Newsletter
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Economic Fundamental and The Rupiah Stability

Since the turn of 2018, a number of emerging market (EM) currencies including the Indonesian rupiah came under pressure with the rupiah depreciating by 6,31% up to end of July 2018. The magnitude was smaller than that in the period between January and October 2015 whereby the rupiah dropped by 18%. Yet, compared with some other ASEAN currencies including the Vietnamese dong and Thai baht which depreciated by 2.20% and 2.62% respectively or even the Malaysian ringgit which appreciated by 0.39%, the corrrection on the rupiah was deeper, only slightly better than that of the Philippines peso.

The pressure on the EM currencies was prompted by the normalization of the monetary policy by the Fed, the US central bank, following the early signs of economic recovery from the sub-prime mortgage crisis in 2007/8. Previously, to stimulate economic recovery, the Fed had pursued quantitative easing monetary policy by fixing the Fed Fund Rate (FFR) at a very low level of just 0.25% since December 2008.

Due to the very low interest rate, investors in advanced countries searched for alternative investment offering higher yields which pushed portfolio investment to EMs. However, following the normalization of monetary policy in the US, since 2015 FFR started to increase and a further rise is expected. The rise in the FFR has raised the attractiveness of investment in the US which precipitated the reversal of portfolio investment resulting in the pressure on EM currencies.

Why EM currencies are vulnerable to shocks?

Theoretically, a small open economy is confronted with a trilemma, i.e., it is impossible to attain three objectives simutaneously. Instead, a country can only choose any two of the three objectives, namely: exchange rate stabiity; free foreign exchange system; and independent monetary policy (Obstfeld and Maurice, 1997).

For example, in the case of Indonesia, given that (i) free foreign exchange system; and (ii) independent monetary polilcy are already in place; it would not be possible to maintain exchange rate stability. This is because the exchange rate plays the role of the shock absorber against exernal shocks. Unlike the European case which has opted to: (i) maintain exchange rate stability; and (ii) adopt a free foreign exchange system; then each euro member (iii) cannot have an independent monetary policy since it has been delegated to the European Central Bank (ECB).

The criteria for Sound fundamentals

Under the law No. 17 of 2003, it is stipulated that the budget deficit is set at a maximum of 3% and the government debt at a maximum of 60%. Obviously, these limits are similar to those as set forth in the convergence criteria under the Maastricht Treaty of 1992 leading the way to the establishment of the euro as a single European currency.

Given that Indonesia has adhered to the sound fundamental principles, why did the rupiah still come under pressure and in fact worse than some other ASEAN currencies?

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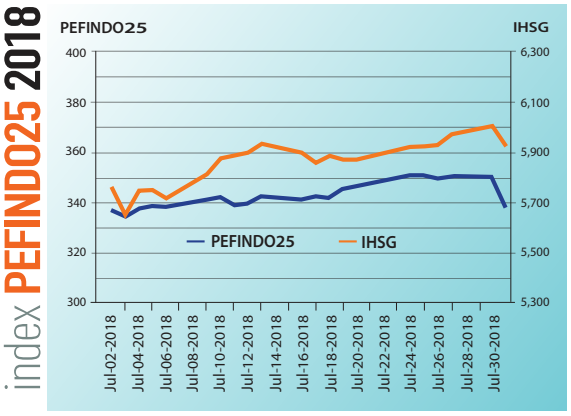

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PRESIDENT COMMISSIONER OF PT PEFINDO

In addition to economic fundamentals, investment managers' perception also has a significant bearing on exchange rate stability. The perception of investment managers is generally built on the basis of the analyses of investment bankers. In conducting their analyses, the analysts do not use the variable of economic fundamentals as a category; rather, they create a ranking based on fundamentals plus some other variables presumed to be the risk factors. Apparently, the result of such analyses are subject to a number of criticisms.

Morgan Stanley coined the phrase "The Fragile Five" in August 2013 which refers to the vulnerable EMs due to their reliance on foreign investment to finance their current account deficit. Those five countries include: Turkey, Brazil, India, South Africa, and Indonesia.

Bloomberg (Bloomberg Business Week 16 August 2018) created Economics Scorecard which ranked vulnerability on the basis of four variables, namely: current account deficit, foreign debt, inflation, and government effectiveness. Based on that Scorecard, Indonesia ranks the 6th position among the most vulnerable. The first five countries on the list starting from the most vulnerable are Turkey, Argentina, Columbia, South Africa, and Mexico.

Simon Shen's comment entitled "How Fragile is the Fragile Five" (Hong Kong Journal, 22 September 2015) states that the Fragile Five as coined by Ruchir Sharma (Morgan Stanley) had no methodological foundation and contradicts with the analyses he previously conducted. For example, Indonesia was included in the Fragile Five. Only a year earlier Sharma wrote a book entitled "Breakout Nations: In Pursuit of the Next Economic Miracle" whereby he commended Indonesia being the only South East Asian Country with the ratio of investment to GDP of 32% and managed to reduce debt burden from 97% to GDP in 1998 to 27% in 2012.

Steve Johnson in his opinion "Why emerging markets' Fragile Five are not quite so fragile" (Financial Times 21 August 2017) disagrees with the term fragile because up to 2017 the current account deficit of those five countries in fact declined, asset price in EMs was not overvalued, exchange rate at equilibrium, and the yields of government bonds positive. Unver and Dogru (2015) in his research entitled "The Determinants of Economic Fragility: Case of the Fragile Five Countries" empirically prove that the grouping of countries by Morgan Stanley has no econometric evidence since each country responded differently when confronted with shocks.

