



KEMENTERIAN KEUANGAN
REPUBLIK INDONESIA

GOVERNMENT SECURITIES MANAGEMENT

Nov 28, 2023



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Outline

01

BUDGET FINANCING STRATEGY & REALIZATION

02

GOVERNMENT SECURITIES PERFORMANCE



BUDGET FINANCING STRATEGY & REALIZATION

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2023 BUDGET FINANCING

Increasing productivity for an inclusive and sustainable economic transformation

Description (IDR Trillion)		Budget 2023
A. State Revenue		2,463.0
1.	Tax Revenue	2,021.2
2.	Non-tax Revenue	441.4
3.	Grants	0.4
B. State Expenditure		3,061.2
1.	Central Government Expenditure	2,246.5
2.	Regional Transfer & Village Fund	814.7
C. Primary Balance		(156.7)
D. Surplus (Deficit)		(598.2)
% of GDP		(2.84)
E. Financing		598.2

Macroeconomic Assumption for 2023 Budget



Economic Growth
5.3%



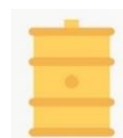
Inflation
3.6%



Exchange Rate
IDR14,800/USD



10Y T-Bonds Rate
7.90%



ICP
US\$90/barrel



Oil Lifting
660 thousand
barrel/day



Gas Lifting
1,100 thousand
barrel of oil
equivalent/day

2023 Development Target



Unemployment rate
5.3 – 6.0



Human Development Index
73.31 – 73.49



Gini Ratio
0.375 – 0.378



Poverty Level
7.5 – 8.5



Peasant Exchnage Rate
105 - 107



Fisherman Exchnage Rate
107 - 108

FISCAL POLICY FOCUS 2023



Human Resources



Infrastructure



Bureaucratic Reform

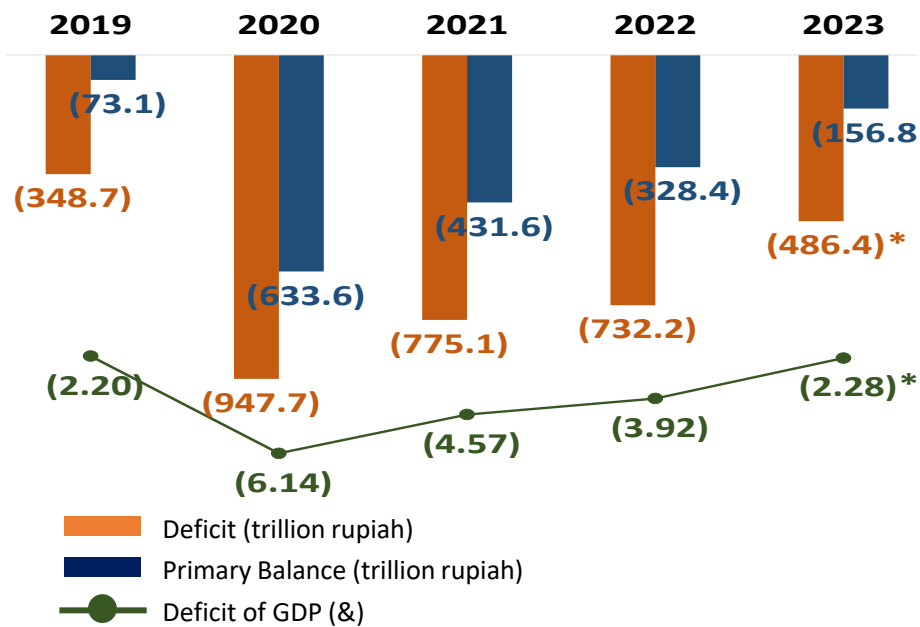


Industrial Revitalization



Green Economy

The 2023 State Budget supports consolidation to maintain fiscal sustainability



*1st Semester Report Outlook

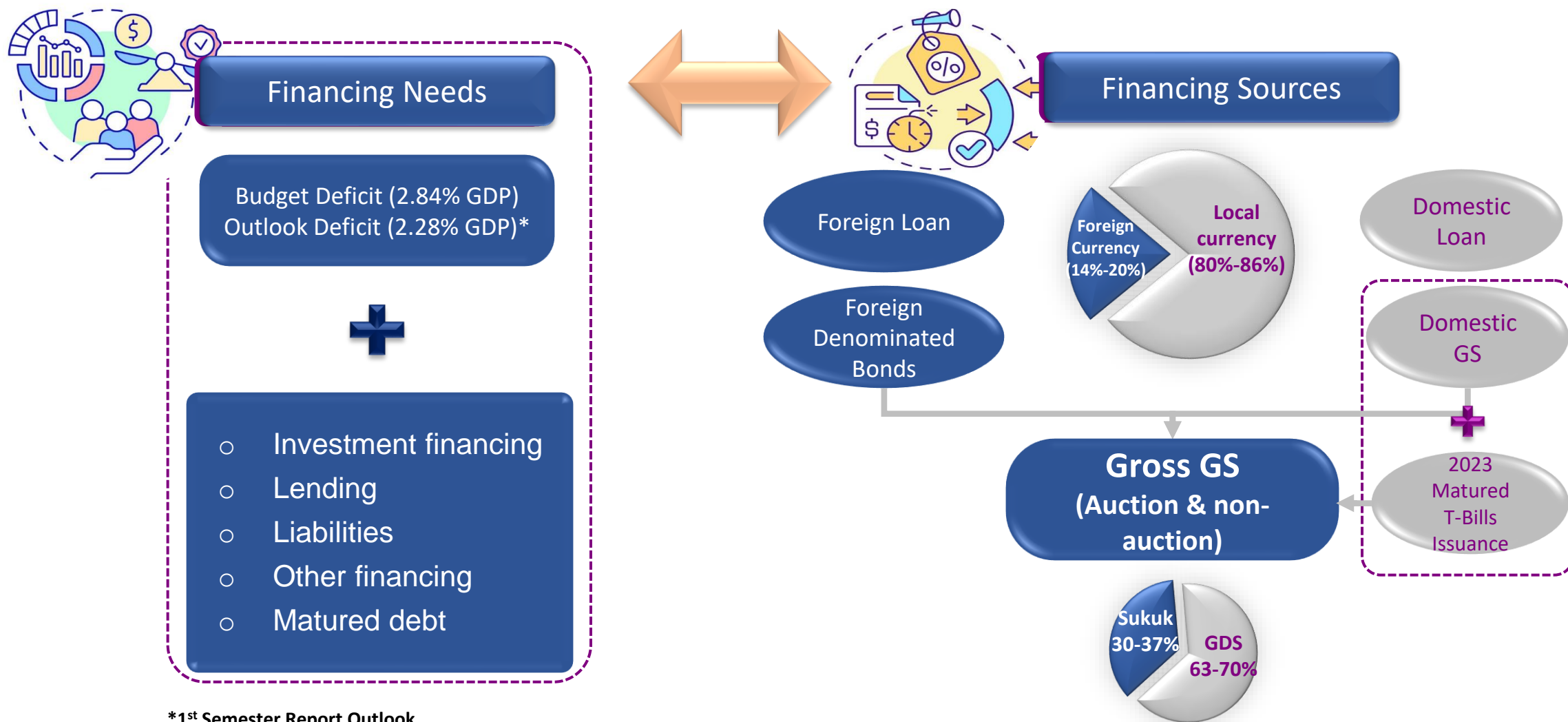
Strengthening the Role of the APBN and Continuing Quality Fiscal Consolidation

