Equity Research

PT Bank Pembangunan Daerah Jawa Barat dan Banten,Tbk

HOLD

December 30th, 2024
Banking, Equity

Price	IDR	910
Target Price	IDR	1,000
JKSE Index	IDR	7,079.90

Stock Code

Bloomberg code	BJBR IJ
Market cap (IDR Bn)	9,574.5
52-Week High (IDR)	1,250
52-Week Low (IDR)	905
Free Float (%)	24.62

Major Shareholders

Local Government	75.54%
Public (Inc. BOD&BOC)	24.46 %

USD/IDR-YE (JISDOR)

2023A	15,439
2024F	16,031

Key Indicators

Non-Performing Loan (%)	1.38
Net Interest Margin (%)	3.59

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Investment Consideration

Another Decline in Net Income

In 9M-2024, BJBR reported an 18.95% YoY drop in Net Income Attributable to the Parent Entity, amounting to IDR 1.16 trillion. This decline was primarily driven by a 7.48% YoY increase in interest expense, which offset the 10.59% YoY growth in interest income. Consequently, Net Interest Income decreased by 7.48% YoY, with the NIM ratio falling by 106 bps YoY to 3.80%. Additionally, provision expenses surged by 21.38% YoY, further eroding profitability. For FY2024, we project Net Income Attributable to the Parent Entity to decrease by 25.44% YoY, reaching IDR 1.33 trillion, with a NIM ratio of 3.59%.

Loan Growth Supported by KUB and Sustainable Financing

As of September 2024, BJBR's consolidated loan portfolio grew by 10.45% YoY, driven by 94.69% YoY growth in non-bank (subsidiary) lending, primarily through the KUB initiative. The corporate segment led the way with an 8.98% YoY increase. Additionally, sustainable financing grew solidly at 15.1% YoY, reflecting the bank's ongoing commitment to ESG principles. By December 2024, we anticipate consolidated loans to expand further by 13.49% YoY, with non-bank lending expected to grow by an impressive 107.05% YoY.

Deposit Growth Outpaces Loans

BJBR's consolidated deposits showed robust 17.10% YoY growth as of September 2024, surpassing loan growth. The savings segment recorded the highest increase at 31.06% YoY, followed by current accounts, which grew by 16.55% YoY. This expansion lifted the CASA ratio by 220 bps YoY to 44.9%, while time deposits rose by 12.20% YoY. We expect customer deposits to grow further by 15.63% YoY by December 2024, with the CASA ratio reaching 45.03%.

Progress in KUB Formation

BJBR continues its KUB expansion strategy, completing a modified acquisition of Bank Bengkulu. Preparations are underway for Bank Jambi and Bank Maluku Malut to join the group. Bank Jambi is undergoing a Fit and Proper Test after receiving a capital injection of IDR 221.4 billion, while Bank Maluku Malut is in the Due Diligence and Shareholders Agreement stage.

