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China's Dual Circulation Strategy and The Opportunity for Indonesia

Preliminary

The coronavirus outbreak and the tension from the US-China trade war have caused significant disruptions to the global economy, particularly in the trade side. Disruption of supply chains due to those factors has particularly impacted countries whose economy relies heavily on trade. It has driven China to change course on its economic policy direction. Releasing its economic blueprint for the next five years, China introduced a "Dual Circulation" strategy to strengthen its economy, which will not only change the market dynamics but also present certain opportunities for the market participants in the coming years.

The Dual Circulation

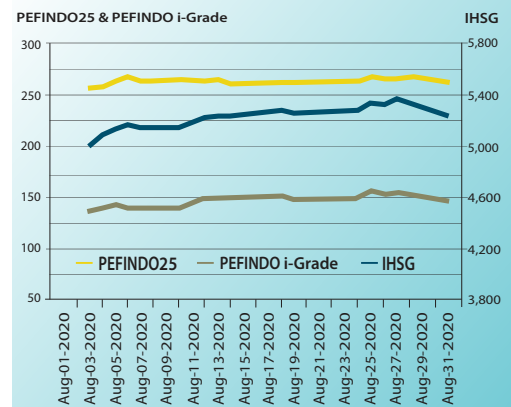
The term of the dual circulation came out for the first time in May Politburo Meeting. There is no exact definition of the dual circulation. However, some discussions have pointed out to the China's strategy to make a new balance between global integration (the first circulation) and reliance on domestic (the second circulation). The dual circulation is a strategy to protect China's economy durability from the global economy impact, which in recent times has created uncertainties and a trend of de-globalization in western countries. The trend reflected the protectionism policy adopted by those countries to protect themselves from the impact of the trade war. Further, the dual circulation strategy is adopted because the economy that relies on export is less profitable when there is an economy shock at the global level.

The dual circulation is carried out by boosting the domestic demand and directing producers to allocate most of their output to meet the domestic demand. At the same time, government tries to reduce the production dependence from external inputs, mainly in energy, technology, and food. In its current development, the dual circulation model still needs the engagement of capital, financial, and international technology market to strengthen the domestic economy, or in other words, the first circulation is still required to support the second circulation.

At this moment, China is driving its state-owned companies to upgrade innovation and enter the global supply chain. China is also opening up its market to foreign investors, particularly in the high-class manufacturing to strengthen its own supply chain. Data from China's Trade Ministry showed that the foreign direct investment in China rose 12.2% (YoY) to USD9.05 billion in July 2020.

If this strategy is successfully implemented by China, it could change the structure of global trade. It will be divided into three interacting parts: Asia, North America, and Europe (Figure 1.b), changing previous structure, which focuses on the United States as the demand hub (Figure 1.a). China and its internal circulation will be the trade center hub in Asia. If China can realize its plan to develop its high-class manufacturing in the country, the giant-industrial countries, such as Germany, Japan, and France, probably will lose one of its markets in China.

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Aulia Ikhsan
ECONOMIC RESEARCH ANALYST

Nevertheless, China's dual circulation strategy is still facing some challenges on its transition – mostly coming from inside China itself. Among those challenges are floods in the southern, coronavirus outbreak, and the reliance of its state-owned companies on debt to operate their business.

The Opportunities for Indonesia

China has been Indonesia's biggest export destination country since 2016. In 2016 – June 2020, Indonesia's export to China contributed 11.79% - 17.81% of Indonesia's total export value, while the import from China contributed around 22.85% - 26.71% of Indonesia's total import value.

Most of Indonesia's export to China is still dominated by raw materials. With China planning to use the dual circulation as its economic strategy, Indonesia should take the initiatives to be a part of China's supply chain, since China still requires the external circulation to implement its internal circulation strategy.

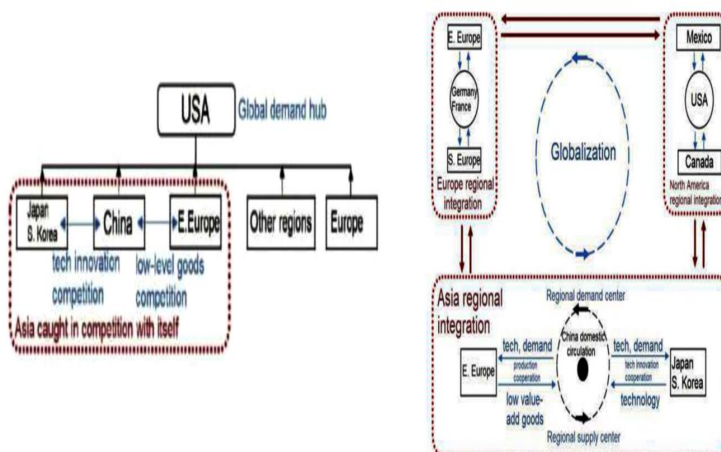
To take such initiative, Indonesia should focus to reduce raw materials export to China and increase export in the form of semi-finished or finished goods. The intention is to decrease the deficit of Indonesia's trade balance with China, as upon the full implementation of the dual circulation strategy, China's re-exported goods to overseas, including Indonesia, will probably decrease as well. In the long term, the demand for Indonesian goods in China

could also decline. Therefore, a strategy to boost the export of value-added goods from Indonesian by becoming the supplier of semi-finished or finished materials will also increase Indonesia's bargaining power and export value to China and prevent the loss of domestic market in China in the long term.

Moreover, the protectionism policy adopted by several countries in the world due to the US-China trade war could encourage China to relocate its factories to some countries in the region. It can be an opportunity for Indonesia to drive domestic investment growth. Nevertheless, the ease of doing business index and a conducive investment climate in Indonesia are essential to accommodate investor's interests. At the same time, it should not disrupt the objective of opening the investment opportunity.

