

July 5th, 2023
Banking, Equity

Price **IDR 1,605**
Target Price **IDR 1,950**
JKSE Index **IDR 6,718.98**



Stock Code **BNGA**
Bloomberg code **BNGA IJ**
Market Cap (IDR Bn) **40,4340**
52-Week High (IDR) **1,635**
52-Week Low (IDR) **980**
6-M Avg Daily. Val (IDR) **1,205**

Major Shareholders
CIMB Group **91.48%**
Public **7.77%**
Treasury **0.77%**

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

Key Indicators
Non-Performing Loan (%) **2.45**
Net Interest Margin (%) **5.00**

Investment Consideration

Net Profit up +32%

BNGA's Q1 2023 net profit grew by 32.41% YoY, reaching IDR 1.58 trillion from IDR 1.19 trillion last year. This growth was mainly driven by a 16.91% YoY increase in interest income. Additionally, the NIM ratio increased by 25 bps YoY to 4.71%. Non-Operational Income (net) also surged by almost 1,265% YoY. Looking ahead, we project a further 20.06% growth in BNGA's net income to IDR 6.053 trillion by December 2023.

Solid Loan Growth

BNGA has shown solid loan growth, with a consolidated gross loan increase of 10.06% as of March 2023. All four segments experienced growth, with Corporate Banking leading at 16.17% YoY. Consumer, EBB, and Commercial Banking also grew by 9.37%, 6.59%, and 0.61% respectively. Based on these trends, we predict an additional 8.39% expansion in BNGA's consolidated loan portfolio for FY23.

Better Asset Quality

Asset quality has improved for BNGA, as the consolidated NPL ratio decreased from 3.60% to 2.58% as of March 2023. The SML ratio also decreased to 5.40% from 6.50% in Q1-22. This improvement resulted in a 34.20% decrease in provision expenses, while the loan loss coverage increased by 42.70% YoY to 253.5%. Looking ahead, we predict further improvement in BNGA's consolidated NPL, with a decrease of 35 bps YoY to 2.45% and a 16.49% reduction in provision expenses for FY23.

ESG growth

BNGA is committed to ESG integration and SDG support. The bank actively incorporates environmental, social, and governance aspects into its business activities, and its Sustainable Finance portfolio grew by 15.30% YoY in March 2023, and was 26% of CIMB's portfolio.

Valuation: 21% Upside, Buy.

Based on our DDM Valuation, we recommend buying BNGA stock, as we have a target price of IDR 1,950 within one year or a valuation of 1.0x PBV. With a potential upside of 21%, we recommend to BUY.

Financial Highlight	2019A	2020A	2021A	2022A	2023F
Net Interest Income (IDR bn)	12,568	12,471	13,089	13,476	14,647
Net Income (IDR Bn)	3,645	2,012	4,100	5,042	6,500
EPS (IDR)	146.21	80.72	164.48	202.21	260.70
NIM (%)	5.31%	4.88%	4.86%	4.69%	5.00%
ROA (%)	1.99%	1.06%	1.88%	2.16%	1.90%
ROE (%)	9.35%	5.01%	10.21%	11.71%	12.81%