Economics Scorecard by Bloomberg is also not spared from flaws. For the variable "government effectiveness" (World Bank Data, 2016), Indonesia's score is 0.01 well below Turkey 0.05. The fact is that Turkey intervened its central bank heavily such that lira depreciated by 59% since the beginning of 2018 and inflation stood at 16% overshooting its target of 5%. In the case of Indonesia, with an independent central bank, the depreciation of 6.3% may be considered modest and inflation was kept within its target of 4±1%.

Despite being much debated, the impact of the results of the analyses of investment bankers as a reference is quite significant. This is evidenced in the empirical research of Eichengreen and Gupta (2014), namely: (i) economic fundamentals do not provide much protection against an exchange rate pressure; (ii) countries that implement free foreign exchange systems tend to be more vulnerable to turmoil; and (iii) the size of the capital market is directly proportional to the pressure on the exchange rate. Therefore, they inferred that a large and liquid capital market may be considered as a "mixed blessing".

In **conclusion**, we see that sound fundamentals are necessary but not sufficient condition for exchange rate stability. Accordingly, we view that more needs to be done to maintain the rupiah stability. First, benchmarking with other countries is needed so as to prevent Indonesia from being included in the vulnerable groups. Second, more instruments will be more effective to maintain exchange rate stabiity. Third, reducing the current account deficit in the short-term and changing it into a surplus in the long term. This may be done by selectively reducing imports, encouraging exports through market expansion and enhancing competitiveness, improving investment climate for attracting export-oriented foreign direct investment, and promoting the tourism sector. ●

PEFINDO CREDIT RATING AGENCY

Positive Outlook

For Indonesia's Geothermal Sector

Wilson Soegianto
CORPORATE RATING ANALYST

PEFINDO views the outlook of the independent power producer (IPP) sector, specifically geothermal power, as positive in the near to medium term, driven by strong expected demand growth for renewable based IPPs, supported by an ample geothermal supply and a stable business profile.

Strong demand for electricity in Indonesia

We are of the view that the demand for electricity in Indonesia will exhibit above average growth in the near to medium term, considering the nation's low per capita consumption of electricity. As of 2016, electricity consumption per capita was 1 megawatt (MW), whereas neighboring countries such as Singapore and Malaysia consumed more than 4 MW per capita. This low consumption was further reflected by the non-optimal electrification ratio, as areas such as Papua and Nusa Tenggara had low electrification ratios compared to more developed areas in Java. As such, electricity consumption is expected to experience fast growth in the near to medium term, with the state-owned electricity company (PPLN, idAAA/Stable) expecting the nation's electricity consumption to reach 443 terawatt hours (TWh) in 2027, from the targeted 239 TWh in 2018. This implies an average growth of around 7% year-on-year (YoY) from 2018-2027. The electrification ratio is expected to reach 100% in 2024.

In line with expected growth in electricity consumption, the government expects electricity generation capacity to increase by 56 gigawatts (GW) in 2018-2027, bringing total capacity up to 120 GW. We note that the targeted electricity generation capacity has been revised from 78 GW to only 56 GW, and we are of the view that the new target reflects a more realistic assumption, considering the nation's economic growth is slower than projected.

Higher expected contribution from geothermal based power producers

Despite expecting coal to be Indonesia's main electricity generator in the near to medium term due to the country's significant coal reserves, we are of the view that new and renewable energy (NRE) will play a greater part in electricity generation, on account of government's commitment to reduce carbon emissions. The government targets increasing the composition of NRE from 13% in 2017 to 23% in 2025, with a 4,500 MW expected additional contribution from geothermal power producers in 2018-2027. Among NRE, geothermal energy is expected to be the main contributor as it is expected to contribute 12% of the country's total power generation in 2025. We view this as a realistic target considering the country's large geothermal potential, with estimated resources and reserves of 11 GW and 17.5 GW, respectively. Currently, there are four main geothermal operators: Star Energy Group (SEG), Pertamina Geothermal Energy (PGE), the Sarulla Consortium, and Geo Dipa Energy (GDE). with total installed capacity of 1,950 MW. The largest is SEG, with total installed capacity of 875 MW, followed by PGE, Sarulla Consortium, and GDE.

Stable geothermal IPP business profile

In general, PEFINDO views geothermal IPPs as having stable business profiles once they operate, as supported by the take-or-pay (TOP) scheme which mandates PPLN to absorb their electricity production as of the agreement, regardless of the amount. Sarulla Geothermal IPP, with 90% of the TOP scheme, will require PPLN to pay at least 90% of its capacity, even if it absorbes less. The TOP scheme, combined with its typically robust availability factor which averages 90% (much higher than coal at 75%), is expected to create a stable income stream for IPPs. Geothermal IPP profitability margins are viewed as stable as they do not need to purchase raw materials, such as coal or gas, making most costs more predictable, while contract terms generally incorporate several tariff adjustments which are tied to exchange rate and inflation movement. The regulatory framework governing private IPP activities is favorable as, in general, it provides a tariff structure, which provides a reasonable internal rate of return (IRR) of 12%-15%, while making available several financing facilities such as the Indonesia Infrastructure Guaranteed Fund (IIGF).