Revenue Mobilization

Quality Expenditure

Innovative Financing

2023 FINANCING NEEDS & SOURCES



2023 FINANCING POLICIES

Our debt financing policies encourage a flexible and sustainable approach to debt management in order to support economic transformation. In the midst of increasing global risks, fiscal pressures, and moderating domestic SBN demand, we will optimize non-debt financing sources, taking into account the financing needs and choosing the right time for issuance.

General debt policy direction



Management of prudent and sustainable debt financing by controlling debt risk at a safe and credible level



Prioritizing domestic sources of financing to increase financial independence



Procurement of foreign debt as an effort to mitigate the crowding out effect



Flexibility in debt financing, both in terms of timing and composition, to obtain the most favorable costs and risks for the government



Utilizing cash loans within the framework of financing flexibility to ensure the fulfillment of financing, while the choice of cash loan currency takes into account cash requirements and debt portfolio management

2023 BUDGET FINANCING REALIZATION

The budget deficit is back below 3 percent, and for the first time, the tax target is above IDR 2,000 tn.

Account (IDRtn)	2022		2023			
	Real. as of Oct	Growth (%)	Budget	Real. as of Oct	% to Budget	Growth (%)
A. Revenue	2,179.2	44.3	2,463.0	2,240.1	90.0	2.8
I. Tax Revenue (DG Tax & Custom-Excise)	1,702.1	46.8	2,021.2	1,744.6	86.3	2.5
1. Tax	1,446.5	51.7	1,718.0	1,523.7	88.7	5.3
2. Custom & Excise	255.6	24.2	303.2	220.8	72.8	(13.6)
II. Non-Tax Revenue	476.5	36.4	414.4	494.2	112.0	3.7
B. Expenditure	2,350.7	14.2	3,061.2	2,240.8	73.2	(4.7)
I. Central Government	1,671.4	18.0	2,246.5	1,572.2	70.0	(5.9)
1. Line Ministries Spending	754.1	(9.5)	1,000.8	768.7	76.8	1.9
2. Non-Line Ministries	917.2	57.3	1,245.6	803.6	64.5	(12.4)
II. Regional Transfer & Village Funds	679.2	5.7	814.7	668.5	82.1	(1.6)
C. Primary Balance	144.4	154.1	(156.8)	365.4	(233.1)	153.0
D. Surplus (Deficit)	(171.4)	68.8	(598.2)	(0.7)	0.1	(99.6)
% to GDP	(0.88)		(2.84)	(0.003)		
E. Financing	441.1	(27.5)	598.2	168.5	28.2	(61.8)

Source: Ministry of Finance.

*) including Budget Financing for Investment

2023 DEFICIT FINANCING REALIZATION

Budget Financing (IDR Trillion)		2022		2023			
		Real a.o Oct 31	Growth (%)	Budget	Real a.o Oct 31	% of Budget	Growth (%)
Debt Financing		507,3	(21,5)	696,3	203,6	29,2	(59,9)
a.	Bonds	500,3	(25,2)	712,9	185,4	26,0	(62,9)
b.	Loans	7,0	(130,9)	(16,6)	18,2	(109,5)	159,7

- **As of October 30th 2023, financing through debt issuance reached IDR203.3 trillion (29.2% of the target).**
- The government carefully manages debt with controlled risks through optimal composition in terms of currency, interest rates, and maturity.
- The timing of debt issuance considers market conditions and the government's cash level.

GS FINANCING REALIZATION 2023

(Trillion IDR)

	Realization (ao. Nov 28, 2023)
Government Securities (GS)	787,22
Government Debt Securities (GDS)	506,05
IDR Denominated GDS	447,08
- Coupon GDS	335,38
- Conventional T-Bills	34,54
- Private Placement (+ Voluntary Disclosure Program)	11,57
- Retail Bonds	65,59
Foreign Denominated Bonds	58,97
- SEC USD-EUR (- Buyback LM)	46,77
- Samurai Bond	11,24
- SDG Bonds	0,00
- Valas Voluntary Disclosure Program	0,96
Sovereign Sharia Securities (Sukuk)	281,17
Domestic Sovereign Sharia Securitoes	249,77
- IFR/PBS/T-Bills Sukuk (Islamic Fixed Rate Bond/Project Based Sukuk)	181,00
- Retail Sukuk	61,94
- Private Placement	6,83
Global Sukuk	31,40

