

January 2nd, 2023
Banking, Equity

Price IDR 1,350
Target Price IDR 2,360
JKSE Index IDR 6,850.98



Stock Code

Bloomberg code BJBR IJ
Market cap (IDR Bn) 14,204 B
52-Week High (IDR) 1,560.00
52-Week Low (IDR) 1,271.49
6-m Avg Daily. Val (IDR) 1,364

Major Shareholders

Local Government 75.55%
Public 24.45%

USD/IDR-YE

2021A 14,291
2022F (6M Avg) 15,254.1

Key Indicators

Non-Performing Loan (%) 1.02
Net Interest Margin (%) 5.84

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Investment Consideration

Net Income grew +26.20%

In 9M22, BJBR recorded net income of IDR 1.78 trillion, up 26.20% YoY from IDR 1.41 trillion in 9M21. Growth was supported by well-managed interest expenses which decreased by -9.85%. Another driver was solid revenue growth from non-loan related fees and commissions, which grew by almost +30%. We project that BJBR will continue to grow its Net Income by +19.41% YoY in FY22 to IDR 2.43 trillion from IDR 2.03 trillion in FY21.

Strong Growth from Commercial Loans and CASA

As of 9M22, BJBR had consolidated loan growth of almost +12% YoY. The growth was driven by Commercial Loans, which grew almost +30% YoY. Other segments increased too. Mortgage, Micro, and Consumer loans grew by 16.92%, 9.69%, and 5.32%. CASA also grew by +16.67% and the ratio increased by +665 bps to 47.91% in 9M22. We forecast Consolidated Total Gross Loans will grow by +11.43% in 2022 with Commercial loans growing fastest at +28.43% compared to the previous year.

Asset Quality Improved

BJBR improved its asset quality with the gross NPL (bank-only) ratio declining from 1.26% in 9M21 to 1.07% in 9M22. Of the four segments that are served by BJBR, only one segment, Consumer lending had a NPL ratio increase from 0.20% in 9M21 to 0.25% in 9M22. Mortgage loans had the largest improvements with the NPL ratio declining from 3.67% to 2.67%. The NPL ratios of Commercial and Micro loans were 2.62% and 1.76% respectively. The asset quality improvement was also seen by a decrease in the Special Mention Loans (bank-only) Ratio which declined -70 bps to 2.10%. We predict BJBR's bank-only gross NPLs and SMLs will decrease to 1.02% and 2.06% respectively.

Valuation: 75% Upside potential, Buy.

