

September 18th, 2023
Banking, Equity

Price IDR 1,705
Target Price IDR 2,180
JKSE Index IDR 6,936.08



Stock Code
Bloomberg code BNGA IJ
Market Cap (IDR Bn) 42,850
52-Week High (IDR) 1,815
52-Week Low (IDR) 1,040
6-M Avg Daily. Val (IDR) 1,511

Major Shareholders
CIMB Group 92.50%
Public 7.50%

USD/IDR-YE
2022A 14,871
2023F 15,245.97

Key Indicators
Non-Performing Loan (%) 2.39
Net Interest Margin (%) 5.11

Analyst: Achmadi Hangradhika
achmadi.hangradhika@binaartha.com

Investment Consideration

Net Profit Surges

In the first half of 2023, BNGA had an impressive 27.56% YoY increase in its net profit, soaring to IDR 3.23 trillion from IDR 2.53 trillion the previous year. The most substantial growth was in the Net Gain on Sale of Marketable Securities, surging by 50.39% YoY. However, net interest income only experienced a modest 4.54% growth due to a significant 52.43% YoY surge in interest expenses, while interest income grew by 18.67% YoY. Consequently, the NIM ratio decreased by 19 bps to 4.52% for Q2 figures but increased by 7 bps to 4.61% for the first half. We project BNGA to sustain its profitability momentum, achieving a 37.61% growth in Net Income for the full year, reaching IDR 6.94 trillion.

Strong Loan Growth Driven by Corporate Segment

BNGA had robust loan growth, with a consolidated gross loan increase of 8.61%, including Salam Financing as of June 2023. All four segments experienced growth, with Corporate leading up 13.18% YoY. Consumer, EBB, and Commercial Banking also grew by 8.01%, 5.09%, and 1.82%, respectively. Based on these trends, we anticipate an additional 9.86% expansion in BNGA's consolidated loan portfolio for FY23.

Improved Asset Quality

BNGA's asset quality has improved significantly, with the consolidated NPL ratio dropping from 3.50% to 2.49% as of June 2023. The SML ratio also decreased by 82 bps to 5.61% in the same period. This improvement resulted in a 27.14% decrease in provision expenses, while the loan loss coverage increased by 46.90% YoY to 261.90%. Looking ahead, we predict further enhancement in BNGA's consolidated NPL, with a YoY decrease of 41 bps to 2.39%.

Digital Innovation Drives Customer Engagement and Growth

In Q2-2023, BNGA's transaction value from OCTO Mobile reached IDR 90 trillion, marking a remarkable 92% YoY growth compared to the same period last year. Transactions from OCTO clicks also grew by 18% YoY annually. The majority of these transactions were conducted digitally, with OCTO Mobile and Octo Clicks accounting for 76% of the total.

Valuation: 28% Upside, Buy.

Based on our DDM Valuation, we recommend purchasing BNGA stock, with a one-year target price of IDR 2,180 or a valuation of 1.1x PBV. With a potential upside of 28%, we advise a BUY.

Financial Highlight	2019A	2020A	2021A	2022A	2023F
Net Interest Income (IDR bn)	12,568	12,471	13,089	13,476	14,743
Net Income (IDR Bn)	3,645	2,012	4,100	5,042	6,938
EPS (IDR)	146.21	80.72	164.48	202.21	278.29
NIM (%)	5.31%	4.88%	4.86%	4.69%	5.11%
ROA (%)	1.99%	1.06%	1.88%	2.16%	2.22%
ROE (%)	9.35%	5.01%	10.21%	11.71%	14.53%