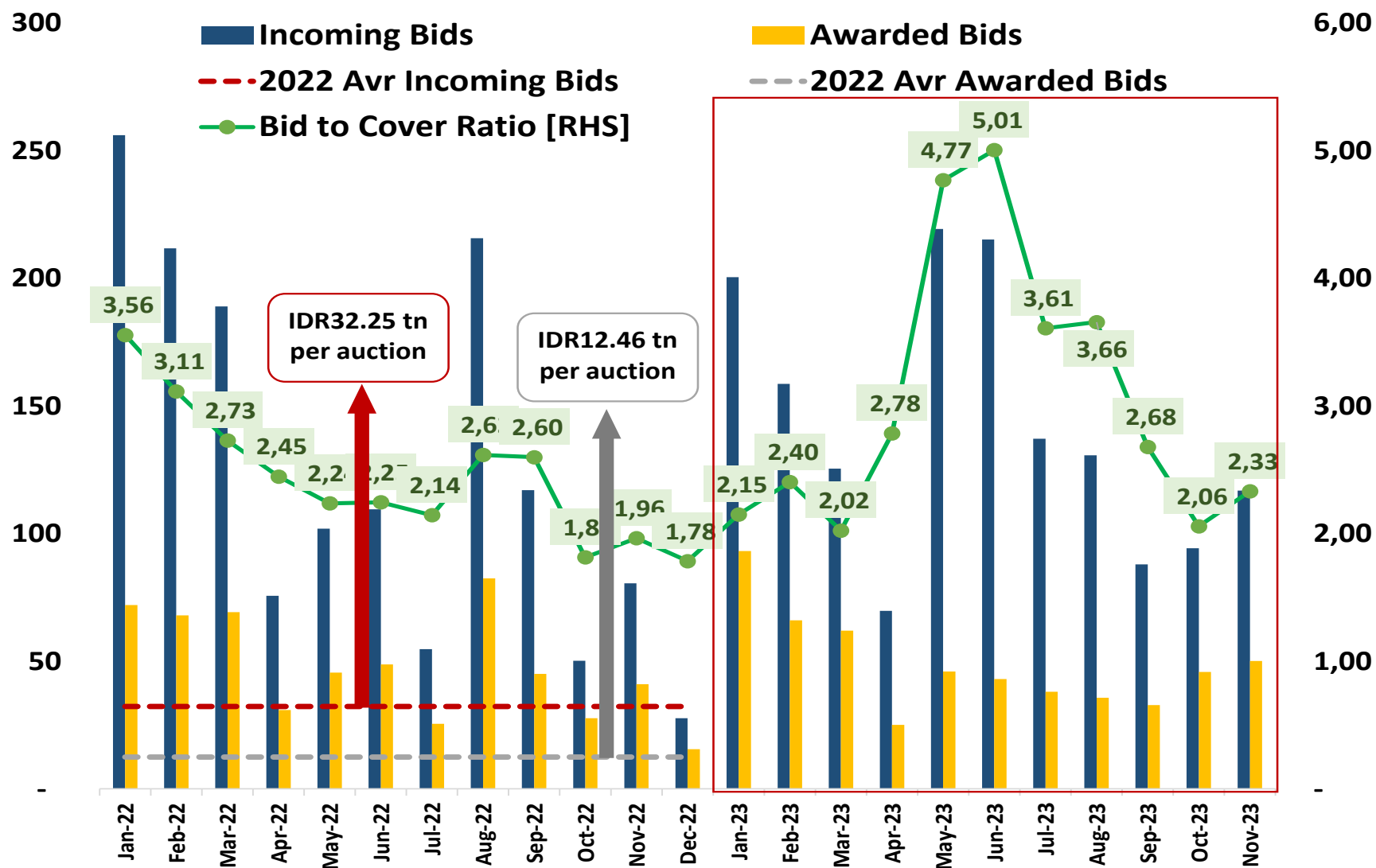


GOVERNMENT SECURITIES PERFORMANCE

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PRIMARY MARKET PERFORMANCE 2022 – 2023

Government Securities (GS)

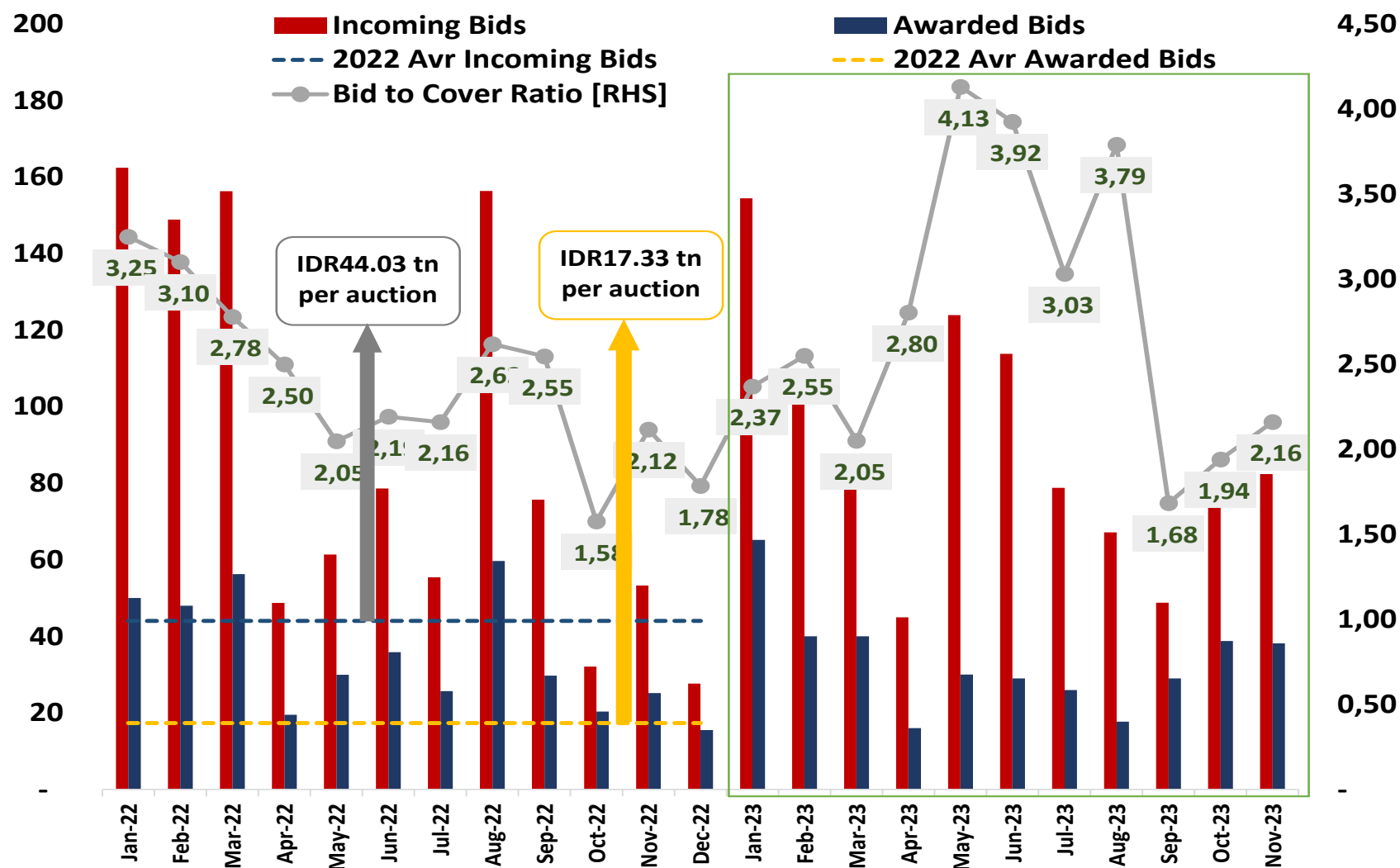


In 2023:

