

27 November 2020  
Banking, Equity

Price IDR. 1,420  
Target Price IDR. 1,590  
JKSE Index 5,701.09

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  
2018A 13,866  
2019F (6M Avg) 14,533

Key Indicators  
Non Performing Loan (x) 1.55  
Net Interest Margin (x) 4.51

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### Investment Consideration

#### Credit growth increased significantly

In 3Q20, credits jumped by 8.7% YoY. Growth was supported by the consumer segment with growth of 7.2% from civil servant and pension loans, Micro 7.1%, Mortgage 8%, and commercial which grew by 15.7% YoY, mainly from state-owned pharmaceutical companies. We estimate credit growth will be 8-9% taking into account a government fund infusion of IDR 3.5 Tn in 2020F

#### Asset Quality improved

In 3Q20, Non-Performing Loans decreased to 1.5% from 1.6% in 2Q20. This decline was driven by the Micro Loans, Commercial Loans, and Mortgage Loan segments. Special Mention Loans also decreased to 2.3% from 3% in 2Q20, with a higher Coverage Ratio of 138% from 130.7% in 2Q20.

#### Restructured Loans

As of September 30, 2020, BJBR has only restructured loans amounting to IDR 2.7 trillion (2.8% of total loans), and by the end of the year, total restructuring is estimated to be IDR 4.4 trillion or 4.6% of total loans. Most of the credit restructuring came from the commercial and micro-segments, and a small portion was in the consumer segment, which is loans for civil servants with fixed income.

#### Valuation: 12% Upside potential, Hold.

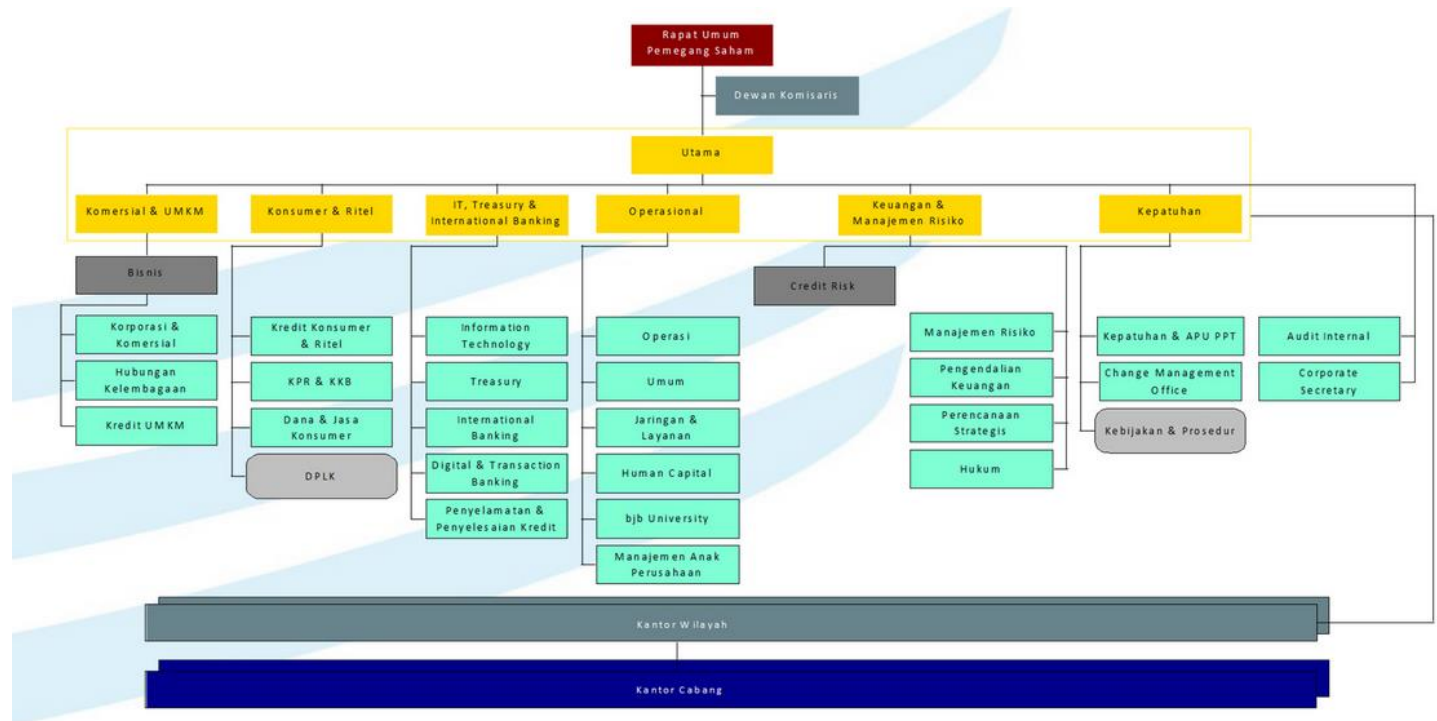
Based on our DDM Valuation, we have a target price within one year of IDR 1,590, which would mean the shares trading at 1x PBV and gives 12% upside potential. Hold.