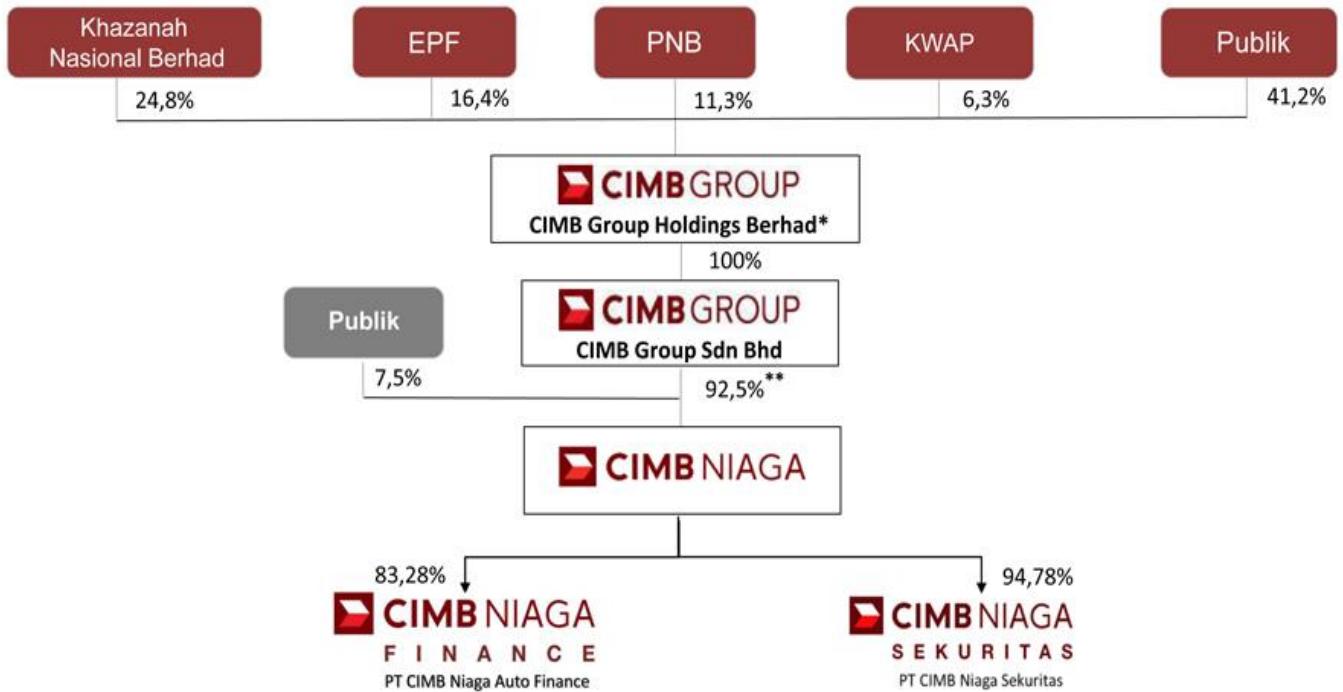
Company Profile

PT Bank CIMB Niaga Tbk (“Bank CIMB Niaga” or the “Bank”) was established in accordance with Indonesian laws. It was founded by Raden Meester Soewandi, a Notary in Jakarta, through Notarial Deed No. 90 on September 26, 1955, which was later amended by deed No. 9 on November 4, 1955. These deeds received approval from 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 on December 1, 1955, and were published in Supplement No. 729/1956 to the State Gazette of the Republic of Indonesia No. 71 dated September 4, 1956. Bank CIMB Niaga’s scope of activities, as per Article 3 of its Articles of Association, includes providing general banking services in compliance with prevailing laws and regulations, as well as engaging in other banking activities based on Sharia principles. Bank CIMB Niaga commenced its banking activities based on Sharia principles on September 27, 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

