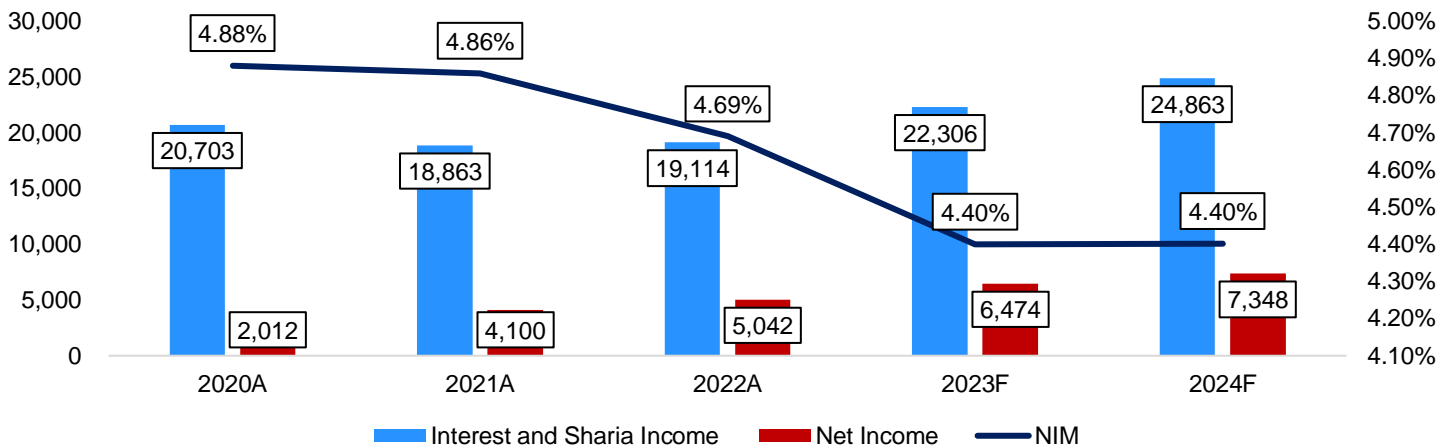


Chart: CAR (%) YoY

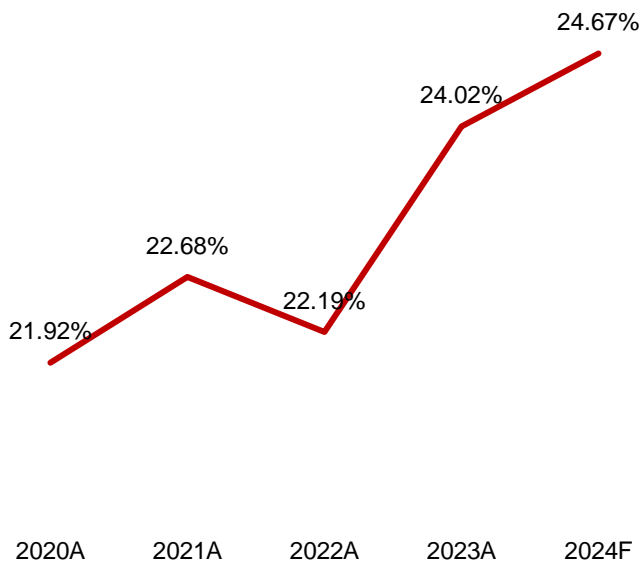


Chart: NPL (%) YoY

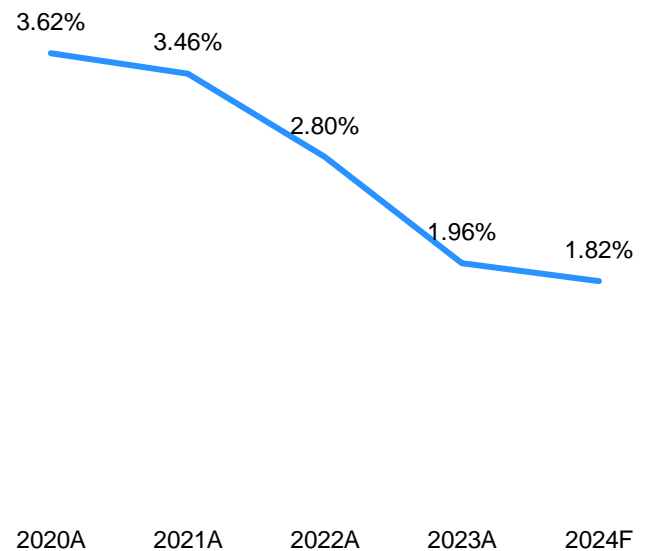


