

28 December 2021
Banking, Equity

Price IDR. **2,390**
Target Price IDR. **2,610**
JKSE Index **6,575.44**

Bank Danamon Indonesia Tbk, Indonesia, Jakarta:BDMN, M



Stock Code
Bloomberg code **BDMN IJ**
Market cap (IDR.bn) **23,358.8B**
52-Week High (IDR) **3,480**
52-Week Low (IDR) **2,030**
6-m Avg Daily. Val (IDR) **2,453**
Free Float (%) **7.53**

Major Shareholders (%)
MUFG Bank, Ltd **92.47%**
Public **7.53%**

USD/IDR-YE (IDR)
2020A **14,050**
2021F (6M Avg) **14,427**

Key Indicators
Non Performing Loan (%) **2.80**
Net Interest Margin (%) **5.98**

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Investment Consideration

Net Income declined

BDMN's Net Profit in 9M21 of IDR 1.4 trillion was down 5% YoY from IDR 1.5 trillion in 9M20. The decline was due to a significant decline in non Interest Income of -24% YoY. Net Interest Income was stable from a year ago, but decreased by 2% on a quarterly basis. BDMN is looking for alternatives to channeling funds through P2P Lending (UKM).

Loan Growth Declined

BDMN loan growth in 9M21 was down -6% YoY. This was caused by a -19% YoY decline in SME loans as subsidiary PT Adira Dinamika Multi Finance (ADMF) continued to reduce loans so that ADMF credit fell -13% YoY. However, the Enterprise Banking and Financial Institutions segment still recorded a positive growth of 8% YoY, from an increase in collaboration through the MUFG network and a focus on bluechip and SOE customers. In terms of CASA, there was an overall increase of 10% YoY with growth of 9% for Current Accounts and 58% for Saving Accounts which brought the CASA Ratio to 57.6% in 9M21.

Quality Asset Improved

Non-Performing loans decreased to 3.1% from 3.2% in 9M20, Special Mention Loans also decreased compared to 9M20. This improvement came from loans to the trade, household, transportation and construction sectors.

Valuation: 8% Upside, Hold.

