

April 17th, 2023
Banking, Equity

Price IDR 1,255
Target Price IDR 1,800
JKSE Index IDR 6,787.58



Investment Consideration

Net Income grew more than 11%

In FY22, BJBR recorded a net income of IDR 2.25 trillion, reflecting a growth of 11.23% YoY from IDR 2.02 trillion in the previous year. This growth was primarily driven by a reduction in loan loss provisions, which decreased by almost 66% YoY to IDR 0.21 trillion from 0.62 trillion. Additionally, the NIM ratio (bank-only) also improved slightly from the previous year, rising by 2 bps to reach 5.86%. Based on our projections, we anticipate that BJBR will continue to grow its net income by 24.63% YoY in FY23, reaching IDR 2.80 trillion.

Strong Growth from Commercial Loans

As of December 2022, BJBR's consolidated loans grew by 13.06% YoY. The growth was primarily driven by commercial loans, which increased by 35.23% YoY. Additionally, other loans also witnessed growth, with corporate, mortgage, micro, and consumer loans growing by 34.83%, 18.50%, 15.96%, and 5.24% YoY respectively. From an industry perspective, the trade sector contributed the most to the portfolio, accounting for 26.6%, followed by the construction and financial sectors, which contributed 21.20% and 20.40% to total loans respectively. Based on our projections, we anticipate that the consolidated total gross loans will grow by 12.36% YoY in 2023.

Asset Quality Improved

BJBR has improved its asset quality, as evidenced by the decline in the gross NPL (bank-only) ratio by 8 basis points to 1.16% as of December 2022. The Consumer segment accounted for the lowest NPL ratio, at 0.21%, while the Commercial segment showed the best improvement, decreasing by 170 basis points to reach 5.20%, despite having had the worst NPL ratio compared to other types of loans. Our forecast is that BJBR will continue to improve its NPL ratio, with another decrease to 1.13% expected by December 2023.

The Pioneer of BPD synergy

As of November 30th, 2022, BJBR was the largest regional development bank in Indonesia, contributing 18.3% to the total assets. BJBR also became the pioneer of KUB (Kelompok Usaha Bank) for BPDs, one of the schemes for commercial bank consolidation, having already injected IDR 99.9 billion into Bank Bengkulu as the first phase of capital injection, which resulted in a share ownership of 7.15%. BJBR is also set to process the second phase of capital injection for the remaining commitment of up to IDR 150 billion, as per the Cooperation Agreement. Furthermore, BJBR has already signed a KUB Letter of Intent on September 29th, 2022, with Bank Sultra, as another part of its KUB. Other BPDs are also being approached by BJBR to join the KUB. We believe that this synergy will result in the growth of financial performance for BJBR and its KUB members, which in turn will make the Indonesian banking system stronger and act as a catalyst for economic growth.

Valuation: 43% Upside potential, Buy.

Based on our DDM valuation, we have set a target price of IDR 1,800 within a year, which represents a trading price of 1.1x PBV and a potential upside of 43%. Therefore, we have a "Buy" rating on this stock.

Financial Highlight	2019A	2020A	2021A	2022A	2023F
Net Interest Income (IDR bn)	12,091	12,621	13,214	13,636	14,496
Net Income (IDR Bn)	1,564	1,690	2,019	2,245	2,798
EPS (IDR)	158.42	171.49	206.52	219.02	265.48
P/E (x)	7.89	9.33	6.54	6.14	6.78
NIM (%)	5.75%	5.39%	5.84%	5.86%	5.56%
NPL Ratio (bank-only)	1.58%	1.40%	1.24%	1.20%	1.13%
CAR	17.70%	17.30%	17.80%	19.20%	19.51%

Stock Code

Bloomberg code BJBR IJ
Market cap (IDR Bn) 14,625 B
52-Week High (IDR) 1,480.00
52-Week Low (IDR) 1,280.00
6-m Avg Daily. Val (IDR) 1,359