Constraints still limit geothermal IPP business profile

Several factors constrain the business profile of geothermal IPPs. They face a significant construction risk due to complexity of establishment, highly dependent upon the success rate of exploration activities to find an adequate steam well. During the operational phase, geothermal IPPs will need to conduct further drilling of make-up wells to replenish the steam well, which must be done after a certain period of time, depending on the existing well's reserve profile and depletion rate. Operational factors act as an additional risk factor to geothermal IPPs, as they mainly operate on mountaneous areas which are prone to accidents. For example, Star Energy Geothermal (Wayang Windu) (SEWW, unrated), once suffered operational issues due to a landslide, which eventually caused a major disruption to its operations.

Stable credit quality IPP under our coverage

We have one power producer in our portfolio that operates and owns a geothermal IPP, which is PT Medco Power Indonesia (MEDP, idA/Stable) through its ownership in the Sarulla consortium. We note that having a geothermal IPP in its portfolio is a positive contribution for MEDP due to the stable nature of its revenue and profitability profile. However, in order to capture the additional electricity demand, MEDP engaged in significant expansion, which eventually made its capital structure aggressive with the long payback nature of IPP. Its rating reflects its status as a strategically important subsidiary of PT Medco Energi International Tbk (MEDC, idA+/Stable), a favorable off-taker agreement, and a stable profitability margin. Its rating is constrained by risks related to power producers, aggressive capital structure, and weak cash flow protection measures.

Table 1. Financial Highlights of Geothermal IPP Operator Rated by PEFINDO

Financial Highlights	MEDP 31-Dec-17
Total adjusted assets [IDR Bn]	12,871.4
Total adjusted debt [IDR Bn]	7,868.8
Total adjusted equity [IDR Bn]	3,818.7
Total adjusted sales [IDR Bn]	3,730.8
EBITDA [IDR Bn]	1,068.3
Net income after MI [IDR Bn]	196.7
EBITDA margin [%]	28.6
Adjusted debt to EBITDA [X]	7.4
Adjusted debt to adjusted equity [X]	2.1
FFO to adjusted debt [%]	6.8
EBITDA to IFCCI [X]	2.1
Corporate Rating	idA/Stable

Source: Financial statements, processed by PEFINDO

Expenditure Budget Flexibility

Of The Provincial Government In Indonesia (3)

M. Try Satria Pranata
MUNICIPAL ANALYST

The expenditure types of local governments in Indonesia consist of operating expenditure, capital expenditure, emergency expenditure, and transfer/ financial assistance. In analyzing the expenditure budget flexibility, PEFINDO focuses on the ratio of capital expenditure and the ratio of operating expenditure to total expenditure and transfer. The local governments could relatively be easier to trim the capital expenditure budget rather than the operating expenditure budget. Thus, it can be concluded that the flexible budget has a high capital expenditure ratio with low operating expenditure ratio.

The analysis of capital expenditure is measured based on the total capital expenditure, while the analysis of operating expenditure is measured specifically on the inflexible type of expenditure (almost impossible to cut), including wages expenditure, subsidy expenditure, as well as debt service payments. In the following analysis, we will use the Budget Realization Report (Laporan Realisasi Anggaran or LRA) data from the entire 34 provincial governments in the budget year of 2016.

The Capital Expenditure Ratio

Based on the LRA of 34 provinces in the budget year of 2016, the capital expenditure to total expenditure and transfer ratio on average was 19.4% with the median of 18.9%. North Kalimantan had the highest capital expenditure ratio at 31.2%, followed by Maluku (29.3%), North Maluku (29.3%), and other six provinces that exceeded the third quartile distribution of 24.3%. Meanwhile, East Java had the lowest ratio at 9.0%, followed by West Java (10.4%), Riau Island (10.6%), North Sumatra (10.8%), and other five provinces with lower than the first quartile distribution of 13.7%.

The provinces with the capital expenditure ratio exceeding the third quartile distribution can be viewed as the provinces with a relatively more flexible capital expenditure compared to other provinces, while the provinces with the capital expenditure ratio lower than the first quartile distribution is viewed as inflexible. The analysis indicates that the recently established provinces, such as North Kalimantan and North Maluku tends to have a higher capital expenditure ratio to finance its infrastructures, which were critical in the beginning of its establishment. Meanwhile the provinces with relatively adequate infrastructures, such as West Java, East Java, and North Sumatra tends to have a lower capital expenditure ratio. Although it have lower ratios, the amount of its capital expenditure actually higher than the recently established provinces, but its also have much higher amount of total expenditure and transfer which resulted in a lower capital expenditure ratio.

The Wages Expenditure Ratio

The wages expenditure to total expenditure and transfer ratio on average was 16.2% with the median of 15.8%. West Papua had the lowest wages expenditure ratio at 3.9%, followed by Banten (6.7%), North Kalimantan (7.1%), and other six provinces with lower than the first quartile distribution of 13.2%. Meanwhile, DKI Jakarta had the highest ratio at 41.1%, followed by Bengkulu (27.8%), Southeast Sulawesi (22.2%), and other six provinces that exceeded the third quartile distribution of 18.9%.

The provinces with the wages expenditure lower than the first quartile distribution can be viewed as the provinces with a relatively more flexible wages expenditure compared to other provinces, while the provinces with the wages expenditure ratio exceeding the third quartile distribution is viewed as inflexible. The analysis also indicates that the recently established provinces, such as West Papua, Banten, and North Kalimantan tends to have a lower wages expenditure ratio which is due to its small number of employees relatively to other provinces. Meanwhile DKI Jakarta, which has a specific provison of intergovernmental status (DKI Jakarta is a provincial government that also governs directly to five cities and one regency), is also spending its budget for its own administrative cities/regency employees, which is resulted to its higher wages expenditure ratio relatively to other provinces.