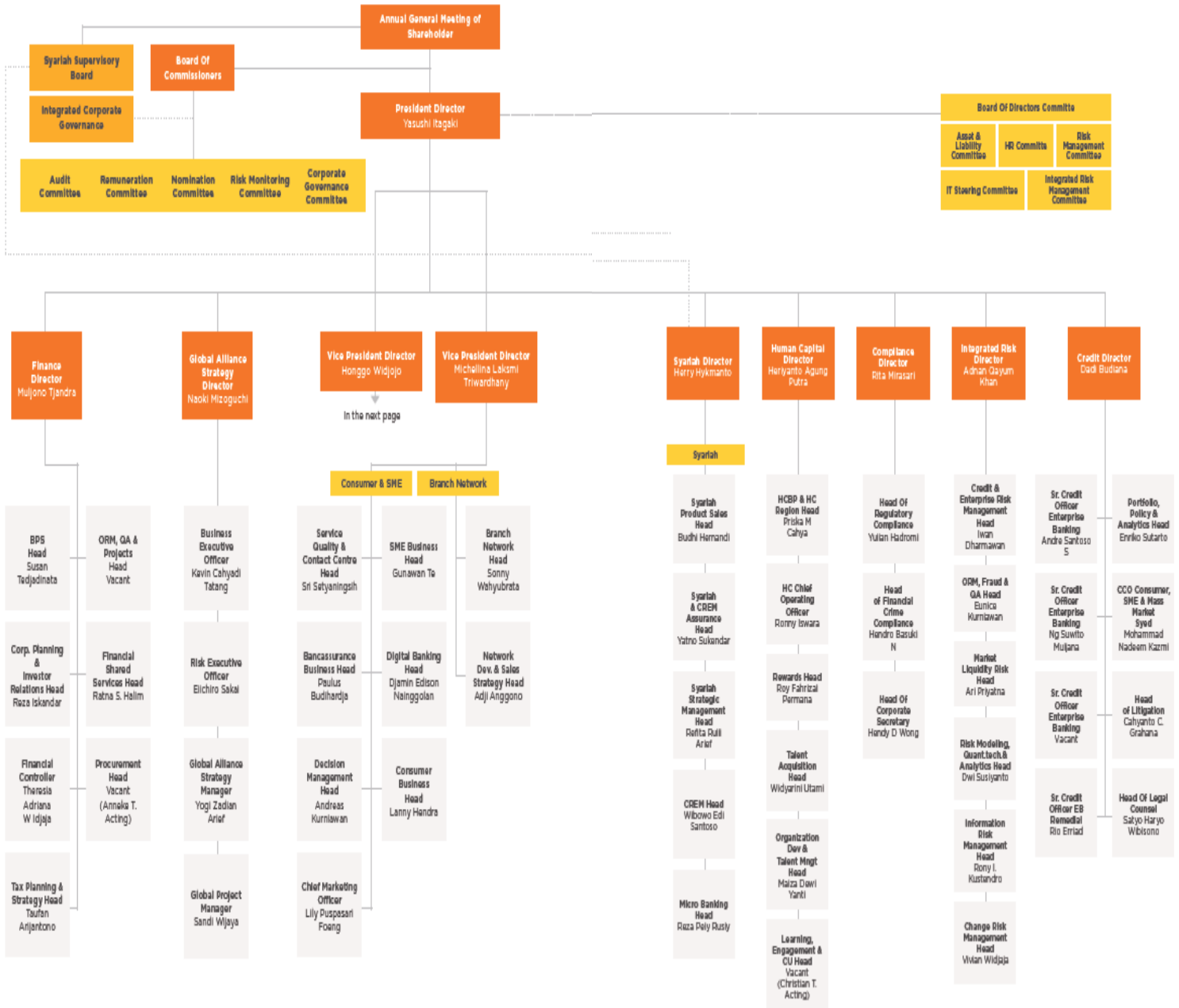
Based on our DDM Valuation, we set a target price within one year of IDR 2,610, which means the shares trading at 0.6x PBV and gives 8% potential upside. Hold.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	21.837	20.172	21.970	20.088	18.366	20.982	21.726
Interest Expense	-7.073	-5.931	-7.391	-6.364	-5.944	-6.849	-6.942
Net Interest Income	14.764	14.241	14.579	13.724	12.422	14.133	14.784
Net Operating Income	3.755	3.696	3.787	4.192	4.246	4.374	4.568
Operating Expense	12.934	9.512	15.093	15.645	14.694	15.645	16.698
PPOP	5.586	8.425	3.274	2.271	1.975	2.862	2.654
Provision Expense	0	3.267	0	0	618	1.405	1.065
Operating Profit	5.586	11.692	3.274	2.271	2.593	4.267	3.718
Profit Before Tax	5.367	4.926	5.488	2.067	1.151	1.249	1.378
Tax Expense	1.539	819	1.247	978	332	412	502
Net Profit	3.828	4.107	4.241	1.089	818	837	877
EPS (Rp/Share)	384,1	357,6	378,7	103,1	72,8	75,0	77,7

Company Profile

In accordance with notarial deed No.55 dated 24 August 2011 of Fathiah Helmi, S.H., Notary in Jakarta, the Bank's shareholders through the Extraordinary General Meeting of Shareholders ("EGMS") dated 24 August 2011 approved the Bank's plan to conduct the Limited Public Offering with pre-emptive rights (Rights Issue) V, with the approved maximum new shares issued by the Bank of 1,162,285,399 B series shares. In accordance with the Shareholders Register dated 26 September 2011, an allotment date of the above Rights Issue, the total new shares issued in conjunction with Rights Issue V were 1,162,285,399 B series shares.

