

10 September 2021
Banking, Equity

Price IDR. 1,285
Target Price IDR. 1,980
JKSE Index 6,068.21

Bank Pembangunan Barat Dan Banten, Indonesia, Jakarta:BJBR, D



Stock Code
Bloomberg code BJBR IJ
Market cap (IDR.bn) 9199.3B
52-Week High (IDR) 1905
52-Week Low (IDR) 625
6-m Avg Daily. Val (IDR) 853

Major Shareholders
Jawa Barat 38.18%
Bandung 7.24%
Banten 5.29%
Public 49.29%

USD/IDR-YE
2020A 14,050
2021F (6M Avg) 14,257

Key Indicators
Non Performing Loan (x) 1.72
Net Interest Margin (x) 4.85

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Investment Consideration Significant PPOP growth

BJBR net profit in 2Q21 was up by 14.4% to IDR 924 billion, driven by PPOP which was up significantly by 41% YoY to IDR 1.472 billion, Fee-based income rose 20.1% to IDR 575 billion, driven by increased digital transaction fees and treasury liquidity management fees. Net interest income also increased by 20.1% to IDR 3.695 billion. BJBR has developed its own BJBR application to increase fee-based revenue from digital transactions in 2Q21.

Stronger Credit demand and asset quality

In 2Q21, Credit growth increased by 6.8% YoY, supported by commercial loans up 18.8% YoY, Mortgages 12.5%, and Consumer loans 4.2%. In terms of asset quality, NPLs decreased to 1.3% from 1.6% in 2Q20. The management aims to maintain the quality of its assets as the PPKM is relaxed. We estimate credit growth will be 7.6% in 2021F

Significant deposit growth

In 2Q21, Third-party funds rose 21% to IDR 109.3 billion, but the CASA ratio decreased by 8.1% YoY. The increase in Third Party Funds was supported by an increase in time deposits which increased by 41%. The cost of funds decreased by 3.9% thanks to lower interest rates.

Valuation: 54% Upside potential, Buy.