| Income Statement (Idr bn)  | 2017A        | 2018A        | 2019A        | 2020F        | 2021F        | 2022F        |
|----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest Income            | 11.558       | 11.923       | 12.175       | 12.169       | 13.236       | 14.589       |
| Interest Expense           | 5.195        | 5.415        | 6.009        | 6.352        | 6.687        | 7.357        |
| <b>Net Interest Income</b> | <b>6.364</b> | <b>6.508</b> | <b>6.166</b> | <b>5.818</b> | <b>6.548</b> | <b>7.232</b> |
| Net Operating Income       | 807          | 926          | 931          | 949          | 1.080        | 1.204        |
| Operating Expense          | 4.689        | 4.858        | 4.716        | 3.776        | 4.785        | 5.257        |
| <b>PPOP</b>                | <b>2.482</b> | <b>2.576</b> | <b>2.381</b> | <b>2.991</b> | <b>2.843</b> | <b>3.179</b> |
| Provision Expense          | 782          | 518          | 322          | -320         | -320         | -320         |
| Operating Profit           | 1.701        | 2.058        | 2.059        | 2.671        | 2.523        | 2.859        |
| <b>Profit Before Tax</b>   | <b>1.632</b> | <b>1.937</b> | <b>1.978</b> | <b>2.588</b> | <b>2.440</b> | <b>2.775</b> |
| Tax Expense                | 421          | 385          | 413          | 552          | 539          | 602          |
| <b>Net Profit</b>          | <b>1.211</b> | <b>1.552</b> | <b>1.564</b> | <b>2.036</b> | <b>1.901</b> | <b>2.173</b> |
| <b>EPS (Rp/Share)</b>      | <b>124,9</b> | <b>157,8</b> | <b>159,0</b> | <b>207,0</b> | <b>193,2</b> | <b>220,8</b> |

