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The Impact of Fiscal Deficit Increase for Indonesia's Economy in The Short and Medium Term

The 2017 government budget plan indicated a potential increase of fiscal deficit from 2.41% to 2.92%, assuming the government's spending target is 100% absorbed. This fiscal deficit increase will cause the government to issue additional new government bond from IDR330 trillion to the range between IDR370 trillion and IDR400 trillion in 2017. As in May 2017, government's total debt was recorded to reach IDR3,672 trillion. The government's total debt was also forecasted to increase to IDR3,900 trillion following the increase of fiscal deficit in 2017.

There were several factors surrounding the government decision to increase its fiscal deficit. First, there is the possibility that the government is unable to fully collect taxes from its taxpayers. As of June 2017, the government collected only 38% of the targeted IDR1,307 trillion taxes and there will be an IDR50 trillion shortfall in taxes forecasted at the end of this year. The second factor is that the government wants to maintain public purchasing power by increasing subsidy of energy to prevent price surge. In the 2017 government budget plan, subsidy in energy shows an increase of IDR50 trillion. In addition, the push for infrastructure development by the central government, especially in preparing for the 2018 Asian Games, further increase government spending by IDR10 trillion.



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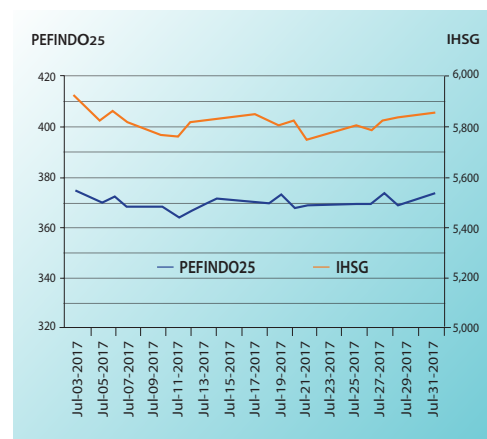
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Ahmad Mikail
ECONOMIST



Overall, an increase in fiscal deficit followed by an increase in government debt can help economic growth in the short term but increase interest expense government budget in the medium term.

The rise of fiscal deficit also gives some implications for the Indonesia's economy in the short and medium term. In the short term, the increase of fiscal deficit could prevent the decrease of domestic consumption by maintaining the price of subsidized products. The upsurge in the government budget deficit is expected to maintain public purchasing power in 2017 as the price of government subsidized goods has risen, which has an impact on raising inflation in the recent first semester of 2017. By adding subsidies, the government is expecting to see at least a stable growth in domestic consumption during the third and fourth quarter.

Furthermore, the addition of capital expenditures especially for Asian Games is expected to boost bank loan growth and push better investment expenditure growth in the second semester of 2017. Overall, in the short term, we remain optimistic that economic growth can grow better than last year in the range of 5.1% - 5.2%.

In the medium term, the increase of fiscal deficit will cause faster growth on government debt and led to higher fiscal risk. Increasing government debt that grew faster than the tax revenues that have declined over the last few years made the government's primary balance to suffer deficit over the last five years. Because of this deficit, the government is forced to take new debt in order to pay previous debt's interests. With the increase

in new debt, it is estimated that interest expense to total budget expenditure will still be high and we expect to be in the range of 8% to 10% in the next two to three years. Those numbers are relatively high if compared to other countries with higher debt ratio, such as the United States with only 6% interest expense. Overall, an increase in fiscal deficit followed by an increase

in government debt can help economic growth in the short term but increase interest expense government budget in the medium term. ●





Putri Amanda
FINANCIAL INSTITUTION
ANALYST

Pawn Industry

After POJK 31

PEFINDO foresees a stable outlook for the pawn industry in Indonesia in the near to medium term. We project a moderate industry growth of about 15% in the next 12-18 months, as we expect an economic growth of 5%-5.2%. This industry growth will be supported by market fundamentals: a large portion of Indonesia's population has limited access to formal financial services. The industry's target customers are generally insensitive to changes in interest rates, in our view, given the low amounts of financing involved and the short financing periods.

We expect to see increased competition in the industry due to the implementation of the Financial Services Authority's (OJK) Peraturan Otoritas Jasa Keuangan No.31/POJK.05/2016 (POJK 31), which regulates pawning activities. However, the stricter regulatory environment is seen to be positive for the market as a whole, as it will force all players to operate in line with the new regulation.