Major Shareholders

Local Government 75.55%
Public 24.45%

USD/IDR-YE

2022A 14,871
2023F 14,517.10

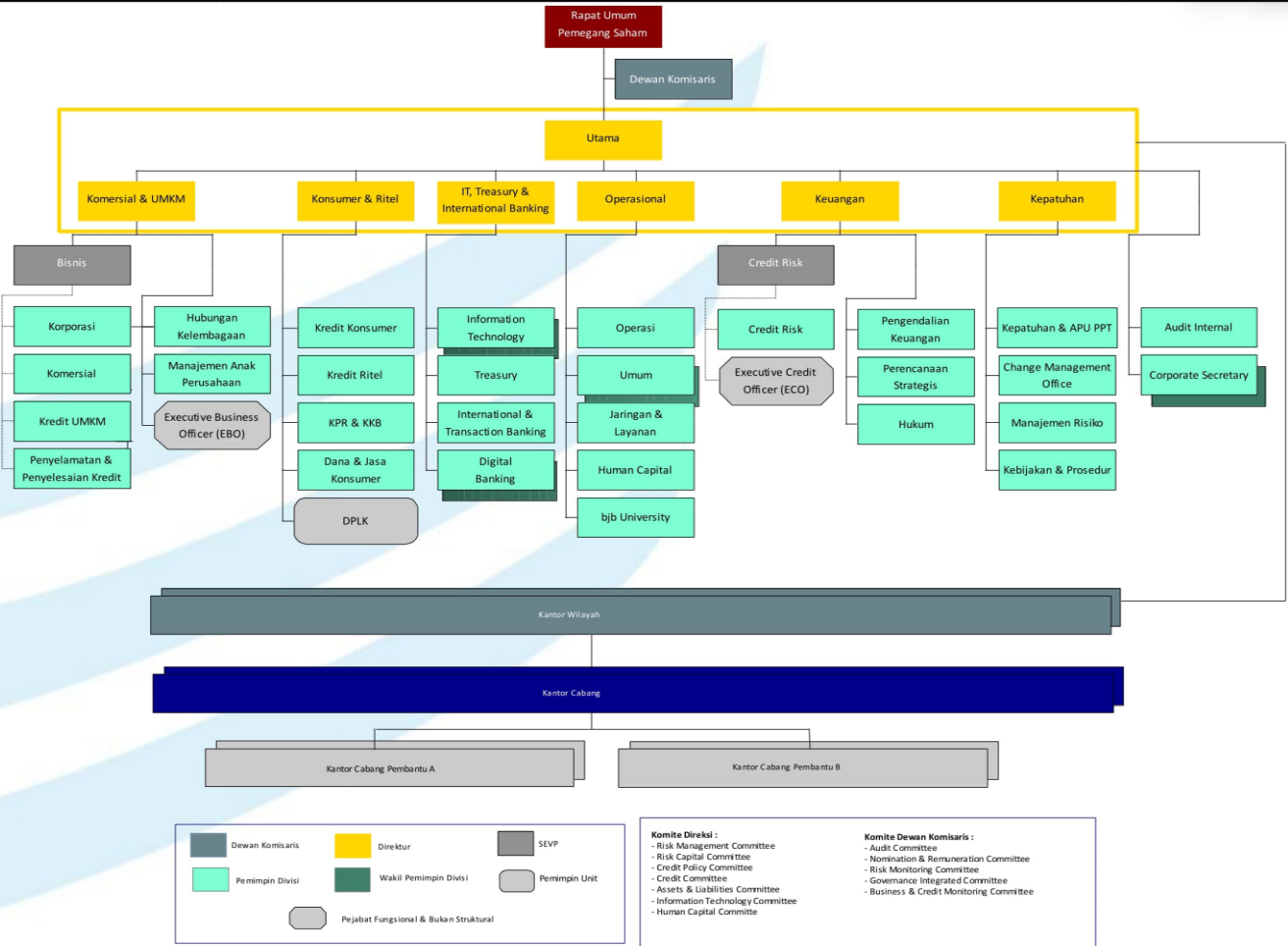
Key Indicators

Non-Performing Loan (%) 1.13