Other Operating Expenditure Ratio

Subsidy expenditure is considered as inflexible expenditure because it is directly perceived by the community, making it difficult for local government to revoke/cut. Meanwhile, the debt service is a local government obligation that must be fulfilled to avoid legal problems in the future. In general, both types of expenditure are insignificant to total expenditure and transfer.

In 2016, there were only seven provinces that implemented subsidy expenditure, namely Central Kalimantan, North Sulawesi, West Java, Bali, North Maluku, North Kalimantan, and DKI Jakarta. Subsidy had been given for various programs, including affordable market, rice, fertilizer, transportation, and also accomodation and logistic of hajj embarkation. The subsidy expenditure to total expenditure and transfer ratio on average was 0.42% with DKI Jakarta having the highest ratio of 1.92%.

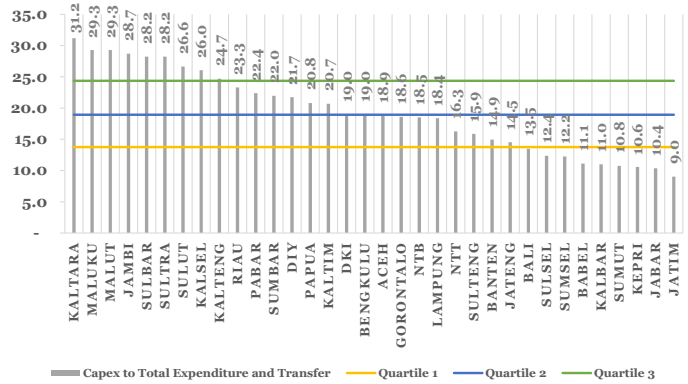
Meanwhile, only 7 provinces that had paid debt service in 2016, namely DKI Jakarta, East Java, West Sulawesi, Maluku, Central Kalimantan, South Sulawesi, and Southeast Sulawesi. The debt service was primarily paid to PT Sarana Multi Infrastruktur and regional banks as payment of local loans, to finance the local infrastructures, such as roads, dams, and hospitals. The debt service to total expenditure and transfer ratio on average was 1.15% with Southeast Sulawesi having the highest ratio of 3.56%.

The Budget Allocation for Mandatory Expenditure

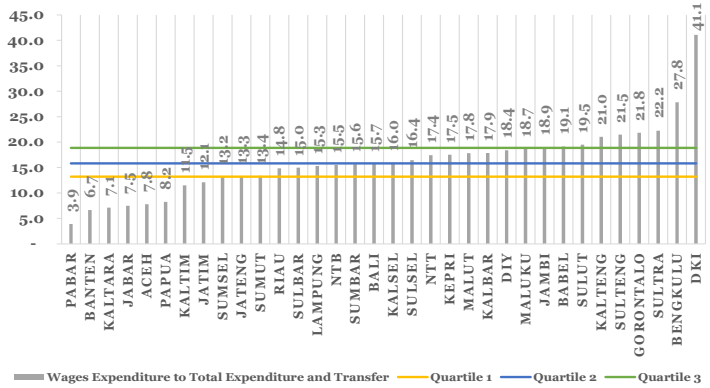
PEFINDO also analyzes the budget allocation for mandatory expenditure, due to the obligation of entire level of government entity to allot the education function (minimum of 20%) and healthcare function (minimum of 10%) of total expenditure and transfer. It limits budget allocation to a maximum of 70% to other functions, such as general services, order and security, economy, environment, housing and public facilities, tourism, culture, religion, and social security.

Further analysis is required especially for local governments that alloted budget exceeding the minimum allocation. We need to analyze the effect on the flexibility of overall local government expenditure.●

Capital Expenditure to Total Expenditure and Transfer [%]



Wages Expenditure to Total Expenditure and Transfer [%]



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PEFINDO Rating Press Release

Press release PEFINDO was held on July 31, 2018. Located in main meeting room of PT PEFINDO, Hendro Utomo as the head of financial institution rating division conveyed rating activities by PEFINDO to several financial companies during the first semester of 2018. An encouraging development was the huge interest in the issuance of corporate debt which is predicted to continue in the second semester of 2018. Meanwhile, PEFINDO rated 21 entities of bank and financing companies in the last semester.

In term of corporate rating, rating activities covered several sectors with pulp & paper as the largest debt issuer followed by electricity and telecommunication sectors, totaling 5 entities out of 23 entities rated by PEFINDO. Niken Indriarsih as the head of corporate rating division described the rating activities in various sectors in the second session of this event.

The press release event which was attended by 5 journalists from 5 media, was closed after question and answer session between journalists and PEFINDO's analysts. ●

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Corporate Bond Market

In ASEAN+4

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The issuance of Indonesian bonds increased from USD4.58 billion in 2015 to USD11.52 billion in 2017 or with the compound annual growth rate (CAGR) of 58.7%.

The supply of Indonesian corporate bonds showed a rapid increase in the past few years. Until the first half of 2018, the issuance of corporate bonds reached IDR57.1 trillion or around USD4.02 billion (assuming an exchange rate of IDR14,204/USD).

