

March 28th, 2024
Banking, Equity

Price IDR 1,210
Target Price IDR 1,400
JKSE Index IDR 7,288.81



Stock Code

Bloomberg code BJBR IJ
Market cap (IDR Bn) 12,730.9
52-Week High (IDR) 1,395
52-Week Low (IDR) 1,105
6-m Avg Daily. Val (IDR) 1,160
Free Float (%) 19.38

Major Shareholders

Local Government 75.55%
Other 24.45%

USD/IDR-YE (JISDOR)

2023A 15,439
2024F (APBN 2024) 15,000

Key Indicators

Non-Performing Loan (%) 1.30
Net Interest Margin (%) 5.55

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Investment Consideration

Negative growth in Net Income

In 2023, BJBR still managed to generate a profit, albeit lower than in 2022, with a decrease of -22.83% year-over-year (YoY), to only IDR 1.78 trillion. This decline was primarily due to the increased provision for loans and Shariah financing, along with receivables, which rose by 233.72% YoY. Additionally, interest expenses also experienced significant growth, increasing by 37.62% YoY. We forecast that in 2024, BJBR will generate a profit growth of 12.46% YoY, reaching IDR 2 trillion.

Loan Growth Fueled by Consumer Segment

As of December 2023, BJBR's loan and financing portfolio stood at IDR 125.08 trillion, marking an 8.05% growth year-over-year (YoY). The most substantial growth was observed in the mortgage loan segment, which increased by 14.08% YoY, while the consumer segment, the leading contributor, also grew by 6.33% YoY. From an economic sector perspective, the trade sector emerged as the top contributor to the loan portfolio, accounting for 25.8%. We anticipate BJBR will continue expanding its loan portfolio by 8.56% in 2024, supported by the consumer segment, which will be driven by new recruitment of civil servants (ASN) after a lengthy moratorium period and contract civil servants (PPPK).

Propelling Sustainable Business Development

BJBR is seriously committed to implementing ESG principles in its business operations. The loan portfolio's 8.05% growth was significantly influenced by the rise in sustainable financing, totaling IDR 16.5 trillion, a 13.01% increase year-over-year (YoY). Moreover, BJBR participated in the Carbon Exchange (IDXCarbon) by purchasing 4,870 tCO₂e carbon credits, aligning with its roadmap to become a carbon-neutral company.

BJB Group's New Chapter: Holding Company for Another BPD

Bank Bengkulu, as part of the *Kelompok Usaha Bank (KUB)* strategy, received approval from the OJK (initiated in January 2020) and is now set for consolidation in the Q1-2024 report. BJBR will be the first development bank (BPD) to serve as the parent entity of another BPD. Business synergies are expected to accelerate, leveraging Bank Bengkulu's business model and unlocking synergy value. Other BPDs, such as Bank Sultra, Bank Jambi, and Bank Maluku Maluku, are currently undergoing feasibility studies, with a capital allocation for each BPD ranging from IDR 250-500 billion, depending on its valuation.

