



Government of Indonesia Global Sukuk (Case Study: SNI-22)

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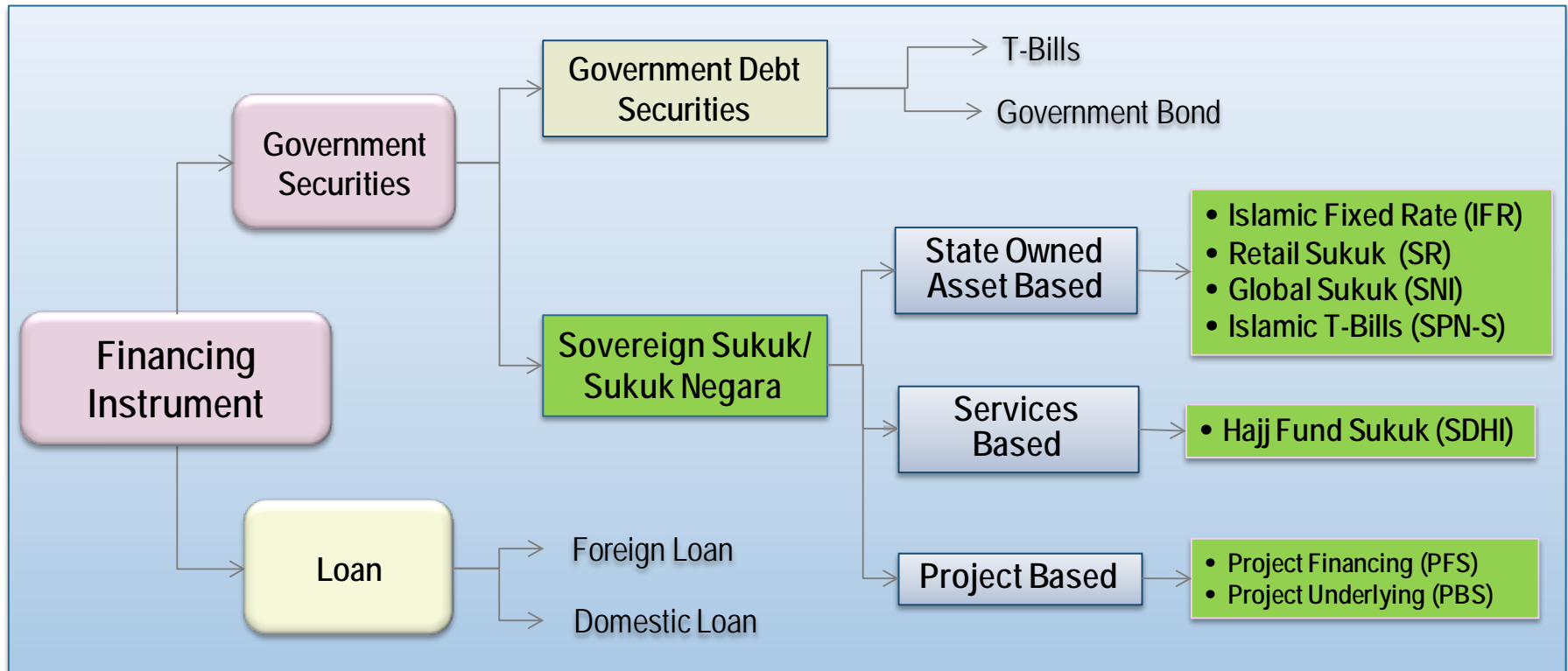
Overview of Indonesia Sovereign Sukuk (*Sukuk Negara*)