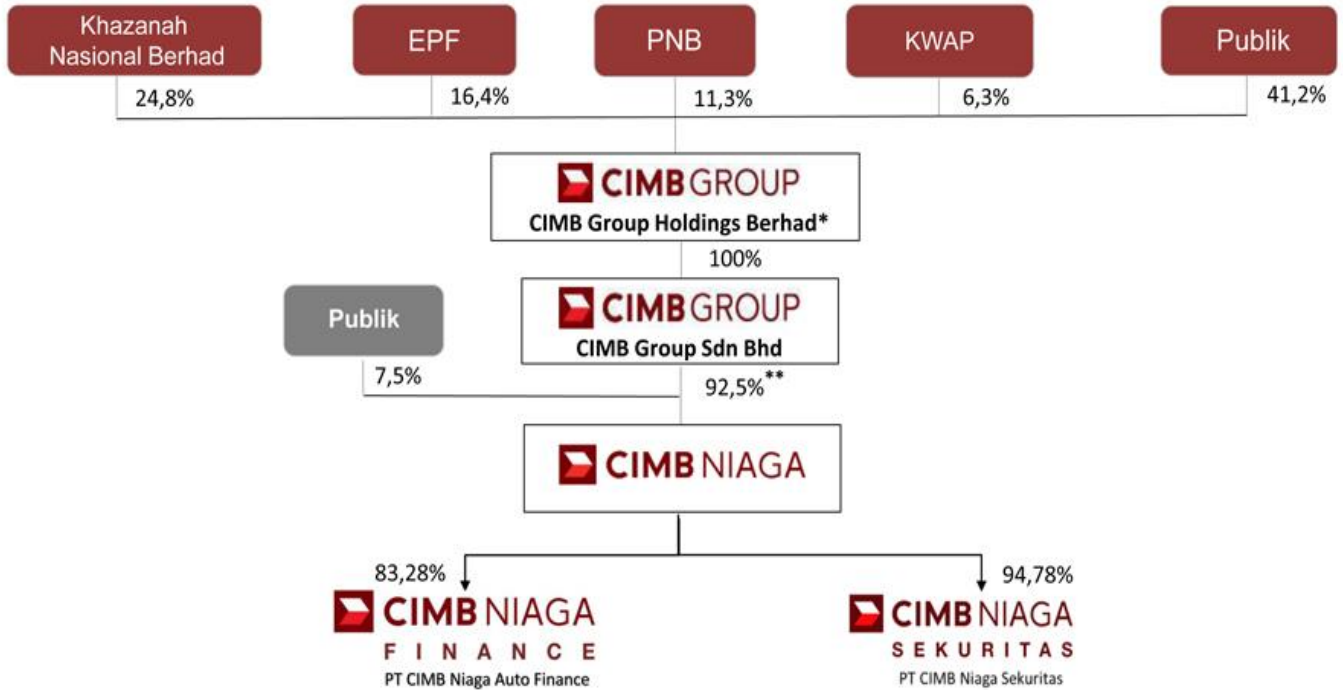
Company Profile

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

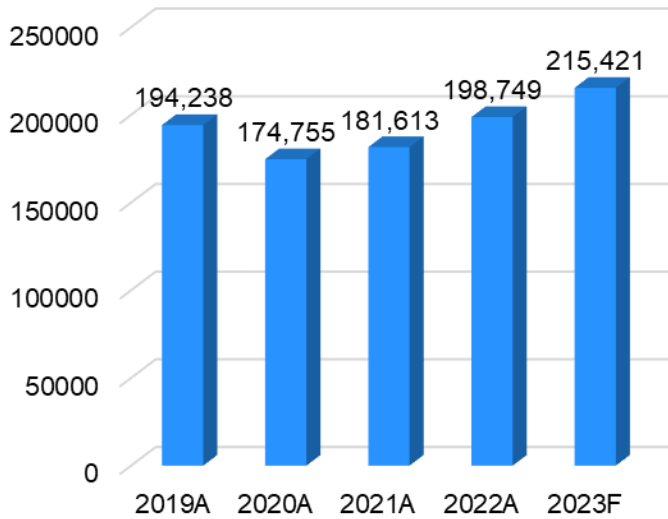


Chart: Customer Deposit (IDR Bn) YoY

