PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk

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Bank BJB’s rating affirmed at AA- with stable outlook

PEFINDO has affirmed its “AA-” ratings for PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk (Bank BJB) and Shelf Registered Bond I/2017. PEFINDO has also affirmed its “AA” rating for the Bank's Subordinated Bonds I/2017. The outlook for the corporate rating is “stable”.

An obligor rated AA 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 other Indonesian obligors. The minus (-) sign indicates that the rating is relatively weak within the respective rating category.

A debt security rated AA indicates that the obligor’s capacity to meet its long-term financial commitments on the debt security, relative to other Indonesian obligors, is strong. However, it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated debt.

The rating reflects BJB’s very strong market position in the banking industry, its captive market in West Java and Banten provinces, and its strong capitalization profile. The rating is constrained by its high non-performing loans (NPLs) from the productive loan segment and its moderate profitability indicators.

The rating 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, 2019, it was 75.37% owned by the provincial and municipal governments in West Java and Banten, and 24.63% by the public.

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