



THE REPUBLIC OF INDONESIA

Recent Economic Developments

July 2012



Published by Investors Relations Unit – Republic of Indonesia

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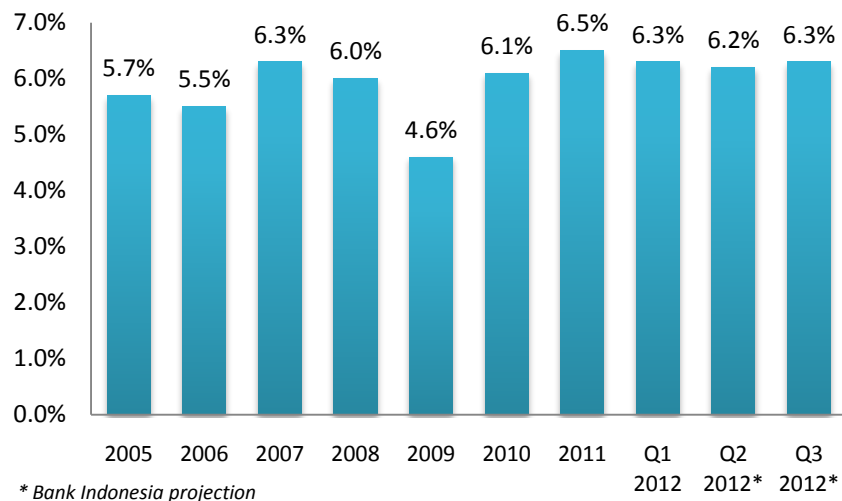
Improved Government Debt Position



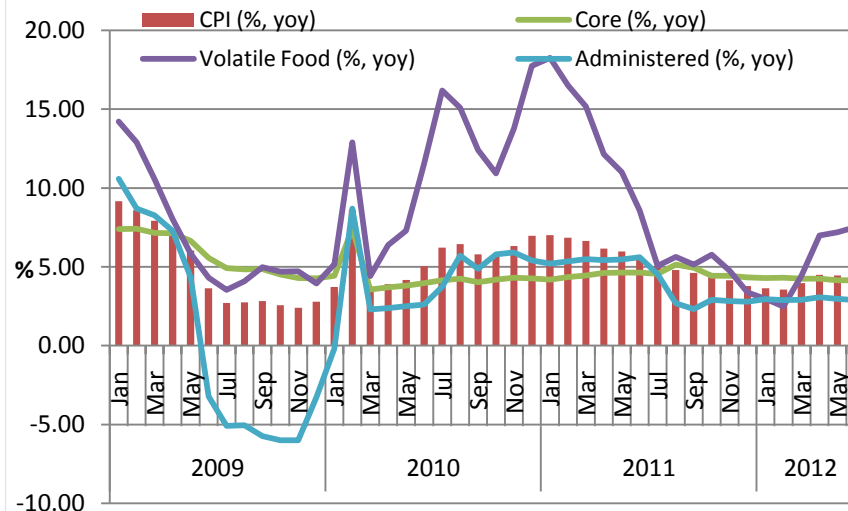
Executive Summary

Macroeconomic Overview

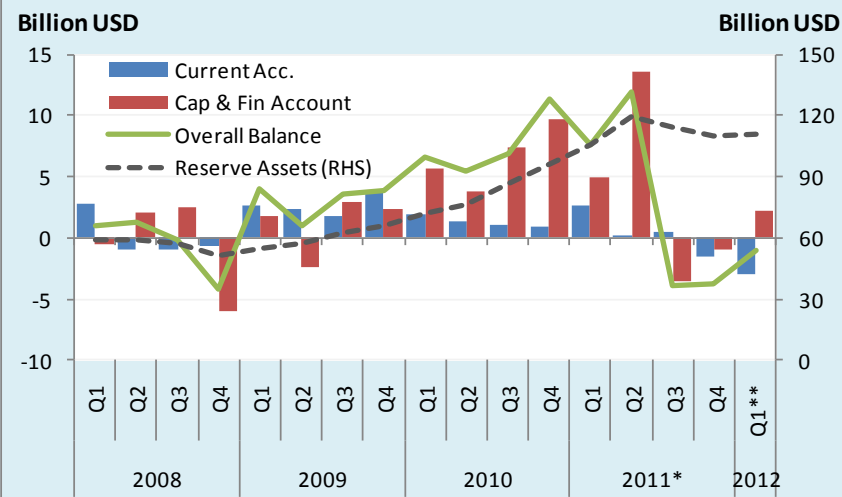
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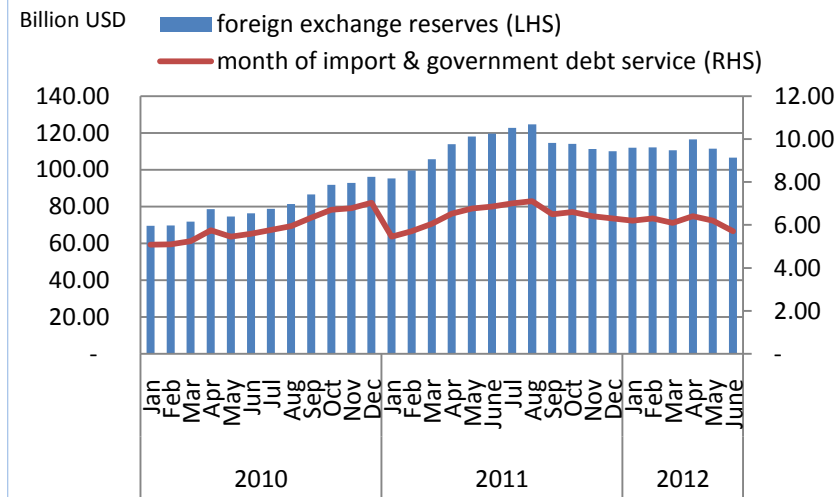
Inflation



Balance of Payments



Foreign Exchange Reserves



Source: Bank Indonesia

Executive Summary

- **Amidst the escalation of global economics uncertainties, Indonesian Economy shows its resiliency but the limited effect is unavoidable.** As a result of weakening exports performance, Indonesia's economy in the Q3-2012 is estimated to post lower growth of 6.3%, and expected to arrive at 6.1 – 6.5% and 6.3 – 6.7% in 2012 and 2013. The economic growth is mainly supported by strong domestic demand, as private consumption and investment growth remain high. From the production side, all sectors are expected to chart favorable growth. The main driver to the economic growth is expected to come from transportation and communication sector, trade, hotel, and restaurant sector, as well as manufacturing sector .
- **Investment realization on the 1st Quarter of 2012 increased compare to the same period in 2011 .** The investment realization on Quarter 1 (January - March) of 2012 is Rp71.2 trillion consisted of Rp19.7 trillion of Domestic Direct Investment (PMDN) and Rp51.5 trillion of Foreign Direct Investment (FDI). It increases 32% compared to the same period in 2011.
- **The slowing pace in global demand and export commodity prices downturn put Indonesia's Balance of Payment under pressure in Q2-2012. However, it tends to improve in the second half of 2012.** Current account in Q2-2012 is expected to post higher deficit relative to previous quarter, on the back of slowing exports caused by global economic slowdown amid strong imports to support domestic economic activities. On the other side, surplus in the capital and financial account is expected to remain relatively high, supported by strong FDI and improvement in foreign portfolio inflow. Going forward, adjustment on imports of raw material triggered by declining exports is expected to contain pressures on current account deficit. International reserves at the end of June 2012 reached USD106.5 billion, or equivalent to 5.7 months of imports and government's external debt services.
- **Inflation in Q2-2012 remained subdued.** CPI inflation in Q2-2012 was recorded at 0.90% (qtq) or 4.53% (yoy) while core inflation remained low 4.15% (yoy) due to declining global commodity prices and improving inflation expectation. In addition, food prices picked up as a result of supply disruption. Meanwhile, administered prices inflation was relatively low as there was no change in government policy on the prices of strategic commodities. Going forward, inflation is expected to remain contained and stay within its target.
- **On the fiscal front, Indonesia continues to perform prudent fiscal management in 2012,** with strong commitment to fiscal consolidation, aiming on continue declining in debt-to-GDP ratio, diversifying government debt profile, and reducing funding reliance on international capital market.
- **Financial system stability remained solid, intermediation function is improving within prudential manner.** Banking industry is well-maintained, as indicated by the Financial Stability Index, which were below the threshold of 2 (1.70 on June 2012). Banking industry resiliency indicated by secure level of CAR above the minimum level of 8% (17.9% at the end of May 2012) and gross NPLs managed at comfortably safe level below 5% (2.3% at the end of May 2012).
- **In the Board of Governors' Meeting convened on July 12, 2012, Bank Indonesia decided to hold the BI rate steady at 5.75%.** The current policy rate is considered consistent with inflation forecast, which is expected to remain low and contained within its target range of 4.5%±1% in 2012 and 2013. From the external side, Bank Indonesia remains vigilant on global economic slowdown that leads to weaker exports performance amid strong imports, as domestic demand remains strong. In line with that condition, Bank Indonesia will continue to strengthen the management of exchange rate, consistent with its fundamental, and also supported by further measures related to monetary operation and financial deepening in the foreign exchange market to ensure that adjustment in external balance take place in an orderly manner. With those policy measures, pressure on Balance of Payment is expected to subdue in the second half of 2012.



Improved International Perception and Rising Investment

Improving International Perception: Acknowledged by Rating Agencies

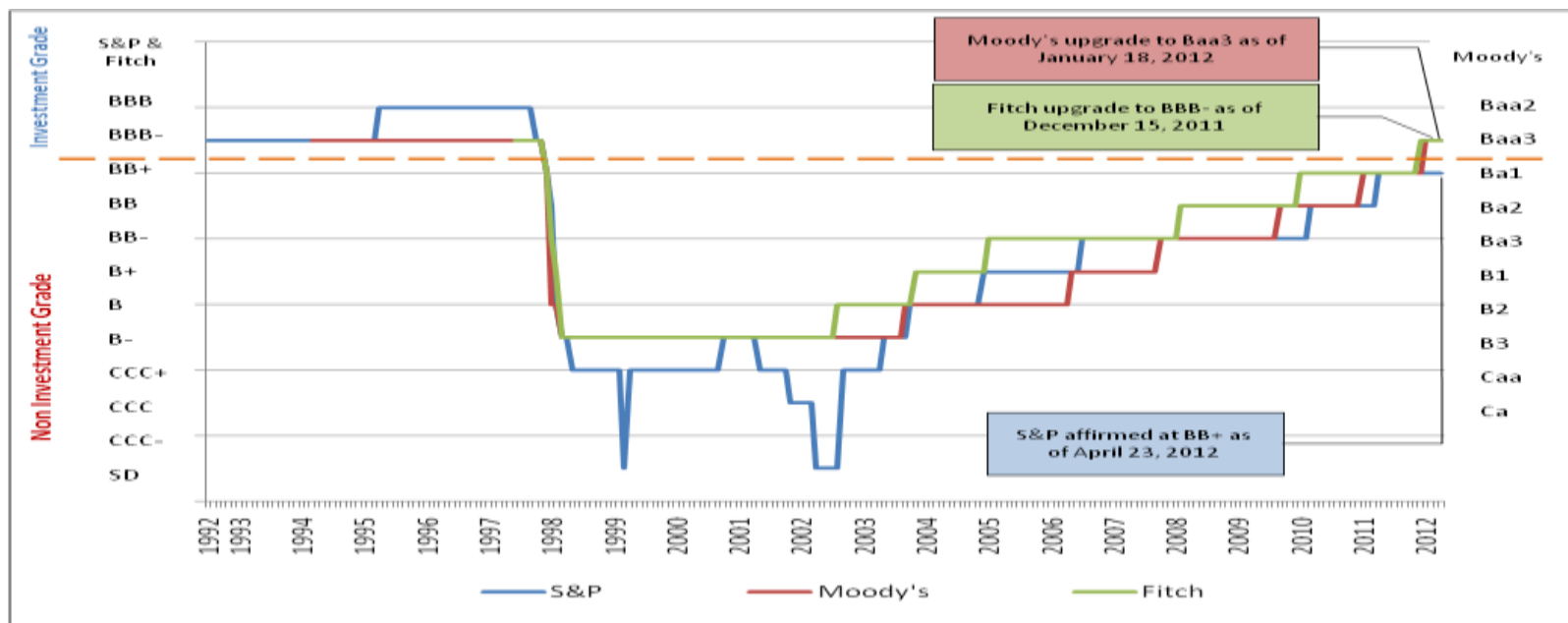
Resilient economy, which impressively navigates through the global crisis and continued confidence in economic outlook, the Republic continued to receive good reviews.

- **S&P (April 23, 2012): affirmed Indonesia's sovereign credit rating, at BB+ level for long-term and B level for short-term with positive outlook.** S&P stated that the rating on Indonesia balances institutional and economic constraints with a moderately strong fiscal, external, and monetary profile. The positive outlook signals the potential for an upgrade if the country's growth prospects improve further and financial markets deepen with steadier policy implementation.
- **Moody's Investors Service (January 18, 2012): upgraded Republic of Indonesia's foreign and local-currency bond ratings to Baa3 with stable outlook.** Moody's stated the key factors supporting this action were (1) Moody's anticipation that government financial metrics will remain in line with Baa peers (2) The demonstrated resilience of Indonesia's economic growth to large external shocks (3) The presence of policy buffers and tools that address financial vulnerabilities and (4) A healthier banking system capable of withstanding stress.
- **Fitch Ratings (December 15, 2011): upgraded Indonesia's sovereign credit rating, to BBB- level for foreign currency long-term senior debt, with stable outlook.** The rationale behind the upgrade is Improved economic performance, strengthened external liquidity, low and declining public debt ratios, and a prudent overall macro policy framework. Rapid progress in tackling structural weaknesses combined with sustained economic growth in line with or better than Fitch's projections without a build-up of external imbalances or a severe inflation shock would enhance Indonesia's economic and sovereign credit fundamentals and exert upward pressure on the rating.
- **Rating and Investment Information, Inc (November 14, 2011): affirmed Indonesia's sovereign credit rating, at the BB+ level for foreign currency sovereign ratings, with positive outlook.** R&I stated that rationale behind the affirmation is Indonesian economy has become more resilient to deterioration in the external environment. The rating could be upgraded if R&I ascertain that Indonesia will be able to maintain the stability of the macro economy, which positively evaluates, even in the face of the global economic and financial instability.
- **Japan Credit Rating Agency, Ltd (August 24, 2011): affirmed Indonesia's foreign currency long-term senior debt at BBB- and local currency long term senior debt BBB with stable outlook.** JCR stated that this ratings affirmation reflects the country's sustainable economic growth outlook underpinned by solid domestic demand, alleviated public debt burden brought by prudent fiscal management, and reinforced resilience to external shocks stemming from accumulated foreign exchange reserves and an improved external debt management capacity.

Sovereign Rating History

Solid economic fundamentals supported the improvement of Indonesia's sovereign credit rating since 2001

Rating history



Rating agencies
comments

Moody's – 17 January 2011

Baa3/ Stable

"Indonesia's cyclical resilience to large external shocks points to sustainably high trend growth over the medium term. A more favorable assessment of Indonesia's economic strength is underpinned by gains in investment spending, improved prospects for infrastructure development following key policy reforms, and a well-managed financial system."