**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.

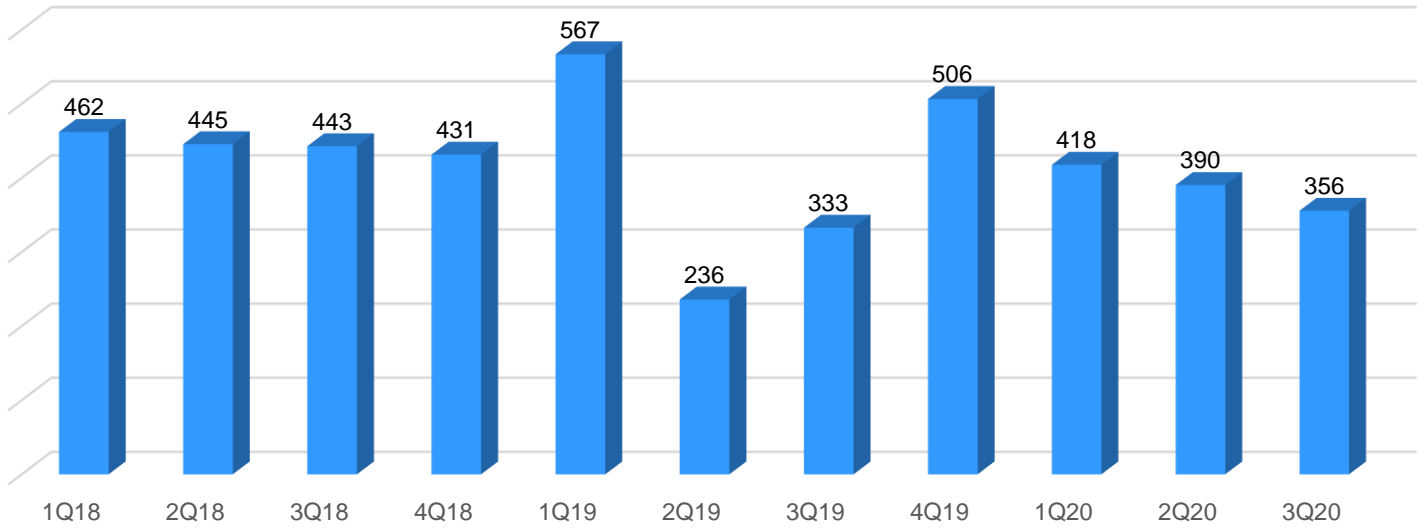
**Company Structure**



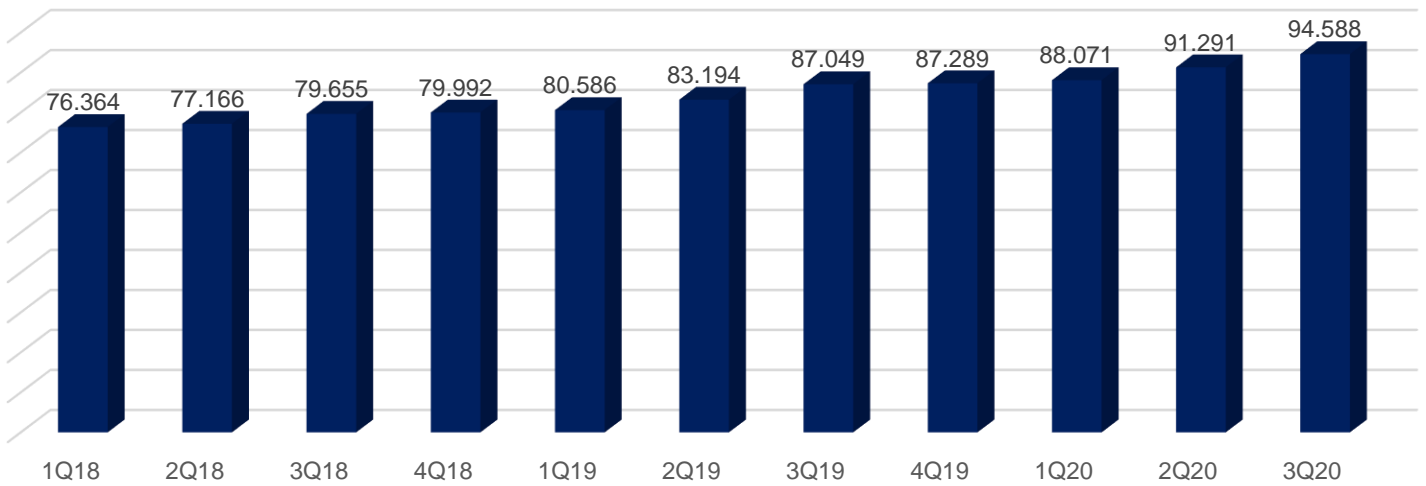
\* BAGAN STRUKTUR ORGANISASI KANTOR PUSAT (AFTER) SK Direksi Nomor 0859/SK/DIR-PS/2019