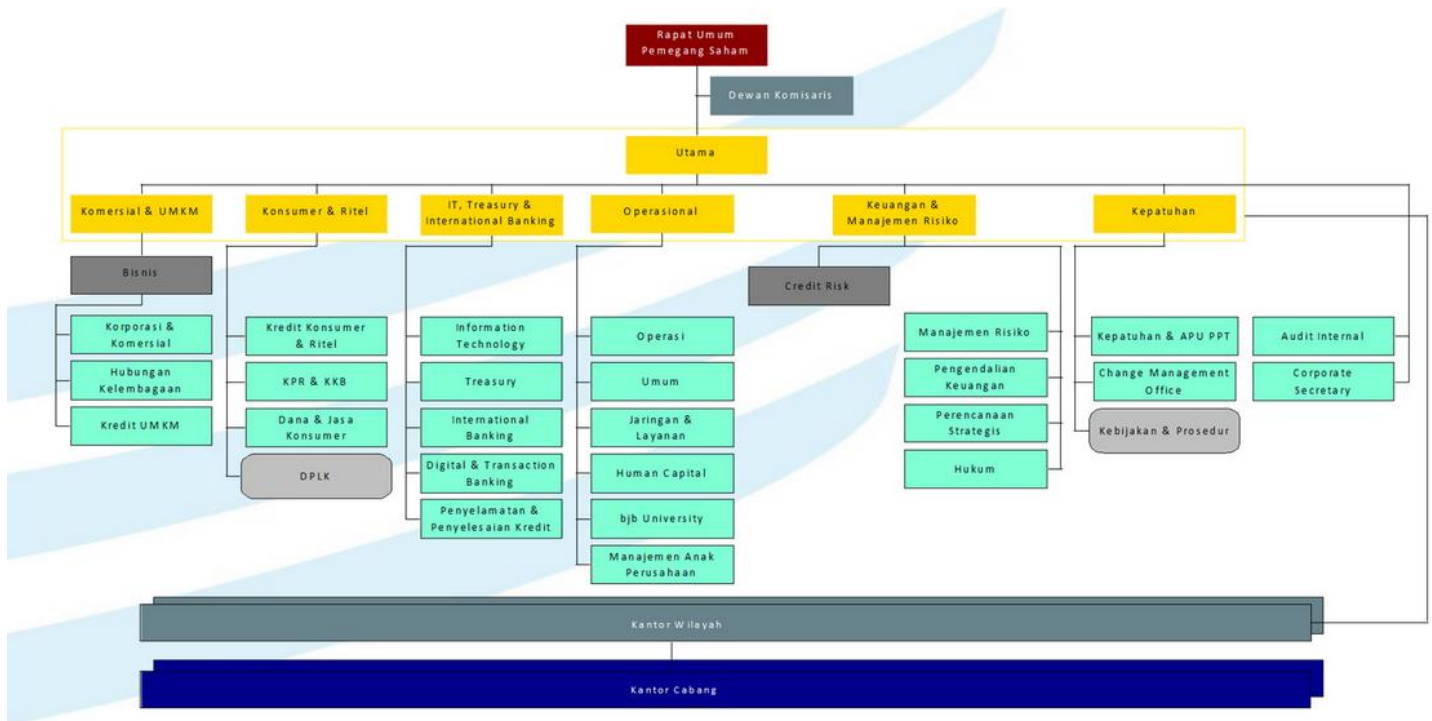
Based on our DDM Valuation, we have a target price within one year of IDR 1,980, which would mean the shares trading at 1.0x PBV and gives 54% upside potential. Buy.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	11.558	11.923	12.175	13.137	8.087	8.718	9.647
Interest Expense	5.195	5.415	6.009	6.123	1.465	1.604	1.775
Net Interest Income	6.364	6.508	6.166	7.014	6.622	7.114	7.872
Net Operating Income	807	926	931	941	1.160	1.294	1.432
Operating Expense	4.689	4.858	4.716	5.743	5.051	5.525	6.178
PPOP	2.482	2.576	2.381	2.212	2.731	2.883	3.126
Provision Expense	782	518	322	-137	-320	-320	-320
Operating Profit	1.701	2.058	2.059	2.075	2.411	2.563	2.806
Profit Before Tax	1.632	1.937	1.978	2.305	2.366	2.518	2.760
Tax Expense	421	385	413	478	522	547	604
Net Profit	1.211	1.552	1.564	1.827	1.844	1.972	2.156
EPS (Rp/Share)	124,9	157,8	159,0	185,7	187,4	200,4	219,1

Company Profile

On September 12, 2007, the name of the Bank was changed to PT Bank Pembangunan Daerah Jawa Barat dan Banten based on the approval of the Minister of Justice and Human Rights in its letter No. W8-02673HT.01.04-TH.2007. Based on the Bank's Board of Directors' Decision Letter No. 1065/SK/DIR - PPN/2007 dated November 29, 2007, the Bank changed its name to "Bank Jabar Banten". Based on the letter of Bank Indonesia No.12/78/APBU/Bd dated June 30, 2010 regarding the Amendment Plan of the Bank's logo, as well as Board of Directors' Decision Letter No.1337/SK/DIR-PPN/2010 dated July 5, 2010 regarding the Amendment of name and Logo enforcement of Brand Identity Guidelines on August 2, 2010, the change in the name of "Bank Jabar Banten to "bank bjb" was made official. The Articles of Association of PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk as stated in the Deed of Establishment No. 4 dated April 8, 1999 and Establishment Deed Amendment No. 8 dated April 15, 1999, have been amended several times with the latest update based on the Minutes of the Shareholders' Extraordinary General Meeting of PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk as covered in the Notarial Deed No. 139 dated March 29, 2017. According to article 3 of the Bank's Articles of Association, the Bank's objective is to engage in the banking business.

