



THE REPUBLIC OF INDONESIA

Recent Economic Developments

December 2012



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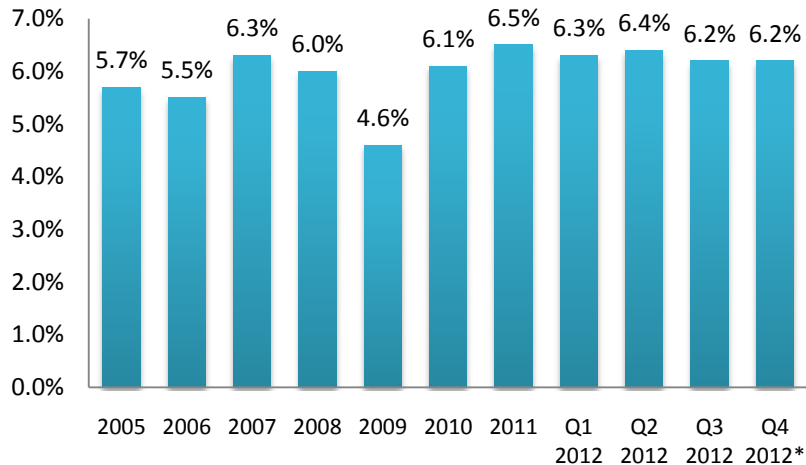
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Executive Summary

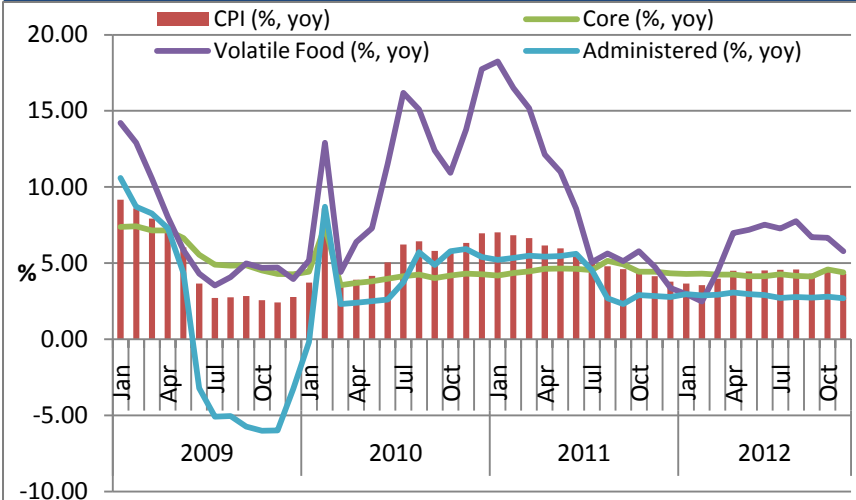
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GDP Growth

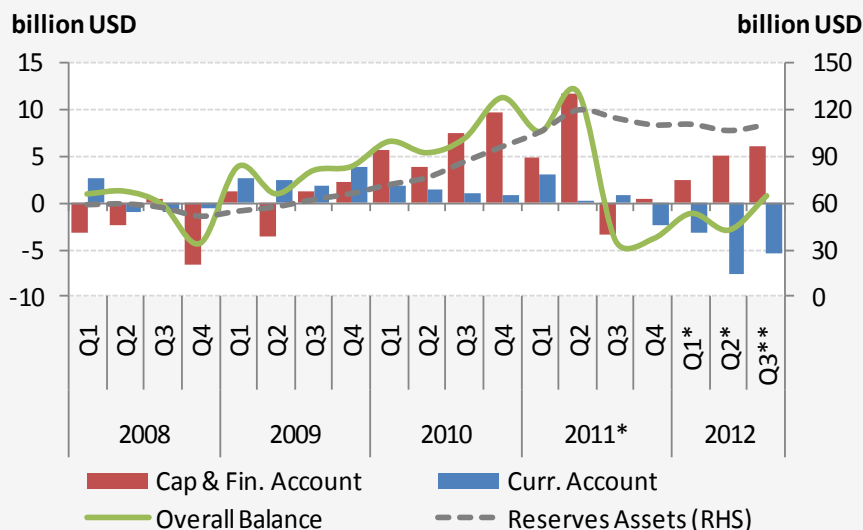


* Bank Indonesia projection

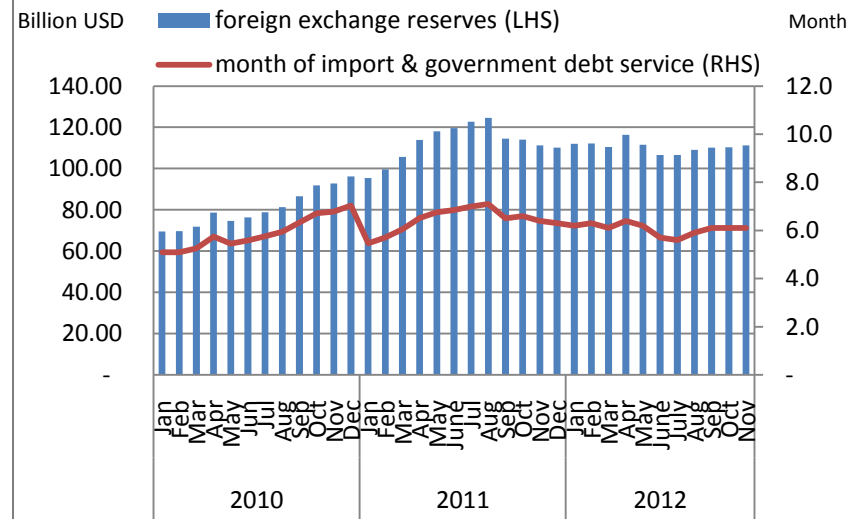
Inflation



Balance of Payments



Foreign Exchange Reserves



Source: Bank Indonesia

Executive Summary

- **Amidst global economic slowdown and uncertainty in the global financial market, Indonesia's economic growth in 2012 remains sound.** The Indonesia's economic in the Q4-2012 is expected to grow by around 6.2% and for full-year of 2012 will arrive at around 6.3%. This growth was driven by buoyant domestic demand, mainly came from private consumptions and investment, while a slowdown in exports continues. Going forward, Indonesia's economic growth is expected to pick up. Higher growth in 2013 will be supported by strong domestic demand and better exports performance along with improvement in the global economy as well as higher international commodity prices, and higher domestic economic activity related to the preparation of General Election as well as better purchasing power. In addition, investment is expected to remain strong in line with better investment climate and optimism on the fundamental and prospects of the Indonesia's economy.
- **Investment realization on Quarter III (July - September) 2012 increased 25.1% compare to the same period in 2011.** Investment realization in quarter III was Rp 81.8 trillion consisted of Rp 25.2 trillion of Domestic Direct Investment (PMDN) and Rp 56.6 trillion of Foreign Direct Investment (FDI). While the cumulative investment realization from January to September 2012 is Rp 229.9 trillion consist of Rp 65.7 trillion domestic direct investment (DDI) and Rp164.2 trillion Foreign Direct Investment (FDI). Compared to the same period in 2011, it increases 27.0%.
- **Balance of Payment which posted a deficit in the Q1 and Q2-2012, had turned to surplus in the Q3-2012 and is expected to chart higher surplus in the Q4-2012.** Current account deficit continue to trend downward towards its sustainable level. However, the current account deficit can be offset by a higher surplus on the capital and financial accounts, supported by increasing on direct and portfolio investment. As a result, at the end of November 2012, international reserves reached USD111.3 billion or equivalent to 6.1 months of imports and government's external debt services. Going forward, Balance of Payments will remain surplus, supported by narrowing current account deficit and higher surplus in the capital and financial account.
- **Inflation remained contained during 2012 and is expected to arrive at around the mid-point of the target range of 4.5%±1% at the end of 2012.** This is supported by the implementation of monetary and macroprudential policy mix, as well as policy coordination with the Government through national inflation control team (TPI) and regional inflation control team (TPID). CPI inflation in November 2012 was recorded at 0.07% (mtm), 3.73 (ytd) or on an annual basis was recorded at 4.32% (yoy). In addition to low inflation in volatile food and administered prices, core inflation was also contained driven by subdued imported inflation in line with declining global food and energy prices, relatively stable rupiah, well-anchored inflation expectation, and better supply side response. Going forward, inflation will remain contained within its target range of 4.5%±1% in 2013 and 2014 .
- **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 with intermediation function is improving within prudential manner.** Banking industry shows solid performance, as indicated by secured level of capital adequacy ratio (CAR) is well above minimum level of 8%, and gross non-performing loan (NPL) below 5%. Banking intermediary remains sound, reflected by credit growth in October 2012 reached 22.8% (yoy), slightly lower than that in earlier month of 22.9% (yoy) driven by lower growth in consumption credit of 18.9% (yoy). Meanwhile, working capital credit grew by 22.0% (yoy) and investment credit recorded a high growth of 30.3% (yoy), and is expected to boost Indonesia's economic capacity. Going forward, financial stability will be maintained with improvement in the banking intermediary function in line with better Indonesia's economic performance.
- **In the Board of Governors' Meeting convened on 11 December 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 2013 and 2014. Going forward, Bank Indonesia remains vigilant on some risk factors from the global economy, and will strengthen policies to manage external balance to a sustainable level while also providing support for economic growth. Bank Indonesia believes that the implementation of policy mix between monetary and macroprudential policies, together with strengthen coordination with the Government will be able to maintain macroeconomic stability and sustainable economic growth.



Improved International Perception and Rising Investment

Improving International Perception: Acknowledged by Rating Agencies

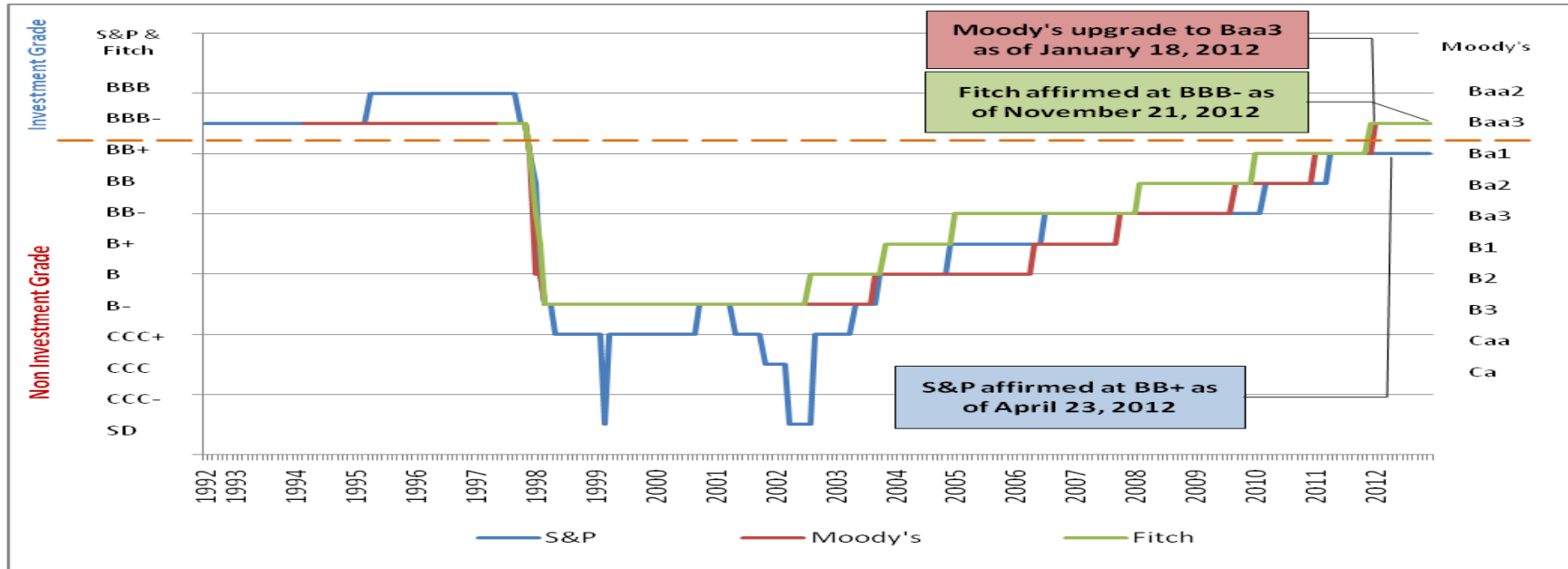
Resilient economy, which impressively navigates through the global crisis and continued confidence in economic outlook, the Republic continued to receive good reviews.

- **Fitch Ratings (November 21, 2012): affirmed Indonesia's sovereign credit rating at BBB- level with stable outlook.** The key factors supporting the decision of affirming Indonesia's sovereign credit rating are the relatively high economic growth that is resilient to the declining global condition, high investment rate, low and declining public debt ratios and the strong overall macroeconomic policy framework.
- **Japan Credit Rating Agency, Ltd (November 13, 2012): 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 key factors supporting the decision of affirmation the sovereign credit rating of Indonesia (1) the country's sustainable economic growth outlook underpinned by solid domestic demand, (2) low level of public debt burden brought by prudent fiscal management, (3) reinforced resilience to external shocks by its accumulated foreign exchange reserves.
- **Rating and Investment Information, Inc (October 18, 2012): upgraded Sovereign Credit Rating of the Republic of Indonesia to BBB-/stable outlook.** R&I stated key factors supporting the decision of upgrading the sovereign credit rating of Indonesia: (1) Indonesian economic resilience in achieving high growth amid the global economic downturn (2) conservative fiscal management (3) Government's debt burden is kept low and (4) financial system has become more stable.
- **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.

Sovereign Rating History

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

Rating history



Rating agencies
comments

Moody's – 18 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 April 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 – 21 November 2012

BBB- / Stable

"The key factors supporting the decision of affirming Indonesia's sovereign credit rating are the relatively high economic growth that is resilient to the declining global condition, high investment rate, low and declining public debt ratios and the strong overall macroeconomic policy framework."

Positive Perceptions from International Institutions

▪ **McKinsey Report (The Archipelago Economy: Unleashing Indonesia's Potential), September 2012**

- Indonesia will be the 7th largest economy in the world in 2030, and additional 90 million Indonesians could join the global consuming class (individuals with net income of more than US\$ 3,600 per annum in PPP).
- Over the past decade, compared with any advanced countries in OECD and BRIC plus South Africa, Indonesia has had the lowest volatility in economic growth, fallen debt to GDP ratio (5th lowest), and third strongest economic growth after China and India.
- To achieve growth target, Indonesia needs to push labor productivity, address social gap issue and manage increasing demand.

▪ **IMF (Article IV Consultation), September 2012**

- Indonesian economic growth will remain solid, at 6 percent in 2012, but strong domestic demand may push inflation to 5 percent by end year.
- The main risks to the outlook stem from a sharper-than-envisaged slowdown in external demand and risk aversion spikes, stemming either from an intensification of the Euro area crisis or a hard landing in China.
- Overall, though, the economy's strong fundamentals and ample fiscal and reserve buffers should enable Indonesia to manage these risks.
- Fiscal reforms must become a priority by speed up budget implementation, and replace energy subsidies with direct cash assistance, to create infrastructure, health and education improvement.

▪ **OECD Economic Survey Indonesia, September 2012**

- The real GDP is projected to grow at 6,0% this year and 6,2% for the next year, while the current account is projected to contract 0,8% this year due to the imports growth especially for capital goods.
- The main risks to the short-term outlook are external. Increased global risk aversion, could reverse the capital inflows of the past few years, endangering the financing conditions for government and banks alike and cutting growth.
- The key challenges to achieving growth targets is raising infrastructure fund, social spending and tax revenue, also lowering energy subsidies. Further institutional and policy reform would boost productivity growth and help the government reach its objective of becoming one of the 10 largest economies in the world by 2025.