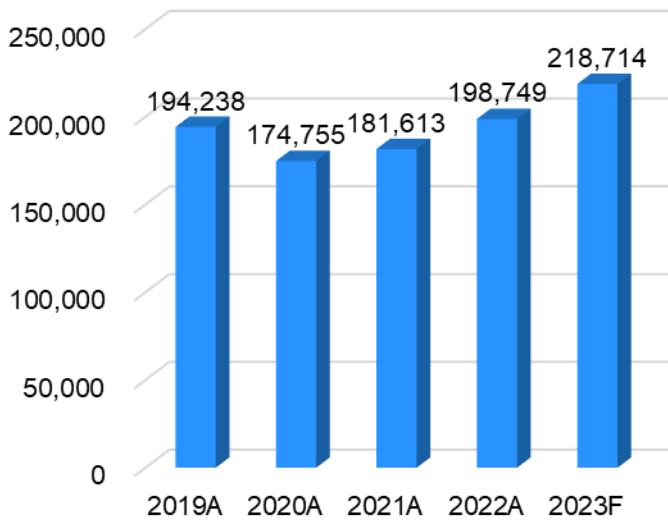


Chart: Customer Deposit (IDR Bn) YoY

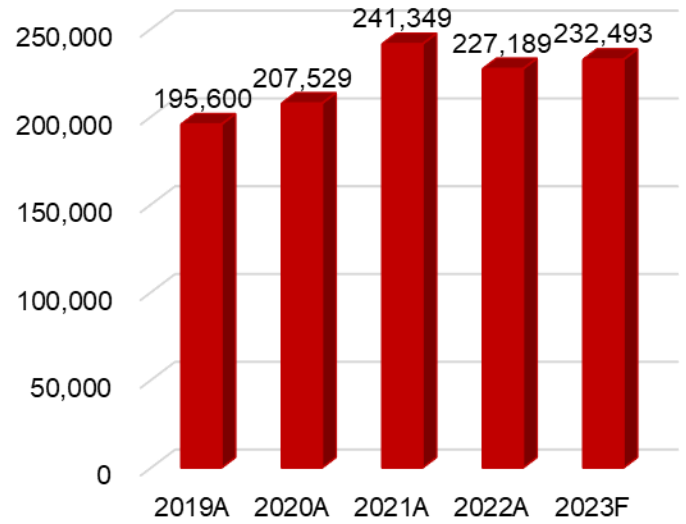


Chart: Profitability YoY