S&P – 23 Apr 2012

BB+ / Positive

"The rating on Indonesia balances institutional and economic constraints with a moderately strong fiscal, external, and monetary profile. The positive outlook signals the potential for an upgrade if the country's growth prospects improve further and financial markets deepen with steadier policy implementation."

Fitch – 15 December 2011

BBB- / Stable

"The rationale behind the upgrade is Improved economic performance, strengthened external liquidity, low and declining public debt ratios, and a prudent overall macro policy framework. Rapid progress in tackling structural weaknesses combined with sustained economic growth in line with or better than Fitch's projections without a build-up of external imbalances or a severe inflation shock would enhance Indonesia's economic and sovereign credit fundamentals and exert upward pressure on the rating."

Improving International Perception: Significant Raise in Perception Indices

Conducive business climate improvement to support optimism in FDI inflows

- **The IMD Competitive Center (May 2012):** reported that Indonesia ranks 42 from 59 major nations surveyed worldwide. With this achievement, Indonesia is now above Philippines, Peru, Brazil, Russia and South Africa.
- **The Asean Business Advisory Council (April 2012):** reported that Indonesia is the top investment destination among the 10-member Association of Southeast Asian Nations. The Asean BAC survey measured Asean countries' investment attractiveness on a scale of zero to 10. Indonesia received the highest rating at 6.89, followed by Vietnam (6.29), Singapore (6.07), Thailand (6.04) and Malaysia (5.69).
- **OECD (March 30, 2012): Indonesia's Credit Risk Classification (CRC) upgraded to category 3.** In level 3 of CRC, Indonesia is now within the same group with countries such as Thailand, Uruguay, South Africa, Russian Federation, India, Brazil and Peru. Previously, Indonesia was at level 4 since April 2010, together with, among others, Turkey, Philippines, Romania and Colombia.
- **Heritage Foundation – Economic Freedom Index (January 2012):** reported that Indonesia's economic freedom score is 56.4, making its economy the 115th freest in the 2012 Index (184 countries surveyed). Its score is 0.4 point better than last year, with improvements in half of the 10 economic freedoms including monetary freedom and the control of government spending.
- **Cato Institute – Economic Freedom of the World (December 2011):** reported that Indonesia gain 3 places into 75th (2009) from 140 countries surveyed.
- **Transparency International – Corruption Perception Index 2011 (December 2011):** reported that Indonesia posts an impressive gain of 10 places into 100th (2011) from 183 countries surveyed.
- **World Economic Forum – The Global Competitiveness Report 2011 – 2012 (September 2011):** reported that Indonesia ranks 46th and remains one of the best performing countries within the developing Asia region, behind Malaysia and China yet ahead of India, Vietnam, and the Philippines.

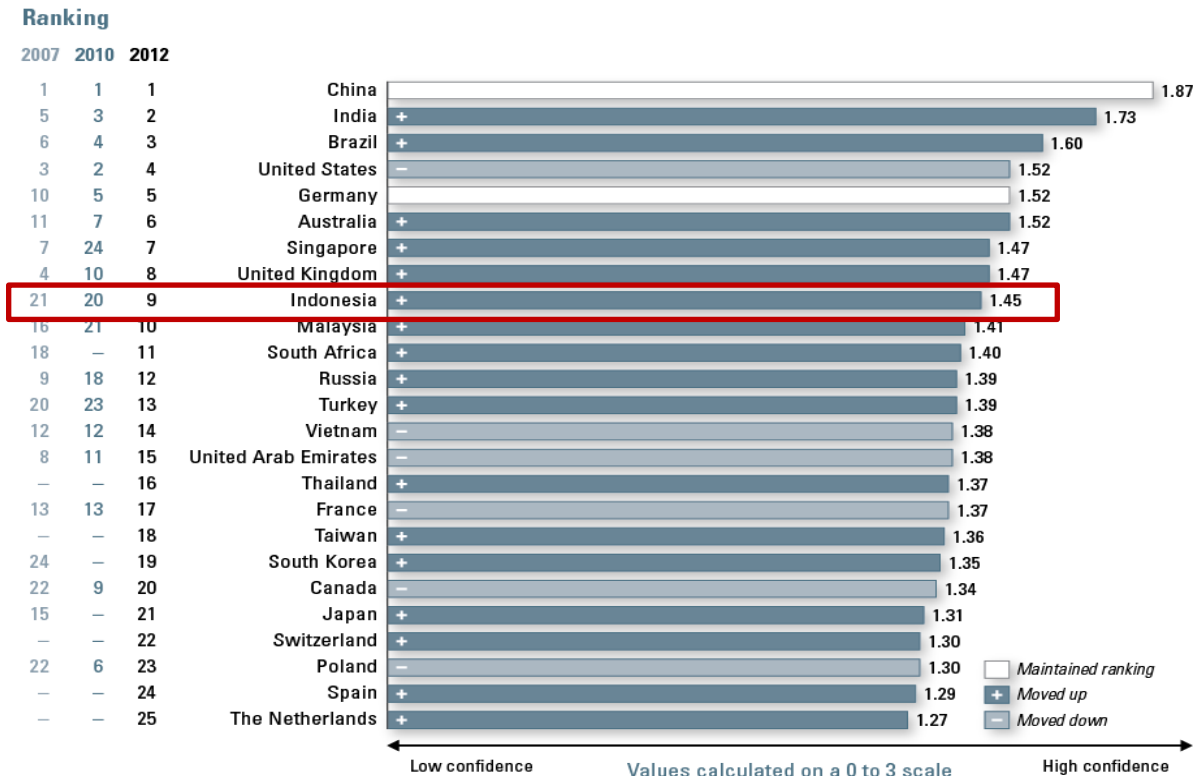
The Economist: Which emerging economies have the most monetary and fiscal firepower?



- The Wobble Room Index is an assessment done by **The Economist**. This index offers a rough ranking of which economies are best placed to withstand another global downturn. Countries are colored in the chart according to the assessment of their ability to ease: “green” means it is safe to let out the throttle, “red” means the brake needs to stay on.
- The index suggests that China, **Indonesia** and Saudi Arabia have the greatest room to support growth.

Investment Climate: *the world embrace Indonesia's economic performance*

The A. T. Kearney Foreign Direct Investment Confidence Index, 2012



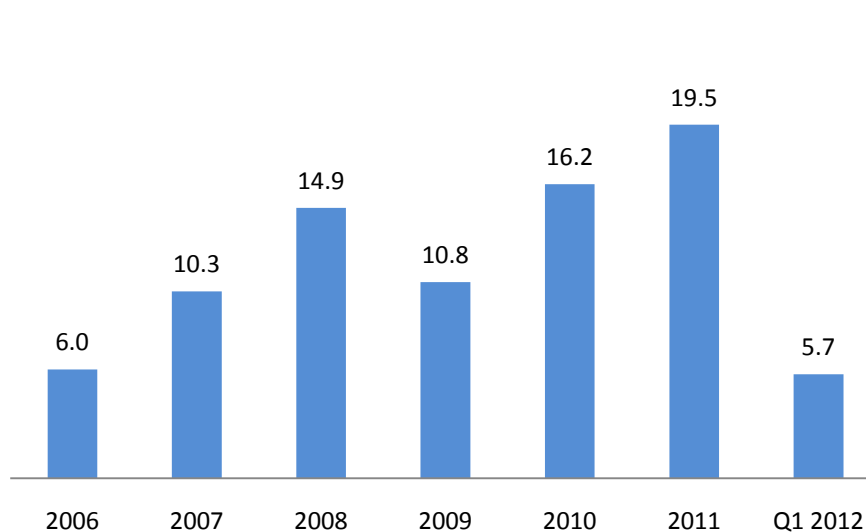
Source: A.T. Kearney Foreign Direct Investment Confidence Index®, 2012

- The Foreign Direct Investment Confidence Index is a global survey held by **A. T. Kearney**. This index gives unique picture of prospects for international investment flows. The 2012 FDI Confidence Index based on a survey of more than 200 executives from 27 countries and 17 industry sectors .
- Indonesia made significant gains as a destination for foreign direct investment (FDI), moving from 20th place in 2010 to 9th place in its recent survey.

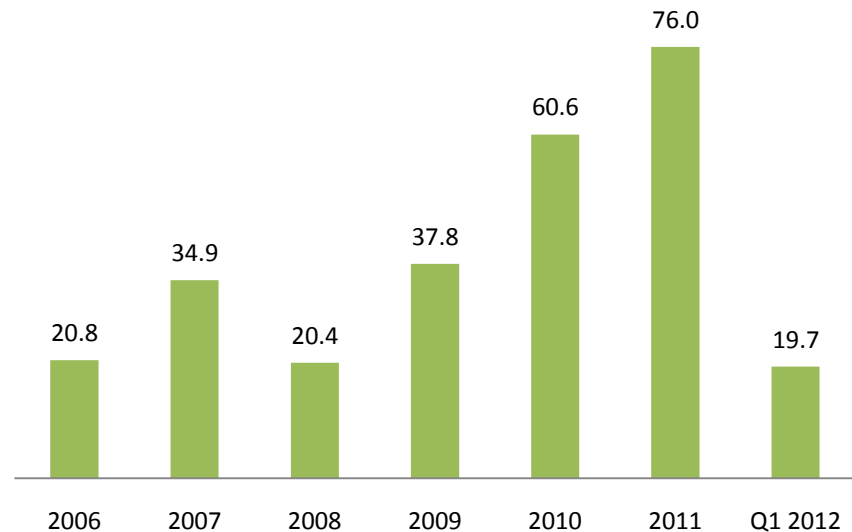
Strong investment underpinned by competitiveness and stability

- The investment realization on Quarter 1 (January - March) of 2012 is Rp 71.2 trillion consisted of Rp 19.7 trillion of Domestic Direct Investment (PMDN) and Rp 51.5 trillion of Foreign Direct Investment (FDI). It increases 32% compared to the same period in 2011.
- The distribution of investment realization based on locations on January – March 2012 shows that the portion of distribution in outside of Java is bigger than that of Quarter I 2011. The investment realization in outside of Java is Rp 33.6 Trillion or 47.2% from the total of investment realization, increasing Rp 9.9 trillion or 41.8 % compared to the same period in 2011.
- Although there are some uncertainties in the US and European economy, the investment activities in Indonesia show positive development. This situation indicates that the various regulations implemented is 'on the right track' and Indonesia's investment climate has been more conducive. The efforts in distributing investment activities throughout Indonesia through various regulations have shown positive results. The investment realization in Outside Java reaches almost half of the total realization in this period. With the acceleration of infrastructure's development including the electricity and gas supply, the investment activities will be increased and distributed more in the future.

Realized foreign direct investment (USD billion)



Realized domestic direct investment (IDR trillion)

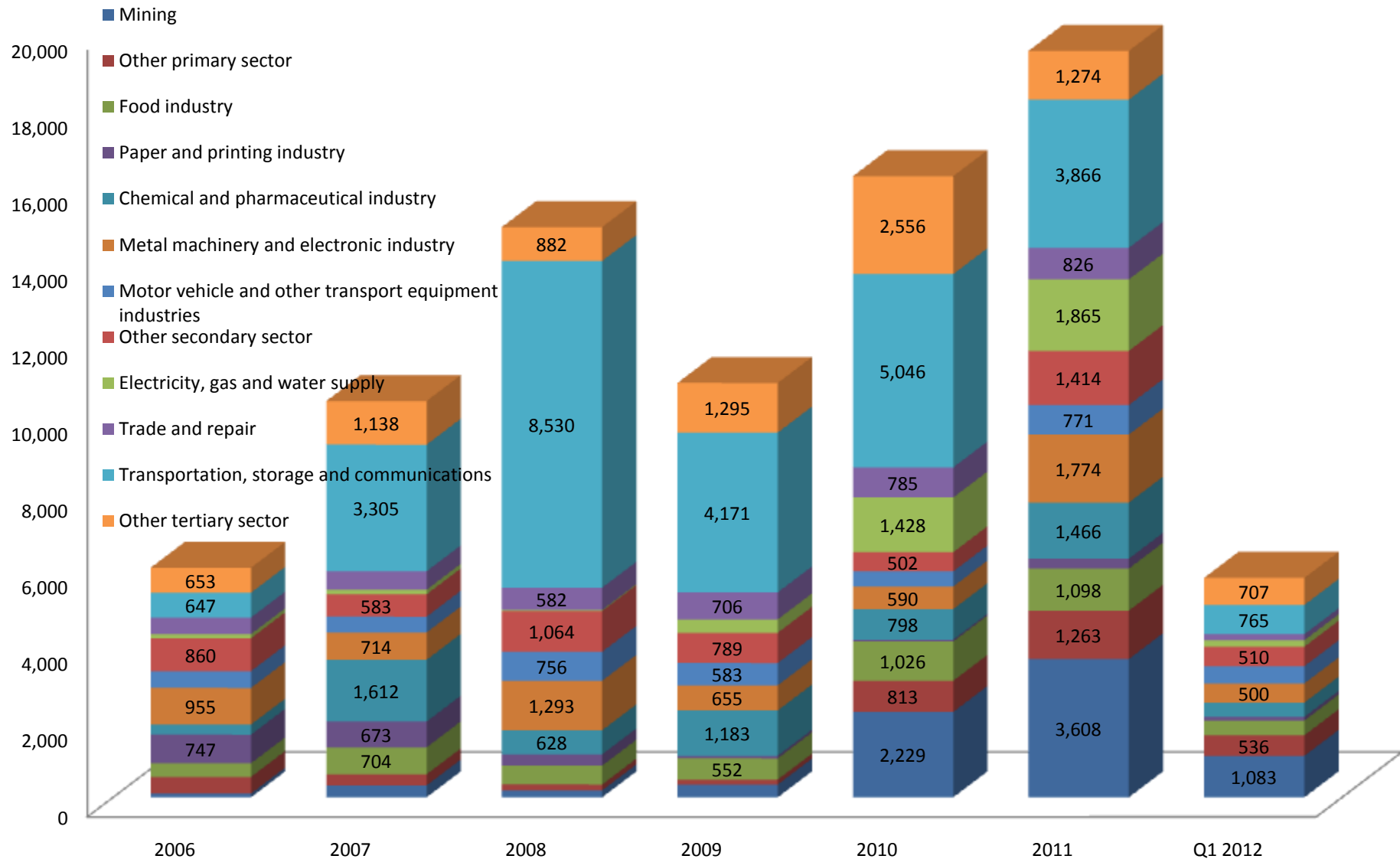


Source: BKPM

* US\$ / Rp. exchange rate of 9,180, the BI middle exchange rate as of March 30, 2012.

Strong investment underpinned by competitiveness and stability

FDI – By Sector (USD million)



Source: BKPM



Preserved Macroeconomic Stability

Robust and Stable Economy Continues to Chart Strong Growth

- **Amidst the escalation of global economics uncertainties, Indonesian Economy shows its resiliency but the limited effect is unavoidable.** As a result of weakening exports performance, Indonesia's economy in the Q3-2012 is estimated to post lower growth of 6.3%, and expected to arrive at 6.1 – 6.5% and 6.3 – 6.7% in 2012 and 2013. The economic growth is mainly supported by strong domestic demand, as private consumption and investment growth remain high. From the production side, all sectors are expected to chart favorable growth. The main driver to the economic growth is expected to come from, among other, transportation and communication sector, trade, hotel, and restaurant sector, as well as manufacturing sector .