Net Interest Margin (%) 5.56

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



Source: Company

Chart: Net Income (IDR Bn) QoQ

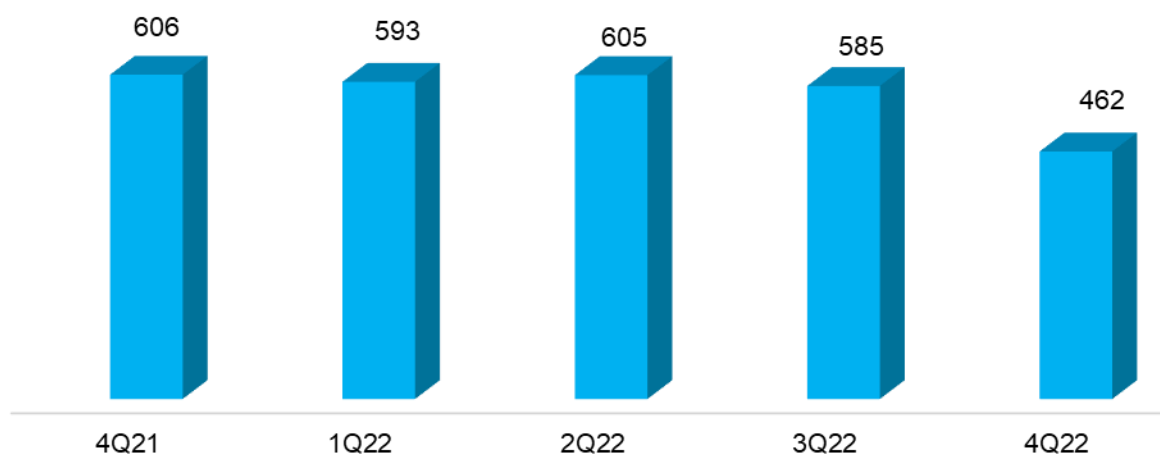


Chart: Gross Loan (x) QoQ