Company Structure



Source: Company

Chart: Gross Loan (x) YoY

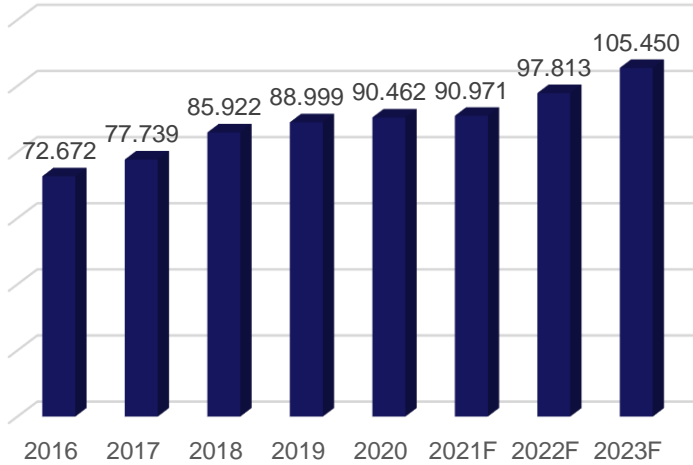


Chart: Customer Deposit (x) YoY

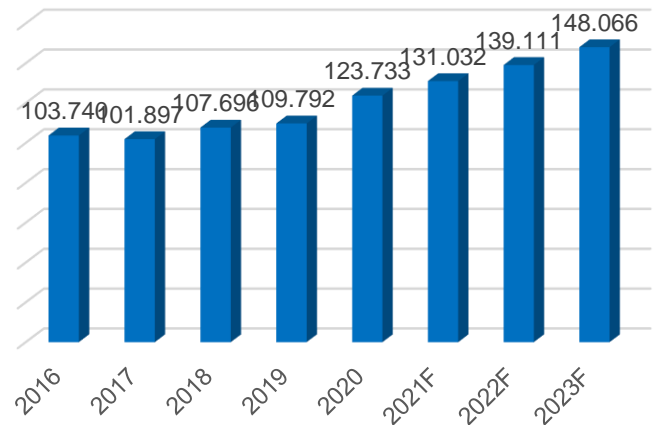


Chart: Profitability (x) YoY

