



Republic of Indonesia

“Navigating Global Economic Challenges: Strengthening Synergy to Maintain Stability and Revive Economic Growth”

December 2023

About Investor Relations Unit of the Republic of Indonesia



Investor Relations Unit (IRU) of the Republic of Indonesia has been established as a joint effort between Coordinating Ministry of Economic Affairs, Ministry of Finance and Bank Indonesia since 2005. The main objective of IRU is to actively communicate Indonesian economic policy and to address concerns of investors, especially financial market investors.

As an important part of its communication measures, IRU maintains a website under Bank Indonesia website which is administered by International Department of Bank Indonesia. However, day-to-day activities of IRU are supported by all relevant government agencies, among others: Bank Indonesia, Ministry of Finance, Coordinating Ministry for Economic Affairs, Ministry of Investment, Financial Services Authority, Ministry of State-Owned Enterprises, and The Committee for Acceleration of Priority Infrastructure Delivery.

IRU also arranges an investor conference call on a monthly basis, answers questions through email, telephone and may arrange direct visit of banks/financial institutions to Bank Indonesia and other relevant government offices.

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This Presentation Book is also available for download at: <https://www.bi.go.id/en/iru/presentation/default.aspx>

Highlight of the Month



What's New



National Economic Indicators

...page 5-10, 42

Fiscal & Financing Policy Update

... page 66-68, 71-77



External Sector, Monetary & Bank Indonesia Board of Meeting Decision

...page 46-50, 79-81

Banking & Non-Banking Performance

...page 82-88



Preserved Economic Resilience Amidst Global Uncertainty



Strong Synergy and Collaboration among Institutions Nationwide, including Sub-National Government



Robust Economic Recovery

Continued National economic recovery momentum, reflected by 4.94% (yoy) economic growth in the third quarter of 2023, driven by strong domestic demand.

Affirmation of Investment Grade Sovereign Credit Rating

Rating Agencies	Rating (Outlook)
FitchRatings	BBB (Stable)
MOODY'S	Baa2 (Stable)
S&P Global	BBB (Stable)
<small>R&I Rating and Investment Information, Inc.</small>	BBB+ (Positive)

Fitch Ratings (Fitch) has affirmed Indonesia's Sovereign Credit Rating at BBB (one level above the lowest investment grade) with a stable outlook on September 1, 2023. Key factors supporting the affirmation include a favorable medium-term growth outlook and a low government debt/GDP ratio, despite challenges coming from government revenue as well as lagging structural features, such as governance indicators, compared to those from 'BBB' category peers. While several external finance metrics, such as current account, are stronger than pre-pandemic levels, but they should normalise within the next few years, assuming further falls in commodity prices.

Overview



1

Unwavering Improvement Amidst Global Economic Uncertainty

4

External Factor:
Improved External Resilience

2

Accelerated Reforms Agenda:
Institutional Improvement, Progressive Infrastructure

5

Fiscal Performance and Flexibility:
Strong Commitment in Maintaining Fiscal Credibility

3

Economic Factor:
Improved Growth Prospects Supported by Continued Economic Recovery Momentum

6

Monetary and Financial Factor:
Credible Monetary Policy Track Record and Favorable Financial Sector



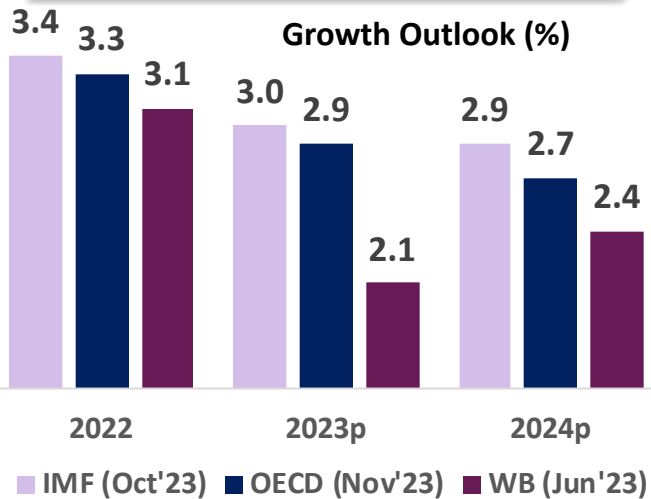
Section 1

Unwavering Improvement Amidst Global Economic Uncertainty

Global Conditions still Facing a Number of Challenges Ahead



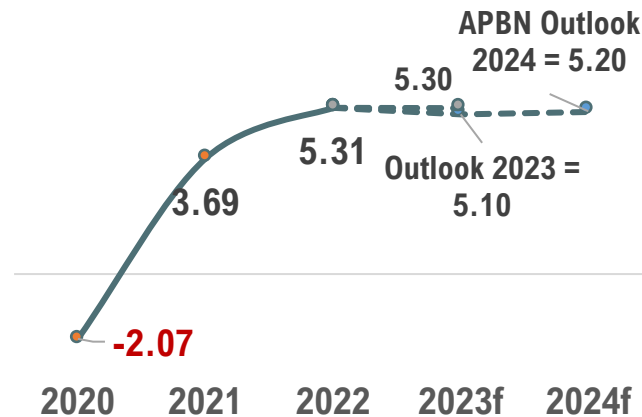
THE WORLD ECONOMIC FACES UNCERTAINTY



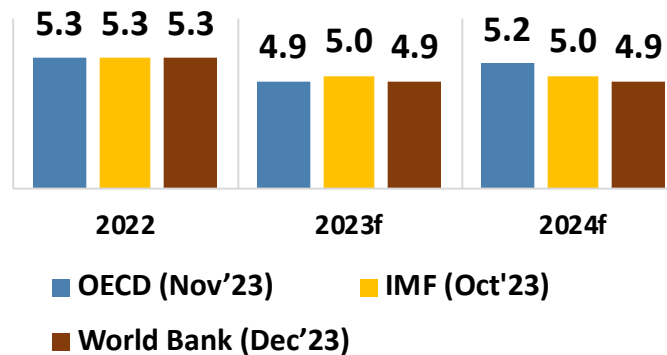
Global Economic Risks

- **Real estate crisis in China** has put the global economy at risk
- **Commodity prices become more volatile** under renewed geopolitical tensions and disruptions linked to climate change
- **Debt sustainability issues** in developing countries
- **Global financial conditions have tightened**
- **Fiscal buffers have eroded** in many countries

INDONESIA'S ECONOMIC GROWTH PROJECTIONS (GOVERNMENT PROJECTIONS)



INDONESIA'S ECONOMIC GROWTH PROJECTIONS (INSTITUTION PROJECTIONS)



Policy for Supporting Growth (RKP 2024)

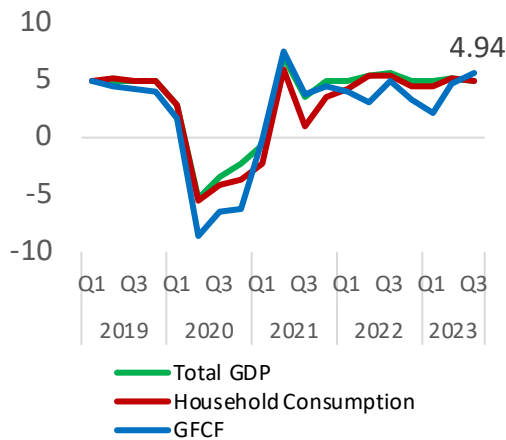


Note: RKP= government-wide work plans

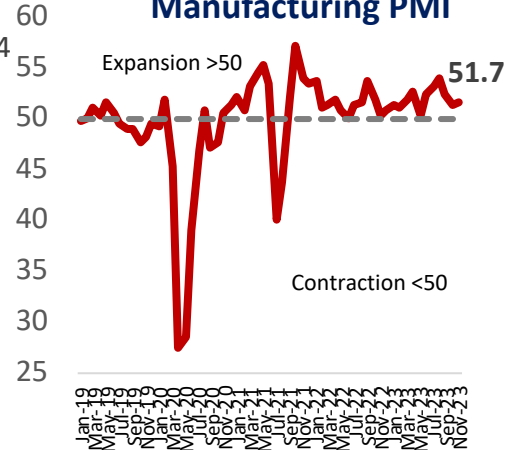
Indonesia's Economic Growth Remains Solid



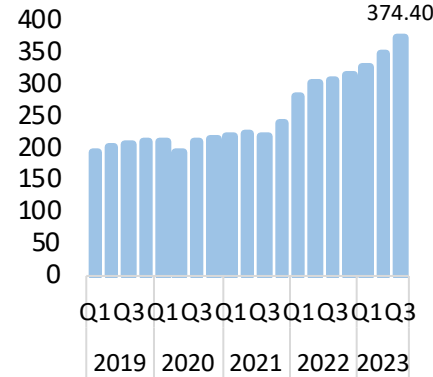
GDP Growth (%YoY)



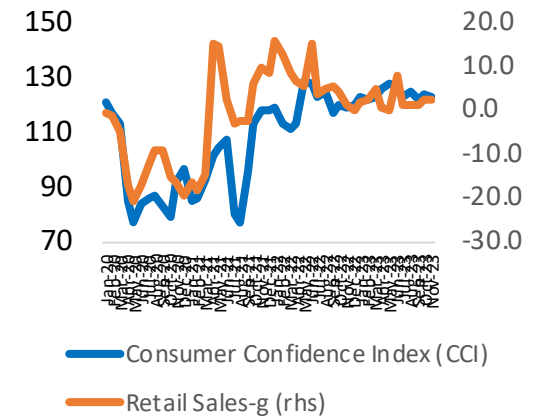
S&P Global Indonesia Manufacturing PMI



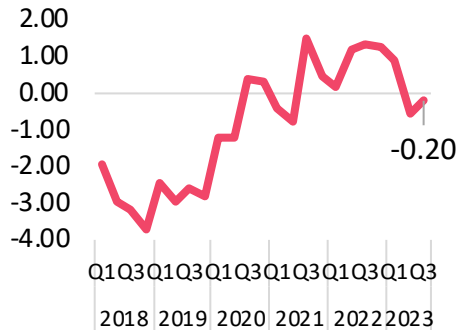
Total Investment (DDI+FDI) IDR Trillion



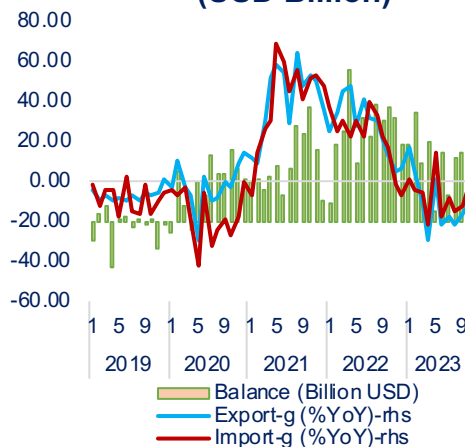
CCI & Retail Sales



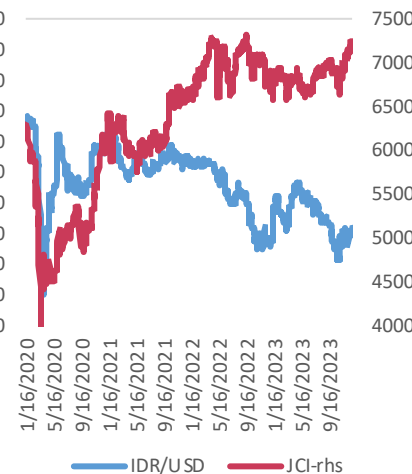
Current Account Balance (% of GDP)



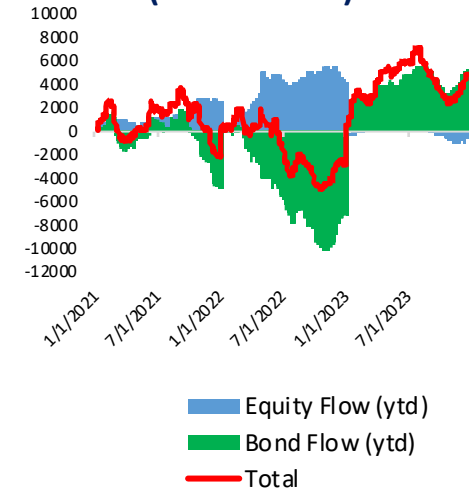
Trade Balance (USD Billion)



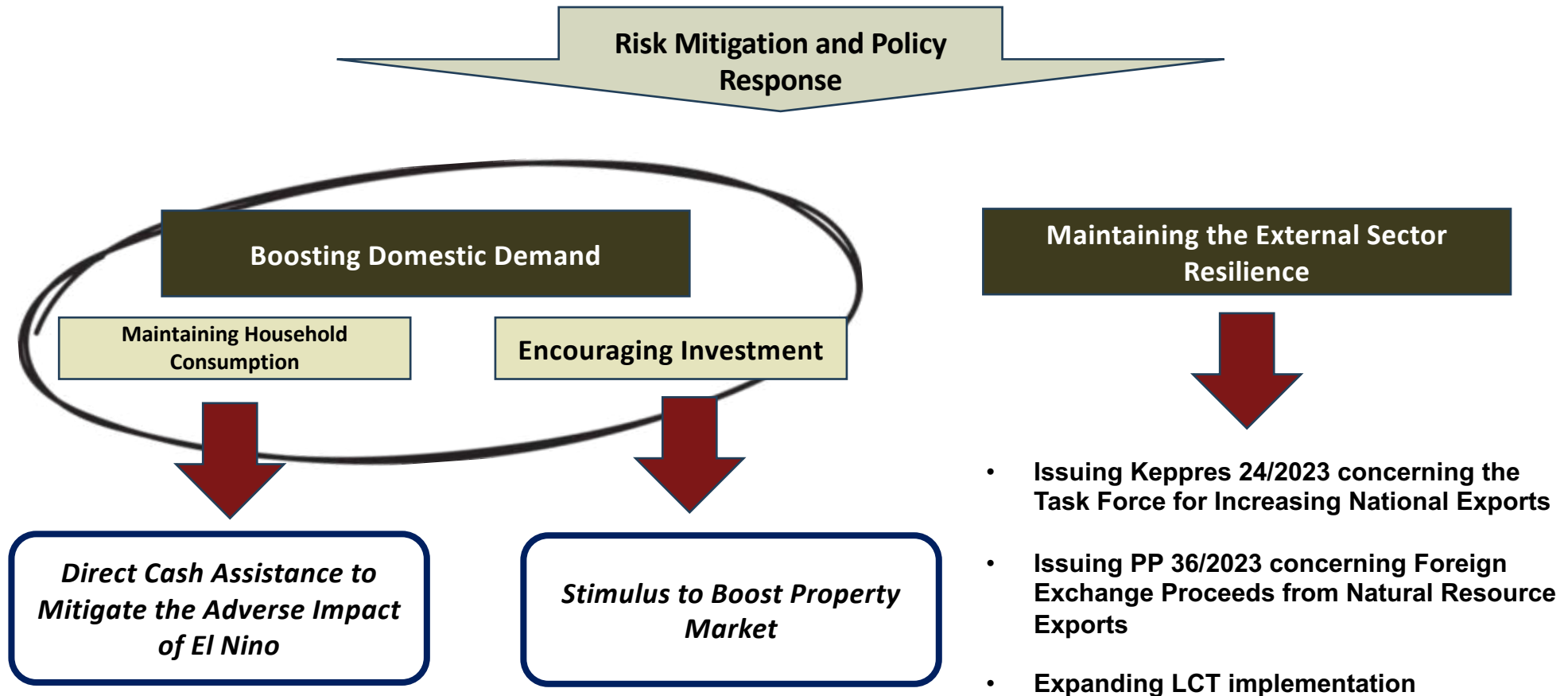
The Indonesian Rupiah and JCI



Net Capital flow (USD Million)



Short Term Mitigation and Policy Response Amidst Weakening Global Economic Prospect



Fiscal Incentives to Boost the Economy



The government provides fiscal incentives to create a conducive investment climate, especially for industry players in order to boost investment and strengthen domestic industrial structure

TAX HOLIDAY & MINI TAX HOLIDAY

- The criteria are new investment, taxpayers including pioneer industries, and income received from the main business activities carried out.
- There are 18 eligible pioneer industries that consist of 169 KBLI. Pioneer industries are defined as industries possessing broad linkages, giving added value and high externality, introducing new technology, as well as possessing strategic value for the national economy.
- Income tax reduction are 100% & 50% (mini tax holiday) during the next 2 (two) years subsequent to the end of the CIT reduction periods above, the taxpayers are eligible for half of the CIT reduction percentages

TAX ALLOWANCE

- To increase direct investment activities for certain business fields and / or in certain areas.
- The facilities include a reduction in net income of 30% of the total investment for six years, accelerated depreciation and amortization, imposition of income tax on dividends paid to foreign tax subjects of 10% or lower and compensation for losses of up to 10 years.
- The criteria are having a high investment value or for export, a large absorption of labor; or have a high local content.

INVESTMENT ALLOWANCE

- To encourage investment in labor-intensive industries, supporting programs for job creation and absorption of Indonesian workers.
- Deduction from net income, of 60% of the amount invested in tangible fixed assets, including land, that are used for the taxpayer's main business activities. The deduction is spread over six years (10% annually), starting from the fiscal year the commercial production commences
- There are 45 labor-intensive industrial sectors and employ an average of 300 workers in 1 tax year.

SUPER DEDUCTION TAX

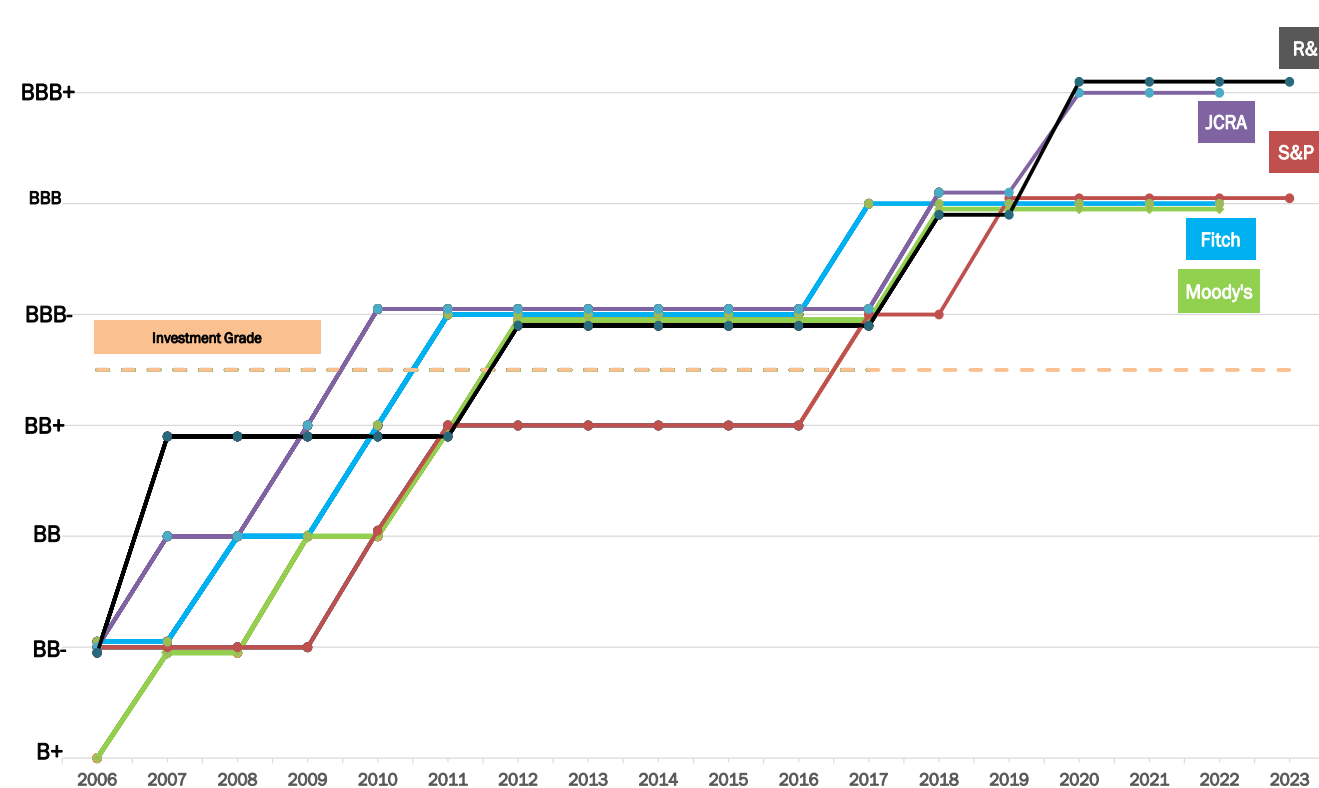
Super Deduction Vocational

- Engaging industry in vocational activities to provide knowledge and encourage the transfer of knowledge
- A maximum reduction of 200% gross income from costs in the context of providing work practice, apprenticeship, and / or learning activities.

R & D Super Deduction

- Increase the role of industry in fostering innovation and the use of the latest technology in the production process
- Maximum gross income deduction of 300% over R&D costs carried out in Indonesia

Improved Outlook and a Well-Maintained of Indonesia's Sovereign Credit Rating Amid Global Economy Uncertainties



FitchRatings

BBB / Stable

September 2023, Rating Affirmed at BBB/Stable

"Indonesia's rating balances a favourable medium-term growth outlook and low government debt/GDP ratio against weak government revenue and lagging structural features, such as governance indicators, compared with 'BBB' category peers."

S&P Global Ratings

BBB / Stable

July 2023, Rating Affirmed at BBB/Stable

"The stable rating outlook reflects our expectation that Indonesia will achieve solid economic growth over the next two years. This will support prudent fiscal outcomes and stabilize debt."

Moody's

Baa2 / Stable

March 2023, Rating Affirmed at Baa2/Stable

"Indonesia's credit profile is supported by its large economy, low fiscal deficits and modest debt burden, balanced against low revenue mobilization, reliance on external funding and some economic concentration that leaves the economy vulnerable to commodity cycles."

