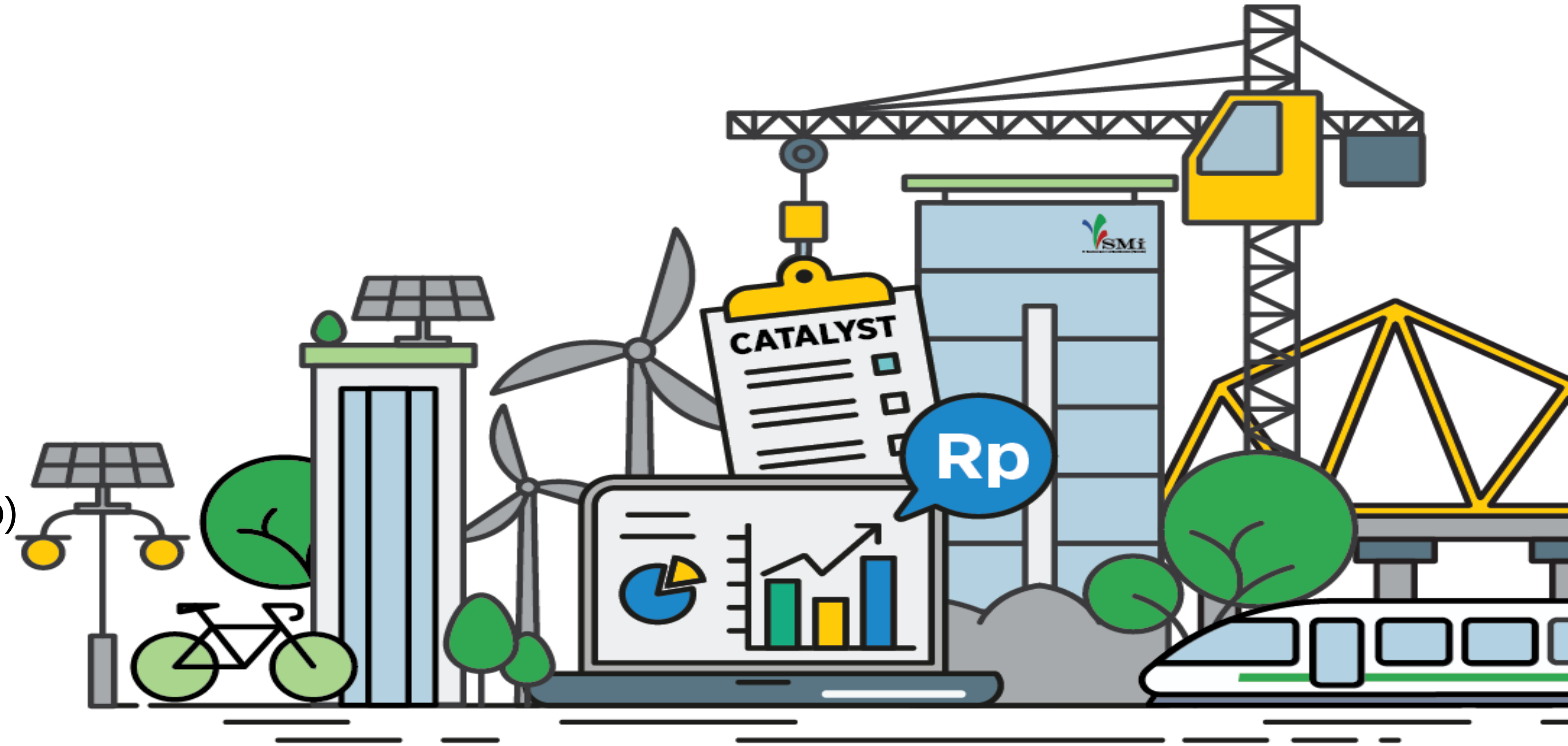
Financial Products to Increase Finance Mobilization and Their Impact on Development in the Asia-Pacific Region: The Case of PT SMI as the Indonesian Development Financial Institution (DFI)



PT Sarana Multi Infrastruktur (Persero)

September 2024

AGENDA

01 *Profile of PT SMI as a Catalyst for Infrastructure Development in Indonesia*

02 Mobilization of Finance thorugh Funding Activity

03 Mobilization of Finance through Financing Activity

PT SMI is a Development Financing Institution of the Indonesian Government Responsible to Accelerate Infrastructure Development in Indonesia

Structure of PT SMI

Government of Indonesia

100%

30%

INDONESIA INFRASTRUCTURE FINANCE

- PT SMI was established in 2009 as a State-Owned Enterprise ("BUMN") under the Ministry of Finance.
- PT SMI's business activities adhere to Financial Services Authority Regulation (“POJK”) concerning Infrastructure Financing Companies

Vision

"To be a catalyst in accelerating national infrastructure development"

Mission

1. Becoming a strategic partner that provides added value in infrastructure development in Indonesia
2. Creating flexible financing products
3. Providing quality services with good governance

