

5 December 2019
Banking, Equity

Price **IDR. 1570**
Target Price **IDR. 1840**
JKSE Index **6132.04**

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



Stock Code
Bloomberg code **BJBR IJ**
Market cap (IDR.bn) **15496.1B**
52-Week High (IDR) **2450**
52-Week Low (IDR) **1455**
6-m Avg Daily. Val (IDR) **1637**
Free Float (%) **50.71**

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

USD/IDR-YE
2018A **14123**
2019F (6M Avg) **14390**

Key Indicators
Non Performing Loan (x) **2.19**
Net Interest Margin (x) **6.19**

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Investment Consideration Consumer Loan growth

As of 3Q19, Total Gross Loans grew 9.8% YoY, up from 5.2% in 3Q18, Consumer Loans was the fastest growing segment, up by 13% YoY, as BJBR improved their one-day service, and loans to civil servants grew by 40,2% in 3Q19. The micro-segment grew by 9.4% YoY thanks to direct SME distribution. The commercial segment fell by 0.6% YoY due to the slowdown in the business cycle, dominated by the Construction sector which slowed by IDR. 6.67 Trillion. First time Mortgages grew by 8.2% YoY. We estimate Loan Growth in 2019-2020 will average 13% compared to 2018A.

Highest fee-based Income

Fee-based income in 3Q19 amounted to IDR. 249 million up 1.8% YOY, the fastest growth quarter in 2019, supported by many new loans approved in 3Q19, which led to an increase in the provision of credit received. Until the end of this year, we expect fee-based revenue growth will remain in the range of 1.8-2%.

No Significant NPL Increase

Commercial NPLs grew 1.7% YoY due to several projects related to the government (infrastructure) which were affected by the 2019 general election. After the completion of the general election, it can be seen that commercial NPLs have improved from 6.0% in 2Q19 to 5.80% in 3Q19. Until the end of the year, we don't see significant potential for commercial NPLs to increase, and expect them to remain in the range of 5.8-6.2%.

Valuation: 17% Upside, Hold.

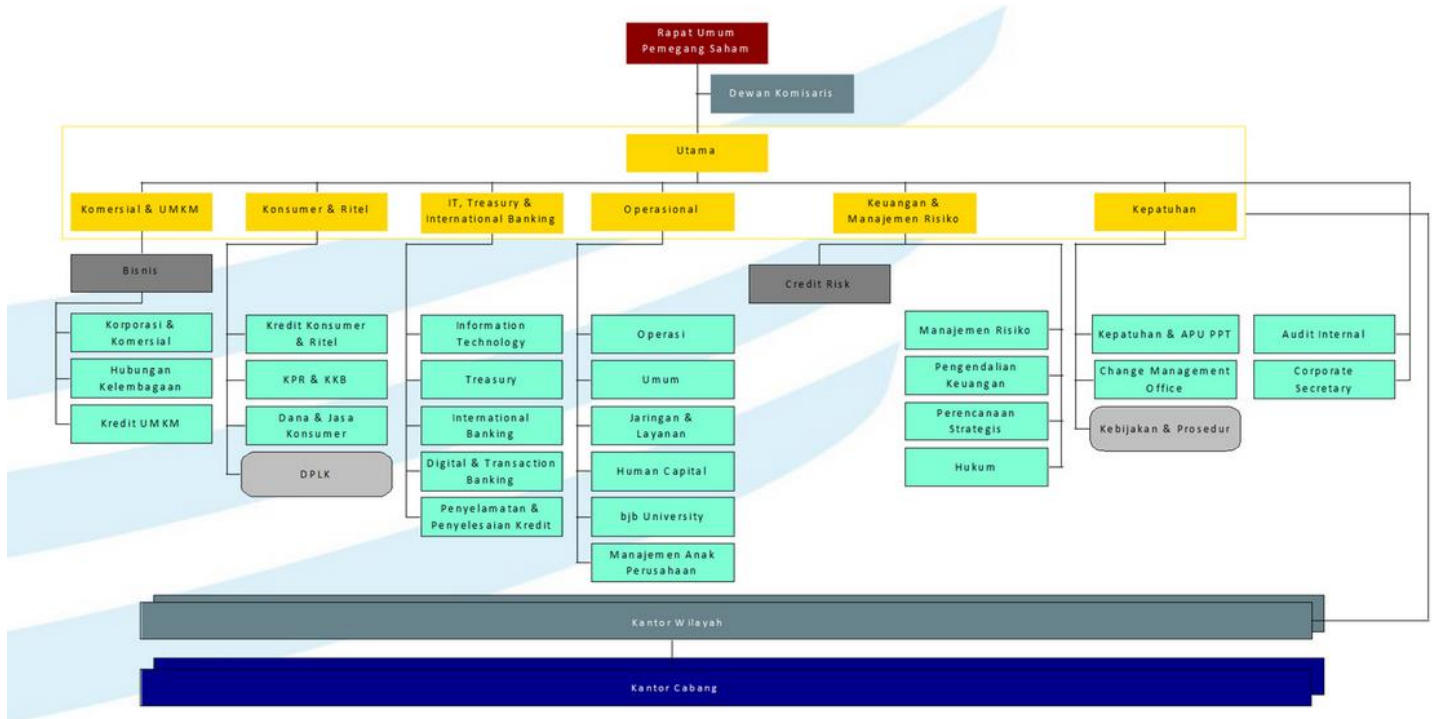
Based on our DDM Valuation, we have a target price within one year of IDR 1840. or trading at 1.3x PBV which gives 17% potential upside, Hold.