R&I

BBB+ / Positive

July 2023, Outlook Revised To Positive; BBB+ Ratings Affirmed

"In R&I view, Indonesia's economy has been showing strong performance even amid uncertainties of the global economic environment. With the inflation rate that has fallen within the target range in 2023, the price stability is being restored. The government has achieved its target level of fiscal deficit a year earlier than originally planned and the government debt ratio stays on a downward trajectory. The stability of financial system has been maintained and the economy has resilience to external shocks."

JCR

BBB+ / Stable

July 2022, Rating Affirmed at BBB+/Stable

"The ratings mainly reflect the country's solid domestic demand-led economic growth potential, restrained public debt and resilience to external shocks supported by accumulation of foreign exchange reserves. JCR holds that the debt will gradually decrease as the fiscal balance improves mainly increased revenue from economic growth and higher commodity prices."

Indonesia's Competitiveness Rank Improved in 2023



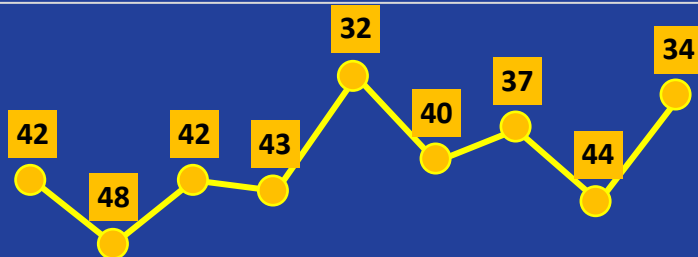
Based on the IMD (Institute for Management Development) World Competitiveness Yearbook 2023 report, Indonesia's competitiveness ranking in 2023 is in 34th position out of a total of 64 countries. This rank has increased from 2022 (No. 44).

All factors have increased compared to 2022: Economic Performance (+13), Business Efficiency (+11), Government Efficiency (+4), and Infrastructure (+1)

No.	Country	2019	2020	2021	2022	2023
1	South Korea	28	23	23	27	28
2	Indonesia	32	40	37	44	34
3	Japan	30	34	31	34	35
4	India	43	43	43	37	40
5	Philippines	46	45	52	48	52
6	Mexico	50	53	55	55	56
7	Brazil	59	56	57	59	60

IMD World Competitiveness Index 2015-2023

2015 2016 2017 2018 2019 2020 2021 2022 2023



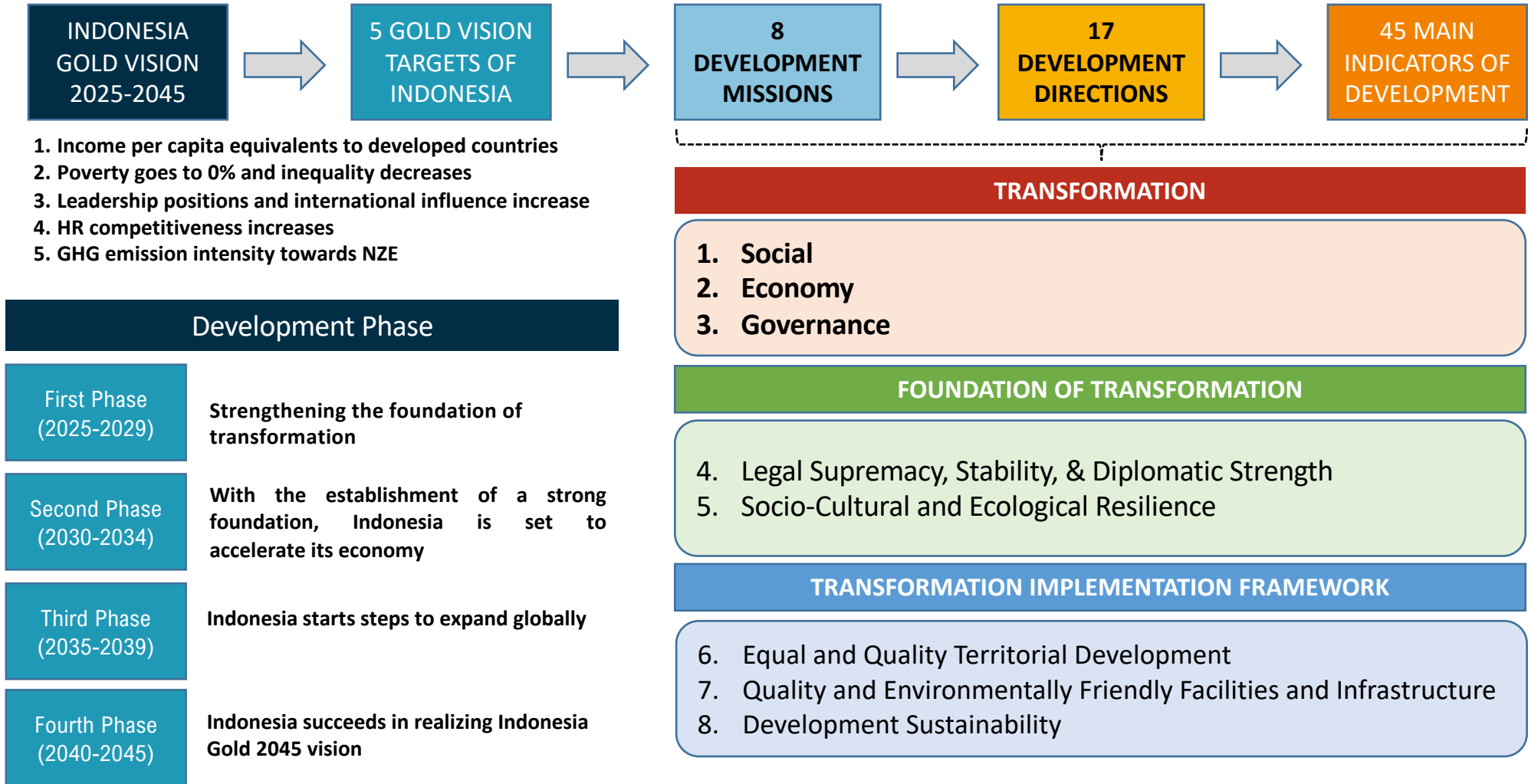
Factors	2019	2020	2021	2022	2023
Economic Performance	25	26	35	42	29
Government Efficiency	25	31	26	35	31
Business Efficiency	20	31	25	31	20
Infrastructure	53	55	57	52	51



Section 2

Accelerated Reforms: Institutional Improvement, and Progressive Infrastructure

Indonesia Gold Vision 2045 : Become a Sovereign, Advanced and Sustainable Country



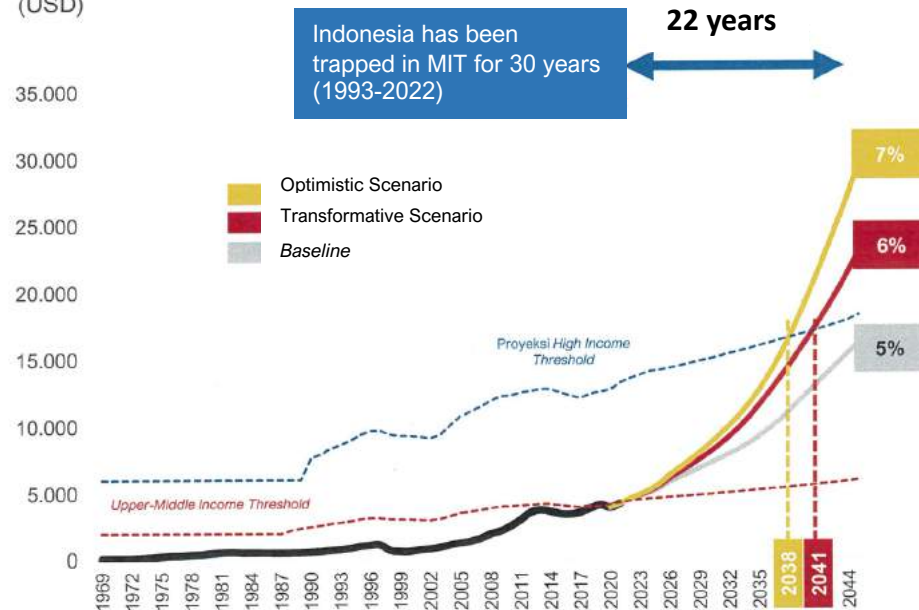
Targets of Economic Transformation for Achieving Indonesia Gold 2045



Economic transformation aims to bring Indonesia out of the middle-income trap and into a high-income country. For this reason, the Indonesian economy must grow by an average of 6-7% in the next 20 years, high economic growth that is inclusive and sustainable

Projection GNI per Capita Indonesia

(USD)



Economic Transformation

1. Science and Technology, Innovation and Economic Productivity
2. Green Economy Implementation
3. Digital Transformation
4. Domestic and Global Economic Integration
5. Cities as Centers of Economic Growth

First Phase
(2025-2029)

Down streaming natural resources and strengthening innovation research and labor productivity

Second Phase
(2030-2034)

Massively increasing productivity and expanding sources of economic growth

Third Phase (2035-2039)

Economic power house that is integrated with global and domestic supply chains networks, as well as strong exports

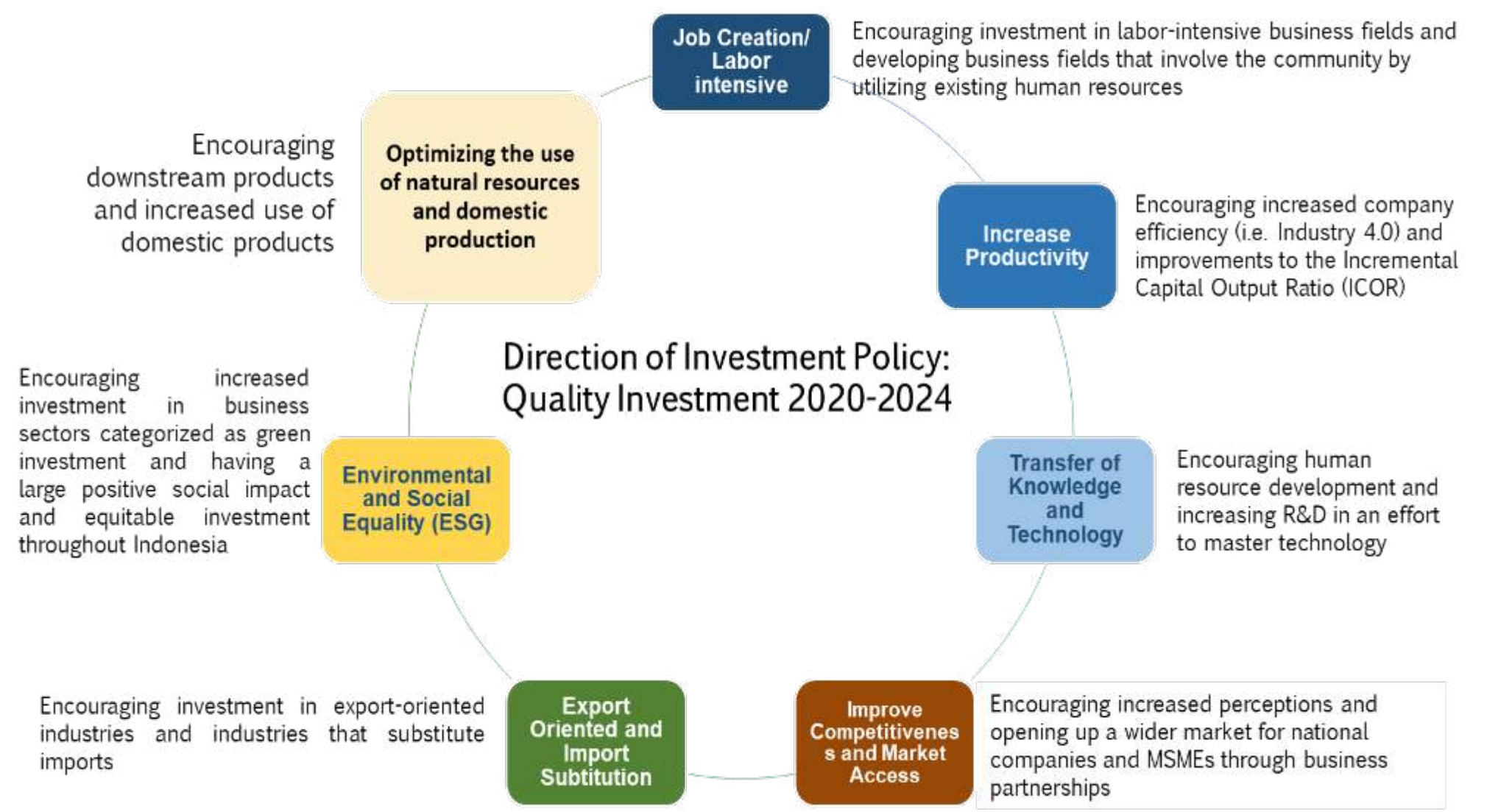
Fourth Phase
(2040-2045)

High income country

Scenario	Average Growth	Years Escape from MIT
Transformative	6%	2041
Optimistic	7%	2038

Investment Policy Direction 2020-2024 :

Improving Investment Quality To Promote Inclusive and Sustainable Economic Growth



The Government Focuses on Regulations and Procedures for Ease of Doing Business



Improvement in regulations in the context of structural reforms to the Job Creation Law and its derivative regulations can provide legal certainty to business actors.

Streamlining Administrative Procedures and a Positive Investment Climate

Ease of Doing Business Policy



Law No. 11 of 2020 concerning Job Creation



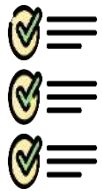
Latest update

PERPPU 2 of 2022 concerning Job Creation has been issued



Impact on ease of doing business

Providing legal certainty to business actors



Government Regulation No 5 of 2021



Revision of the Legal Draft and Appendix I/II



Improving risk-based licensing procedures (NSPK) and harmonization with other Government Regulations



OSS RBA System

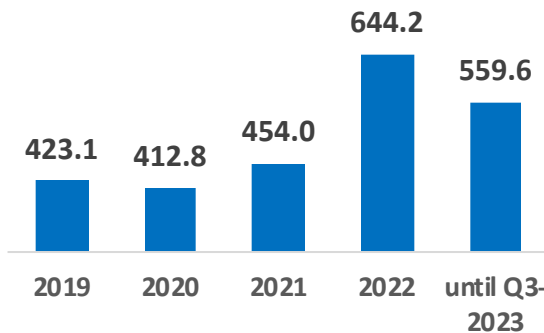


Assistance in conformity evaluation between Regulation and System

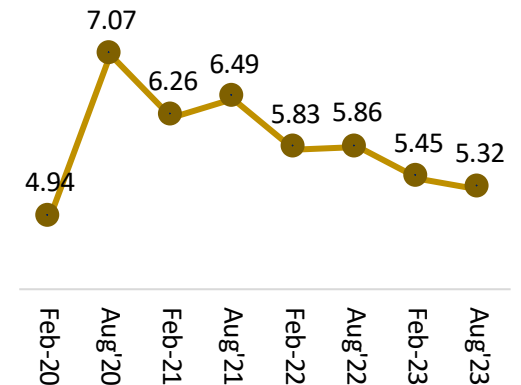


Better and smoother Business Licensing Services

FDI Realization (IDR Tn)



Unemployment Rate (%)



Risk-Based Business Licensing Deregulation Measures to Encourage FDI



Ex-ante Licensing (satisfying all requirements in advance) is effectively replaced by **ex-post licensing** (the requirements are checked afterward), which will be particularly advantageous for low- and medium-risk businesses.

Starting a Business



The Government implemented OSS-RBA on **August 9, 2021**, based on Regulation 5 of 2021.

Low Risk

Medium Risk

High Risk

NIB Issued = 7,058,517

Period August 4, 2021 – December 29, 2023

Based on Business Actor:

- **Business Entity = 786,847**
- **Individual = 6,271,670**

Based on Investment Type:

- **FDI = 24,341**
- **DDI = 7,034,176**

Based on Business Scale:

- **Micro = 6,800,186**
- **Small = 187,228**
- **Medium = 23,310**
- **Large = 47,793**

Action Plans

Short - Medium-term

- Accelerate the reduction of Ex Ante licenses toward Ex Post compliance (Risk-Based Approach)
- Towards technical regulations for risk management – Third Party System
- Establish OSS as a national portal for business licenses with legal security

Long-term

Speed up better development approach (e.g., climate change, etc.)

Doing Business

RISK-BASED TARGETING – Optimizing Effectiveness and Cost of Monitoring:

- Resource and time limitations
- Focus on critical hazards that are more likely to arise
- Consider random inspections because blanket inspections are not appropriate, resulting in excessively costly (for countries and businesses)

INSPECTION:

- Based on the risk
- Inspection is carried out to ensure the implementation of operational and commercial activities according to business standards
- Exception in the implementation of supervision for Micro and Small Enterprises
- Implementation of inspections can be carried out by certified professionals (third parties).

The Progress of Development Monitoring/Inspection Subsystem

Of the 44 modules in the monitoring (inspection) subsystem:

- 36 modules have been completed/embedded in the OSS RBA (go-live)
- 8 modules are still in the process of User Acceptance Testing (UAT)

Encouraging Investment : Indonesia Investment Authority (INA) to Accelerate FDI



Legal basis

- PP Number 73 of 2020 concerning Initial Capital for the Indonesia Investment Authority
- PP Number 74 of 2020 concerning the Indonesia Investment Authority
- PP Number 49 of 2021 concerning Tax Treatment of Transactions Involving the Indonesia Investment Authority and/or Entities Owned
- PP Numbers 110 and 111 of 2021 concerning the Addition of PMN to the Capital of Investment Management Institutions

Cumulative total deployment
(INA and partners)



Update on Progress

- ❑ **Fruitful partnerships with various institutional investors have resulted in >USD 25 billion in collective commitments. INA has deployed >USD 3 billion of capital to date together with investor partners and will potentially deploy close to USD 3.5 billion by the end of 2023**
- ❑ **Investment opportunity that has been completed (closed):**
 - **Digital infrastructure:** Mitratel's IPO for a total transaction size of USD 800 million together with ADIA, ADG, GIC
 - **Toll Road:** Investment into SMR PPTR (Waskita Karya Toll Road) for an upfront transaction size of USD 400 million together with CDPQ, ADIA, APG
 - **Tourism/Digital:** Investment into Traveloka for a total transaction size of USD 300 million with BlackRock, Allianz, and other leading institutions
 - **Healthcare:** Investment into a significant minority stake in Kimia Farma Apotek and subscription into Kimia Farma (KAEF IJ)'s MCB for a total transaction size of USD 150 million with Silk Road Fund
 - **Infrastructure & Logistics:** ESR and Mitsubishi Corp for a total transaction size of USD 100 million for three modern warehouse assets, Hutama Karya two-toll road assets in Trans Sumatera for a total transaction of USD 1 billion. DP World and Pelindo investment for the development of an international container terminal
 - **Green Energy:** Anchor investor into the IPO of Pertamina Geothermal Energy (PGEO IJ) for a total transaction size of USD 490 million with Masdar
- ❑ **Current cooperation agreements secured are:**
 - **Toll Road:** Investment platform with ADIA, CDPQ, and APG for USD 3.75 billion. The Hutama Karya opportunity is expected to close in June 2023, while a Waskita Karya opportunity is envisioned to be completed in early 2023.
 - **Seaports:** Alliance agreement with DP World for developing container ports and supporting maritime logistics infrastructure amounting to USD 7.5 billion throughout the concession period.
 - **Green Sector:** USD 2 billion investment for Optimizing blended finance in ETM programs such as ADB, SMI, PLN, Global Energy Alliance with CATL Green EV Fund
 - **General:** USD 10 billion investment framework agreement with ADG for various sectors in Indonesia
 - **General:** USD 3 billion investment framework agreement with SRF for various sectors in Indonesia

Source: INA, as of May 30, 2023

Institutional Reforms to Establish a Conducive PPP Ecosystem...



Institutional Reforms for PPP Implementation



KPPIP:
Coordinating unit in decision-making processes and debottlenecking efforts for infrastructure acceleration



PPP Joint Office:
Information center for policy coordination and capacity building to encourage the use of PPP schemes



Indonesia Infrastructure Guarantee Fund: Provides guarantee and supports project preparation



Sarana Multi Infrastruktur: Facilitating infrastructure financing, preparing project, and serving advisory

PPP Guarantee

As a Single Window Institution to provide Government guarantee for PPP infrastructure projects.

Presidential Regulation 78/2010;
MoF Regulation 8/2016

National Strategic Project (PSN) Guarantee

Project Guarantee against Political Risks that can result in delays in the implementation of PSN and unfavorable financial impact on Business Entities implementing PSN.

MoF Regulation 30/2021

SOE Credit Guarantee

Credit guarantee against of State Owned Enterprises /SOE default risk on loans and bond issuance to finance infrastructure project

MoF Regulation 101/2018

PPP Project Development Facility

Provide project preparation and transaction advisory services for PPP projects assigned by the Minister of Finance (MoF).