Indonesia is among ASEAN+4 countries that recorded a high growth in corporate bond issuance. The issuance of Indonesian bonds increased from USD4.58 billion in 2015 to USD11.52 billion in 2017 or with the compound annual growth rate (CAGR) of 58.7%. This percentage is the highest among ASEAN+4 countries, far higher than the Philippines (+28.6%) and Malaysia (+15.7%).

We noted that Indonesia's companies took advantage on the lower trend of interest rates in the last few years, thanks to more stable rupiah and inflation. Also, increasing spending on infrastructure drove companies to issue bond, particularly from state owned companies (SOEs) and government related entities.

In Indonesia, funding from corporate bonds is dominated by short and medium term funding. It contrasts to a number of peers in ASEAN. The corporate bonds with tenor of 1-3-year dominate, reaching 46.0% of the total outstanding of corporate bonds. The percentage is higher than in Malaysia (15.5%), Singapore (25.8%), the Philippines (29.7%), and Thailand (43.3%). Similarly, the corporate bonds with longer tenors of >3-5 years capture around 32.4%, above Malaysia (19.8%), Singapura (23.1%), the Philippines (28.3%), dan Thailand (20.3%).

Potential high growth in the long term

The issuance of corporate bonds in Indonesia, which is equivalent to 2.89% of gross domestic product (GDP), still lags behind other countries in ASEAN+4. Indonesia is in the lowest position (Table 1). Based on Asian Bond Online data, Indonesia's corporate bonds outstanding reached USD29.17 billion in June 2018.

The low portion of corporate bonds outstanding indicates that the real sector still relies on banks to obtain working capital or investment funding. Outstanding corporate bonds in Indonesia are only 7.5% of total bank loan. In addition, new issuance is dominated by the financial sector, not the real sector.

Corporate bonds are still likely to grow in the long term. A positive economic growth will encourage an increasing need of funding from the capital market. This will spur companies to issue corporate bonds, which tipically have lower cost of fund than banks.

However, in the short term, increased risk is likely to hamper the performance and issuance of corporate bonds. Higher interest rates (both external and internal), widespread trade warfare, pressure on the rupiah are among the inhibiting factors. In addition, we see that tightening supervision and policy (driven by the recent default cases) require stakeholders in the bond market to adapt to the new regulations.

In addition to these short-term factors, challenges come from the liquidity of corporate bonds on the secondary market. Most investors hold corporate bond until its maturity date and thus, rarely to be transacted. Low liquidity makes potential investors to be reluctant to enter, resulting in more limited potential demand.

Table 1. Statistical Summary of Corporate Bonds In ASEAN+4 as of 1H2018

Country	New Issuance (USD billion)				Outstanding*	
	2015	2016	2017	1H2018	USD billion	% GDP
China	989.17	932.50	779.36	422.64	2,561.55	19.01
Hongkong	32.64	46.92	43.08	13.76*	94.45	27.27
Indonesia	4.58	8.51	11.52	4.02	29.17	2.89
Japan	94.65	129.62	126.81	54.16	722.54	14.01
South Korea	387.08	318.52	378.33	211.52	1,195.37	72.87
Malaysia	31.68	33.44	42.39	20.88	164.24	46.25
Philippines	2.25	2.80	3.72	2.11	21.34	6.89
Singapore	10.83	9.85	12.49	5.96	111.63	32.37
Thailand	41.26	48.94	48.11	25.97	102.88	20.46