Income Statement (Idr bn)	2017	2018	2019F	2020F	2021F
Interest Income	11.558	11.923	12.319	13.071	14.443
Interest Expense	-5.195	-5.415	-6.038	-6.544	-6.805
Net Interest Income	6.364	6.508	6.281	6.527	7.638
Net Operating Income	807	926	886	852	947
Operating Expense	-5.470	-5.375	-4.837	-4.870	-5.412
PPOP	1.701	2.058	806	648	761
Operating Profit	1.701	2.058	806	648	761
Profit Before Tax	1.632	1.937	2.248	2.457	3.128
Tax Expense	-421	-385	-502	-565	-710
Net Profit	1.211	1.552	1.746	1.892	2.418
EPS (Rp/Share)	125	160	180	202	254

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 of Board 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

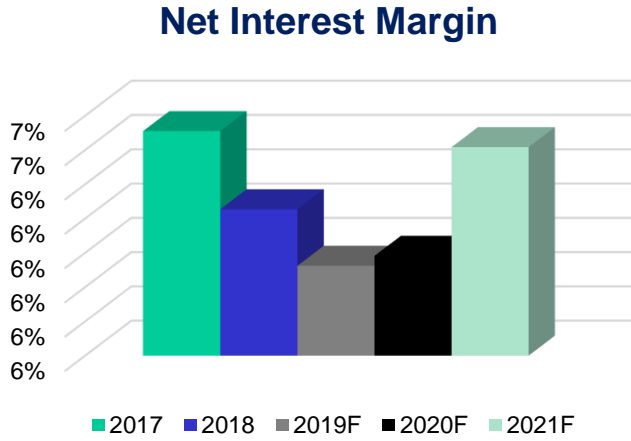


Chart: Loan to Deposit Ratio (x) YoY

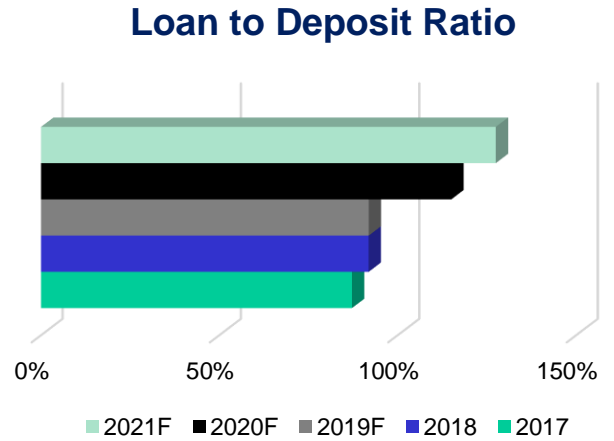


Chart: Growth (x) YoY

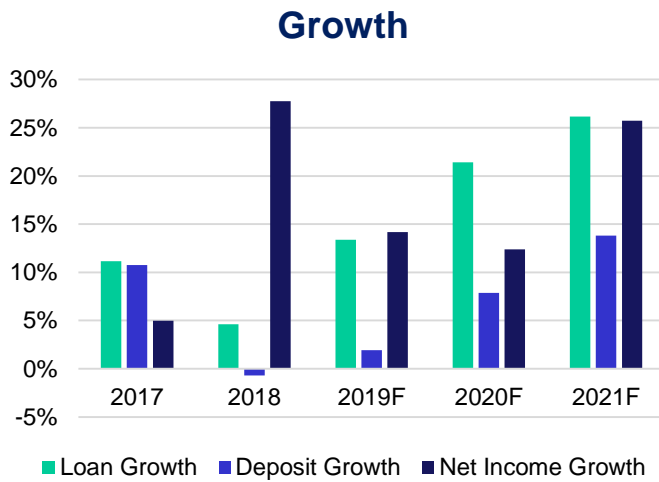
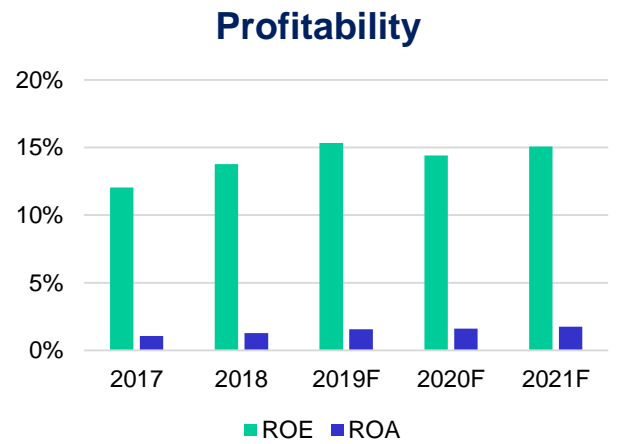


Chart: Profitability Ratio (x) YoY



Balance Sheet (IDR.bn)

Balance sheet (ldr bn)	2017	2018	2019F	2020F	2021F
Cash and CA with BI	8.359	12.911	9.599	20.363	24.216
Interbank Placement	17.689	9.727	3.312	-141	-4.408
Marketable Securities	7.713	8.617	3.797	-162	-5.055
Gross Loan	76.452	79.992	90.706	110.127	138.929
Allowance for Loans	-1.636	-786	-2.556	-11.691	-13.526
Loans-net	74.815	79.206	88.150	98.436	125.403
Other Earning Asset	1.176	4.349	3.342	-143	-4.449
