

11 March 2020
Banking, Equity

Price IDR. 945
Target Price IDR. 1270
JKSE Index 5220.83

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



Stock Code BJBR IJ
Bloomberg code BJBR IJ
Market cap (IDR.bn) 9740.4B
52-Week High (IDR) 2150
52-Week Low (IDR) 815
6-m Avg Daily. Val (IDR) 1397

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

USD/IDR-YE
2018A 14291
2019F (6M Avg) 13866

Key Indicators
Non Performing Loan (x) 1.2
Net Interest Margin (x) 5.5

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Investment Consideration

Commercial Loan Growth

Loan Growth increased to 8.7% in FY19 up from 6.1% in FY18. The increase mainly came from Commercial loans which saw 8% growth from -9.7% in FY18, driven by government spending on infrastructure in West Java. In FY19, micro loans grew by 5.5% from 15.6% in FY18. The higher micro growth in FY18 was a result of the Bank's expansion through rural banking and government programs (KUR). In FY18 rural banking grew IDR400bn and the government program grew by IDR200bn, while in 2019 although the government programs grew IDR.300bn, business through rural banks decreased by IDR.100bn. We estimate loan growth will be higher at 10.4% in FY20.

Weak Fee Income

Fee-based income only increased by 1% compared to more than 14% growth in FY18. On QoQ basis, fee-based income has decreased by IDR5bn. However a positive is that the IDR244bn fee-based income in 4Q19 was still higher than the average fee-based income per quarter which was IDR232bn for the full year FY19.

2020 Growth Driver

Consumer and commercial businesses will remain BJBR's growth drivers in FY20, with civil servants and pensioners as captive customers, as well as commercial businesses which are supporting government projects.

Valuation: 34% Upside potential, Buy.

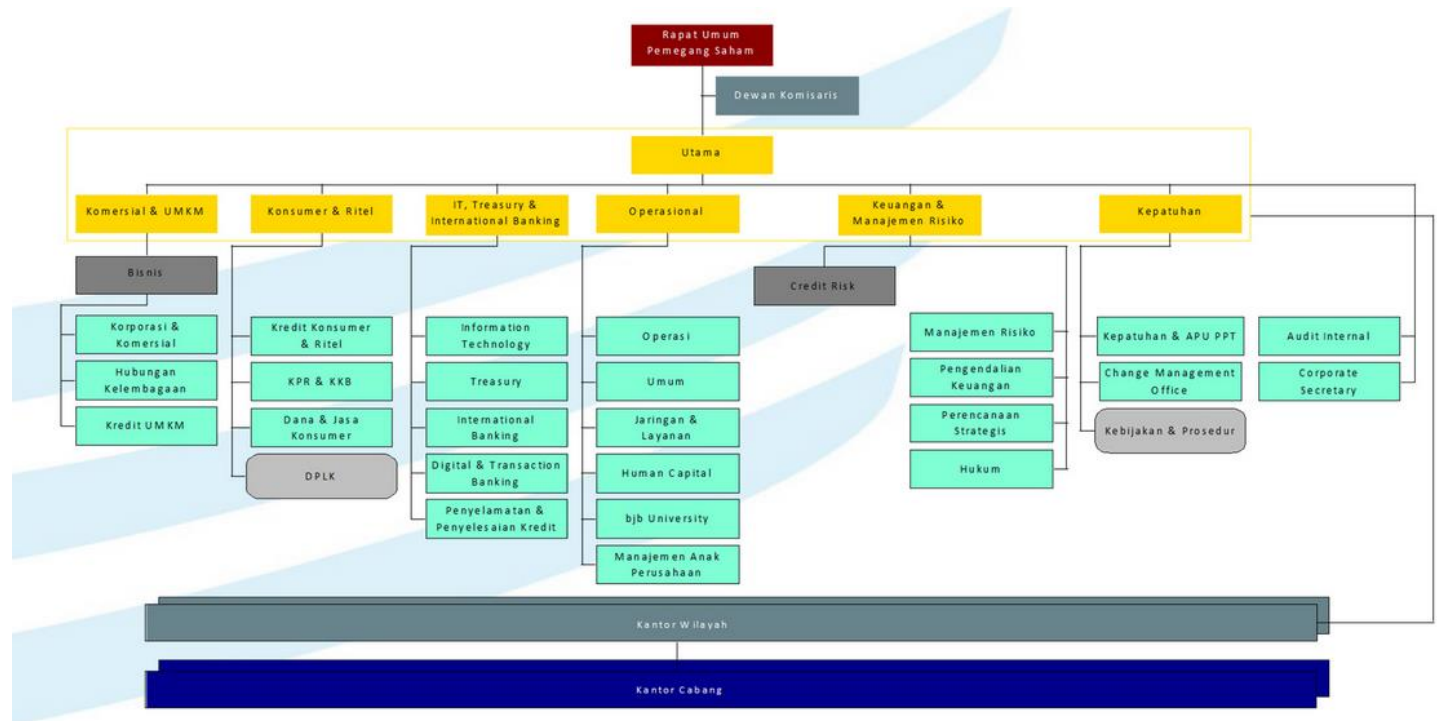
Based on our DDM Valuation, we have a target price within one year of IDR1,270, which would mean the shares trading at 1x PBV and gives 34% upside potential. Buy.