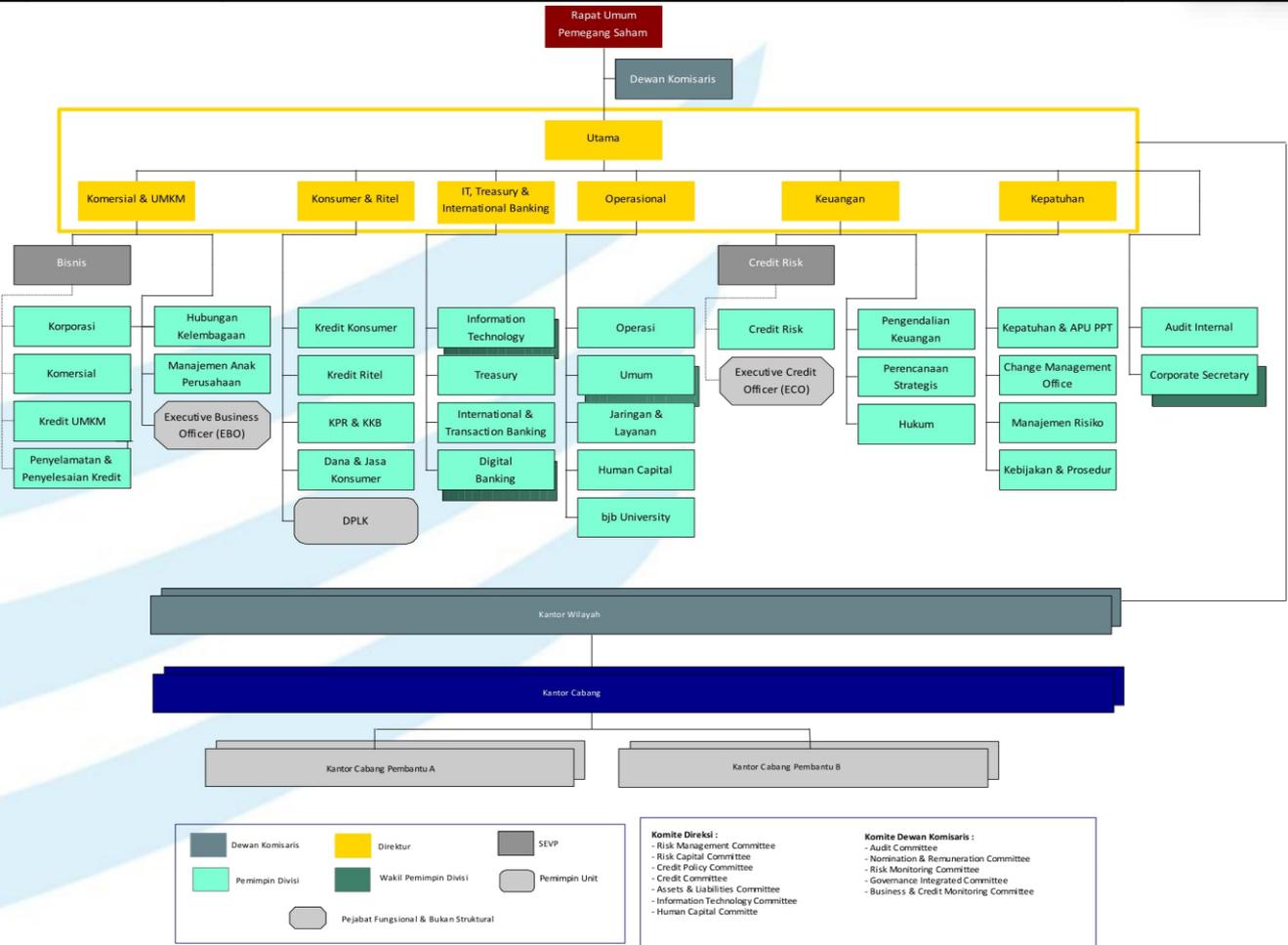
Based on our DDM Valuation, we have a target price of IDR 2,360 within a year, or trading at 1.9x PBV and 75% potential upside, Buy.

Income Statement (IDR bn)	2018A	2019A	2020A	2021 A	2022F
Interest Income	11.923	12.175	13.137	13.540	13,695
Interest Expense	5.415	6.009	6.123	5.314	5,127
Net Interest Income	6.508	6.166	7.014	8.226	8,568
Net Operating Income	926	931	941	1.393	1,580
Operating Expense	4.859	4.716	5.604	6.400	6,557
Pre Provision Operating Profit	2.574	2.381	2.351	3.219	3,590
Provision Expense	516	322	139	620	429
Operating Profit	2.058	2.059	2.491	3.839	4,019
Profit Before Tax	1.937	1.978	2.168	2.588	3,117
Tax Expense	385	413	478	569	686
Net Profit	1.552	1.564	1.690	2.019	2,431
EPS (Rp/Share)	157,4	158,4	171,5	206,5	246.6