Business Pillars

FINANCING & INVESTMENT

Rp **142.6T** (~USD9.3 bio) Total Commitment Financing and Investment

Rp **90.9T** (~USD5.9 bio) Total Assets Financing and Investment

Rp **51.1 T** (~USD 3.4 bio) Private Sector Entity

Rp **8.8 T** (~USD 579 Mio) Business Entity - Sharia

Rp **31.0 T** (~USD2.04 bio) Public Sector Financing

CONSULTING SERVICES

Rp **13B** *Contract on hand* (~USD 855.263)

Rp **20.2B** 2023 revenue (~USD 1.3 mio)

5 Advisory work that has generated consulting services income

3 Carryover mandate 2022

2 Latest mandate 2023

PROJECT DEVELOPMENT

Rp **10.6T** Total Value of 6 ongoing PPP PPP Projects (2 PSN) (~USD 697 mio)

Rp **335.7B** Contract on hand PDF multi years (~USD 22.1 mio)

Rp **50.2B** (~USD 3.3 mio) Contract on hand targeted to become revenue in 2023

5 PPP Assignment Pipeline **(2 PSN)**

7 Non PPP Project Preparation

Sectoral Focus

Transportation, Road, Energy Efficiency, Telecommunication, Train Rolling Stock, Electricity, Oil and Gas, Informatics, R/E & Energy Conservation, Wastewater, Water Resources, Waste Management System, Drinking Water, Irrigation, Sports Facilities, Arts Facilities, Public Housing

Social Infrastructure: Health (Hospital), Correctional Facility, Education Facilities, Tourism, Urban, Estate

Expansion of Mandate: Other Development Financing based on Government task

PT SMI Offers Complete Infrastructure Development Solutions through its Three Core Business Pillars

01 Source of Funds

Conventional

- Capital Injection from GOI
- Capital Market (Bonds, Notes, Securitization, Green Bond)
- Loans and Grants
- Asset Sales and Other Income based on Shareholders Meeting approval

Syariah

- Sharia Capital Market (Sukuk, Sharia Hedging)
- BPJS / Sharia Insurance
- Hajj & Syirkah Funds
- *Sovereign Wealth Fund*

02 PT SMI Business Pillars

Pilar #1

FINANCING & INVESTMENT

Commercial & Sustainable Financing

- *Investment financing*
- *Takeout financing*
- *Promoter financing*
- *Working capital financing*
- *Bridge loan*
- *Subordinate/junior loan*
- *Mezzanine*
- *Equity investment*
- *Regional/municipal financing arranger & underwriter service*
- *Cash deficiency support*

Sharia Financing

- IMBT
- Murabahah
- MMQ
- Musyarakah
- IMFZ

Pilar #2

ADVISORY SERVICES

- Financial Advisory
- Investment Advisory
- Financing Arranger
- Investment Advisory & Financial Advisory (Sharia)

Pilar #3

PROJECT DEVELOPMENT

- PPP Project Development
- Fund Management for Geothermal Infrastructre Development
- Renewable Energy Project Development & Energy Efficiency
- Project Preparation for Municipal Financing
- Capacity Building and Technical Assistance

SDG Indonesia One

03 Sectoral Focus

Public Infrastructure

- Transportation
- Road
- Energy efficiency
- Telco
- Electricity
- Oil & Gas
- Train rolling stock
- Water Resources
- Sport facilities
- Waste management
- Drinking water
- Sarana Kesenian
- Informatics
- Public housing
- Renewable Energy & Energy Conservation
- Wastewater

Social Infrastructure

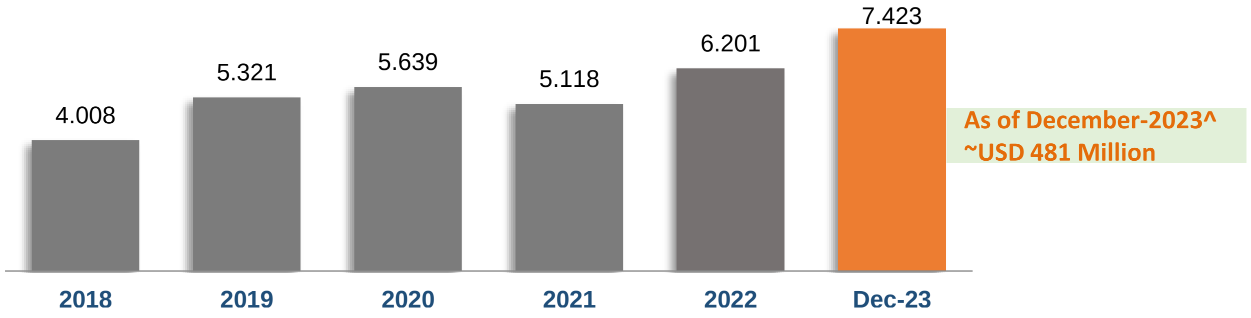
- Health (Hospital)
- Correctional Facility
- Education Facilities
- Tourism
- Urban
- Estate