Chart: Gross Loan (IDR Bn) QoQ

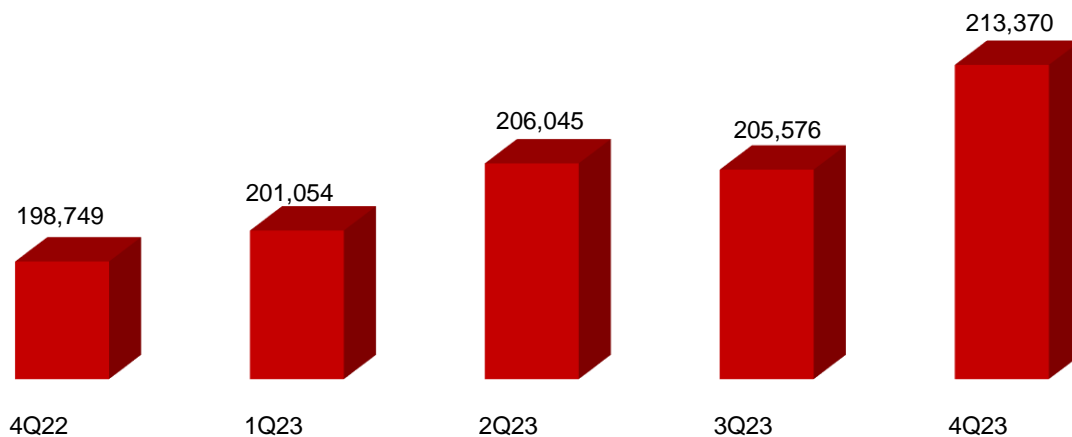


Chart: Net Income (IDR Bn) QoQ

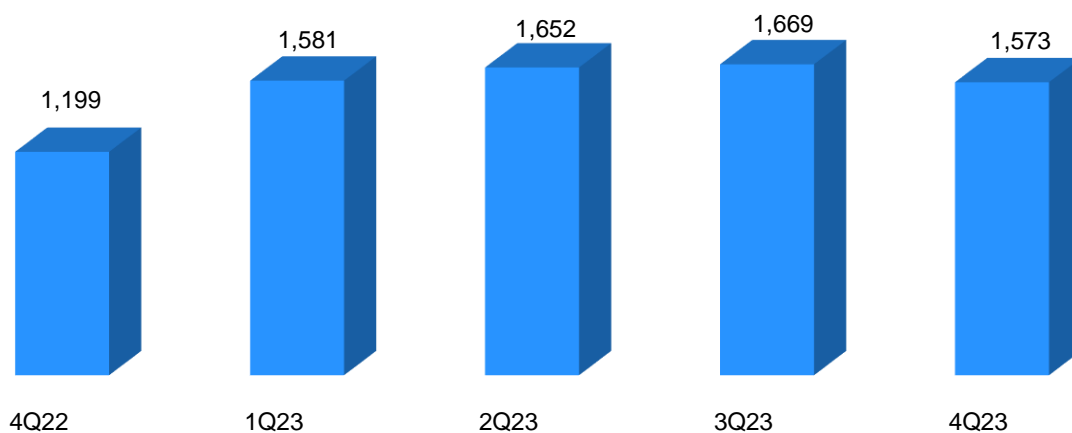
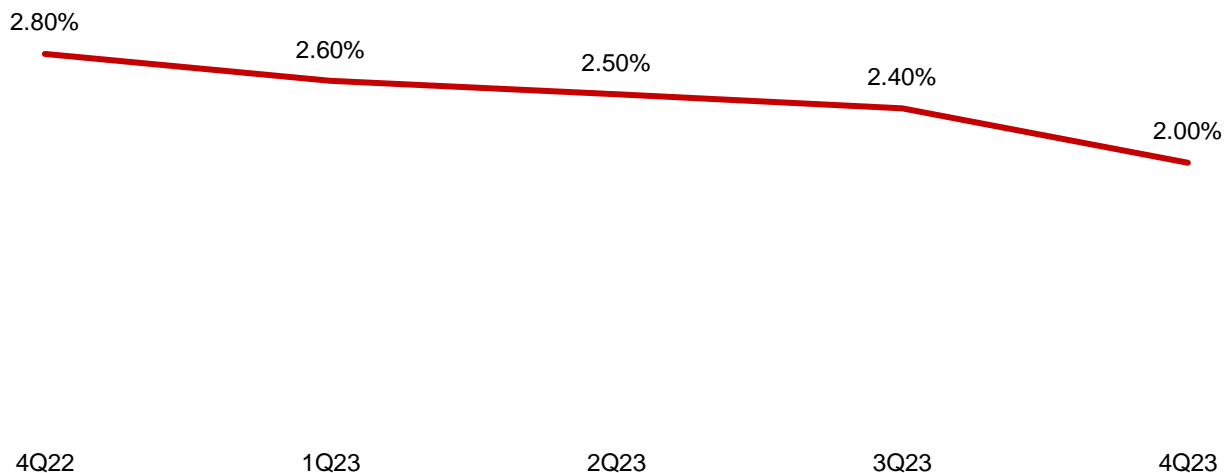