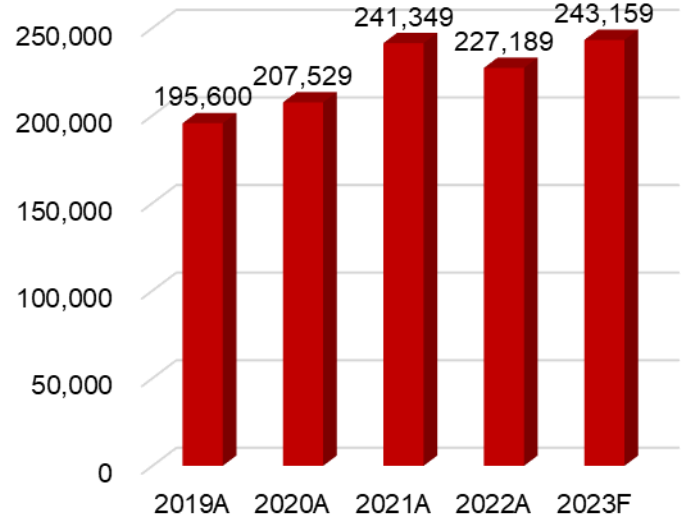


Chart: Profitability YoY

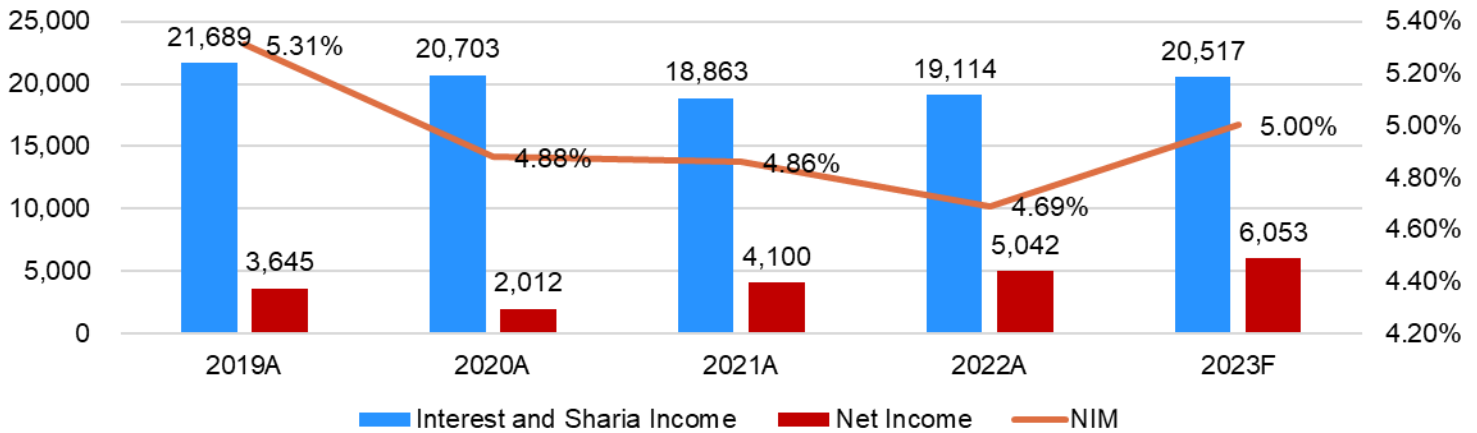


Chart: CAR (%) YoY

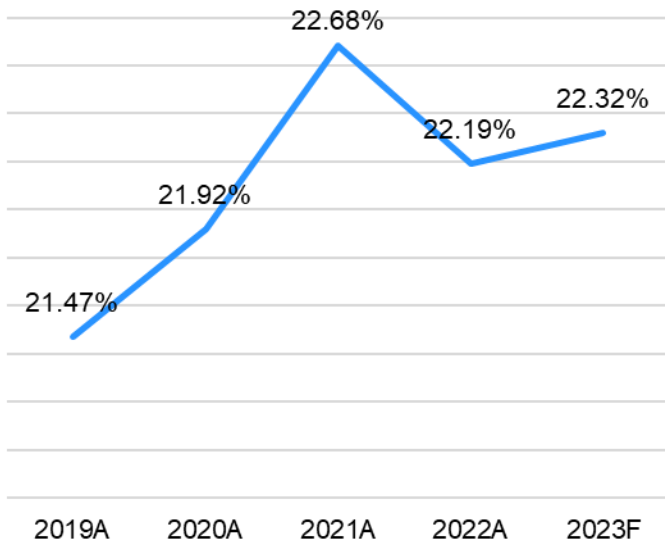


Chart: NPL (%) YoY

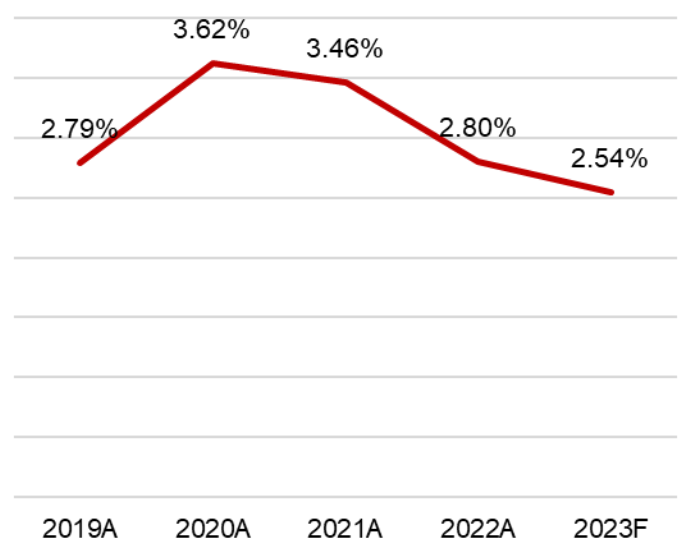