Valuation: 16%, Upside, Hold

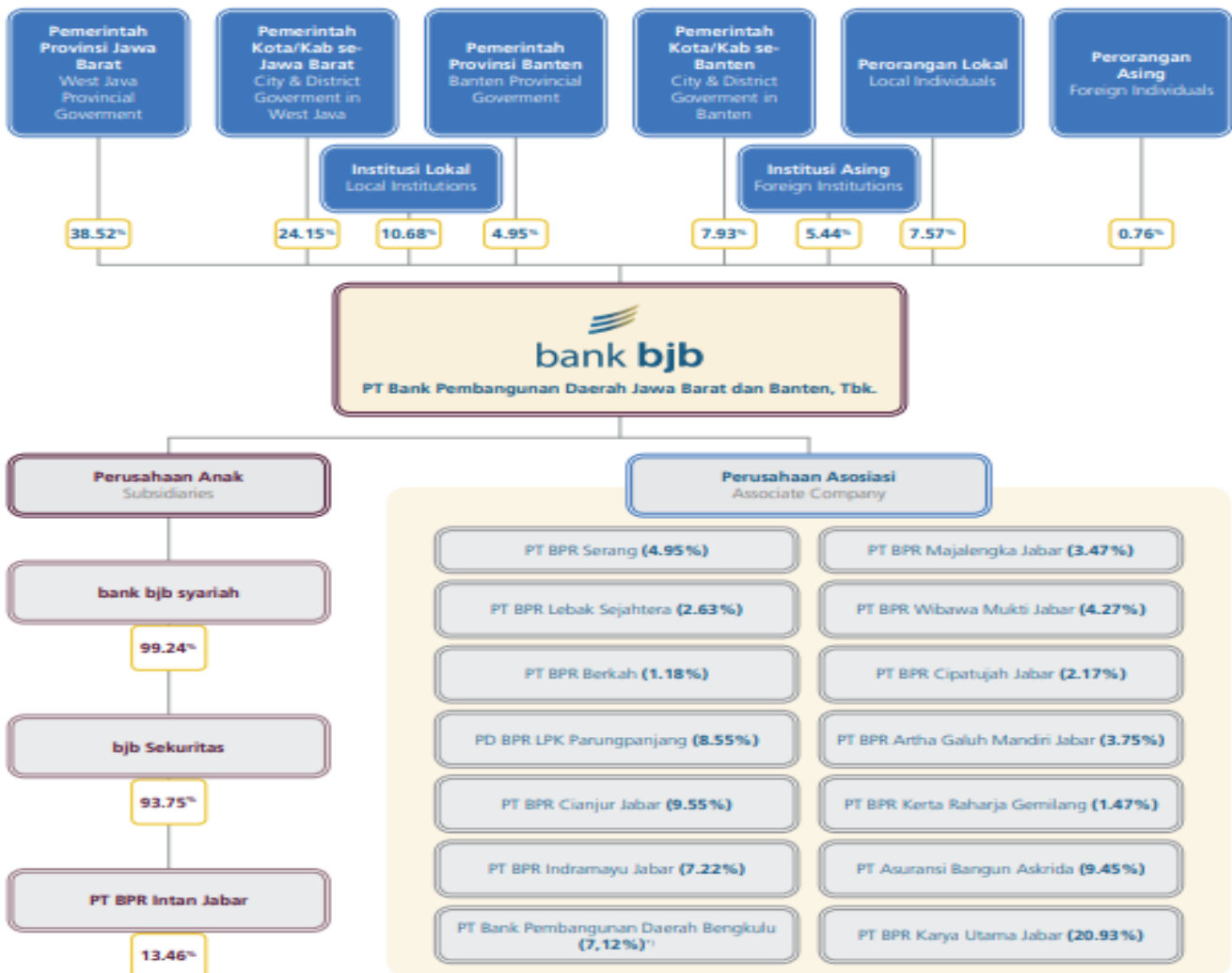
Based on our DDM valuation, we have set a target price of IDR 1,400 within a year, representing a valuation of 0.88x PBV and a potential upside of 16%. Consequently, we recommend a "Hold" rating for this stock.

Financial Highlight (Consolidated)	2021A	2022A	2023A	2024F
Net Interest Income (IDR Bn)	7,901	8,408	7,064	7,144
Net Income (IDR Bn)	2,032	2,304	1,778	2,000
EPS (IDR/Share)	206.52	219.02	169.03	190.08
Total Loan Growth	7.54%	13.06%	8.05%	8.56%
ROA	1.73%	1.75%	1.33%	1.03%
NIM	5.84%	5.86%	5.18%	5.55%
NPL Ratio (bank-only)	1.24%	1.16%	1.35%	1.30%
CAR	17.98%	19.40%	20.17%	20.73%