Forecast of Economic Growth - Demand Side								
Sector	2011	2012			2012*		2013*	
		I	II*	III*				
Private Consumption	4.7	4.9	4.9	4.9	4.7	- 5.1	4.8	- 5.2
Government Consumption	3.2	5.9	6.9	7.6	6.9	- 7.3	6.0	- 6.4
Gross Fixed Capital Formation	10.6	9.9	9.0	9.2	9.2	- 9.6	9.9	- 10.3
Exports of Goods and Services	13.6	7.8	5.3	7.1	6.9	- 7.3	9.2	- 9.6
Imports of Goods and Services	13.3	8.2	7.3	8.2	8.0	- 8.4	9.6	- 10.0
GDP	6.5	6.3	6.2	6.3	6.1	- 6.5	6.3	- 6.7
Forecast of Economic Growth - Supply Side								
Sector	2011	2012			2012*		2013*	
		I	II*	III*				
Agriculture	3.0	3.9	3.6	3.0	3.1	- 3.5	2.9	- 3.3
Mining and Quarrying	1.4	2.9	2.7	2.8	2.5	- 2.9	2.3	- 2.7
Manufacturing	6.2	5.7	5.5	6.0	5.6	- 6.0	5.9	- 6.3
Electricity, Gas, and Water Supply	4.8	6.1	5.9	6.0	5.8	- 6.2	5.4	- 5.8
Construction	6.7	7.3	7.5	7.6	7.3	- 7.7	7.4	- 7.8
Trade, Hotels, and Water Supply	9.2	8.5	8.4	8.7	8.4	- 8.8	8.9	- 9.3
Transportation and Communication	10.7	10.3	10.3	10.5	10.2	- 10.6	10.0	- 10.4
Financial, Rental, and Business Services	6.8	6.3	6.3	6.1	6.0	- 6.4	6.2	- 6.6
Services	6.7	5.5	5.7	5.8	5.5	- 5.9	5.9	- 6.3
GDP	6.5	6.3	6.2	6.3	6.1	- 6.5	6.3	- 6.7

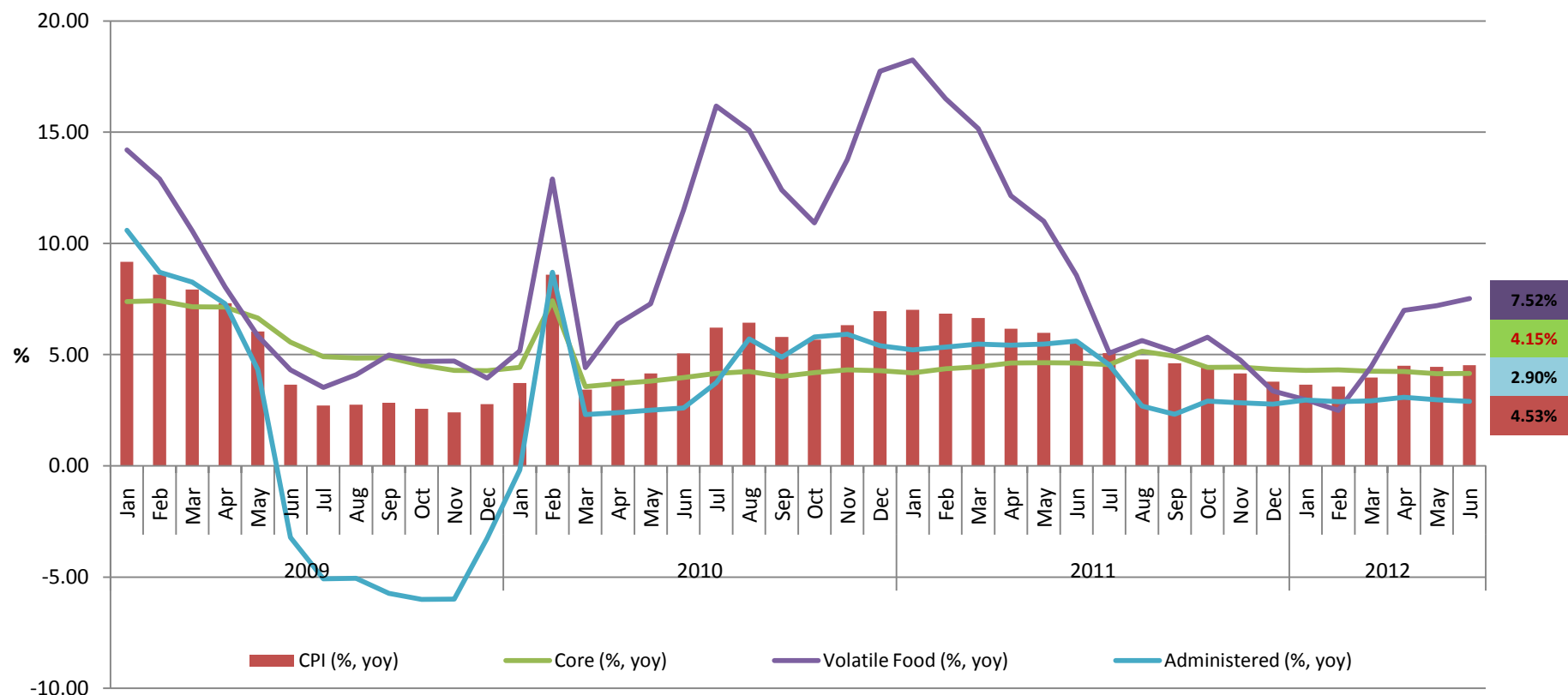
* Bank Indonesia Projection

Source: Bank Indonesia.

The Inflation Remains Under Control

- **Inflation in Q2-2012 remained subdued.** CPI inflation in Q2-2012 was recorded at 0.90% (qtq) or 4.53% (yoy) while core inflation remained low 4.15% (yoy) due to declining global commodity prices and improving inflation expectation. In addition, food prices picked up as a result of supply disruption. Meanwhile, administered prices inflation was relatively low as there was no change in government policy on the prices of strategic commodities. Going forward, inflation is expected to remain contained and stay within its target.

Inflation – by component

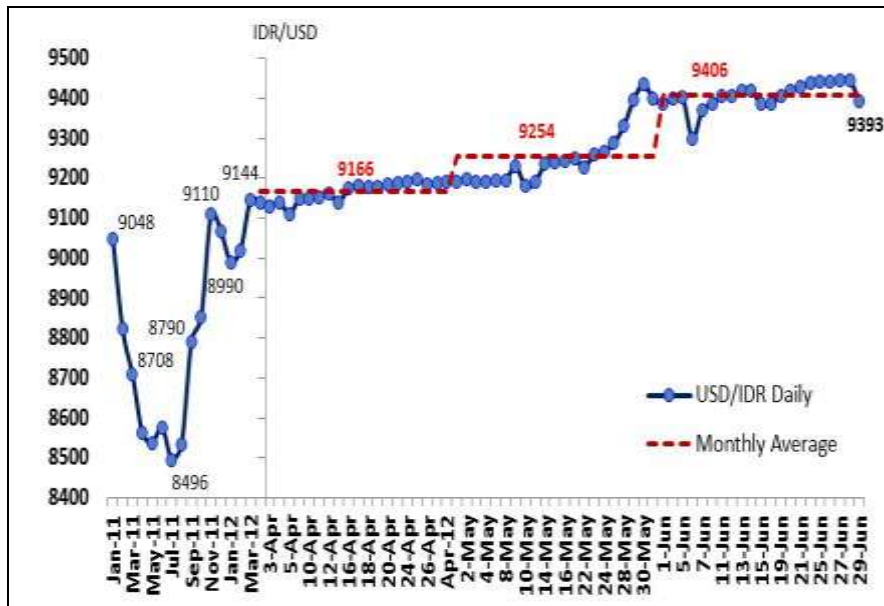


Source: Bank Indonesia

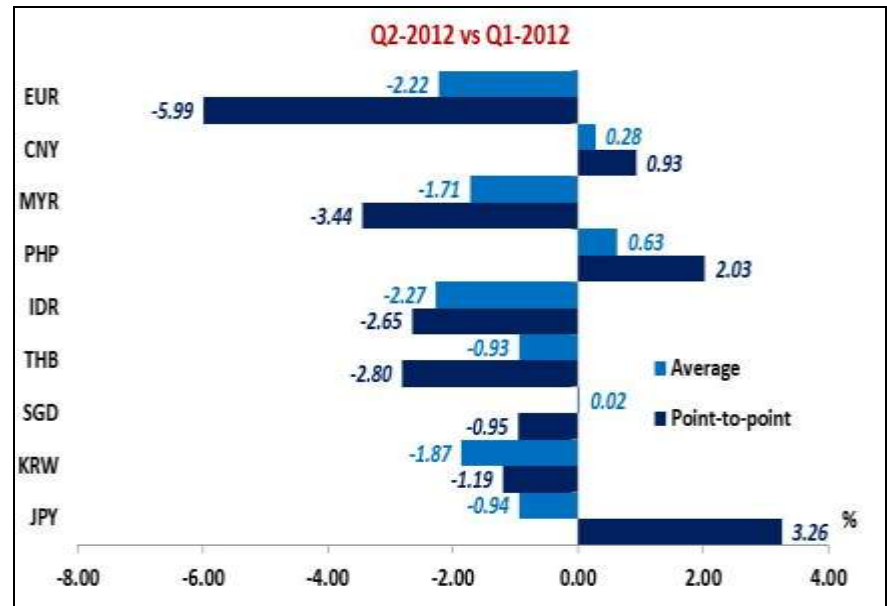
Exchange Rate

- **Depreciation pressure on Rupiah continues in Q2-2012, albeit with lower volatility relative to previous quarter, supported by stabilisation measures taken by Bank Indonesia.** On point-to-point basis, Rupiah depreciated by 2.65% (qtq) to Rp9,393 per USD, or on average depreciated by 2.27% (qtq) to Rp9,277 per USD. Pressure on Rupiah was associated with Euro crisis that trigger higher demand for foreign currency for portfolio rebalancing by non residents. Pressure on rupiah also came from strong imports. Bank Indonesia will continue to take measures to manage adequate liquidity in the foreign exchange market and encourage development of foreign currency monetary instrument to provide support for exchange rate stabilisation, consistent with its fundamental and the movement of other currencies in the Asian region.

Rupiah Exchange Rate



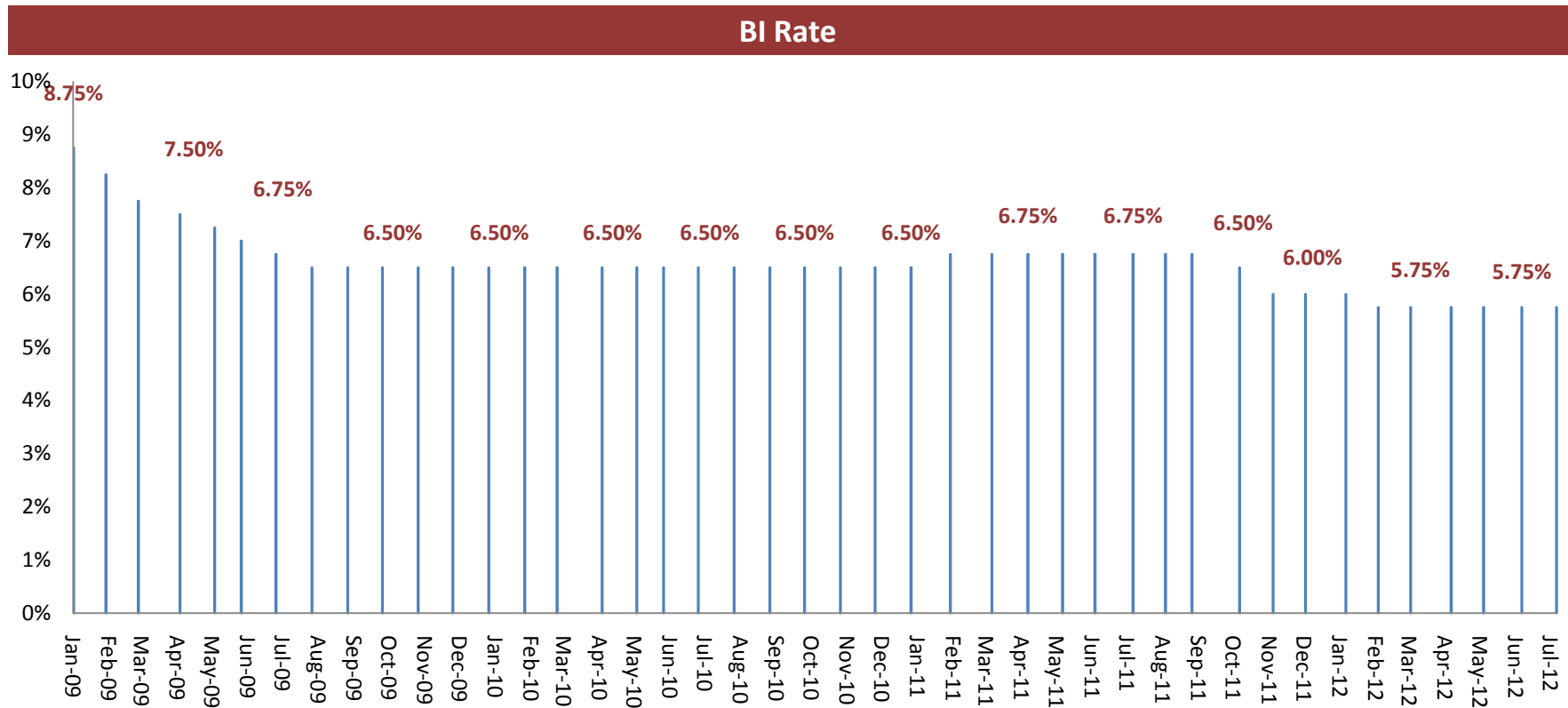
Monthly Appre/Depr.



Source: Bank Indonesia.

Monetary Policy Stance

- **In the Board of Governors' Meeting convened on July 12, 2012, Bank Indonesia decided to hold the BI rate steady at 5.75%.** The current policy rate is considered consistent with inflation forecast, which is expected to remain low and contained within its target range of $4.5\% \pm 1\%$ in 2012 and 2013. From the external side, Bank Indonesia remains vigilant on global economic slowdown that leads to weaker exports performance amid strong imports, as domestic demand remains strong. In line with that condition, Bank Indonesia will continue to strengthen the management of exchange rate, consistent with its fundamental, and also supported by further measures related to monetary operation and financial deepening in the foreign exchange market to ensure that adjustment in external balance take place in an orderly manner. With those policy measures, pressure on Balance of Payment is expected to subdue in the second half of 2012.



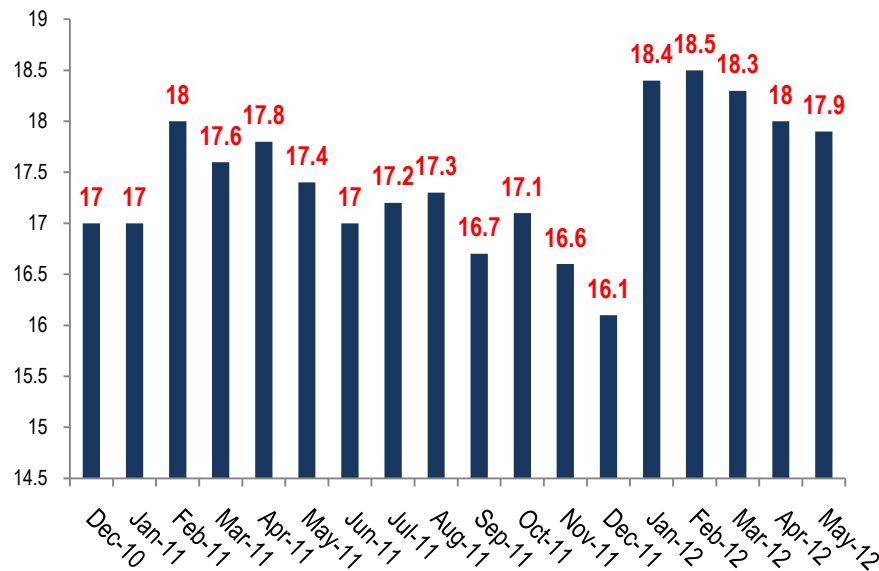
Source: Bank Indonesia.