Source: AsianBondonline, as of June 2018, exclude * as of March 2018

companies & bonds rated by PEFINDO

PEFINDO CREDIT RATING AGENCY

July 31, 2018

No	Company	Rating	Outlook
1	**Adhi Karya (Persero) Tbk.**	idA-	Stable
	Shelf Registration Bond Year 2012, 2013, and 2017	idA-	-
2	**Adhi Persada Properti**	idBBB	Stable
	MTN Year 2017	idBBB	-
3	**Adira Dinamika Multi Finance Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2013, 2014, 2015, 2016, 2017, and 2018	idAAA	-
	Shelf Registration Sukuk Mudharabah Year 2016, 2017, and 2018	idAAA(sy)	-
4	**Adonai Pialang Asuransi**	idBBB	Stable
5	**Agung Podomoro Land Tbk.**	idA-	Stable
	Shelf Registration Bond Year 2014 and 2015	idA-	-
6	**AKR Corporindo Tbk.**	idAA-	Positive
	Bond Year 2012	idAA-	-
	Shelf Registration Bond Year 2017	idAA-	-
7	**Andalan Finance Indonesia**	idA-	Stable
8	**Aneka Tambang Tbk.**	idBBB+	Stable
	Shelf Registration Bond Year 2011	idBBB+	-
9	**Angkasa Pura I (Persero)**	idAAA	Stable
	Bond Year 2016	idAAA	-
	Sukuk Ijarah Year 2016	idAAA(sy)	-
10	**Angkasa Pura II (Persero)**	idAAA	Stable
	Bond Year 2016	idAAA	-
11	**Asahimas Flat Glass Tbk.**	idA	Stable
12	**Astra Sedaya Finance**	idAAA	Stable
13	**Asuransi Bangun Askrida**	idA+	Stable
14	**Asuransi Bhakti Bhayangkara**	idBBB	Stable
15	**Asuransi Binagriya Upakara**	idBBB+	Stable
16	**Asuransi Bringin Sejahtera Artamakmur**	idA	Stable
17	**Asuransi Jiwa Inhealth Indonesia**	idAA	Stable
18	**Asuransi Kredit Indonesia (Persero)**	idAA+	Stable
19	**Asuransi Tugu Kresna Pratama**	idBBB+	Stable
20	**Asuransi Umum BCA**	idAA	Stable
21	**Bali Towerindo Sentra Tbk.**	idBBB+	Stable
	MTN Year 2017	idBBB+	-
22	**Bank BNI Syariah**	idAA+	Stable
23	**Bank BRI Syariah Tbk.**	idAA+	Stable
24	**Bank Bukopin Tbk.**	idA-	Stable
	Shelf Registration Subordinated Bond Year 2012	idBBB+	-
	Shelf Registration Subordinated Bond Year 2015 and 2017	idBBB	-
25	**Bank Capital Indonesia Tbk.**	idBBB+	Stable
	Subordinated Bond Year 2014, 2015, and 2017	idBBB-	-
26	**Bank Central Asia Tbk.**	idAAA	Stable
	Shelf Registration Subordinated Bond Year 2018	idAA	-
27	**Bank CIMB Niaga Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2013, 2016, and 2017	idAAA	-
28	**Bank Danamon Indonesia Tbk.**	idAAA	Stable
29	**Bank DKI**	idAA-	Stable
	Shelf Registration Bond Year 2016	idAA-	-
30	**Bank Ganesha Tbk.**	idBBB+	Stable
31	**Bank Kesejahteraan Ekonomi**	idBBB+	Stable
	Subordinated Bond Year 2016	idBBB-	-
32	**Bank Mandiri (Persero) Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2016 and 2017	idAAA	-
	Subordinated MTN Year 2018	idAA	-
33	**Bank Mandiri Taspen**	idAA	Stable
34	**Bank Mayapada Internasional Tbk.**	idA-	Negative
	Subordinated Bond Year 2013	idBBB+	-
	Subordinated Bond Year 2014	idBBB	-
	Shelf Registration Subordinated Bond Year 2017	idBBB	-
35	**Bank Maybank Indonesia Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2017 and 2018	idAAA	-
	Shelf Registration Subordinated Bond Year 2011 and 2012	idAA+	-
	Shelf Registration Subordinated Bond Year 2014 and 2016	idAA	-
	Shelf Registration Sukuk Mudharabah Year 2016 and 2017	idAAA(sy)	-
36	**Bank Mega Tbk.**	idA+	Stable
37	**Bank Muamalat Indonesia Tbk.**	idA	Credit Watch with Negative Implication
	MTN Syariah Year 2017	idA(sy)	-
	Subordinated MTN Syariah Year 2017	idBBB+(sy)	-
38	**Bank Negara Indonesia (Persero) Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2017	idAAA	-
39	**Bank OCBC NISP Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2016, 2017, and 2018	idAAA	-
40	**Bank Pan Indonesia Tbk.**	idAA	Stable
	Shelf Registration Bond Year 2016 and 2018	idAA	-
	Shelf Registration Subordinated Bond Year 2012	idAA-	-
	Shelf Registration Subordinated Bond Year 2016, 2017, and 2018	idA+	-
41	**Bank Panin Dubai Syariah Tbk.**	idA+	Stable
42	**Bank Pembangunan Daerah Jawa Barat dan Banten Tbk.**	idAA-	Stable
	Shelf Registration Bond Year 2017	idAA-	-
	Shelf Registration Subordinated Bond Year 2017	idA	-
43	**Bank Pembangunan Daerah Jawa Tengah**	idAA-	Stable
	Subordinated Bond Year 2015	idA	-
	MTN Year 2017	idAA-	-
	MTN Syariah Mudharabah Year 2017	idAA-(sy)	-
44	**Bank Pembangunan Daerah Jawa Timur Tbk.**	idA+	Stable