Improving International Perception: Significant Raise in Perception Indices

- **Transparency International – Corruption Perception Index 2012 (December 2012):** reported that Indonesia ranks 118th (2012) from 176 countries surveyed.
- **IFC and World Bank – Doing Business 2013 (October 2012):** reported that in the year from June 2011 to June 2012 Indonesia improved its regulatory environment through a reform making it easier for local entrepreneurs to obtain an electricity connection. Indonesia ranks 128th of 185 economies globally.
- **World Economic Forum (WEF) – The Global Competitiveness Report (September 2012):** reported that Indonesia ranks 50th of 144 countries surveyed and remains one of the best performing countries within the developing Asia region, behind Malaysia, China and Thailand yet ahead of Philippines, Vietnam and all South Asian nations.
- **The Logistics Performance Index (LPI):** With 2.94 points of LPI, Indonesia is now in Consistent Performers category, which means Indonesia logistic performance is better than many other income group peer countries (lower middle income economy). From 155 countries surveyed, Indonesia is in rank 59, much better than previous ranking in 2010 (75).
- **The Wiggle Room Index by The Economist.** This index offers a rough ranking of which economies are best placed to withstand another global downturn. The index suggests that China, Indonesia and Saudi Arabia have the greatest room to support growth.
- **The Foreign Direct Investment Confidence Index 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.
- **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.
- **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.



Preserved Macroeconomic Stability

Robust and Stable Economy Continues to Chart Strong Growth

- **Amidst global economic slowdown and uncertainty in the global financial market, Indonesia's economic growth in 2012 remains sound.** The Indonesia's economic in the Q4-2012 is expected to grow by around 6.2% and for full-year of 2012 will arrive at around 6.3%. This growth was driven by buoyant domestic demand, mainly came from private consumptions and investment, while a slowdown in exports continues. Going forward, Indonesia's economic growth is expected to pick up. Higher growth in 2013 will be supported by strong domestic demand and better exports performance along with improvement in the global economy as well as higher international commodity prices, and higher domestic economic activity related to the preparation of General Election as well as better purchasing power. In addition, investment is expected to remain strong in line with better investment climate and optimism on the fundamental and prospects of the Indonesia's economy.

Forecast of Economic Growth - Demand Side

Sector	2011	2012				2012*
		I	II	III	IV*	
Private Consumption	4.7	4.9	5.0	5.7	5.6	5.4
Government Consumption	3.2	5.9	7.0	-3.2	12.9	6.4
Gross Fixed Capital Formation	8.8	10.0	12.3	10.0	10.5	10.7
Exports of Goods and Services	13.6	7.9	1.9	-2.8	-1.8	1.1
Imports of Goods and Services	13.3	8.0	10.9	-0.5	1.9	4.9
GDP	6.5	6.3	6.4	6.2	6.2	6.3

Forecast of Economic Growth - Supply Side

Sector	2011	2012				2012*
		I	II	III	IV*	
Agriculture	3.0	4.3	3.7	4.8	3.1	4.0
Mining and Quarrying	1.4	2.8	3.1	-0.1	-0.6	1.2
Manufacturing	6.2	5.7	5.4	6.4	6.4	6.0
Electricity, Gas, and Water Supply	4.8	5.2	5.9	5.6	5.2	5.5
Construction	6.7	7.2	7.3	8.0	8.2	7.6
Trade, Hotels, and Water Supply	9.2	8.3	8.9	6.9	6.9	7.7
Transportation and Communication	10.7	10.3	10.1	10.5	10.7	10.4
Financial, Rental, and Business Services	6.8	6.3	7.0	7.4	7.5	7.1
Services	6.7	5.5	5.7	4.4	5.6	5.3
GDP	6.5	6.3	6.4	6.2	6.2	6.3

* Bank Indonesia Projection

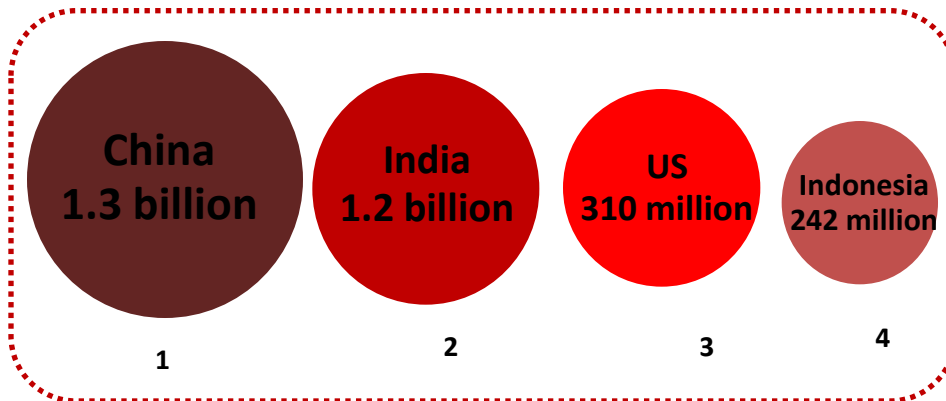
Young and Dynamic Population

Rising young and dynamic population marked by decreasing dependency ratio that will continue on until 2025

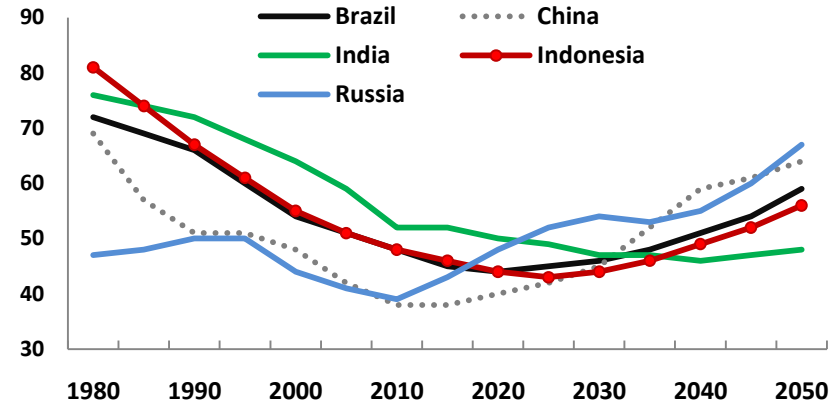
Rising income per capita and growing ranks of the 'middle income class'

Labour force participation rate is nearly 70% and open unemployment rate only 6.3% (February 2012), -0.5% yoy

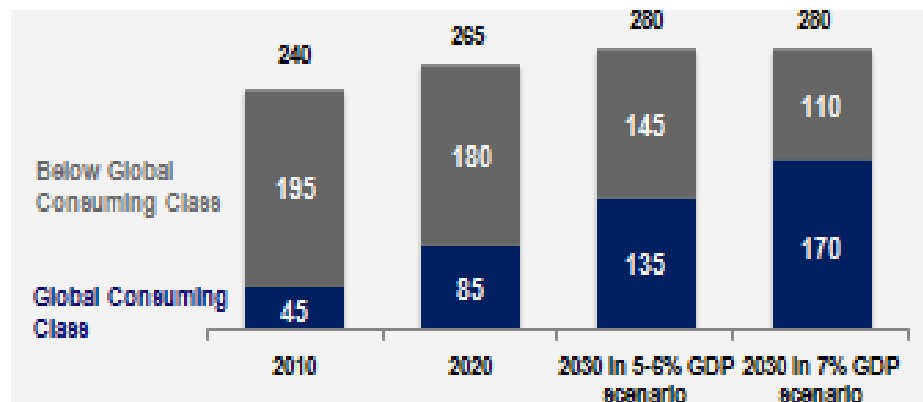
Fourth Largest Population in the World



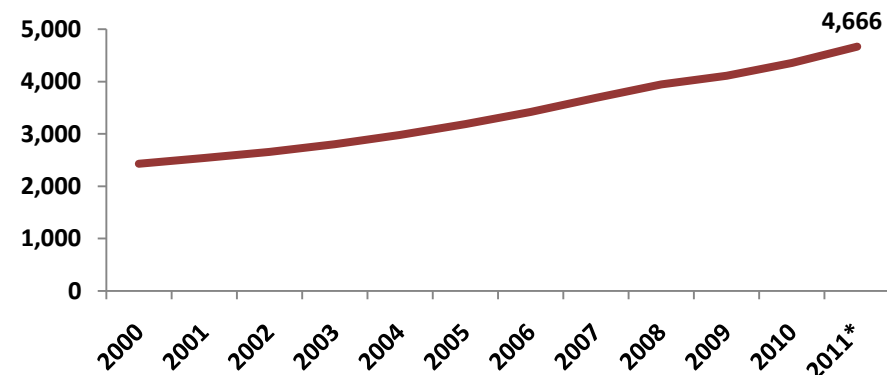
Dependency Ratio Keeps Falling Until 2025



Increasing Middle Income Class Population



Rising GDP per capita (USD)

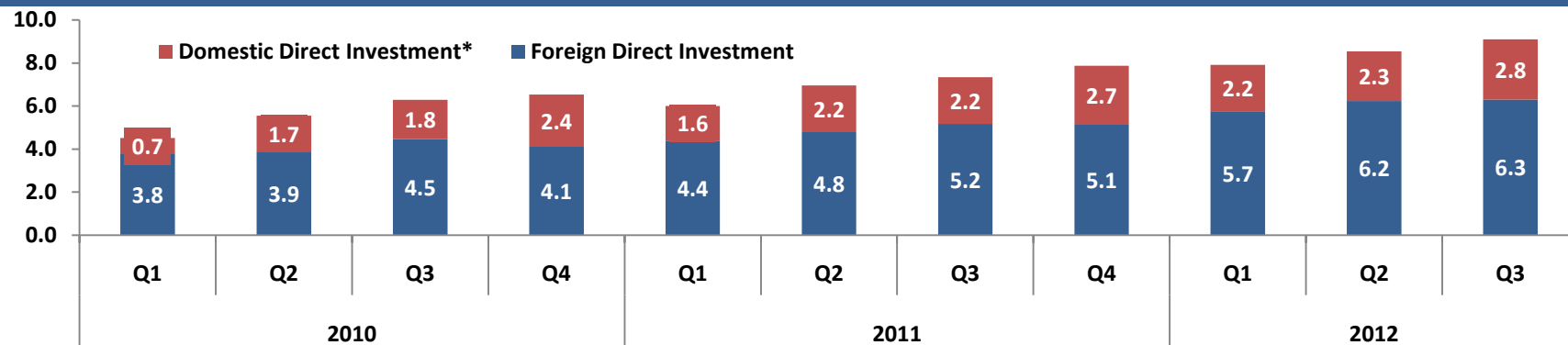


Notes: Based on purchasing power parity per capita GDP, * Estimate

Investment is Becoming the New Engine of Growth

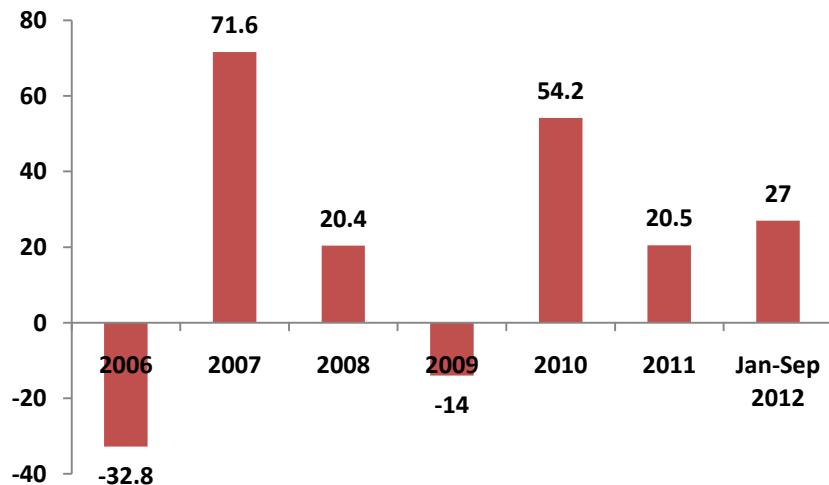
Investment both by domestic and foreign direct investors continues on the expanding trend
Supporting economic growth at a time of slowing down exports

Direct investment (USD billion)

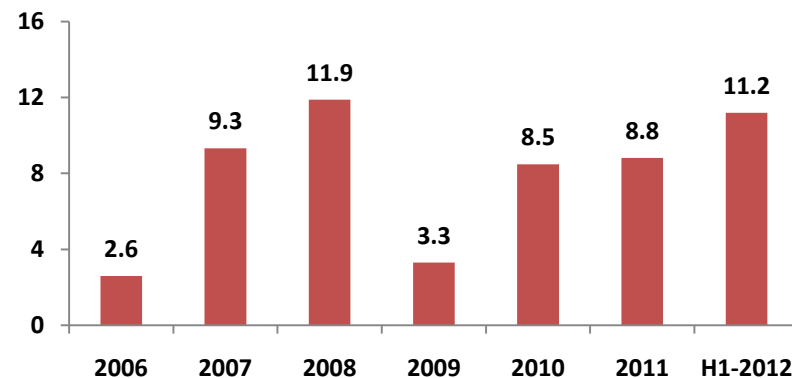


Notes: * IDR/USD exchange rate of 9,078 (for 2010), 8,742 (for 2011) and 9,000 (for 2012), USD values are for convenience only

Direct investment growth (% yoy)



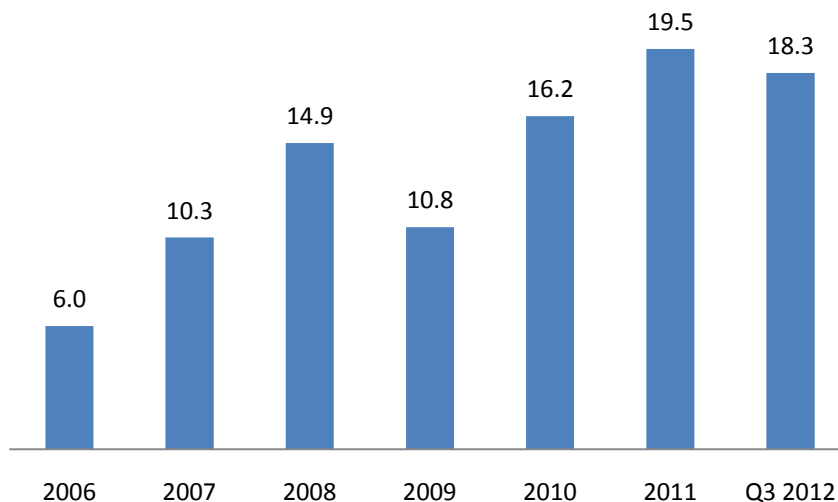
Investment growth (as share of GDP, % yoy)



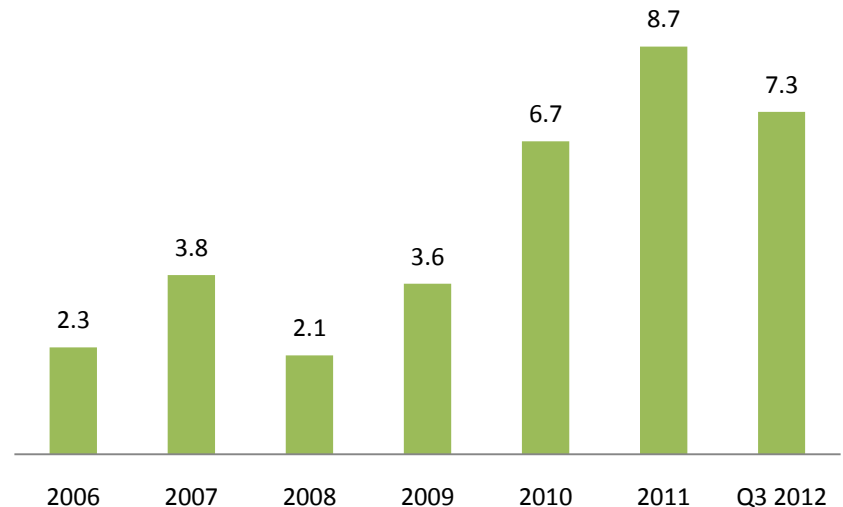
Strong investment underpinned by competitiveness and stability

- The investment realization on Quarter III (July - September) of 2012 is Rp 81.8 trillion consisted of Rp 25.2 trillion of Domestic Direct Investment (PMDN) and Rp 56.6 trillion of Foreign Direct Investment (FDI). It increases 25.1% compared to the same period in 2011. While the cumulative investment realization from January to September 2012 is Rp 229.9 trillion consist of Rp 65.7 trillion from domestic direct investment (DDI) and Rp 164.2 trillion from Foreign Direct Investment (FDI). Compared to the same period in 2011, it increases 27.0%.
- The Distribution of project location in Quarter III of 2012 outside of Java is Rp 38.7 trillion (47.3%). Compared to the same period in 2011, the realized investment in outside Java increases 59.3%. Whereas the distribution from January to September 2012 outside of Java is Rp 107.0 trillion (46.5%) or increases 31.9% compared to the same period in 2011 (Rp 81.1 trillion).