Therefore, the government and businesses must take the initiatives to realize the opportunities from China's dual circulation strategy implementation. It aims to create a strategic place for Indonesia in the global supply chain so that Indonesia has an opportunity to upgrade the quality of trade balance and to support economic growth through investment. It will further support growth of external positive investment, such as job creation, the efficiency of goods and services, and the stability of domestic inflation. ●

Figure 1. The Round of Globalization



a. Prior Round of Globalization.

b. New Round of Globalization.

Sources: ICBC International, CNBC Translation of Chinese Text.

Figure 2. China's Contribution to Indonesia's Trade

Year	Export to China	Import from China
2016	11.79%	23.75%
2017	13.76%	22.85%
2018	14.91%	24.14%
2019	16.57%	26.17%
2020*	17.81%	26.08%

Source: Bank Indonesia.

*As of June.

Financial Flexibility Key In Easing Liquidity Pressure Amid COVID-19 Pandemic



Yogie Surya Perdana
CORPORATE RATING ANALYST

The pressure on corporates' liquidity is at an all-time high, due to severe earnings losses and delayed receivables collection caused by the COVID-19 pandemic. Given the high uncertainty over the magnitude, duration, and overall impact of the pandemic, a company's ability to conserve cash will be key to surviving the crisis. Corporate cash flow and operating management will be tested. Hence, PEFINDO is of the view that a company's ability to manage operating costs, flexibility to reschedule capital spending, and financial flexibility to access various liquidity sources, including the ability to timely refinance maturing debts, are critical success factors in responding to the pandemic, the latter of which we view to be increasingly important in determining a company's credit profile.

The loan and debt capital markets, now more than ever, are key sources of liquidity for corporates. However, access to these markets has become increasingly challenging amid the pandemic, due to the following factors:

- The banking sector is more selective amid deteriorating asset quality, so credit approval may be too slow to deliver the necessary funding in time
- Banks' risk tolerance has increasingly become more stringent, so they reluctant to risk more exposure
- Liquidity in the debt capital market has been impaired as investors become more risk averse

PEFINDO's approach in assessing a company's financial flexibility is very qualitative. We generally begin by looking at the strength and stability of the company's relationships with its core bankers, by

examining the availability of unused credit facilities and ability in the past to drawdown these facilities. The ability to amend credit agreements, be it to provide covenant relief, payment deferrals, or consent to incur additional debt, should also aid a company's financial flexibility during the pandemic. The Financial Services Authority (OJK) regulation related to special debt restructuring, and its policy in providing an economic stimulus for banks to maintain asset quality and non-performing loans (POJK 11/2020), are viewed as credit positive, as this, to a large extent, should help corporates come to terms with their bankers and increase their chance to conserve cash amid a weaker operating environment. OJK's policy to lower the minimum liquidity coverage ratio to 85% from 100% and temporarily remove the obligation to fulfill the 2.5% capital conservation buffer until March 31, 2021, should further strengthen banks' capital and provide ample liquidity to support the economy during the crisis, and facilitate a rapid and sustained recovery afterward. An understanding of the company's business and the industry in which it operates is also an important part of our assessment, as we understand some banks or investors may reduce their exposure to certain industries. In the past, we have witnessed that a loss of bank and/or market confidence, be it industry- or company-specific, can translate quickly into a liquidity crisis.

PEFINDO also looks to address how much of unencumbered assets may be used to secure new external funding, as we are of the view that having fewer encumbered assets aids financial flexibility. Corporates are able to use unencumbered assets as collateral for secured borrowing if access to unsecured borrowing becomes unavailable, particularly during a tight liquidity market,

for which the request for collateral tends to increase. Due to COVID-19, we have witnessed certain corporates that might have been able to issue unsecured bonds in the past may now need to factor in collateral, and, for some, credit enhancement features, to meet investor expectations.

We also look at the impact of the company's distress on the financial system. Corporates with adverse systemic implications to the financial system should have stronger financial flexibility compared to corporates whose defaults are relatively tolerable.

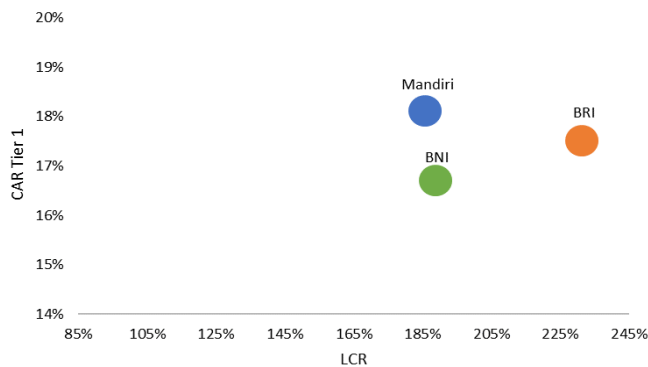
Financial Flexibility of State-Owned Enterprises (SOEs)

In addition to healthcare support, the government's measures in handling the COVID-19 impact are aimed at economic recovery, with household, industrial, and business support, including support to SOEs. In the past five years, SOEs have participated heavily in the government's infrastructure program. Therefore, PEFINDO is of the view that an SOE with a major public service obligation (PSO) role, as well as a significant role in infrastructure projects, will have a strong likelihood of government support, be it direct or indirect - the latter of which we believe will be through funding access with state-owned banks and/or other government-owned institutions. Given their strong capitalization and liquidity, PEFINDO is of the view that the major state-owned banks: Bank Mandiri (AAA/stable), Bank Rakyat Indonesia (AAA/stable), and Bank Negara Indonesia (AAA/stable), have the capacity to support SOE debt through restructuring and refinancing, including the roll-over of short-term working capital loans, as well as to provide bridging loans to address upcoming bond maturities. As part of the economic recovery, the government has appointed PT Sarana Multi Infrastruktur (Persero) (AAA/stable) and PT Sarana Multigriya Finansial (Persero), both of which are special mission vehicles under the Ministry of Finance, to channel soft loans to SOEs heavily affected by COVID-19, such as Kereta Api Indonesia (AA+/negative), Krakatau Steel, Garuda Indonesia, and Perumnas (BBB-/negative).