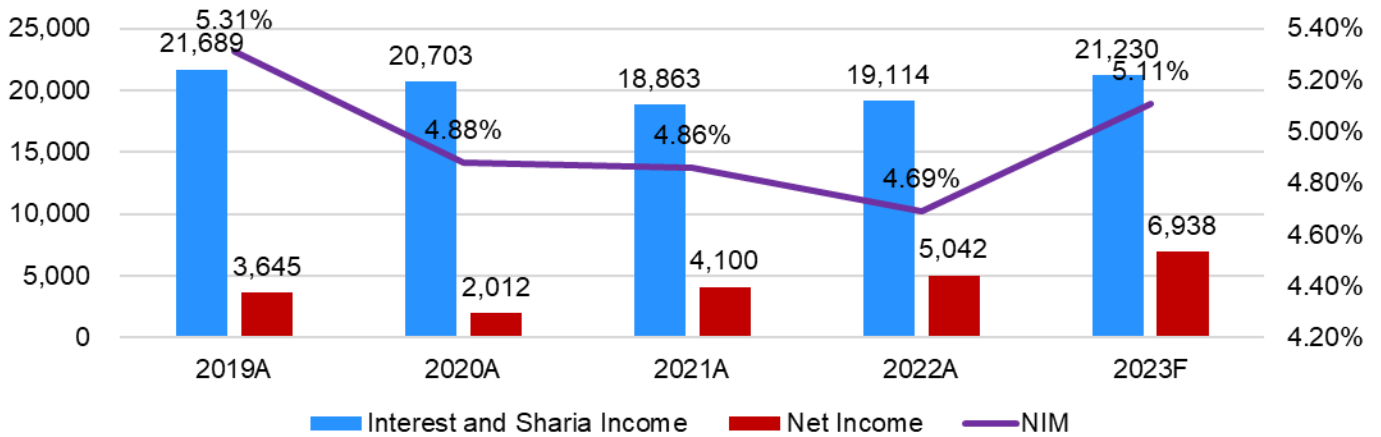


Chart: CAR (%) YoY

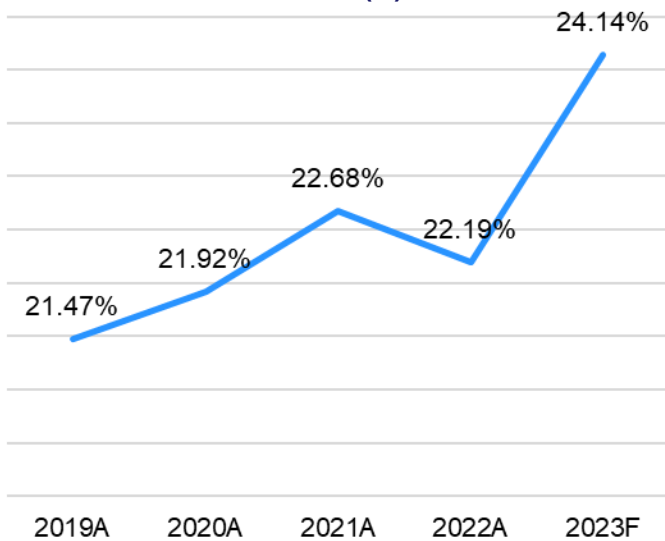


Chart: NPL (%) YoY

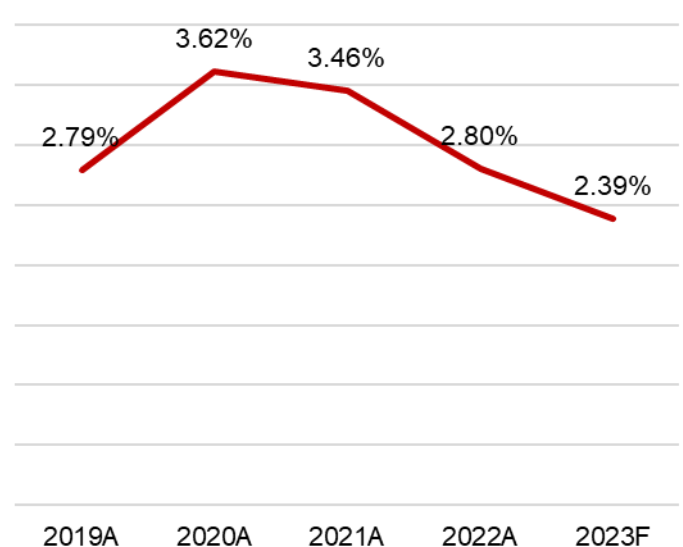


Chart: Gross Loan (IDR Bn) QoQ