Income Statement (Idr bn)	2017A	2018A	2019F	2020F	2021F	2022F
Interest Income	11.558	11.923	12.175	11.135	12.060	13.527
Interest Expense	5.195	5.415	6.009	4.631	5.144	5.736
Net Interest Income	6.364	6.508	6.166	6.504	6.916	7.790
Net Operating Income	807	926	931	1.026	1.128	1.268
Operating Expense	4.689	4.858	4.716	5.747	6.531	7.221
PPOP	2.482	2.576	2.381	1.783	1.514	1.837
Provision Expense	782	518	322	-1.298	-609	-910
Operating Profit	1.701	3.094	2.703	485	905	927
Profit Before Tax	1.632	1.937	1.978	2.999	2.039	2.663
Tax Expense	421	385	413	640	450	578
Net Profit	1.211	1.552	1.564	2.359	1.589	2.085
EPS (Rp/Share)	80,9	103,7	104,5	157,5	106,1	139,2

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

Source: Company

Chart: Net Interest Margin (x) YoY

Net Interest Margin

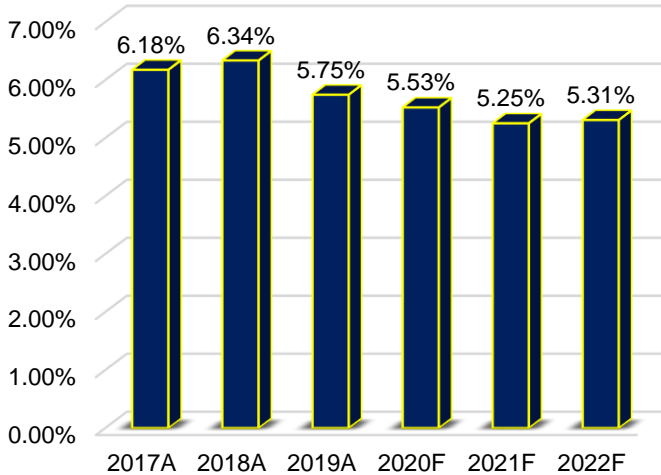


Chart: Loan to Deposit Ratio (x) YoY

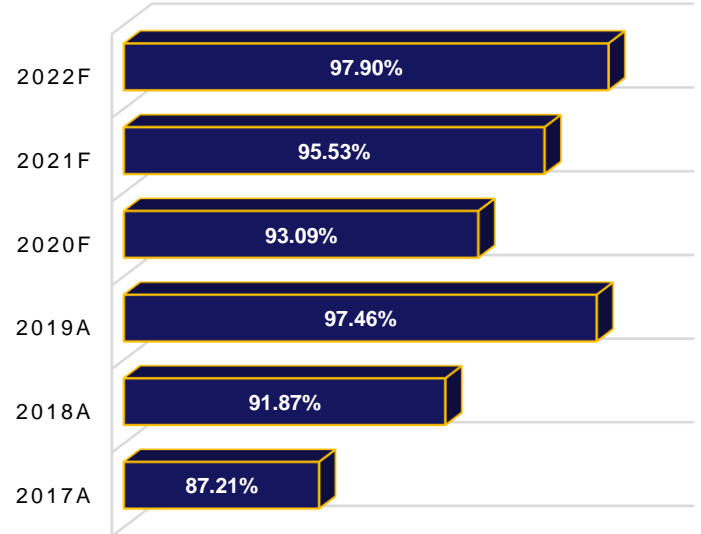


Chart: Growth (x) YoY

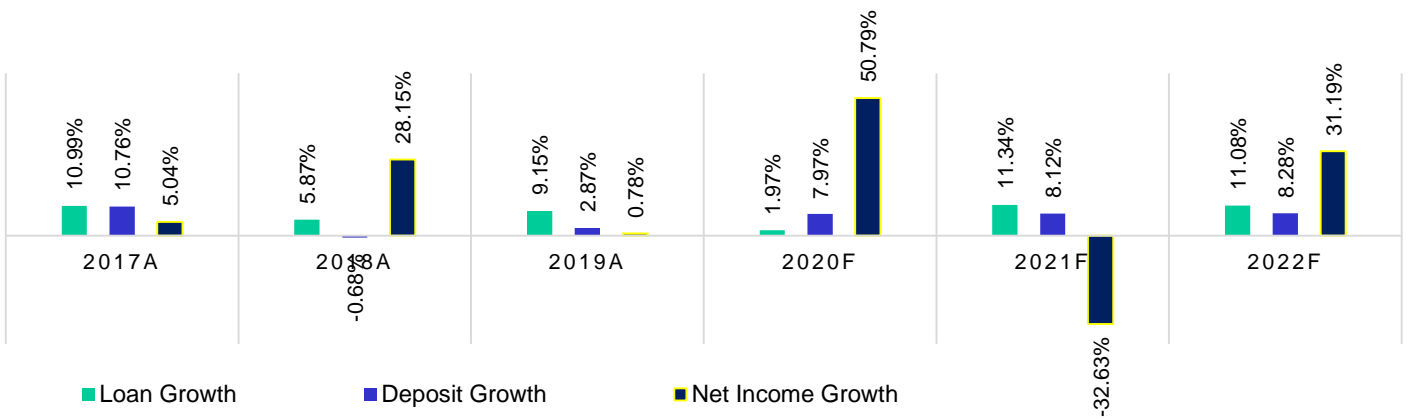
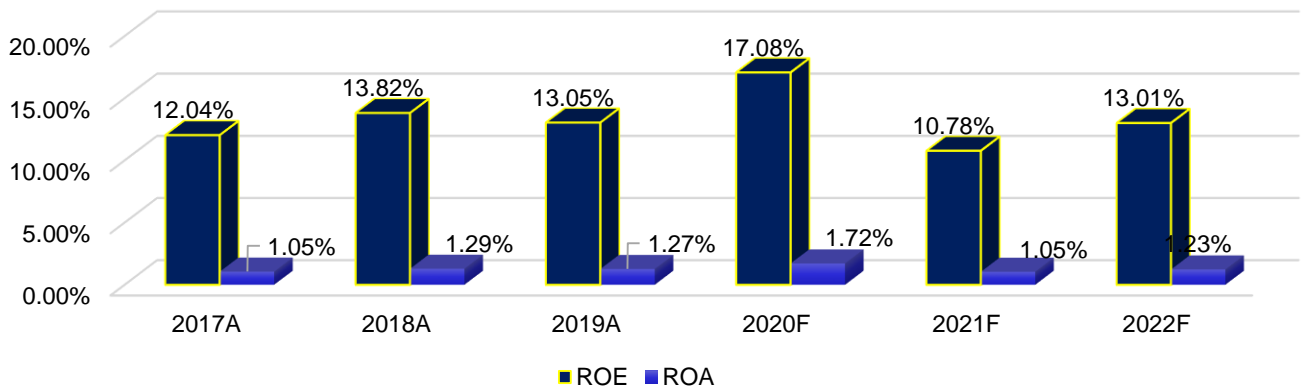


Chart: Profitability Ratio (x) YoY



Balance Sheet (IDR.bn)

