

Content

Time Consistency and The Need For Stability of Rupiah

Preliminary

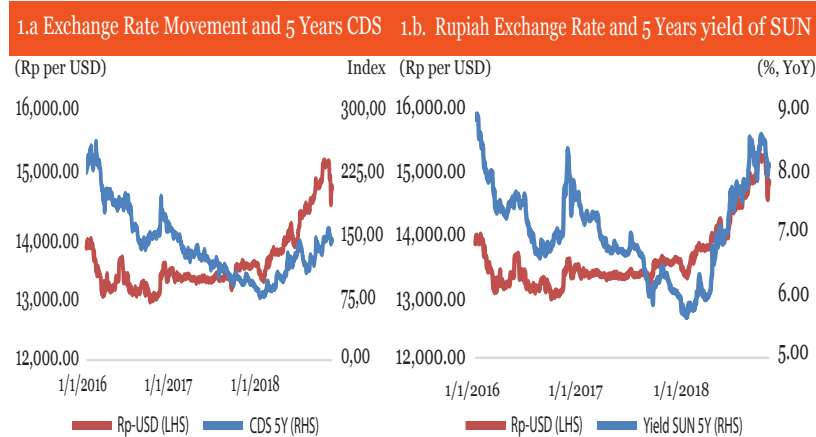
In the complex and dynamic economy, ceteris paribus condition that only estimating the impact of one factor to another one factor seems to be irrelevant. But, by observing CDS (credit default swap), yield of SUN (government bonds), reserved assets, and interest rate, we can be concluded that rupiah stability movement is very crucial. Therefore, time consistency of Indonesia Central Bank (BI) to stay in line with the ahead the curve and the stability over growth paradigm is indispensable to keep exchange rate stable and maintain the economic growth.

The Rupiah Exchange Rate Movement

Blanka (2017) based on arbitrage pricing theory used the 60 countries data (29 Europe countries, 14 Asia Countries, 10 Afrika countries, and 7 America countries), that divided those countries into 2 groups, i.e emerging market and advanced country. The author concludes that exchange rate risk relatively would had a bigger impact to the movement of the government bonds yield in emerging market than in advanced country.

Gadanecz, Miyajima, and Shu (2014) explained that it was mainly caused by the higher exchange rate risk in emerging markets, thus would makes the investors to move their assets from the asset denominated in emerging market exchange rate, then would be impact to the liquidity at those countries. Therefore, the higher probability of exchange rate volatility in the emerging market shall be compensated by the higher yield, or sometime it is known as interest rate parity theory.

Figure 1. Exchange Rate Movement, 5 Years CDS, and 5 Years Yield of SUN

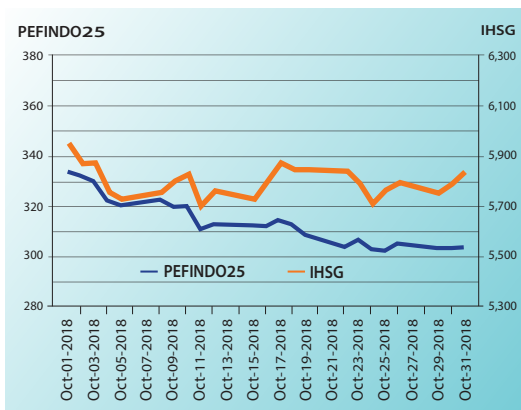


Source: Bloomberg (2018)

Source: Bloomberg (2018)

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Refer to the rupiah exchange rate, the CDS, and the Indonesia Government Bond yield data between 2016 and 2018 (above, Figure 1a and 1b), it seems that arbitrage pricing theory and interest rate parity theory are relatively relevant to the Indonesia financial market (particularly bond market) along the period. By assuming CDS is the risk value of a country financial instrument, especially the exchange rate and the government bonds (SUN), it looks that the rupiah exchange rate movement relatively moves positively linear to the Indonesia CDS. It is almost identic with of the movement SUN's yield to the rupiah exchange at the same period.

Therefore, it is understandable if it is stated that rupiah movement not only has impact to the real sector, but also has impact to the financial market. Moreover, it is related to the risk profile and the yield of domestic bond, thats why the rupiah stability are crucial to the domestic economy.

The Rupiah Exchange Rate Stability

Looking at how crucial the Rupiah exchange rate to domestic economy, especially in domestic bond market, we should address the ability of the monetary authority to stabilize exchange rate, especially for the Indonesia economy that adopts the managed floating exchange rate.

Refers to the European Central Bank (ECB) statement that reserved assets are assets who

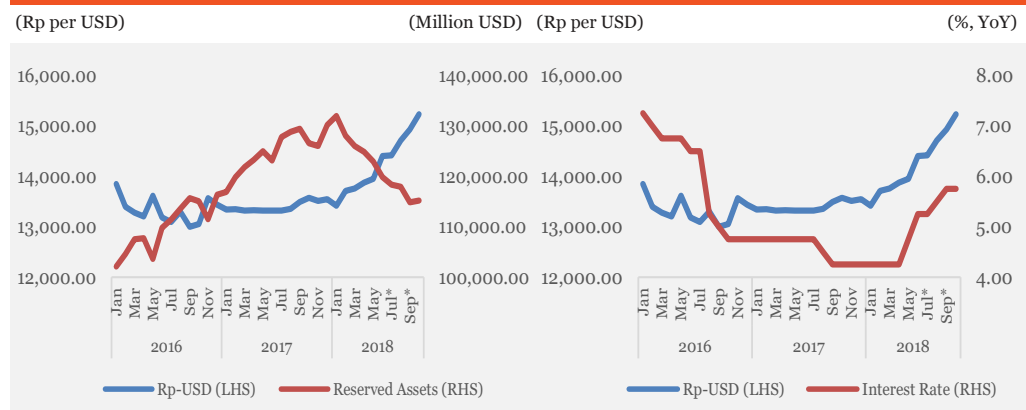
denominated in foreign currency ready and could be used by monetary authority to control balance of payment, to intervene exchange rate market to influence exchange rate, and other puposes (i.e to keep the confidence on the domestic exchange rate and the economy or as the basis to get foreign loans). In the other hand, Indonesia Central Bank (BI) also explained that policy interest rate could be used as the main instrument to influence the economic activity, with the final aim to reach the low and stable inflation rate by keeping and maintaining rupiah stability.

