PT Bank Danamon Indonesia Tbk. (BDMN)

Banking Sector

Expecting more favorable weather to grow

30 June 2022

Recommendations	: BUY

Stock	
Price on 29/06/2022 (Rp)	2,350
12M target price (Rp)	2,860
Capital gain potential	22%

Stock Data	
Outstanding shares	9,773,552,870
Market cap (Rp)	22,967,849,244,500
Weight VS IHSG (%)	0.07

Shareholders	(%)
MUFG Bank, Ltd	92.47%
Public	7.53%
Outstanding Shares (unit)	9,773,552,870

Price Performance	
52-week high/low	Rp3,050/Rp2,030

Capital gain/(loss) (in %)

1M	3M	6M	1Y	YTD
(8.20)	(3.69)	0.00	15.20	0.00

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Interest Income	17,751	18,927	20,111
Net Interest Income	13,749	14,605	15,462
Net Revenue	17,700	18,833	19,930
Operating Income	2,414	2,562	2,701
OPM	13.64%	13.60%	13.55%
Net Income	1,573	1,707	1,807
Net Income Margin	7.70%	9.06%	9.07%
EPS (Rp)	161	175	185
PER (x)	14.60	13.46	12.71
PBV (x)	0.50	0.50	0.49
Loans to Deposits	84.60	98.84	99.38
Loans to Assets	66.43	67.91	69.10

**) based on market price (29/06/2022) at Rp2,350*
Sources :Company, Bloomberg and KB Valbury Sekuritas

Laba bersih BDMN naik 64,8% YoY pada 1Q22 menjadi Rp860 miliar
Pertumbuhan kredit BDMN diperkirakan dapat mencapai 5% YoY pada 2022
Rekomendasikan "BUY" dengan target Rp2.860 per saham

Penurunan provisi dan kenaikan NII mendorong laba bersih
Laba bersih BDMN naik 64,8% YoY pada 1Q22 menjadi Rp860 miliar (+424,4% QoQ). Kenaikan laba bersih tersebut terbantu dari penurunan cost of credit yang turun dari 3,6% pada 1Q21 menjadi 2,5% pada 1Q22. Kemudian, pendatapan bunga bersih juga meningkat 4,6% YoY pada 1Q22 menjadi Rp3,47 triliun. Hal ini juga terlihat dari NIM yang juga naik dari 7,3% pada 1Q21 menjadi 7,9% pada 1Q22. Sedangkan, pendapatan non-bunga tumbuh 1,8% YoY utamanya dari treasury. Sehingga, laba operasional naik 4,1% YoY. Namun, beban operasional BDMN juga tumbuh 7,5% YoY pada 1Q22 dengan CIR meningkat dari 51,6% pada 1Q21 menjadi 53,2%. PPoP BDMN mencapai Rp1,94 triliun, atau tumbuh 0,6% YoY.

Kualitas aset yang semakin baik ditengah kondusifnya ekonomi
Pertumbuhan kredit BDMN cenderung flattish pada 1Q22 mencapai Rp132,5 triliun, terutama dikontribusikan oleh pertumbuhan kredit enterprise. Namun, pertumbuhan kredit SME turun 14,1% YoY pada 1Q22. Akan tetapi, ditengah pemulihan ekonomi yang semakin baik, secara kualitas kredit membaik dengan NPL turun dari 3,3% pada 1Q21 menjadi 2,8% pada 1Q22, tetapi meningkat dari 2,7% pada 4Q21. Coverage NPL naik dari 177,0% pada 1Q21 menjadi 209,4% pada 1Q22. Kemudian, special mention juga menurun dari 10,1% pada 1Q21 menjadi 9,1% pada 1Q22. Sedangkan, LAR juga terus menurun menjadi 15,4% pada 1Q22 dengan total restrukturisasi covid-19 turun 18% QoQ menjadi Rp4,18 triliun. Adapun, CASA meningkat dari 54,7% pada 1Q21 menjadi 60,5% pada 1Q22. Dari segi likuiditas, LDR menurun dari 85,3% pada 1Q21 menjadi 84,7%. Sementara itu, CAR solid dengan 26% pada 1Q22.

Membidik pertumbuhan kredit yang lebih tinggi
Pertumbuhan kredit BDMN pada 2022 diperkirakan dapat mencapai 5% YoY ditengah semakin kondusifnya perekonomian, terutama dari segi enterprise, didorong oleh kredit sindikasi terutama kepada perusahaan afilisiasi MUFG yang membentuk financial supply chain dan developer asal Jepang. Kemudian, kami memperkirakan pertumbuhan kredit auto ditengah suku bunga yang masih rendah dan relaksasi pajak hingga 9M22 dan rilis produk principal otomotif. Kami mempertahankan proyeksi CoC pada tahun 2022 akan berada pada 2,5-2,6% ditengah perbaikan kualitas aset. Kemudian, ditengah likuiditas yang melonggar dan suku bunga rendah setidaknya hingga 1H22, BDMN akan terus berfokus pada pertumbuhan CASA dengan mengadopsi layanan digital melalui partnership dengan fintech dan kemitraan institusional dengan memanfaatkan cross selling.