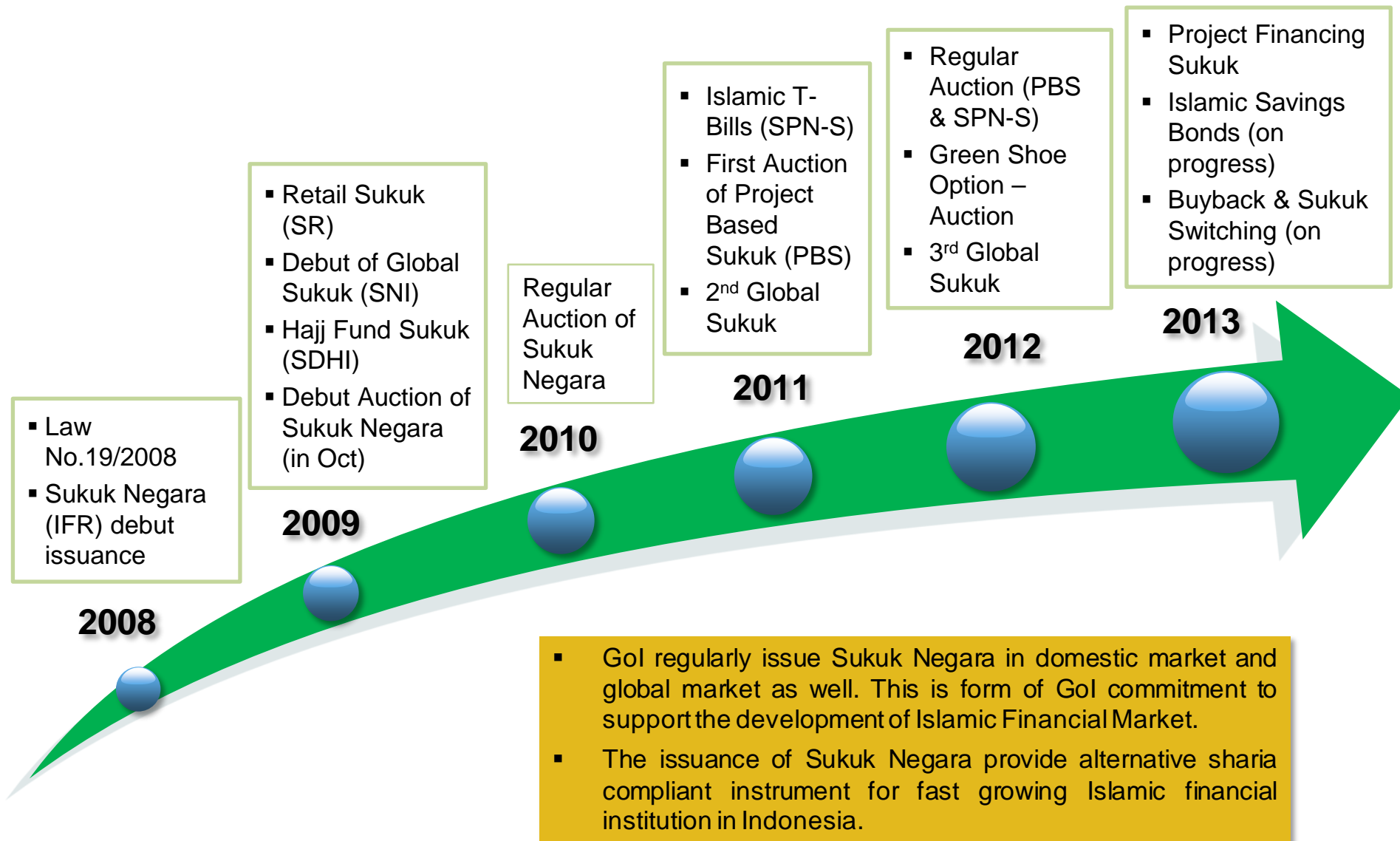
Sukuk Negara as State Budget Financing Instrument



- ✿ Indonesia is running on State Budget deficit policy.
- ✿ The deficit is financed through:
 - **Government Securities Issuance** (domestic and global)
 - **Foreign Financing** (bilateral, multilateral, and commercial loan)