45	**Bank Pembangunan Daerah Kalimantan Timur dan Kalimantan Utara**	idA	Stable
46	**Bank Pembangunan Daerah Nusa Tenggara Timur**	idA	Stable
47	**Bank Pembangunan Daerah Sulawesi Selatan dan Sulawesi Barat**	idA+	Stable
	Shelf Registration Bond Year 2016	idA+	-
	Sukuk Mudharabah Year 2016	idA+(sy)	-
48	**Bank Pembangunan Daerah Sumatera Barat (Bank Nagari)**	idA	Stable
	Subordinated Bond Year 2012	idA-	-
	Bond Year 2015	idA	-
	Sukuk Mudharabah Year 2015	idA(sy)	-
49	**Bank Permata Tbk.**	idAAA	Stable
	Shelf Registration Subordinated Bond Year 2013	idAA+	-
	Shelf Registration Subordinated Bond Year 2014	idAA	-
	Subordinated Bond Year 2012	idAA+	-
50	**Bank Rakyat Indonesia (Persero) Tbk.**	idAAA	Stable
	Shelf Registration Bond Year 2015, 2016, 2017, and 2018	idAAA	-
	Subordinated Bond Year 2018	idAA	-
51	**Bank Rakyat Indonesia Agroniaga Tbk.**	idAA	Stable
	Bond Year 2017	idAA	-
52	**Bank Resona Perdania**	idAA-	Stable
	MTN Year 2016	idAA-	-
53	**Bank Sahabat Sampoerna**	idA	Stable
54	**Bank Sumitomo Mitsui Indonesia**	idAAA	Stable
	MTN	idAAA	-
55	**Bank Sumut**	idA	Stable
	Shelf Registration Subordinated Bond Year 2018	idBBB+	-
56	**Bank Syariah Mandiri**	idAA+	Stable
	Sukuk Subordinasi Mudharabah Year 2016	idAA-(sy)	-
57	**Bank Tabungan Negara (Persero) Tbk.**	idAA+	Stable
	Bond Year 2010 and 2011	idAA+	-
	Shelf Registration Bond Year 2012, 2013, 2015, 2016, and 2017	idAA+	-
58	**Bank Victoria International Tbk.**	idA-	Stable
	Subordinated Bond Year 2012 and 2013	idBBB+	-
	Shelf Registration Bond Year 2017 and 2018	idA-	-
	Shelf Registration Subordinated Bond Year 2017 and 2018	idBBB	-
59	**Bank Woori Saudara Indonesia 1906 Tbk.**	idAA+	Stable
	Subordinated Bond Year 2012	idAA	-
60	**Barata Indonesia (Persero)**	idBBB	Stable
	MTN Year 2017	idBBB	-
61	**Batavia Prosperindo Finance Tbk.**	idBBB	Stable
	Shelf Registration Bond Year 2017 and 2018	idBBB	-
62	**BCA Finance**	idAAA	Stable
	Shelf Registration Bond Year 2016	idAAA	-
63	**Brantas Abipraya (Persero)**	idBBB+	Stable
64	**Bumi Serpong Damai Tbk.**	idAA-	Stable
	Shelf Registration Bond Year 2012 and 2016	idAA-	-
65	**Bussan Auto Finance**	idAA	Stable
	Bond Year 2017 and 2018	idAA	-
66	**Century Tokyo Leasing Indonesia**	idAA-	Stable
	MTN Year 2016	idAAA(cg)	-
67	**Chandra Asri Petrochemical Tbk.**	idAA-	Stable
	Bond Year 2016	idAA-	-
	Shelf Registration Bond Year 2017 and 2018	idAA-	-
68	**Chandra Sakti Utama Leasing**	idA	Stable
	Bond Year 2017	idA	-
69	**CIMB-Principal Asset Management**	idA-	Stable
70	**Clipan Finance Indonesia Tbk.**	idAA-	Stable
	MTN Year 2018	idAA-	-
71	**CSM Corporatama**	idBBB+	Stable
72	**Danareksa (Persero)**	idA	Stable
	Shelf Registration Bond Year 2014	idA	-
73	**Express Transindo Utama Tbk.**	idSD	-
	Bond Year 2014	idD	-
74	**Fast Food Indonesia Tbk.**	idAA	Stable
	Bond Year 2016	idAA	-
75	**Federal International Finance**	idAAA	Stable
	Shelf Registration Bond Year 2015, 2016, 2017, and 2018	idAAA	-
76	**Finansia Multi Finance**	idBBB+	Stable
	MTN Year 2017	idBBB+	-
77	**Garuda Indonesia (Persero) Tbk.**	idBBB+	Stable
78	**Global Mediacom Tbk.**	idA+	Negative
	Shelf Registration Bond Year 2017	idA+	-
	Shelf Registration Sukuk Ijarah Year 2017	idA+ (sy)	-
79	**Graha Informatika Nusantara**	idBBB	Stable
	MTN Year 2016	idBBB	-
80	**Hartadinata Abadi Tbk.**	idA-	Stable
81	**Heksa Solution Insurance**	idBBB+	Stable
82	**Hutama Karya (Persero)**	idA-	Stable
	Bond Year 2013	idA-	-
	Shelf Registration Bond Year 2016 and 2017	idAAA(gg)	-
83	**Impack Pratama Industri Tbk.**	idA-	Stable
	Bond Year 2016	idA-	-
84	**Indofood Sukses Makmur Tbk.**	idAA+	Stable
	Bond Year 2014 and 2017	idAA+	-
85	**Indomobil Finance Indonesia**	idA	Stable
	Shelf Registration Bond Year 2015, 2016, 2017, and 2018	idA	-
86	**Indonesia Infrastructure Finance**	idAAA	Stable
	Bond Year 2016	idAAA	-
87	**Indonesia Power**	idAAA	Stable
88	**Indosat Tbk.**	idAAA	Stable
	Bond Year 2012	idAAA	-
	Sukuk Ijarah Year 2012	idAAA(sy)	-
	Shelf Registration Bond Year 2014, 2015, 2016, 2017, and 2018	idAAA	-
	Shelf Registration Sukuk Ijarah Year 2014, 2015, 2016, and 2017	idAAA(sy)	-
89	**Industri Kereta Api (Persero)**	idA-	Negative
	MTN Year 2017	idA-	-