Company Profile

On September 12, 2007, the bank's name was changed to PT Bank Pembangunan Daerah Jawa Barat dan Banten, based on the approval of the Minister of Justice and Human Rights in letter No. W8-02673HT.01.04-TH.2007. Following the bank's Board of Directors' Decision Letter No. 1065/SK/DIR-PPN/2007 dated November 29, 2007, the bank was renamed "Bank Jabar Banten." Subsequently, according to the letter from Bank Indonesia No.12/78/APBU/Bd dated June 30, 2010, regarding the Amendment Plan of the bank's logo, and the Board of Directors' Decision Letter No.1337/SK/DIR-PPN/2010 dated July 5, 2010, regarding the Enforcement of Brand Identity Guidelines on August 2, 2010, the bank was officially renamed "bank BJB." 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 amendment based on the Minutes of the Shareholders' Extraordinary General Meeting of PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk as covered in 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 (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 terdiri 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%.

Chart: Gross Loan (IDR Bn) QoQ

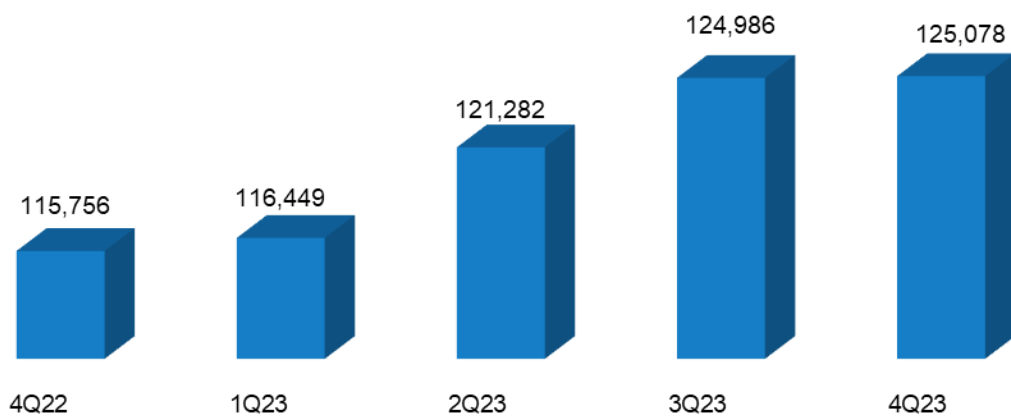


Chart: Net Income (IDR) QoQ

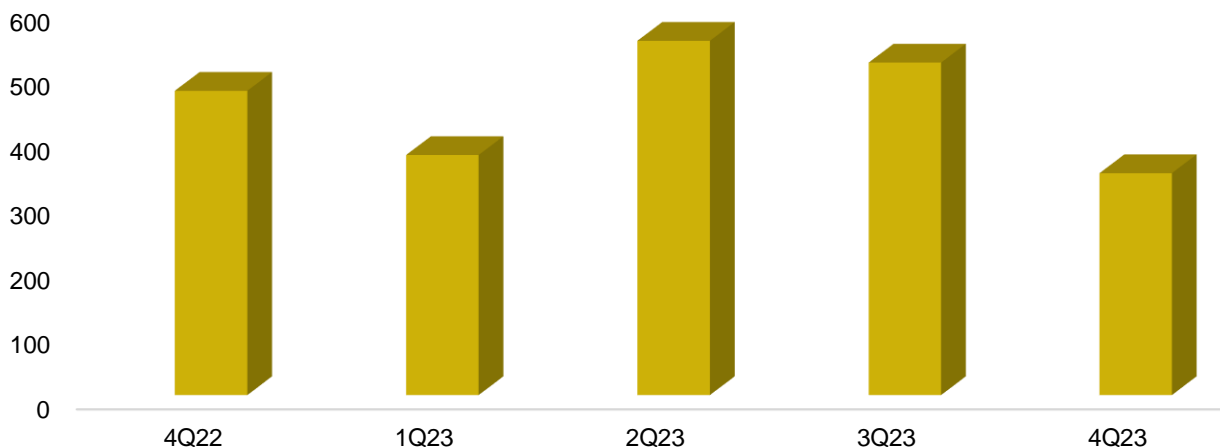


Chart: Non-Performing Loan (x) QoQ

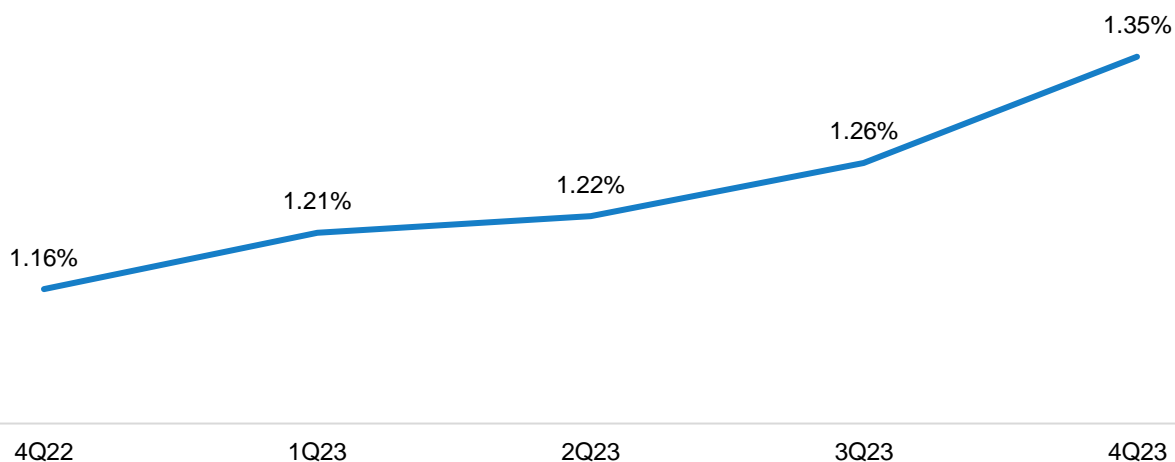


Chart: Gross Loan YoY

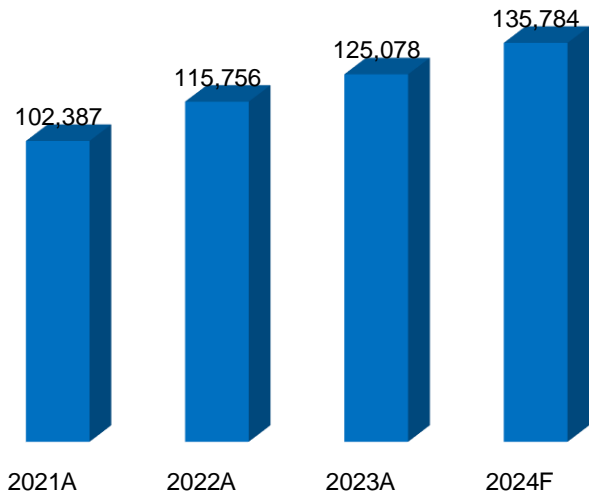


Chart: Customer Deposit YoY

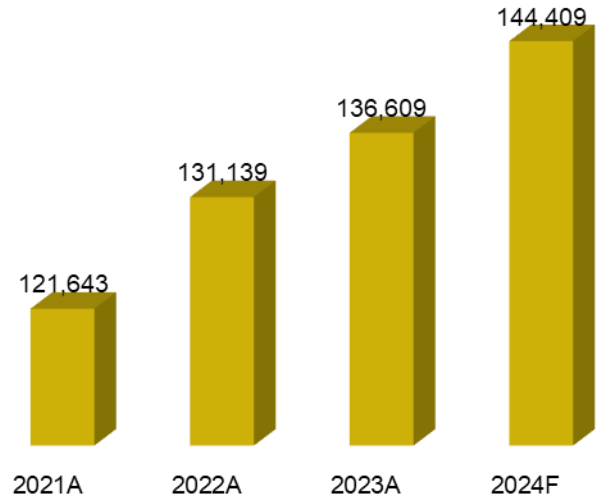


Chart: Profitability YoY

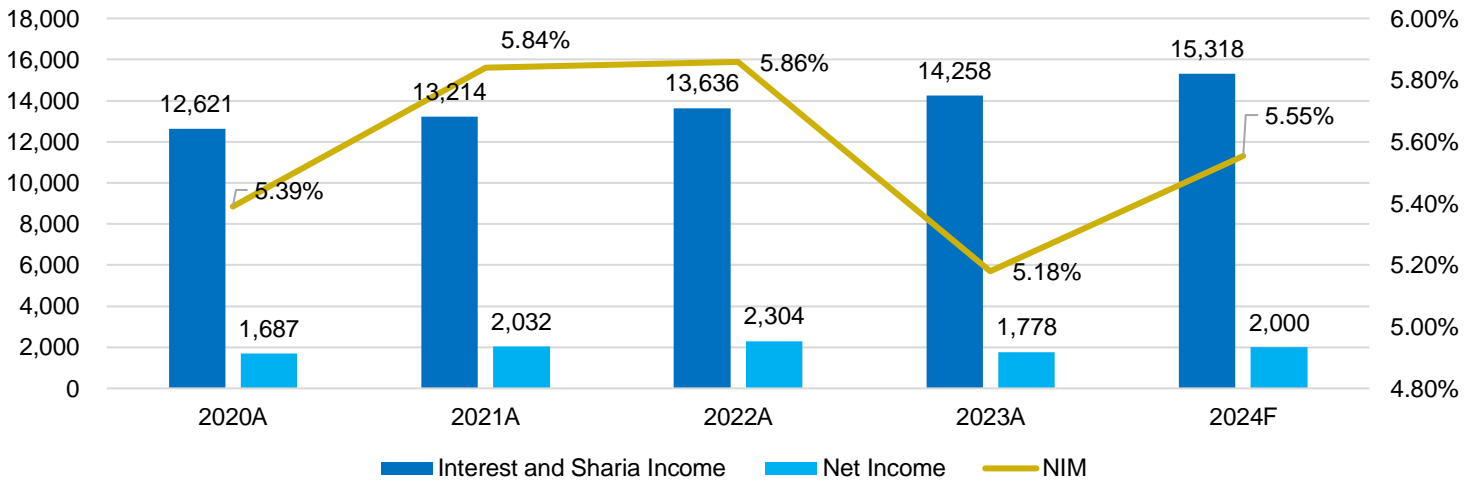
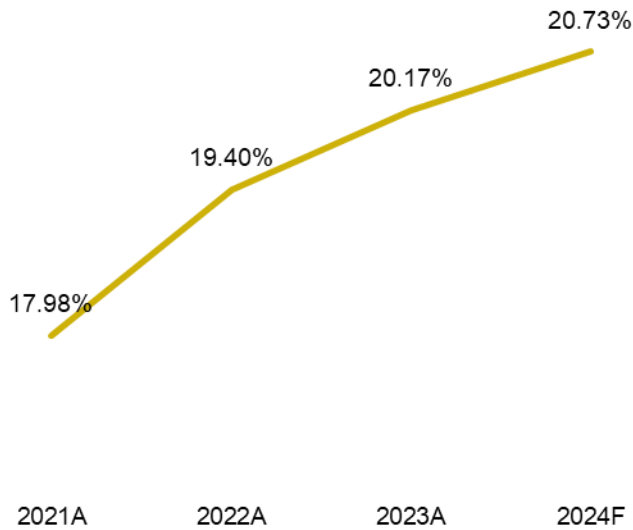
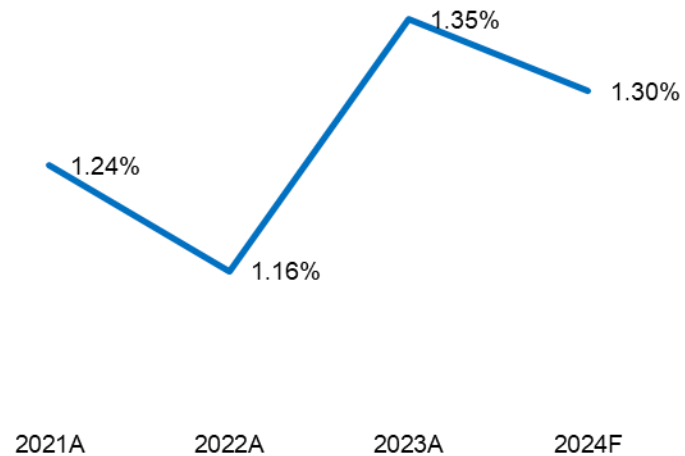