Non Earning Asset	5.228	5.382	5.329	5.782	6.591
Total Asset	114.980	120.191	113.529	124.135	142.299
Deposit:					
Demand Deposits	20.313	18.455	19.378	23.554	30.298
Saving Deposits	18.631	21.611	19.426	20.215	22.966
Time Deposits	48.722	47.002	49.946	51.974	55.706
Other Interest Bearing Liabilities	10.614	11.727	3.750	4.398	5.162
Non Interest Bearing Liabilities	6.595	10.111	9.441	10.146	11.545
Total Liabilities	104.875	108.906	101.940	110.287	125.677
Total Shareholder's Equity	10.105	11.285	11.589	13.848	16.621

Income Statement (IDR.bn)

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Ratio Analysis	2017	2018	2019F	2020F	2021F
NIM	6,56%	6,33%	6,16%	6,19%	6,51%
LDR	87,21%	91,87%	91,89%	115,02%	127,49%
Gross NPL (Bank only)	1,51%	1,66%	1,78%	2,19%	2,66%
Cost of Credit	0,00%	0,00%	0,00%	0,00%	0,00%
Provision Coverage	104,34%	48,54%	120,00%	120,00%	120,00%
CAR	16,40%	16,40%	15,83%	15,83%	15,83%
CASA	44,42%	46,02%	43,72%	45,72%	48,88%
Cost-to-Income Ratio	76,28%	72,31%	67,49%	65,99%	63,04%
ROE	12,04%	13,78%	15,32%	14,40%	15,07%
ROA	1,05%	1,29%	1,56%	1,60%	1,76%
ROAE		12,91%	14,55%	14,86%	14,74%
BOPO	86,25%	93,17%	77,05%	81,94%	79,44%
Loan Growth	11,14%	4,63%	13,39%	21,41%	26,15%
Deposit Growth	10,76%	-0,68%	1,93%	7,88%	13,82%
Net Income Growth	4,99%	27,74%	14,18%	12,39%	25,72%