Financial Performance of PT SMI

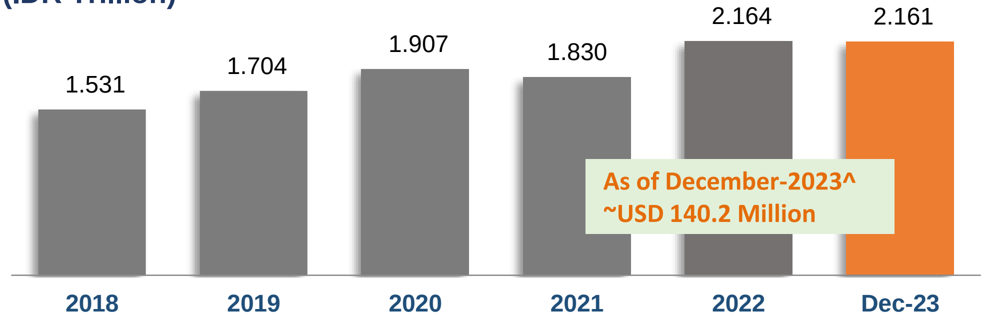
Corporate Rating: AAA

		2018 (Audited)	2019 (Audited)	2020 (Audited)	2021 (Audited)	2022 (Audited)	2023 (Audited)
Financial Statements Opinion		Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion
Rating	Domestic	AAA/Stable (Pefindo)	AAA/Stable (Pefindo)	AAA/Stable (Pefindo)	AAA/Stable (Pefindo)	AAA/Stable (Pefindo)	AAA/Stable (Pefindo)
	International	BBB/Stable (Fitch Ratings)	BBB/Stable (Fitch Ratings)	BBB/Stable (Fitch Ratings)	BBB/Stable (Fitch Ratings)	BBB/Stable (Fitch Ratings)	BBB/Stable (Fitch Ratings)

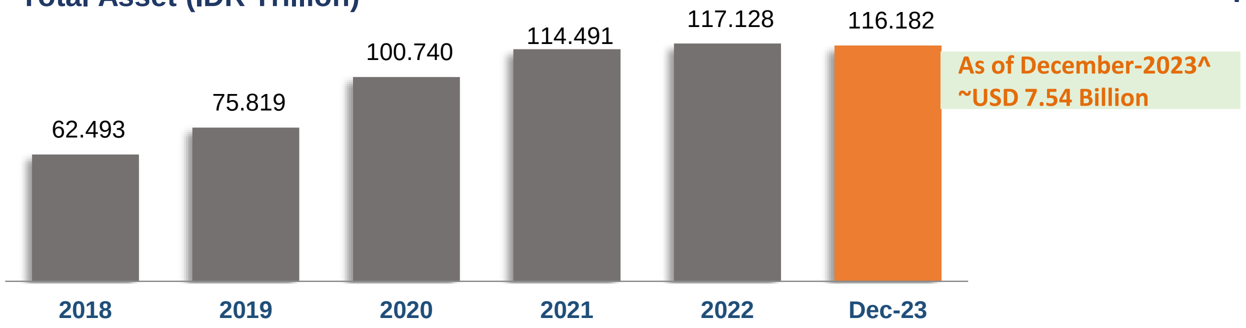
Total Revenue (IDR Trillion)



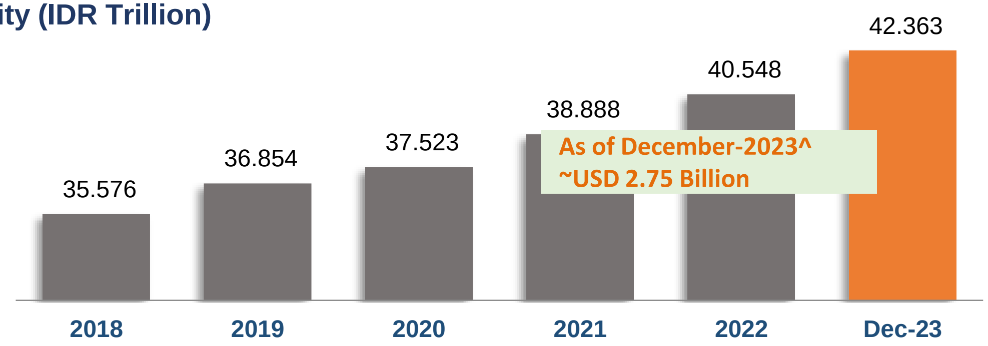
Net Profit (IDR Trillion)



Total Asset (IDR Trillion)



Total Equity (IDR Trillion)



Exchange Rate: USD 1 = IDR 15,416

Our Strategic Partners

Collaborative Actions to Maximize Impacts

Coalition / Association Partners

ADFIAP financing sustainable development
ADFIMI
IDFC International Development Finance Club
Water Finance Coalition
Inisiatif Keuangan Berkelanjutan Indonesia
avpn Asian Venture Philanthropy Network
Finance in Common
D20 Long-Term Investors Club