Road Map of *Sukuk Negara*



Sukuk Negara Product Development



IFR

SR

SNI

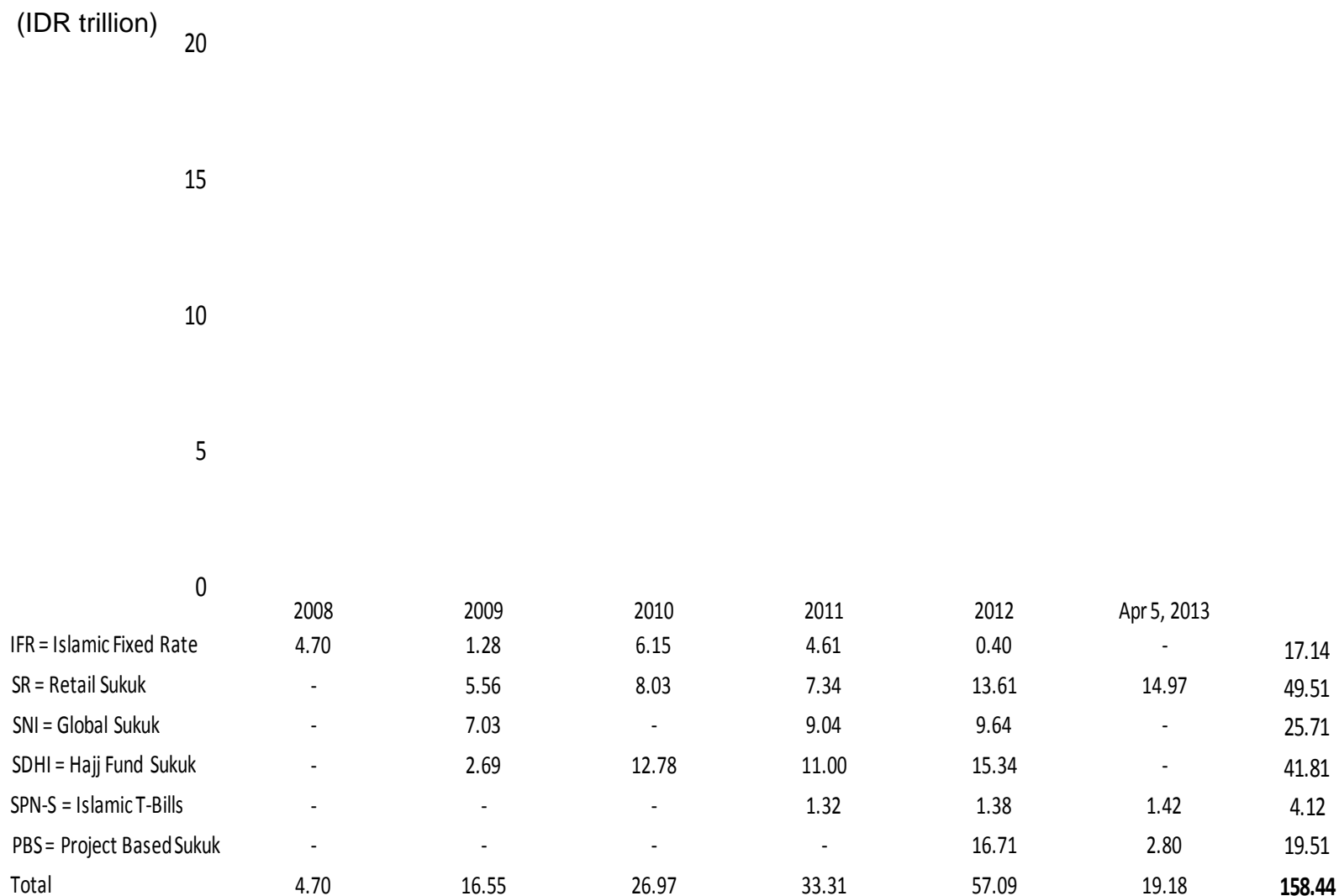
SPN-S

SDHI

PBS

Series	Islamic Fixed Rate (IFR)	Retail Sukuk (SR)	Sukuk Negara Indonesia (SNI)	Islamic T-Bills (SPN-S)	Hajj Fund Sukuk (SDHI)	Project Based Sukuk (PBS)
Aqad	Ijara Sale & Lease Back				Ijara al-Khadamat	Ijara Asset to be Leased
Underlying	State Owned Assets				Hajj Services	Government Projects
Coupon Rate	Fixed Rate					
Tradability	Tradable				Non-Tradable	Tradable
Issuance Methods	- Bookbuilding - Auction	Bookbuilding	Bookbuilding	Auction	Private Placement	Auction
Characteristics	IDR Sukuk for wholesale investors. Mid to long term tenors, semi annual coupon	IDR Sukuk for retail Indonesian investors, monthly coupon payment	USD denominated Sukuk, issued in international market, semi annual coupon	IDR Sukuk, mature in 6 months, discounted basis	Private placement, short term, monthly coupon	IDR Sukuk, mid to long term tenors, semi annual coupon

Sukuk Negara Issuance (as of April 5, 2013)



Outstanding of *Sukuk Negara* (as of April 5, 2013)



Series	Total Amount (IDR)
Tradable	
Wholesale	
IFR	17,136,700,000,000
PBS	20,154,000,000,000
SPN-S	1,525,000,000,000
Retail	
SR	35,924,090,000,000
USD Denominated	
SNI	25,845,450,000,000
Non-Tradable	
SDHI	35,783,000,000,000
Grand Total	136,368,240,000,000