Referring to the above things, it is could be assume if the reserved assets and the interest rate are also needed as one benchmark of rupiah stability. Moreover, since the beginning of the year (January) 2018 until now, the total of Indonesia's reserved assets had showed a downward trend, at the same time reflected by the rupiah depreciation. While, interest rate hike since April 2018 also looks not effective enough to maintain the rupiah exchange rate below IDR14,000,- per USD.

Nevertheless, as the appreciation to the ahead the curve and to the stability over growth paradigms of the Indonesia Central Bank (BI), we also noted that it must be doing consistently over the time (time consistent). Since the stability, through various monetary policy transmission mechanism, would takes time (time lag). ●

Figure 2. Rupiah Exchange Rate Movement, Reserved Assets, and Interest Rate

2.a Rupiah Exchange Rate and Reserved Assets 2.b. Rupiah Exchange Rate and Interest Rate



Source: Indonesia Central Bank (2018)

Source: Indonesia Central Bank (2018)

Impact of Rupiah Depreciation and Interest Rate Hikes

To Financial Sector



Hendro Utomo
THE HEAD OF THE FINANCIAL
RATING DIVISION

PEFINDO is of the view that Rupiah currency depreciation against US Dollar and surging interest rates may adversely affect the financial institutions such as banks and non-bank financial institutions of financing companies, although in the near term

the impact should remain manageable. Strong pressure from global economy dynamics has overshadowed efforts made by Indonesian monetary authority in maintaining the stability of Rupiah. Currency depreciation may directly affect entities with high exposure in foreign currency liabilities without adequately hedge its currency risks, either naturally or through various hedging instruments. On the other side, financial institutions with debtors exposed to Rupiah volatility may suffer from increasing non-performing loans, resulting in asset quality and profitability deteriorations. Interest rate upward adjustment is one of the countermeasures to overcome Rupiah depreciation, however this may cause slower credit growth in banking and financing industries, and put further pressure in the profitability due to tightening net interest margin.

Interest rate hikes and other efforts for Rupiah stabilization

In the past few years, Bank Indonesia (BI) has taken several initiatives in order to maintain Rupiah currency stability. In 2014, BI issued Bank Indonesia Regulation (PBI) Number 16/21/PBI/2014 regarding the implementation of prudential principles in managing external debt of the non-bank corporation. Under this regulation, non-bank corporations with outstanding foreign currency offshore loans are required to implement key strategies to minimize foreign currency risk, such as fulfilling the minimum hedging ratio, liquidity ratio, and minimum credit rating. Bank Indonesia also issued PBI 17/3/PBI/2015 regarding the obligation in using Rupiah currency in Indonesia, with the purpose to increase the utilization of Rupiah for domestic transactions, thus lowering demand for foreign currency particularly US Dollar. In our view, in the medium term these initiatives are proven to be quite effective in Rupiah stabilization, reflected in Rupiah exchange rate strengthening to the level of below IDR14,000/USD since third quarter of 2015 until first quarter of 2018. This year BI has launched a

new regulation regarding domestic non deliverable forward (DNDF) transaction to provide alternatives in conducting foreign currency hedging activities in domestic market.

BI has also increased Rupiah benchmark interest rate in order to mitigate the currency depreciation. In 2018, BI 7-days repo rate has been adjusted upward by six times totalling of 175 basis points, the most recent one was in middle November 2018, reaching at 6.0%. Despite such drastic actions compared to the previous years, it is considered necessary to avoid Rupiah from depreciating further and pressure for interest rate hikes will persist in the next 1-2 years in line with global economy situation and current account deficit.

Manageable foreign currency exposure in banking sector

Banking sector's exposure to foreign currency is considered to be moderate, reflected by portion of loans and third-party funds in foreign currency ranging at around 13.9%-18.4% of total loans and total deposits in the past few years. Rupiah depreciation may increase the portion of foreign currency loans and deposits in the medium term, although in our view it will be maintained within the above historical range. Despite the increasing trend, the portion was still lower than prior 2016 ranging at 15%-18%. In addition, with high foreign currency loan to deposit ratio (LDR) at around 90% in the past few months, mismatch in foreign currency loans and deposits in nominal amount is still manageable.

Hedging for currency mismatch mitigation in financing industry

We are of the view that financing industry is more exposed to currency mismatch risk, since the foreign currency financing to funding ratio was relatively low at 39%-42% in the past few months, compared to foreign currency Loan to Deposit Ratio (LDR) in banking industry at above 90%. Foreign currency financing tends to be stagnant since financing companies are still focusing on consumer financing, limiting the portion of productive financing segment. On the other side, financing companies are more active in obtaining funding in foreign currency particularly from offshore banks with the benefit of more competitive lending rates and larger amount compared to Rupiah loans from domestic banks due to legal lending limit regulation.

Rupiah depreciation may result in increasing foreign currency liabilities for financing companies, if not adequately compensated by foreign currency lending portfolio. In our view, financing companies have anticipated this potential risk by exercising hedging activities such as cross-currency swaps to minimize foreign exchange and interest rate fluctuation. Banks as the creditors also require this hedging transactions as a preliminary condition before disbursing foreign currency loans to its debtors including financing companies.