MoF Regulation 180/2020

Corporate Credit Guarantee

Credit Guarantee for Corporate working capital as part of National Economic Recovery Program

MoF Regulation 98/2021

National Economic Recovery Program

Credit Guarantee for State-owned Enterprises/SOE involved in National Economic Recovery Program

MoF Regulation 211/2021

Government Commitment through Fiscal Support

Project Preparation	Commitment	Viability of Project	Bankability	Land Support
 <p>Project Development Facility (PDF)</p> <p>MoF assigns SOE to assist CA in PPP project preparation and transaction</p>	 <p>Contracting Agency (CA) Commitment</p> <p>Through conversion from State Budget to PPP financing scheme</p>	 <p>Viability Gap Fund (VGF)</p> <p>MoF provides support resulting a more viable project to be offered to market</p>	 <p>Availability Payment (AP)</p> <p>MoF provides periodic payment scheme for non-commercial projects that greatly needed by public</p>	 <p>Sovereign Guarantee and Long-Term Financing</p> <p>MoF established SOE in order to provide sovereign guarantee and long-term financing support</p>
				 <p>Land Support</p> <p>MoF established dedicated unit that settle land acquisition payment to be used for strategic infrastructure projects</p>

Indonesia's Special Economic Zone (SEZS) Encourage Economic Growth, Equitable Development, and Increase Competitiveness

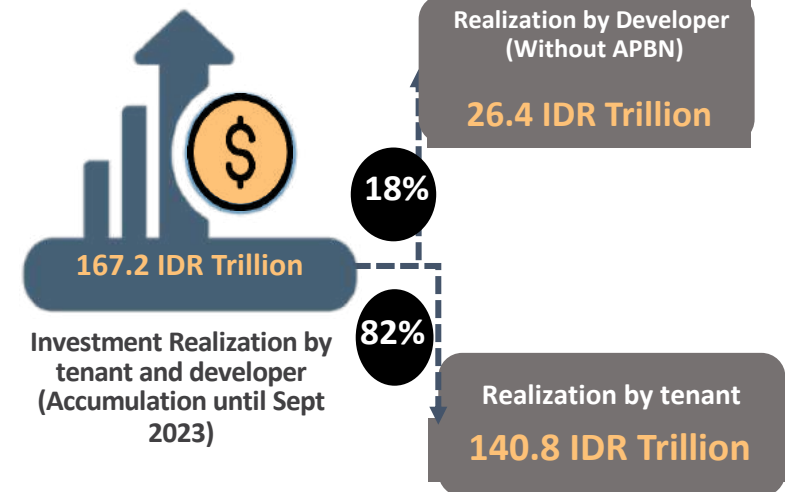


18 SEZs and Main Activities

SUMMARY OF THE 18 SPECIAL ECONOMIC ZONES PERFORMANCE



Cumulative Achievement SEZs until December 2023



Number of Employment



MAIN TARGET OF SEZS

Import Substitution
& Export Promotion
industrialization

Industry 4.0
Acceleration

Regional
Development

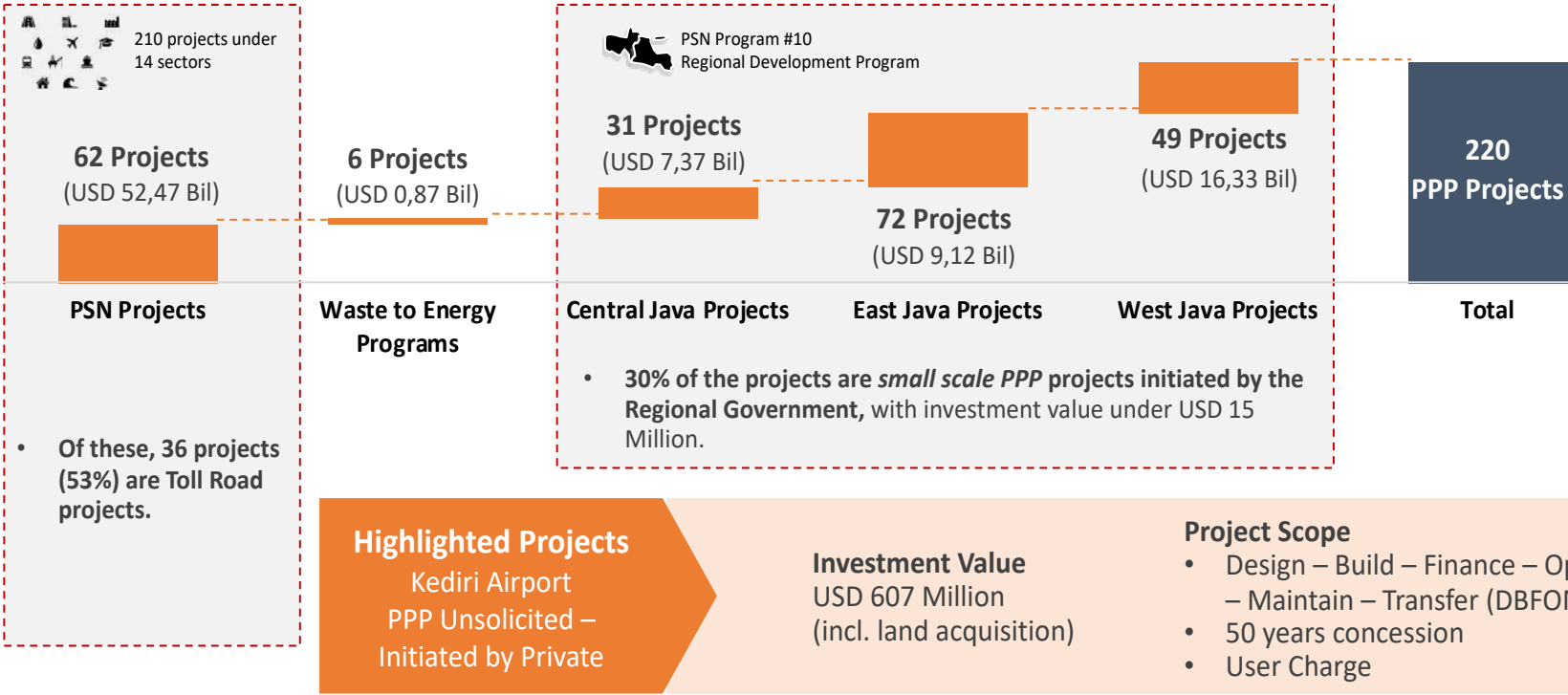
Services Industry
Development

Improve Trade
Balance

National Strategic Project (PSN): 214 Projects through Public Private Partnership (PPP)



PPP Projects under National Strategic Projects (PSN) – incl. PSN Programs (Updated on 2023)



Limited Concession Scheme Stipulation as an Asset Recycling Scheme for Brownfield Infrastructure Asset



2



Limited
Concession
Scheme (LCS)

Limited Concession Scheme (LCS) is a concession agreement, **that includes asset operations and development**, between Government and Private Entities for 20+ years of concession period.

LCS Concept



Government can get:

- **Upfront payment** that can be received at the time of Financial Close, and/or
- **Annuity payment** during the concession period
- Additional incentives in the form of **revenue sharing**



All future CAPEX will be borne fully by the concessionaire, thus easing the burden of Government's budget



Government guarantees the issuance of permits and licenses



Flexible operations allow **private sector to innovate and increase revenue**



LCS Principles

- ✓ **LCS transfers concession rights** from brownfield asset owned by the Government and/or SOEs to private sector to operate, maintain, and develop the assets;
- ✓ As the rewards, Government and/or SOE will receive **upfront payment or annuity payment** during the concession period
- ✓ **Future CAPEX during the concession period** will be borne by the concession holder to ease the Government and SOE budget burdens



Technical Criteria for the LCS assets

- ✓ The asset has been fully **operated** for minimum **2 years**
- ✓ The asset needs to **improve operation** efficiency based on international standard
- ✓ Asset's useful life minimum is **10 years**
- ✓ For the **SOE's asset**, the asset must have **positive cash flow** for minimum 2 years in a row and has been audited at least 3 years in a row
- ✓ For **Government asset (BMN)**, the asset should be on the Ministry Financial report that has been audited based on the Government Accountancy Standard in the previous period

LVC Scheme Implementation to Ease the Government Burden on Infrastructure Development

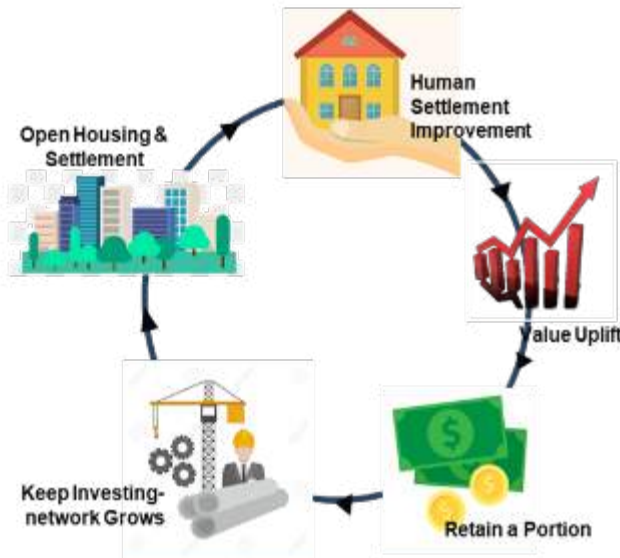


3



Land Value Capture (LVC)

A policy approach that enables communities to recover and reinvest economic value increases and increases in economic productivity that result from public investment and other government actions.
(Lincoln Institute of Land Policy)



Tax based LVC

Land and Property Tax

Betterment Levies and Special Assessment

Tax Increment Financing (TIF)

Development Based LVC

Land Sale and Rent

Air Right Sale

Joint Development

Land Readjustment

LVC Benefit

- Local revenue from tax and levy
- Better city planning and development
- Regional growth
- Distributed development in urban area

Triple Win LVC

Better Urban Mobility

Reducing Subsidy

Creating Fiscal Space

Source: KPPIP, Kemenko Perekonomian, Desember 2020

Other Financing Scheme and Modality – Indonesia Investment Authority (INA) as an Alternative Source of Economic Development Financing



4

Other Creative
Financing for
Infrastructure

Legal basis

- PP Number 73 of 2020 concerning Initial Capital for Indonesia Investment Authority
- PP Number 74 of 2020 concerning Indonesia Investment Authority
- PP Number 49 of 2021 concerning Tax Treatment of Transactions Involving Indonesia Investment Authority and/or Entities Owned
- PP Numbers 110 and 111 of 2021 concerning the Addition of PMN to the Capital of Investment Management Institutions

Development

- The Supervisory Board has been formed based on Presidential Decree No. 6/P of 2021
- The Board of Directors has been formed based on the Decree of the INA Council Number 1 of 2021
- An initial capital of IDR 15 T has been allocated in 2020, and an additional capital of IDR 15 T from PMN and from the transfer of shares amounting to IDR 45 T
- There have been discussions with more than 50 companies to become strategic partners, and several countries have expressed a desire to partner with INA

Main Sectors of Investment



Development of INA's Progress

- ☐ The total investment opportunity commitment received up to June 2022 reached >USD 20 billion.
- ☐ At least two investment opportunities are expected to be closed in 2022-2023: Toll Road and Seaport.
- ☐ Current cooperation agreements secured are:
 - **Toll Road:** Investment platform with ADIA, CDPQ, and APG for USD 3,75 billion. Hutama Karya's opportunity is expected to close in December 2022, while ADIA is reevaluating the Waskita Karya opportunity.
 - **Seaports:** Alliance agreement with DP World to develop ports and support infrastructure amounting to USD 7.5 billion throughout the concession period.
 - **General:** USD 10 billion investment framework agreement with ADG for various sectors in Indonesia
- ☐ Investment opportunity that has been completed: Digital infrastructure: Mitratel's IPO with ADIA, ADG, and GIC for a total of USD 770 million

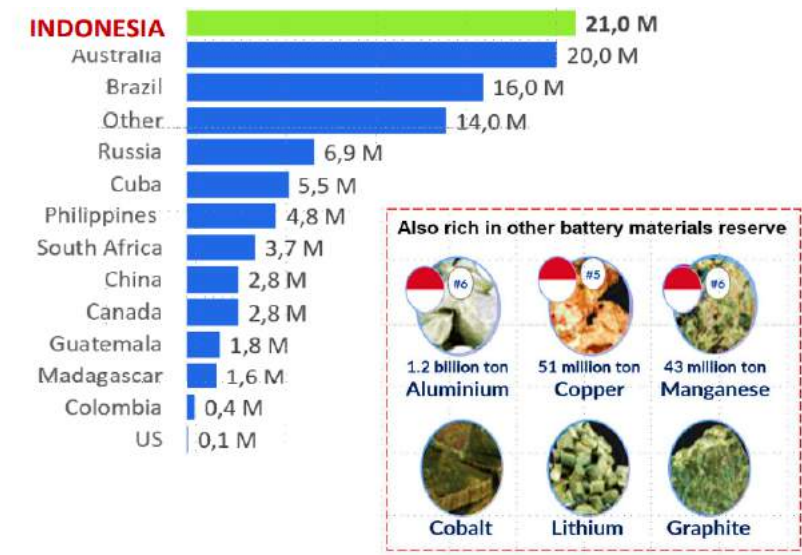


Promoting the Development Of Nickel-based Industries to Become a Global Battery and EV Supplier


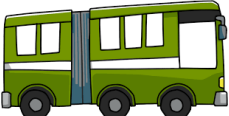
Government Issues Presidential Decree No. 55 of 2019 to Accelerate the Use of Battery Electric Vehicles (BEV) on the Road & Government Regulation No. 74/2021. In order to strengthen the ecosystem of Battery-Based Electric Motorized Vehicles, the Government provides Incentive Support in the form of Government-borne VAT

Potential: Indonesia's Nickel Reserves Are Abundant

Global Nickel Reserve

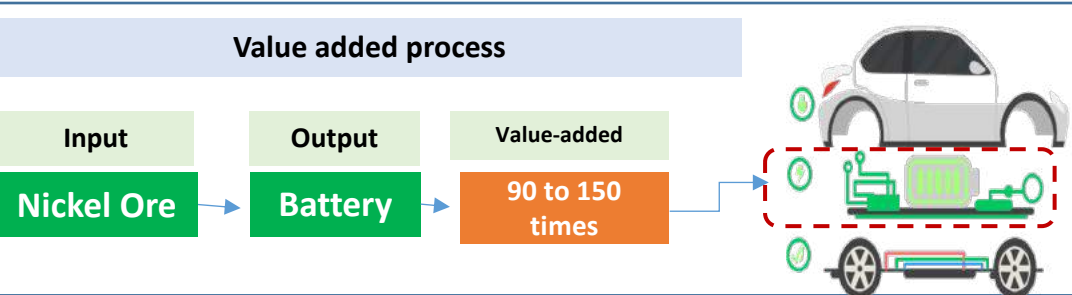


Amount of Incentive for Battery-Based Electric Motorized Vehicles

-  - TKDN > 40%
- VAT incentive of 10%, so that the VAT that must be paid remains 1%
-  - TKDN > 20% - 40%
- VAT incentive of 5%, so that the VAT that must be paid remains 6%

In Indonesia, the deepening of the electric vehicle industry structure is carried out through the obligation to gradually increase the domestic content level (TKDN) until 2030.

Benefits and Added Value of Nickel Downstream



Supporting Regulation

- ☐ Regulation Of The Minister Of Finance Of The Republic Of Indonesia 38/2023

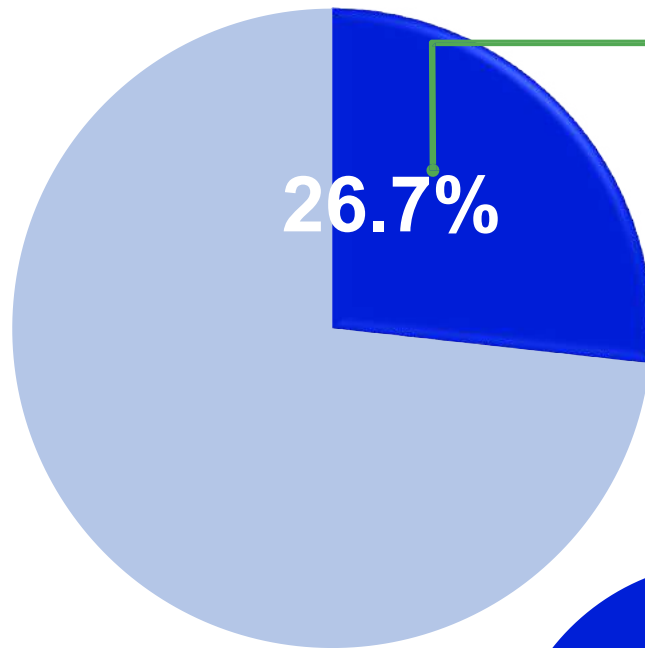
Investment Realization Quarter III 2023

(Upstream Oil and Gas, Financial Services Sector are excluded)



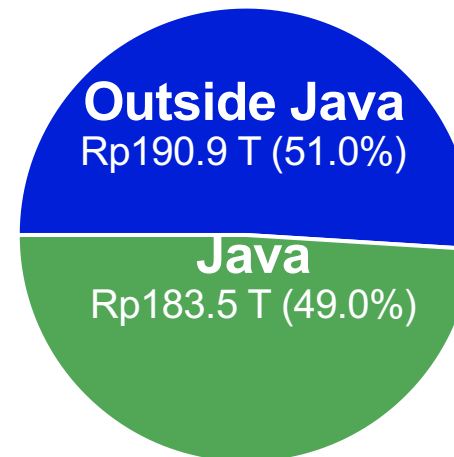
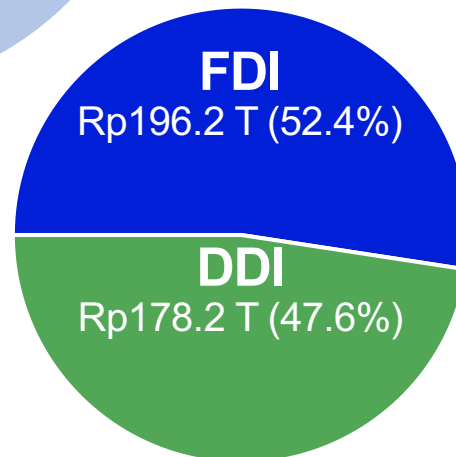
Investment Realization July – Sep 2023

Rp374.4 T



Realization: 34.0% of target from Strategic Plan Document: **Rp 1,099.8T**

Realization: 26.7% of the President's target: **Rp1,400T**



Absorbed Domestic Labor
within Quarter III 2023:

516,467

Investment Realization Trend in Java and Outside Java



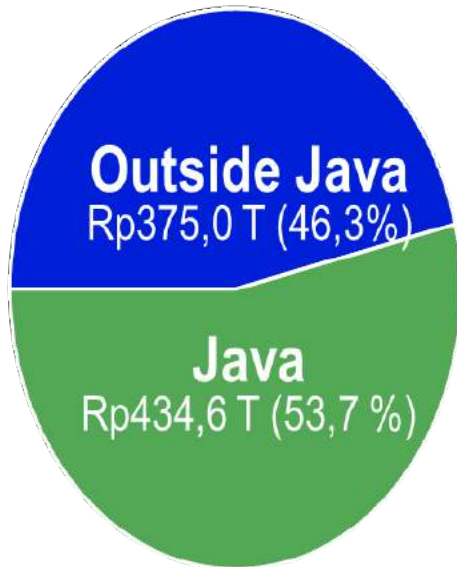
2019

Total: Rp809,6 T

Labor : 1.033.835

Secondary Sector: Rp216 T

PMDN: Rp386,5 T (47,74%)



2020

Total: Rp826,3 T

Labor : 1.156.361

Secondary Sector : Rp272,9 T

PMDN: Rp413,5 T (50,04%)



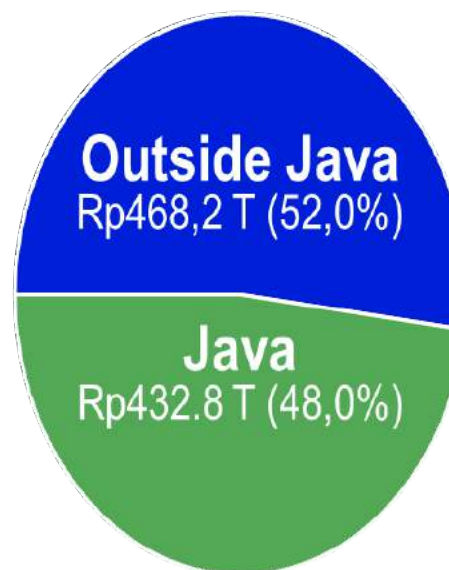
2021

Total: Rp901 T

Labor : 1.207.893

Secondary Sector : Rp 325.4 T

PMDN: Rp447 T (49,62%)



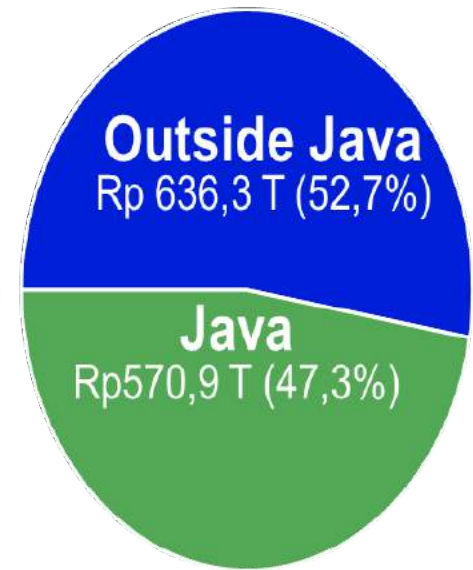
2022

Total: Rp1.207,2 T

Labor : 1.305.0001

Secondary Sector : Rp497,7 T

PMDN: Rp552,8 T (45,79%)

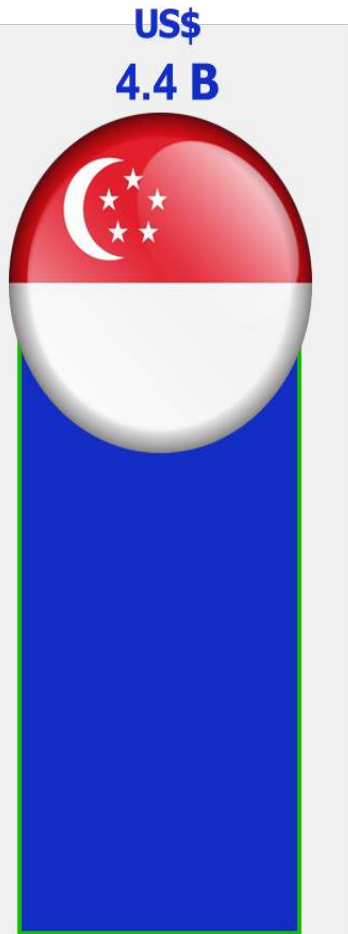


Since the 3rd quarter of 2020, investment realization in Outer Java has always been greater than investment realization in Java. This is the result of massive infrastructure development outside Java during the 1st period of President Joko Widodo's administration.

