

## **ABSTRACT**

*The Regional Development Bank (BPD) was established with the aim of helping equitable development in all regions in Indonesia. BPD is expected to be able to open services in regions that are economically impossible for private banks, by providing funding for the implementation of regional development efforts, so that capital requirements are unavoidable, given that banking expansion is strongly influenced by core capital owned. The capital market is a very strategic place for industries, including banks, to obtain funding / long-term capital.*

*This study aims to determine whether the stock value of the banking sector, especially BPD, is compared to the market price in an overvalued, undervalued or reasonable condition. The samples taken were 3 (three) BPDs listed on the IDX in 2018, namely the PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk (BJBR), PT Bank Pembangunan Daerah Jawa Timur Tbk (BJTM), and PT Bank Pembangunan Daerah Banten Tbk (BEKS). Valuation uses the FCFE method which is then validated using the relative valuation method with the PER and PBV approaches.*

*The results showed that the valuation of BJBR and BJTM shares with the FCFE method were validated with relative valuation PER and PBV in overvalued positions for all scenarios. While the valuation of BEKS shares with the FCFE method is validated with relative valuation PER and PBV in an undervalued position for all scenarios. With reference to the results of these studies, it is recommended that investors sell / not buy BJBR and BJTM shares, and are advised to buy BEKS shares.*

**Keywords:** *Valuation, Bank, Free Cash Flow to Equity (FCFE), Price to Earning Ratio (PER) and Price Book Value (PBV).*