Balance sheet (Idr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Cash and CA with BI	8.359	12.911	9.673	15.246	15.070	16.578
Interbank Placement	17.689	9.727	7.918	13.464	13.574	15.317
Marketable Securities	7.713	8.617	8.855	9.955	12.173	13.792
Gross Loan	76.452	79.992	87.289	90.021	99.887	110.835
Allowance for Loans	-1.636	-786	-836	-1.862	-1.729	-1.804
Loans-net	74.815	79.206	86.453	88.160	98.158	109.032
Other Earning Asset	26.578	22.693	21.575	27.643	31.747	35.855
Non Earning Asset	5.228	5.382	5.835	6.283	7.094	7.869
Total Asset	114.980	120.191	123.536	137.331	152.069	169.334
Deposit:						
Current Account	20.313	18.455	21.113	24.280	27.922	32.110
Saving Account	18.631	21.611	22.004	23.654	25.428	27.335
Time Deposits	48.722	47.002	46.446	48.768	51.207	53.767
Other Interest Bearing Liabilities	16.092	20.814	20.776	25.596	31.534	38.849
Non Interest Bearing Liabilities	1.117	1.024	1.155	1.170	1.185	1.200
Total Liabilities	104.875	108.906	111.494	123.468	137.275	153.261
Total Shareholder's Equity	10.064	11.237	11.993	13.814	14.744	16.023