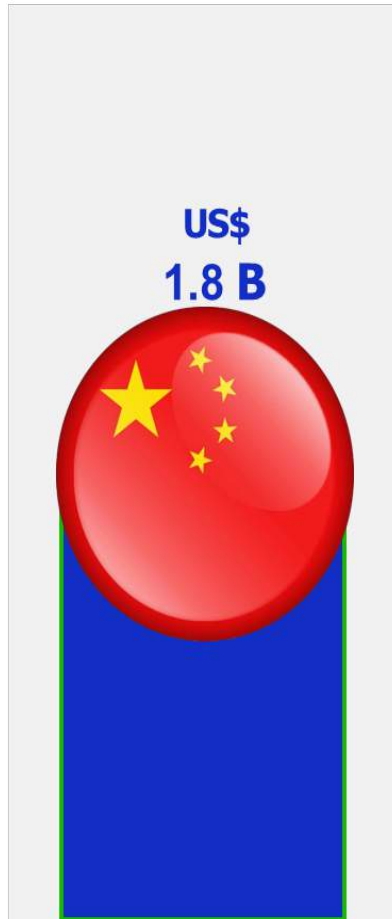
Investment Realization Based on Countries



Quarter III 2023



Singapore



China



Hong kong, PRC



Japan



Malaysia

Noted:
B : Billion

Source: Ministry of Investment (BKPM)

Investment Realization Trend Based on Sectors



2019

No	Sector	Rp (T)	%
1.	Transportation, Warehouse, and Telecommunication	139,0	17,2%
2.	Electricity, Gas and Water Supply	126,0	15,6%
3.	Housing, Industrial Estate, and Office Building	71,1	8,8%
4.	Metal, Metal Goods, Except Machinery, and Equipment Industry	61,6	7,6%
5.	Mining	59,5	7,4%

2020

No	Sector	Rp (T)	%
1.	Transportation, Warehouse, and Telecommunication	144,8	17,5%
2.	Electricity, Gas and Water Supply	102,0	12,3%
3.	Metal, Metal Goods, Except Machinery, and Equipment Industry	94,8	11,5%
4.	Housing, Industrial Estate, and Office Building	76,4	9,2%
5.	Construction	71,0	8,6%

2021

No	Sector	Rp (T)	%
1.	Metal, Metal Goods, Except Machinery, and Equipment Industry	117,5	13,0%
2.	Housing, Industrial Estate, and Office Building	117,4	13,0%
3.	Transportation, Warehouse, and Telecommunication	107,4	11,9%
4.	Electricity, Gas and Water Supply	81,6	9,1%
5.	Mining	81,2	9,0%

2022

No	Sector	Rp (T)	%
1.	Metal, Metal Goods, Except Machinery, and Equipment Industry	171,2	14,2%
2.	Mining	136,4	11,3%
3.	Transportation, Warehouse, and Telecommunication	134,3	11,1%
4.	Housing, Industrial Estate, and Office Building	109,4	9,1%
5.	Chemical and Pharmaceutical Industry	93,6	7,8%

**Metal Industry
Investment Realization
Growth (2019-2022)**

+177,9%

In line with the policy of the President of the Republic of Indonesia on economic transformation from primary sector industry to value-added based (downstream) industry, investment in the Basic Metal, Metal Goods, Non-Machinery and Equipment Industry sector increased 177.9% from IDR 61.6 T to IDR 171.2 T (year 2019-2022).

Development Stages of the National Capital City



2020-2024

Initial transfer to IKN

- Critical basic infrastructure is completed and operational (eg water, energy, rail) for residents in the initial stages
- Build central infrastructure (e.g. Presidential Palace, MPR/DPR Building) and housing in the Main IKN area
- Transfer of early-stage ASN (eg TNI, Polri, K/L ASN)
- Initiation of priority economic sectors

2025-2035

Building IKN as a Resilient Area

- Developing the next phase of the city (e.g., innovation and economic centre)
- Completed the transfer of the IKN government centre
- Develop priority economic sectors
- Implement an incentive system for priority economic sectors
- Achieving the goals of the Sustainable Development Goals (SDGs)

2035-2045

Building the entire infrastructure and ecosystem of 3 cities to accelerate the development of East Kalimantan

- Expand urban development and complete connectivity between and within cities
- FDI Destination No. 1 for priority economic sectors in Indonesia
- Top 5 top destinations in Southeast Asia for global talent
- Encouraging sustainable utility networks by implementing circular economy enablers
- Developing a center for innovation and talent development

2045-onwards

Strengthening reputation as a "World City for All"

- To be the leading city in the world in terms of competitiveness
- Top 10 livable cities in the world
- Achieving net zero-carbon emissions and 100% renewable energy at installed capacity – the first city in the world with >1 million inhabitants to reach this target



Visioning Nusantara – New Capital City of Indonesia



Vision

The National Capital City (IKN) is a milestone in a new era of regional development and new economic centers in the Regions, as well as a **big push strategy to accelerate growth and equal distribution of the national economy.**

Recent Progress

1. The financing for land acquisition proposed by the Minister of PUPR is IDR9.09 T until 2023, where in 2022, it was allocated through DIPA PUPR of IDR 500 M.
2. The Minister of Finance requested that the 2023 land procurement proposed by PUPR of IDR8.45 T be accommodated through LMAN.
3. The DJA has approved the construction budget from PUPR for 2022 of Rp. 5 trillion.
4. The need for the 2023 Construction budget is IDR23.6 T, including proposals from 5 Ministries / Agencies.

New Capital City Planning Scheme



- The IKN proposal as National Strategic Project (NSP) is approved and included in the Regional Development Program as a Subprogram.
- The inclusion of IKN as NSP will refer to the Presidential Decree No.63/2022 and the draft One Map - One Planning - One

Government Effort in Accelerating Energy Transition

"Reducing Fossil Energy and Increasing Renewable Power Plant"



PRESIDENT INSTRUCTION

UNFCCC - COP21, DEC 2015 upd SEP 2022

Decreasing greenhouse gases emission up to 31,89% (with our own ability) or 43,2% (with International Assistance) in 2030 according to NDC

COP 28, DECEMBER 2nd, 2023

To achieve the net carbon sink target or net carbon absorption in the forestry and land sector by 2030, Indonesia has made systematic and innovative steps, one of which was by implementing a permanent moratorium on clearing forests covering around 66 million hectares of primary forest and peatland since 2019.

G20 SUMMIT GOAL

"Recover Together, Recover Stronger"

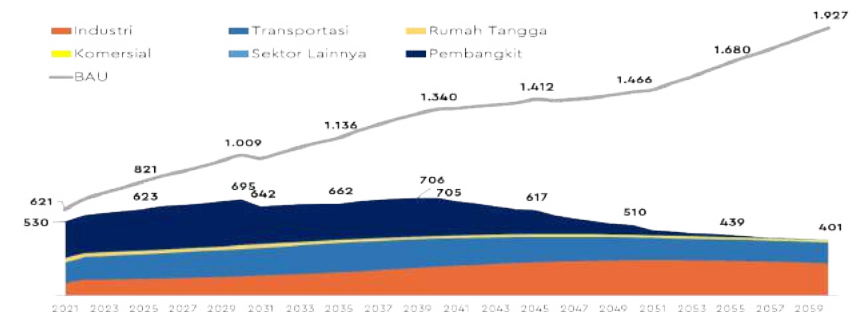
1. Inclusive Global Health;
2. Digital Economic Transformation; and
3. Sustainability Energy Transition.

Source: Ministry of Energy and Mineral Resource

COP28: Indonesia's Efforts To Achieve The Net Carbon Sink Target In The Forestry And Land Sector By 2030

MAIN STRATEGY

1. Rehabilitated 3 million hectares of degraded land and 3 million hectares of peatland
2. Invites all parties to strengthen South-South cooperation. This is because solidarity, equality, and collaboration are crucial in addressing global climate change.
3. Carbon Trading through the Carbon Exchange stated that the carbon exchange is a system that regulates the trading of carbon and/or ownership records of carbon units.



Strategies for Increasing Human Resources Productivity



REVITALIZATION OF THE INDONESIAN TVET SYSTEM (Vocational Education and Training) (Presidential Decree No. 68 of 2022)

Long Term



Improved TVET Governance
TVET Implementation Reform
Increasing the role of the business world and industry in TVET

EDUCATION AND TRAINING PROGRAMS

Short Term

- Pre-Employment Card Program;
- Digital Talent Scholarship;
- Training at Job Training Centers;
- Development of human resource quality through LPDP scholarships;
- Other programs

Acceleration and Equalization of Digital Infrastructure



Pre-Employment Card Program

"The Pre-Employment Card Program is a vocational training aid aimed at job seekers, workers / active laborers and / or workers/laborers affected by termination of employment that require increased competence



"The G2P (Government to Person) program is the most massive in Indonesia"



Digitalization of MSMEs

Innovation and



HR Literacy and Development



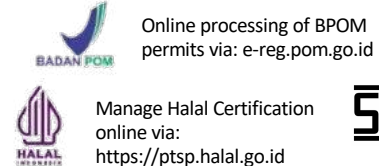
Legality and Licensing



Financing and Marketing



Standardization and Certification



Pre-Employment Card Program for Human Resources Development



Total Registered and Recipient

> 53 Million

Registrants on the Pre-Employment Card site
(verified Email, NIK, KK, & Phone Number)

18,356,621

Total Recipients of Pre-Employment Cards
(Batch 1-58)

17,568,343

Total Effective Recipients of Pre-Employment
Cards (Batch 1-58)

38 Provinces

514 Reg/City

Normal Scheme Implemented in 2023

RECIPIENT



1,142,924

Effective recipient of the Normal
Scheme Pre-Employment Card (Batch
48-60)*

851,009

Recipient
Completed
Training

834,899

Recipients get
incentives



Rp544 Bio

Incentives
have been
disbursed

* The number of effective beneficiaries, namely defined beneficiaries (1.272.177 people) minus beneficiaries whose membership has been revoked is 129.253 people)

Training Progress

244

Training Institute

1,216

Active Training

15.1 hours

Rp 1,464,960

Average **training
duration**

The average price of
the training purchased
by Participants

**Training
Method**



14%
N=168



Offline

86%
N=1048



Online

Tax Incentives and Reform

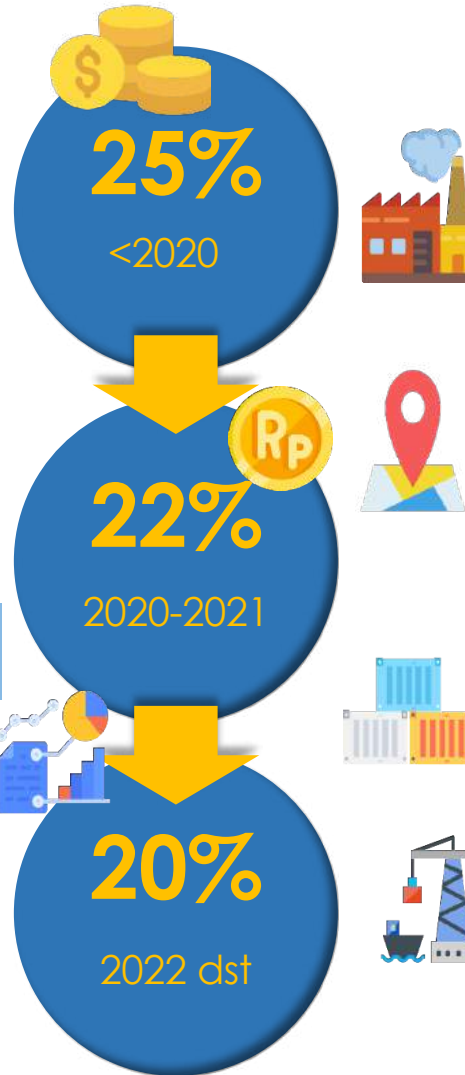


Lower Tax Rate for the Corporate Income Tax

Law No. 2/2020, PERPPU 1/2020,
PP 30/2020

Other improvements:

1. E-filing for CIT, VAT, worker income tax (payroll)
2. Faster VAT Restitution



Investment Facilities through OSS System

Tax Holiday and Mini Tax Holiday

Corporate income tax exemption of 50-100% for 5-20 years for **investments in pioneer industries**.

Tax Allowance

Income deduction before corporate income tax of 30%-TA (or 60%-IA for labor-intensive industries) of the investment value for 6 years for **investments in certain business fields and/or areas**.

Import Duty Facility

Import duty exemption incentives for imports of machinery as well as goods and materials for **industry and service industries**.

Investment Facility in SEZ

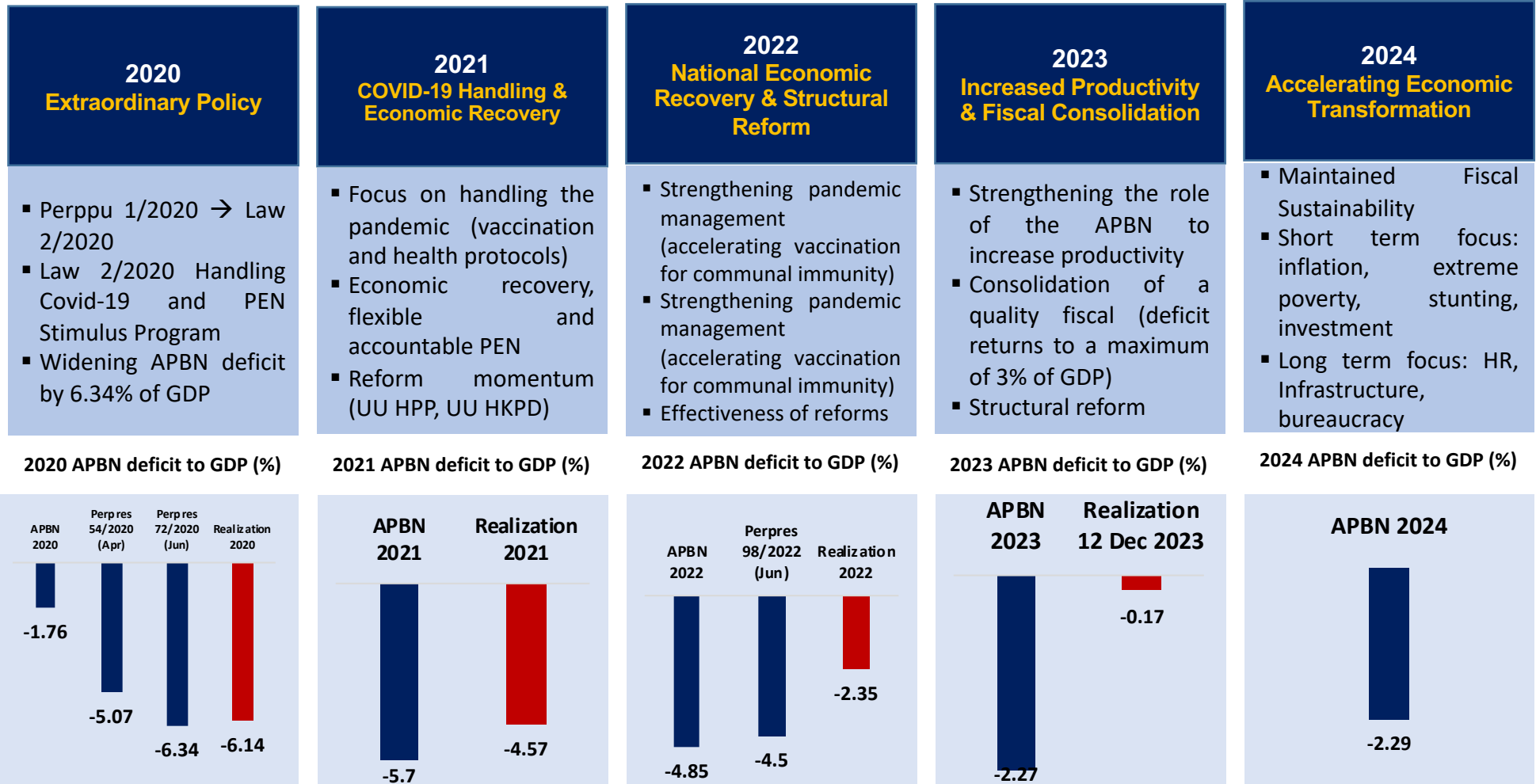
Tax Holiday for Main Activities, Tax Allowance for Other Activities, for **investors investing in Special Economic Zones**.

* Import Duty, Excise and Tax facilities related to Import do not go through OSS.

APBN Deficit Keeps Below 3% of GDP, Fiscal Sustainability Maintained



Since the COVID-19 pandemic which occurred in 2020 and 2021, fiscal policy has been pushed to be expansionary with a budget deficit of above 3% of GDP, but in 2022 the deficit was only 2.35% even though it was initially projected to be 4.5%.



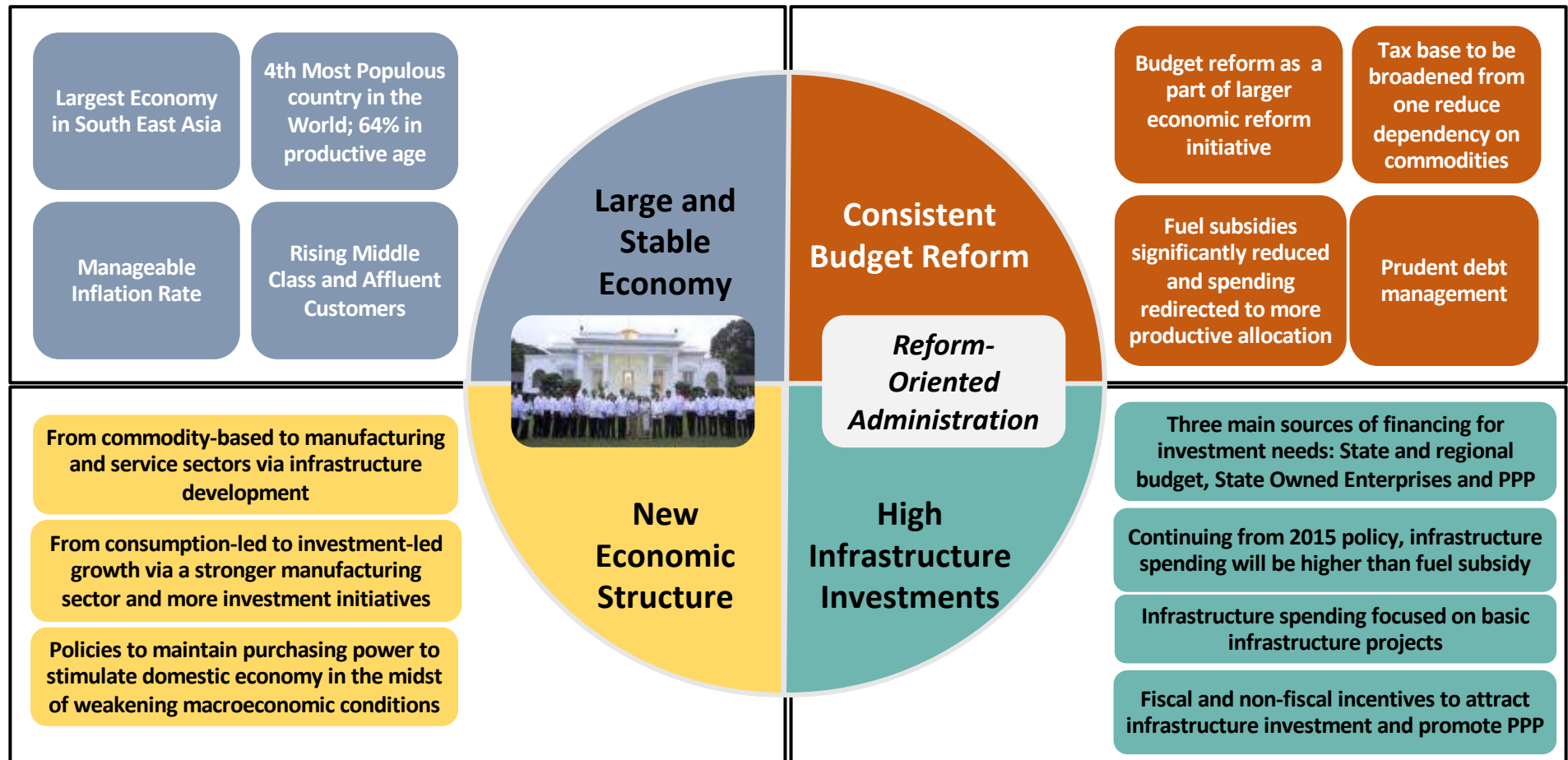


Section 3

Economic Factor:
Improved Growth Prospects
Supported by Continued Economic
Recovery Momentum

Conducive Environment

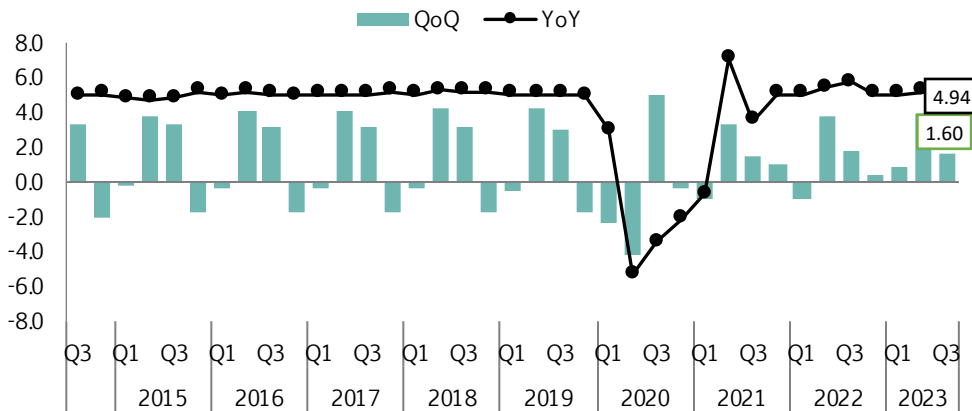
Underpinning Improved Growth Fundamentals Amid Heightened Global Uncertainty



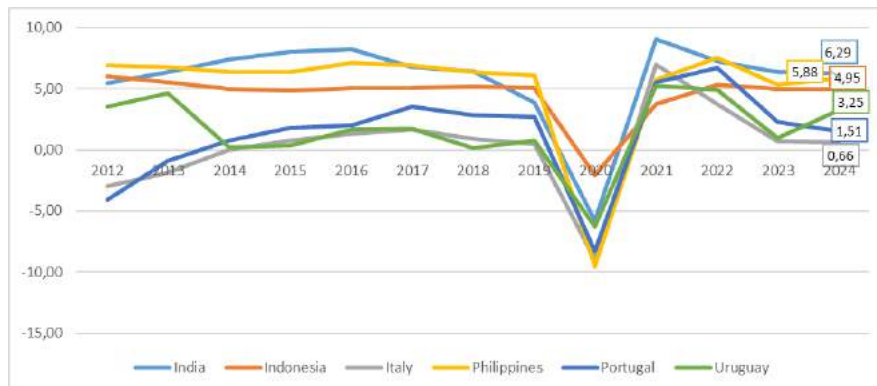
Indonesia's Economic Growth Projected to Remains Solid and Resilient Supported by Domestic Demand



Strong GDP Growth¹



Favourable GDP Growth Compared to Peers²



Amidst increasing global uncertainty, Indonesia's economic performance remains solid and resilient to global spillover. Entering the second half of 2023, Indonesia's economy grew by 4.94 % (yoy) in the third quarter of 2023, after recorded a 5.17% (yoy) growth in the second quarter of 2023. The economic performance was supported by solid domestic demand. Household consumption growth recorded 5.06% (yoy) in line with increasing mobility, stable purchasing power, and a well maintained of consumer confidence. Meanwhile government consumption contracted by 3.76% (yoy) due to shifting personnel expenditures in Q2-2023. Overall investment recorded a higher growth at 5.77% (yoy), supported by improved construction investment in line with the continued infrastructure development in various regions, including the infrastructure development of Ibu Kota Nusantara (IKN). Nevertheless, exports contracted by 4.26% (yoy), given weaker global economy. **Economic growth also supported by sound performance across all economic sectors, particularly the manufacturing industry, wholesale and retail trade as well as construction. Spatially, the highest economic growth was recorded in the regions of Sulawesi-Maluku-Papua (Sulampua), Java, Kalimantan, Sumatera, and Bali-Nusa Tenggara (Balinusra).** Robust economic growth is expected to persist in the fourth quarter of 2023, as reflected in a number of early indicators, such as consumer confidence, income expectations and the Manufacturing Purchasing Managers Index (PMI). Overall, economic growth in 2023 is projected in the 4.5-5.3% range before accelerating in 2024 as a corollary of solid consumer confidence, the upcoming general election and ongoing development of national strategic projects (PSN). Bank Indonesia will continue strengthening fiscal-monetary stimulus synergy with macroprudential stimuli to drive economic growth, particularly from the demand side.