Source: Company

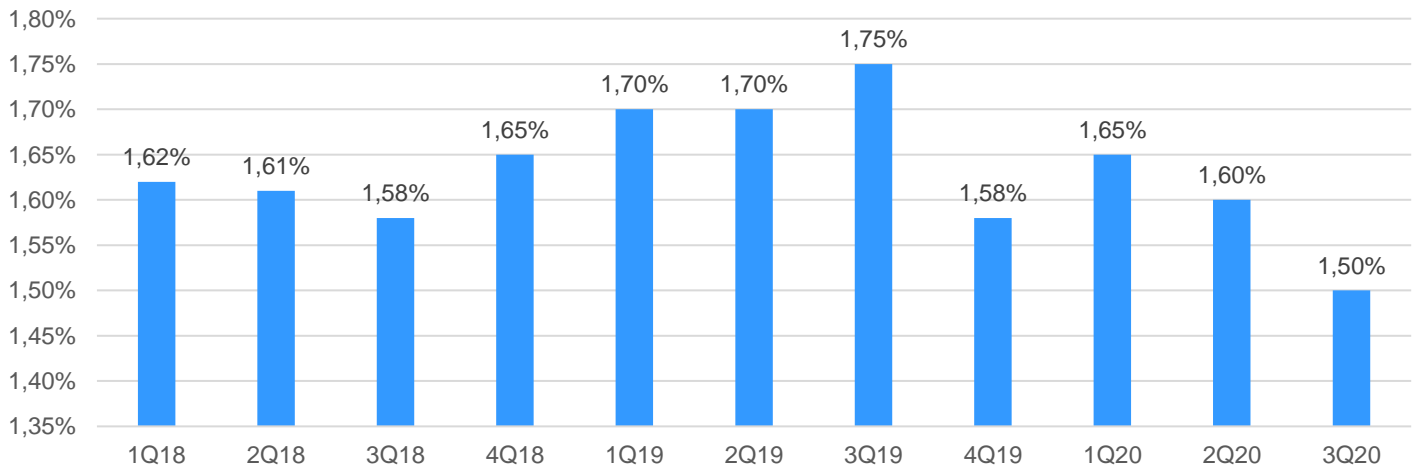
**Chart: Net Income (x) QoQ**



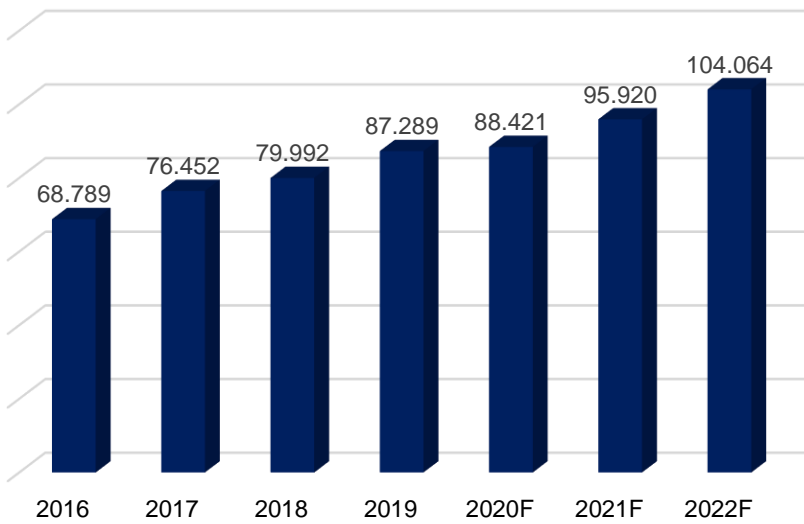
**Chart: Gross Loan (x) QoQ**



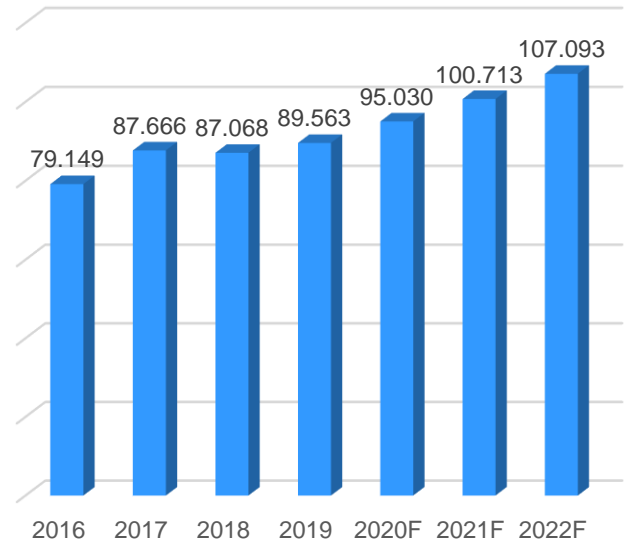
**Chart: Non Performing Loan (x) QoQ**



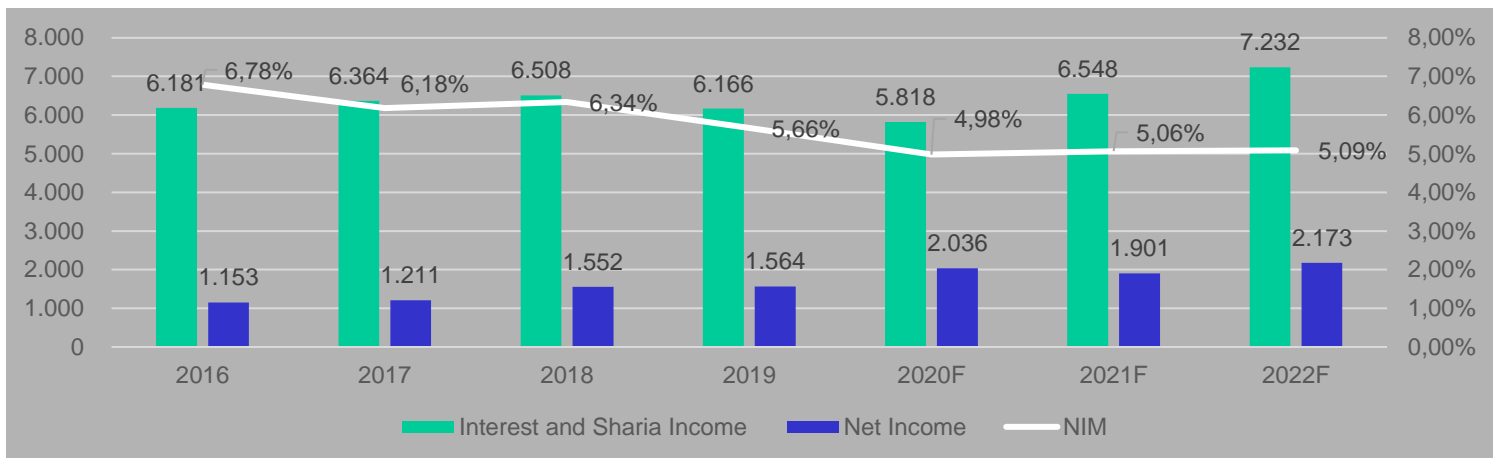
**Chart: Gross Loan (x) YoY**



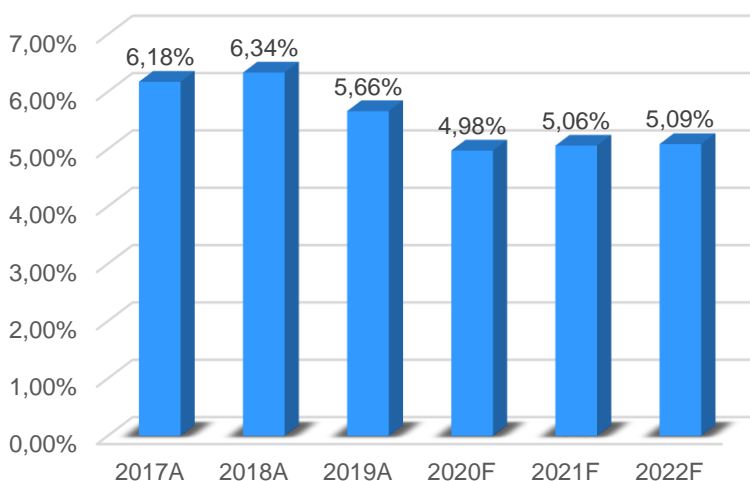
**Chart: Customer Deposit (x) YoY**



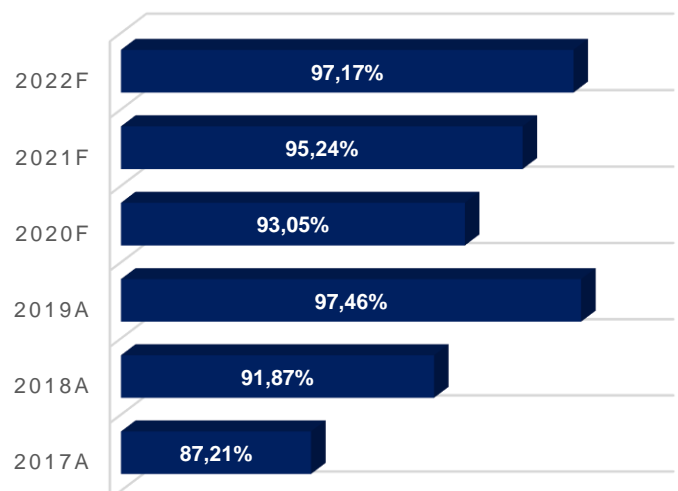
**Chart: Profitability (x) YoY**



**Chart: Net Interest Margin (x) YoY**



**Chart: Loan to Deposit Ratio (x) YoY**



## Balance Sheet (IDR.bn)

| Balance sheet (Idr bn)             | 2017A          | 2018A          | 2019A          | 2020F          | 2021F          | 2022F          |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cash and CA with BI                | 8.359          | 12.911         | 9.673          | 12.816         | 12.232         | 13.441         |
| Interbank Placement                | 17.689         | 9.727          | 7.918          | 13.878         | 14.284         | 16.243         |
