

5 May 2020
Banking, Equity

Price IDR. 780
Target Price IDR. 1,000
JKSE Index 4,630,13

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



Stock Code BJBR IJ
Bloomberg code BJBR IJ
Market cap (IDR.bn) 7,920.2B
52-Week High (IDR) 2,060
52-Week Low (IDR) 625
6-m Avg Daily. Val (IDR) 1,140

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

USD/IDR-YE
2018A 14,390
2019F (6M Avg) 14,344

Key Indicators
Non Performing Loan (x) 1.5
Net Interest Margin (x) 2.2

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Investment Consideration BEKS acquisition

BJBR acquisition of BEKS to help meet their liquidity needs can be done, we think, by using money market funds and / or purchasing the assets in stages based on certain requirements. Due Diligence now being conducted by BJBR seems to show the level of NPLs will not lead to significant costs. The Focus is on BEKS liquidity needs, and making sure that the costs incurred will not be a significant burden on BJBR.

Single digits loan growth

Credit Growth was single digit 9.2% YoY in 1Q20. The Commercial segment is still BJBR's fastest growing at 17.3% YoY. The Consumer Segment grew 8.1% with Mortgages and Micro loans growing at 7.4% and 5.4%. Despite the current pandemic we continue to estimate loan growth will be in the range of 6-7%.

Quality of BJBR Assets

BJBR restructuring of all segments will require IDR. 3.3 trillion with 63% using the stimulus from the government. Gross Non Performing Loans rose to 1.65% because of an increase in the value of Non Performing mortgages by 64 billion from 260 billion in 4Q19 to 324 billion in 1Q20. We estimate Non Performing Loans will increase in the range of 2% in 2020.

BJBR focus

In this Pandemic Period, BJBR business continues to be based on fixed credit, mainly consumer credits which are 69% of total BJBR credits. In addition BJBR will also grow commercial credits related to government projects (APBN / APBD).

Valuation: 23% Upside potential, Buy.

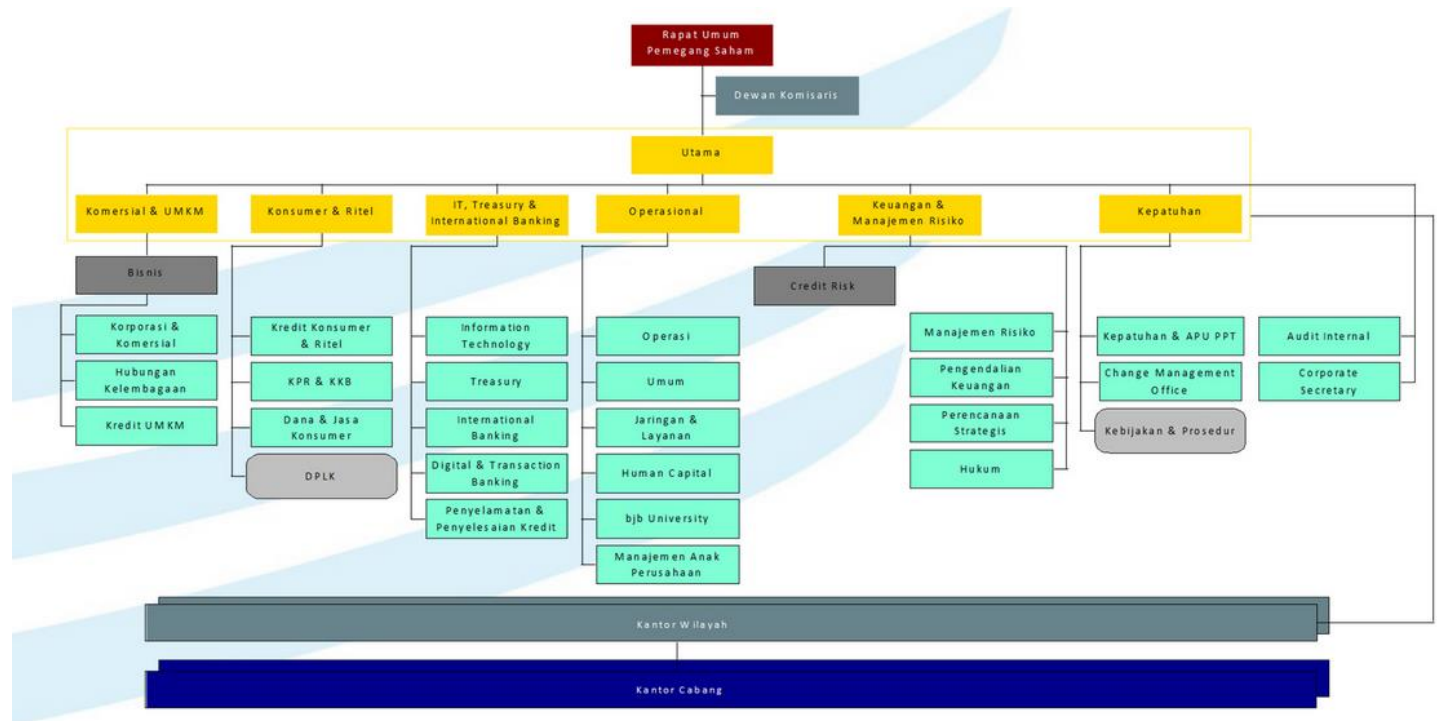
Based on our DDM Valuation, we have a target price within one year of IDR1,000, which would mean the shares trading at 0.5x PBV and gives 23% upside potential. Buy.