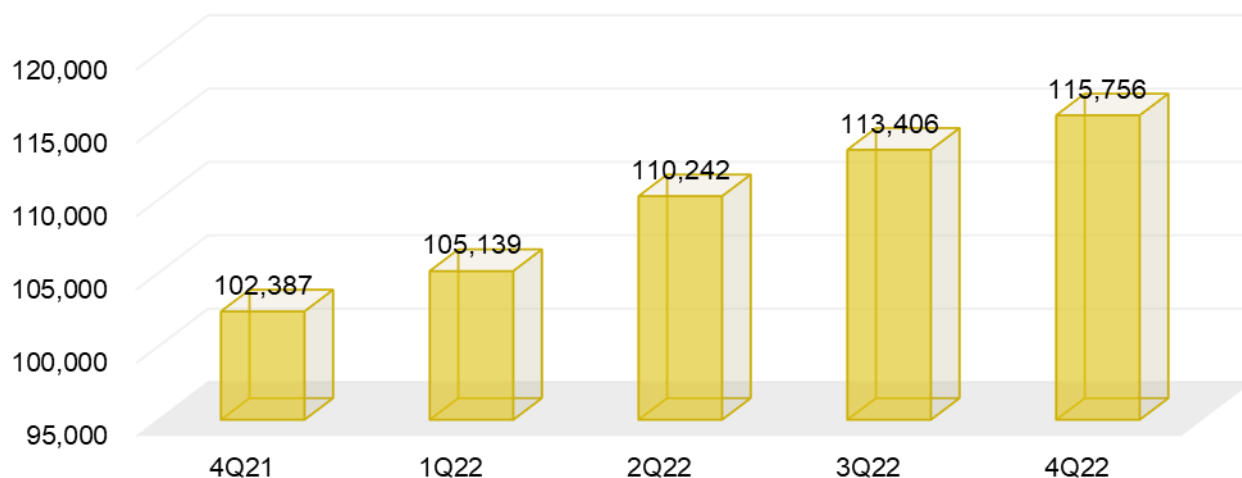


Chart: Non Performing Loan (x) QoQ

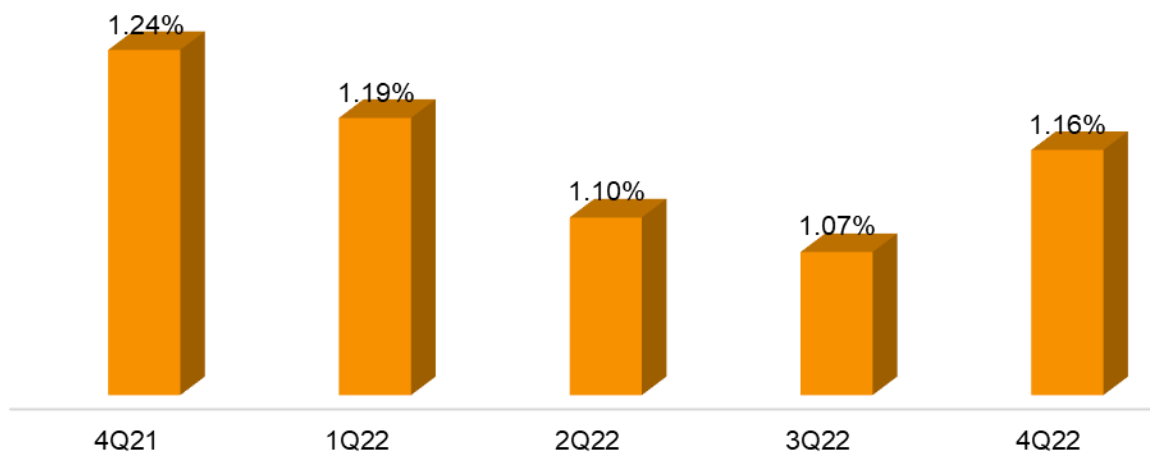


Chart: Gross Loan YoY

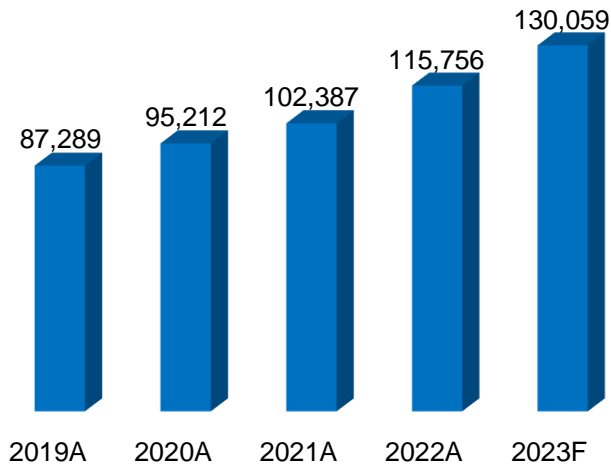


Chart: Customer Deposit YoY