Chart: Capital Adequacy Ratio YoY



Gross NPL Ratio (Bank-Only) YoY



Balance Sheet (IDR Bn)

Balance sheet (IDR Bn)	2021 A	2022A	2023A	2024F
Cash and CA with BI	15,648	16,333	18,410	16,210
Interbank Placement	11,429	7,157	3,887	4,027
Marketable Securities	16,979	27,388	30,977	35,181
Gross Loan	102,387	115,756	125,078	135,784
Allowance for Loans	(1,939)	(1,792)	(2,131)	(2,050)
Loans-net	100,448	113,964	122,947	133,734
Other Earning Asset	34,915	42,477	37,217	40,990
Non-Earning Asset	7,345	8,468	9,721	9,437
Total Asset	158,356	181,241	188,295	200,371
Deposit:				
Current Account	26,819	25,699	22,902	23,695
Saving Account	26,742	29,005	33,646	37,383
Time Deposits	68,082	76,435	80,061	83,331
Other Interest- bearing Liabilities	8,708	15,509	32,863	35,789
Non-Interest-Bearing Liabilities	14,922	19,847	3,375	3,470
Total Liabilities	145,272	166,495	172,846	183,668
Total Shareholder's Equity	13,084	14,746	15,449	16,703

Income Statement (IDR Bn)

Income Statement (IDR Bn)	2021 A	2022A	2023A	2024F
Interest Income	13,214	13,636	14,258	15,318
Interest Expense	(5,314)	(5,228)	(7,195)	(8,174)
Net Interest Income	7,901	8,408	7,064	7,144
Other Income	1,718	1,640	1,922	2,254
Gross Operating Income	9,619	10,048	8,986	9,398
Operating Expense	(6,400)	(6,988)	(6,092)	(6,316)
Pre-Provision Operating Profit	3,219	3,060	2,894	3,081
Provision Expense	(620)	(211)	(746)	(619)
Operating Profit	2,599	2,849	2,149	2,462
Non-Operating Income - net	(11)	(13)	(22)	(20)
Profit Before Tax	2,588	2,836	2,126	2,443
Tax Expense	(569)	(590)	(445)	(550)
Net Income Attributable to Parent Entity	2,032	2,304	1,778	2,000
EPS (Rp/Share)	206.52	219.02	169.03	190.08