| Marketable Securities              | 7.713          | 8.617          | 8.855          | 10.261         | 12.810         | 14.625         |
| Gross Loan                         | 76.452         | 79.992         | 87.289         | 88.421         | 95.920         | 104.064        |
| Allowance for Loans                | -1.636         | -786           | -836           | -516           | -196           | 124            |
| Loans-net                          | 74.815         | 79.206         | 86.453         | 87.904         | 95.723         | 104.188        |
| Other Earning Asset                | 26.578         | 22.693         | 21.575         | 28.493         | 33.409         | 38.022         |
| Non Earning Asset                  | 5.228          | 5.382          | 5.835          | 6.197          | 6.893          | 7.552          |
| <b>Total Asset</b>                 | <b>114.980</b> | <b>120.191</b> | <b>123.536</b> | <b>135.411</b> | <b>148.258</b> | <b>163.203</b> |
| Deposit:                           |                |                |                |                |                |                |
| Current Account                    | 20.313         | 18.455         | 21.113         | 23.646         | 26.011         | 29.132         |
| Saving Account                     | 18.631         | 21.611         | 22.004         | 23.544         | 25.428         | 27.207         |
| Time Deposits                      | 48.722         | 47.002         | 46.446         | 47.840         | 49.275         | 50.753         |
| 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          | 1.225          | 1.299          | 1.381          |
| <b>Total Liabilities</b>           | <b>104.875</b> | <b>108.906</b> | <b>111.494</b> | <b>121.851</b> | <b>133.545</b> | <b>147.322</b> |
| <b>Total Shareholder's Equity</b>  | <b>10.105</b>  | <b>11.285</b>  | <b>12.043</b>  | <b>13.560</b>  | <b>14.713</b>  | <b>15.881</b>  |