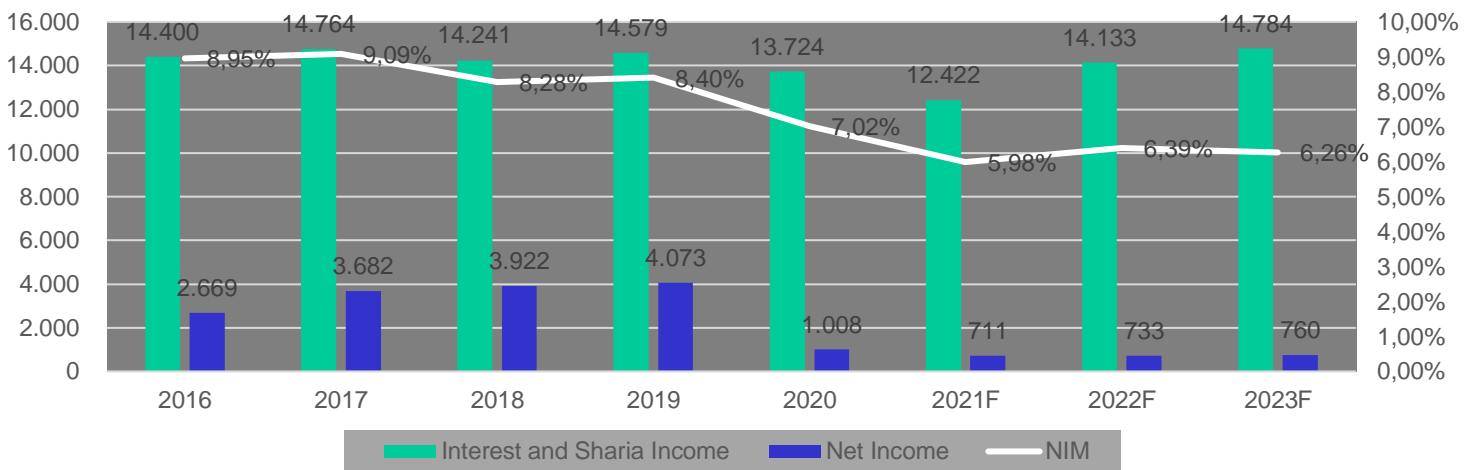


Chart: Net Interest Margin (x) YoY

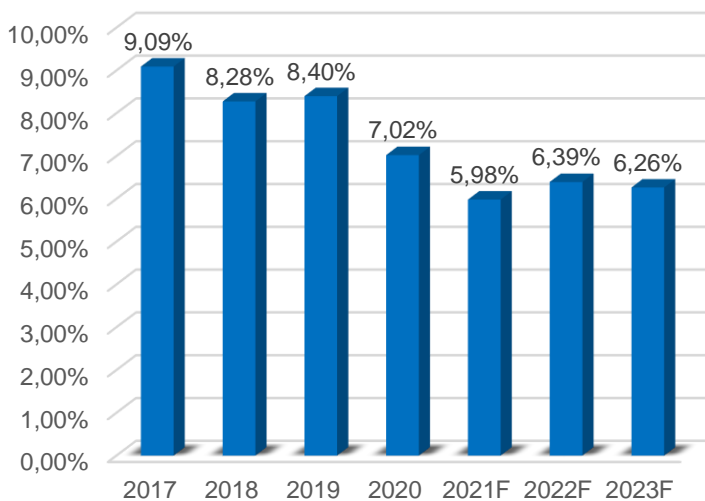


Chart: Loan to Deposit Ratio (x) YoY

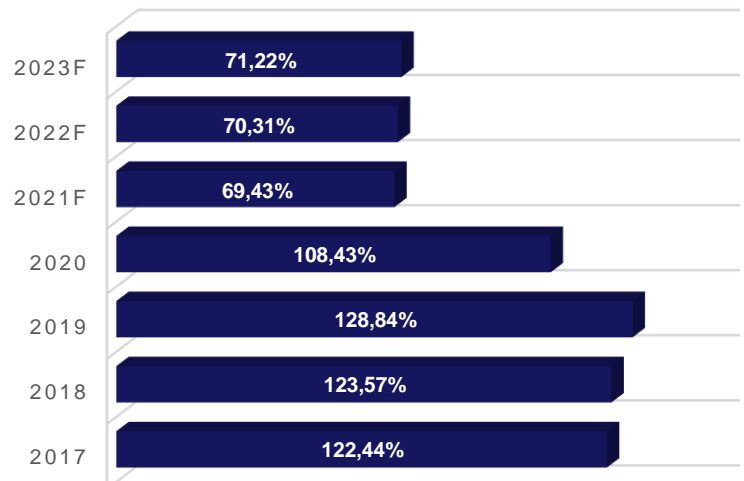