Realized foreign direct investment (USD billion)



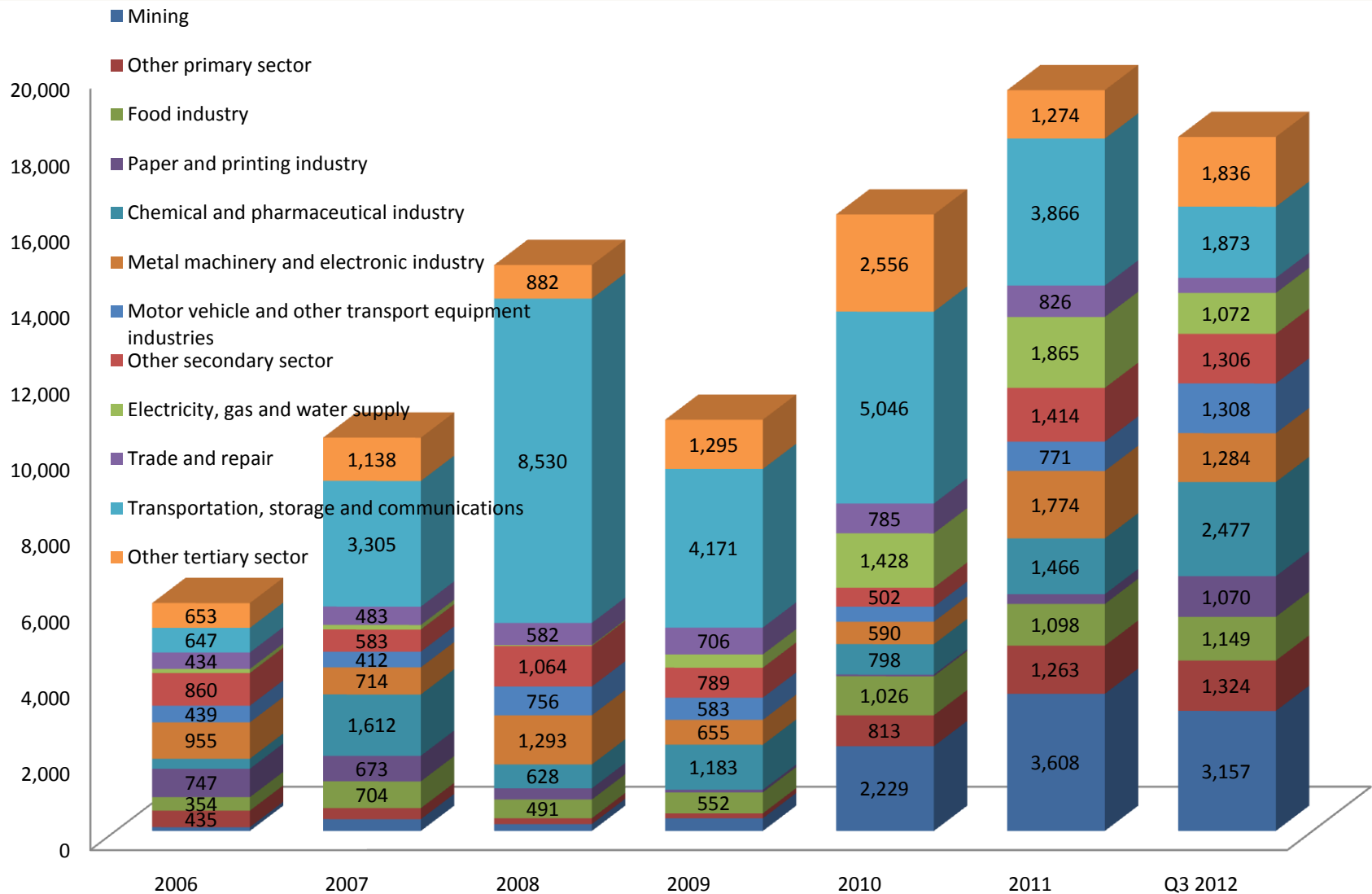
Realized domestic direct investment (USD billion)



Source: BKPM

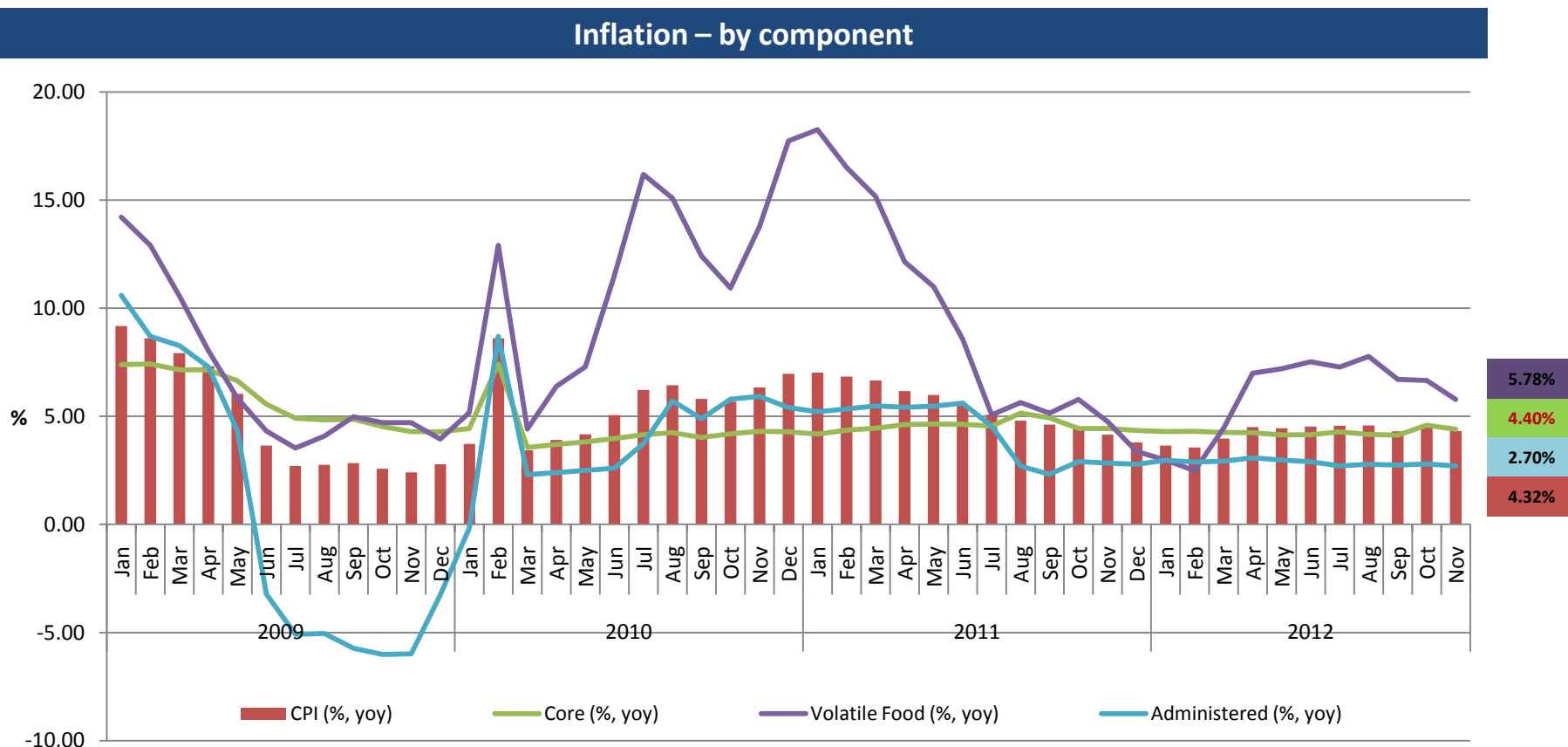
Strong investment underpinned by competitiveness and stability

FDI – By Sector (USD billion)



The Inflation Remains Under Control

- **Inflation remained contained during 2012 and is expected to arrive at around the mid-point of the target range of 4.5%±1% at the end of 2012.** This is supported by the implementation of monetary and macroprudential policy mix, as well as policy coordination with the Government through national inflation control team (TPI) and regional inflation control team (TPID). CPI inflation in November 2012 was recorded at 0.07% (mtm), 3.73 (ytd) or on an annual basis was recorded at 4.32% (yoy). In addition to low inflation in volatile food and administered prices, core inflation was also contained driven by subdued imported inflation in line with declining global food and energy prices, relatively stable rupiah, well-anchored inflation expectation, and better supply side response. Going forward, inflation will remain contained within its target range of 4.5%±1% in 2013 and 2014 .

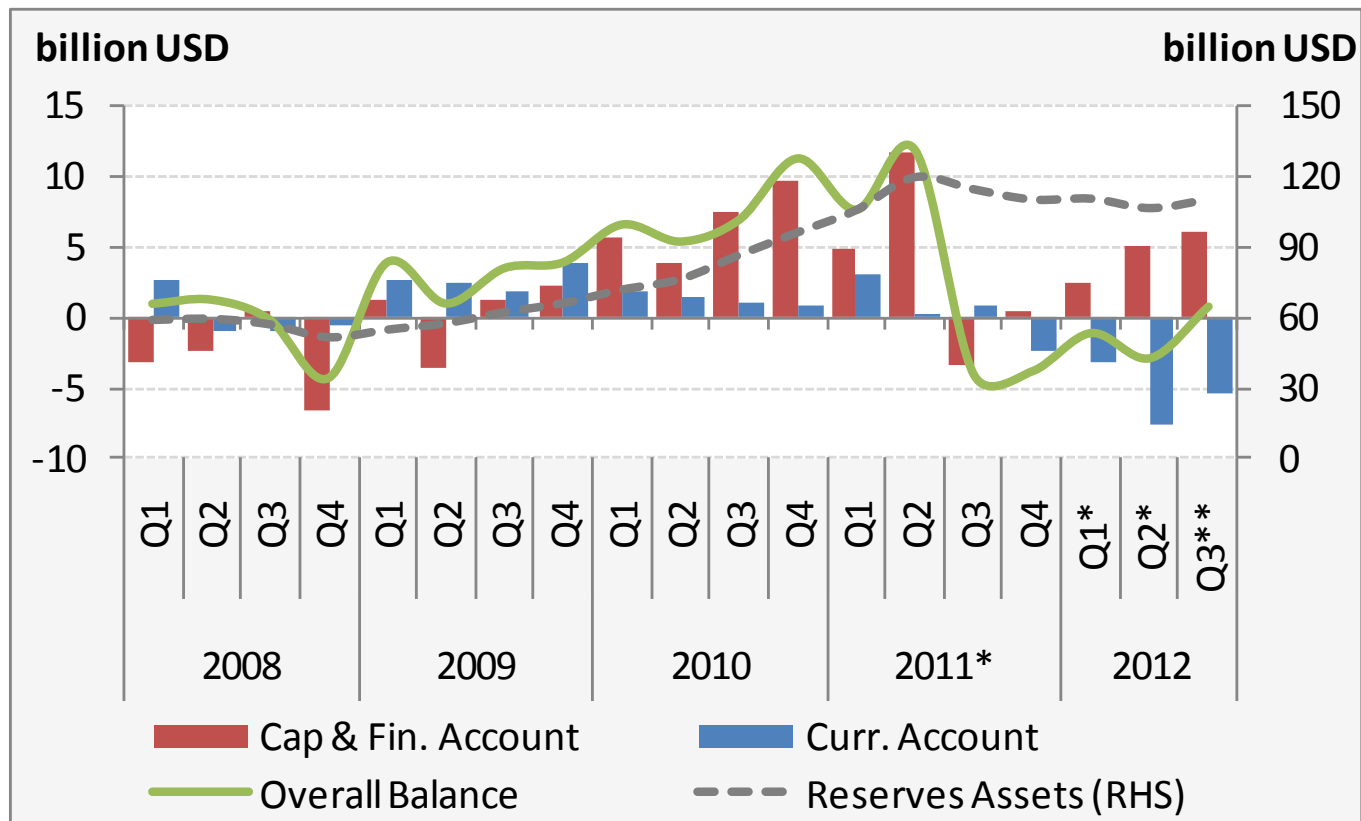


Source: Bank Indonesia

Balance of Payments Q3/2012

- **Balance of Payment which posted a deficit in the Q1 and Q2-2012, had turned to surplus in the Q3-2012 and is expected to chart higher surplus in the Q4-2012.** Current account deficit continue to trend downward towards its sustainable level. However, the current account deficit can be offset by a higher surplus on the capital and financial accounts, supported by increasing on direct and portfolio investment. As a result, at the end of November 2012, international reserves reached USD111.3 billion or equivalent to 6.1 months of imports and government's external debt services. Going forward, Balance of Payments will remain surplus, supported by narrowing current account deficit and higher surplus in the capital and financial account.