Rekomendasi "BUY" ditengah fundamental yang solid
Kami merekomendasikan "BUY" dengan target harga Rp2.860 per saham, yang merefleksikan valuasi PBV 2022E sebesar 0,50x. Rekomendasi kami berdasarkan pertimbangan sebagai berikut 1) pertumbuhan kredit dari segmen korporasi dari ekosistem dan sinergi MUFG, dan kredit kendaraan ditengah membaiknya perekonomian dan stimulus dan mobilitas; 2) suku bunga rendah dan likuiditas besa sehingga dapat menurunkan CoF dan mendorong perbaikan NIM; 3) restrukturisasi kredit yang melambat dan 4) kualitas asset yang cukup kuat dengan coverage rasio yang tinggi. Meskipun demikian kami mencatat resiko dari 1) potensi pemburukan asset ditengah ketidakpastian ekonomi yang cukup besar dapat menaikkan provisi; 2) pertumbuhan kredit lebih rendah dibandingkan ekspektasi dan 3) kenaikan suku bunga ditengah ketidakpastian ekonomi.

Analyst(s)
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Alfiansyah

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FINANCIAL OVERVIEW

Income Statement (Rp bn)	1Q2021	1Q2022	YoY Change	4Q2021	1Q2022	QoQ Change
Net interest Income	**3,316**	**3,468**	***4.58%***	**3,473**	**3,468**	***(0.14%)***
Non-interest income	659	671	*1.82%*	1,205	671	*(44.32%)*
Operating income	**3,975**	**4,139**	***4.13%***	**4,678**	**4,139**	***(11.52%)***
Operating expenses	(2,051)	(2,204)	*7.46%*	(2,233)	(2,204)	*(1.30%)*
PPOP	**1,924**	**1,935**	***0.57%***	**2,445**	**1,935**	***(20.86%)***
Cost of credit	(1,158)	(792)	*(31.61%)*	(2,027)	(792)	*(60.93%)*
Operating profit	766	1,143	*49.22%*	418	1,143	*173.44%*
NPAT	**522**	**860**	***64.75%***	**164**	**860**	***424.39%***
NPL Gross (%)	3.3	2.8	*(0.5)*	2.70	2.80	*0.1*
CAR (%)	25.7	26.0	*0.3*	26.72	26.00	*(0.72)*
NIM (%)	7.3	7.9	*0.6*	6.37	6.62	*0.25*
ROAE (%)	5.5	8.8	*3.3*	0.36	1.91	*1.55*
ROAA (%)	1.1	1.8	*0.7*	0.09	0.44	*0.35*
RIM (%)	86.6	86.2	*(0.4)*	105.48	106.69	*1.21*
CASA (%)	54.7	60.5	*5.8*	60.04	60.04	*0*