Potentially increasing non-performing loans

Impact of Rupiah depreciation has also hit entities in real sectors and this may indirectly affect financial sectors such as banks and financing companies disbursing loans to those entities. There are substantial loan portfolios to sectors affected by Rupiah depreciation, such as trading, manufacturing, mining, and construction. Increasing non-performing loans may weaken other financial indicators such as profitability and capitalization.

Weakening Rupiah may create perception of uncertainties, and this may affect consumption behaviour since people will tend to save the funds rather than spending under period of uncertainties. As a result, consumer financing activities may also be adversely affected.

Interest rate hikes may also affect the asset quality profile in financial sector due to its impact on the debtors' repayment capability. In addition to ongoing unfavourable economic condition, debtors may face additional burden from increasing interest expenses. On the other side, higher interest rate may lower demand for new financing in banks and financing companies. Both factors may result in increasing non-performing loans ratio.

Bank's NPL from productive sectors are mostly contributed by trading, construction, mining and manufacturing sectors with NPL ratio ranging at 3.0%-4.6%. Delinquent loans in consumer loan segment mostly comes from mortgage both for residential and shophouses with NPL ratios around 2.8%-5.1%. We also observe increasing trend of special mention loans at around 5.3%-6.0% in 2018, compared to 4.7% at the end of 2017. Special mention loans can be indicated as leading indicators of non-performing loans in the near term if not managed properly. ●



M. Try Satria Pranata
MUNICIPAL ANALYST

Direct Effects of Natural Disasters to Local Government Revenues (1)

Major natural disasters hit Indonesia with the earthquakes in West Nusa Tenggara (Nusa Tenggara Barat/NTB) Province in the past July-August, and also the earthquakes followed by the tsunami in Central Sulawesi Province in the last September, inflicted a deep sorrow of humanity. Based on data released by the National Board of Disaster Management (*Badan Nasional Penanggulangan Bencana/BNPB*) as of October 21, 2018, the major disasters casualties reached at least 2,820 people who have been confirmed dead, 6,196 injured people, 1,309 missing people, and 669,094 people being displaced.

Besides the human casualties, the disasters also inflicted enormous material losses. BNPB estimated the losses from the disaster in NTB to reach IDR17.13 trillion, while the losses from the disaster in Central Sulawesi reached IDR13.82 trillion. The estimated losses were still temporary numbers, with a continuous verification in the impacted areas. The enormous figure is mainly due to the large number of buildings and infrastructure destroyed by the disasters.

The impact of the disasters was also felt by the impacted local and regional governments (LRGs). The LRGs should apply the local budget (*Anggaran Pendapatan dan Belanja Daerah/APBD*) to improve the welfare of the local community. With these disasters, the mandate to LRGs for development will certainly be hampered. The focus on post disaster handling will be a top priority in the future.

In PEFINDO's view, the disasters will have an impact on the overall structure of the APBD, that are revenues, expenditures, and financing activities. In this article, we will analyze its effect on the impacted LRGs finance, especially the revenues. In the following analysis, we will use the Budget Realization Report (*Laporan Realisasi Anggaran/LRA*) data from the impacted LRGs, such as NTB Province, Mataram City (the capital of NTB), Central Sulawesi Province, and Palu City (the capital of Central Sulawesi) in the budget year of 2017.

The local revenues

The structure of LRGs revenues in Indonesia consists of local generated revenue (*Pendapatan Asli Daerah/PAD*), transfer revenue from the central government/other LRGs, and other legitimate revenues. Based on the LRA of 2017, it is known that the four impacted LRGs were still very dependent on transfer revenues, within a range of transfer revenue to total revenue of 65.36% to 75.59%.

The local generated revenue

We view that the LRG's ability to generate PAD in after the disaster will decrease. It is due to the fact that some of the local tax objects are damaged/lost assets of the locals, which are included in

the calculation of material losses. The assets are vehicles (provincial tax objects) and also land and buildings (regency/city tax objects).

The type of provincial tax based on assets are the Vehicle Tax (*Pajak Kendaraan Bermotor/PKB*) and the Duty of Ownership Transfer on Vehicle (*Bea Balik Nama Kendaraan Bermotor/BBNKB*). The contribution of these types of taxes to PAD of the NTB Province was 37.86% and Central Sulawesi Province was 44.83% in 2017. On the other hand, the types of regency/city tax based on assets are the Land and Building Tax-Rural and Urban Areas (*Pajak Bumi Bangunan-Perdesaan dan Perkotaan/PBB-P2*) and the Duty of Right Acquisition on Land and Building (*Bea Perolehan Hak atas Tanah dan Bangunan/BPHHTB*), as well as the tax based on the utilization on specific assets, such as Hotel Tax, Restaurant Tax, and Entertainment Tax. The contribution of these five types of taxes to PAD of the Mataram City was 26.13% and Palu City was 22.33% in 2017.

In addition, we view that the PAD from other types of local taxes, as well as local

The General Allocation Fund (*Dana Alokasi Umum/DAU*) tends to be stable considering that the DAU is strictly measured based on a standard formulation, and was primarily intended to fund the wages expenditure. On the other hand, we view that there will be a decrease in the allocation of the Tax Sharing Revenue Funds (*Dana Bagi Hasil Pajak/DBHP*) from the central government, along with the loosened tax policy of national tax due to the disasters in the NTB and Central Sulawesi regions from the Directorate General of Tax. Specific for the Mataram City and Palu City, we view that there will be a significant decrease in the transfer revenues from the province government along with a significant decrease in the province tax revenues as stated above.