Chart: Non-Performing Loan (%) QoQ



Balance Sheet (IDR Bn)

Balance sheet (IDR bn)	2020A	2021A	2022A	2023A	2024F
Cash and CA with BI	10,999	13,839	14,425	17,109	22,215
Interbank Placement	13,334	30,346	14,870	4,533	9,827
Marketable Securities	9,310	10,176	5,810	9,364	9,920
Gross Loan	174,755	181,613	198,749	213,370	228,391
Allowance for Loans	(11,925)	(13,136)	(13,197)	(12,047)	(13,194)
Loans-net	162,830	168,478	185,551	201,322	215,197
Other Earning Asset	90,363	111,878	89,121	97,716	95,857
Non-Earning Asset	16,751	16,592	17,658	18,222	18,961
Total Asset	280,944	310,787	306,754	334,369	352,230
Deposit:					
Current Account	55,863	75,477	70,340	73,202	76,879
Saving Account	67,861	72,565	74,086	77,431	82,536
Time Deposits	83,806	93,306	82,763	85,229	87,324
Other-Interest Bearing Liabilities	22,407	15,373	17,260	36,153	39,019
Non-Interest-Bearing Liabilities	9,954	10,677	17,030	13,017	13,640
Total Liabilities	239,891	267,399	261,478	285,032	299,398
Total Shareholder's Equity	41,053	43,388	45,276	49,337	52,832

Income Statement (IDR Bn)

Income Statement (IDR Bn)	2020A	2021A	2022A	2023A	2024F
Interest Income	20,703	18,863	19,114	22,306	24,863
Interest Expense	(8,233)	(5,774)	(5,638)	(8,954)	(10,828)
Net Interest Income	12,471	13,089	13,476	13,352	14,035
Fee Other Income	3,888	4,479	5,390	5,433	5,880
Gross Operating Income	16,359	17,568	18,866	18,786	19,915
Operating Expense	(8,101)	(8,279)	(8,484)	(8,584)	(8,277)
PPOP	8,258	9,288	10,382	10,202	11,639
Provision Expense	(5,404)	(4,170)	(3,814)	(2,007)	(2,273)
Operating Profit	2,854	5,118	6,568	8,195	9,365
Non-Operating Income – Net	94	73	11	162	170
Profit Before Tax	2,947	5,191	6,579	8,357	9,535
Tax Expense	(936)	(1,092)	(1,483)	(1,806)	(2,149)
Earning After Tax	2,011	4,099	5,097	6,551	7,387
Income for The Year Attributable to NCI	(1)	(2)	55	77	39
Net Income	2,012	4,100	5,042	6,474	7,348
EPS (Rp/Share)	80.72	164.48	202.21	259.45	294.47