Company Structure



* BAGAN STRUKTUR ORGANISASI KANTOR PUSAT (AFTER) SK Direksi Nomor 0859/SK/DIR-PS/2019

Chart: Net Income (x) QoQ

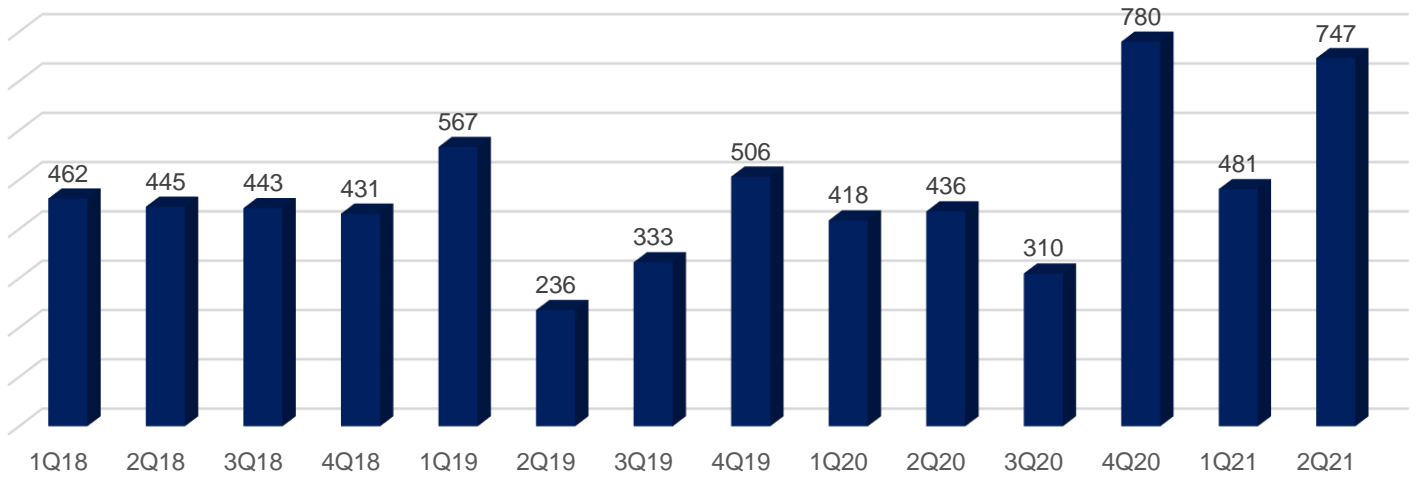


Chart: Gross Loan (x) QoQ

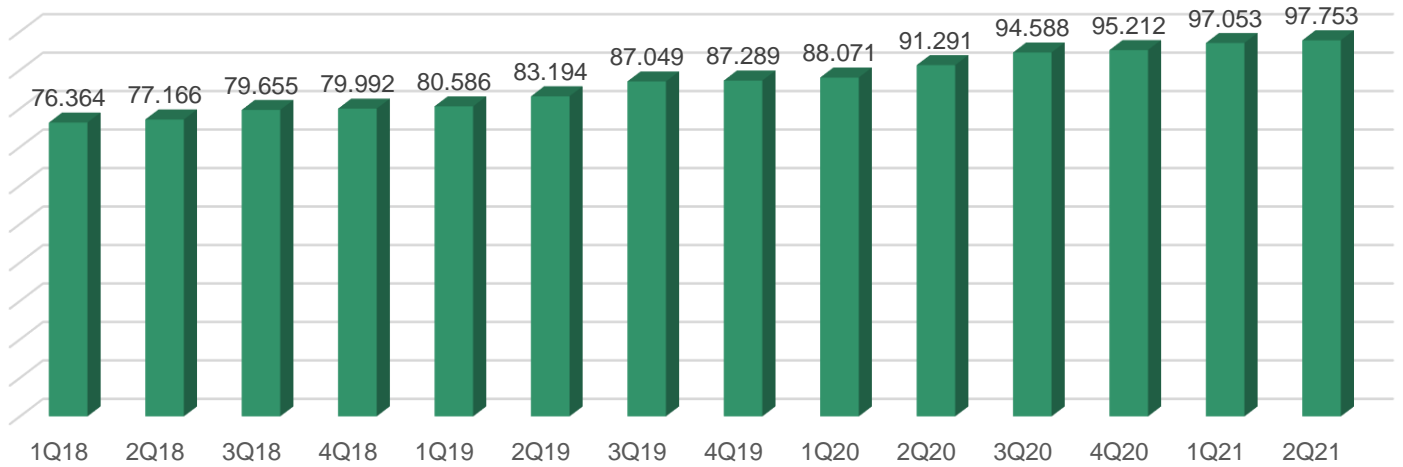


Chart: Non Performing Loan (x) QoQ

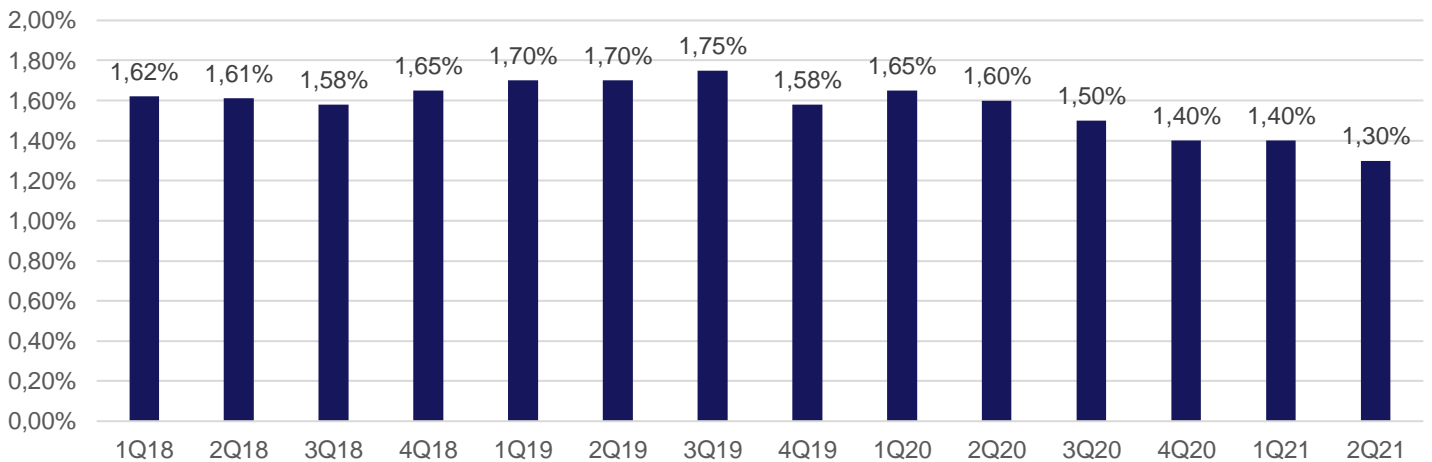


Chart: Gross Loan (x) YoY

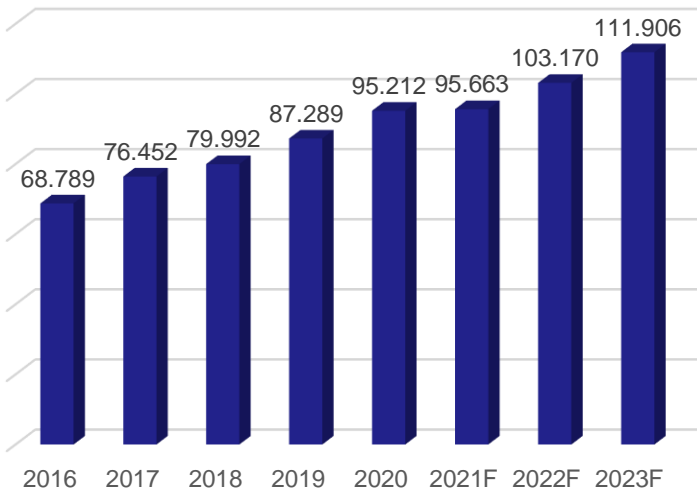


Chart: Customer Deposit (x) YoY

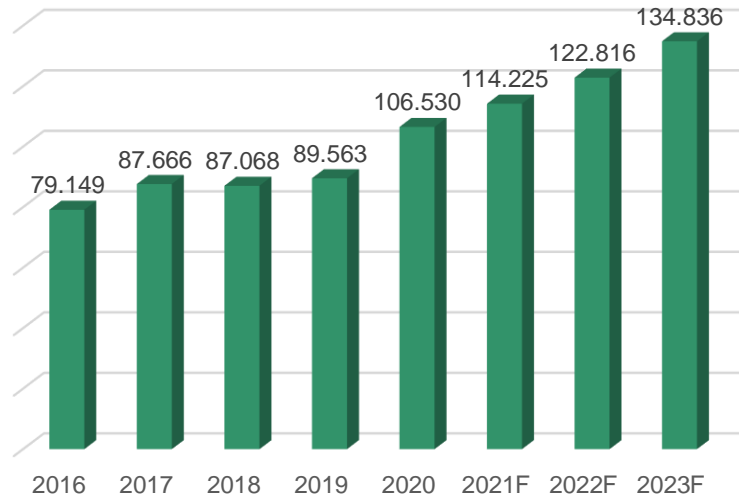


Chart: Profitability (x) YoY

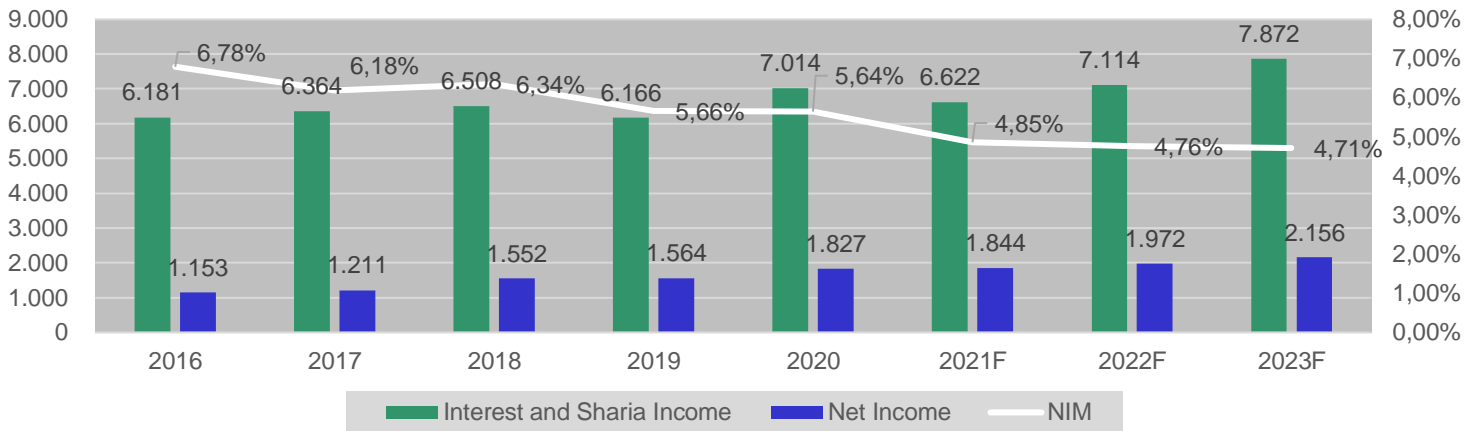


Chart: Net Interest Margin (x) YoY

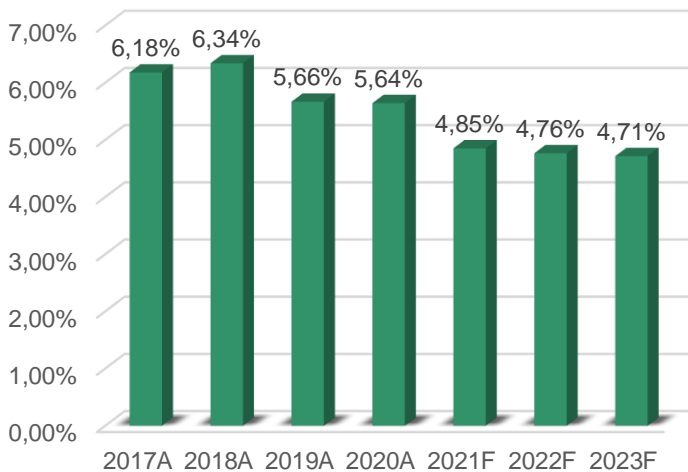
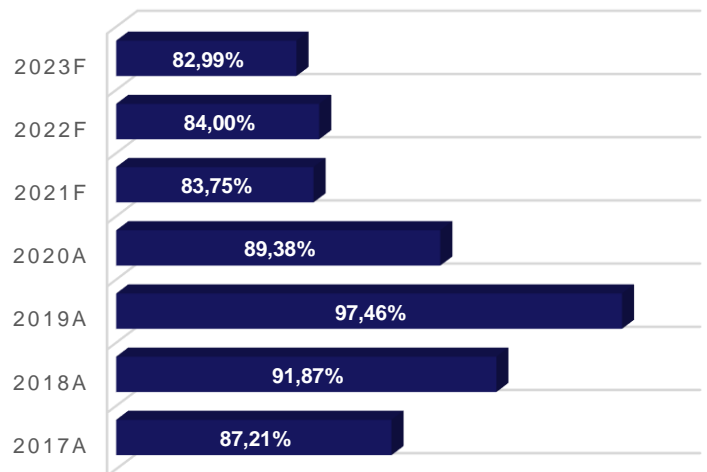