2023-2024 Growth Projection *)

Institutions	GDP growth 2023	GDP growth 2024
2023 Budget	5.3	5.2
Bank Indonesia	4.5-5.3	4.7-5.5
Consensus Forecast (December 2023)	5.0	4.9
World Bank (IEP, December 2023)	5.0	4.9
IMF (WEO, October 2023)	5.0	5.0
ADB (Asian Development Outlook, September 2023)	5.0	5.0

1. Source: Central Bureau of Statistics of Indonesia (BPS), ** Including non-profit household consumption

2. Source: World Economic Outlook Database – October 2023; * indicates estimated figure

*) Consensus Forecast number will be given later

GDP Growth Breakdown



GDP Growth Based on Expenditures (% YoY)¹

By expenditure	2018					2019					2020					2021*					2022**					2023***		
	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3
HH. Consumption	5,0	5,2	5,0	5,1	5,1	5,0	5,2	5,0	5,0	5,0	2,8	-5,5	-4,0	-3,6	-2,6	-2,2	6,0	1,0	3,6	2,0	4,3	5,5	5,4	4,5	4,9	4,5	5,2	5,1
Non profit HH. consumption	8,1	8,8	8,7	10,9	9,1	17,0	15,3	7,4	3,5	10,6	-5,0	-7,8	-1,9	-1,9	-4,2	-3,6	4,1	2,9	3,2	1,6	5,9	5,0	6,0	5,7	5,6	6,2	8,6	6,2
Government consumption	2,7	5,2	6,3	4,6	4,8	5,3	8,2	1,0	0,5	3,3	3,9	-6,5	9,8	1,9	2,1	2,6	8,2	0,6	5,3	4,2	-6,6	-4,6	-2,6	-4,8	-4,5	3,3	10,6	-3,8
Gross Fixed Cap. Formation	7,9	5,8	6,9	6,1	6,7	5,0	4,6	4,2	4,1	4,5	1,7	-8,6	-6,5	-6,2	-5,0	-0,2	7,5	3,8	4,5	3,8	4,1	3,1	5,0	3,3	3,9	2,1	4,6	5,8
Exports	5,8	7,4	8,3	4,6	6,5	-1,1	-1,2	0,9	-0,6	-0,5	0,4	-13,6	-12,7	-7,4	-8,4	2,2	28,4	20,7	22,2	18,0	14,2	16,4	19,4	14,9	16,3	11,9	-3,0	-4,3
Imports	12,5	15,2	14,2	7,4	12,1	-5,8	-5,9	-8,5	-8,1	-7,1	-6,0	-21,3	-25,0	-17,6	-17,6	5,2	33,2	31,1	32,6	24,9	16,0	12,7	25,4	6,3	14,7	3,7	-3,1	-6,2
GDP	5,1	5,3	5,2	5,2	5,2	5,1	5,1	5,0	5,0	5,0	3,0	-5,3	-3,5	-2,2	-2,1	-0,7	7,1	3,5	5,0	3,7	5,0	5,5	5,7	5,0	5,3	5,0	5,2	4,9

GDP Growth by Sector (% YoY)

By sectors	2018					2019					2020					2021*					2022**					2023***		
	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3	Q4	Tot	Q1	Q2	Q3
Agriculture, forestry, and fishery	3,3	4,7	3,6	3,8	3,9	1,8	5,3	3,1	4,2	3,6	0,0	2,2	2,2	2,6	1,8	3,5	0,6	1,4	2,3	1,9	1,2	1,7	2,0	4,5	2,3	0,4	2,0	1,5
Mining and Quarrying	1,1	2,6	2,7	2,2	2,2	2,3	-0,7	2,3	0,9	1,2	0,4	-2,7	-4,3	-1,2	-2,0	-2,0	5,2	7,8	5,2	4,0	3,8	4,0	3,2	6,5	4,4	4,9	5,0	7,0
Manufacturing	4,6	3,9	4,4	4,2	4,3	3,9	3,5	4,1	3,7	3,8	2,1	-6,2	-4,3	-3,1	-2,9	-1,4	6,6	3,7	4,9	3,4	5,1	4,0	4,8	5,6	4,9	4,4	4,9	5,2
Construction	7,4	5,7	5,8	5,6	6,1	5,9	5,7	5,6	5,8	5,8	2,9	-5,4	-4,5	-5,7	-3,3	-0,8	4,4	3,8	3,9	2,8	4,8	1,0	0,6	1,6	2,0	0,3	5,2	6,4
Wholesale and Retail Trade, Repair of Car and Motorcycle	5,0	5,2	5,3	4,4	5	5,2	4,6	4,4	4,2	4,6	1,5	-7,7	-5,1	-3,7	-3,8	-1,3	9,5	5,1	5,5	4,6	5,7	4,4	5,4	6,6	5,5	4,9	5,3	5,1
Transportation and Storage	8,5	8,7	5,7	5,5	7	5,4	5,8	6,7	7,6	6,4	1,3	-30,8	-16,7	-13,4	-15,1	-13,1	25,1	-0,7	7,9	3,2	15,8	21,3	25,8	17,0	19,9	15,9	15,3	14,7
Information and communication	7,8	5,1	8,1	7,1	7	9,1	9,6	9,2	9,8	9,4	9,8	10,8	10,7	11,0	10,6	8,7	6,9	5,5	6,2	6,8	7,2	8,1	7,0	8,7	7,7	7,1	8,0	8,5
Financial service	4,3	3,1	3,1	6,2	4,2	7,2	4,5	6,2	8,5	6,6	10,6	1,1	-0,9	2,4	3,2	-3,0	8,3	4,3	-2,6	1,6	1,6	1,5	0,9	3,8	1,9	4,4	2,9	5,2
Other Services*	5,4	6,2	6,7	6,4	6,2	6,8	7,3	6,4	6,2	6,7	4,6	-6,3	-1,4	-1,7	-1,2	-2,5	9,8	-0,8	3,4	2,3	3,3	4,0	7,9	4,9	5,0	4,5	7,1	3,3
GDP	5,1	5,3	5,2	5,2	5,2	5,1	5,1	5,0	5,0	5,0	3,0	-5,3	-3,5	-2,2	-2,1	-0,7	7,1	3,5	5,0	3,7	5,0	5,5	5,7	5,0	5,3	5,0	5,2	4,9

Source: Central Bureau of Statistics of Indonesia (BPS)

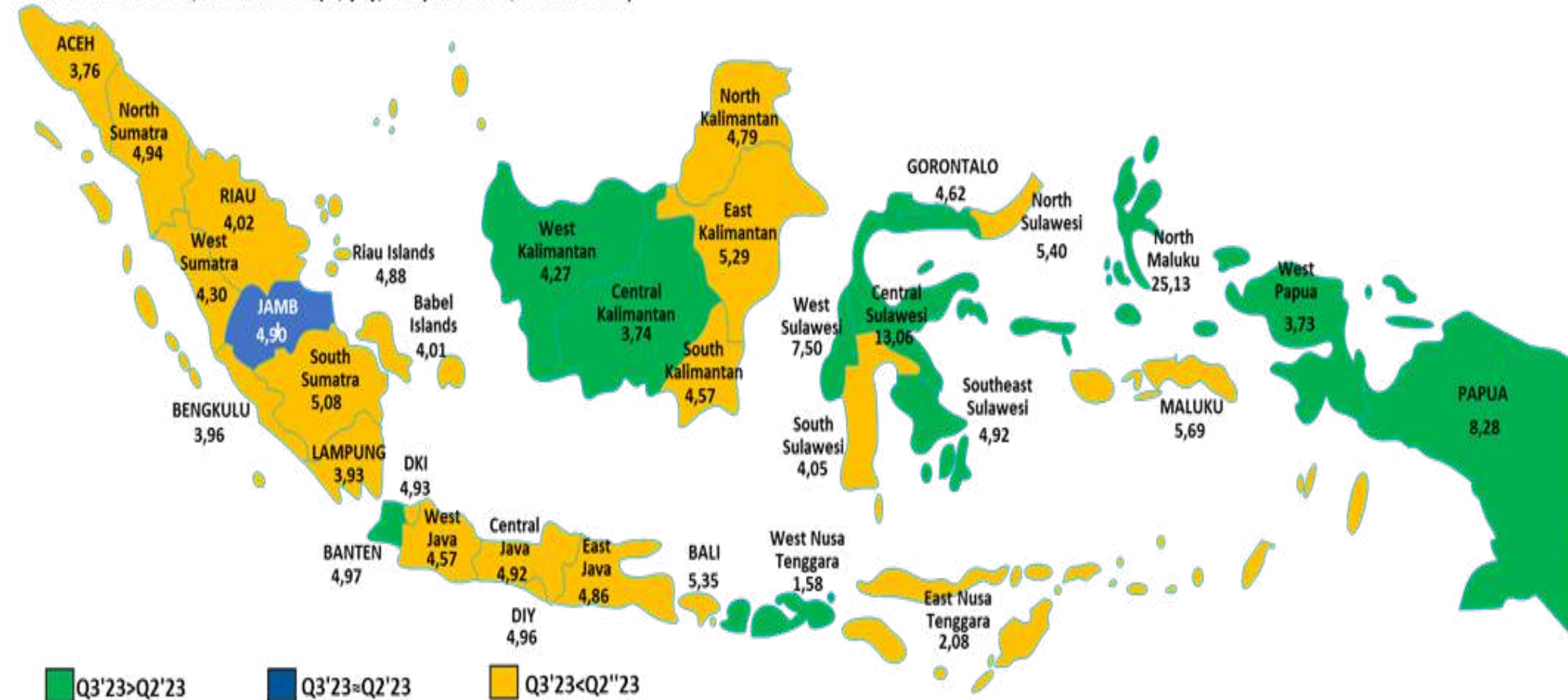
*Other services consist of 10 sectors (according to Standard National 2008)

Economic Performance in All Regions Remains Solid



In the third quarter of 2023, the economy grew 4.94% (yoy), down from 5.17% (yoy) in the previous period

Realization of PDRB Quarter III 2023 (% yoy; compared to Quarter II 2023)

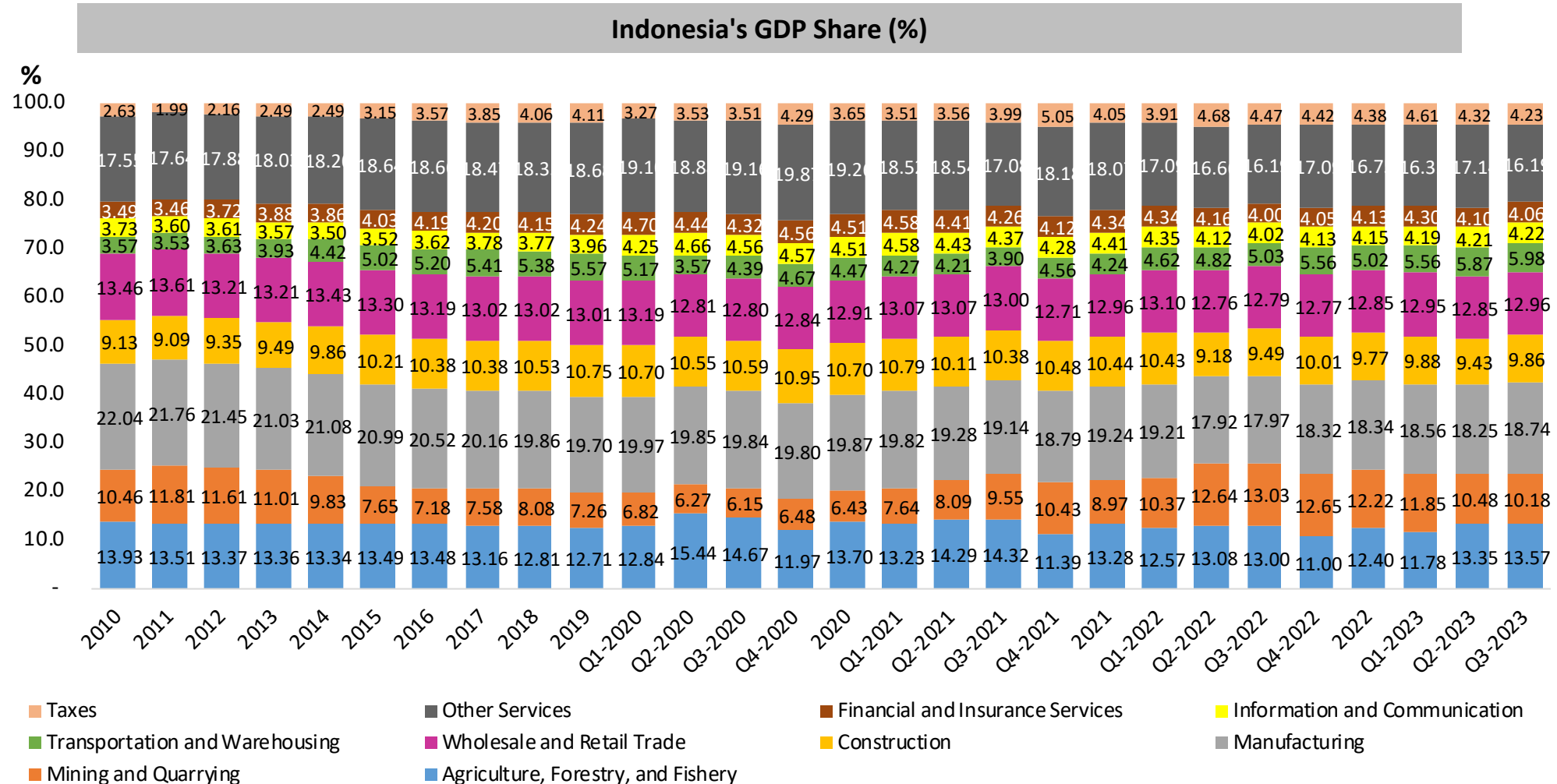


Source: BPS, calculated

Economic Performance in Most Sectors Continue to Improve



In terms of production, Indonesia's economy is mainly supported by services sector, manufacturing, and primary sector. Services sector (wholesale and retail trade, transportation and warehousing, information and communication,) has expanded the last five years, while primary sector (mining and quarrying) has benefited from higher commodity prices in 2022.

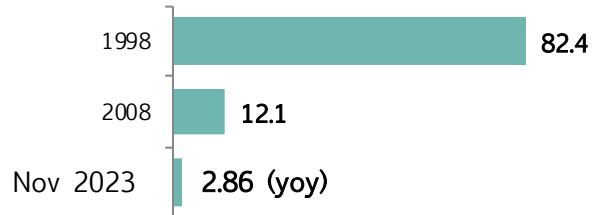


Solid Fundamentals Facing the Headwinds



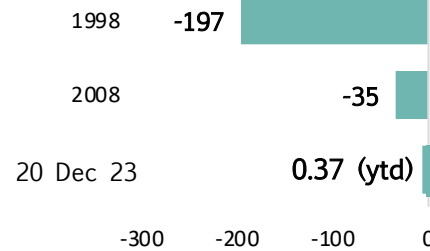
Inflation Rate (%)

Inflation remain under control within the target range



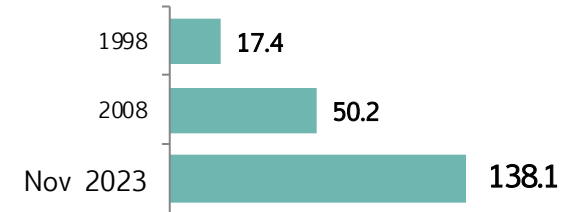
IDR Movement (%)

IDR movement year-to-date exceeding Other developing economies currency performance



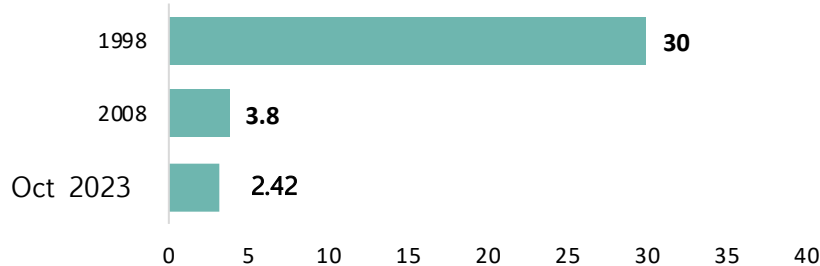
Foreign Reserves (USD bn)

Significantly higher than 1998 & 2008, ample to cover 6.1 months of import and external debt repayment



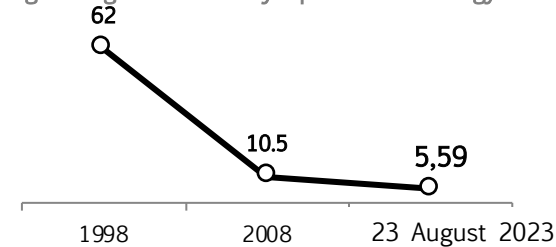
Non-Performing Loan/NPL (%)

NPL level (gross) is below the maximum threshold of 5%



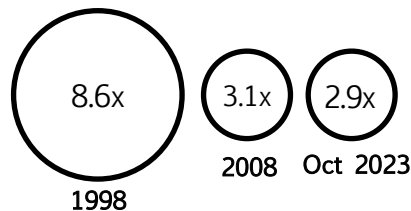
More Liquid Market (%)

In the markets, the IndONIA rate is in line with the higher BI7DRR and strengthening the monetary operations strategy of BI



External Debt (Public & Private) to FX Reserve Ratio

Significantly lower than 1998 crisis



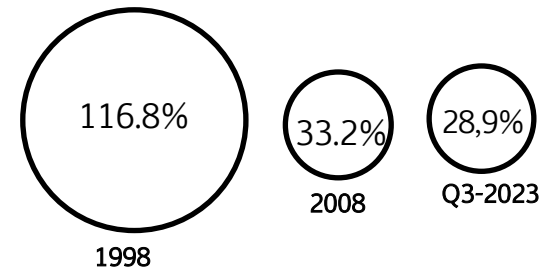
Government Debt*/GDP

Consistently well-maintained



External Debt/GDP

Significantly lower than 1998 crisis



*) Domestic & Forex




Outlook of Domestic Economy Remains Solid

...strong economic growth projected to continue in 2023, and further accelerate in 2024 amid global uncertainty



2023 - 2024 Economic Outlook

- Bank Indonesia projects economic growth in 2023 continue to accelerate to the range of 4.5-5.3% in 2023, before accelerating to the range 4.7-5.5% in 2024
- Bank Indonesia is confident that inflation will remain under control in the 3.0%±1% target this year, and 2.5%±1% in 2024.
- Bank Indonesia projects Balance of Payment (BOP) to remain sound, supported by a manageable current account maintained in the range of a 0.4% surplus to a 0.4% deficit of GDP in 2023, and in the range of a 0.1 deficit to 0.9% deficit of GDP in 2024.
- Bank Indonesia projects credit growth in 2023 will grow by 9%-11% and accelerating to 10%-12% in 2024

	 Economic Growth	π Inflation	 CAD (% of GDP)	 Credit Growth
2019 Realization	5.02%	2.72%	2.71%	6.08%
2020 Realization	-2.07%	1.68%	0.4%	-2.4%
2021 Realization	3.69%	1.87%	surplus 0.3%	5.24%
2022 Realization	5.31%	5.51%	surplus 1.0%	11.35%
2023	4.5-5.3%	3.0 ± 1%	surplus 0.4% - deficit 0.4%	9-11%
2024	4.7-5.5%	2.5 ± 1%	Deficit 0.1% - Deficit 0.9%	10-12%