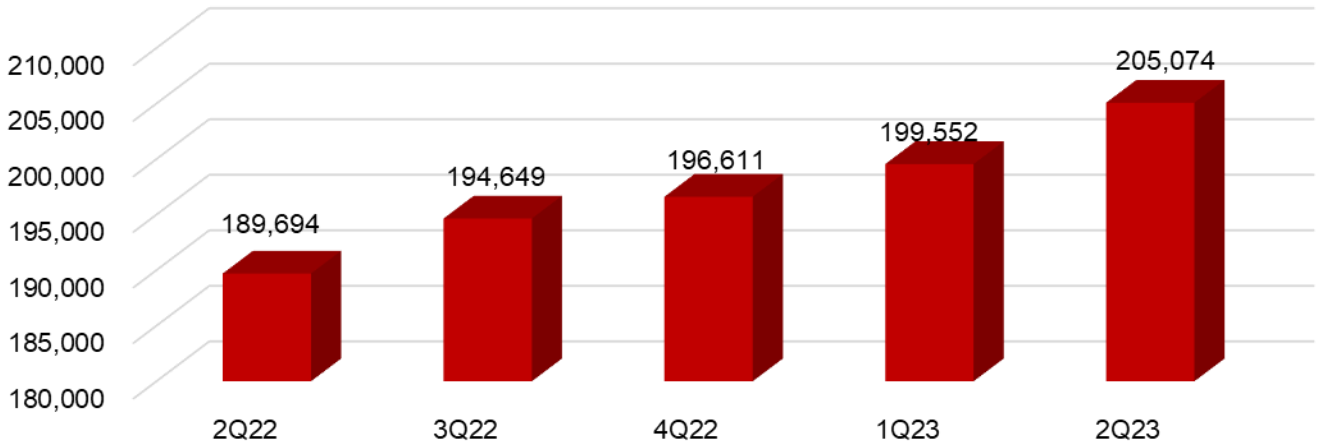


Chart: Net Income (IDR Bn) QoQ

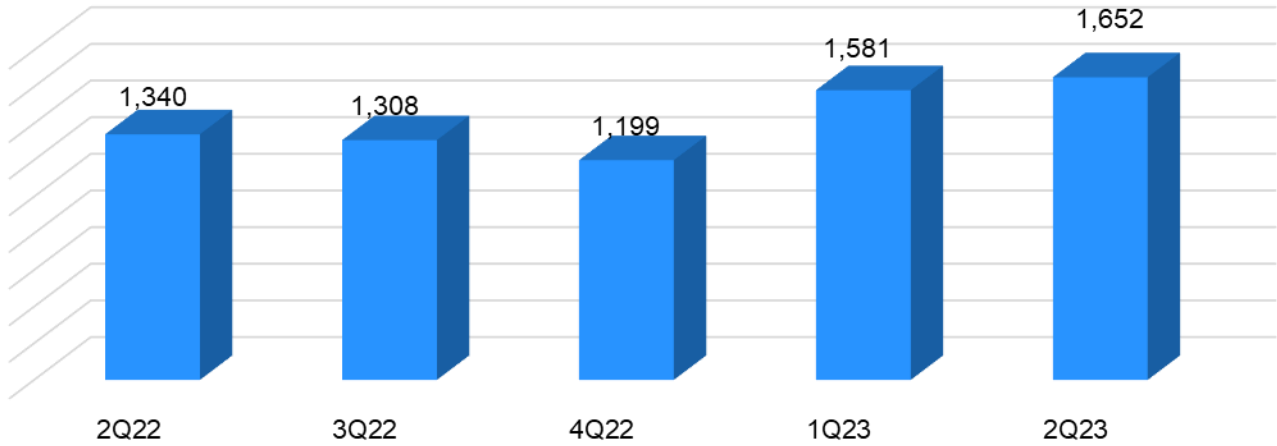
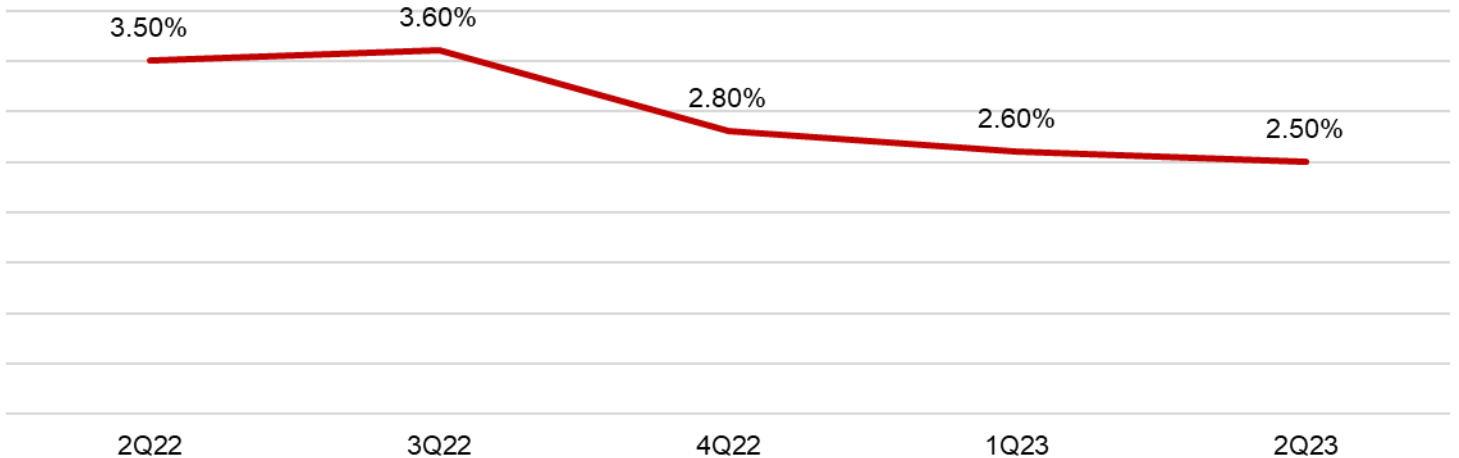