Key features of POJK 31

POJK 31 welcomes private pawnshops to the industry, allowing them to be established as limited liability companies (perseroan terbatas, PT) or as cooperatives. Pawn companies formed as limited liability companies can only be owned by the government of Indonesia, a regional government, Indonesian citizens, and/or an Indonesian legal entity. Direct or indirect foreign ownership is prohibited, unless through the stock exchange.

Their scope of business includes the distribution of financing with collateral under the pawn law, the distribution of financing with collateral under a fiduciary,

a deposit service for valuable goods, and appraisal service. Pawn services can be offered under conventional or sharia principles. They are also allowed to engage in fee-based income business activities outside the pawn business, but they need to obtain prior approval from OJK.

The regulation requires pawn companies to have minimum paid-up capital of IDR500 million to conduct their business on a regency level and IDR2.5 billion on a provincial level. Pawn companies are obligated to submit periodic reports every three months.

Companies have two years from the time the regulation is enacted to register with the regulator. Failure to do so can merit a written notification, suspension, or revocation of business license from OJK.

Improved regulatory environment to enhance industry discipline

We view the enactment of this regulation positively, as it increases oversight over pawn business activities in Indonesia. We are of the view that more stringent control will protect consumers against potential fraudulent pawnshops. The lack of financial literacy among low-income segments has resulted in the high numbers of loan sharks in Indonesia, although there is limited information on the actual size.

With POJK 31, it is expected that previously unlicensed pawnshops will comply and register to be allowed to operate. We also expect consolidation within the industry, since pawnshops that cannot meet the requirements will be closed down, thus reducing the number of potential players and improving OJK's supervision. With the new regulation, micro and small enterprises with limited access to banks will have alternatives for funding sources through legal pawn brokers.

We view the limitation on geographical coverage as a tool to drive the supply and demand of financing in rural areas, making distribution more even. The reporting requirement should also increase data transparency and reliability, and improve financial discipline among pawn players.

Impact on PT Pegadaian (Persero)

PT Pegadaian (Persero) (PPGD) is the only government-owned pawn brokerage company in Indonesia, and has been the dominant player in the business for over 100 years. We view the outlook of PPGD as stable in the near to medium term, and expect its business position to remain superior despite the increased competition from new pawn players as a result of POJK 31. However, given the coverage area limitation, these pawn companies will focus on their respective regencies and provinces. PPGD is the only pawn brokerage with the license to operate nationwide. In this regard, it has the competitive advantage given its considerable network and infrastructure. We are of the view that it would take time to replicate what PPGD has achieved over the years. In addition, with POJK 31, PPGD will no longer be accused of being a monopoly, which could improve its image among the general public.

With this regulation, PPGD has to establish new subsidiaries for activities outside its core business of pawn brokerage, which based on our projection, will increase its operational costs. Supporting businesses that are not in accordance with the regulation – gold trading, micro financing, auction houses, and property rental – would have to be conducted by subsidiaries that operate as non-pawn brokerage business units. ●



Septian Wiland Mujaddid
MUNICIPAL ANALYST

Local Government Financial Capability and Potential Issuance of Municipal Bonds

The general definition of fiscal capacity is the ability of a state/local government to earn revenue to be used for the provision of public services and to perform other government functions. Decree of the Minister of Finance of the Republic of Indonesia on Fiscal Capacity Map states that the regional fiscal capacity is one of the parameters used by the central government to assess regional grant and lending proposals - including regional bonds - submitted by local governments (LGs).

Up to 2016, the fiscal capacity calculation focused on the local government's ability to generate revenues from local economic resources as well as the level of dependence on transfer funds from the central government. The formula used for the measurement is the sum of the Local Own-Source Revenue (PAD), the General Allocation Fund (DAU), the Revenue Sharing Fund (DBH), the

Special Autonomy Fund (DOK), Other Lawful Local Revenue (LPDS), and the Transfer Income reduced by Personnel Expenditure then divided by the Number of Poor People. The base year used in the fiscal capacity calculation is the realization of the previous year's local government budget (APBD) and the annual poverty data from the Central Bureau of Statistics (BPS).

Based on that formula, local governments in Indonesia are classified into four categories of fiscal capacity, i.e. Very High, High, Medium, and Low Categories. In 2016, at the province level there were three LGs in the very high category, nine LGs in the high category, six LGs in the medium category, and 16 LGs in the low category. As for district/city government level, 55 LGs were in the very high category, 97 in the high category, 130 in the medium category, and 226 in the low category.