Chart: Gross Loan (x) QoQ

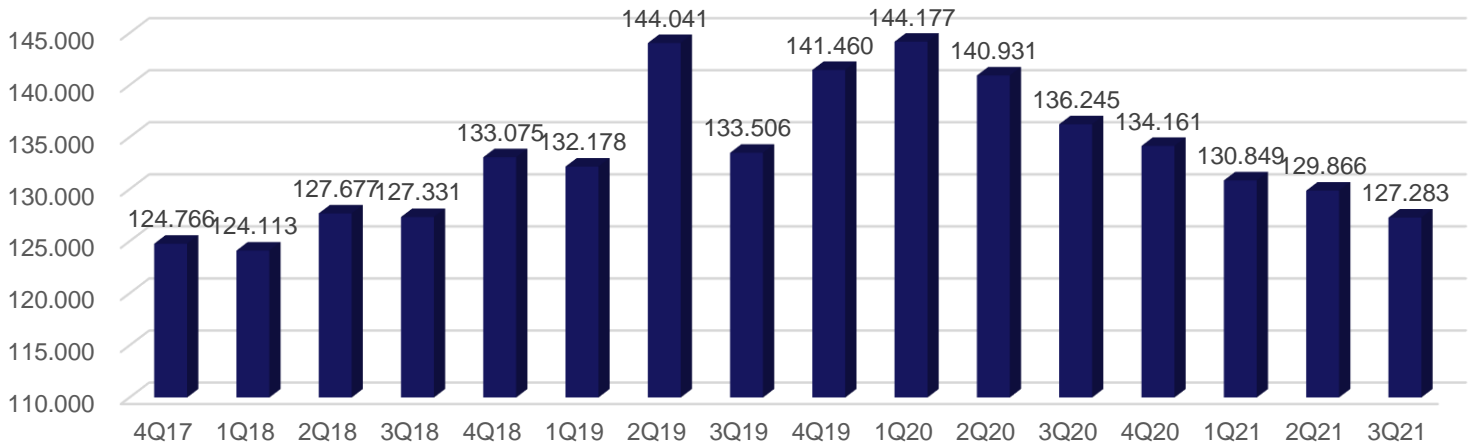


Chart: Profitability (x) QoQ

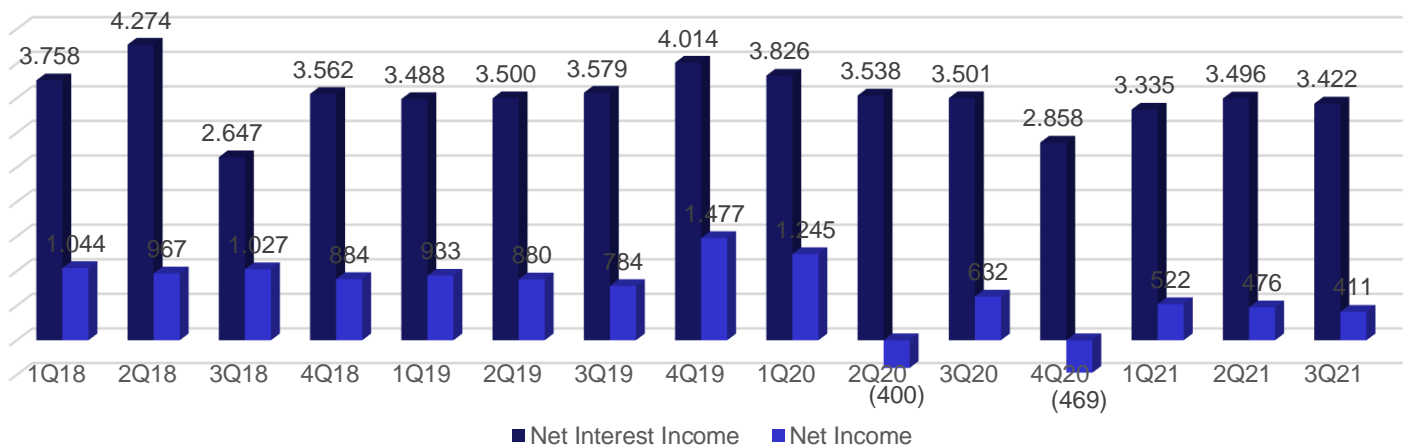
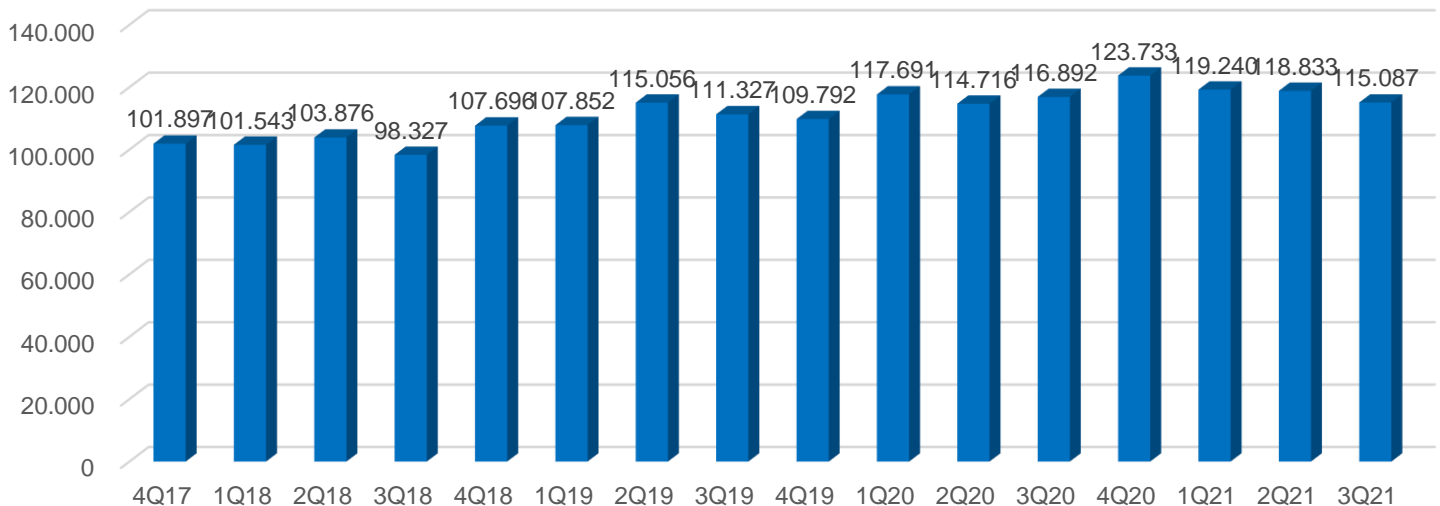