For private corporates, particularly those heavily affected by COVID-19 with weak operations and operating management, the outlook for access to sources of liquidity from banks and debt capital markets is increasingly limited. Therefore, they are more vulnerable to defaults. There have been nine cases of corporate defaults in 2020, six of which were privates.

Despite a company's ability to obtain additional financial flexibility, PEFINDO notes that credit conditions for corporates will remain under pressure over the near to medium term, given weaker operating performances and recovery prospects. Those able to stay afloat during the severe downturn will probably do so with higher debt levels and weaker profits, and thus, weaker credit profiles. The number of rating downgrades year-to-date 2020 has already surpassed those in 2019, while the revision of rating outlooks has exceeded by nearly 5x the number in 2019. Due to the high degree of uncertainty around the extent and duration of the pandemic, we will continue to monitor the operating and financial performances of rated corporates to measure performance expectations and impact on corporate credit risk. ●

Exhibit 1. State-Owned Banks' Capitalization and Liquidity Coverage Ratios as of June 30, 2020



Source: PEFINDO

CAR Tier 1: Capital Tier 1/risk weighted assets.

Liquidity coverage ratios (LCR): High quality liquid assets/net cash flow.

*** More can read in website PEFINDO articles**



M. Try Satria Pranata
MUNICIPAL ANALYST

Cipta Kerja Bill (Omnibus Law) Impact to Local Government's Finances



On October 5, 2020, the House of Representatives (*Dewan Perwakilan Rakyat/DPR*) has passed Job Creation Bill (*Cipta Kerja Bill*) into the law. It is also known as the omnibus

law, because it regulates various aspects in order to job creation, including amendment of some provisions in existing regulations and revoking regulations that are considered as obstacles on job creation.

Regardless of the controversy, we will analyze the impacts of *Cipta Kerja Bill* specific to local government's finances, as well as its effect on the indicators analyzed by PEFINDO to determine the credit rating of a local government in Indonesia. The analysis is conducted qualitatively by comparing *Cipta Kerja Bill* with existing regulations.

In the following analysis, we use the bill submitted by the Secretary General of the House to the State Secretary on October 14, 2020 (an 812 page document). Our analysis can be updated if there are significant differences between the current bill and the final bill to be signed by the President.

Provision Changes of Local Taxes and Retributions

Article 114 of *Cipta Kerja Bill* (page 424) amends some of the provisions in the Act No. 28 Year 2009 concerning Local Taxes and Local Retributions (*Pajak Daerah dan Retribusi Daerah/PDRD*). *Cipta Kerja Bill* removes the provision of hindrance permit retribution (*retribusi izin gangguan*), along with the removal of the Hindrance Act (which has been regulated since 1926) in Article 110 of *Cipta Kerja Bill* (page 392).

Cipta Kerja Bill also regulates the central government authority in local taxes and retributions policies. The central government can make adjustments to the tax rates and retribution tariffs, with the same rates/tariffs nationally. This may potentially reduce the authority of local governments to regulate tax rates and retribution tariffs that were previously regulated by each local government through local regulation.

Nevertheless, *Cipta Kerja Bill* gives local government's head an authority (through local government head regulation) to provide fiscal incentives to business sectors, in the form of reductions, waivers, exemptions, or

eliminations of the principal and/or sanction of local taxes. Previously in PDRD Act, the exemptions of the local tax base amount could only be applied if it had been regulated in the local regulation. There are no significant changes in the exemptions of local tax sanction.

Provision Changes of Municipal Bond Issuance

Article 176 of *Cipta Kerja Bill* (page 480) amends some of the provisions in the Act No. 23 Year 2014, which was previously amended by the Act No. 9 Year 2015 concerning Local Government. *Cipta Kerja Bill* changes several provisions related to municipal bond issuance.

Cipta Kerja Bill simplifies the procedures of municipal bond issuance, by removing the provisions for the approval from the Local House of Representatives (*Dewan Perwakilan Rakyat Daerah/DPRD*) in submitting the municipal bond proposal to the Minister of Home Affairs and the Minister of Finance. However, the final approval for the municipal bond issuance will still involve DPRD, with the enactment of the local regulation of municipal bond.

In addition, *Cipta Kerja Bill* adds the terminology of municipal sukuk as sharia alternative to municipal bond. This is in line with Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) regulations concerning municipal bond and sukuk. *Cipta Kerja Bill* also expands the municipal bond use of proceed to finance the public service infrastructures in accordance with the local government's authority. Previously in the Local Government Act, the municipal bond is only used to finance revenue generated infrastructures.

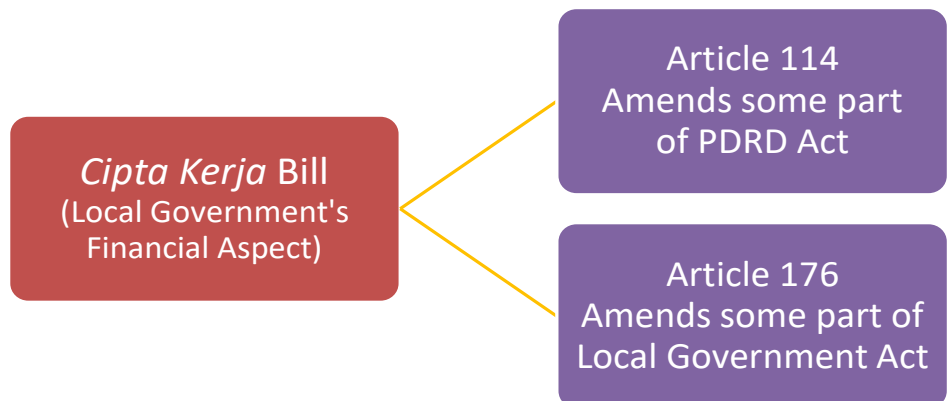
The Effect of Provision Changes to PEFINDO's Rating Indicators

We are of the view that the provision changes of local taxes and retributions as outlined above could affect our budgetary flexibility analysis. We view that the local governments that have the flexibility to raise tax rates are considered to be more flexible than others that could not, vice versa. The provision of local tax rates that applies equally nationally is potentially to limit local government's budgetary flexibility.