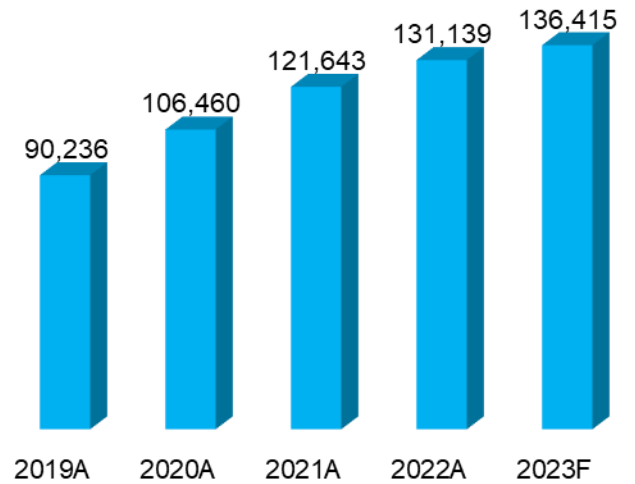


Chart: Profitability YoY

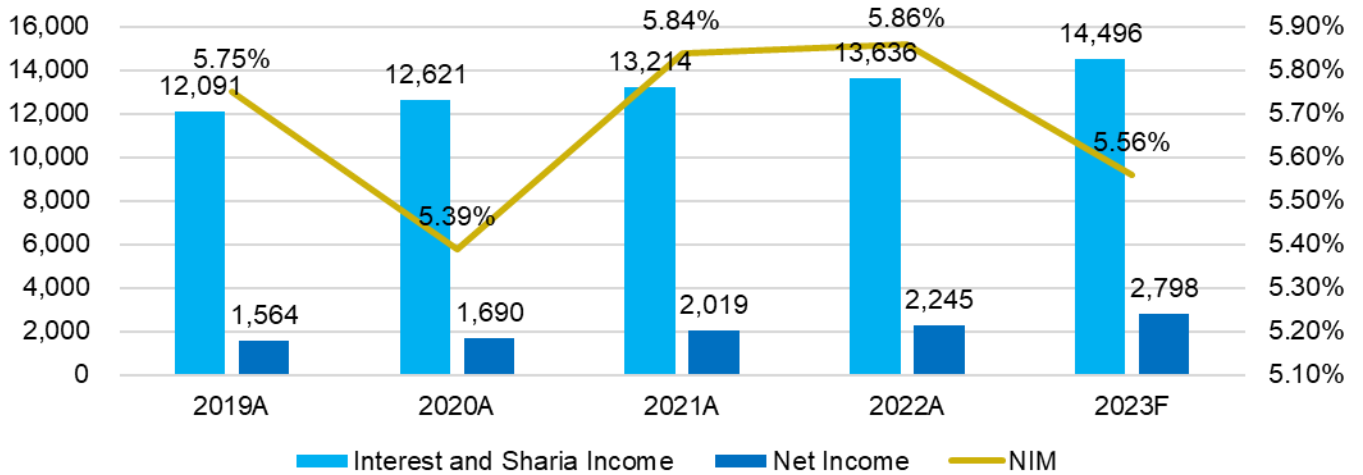
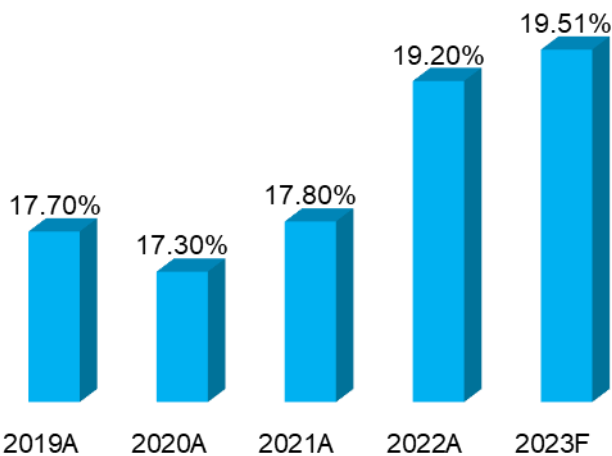
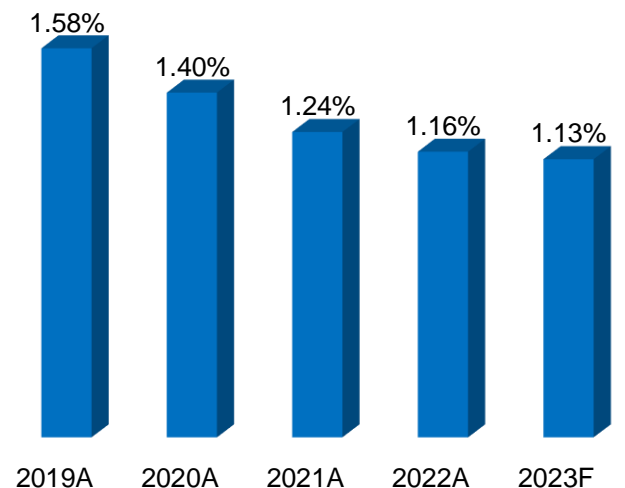