Valuation: 10%, Upside, HOLD

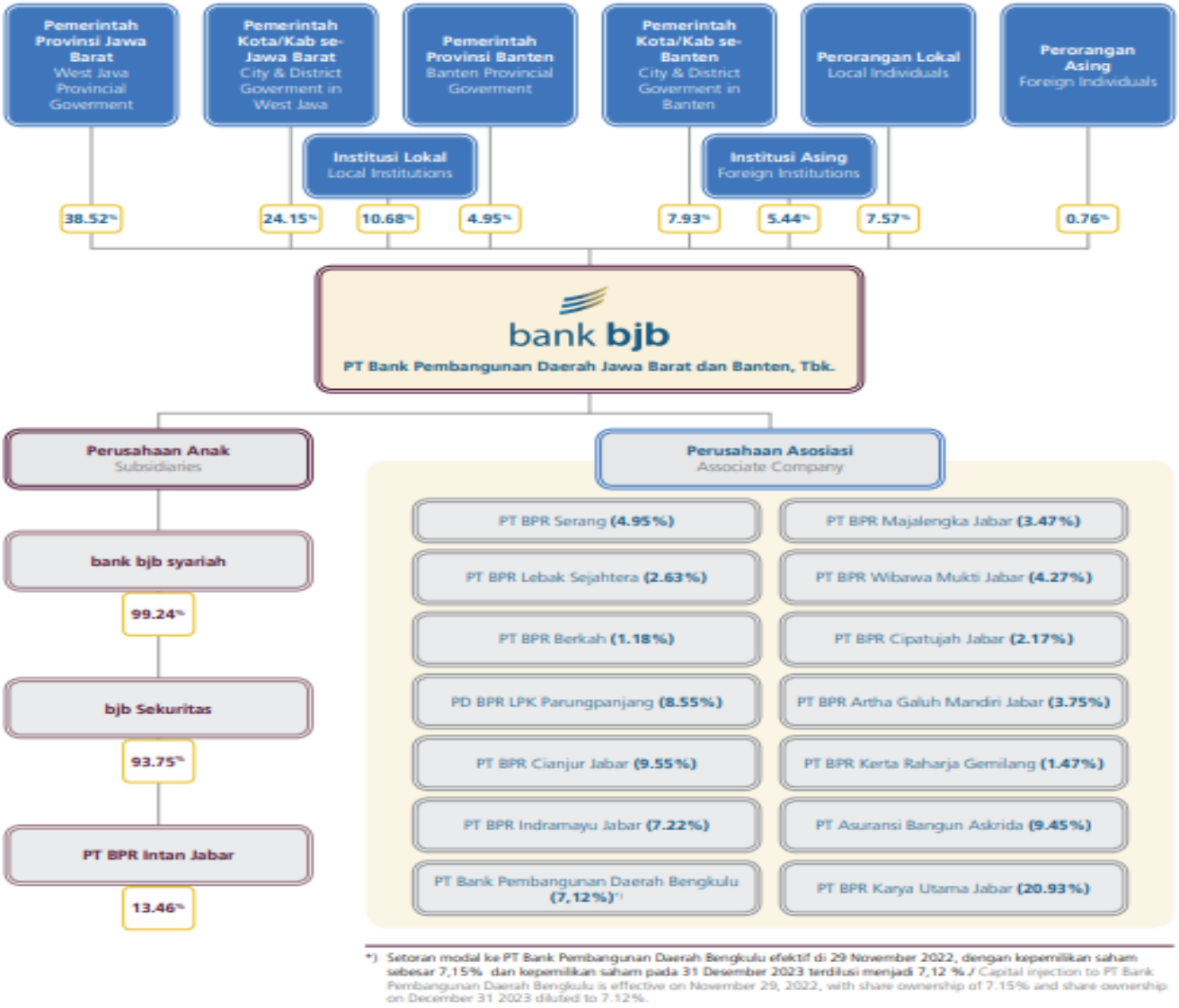
Using a DDM valuation model, we have set a target price of IDR 1,000 within a year, representing a 0.62x PBV valuation and a 10% upside potential. Given this limited upside, we assign a "Hold" rating for the stock.

Financial Highlight (Consolidated)	2021A	2022A	2023A	2024F
Net Interest Income (IDR Bn)	7,901	8,408	7,064	6,888
Net Income (IDR Bn)	2,032	2,304	1,778	1,326
Total Loan Growth	7.54%	13.06%	8.05%	13.49%
EPS (IDR/share)	206.52	219.02	169.03	126.03
NIM (%)	5.84%	5.86%	5.18%	3.59%
NPL Ratio (bank-only)	1.24%	1.16%	1.35%	1.38%
CAR (%)	17.98%	19.40%	20.17%	19.82%

Company Profile

Established in 1999, PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk underwent several transformations. On September 12, 2007, its name was changed to reflect its regional focus. Subsequent branding changes culminated in the adoption of the bank bjb identity on August 2, 2010. The bank's Articles of Association have been updated periodically, with the latest amendment recorded in 2017. As outlined in Article 3 of its Articles of Association, the bank operates primarily in the banking sector.

