

8 December 2021
Banking, Equity

Price IDR. 1,415
Target Price IDR. 1,600
JKSE Index 6,602.57

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



Stock Code BJBR IJ
Bloomberg code BJBR IJ
Market cap (IDR.bn) 13,725.1B
52-Week High (IDR) 1,855
52-Week Low (IDR) 1,205
6-m Avg Daily. Val (IDR) 1,329

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

USD/IDR-YE
2020A 14,050
2021F (6M Avg) 14,338

Key Indicators
Non Performing Loan (x) 1.31
Net Interest Margin (x) 5.18

Analyst: Lingga Pratiwi
Lingga.pratiwi@binaartha.com

Investment Consideration Higher e-Channel income

BJBR recorded a net profit of IDR 1.4 trillion, up 17.5% YoY, supported by PPOP which increased by 37% YoY from Fee Based Income from their e-channel which had growth of 43.6% YoY, as well as gains from financial instruments. Provisions were increased significantly by 196.3% YoY in order to strengthen the balance sheet through a higher coverage ratio (from 138% in 3Q2020 to 161% in 3Q2021). NPLs improved from last year's 1.5% to 1.3%.

Significant increase in commercial loans

Loans grew 7% YoY driven by commercial loans which grew 23.5% YoY originating from APBN / APBD, BUMN, selective distribution to corporations and syndication. Consumer loans rose by a slower 2.7% YoY due to the slowdown in consumer credit demand during this pandemic. But BJBR expects consumer growth will recover in 2022 in line with a recovery of economic activity and purchasing power. Micro loans declined -2.5%, as the distribution scheme through financial institutions was affected by higher risk due to the pandemic, so distribution through these financial institutions was postponed. Meanwhile, direct distribution to MSME still grew 18.7% YoY. We estimate loan growth will be 7.13% in 2021F.

Funding dominated by Time Deposit

Total Deposits grew 7.6% YoY dominated by Time deposits, up 12.9% YoY. The increase in Time Deposits came from the placement of corporate funds, in line with banking liquidity which was still quite strong while demand for credit was limited. The liquidity meant cost of funds was lower at 3.8% from last year's 4.9%. The ongoing digitization of products and services is aimed at increasing CASA funding. In 2021, BJBR projects that CASA will reach 40-45%. However, it should be noted that even though CASA is currently at 41.8%, BJBR has still been able to manage their cost of funds well, as can be seen from the 110 bps decrease in cost of funds in the past year.

Asset Quality Improvement and Credit Restructuring

In terms of Gross and Net Non Performing loans, they remained stable at 1.3% and 0.4% in 3Q21, followed by improvements in Special Mention Loans, which fell by IDR 61 billion YoY, or down 2.8% thanks to improvements in mortgages. As of Sept 2021, loan restructuring reached IDR 3.8 trillion or 4% of total loans. Commercial and corporate loans account for the largest portion of restructuring, at 44 percent.

Focus on increasing credit growth and digital products

BJBR's focus is to maintain credit growth with NPLs at the same level. In 2022, BJBR will continue to increase loans in line with the recovery of economic activity and demand. BJBR is committed to continuously improving digital services and products to encourage fee-based income growth from e-channel transactions

Valuation: 14% Upside potential, Hold.