The Ministry of Finance is currently revising the formula used to assess the

fiscal capacity of LGs. Going forward, local financial capability will be used as key criteria to assess the grant and loans including the bond proposed by LGs. In the new decree draft, the formula used is total revenue of LGs reduced by earmarked revenues, personnel expenditures, financial aid expenditures, and revenue-sharing expenditures. The classification of local government based on the financial capability of the region will also change to five categories, namely Very Strong, Strong, Medium, Low, and Very Low.

As a result of these regulatory changes, there will be minor change in the classification of local governments based on their financial capability. Going forward, at the province level there are four local governments in the very high category, five in the high category, eight in the medium category, eight in the low category, and nine in the very low category. As for the regency/city government level, 32 LGs are included in the very high category, 95 in the high category, 127 in the medium category, 127 in the low category, and 127 in the very low category.

In general, the fiscal capacity of most local governments in Indonesia is still relatively low and has a high dependence on transfer funds from the central government. Local governments with high financial capability should be encouraged to utilize alternative financing for local infrastructure development other than local own-source revenue and transfer funds from the central government. Most of the eight LGs rated by PEFINDO are classified as regional governments with high fiscal capacity. Regulators and the central government are also simplifying regulation and encouraging the opportunity for local government bond issuance as an alternative financing for regional development. ●



Media Forum

PEFINDO organized a “**Media Forum**” on Monday, July 24, 2017. The event took place in seminar room I of PT Bursa Efek Indonesia. On that occasion, presented the exposure of corporate bond development 2017. Mr. Salyadi Saputra as President Director of PEFINDO answered questions from media about the increase of bond issuance in the country and mandate received by PEFINDO. The second segment of the event was covered by Mr. Ahmad Mikail who presented the issuance of Corporate Bonds; Outlook in 2017. The economist explains Indonesia’s economic growth, interest rate prediction and impacts that occurred after S&P Global rating raised Indonesia’s credit rating to investment grade. The event was covered by 20 medias both print and electronic medias. ●



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Monitoring Monetary Policy Landscape
In Key Central Bank

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As result, by the end of 2017, we expect a change in the Fed's policy will still be a major source of sentiment in global financial markets. In addition, we also anticipate the possibility of a policy shift in the Euro Zone, especially close to 2018.

The policy of monetary easing in global markets has contributed to a surge of capital inflow into bond markets in developing countries. Foreign investors booked a new record of portfolio purchase and hunted a higher yield in emerging markets. As a result, bond markets in these countries (e.g. Indonesia and India) were performing strongly, although at the same time, the flow also raised concerns of capital flight risk when central banks in developed countries begin to tighten their monetary policy.

So far, other than The Fed, only the Bank of Canada has raised its policy rate, to 0.75% from 0.50% in the middle of July 2017. Meanwhile, other central banks such as Bank of Japan (BOJ), Bank of England (BOE), and the European Central Bank (ECB), still maintained their benchmark rates and there is no indication of a shift in the near term. As result, by the end of 2017, we expect a change in the Fed's policy will still be a major source of sentiment in global financial markets. In addition, we also anticipate the possibility of a policy shift in the Euro Zone, especially close to 2018.

From the US market, under-target inflation kept The Fed to delay its target of shrinking the USD4.5 trillion balance sheet next month, which would likely delay the rate hike until December or even later. The Federal Reserve forecast a very weak US inflation, where annual

inflation could remain under pressure for six to 10 months. Unemployment has fallen to a 16-year low of 4.3%, but wages only increased at a rate of 2.0% to 2.5% which in turn reflects weak overall inflation. As is known, The Fed has raised interest rates twice this year and expects to raise it once again, but may be not in the third quarter of 2017 considering weak prospect of inflation.

In the European Zone, the ECB maintains its policy and is faced with a stronger currency that can challenge growth prospects. Combined with a weak inflation background, the ECB is likely to postpone its planned asset purchase program in the beginning of fourth quarter of 2017. According to a Reuters survey, twenty-eight of 50 economists surveyed on August 7-9 said they expected the bank central will make an announcement in September, while 15 says it will wait until October.

As is known, expectations that the ECB will begin to shift from aggressive quantitative easing policies have increased along with strong growth in the euro zone, where the economy grew higher (2.1% YoY) compared with the UK (1.7% YoY) on second quarter of 2017. However, inflation in the region is still below the ECB target of 2.0% (see table below).

From Japan, the central bank has not changed its monetary policy and still maintains an annual purchase of government bonds of JPY80 trillion to meet their 10-year yield target. The BOJ is under pressure to explain when, and under what conditions, to get out of its current monetary policy.