Company Structure (Per December 31, 2023)



*) Setoran modal ke PT Bank Pembangunan Daerah Bengkulu efektif di 29 November 2022, dengan kepemilikan saham sebesar 7,15% dan kepemilikan saham pada 31 Desember 2023 terdilusi menjadi 7,12 % / Capital injection to PT Bank Pembangunan Daerah Bengkulu is effective on November 29, 2022, with share ownership of 7.15% and share ownership on December 31 2023 diluted to 7.12%.

Source: Company

Chart: Gross Loan (IDR Bn) QoQ

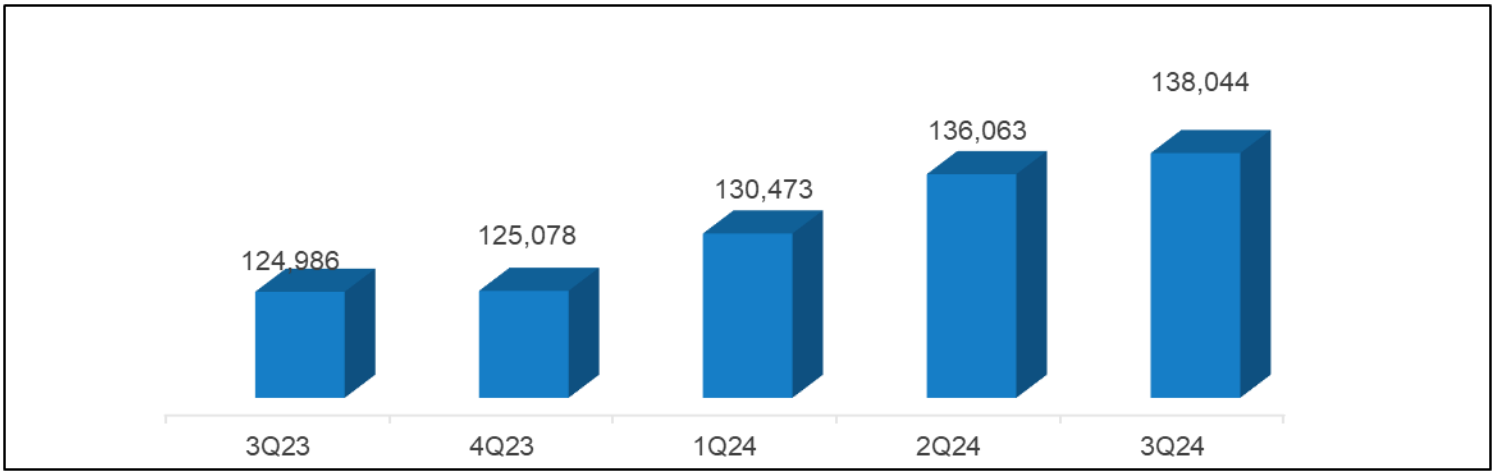


Chart: Net Income (IDR Bn) QoQ

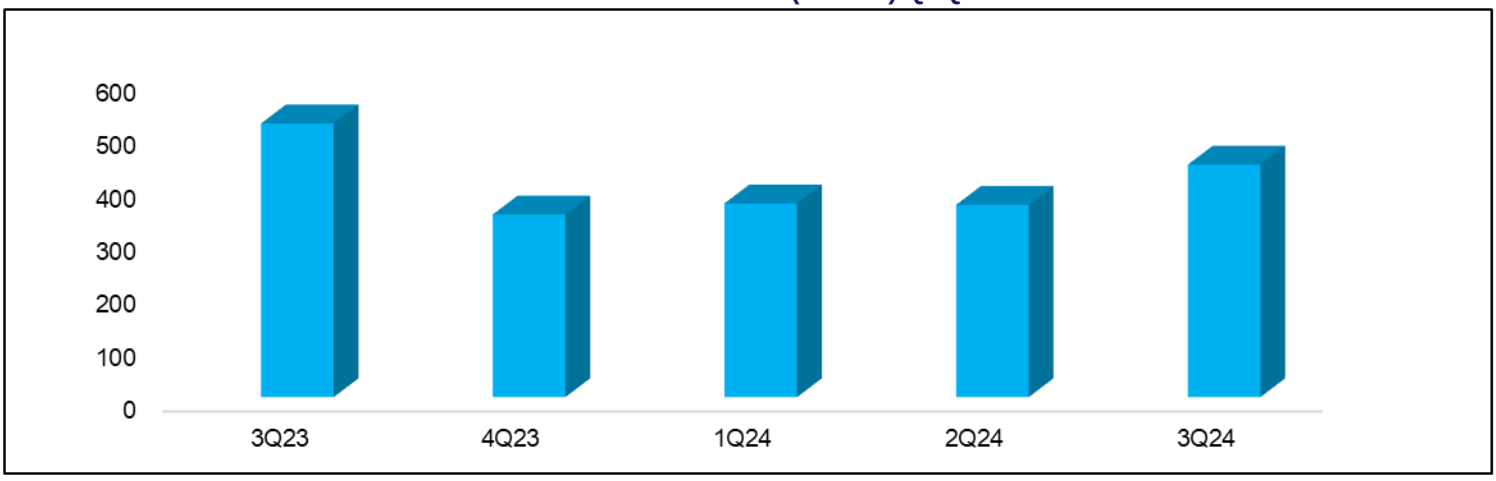
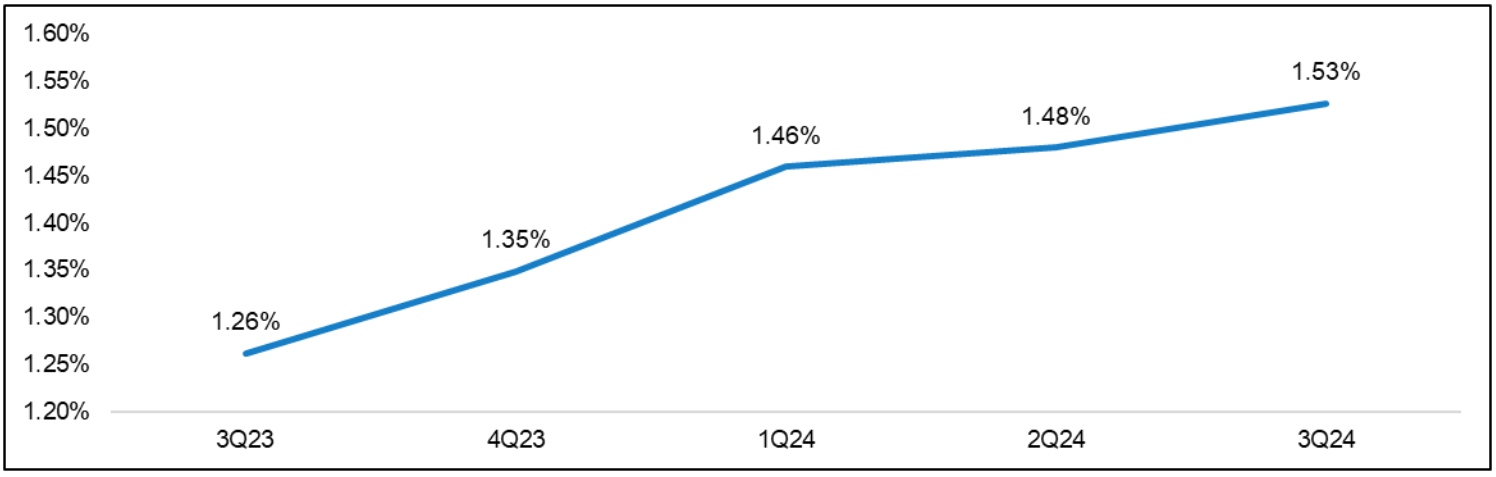