Chart: Loan to Deposit Ratio (x) YoY



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Cash and CA with BI	8.359	12.911	9.673	11.735	11.415	12.685	13.758
Interbank Placement	17.689	9.727	7.918	5.816	13.552	13.821	15.252
Marketable Securities	7.713	8.617	8.855	11.480	16.125	18.450	21.817
Gross Loan	76.452	79.992	87.289	95.212	95.663	103.170	111.906
Allowance for Loans	-1.636	-786	-836	-1.913	-1.593	-1.273	-953
Loans-net	74.815	79.206	86.453	93.300	94.071	101.897	110.953
Other Earning Asset	26.578	22.693	21.575	29.133	40.850	46.154	55.070
Non Earning Asset	5.228	5.382	5.835	6.766	7.373	8.095	9.035
Total Asset	114.980	120.191	123.536	140.934	153.708	168.831	188.816
Deposit:							
Current Account	20.313	18.455	21.113	19.669	19.865	20.064	20.264
Saving Account	18.631	21.611	22.004	23.750	24.937	26.184	27.477
Time Deposits	48.722	47.002	46.446	63.112	69.423	76.568	87.095
Other Interest Bearing Liabilities	16.092	20.814	20.776	20.783	24.838	29.683	35.474
Non Interest Bearing Liabilities	1.117	1.024	1.155	1.615	1.732	1.862	2.044
Total Liabilities	104.875	108.906	111.494	128.928	140.795	154.361	172.355
Total Shareholder's Equity	10.105	11.285	12.043	12.006	12.913	14.469	16.461

Income Statement (IDR.bn)

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Interest Expense	5.195	5.415	6.009	6.123	1.465	1.604	1.775
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Net Operating Income	807	926	931	941	1.160	1.294	1.432
Operating Expense	4.689	4.858	4.716	5.743	5.051	5.525	6.178
Pre Provision Operating Profit	2.482	2.576	2.381	2.212	2.731	2.883	3.126
Provision Expense	782	518	322	-137	-320	-320	-320
Operating Profit	1.701	2.058	2.059	2.075	2.411	2.563	2.806
Profit Before Tax	1.632	1.937	1.978	2.305	2.366	2.518	2.760
Tax Expense	421	385	413	478	522	547	604
Net Profit	1.211	1.552	1.564	1.827	1.844	1.972	2.156
EPS (Rp/Share)	124,9	157,8	159,0	185,7	187,4	200,4	219,1

Ratio Highlights (IDR.bn)