Initially, when it was released, this monetary policy is aimed at achieving 2.0% inflation within two years since it was launched. However, based on latest estimates from the BOJ, inflation is likely to stay well below the BOJ target, where core inflation is projected at 1.1% for fiscal year 2017 and 1.5% for fiscal year 2018, lower than previous estimates of about 1.4% and 1.7%, respectively.

Meanwhile, the BOE is keeping interest rates steady at 0.25% and maintaining ownership levels of government bonds and corporate bonds of GBP435 billion and GBP10 billion respectively. The BOE also projects that growth prospects remain the same as before with an economic growth rate of around 1.7%.

Inflation and Interest Rate Policy in Several Countries (%)

	Inflation							Central Bank Target	Interest Rate Policy
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17		
United States	2.5	2.7	2.4	2.2	1.9	1.6	-	2.0	1.00-1.25
EU	1.8	2.0	1.5	1.9	1.4	1.3	1.3	2.0	0.0
United Kingdom	1.8	2.3	2.3	2.7	2.9	2.6	-	2.0	0.25
Japan	0.4	0.3	0.2	0.4	0.4	0.4	-	2.0	-0.1-0.0
China	2.5	0.8	0.9	1.2	1.5	1.5	1.4	3.0	4.35
India	3.2	3.7	3.9	3.0	2.2	1.5	-	2.0-6.0	6.25
Indonesia	3.5	3.8	3.6	4.2	4.3	4.4	3.9	3.0-5.0	4.75
South Korea	2.0	1.9	2.2	1.9	2.0	1.9	2.2	2.0	1.25
Malaysia	3.2	4.5	5.1	4.4	3.9	3.6	-	2.0-3.0	3.0
Thailand	1.6	1.4	0.8	0.4	0.0	-0.1	0.2	1.0-4.0	1.5