Income Statement (Idr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Interest Income	11.558	11.923	12.175	9.653	12.098	12.417
Interest Expense	5.195	5.415	6.009	4.529	4.824	5.170
Net Interest Income	6.364	6.508	6.166	5.124	7.274	7.247
Net Operating Income	807	926	931	983	1.038	1.122
Operating Expense	4.689	4.858	4.716	5.506	6.006	6.390
Pre Provision Operating Profit	2.482	2.576	2.381	601	2.306	1.980
Provision Expense	782	518	322	-1.393	337	-46
Operating Profit	1.701	3.094	2.703	-792	2.643	1.933
Profit Before Tax	1.632	1.937	1.978	1.912	1.886	1.942
Tax Expense	421	385	413	408	416	421
Net Profit	1.211	1.552	1.564	1.504	1.470	1.520
EPS (Rp/Share)	124,9	157,8	159,0	152,9	149,4	154,5

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

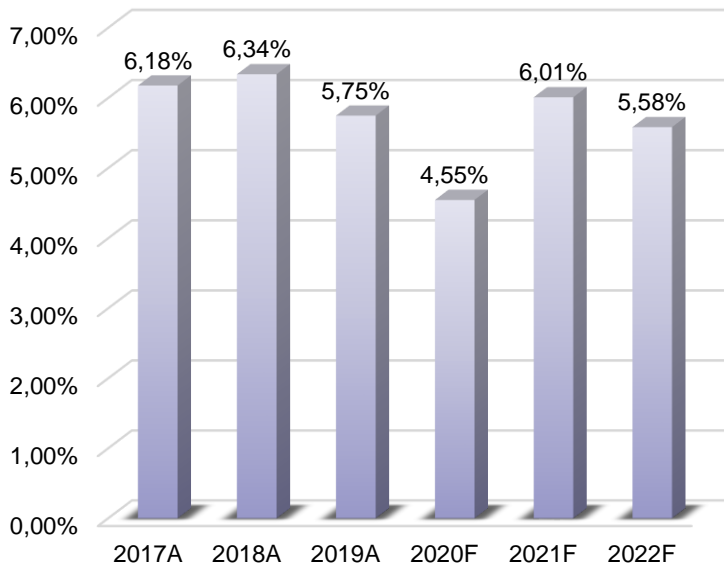


Chart: Loan to Deposit Ratio (x) YoY

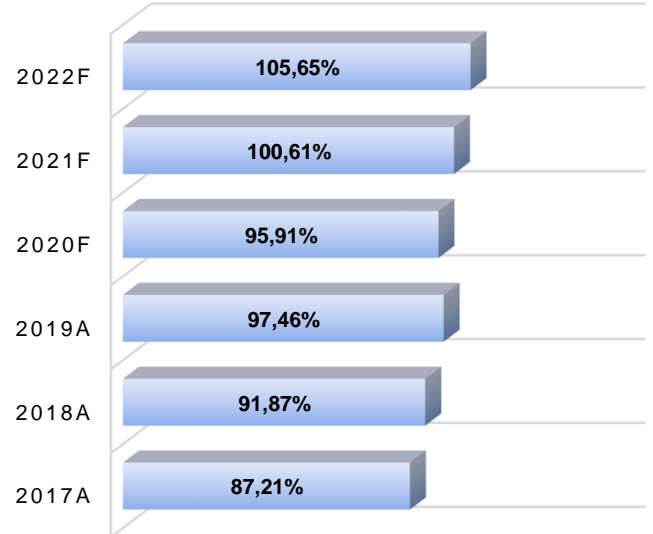


Chart: Growth (x) YoY

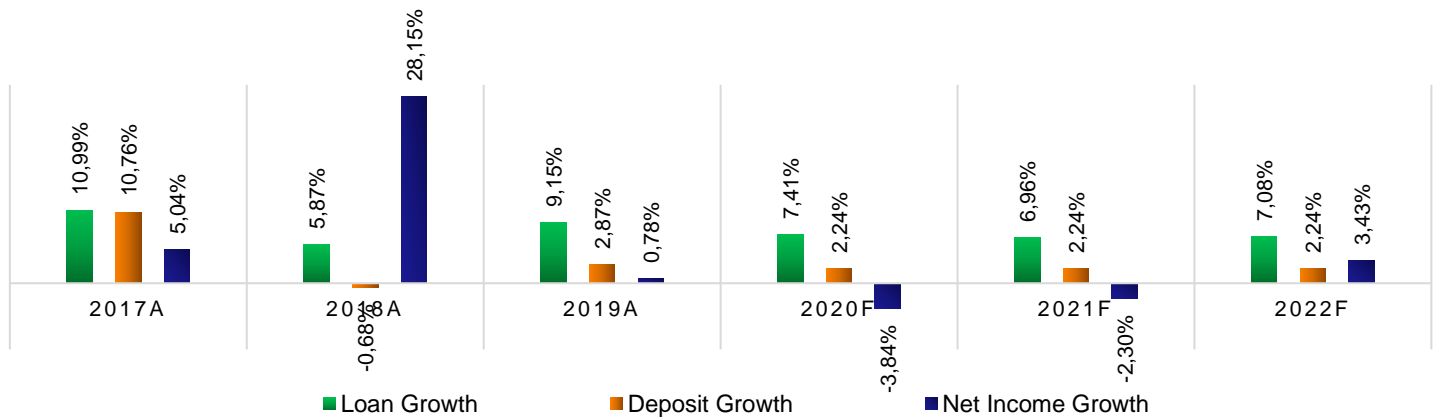
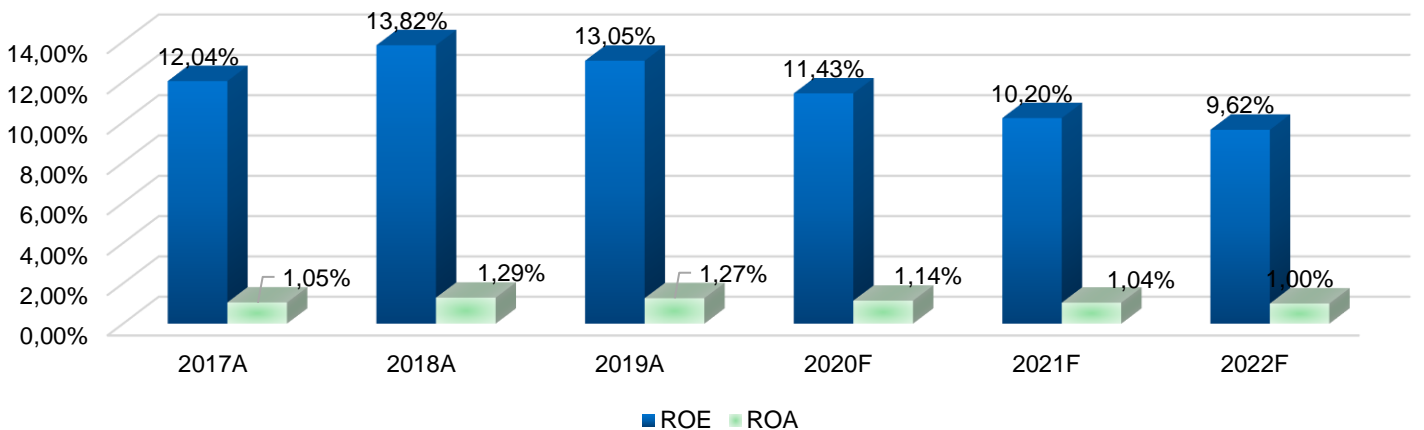


Chart: Profitability Ratio (x) YoY



Balance Sheet (IDR.bn)