Chart: Capital Adequacy Ratio YoY



Gross NPL Ratio (Bank-Only) YoY



Balance Sheet (IDR Bn)

Balance sheet (IDR Bn)	2019A	2020A	2021 A	2022A	2023F
Cash and CA with BI	9,673	11,735	15,648	16,333	13,500
Interbank Placement	7,920	5,819	11,429	7,157	7,486
Marketable Securities	8,855	11,501	16,979	27,388	31,336
Gross Loan	87,289	95,212	102,387	115,756	130,059
Allowance for Loans	(836)	(1,913)	(1,939)	(1,792)	(1,624)
Loans-net	86,453	93,300	100,448	113,964	128,435
Other Earning Asset	21,575	29,133	34,915	42,477	39,185
Non Earning Asset	5,835	6,766	7,345	8,468	8,398
Total Asset	123,536	140,934	158,356	181,241	189,518
Deposit:					
Current Account	21,992	19,664	26,819	25,699	26,171
Saving Account	21,992	23,739	26,742	29,005	30,073
Time Deposits	46,251	63,057	68,082	76,435	80,171
Other Interest Bearing Liabilities	8,934	7,618	8,708	15,509	15,554
Non Interest Bearing Liabilities	12,324	14,850	14,922	19,847	20,925
Total Liabilities	111,494	128,928	145,272	166,495	172,894
Total Shareholder's Equity	12,043	12,006	13,084	14,746	16,624

Income Statement (IDR Bn)

Income Statement (IDR Bn)	2019A	2020A	2021 A	2022A	2023F
Interest Income	12,091	12,621	13,214	13,636	14,496
Interest Expense	(6,009)	(6,123)	(5,314)	(5,228)	(5,032)
Net Interest Income	6,083	6,497	7,901	8,408	9,464
Other Income	1,015	1,458	1,718	1,640	1,919
Gross Operating Income	7,097	7,955	9,619	10,048	11,383
Operating Expense	(4,716)	(5,604)	(6,400)	(6,988)	(7,308)
Pre Provision Operating Profit	2,381	2,351	3,219	3,060	4,075
Provision Expense	(322)	(139)	(620)	(211)	(420)
Operating Profit	2,059	2,212	2,599	2,849	3,654
Non Operating Income - net	(82)	(44)	(11)	(13)	(44)
Profit Before Tax	1,978	2,168	2,588	2,836	3,611
Tax Expense	(413)	(478)	(569)	(590)	(812)
Net Income	1,564	1,690	2,019	2,245	2,798
EPS (Rp/Share)	158.4	171.5	206.5	219.0	265.5

Ratio Highlights

Ratio Analysis	2019A	2020A	2021 A	2022A	2023F
Profitability					
NIM	5.75%	5.39%	5.84%	5.86%	5.56%
Cost-to-Income Ratio	68.43%	76.70%	67.00%	70.04%	64.20%
ROE	16.51%	16.95%	19.01%	18.63%	16.83%
ROA	1.68%	1.66%	1.73%	1.75%	1.51%
BOPO	84.22%	83.95%	80.35%	81.94%	77.74%
Liquidity					
LDR	96.07%	83.62%	81.68%	85.03%	88.88%
CASA	47.10%	41.60%	44.70%	42.10%	41.23%
Asset Quality					
Gross NPL (Bank Only)	1.58%	1.40%	1.24%	1.20%	1.13%
Provision Coverage	52.80%	139.40%	150.80%	124.30%	107.73%
Capital					
CAR	17.70%	17.30%	17.80%	19.20%	19.51%
Growth					
Loan Growth	9.12%	9.08%	7.54%	13.06%	12.36%
Deposit Growth	3.72%	17.98%	14.26%	7.81%	4.02%
Net Income Growth	0.78%	8.02%	19.45%	11.23%	24.63%