Sound Financial Sector

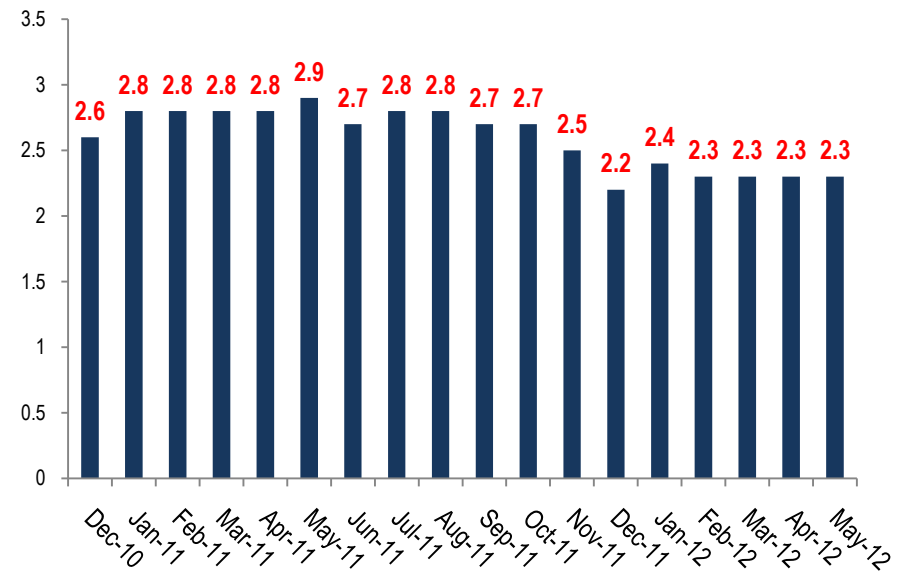
Stability in the banking system remains firm alongside steady improvement in credit growth

- Financial System Stability has been maintained as indicated by the **Financial Stability Index** which were well below the threshold of 2 (1.70 on June 2012).
- Supported by various policies implemented by Bank Indonesia, banking industry has been more resilient, as indicated by secure level of CAR above the minimum level of 8% (17.9% at the end of May 2012) and gross NPLs managed at comfortably safe level below 5% (2.3% at the end of May 2012).

Sufficient CAR (%)



Sound level of NPLs (%)

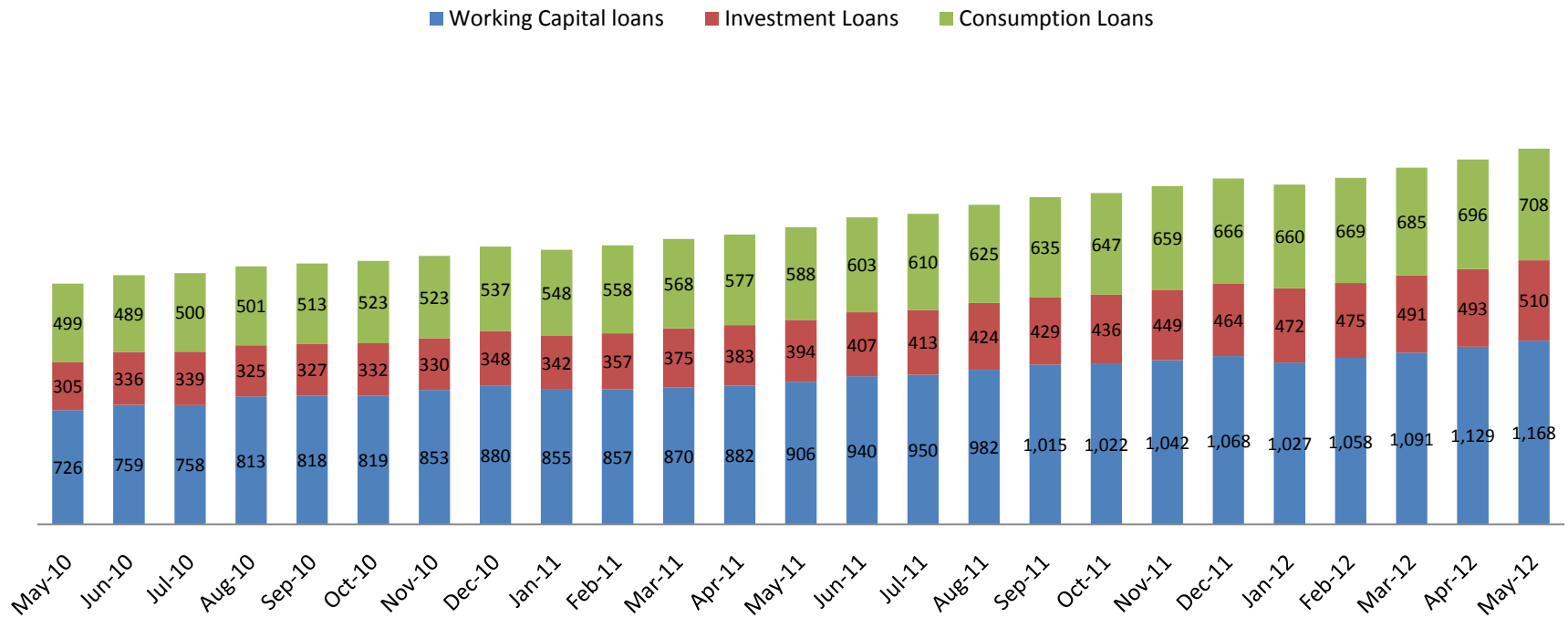


Source: Bank Indonesia

Banking Intermediation

- Further improvement in banking intermediation is also reflected in progressively improving credit growth, recorded in May 2012 at 26.3% (yoy), in which investment credit, working capital credit, and consumption credit grew by 29.3% (yoy), 28.9% (yoy), and 20.3% (yoy), respectively.
- Bank Indonesia will keep monitoring banking sector condition and improve its efficiency so that the intermediation function can be optimized.

Steady loan growth



Source: Bank Indonesia

Main Banking Indicators

Banking System Stability remains sound with stable CAR, continuous credit expansion and low NPL

Indicators	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12
Total Asset (T Rp)	3,008.9	2,990.7	2,993.1	3,065.8	3,069.1	3,136.4	3,195.1	3,216.8	3,252.6	3,371.5	3,407.5	3,569.9	3,651.8	3,598.7	3,628.1	3,708.7	3,745.1	3,827.5
Deposits (T Rp)	2,338.8	2,302.1	2,287.8	2,351.4	2,340.2	2,397.2	2,438.0	2,464.1	2,459.9	2,544.9	2,587.3	2,644.7	2,784.1	2,742.3	2,763.9	2,826.0	2,841.4	2,909.0
- Demand Deposits	535.9	530.6	529.8	540.8	528.3	561.2	577.0	567.3	524.2	580.6	596.5	616.5	652.6	645.7	624.2	656.0	655.8	700.3
- Savings Accounts	733.2	715.8	713.2	722.7	734.5	740.8	753.7	763.5	785.7	797.0	802.7	827.7	897.9	865.9	883.9	888.9	903.5	913.2
- Time Deposit	1,069.8	1,055.6	1,044.9	1,087.8	1,077.4	1,095.2	1,107.3	1,133.3	1,150.0	1,167.3	1,188.1	1,200.6	1,233.6	1,230.8	1,255.8	1,281.0	1,282.1	1,295.4
- Loans (T Rp)	1,796.0	1,776.1	1,803.9	1,844.2	1,872.6	1,918.6	1,979.6	2,002.3	2,060.8	2,108.6	2,135.5	2,180.5	2,228.5	2,189.2	2,231.7	2,294.9	2,344.9	2,413.9
Capital Adequacy Ratio (%)	17.0	17.0	18.0	17.6	17.8	17.4	17.0	17.2	17.3	16.7	17.1	16.6	16.1	18.4	18.5	18.3	18.0	17.9
NPL Gross (without channeling) (%)	2.6	2.8	2.8	2.8	2.8	2.9	2.7	2.8	2.8	2.7	2.7	2.5	2.2	2.4	2.3	2.3	2.3	2.3
Return on Assets (%)	2.7	3.0	2.8	3.1	3.0	3.0	3.1	3.0	3.0	3.1	3.1	3.1	3.0	3.7	3.4	3.1	3.0	3.0
Net Interest Margin (%)	5.7	5.6	5.5	5.9	5.8	5.8	5.8	5.8	5.9	6.0	6.0	5.9	5.9	6.1	5.4	5.2	5.3	5.3
Ops. Expense/Ops. Income (%)	80.0	83.5	80.5	77.8	78.5	78.2	80.0	81.6	80.8	79.4	79.1	79.0	81.5	91.8	77.5	76.7	76.7	76.8
Loan to Deposit Ratio (%)*	75.5	75.8	77.5	77.2	78.8	78.8	80.0	80.1	82.6	81.7	81.4	81.3	79.0	78.8	79.7	80.2	81.6	82.0
No. of Banks	122	121	121	121	121	121	121	120	120	120	120	120	120	120	120	120	120	120

*) without channeling

Source: Bank Indonesia



Prudent Fiscal Management

Overview of 2012 Revised Budget

Strategy

- **Pro-Growth:** through relaxed fiscal policy
- **Pro-Job:** through tax incentive to boost investment and export, and also increased infrastructure development expenditure;
- **Pro-Poor:** through well targeted subsidies, and social safety net programs;
- **Pro-Environment:** through better environment management

Revenue Policy

- National tax census;
- Continuing implementation of 2011 main fiscal policies;
- Improve service and tax counseling in order to encourage self voluntary compliance;
- Improve tax policies to optimize state revenue collection and support economic activity through fiscal incentive;
- Continue internal and system reform;
- Law enforcement for non-adherent taxpayers;
- Synergize government elements in improving tax potential by providing data/information support for Ministry of Finance;
- Custom and excise optimization, including excise tariff increase;
- Enhance monitoring to stem custom & excise leakage.

Expenditure Policy

- Line Ministries Budget Cut → Rp18,9 T;
- Utilization of Accumulated Cash Surplus (SAL) → Rp29,8 T;
- Compensation Program for Fuel Price Increase → Rp30,6 T;
- Energy risk reserve → Rp23 T;
- Expenditure reallocation → Rp2,3T;
- Additional Budget Spending → Rp0,4T;
- Non Tax Revenue and Loan & Grant Adjustment → Rp1,5 T;
- Educational Budget → Rp310,8T;
- Reward & Punishment Program (Reward → Rp404 Bn (30%); Punishment → Rp1,4 Bn (30%);
- Optimization (non educational) → Rp13,7T;
- Central Government Expenditure → Rp1.058,3 T

Financing Policy

- The budget deficit in the revised budget 2012 is expected to reach Rp190,1 T (2,23% of GDP); from Rp124,0 T (1,5% of GDP)
- To cover the deficit, the government will use accumulated cash surplus (SAL) and bond issuance.

Summary of Macroeconomic Assumptions

Items	2011		2012	
	Revised Budget	Real.	Original Budget	Revised Budget
- Economic Growth (%)	6.5	6.5	6.7	6.5
- Inflation (%)	5.7	3.8	5.3	6.8
- SPN 3 month rate (%)	5.6	4.8	6.0	5.0
- Exchange Rate (Rp/US\$1)	8,700	8,779	8,800	9,000
- ICP Price (US\$/barrel)	95	111.5	90	105
- Oil Lifting (thousands barrel per day)	945	898	950	930

Source: Ministry of Finance

Summary of 2012 Revised Budget

(IDR Trillion)

ITEMS	Original Budget	Proposed Revised Budget	Revised Budget
A. STATE REVENUE AND GRANT	1.311,4	1.344,5	1.358,2
I. DOMESTIC REVENUE	1.310,6	1.343,7	1.357,4
1. Tax Revenue	1.032,6	1.011,7	1.016,2
2. Non Tax Revenue	278,0	331,9	341,1
II. GRANT	0,8	0,8	0,8
B. STATE EXPENDITURE	1.435,4	1.534,6	1.548,3
I. CENTRAL GOVERNMENT EXPENDITURE	965,0	1.058,3	1.069,5
A. Line Ministries	508,4	535,1	547,9
B. Non Line Ministries	456,6	523,2	521,6
i.e. a. Fuel, LPG, Bio fuel	123,6	137,4	137,4
b. Electricity	45,0	93,1	65,0
c. Energy risk reserve	0,0	0,0	23,0
d. Additional educational spending	0,0	0,0	16,5
- Line Ministries	0,0	0,0	13,5
- Non educational	0,0	0,0	10,7
- Educational	0,0	0,0	2,7
- Non educational. Non Line Ministries	0,0	0,0	3,0
II. TRANSFER TO REGIONS	470,4	476,3	478,8
C. PRIMARY BALANCE	(1,8)	(72,3)	(72,3)
D. SURPLUS (DEFICIT) (A-B)	(124,0)	(190,1)	(190,1)
% of GDP	(1,53)	(2,23)	(2,23)
E. FINANCING (I + II)	124,0	190,1	190,1
I. DOMESTIC FINANCING	125,9	194,5	194,5
II. FOREIGN FINANCING (NETT)	(1,9)	(4,4)	(4,4)
SURPLUS / (DEFICIT) FINANCING	0,0	(0,0)	(0,0)

The deficit in the Revised Budget 2012 is expected at 2,23% of GDP. To finance the deficit, the government will use accumulated cash surpluses (SAL) and bond issuances.