- average incoming bid is **IDR35.02 tn/auction**
- average awarded bid is **IDR12.24 tn/auction**

PRIMARY MARKET PERFORMANCE 2022 – 2023

Government Debt Securities (GDS)

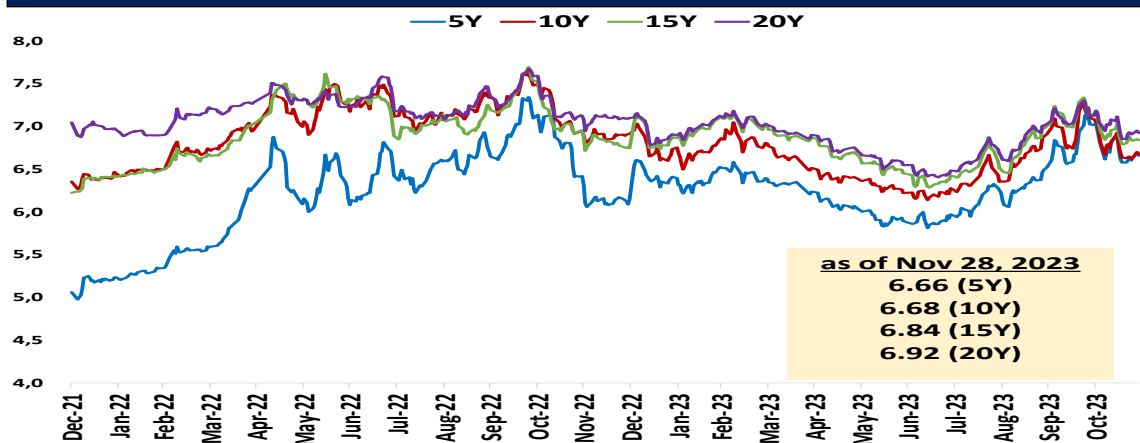


In 2023:

- average incoming bid is **IDR42.33 tn/auction**
- average awarded bid is **IDR16.08 tn/auction**

SECONDARY MARKET PERFORMANCE

Yields of Benchmark Series



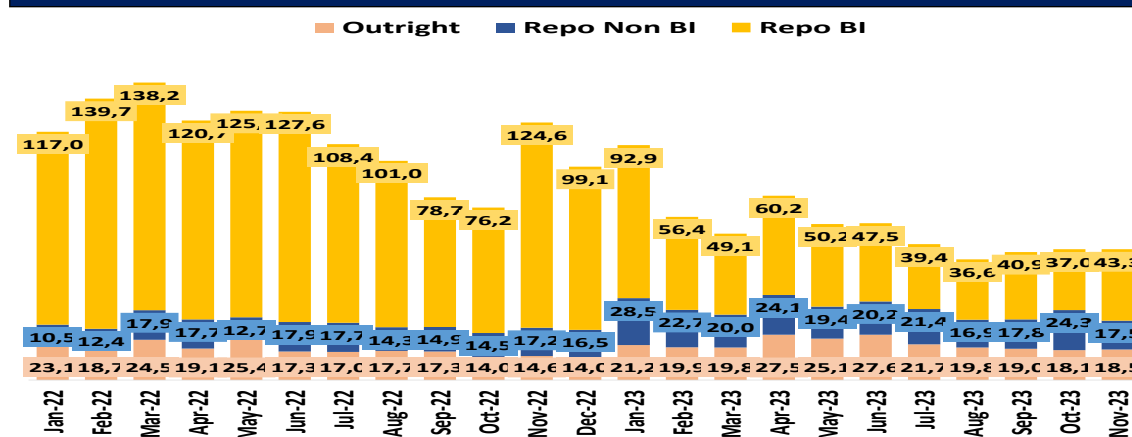
Source: BIPS

Peers 10y Govt Bonds' Yield

LCY 10 Year Government Bonds (a.o Nov 28, 2023)	Latest Yield (%)	Prev Day Change (in bps)	YTD Change (in bps)
CN	2,69	(2,20)	(15,10)
ID	6,70	(3,20)	(23,70)
JP	0,76	(2,00)	33,60
KR	3,74	(2,70)	-
MY	3,86	(1,50)	(22,90)
SG	3,02	(3,10)	(5,80)
TH	3,07	(2,00)	43,30
VN	2,40	(0,40)	(239,10)

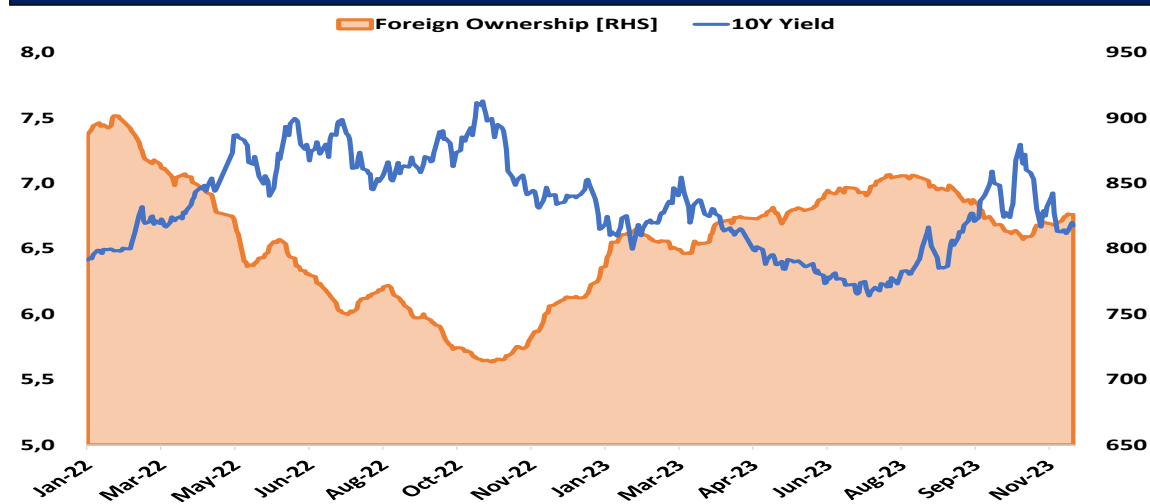
Source: Bloomberg

Average Daily Trading (IDR Trillion)