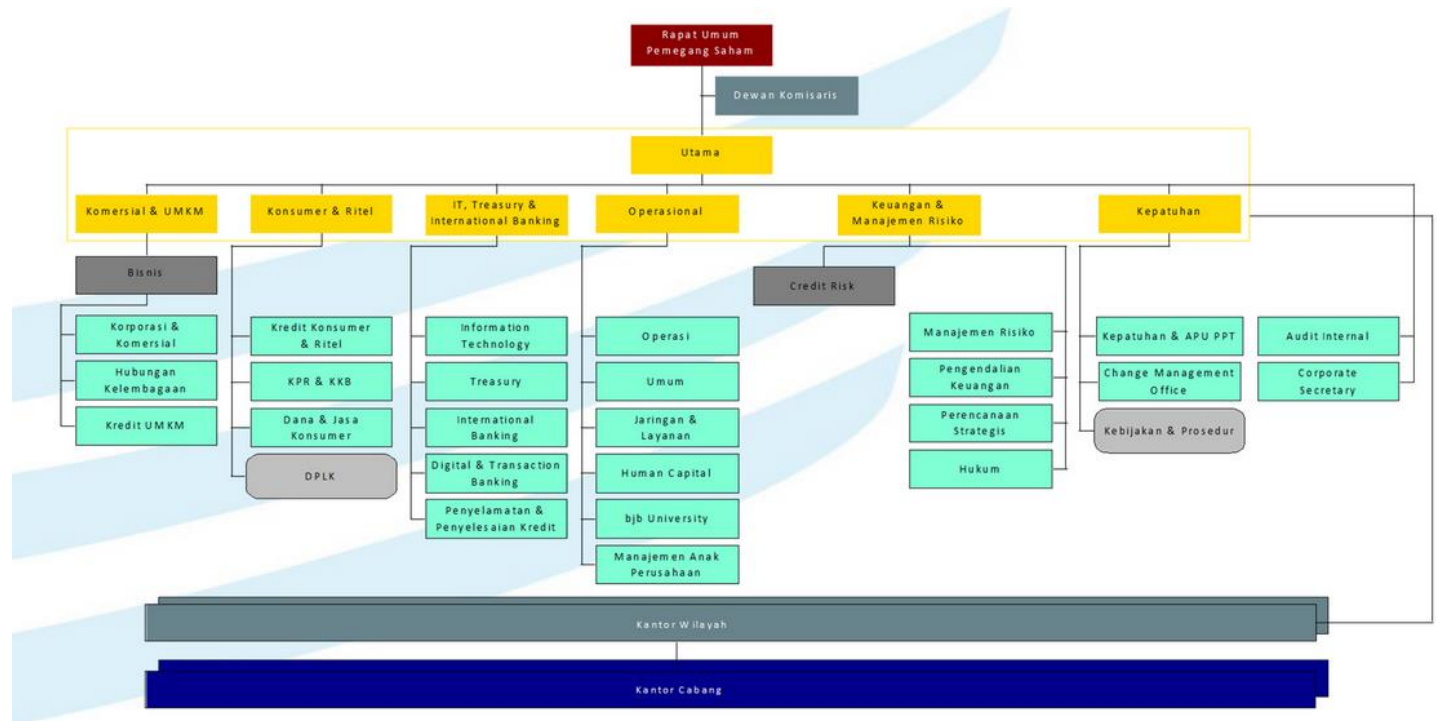
Based on our DDM Valuation, we have a target price within one year of IDR 1,600, which would mean the shares trading at 1.1x PBV and gives 14% upside potential.Hold.

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	11.558	11.923	12.175	13.137	9.562	10.667	12.119
Interest Expense	5.195	5.415	6.009	6.123	2.521	2.745	2.997
Net Interest Income	6.364	6.508	6.166	7.014	7.041	7.922	9.122
Net Operating Income	807	926	931	941	1.155	1.280	1.387
Operating Expense	4.689	4.858	4.716	5.743	5.028	5.468	5.984
PPOP	2.482	2.576	2.381	2.212	3.167	3.735	4.526
Provision Expense	782	518	322	-137	-320	-320	-320
Operating Profit	1.701	2.058	2.059	2.075	2.847	3.415	4.206
Profit Before Tax	1.632	1.937	1.978	2.305	2.803	3.370	4.160
Tax Expense	421	385	413	478	619	731	911
Net Profit	1.211	1.552	1.564	1.827	2.184	2.638	3.250
EPS (Rp/Share)	124,9	157,8	159,0	185,7	222,0	268,2	330,3