Chart: Non-Performing Loan (%) QoQ



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	20,700
Interbank Placement	12,105	13,334	30,346	14,870	10,444
Marketable Securities	11,963	9,310	10,176	5,810	6,429
Gross Loan	194,238	174,755	181,613	198,749	218,714
Allowance for Loans	(6,060)	(11,925)	(13,136)	(13,197)	(15,321)
Loans-net	188,178	162,830	168,478	185,551	203,393
Other Earning Asset	54,649	90,363	111,878	89,121	75,730
Non-Earning Asset	14,552	16,751	16,592	17,658	19,850
Total Asset	274,467	280,944	310,787	306,754	319,674
Deposit:					
Current Account	48,944	55,863	75,477	70,340	75,022
Saving Account	59,316	67,861	72,565	74,086	79,932
Time Deposits	87,340	83,806	93,306	82,763	77,539
Other-Interest Bearing Liabilities	21,157	22,407	15,373	17,260	22,314
Non-Interest-Bearing Liabilities	14,416	9,954	10,677	17,030	14,628
Total Liabilities	231,173	239,891	267,399	261,478	269,435
Total Shareholder's Equity	43,294	41,053	43,388	45,276	50,239

Income Statement (IDR Bn)

Income Statement (IDR Bn)	2019A	2020A	2021A	2022A	2023F
Interest Income	21,689	20,703	18,863	19,114	21,230
Interest Expense	(9,121)	(8,233)	(5,774)	(5,638)	(6,487)
Net Interest Income	12,568	12,471	13,089	13,476	14,743
Fee Other Income	4,257	3,888	4,479	5,390	5,522
Gross Operating Income	16,825	16,359	17,568	18,866	20,265
Operating Expense	(8,634)	(8,101)	(8,279)	(8,484)	(7,838)
PPOP	8,190	8,258	9,288	10,382	12,427
Provision Expense	(3,257)	(5,404)	(4,170)	(3,814)	(3,543)
Operating Profit	4,934	2,854	5,118	6,568	8,884
Non-Operating Income – Net	20	94	73	11	74
Profit Before Tax	4,954	2,947	5,191	6,579	8,958
Tax Expense	(1,311)	(936)	(1,092)	(1,483)	(2,019)
Earning After Tax	3,643	2,011	4,099	5,097	6,939
Income for The Year Attributable to NCI	(2)	(1)	(2)	55	1
Net Income	3,645	2,012	4,100	5,042	6,938
EPS (Rp/Share)	146.21	80.72	164.48	202.21	278.29

Ratio Highlights

Ratio Analysis (Consolidated)	2019A	2020A	2021A	2022A	2023F
Profitability & Efficiency					
NIM	5.31%	4.88%	4.86%	4.69%	5.11%
Cost-to-Income Ratio	49.07%	48.95%	45.88%	44.91%	34.46%
ROE	9.35%	5.01%	10.21%	11.71%	14.53%
ROA	1.99%	1.06%	1.88%	2.16%	2.22%
BOPO	82.44%	89.38%	78.37%	74.10%	66.79%
Liquidity					
LDR	97.64%	82.91%	74.35%	85.63%	94.07%
CASA	55.35%	59.62%	61.34%	63.57%	66.65%
Asset Quality					
Gross NPL	2.79%	3.62%	3.46%	2.80%	2.39%
Loan Loss Coverage	113.60%	194.33%	212.10%	242.75%	293.13%
Capital					
CAR	21.47%	21.92%	22.68%	22.19%	24.14%
Growth					
Loan Growth	3.06%	-10.03%	3.92%	9.44%	10.05%
Deposit Growth	2.54%	6.10%	16.30%	-5.87%	2.33%
Net Income Growth	4.68%	-44.79%	103.75%	22.96%	37.61%