In our view, the overall transfer revenue will increase. It was driven by the increase of the physical DAK from the central government to fund its post disaster infrastructure recovery, eventhough there was a decrease in the DBHP. However, it could be hampered if the budgeting mechanism for additional DAK allocations in the Ministry of Finance (MoF) is delayed considering the budget year of 2018 will end soon. Nonetheless, we consider that the DAK allocations for the impacted LRGs will further increase in the budget year of 2019.

Table 1. Summary of The Four Impacted LRGs Revenue In 2017 and APBD of 2018

LRG	PAD		Transfer Revenue		Other Legitimate Revenues		Total Revenue	Revenue Budget of 2018
	[IDR Bn]	[%]*	[IDR Bn]	[%]*	[IDR Bn]	[%]*		
NTB Province	1,684.47	33.14	3,322.32	65.36	76.37	1.50	5,083.16	5,230.28
Central Sulawesi Province	958.21	26.34	2,654.74	72.97	25.39	0.70	3,638.34	3,827.98
Mataram City	386.96	27.17	1,020.54	71.66	16.57	1.16	1,424.07	1,412.05
Palu City	284.38	21.21	1,013.38	75.59	42.89	3.20	1,340.65	1,377.00

Source: LRG's financial statements. * Percentage to total revenue.

retribution, dividend revenue from the local-owned enterprises, and other legitimate PADs will decrease. It is due to the fact that the locals and the local business will prioritize the use of their money to fund the basic needs of post disaster recovery. We view that these two factors will cause a significant reduction in PAD.

The transfer revenue

We believe that the central government will actively support in the post disaster recovery, eventhough both disasters are not in the status of national disaster. The central government will increase the amount of transfers given to impacted LRGs, especially the physical Special Allocation Fund (*Dana Alokasi Khusus/DAK*), which is the specific transfers to fund the local infrastructures. In 2017, the DAK contributed approximately 27% of the total revenues of the NTB Province and Central Sulawesi Province, and contributed approximately 16% to the total revenues of Mataram City and Palu City.

The other legitimate revenues

We view that the other revenues will increase along with the increase in the grant revenues from various local and international institutions, as well as voluntary support from the peoples and communities. In addition, the central government will provide an emergency fund allocation that must be used primarily to fund the initial periods of the disasters. Due to the small contribution of other revenues to total revenue, we consider the effect on total revenue will be insignificant.

The total revenue

In general, we consider the realization of impacted LRGs in 2018 will increase from the previous year. We view that the increase of the physical DAK will exceed the decrease of PAD, due to the enormous needs for the post disaster infrastructure recovery and the high contribution of transfer revenue to total revenue. However, we also consider the budgeting process for additional DAK allocation in the MoF, which has the potential for delays given that the budget year of 2018 will end soon. Nonetheless, we view that the total revenue in 2019 will increase more than in 2018. ●

Table 2. The Post Disaster Effect of Revenue of 2018 to Revenue of 2017

LRG	PAD	Transfer Revenue		Other Legitimate Revenues	Total Revenue
		From Central Government	From Province Government		
NTB Province	Significant Decrease	Increase (Tentative)	-	Increase	Increase (Tentative)
Central Sulawesi Province	Significant Decrease	Increase (Tentative)	-	Increase	Increase (Tentative)
Mataram City	Significant Decrease	Increase (Tentative)	Significant Decrease	Increase	Increase (Tentative)
Palu City	Significant Decrease	Increase (Tentative)	Significant Decrease	Increase	Increase (Tentative)

Source: LRG's financial statements.

PEFINDO Silver Anniversary Golf Gathering



PT PEFINDO held an annual mini golf tournament “PEFINDO Silver Anniversary Golf Gathering”. Located at the Sentul Highland Golf Club, this year's Golf Gathering at the same time commemorating the 25th PEFINDO birthday event.

PEFINDO provides prizes for Hole In One on the 4th and 12th holes with the total prize of IDR200 million. As an appreciation for attendance, all golf tournament participants had the opportunity to bring home a supergrand lucky draw in the form of a motorcycle. In addition, there were also 52 prizes in the form of smart TV, bicycles, mobile phones, and other prizes so that almost all participants won the door prize.

The golf tournament ends at 13:00 p.m, followed by

lunch at 13:30 p.m at the Bale Gede Function Room. Submission of prizes for winners of golf tournaments and entertainment.

The following is the list of the winners of the golf tournament:

Best Gross	: Edu Manurung, PT PANN Maritime Financing
Best Nett I	: Bob T. Ananta, PT Bank Negara Indonesia (Persero) Tbk.
Best Nett II	: Dedi Pramadya PT Trimegah Sekuritas Indonesia Tbk.
Best Nett III	: Tommy Meilitza, PT Angkasa Pura Hotels
Longest Drive	: Safran
Nearest to the pin	: Wan Razly Abdullah, PT Bank CIMB Niaga Tbk.
Nearest to the line	: Budi Santoso, Lembaga Penjamin Simpanan. ●

Newsletter

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Corporate Bond Yields Rose, But More Due To The Benchmark Increase

Ahmad Nasrudin

ECONOMIC RESEARCH ANALYST

”

Even though the pressure on corporate bond yields still exists, we think the spread will still be stable.

We see the rise in corporate bond yields driven more by the increase in yields on government bonds. This is at least reflected in the movement of the 3-year bond yields the most popular tenor in the corporate bond market and the spreads to government bonds. As of mid-November 2018, the yield of these bonds ranged from 9.137%-12.841% for the AAA-BBB rating, up from the end of the previous year which ranged from 7.447%-10.829%. Conversely, in the same period, the spread to government bonds was relatively stable with a downward trend for higher ratings (exhibit 2).