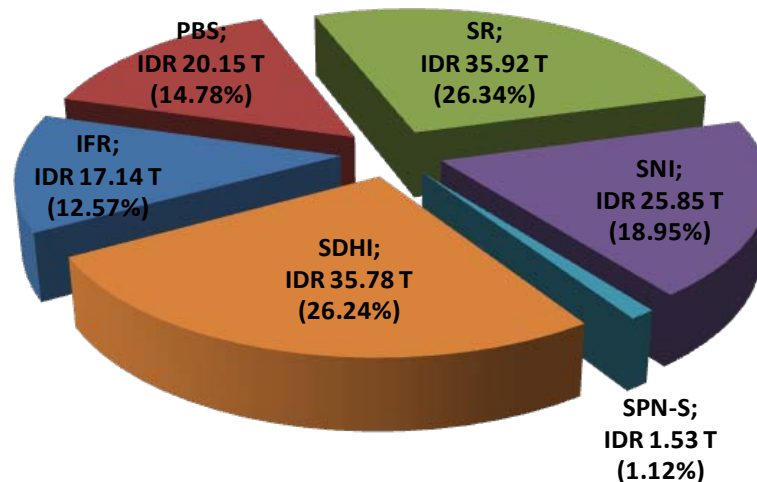
Notes:

1. Aqad:

- Ijara Sale and Lease Back: SPN-S, IFR, SR002, SR003 and SNI
- Ijara Asset to be Leased: PBS, SR004 and SR005
- Ijara Al Khadamat: SDHI

2. Exchange rate: IDR 9,753 / USD

Distribution by Series

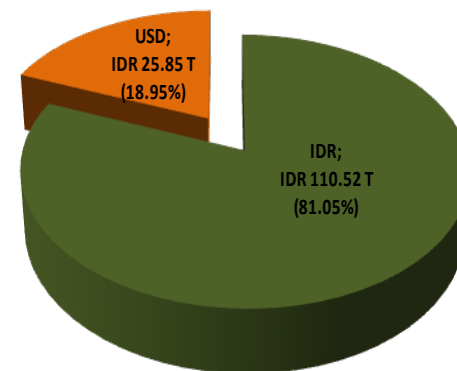


Distribution by Tradability

Non-tradable;
IDR 35.78 T
(26.24%)

Tradable;
IDR 100.59 T
(73.76%)