## Income Statement (IDR.bn)

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|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Interest Income                       | 11.558       | 11.923       | 12.175       | 12.169       | 13.236       | 14.589       |
| Interest Expense                      | 5.195        | 5.415        | 6.009        | 6.352        | 6.687        | 7.357        |
| <b>Net Interest Income</b>            | <b>6.364</b> | <b>6.508</b> | <b>6.166</b> | <b>5.818</b> | <b>6.548</b> | <b>7.232</b> |
| Net Operating Income                  | 807          | 926          | 931          | 949          | 1.080        | 1.204        |
| Operating Expense                     | 4.689        | 4.858        | 4.716        | 3.776        | 4.785        | 5.257        |
| <b>Pre Provision Operating Profit</b> | <b>2.482</b> | <b>2.576</b> | <b>2.381</b> | <b>2.991</b> | <b>2.843</b> | <b>3.179</b> |
| Provision Expense                     | 782          | 518          | 322          | -320         | -320         | -320         |
| <b>Operating Profit</b>               | <b>1.701</b> | <b>2.058</b> | <b>2.059</b> | <b>2.671</b> | <b>2.523</b> | <b>2.859</b> |
| Profit Before Tax                     | 1.632        | 1.937        | 1.978        | 2.588        | 2.440        | 2.775        |
| Tax Expense                           | 421          | 385          | 413          | 552          | 539          | 602          |
| <b>Net Profit</b>                     | <b>1.211</b> | <b>1.552</b> | <b>1.564</b> | <b>2.036</b> | <b>1.901</b> | <b>2.173</b> |
| <b>EPS (Rp/Share)</b>                 | <b>124,9</b> | <b>157,8</b> | <b>159,0</b> | <b>207,0</b> | <b>193,2</b> | <b>220,8</b> |

## Ratio Highlights (IDR.bn)

| Ratio Analysis           | 2017A        | 2018A         | 2019A        | 2020F         | 2021F         | 2022F         |
|--------------------------|--------------|---------------|--------------|---------------|---------------|---------------|
| <b>Profitability</b>     |              |               |              |               |               |               |
| NIM                      | 6,18%        | 6,34%         | 5,66%        | 4,98%         | 5,06%         | 5,09%         |
| Cost-to-Income Ratio     | 65,38%       | 65,35%        | 66,45%       | 55,80%        | 62,73%        | 62,32%        |
| ROE                      | 12,04%       | 13,82%        | 13,05%       | 15,07%        | 12,97%        | 13,72%        |
| ROA                      | 1,05%        | 1,29%         | 1,27%        | 1,50%         | 1,28%         | 1,33%         |
| ROAE                     |              | 12,93%        | 13,43%       | 14,06%        | 14,02%        | 13,35%        |
| BOPO                     | 86,25%       | 83,98%        | 84,29%       | 74,76%        | 77,91%        | 77,84%        |
| Cost of Credit           | 1,02%        | 0,65%         | 0,37%        | 0,36%         | 0,33%         | 0,31%         |
| <b>Liquidity</b>         |              |               |              |               |               |               |
| LDR                      | 87,21%       | 91,87%        | 97,46%       | 93,05%        | 95,24%        | 97,17%        |
| CASA                     | 44,42%       | 46,02%        | 48,14%       | 49,66%        | 51,07%        | 52,61%        |
| <b>Asset Quality</b>     |              |               |              |               |               |               |
| Gross NPL                | 1,48%        | 1,66%         | 1,56%        | 1,51%         | 1,55%         | 1,51%         |
| Provision Coverage       | 105,93%      | 42,82%        | 44,34%       | 45,00%        | 45,00%        | 45,00%        |
| <b>Capital</b>           |              |               |              |               |               |               |
| CAR                      | 18,80%       | 18,60%        | 17,70%       | 18,37%        | 18,22%        | 18,10%        |
| <b>Growth</b>            |              |               |              |               |               |               |
| Loan Growth              | 10,99%       | 5,87%         | 9,15%        | 8,10%         | 8,13%         | 8,16%         |
| Deposit Growth           | 10,76%       | -0,68%        | 2,87%        | 6,10%         | 5,98%         | 6,33%         |
| <b>Net Income Growth</b> | <b>5,04%</b> | <b>28,15%</b> | <b>0,78%</b> | <b>30,15%</b> | <b>-6,63%</b> | <b>14,29%</b> |