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 (x) QoQ

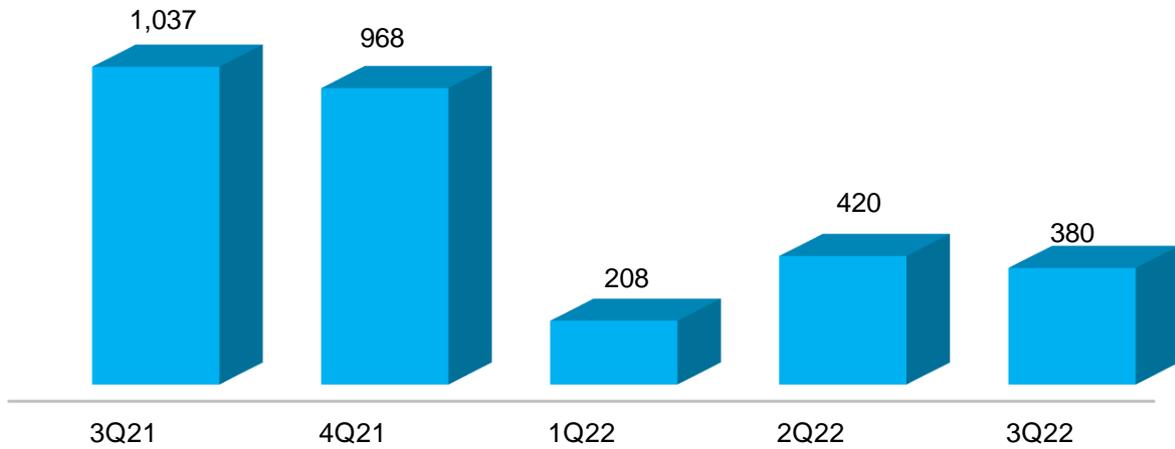


Chart: Gross Loan (x) QoQ

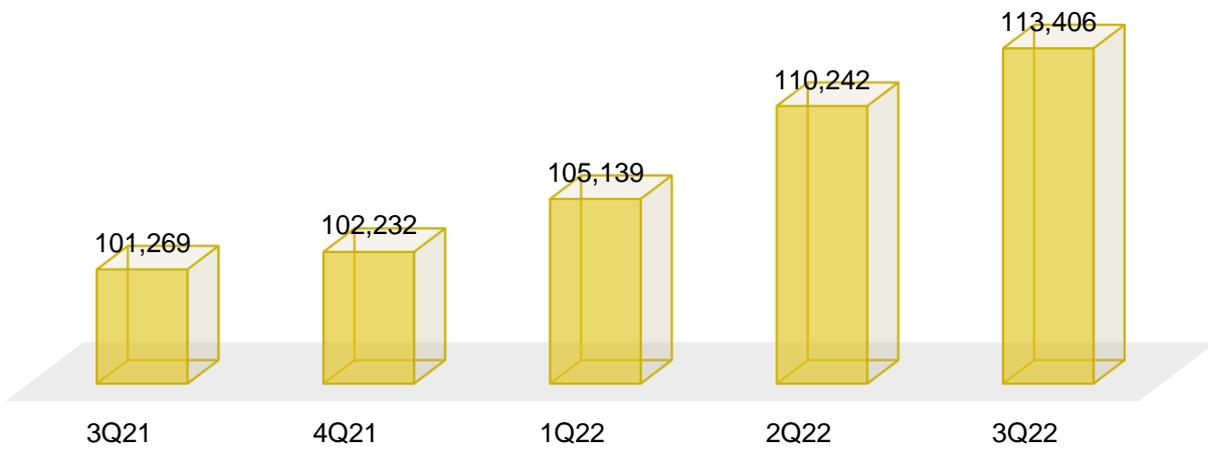


Chart: Non Performing Loan (x) QoQ

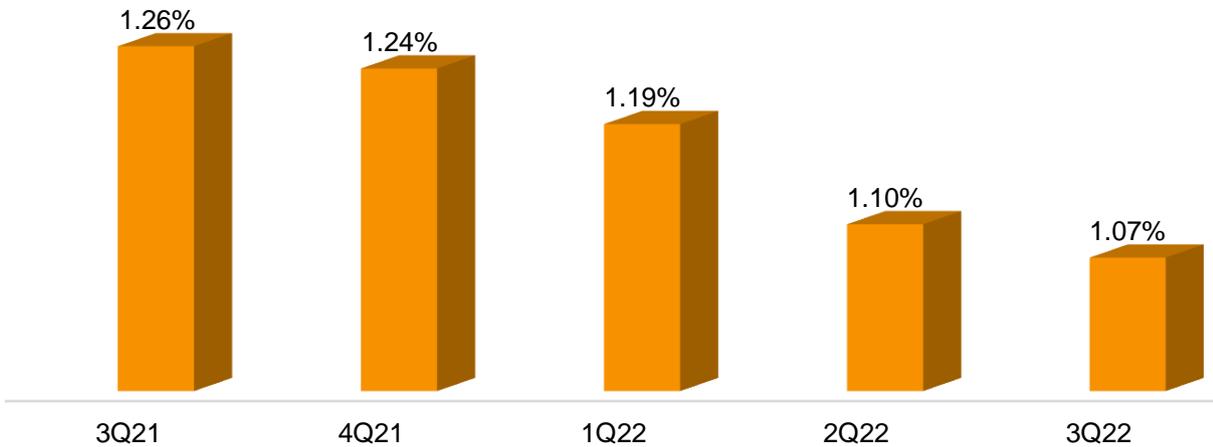


Chart: Gross Loan YoY

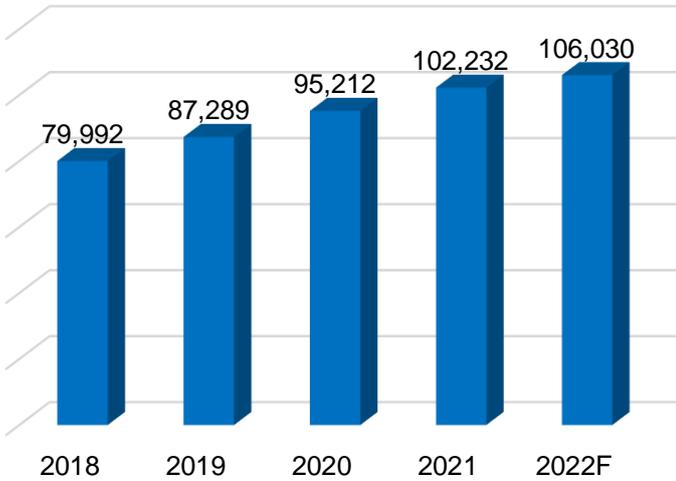


Chart: Customer Deposit YoY

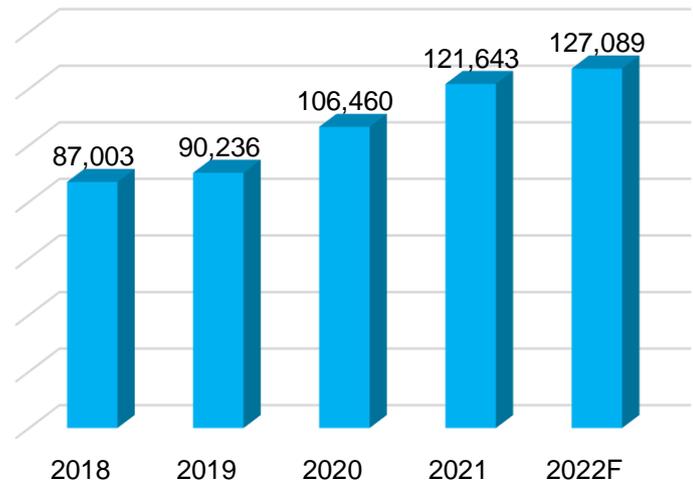


Chart: Profitability (x) YoY

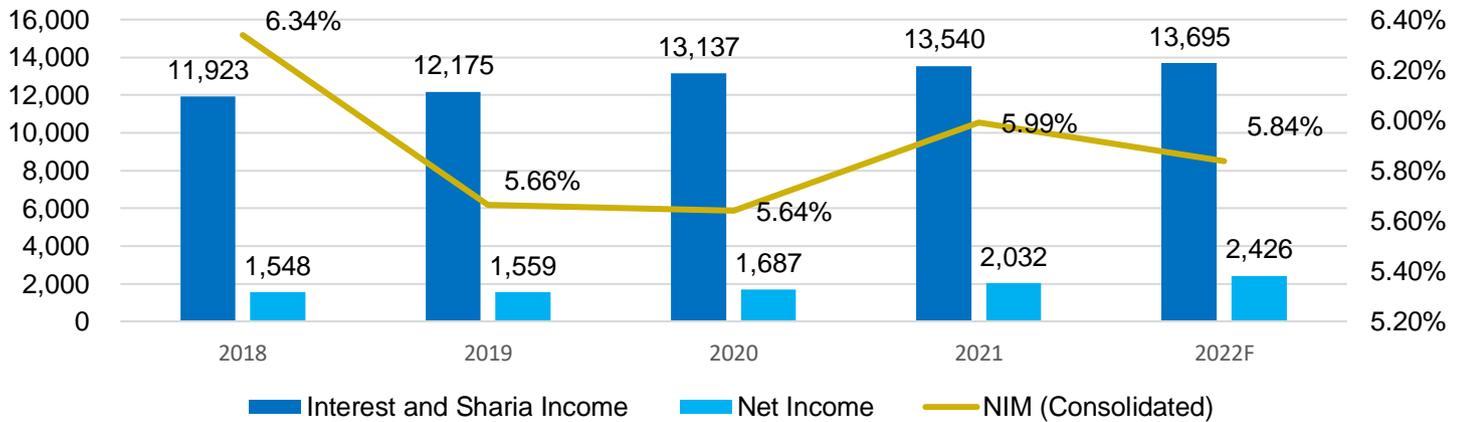
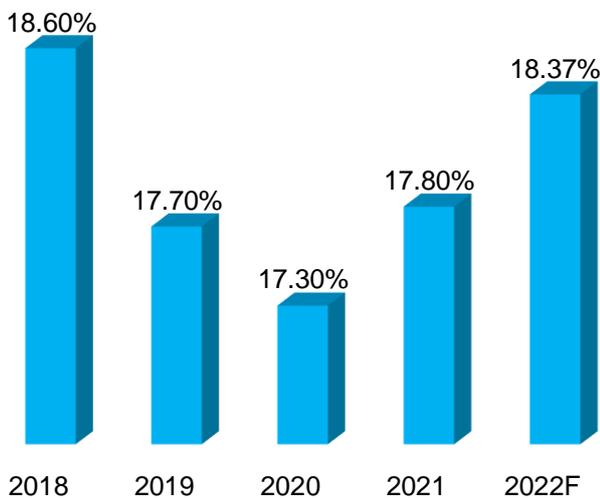
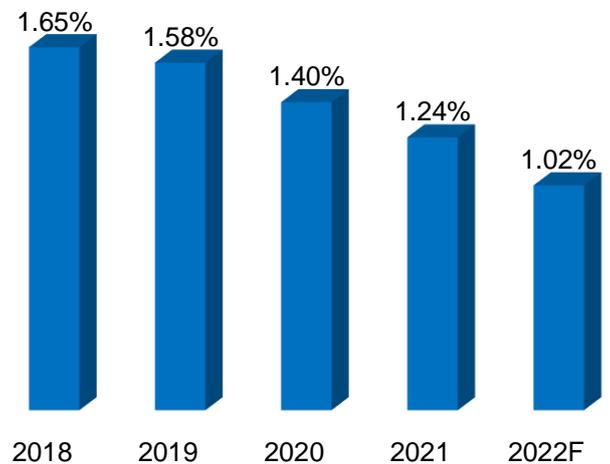