Distribution by Currency

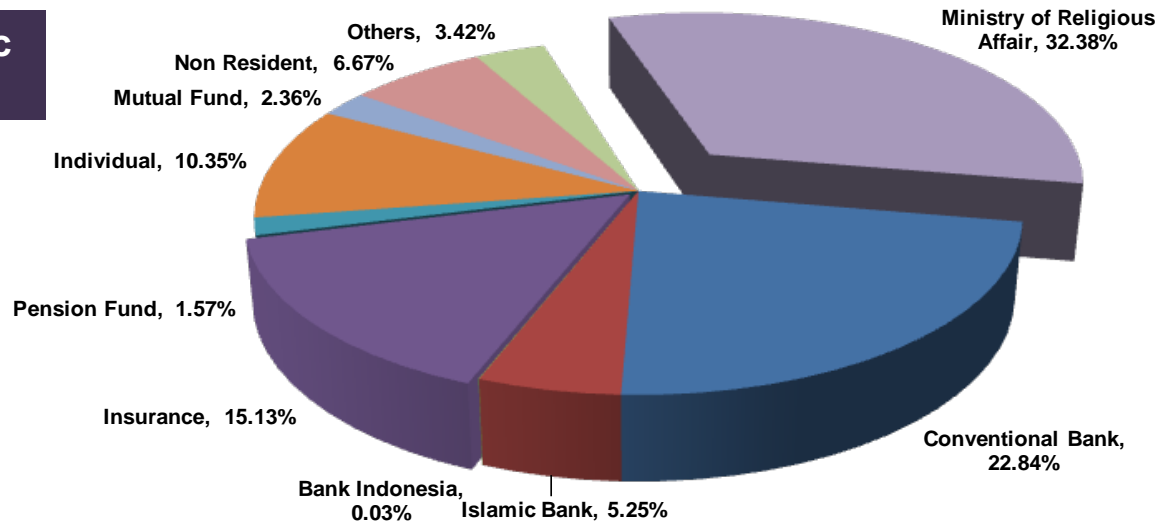


Domestic *Sukuk Negara* Secondary Market

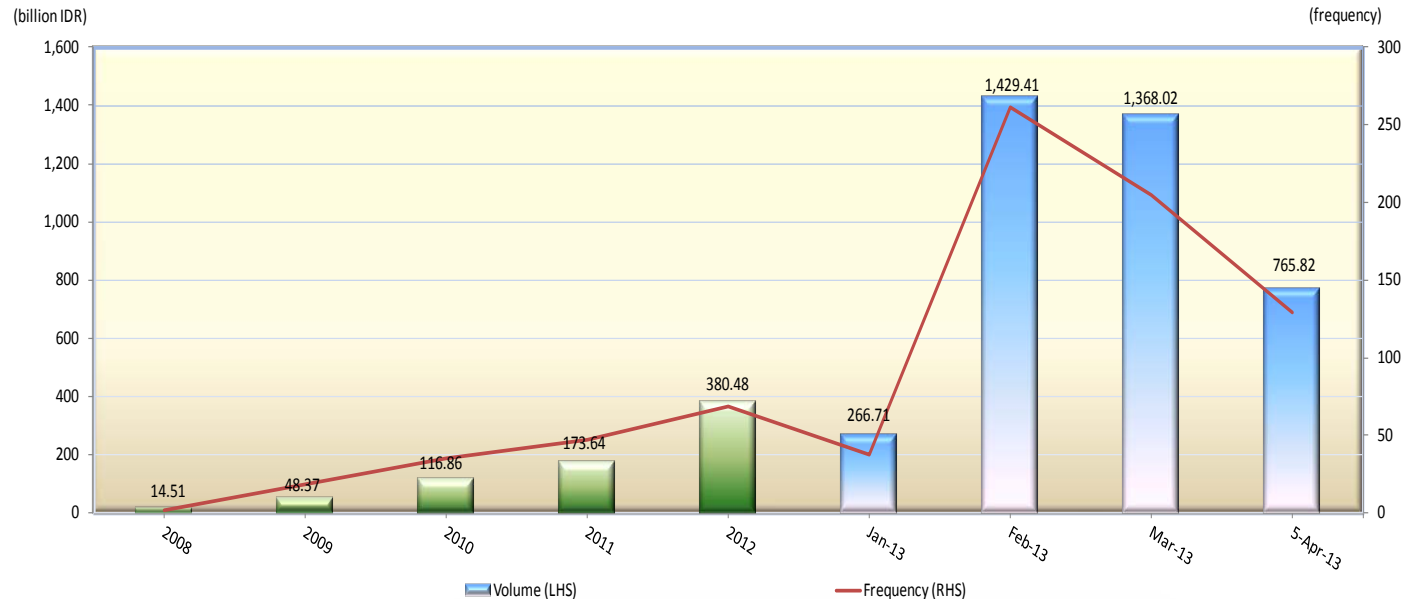
(as of April 5, 2013)



Ownership of Domestic *Sukuk Negara*



Average Daily Trading of Domestic *Sukuk Negara*





Case Study: SNI-22 (The Latest GoI Global Sukuk)



Issuance Considerations



- Global GoI sovereign sukuk issuance is needed in order to finance the state budget deficit. Size of issuance has been determined by the government and the time of issuance is subject to market conditions.
- On the 1st and 2nd week of November 2012, the global market was mostly bearish because investors became spooked by concerns over the impending U.S. fiscal cliff as well as speculation that Greece's bailout may be delayed.
- Domestically, the release of Q3-2012 Indonesia GDP data showed a lower y/y figure than Q2-2012 despite of a higher q/q figure than previous quarter. Nevertheless, they were slightly lower than the government's expectation.
- On September 2012, the government of Turkey issued USD1.5 billion 5.5-year sovereign sukuk and on July 2012, the government of Qatar issued dual-tranche (5.5-year and 10.5-year) USD4.0 billion sovereign sukuk. Both issuances recorded high book orders from global investors.