Source: Bloomberg; = tightening; = easing



companies & bonds rated by PEFINDO

No	Company	Rating	Outlook
1	Adhi Karya (Persero) Tbk. Shelf Registration Bond Year 2012, 2013, and 2017 Shelf Registration Sukuk Mudharabah Year 2013	idA- idA- idA-(sy)	Stable - -
2	Adira Dinamika Multi Finance Tbk. Shelf Registration Bond Year 2012, 2013, 2014, 2015, 2016, and 2017 Shelf Registration Sukuk Mudharabah Year 2014, 2015, 2016, and 2017	idAAA idAAA idAAA(sy)	Stable - -
3	Agung Podomoro Land Tbk. Bond Year 2012 Shelf Registration Bond Year 2013, 2014, and 2015	idA- idA- idA-	Negative - -
4	AKR Corporindo Tbk. Bond Year 2012 Shelf Registration Bond Year 2017	idAA- idAA- idAA-	Stable - -
5	Aneka Tambang (Persero) Tbk. Shelf Registration Bond Year 2011	idBBB+ idBBB+	Stable -
6	Angkasa Pura I (Persero) Bond Year 2016 Sukuk Ijarah Year 2016	idAAA idAAA idAAA(sy)	Stable - -
7	Angkasa Pura II (Persero) Bond Year 2016	idAAA idAAA	Stable -
8	Astra Sedaya Finance Shelf Registration Bond Year 2013 MTN Year 2015	idAAA idAAA idAAA	Stable - -
9	Asuransi Bangun Askrida	idA+	Stable
10	Asuransi Binagriya Upakara	idBBB+	Stable
11	Asuransi Bringin Sejahtera Artamakmur	idA-	Stable
12	Asuransi Central Asia	idA+	Stable
13	Asuransi Jiwa Syariah Al Amin	idBBB	Stable
14	Asuransi Kredit Indonesia (Persero)	idAA+	Stable
15	Asuransi Staco Mandiri	idBBB	Stable
16	Asuransi Umum BCA	idAA-	Stable
17	Asuransi Tri Pakarta	idA-	Stable
18	Asuransi Umum Videi	idBBB	Stable
19	Bali Towerindo Sentra Tbk. MTN Year 2017	idBBB+ idBBB+	Stable -
20	Bank BNI Syariah Sukuk Mudharabah Year 2015	idAA+(sy)	Stable
21	Bank BNP Paribas Indonesia	idAAA	Stable
22	Bank Bukopin Tbk. Shelf Registration Subordinated Bond Year 2012 Shelf Registration Subordinated Bond Year 2015 and 2017 MTN Year 2016	idA+ idA- idA- idA+	Stable - - -
23	Bank Capital Indonesia Tbk. Subordinated Bond Year 2014, 2015, and 2017	idBBB+ idBBB-	Stable -
24	Bank CIMB Niaga Tbk. Shelf Registration Bond Year 2012, 2013, and 2016	idAAA idAAA	Stable -
25	Bank Andamom Indonesia Tbk.	idAAA	Stable
26	Bank DKI Subordinated Bond Year 2011	idA+	Positive
27	Bank Kesejahteraan Ekonomi Subordinated Bond Year 2016	idBBB+ idBBB-	Stable -
28	Bank Lampung Bond Year 2012	idA- idA-	Stable -
29	Bank Mandiri (Persero) Tbk. Shelf Registration Bond Year 2016 and 2017	idAAA idAAA	Stable -
30	Bank Mandiri Taspem Pos MTN Year 2016	idAA idAA	Stable -
31	Bank Mayapada Internasional Tbk. Subordinated Bond Year 2013 Subordinated Bond Year 2014	idA- idA- idBBB+	Stable - -
32	Bank Maybank Indonesia Tbk. Shelf Registration Bond Year 2012 and 2017 Shelf Registration Subordinated Bond Year 2011 and 2012 Subordinated Bond Year 2011 Shelf Registration Subordinated Bond Year 2014 and 2016 Shelf Registration Sukuk Mudharabah Year 2016 and 2017	idAAA idAAA idAA+ idAA+ idAA idAAA(sy)	Stable - - - - -
33	Bank Mega Tbk.	idA+	Stable
34	Bank Muamalat Indonesia Tbk. Sukuk Subordinasi Mudharabah Berkelanjutan Year 2013 MTN Syariah Year 2017 Subordinated MTN Syariah Year 2017	idA-(sy) idA(sy) idBBB+(sy)	- - -
35	Bank Negara Indonesia (Persero) Tbk. Shelf Registration Bond Year 2017	idAAA idAAA	Stable -
36	Bank OCBC NISP Tbk. Shelf Registration Bond Year 2015 and 2016	idAAA idAAA	Stable -
37	Bank Pan Indonesia Tbk. Subordinated Bond Year 2010 Shelf Registration Bond Year 2012 and 2016 Shelf Registration Subordinated Bond Year 2012 Shelf Registration Subordinated Bond Year 2016 and 2017	idAA idAA- idAA- idA+	Stable - - -
38	Bank Panin Dubai Syariah Tbk.	idAA-	Stable
39	Bank Pembangunan Daerah Bengkulu	idBBB+	Stable
40	Bank Pembangunan Daerah Jawa Barat and Banten Tbk. Bond Year 2011 MTN Year 2016	idAA- idAA- idAA-	Stable - -
41	Bank Pembangunan Daerah Jawa Tengah Subordinated Bond Year 2015	idA+	Stable
42	Bank Pembangunan Daerah Nusa Tenggara Timur Bond Year 2011	idA- idA	Stable -