QoQ Result
PT Bank CIMB Niaga Tbk
Key Ratios

Balance Sheet	2Q22	3Q22	4Q22	1Q23	2Q23	%QoQ	%YoY
Loan	189,694	194,649	196,611	199,552	205,074	2.77%	8.11%
Loan Loss Reserves	(14,223)	(14,291)	(13,197)	(13,010)	(13,435)	3.26%	-5.54%
NPL	6,639	7,007	5,505	5,188	5,127	-1.19%	-22.78%
Deposit							
Demand	75,595	75,430	70,340	70,430	71,998	2.23%	-4.76%
Savings	76,862	74,752	74,086	76,610	79,614	3.92%	3.58%
Time Deposit	79,534	71,681	82,763	93,104	84,181	-9.58%	5.84%
Total Asset	310,980	306,968	306,754	347,280	329,683	-5.07%	6.01%
Shareholder Equity	43,070	43,433	45,192	46,880	46,041	-1.79%	6.90%
Income Statement	2Q22	3Q22	4Q22	1Q23	2Q23	%QoQ	%YoY
Interest Income	4,689	4,749	5,092	5,359	5,645	5.33%	20.38%
Interest Expense	(1,361)	(1,313)	(1,590)	(1,952)	(2,218)	13.64%	63.01%
Net Interest Income	3,329	3,436	3,502	3,408	3,427	0.58%	2.96%
Fee Other Income	1,455	1,066	1,279	1,576	1,608	1.98%	10.51%
Gross Operating Income	4,783	4,502	4,781	4,984	5,035	1.02%	5.26%
Operating Expense	(2,081)	(2,073)	(2,222)	(2,269)	(2,171)	-4.32%	4.34%
PPOP	2,703	2,429	2,559	2,715	2,864	5.48%	5.96%
Provision Expense	(961)	(715)	(999)	(749)	(780)	4.11%	-18.78%
Operating Profit	1,742	1,714	1,559	1,965	2,083	6.00%	19.61%
Non-Operating Income – Net	3	4	0	51	52	3.73%	1519.70%
Profit Before Tax	1,745	1,718	1,560	2,016	2,136	5.95%	22.39%
Tax Expense	(387)	(394)	(354)	(416)	(466)	12.21%	20.37%
Earning After Tax	1,358	1,325	1,206	1,600	1,670	4.32%	22.97%
Income for The Year Attributable to NCI	17	16	7	19	18	-7.98%	2.58%
Net Income	1,340	1,308	1,199	1,581	1,652	4.47%	23.23%
Ratio Consolidated	2Q22	3Q22	4Q22	1Q23	2Q23	%QoQ	%YoY
Profitability & Efficiency							
NIM	4.63%	4.77%	4.90%	4.71%	4.52%	(0.19)	(0.11)
Cost-to-Income Ratio	43.40%	46.00%	46.50%	44.50%	42.10%	(2.40)	(1.30)
ROE	13.70%	13.10%	11.70%	15.10%	15.80%	0.70	2.10
ROA	2.30%	2.20%	2.00%	2.60%	2.60%	-	0.30
Liquidity							
LDR	80.90%	86.90%	85.60%	82.20%	86.00%	3.80	5.10
CASA	65.70%	67.70%	63.60%	61.20%	64.30%	3.10	(1.40)
Asset Quality							
Gross NPL	3.50%	3.60%	2.80%	2.60%	2.50%	(0.10)	(1.00)
Loan Loss Coverage	215.0%	208.8%	242.2%	253.5%	261.9%	8.40	46.90
Cost of Credit	1.70%	1.30%	1.90%	1.50%	1.80%	0.30	0.10
Capital							
CAR	21.10%	21.00%	22.20%	21.30%	23.20%	1.90	2.10

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
(62-21) 520-6678 ext.612**

Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha and its analyst take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.