Bank BJB is rated “idAA-” with stable outlook

PEFINDO has affirmed its “idAA-” ratings of PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (Bank BJB) and its outstanding Bonds VII/2011 and MTN II/2016. The outlook of the corporate rating is “stable”.

An obligor rated idAA differs from the highest rated obligors only to a small degree, and has a very strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors.

The Minus (-) sign indicates that the rating is relatively weak within the respective rating category.

The ratings reflect Bank BJB’s very strong market position in the banking industry, its captive market in West Java and Banten provinces, and its very strong capitalization profile. However, the ratings are constrained by its high non-performing loans (NPL) from the productive loan segment and its moderate profitability indicators.

The ratings could be raised if Bank BJB substantially strengthens its business profile and at the same time improves its asset quality and profitability indicators on a consistent basis. The rating may be lowered if its market presence falls considerably, or its financial indicators experience significant deterioration, particularly its profitability and asset quality profiles.

Bank BJB was established in 1961 as a regional development bank (BPD), focusing on West Java and Banten provinces. As of June 30, 2017, it was 75.0% owned by the provincial and municipal governments in West Java and Banten, and 25.0% by the public.

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