Chart: Gross Loan (IDR Bn) QoQ

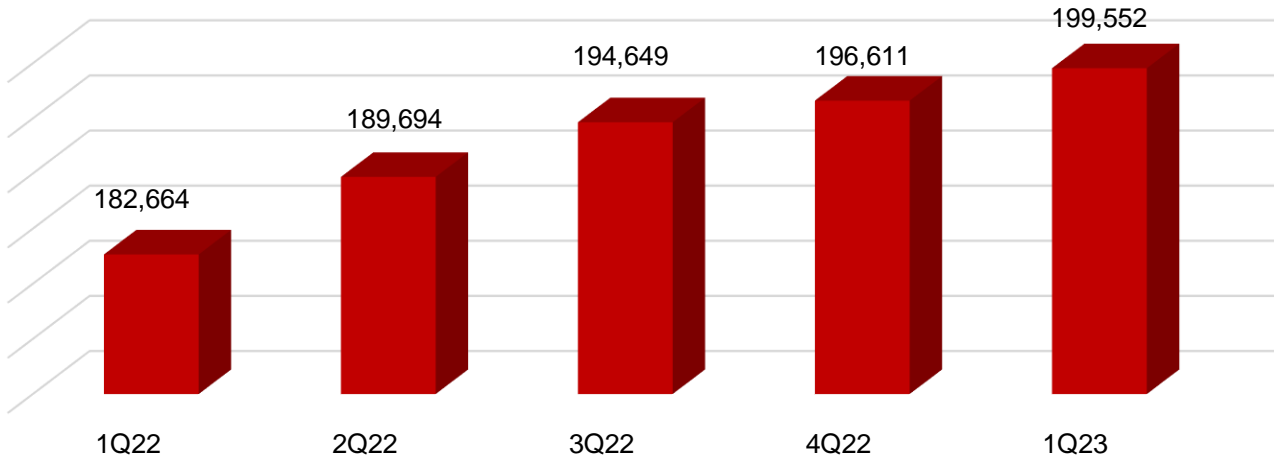


Chart: Net Income (IDR Bn) QoQ

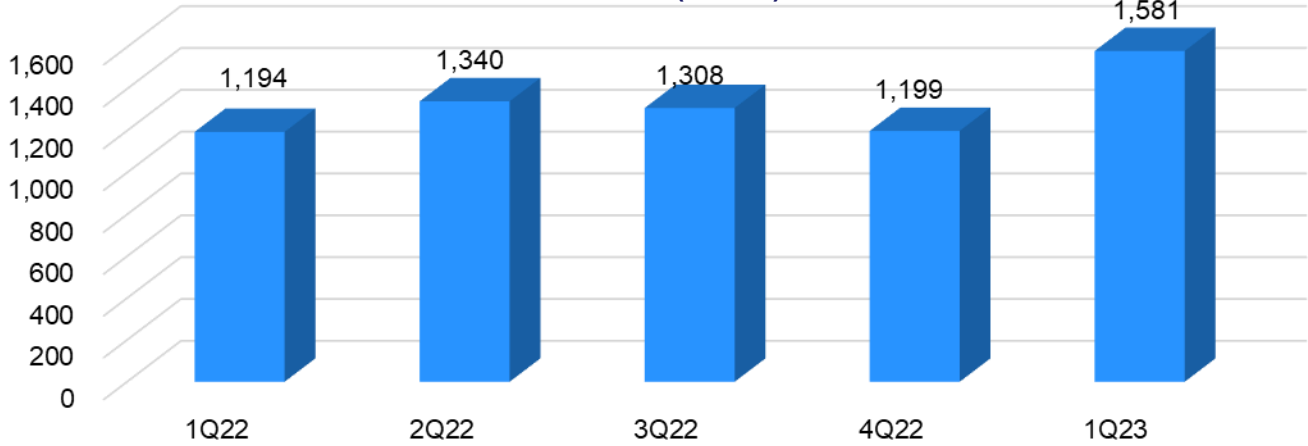
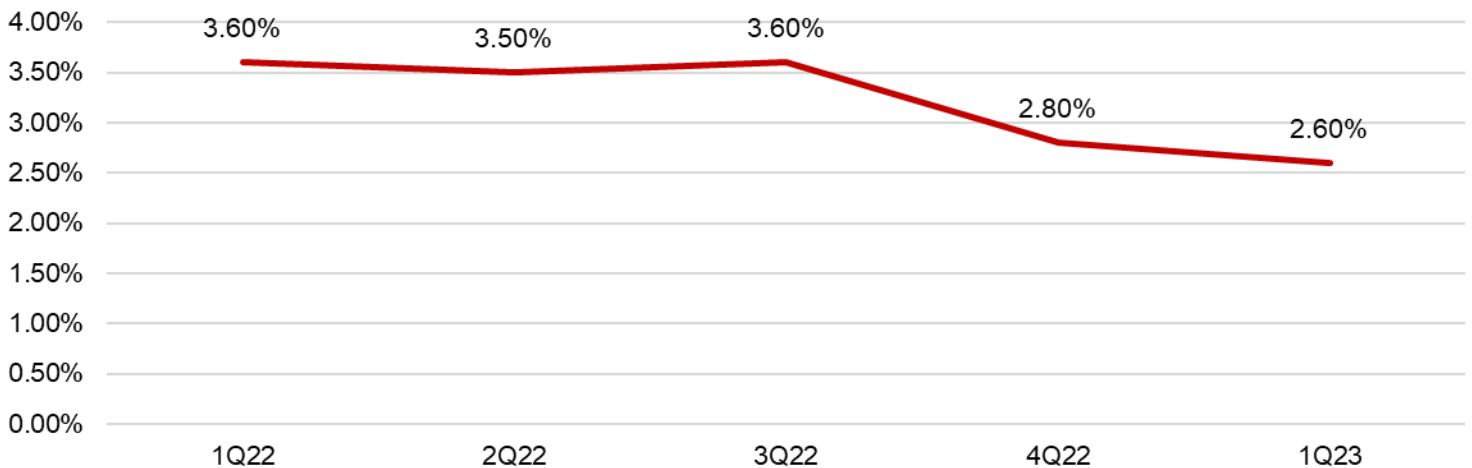