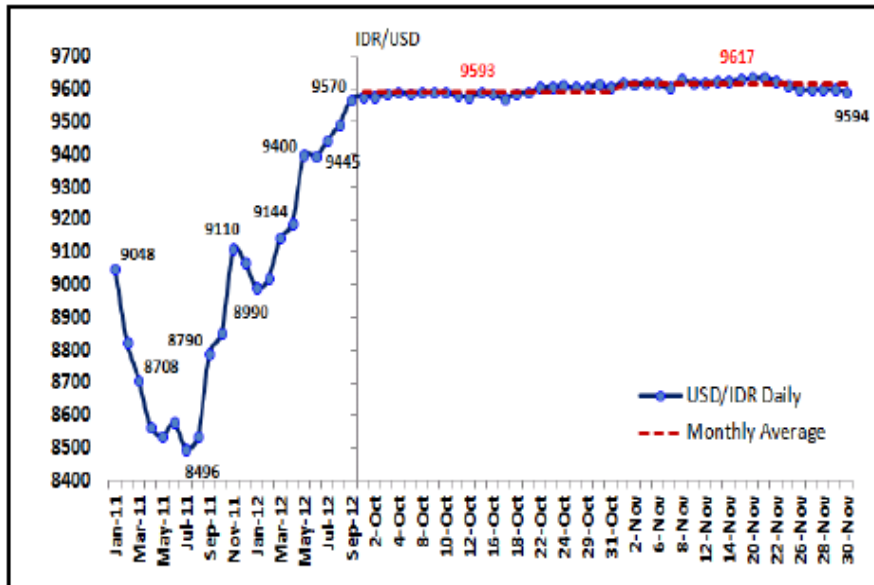
Balance of Payments



Exchange Rate

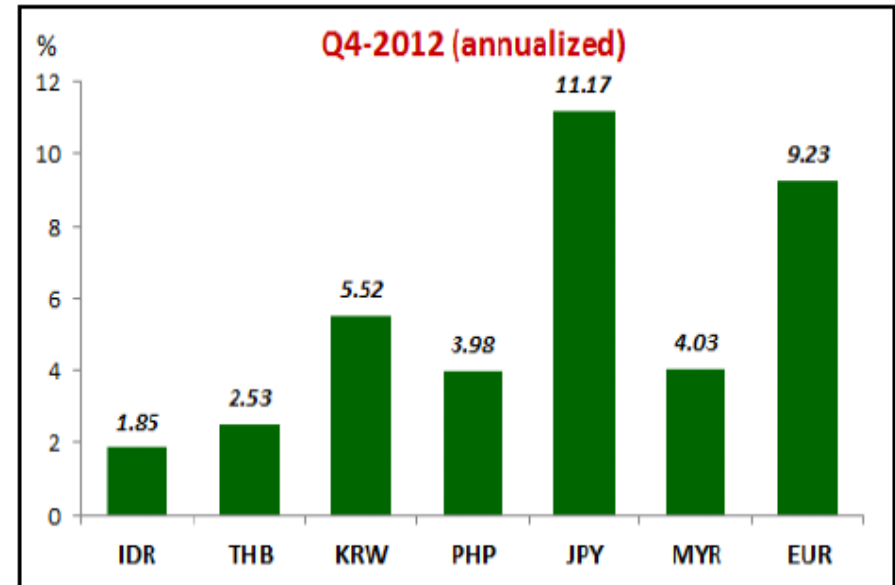
- **Rupiah which is depreciated in Q2 and Q3-2012, had turned to stabilize in the Q4-2012.** As of November 2012, on point-to-point basis Rupiah appreciated by 0.12% (mtm) to Rp9,594 per USD or on average depreciated by 0.25% (mtm) to Rp9,617 per USD. The depreciation pressure in Q2 and Q3 was emanating from uncertainty in global economy and pressure on Indonesia Balance of Payment, while in Q4-2012 the depreciation intensity tends to decrease which brings back the Rupiah movement in line with Bank Indonesia's policy to stabilize rupiah, as suggested by its fundamental.

Rupiah Exchange Rate



Source: Bank Indonesia.

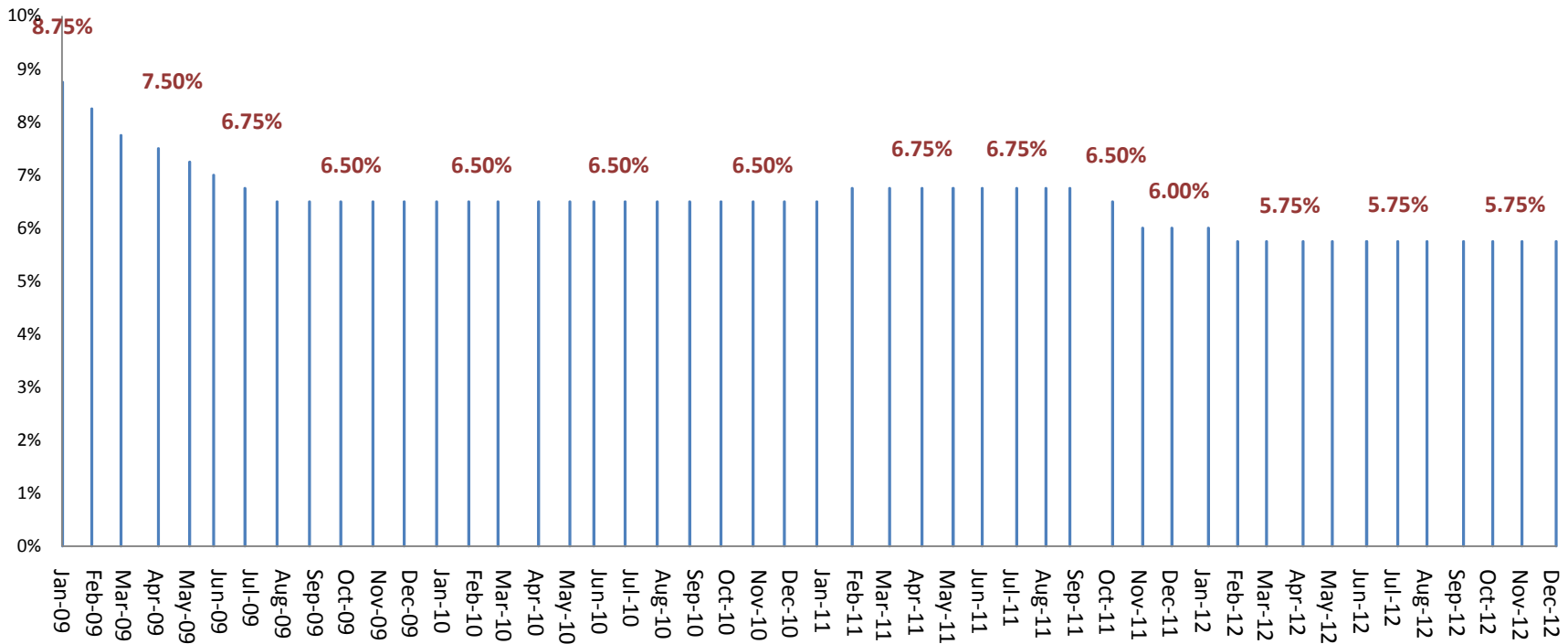
Quarterly Appre/Depr.



Monetary Policy Stance

- **In the Board of Governors' Meeting convened on 11 December 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 2013 and 2014. Going forward, Bank Indonesia remains vigilant on some risk factors from the global economy, and will strengthen policies to manage external balance to a sustainable level while also providing support for economic growth. Bank Indonesia believes that the implementation of policy mix between monetary and macroprudential policies, together with strengthen coordination with the Government will be able to maintain macroeconomic stability and sustainable economic growth.

BI Rate

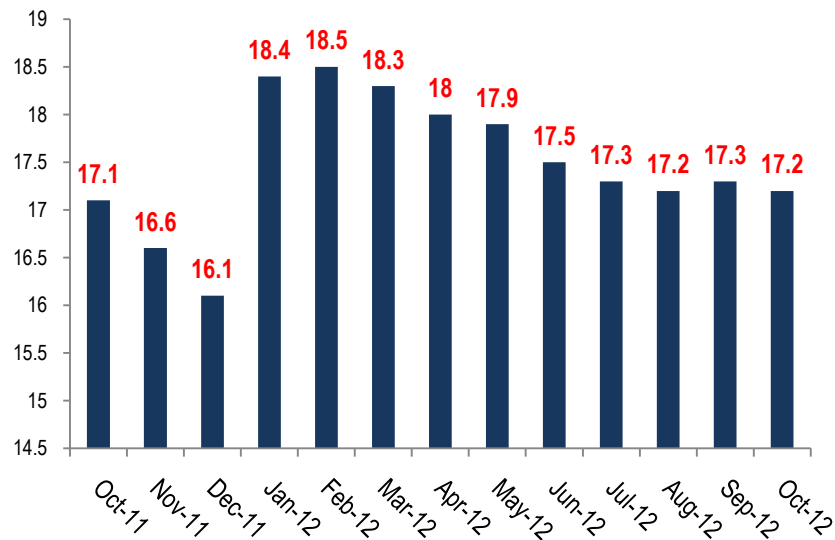


Sound Financial Sector

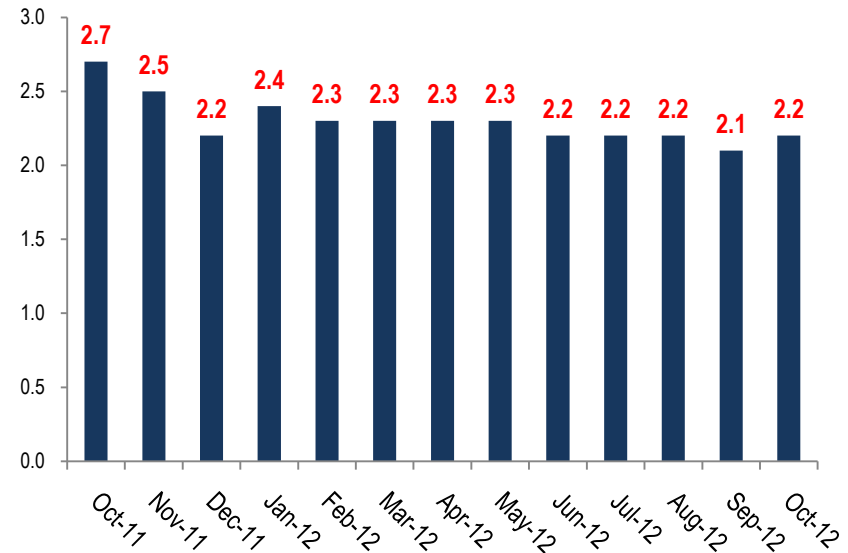
Stability in the banking system remains firm alongside steady improvement in credit growth

- 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% (17.2% at the end of October 2012) and gross NPLs managed at comfortably safe level below 5% (2.2% at the end of October 2012).

Sufficient CAR (%)



Sound level of NPLs (%)

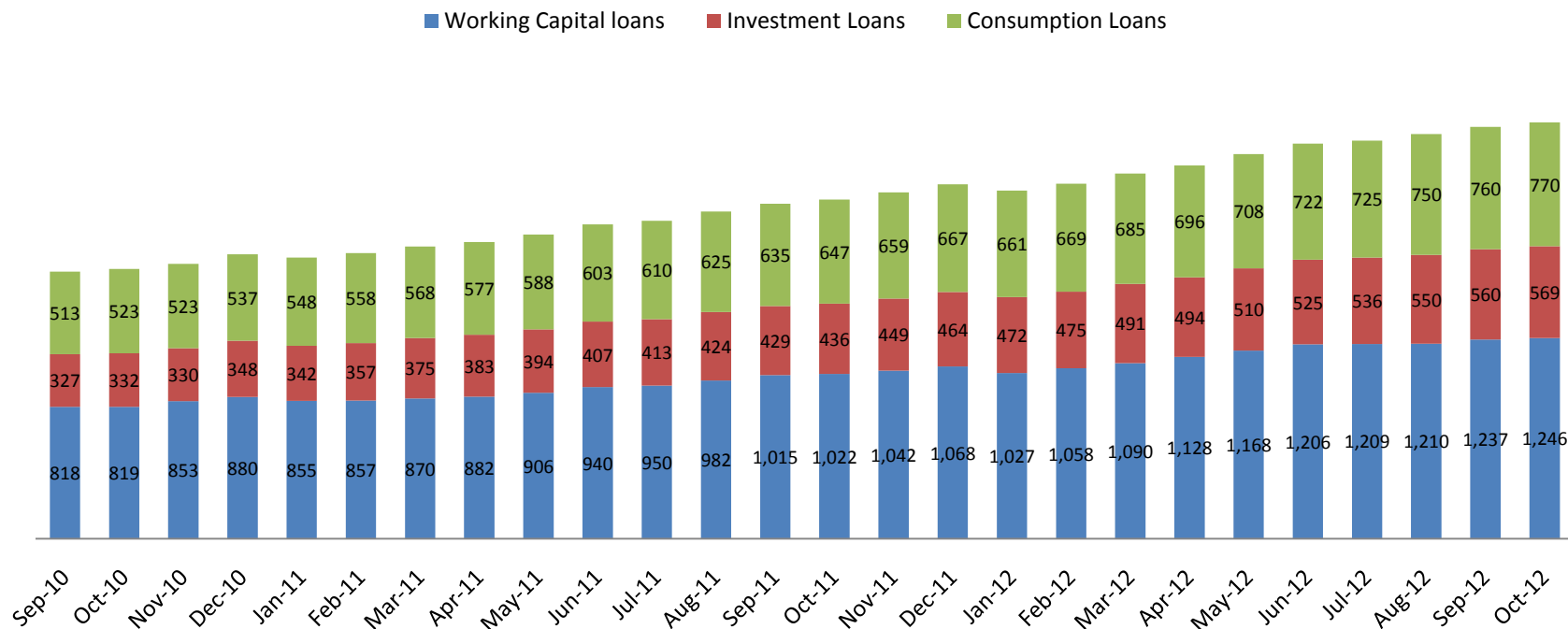


Source: Bank Indonesia

Banking Intermediation

- Further improvement in banking intermediation is also reflected in progressively improving credit growth, recorded in October 2012 at 22.8% (yoy), in which investment credit, working capital credit, and consumption credit grew by 30.3% (yoy), 22.0% (yoy), and 18.9% (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	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
Total Asset (T Rp)	3,407.5	3,569.9	3,651.8	3,598.7	3,628.1	3,708.7	3,745.1	3,827.5	3,891.1	3,902.5	3,923.8	4,009.4	4,028.8
Deposits (T Rp)	2,587.3	2,644.7	2,784.1	2,742.3	2,763.9	2,826.0	2,841.4	2,909.0	2,955.8	2,961.4	2,984.1	3,050.0	3,070.1
- Demand Deposits	596.5	616.5	652.6	645.7	624.2	656.0	655.8	700.3	718.3	709.0	696.4	726.2	707.1
- Savings Accounts	802.7	827.7	897.9	865.9	883.9	888.9	903.5	913.2	939.2	948.4	970.6	981.5	994.3
- Time Deposit	1,188.1	1,200.6	1,233.6	1,230.8	1,255.8	1,281.0	1,282.1	1,295.4	1,298.3	1,304.0	1,317.2	1,342.3	1,369.2
- Loans (T Rp)	2,135.5	2,180.5	2,228.5	2,189.2	2,231.7	2,294.9	2,344.9	2,413.9	2,480.7	2,494.0	2,536.0	2,581.2	2,610.1
Capital Adequacy Ratio (%)	17.1	16.6	16.1	18.4	18.5	18.3	18.0	17.9	17.5	17.3	17.2	17.3	17.2
NPL Gross (without channeling) (%)	2.7	2.5	2.2	2.4	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.1	2.2
Return on Assets (%)	3.1	3.1	3.0	3.7	3.4	3.1	3.0	3.0	3.2	3.1	3.0	3.1	3.1
Net Interest Margin (%)	6.0	5.9	5.9	6.1	5.4	5.2	5.3	5.3	5.4	5.4	5.4	5.5	5.5
Ops. Expense/Ops. Income (%)	79.1	79.0	81.5	91.8	77.5	76.7	76.7	76.8	74.7	74.9	74.7	75.2	75.3
Loan to Deposit Ratio (%)*	81.4	81.3	79.0	78.8	79.7	80.2	81.6	82.0	83.0	83.4	84.1	83.8	84.2
No. of Banks	120	120	120	120	120	120	120	120	120	120	120	120	120