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

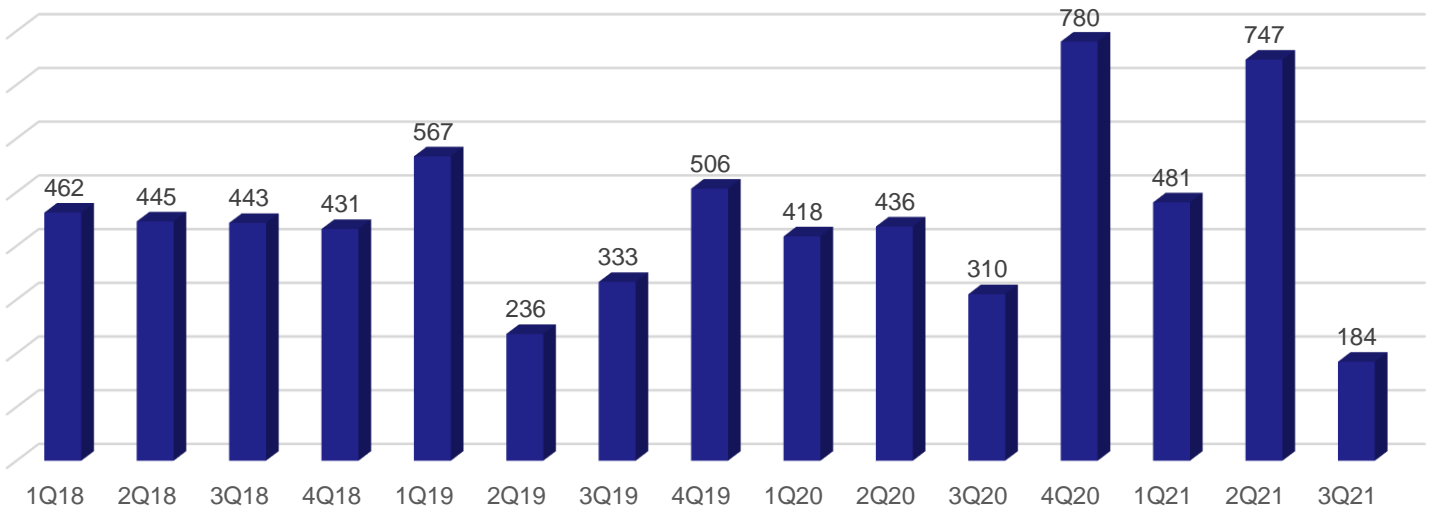


Chart: Gross Loan (x) QoQ

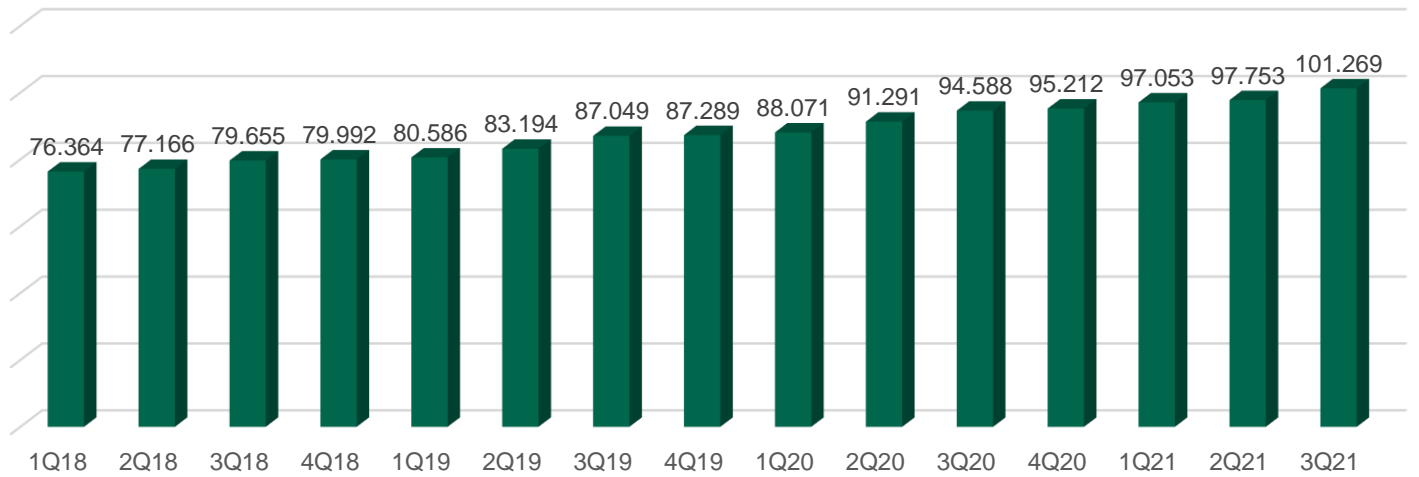


Chart: Non Performing Loan (x) QoQ

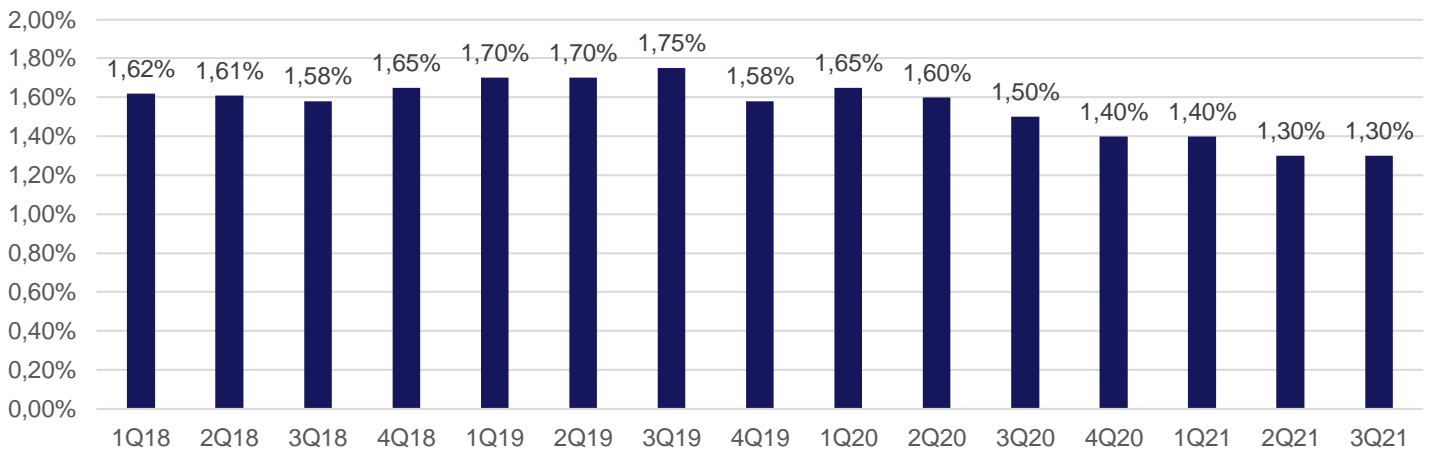


Chart: Gross Loan (x) YoY

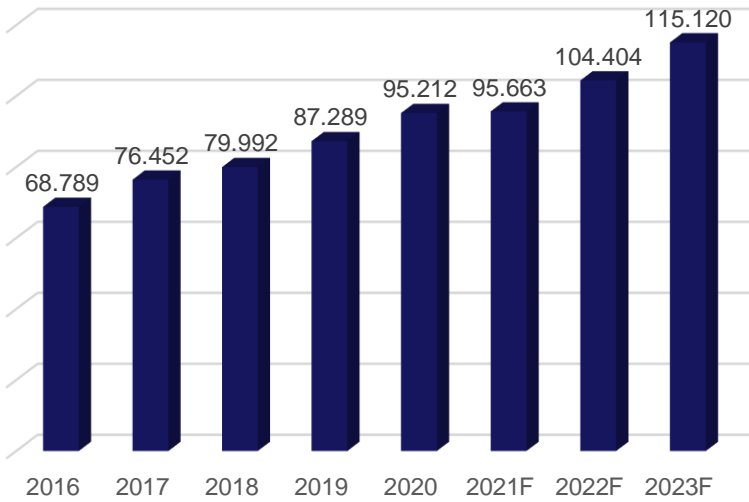


Chart: Customer Deposit (x) YoY

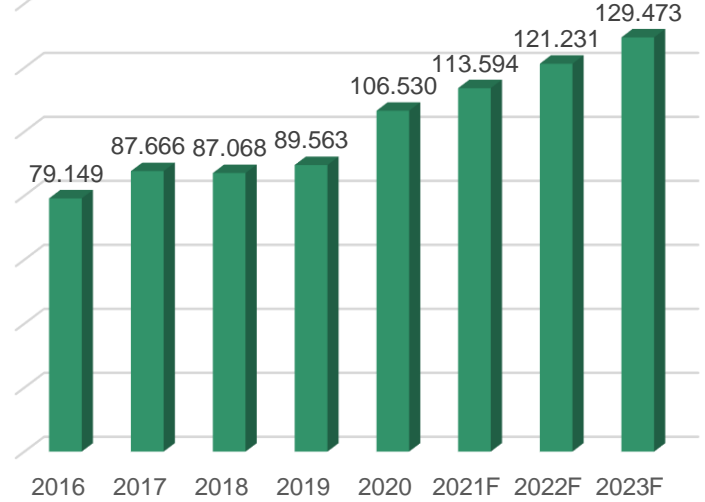


Chart: Profitability (x) YoY

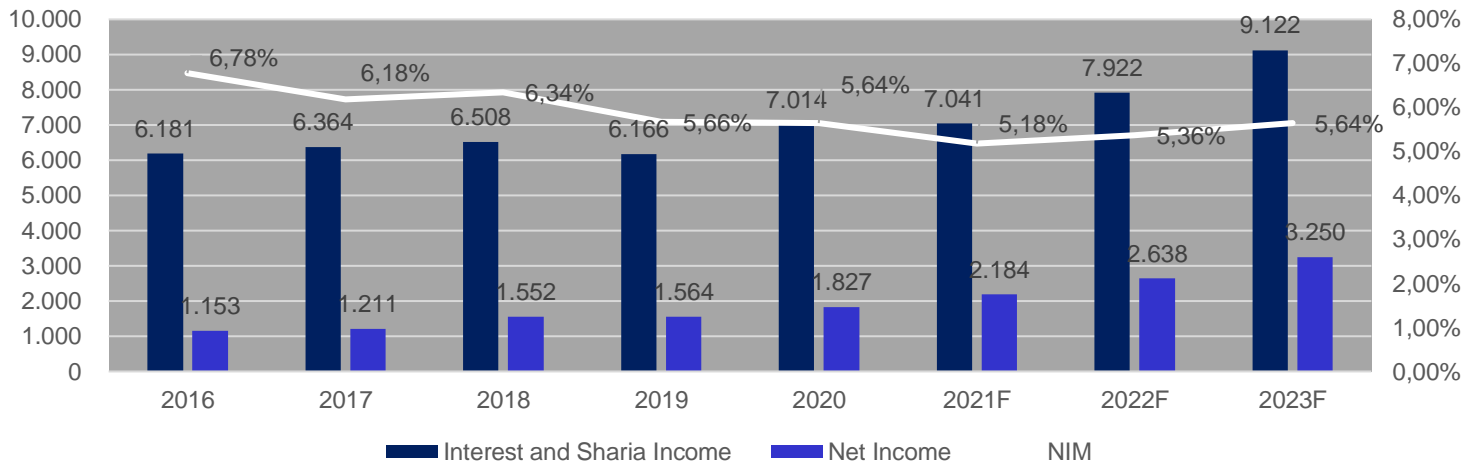


Chart: Net Interest Margin (x) YoY

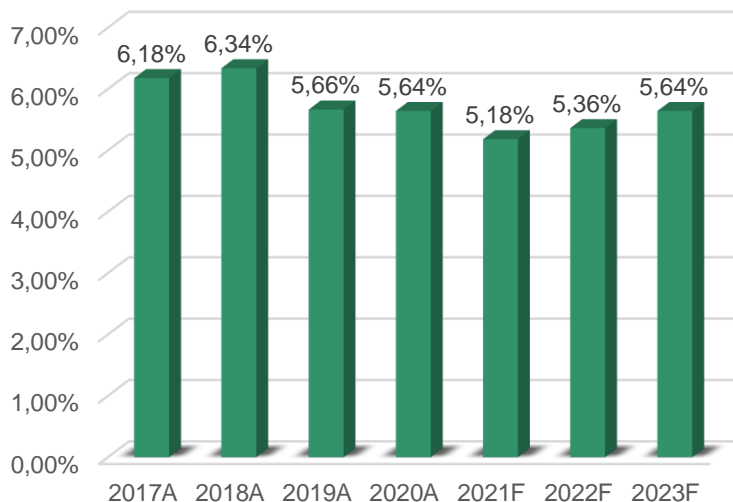
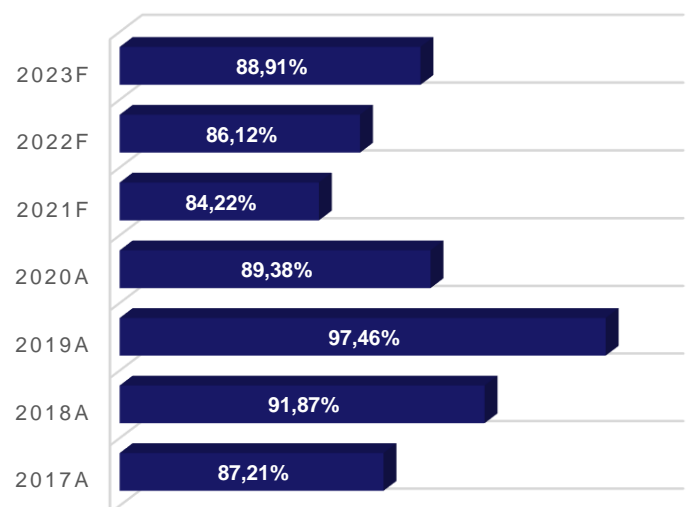