National Accredited Entity Partner

Green Climate Fund

Strategic Partnership

SDG Indonesia One

New Zealand Foreign Affairs & Trade Aid Programme
Medco Group
adaro
Bloomberg Philanthropies
AFD
ADB
Climateworks Centre
UNDP
Global Green Growth Institute
JICA
IGES Institute for Global Environmental Strategies
Climate Policy Initiative
CleanPower Indonesia
CK Hutchison
KfW
The World Bank IBRD · IDA | World Bank Group
USAID From the American People
European Climate Foundation
Dompet Dhuafa
Li Ka Shing Foundation 李嘉誠基金會
IFU Climate Bonds Initiative
AIIB
FMO Entrepreneurial Development Bank
IsDB البنك الإسلامي للتنمية Islamic Development Bank
Infrastructure Asia
European Investment Bank
Canada
mentari A UK-Indonesia Low Carbon Energy Partnership
engie
Standard Chartered
UOB
BCA
中国交建 China Communications Construction

Partners under SDG Indonesia One could be classified in some facilities such as Development Facilities, De-risking Facilities, Financing Facilities and Equity Fund.

AGENDA

01 Role of PT SMI as a Catalyst for Infrastructure Development in Indonesia

02 ***Mobilization of Finance thorugh Funding Activity***

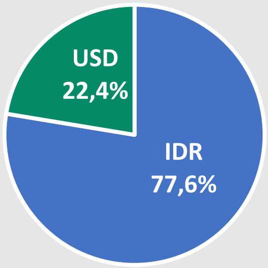
03 Mobilization of Finance through Financing Activity

Mobilization of Private Finance & Instruments through Funding Activity

Fund Raising Activities of PT SMI (DFI/MDBs and Non DFIs)

as of December 2022

Bonds
IDR 20,9 T
~USD 1.3 b
(28%)



Shelf Registration IDR Bonds:

- Program Bonds I
- Program Bonds II
- Program Green Bonds I
- Program Sukuk Mudharabah I

Program Bonds III (2022 – 2024)

Program Size **IDR 20 T** ~USD 1.3 b

Stage I (2022) = IDR 1,0 T ~USD 0.1 b
Stage II (2022) = IDR 3,5 T ~USD 0.2 b
Stage III (2023) = IDR 4,0 T ~USD 0.2 b

Program Sukuk Mudharabah II (2022 – 2024)

Program Size **IDR 5 T** ~USD 0.3 b

Stage I (2022) = IDR 0,5 T ~USD 0.03 b

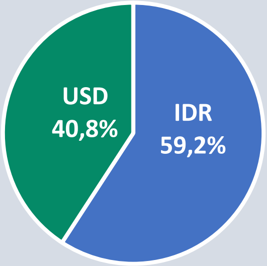
USD Bonds

EMTN Program

Program Size

2026 Notes = USD 300 m

Commercial Banks
IDR 23,4 T
~USD 1.5 b
(29%)



Bilateral Facilities

USD 700 mio
Offshore Loan Syndication

Banking Partners

MUFG, UOB, Standard Chartered, HSBC, Bank of China, Maybank, CTBC Bank, QNB, DBS, BSI Bank Syariah Indonesia, BNI, mandiri, BCA, Danamon, PermataBank

Multilateral & DFI
IDR 6,7 T
~USD 0.4 b **(9%)**

Government of Indonesia
IDR 25,9 T
~USD 1.6 b
(34%)

Related to Financing for Economic Recovery Program to Regional Gov & Subordinated Loan from Multilateral

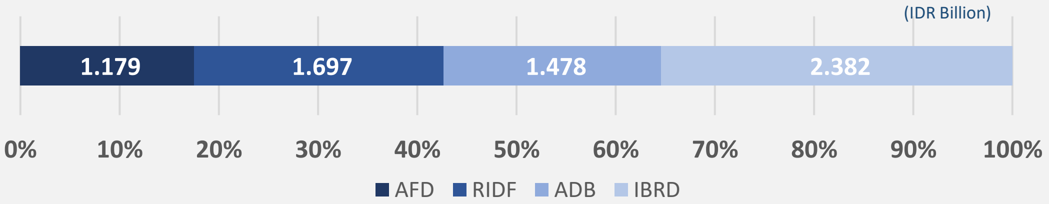
Funding support from Multilateral Agency & DFI, including to support the achievement of Sustainable Development Goals (SDGs)

ADB, AFD, THE WORLD BANK (IBRD • IDA | WORLD BANK GROUP)

SDG Indonesia One

USD 3,25 bio
Commitment

USD 233 mio
Realization



In carrying its role, PT SMI will continue to promote **financial deepening** by issuance and placement of debt instruments and capital market deepening to support domestic financial market, in addition to establish efficient **blended finance** formulas between bonds, multilateral loans, grants, fiscal instruments, equities or other forms of Government support.