Tax and Non-Tax Revenue in the 2012 Revised Budget

(IDR Trillion)

Item	2011			2012			
	Original Budget	Revised Budget	Real.	Original Budget	Revised Budget	Difference from Original Budget	
						Nominal	%
a. Domestic Tax	827,2	831,7	819,6	989,6	968,3	(21,3)	(2,2)
1) Income Tax	420,5	432,0	431,1	520,0	513,7	(6,3)	(1,2)
- Non Oil & Gas	364,9	366,7	358,0	459,0	445,7	(13,3)	(2,9)
- Oil & Gas	55,6	65,2	73,1	60,9	67,9	7,0	11,5
2) VAT	312,1	298,4	277,7	352,9	336,1	(16,9)	(4,8)
3) Land & Building Tax	27,7	29,1	29,9	35,6	29,7	(6,0)	(16,7)
4) BPHTB	-	-	(0,0)	-	-	-	-
5) Other Tax	4,2	4,2	3,9	5,6	5,6	-	-
6) Excise	62,8	68,1	77,0	75,4	83,3	7,8	10,4
b. International Trade Tax	23,0	46,9	54,1	42,9	47,9	5,0	11,7
1) Import Tax	17,9	21,5	25,2	23,7	24,7	1,0	4,2
2) Export Tax	5,1	25,4	28,9	19,2	23,2	4,0	20,9
TOTAL	850,3	878,7	873,7	1.032,6	1.016,2	(16,3)	(1,6)

Items	2011			2012			
	Original Budget	Revised Budget	Real.	Original Budget	Revised Budget	Differences from APBN	
						Nominal	%
a. Natural Resource Revenue	163.1	192.0	214.0	177.3	217.2	39.9	22.5
1) Oil and Gas	149.3	173.2	193.4	159.5	198.3	38.8	24.4
- Oil	107.5	123.1	141.2	113.7	150.8	37.2	32.7
- Gas	41.8	50.1	52.2	45.8	47.5	1.7	3.7
2) Non-oil and gas	13.8	18.8	20.6	17.8	18.8	1.1	5.9
- Fisheries	0.2	0.2	0.2	0.2	0.2	-	-
- Forestry	2.9	2.9	3.2	3.0	3.1	0.1	4.1
- Mining	10.4	15.4	16.7	14.5	15.3	0.8	5.7
- Geothermal	0.4	0.4	0.6	0.2	0.3	0.1	49.7
b. Profit from SOEs	27.6	28.8	28.2	28.0	30.8	2.8	9.9
c. Other	45.2	50.3	68.6	53.5	72.8	19.3	36.1
d. Revenues from BLU	15.0	15.4	10.4	19.2	20.4	1.2	6.1
TOTAL	250.9	286.6	321.2	278.0	341.1	63.2	22.7

Central Government Expenditures in the 2012 Revised Budget

		(IDR billion)	
ITEMS		Original Budget APBN	Revised Budget APBN-P
1.	Personnel Expenditure	215.862,4	212.242,8
2.	Material expenditure	188.001,7	186.555,9
3.	Capital expenditure	151.975,0	168.875,2
4.	Interest Payment:	122.217,6	117.785,4
i.	Domestic	88.503,3	84.749,3
ii.	Foreign	33.714,3	33.036,1
5.	Subsidy:	208.850,2	245.076,3
a.	Energy subsidy:	168.559,9	202.353,2
-	Fuel	123.599,7	137.379,8
-	Electricity	44.960,2	64.973,4
b.	Non-Energy Subsidy	40.290,3	42.723,1
6.	Grant	1.796,7	1.790,9
7.	Social Assistance	47.763,8	55.377,5
8.	Other Expenditure:	28.529,7	65.535,0
-	Energy risk reserve	-	23.000,0
9.	Additional budget for Line Ministries	-	16.295,3
a.	Non-Education	-	13.582,6
b.	Education	-	2.712,7
TOTAL		964.997,1	1.069.534,4

Source: Ministry of Finance

Financing in the Revised Budget 2012

(IDR Billion)

Items	2012	
	Original Budget	Revised Budget
I NON DEBT FINANCING	(9,544.5)	33,943.1
A Domestic Banking	8,947.0	60,561.6
1. SLA Repayment	3,890.2	4,387.9
2. Accumulated Cash Surplus (SAL)	5,056.8	56,173.7
B Domestic non Banking	(18,491.5)	(26,618.5)
1 Asset Restructuring	280.0	280.0
2 Government/State Investment Fund	(17,138.1)	(19,265.1)
3 Educational Endowment Fund	(1,000.0)	(7,000.0)
4 Contingency Liabilities	(633.3)	(633.3)
II DEBT FINANCING	133,564.4	156,162.3
A Foreign Loan (Nett)	(1,892.3)	(4,425.6)
1. Disbursement (Brutto)	54,282.4	53,731.1
2. SLA	(8,914.6)	(8,431.8)
3. Repayment	(47,260.1)	(49,724.9)
B Government Bonds	134,596.7	159,596.7
C Domestic Loan	860.0	991.2
TOTAL FINANCING	124,019.9	190,105.4

- The budget deficit in the revised budget 2012 is expected to reach Rp190,1 T (2,23% of GDP); from Rp124,0 T (1,5% of GDP)
- To cover the deficit, the government will use accumulated cash surplus (SAL) and bond issuance.

To guard against a discrepancy in energy subsidy realization due to a delay or cancelation of subsidized fuel price adjustment, macroeconomic assumption changes, or over-quota subsidized fuel volume, the Government has set-up fiscal buffers, as follows:

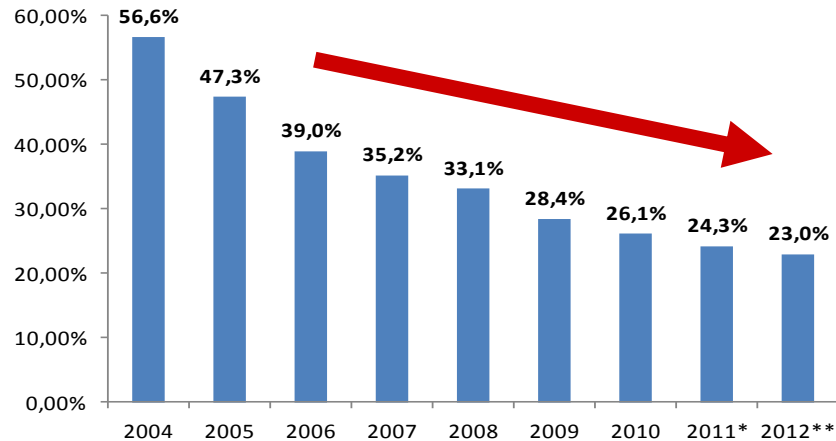
- Energy Risk Reserve;
- Risk reserve for macroeconomic assumption change (ICP, oil lifting) and food price stabilization;
- Compensation program budget for subsidy change that will be given if subsidized fuel price is adjusted;
- 13 months distribution frequency of rice for the poor (Raskin);
- Accumulated cash surplus (SAL) utilization to cover subsidy gap;
- Reserve for personnel expenditure.



Improved Government Debt Position

Debt To GDP

Debt to GDP Ratio (% of GDP)



Debt Composition

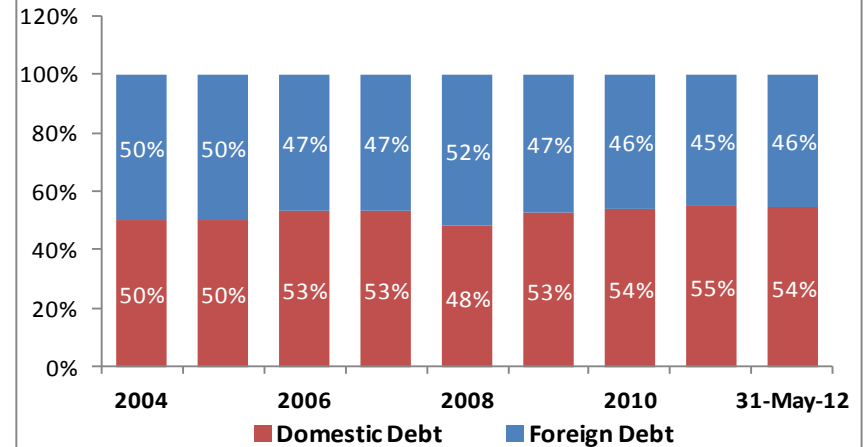


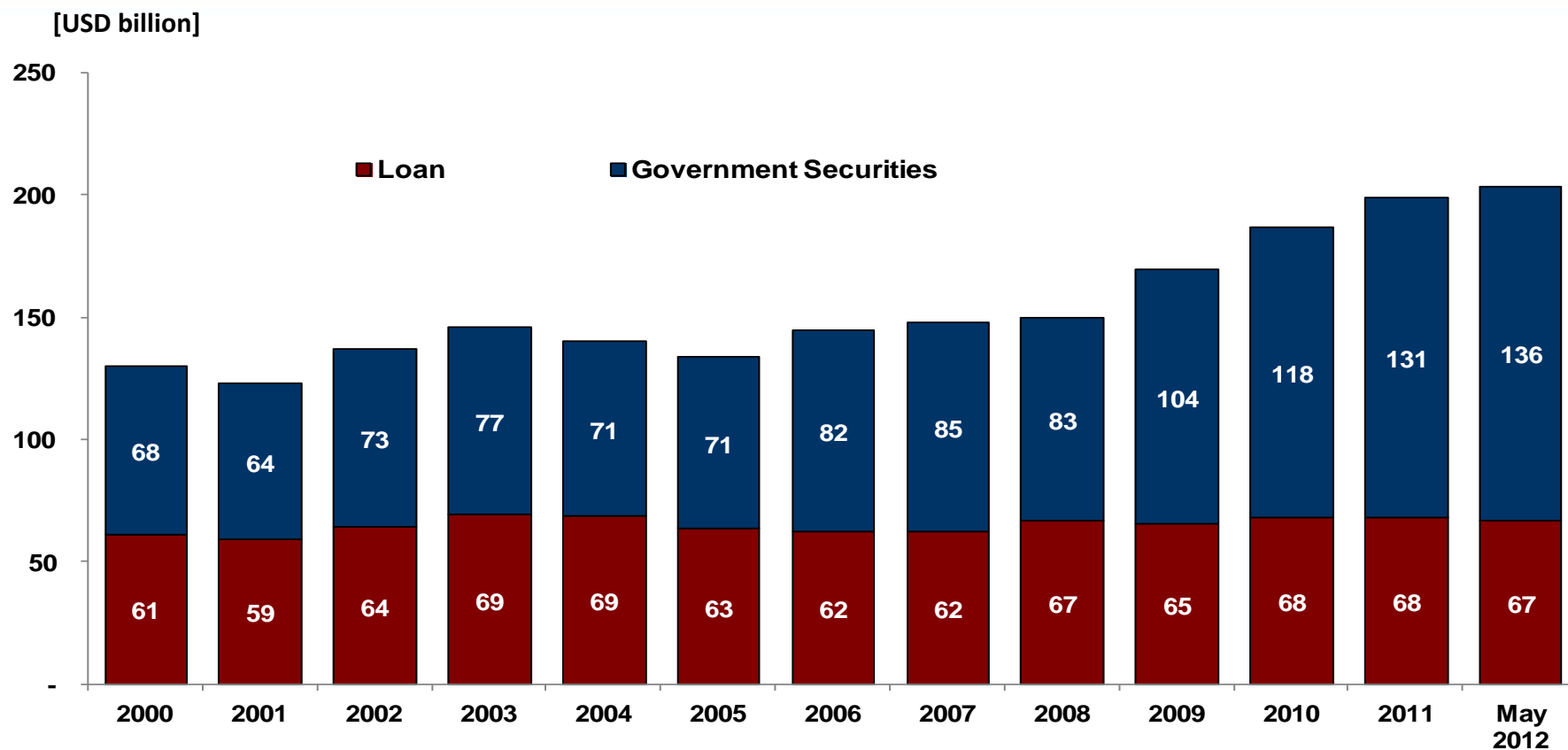
Table of Debt to GDP Ratio

	End of Year								
	2004	2005	2006	2007	2008	2009	2010	2011*	2012 **
GDP	2.295.826,00	2.774.282,00	3.339.217,00	3.950.894,00	4.948.689,00	5.603.870,80	6.422.918,20	7.427.086,10	8.542.634,40
Debt Outstanding (billion IDR)	1.299.504,02	1.313.294,73	1.302.158,97	1.389.415,00	1.636.740,72	1.590.386,00	1.676.852,14	1.803.489,41	1.962.004,52
- Domestic Debt (Loan+Securities)	653.032,15	658.670,86	693.117,95	737.125,54	783.855,10	836.318,00	902.599,79	992.838,20	1.117.426,10
- Foreign Debt (Loan+Securities)	646.471,87	654.623,87	609.041,02	652.289,46	852.885,62	754.068,00	774.252,35	810.651,21	844.578,42
Debt to GDP Ratio	56,60%	47,34%	39,00%	35,17%	33,07%	28,38%	26,11%	24,28%	22,97%
- Domestic Debt to GDP Ratio	28,44%	23,74%	20,76%	18,66%	15,84%	14,92%	14,05%	13,37%	13,08%
- Foreign Debt to GDP Ratio	28,16%	23,60%	18,24%	16,51%	17,23%	13,46%	12,05%	10,91%	9,89%

*: realization Des 31,2011 (unaudited)

** : projection realization 2012

Outstanding of Total Central Government Debt

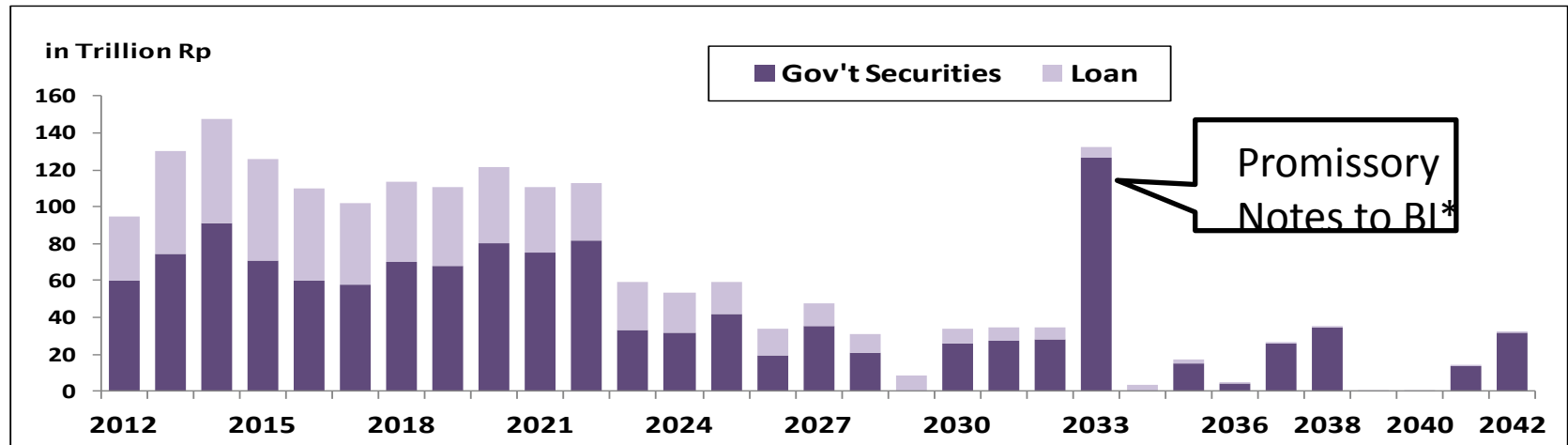


[in percentage]

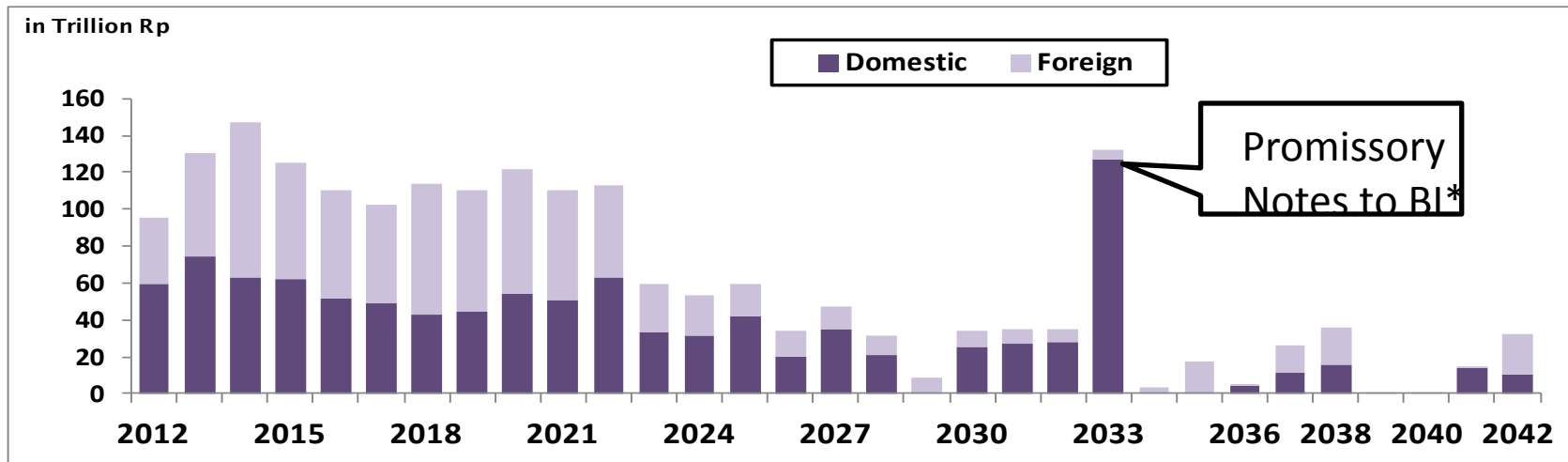
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	May 2012
Loan	47%	48%	47%	47%	49%	47%	43%	42%	45%	38%	37%	37%	33%
Government Securities	53%	52%	53%	53%	51%	53%	57%	58%	55%	62%	63%	63%	67%
Total Central Government Debt	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Total Debt Maturity Profile as of May 2012

Maturity Profile of Central Government by Instruments (in trillion IDR)



Maturity Profile of Central Government by Currencies (in trillion IDR)



Notes:

- Ministry of Finance has received Parliamentary approval for amortization of outstanding promissory notes.