Chart: Non-Performing Loan (x) QoQ



BINAARTHA SEKURITAS

Source: Binaartha & Company

Chart: Gross Loan YoY

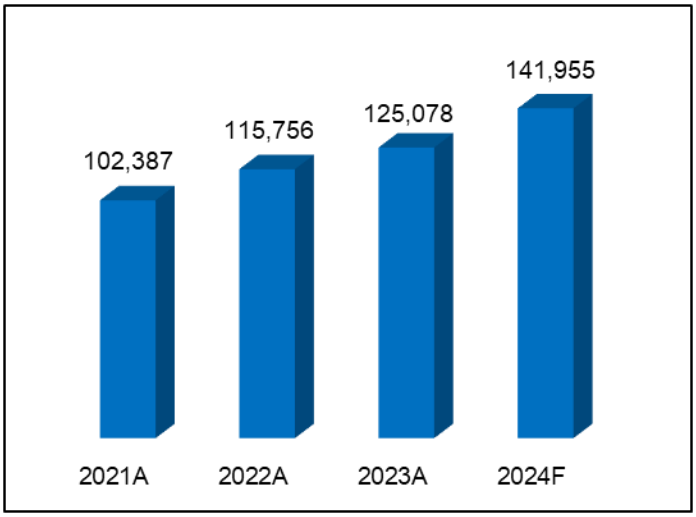


Chart: Customer Deposit YoY