1 USD = IDR 15,731

Case Study of Innovative & Green Funding Activity 1#: Fund Raising through Sustainability-linked Loan

Borrower	PT Sarana Multi Infrastruktur (Persero) (“**SMI**”)
MLABs	Bank of China (Hong Kong) Limited (“**BOCHK**”), CTBC Bank Co., Ltd and PT Bank CTBC Indonesia (“**CTBC**”), DBS Bank Ltd. (“**DBS**”), Mizuho Bank, Ltd. and/or its affiliates (“**Mizuho**”), MUFG Bank, Ltd. (“**MUFG**”) and United Overseas Bank Limited (“**UOB**”)
Facility	USD Sustainability-Linked Syndicated Term Loan Facility
Facility Amount	USD 700 Million
Purpose	To refinance SMI’s existing indebtedness and thereafter for general corporate purposes
Signing Date	13 September 2023
Availability Period	Q3 2028

Case Study of Innovative & Green Funding Activity 2#: Green Bond Issuance

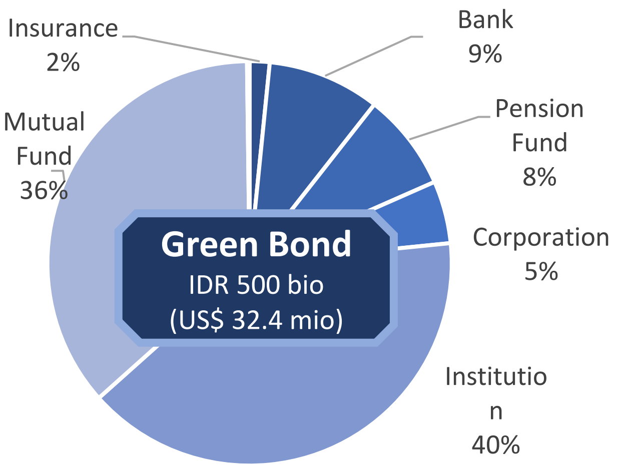
Green Bond Structure of PT SMI

Name	Green Bond *Berkelanjutan* I Sarana Multi Infrastruktur Stage I	
Issued Amount	Rp500 billion (~US$ 32.4 mio) (with total size of Rp 3 trillion/~194.6 mio)	
Date	9-Jul-18	
	Series A 3 years (6-Jul-21)	**Series B** 5 years (6-Jul-23)
Amount	**Rp 251.5** billion ~US$ 16.3 mio	**Rp 248.5** billion ~US$ 16.1 mio
Coupon	**7.55%**	**7.80%**
Risk Free Indication	**7.08%**	**7.18%**

Green Bond Allocation of PT SMI

Sector	Project Name	Fund Allocation
Renewable Energy	Mini Hydro Tunggang Bengkulu	12.6%
	Mini Hydro Lubuk Gadang	23.7%
Clean Transportation	Light Rail Transit (LRT) Jabodebek	63.7%

Green Bond Investors of PT SMI



Environmental Impact Estimation

Project Name	GHG Emission Avoided (ton CO2e)	Energy Savings (TJ)	Energy Produced (MWh)	Renewable Energy Capacity Added (MW)
Mini hydro Tunggang Bengkulu*	59,568	-	73,000	10.0
Mini hydro Lubuk Gadang	48,924	-	58,803	7.5
Light Rail Transit (LRT) Jabodebek*	40,852	2,641	-	-
	149,344	**2,641**	**131,803**	**17.5**

PT SMI allocated 100% fund from Green Bond *Berkelanjutan* I Sarana Multi Infrastruktur Stage I 2018 to eligible projects in Green Bond Framework.

Compulsory Standards

OTORITAS JASA KEUANGAN

POJK No. 60/POJK.04/2017

ASEAN Green Bond Standards

The Green Bond Principles

Second Opinion from Environment Expert

°CICERO

Medium Green

AGENDA

01 Profile of PT SMI as a Catalyst for Infrastructure Development in Indonesia

02 Mobilization of Finance thorugh Funding Activity

03 ***Mobilization of Finance through Financing Activity***

PT SMI Has Developed a Diversified Products on Sustainable Finance

PT SMI Products on Sustainable Finance

Infrastructure Development Finance

- Investment Finance
- Promoter financing
- Working capital financing
- Bridging loan
- Subordinate/ junior loan
- Mezzanine

Municipal Finance

- Project Based Loan
- Program Based Loan
- Grant for Project Development Support

De-risking Products

- Investment Grant
- Reimbursable Grant
- First Loss Mechanism
- Credit enhancement for Bonds

Green and Climate Finance

- SDG Indonesia One – Green Finance Facility
- Geothermal Resource Risk Mitigation
- Green Climate Fund

Policy Driven Finance

- National Recovery Program (PEN)
- Government Investment Scheme for SOE
- Energy Transition Mechanism

Sustainable Finance Have Been Implemented In PT SMI to Support Its Mandate as a Catalyst Of Infrastructure Development In Indonesia