*) without channeling

Source: Bank Indonesia



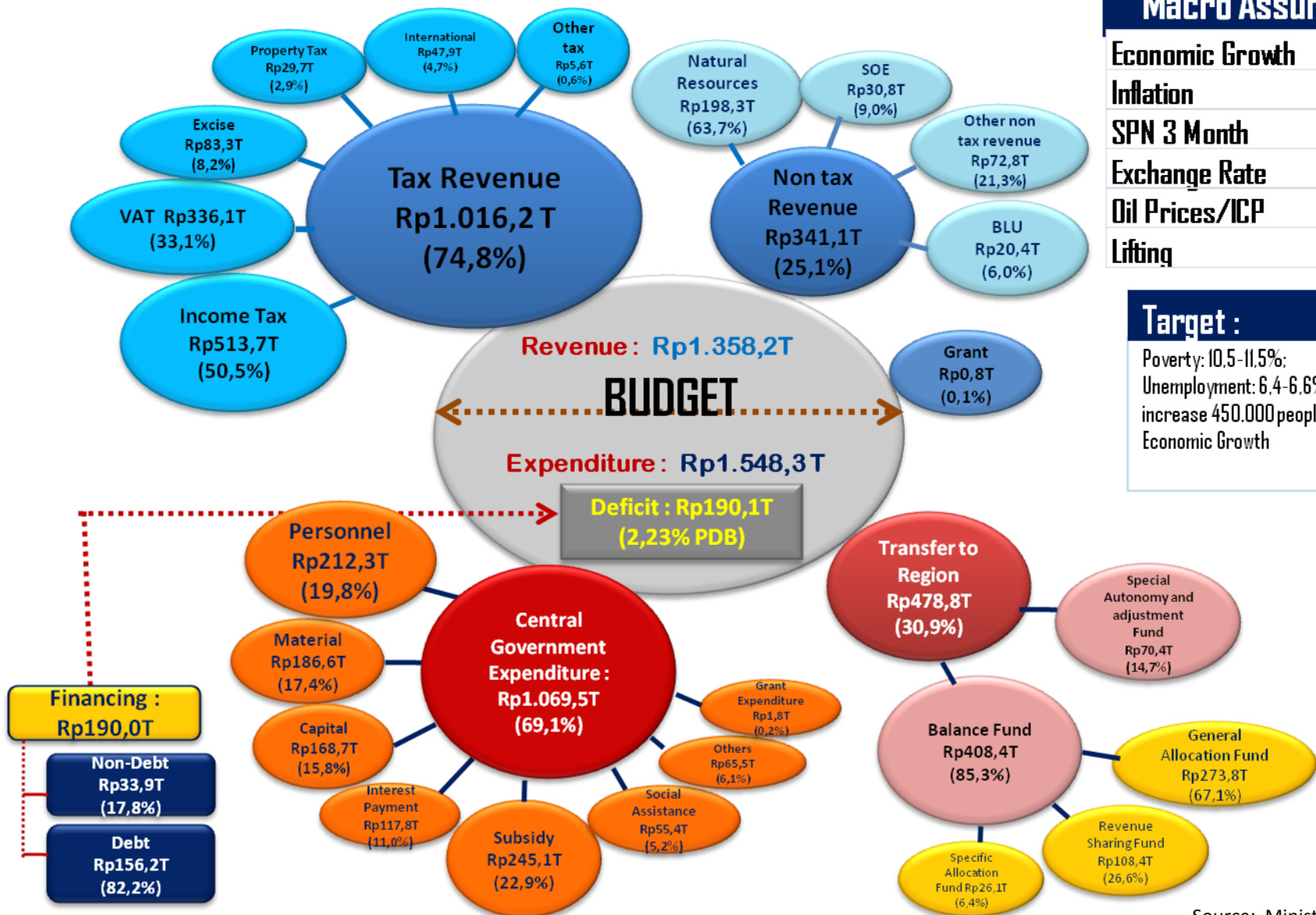
Prudent Fiscal Management

Summary of Macroeconomic Assumptions 2012

	2011		2012	
	Revised Budget	Actual	Revised Budget	1st Semester
Economic Growth (%)	6.5	6.5	6.5	6.3
Exchange Rate (Rp/US\$)	8700	8779	9000	9203
Inflation (%)	5.65	3.79	6.8	4.53
SPN 3 month (%)	5.6	4.8	5.0	5.0
ICP (US\$/barel)	95	112	105	117.3
Oil lifting (thousands barel/day)	945	899	930	877.3

Source: Ministry of Finance

2012 State Budget



Macro Assumptions

Economic Growth	6,5
Inflation	6,8
SPN 3 Month	5
Exchange Rate	9,000
Oil Prices/ICP	105
Lifting	930

Target :

Poverty: 10,5-11,5%;
 Unemployment: 6,4-6,6%; Workforce
 increase 450.000 people per 1%
 Economic Growth

Source: Ministry of Finance

2012 Budget Realization

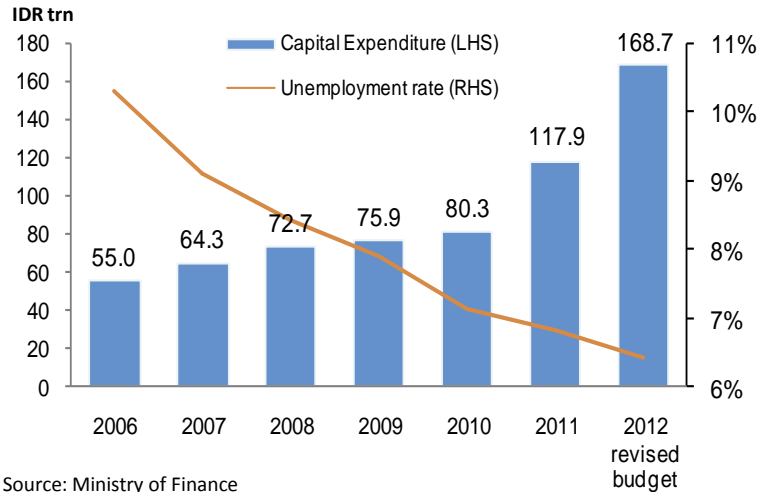
IDR Trillion

ITEMS	2011			2012		
	Revised Budget (APBNP)	Semester I Realization	% of APBNP	Revised Budget (APBNP)	Semester I Realization	% of APBNP
A. STATE REVENUES & GRANTS	1,169.9	497.0	42.5	1,358.2	593.3	43.7
I. DOMESTIC REVENUES	1,165.3	496.9	42.6	1,357.4	592.6	43.7
1. Tax Revenues	878.7	387.6	44.1	1,016.2	456.8	44.9
<i>Tax Ratio (% of GDP)</i>	<i>12.16</i>	<i>10.84</i>	<i>-</i>	<i>11.90</i>	<i>11.51</i>	<i>96.80</i>
2. Non Tax Revenues	286.6	109.3	38.2	341.1	135.8	39.8
II. GRANTS	4.7	0.1	2.5	0.8	0.8	91.0
B. STATE EXPENDITURES	1,320.8	442.3	33.5	1,548.3	629.4	40.7
I. CENTRAL GOVT EXPENDITURES	908.2	259.8	28.6	1,069.5	393.9	36.8
II. TRANSFER TO REGIONS	412.5	182.5	44.3	478.8	235.5	49.2
C. PRIMARY BALANCE	(44.3)	101.4	(229.2)	(72.3)	13.5	(18.7)
D. SURPLUS/(DEFICIT) (A-B)	(150.8)	54.7	(36.3)	(190.1)	(36.1)	19.0
<i>Deficit of GDP (%)</i>	<i>(2.09)</i>	<i>-</i>	<i>-</i>	<i>(2.23)</i>	<i>(0.91)</i>	<i>-</i>
E. FINANCING (I+II)	150.8	62.4	41.4	190.1	101.6	53.5
I. FOREIGN FINANCING	153.6	78.9	51.3	194.5	120.9	62.1
II. DOMESTIC FINANCING (nett)	(2.8)	(16.5)	592.5	(4.4)	(19.2)	434.8
SURPLUS/(DEFICIT) of FINANCING	0.0	117.1	-	0.0	65.5	-

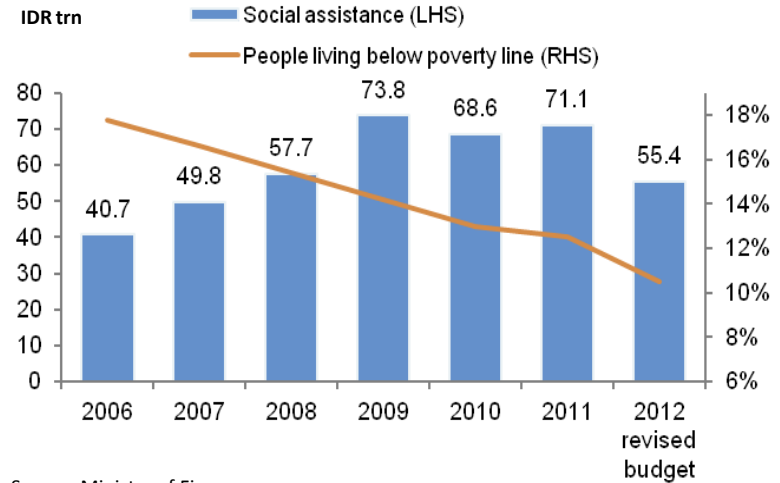
- In the 1st semester 2012, budget deficit stood at Rp36,1 T, however there is surplus financing (SILPA) of Rp65,5T.
- 1st Semester 2012 budget realization, State revenues & grants realization was 43,7% or higher than previous year realization. Budget disbursement was also better than previous year

On 2012 Budget: Matches well balanced revenues with increasing capital spending

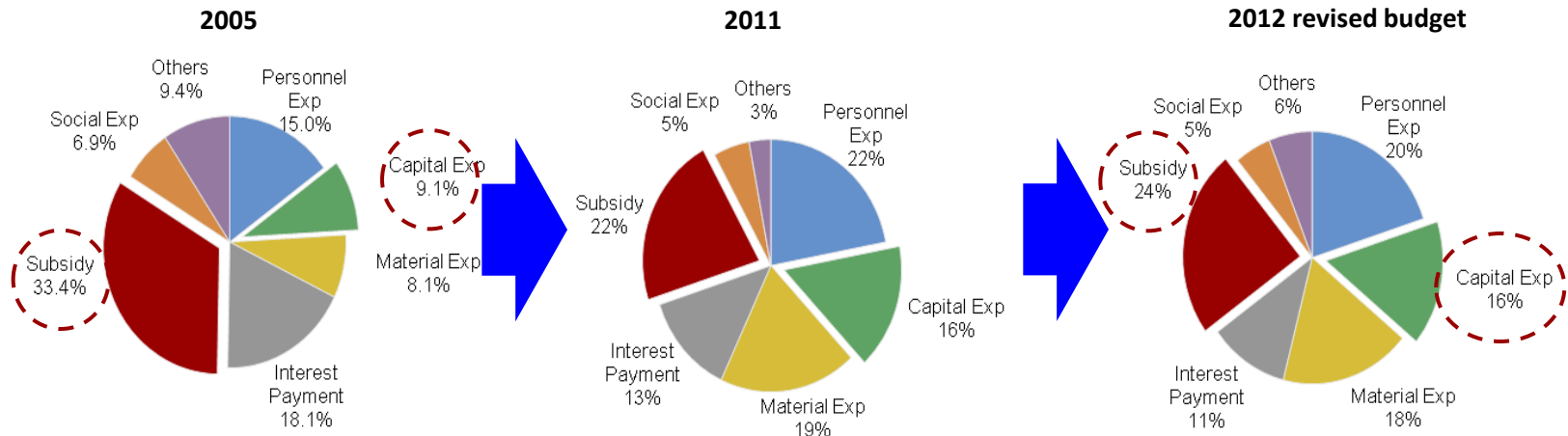
Infrastructure spending through capital expenditure helps lower the unemployment rate



State budget directed to reduce poverty level



Increased allocation of central government expenditure towards more productive uses



Source: Ministry of Finance

2012 Tax Revenue Realization

(IDR Trillion)

Items	2012				
	Budget (APBN)	Revised Budget (APBN-P)	Difference	Semester I Realization	% to APBN-P
a. Domestic Tax	989,6	968,3	(21,3)	432,2	44,6
i. Income Tax	520,0	513,7	(6,3)	233,6	45,5
- Oil and Gas	60,9	67,9	7,0	34,8	51,2
- Non Oil and Gas	459,0	445,7	(13,3)	198,8	44,6
ii. VAT	352,9	336,1	(16,8)	149,7	44,5
iii. Land & Building Tax	35,6	29,7	(5,9)	2,3	7,7
iv. Excise	75,4	83,3	7,8	44,5	53,5
v. Other Tax	5,6	5,6	0,0	2,1	37,4
b. International Trade Tax	42,9	47,9	5,0	24,6	51,3
i. Import Tax	23,7	24,7	1,0	13,7	55,3
ii. Export Tax	19,2	23,2	4,0	10,9	47,0
Tax Revenue	1.032,6	1.016,2	(16,3)	456,8	44,9

- Tax revenue is projected to achieve Rp1.016,2 T, which is 1,6% lower than the initial budget due to the changes of macro economic assumption as the calculation base.
- Lower revenues target:
 - Non oil & gas income tax decrease 2,9% → global economic slowdown
 - VAT and excise on luxury goods decrease 4,8% → lower domestic demand and import.
 - Land & Building Tax decrease 16,7% → authority transfer to the regions.

Source: Ministry of Finance

2012 Non Tax Revenue Realization

(IDR Trillion)

Items	2011			2012				
	APBN	APBN-P	Real.	APBN	APBN-P	Differences	Semester I Realization	% to APBN- P
						Nominal		
a. Natural Resource Revenue	163,1	192,0	214,0	177,3	217,2	39,9	80,0	36,8
1) Oil and Gas	149,3	173,2	193,4	159,5	198,3	38,8	68,7	34,7
-Oil	107,5	123,1	141,2	113,7	150,8	37,2	47,8	31,7
- Gas	41,8	50,1	52,2	45,8	47,5	1,7	20,9	44,1
2) Non-oil and gas	13,8	18,8	20,6	17,8	18,8	1,1	11,3	59,7
-Fisheries	0,2	0,2	0,2	0,2	0,2	-	0,1	59,4
- Forestry	2,9	2,9	3,2	3,0	3,1	0,1	1,6	52,6
- Mining	10,4	15,4	16,7	14,5	15,3	0,8	9,2	60,2
- Geothermal	0,4	0,4	0,6	0,2	0,3	0,1	0,4	101,8
b. Profit from SOEs	27,6	28,8	28,2	28,0	30,8	2,8	14,5	47,2
c. Other	45,2	50,3	68,6	53,5	72,8	19,3	34,8	47,7
d. Revenues from BLU	15,0	15,4	10,4	19,2	20,4	1,2	6,5	31,9
TOTAL	250,9	286,6	321,2	278,0	341,1	63,2	135,8	39,8

- Non Tax Revenue is expected to reach Rp341,1 T, higher Rp63,2 T (22,7%) than original budget target, driven by the increase of oil and gas revenues as global oil price upsides.
- The share of Non Tax Revenue to domestic revenue in the revised budget is around 25,1%, higher than its share on the original budget which was 21,2%

Source: Ministry of Finance

2012 Central Government Expenditure Realization

(IDR Trillion)

Items	State Budget APBN	Revised Budget APBN-P	Difference	Semester I Realization	% to APBN-P
1. Personnel Expenditure	215,9	212,2	(3,6)	104,1	49,0
2. Material Expenditure	188,0	186,6	(1,4)	41,8	22,4
3. Capital Expenditure	152,0	168,9	16,9	30,6	18,2
4. Interest Payment	122,2	117,8	(4,4)	49,6	42,1
i. Domestic	88,5	84,7	(3,8)	35,2	41,6
ii. Foreign	33,7	33,0	(0,7)	14,4	43,6
5. Subsidy	208,9	245,1	36,2	134,7	55,0
a. Energy Subsidy	168,6	202,4	33,8	124,4	61,5
- Fuel	123,6	137,4	13,8	88,9	64,7
- Electricity	45,0	65,0	20,0	35,5	54,6
b. Non-Energy Subsidy	40,3	42,7	2,4	10,3	24,2
6. Grant	1,8	1,8	(0,0)	0,0	0,4
7. Social Assistance	47,8	55,4	7,6	30,2	54,5
8. Other Expenditure	28,5	68,5	40,0	2,9	4,2
Total	965,0	1.069,5	104,5	393,9	36,8

Government Expenditure to increase Rp104,5 Trillion or 10,8% from original budget.