The corporate bond market is relatively stable because of the relatively small exposure of foreign negative sentiments. Foreign ownership is only around 8.1%, very low compared to government bonds which have reached 36.9%. Domestic investors do not seem to ask for a higher risk premium, considering that risk exposures are also relatively low and also because of the characteristics of those who are more likely to hold to maturity.

Internally, domestic macro conditions are relatively stable. The economic growth rate is

also still around 5%, while inflation is also still within the prediction range of Bank Indonesia (3.5%±1%). Indeed, rupiah volatility tends to be high along with pressure in the trade balance and movement of foreign capital flows. However, exchange rate risk exposure will not be too large for issuers who do not rely too much on the US dollar in their operations. So, overall we see relatively positive business expectations. This is also at least reflected in the accelerated growth of working capital loans and investment loans from 8.4% year on year (YoY) and 5.2% YoY in September 2017 to 13.8% YoY and 11.8% YoY in September 2018.

Even though the pressure on corporate bond yields still exists, we think the spread will still be stable. The yield increase is mainly due to the increase in bank interest rates, which in turn will push up the yield of government bonds and adjustments to corporate bonds. Meanwhile, low and controlled inflation is a key factor for a stable spread. Over time, inflation reduces the purchasing power of the rupiah. When investing in corporate bonds, investors consider an important question: how much inflation will reduce the purchasing power of bond yields from time to time? So, as long as inflation is still low, the risk premium over corporate bond will also be relatively stable (exhibit 2). ●

Exhibit 1. Effective Yield on Corporate Bonds for a 3-Year Tenor (%)



Source: Bloomberg, IBPA

Exhibit 2. Spread to Government Bonds for a 3-Year Tenor (bps) vs Inflation





companies & bonds rated by PEFINDO

No	Company	Rating	Outlook
1	Adhi Karya (Persero) Tbk. Shelf Registration Bond Year 2012, 2013, and 2017	idA-	Stable
2	Adhi Persada Properti MTN Year 2017	idBBB	Negative
3	Adira Dinamika Multi Finance Tbk. Shelf Registration Bond Year 2014, 2015, 2016, 2017, and 2018 Shelf Registration Sukuk Mudharabah Year 2016, 2017, and 2018	idAAA	Stable
4	Adonai Pialang Asuransi Agung Podomoro Land Tbk. Shelf Registration Bond Year 2014 and 2015	idAAA(sy)	Stable
6	AKR Corporindo Tbk. Bond Year 2012 Shelf Registration Bond Year 2017	idBBB	Stable
7	Andalan Finance Indonesia	idAA-	Positive
8	Aneka Tambang Tbk. Shelf Registration Bond Year 2011	idAA-	Negative
9	Angkasa Pura I (Persero) Bond Year 2016 Sukuk Ijarah Year 2016	idA-	Stable
10	Angkasa Pura II (Persero) Bond Year 2016	idAAA	Stable
11	Asahimas Flat Glass Tbk.	idAAA(sy)	Stable
12	ASDP Indonesia Ferry (Persero)	idAAA	Stable
13	Astra Sedaya Finance	idAA	Stable
14	Asuransi Bangun Askrida	idAAA	Stable
15	Asuransi Bhakti Bhayangkara	idA+	Stable
16	Asuransi Binagriya Upakara	idBBB	Stable
17	Asuransi Bringin Sejahtera Artamakmur	idBBB+	Stable
18	Asuransi Central Asia	idA+	Stable
19	Asuransi Jiwa Taspen	idA+	Stable
20	Asuransi Kredit Indonesia (Persero)	idAA+	Stable
21	Asuransi Sinar Mas	idAA+	Stable
22	Asuransi Tri Pakarta	idA-	Stable
23	Asuransi Tugu Kresna Pratama	idBBB+	Stable
24	Asuransi Umum BCA	idAA	Stable
25	Bali Towerindo Sentra Tbk. MTN Year 2017	idBBB+	Stable
26	Bank BNI Syariah	idBBB+	Stable
27	Bank Bukopin Tbk. Shelf Registration Subordinated Bond Year 2012 Shelf Registration Subordinated Bond Year 2015 and 2017	idA-	Stable
28	Bank Capital Indonesia Tbk. Subordinated Bond Year 2014, 2015, and 2017	idBBB+	Stable
29	Bank Central Asia Tbk. Shelf Registration Subordinated Bond Year 2018	idBBB	Stable
30	Bank CIMB Niaga Tbk. Shelf Registration Bond Year 2013, 2016, 2017, and 2018	idAAA	Stable
31	Bank Danamon Indonesia Tbk.	idAAA	Stable
32	Bank DKI Shelf Registration Bond Year 2016	idAA-	Stable
33	Bank Kesejahteraan Ekonomi Subordinated Bond Year 2016	idBBB+	Negative
34	Bank Mandiri (Persero) Tbk. Shelf Registration Bond Year 2016, 2017, and 2018 Subordinated MTN Year 2018	idBBB-	Stable
35	Bank Mayapada Internasional Tbk. Subordinated Bond Year 2013 Subordinated Bond Year 2014 and 2018 Shelf Registration Subordinated Bond Year 2017	idAAA	Stable
36	Bank Maybank Indonesia Tbk. Shelf Registration Bond Year 2017 and 2018 Shelf Registration Subordinated Bond Year 2011 and 2012 Shelf Registration Subordinated Bond Year 2014 and 2016 Shelf Registration Sukuk Mudharabah Year 2016 and 2017	idAA	Stable
37	Bank Mega Tbk.	idAA(sy)	Stable
38	Bank Muamalat Indonesia Tbk. MTN Syariah Year 2017 Subordinated MTN Syariah Year 2017	idA+	Credit Watch with Negative Implication
39	Bank Negara Indonesia (Persero) Tbk. Shelf Registration Bond Year 2017 Subordinated MTN Year 2018	idA(sy)	Stable
40	Bank OCBC NISP Tbk. Shelf Registration Bond Year 2016, 2017, and 2018	idBBB+(sy)	Stable
41	Bank Pan Indonesia Tbk. Shelf Registration Bond Year 2016 and 2018 Shelf Registration Subordinated Bond Year 2012 Shelf Registration Subordinated Bond Year 2016, 2017, and 2018	idAAA	Stable
42	Bank Panin Dubai Syariah Tbk.	idAA	Stable
43	Bank Pembangunan Daerah Jawa Barat dan Banten Tbk. Shelf Registration Bond Year 2017 and 2018 Shelf Registration Subordinated Bond Year 2017	idAA-	Stable
44	Bank Pembangunan Daerah Jawa Tengah Subordinated Bond Year 2015 MTN Year 2017 MTN Syariah Mudharabah Year 2017	idA+	Stable
45	Bank Pembangunan Daerah Kalimantan Timur dan Kalimantan Utara	idAA-	Stable
46	Bank Pembangunan Daerah Nusa Tenggara Timur	idA	Negative