**QoQ Result**

| Balance Sheet             | 3Q19           | 1Q20           | 3Q20           | %QoQ         | %YoY         |
|---------------------------|----------------|----------------|----------------|--------------|--------------|
| Loan                      | 87.049         | 91.291         | 94.588         | 3,6%         | 8,7%         |
| Loan Loss Reserves        | -1.534         | -1.957         | -2.013         | 2,8%         | 31,2%        |
| NPL                       | 1.430          | 1.361          | 1.331          | -2,2%        | -6,9%        |
| Deposit                   |                |                |                |              |              |
| Demand                    | 30.023         | 26.978         | 29.001         | 7,5%         | -3,4%        |
| Savings                   | 19.233         | 21.214         | 21.610         | 1,9%         | 12,4%        |
| Time Deposit              | 49.451         | 47.913         | 64.895         | 35,4%        | 31,2%        |
| <b>Total Asset</b>        | <b>123.560</b> | <b>125.320</b> | <b>147.582</b> | <b>17,8%</b> | <b>19,4%</b> |
| <b>Shareholder Equity</b> | <b>10.835</b>  | <b>10.648</b>  | <b>11.116</b>  | <b>4,4%</b>  | <b>2,6%</b>  |

| Income Statement           | 3Q19         | 1Q20         | 3Q20         | %QoQ          | %YoY          |
|----------------------------|--------------|--------------|--------------|---------------|---------------|
| Interest Income            | 3.030        | 3.137        | 3.284        | 4,7%          | 8,4%          |
| Interest Expense           | 1.528        | 1.498        | 1.504        | 0,4%          | -1,5%         |
| <b>Net Interest Income</b> | <b>1.502</b> | <b>1.639</b> | <b>1.780</b> | <b>8,5%</b>   | <b>18,5%</b>  |
| Net Operating Income       | 241          | 214          | 230          | 7,4%          | -4,5%         |
| Operating Expense          | -1.140       | -1.391       | -1.567       | 12,6%         | 37,4%         |
| <b>PPOP</b>                | <b>604</b>   | <b>463</b>   | <b>443</b>   | <b>-4,2%</b>  | <b>-26,6%</b> |
| Provision Expense          | 162          | -9           | -46          | 411,1%        | -128,4%       |
| <b>Operating Profit</b>    | <b>-15</b>   | <b>-13</b>   | <b>-7</b>    | <b>-43,0%</b> | <b>-48,9%</b> |
| Profit Before Tax          | 427          | 459          | 482          | 5,0%          | 12,9%         |
| Tax Expense                | 94           | 68           | 126          | 84,3%         | 33,9%         |
| <b>Net Profit</b>          | <b>333</b>   | <b>390</b>   | <b>356</b>   | <b>-8,9%</b>  | <b>6,9%</b>   |

| Ratio                                 | 3Q19   | 1Q20   | 3Q20   | QoQ     | YoY    |
|---------------------------------------|--------|--------|--------|---------|--------|
| <b>Profitability &amp; Efficiency</b> |        |        |        |         |        |
| NIM                                   | 5,70%  | 5,50%  | 5,50%  | -       | (0,20) |
| Cost-to-Income Ratio                  | 66,50% | 66,70% | 70,30% | 3,60    | 3,80   |
| ROE                                   | 12,60% | 13,60% | 12,90% | (0,70)  | 0,30   |
| ROA                                   | 1,30%  | 1,40%  | 1,30%  | (0,10)  | -      |
| BOPO                                  | 41,75% | 44,95% | 44,11% | (0,84)  | 2,36   |
| <b>Liquidity</b>                      |        |        |        |         |        |
| LDR                                   | 86,40% | 93,60% | 78,40% | (15,20) | (8,00) |
| CASA                                  | 49,90% | 50,15% | 43,82% | (6,33)  | (6,08) |
| <b>Asset Quality</b>                  |        |        |        |         |        |
| Gross NPL (Bank only)                 | 1,75%  | 1,60%  | 1,50%  | (0,10)  | (0,25) |
| Provision Coverage                    | 71%    | 92%    | 104%   | 11,77   | 32,18  |
| <b>Capital</b>                        |        |        |        |         |        |
| CAR                                   | 16,60% | 16,70% | 16,60% | (0,10)  | -      |

**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  
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