2012 Financing

(IDR Billion)

Items	2012 APBN	2012 APBN-P	Difference to APBN	Semester I Realization	% to APBN-P
I NON DEBT FINANCING	(9.544,5)	33.943,1	43.487,6	3.208,1	9,5
A Domestic Banking	8.947,0	60.561,6	51.614,6	3.174,0	5,2
1. SLA Amortization	3.890,2	4.387,9	497,7	3.174,0	72,3
2. SAL	5.056,8	56.173,7	51.116,9	-	-
B Domestic non Banking	(18.491,5)	(26.618,5)	(8.127,0)	34,1	(0,1)
1 Asset Restructuring	280,0	280,0	-	534,1	190,8
2 Government/State Investment Fund	(17.138,1)	(19.265,1)	(2.127,0)	(500,0)	2,6
3 Educational Endowment Fund	(1.000,0)	(7.000,0)	(6.000,0)	-	-
4 Contingency Liabilities	(633,3)	(633,3)	-	-	-
II DEBT FINANCING	133.564,4	156.162,3	22.597,9	98.437,2	63,0
A Foreign Loan (Nett)	(1.892,3)	(4.425,6)	(2.533,3)	(19.242,8)	434,8
1. Withdrawal (Brutto)	54.282,4	53.731,1	(551,3)	6.721,2	12,5
2. SLA	(8.914,6)	(8.431,8)	482,8	(772,7)	9,2
3. Loan Amortization	(47.260,1)	(49.724,9)	(2.464,8)	(25.191,3)	50,7
B Government Bonds	134.596,7	159.596,7	25.000,0	117.583,6	73,7
C Domestic Loan	860,0	991,2	131,2	96,4	9,7
TOTAL FINANCING	124.019,9	190.105,4	66.085,5	101.645,3	53,5

- 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 budget surplus (SAL) and bond issuance.

Indonesia's Fiscal Policy in Mitigating Global Crisis

- Extremely prudent with fiscal deficits and debt ratios among lowest in the world
- Addresses growth and social needs through capital spending and subsidies while lowering debt to GDP
- Aims for quality spending with capital expenditures increasing
- Crisis mitigation measures in place

Crisis Prevention & Mitigation:

1

**Coordination Forum for
Financial System Stability**

2

Crisis Management Protocol

3

Bond Stabilization Framework

4

**Flexibility in State Budget Law
for Crisis Mitigation Action**

5

Deferred Drawdown Option

6

**Chiang Mai Initiatives
Multilateralization/CMI-M**

Policies to Accelerate Budget 2012 Absorption

1. Hasten the handover of 2012 DIPA (December 20, 2011)
2. Establishment of “**Budget Absorption Evaluation and Supervision Team (TEPPA)**” that consists of UKP4, BPKP and Ministry of Finance that has instruct the budget user authority to immediately conduct these steps:
 - Accelerate procurement execution
 - Assign treasury authorities
 - Conduct the arrangement of technical guide for Special Allocation Fund (DAK), Deconcentration Fund, and Duty of Assistance implementation no later than January 14, 2012
 - Prepare budgeting administration supporting data completeness no later than December 30, 2011
 - Conduct the arrangement of disbursement plan no later than January 13, 2012
3. Legalization of the Law on Land Procurement for Public Interest Development on December 16, 2011 (UU no.2/2012) which substance is all parties who are entitled the land must release their land for development for public interest (accelerate infrastructure development process). It's also strengthened by the Presidential Decree (Perpres no.71/2012) about land procurement mechanisms.
4. Apply reward and punishment objectively and consistently for line ministries that is not fully absorb the budget.

2013 Macroeconomic Assumption

ITEMS	2012	2013
	Revised Budget (APBN-P)	State Budget (APBN)
Economic Growth (%)	6.5	6.8
Inflation (% , yoy)	6.8	4.9
3-months SPN (%)	5.0	5.0
Exchange Rate (Rp/US\$)	9000	9300
ICP Price (US\$/barel)	105	100
Oil Lifting (thousands barel/day)	930	900
Gas Lifting (thousands barel/day oep)	1360	1360

Source: Ministry of Finance

2012 & 2013 Budget Highlights

Manageable 2012 budget deficit of US\$21.1 billion or 2.23% of GDP, 1.65% of GDP in 2013

Revised 2012 and 2013 state budget

Items	Revised 2012 budget			2013 budget		
	IDR trn	US\$ bn	% of GDP	IDR trn	US\$ bn	% of GDP
A. State revenue and grants	1,358.2	150.9	15.9%	1,529.7	164.5	16.5%
I. Domestic revenue	1,357.4	150.8	15.9%	1,525.2	164.0	16.5%
1. Tax revenue	1,016.2	112.9	11.9%	1,193.0	128.3	12.9%
2. Non tax revenue	341.1	37.9	4.0%	332.2	35.7	3.6%
II. Grants	0.8	0.1	0.0%	4.5	0.5	0.0%
B. State expenditure	1,548.3	172.0	18.1%	1,683.0	181.0	18.2%
I. Central gov. expenditure	1,069.5	118.8	12.5%	1,154.4	124.1	12.5%
1. Personnel and material	398.8	44.3	4.7%	408.0	43.9	4.4%
2. Capital	168.7	18.7	2.0%	216.1	23.2	2.3%
3. Interest payments	117.8	13.1	1.5%	113.2	12.2	1.2%
4. Subsidies	245.1	27.2	2.9%	317.2	34.1	3.4%
5. Social expenditure	55.4	6.2	0.6%	63.4	6.8	0.7%
6. Other expenditure	65.5	7.3	0.8%	52.9	5.7	0.6%
II. Transfer to region	478.8	53.2	5.6%	528.6	56.8	5.7%
C. Primary balance	(72.3)	(8.0)	(0.8%)	(40.1)	(4.3)	(0.4%)
D. Overall balance (A - B)	(190.1)	(21.1)	(2.2%)	(153.3)	(16.5)	(1.7%)
% Deficit to GDP	(2.2)			(1.65)		
E. Financing	190.1	21.1	2.2%	153.3	16.5	1.7%
I. Domestic financing	194.5	21.6	2.3%	172.8	18.6	1.9%
II. Foreign financing	(4.4)	(0.5)	(0.1%)	(19.5)	(2.1)	(0.2%)
Surplus/(deficit) financing	0.0	0.0	0.0%	0.0	0.0	0.0%

2013 GDP growth forecast by expenditure

Private consumption: 4.9%

Public consumption: 6.7%

Investment: 11.9%

Sectoral growth targets for 2013

Manufacturing industry: 6.5%

Agriculture, livestock, forestry and fisheries: 3.7%

Trade, hotels and restaurants: 8.9%

Mining and quarrying: 2.8%

Development targets for 2013

Open unemployment rate: 5.8% – 6.1%

People living below poverty line: 9.5%–10.5%

Source: Ministry of Finance

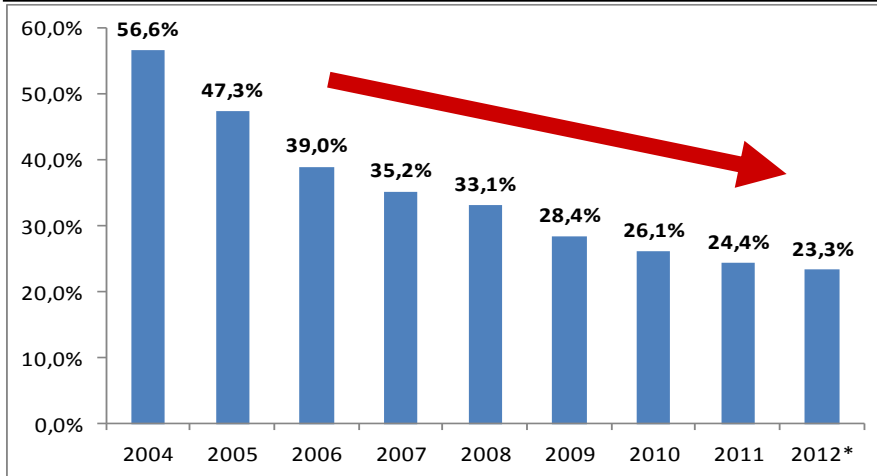
Note: IDR/US. exchange rate of 9,000 (for revised budget 2012) and 9,300 (for proposed budget 2013), US dollar values are for convenience only.



Improved Government Debt Position

Debt To GDP

Debt to GDP Ratio (% of GDP)



Debt Composition

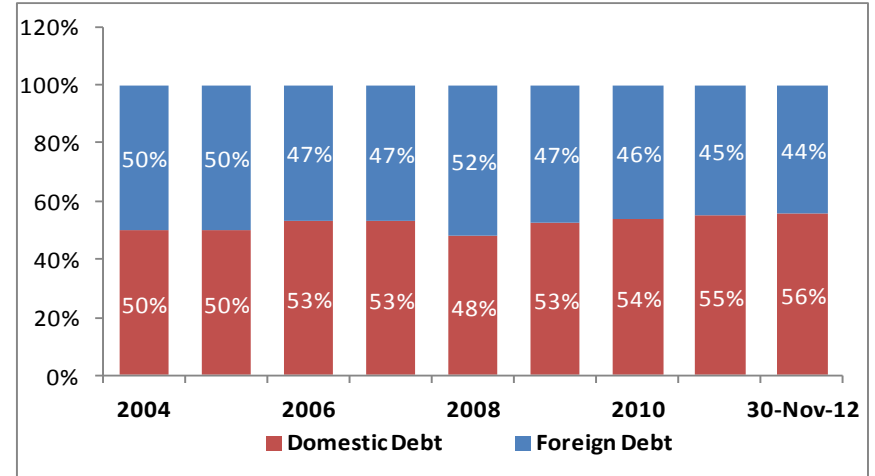


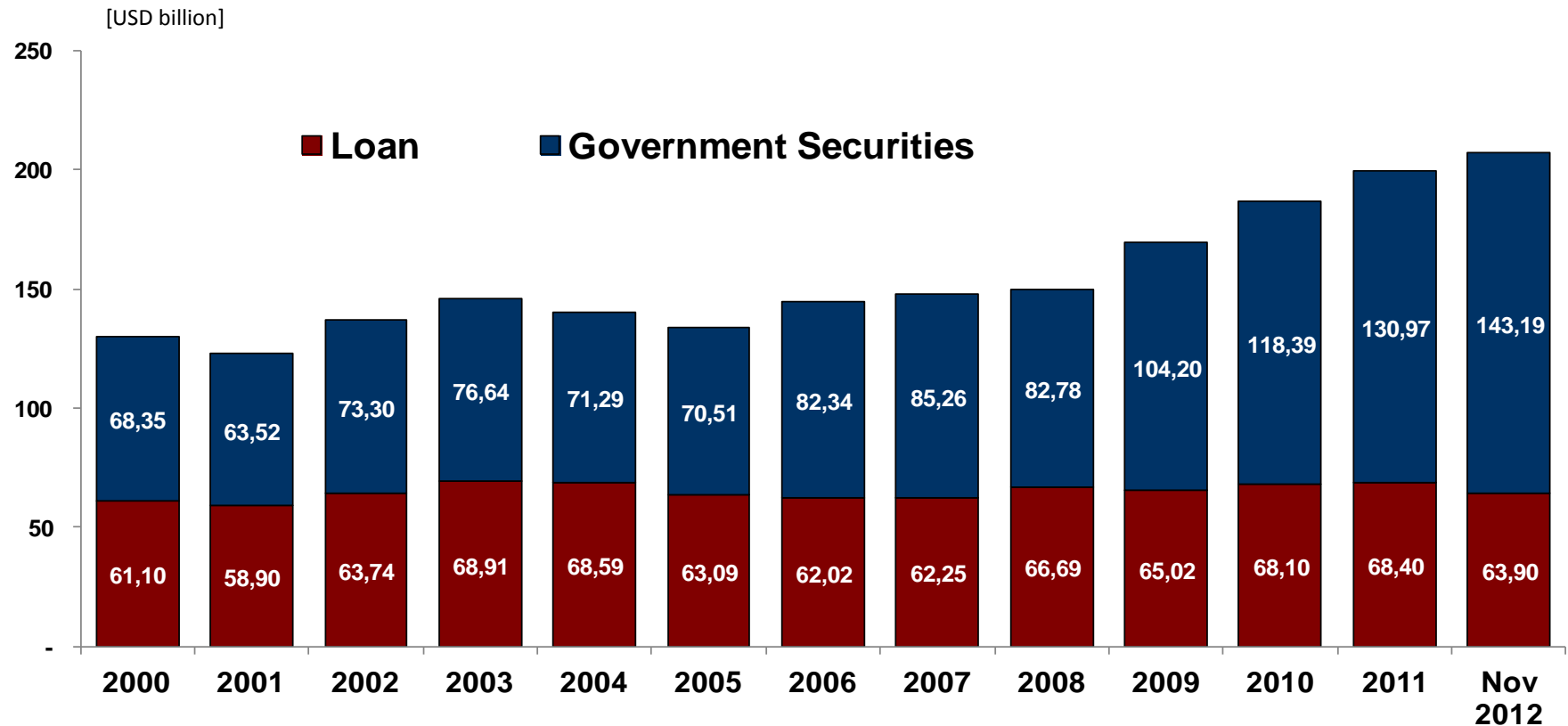
Table of Debt to GDP Ratio

	End of Year						
	2006	2007	2008	2009	2010	2011	2012 *
GDP	3.339.217,0	3.950.894,0	4.948.689,0	5.603.870,8	6.422.918,2	7.427.086,1	8.542.634,4
Debt Outstanding (billion IDR)	1.302.159,0	1.389.415,0	1.636.740,7	1.590.386,0	1.676.852,1	1.808.946,8	1.991.161,9
- Domestic Debt (Loan+Securit)	693.118,0	737.125,5	783.855,1	836.318,0	902.599,8	993.038,2	1.097.650,0
- Foreign Debt (Loan+Securitie	609.041,0	652.289,5	852.885,6	754.068,0	774.252,4	815.908,6	893.511,8
Debt to GDP Ratio	39,0%	35,2%	33,1%	28,4%	26,1%	24,4%	23,3%
- Domestic Debt to GDP Ratio	20,8%	18,7%	15,8%	14,9%	14,1%	13,4%	12,8%
- Foreign Debt to GDP Ratio	18,2%	16,5%	17,2%	13,5%	12,1%	11,0%	10,5%

*: realization Des 31,2011 (unaudited)

** : projection realization 2012

Outstanding of Total Central Government Debt

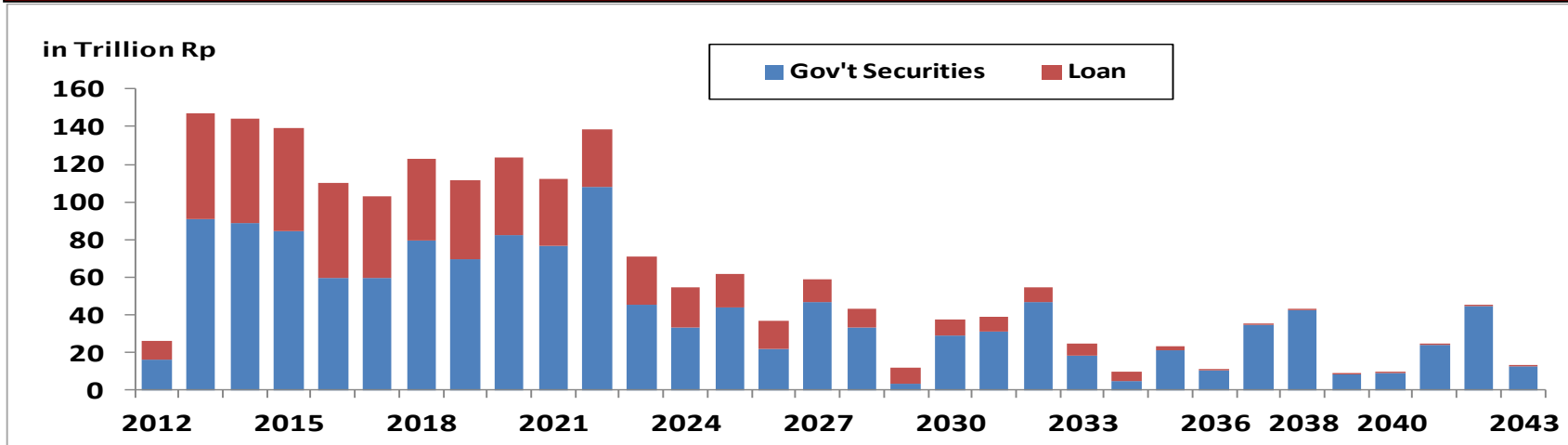


[in percentage]