No	Company	Rating	Outlook
43	Bank Pembangunan Daerah Sulawesi Selatan and Sulawesi Barat Shelf Registration Bond Year 2016 Sukuk Mudharabah Year 2016	idA+ idA+(sy)	Stable -
44	Bank Pembangunan Daerah Sumatera Barat (Bank Nagari) Subordinated Bond Year 2010 and 2012 Bond Year 2015 Sukuk Mudharabah Year 2015	idA- idA- idA- idA(sy)	- - - -
45	Bank Permata Tbk. Shelf Registration Subordinated Bond Year 2013 Shelf Registration Subordinated Bond Year 2014 Subordinated Bond Year 2011 and 2012	idAAA idAA+ idAA- idAA+	Stable - - -
46	Bank QNB Indonesia Tbk.	idAA	Stable
47	Bank Rakyat Indonesia (Persero) Tbk. Shelf Registration Bond Year 2015, 2016, and 2017 MTN Year 2016	idAAA idAAA idAAA	Stable - -
48	Bank Rakyat Indonesia Agroniaga Tbk. Bond Year 2017	idAA idAA	Stable -
49	Bank Resona Perandia MTN Year 2016	idAA- idAA-	Stable -
50	Bank Sumitomo Mitsui Indonesia MTN	idAAA idAAA	Stable -
51	Bank Sumut Subordinated Bond Year 2011	idA idA-	Stable -
52	Bank Syariah Mandiri Sukuk Subordinasi Mudharabah Year 2016	idAA+ idAA-(sy)	Stable -
53	Bank Tabungan Negara (Persero) Tbk. Bond Year 2010 and 2011 Shelf Registration Bond Year 2012, 2013, 2015, 2016, and 2017	idAA+ idAA+ idAA+	Stable - -
54	Bank Victoria International Tbk. Bond Year 2013 Subordinated Bond Year 2012 and 2013 Shelf Registration Bond Year 2017 Shelf Registration Subordinated Bond Year 2017	idA- idA- idBBB+ idA- idBBB	Stable - - - -
55	Bank Woori Saudara Indonesia 1906 Tbk. Bond Year 2012 Subordinated Bond Year 2012	idAA idAA idAA-	Stable - -
56	Bank Yudha Bhakti Tbk.	idBBB+	Stable
57	Batavia Prosperindo Finance Tbk. Shelf Registration Bond Year 2016 and 2017	idBBB idBBB	Stable -
58	BCA Finance Shelf Registration Bond Year 2015 and 2016	idAAA idAAA	Stable -
59	Bima Multi Finance Shelf Registration Bond Year 2015 Shelf Registration Bond I Year 2016 Shelf Registration Bond II Year 2016	idSD idD idCCC idD	- - - -
60	Brantas Abipraya (Persero) Bond Year 2015	idBBB+ idBBB+	Stable -
61	Buana Finance Tbk.	idBBB+	Stable
62	Bumi Serpong Damai Tbk. Shelf Registration Bond Year 2012, 2013, and 2016	idAA- idAA-	Stable -
63	Century Tokyo Leasing Indonesia MTN Year 2016	idAA- idAAA(sy)	Stable -
64	Chandra Asri Petrochemical Tbk. Bond Year 2016	idA+ idA+	Stable -
65	Chandra Sakti Utama Leasing Bond Year 2017	idA idA	Stable -
66	CIMB-Principal Asset Management	idA-	Stable
67	Clipan Finance Indonesia Tbk. MTN Year 2015	idA+ idA+	Stable -
68	Andareksa (Persero) Shelf Registration Bond Year 2012 and 2014	idA idA	Positive -
69	DIRE Bowsprit Commercial and Infrastructure	idA	Stable
70	Duta Anggada Realty Tbk. Shelf Registration Bond Year 2013	idBBB+ idBBB+	Negative -
71	Elnusa Tbk.	idA+	Stable
72	Equity Finance Indonesia MTN Year 2015, 2016, and 2017	idBBB idBBB	Negative -
73	Express Transindo Utama Tbk. Bond Year 2014	idBBB idBBB	Negative -
74	Fast Food Indonesia Tbk. Bond Year 2016	idAA idAA	Stable -
75	Federal International Finance Shelf Registration Bond Year 2015, 2016, and 2017	idAAA idAAA	Stable -
76	Finansia Multi Finance MTN Year 2014 and 2015	idBBB+ idBBB+	Stable -
77	Gajah Tunggal Tbk.	idA+	Stable
78	Garuda Indonesia (Persero) Tbk. Shelf Registration Bond Year 2013	idBBB+ idBBB+	Stable -
79	Gresik Jasatama	idBBB	Stable
80	Global Mediacom Tbk. Shelf Registration Sukuk Ijarah Year 2017 Shelf Registration Sukuk Ijarah Year 2017	idBBB idA+ idA+(sy)	Stable - -
81	Graha Informatika Nusantara MTN Year 2016	idBBB idBBB	Stable -
82	Graha Wahana Nusantara	idBB+	Stable