State Budget Financing 2011 & 2012

Trillion IDR

Item	2011 - Realized Budget*	% of GDP	2012 - Budget (trillion IDR)	% of GDP	2012 - Revised Budget (trillion IDR)	% of GDP
Total Revenue & Grants	1.199,5	16,9%	1.311,4	16,2%	1.344,5	16,6%
of which Tax Revenue	872,6	12,3%	1.032,6	12,7%	1.016,2	12,5%
Non Tax Revenue	324,3	4,6%	277,99	3,4%	341,14	4,2%
Expenditure	1.289,6	18,1%	1.435,4	17,7%	1.534,6	18,9%
of which Interest payment	93,3	1,3%	122,2	1,5%	117,8	1,5%
Subsidy	294,9	4,1%	208,9	2,6%	273,2	3,4%
Primary Balance	3,1	0,0%	(1,8)	0,0%	(72,3)	-0,9%
Overall Balance (deficit)	(90,1)	-1,3%	(124,0)	-1,5%	(190,1)	-2,2%
Financing	129,3	1,8%	124,0	1,5%	190,1	2,3%
Non Debt (Net)	28,3	0,4%	(9,5)	-0,1%	33,9	0,4%
Debt	101,0	1,4%	133,6	1,6%	156,2	1,9%
Govt Securities (Net)	119,9	1,7%	134,6	1,7%	159,6	1,9%
Domestic Official Borrowing	0,3	0,0%	0,9	0,0%	1,0	0,0%
External Official Borrowing (Net)	(19,2)	-0,3%	(1,9)	0,0%	(4,4)	-0,1%
Disbursement	31,7	0,4%	54,3	0,7%	53,7	0,7%
Program Loan	13,6	0,2%	15,3	0,2%	15,6	0,2%
Project Loan (Bruto)	18,1	0,3%	39,0	0,5%	38,1	0,5%
On lending	(3,6)	0,0%	(8,9)	-0,1%	(8,4)	-0,1%
Repayment	(47,3)	-0,7%	(47,2)	-0,6%	(49,7)	-0,6%

Assumptions:

GDP (trillion)	7.114,0	8.119,8	8.542,6
Growth (%)		6,7	6,5
Inflation (%)		5,3	7,0
3-months SPN (% avg)	4,8	6,5	5,0
Rp / USD (avg)	8.776,0	8.800,0	9.000,0
Oil Price (USD/barrel)	111,6	90,0	105,0
Oil Lifting (MBCD)	898,1	950,0	930,0

Source: Ministry of Finance

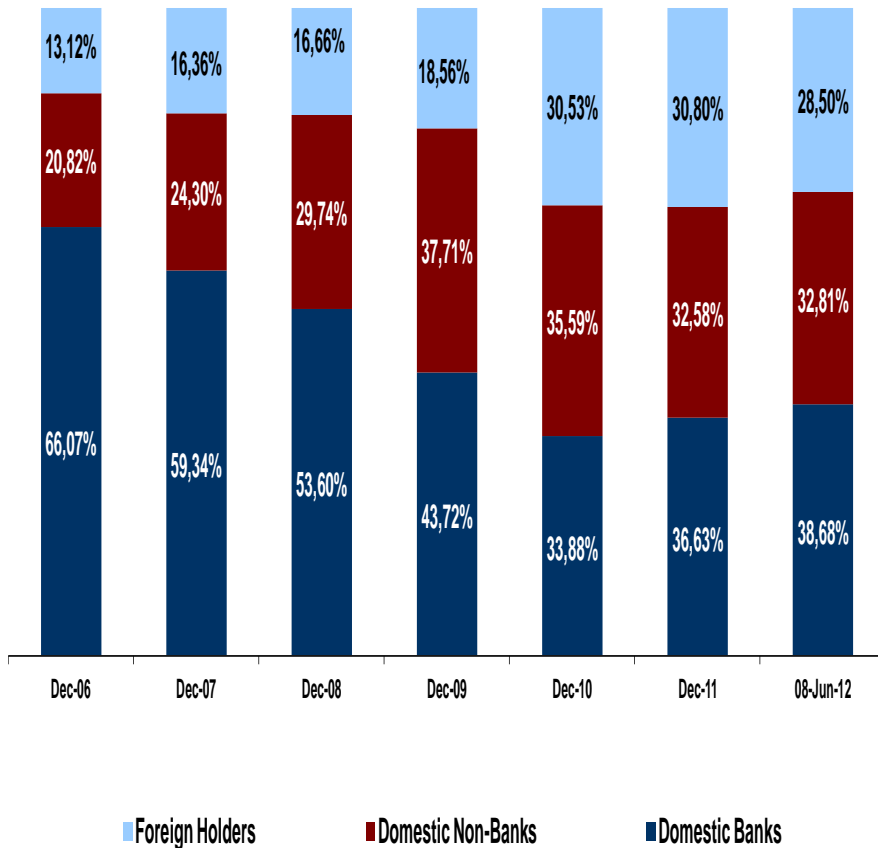
	2012 - Budget		2012 - Revised Budget	
	IDR (trillion)	\$ USD (billion)	IDR (trillion)	\$ USD (billion)
Deficit	(124,0)	(13,15)	(190,1)	(20,15)
Amortization	(167,6)	(17,77)	(160,9)	(17,06)
External Loan	(47)	(5)	(50)	(5)
Govt Securities (incl Buyback)	(120)	(13)	(111)	(12)
Domestic Loan	(0,14)	(0,01)	(0,14)	(0,01)
Non Debt Financing Expenditures	(18,77)	(1,99)	(26,62)	(2,82)
Two Steps Loan	(8,9)	(0,95)	(8,4)	(0,89)
Financing Needs	(319,3)	(33,9)	(386,1)	(40,9)
Financing Sources	319,3	33,9	386,1	40,9
Non Debt (Gross)	9,2	0,98	60,6	6,42
Debt (Gross)	310,1	32,87	325,5	34,51
Govt Securities	254,8	27,0	270,7	28,7
Program Loan	15,3	1,6	15,6	1,7
Project Loan (Bruto)	39,0	4,1	38,1	4,0
Domestic Loan	1,0	0,1	1,1	0,1

Exchange Rate Assumption (IDR/USD 1) a.o June 11, 2012 : IDR 9.433

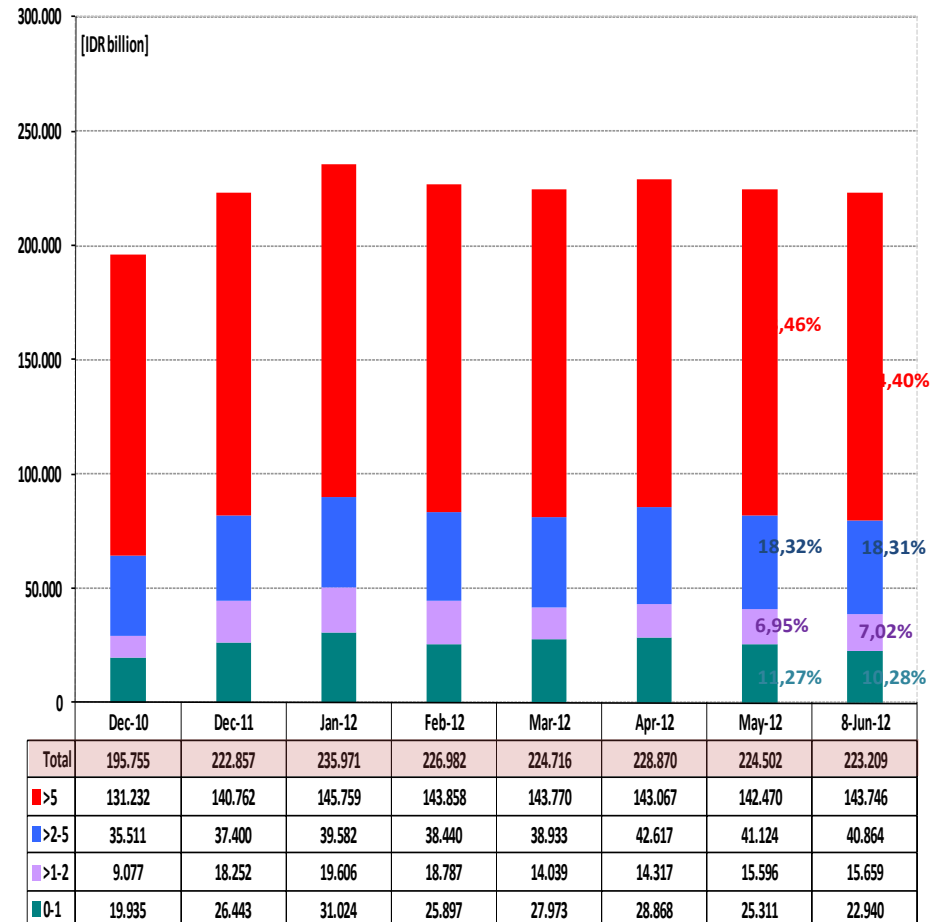
Holders of Tradable Government Securities

There is an increasing proportion of foreign and non-bank holders of Indonesian Government securities.

Holders of Tradable Domestic Government Securities



Foreign Ownership of Govt Domestic Debt Securities



Profile of Government Debt Securities

GOVERNMENT DEBT SECURITIES (GDS)	Des '07	Des '08	Dec-09	Dec-10	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	08-Jun-12
1. Zero Coupon	IDR 14.669	IDR 21.503	IDR 33.386	IDR 32.307	IDR 32.412	IDR 36.612	IDR 35.162	IDR 34.562	IDR 35.012	IDR 33.212	IDR 29.292
1. Government Treasury Bills	IDR 4.169	IDR 10.012	IDR 24.700	IDR 29.795	IDR 29.900	IDR 34.100	IDR 32.650	IDR 32.050	IDR 32.500	IDR 30.700	IDR 26.780
2. Zero Coupon Bond	IDR 10.500	IDR 11.491	IDR 8.686	IDR 2.512	IDR 2.512	IDR 2.512	IDR 2.512	IDR 2.512	IDR 2.512	IDR 2.512	IDR 2.512
Government Domestic Bonds											
1. Fixed Rate *) +)	IDR 294.453	IDR 353.558	IDR 393.543	IDR 440.396	IDR 517.142	IDR 524.961	IDR 544.611	IDR 537.822	IDR 545.822	IDR 553.247	IDR 560.017
2. Variable Rate *)	IDR 168.625	IDR 145.934	IDR 143.286	IDR 142.795	IDR 135.063	IDR 135.063	IDR 135.063	IDR 135.063	IDR 135.063	IDR 135.063	IDR 135.063
2. Sub Total Tradable GDS	IDR 477.747	IDR 520.995	IDR 570.215	IDR 615.498	IDR 684.618	IDR 696.636	IDR 714.837	IDR 707.447	IDR 715.897	IDR 721.522	IDR 724.372
3. Promissory Notes to Bank Indonesia **) ***)	IDR 259.404	IDR 258.160	IDR 251.875	IDR 248.432	IDR 244.636	IDR 244.636	IDR 243.807	IDR 243.807	IDR 243.463	IDR 243.463	IDR 242.595
4. Total GDS (2+3)	IDR 737.151	IDR 779.155	IDR 822.090	IDR 863.930	IDR 929.254	IDR 941.273	IDR 958.644	IDR 951.254	IDR 959.360	IDR 964.985	IDR 966.967
5. Total Government International Bonds *)	USD 7.000	USD 11.200	USD 14.200	USD 16.200	USD 18.700	USD 20.450	USD 20.450	USD 20.450	USD 22.950	USD 22.950	USD 22.950
			¥ 35.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 95.000
6. TOTAL GOV'T DEBT SECURITIES (4+(5*Exchange Rate Assump	IDR 803.084	IDR 901.795	IDR 959.130	IDR 1.020.062	IDR 1.109.922	IDR 1.136.525	IDR 1.155.143	IDR 1.149.602	IDR 1.181.164	IDR 1.196.036	IDR 1.194.739
GOVERNMENT ISLAMIC DEBT SECURITIES (GIDS)											
Government Domestic Islamic Bonds											
1. Fixed Rate *)++)	IDR -	IDR 4.700	IDR 11.533	IDR 25.717	IDR 37.668	IDR 37.668	IDR 37.084	IDR 52.433	IDR 56.153	IDR 57.568	IDR 57.568
2. Zero Coupon					IDR 1.320	IDR 1.320	IDR 420	IDR 700	IDR 280	IDR 1.185	IDR 1.185
Government International Islamic Bonds											
1. Fixed Rate *)			USD 650	USD 650	USD 1.650	USD 1.650	USD 1.650	USD 1.650	USD 1.650	USD 1.650	USD 1.650
7. Total Tradable GIDS	IDR -	IDR 4.700	IDR 17.643	IDR 31.561	IDR 53.950	IDR 53.838	IDR 52.494	IDR 68.280	IDR 71.596	IDR 74.535	IDR 74.317
8. TOTAL GOVERNMENT SECURITIES +++)	IDR 803.084	IDR 906.495	IDR 979.458	IDR 1.064.406	IDR 1.187.655	IDR 1.214.146	IDR 1.231.420	IDR 1.246.665	IDR 1.284.044	IDR 1.304.354	IDR 1.302.839

Notes:

- Nominal in billion rupiah (domestic bonds), million USD & million JPY (international bonds)

- *) Tradable

- **) Non-Tradable

- +) Including ORI (IDR Billion))

- ++) Including Sukuk Ritel/SR (IDR Billion)

- ++++) Including Non Tradable Sukuk/ SDHI (IDR Billion)