Currently, no local government have issued a municipal bond. We view that the procedure simplification could encourage some local governments to issue municipal bond as an alternative source of infrastructure financing. Municipal bond issuance in the future could affect our debt burden analysis, especially in the bond principal and interest payment (debt service) up to maturity.

In addition, we analyze the effect of *Cipta Kerja Bill* to institutional framework indicator that applies to all local governments in Indonesia, especially on the predictability and revenue and expenditure balance factors. The predictability analysis is performed based on the reform of a local government structure that could affect the distribution of authorities among the levels of the government jurisdiction, especially related to the authority of state/local revenues collection.

On the other hand, the revenue and expenditure balance analysis is reflected by the adequacy of revenue to cover its expenditure in accordance with its mandate and authority, as well as the fiscal policies that impose on prudent debt limit and budget deficits. In-depth analysis is needed to assess the effect of *Cipta Kerja Bill* on the overall institutional framework indicator. ●



Source: *Cipta Kerja Bill* (an 812 pages document).

Webinar "Observing Credit Ratings In The Midst of The COVID-19 Pandemic"



Mencermati Pemeringkatan Kredit di tengah Kondisi Pandemi Covid-19
Default Study Pefindo

Narasumber:

 **Aulia Ikhsan**
 Analis Riset PEFINDO

 **Fikri C. Permana**
 Ekonom PEFINDO

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Registration:
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 085.6677.9474 (Fitri)

Jumat, 25 September 2020
 14.00 – 15.00 WIB
Via Aplikasi Zoom Meeting

Organized by: **School**
 Bonds and Fixed Income

Powered by: **PHEI**
 PENILAI HARGA EFEK INDONESIA

PEFINDO's Research and Economic Division took part as a speaker in a webinar organized by Penilai Harga Efek Indonesia (PHEI) entitled "Observing Credit Ratings In The Midst of The COVID-19 Pandemic". This webinar is part of PHEI regular program to develop and increase the depth of the bond market, and available to the public.

This webinar presented PEFINDO's Default Study and the pandemic's significant impact to many companies during these seven months, of which several companies experienced rating downgrades, either the corporate or their debt securities ratings.

This webinar event was conducted through the zoom meeting application on Friday, September 25, 2020 at 14.00 - 15.00 WIB. ●

Newsletter

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Looking at Debt Securities

Due in 2021

Ahmad Nasrudin

ECONOMIC RESEARCH ANALYST



The 10-year government bond yield was 6.98% on September 10, 2020, or decreasing by 8.9 basis points compared to the end of 2019. Investor reallocation to safer instruments such as government bonds underpinned yield performance in recent weeks. However, as COVID-19 pandemic is not yet over, the bond market is still exposed to fluctuation risk in the short term.

The plan in reimposing stringent social activity restrictions reflects the government's lack of success in containing the growth of COVID-19's infection cases, negatively impacting the financial markets, especially the bond market. The real sector has also been affected the economic contraction of 5.32% YoY in the second quarter of 2020, which increased the chance of a recession risk. This sets a negative precedent for investors' expectations of the economy going forward.

In 2021, the bonds' default risk should be more manageable with the potential availability of a vaccine that can be released to the general public. However, the risk of the vaccine not being effective still exists due to the speed and variety of the virus mutation process. In that case, the pandemic may continue for longer than one

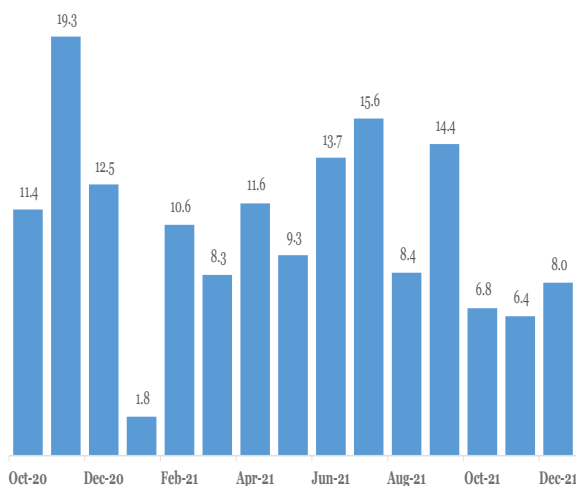
might expect, which means the pressure on the real sector could also last longer.

So how do all those factors impact the corporate bond market performance? In terms of the funding side, the corporate bond market is gaining momentum for the continuation of loose monetary policy. The central bank is likely to keep a low-interest rate policy to stimulate economic growth.

Low-interest rates mean that the cost of funds will remain cheap in the coming months. The downside effect may be more pronounced on the refinancing of maturing debt securities. Quoting the KSEI data, during October-December 2020, maturing corporate debt securities value will reach IDR44.2 trillion. For 2021, the maturity value will reach IDR115.0 trillion. However, considering that majority of the maturing debt securities belong to state-owned enterprises and private companies with very strong ratings (idAA or higher), the maturity risk of debt instruments should not pose significant problems for the issuers.