No	Company	Rating	Outlook
47	Bank Pembangunan Daerah Sulawesi Selatan dan Sulawesi Barat Shelf Registration Bond Year 2016 Sukuk Mudharabah Year 2016	idA+	Stable
48	Bank Pembangunan Daerah Sumatera Barat (Bank Nagari) Subordinated Bond Year 2012 Bond Year 2015 Sukuk Mudharabah Year 2015	idA+(sy)	Stable
49	Bank Permata Tbk. Shelf Registration Subordinated Bond Year 2013 Shelf Registration Subordinated Bond Year 2014 Subordinated Bond Year 2012	idA-	Stable
50	Bank QNB Indonesia Tbk.	idAA	Stable
51	Bank Rakyat Indonesia (Persero) Tbk. Shelf Registration Bond Year 2015, 2016, 2017, and 2018 Subordinated Bond Year 2018	idAAA	Stable
52	Bank Rakyat Indonesia Agri Niaga Tbk. Bond Year 2017	idAAA	Stable
53	Bank Resona Perdana MTN Year 2016	idAA-	Stable
54	Bank Sahabat Sampoerna	idAA-	Stable
55	Bank Sumitomo Mitsui Indonesia MTN	idAAA	Stable
56	Bank Sumut Shelf Registration Subordinated Bond Year 2018	idA	Stable
57	Bank Syariah Mandiri Sukuk Subordinated Mudharabah Year 2016	idBBB+	Stable
58	Bank Tabungan Negara (Persero) Tbk. Bond Year 2010 and 2011 Shelf Registration Bond Year 2012, 2013, 2015, 2016, and 2017	idAA+(sy)	Stable
59	Bank Victoria International Tbk. Subordinated Bond Year 2012 and 2013 Shelf Registration Bond Year 2017 and 2018 Shelf Registration Subordinated Bond Year 2017 and 2018	idAA+	Stable
60	Bank Woori Saudara Indonesia 1906 Tbk. Subordinated Bond Year 2012	idBBB+	Stable
61	Barata Indonesia (Persero) MTN Year 2017	idAA	Stable
62	Batavia Prosperindo Finance Tbk. Shelf Registration Bond Year 2017 and 2018	idBBB	Negative
63	BCA Finance Shelf Registration Bond Year 2016	idBBB	Stable
64	Bio Farma (Persero) MTN Year 2018 MTN Syariah Mudharabah Year 2018	idAAA	Stable
65	Brantas Abipraya (Persero)	idAAA(sy)	Stable
66	Bukaka Teknik Utama Tbk.	idBBB+	Stable
67	Bumi Serpong Damai Tbk. Shelf Registration Bond Year 2012 and 2016	idAA-	Stable
68	Bussan Auto Finance Bond Year 2017 and 2018	idAA-	Stable
69	Century Tokyo Leasing Indonesia MTN Year 2016	idAA	Stable
70	Chandra Asri Petrochemical Tbk. Bond Year 2016 Shelf Registration Bond Year 2017 and 2018	idAAA(cg)	Stable
71	Chandra Sakti Utama Leasing Bond Year 2017	idAA-	Stable
72	CIMB-Principal Asset Management	idA	Stable
73	Clipan Finance Indonesia Tbk. MTN Year 2018	idAA-	Stable
74	CSM Corporatama	idBBB+	Stable
75	Danareksa (Persero) Shelf Registration Bond Year 2014	idA	Stable
76	Express Transindo Utama Tbk. Bond Year 2014	idSD	Stable
77	Fast Food Indonesia Tbk. Bond Year 2016	idD	Stable
78	Federal International Finance Shelf Registration Bond Year 2016, 2017, and 2018	idAA	Stable
79	Finansia Multi Finance MTN Year 2017	idAAA	Stable
80	Garuda Indonesia (Persero) Tbk.	idBBB+	Stable
81	Global Mediacom Tbk. Shelf Registration Bond Year 2017 Shelf Registration Sukuk Ijarah Year 2017	idBBB+	Negative
82	Graha Informatika Nusantara MTN Year 2016	idA+(sy)	Stable
83	Hakaaton MTN Year 2018	idBBB	Stable
84	Hartadinata Abadi Tbk.	idBBB+	Stable
85	Hutama Karya (Persero) Bond Year 2013 Shelf Registration Bond Year 2016 and 2017	idA-	Positive
86	Impact Pratama Industri Tbk. Bond Year 2016	idA-	Negative
87	Indofood Sukses Makmur Tbk. Bond Year 2014 and 2017	idAAA(gg)	Stable
88	Indomobil Finance Indonesia Shelf Registration Bond Year 2015, 2016, 2017, and 2018	idAA+	Stable
89	Indonesia Infrastructure Finance Bond Year 2016	idA	Stable
90	Indonesia Power	idAAA	Stable