	IDR 18.885	IDR 34.699	IDR 40.149	IDR 40.672	IDR 51.672	IDR 51.672	IDR 51.672	IDR 51.672	IDR 51.672	IDR 51.672	IDR 51.672
			IDR 5.556	IDR 13.590	IDR 20.931	IDR 20.931	IDR 20.931	IDR 20.931	IDR 20.931	IDR 20.931	IDR 20.931
			IDR 2.686	IDR 12.783	IDR 23.783	IDR 23.783	IDR 23.783	IDR 28.783	IDR 31.283	IDR 33.783	IDR 33.783
	(e.o Dec 2007)	(31 Des '08)	(31 Des '09)	(31 Des '10)	(30 Des '11)	(31 Jan '12)	(29 Feb '12)	(31 Mar '12)	(30 Apr '12)	(31 Mei '12)	(8 Jun '12)

- Exchange Rate Assumption (IDR/USD1)

- Exchange Rate Assumption (IDR/JPY1)

	IDR 9.419	IDR 10.950	IDR 9.400	IDR 8.991	IDR 9.068	IDR 9.000	IDR 9.085	IDR 9.180	IDR 9.190	IDR 9.565	IDR 9.433
			IDR 101,70	IDR 110,29	IDR 116,80	IDR 117,92	IDR 112,75	IDR 111,76	IDR 114,67	IDR 121,41	IDR 118,78

- Since October 2006, Government and Central Bank committed to replace interest payment of Promissory Notes to Bank Indonesia (SU-002 & SU-004) with new bond (SU-007) and omitted indexation of SU-002 & SU-004

Source: Ministry of Finance

Domestic Issuance

[in IDR Million]

Auction Date	Series	Settlement Date	Maturity	Coupon	WAY/ WAP	Target	Total Bids	Total Accepted	Bids to Accepted
Total 2006						26.875.000	98.850.550	42.578.650	2,32
Total 2007						47.000.000	205.057.495	86.379.695	2,37
Total 2008						58.000.000	158.483.440	86.931.640	1,82
Total 2009						64.190.000	227.140.120	97.756.020	2,32
Total 2010						113.671.500	366.720.245	136.861.860	2,68
TOTAL 2011						146.360.000	435.088.810	158.501.410	2,75
Jan-12						21.825.000	81.979.500	21.825.000	3,76
Feb-12						27.647.000	73.831.000	27.647.000	2,67
Mar-12						10.895.000	32.173.000	10.895.000	2,95
03-Apr-12	SPN12130404	05-Apr-12	04-Apr-13	-	3,92%	9.000.000	6.100.000	1.000.000	6,10
	FR0061		15-Mei-22	7,00%	5,87%		4.188.000	3.300.000	1,27
	FR0059		15-Mei-27	7,00%	6,32%		4.009.000	2.700.000	1,48
	FR0058		15-Jun-23	8,25%	6,73%		5.192.000	2.000.000	2,60
10-Apr-12	SPN-S11102012	12-Apr-12	-	-	-	1.900.000	2.451.000	-	-
	PBS001		15-Feb-18	4,45%	5,31%		2.171.000	1.000.000	2,17
	PBS002		15-Jan-22	5,45%	6,11%		466.000	100.000	4,66
	PBS003		15-Jan-27	6,00%	6,53%		1.341.000	550.000	2,44
17-Apr-12	PBS004	19-Apr-12	15-Feb-37	6,10%	6,90%	2.200.000	639.000	250.000	2,56
	SPN03120718		18-Jul-12	-	3,31%		2.080.000	300.000	6,93
	SPN12130404		04-Apr-13	-	3,95%		4.150.000	1.900.000	2,18
	FR0061		15-Mei-22	7,00%	-		3.225.000	-	-
24-Apr-12	FR0059	26-Apr-12	15-Mei-27	7,00%	-	1.820.000	3.020.000	-	-
	FR0058		15-Jun-32	8,25%	-		2.362.000	-	-
	PBS001		15-Feb-18	4,45%	5,31%		2.674.000	1.500.000	1,78
	PBS002		-	-	-		441.000	-	-
	PBS003		15-Jan-27	6,00%	6,53%		841.000	320.000	2,63
	PBS004		-	-	-		235.000	-	-
						14.920.000	45.585.000	14.920.000	3,06
Apr-12						14.920.000	45.585.000	14.920.000	3,06
02-May-12	SPN12130502	04-Mei-12	02-Mei-13	-	4,05%	7.550.000	3.550.000	900.000	3,94
	FR0060		15-Apr-17	6,25%	5,26%		1.562.000	1.050.000	1,49
	FR0061		15-Mei-22	7,00%	6,03%		3.747.500	2.750.000	1,36
	FR0058		15-Jun-32	8,25%	6,84%		5.862.000	2.850.000	2,06
08-May-12	SPNS09112012	10-Mei-12	09-Nop-12	-	3,83%	1.015.000	1.596.000	150.000	10,64
	PBS001		-	-	-		207.000	-	-
	PBS002		15-Jan-22	5,45%	6,22%		361.000	225.000	1,60
	PBS003		15-Jan-27	6,00%	6,61%		651.000	640.000	1,02
09-May-12	PBS004	10-Mei-12	-	-	-	755.000	264.000	-	-
	SPNS09112012		09-Nop-12	-	3,83%		955.000	755.000	1,26
14-May-12	SPN03120815	16-Mei-12	-	-	-	775.000	2.655.000	-	-
	SPN12130502		02-Mei-13	-	-		2.780.000	-	-
	FR0061		15-Mei-22	7,00%	6,30%		3.511.000	500.000	7,02
	FR0059		15-Mei-27	7,00%	6,69%		2.100.000	275.000	7,64
22-May-12	FR0058	24-Mei-12	15-Jun-32	8,25%	-	550.000	2.263.000	-	-
	PBS001		15-Feb-18	4,45%	6,14%		145.000	115.000	1,26
	PBS002		15-Jan-22	5,45%	6,50%		306.000	105.000	2,91
	PBS003		-	-	-		124.000	-	-
	PBS004		15-Feb-37	6,10%	7,38%		843.000	330.000	2,55
						10.645.000	33.482.500	10.645.000	3,15
						10.645.000	33.482.500	10.645.000	3,15
05-Jun-12	SPN12130606	07-Jun-12	06-Jun-13	-	4,13%	7.500.000	2.425.000	730.000	3,32
	FR0060		15-Apr-17	6,25%	5,57%		2.680.000	1.550.000	1,73
	FR0061		15-Mei-22	7,00%	6,50%		4.652.000	3.375.000	1,33
	FR0058		15-Jun-32	8,25%	7,25%		4.410.000	1.720.000	2,56
						7.500.000	14.167.000	7.375.000	1,92
						7.500.000	14.167.000	7.375.000	1,92
TOTAL 2012						93.432.000	281.218.000	93.307.000	3,01
TOTAL						606.428.500	1.906.882.860	762.142.775	2,50

Debt Switch & Cash Buyback Program

- Debt Switch Program**

[in billion IDR]

Auction Date	Auction Frequency	Source Bond Tenor Series	Destination Bond Tenor Series	Offer Received	Offer Awarded
2005	1 x	< 1 - 4 year	15 year	7.721	5.673
2006	12 x	< 1 - 5 year	5 - 19 year	54.177	31.179
2007	9 x	< 1 - 6 year	11 - 20 year	30.681	15.782
2008	2 x	< 1 - 4 year	14 - 15 year	7.490	4.571
2009	6 x	< 1 - 5 year	12 - 15 year	8.663	2.938
2010	6 x	< 1 - 8 year	10 - 21 year	8.349	3.920
2011	4 x	< 1 - 4 year	15 year	3.080	664
Total				120.161	64.727

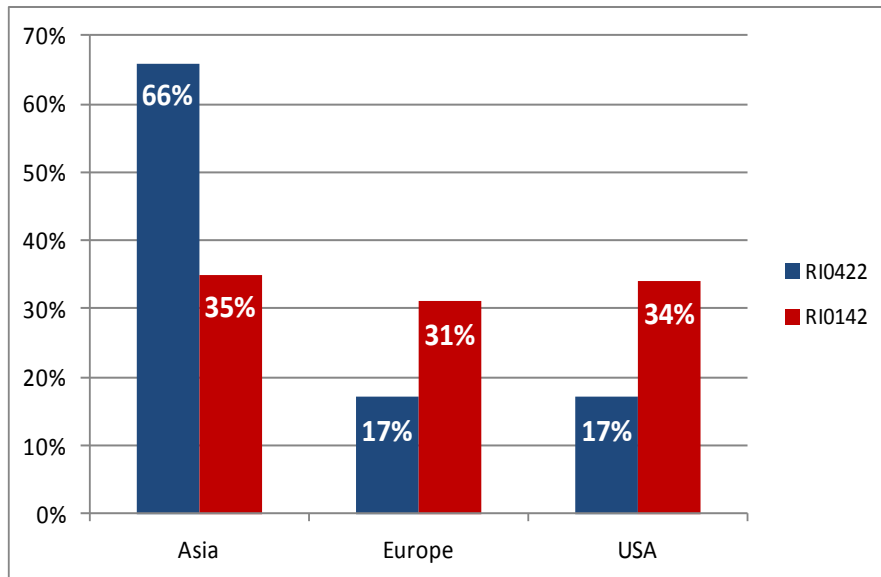
- Buyback Program**

No.	Year	Frequencies		Volume (in IDR Million)
		Auctions	Direct Transactions	
1	2003	2	-	8.127.000
2	2004	1	-	1.962.000
3	2005	4	-	5.158.000
4	2007	2	-	2.859.000
5	2008	3	-	2.375.000
6	2009	1	1	8.528.000
7	2010	10	3	3.200.565
8	2011	2	8	3.499.986
9	2012	-	2	599.477
GRAND TOTAL				36.309.028

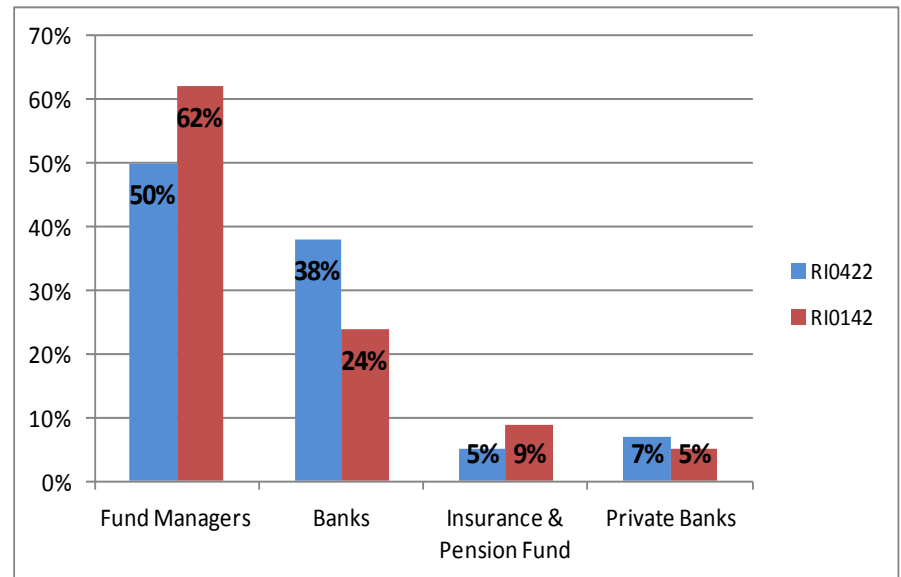
Recent Global Bond Issuance

		RI0422	RI0142
1	Rating (S&P Moody's Fitch)	BB+ Baa3 BBB-	BB+ Baa3 BBB-
2	Size	USD 2.000.000.000	USD 500.000.000
3	Coupon	3.75% s.a.	5.25% s.a.
4	Pricing Date	17 April 2012	17 April 2012
5	Settlement Date	25 April 2012	25 April 2012
6	Maturity Date	25 April 2022	17 Januari 2042
7	Yield when issued	3,850%	4,950%
8	Price when issued	99,176%	104,636%
9	Spread over US Treasury	184.8 bps	180.6 bps
10	US Treasury yield	2%	3,13%