Meanwhile, low-interest rate environment has not had significant impact on the total issuance on the corporate debt market, given that investment climate in Indonesia has not recovered. Thus, the issuance will likely to come from the need to refinance maturing debt securities. ●

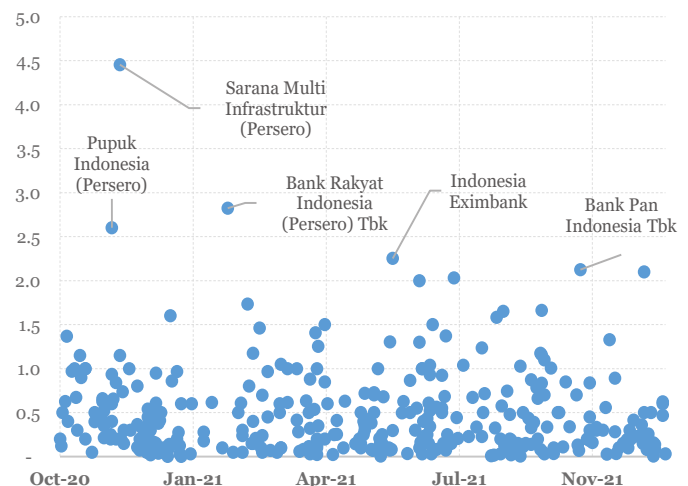
Chart 1. Value of Debt Securities Maturing in 2020-2021*



*consists of corporate bonds, medium-term notes, and sukuk.

Source: KSEI.

Chart 2. Distribution of Debt Securities Due by Date and Instrument*





companies & bonds rated by PEFINDO

PEFINDO
CREDIT RATING AGENCY

August 31, 2020

No	Company	Rating	Outlook
1	Adhi Karya (Persero) Tbk. Shelf Registration Bond Year 2017 and 2019	idA-	Negative
2	Adhi Persada Properti MTN Year 2017	idBBB- idBBB-	Negative
3	Adi Sarana Armada Tbk.	idA-	Stable
4	Adira Dinamika Multi Finance Tbk. Shelf Registration Bond Year 2016, 2017, 2018, 2019, and 2020 Shelf Registration Sukuk Mudharabah Year 2016, 2017, 2018, 2019, and 2020	idAAA idAAA idAAA(sy)	Stable
5	AKR Corporindo Tbk. Shelf Registration Bond Year 2017	idAA-	Stable
6	Aneka Tambang Tbk. Shelf Registration Bond Year 2011	idA	Negative
7	Angkasa Pura I (Persero) Bond Year 2016 Sukuk Ijarah Year 2016	idAAA idAAA idAAA(sy)	Negative
8	Angkasa Pura II (Persero) Bond Year 2016 Shelf Registration Bond Year 2018 and 2020	idAAA idAAA idAAA	Negative
9	ASDP Indonesia Ferry (Persero) Shelf Registration Bond Year 2018, 2019, and 2020	idAA	Stable
10	Astra Sedaya Finance Shelf Registration Sukuk Mudharabah Year 2018	idAAA idAAA(sy)	Stable
11	Asuransi Bangun Askrida	idA+	Stable
12	Asuransi Bhakti Bhayangkara	idBBB	Stable
13	Asuransi Binagriya Upakara	idBBB+	Stable
14	Asuransi Central Asia	idA+	Stable
15	Asuransi Jasa Indonesia	idAA	Stable
16	Asuransi Jasindo Syariah	idA	Stable
17	Asuransi Jiwa Inhealth Indonesia	idAA	Stable
18	Asuransi Jiwa Taspen	idA+	Stable
19	Asuransi Kredit Indonesia (Persero)	idAA+	Stable
20	Asuransi Sinar Mas	idAA+	Stable
21	Asuransi Tugu Kresna Pratama	idBBB+	Stable
22	Asuransi Umum BCA	idAA	Stable
23	Asuransi Umum Videi	idBBB	Stable
24	Bank Aceh Syariah	idA	Stable
25	Bank BNI Syariah	idAA+	Stable
26	Bank BTPN Tbk.	idAAA	Stable
27	Bank Bukopin Tbk. Shelf Registration Subordinated Bond Year 2015 and 2017	idA- idBBB	CreditWatch with Developing Implication
28	Bank Capital Indonesia Tbk. Subordinated Bond Year 2014, 2015, and 2017	idBBB+ idBBB-	Negative
29	Bank Central Asia Tbk. Shelf Registration Subordinated Bond Year 2018	idAAA	Stable
30	Bank China Construction Bank Indonesia Tbk.	idAAA	Stable
31	Bank CIMB Niaga Tbk. Shelf Registration Bond Year 2016, 2017, 2018, and 2019 Shelf Registration Subordinated Bond Year 2019 Subordinated Bond Year 2018 Shelf Registration Sukuk Mudharabah Year 2018, 2019, and 2020	idAAA idAAA idAA idAA idAAA(sy)	Stable
32	Bank Danamon Indonesia Tbk.	idAAA	Stable
33	Bank DKI Shelf Registration Bond Year 2016	idAA- idAA-	Stable
34	Bank Lampung Bond Year 2017	idA- idA-	Stable
35	Bank Mandiri (Persero) Tbk. Shelf Registration Bond Year 2016, 2017, 2018, and 2020 Subordinated MTN Year 2018	idAAA idAAA idAA	Stable
36	Bank Mandiri Taspen	idAA	Stable
37	Bank Mayapada Internasional Tbk. Subordinated Bond Year 2014 and 2018 Shelf Registration Subordinated Bond Year 2017	idBBB+ idBBB- idBBB-	Negative
38	Bank Maybank Indonesia Tbk. Shelf Registration Bond Year 2017, 2018, and 2019 Shelf Registration Subordinated Bond Year 2014 and 2016	idAAA idAAA idAA	Stable
39	Bank Mega Tbk.	idA+	Stable
40	Bank Mestika Dharma Tbk.	idBBB+	Stable
41	Bank Negara Indonesia (Persero) Tbk. Shelf Registration Bond Year 2017 Subordinated MTN Year 2018	idAAA idAAA idAA	Stable
42	Bank OCBC NISP Tbk. Shelf Registration Bond Year 2017 and 2018	idAAA idAAA	Stable
43	Bank Pan Indonesia Tbk. Shelf Registration Bond Year 2016 and 2018 Shelf Registration Subordinated Bond Year 2016, 2017, and 2018	idAA idAA idA+	Stable
44	Bank Panin Dubai Syariah Tbk.	idA+	Stable
45	Bank Pembangunan Daerah Bengkulu	idBBB+	Stable
46	Bank Pembangunan Daerah Daerah Istimewa Yogyakarta	idA	Stable
47	Bank Pembangunan Daerah Jawa Barat dan Banten Tbk. Shelf Registration Bond Year 2017, 2018, and 2019 Shelf Registration Subordinated Bond Year 2017 and 2020	idAA- idAA- idA	Stable
48	Bank Pembangunan Daerah Jawa Tengah Subordinated Bond Year 2015 MTN Syariah Mudharabah Year 2017	idA+ idA- idA+(sy)	Stable
49	Bank Pembangunan Daerah Jawa Timur Tbk.	idA+	Stable
50	Bank Pembangunan Daerah Kalimantan Selatan	idA-	Stable
51	Bank Pembangunan Daerah Nusa Tenggara Timur Shelf Registration Bond Year 2018	idA-	Stable
52	Bank Pembangunan Daerah Sulawesi Selatan dan Sulawesi Barat Shelf Registration Bond Year 2016 and 2018 Sukuk Mudharabah Year 2016	idA+ idA+(sy)	Stable