No	Company	Rating	Outlook
91	Indosat Tbk. Bond Year 2012 Sukuk Ijarah Year 2012 Shelf Registration Bond Year 2014, 2015, 2016, 2017, and 2018 Shelf Registration Sukuk Ijarah Year 2014, 2015, 2016, and 2017	idAAA idAAA idAAA(sy) idAAA idAAA(sy)	Stable - - - -
92	Industri Kereta Api (Persero) MTN Year 2017	idA- idA-	Negative -
93	INKA Multi Solusi MTN Syariah Mudharabah Year 2017	idBBB+ idBBB+(sy)	Stable -
94	Intiland Development Tbk. Bond Year 2016	idBBB+ idBBB+	Stable -
95	J Resources Nusantara MTN Year 2017 and 2018	idA idA	Stable -
96	Jakarta Lingkar Baratsatu Bond Year 2018	idA+ idA+	Stable -
97	Jasa Marga (Persero) Tbk. Bond Year 2010 Shelf Registration Bond Year 2014	idAA idAA idAA	Stable - -
98	Jasa Raharja (Persero)	idAAA	Stable
99	Kereta Api Indonesia (Persero) Bond Year 2017	idAAA idAAA	Stable -
100	KIK EBA (Asset Backed Securities) KIK EBA Danareksa BTN - KPR BTN Class A KIK EBA Danareksa Indonesia Power PLN 1-Class A EBA KIK EBA Mandiri JSMR01 Class A KIK EBA Mandiri GIAA01 Class A EBA EBA-SP SMF-BTNO1 Class A EBA-SP SMF-BTNO2 Class A EBA-SP SMF-BTNO3 Class A EBA-SP SMF-BTNO4 Class A EBA-SP SMF-BMRI01 Class A	idAAA idAAA(sf) idAAA(sf) idAA+(sf)(cg) idAAA idAAA idAAA idAAA idAAA idAAA	- - - - - - - - - -
101	Kimia Farma (Persero) Tbk. MTN Year 2017 and 2018	idAA- idAA-	Stable -
102	Lautan Luas Tbk. Shelf Registration Bond Year 2017	idA- idA-	Stable -
103	Lembaga Pembiayaan Ekspor Indonesia Shelf Registration Bond Year 2011, 2014, 2015, 2016, 2017, and 2018 MTN Year 2016 Shelf Registration Sukuk Mudharabah Year 2018	idAAA idAAA idAAA idAAA(sy)	Stable - - -
104	Lembaga Penjamin Simpanan	idAAA	Stable
105	Lontar Papyrus Pulp and Paper Industry MTN Year 2017	idA+ idA+	Stable -
106	Mandala Multifinance Tbk. Shelf Registration Bond Year 2018	idA idA	Negative -
107	Mandiri Tunas Finance Shelf Registration Bond Year 2015, 2016, and 2017	idAA+ idAA+	Stable -
108	Marga Lingkar Jakarta Bond Year 2017	idAAA(sf)	-
109	Maskapai Reasuransi Indonesia Tbk.	idAA-	Stable
110	Mayora Indah Tbk. Bond Year 2012 Shelf Registration Bond Year 2017 and 2018	idAA idAA idAA	Stable - -
111	Medco Energi Internasional Tbk. Shelf Registration Bond Year 2016, 2017, and 2018 MTN Year 2016	idA+ idA+ idA+	Stable - -
112	Medco Power Indonesia Bond Year 2018 Sukuk Wakalah Year 2018	idA idA idA(sy)	Stable - -
113	Mitra Adiperkasa Tbk. Shelf Registration Bond Year 2014	idAA idAA	Stable -
114	Mitra Bisnis Keluarga Ventura	idBBB+	Stable
115	Mitsubishi UFJ Lease & Finance Finance MTN Year 2015 and 2016	idAAA(cg)	-
116	MNC Guna Usaha Indonesia MTN Year 2017 and 2018	idBBB(cg)	-
117	MNC Kapital Indonesia Tbk. Shelf Registration Bond Year 2018	idBBB idBBB	Stable -
118	MNC Pictures MTN Syariah Ijarah Year 2018	idBBB+ idA+(sy)(cg)	Stable -
119	Modernland Realty Tbk. Shelf Registration Bond Year 2015	idA- idA-	Stable -
120	Mora Telematika Indonesia Bond Year 2017	idA idA	Stable -
121	NH Korindo Sekuritas Indonesia	idA	Stable
122	Nindya Karya (Persero) MTN Year 2017	idBBB+ idBBB+	Stable -
123	Nippon Indosari Corpindo Tbk. Shelf Registration Bond Year 2015	idAA- idAA-	Stable -
124	Nusa Surya Ciptadana	idA-	Stable
125	Oto Multiartha Bond Year 2017 and 2018	idAA+ idAA+	Stable -
126	Pabrik Gula Rajawali I MTN Year 2018	idA- idA-	Stable -
127	Panorama Sentrawisata Tbk. MTN Year 2018	idA- idA-	Stable -
128	Pegadaian (Persero) Bond Year 2009 Shelf Registration Bond Year 2011, 2012, 2013, 2014, 2015, 2017, and 2018 MTN Syariah Mudharabah Year 2018	idAAA idAAA idAAA idAAA(sy)	Stable - - -
129	Pelabuhan Indonesia I (Persero) Bond Year 2016	idAA idAA	Stable -
130	Pelabuhan Indonesia IV (Persero) Bond Year 2018	idAA idAA	Stable -
131	Pembangunan Jaya Ancol Tbk. Shelf Registration Bond Year 2016 and 2018	idAA- idAA-	Negative -
132	Pembangunan Perumahan (Persero) Tbk. Shelf Registration Bond Year 2015 and 2018 Perpetual Bond	idA+ idA+ idA-	Stable - -