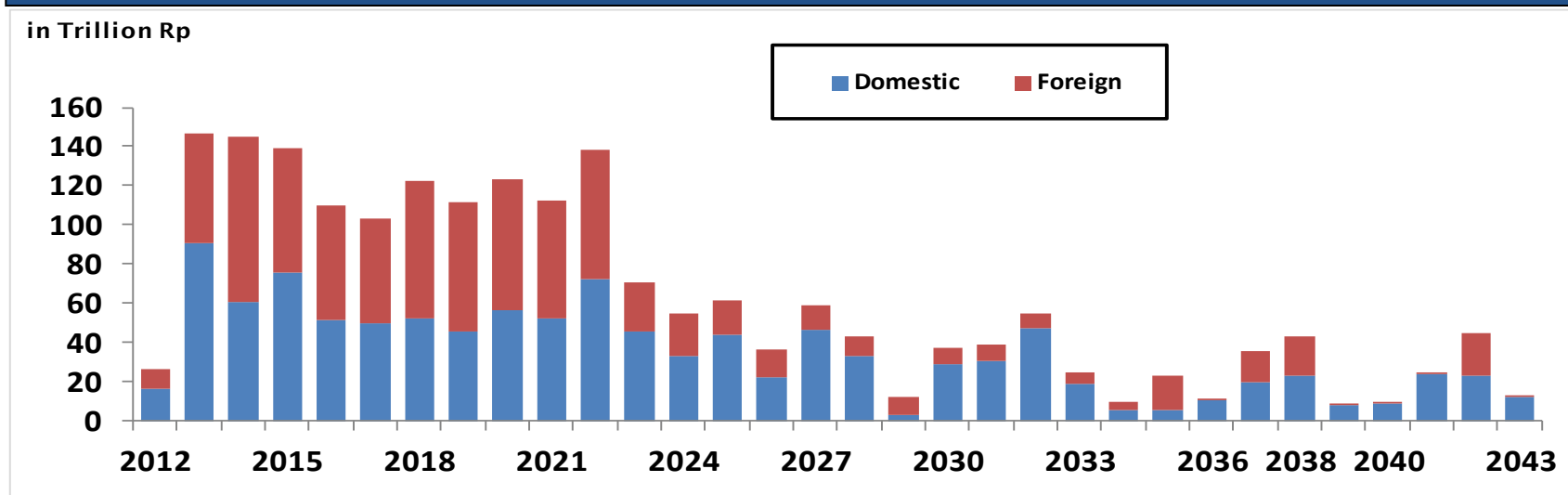
Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Nov 2012
Loan	47%	48%	47%	47%	49%	47%	43%	42%	45%	38%	37%	37%	31%
Government Securities	53%	52%	53%	53%	51%	53%	57%	58%	55%	62%	63%	63%	69%
Total Central Government Debt	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Total Debt Maturity Profile as of October 2012

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



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



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

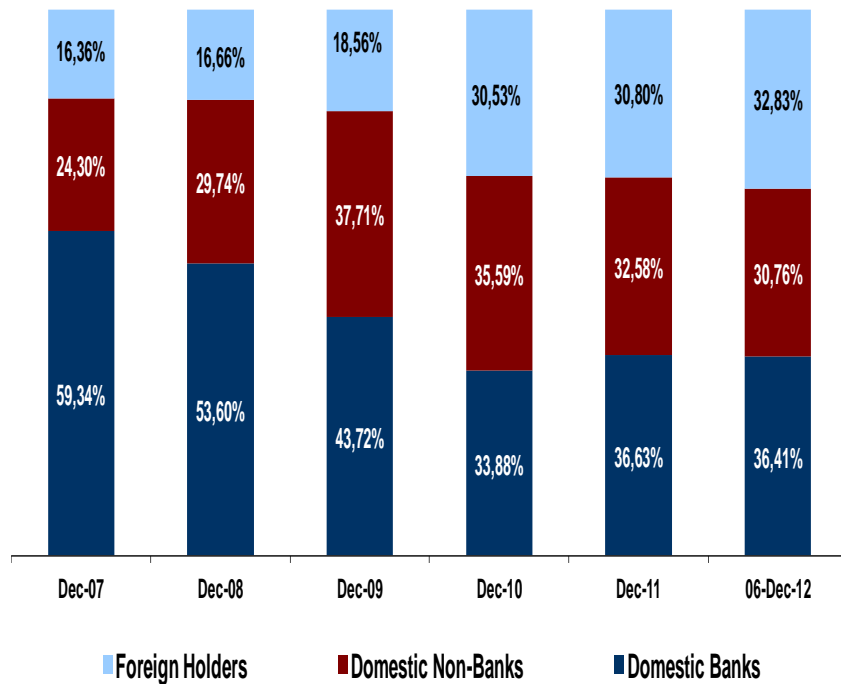
	2012 - Budget		2012 - Revised Budget	
	IDR (trillion)	\$ USD (billion)	IDR (trillion)	\$ USD (billion)
Deficit	(124,0)	(12,89)	(190,1)	(19,75)
Amortization	(167,6)	(17,42)	(158,8)	(16,50)
External Loan	(47)	(5)	(50)	(5)
Govt Securities (incl Buyback)	(120)	(12)	(109)	(11)
Domestic Loan	(0,14)	(0,01)	(0,14)	(0,01)
Non Debt Financing Expenditures	(18,77)	(1,95)	(26,62)	(2,77)
Two Steps Loan	(8,9)	(0,93)	(8,4)	(0,88)
Financing Needs	(319,3)	(33,2)	(384,0)	(39,9)
Financing Sources	319,3	33,2	384,0	39,9
Non Debt (Gross)	9,2	0,96	60,6	6,29
Debt (Gross)	310,1	32,22	323,4	33,60
Govt Securities	254,8	26,5	268,5	27,9
Program Loan	15,3	1,6	15,6	1,6
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 December 7, 2012 : IDR 9.625

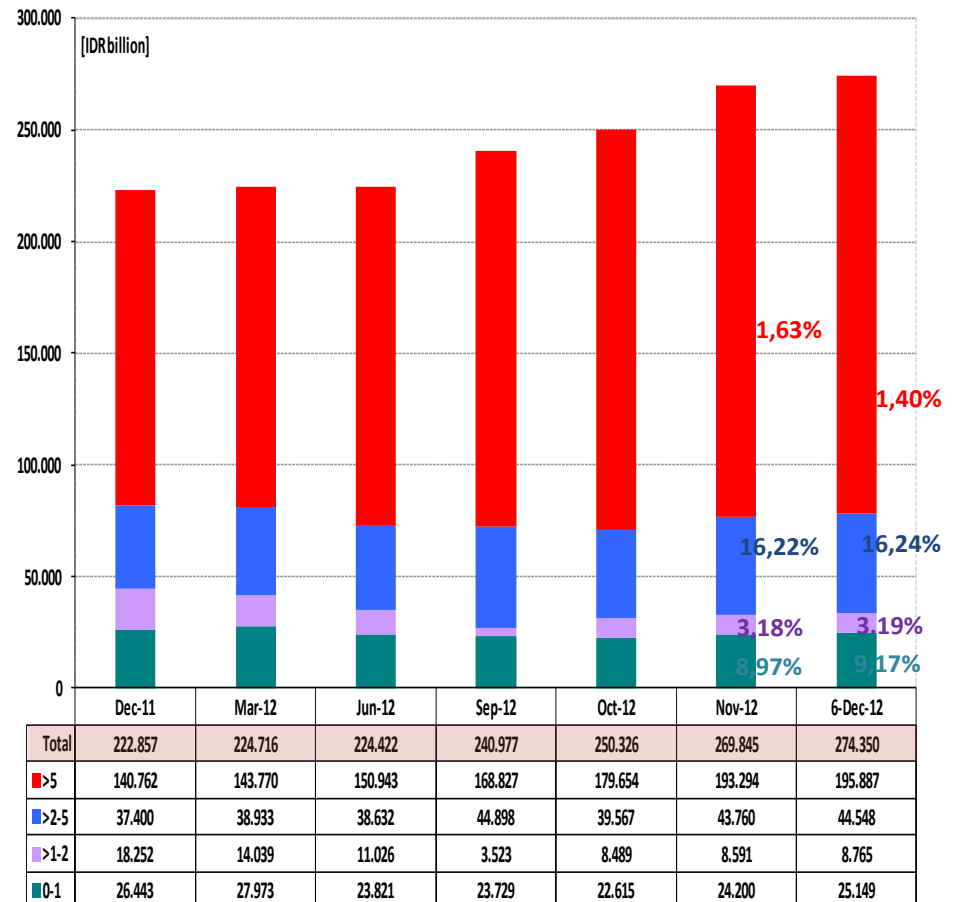
Holders of Tradable Government Securities

Continued Increasing proportion of foreign ownership 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	May-12	Oct-12	Nov-12	5-Dec-12
1. Domestic Tradable GDS	IDR 477.747	IDR 520.995	IDR 570.215	IDR 615.498	IDR 684.618	IDR 721.522	IDR 770.974	IDR 771.516	IDR 772.716
a. Zero Coupon	IDR 14.669	IDR 21.503	IDR 33.386	IDR 32.307	IDR 32.412	IDR 33.212	IDR 28.332	IDR 23.883	IDR 25.083
1. Government Treasury Bills	IDR 4.169	IDR 10.012	IDR 24.700	IDR 29.795	IDR 29.900	IDR 30.700	IDR 25.820	IDR 22.620	IDR 23.820
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 1.263	IDR 1.263
b. Government Domestic Bonds	IDR 463.078	IDR 499.492	IDR 536.829	IDR 583.191	IDR 652.206	IDR 688.310	IDR 742.642	IDR 747.633	IDR 747.633
1. Fixed Rate *) +)	IDR 294.453	IDR 353.558	IDR 393.543	IDR 440.396	IDR 517.142	IDR 553.247	IDR 619.887	IDR 624.879	IDR 624.879
2. Variable Rate *)	IDR 168.625	IDR 145.934	IDR 143.286	IDR 142.795	IDR 135.063	IDR 135.063	IDR 122.755	IDR 122.755	IDR 122.755
2. Promissory Notes to Bank Indonesia **) ***)	IDR 259.404	IDR 258.160	IDR 251.875	IDR 248.432	IDR 244.636	IDR 243.463	IDR 241.056	IDR 241.056	IDR 240.144
3. Total GDS (2+3)	IDR 737.151	IDR 779.155	IDR 822.090	IDR 863.930	IDR 929.254	IDR 964.985	IDR 1.012.030	IDR 1.012.572	IDR 1.012.861
4. Total Government International Bonds *)	USD 7.000	USD 11.200	USD 14.200	USD 16.200	USD 18.700	USD 22.950	USD 22.950	USD 22.950	USD 22.950
			¥ 35.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 95.000	¥ 155.000	¥ 155.000
5. TOTAL GOV'T DEBT SECURITIES (3+(4*Exchange Rate Assumption))	IDR 803.084	IDR 901.795	IDR 959.130	IDR 1.020.062	IDR 1.109.922	IDR 1.196.036	IDR 1.244.179	IDR 1.251.055	IDR 1.251.459
GOVERNMENT ISLAMIC DEBT SECURITIES (GIDS)									
6. Domestic Tradable GIDS		IDR 4.700	IDR 11.533	IDR 25.717	IDR 38.988	IDR 58.753	IDR 63.027	IDR 63.035	IDR 63.035
a. Fixed Rate *)++)		IDR 4.700	IDR 11.533	IDR 25.717	IDR 37.668	IDR 57.568	IDR 61.927	IDR 62.840	IDR 62.840
b. Zero Coupon					IDR 1.320	IDR 1.185	IDR 1.100	IDR 195	IDR 195
7. Domestic Non Tradable GIDS			IDR 2.686	IDR 12.783	IDR 23.783	IDR 33.783	IDR 35.783	IDR 35.783	IDR 35.783
8. Government International Islamic Bonds									
1. Fixed Rate *)			USD 650	USD 650	USD 1.650	USD 1.650	USD 1.650	USD 2.650	USD 2.650
9. TOTAL GOV'T DEBT SECURITIES (6+(8*Exchange Rate Assumption))	IDR -	IDR 4.700	IDR 17.643	IDR 31.561	IDR 53.950	IDR 74.535	IDR 78.892	IDR 88.488	IDR 88.488
10. TOTAL GOVERNMENT SECURITIES	IDR 803.084	IDR 906.495	IDR 979.458	IDR 1.064.406	IDR 1.187.655	IDR 1.304.354	IDR 1.358.854	IDR 1.375.326	IDR 1.375.730

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)

- Exchange Rate Assumption (IDR/USD1)

- Exchange Rate Assumption (IDR/JPY1)

IDR 18.885	IDR 34.699	IDR 40.149	IDR 40.672	IDR 51.672	IDR 29.775	IDR 42.451	IDR 42.451	IDR 42.451
		IDR 5.556	IDR 13.590	IDR 20.931	IDR 28.989	IDR 28.989	IDR 28.989	IDR 28.989
IDR 9.419	IDR 10.950	IDR 9.400	IDR 8.991	IDR 9.068	IDR 9.565	IDR 9.615	IDR 9.605	IDR 9.605
		IDR 101,70	IDR 110,29	IDR 116,80	IDR 121,41	IDR 120,90	IDR 116,44	IDR 117,18

- 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

Debt Switch & Cash Buyback Program

- Debt Switch Program

[in billion IDR]

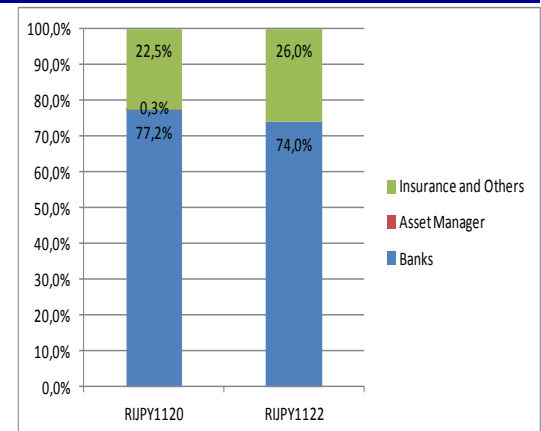
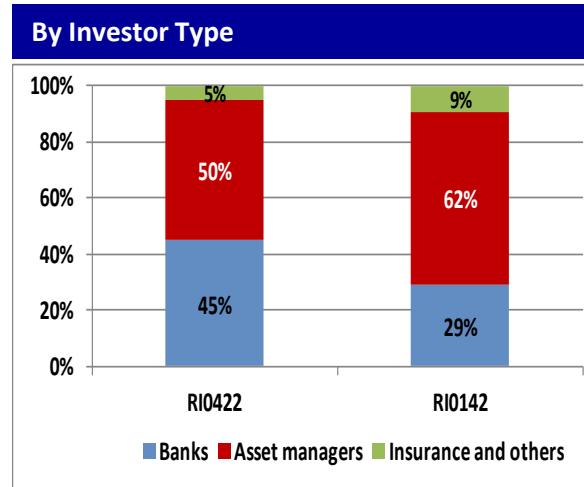
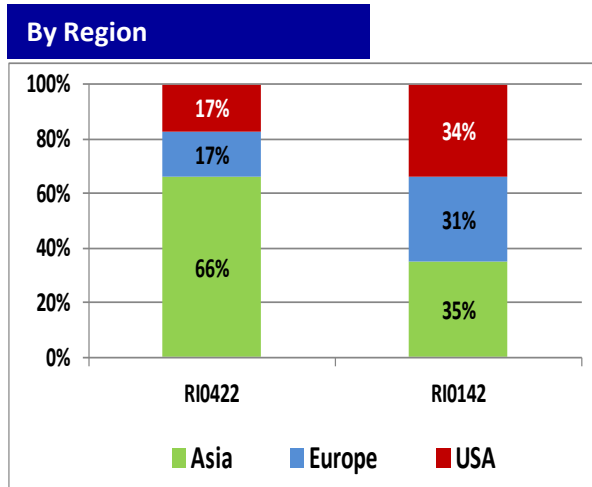
Auction Date	Auction Frequency	Source Bonds Tenor Series	Offer Received	Offer Awarded
2005	1	9 series	7.721	5.673
2006	12	7 s.d. 21 series	54.177	31.179
2007	9	12 s.d. 21 series	30.681	15.782
2008	2	21 s.d. 31 series	7.490	4.571
2009	6	24 s.d. 28 series	8.663	2.938
2010	6	11 s.d. 28 series	8.349	3.920
2011	4	22 s.d. 27 series	3.080	664
2012	3	10 s.d 20 series	21.519	11.171
Total			141.680	75.898