Chart: Customer Deposit (x) QoQ



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Cash and CA with BI	10.102	9.283	8.354	5.024	-3.602	-2.906	-2.152
Interbank Placement	5.199	8.576	5.591	7.304	19.366	18.250	19.290
Marketable Securities	16.060	9.149	9.406	4.689	22.085	21.478	19.429
Gross Loan	124.766	133.075	141.460	134.161	90.971	97.813	105.450
Allowance for Loans	-2.938	-2.921	-3.116	-5.455	-1.851	-2.211	-2.181
Loans-net	121.828	130.154	138.345	128.706	89.120	95.602	103.269
Other Earning Asset	37.652	39.021	37.573	56.474	116.683	123.286	130.535
Non Earning Asset	8.675	8.305	9.262	10.685	11.216	12.015	12.785
Total Asset	178.257	186.762	193.534	200.890	213.417	227.996	244.437
Deposit:							
Current Account	14.646	15.885	15.837	22.900	24.274	25.730	27.274
Saving Account	34.074	33.945	38.258	40.967	46.293	52.311	59.112
Time Deposits	53.178	57.865	55.697	59.866	60.465	61.069	61.680
Other Interest Bearing Liabilities	11.093	11.535	10.477	11.679	12.835	14.071	15.429
Non Interest Bearing Liabilities	26.095	25.591	27.848	21.902	26.781	32.614	39.328
Total Liabilities	139.085	144.822	148.117	157.315	170.648	185.796	202.823
Total Shareholder's Equity	39.172	41.940	45.417	43.575	42.769	42.201	41.614

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Interest Expense	-7.073	-5.931	-7.391	-6.364	-5.944	-6.849	-6.942
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Operating Expense	12.934	9.512	15.093	15.645	14.694	15.645	16.698
Pre Provision Operating Profit	5.586	8.425	3.274	2.271	1.975	2.862	2.654
Provision Expense	0	3.267	0	0	618	1.405	1.065
Operating Profit	5.586	11.692	3.274	2.271	2.593	4.267	3.718
Profit Before Tax	5.367	4.926	5.488	2.067	1.151	1.249	1.378
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Net Profit	3.828	4.107	4.241	1.089	818	837	877
EPS (Rp/Share)	384,1	357,6	378,7	103,1	72,8	75,0	77,7