QoQ Result

Balance Sheet	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Loan	102,387	105,139	110,242	113,406	115,756	2.9%	13.1%
Loan Loss Reserves	(1,939)	(1,983)	(1,920)	(1,923)	(1,792)	0.2%	-7.6%
NPL	1,188	1,166	1,135	1,134	1,252	-0.1%	5.4%
Deposit							
Demand	26,819	32,468	35,099	34,560	25,699	-1.5%	-4.2%
Savings	26,742	24,609	26,448	25,342	29,005	-4.2%	8.5%
Time Deposit	68,082	71,187	71,680	65,123	76,435	-9.1%	12.3%
Total Asset	158,356	167,457	172,373	170,207	181,241	-1.3%	14.5%
Shareholder Equity	13,036	13,275	13,589	13,963	14,759	2.8%	13.2%
Income Statement	4Q21	1Q22	2Q22	3Q22	4Q22	%QoQ	%YoY
Interest Income	3,456	3,192	3,326	3,361	3,757	1.1%	8.7%
Interest Expense	1,222	1,176	1,246	1,268	1,539	1.8%	26.0%
Net Interest Income	2,234	2,017	2,080	2,093	2,218	0.6%	-0.7%
Other Income	520	413	385	428	414	11.2%	-20.5%
Gross Operating Income	2,755	2,429	2,465	2,522	2,631	2.3%	-4.5%
Operating Expense	(1,862)	(1,537)	(1,661)	(1,683)	(2,107)	1.3%	13.1%
Pre Provision Operating Profit	892	893	804	838	524	4.2%	-41.2%
Provision Expense	(100)	(151)	(43)	(107)	90	149.0%	-190.2%
Operating Profit	792	741	761	731	615	-3.9%	-22.4%
Non Operating Income - net	(6)	(3)	(7)	(3)	0	-49.6%	-100.0%
Profit Before Tax	786	738	755	728	615	-3.5%	-21.8%
Tax Expense	(180)	(145)	(149)	(143)	(152)	-4.2%	-15.5%
Net Income	606	593	605	585	462	-3.3%	-23.7%
EPS (Rp/Share)	62.30	56.67	60.31	57.27	44.77	-5.0%	-28.1%
Ratio (Bank Only)	4Q21	1Q22	2Q22	3Q22	4Q22	QoQ	YoY
Profitability & Efficiency							
NIM	5.84%	5.75%	5.73%	5.83%	5.86%	0.10	0.02
Cost-to-Income Ratio	67.00%	64.05%	66.16%	66.76%	70.04%	0.60	3.04
ROE	19.01%	19.60%	20.50%	20.26%	18.63%	(0.24)	(0.38)
ROA	1.73%	1.85%	1.88%	1.88%	1.75%	-	0.02
Liquidity							
LDR	81.68%	79.18%	80.16%	88.16%	85.03%	8.00	3.35
CASA	44.70%	44.90%	46.70%	48.70%	42.10%	2.00	(2.60)
Asset Quality							
Gross NPL	1.24%	1.19%	1.10%	1.07%	1.16%	(0.03)	(0.08)
Coverage Ratio	150.80%	157.10%	152.90%	148.90%	124.30%	(4.00)	(26.50)
Capital							
CAR	17.78%	17.15%	18.03%	17.74%	19.19%	(0.29)	1.41

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.

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