No	Company	Rating	Outlook
53	Bank Pembangunan Daerah Sumatera Barat (Bank Nagari) Bond Year 2015 Sukuk Mudharabah Year 2015	idA idA idA(sy)	Stable
54	Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung	idA	Stable
55	Bank Permata Tbk. Shelf Registration Subordinated Bond Year 2013 Shelf Registration Subordinated Bond Year 2014	idAAA idAA+ idAAA	Stable
56	Bank Rakyat Indonesia (Persero) Tbk. Shelf Registration Bond Year 2016, 2017, 2018, and 2019 Subordinated Bond Year 2018	idAAA idAAA idAA	Stable
57	Bank Rakyat Indonesia Agroniaga Tbk. Bond Year 2017	idAA idAA	Stable
58	Bank Sumut Shelf Registration Subordinated Bond Year 2018	idA idBBB+	Stable
59	Bank Syariah Mandiri Sukuk Mudharabah Subordinated Year 2016	idAA+ idAA-(sy)	Stable
60	Bank Tabungan Negara (Persero) Tbk. Bond Year 2011 Shelf Registration Bond Year 2012, 2013, 2015, 2016, 2017, 2019, and 2020	idAA+ idAA+ idAA+	Stable
61	Bank Victoria International Tbk. Shelf Registration Bond Year 2017, 2018, and 2019 Shelf Registration Subordinated Bond Year 2017, 2018, 2019, and 2020	idA- idA- idBBB	Negative
62	Barata Indonesia (Persero) MTN Year 2017 and 2019	idBBB idBBB	Negative
63	Barito Pacific Tbk. Shelf Registration Bond Year 2019 and 2020	idA idA	Stable
64	Batavia Prosperindo Finance Tbk. Shelf Registration Bond Year 2018 and 2020	idBBB idBBB	Stable
65	BCA Finance Shelf Registration Bond Year 2019	idAAA idAAA	Stable
66	Bio Farma (Persero) MTN Year 2018 MTN Syariah Mudharabah Year 2018	idAAA idAAA idAAA(sy)	Stable
67	BNI Life Insurance	idAA+	Stable
68	BRI Asuransi Indonesia	idAA-	Stable
69	BRI Multifinance Indonesia MTN Year 2019	idAA- idAA-	Stable
70	Bumi Serpong Damai Tbk. Shelf Registration Bond Year 2016	idAA- idAA-	Stable
71	Bussan Auto Finance Bond Year 2017, 2018, and 2019	idAA idAA	Stable
72	Century Tokyo Leasing Indonesia	idAA	Stable
73	Chandra Asri Petrochemical Tbk. Bond Year 2016 Shelf Registration Bond Year 2017, 2018, 2019, and 2020	idAA- idAA- idAA-	Negative
74	Chandra Sakti Utama Leasing	idA	Stable
75	Clipan Finance Indonesia Tbk. MTN Year 2018	idAA- idAA-	Stable
76	Credit Guarantee and Investment Facility	idAAA	Stable
77	CSM Corporatama	idBBB+	Stable
78	Danareksa (Persero) MTN Year 2019	idA idA	Stable
79	Dharma Satya Nusantara Tbk. Shelf Registration Bond Year 2020	idA- idA-	Stable
80	Elnusa Tbk. Shelf Registration Sukuk Ijarah Year 2020	idAA- idAA-(sy)	Stable
81	Fast Food Indonesia Tbk. Bond Year 2016	idAA idAA	Stable
82	Federal International Finance Shelf Registration Bond Year 2017, 2018, and 2019	idAAA idAAA	Stable
83	Global Mediacom Tbk. Shelf Registration Bond Year 2017 Shelf Registration Sukuk Ijarah Year 2017	idA idA idA(sy)	Stable
84	Hakaaston MTN Year 2018	idBBB+ idBBB+	Negative
85	Hartadinata Abadi Tbk. MTN Syariah Mudharabah Year 2019 Shelf Registration Bond Year 2019 and 2020	idA- idA-(sy) idA-	Stable
86	Hutama Karya (Persero) Shelf Registration Bond Year 2016 and 2017	idA idAAA(gg)	Negative
87	Impact Pratama Industri Tbk. Bond Year 2016	idA- idA-	Stable
88	Indah Kiat Pulp and Paper Tbk. Shelf Registration Bond Year 2020	idA+ idA+	Stable
89	Indofood Sukses Makmur Tbk. Bond Year 2017	idAA+ idAA+	Stable
90	Indomobil Finance Indonesia Shelf Registration Bond Year 2017, 2018, and 2020	idA idA	Stable
91	Indonesia Infrastructure Finance Bond Year 2016 Shelf Registration Bond Year 2019	idAAA idAAA idAAA	Stable
92	Indosat Tbk. Bond Year 2012 Shelf Registration Bond Year 2014, 2015, 2016, 2017, 2018, and 2019 Shelf Registration Sukuk Ijarah Year 2014, 2015, 2016, 2017, and 2019	idAAA idAAA idAAA idAAA(sy)	Stable
93	Industri Kereta Api (Persero) Sukuk Mudharabah Year 2020	idA- idA-(sy)	Stable
94	Infrastruktur Bisnis Sejahtera	idBBB+	Stable
95	INKA Multi Solusi MTN Syariah Mudharabah Year 2017	idBBB idBBB(sy)	Stable
96	Intiland Development Tbk. Bond Year 2016	idBBB idBBB	Stable