Source: BI-SSSS

Foreign Ownership V. 10Y Yield Movement



Source: BI-SSSS

OWNERSHIP OF TRADABLE DOMESTIC GS

Description	Dec-19		Dec-20		Dec-21		Dec-22		Nov-23	
Banks*	581,37	21,12%	1.375,57	35,54%	1.591,12	34,01%	1.697,43	31,97%	1.571,20	28,15%
Govt Institutions (Bank Indonesia**)	262,49	9,54%	454,36	11,74%	801,46	17,13%	1.020,02	19,21%	996,90	17,86%
Bank Indonesia (gross)	273,21	9,93%	874,88	22,60%	1.220,73	26,09%	1.453,58	27,38%	1.362,42	24,41%
GS used for Monetary Operation	10,72	0,39%	420,51	10,86%	419,27	8,96%	433,57	8,17%	365,52	6,55%
Non-Banks	1.908,88	69,34%	2.040,83	52,72%	2.286,40	48,87%	2.591,98	48,82%	3.013,63	53,99%
Mutual Funds	130,86	4,75%	161,32	4,17%	157,93	3,38%	145,82	2,75%	176,19	3,16%
Insurance Company and Pension Fund	471,67	17,13%	542,82	14,02%	655,24	14,00%	873,03	16,44%	1.034,46	18,53%
Foreign Holders	1.061,86	38,57%	973,91	25,16%	891,34	19,05%	762,19	14,36%	826,07	14,80%
Foreign Govt's & Central Banks	194,45	7,06%	178,31	4,61%	233,45	4,99%	203,11	3,83%	224,60	4,02%
Individual	81,17	2,95%	131,21	3,39%	221,41	4,73%	344,30	6,48%	430,34	7,71%
Others	163,32	5,93%	231,57	5,98%	360,47	7,70%	466,65	8,79%	546,57	9,79%
Total	2.752,74	100%	3.870,76	100%	4.678,98	100%	5.309,43	100%	5.434,30	100%

67.75
%

Portion of foreign ownership
in the mid & long term sector
(≥ 5 years)

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1,09202
T

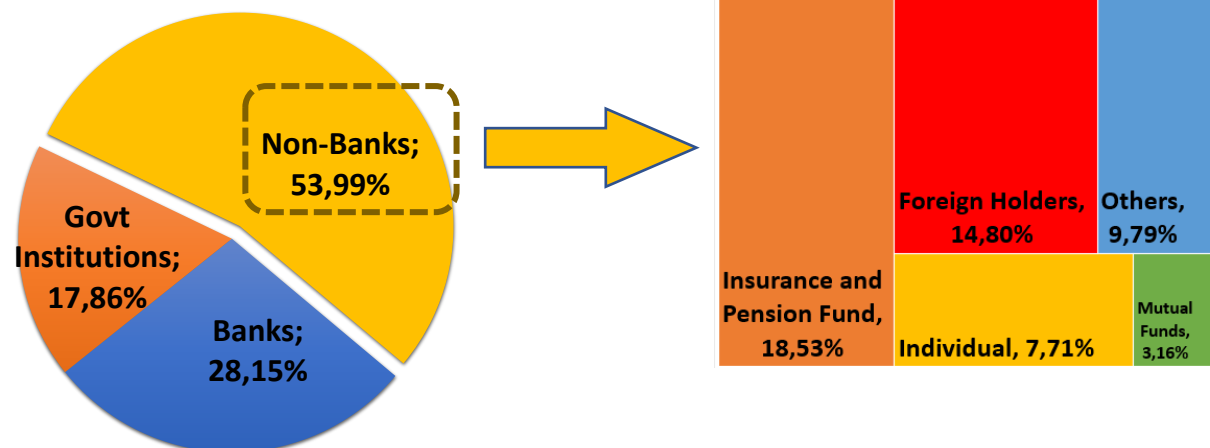
on January 24, 2020,
foreign holders reach a record
high in nominal terms

1) Non Resident consists of Private Bank, Fund/Asset Manager, Securities Company, Insurance Company, and Pension Fund.

2) Others such as Securities Company, Corporation, and Foundation.

*) Including the Government Securities used in monetary operation with Bank Indonesia.