No	Company	Rating	Outlook
83	Hasnur Jaya Internasional	idBBB	Stable
84	Hutama Karya (Persero) Bond Year 2013 Shelf Registration Bond Year 2016 and 2017	idA- idA- idAAA(gg)	Stable - -
85	Impack Pratama Industri Tbk. Bond Year 2016	idA- idA-	Stable -
86	Indofood Sukses Makmur Tbk. Bond Year 2014 and 2017	idAA+ idAA+	Stable -
87	Indomobil Finance Indonesia Shelf Registration Bond Year 2013, 2014, 2015, 2016, and 2017	idA idA	Stable -
88	Indomobil Wahana Trada	idBB	Stable
89	Indonesia Infrastructure Finance Bond Year 2016	idAAA idAAA	Stable -
90	Indosat Tbk. Bond Year 2012 Sukuk Ijarah Year 2012 Shelf Registration Bond Year 2014, 2015, 2016, and 2017 Shelf Registration Sukuk Ijarah Year 2014, 2015, 2016, and 2017	idAAA idAAA idAAA(sy) idAAA idAAA(sy)	Stable - - - -
91	Indosurya Inti Finance	idBBB+	Stable
92	Industri Kereta Api (Persero) MTN Year 2017	idA idA	Stable -
93	Intiland Development Tbk. Bond Year 2013 and 2016	idA- idA-	Negative -
94	J Resources Asia Pasifik Tbk.	idA	Stable
95	J Resources Nusantara MTN Year 2017	idA idA	Stable -
96	Japfa Comfeed Indonesia Tbk.	idA	Positive
97	Jasa Marga (Persero) Tbk. Bond Year 2010 Shelf Registration Bond Year 2013 and 2014	idAA idAA idAA	Stable - -
98	Jasa Raharja (Persero)	idAAA	Stable
99	Kereta Api Indonesia (Persero)	idAAA	Stable
100	KIK EBA (Asset Backed Securities) KIK EBA Andareksa BTN - KPR BTN Class A EBA-SP SMF-BTN01 Class A EBA-SP SMF-BTN02 Class A EBA-SP SMF-BTN03 Class A EBA-SP SMF-BMRI01 Class A	idAAA idAAA idAAA idAAA idAAA idAAA	- - - - -
101	Kimia Farma (Persero) Tbk. MTN Year 2016	idAA- idAA-	Stable -
102	Komatsu Astra Finance	idAA+	Stable
103	Lautan Luas Tbk. Shelf Registration Bond Year 2013 and 2017	idA- idA-	Stable -
104	Lembaga Pembiayaan Ekspor Indonesia Shelf Registration Bond Year 2011, 2014, 2015, 2016, and 2017 MTN Year 2016	idAAA idAAA idAAA	Stable - -
105	Len Industri (Persero) MTN Year 2015 and 2016	idBBB- idBBB-	Stable -
106	Mandala Multifinance Tbk. Shelf Registration Bond Year 2015	idA idA	Negative -
107	Mandiri Tunas Finance (previously Tunas Financindo Sarana) Shelf Registration Bond Year 2014, 2015, 2016, and 2017	idAA+ idAA+	Stable -
108	Marga Mandalasakti	idA+	Stable
109	Maskapai Reasuransi Indonesia Tbk.	idA+	Stable
110	Mayora Indah Tbk. Bond Year 2012 Shelf Registration Bond Year 2017	idAA- idAA- idAA-	Stable - -
111	Medco Energi Internasional Tbk. Shelf Registration Bond Year 2012, 2013, 2016, and 2017 MTN Year 2016	idA+ idA+ idA+	Negative - -
112	Mitra Adiperkasa Tbk. Shelf Registration Bond Year 2012 and 2014	idAA- idAA-	Stable -
113	Mitra Bisnis Keluarga Ventura	idBBB+	Stable
114	Mitsubishi UFJ Lease & Finance Finance MTN Year 2015 and 2016	idAAA(cg)	-
115	MNC Kapital Indonesia Tbk. Shelf Registration Bond Year 2013	idBBB idBBB	Stable -
116	MNC Securities (previously Bhakti Securities) MTN Year 2016	idBBB+ idBBB+	Stable -
117	Modernland Realty Tbk. Bond Year 2012 Shelf Registration Bond Year 2015	idA idA idA	Negative - -
118	Nindya Karya (Persero) MTN Year 2017	idBBB+ idBBB+	Stable -
119	Nippon Indosari Corpindo Tbk. Shelf Registration Bond Year 2013 and 2015	idAA- idAA-	Stable -
120	Oto Multiartha Bond Year 2017	idAA+ idAA+	Stable -
121	Panorama Sentrawisata Tbk. Shelf Registration Bond Year 2013 and 2015	idA- idA-	Stable -
122	Pegadaian (Persero) Bond Year 2003, 2007, and 2009 Shelf Registration Bond Year 2011, 2012, 2013, 2014, and 2015	idAAA idAAA idAAA	Stable - -