Chart: Loan to Deposit Ratio (x) YoY



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	11.102	12.202	13.605
Interbank Placement	17.689	9.727	7.918	5.816	13.346	12.987	12.905
Marketable Securities	7.713	8.617	8.855	11.480	15.880	17.336	18.461
Gross Loan	76.452	79.992	87.289	95.212	95.663	104.404	115.120
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	103.131	114.167
Other Earning Asset	26.578	22.693	21.575	29.133	40.230	43.368	46.598
Non Earning Asset	5.228	5.382	5.835	6.766	7.339	8.011	8.750
Total Asset	114.980	120.191	123.536	140.934	152.742	166.712	183.120
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	68.792	74.983	81.732
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	1.722	1.838	1.963
Total Liabilities	104.875	108.906	111.494	128.928	140.154	152.752	166.910
Total Shareholder's Equity	10.105	11.285	12.043	12.006	12.588	13.959	16.210

Income Statement (IDR.bn)

Income Statement (Idr bn)	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Interest Income	11.558	11.923	12.175	13.137	9.562	10.667	12.119
Interest Expense	5.195	5.415	6.009	6.123	2.521	2.745	2.997
Net Interest Income	6.364	6.508	6.166	7.014	7.041	7.922	9.122
Net Operating Income	807	926	931	941	1.155	1.280	1.387
Operating Expense	4.689	4.858	4.716	5.743	5.028	5.468	5.984
Pre Provision Operating Profit	2.482	2.576	2.381	2.212	3.167	3.735	4.526
Provision Expense	782	518	322	-137	-320	-320	-320
Operating Profit	1.701	2.058	2.059	2.075	2.847	3.415	4.206
Profit Before Tax	1.632	1.937	1.978	2.305	2.803	3.370	4.160
Tax Expense	421	385	413	478	619	731	911
Net Profit	1.211	1.552	1.564	1.827	2.184	2.638	3.250
EPS (Rp/Share)	124,9	157,8	159,0	185,7	222,0	268,2	330,3