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability							
NIM	6,18%	6,34%	5,66%	5,64%	4,85%	4,76%	4,71%
Cost-to-Income Ratio	65,38%	65,35%	66,45%	72,19%	64,91%	65,71%	66,40%
ROE	12,04%	13,82%	13,05%	15,28%	14,33%	13,67%	13,13%
ROA	1,05%	1,29%	1,27%	1,30%	1,20%	1,17%	1,14%
ROAE		12,93%	13,43%	14,16%	14,80%	14,00%	13,40%
BOPO	86,25%	83,98%	84,29%	83,31%	67,01%	68,01%	68,90%
Cost of Credit	5,20%	5,10%	5,40%	4,90%	0,33%	0,31%	0,29%
Liquidity							
LDR	87,21%	91,87%	97,46%	89,38%	83,75%	84,00%	82,99%
CASA	44,42%	46,02%	48,14%	40,76%	39,22%	37,66%	35,41%
Asset Quality							
Gross NPL	1,48%	1,66%	1,56%	1,39%	1,75%	1,85%	1,95%
Provision Coverage	105,93%	42,82%	44,34%	122,12%	130,00%	135,00%	142,00%
Capital							
CAR	18,80%	18,60%	17,70%	17,30%	17,87%	17,62%	17,60%
Growth							
Loan Growth	10,99%	5,87%	9,15%	7,92%	7,13%	7,60%	8,20%
Deposit Growth	10,76%	-0,68%	2,87%	18,94%	7,22%	7,52%	9,79%
Net Income Growth	5,04%	28,15%	0,78%	16,78%	0,92%	6,93%	9,35%

QoQ Result

Balance Sheet	2Q20	1Q21	2Q21	%QoQ	%YoY
Loan	91.291	97.053	97.753	0,7%	7,1%
Loan Loss Reserves	-1.957	-1.955	-2.003	2,4%	2,3%
NPL	1.361	1.273	1.223	-3,9%	-10,1%
Deposit					
Demand	26.978	27.970	25.559	-8,6%	-5,3%
Savings	21.214	20.637	23.810	15,4%	12,2%
Time Deposit	47.913	62.034	66.832	7,7%	39,5%
Total Asset	125.320	143.624	150.444	4,7%	20,0%
Shareholder Equity	10.648	12.139	11.804	-2,8%	10,9%

Income Statement	2Q20	1Q21	2Q21	%QoQ	%YoY
Interest Income	3.097	3.203	3.393	5,9%	9,5%
Interest Expense	1.458	1.405	1.379	-1,9%	-5,4%
Net Interest Income	1.639	1.798	2.014	12,0%	22,9%
Net Operating Income	215	251	336	33,7%	56,5%
Operating Expense	-1.408	-1.585	326	-120,6%	-123,1%
PPOP	446	464	2.676	476,8%	499,8%
Provision Expense	-55	-124	1.792	-1545,0%	-3357,8%
Operating Profit	3	-14	7	-150,5%	114,9%
Profit Before Tax	504	574	891	55,2%	76,7%
Tax Expense	68	93	144	55,0%	110,6%
Net Profit	436	481	747	55,3%	71,3%

Ratio	2Q20	1Q21	2Q21	QoQ	YoY
Profitability & Efficiency					
NIM	5,60%	5,50%	5,60%	0,10	-
Cost-to-Income Ratio	70,70%	72,00%	66,50%	(5,50)	(4,20)
ROE	13,70%	15,30%	14,80%	(0,50)	1,10
ROA	1,30%	1,40%	1,30%	(0,10)	-
BOPO				-	-
Liquidity					
LDR	92,90%	84,40%	77,30%	(7,10)	(15,60)
CASA	51,40%	44,80%	43,30%	(1,50)	(8,10)
Asset Quality					
Gross NPL (Bank only)	1,60%	1,40%	1,30%	(0,10)	(0,30)
Coverage Ratio	131%	141%	151%	10,10	20,00
Capital					
CAR	16,70%	17,10%	16,90%	(0,20)	0,20

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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