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Operating Expense	4.689	4.858	4.716	5.747	6.531	7.221
Pre Provision Operating Profit	2.482	2.576	2.381	1.783	1.514	1.837
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Ratio Analysis	2017A	2018A	2019A	2020F	2021F	2022F
NIM	6,18%	6,34%	5,75%	5,53%	5,25%	5,31%
LDR	87,21%	91,87%	97,46%	93,09%	95,53%	97,90%
Gross NPL	1,48%	1,66%	1,24%	1,23%	1,33%	1,35%
Cost of Credit	1,02%	0,65%	0,37%	-1,44%	-0,61%	-0,82%
Provision Coverage	105,28%	42,82%	74,05%	102,00%	81,04%	74,98%
CAR	24,65%	24,21%	21,77%	23,54%	23,17%	22,83%
CASA	44,42%	46,02%	48,14%	49,57%	51,02%	52,51%
Cost-to-Income Ratio	65,38%	65,35%	66,45%	76,32%	81,18%	79,72%
ROE	12,04%	13,82%	13,05%	17,08%	10,78%	13,01%
ROA	1,05%	1,29%	1,27%	1,72%	1,05%	1,23%
ROAE		12,93%	13,43%	15,06%	13,93%	11,90%
BOPO	86,25%	83,98%	84,29%	74,66%	83,90%	81,43%
Loan Growth	10,99%	5,87%	9,15%	1,97%	11,34%	11,08%
Deposit Growth	10,76%	-0,68%	2,87%	7,97%	8,12%	8,28%
Net Income Growth	5,04%	28,15%	0,78%	50,79%	-32,63%	31,19%

QoQ Result

Balance Sheet	4Q18	3Q19	4Q19	%QoQ	%YoY
Loan	79.992	87.049	87.289	0,28%	9,12%
Loan Loss Reserves	-786	-1.534	-836	-45,46%	6,47%
NPL	1.132	1.109	1.011	-8,81%	-10,66%
Deposit					
Demand	18.455	30.023	21.113	-29,68%	14,40%
Savings	21.611	19.233	22.004	14,40%	1,82%
Time Deposit	47.002	49.451	46.446	-6,08%	-1,18%
Total Asset	120.191	123.560	123.536	-0,02%	2,78%
Shareholder Equity	11.237	10.835	11.993	10,69%	6,73%

Income Statement	4Q18	3Q19	4Q19	%QoQ	%YoY
Interest Income	3.146	3.030	3.167	4,54%	0,67%
Interest Expense	1.507	1.528	1.529	0,12%	1,47%
Net Interest Income	1.639	1.502	1.638	9,02%	-0,07%
Net Operating Income	243	241	247	2,57%	2,02%
Operating Expense	-1.358	-1.140	-1.313	15,21%	-3,25%
PPOP	524	604	572	-5,24%	9,13%
Provision Expense	293	162	36	-77,88%	-87,75%
Operating Profit	-25	-15	-14	-2,87%	-42,90%
Profit Before Tax	207	427	522	22,24%	152,60%
Tax Expense	-2	94	93	-1,58%	-4450,26%
Net Profit	209	333	429	28,98%	105,61%

Ratio	4Q18	3Q19	4Q19	QoQ	YoY
NIM	3,06%	2,71%	2,91%	0,19	(0,15)
LDR	91,87%	88,19%	97,46%	9,27	5,59
Gross NPL (Bank only)	1,65%	1,75%	1,58%	(0,17)	(0,07)
Cost of Credit	1,52%	1,49%	1,54%	0,05	0,02
Provision Coverage	46%	84%	51%	(32,51)	5,91
CAR	24,21%	21,79%	21,77%	(0,02)	(2,44)
CASA	46,02%	49,90%	48,14%	(1,76)	2,12
Cost-to-Income Ratio	72,15%	65,38%	69,67%	4,28	(2,48)
ROE	-0,12%	3,07%	2,93%	(0,14)	3,06
ROA	-0,01%	0,27%	0,28%	0,02	0,30
BOPO	35,85%	41,75%	43,74%	1,99	7,89

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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