Ratio Highlights (IDR.bn)

Ratio Analysis	2017A	2018A	2019A	2020A	2021F	2022F	2023F
Profitability							
NIM	6,18%	6,34%	5,66%	5,64%	5,18%	5,36%	5,64%
Cost-to-Income Ratio	65,38%	65,35%	66,45%	72,19%	61,35%	59,41%	56,94%
ROE	12,04%	13,82%	13,05%	15,28%	17,42%	18,96%	20,10%
ROA	1,05%	1,29%	1,27%	1,30%	1,43%	1,58%	1,77%
ROAE		12,93%	13,43%	14,16%	16,35%	18,19%	19,53%
BOPO	86,25%	83,98%	84,29%	83,31%	67,46%	66,06%	64,12%
Cost of Credit	5,20%	5,10%	5,40%	4,90%	0,33%	0,31%	0,28%
Liquidity							
LDR	87,21%	91,87%	97,46%	89,38%	84,22%	86,12%	88,91%
CASA	44,42%	46,02%	48,14%	40,76%	39,44%	38,15%	36,87%
Asset Quality							
Gross NPL	1,48%	1,66%	1,56%	1,39%	1,31%	1,41%	1,51%
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%	8,83%	9,93%
Deposit Growth	10,76%	-0,68%	2,87%	18,94%	6,63%	6,72%	6,80%
Net Income Growth	5,04%	28,15%	0,78%	16,78%	19,55%	20,80%	23,16%

QoQ Result

Balance Sheet	3Q20	2Q21	3Q21	%QoQ	%YoY
Loan	94.588	97.753	101.269	3,6%	7,1%
Loan Loss Reserves	-2.013	-2.003	-2.102	5,0%	4,4%
NPL	1.331	1.223	1.187	-2,9%	-10,8%
Deposit					
Demand	29.001	25.559	28.334	10,9%	-2,3%
Savings	21.610	23.810	23.027	-3,3%	6,6%
Time Deposit	64.895	66.832	73.142	9,4%	12,7%
Total Asset	147.582	150.444	159.257	5,9%	7,9%
Shareholder Equity	11.116	11.804	12.355	4,7%	11,1%

Income Statement	3Q20	2Q21	3Q21	%QoQ	%YoY
Interest Income	3.323	3.393	3.404	0,3%	2,4%
Interest Expense	1.544	1.379	1.308	-5,1%	-15,3%
Net Interest Income	1.780	2.014	2.096	4,1%	17,8%
Net Operating Income	230	336	375	11,6%	62,7%
Operating Expense	-1.550	326	-3.279	-1106,4%	111,6%
PPOP	460	2.676	-808	-130,2%	-275,6%
Provision Expense	0	1.792	-1.148	-164,1%	
Operating Profit	-24	7	-5	-166,0%	-80,6%
Profit Before Tax	436	891	336	-62,3%	-23,1%
Tax Expense	126	144	151	5,0%	20,0%
Net Profit	310	747	184	-75,3%	-40,6%

Ratio	3Q20	2Q21	3Q21	QoQ	YoY
Profitability & Efficiency					
NIM	5,50%	5,60%	5,70%	0,10	0,20
Cost-to-Income Ratio	70,30%	67,40%	66,70%	(0,70)	(3,60)
ROE	13,60%	14,80%	14,90%	0,10	1,30
ROA	1,30%	1,30%	1,30%	-	-
Liquidity					
LDR	78,40%	80,90%	80,70%	(0,20)	2,30
CASA	44,60%	43,30%	41,80%	(1,50)	(2,80)
Asset Quality					
Gross NPL (Bank only)	1,50%	1,30%	1,30%	-	(0,20)
Coverage Ratio	138%	151%	162%	10,90	23,30
Capital					
CAR	16,60%	16,90%	17,70%	0,80	1,10

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.