Chart: Capital Adequacy Ratio YoY



Gross Non-Performing Loan YoY



Balance Sheet (IDR.bn)

Balance sheet (IDR bn)	2018A	2019A	2020A	2021 A	2022F
Cash and CA with BI	12.911	9.673	11.735	15.648	17,887
Interbank Placement	9.727	7.918	5.816	11.427	9,426
Marketable Securities	8.617	8.855	11.480	16.973	37,832
Gross Loan	79.992	87.289	95.212	102.232	106,030
Allowance for Loans	-786	-836	-1.913	-1.939	(1,903)
Loans-net	79.206	86.453	93.300	100.293	104,127
Other Earning Asset	22.693	21.575	29.133	35.070	40,771
Non Earning Asset	5.382	5.835	6.766	7.345	9,421
Total Asset	120.191	123.536	140.934	158.356	172,205
Deposit:					
Current Account	18.449	21.992	19.664	26.819	36,595
Saving Account	21.601	21.992	23.739	26.742	28,763
Time Deposits	46.953	46.251	63.057	68.082	61,731
Other Interest Bearing Liabilities	20.880	20.103	20.853	21.650	12,211
Non Interest Bearing Liabilities	1.024	1.155	1.615	1.980	20,414
Total Liabilities	108.906	111.494	128.928	145.272	159,713
Total Shareholder's Equity	11.285	12.043	12.006	13.084	12,492

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Ratio Highlights (IDR.bn)