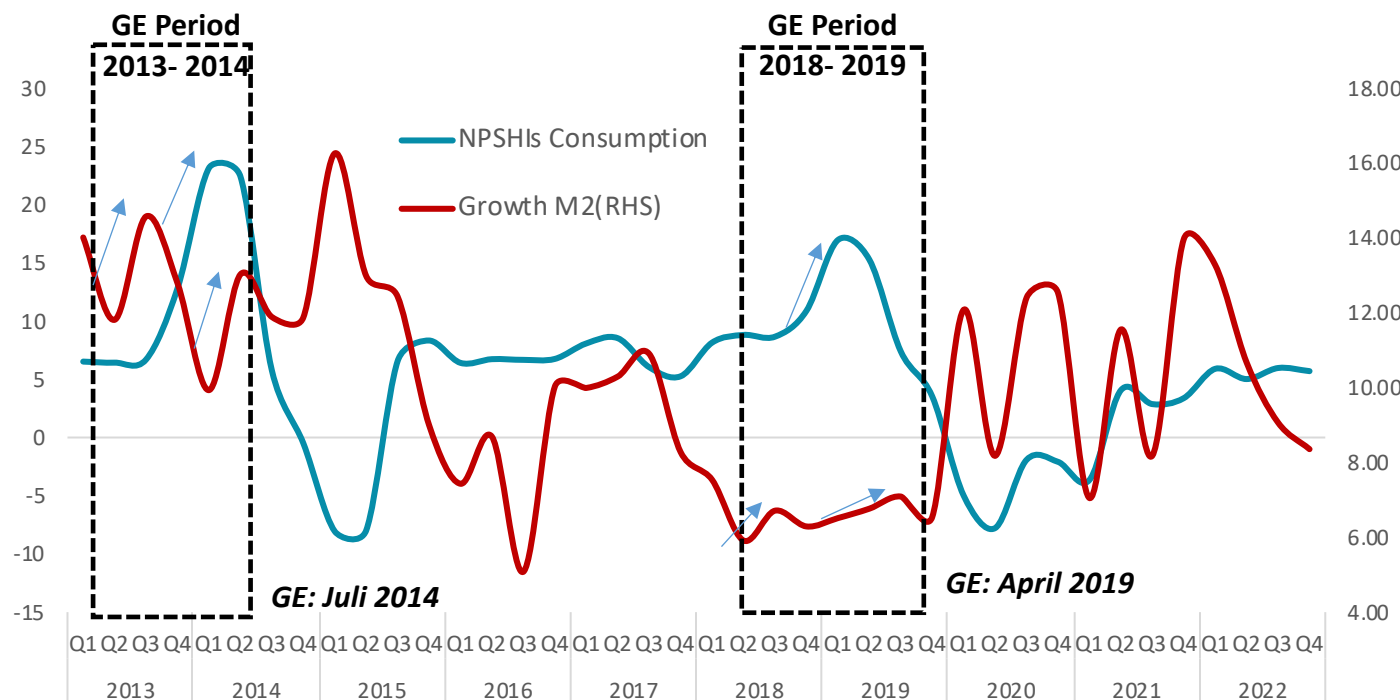
The General Election Period Will Boost Economic Activity



Political Stability is one of the keys to the success of economic achievement. **Indonesia is the third-largest democracy** in the world. Since 2004, **the people can directly elect** the president and members of parliament.

	2004	2009	2014	2019
Number of parties	24	38	12	16
Presidential candidate's vote	60,6%	60,8%	53,2%	55,5%

NPSHIs consumption and M2 (money supply) increased during the election period (including the campaign period) in 2014 and 2019



Elections will drive the national and regional economy through:

1. Increasing MSME economic activity until the campaign period through e-mail, printing, and various merchandise;
2. Election logistics costs;
3. Improvement of facilities and infrastructure (including infrastructure) to build public image;
4. Regional Original Revenue (PAD) through advertisement tax for the installation of billboards, banners, video trans, etc.;



Section 4

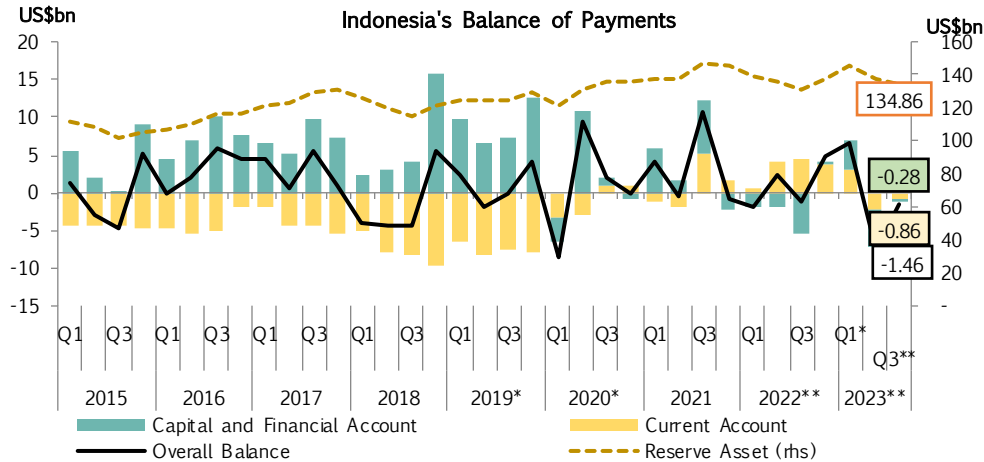
External Factor:
Improved External Resilience

External Sector Remains Resilient

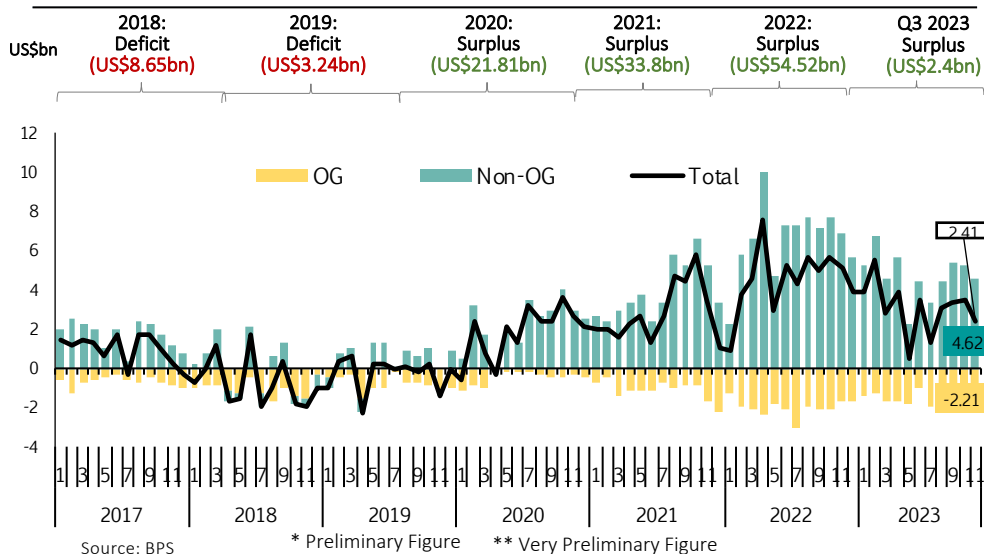
... Supported by Adequate Reserves and Sound Balance of Payments



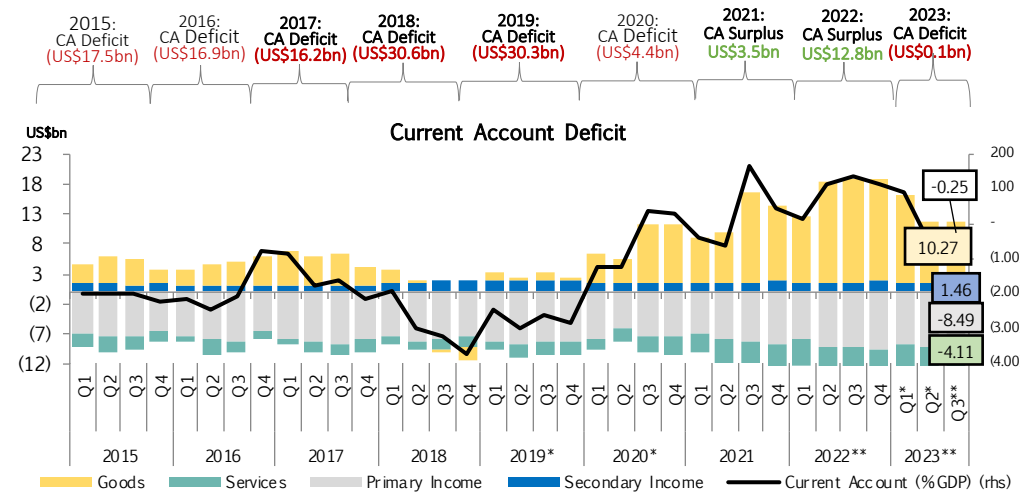
Balance Of Payment Remains Solid



Trade Balance Surplus Continues



Current Account Recorded Low Deficit

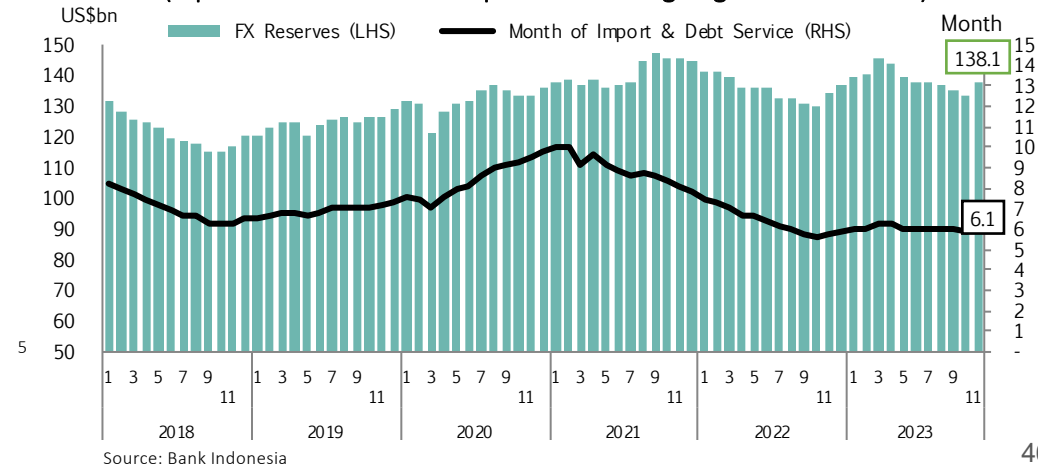


Source: Bank Indonesia

Official Reserve Assets Increased to Reinforce External Sector Resilience

FX Reserves as of Nov 2023: US\$138.1bn

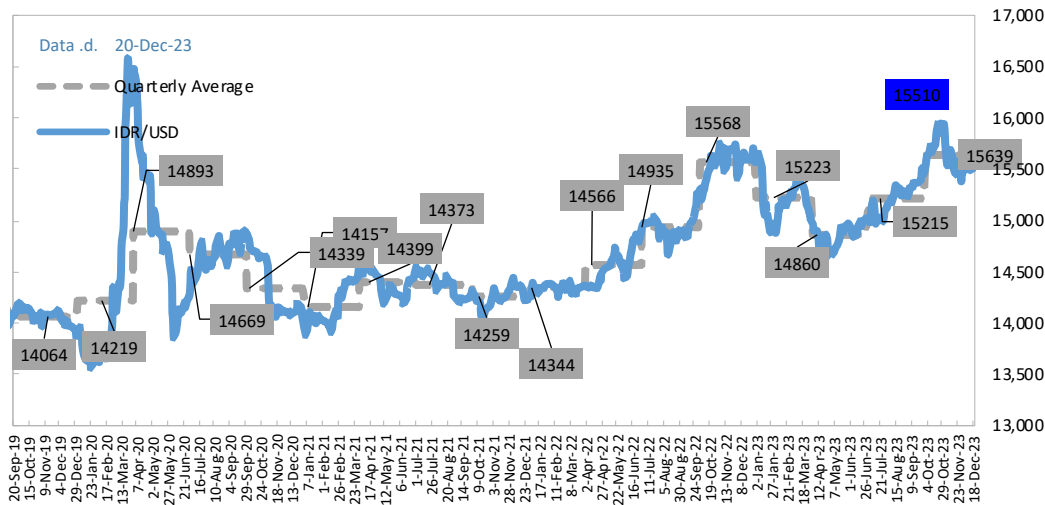
(Equiv. to 6.1 months of imports + servicing of government debt)



Exchange Rate Movement In Line With BI Stabilization Measures

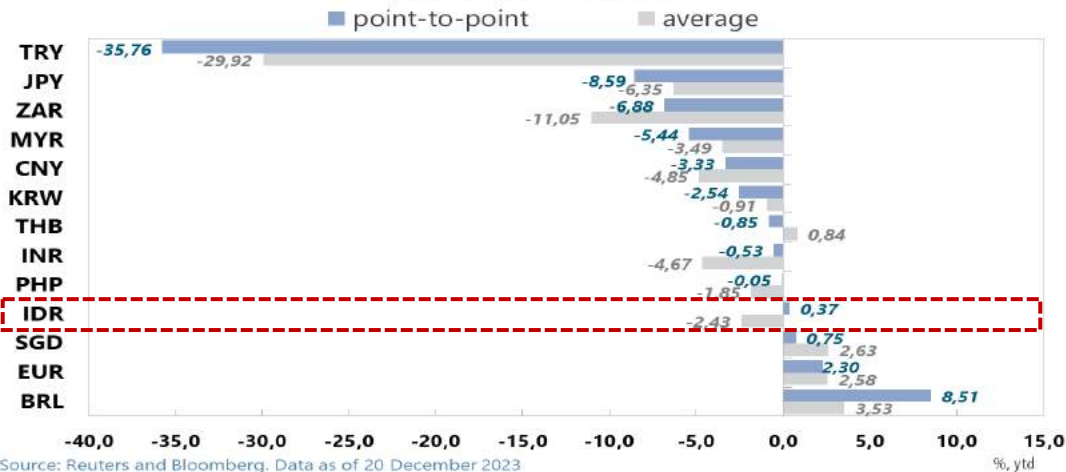


Movement of Rupiah



Rupiah Exchange Rate Volatility

Rupiah 2023 vs 2022



Source: Reuters and Bloomberg. Data as of 20 December 2023

As of 20th December 2023, the rupiah gained 0.44% in value against the level recorded at the end of November 2023. Consequently, the rupiah has appreciated 0.37% on the level recorded at the end of December 2022, thereby outperforming the Philippine peso, Indian rupee and Thai baht, which depreciated 0.05%, 0.53% and 0.85% respectively. In addition to BI stabilisation policy, rupiah appreciation continues as a corollary of foreign capital inflows, attractive yields on domestic financial assets for investment as well as the positive economic outlook. Moving forward, **Bank Indonesia will remain vigilant of several emerging risks and strive to maintain rupiah stability.** In addition, Bank Indonesia will optimise the pro-market MO strategy through the SRBI, SVBI and SUVBI instruments to enhance liquidity management at domestic financial institutions and attract portfolio inflows from abroad. Meanwhile, Bank Indonesia continues strengthening coordination with the Government, banking industry and business community to support the effective implementation of instruments that retain the proceeds of natural resources exports in accordance with Government Regulation Number 36 of 2023 (PP DHE SDA) concerning the Foreign Exchange Proceeds of Exports and the Exploitation, Management and/or Processing of Natural Resources.

Ample Lines of Defense Against External Shocks



Ample Reserves

FX Reserve

- Ample level of FX reserves to buffer against external shock
- FX Reserves as of November 2023: **US\$138.1 bn**

Swap Arrangement

Bilateral

Japan

- Renewed a 3 year USD22.8 billion swap line with Japan in October 2021
- The facility is available in USD and JPY

Singapore

- Renewed a 1 year SGD/IDR swap arrangement with the size up to SGD 9.5 bn / IDR 100 tn (equivalent) in November 2023

China

- Renewed a 3 year swap arrangement and increased the size of swap line up to CNY 250 bn / IDR 550 tn (equiv.) in January 2022

Malaysia

- Renewed a 3 year RM/IDR swap arrangement with a size up to RM 8 billion / IDR 28 trillion (equiv.) in September 2022

Regional

Chiang Mai Initiative Multilateralization (CMIM) Agreement

- Entitled to a maximum swap amount of US\$ 22.76 bn under the ASEAN+3 (Japan, China, and Korea) FX reserves pool created under the agreement
- Came into effect in 2010 with a pool of US\$120 bn
- Doubled to US\$240 bn effective July 2014

Global

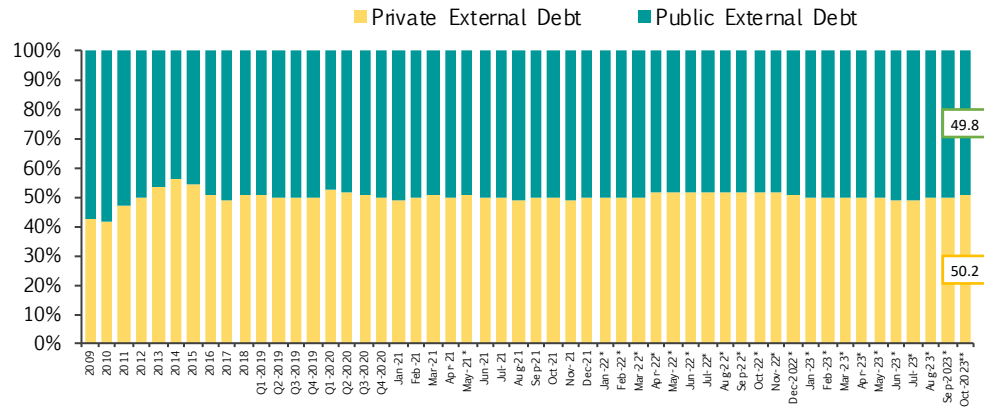
IMF Global Financial Safety Net - GSFN

- Indonesia is entitled to access IMF facilities for crisis prevention to address potential (actual) BOP problem
- Such facilities include Flexible Credit Line (FCL) and Precautionary and Liquidity Line (PLL)

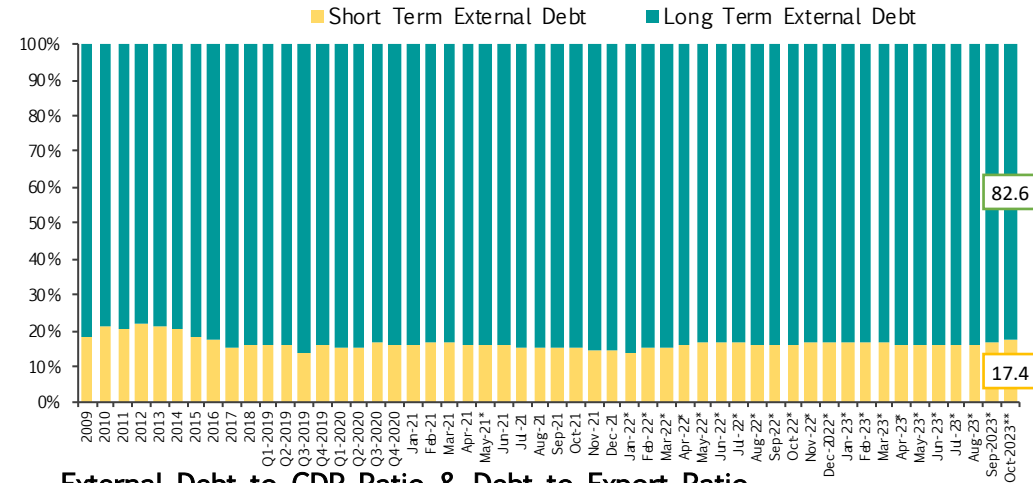
Healthy External Debt Profile



External Debt Structure



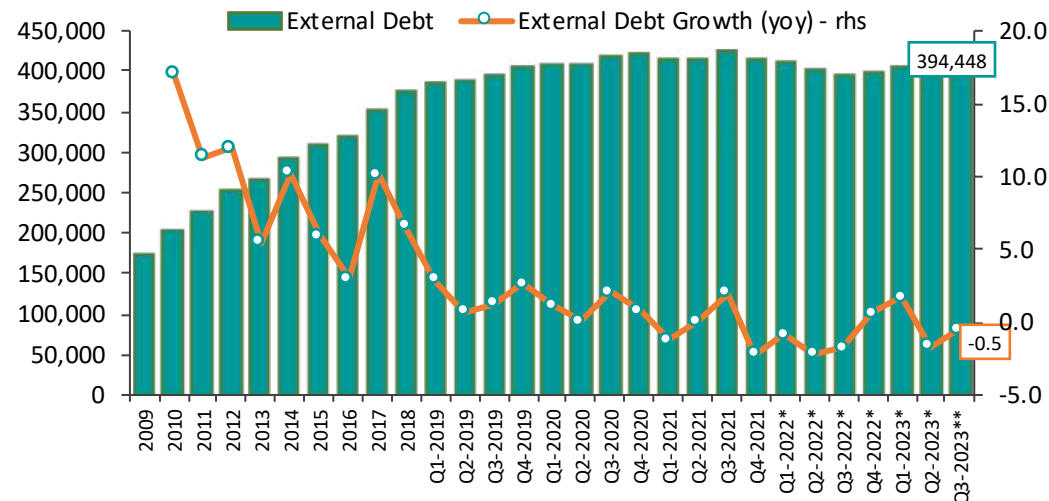
The Structure of External Debt is Dominated by Long-Term Debt