Ratio Highlights

Ratio Analysis (Consolidated)	2020A	2021A	2022A	2023A	2024F
Profitability & Efficiency					
NIM	4.88%	4.86%	4.69%	4.40%	4.40%
ROE	5.01%	10.21%	11.71%	14.03%	14.38%
ROA	1.06%	1.88%	2.16%	2.59%	2.14%
BOPO	89.38%	78.37%	74.10%	71.47%	69.54%
Cost of Credit	2.83%	2.42%	1.85%	1.03%	1.00%
Liquidity					
LDR	82.91%	74.35%	85.63%	89.30%	92.56%
CASA	59.62%	61.34%	63.57%	63.86%	64.61%
Asset Quality					
Gross NPL	3.62%	3.46%	2.80%	1.96%	1.82%
Loan Loss Coverage	194.33%	212.10%	242.70%	292.10%	318.10%
Capital					
CAR	21.92%	22.68%	22.19%	24.02%	24.67%
Growth					
Loan Growth	-10.03%	3.92%	8.26%	8.52%	7.04%
Deposit Growth	6.10%	16.30%	-5.87%	3.82%	4.61%
Net Income Growth	-44.79%	103.75%	22.96%	28.41%	13.50%

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

Balance Sheet	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Loan	198,749	201,054	206,045	205,576	213,370	3.79%	7.36%
Loan Loss Reserves	(13,197)	(13,010)	(13,435)	(13,184)	(12,047)	-8.62%	-8.71%
NPL	5,565	5,227	5,151	4,934	4,267	-13.50%	-23.31%
Deposit							
Demand	70,340	70,430	71,998	77,237	73,202	-5.22%	4.07%
Savings	74,086	76,610	79,614	79,725	77,431	-2.88%	4.52%
Time Deposit	82,763	93,104	84,181	78,298	85,229	8.85%	2.98%
Total Asset	306,754	347,280	329,683	329,130	334,369	1.59%	9.00%
Shareholder Equity	45,192	46,880	46,041	47,272	49,193	4.06%	8.85%
Income Statement	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Interest Income	5,092	5,359	5,645	5,710	5,592	-2.07%	9.82%
Interest Expense	(1,590)	(1,952)	(2,218)	(2,357)	(2,427)	2.94%	52.64%
Net Interest Income	3,502	3,408	3,427	3,352	3,165	-5.59%	-9.62%
Fee Other Income	1,279	1,576	1,608	1,136	1,114	-1.93%	-12.93%
Gross Operating Income	4,781	4,984	5,035	4,488	4,279	-4.67%	-10.50%
Operating Expense	(2,222)	(2,269)	(2,171)	(2,089)	(2,054)	-1.69%	-7.56%
PPOP	2,559	2,715	2,864	2,399	2,225	-7.26%	-13.06%
Provision Expense	(999)	(749)	(780)	(249)	(228)	-8.63%	-77.22%
Operating Profit	1,559	1,965	2,083	2,150	1,997	-7.10%	28.06%
Non-Operating Income – Net	0	51	52	12	47	283.36%	26573.14%
Profit Before Tax	1,560	2,016	2,136	2,162	2,044	-5.46%	31.04%
Tax Expense	(354)	(416)	(466)	(477)	(447)	-6.21%	26.29%
Earning After Tax	1,206	1,600	1,670	1,685	1,597	-5.25%	32.44%
Income for The Year Attributable to NCI	7	19	18	16	24	49.65%	268.32%
Net Income	1,199	1,581	1,652	1,669	1,573	-5.77%	31.15%
Ratio Consolidated	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.90%	4.71%	4.52%	4.33%	4.05%	(0.28)	(0.85)
Cost-to-Income Ratio	46.50%	44.50%	42.10%	46.30%	46.90%	0.60	0.40
ROE	11.70%	15.10%	15.80%	15.30%	13.90%	(1.40)	2.20
ROA	2.00%	2.60%	2.60%	2.60%	2.50%	(0.10)	0.50
Liquidity							
LDR	85.60%	82.20%	86.00%	86.40%	89.30%	2.90	3.70
CASA	63.60%	61.20%	64.30%	66.70%	63.90%	(2.80)	0.30
Asset Quality							
Gross NPL	2.80%	2.60%	2.50%	2.40%	2.00%	(0.40)	(0.80)
Loan Loss Coverage	242.20%	253.50%	261.90%	267.10%	292.10%	25.00	49.90
Cost of Credit	1.90%	1.50%	1.80%	0.40%	0.54%	0.14	(1.36)
Capital							
CAR	22.19%	21.31%	23.21%	23.83%	24.02%	0.19	1.83

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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