No	Company	Rating	Outlook
90	**Infrastruktur Bisnis Sejahtera**	idBBB+	Stable
91	**INKA Multi Solusi**	idBBB+	Stable
	MTN Syariah Mudharabah Year 2017	idBBB+(sy)	-
92	**Inti Bangun Sejahtera Tbk.**	idA-	Stable
93	**Intiland Development Tbk.**	idBBB+	Stable
	Bond Year 2016	idBBB+	-
94	**J Resources Nusantara**	idA	Stable
	MTN Year 2017 and 2018	idA	-
95	**Jakarta Lingkar Baratsatu**	idA+	Stable
96	**Jamkrida Banten**	idBBB-	Stable
97	**Jamkrida Jabar**	idBBB	Stable
98	**Jasa Marga (Persero) Tbk.**	idAA	Stable
	Bond Year 2010	idAA	-
	Shelf Registration Bond Year 2013 and 2014	idAA	-
99	**Jasa Raharja (Persero)**	idAAA	Stable
100	**Kereta Api Indonesia (Persero)**	idAAA	Stable
	Bond Year 2017	idAAA	-
101	**KIK EBA (Asset Backed Securities)**		
	KIK EBA Danareksa BTN - KPR BTN Class A	idAAA	-
	KIK EBA Danareksa Indonesia Power PLN 1-Class A EBA	idAAA(sf)	-
	KIK EBA Mandiri JSMR01 Class A	idAAA(sf)	-
	KIK EBA Mandiri GIAA01 Class A EBA	idAA+(sf)(cg)	-
	EBA-SP SMF-BTN01 Class A	idAAA	-
	EBA-SP SMF-BTN02 Class A	idAAA	-
	EBA-SP SMF-BTN03 Class A	idAAA	-
	EBA-SP SMF-BTN04 Class A	idAAA	-
	EBA-SP SMF-BMRI01 ClassA	idAAA	-
102	**Kimia Farma (Persero) Tbk.**	idAA-	Stable
	MTN Year 2017 and 2018	idAA-	-
103	**Koperasi Simpan Pinjam Nusantara**	idBBB	Stable
104	**Lautan Luas Tbk.**	idA-	Stable
	Shelf Registration Bond Year 2017	idA-	-
105	**Lembaga Pembiayaan Ekspor Indonesia**	idAAA	Stable
	Shelf Registration Bond Year 2011, 2014, 2015, 2016, 2017, and 2018	idAAA	-
	MTN Year 2016	idAAA	-
	Shelf Registration Sukuk Mudharabah Year 2018	idAAA(sy)	-
106	**Lembaga Penjamin Simpanan**	idAAA	Stable
107	**Len Industri (Persero)**	idBBB-	Stable
	MTN Year 2017	idBBB-	-
108	**Mandala Multifinance Tbk.**	idA	Stable
	Shelf Registration Bond Year 2018	idA	-
109	**Mandiri Tunas Finance**	idAA+	Stable
	Shelf Registration Bond Year 2015, 2016, and 2017	idAA+	-
110	**Marga Lingkar Jakarta**		
	Bond Year 2017	idAAA(sf)	-
111	**Maskapai Reasuransi Indonesia Tbk.**	idAA-	Stable
112	**Mayora Indah Tbk.**	idAA	Stable
	Bond Year 2012	idAA	-
	Shelf Registration Bond Year 2017 and 2018	idAA	-
113	**Medco Energi Internasional Tbk.**	idA+	Stable
	Shelf Registration Bond Year 2016, 2017, and 2018	idA+	-
	MTN Year 2016	idA+	-
114	**Medco Power Indonesia**	idA	Stable
	Bond Year 2018	idA	-
	Sukuk Wakalah Year 2018	idA(sy)	-
115	**Mega Auto Finance**	idA-	Stable
116	**Mega Central Finance**	idA-	Stable
117	**Mitra Adiperkasa Tbk.**	idAA-	Stable
	Shelf Registration Bond Year 2014	idAA-	-
118	**Mitra Bisnis Keluarga Ventura**	idBBB+	Stable
119	**Mitsubishi UFJ Lease & Finance Finance**		
	MTN Year 2015 and 2016	idAAA(cg)	-
120	**MNC Guna Usaha Indonesia**		
	MTN Year 2017 and 2018	idBBB(cg)	-
121	**MNC Kapital Indonesia Tbk.**	idBBB	Stable
	Shelf Registration Bond Year 2018	idBBB	-
122	**MNC Pictures**	idBBB+	Stable
	MTN Syariah Ijarah Year 2018	idA+(sy)(cg)	-
123	**Modernland Realty Tbk.**	idA-	Stable
	Shelf Registration Bond Year 2015	idA-	-
124	**Mora Telematika Indonesia**	idA	Stable
	Bond Year 2017	idA	-
125	**NH Korindo Sekuritas Indonesia**	idA	Stable
126	**Nindya Karya (Persero)**	idBBB+	Stable
	MTN Year 2017	idBBB+	-
127	**Nippon Indosari Corpindo Tbk.**	idAA-	Stable
	Shelf Registration Bond Year 2015	idAA-	-
128	**Nusa Surya Ciptadana**	idA-	Stable
129	**Oto Multiartha**	idAA+	Stable
	Bond Year 2017 and 2018	idAA+	-
130	**Pabrik Gula Rajawali I**	idA-	Stable
	MTN Year 2018	idA-	-
131	**Panorama Sentrawisata Tbk.**	idA-	Stable
	MTN Year 2018	idA-	-
132	**Pegadaian (Persero)**	idAAA	Stable
	Bond Year 2009	idAAA	-
	Shelf Registration Bond Year 2011, 2012, 2013, 2014, 2015, 2017, and 2018	idAAA	-
	MTN Syariah Mudharabah Year 2018	idAAA(sy)	-
133	**Pelabuhan Indonesia I (Persero)**	idAA	Stable
	Bond Year 2016	idAA	-
134	**Pelabuhan Indonesia IV (Persero)**	idAA	Stable
	Bond Year 2018	idAA	-

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