Chart: Non-Performing Loan (%) QoQ



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	20,315
Interbank Placement	12,105	13,334	30,346	14,870	14,530
Marketable Securities	11,963	9,310	10,176	5,810	5,868
Gross Loan	194,238	174,755	181,613	198,749	215,421
Allowance for Loans	(6,060)	(11,925)	(13,136)	(13,197)	(15,467)
Loans-net	188,178	162,830	168,478	185,551	199,954
Other Earning Asset	54,649	90,363	111,878	89,121	88,768
Non-Earning Asset	14,552	16,751	16,592	17,658	20,507
Total Asset	274,467	280,944	310,787	306,754	329,545
Deposit:					
Current Account	48,944	55,863	75,477	70,340	75,592
Saving Account	59,316	67,861	72,565	74,086	82,230
Time Deposits	87,340	83,806	93,306	82,763	85,338
Other-Interest Bearing Liabilities	21,157	22,407	15,373	17,260	22,507
Non-Interest-Bearing Liabilities	14,416	9,954	10,677	17,030	14,676
Total Liabilities	231,173	239,891	267,399	261,478	280,343
Total Shareholder's Equity	43,294	41,053	43,388	45,276	49,203

Income Statement (IDR Bn)

Income Statement (IDR Bn)	2019A	2020A	2021A	2022A	2023F
Interest Income	21,689	20,703	18,863	19,114	20,517
Interest Expense	(9,121)	(8,233)	(5,774)	(5,638)	(5,870)
Net Interest Income	12,568	12,471	13,089	13,476	14,647
Fee Other Income	4,257	3,888	4,479	5,390	6,006
Gross Operating Income	16,825	16,359	17,568	18,866	20,653
Operating Expense	(8,634)	(8,101)	(8,279)	(8,484)	(8,874)
PPOP	8,190	8,258	9,288	10,382	11,779
Provision Expense	(3,257)	(5,404)	(4,170)	(3,814)	(3,780)
Operating Profit	4,934	2,854	5,118	6,568	7,999
Non-Operating Income – Net	20	94	73	11	74
Profit Before Tax	4,954	2,947	5,191	6,579	8,073
Tax Expense	(1,311)	(936)	(1,092)	(1,483)	(2,018)
Earning After Tax	3,643	2,011	4,099	5,097	6,054
Income for The Year Attributable to NCI	(2)	(1)	(2)	55	1
Net Income	3,645	2,012	4,100	5,042	6,053
EPS (Rp/Share)	146.21	80.72	164.48	202.21	242.78