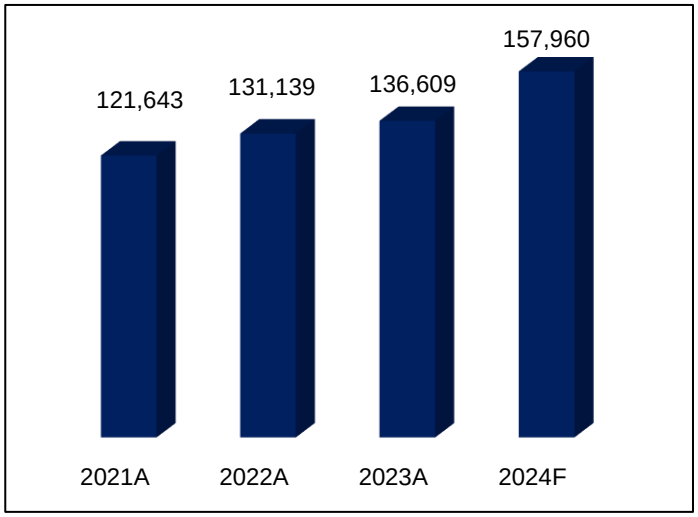


Chart: Profitability YoY

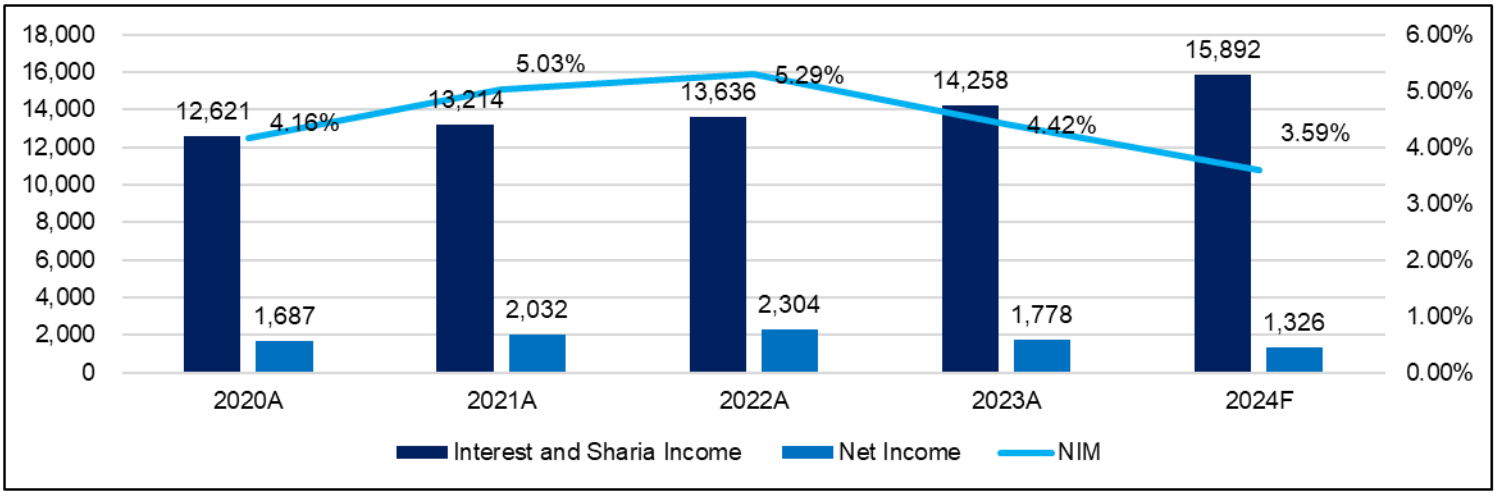
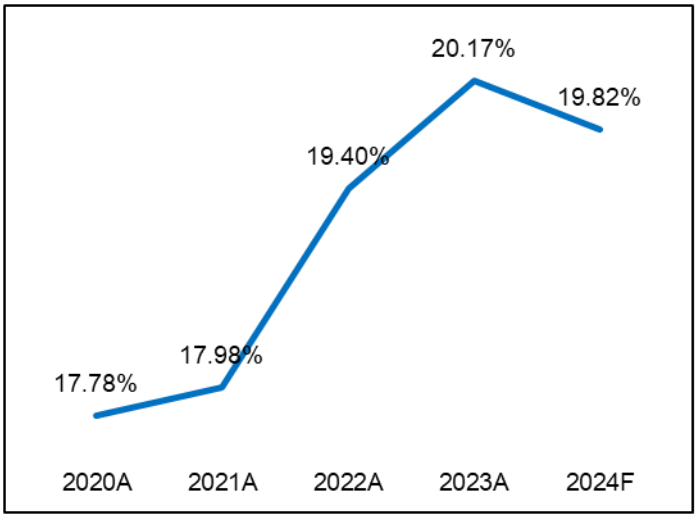
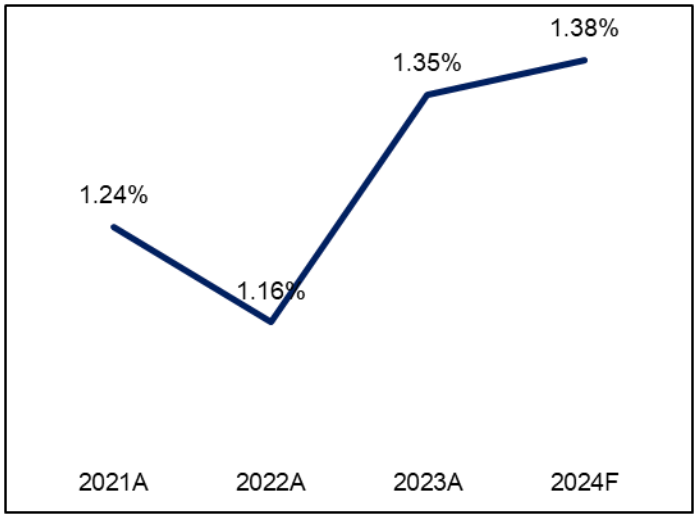