Case Study of Innovative & Green Financing 1#: Syndicated Green Loan Facility for Electricity Company

Financing Facility in order to finance capital expenditure needs for environmentally friendly projects in accordance with the Green Financing Framework

GREEN LOAN Framework

PLN ***Green Financing Framework (Eligible Project)***

A. Renewable Energy
1. Solar PV
2. Wind
3. Geothermal
4. Hydro / Minihydro
5. Bioenergy and Biogas
6. Tidal
7. Transmission
8. Storage

B. Energy Efficiency
Industry Scale and Utility

C. Clean Transportation
EV Charging Station

Location	**Across Indonesia**
Financing Needs in IDR	Rp 12 Trillion (~USD 778.4 mio)
Financing Commitment PT SMI	**Rp 2 T (~USD 129.7 mio)**

Project Description
- CAPEX requirement for 2023-2040 in the Accelerated with Coal Phase Down scenario is USD 164.9 billion, where in 2023 the IDR funding requirement is IDR 12 T.
- DNV (Third Party) has reviewed the structure and function of the Project Selection criteria and ensured that they are in line with the criteria set out in the Green Loan Principles (2021).

FINANCING STRUCTURE

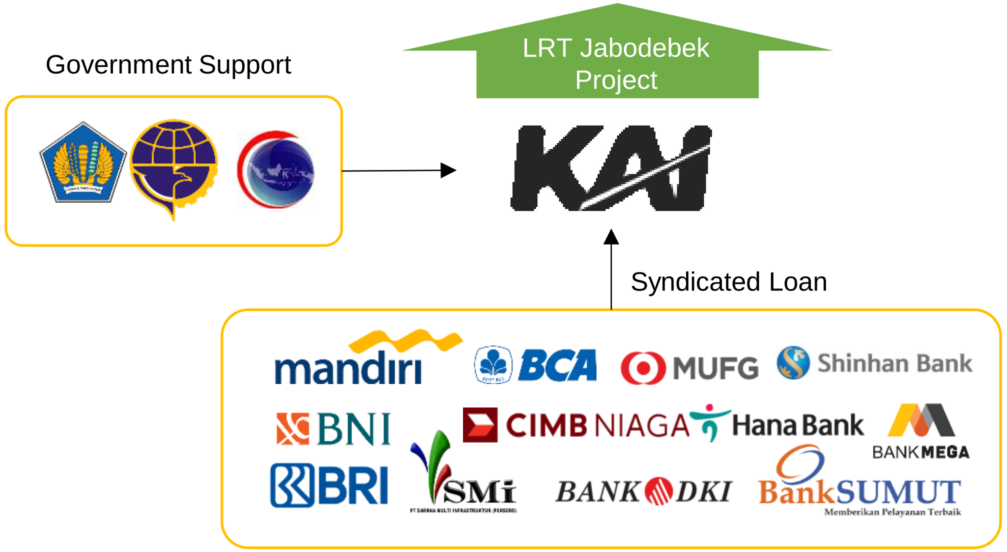
Financing Needs Rp 12 trillion

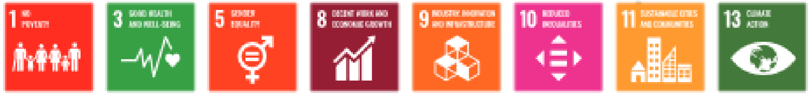
Syndicated Loan Rp 10 T (~USD 648,7 millon)
mandiri BNI BCA BSI

Bilateral Green Loan PT SMI Rp 2T (~USD129.7 mio)
Conventional : Rp 1 T (~USD 64.9 mio)
Syariah : Rp 1 T (~USD 64.9 mio)

Tenor	10 Years
Availability Period	3 Years
Grace Period	5 Years
Notes	• The financing facility can only be used to finance capital expenditure needs for green projects that comply with GFF and POJK 46 of 2022. • Every year client will submit an Impact Report and Allocation Report which are reviewed by a third party. If the financing facility is not used in accordance with the intended use, early prepayment must be made for the o/s.