Ratio Highlights

Ratio Analysis (Consol)	2021 A	2022A	2023A	2024F
Profitability				
NIM	5.84%	5.86%	5.18%	5.55%
Cost-to-Income Ratio	67.00%	70.04%	69.02%	67.21%
ROE	19.01%	18.63%	14.55%	12.44%
ROA	1.73%	1.75%	1.33%	1.03%
BOPO	80.35%	81.94%	85.31%	85.99%
Liquidity				
LDR	81.68%	85.03%	87.54%	87.09%
CASA	44.03%	41.71%	41.39%	42.30%
Asset Quality				
Gross NPL (Bank Only)	1.24%	1.16%	1.35%	1.30%
Provision Coverage	150.80%	124.30%	113.50%	104.87%
Capital				
CAR	17.98%	19.40%	20.17%	20.73%
Growth				
Loan Growth	7.54%	13.06%	8.05%	8.56%
Deposit Growth	14.26%	7.81%	4.17%	5.71%
Net Income Growth	20.43%	13.41%	-22.83%	12.46%

QoQ Result

Balance Sheet	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Loan	115,756	116,449	121,282	124,986	125,078	0.07%	8.05%
Loan Loss Reserves	-1,792	-1,831	-1,880	-1,934	-2,131	10.17%	18.93%
NPL	1,252	1,306	1,378	1,470	1,566	6.53%	25.08%
Deposit							
Demand	25,699	31,413	28,952	27,695	22,902	-17.31%	-10.88%
Savings	29,005	26,017	26,099	27,606	33,646	21.88%	16.00%
Time Deposit	76,435	72,365	74,029	75,556	80,061	5.96%	4.74%
Total Asset	181,241	175,862	177,694	179,310	188,295	5.01%	3.89%
Shareholder Equity	14,759	15,217	14,904	15,043	15,560	3.43%	5.43%
Income Statement	4Q22	1Q23	2Q23	3Q23	4Q23	%QoQ	%YoY
Interest Income	3,757	3,427	3,490	3,592	3,749	4.38%	-0.21%
Interest Expense	1,539	1,728	1,734	1,814	1,919	5.82%	24.70%
Net Interest Income	2,218	1,699	1,756	1,778	1,830	2.90%	-17.49%
Other Income	414	437	422	520	543	4.50%	31.29%
Gross Operating Income	2,631	2,136	2,179	2,298	2,373	3.26%	-9.82%
Operating Expense	(2,107)	(1,585)	(1,431)	(1,504)	(1,572)	4.54%	-25.38%
Pre-Provision Operating Profit	524	552	748	794	801	0.83%	52.70%
Provision Expense	90	(100)	(90)	(168)	(388)	131.21%	-528.60%
Operating Profit	615	452	658	627	413	-34.07%	-32.83%
Non-Operating Income - net	0	(5)	(0)	(6)	(11)	94.07%	-545350.00%
Profit Before Tax	615	446	657	621	402	-35.23%	-34.60%
Tax Expense	(152)	(80)	(115)	(113)	(138)	22.28%	-9.57%
Net Income Attributable to Parent Entity	471	372	548	515	343	-33.27%	-27.08%
EPS (Rp/Share)	44.77	35.32	52.13	48.92	32.65	-33.27%	-27.08%
Ratio (Bank Only)	4Q22	1Q23	2Q23	3Q23	4Q23	QoQ	YoY
Profitability & Efficiency							
NIM	5.86%	4.77%	4.83%	4.86%	4.89%	0.03	(0.97)
Cost-to-Income Ratio	70.04%	75.42%	70.95%	69.43%	69.02%	(0.41)	(1.02)
ROE	15.50%	9.20%	11.70%	12.00%	11.10%	(0.90)	(4.40)
ROA	1.75%	1.07%	1.33%	1.10%	1.00%	(0.10)	(0.75)
Liquidity							
LDR	85.03%	86.01%	90.40%	92.40%	87.54%	(4.86)	2.51
CASA	42.10%	45.00%	43.20%	42.70%	41.60%	(1.10)	(0.50)
Asset Quality							
Gross NPL	1.16%	1.21%	1.22%	1.26%	1.35%	0.09	0.19
Coverage Ratio	124.30%	121.90%	119.10%	114.70%	113.50%	(1.20)	(10.80)
Capital							
CAR	19.19%	21.10%	20.06%	19.62%	20.05%	0.43	0.86

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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