External Debt Remains Manageable

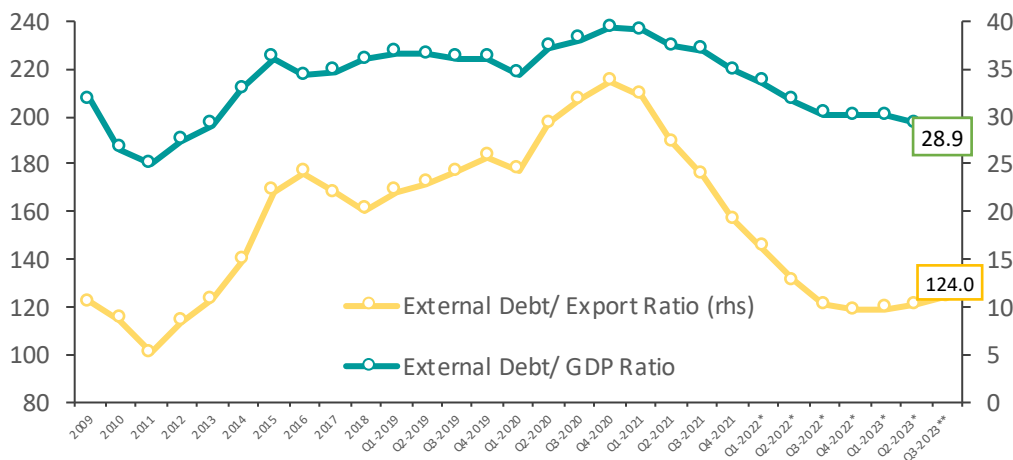
Million USD

%



External Debt to GDP Ratio & Debt to Export Ratio

%



Source: Bank Indonesia, External Debt Statistics of Indonesia

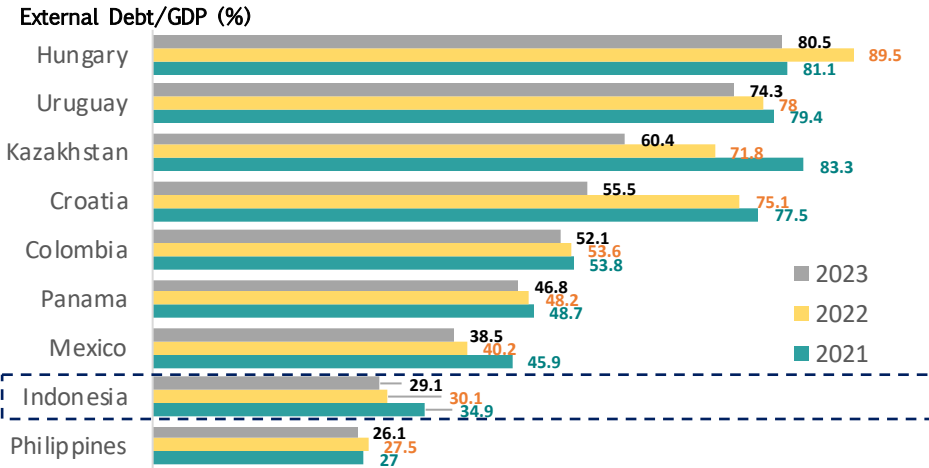
*Provisional Figures

**Very Provisional Figures

Strengthened Private External Debt Risk Management



Lower Debt Burden Indicator (External Debt/GDP) Compared to Peers Rating



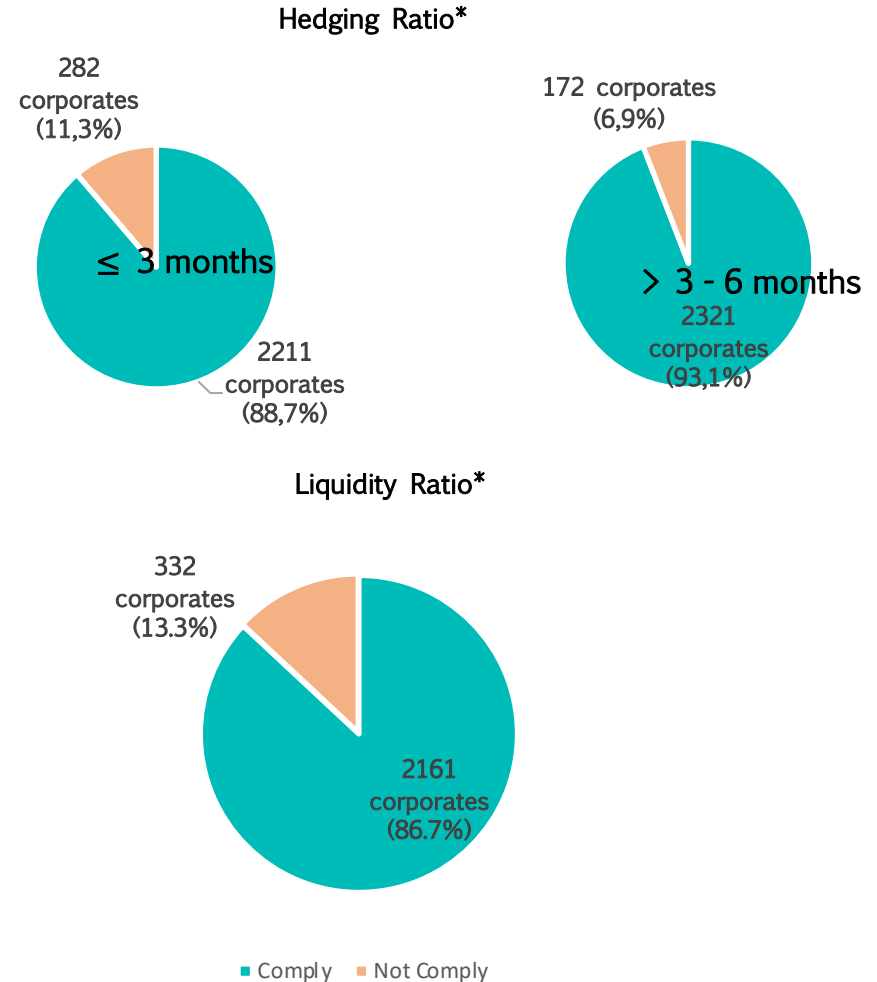
Source: Moody's Credit View Fundamental Data, September 2023

Regulation on Prudential Principle in Managing External Debt

Regulation Key Points	1 Jan 17 & beyond
Object of Regulation	Governs all foreign currency Debt
Hedging Ratio	
≤ 3 months	25%
> 3 – 6 months	25%
Liquidity Ratio (≤ 3 months)	70%
Credit Rating	Minimum rating of BB- (State-owned Enterprises)
Hedging transaction to meet hedge ratio	Must be done with a bank in Indonesia
Sanction	Applied

Source: Bank Indonesia

Encouraging Corporates Compliance on Hedging Ratio & Liquidity Ratio



*Data as of Q2-2023, with total population 2,493 corporates

Source: Bank Indonesia



Section 5

Fiscal Performance and Flexibility:
Strong Commitment in Maintaining Fiscal Credibility

2023 Fiscal Policy Focus



Human
Resources



Infrastructure



Bureaucratic
Reform

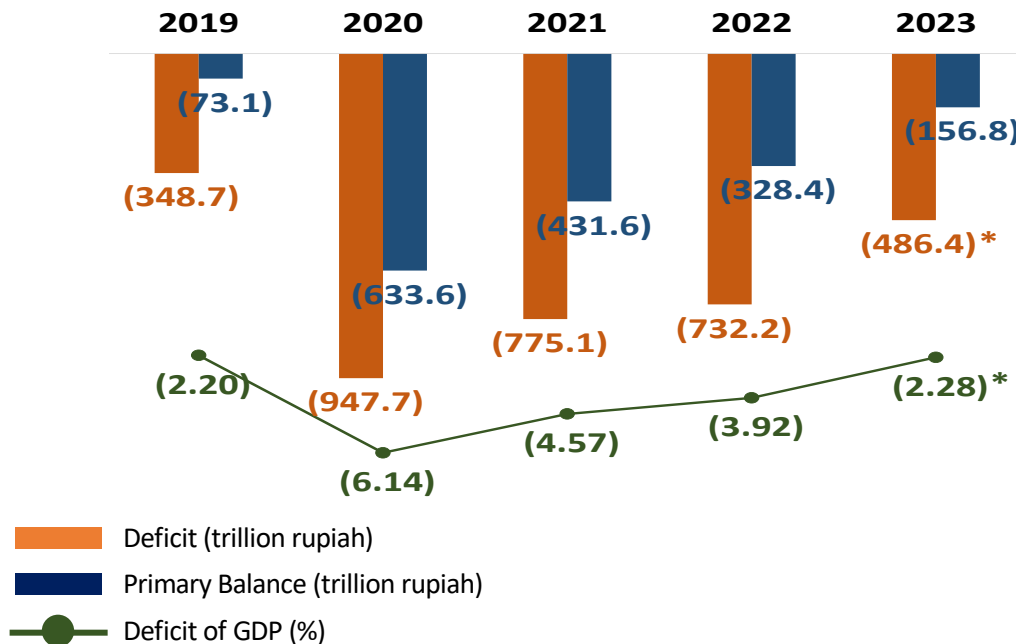


Industrial
Revitalization



Green
Economy

The 2023 State Budget supports
consolidation to maintain fiscal
sustainability



* 1st Semester Report Outlook

Strengthening the Role of the
APBN and Continuing Quality
Fiscal Consolidation

Revenue
Mobilization

Quality
Expenditure

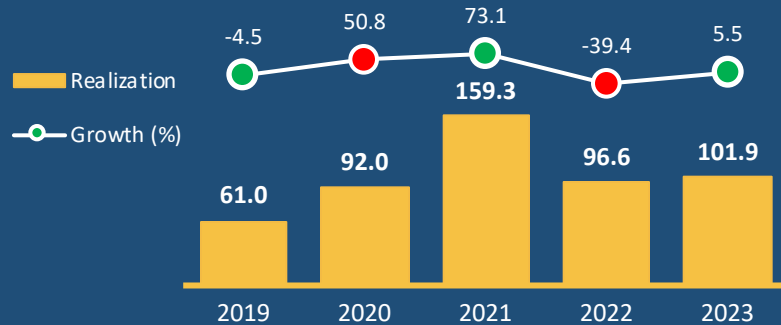
Innovative
Financing

Strategic Focus for 2023 : Prioritizing Health, Food Security, Human Capital, and Infrastructure Development



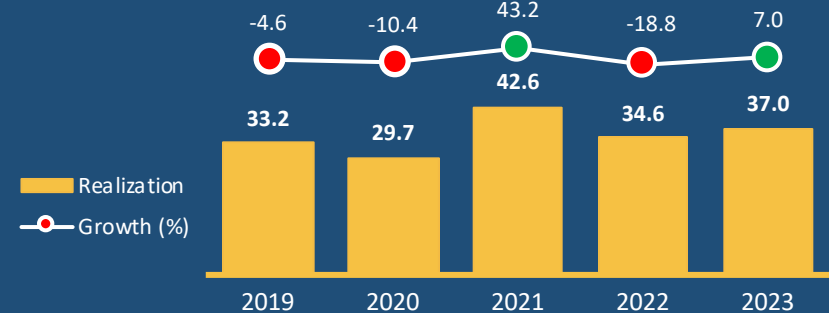
Health

IDR Trillion



Food Security

IDR Trillion



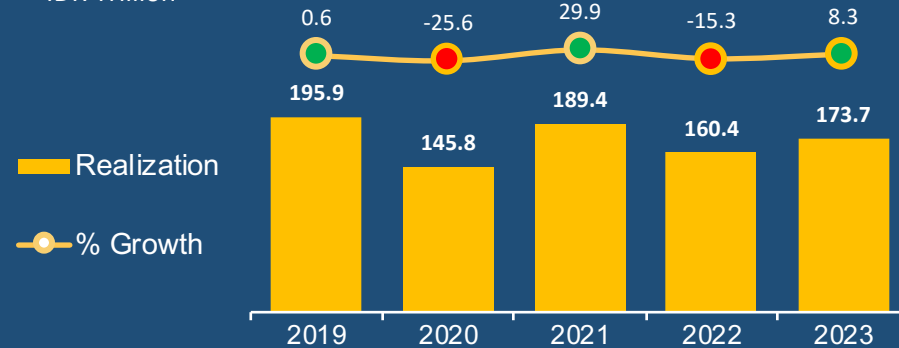
Education

IDR Trillion



Infrastructure

IDR Trillion





Solid Budget Performance Continues

The budget deficit returned to below 3% GDP one year earlier than the initial target

Account (IDR Tn)	2022		2023								
	Audited	Growth ¹ (%)	Budget	Growth ² (%)	Budget Gov't Reg 75/2023	Real. 30 th Nov	% to Budget ³	Growth (%)	Real. 12 th Dec	% to Budget ³	Growth (%)
Revenue	2,635.8	30.6	2,463.6	(6.2)	2,637.2	2,462.4	93.4	3.6	2,553.2	96.8	4.1
Tax Revenue	2,034.6	31.4	2,021.2	(0.7)	2,118.3	1,916.3	90.5	3.6	1,996.4	94.2	4.4
Non Tax Revenue	595.6	28.3	441.4	(25.0)	515.8	544.2	105.5	3.2	554.5	107.5	3.1
Expenditure	3,096.3	10.9	3,061.2	(1.0)	3,117.2	2,510.5	80.5	(4.0)	2,588.2	83.0	(4.1)
Central Government Expenditure	2,280.0	13.7	2,246.5	(1.2)	2,302.5	1,774.4	71.1	(5.7)	1,840.4	79.9	(5.9)
Transfer to Region	816.2	3.9	814.7	(0.2)	814.7	736.1	90.4	0.6	747.8	91.8	0.6
Primary Balance	(74.1)	(81.9)	(156.8)	(101.0)	(38.5)	361.1	(937.2)	185.7	378.6	(982.8)	215.2
Surplus (Deficit)	(460.4)	(40.1)	(598.2)	(28.8)	(479.9)	(48.2)	10.0	(79.6)	(35.0)	7.3	(85.8)
% to GDP	(2.35)		(2.84)		(2.27)	(0.23)			(0.17)		
Financing	591.0	(33.1)	598.2	2.5	479.9	282.3	58.8	(36.2)	289.6	60.3	(38.9)

Government Revenue

State Revenue grew well amidst moderation in commodity prices, this growth was driven by economic improvement. In fact, the development of state revenues exceeded the initial budget which was prepared conservatively.

Government Expenditure

The government's spending priorities are geared **towards enhancing productivity and safeguarding the public**, with adequate budget support provided to preserve citizens' purchasing power through energy subsidies and compensation programs.

Government Financing

Addressing the challenges posed by **global financial market volatility** and the possibility of increased debt costs.

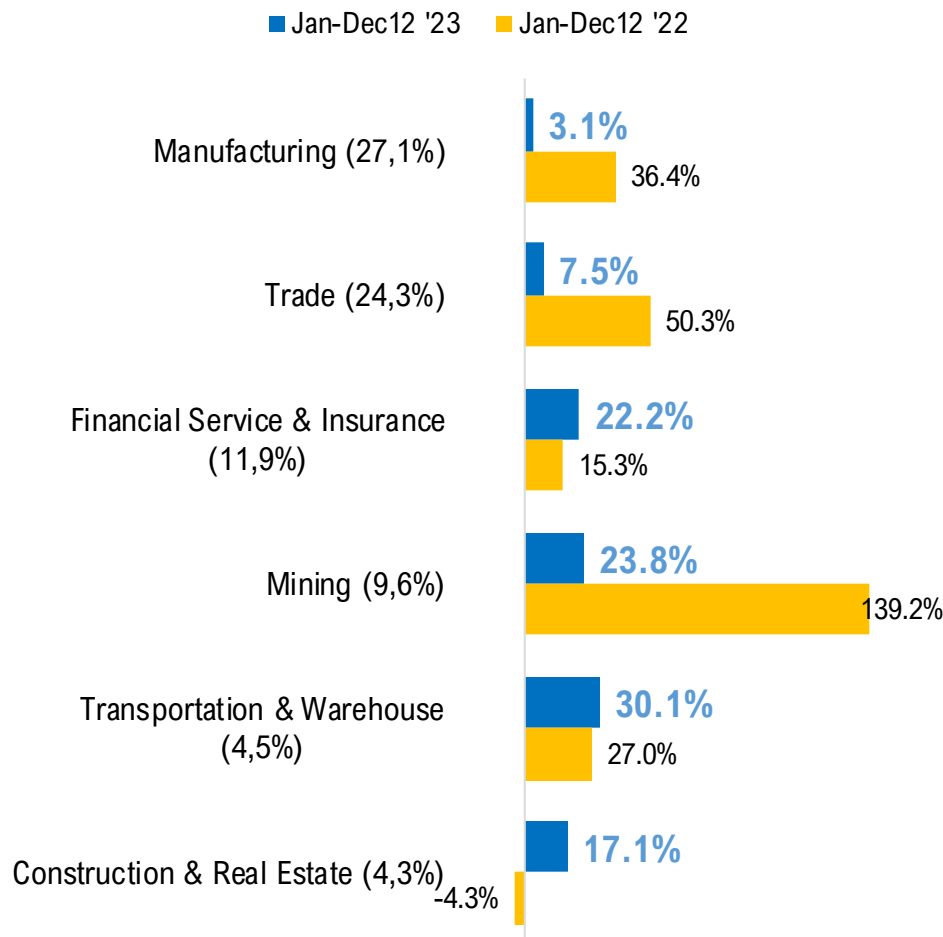
Source: Ministry of Finance.
 Note: 1. % Growth of 2021 Budget Realization, 2. % Growth of 2022 Budget Realization, 3. % Growth of 2023 Budget Under Presidential Regulation No.75/2023

Solid Budget Performance Supported by Sustained Revenue Collection

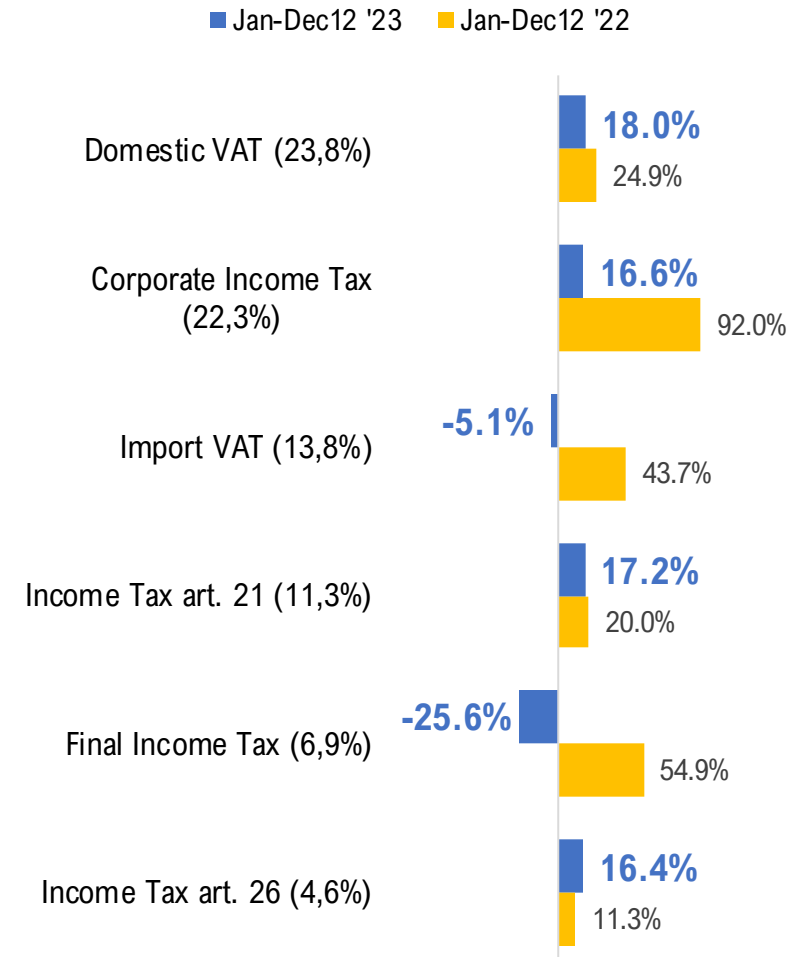
Remained robust economic activities and gained from the tax reforms have sustained revenue collection amid moderating commodity prices



Positive Growth in Main Sector Tax Revenue
(12th Dec 2023 YTD)



Positive Growth in Main Sector Tax Revenue
(12th Dec 2023 YTD)



Customs and Excise Revenue Contraction

Impact of Global Commodity Price Decline and Tax Control Policies Amid Sustained Domestic Economic Activity

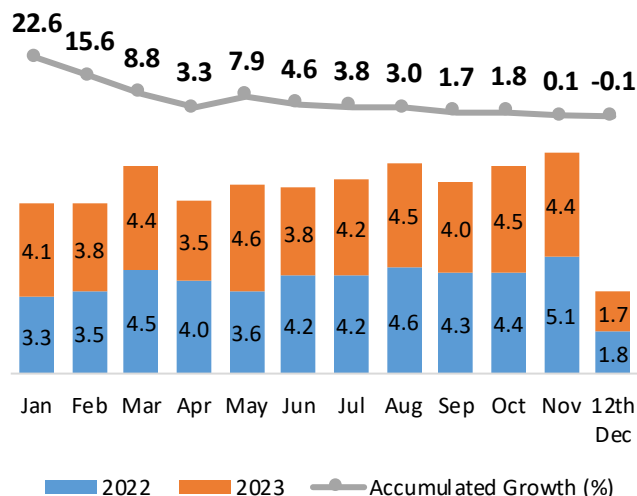


IMPORT DUTY
IDR 47.6T

100.1%
of Budget

89.6%
Gov't Reg
75/2023

IDR Trillion



Customs revenue until December 12 decreased by 0.1% (YoY) due to a decline in import values (-7.8% until October 2023), offset by a rise in Free Trade Agreement (FTA) utilization (34% compared to the previous year's 33.6%). The Directorate General of Customs and Excise (DJBC) improved import services, including postal items, e-cd, Rush Handling, and services for Indonesian Migrant Workers. Enhanced supervision was also implemented on the East Coast and main ports.