No	Company	Rating	Outlook
123	Pelabuhan Indonesia I (Persero) Bond Year 2016	idAA idAA	Stable -
124	Pelabuhan Indonesia III (Persero)	idAA+	Stable
125	Pembangunan Jaya Ancol Tbk. Bond Year 2012 Shelf Registration Bond Year 2016	idAA- idAA- idAA-	Stable - -
126	Pembangunan Perumahan (Persero) Tbk. Shelf Registration Bond Year 2013 and 2015 MTN Year 2014	idA+ idA+ idA+	Stable - -
127	Perkebunan Nusantara II MTN Year 2015	idA(cg)	-
128	Perkebunan Nusantara III (Persero) MTN Year 2015	idA idA	Stable -
129	Perkebunan Nusantara X Bond Year 2013	idBBB idBBB	Stable -
130	Permodalan Nasional Maandi (Persero) Bond Year 2012 and 2013 Shelf Registration Bond Year 2014, 2016, and 2017	idA idA idA	Stable - -
131	Perum Jaminan Kredit Indonesia (Jamkrindo)	idAA+	Stable
132	Perum Perikanan Indonesia MTN Year 2017	idBBB+ idBBB+	Stable -
133	Perum Perumnas MTN Year 2015, 2016, and 2017	idBBB+ idBBB+	Stable -
134	Perusahaan Gas Negara (Persero) Tbk.	idAAA	Stable
135	Perusahaan Listrik Negara (Persero) Bond Year 2006, 2007, and 2010 Shelf Registration Bond Year 2013 and 2017 Shelf Registration Sukuk Year 2013 Sukuk Ijarah Year 2010 Shelf Registration Sukuk Ijarah Year 2017	idAAA idAAA idAAA(sy) idAAA(sy) idAAA(sy) idAAA(sy)	Stable - - - -
136	Perusahaan Perseroan (Persero) Telekomunikasi Indonesia Tbk. Bond Year 2010 Shelf Registration Bond Year 2015	idAAA idAAA idAAA	Stable - -
137	PP Properti Tbk. MTN Year 2015 and 2016 Bond Year 2016	idBBB+ idBBB+ idBBB+	Stable - -
138	Pupuk Kalimantan Timur	idAA+	Stable
139	Rajawali Nusantara Indonesia (Persero) MTN Year 2017 Sukuk Ijarah Year 2017	idA- idA- idA-(sy)	Stable - -
140	Reasuransi Indonesia Utama (Persero) Mandatory Convertible Bond I Year 2014	idAA idAA-	Stable -
141	Sarana Multi Infrastruktur (Persero) Bond Year 2014 Shelf Registration Bond Year 2016	idAAA idAAA idAAA	Stable - -
142	Sarana Multigriya Finansial (Persero) Shelf Registration Bond Year 2012, 2013, 2014, 2015, 2016, and 2017 Sukuk Mudharabah Year 2017	idAAA idAAA idAAA(sy)	Stable - -
143	Semen Indonesia (Persero) Tbk. Shelf Registration Bond Year 2017	idAA+ idAA+	Stable -
144	Siantar Top Tbk. Shelf Registration Bond Year 2016	idA idA	Stable -
145	Sinar Mas Agro Resources and Technology Tbk. Shelf Registration Bond Year 2012	idA+ idA+	Stable -
146	Sumberdaya Sewatama Bond Year 2012 Sukuk Ijarah Year 2012	idBB+ idBB+ idBB+(sy)	Stable - -
147	Summarecon Agung Tbk. Shelf Registration Bond Year 2013, 2014, and 2015 Shelf Registration Sukuk Ijarah Year 2013, 2014, and 2015	idA+ idA+ idA+(sy)	Negative - -
148	Sunprima Nusantara Pembiayaan MTN Year 2017	idA- idA-	Stable -
149	Surya Artha Nusantara Finance MTN Year 2015 Shelf Registration Bond Year 2014, 2015, 2016, and 2017	idAA- idAA- idAA-	Stable - -
150	Surya Semesta Internusa Tbk. Bond Year 2012 Shelf Registration Bond Year 2016	idA idA idA	Negative - -
151	Tiga Pilar Sejahtera Food Tbk. Bond Year 2013 Sukuk Ijarah Year 2013 and 2016	idA idA idA(sy)	Stable - -
152	Timah (Persero) Tbk	idA+	Stable
153	Tiphone Mobile Indonesia Tbk. Shelf Registration Bond Year 2015 and 2016	idA idA	Stable -
154	Verena Multi Finance Tbk. Shelf Registration Bond Year 2013	idA- idA-	Stable -
155	Waskita Karya (Persero) Tbk. Shelf Registration Bond Year 2014, 2015, 2016, and 2017	idA- idA-	Positive -
156	Wijaya Karya (Persero) Tbk. MTN Year 2014	idA+ idA+	Stable -
157	Wijaya Karya Beton Tbk.	idA+	Stable
158	Wika Realty MTN Year 2015 and 2016	idBBB+ idBBB+	Positive -