Summary of Terms and Conditions



Issuer	:	Perusahaan Penerbit Indonesia III
Obligor	:	The Republic of Indonesia
Rating	:	BB+(S&P) /Baa3 (Moody's)/ BBB-(Fitch)
Format	:	Islamic GMTN, 144A/Reg.S
Structure	:	Sukuk Al Ijara
Size	:	USD1.0 bn
Pricing/Settl.Date	:	14 Nov 2012/21 Nov 2012
Maturity Date	:	21 Nov 2022
Tenor	:	10 years
Periodic Distributions	:	3.30% p.a., semi annually
Price/Re-offer Spread	:	100% / UST+ 170 bps
Governing Law	:	English Law, Indonesian law
Listing	:	Singapore Stock Exchange
JLM	:	Deutsche Bank , HSBC and Standard Chartered



→ Landmark Transaction for a High Profile Issuer

- The transaction marks the inaugural drawdown off Rol's newly established USD 3 billion Trust Certificate Issuance Programme.
- The deal is the third Global Sukuk offering by the Rol since its debut Global Sukuk in 2009.
- The yield achieved is the lowest ever for a 10-year USD transaction by an Asian sovereign and the lowest ever coupon for a USD bond transaction by the Rol.



→ **Astute and Well-Timed Execution Strategy**

- Though equity and credit markets remain unsettled, the deal was successfully priced at 3.30% (20 bps tighter than the initial price guidance of 3.50%).
- Impressive orderbook consisting of US\$5.3 billion (oversubscription of 5.3x) in orders from over 250 high quality institutional accounts from Asia, Europe, Middle East and the U.S.
- Priced at a spread of T+170 bps, the tightest issue spread ever achieved for a 10-year transaction by Rol.

Tight Pricing Compared to Global 10-Year Sovereign Sukuks



The recent RoI Sukuk has priced inside nearly all other global 10-year sovereign sukuk and only 6 bps wider than Qatar's recent deal, despite being rated 7 and 8 notches lower by Moody's and S&P, highlighting the market's

Issuer	Date of Issue	Maturity	Tenor (years)	Deal Size (USD mn)	Periodic Distribution Rate (%)	Moody's Rating	S&P Rating	Fitch Rating	Spread to Benchmark UST (bps)
GLOBAL 10-YEAR SUKUKS									
Republic of Indonesia	14-Nov-12	21-Nov-22	10.0	1,000	3.300	Baa3	BB+	BBB-	170.0
State of Qatar	11-Jul-12	18-Jan-23	10.5	2,000	3.241	Aa2	AA	NR	174.1
Dubai	25-Apr-12	2-May-22	10.0	650	6.450	NR	NR	NR	445.7
Malaysia	28-Jun-11	6-Jul-21	10.0	800	4.646	A3	A-	NR	165.0

- ✓ Indonesia is one of only a handful of sovereigns in the world to have tapped the Sukuk market at a 10-year tenor
- ✓ Investors and markets remain extremely receptive towards Indonesia as a credit, allowing the Republic to price at similar levels to Qatar, despite Qatar being one of the wealthiest nations in the world on a per capita basis and rated 7 to 9 notches higher by rating agencies

Distribution of Investors



By Region

Middle East/
Islamic
30%

Indonesia
20%

Asia
23%

US
12%

Europe
15%

By Industry

Bank
35%

Central Bank &
Sovereign Wealth
Fund
17%

Private Bank
5%

Funds
40%

Insurance
3%

SNI-22 vs SNI-18



	SNI-22	SNI-18
Issuer	Perusahaan Penerbit Indonesia III	Perusahaan Penerbit Indonesia II
Obligor	The Republic of Indonesia	The Republic of Indonesia
Rating	BB+(S&P) /Baa3 (Moody's)/ BBB-(Fitch)	BB+(S&P) /Baa1 (Moody's)/ BB+(Fitch)
Format	Islamic GMTN, 144A/Reg.S	Standalone, 144A/Reg.S
Structure	Sukuk Al Ijara	Sukuk Al Ijara
Size	USD1.0 bn	USD1.0 bn
Pricing/Settl.Date	14 Nov 2012/21 Nov 2012	14 Nov 2011/21 Nov 2011
Maturity Date	21 Nov 2022	21 Nov 2018
Tenor	10 years	7 years
Periodic Distributions	3.30% p.a., semi annually	4.00% p.a., semi annually
Price/Re-offer Spread	100% / UST+ 170 bps	100% / UST+ 255 bps
Governing Law	English Law, Indonesian law	English Law, Indonesian law
Listing	Singapore Stock Exchange	Singapore Stock Exchange
JLM	Deutsche Bank , HSBC and Standard Chartered	Citibank , HSBC and Standard Chartered



**“Best Islamic Deal
of The Year”**



“Best Sovereign Bond”



Sukuk Negara



Any queries please contact:

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