Ratio Analysis (Consolidated)	2018A	2019A	2020A	2021 A	2022F
Profitability					
NIM	6.34%	5.66%	5.64%	5.99%	5.84%
Cost-to-Income Ratio	65.37%	66.44%	70.44%	66.54%	64.62%
ROE	13.78%	13.00%	14.11%	15.59%	19.49%
ROA	1.29%	1.26%	1.20%	1.28%	1.41%
ROAE		13.39%	13.55%	14.85%	17.54%
BOPO	83.98%	84.29%	84.29%	82.60%	79.31%
Cost of Credit	5.10%	5.40%	4.90%	4.90%	-0.41%
Liquidity					
LDR	91.94%	96.73%	89.43%	84.04%	83.43%
CASA	46.03%	48.74%	40.77%	44.03%	51.43%
Asset Quality					
Gross NPL (Bank Only)	1.66%	1.58%	1.40%	1.28%	1.02%
Provision Coverage	37.92%	39.80%	89.49%	91.52%	87.99%
Capital					
CAR	18.60%	17.70%	17.30%	17.80%	18.37%
Growth					
Loan Growth		9.12%	9.08%	7.37%	11.43%
Deposit Growth		3.72%	17.98%	14.26%	4.48%
Net Income Growth		0.67%	8.25%	20.43%	19.41%

QoQ Result

Balance Sheet	3Q21	4Q21	1Q22	2Q22	3Q22	%QoQ	%YoY
Loan	101,269	102,232	105,139	110,242	113,406	2.9%	12.0%
Loan Loss Reserves	(2,102)	(1,939)	(1,983)	(1,920)	(1,923)	0.2%	-8.5%
NPL	1,254	1,218	1,231	1,135	1,195	5.3%	-4.7%
Deposit							
Demand	28,331	26,819	32,468	35,099	34,560	-1.5%	22.0%
Savings	23,011	26,742	24,609	26,448	25,342	-4.2%	10.1%
Time Deposit	73,095	68,082	71,187	71,680	65,123	-9.1%	-10.9%
Total Asset	159,257	158,356	167,457	172,373	170,207	-1.3%	6.9%
Shareholder Equity	12,355	13,036	13,275	13,589	13,963	2.8%	13.0%

Income Statement	3Q21	4Q21	1Q22	2Q22	3Q22	%QoQ	%YoY
Interest Income	3,404	3,539	3,216	3,336	3,399	1.9%	-0.1%
Interest Expense	1,308	1,222	1,176	1,246	1,268	1.8%	-3.1%
Net Interest Income	2,096	2,317	2,041	2,091	2,132	2.0%	1.7%
Net Operating Income	375	431	388	375	390	4.1%	4.0%
Operating Expense	(1,611)	(1,862)	(1,537)	(1,661)	(1,693)	1.9%	5.1%
PPOP	860	887	893	804	828	3.0%	-3.7%
Provision Expense	216	101	151	43	97	125.4%	-55.1%
Operating Profit	(5)	0	(3)	(7)	(3)	-49.6%	-27.0%
Profit Before Tax	640	786	738	755	728	-3.5%	13.8%
Tax Expense	151	180	145	149	143	-4.2%	-5.5%
Net Profit	488	606	593	605	585	-3.3%	19.8%

Ratio (Bank Only)	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ	YoY
Profitability & Efficiency							
NIM	5.66%	5.84%	5.75%	5.73%	5.83%	0.10	0.17
Cost-to-Income Ratio	66.73%	67.00%	64.05%	66.16%	66.76%	0.60	0.03
ROE	17.99%	19.01%	19.60%	20.50%	20.26%	(0.24)	2.27
ROA	1.64%	1.73%	1.85%	1.88%	1.88%	-	0.24
Liquidity							
LDR	78.27%	81.68%	79.18%	80.16%	88.16%	8.00	9.89
CASA	41.80%	44.70%	44.90%	46.70%	48.70%	2.00	6.90
Asset Quality							
Gross NPL	1.26%	1.24%	1.19%	1.10%	1.07%	(0.03)	(0.19)
Coverage Ratio (Consol)	162%	151%	157%	153%	149%	(4.00)	(12.70)
Capital							
CAR	17.71%	17.78%	17.15%	18.03%	17.74%	(0.29)	0.03

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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