Ratio Highlights

Ratio Analysis (Consolidated)	2019A	2020A	2021A	2022A	2023F
Profitability & Efficiency					
NIM	5.31%	4.88%	4.86%	4.69%	5.00%
Cost-to-Income Ratio	49.07%	48.95%	45.88%	44.91%	38.28%
ROE	9.35%	5.01%	10.21%	11.71%	12.81%
ROA	1.99%	1.06%	1.88%	2.16%	1.90%
BOPO	82.44%	89.38%	78.37%	74.10%	69.84%
Liquidity					
LDR	97.64%	82.91%	74.35%	85.63%	88.59%
CASA	55.35%	59.62%	61.34%	63.57%	64.90%
Asset Quality					
Gross NPL	2.79%	3.62%	3.46%	2.80%	2.54%
Loan Loss Coverage	113.60%	194.33%	212.10%	242.75%	282.20%
Capital					
CAR	21.47%	21.92%	22.68%	22.19%	22.32%
Growth					
Loan Growth	3.06%	-10.03%	3.92%	9.44%	8.39%
Deposit Growth	2.54%	6.10%	16.30%	-5.87%	7.03%
Net Income Growth	4.68%	-44.79%	103.75%	22.96%	20.06%

QoQ Result
PT Bank CIMB Niaga Tbk
Key Ratios

Balance Sheet	1Q22	2Q22	3Q22	4Q22	1Q23	%QoQ	%YoY
Loan	182,664	189,694	194,649	196,611	199,552	1.50%	9.25%
Loan Loss Reserves	(13,752)	(14,223)	(14,291)	(13,197)	(13,010)	-1.42%	-5.39%
NPL	6,576	6,639	7,007	5,505	5,188	-5.75%	-21.10%
Deposit							
Demand	76,000	75,595	75,430	70,340	70,430	0.13%	-7.33%
Savings	74,860	76,862	74,752	74,086	76,610	3.41%	2.34%
Time Deposit	86,459	79,534	71,681	82,763	93,104	12.49%	7.69%
Total Asset	307,425	310,980	306,968	306,754	347,280	13.21%	12.96%
Shareholder Equity	44,559	43,070	43,433	45,192	46,880	3.74%	5.21%
Income Statement	1Q22	2Q22	3Q22	4Q22	1Q23	%QoQ	%YoY
Interest Income	4,584	4,689	4,749	5,092	5,359	5.25%	16.91%
Interest Expense	(1,375)	(1,361)	(1,313)	(1,590)	(1,952)	22.74%	41.97%
Net Interest Income	3,209	3,329	3,436	3,502	3,408	-2.69%	6.18%
Fee Other Income	1,590	1,455	1,066	1,279	1,576	23.25%	-0.86%
Gross Operating Income	4,799	4,783	4,502	4,781	4,984	4.25%	3.85%
Operating Expense	(2,108)	(2,081)	(2,073)	(2,222)	(2,269)	2.12%	7.66%
PPOP	2,692	2,703	2,429	2,559	2,715	6.10%	0.86%
Provision Expense	(1,139)	(961)	(715)	(999)	(749)	-25.01%	-34.20%
Operating Profit	1,553	1,742	1,714	1,559	1,965	26.04%	26.59%
Non-Operating Income – Net	4	3	4	0	51	28800.57%	1264.71%
Profit Before Tax	1,556	1,745	1,718	1,560	2,016	29.27%	29.54%
Tax Expense	(347)	(387)	(394)	(354)	(416)	17.39%	19.64%
Earning After Tax	1,209	1,358	1,325	1,206	1,600	32.76%	32.38%
Income for The Year Attributable to NCI	15	17	16	7	19	197.07%	29.96%
Net Income	1,194	1,340	1,308	1,199	1,581	31.86%	32.41%
Ratio Consolidated	1Q22	2Q22	3Q22	4Q22	1Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.46%	4.63%	4.77%	4.90%	4.71%	(0.19)	0.25
Cost-to-Income Ratio	43.80%	43.40%	46.00%	46.50%	44.50%	(2.00)	0.70
ROE	11.80%	13.70%	13.10%	11.70%	15.10%	3.40	3.30
ROA	2.10%	2.30%	2.20%	2.00%	2.60%	0.60	0.50
Liquidity							
LDR	76.10%	80.90%	86.90%	85.60%	82.20%	(3.40)	6.10
CASA	63.60%	65.70%	67.70%	63.60%	61.20%	(2.40)	(2.40)
Asset Quality							
Gross NPL	3.60%	3.50%	3.60%	2.80%	2.60%	(0.20)	(1.00)
Loan Loss Coverage	210.8%	215.0%	208.8%	242.2%	253.5%	11.30	42.70
Cost of Credit	2.40%	1.70%	1.30%	1.90%	1.50%	(0.40)	(0.90)
Capital							
CAR	23.10%	21.10%	21.00%	22.20%	21.30%	(0.90)	(1.80)

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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