Balance sheet (ldr bn)	2017A	2018A	2019A	2020F	2021F	2022F
Cash and CA with BI	8.359	12.911	9.673	15.608	15.691	17.374
Interbank Placement	17.689	9.727	7.918	12.128	11.487	12.258
Marketable Securities	7.713	8.617	8.855	8.967	10.301	11.037
Gross Loan	76.452	79.992	87.289	87.822	94.184	101.114
Allowance for Loans	-1.636	-786	-836	-2.804	-2.476	-2.533
Loans-net	74.815	79.206	86.453	85.018	91.708	98.581
Other Earning Asset	26.578	22.693	21.575	24.900	26.866	28.693
Non Earning Asset	5.228	5.382	5.835	6.019	6.523	6.963
Total Asset	114.980	120.191	123.536	131.545	140.788	151.611
Deposit:						
Current Account	20.313	18.455	21.113	21.746	22.398	23.070
Saving Account	18.631	21.611	22.004	22.444	22.893	23.351
Time Deposits	48.722	47.002	46.446	47.375	48.323	49.289
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	118.331	126.332	135.759
Total Shareholder's Equity	10.105	11.285	12.043	13.214	14.455	15.853

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Ratio Highlights (IDR.bn)

Ratio Analysis	2017A	2018A	2019A	2020F	2021F	2022F
Profitability						
NIM	6,18%	6,34%	5,75%	4,55%	6,01%	5,58%
Cost-to-Income Ratio	65,38%	65,35%	66,45%	90,15%	72,26%	76,35%
ROE	12,04%	13,82%	13,05%	11,43%	10,20%	9,62%
ROA	1,05%	1,29%	1,27%	1,14%	1,04%	1,00%
ROAE		12,93%	13,43%	12,24%	10,82%	9,91%
BOPO	86,25%	83,98%	84,29%	81,25%	85,01%	85,04%
Liquidity						
LDR	87,21%	91,87%	97,46%	95,91%	100,61%	105,65%
CASA	44,42%	46,02%	48,14%	48,26%	48,38%	48,50%
Asset Quality						
Gross NPL	1,48%	1,66%	1,56%	2,42%	2,47%	2,53%
Provision Coverage	105,28%	42,82%	74,05%	102,00%	81,04%	74,98%
Capital						
CAR	24,65%	24,21%	21,77%	23,54%	23,17%	22,83%
Growth						
Loan Growth	10,99%	5,87%	9,15%	7,41%	6,96%	7,08%
Deposit Growth	10,76%	-0,68%	2,87%	2,24%	2,24%	2,24%
Net Income Growth	5,04%	28,15%	0,78%	-3,84%	-2,30%	3,43%

QoQ Result

Balance Sheet	1Q19	4Q19	1Q20	%QoQ	%YoY
Loan	80.586	87.289	88.071	0,90%	9,29%
Loan Loss Reserves	-816	-836	-2.058	146,00%	152,02%
NPL	824	1.011	1.023	1,21%	24,22%
Deposit					
Demand	25.072	21.113	25.101	18,89%	0,12%
Savings	17.803	22.004	19.482	-11,46%	9,43%
Time Deposit	47.403	46.446	49.415	6,39%	4,24%
Total Asset	117.756	123.536	123.026	-0,41%	4,47%
Shareholder Equity	11.656	11.993	10.962	-8,60%	-5,96%

Income Statement	1Q19	4Q19	1Q20	%QoQ	%YoY
Interest Income	2.984	3.167	2.988	-5,67%	0,12%
Interest Expense	1.459	1.529	1.474	-3,62%	1,05%
Net Interest Income	1.639	1.502	1.638	9,02%	-0,07%
Net Operating Income	217	247	269	8,89%	24,29%
Operating Expense	-1.115	-1.313	-1.237	-5,82%	10,90%
PPOP	524	604	572	-5,24%	9,13%
Provision Expense	62	36	0	-100,00%	-100,00%
Operating Profit	-25	-15	-14	-2,87%	-42,90%
Profit Before Tax	536	522	539	3,29%	0,52%
Tax Expense	115	93	121	30,95%	5,17%
Net Profit	209	333	429	28,98%	105,61%

Ratio	1Q19	4Q19	1Q20	QoQ	YoY
Profitability & Efficiency					
NIM	2,80%	2,91%	2,66%	(0,25)	(0,14)
Cost-to-Income Ratio	64,03%	69,67%	69,38%	(0,29)	5,34
ROE	3,61%	2,93%	3,81%	0,88	0,20
ROA	0,36%	0,28%	0,34%	0,05	(0,02)
BOPO	43,64%	43,74%	45,26%	1,52	1,62
Cost of Credit	1,52%	1,54%	1,48%	(0,06)	(0,04)
Liquidity					
LDR	89,26%	97,46%	93,69%	(3,77)	4,43
CASA	47,49%	48,14%	47,43%	(0,71)	(0,06)
Asset Quality					
Gross NPL (Bank only)	1,70%	1,58%	1,65%	0,07	(0,05)
Provision Coverage	53%	51%	125%	73,69	71,75
Capital					
CAR	18,60%	17,70%	17,10%	(0,60)	(1,50)

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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