No	Company	Rating	Outlook
133	Penjaminan Infrastruktur Indonesia (Persero)	idAAA	Stable
134	Perikanan Nusantara (Persero) MTN Year 2017	idBBB- idBBB-	Stable -
135	Perkebunan Nusantara III (Persero)	idA	Stable
136	Perkebunan Nusantara X	idBBB	Stable
137	Permodalan Nasional Madani (Persero) Shelf Registration Bond Year 2014, 2016, 2017, and 2018 Sukuk Mudharabah Year 2017	idA idA(sy) idA	Stable - -
138	Perum Jaminan Kredit Indonesia (Jamkrindo)	idAA+	Stable
139	Perum Lembaga Penyelenggara Pelayanan Navigasi Penerbangan Indonesia	idAAA	Stable
140	Perum Perikanan Indonesia MTN Year 2017	idBBB idBBB	Stable -
141	Perum Perumnas MTN Year 2015, 2016, and 2017	idBBB+ idBBB+	Stable -
142	Perusahaan Gas Negara Tbk.	idAAA	Stable
143	Perusahaan Listrik Negara (Persero) Bond Year 2006, 2007, and 2010 Shelf Registration Bond Year 2013, 2017, and 2018 Sukuk Ijarah Year 2010 Shelf Registration Sukuk Ijarah Year 2013, 2017, and 2018	idAAA idAAA idAAA idAAA(sy) idAAA(sy)	Stable - - - -
144	Perusahaan Perseoran (Persero) Telekomunikasi Indonesia Tbk. Bond Year 2010 Shelf Registration Bond Year 2015 MTN Year 2018 MTN Syariah Ijarah Year 2018	idAAA idAAA idAAA idAAA(sy)	Stable - - -
145	Pharos Tbk. MTN Year 2017	idA- idA-	Stable -
146	Pindad (Persero) MTN Year 2017	idA- idA-	Stable -
147	PP Properti Tbk. MTN Year 2016 Bond Year 2016	idBBB idBBB idBBB	Stable - -
148	Radana Bhaskara Finance Tbk. MTN Year 2016, 2017, and 2018 MTN Syariah Mudharabah Year 2017	idBBB- idBBB-(sy)	Credit Watch with Negative Implication -
149	Rajawali Nusantara Indonesia (Persero) MTN Year 2017 Sukuk Ijarah Year 2017	idBBB+ idBBB+(sy)	Stable -
150	Reasuransi Indonesia Utama (Persero) Mandatory Convertible Bond I Year 2014	idAA idAA-	Stable -
151	Reasuransi Syariah Indonesia	idA+	Stable
152	Ricobana Abadi MTN Year 2017	idBBB idBBB	Stable -
153	Sarana Multi Infrastruktur (Persero) Bond Year 2014 Shelf Registration Bond Year 2016 and 2017 Shelf Registration Green Bond Year 2018 Shelf Registration Sukuk Mudharabah Year 2018	idAAA idAAA idAAA idAAA(sy)	Stable - - -
154	Sarana Multigriya Finansial (Persero) Shelf Registration Bond Year 2012, 2013, 2016, 2017, and 2018 Sukuk Mudharabah Year 2017	idAAA idAAA idAAA(sy)	Stable - -
155	Semen Baturaja (Persero) Tbk. MTN Year 2018	idA idA	Stable -
156	Semen Indonesia (Persero) Tbk. Shelf Registration Bond Year 2017	idAA+ idAA+	Stable -
157	Siantar Top Tbk. Shelf Registration Bond Year 2016	idA idA	Stable -
158	Siba Surya	idBBB+	Stable
159	Sumberdaya Sewatama Bond Year 2012 Sukuk Ijarah Year 2012	idBB idBB(sy)	Stable -
160	Summarecon Agung Tbk. Shelf Registration Bond Year 2013, 2014, 2015, and 2017 Shelf Registration Sukuk Ijarah Year 2013 and 2014	idA idA idA(sy)	Stable - -
161	Surya Artha Nusantara Finance Shelf Registration Bond Year 2016 and 2017	idAA- idAA-	Stable -
162	Surya Semesta Internusa Tbk. Shelf Registration Bond Year 2016	idA- idA-	Negative -
163	Suzuki Finance Indonesia	idA- idSD	Stable -
164	Tiga Pilar Sejahtera Food Tbk. Bond Year 2013 Sukuk Ijarah Year 2013 and 2016	idD idD(sy)	- -
165	Timah (Persero) Tbk. Shelf Registration Bond Year 2017 Shelf Registration Sukuk Ijarah Year 2017	idA+ idA+(sy)	Stable -
166	Tiphone Mobile Indonesia Tbk. Shelf Registration Bond Year 2016 and 2017	idBBB+ idBBB+	Stable -
167	Tridomain Performance Materials Tbk. MTN Year 2017 and 2018	idA- idA-	Stable -
168	Trimegah Sekuritas Indonesia Tbk. MTN Year 2018	idA idA	Stable -
169	Verena Multi Finance Tbk. MTN Year 2017	idA- idA-	Negative -
170	Waskita Karya (Persero) Tbk. Shelf Registration Bond Year 2015, 2016, and 2017	idA- idA-	Positive -
171	Waskita Toll Road Shelf Registration MTN Year 2018	idBBB+ idBBB+	Stable -
172	Wijaya Karya Beton Tbk.	idA+ idBBB+	Stable -
173	Wika Realty MTN Year 2016 dan 2017	idBBB+ idBBB+	Negative -