- Buyback Program

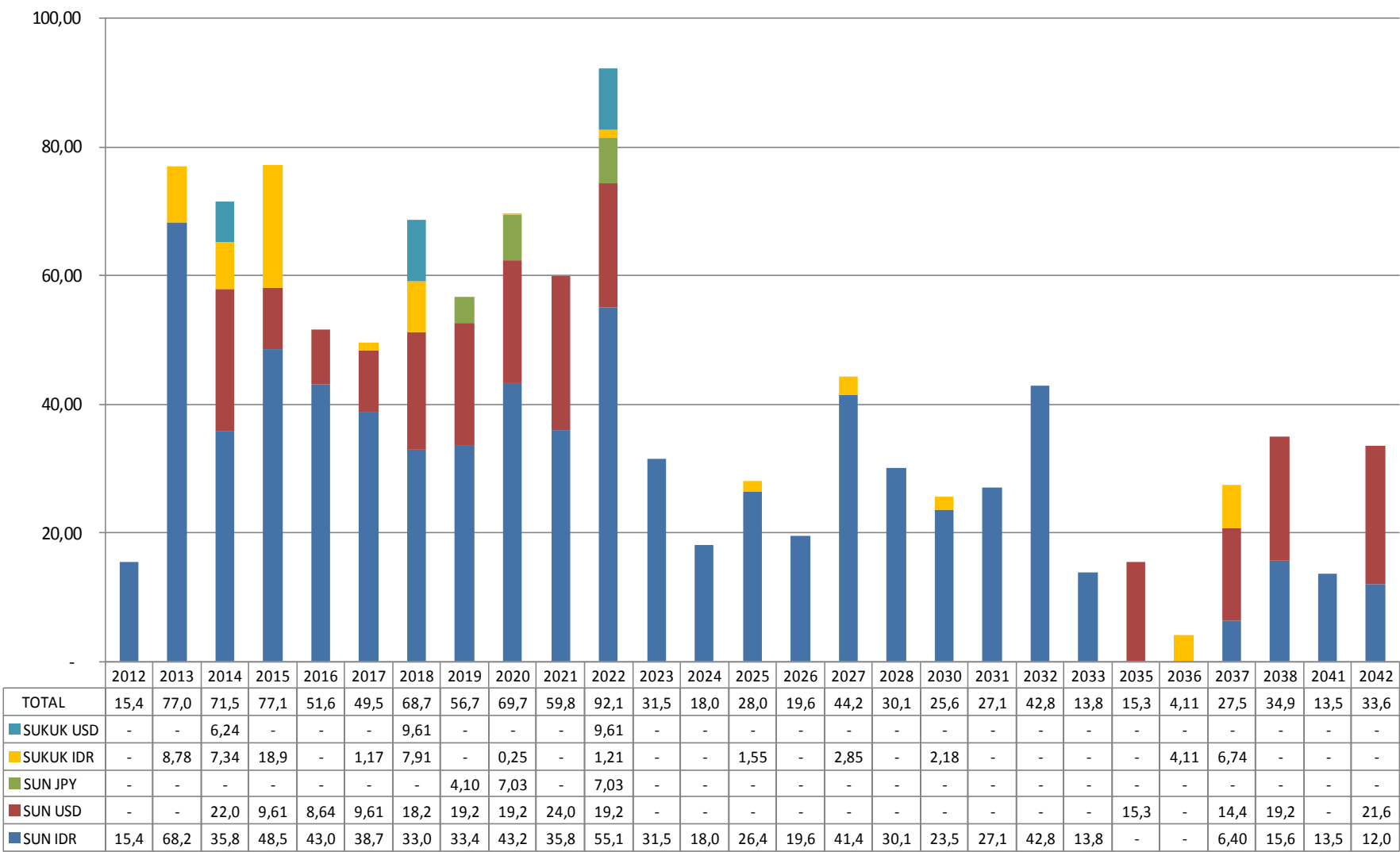
Year	Frequencies		Volume (IDR billion)
	Auctions	Direct Transactions	
2003	2	-	8.127
2004	1	-	1.962
2005	4	-	5.158
2007	2	-	2.859
2008	3	-	2.375
2009	1	1	8.528
2010	10	3	3.201
2011	2	8	3.500
2012	-	6	1.138
GRAND TOTAL			36.848

Recent Global Bond Issuance

	RI0422	RI0142 (Reopening)	RIJPY1122
1 Rating (S&P Moody's Fitch)	BB+ Baa3 BBB-	BB+ Baa3 BBB-	
2 Size	USD 2.000.000.000	USD 500.000.000	JPY60 billion
3 Coupon	3.75% s.a.	5.25% s.a.	1.13% s.a.
4 Pricing date	17 April 2012	17 April 2012	06 Nopember 2012
5 Settlement Date	25 April 2012	25 April 2012	22 Nopember 2012
6 Maturity date	25 April 2022	17 Januari 2042	22 Nopember 2022
7 Yield when issued	0,0385	0,0495	0,0113
8 Price when issued	99,176%	104,636%	100%
9 Spread over US Treasury	184.8 bps	180.6 bps	
10 US Treasury Yield	2%	3,13%	



Maturity Profile of Tradable Government securities as of December 5, 2012



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

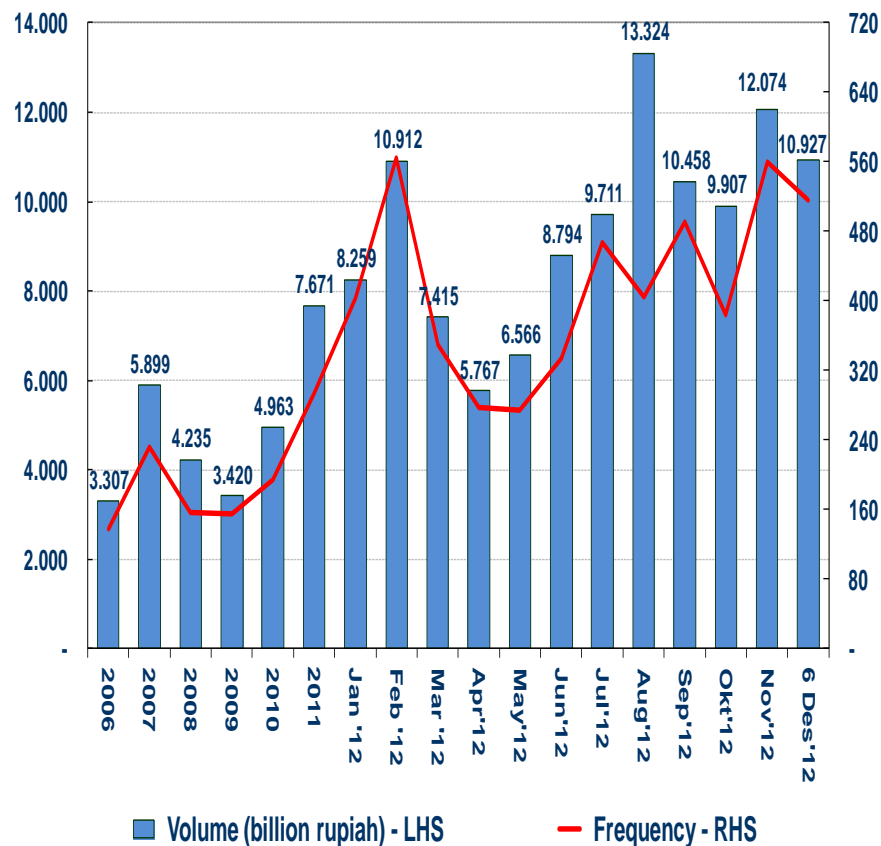
PN : T’bills
ORI : Retail Bond
FR : Fixed Rate Bond

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

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

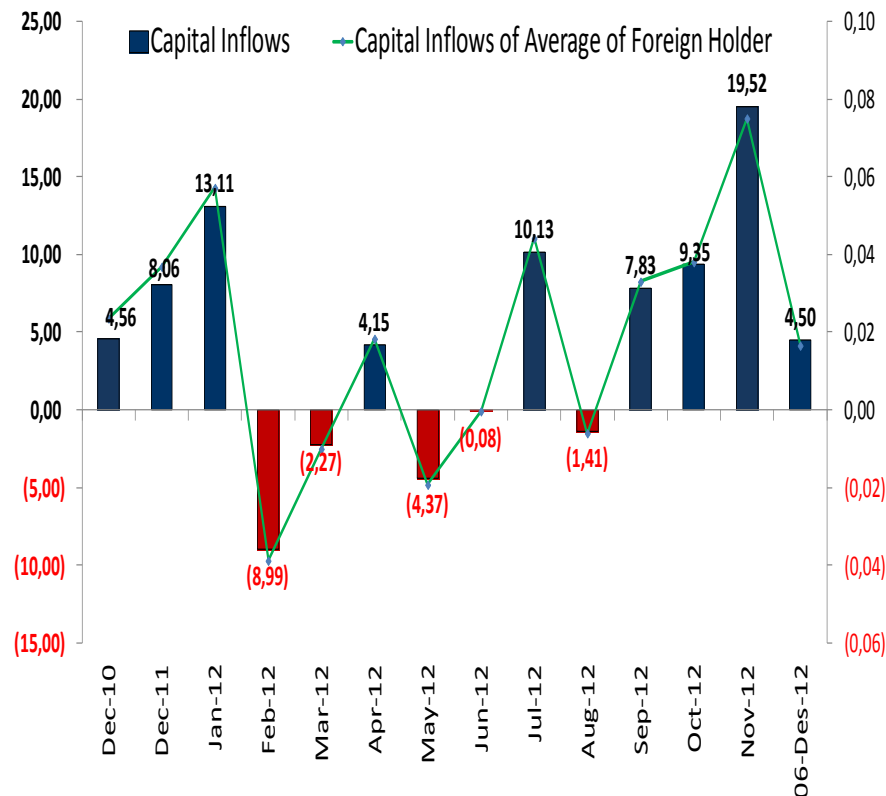
Daily Transaction & Offshore Ownership

Average Daily transaction Govt' Bonds



Net Buyer (*Seller*) Non Resident

[Trillion IDR]



Ownership of IDR Tradable Government Securities (percentage and nominal)

	Des-08		Dec-09		Dec-10		Dec-11		Mar-12		Jun-12		Sep-12		Oct-12		30-Nov-12		06-Dec-12	
Banks	258,75	49,2%	254,36	43,72%	217,27	33,88%	265,03	36,63%	293,16	38,54%	297,98	37,66%	317,43	39,05%	309,03	37,05%	304,02	36,43%	304,34	36,41%
Govt Institutions	23,01	4,4%	22,50	3,87%	17,42	2,72%	7,84	1,08%	3,12	0,41%	20,36	2,57%	4,63	0,57%	13,62	1,63%	6,23	0,75%	3,63	0,43%
Non-Banks	243,93	46,4%	304,89	52,41%	406,53	63,40%	450,75	62,29%	464,30	61,05%	472,85	59,76%	490,73	60,38%	511,88	61,36%	524,30	62,82%	527,79	63,15%
Mutual Funds	33,11	6,3%	45,22	7,77%	51,16	7,98%	47,22	6,53%	46,95	6,17%	48,60	6,14%	47,01	5,78%	46,66	5,59%	45,87	5,50%	45,40	5,43%
Insurance Company	55,83	10,6%	72,58	12,48%	79,30	12,37%	93,09	12,86%	100,63	13,23%	106,86	13,51%	109,54	13,48%	108,06	12,96%	108,05	12,95%	95,13	11,38%
Foreign Holders	87,61	16,7%	108,00	18,56%	195,76	30,53%	222,86	30,80%	224,72	29,55%	224,42	28,37%	240,98	29,65%	250,33	30,00%	269,85	32,33%	274,35	32,83%
Insurance	0,03	0,0%	0,06	0,01%	1,35	0,21%	2,94	0,41%	3,16	0,42%	2,72	0,34%	3,21	0,39%	3,32	0,40%	3,32	0,40%	3,32	0,40%
Pension Fund	0,17	0,0%	1,23	0,21%	2,31	0,36%	2,76	0,38%	2,83	0,37%	3,04	0,38%	3,19	0,39%	3,26	0,39%	3,65	0,44%	3,95	0,47%
Corporate	0,69	0,1%	3,66	0,63%	5,71	0,89%	6,59	0,91%	7,40	0,97%	6,87	0,87%	6,63	0,82%	7,23	0,87%	10,16	1,22%	10,41	1,25%
Fin. Institutions	83,38	15,9%	78,41	13,48%	126,69	19,76%	133,63	18,47%	134,00	17,62%	130,38	16,48%	141,27	17,38%	146,15	17,51%	160,25	19,20%	163,69	19,59%
Individual	0,06	0,0%	0,06	0,01%	0,10	0,02%	0,09	0,01%	0,07	0,01%	0,08	0,01%	0,09	0,01%	0,10	0,01%	0,09	0,01%	0,09	0,01%
Mutual Fund	0,49	0,1%	21,53	3,70%	53,53	8,35%	68,30	9,44%	65,08	8,56%	66,97	8,46%	68,73	8,46%	70,38	8,43%	71,05	8,51%	71,05	8,50%
Securities	2,67	0,5%	2,65	0,45%	4,34	0,68%	4,88	0,67%	4,36	0,57%	4,34	0,55%	5,53	0,68%	5,64	0,68%	5,61	0,67%	5,61	0,67%
Foundation					0,07	0,01%	0,06	0,01%	0,02	0,00%	0,03	0,00%	0,05	0,01%	0,06	0,01%	0,07	0,01%	0,07	0,01%
Others	0,11	0,0%	0,39	0,07%	1,64	0,26%	3,60	0,50%	7,78	1,02%	10,00	1,26%	12,28	1,51%	14,18	1,70%	15,64	1,87%	16,15	1,93%
Pension Fund	32,98	6,3%	37,50	6,45%	36,75	5,73%	34,39	4,75%	33,93	4,46%	34,56	4,37%	34,35	4,23%	35,84	4,30%	35,29	4,23%	47,91	5,73%
Securities Company	0,53	0,1%	0,46	0,08%	0,13	0,02%	0,14	0,02%	0,53	0,07%	0,27	0,03%	0,51	0,06%	0,41	0,05%	0,33	0,04%	0,30	0,04%
Others	33,87	6,4%	41,12	7,07%	43,43	6,77%	53,05	7,33%	57,54	7,57%	58,14	7,35%	58,35	7,18%	70,59	8,46%	64,92	7,78%	64,70	7,74%
Total	525,69	100%	581,75	100%	641,21	100%	723,61	100%	760,58	100%	791,18	100%	812,80	100%	834,53	100%	834,55	100%	835,75	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 - Recan and Non Recan Banks include foreign banks branches and subsidiaries