QoQ Result

Balance sheet (ldr bn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Cash and CA with BI	6.429	7.714	7.741	9.599	17.996	18.881	19.545	20.363	21.259	22.190	23.161	24.216
Interbank Placement	9.033	8.087	7.471	3.312	2.653	1.834	920	-141	-1.358	-2.192	-3.199	-4.408
Marketable Securities	10.085	9.273	9.494	3.797	3.042	2.103	1.055	-162	-1.557	-2.513	-3.668	-5.055
Gross Loan	80.586	83.194	87.049	90.706	95.020	99.533	104.610	110.127	116.261	123.029	130.557	138.929
Allowance for Loans	-816	-1.445	-1.534	-2.556	-10.833	-11.094	-11.384	-11.691	-12.058	-12.497	-12.980	-13.526
Loans-net	79.769	81.749	85.516	88.150	84.187	88.439	93.226	98.436	104.203	110.532	117.577	125.403
Other Earning Asset	6.797	8.161	7.603	3.342	2.677	1.851	929	-143	-1.370	-2.212	-3.228	-4.449
Non Earning Asset	5.644	5.716	5.735	5.329	5.452	5.551	5.668	5.782	5.903	6.121	6.350	6.591
Total Asset	117.756	120.700	123.560	113.529	116.006	118.660	121.343	124.135	127.080	131.927	136.994	142.299
Deposit:												
Demand Deposits	25.072	27.492	30.023	19.378	20.347	21.364	22.433	23.554	24.732	26.463	28.316	30.298
Saving Deposits	17.803	19.885	19.233	19.426	19.620	19.816	20.014	20.215	20.417	21.233	22.083	22.966
Time Deposits	47.403	47.794	49.451	49.946	50.445	50.949	51.459	51.974	52.493	53.543	54.614	55.706
Other Interest Bearing Liabilities	5.692	4.732	3.595	3.750	3.899	4.061	4.225	4.398	4.578	4.765	4.960	5.162
Non Interest Bearing Liabilities	10.081	10.246	10.373	9.441	9.559	9.771	9.944	10.146	10.343	10.726	11.125	11.545
Total Liabilities	106.050	110.149	112.676	101.940	103.870	105.961	108.075	110.287	112.563	116.731	121.097	125.677
Total Shareholder's Equity	11.706	10.552	10.884	11.589	12.136	12.699	13.268	13.848	14.517	15.196	15.897	16.621

Income Statement (ldr bn)	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Interest Income	2.984	2.994	3.030	3.311	3.170	3.235	3.299	3.367	3.436	3.535	3.667	3.805
Interest Expense	-1.459	-1.493	-1.528	-1.558	-1.588	-1.619	-1.652	-1.685	-1.619	-1.666	-1.728	-1.793
Net Interest Income	1.525	1.501	1.502	1.752	1.583	1.616	1.647	1.681	1.817	1.870	1.939	2.012
Net Operating Income	217	225	241	202	207	211	215	219	224	232	241	250
Operating Expense	-1.177	-1.209	-1.302	-1.148	-1.185	-1.202	-1.230	-1.253	-1.280	-1.327	-1.377	-1.429
PPOP	564	517	442	806	604	625	633	648	761	775	803	834
Operating Profit	564	517	442	806	604	625	633	648	761	775	803	834
Profit Before Tax	536	493	427	820	618	638	645	660	773	787	814	844
Tax Expense	-115	-111	-94	-181	-136	-141	-142	-146	-170	-174	-180	-186
Net Profit	421	382	333	639	481	497	503	514	602	613	635	658
EPS (Rp/Share)	43	39	34	65	49	50	51	52	61	62	64	67

Ratio Analysis	3Q18	2Q18	3Q19
NIM	6,50%	5,70%	5,70%
ROE	15,50%	12,20%	11,70%
ROA	1,60%	1,40%	1,30%
Loan Growth	5,20%	8,2%	9,80%
Deposit Growth	-2,80%	7,4%	10,00%
Gross NPL	1,58%	1,74%	1,75%
Casa Ratio	51,80%	51,40%	51,50%

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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