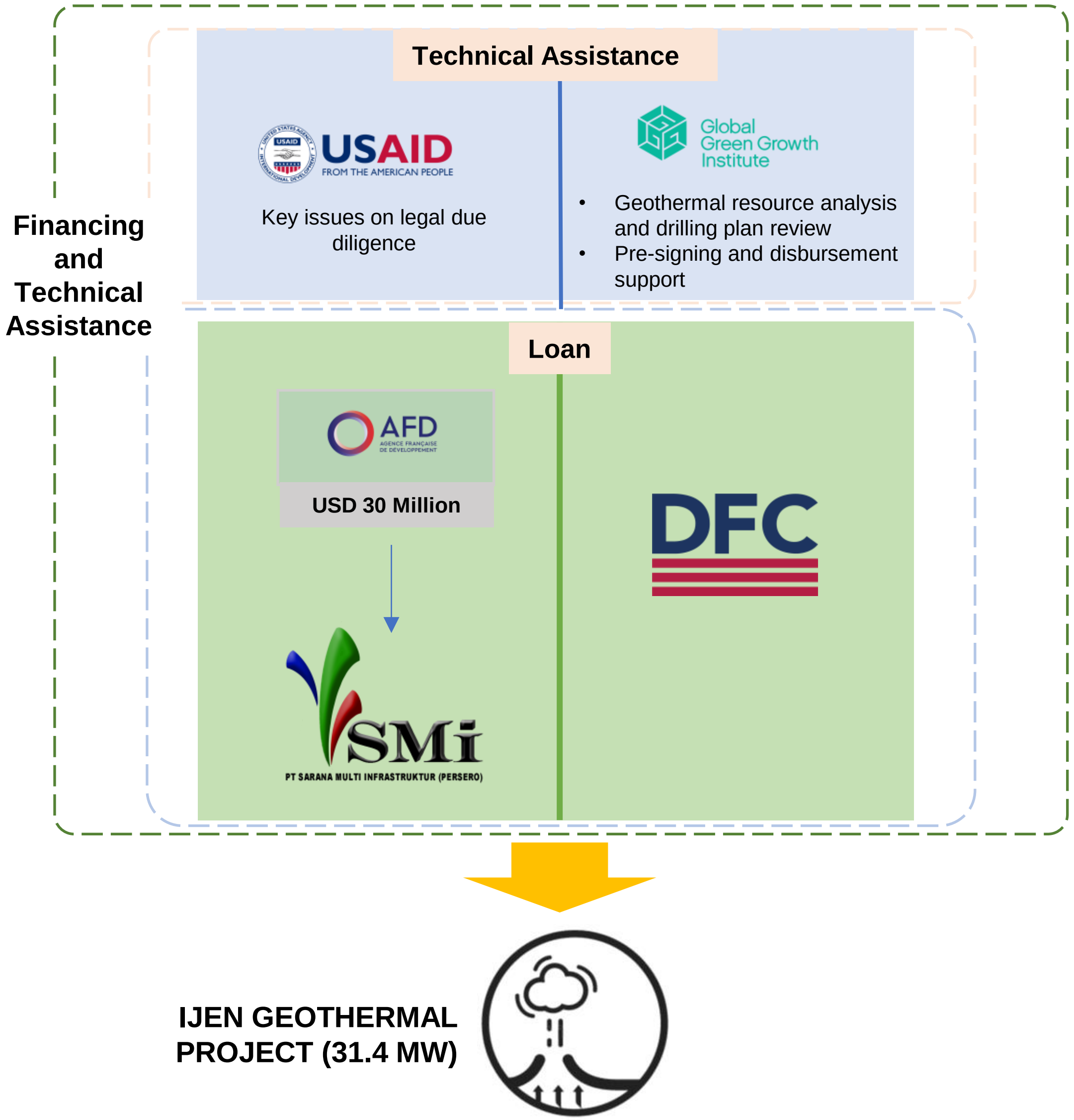
Case Study of Innovative & Green Financing 2#: Syndicated Loan Facility to Support the Urban Transport Project



Project Profile	
Project Name	LRT Jabodebek
Output	Single track train system that will connect Jakarta with surrounding cities such as Bogor, Depok, and Bekasi. The first phase will consist of three routes with a total length of ± 41.78 km.
Facility Type	Syndication Credit Agreement
Cost of Project*	IDR 32.5 trillion (~USD 2.1 Billion)
Loan Commitment	IDR 19.25 trillion (~USD 1.3 Billion)
FI involved in Syndication	Bank Mandiri, BNI, BRI, BCA, CIMB Niaga, PT SMI, Bank DKI, MUFG Bank, Hana Bank, Shinhan Bank Indonesia, Bank Sumut and Bank Mega
Tenor	18 years
Impact to SDG	
GHG Emission Avoided	72,841 tons of CO2e per year
Annual Energy Saved	2,775 Tj per year

Case Study of Innovative & Green Financing 3#: Blended Finance in Geothermal Energy Projects

Financing Structure



Project Profile

Project Name	Ijen Geothermal 31,4 MW
Facility Type	Loan and Technical Assistance
Project Value	USD 227,000,000
PT SMI's Commitment	USD 70,000,000
Output	Potential provision of renewable energy through geothermal
Support from SDG Indonesia One Partners	• **AFD:** Loan (With allocation to project of USD 30,000,000) • **GGGI**: Technical Assistance (Geothermal resource analysis and drilling plan review, pre-signing and disbursement support) • **USAID- SINAR**: Technical Assistance (Key issues on legal due diligence)

Case Study of Innovative & Green Financing 4#: De-risking and Financing to Increase the Project Bankability

Blended Finance Structure

Loan and Investment Grant

65%
IDR 16.150.000.000 (USD 1,077,016)

15%
IDR 3.702.000.000 (USD 247.111)

