BJBR’s rating stays at “idAA-”, outlook revised to “stable”

PEFINDO has affirmed its “idAA-” ratings of PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (BJBR) and its outstanding Bonds VII/2011. The outlook of the corporate rating has been revised to “stable” from “negative”, driven by the sustainable recovery in BJBR’s asset quality indicators. Amid unfavorable economic condition, BJBR could gradually improve its non-performing loan (NPL) ratio to 3.8% as of September 30, 2015 (3Q2015) from as high as 4.3% as of FY2014. PEFINDO views the Bank’s overall asset quality profile will continue to be in line with industry average in the medium term, in line with settlement from existing bad debtors, insurance claim, and management strategy to focus on low-risk portfolio such as consumer and selected productive loan segments.

The “idAA-” ratings reflect the Bank’s strong market position in the banking industry, its captive market in West Java and Banten provinces, and its strong capitalization. However, the ratings are constrained by its high NPL from the productive segment and the Bank’s concentrated funding to large institutions. BJBR’s Bonds VII/2011 serie B amounting to IDR601 billion will mature on February 9, 2016. PEFINDO views the Bank has the capability to repay the maturing bonds, reflected by its liquid asset profile such as cash and cash equivalent balance of IDR1.9 trillion and placement with Bank Indonesia and other banks of IDR8.3 trillion as of 3Q2015.

BJBR was established in 1961 as a regional development bank (Bank Pembangunan Daerah or BPD), focusing on banking activities in West Java and Banten provinces. As of 3Q2015, it was 75.0% owned by the provincial and municipal governments in West Java and Banten, and 25.0% by the public. Its business activities are supported by 7,318 employees and 4 regional offices, 62 branches, 312 sub-branches, 315 cash offices, 131 payment points, 443 waroeng bjb, 11 bjb precious, 6 MSME Centers, 22 mobile cashes and 11 forex branches.

Rating Period: November 6, 2015 – November 1, 2016
Contact Analyst: Hendro Utomo & Dyah Puspita Rini
hendro.utomo@pefindo.co.id & dyah.rini@pefindo.co.id

DISCLAIMER
PT Pemeringkat Efek Indonesia (PEFINDO) does not guarantee the accuracy, completeness, timeliness or availability of the contents in this report or publication. PEFINDO cannot be held liable for its use, its partial use, lack of use, in combination with other products or used solely, nor can it be held responsible for the result from its use or lack of its use in any investment or other kinds of financial decision making on which this report or publication is based. In no event shall PEFINDO be held liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses including but not limited to lost profits and opportunity costs in connection with any use of the contents of this report or publication. Credit analyses, including ratings, and statements in this report or publication are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The contents cannot be a substitute for the skill, judgment and experience of its users, its management employees and/or clients in making investment or other business decisions. PEFINDO also assumes no obligation to update the content following publication in any form. PEFINDO does not act as fiduciary or an investment advisor. While PEFINDO has obtained information from sources it believes to be reliable, PEFINDO does not perform an audit and does not undertake due diligence or independent verification of any information used as the base of and presented in this report or publication. PEFINDO keeps the activities of its analytical units separate from its business units to preserve independence and objectivity of its analytical processes and products. As a result, certain units of PEFINDO may have information that is not available to other units. PEFINDO has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. PEFINDO may receive compensation for its ratings and other analytical work, normally from issuers of securities. PEFINDO reserves the right to disseminate its opinions and analyses. PEFINDO public ratings and analyses are made available on its Website, http://www.pefindo.com (free of charge) and through other subscription-based services, and may be distributed through other means, including via PEFINDO publications and third party redistributors. Information in PEFINDO’s website and its use fall under the restrictions and disclaimer stated above. Reproduction of the content of this report, in full or in part, is subject to written approval from PEFINDO.

Tel: (62-21) 72782380 ● Fax: (62-21)72782370
http://www.pefindo.com