No	Company	Rating	Outlook
97	J Resources Asia Pasifik Tbk. Shelf Registration Bond Year 2019 and 2020	idA	Stable
98	J Resources Nusantara MTN Year 2017 and 2018	idA	Stable
99	Jakarta Lingkar Baratsatu Bond Year 2018	idA+	Stable
100	Jaminan Kredit Indonesia (Jamkrindo)	idAAA+	Stable
101	Jaminan Pembiayaan Askrindo Syariah	idA+	Stable
102	Jamkrida Jabar	idBBB	Stable
103	Jamkrida Jakarta	idBBB+	Stable
104	Jasa Marga (Persero) Tbk. Bond Year 2010	idAA-	Stable
105	Jasa Raharja	idAAA	Stable
106	Jasamarga Pandaan Tol Sukuk Ijarah Year 2019	idA+	Stable
107	Jaya Bersama Indo Tbk.	idA-	Negative
108	Kapuas Prima Coal Tbk. Bond Year 2018	idBBB	Stable
109	KB Finansia Multi Finance MTN Year 2017 and 2018	idAA-	Stable
110	Kereta Api Indonesia (Persero) Bond Year 2017 and 2019	idAAA	Negative
111	KIK DINFRA Toll Road Mandiri-001	idAA-	Stable
112	KIK EBA (Asset Backed Securities) KIK EBA Bahana Bukopin 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	idAAA(sf) idAAA(sf) idAAA(sf) idAAA(sf) idCCC(sf)(cg)	- - - - CreditWatch with Negative Implication
	EBA-SP SMF-BTN02 Class A EBA-SP SMF-BTN03 Class A EBA-SP SMF-BTN04 Class A EBA-SP SMF-BTN05 Class A EBA-SP SMF-BMRI01 Class A	idAAA(sf) idAAA(sf) idAAA(sf) idAAA(sf) idAAA(sf)	- - - - -
113	Kimia Farma Tbk. MTN Year 2017, 2018, and 2019 MTN Syariah Mudharabah Year 2019	idAA- idAA- idAA-(sy)	Negative - -
114	Komatsu Astra Finance	idAAA+	Stable
115	Lautan Luas Tbk. Shelf Registration Bond Year 2017 and 2020	idA-	Stable
116	Lembaga Pembiayaan Ekspor Indonesia Shelf Registration Bond Year 2015, 2016, 2017, 2018, 2019, and 2020 MTN Year 2016 Shelf Registration Sukuk Mudharabah Year 2018, 2019, and 2020	idAAA idAAA idAAA(sy)	Stable - -
117	Lembaga Penjamin Simpanan	idAAA	Stable
118	Lontar Papyrus Pulp and Paper Industry MTN Year 2017 Sukuk Mudharabah Year 2018	idA idA(sy)	Stable -
119	Mandala Multifinance Tbk. Shelf Registration Bond Year 2018, 2019, and 2020	idA	Negative
120	Mandiri Unas Finance Shelf Registration Bond Year 2015, 2016, 2017, 2019, and 2020	idAA+	Stable
121	Marga Lingkar Jakarta Bond Year 2017	idAAA(sf)	-
122	Mayora Indah Tbk. Shelf Registration Bond Year 2017 and 2018	idAA	Stable
123	Medco Energi Internasional Tbk. Shelf Registration Bond Year 2016, 2017, 2018, and 2020	idA+	Negative
124	Medco Power Indonesia Bond Year 2018 Sukuk Wakalah Year 2018 and 2019	idA idA(sy)	Stable -
125	Medikaloka Hermina Tbk.	idAA-	Stable
126	Merdeka Copper Gold Tbk. Shelf Registration Bond Year 2020	idA	Stable
127	Mitra Adiperkasa Tbk.	idAA	Negative
128	Mitra Bishis Keluarga Ventura	idBBB	Negative
129	MNC Kapital Indonesia Tbk. Shelf Registration Bond Year 2018	idBBB	Stable
130	Modernland Realty Tbk. Shelf Registration Bond Year 2015	idSD idD	- -
131	Mora Telematika Indonesia Bond Year 2017 Shelf Registration Sukuk Ijarah Year 2019 and 2020	idA idA(sy)	Stable -
132	Nindya Karya (Persero)	idBBB+	Stable
133	Nippon Indosari Corpindo Tbk.	idAA-	Stable
134	Nusa Surya Ciptadana	idA-	Stable
135	Oto Multiartha Bond Year 2017, 2018, and 2019	idAA+	Stable
136	Pabrik Gula Rajawali I MTN Year 2018	idA-	Stable
137	Panorama Sentrawisata Tbk. MTN Year 2018	idBBB idBBB-	Negative -
138	Pegadaian (Persero) Shelf Registration Bond Year 2011, 2017, 2018, and 2020 MTN Syariah Mudharabah Year 2018 Shelf Registration Sukuk Mudharabah Year 2020	idAAA idAAA idAAA(sy) idAAA(sy)	Stable - -
139	Pelabuhan Indonesia I (Persero) Bond Year 2016	idAA-	Stable
140	Pelabuhan Indonesia IV (Persero) Bond Year 2018	idAA	Stable
141	Pelindo Marine Service	idA-	Stable
142	Pembangunan Jaya Ancol Tbk. Shelf Registration Bond Year 2016 and 2018	idA	Negative
143	Pembangunan Perumahan (Persero) Tbk. Shelf Registration Bond Year 2018 and 2019 Perpetual Bond	idA+ idA+ idA-	Negative - -