Investment Grant

Equity

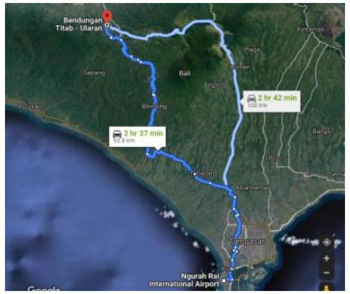
20%
IDR 4.936.000.000 (USD 332.397)
from project sponsor (Private Sector)

Total Project Cost: USD 1.6 million

Renewable Energy Project

Project Profile

Project	Mini Hydro Titab
Location	Bali Province
Facility	Senior Loan and Investment Grant
Project Cost	IDR 24.680.000.000 (USD 1,645,866)
Commitment	IDR 16.150.000.000 (USD 1,077,016)
Grant Portion	IDR 3.702.000.000 (USD 247.111)
Output	2 x 0.64 MW
Tenor	10 years with Grace Period 9 months
# of SDG	1 No Poverty; 7 Affordable and Clean Energy; 13 Climate Action



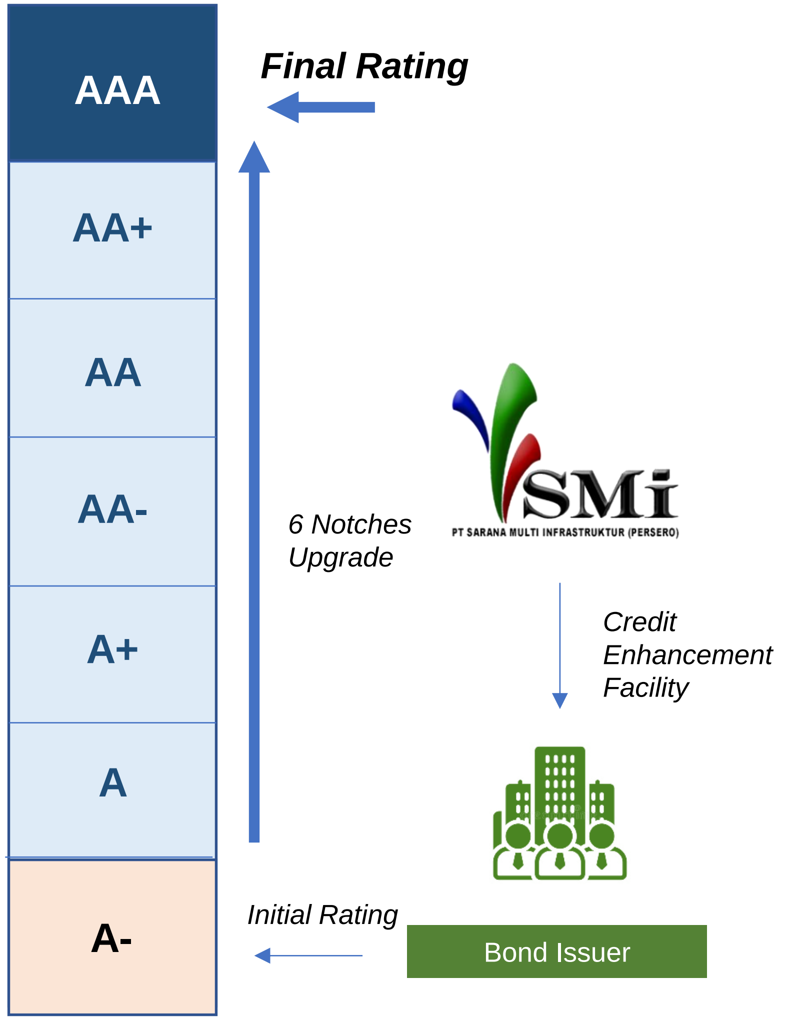
Case Study of Innovative & Green Financing 5#: Credit Enhancement for Supporting Bond Issuance for Hydro Projects

Facility Details

Sector	Electricity – Renewable Energy
Issuer	Private Sector
Issuance	IDR 750,000,000,000 (~USD 52.4 million)
Tenor	3 years, 5 years, 7 years
Rating	idAAA(sf)

*As an investment portfolio, **these bonds are relatively safe** because the Tamaris Hydro Bonds **are supported by the Credit Enhancement Facility (CEF) from PT Sarana Multi Infrastruktur (Persero) with a maximum standby facility of IDR 750 billion**. These funds can be used to fulfill the Reserve Fund for Interest Payments and/or the Reserve Fund for Repayment of Principal Bonds.*

Credit Enhancement Facility



Thank you,

PT Sarana Multi Infrastruktur (Persero)
Sahid Sudirman Center, 48th Floor
Jl. Jenderal Sudirman No. 86
Jakarta 10220, Indonesia
Phone: (62-21) 8082 5288 (hunting)
Fax : (62-21) 8082 5258
Email : corporatesecretary@ptsmi.co.id

ptsmi.co.id
infralib.ptsmi.co.id
@ptsmi
ptsmi_id
PT Sarana Multi Infrastruktur (Persero)