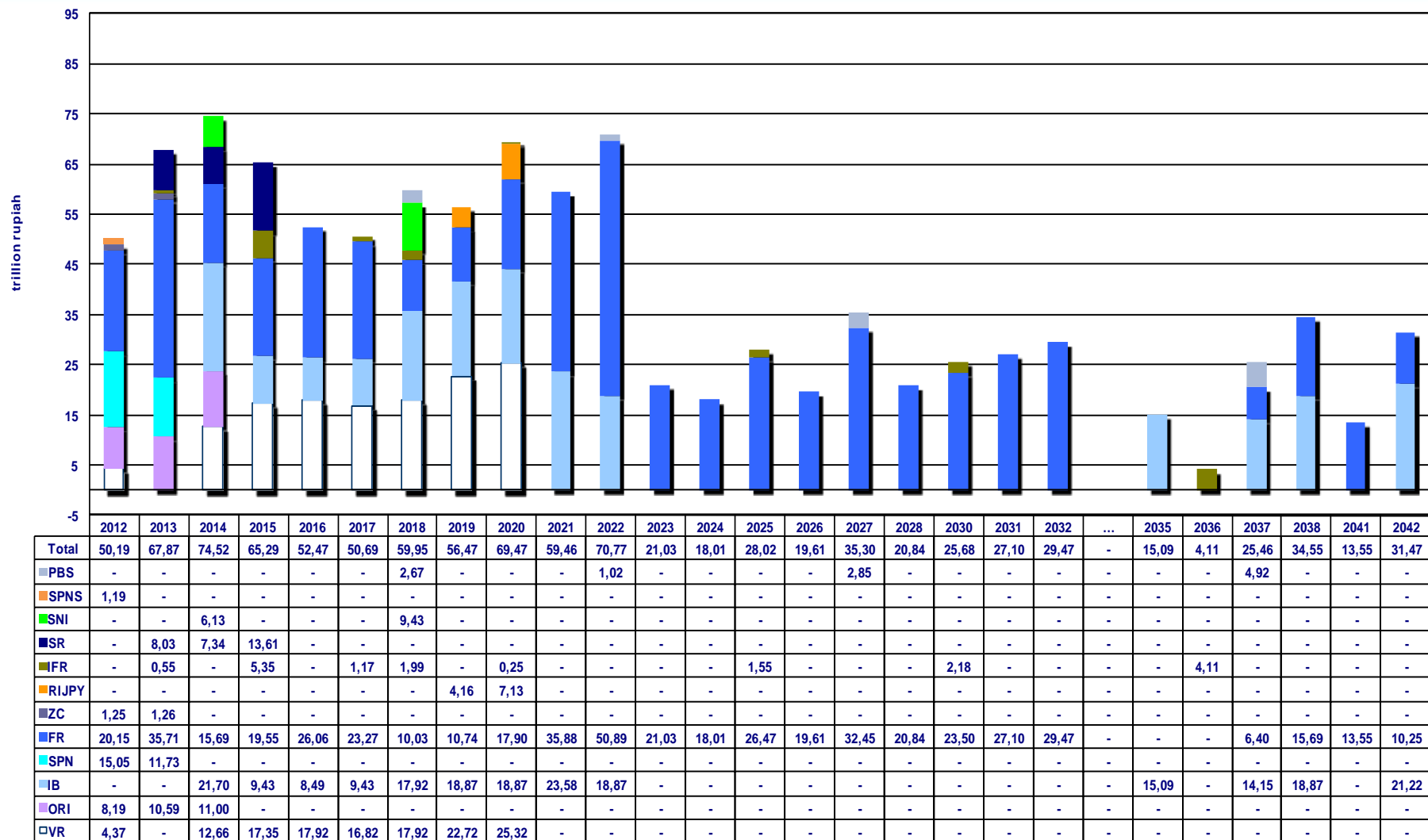
By Region



By Investor Type



Maturity Profile of Tradable Government securities as of June 8, 2012



ZC : Zero Coupon bond
IB : International Bond
VR : Variable Rate Bond

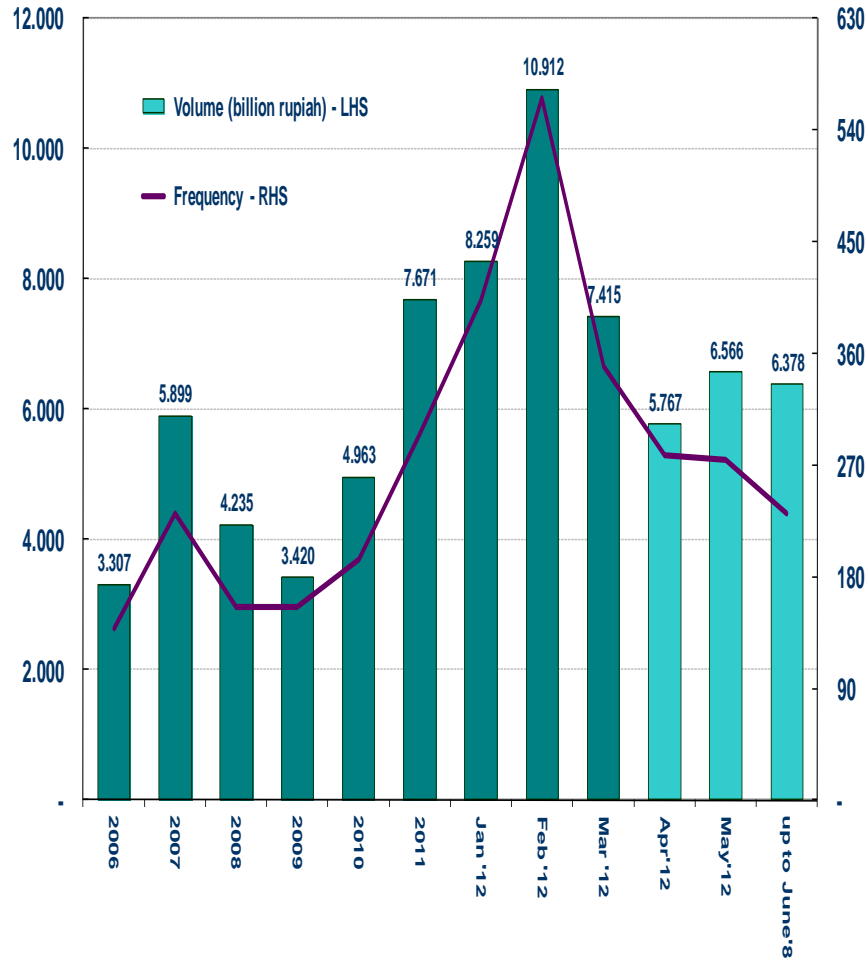
PN : T'bills
ORI : Retail Bond
FR : Fixed Rate Bond

IFR : Islamic Fixed Rate Bond
SR : Retail Sukuk
RIJYP : Samurai Bond

SNI : International Sukuk
SPN-S: Sharia T'bills
PBS : Project Based Sukuk

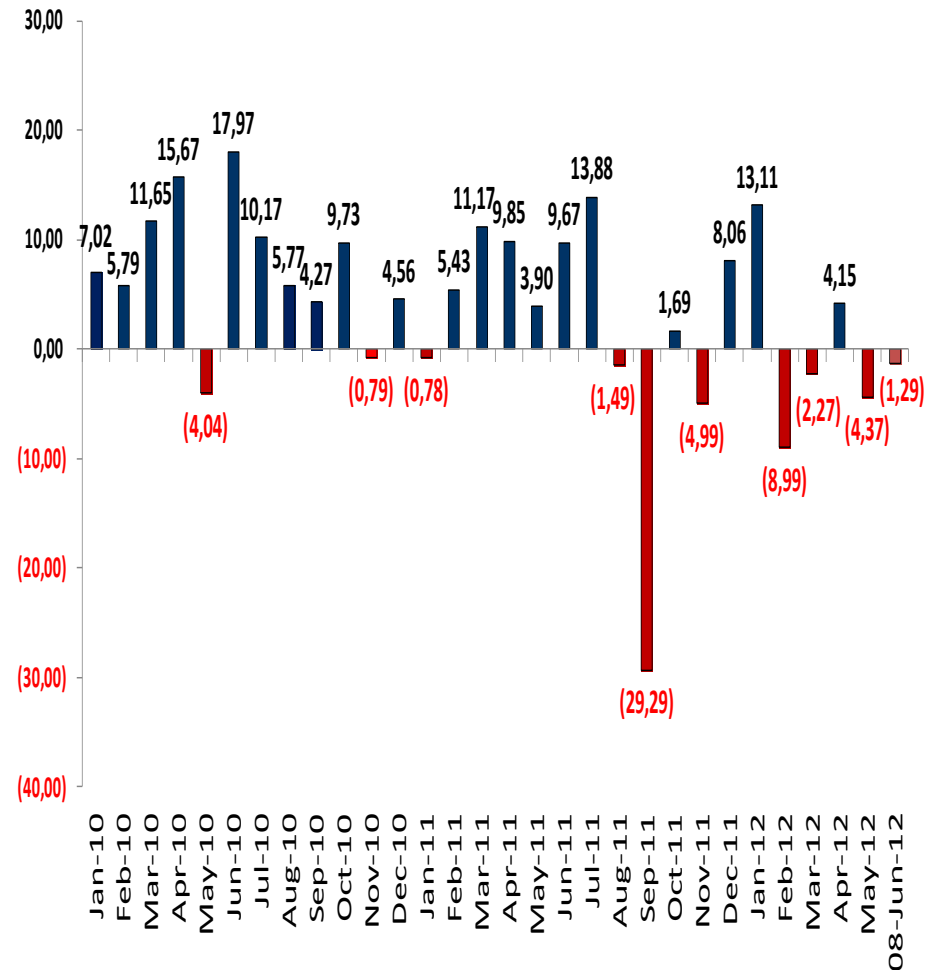
Daily Transaction & Offshore Ownership

Average Daily transaction Govt' Bonds



Net Buyer (*Seller*) Non Resident

[Trillion IDR]



Ownership of IDR Tradable Government Securities (percentage and nominal)

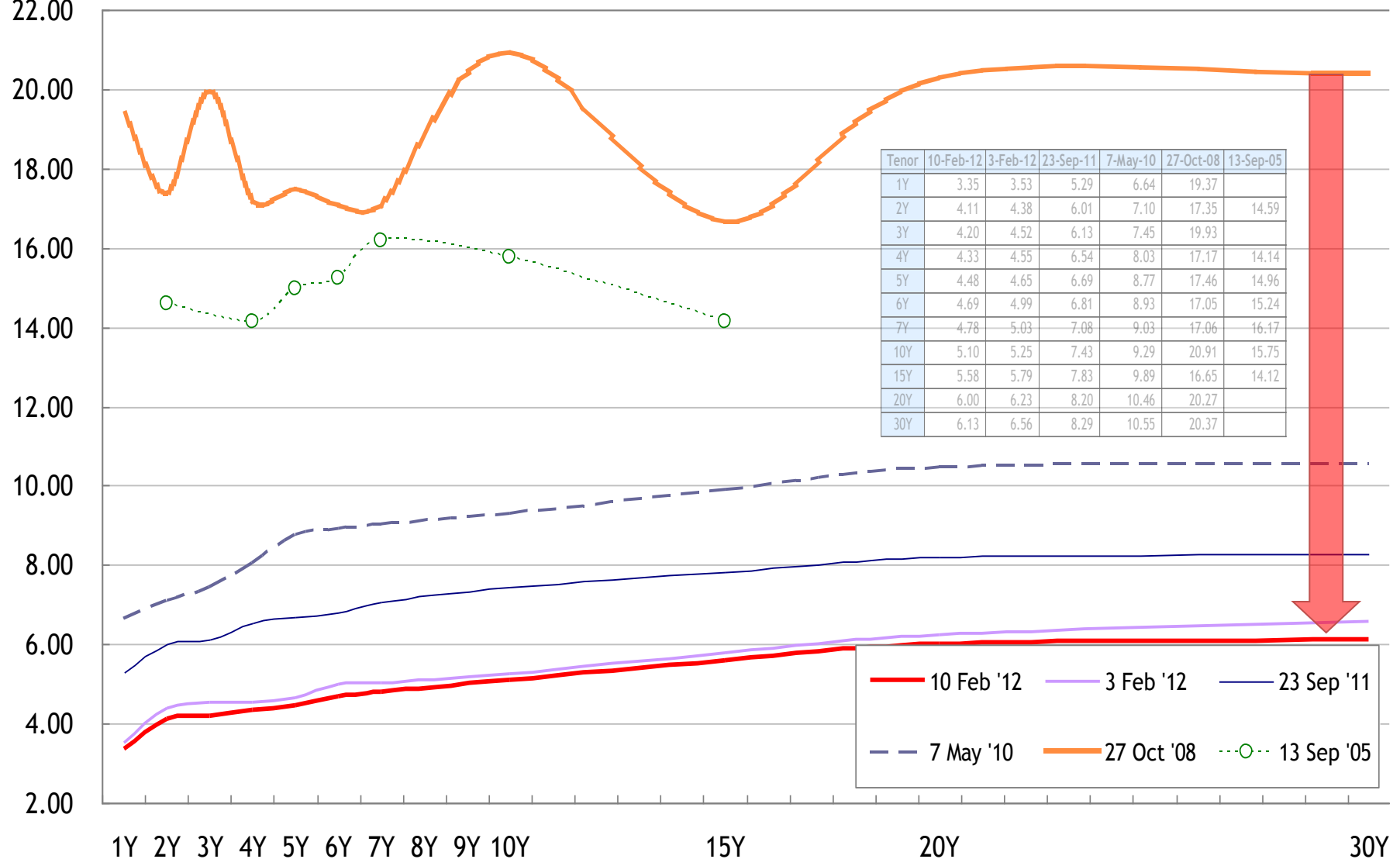
	Des-07		Des-08		Dec-09		Dec-10		Dec-11		Jan-12		Feb-12		Mar-12		Apr-12		May-12		08-Jun-12	
Banks	268,65	56,2%	258,75	49,2%	254,36	43,72%	217,27	33,88%	265,03	36,63%	267,49	36,36%	283,33	37,66%	293,16	38,54%	297,80	38,56%	300,16	38,47%	302,95	38,68%
State Banks - Recap	154,67	32,4%	144,72	27,5%	144,19	24,79%	131,72	20,54%	148,64	20,54%	148,02	20,12%	149,28	19,84%	148,50	19,52%	147,25	19,07%	149,97	19,22%		
Private Banks - Recap	72,63	15,2%	61,67	11,7%	59,98	10,31%	54,93	8,57%	67,33	9,30%	70,90	9,64%	73,52	9,77%	84,61	11,12%	89,11	11,54%	83,71	10,73%		
Non Recap Banks	35,37	7,4%	45,17	8,6%	42,40	7,29%	26,26	4,10%	42,84	5,92%	41,74	5,67%	52,91	7,03%	52,24	6,87%	52,53	6,80%	57,28	7,34%		
Regional Banks	5,97	1,3%	6,50	1,2%	6,02	1,03%	1,41	0,22%	4,32	0,60%	5,03	0,68%	4,67	0,62%	4,55	0,60%	5,43	0,70%	5,45	0,70%		
Shariah Banks	-	0,0%	0,69	0,1%	1,77	0,30%	2,95	0,46%	1,90	0,26%	1,81	0,25%	2,95	0,39%	3,26	0,43%	3,47	0,45%	3,75	0,48%	3,75	0,48%
Govt Institutions	14,86	3,1%	23,01	4,4%	22,50	3,87%	17,42	2,72%	7,84	1,08%	2,42	0,33%	7,37	0,98%	3,12	0,41%	2,15	0,28%	9,84	1,26%	10,99	1,40%
Bank Indonesia	14,86	3,1%	23,01	4,4%	22,50	3,87%	17,42	2,72%	7,84	1,08%	2,42	0,33%	7,37	0,98%	3,12	0,41%	2,15	0,28%	9,84	1,26%	10,99	1,40%
Non-Banks	194,24	40,7%	243,93	46,4%	304,89	52,41%	406,53	63,40%	450,75	62,29%	465,71	63,31%	461,64	61,36%	464,30	61,05%	472,38	61,16%	470,27	60,27%	469,19	59,91%
Mutual Funds	26,33	5,5%	33,11	6,3%	45,22	7,77%	51,16	7,98%	47,22	6,53%	47,63	6,48%	47,49	6,31%	46,95	6,17%	48,52	6,28%	48,20	6,18%	48,06	6,14%
Insurance Company	43,47	9,1%	55,83	10,6%	72,58	12,48%	79,30	12,37%	93,09	12,86%	93,63	12,73%	98,65	13,11%	100,63	13,23%	102,94	13,33%	104,73	13,42%	105,84	13,51%
Foreign Holders	78,16	16,4%	87,61	16,7%	108,00	18,56%	195,76	30,53%	222,86	30,80%	235,97	32,08%	226,98	30,17%	224,72	29,55%	228,87	29,63%	224,50	28,77%	223,21	28,50%
Pension Fund	25,50	5,3%	32,98	6,3%	37,50	6,45%	36,75	5,73%	34,39	4,75%	33,53	4,56%	34,01	4,52%	33,93	4,46%	33,98	4,40%	34,80	4,46%	34,78	4,44%
Securities Company	0,28	0,1%	0,53	0,1%	0,46	0,08%	0,13	0,02%	0,14	0,02%	0,27	0,04%	0,52	0,07%	0,53	0,07%	0,22	0,03%	0,27	0,03%	0,43	0,05%
Others	20,50	4,3%	33,87	6,4%	41,12	7,07%	43,43	6,77%	53,05	7,33%	54,68	7,43%	53,99	7,18%	57,54	7,57%	57,85	7,49%	57,77	7,40%	56,88	7,26%
Total	477,75	100,0%	525,69	100,0%	581,75	100,00%	641,21	100%	723,61	100%	735,62	100%	752,34	100%	760,58	100%	772,33	100%	780,27	100%	783,12	100%

Notes:

- Foreign Holders (offshore) are non-resident Private Banking, Fund/Asset Mgmt, Securities Co, Insurance, Pension Fund, etc
- Others are Corporate, Individuals, Foundations, etc.
- Private Banks - Recap and Non Recap Banks include foreign banks branches and subsidiaries

IDR Government Bonds : Yield Curve (IDMA)

[in percentage]



Sources: IDMA, Bloomberg

Bond Stabilization Framework

BSF is strategies to anticipate the negative impact of sudden reversal

Short - Term Program

Medium - Term Program

a

Buyback government securities by DMO from funds which is already budgeted

b

Purchase of government securities by SOEs in the secondary market at times of pre-crisis or crisis period

c

Coordination with internal units in Ministry of Finance (Dit. Cash Mgt and Indonesia Investment Agency) to buy government securities in bearish conditions

d

Purchase of government securities by DMO using SAL funds

e

Purchase of government securities by using Bond Stabilization Fund (BSF) 1)