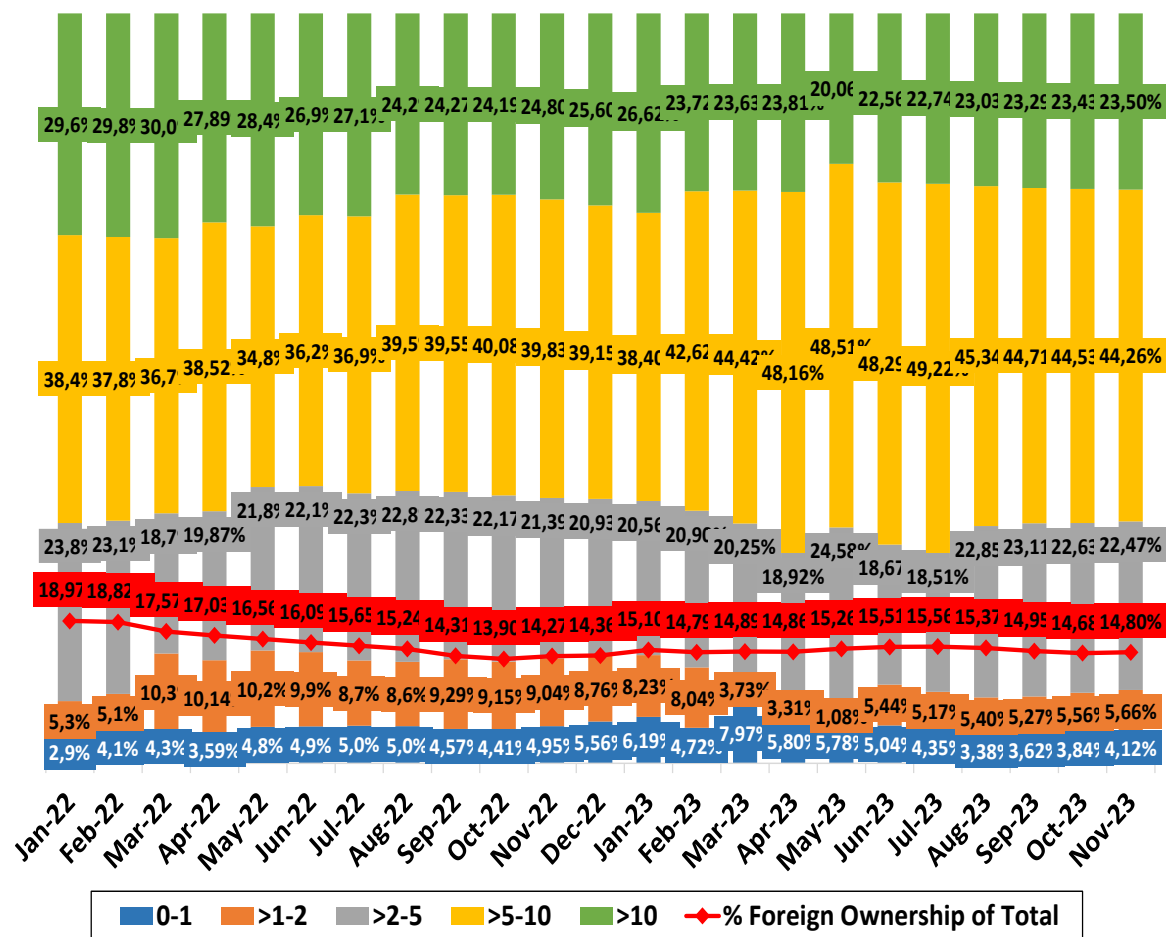
**) net, excluding Government Securities used in monetary operation with Banks.



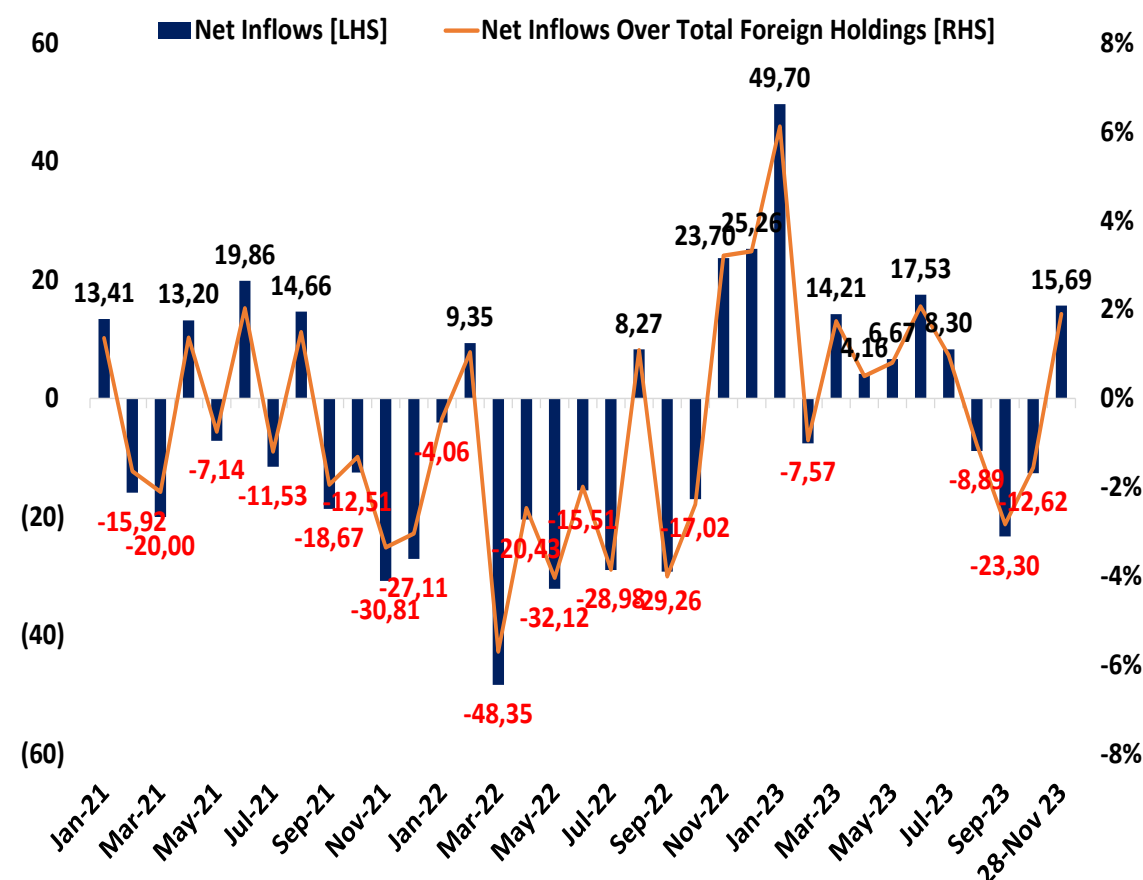
FOREIGN INVESTOR ACTIVITY

Foreign investor mostly dominated by high quality long term investor

Foreign Ownership - Proportion by Tenor



Monthly Net Buyer (Seller) - Non Resident





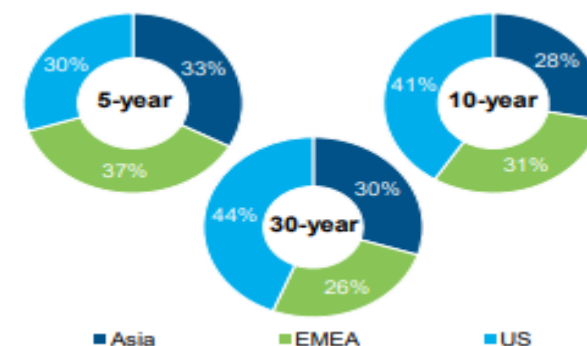
REPUBLIC OF INDONESIA USD3 BN GLOBAL BONDS ISSUANCE

Issuer	Republic of Indonesia		
Issuer Rating	Baa2 Moody's (Stable) BBB S&P (Negative) BBB Fitch (Stable)		
Format	SEC-Registered Notes Offering		
Pricing Date	January 5, 2023		
Settlement Date	January 11, 2023		
Issue Size	USD3 bn		
Tenor	5year	10year	30year
Maturity	January 11, 2028	January 11, 2033	January 11, 2053
Tranche Size	USD1,0 bn	USD1,25 bn	USD750 milion
Coupon (p.a.)	4.550%	4.850%	5.650%
Price	98.900%	98.061%	98.678%
Yield (p.a.)	4.800%	5.100%	5.750%
JLM	BofA Securities, DBS Bank Ltd., HSBC, Mandiri Securities and Standard Chartered Bank		
Listing	Singapore, Frankfurt Stock Exchange		
Use of Proceeds	Net proceeds from the sale of the Bonds will be used for the general purposes of the Republic		