No	Company	Rating	Outlook
144	Perikanan Nusantara (Persero) MTN Year 2017	idBB- idBB-	CreditWatch with Negative Implication -
145	Perkebunan Nusantara III (Persero) MTN Year 2018 and 2019 MTN Syariah Ijarah Year 2018 Sukuk Ijarah Year 2019	idBBB idBBB(sy) idBBB+	CreditWatch with Negative Implication - -
146	Perkebunan Nusantara X MTN Year 2018	idBBB+	Stable
147	Permodalan Nasional Madani (Persero) Shelf Registration Bond Year 2016, 2017, 2018, 2019, and 2020 Sukuk Mudharabah Year 2017, 2018, and 2019 MTN Year 2018	idA+ idA+ idA+(sy) idA+	Negative - -
148	Perum Perikanan Indonesia MTN Year 2017	idBB+	Stable
149	Perum Perumnas MTN Year 2016, 2017, 2018, and 2019	idBB+	Negative
150	Perusahaan Listrik Negara (Persero) Bond Year 2006, 2007, and 2010 Shelf Registration Bond Year 2013, 2017, 2018, 2019, and 2020 Shelf Registration Sukuk Ijarah Year 2013, 2017, 2018, 2019, and 2020	idAAA idAAA idAAA idAAA(sy)	Stable - -
151	Perusahaan Pengelola Aset (Persero) MTN Year 2019 Commercial Paper Year 2019 Bond Year 2020	idA idA idA1 idA	Stable - -
152	Perusahaan Perseroan (Persero) Telekomunikasi Indonesia Tbk. Shelf Registration Bond Year 2015 MTN Year 2018 MTN Syariah Ijarah Year 2018	idAAA idAAA idAAA(sy)	Stable - -
153	Pindad (Persero) MTN Year 2017	idA- idA-	Negative -
154	Polytama Propindo	idBBB+	Stable
155	Pos Indonesia (Persero) MTN Syariah Ijarah Year 2018 MTN Year 2019	idBBB+ idBBB+(sy) idBBB+	Negative -
156	PP Properti Tbk. Bond Year 2016	idBBB- idBBB-	Negative -
157	Pupuk Indonesia (Persero)	idAAA	Stable
158	Rajawali Nusantara Indonesia (Persero)	idBBB	Stable
159	Reasuransi Indonesia Utama (Persero) Mandatory Convertible Bond I Year 2014	idAA idAA-	Stable -
160	Reasuransi Syariah Indonesia	idA+	Stable
161	Ricobana Abadi MTN Year 2017	idBB+ idBB+	Stable -
162	Sampoerna Agro Tbk. Shelf Registration Bond Year 2020 Shelf Registration Sukuk Ijarah Year 2020	idA- idA-(sy)	Stable -
163	Sarana Multi Infrastruktur (Persero) Shelf Registration Bond Year 2016, 2017, 2018, 2019, and 2020 Shelf Registration Green Bond Year 2018 Shelf Registration Sukuk Mudharabah Year 2018 and 2019	idAAA idAAA idAAA(sy)	Stable - -
164	Sarana Multigriya Finansial (Persero) Shelf Registration Bond Year 2016, 2017, 2018, 2019, and 2020 Shelf Registration Sukuk Mudharabah Year 2020 Commercial Paper Year 2019 MTN Year 2020	idAAA idAAA idAAA(sy) idA1+ idAAA	Stable - -
165	Semen Baturaja (Persero) Tbk. MTN Year 2018	idA idA	Stable -
166	Semen Indonesia (Persero) Tbk. Shelf Registration Bond Year 2017 and 2019	idAA idAA	Stable -
167	Shinhan Indo Finance	idA-	Stable
168	Siantar Top Tbk. Shelf Registration Bond Year 2016	idA+	Stable
169	Sinar Mas Agro Resources and Technology Tbk. Shelf Registration Bond Year 2020	idA+ idA+	Stable -
170	Sumberdaya Sewatama Bond Year 2012 Sukuk Ijarah Year 2012	idCCC idCCC(sy)	Negative -
171	Summarecon Agung Tbk. Shelf Registration Bond Year 2015, 2017, 2018, and 2019	idA idA	Stable -
172	Surya Artha Nusantara Finance Shelf Registration Bond Year 2017	idAA- idAA-	Stable -
173	Surya Semesta Internusa Tbk. Shelf Registration Bond Year 2016	idA-	Negative
174	Suzuki Finance Indonesia	idA-	Stable
175	Timah Tbk. Shelf Registration Bond Year 2017 and 2019 Shelf Registration Sukuk Ijarah Year 2017 and 2019	idA idA(sy)	Negative -
176	Tiphone Mobile Indonesia Tbk. Shelf Registration Bond Year 2016 and 2019	idD idD	- -
177	Tridomain Performance Materials Tbk. MTN Year 2017 and 2018 Bond Year 2018 and 2019	idA- idA- idA-	Stable -
178	Trimegah Sekuritas Indonesia Tbk. MTN Year 2018	idA	Negative
179	Usaha Pembiayaan Reliance Indonesia	idBBB-	Negative
180	Voksel Electric Tbk. Bond Year 2019	idA- idA	Negative -
181	Waskita Karya (Persero) Tbk. Shelf Registration Bond Year 2015, 2016, and 2017	idBBB+ idBBB+	Negative -
182	Waskita Toll Road MTN Year 2019	idBBB idBBB	Negative -
183	Wika Realty MTN Year 2017, 2018, and 2019	idBBB- idBBB-	Negative -