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Interest Income	**20,090**	**17,751**	**18,927**	**20,111**	**21,386**
Interest Expense	(6,364)	(4,002)	(4,322)	(4,649)	(5,001)
Net Interest Income	**13,726**	**13,749**	**14,605**	**15,462**	**16,385**
Other Income	4,134	3,951	4,228	4,468	4,583
Net Revenue	**17,860**	**17,700**	**18,833**	**19,930**	**20,967**
Provisions for Loan Losses	(6,540)	(5,764)	(6,133)	(6,525)	(6,943)
Net Revenue After Provisions	11,320	11,936	12,700	13,405	14,025
Non-Interest Expenses	(9,105)	(9,561)	(10,138)	(10,703)	(11,064)
Operating Income	**2,271**	**2,414**	**2,562**	**2,701**	**2,961**
Net Non-Operating (Losses)/Gains	(148)	(95)	(79)	(64)	(63)
Pretax Income	**2,067**	**2,280**	**2,482**	**2,638**	**2,898**
Income Tax Expenses	(978)	(611)	(671)	(720)	(799)
Income for The Year	**1,089**	**1,669**	**1,811**	**1,917**	**2,099**
Minority Interests	(81)	(96)	(104)	(110)	(121)
Net Income	**1,008**	**1,573**	**1,707**	**1,807**	**1,978**
EPS (IDR)	**103**	**161**	**175**	**185**	**202**
Dividends Per Share (IDR)	**36**	**56**	**61**	**65**	**71**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Assets					
Cash & Near Cash Items	5,024	5,850	5,254	5,339	6,280
Interbanking Assets	23,847	16,174	11,205	11,240	11,100
ST And LT Investments	31,256	36,883	41,574	42,829	46,132
Total Commercial Loans	82,748	81,187	84,903	89,409	93,480
Total Consumer Loans	49,550	46,521	47,347	50,695	55,102
Other Loans	1,864	0	1,867	1,894	1,921
Total Loans	**134,161**	**127,708**	**134,116**	**141,998**	**150,504**
Reserve for Losses on Loans	7,372	7,503	8,324	9,222	10,239
Net Loans	**126,789**	**120,205**	**125,793**	**132,776**	**140,266**
Net Fixed Assets	2,106	1,895	1,895	1,676	631
Investments in Associates	1,587	1,699	1,720	1,551	1,069
Total Deferred Tax Assets	2,955	2,875	3,220	3,256	3,156
Total Derivative Assets	362	187	190	197	165
Other Assets	6,965	6,471	6,629	6,646	6,020
Total Assets	**200,890**	**192,240**	**197,480**	**205,510**	**214,819**
Demand Deposits	22,900	25,437	28,999	31,109	34,551
Saving Deposits	40,967	45,518	50,656	53,918	56,826
Time Deposits	59,866	50,114	56,032	57,860	59,896
Total Deposits	**123,733**	**121,069**	**135,687**	**142,886**	**151,272**
ST Borrowings & Repos	10,042	4,549	4,110	3,553	3,015
LT Debt	0	8,987	9,118	9,251	9,386
Pension Liabilities	2,108	2,075	2,085	2,094	2,104
Total Derivative Liabilities	674	277	297	337	327
Total Liabilities	**157,315**	**147,157**	**151,297**	**158,122**	**166,104**
Share Capital & APIC	13,982	13,982	13,982	13,982	13,982
Retained Earnings	28,683	30,123	31,232	32,407	33,693
Other Equity	443	435	451	467	486
Equity before Minority Interest	43,108	44,539	45,664	46,856	48,160
Minority/Non Controlling Interest	468	544	518	532	555
Total Equity	**43,575**	**45,083**	**46,183**	**47,388**	**48,715**
Total Liabilities & Equity	**200,890**	**192,240**	**197,480**	**205,510**	**214,819**
Book Value Per Share (IDR)	**4,411**	**4,557**	**4,672**	**4,794**	**4,928**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	1,008	1,573	1,707	1,807	1,978
+ Depreciation & Amortization	659	617	450	479	509
+ Provision for Loan Losses	6,540	5,764	6,133	6,525	6,943
+ Non-Cash Items	12,836	13,088	(17,145)	4,132	6,086
+ Net Ch in Operating Capital	(6,423)	(6,433)	8,652	(9,358)	(10,608)
Cash From Operating Activities	**14,619**	**14,609**	**(203)**	**3,586**	**4,908**
+ Net Change in Fixed Assets	6	6	5	4	3
+ Net Change in Investments	(287)	(277)	(113)	(135)	(163)
+ Change in Investments	(33,617)	(33,617)	(4,691)	(1,254)	(3,304)
+ Other Investing Activities	(9,044)	(9,044)	(6,409)	(7,881)	(8,506)
Cash From Investing Activities	**(14,328)**	**(14,318)**	**(11,208)**	**(9,268)**	**(11,970)**
+ Dividends Paid	(14,328)	(14,318)	(11,208)	(9,268)	(11,970)
+ Cash From (Repayment) Debt	(1,916)	(1,916)	(597)	(632)	(692)
+ Cash (Repurchase) of Equity	(8,567)	(8,567)	(2,137)	1,254	3,304
+ Net Change In Deposits	13,738	13,738	14,617	7,199	8,386
Cash From Financing Activities	**3,332**	**3,332**	**11,884**	**7,821**	**10,997**
Net Changes in Cash (IDR)	**(3,330)**	**825**	**(596)**	**86**	**940**

Sources: Company, Bloomberg and KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings	30.46	14.60	13.46	12.71	11.61
EV to EBIT	17.27	9.50	12.08	11.27	9.82
Price to Sales	2.15	1.63	1.57	1.49	1.40
Price to Book	0.69	0.50	0.50	0.49	0.48
Dividend Yield	1.19%	2.45%	2.60%	2.75%	3.01%
Profitability Ratios					
Operating Margin	12.72%	13.64%	13.60%	13.55%	14.12%
Net Interest Margin	7.40%	7.70%	8.06%	8.07%	8.44%
Return on Assets	0.50%	0.82%	0.86%	0.88%	0.92%
Return on Common Equity	2.36%	3.57%	3.77%	3.90%	4.15%
Return on Capital	1.89%	3.20%	3.42%	3.58%	3.86%
Operating Income/Total Cap.	4.27%	4.91%	5.14%	5.35%	5.78%
Coverage Ratios					
Total Loans/Total Deposits	84.00	84.60	88.84	89.38	89.49
Total Loans/Total Assets	66.78	66.43	67.91	69.10	70.06
Total Deposits/Total Assets	61.59	62.98	68.71	69.53	70.42
CASA (%)	51.62	58.61	58.70	59.51	60.41
Equity/Assets	21.46	23.17	23.12	22.80	22.42
Capital Adequacy Ratio (%)	25.00	26.72	25.24	24.56	23.85
NPL - Gross (%)	2.80	2.70	2.61	2.58	2.56
Leverage Ratios					
LT Debt/Common Equity	0.20	0.20	0.20	0.20	0.20
LT Debt/Total Assets	4.71	4.68	4.62	4.50	4.37
Total Debt/Total Equity	23.54	30.69	29.26	27.60	26.01
Total Debt/Total Assets	5.00	7.04	6.70	6.23	5.77

**) based on market price (29/06/2022) at Rp2,350*

Sources: Company, Bloomberg and KB Valbury Sekuritas

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