Chart: Capital Adequacy Ratio YoY



Gross NPL Ratio (Bank-Only) YoY



BINAARTHA SEKURITAS

Source: Binaartha & Company

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IDR Bn)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (IDR Bn)	2021 A	2022A	2023A	2024F
Cash and CA with BI	15,648	16,333	18,410	9,079
Interbank Placement	11,429	7,157	3,887	9,502
Marketable Securities	16,979	27,388	30,977	40,347
Gross Loan	102,387	115,756	125,078	141,955
Allowance for Loans	(1,939)	(1,792)	(2,131)	(2,223)
Loans-net	100,448	113,964	122,947	139,732
Other Earning Asset	34,915	42,477	37,217	56,892
Non-Earning Asset	7,345	8,468	9,721	10,855
Total Asset	**158,356**	**181,241**	**188,295**	**216,558**
Deposit:				
Current Account	26,819	25,699	22,902	33,029
Saving Account	26,742	29,005	33,646	38,098
Time Deposits	68,082	76,435	80,061	86,832
Other Interest- bearing Liabilities	8,708	15,509	32,863	38,944
Non-Interest-Bearing Liabilities	14,922	19,847	3,375	2,732
Total Liabilities	**145,272**	**166,495**	**172,846**	**199,635**
Total Shareholder's Equity	**13,084**	**14,746**	**15,449**	**16,923**

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (IDR Bn)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (IDR Bn)	2021 A	2022A	2023A	2024F
Interest Income	13,214	13,636	14,258	15,892
Interest Expense	(5,314)	(5,228)	(7,195)	(9,004)
Net Interest Income	**7,901**	**8,408**	**7,064**	**6,888**
Other Income	1,718	1,640	1,922	2,202
Gross Operating Income	**9,619**	**10,048**	**8,986**	9,090
Operating Expense	(6,400)	(6,988)	(6,092)	(6,315)
Pre-Provision Operating Profit	**3,219**	**3,060**	**2,894**	**2,775**
Provision Expense	(620)	(211)	(746)	(847)
Operating Profit	**2,599**	**2,849**	**2,149**	**1,927**
Non-Operating Income - net	**(11)**	**(13)**	**(22)**	**1**
Profit Before Tax	2,588	2,836	2,126	1,928
Tax Expense	(569)	(590)	(445)	(540)
Earning After Tax	**2,019**	**2,245**	**1,681**	**1,388**
Income for The Year Attributable to - NCI	**(13)**	**(59)**	**(97)**	**62**
Net Income	**2,032**	**2,304**	**1,778**	**1,326**
EPS (Rp/Share)	**206.52**	**219.02**	**169.03**	**126.03**

Source: Binaartha & Company

Ratio Highlights

Ratio Analysis (Consol)	2021 A	2022A	2023A	2024F
Profitability				
NIM	5.03%	5.29%	4.42%	3.59%
Cost-to-Income Ratio	66.54%	69.55%	67.79%	69.47%
ROE	16.47%	16.58%	11.71%	8.19%
ROA	1.33%	1.51%	0.99%	0.66%
BOPO	82.60%	81.35%	86.72%	89.35%
Liquidity				
LDR	78.46%	82.35%	85.02%	78.15%
CASA	44.03%	41.71%	41.39%	45.03%
Asset Quality				
Gross NPL (Bank Only)	1.24%	1.16%	1.35%	1.38%
Provision Coverage	150.80%	124.30%	113.50%	92.10%
Capital				
CAR	17.98%	19.40%	20.17%	19.82%
Growth				
Loan Growth	7.54%	13.06%	8.05%	13.49%
Deposit Growth	14.26%	7.81%	4.17%	15.63%
Net Income Growth	20.43%	13.41%	-22.83%	-25.44%

Source: Binaartha & Company

QoQ Result

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (in IDR)	3Q23	4Q23	1Q24	2Q24	3Q24	%QoQ	%YoY
Loan	124,986	125,078	130,473	136,063	138,044	1.46%	10.45%
Loan Loss Reserves	-1,934	-2,131	(2,063)	(2,131)	(2,232)	4.72%	15.37%
NPL	1,470	1,566	1,681	1,781	1,855	4.15%	26.19%
Deposit							
Demand	27,695	22,902	29,654	30,826	32,278	4.71%	16.55%
Savings	27,606	33,646	33,928	34,785	36,180	4.01%	31.06%
Time Deposit	75,556	80,061	90,528	84,586	84,774	0.22%	12.20%
Total Asset	179,310	188,295	202,501	207,266	210,035	1.34%	17.14%
Shareholder Equity	15,043	15,560	15,973	15,186	16,087	5.94%	6.94%