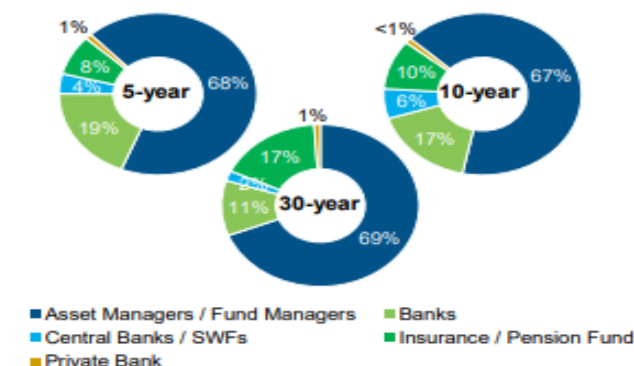
Transaction Highlight

- The first Emerging Asian sovereign issuer in 2023 and marks the Republic's thirteenth successful SEC-registered US\$ transaction since 2018.
- A low new issuance concession for the transaction, which was also one of the lowest amongst the transactions launched on the same day

Investor Breakdown by Region



Investor Breakdown by Investor Type





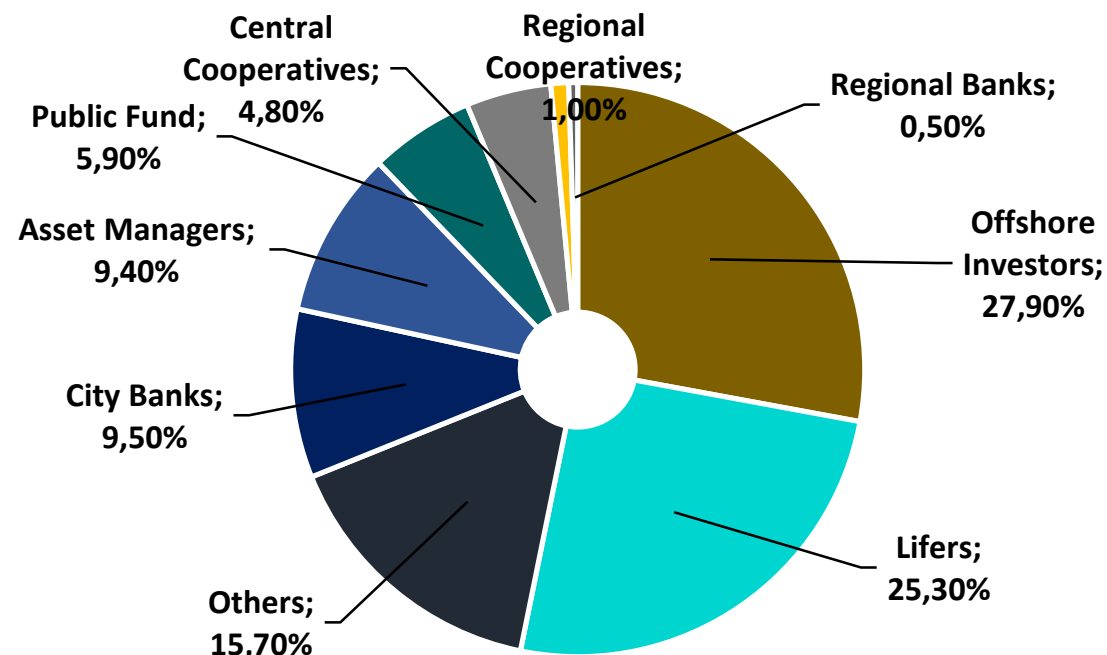
REPUBLIC OF INDONESIA JPY104,8 BN SAMURAI BONDS ISSUANCE

Series	RIJPY0526B	RIJPY0528B	RIJPY0530 (Blue SB)	RIJPY0533 (Blue SB)
Tenor	3 Years	5 Years	7 Years	10 Years
Maturity Date	May 26, 2026	May 26, 2028	May 24, 2030	May 26, 2033
Pricing Date	19 Mei 2023			
Settlement Date	26 Mei 2023			
Size	JPY46.9 Bio	JPY37.2 Bio	JPY14.7 Bio	JPY6 Bio
Yield/ Coupon	0,74%	0,98%	1,20%	1,43%

Transaction Highlight

- The Republic becomes the first Sovereign Blue Bonds issuer that publicly offered in accordance with ICMA principles.
- This issuance demonstrates the government's commitment to sustainable financing, particularly for the achievement of the Sustainable Development Goals (SDGs), and represents a major milestone for blue financing.
- The Republic successfully achieved its objective of marking lower yield levels across tranches despite a significant rise in underlying interest rates compared to the previous year's transaction.

Investor breakdown by Investor Type





REPUBLIC OF INDONESIA USD2 BN GLOBAL SUKUK ISSUANCE

- ❖ The Republic of Indonesia (the "Republic") made its annual return to the global Sukuk market and successfully priced a US\$ 2.0 billion Sukuk offering comprising of US\$ 1.0 billion 5-year and a US\$ 1.0 billion 10-year (Green) tranche.
- ❖ The transaction received positive response from investors since the start of bookbuilding, generating a combined final order book of US\$ 5.6 billion reflecting an oversubscription of 2.8x. This enabled the Republic to compress guidance by 25 bps on both the 5-year and 10-year tranches, and priced at 5.40% for 5-year tranche and 5.60% for 10-year green tranche.
- ❖ Several notable achievements of this transaction include:
 - the tightest 5-year and 10-year spreads at issuance achieved by an ASEAN sovereign in the last 2 years
 - the tightest Sukuk vs. conventional differential achieved by the RoI in recent years
 - the lowest new issue premium achieved by the RoI in the USD markets in the last 2 years
 - the largest USD Sukuk issuance by an Asian sovereign year-to-date
- ❖ The 10-year Green Sukuk tranche is the sixth global Green Sukuk issued by the Republic and the second since the Republic published its SDGs Government Securities Framework in August 2021.