Ratio Highlights

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability & Efficiency							
NIM	9,09%	8,28%	8,40%	7,02%	5,98%	6,39%	6,26%
Cost-to-Income Ratio	69,84%	53,03%	82,18%	87,32%	88,15%	84,54%	86,29%
ROE	9,52%	9,49%	9,06%	2,34%	1,68%	1,76%	1,85%
ROA	2,07%	2,10%	2,10%	0,50%	0,33%	0,32%	0,31%
ROAE		9,51%	9,28%	5,70%	2,01%	1,72%	1,80%
BOPO	78,17%	78,39%	87,29%	90,65%	94,00%	94,25%	93,96%
Cost of Credit	0,00%	2,45%	0,00%	0,00%	0,68%	1,44%	1,01%
Liquidity							
LDR	122,44%	123,57%	128,84%	108,43%	69,43%	70,31%	71,22%
CASA	47,81%	46,27%	49,27%	51,62%	53,85%	56,10%	58,34%
Asset Quality							
Gross NPL	2,73%	2,75%	2,96%	2,74%	2,80%	2,81%	2,83%
Provision Coverage	287,03%	266,34%	112,60%	199,90%	156,25%	178,08%	167,16%
							%
Capital							
CAR	21,60%	21,00%	24,20%	25,00%	23,40%	24,20%	24,20%
Growth							
Loan Growth	1,95%	6,66%	6,30%	-5,16%	5,29%	4,27%	4,48%
Deposit Growth	-1,78%	5,69%	1,95%	12,70%	5,90%	6,17%	6,44%
Net Income Growth	37,91%	6,54%	3,86%	-75,26%	-29,41%	3,07%	3,63%

QoQ Result

Balance Sheet	3Q20	2Q21	3Q21	%QoQ	%YoY
Loan	136.245	129.866	127.283	-2,0%	-6,6%
Loan Loss Reserves	-4.424	-4.424	-5.455	23,3%	23,3%
NPL	5.789	5.789	5.789	0,0%	0,0%
Deposit					
Demand	19.900	19.900	22.900	15,1%	15,1%
Savings	39.767	39.767	40.967	3,0%	3,0%
Time Deposit	57.226	57.226	59.866	4,6%	4,6%
Total Asset	196.631	196.631	200.890	2,2%	2,2%
Shareholder Equity	43.531	43.531	43.107	-1,0%	-1,0%

Income Statement	3Q20	2Q21	3Q21	%QoQ	%YoY
Interest Income	5.072	4.530	4.347	-4,0%	-14,3%
Interest Expense	1.571	1.033	925	-10,5%	-41,1%
Net Interest Income	3.501	3.496	3.422	-2,1%	-2,2%
Net Operating Income	917	913	840	-8,0%	-8,5%
Operating Expense	3.418	3.729	3.569	-4,3%	4,4%
PPOP	1.000	680	693	1,8%	-30,8%
Operating Profit	-18	29	-42	-243,3%	127,8%
Profit Before Tax	982	709	651	-8,2%	-33,7%
Tax Expense	333	213	218	2,4%	-34,7%
Net Profit	649	497	433	-12,8%	-33,2%

Ratio	3Q20	2Q21	3Q21	%QoQ	%YoY
Profitability & Efficiency					
NIM	7,60%	7,50%	7,60%	0,10	-
Cost-to-Income Ratio	49,00%	51,40%	52,20%	0,80	3,20
ROAE	5,20%	5,20%	4,90%	(0,30)	(0,30)
ROAA	1,00%	1,00%	1,00%	-	-
Cost of Credit	4,00%	3,90%	3,80%	(0,10)	(0,20)
Liquidity					
LDR	88,70%	85,50%	87,80%	2,30	(0,90)
CASA	51,50%	56,30%	57,60%	1,30	6,10
Asset Quality					
Gross NPL (Bank only)	3,20%	3,00%	3,10%	0,10	(0,10)
Provision Coverage	142,20%	176,90%	169,70%	(7,20)	27,50
Capital					
CAR	24,90%	26,10%	26,40%	0,30	1,50

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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