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (In IDR)	3Q23	4Q23	1Q24	2Q24	3Q24	%QoQ	%YoY
Interest Income	3,592	3,749	3,846	3,914	3,862	1.76%	12.15%
Interest Expense	1,814	1,919	2,224	2,247	2,309	1.02%	29.62%
Net Interest Income	**1,778**	**1,830**	**1,622**	**1,667**	**1,554**	**2.78%**	**-5.10%**
Other Income	520	543	517	473	614	-8.51%	11.94%
Gross Operating Income	**2,298**	**2,373**	**2,138**	**2,139**	**2,168**	**0.05%**	**-1.80%**
Operating Expense	(1,504)	(1,572)	(1,526)	(1,499)	(1,510)	-1.73%	4.77%
Pre-Provision Operating Profit	**794**	**801**	**613**	**640**	**658**	**4.49%**	**-14.38%**
Provision Expense	(168)	(388)	(151)	(157)	(131)	3.73%	74.15%
Operating Profit	**627**	**413**	**462**	**483**	**527**	**4.74%**	**-26.48%**
Non-Operating Income - net	(6)	(11)	(8)	(6)	15	-33.39%	1106.93%
Profit Before Tax	**621**	**402**	**453**	**478**	**542**	**5.45%**	**-27.28%**
Tax Expense	(113)	(138)	(70)	(90)	(91)	29.53%	-21.10%
Earning After Tax	**508**	**264**	**383**	**388**	**451**	**1.06%**	**-28.59%**
Income for The Year Attributable to - NCI	(7)	(79)	19	26	14	35.14%	-539.40%
Net Income	**515**	**343**	**364**	**362**	**437**	**-0.73%**	**-34.07%**
EPS (Rp/Share)	**48.92**	**32.65**	**34.62**	**34.37**	**41.55**	**-0.73%**	**-34.07%**

Ratio (Bank Only)	3Q23	4Q23	1Q24	2Q24	3Q24	%QoQ	%YoY
Profitability & Efficiency							
NIM	**4.86%**	**4.89%**	**3.97%**	**3.90%**	**3.80%**	**(0.10)**	**(1.06)**
Cost-to-Income Ratio	**69.43%**	**69.02%**	**73.94%**	**72.50%**	**71.50%**	**(1.00)**	**2.07**
ROE	**12.00%**	**11.10%**	**8.30%**	**8.60%**	**9.10%**	**0.50**	**(2.90)**
ROA	**1.10%**	**1.00%**	**0.80%**	**0.80%**	**0.80%**	**0.00**	**(0.30)**
Liquidity							
LDR	**92.40%**	**87.54%**	**80.60%**	**86.20%**	**85.10%**	**(1.10)**	**(7.30)**
CASA	**42.70%**	**41.60%**	**41.50%**	**43.90%**	**44.90%**	**1.00**	**2.20**
Asset Quality							
Gross NPL	**1.26%**	**1.35%**	**1.46%**	**1.48%**	**1.53%**	**0.05**	**0.27**
Coverage Ratio	**114.70%**	**113.50%**	**105.70%**	**105.80%**	**107.10%**	**1.30**	**(7.60)**
Capital							
CAR	**19.62%**	**20.05%**	**18.48%**	**17.20%**	**19.40%**	**2.20**	**(0.22)**

Source: Binaartha & Company

Stock Ratings:
Buy: a recommendation to purchase the security with upside potential of 12.5% or greater
Hold: a recommendation to neither buy nor sell a security with upside potential of 6.25%-12.49%.
Sell: a recommendation to close out a long position in a security with upside potential below 6.25% or negative

RESEARCH TEAM
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