Issuer	Perusahaan Penerbit SBSN Indonesia III	
Issue Format	144A / Reg S, Senior, Unsecured, Wakala US\$ Trust Certificate ("Sukuk") issued under a USD\$35 billion Trust Certificate Issuance Programme	
Country of Transaction	Indonesia	
Issuer Ratings (M/S/F)	Baa2 Stb (Moody's) / BBB Stb (S&P) / BBB Stb (Fitch)	
Issue Ratings (M/S/F)	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)	
Pricing Date	7 November 2023	
Issue Date	15 November 2023 (T+5)	
Tenor	5Y Sukuk	USD 10Y Sukuk (Green)
Maturity Date	15-Nov-28	15-Nov-33
Tranche Size	USD1 billion	USD1 billion
Profit Rate	5.40% Fixed, Semiannual, 30/360	5.60% Fixed, Semi-annual, 30/360
Re-Offer Price	100.00%	100.00%
Reoffer Spread	UST + 86.7bps	UST + 103.6bps
144A ISIN	US71567PAX87	US71567PAY60
Reg S ISIN	US71567RAX44	US71567RAY27
Use of Proceeds	The Obligor intends to use the net proceeds it receives from the issue of Sukuk to meet part of its general financing requirements.	The Obligor intends to invest an amount equal to the net proceeds from the issue of the trust certificates exclusively to finance or re-finance expenditure directly related to "Eligible SDGs Expenditures with Green and Blue focus" as defined in the Obligor's SDGs Government Securities Framework.
Other Details	USD200k/1k denoms., English / Indonesian Law	
Listing	SGX-ST and Nasdaq Dubai	
Joint Bookrunners	CIMB, Citigroup, Dubai Islamic Bank, Mandiri Securities and Standard Chartered Bank (B&D)	
Co-Managers	PT BRI Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk	

ORDERBOOK DISTRIBUTION

5-Year USD

US\$ 2.75bn+

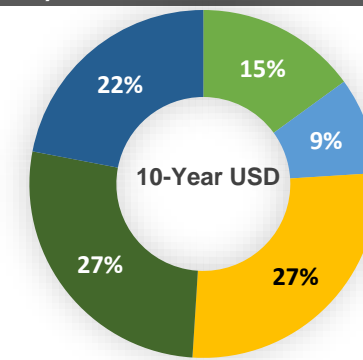
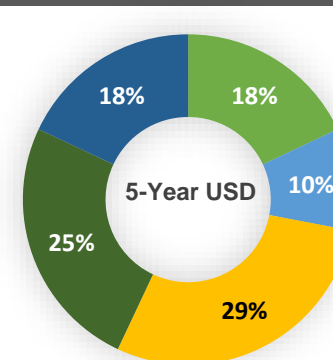
From **95** accounts

10-Year USD

US\$ 2.85bn+

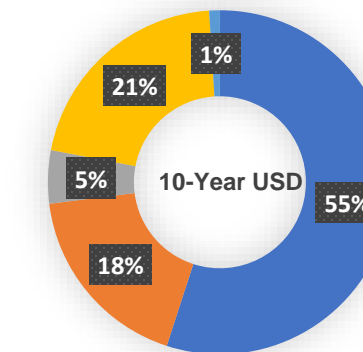
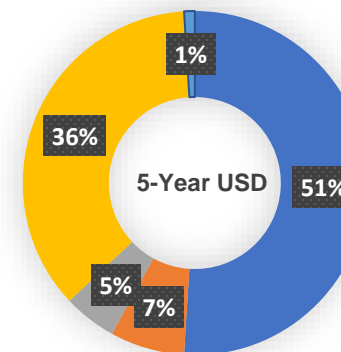
From **127** accounts

INVESTORS BY GEOGRAPHY (ALLOCATION)



■ Asia (ex-ID, Msia) ■ Indonesia ■ ME/Malaysia ■ Europe ■ US

INVESTORS BY GEOGRAPHY (ALLOCATION)



■ Fund Managers ■ CBs/SWFs ■ Ins/Pension ■ Banks ■ PB & Others



SOLID POLICY COORDINATION IN MANAGING FINANCIAL MARKETS VOLATILITY



The enactment of Law No. 9/2016 regarding Prevention and Mitigation of Financial System Crises as a legal foundation for the government to serves at the time of financial crisis in the form of **Financial System Stability**

Committee (KSSK)



KSSK members: the Ministry of Finance, Bank Indonesia, the Financial Services Authority, and the Deposit Insurance Corporation



Most important provisions stipulated in the Law:

- **Financial system stability monitoring and maintenance** by KSSK members based on crisis management protocol of each member;
- **Prevention of financial system crisis**, including the mitigation of systemically important bank's liquidity and solvency problems;
- **Recovery Plan for Systemically Important Banks**
- **Bank Restructuring Program**

Gov't Securities CMP Level



NORMAL



NORMAL
AWARE



NORMAL
ALERT



SUSPECTED
CRISIS

Gov't Securities Crisis Management Protocol (CMP)

Indicators:

- Yield of benchmark series
- Exchange rate
- Jakarta Composite Index
- Foreign ownership in government securities

Policies to address the crisis at every level :

- Repurchase the government securities at secondary market
- Postpone or stop the issuance

Bond Stabilization Framework

First Line of Defense	
State's Budget	<ul style="list-style-type: none">• Buyback fund at DG of Budget Financing and Risk Management• Investment fund at Public Service Agency (BLU) (min. level Normal Aware)
State Owned Enterprises (BUMN)'s Budget	<ul style="list-style-type: none">• Related SOEs (min. level Normal Aware)
State Owned Enterprises (BUMN)'s Budget	<ul style="list-style-type: none">• Related SOEs (min. level Normal Aware)
First Line of Defense	
State's Budget	<ul style="list-style-type: none">• State General Treasury Account (Rekening KUN) (min. level Normal Alert)• Accumulated cash surplus (SAL) (min. Level Suspected Crisis)



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THANK YOU



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