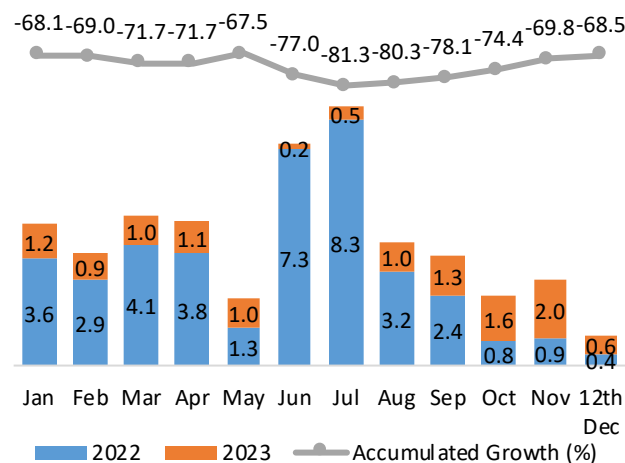
Source: Ministry of Finance

EXPORT DUTY
IDR 12.3T

120.5%
of Budget

62.2%
Gov't Reg
75/2023

IDR Trillion



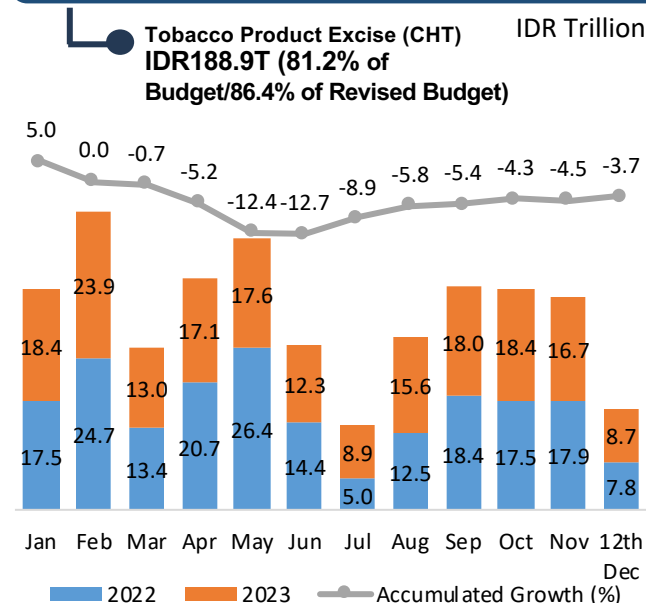
Export tax revenue until December 12, 2023, dropped by -68.5% (YoY) due to declining palm oil (-81.3% YoY), copper (-0.3% YoY), and bauxite (-89.0% YoY) export taxes. Mineral export policy relaxation added IDR 3.26 trillion in exit duties, aligning with downstreaming policies. Export services improved via clinics, sampling standardization, and reduced logistics costs through multimodal NLE.

EXCISE
IDR 196.7T

80.1%
of Budget

86.6%
Gov't Reg
75/2023

IDR Trillion

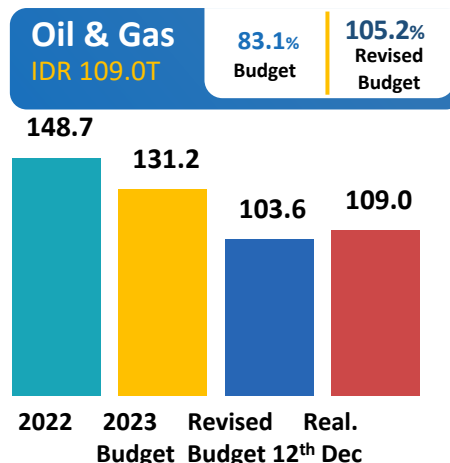
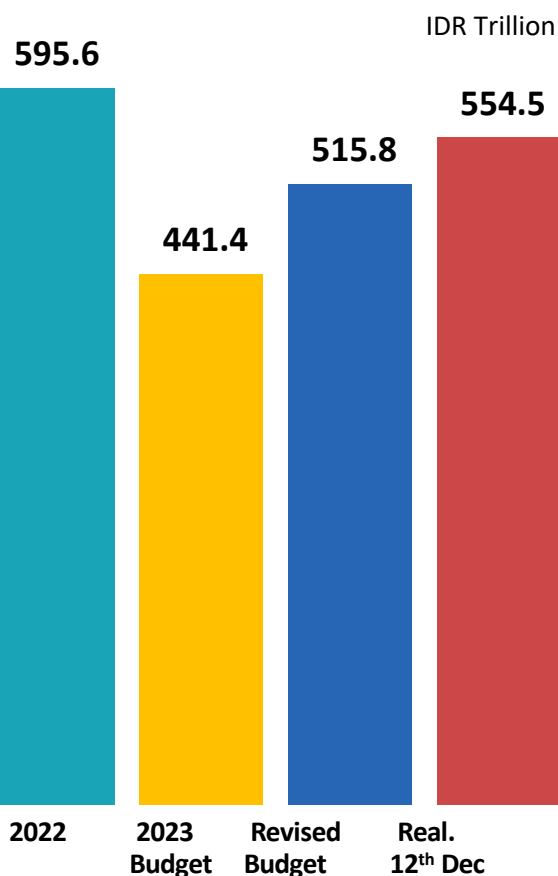


CHT revenue until December 12 fell by -3.7% (YoY) due to policies balancing consumption control, sustaining employment, and monitoring illegal cigarettes. Production declined by -1.8%, aligning with consumption control targets (-1.3% effective rates). Estimated employment absorption increased by 15,683 people (DJBC 2022 survey). Confiscated tobacco-related products saw a 26% (YoY) rise.

Non-Tax Revenue Realization has Reached The Budget Target Amidst Commodity Price Fluctuations

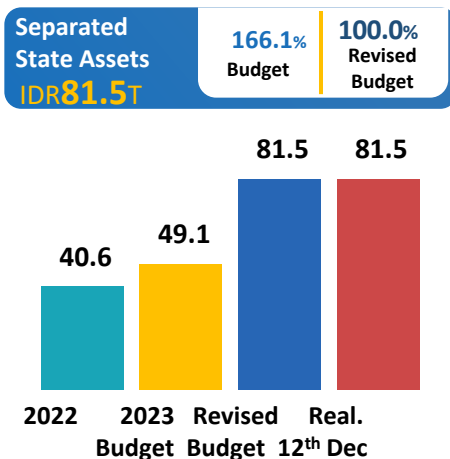
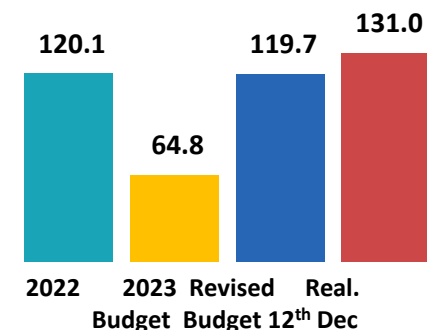


This achievement is primarily the result of increased Non-Oil and Gas Natural Resources Revenue, Separated State Wealth Revenue, and Other Non-Tax State Revenue.

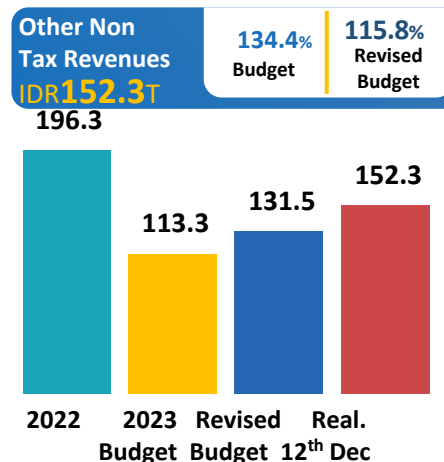


Lower Indonesian Crude Price (ICP) from economic slowdown in Europe and oil lifting issues

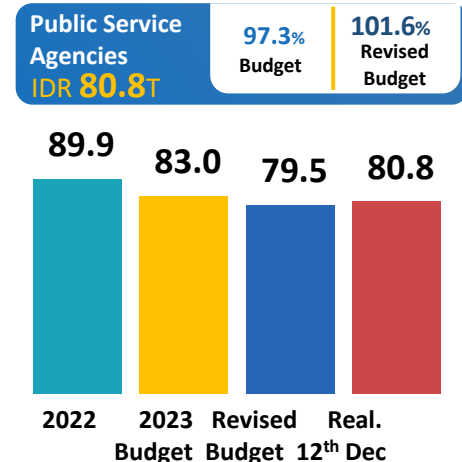
Coal tariff adjustments, enhanced non Tax Revenue with the Automatic Blocking System, utilization of a analytical data, and taxpayer profiling in supervision



The increase is contributed by the dividend payments from state-owned enterprises in both banking and non-banking sectors.



Contraction in mining revenue and DMO revenue is caused by lower Indonesian Crude Price (ICP), oil lifting, and a decrease in the Indonesian Coal Reference Price (HBA)



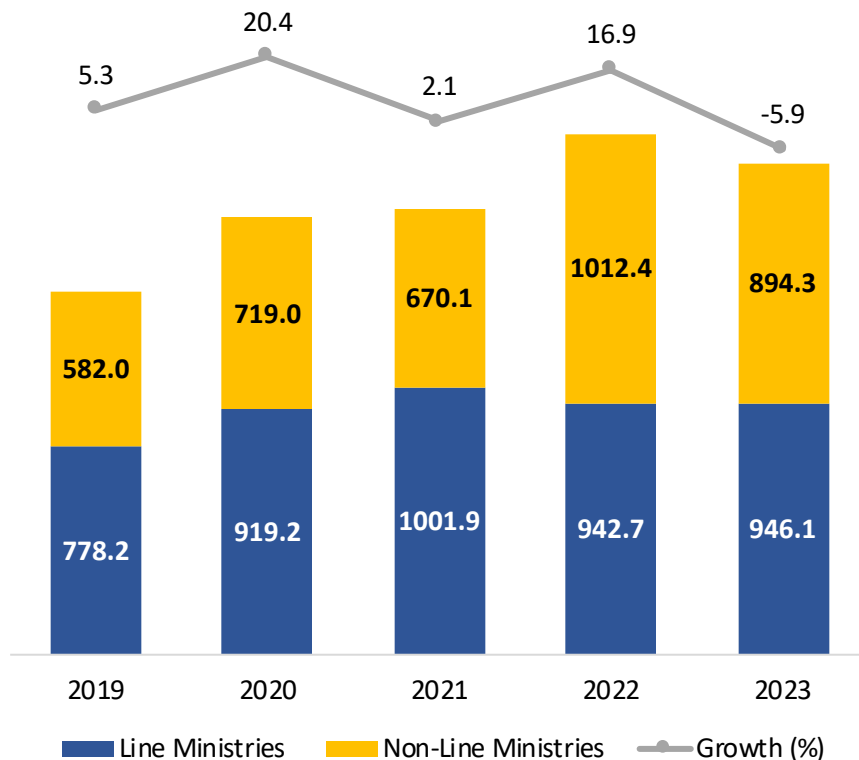
Revenue declined in managing the National Education Development Fund, Hospital Services, and Education Services. Decreased demand and falling CPO prices led to reduced revenue in managing the Palm Oil Plantation Development Fund.

Central Government Expenditure Performance



Central Government Expenditure as of 12th December 2023

IDR Trillion



Central government spending until October 2023 has been realized at IDR 1,840.4 trillion (81.9% of the allocation), comprising:

1 Line Ministries Spending **IDR946.1 T* (94.5% of Budget)**

Support for the preparation of election implementation, the development of the New Capital City (IKN) program, acceleration of priority infrastructure completion, and the distribution of various social assistance.

*) Realization of personnel expenses, goods expenses, capital expenses, and social assistance expenses.

2. Non- Line Ministries Spending **IDR894.3 T (71.8% of Budget)**

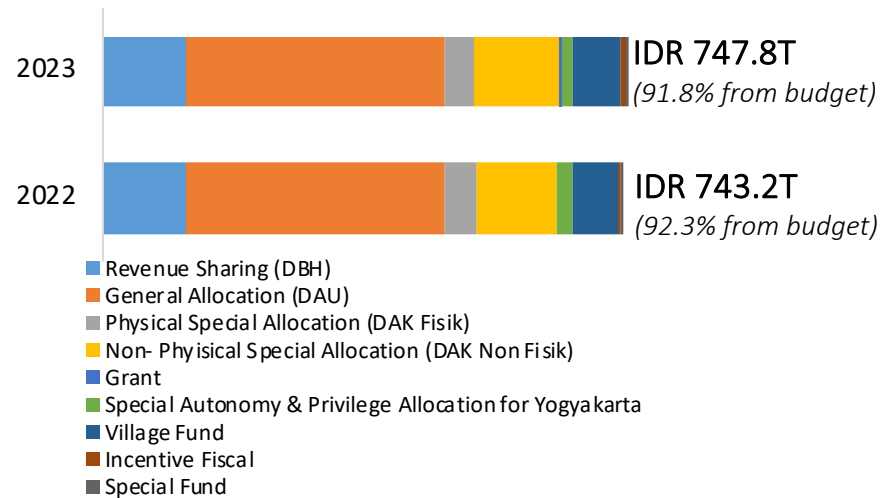
the realization of fertilizer subsidies, pre-employment cards, as well as the payment of fuel and electricity subsidies and compensation. The realization of Non-Line Ministries will increase along with the payment process for various programs, including subsidies and compensation in December

Increased Transfer to Regions with Improved Governance



Transfer to Region Fund

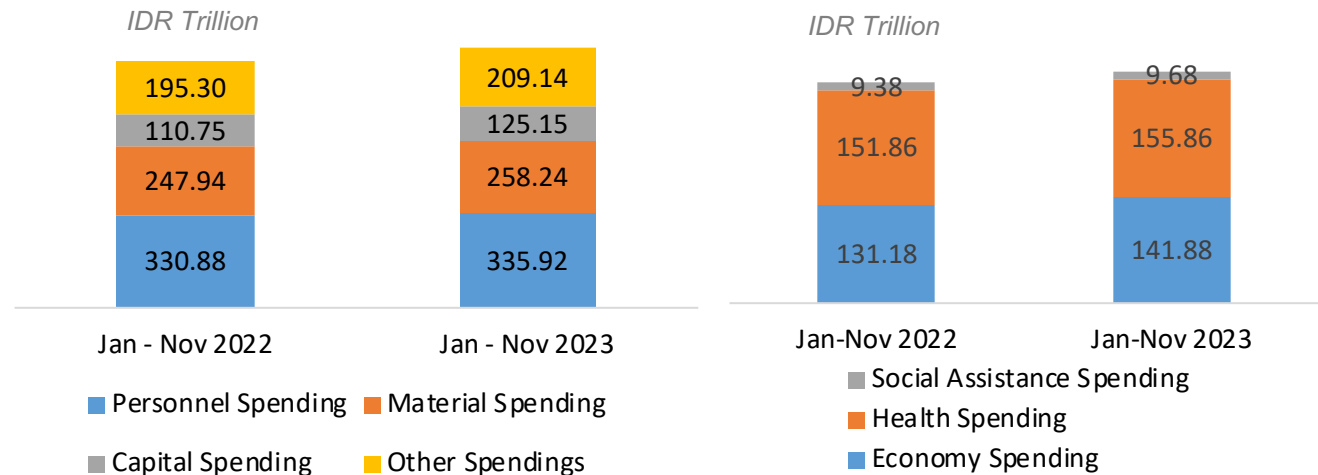
(January – November)



- The DAU is higher due to the distribution of Phase III of the DAU in the Education sector, Health sector, Public Works sector, including DAU for the payment of PPPK salaries.
- Non-Physical DAK is higher due to an increase in compliance with the requirements for disbursement.
- Special Fund is slightly higher due to an increase in the allocation ceiling for the year 2023 compared to 2022 by Rp100 million.
- DBH is lower, mainly because on October 31, 2022, there was a disbursement of DBH Family Planning amounting to Rp22.9 trillion
- Special Autonomy funds have been fully disbursed at 100%. This is lower than the previous fiscal year due to a reduction in the allocation of Aceh's Special Autonomy from 2% to 1% of the National DAU.
- In nominal terms, Physical DAK is lower because the ceiling is lower than the previous year. However, in terms of percentage, the disbursement has increased.
- At the end of December, the disbursement of Family Planning DBH and Additional Regular DBH for 2023 is planned.

Local Government Performance

The performance of the realization of the Regional Budget (APBD) expenditure in 2023 grew by 4.9% (year-on-year) due to improvements in the absorption of all types of expenditures, with the highest growth observed in capital expenditures, which increased by 13.0%.

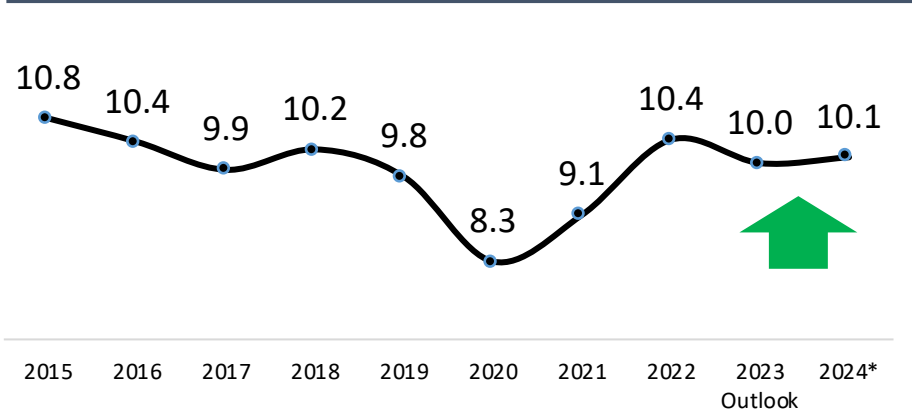




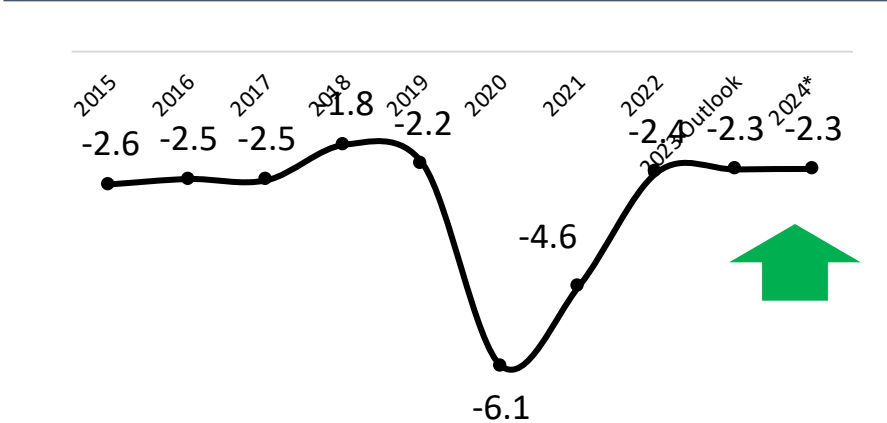
Stronger Budget Performance has Eased Fiscal Pressures

Fiscal position has continued to improve

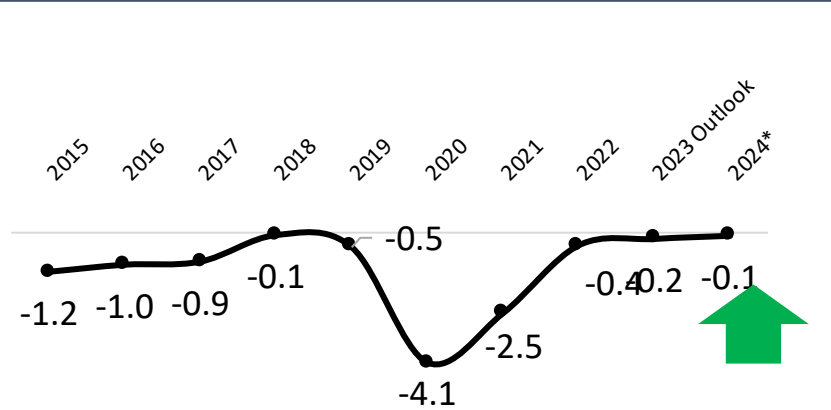
Tax ratio increases in line with stronger recovery (% GDP)



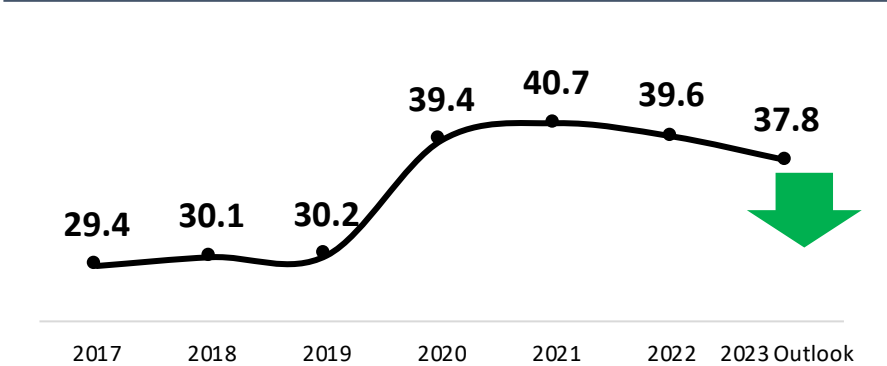
Overall budget position improved significantly (% GDP)



Primary Balance is trending up (% GDP)



Fiscal pressures has eased (% of GDP)



Source: Ministry of Finance

Note: *2024 Proposed Budget

Fiscal Policy Directed to Support Acceleration of Economic Transformation



Fiscal Policy Theme 2024: *Accelerating Inclusive and Sustainable Economic Transformation*



**Vision Advancing
Indonesia 2045**

Short-term Policy Focus

Inflation control (price stability)

Eradication of extreme poverty

Reduction of stunting prevalence

Increased investment

The role of the budget policy:

Stabilization and addressing urgent issues (Stunting, extreme poverty)

Medium – Long Policy Focus

Human Capital Gap

Infrastructure Gap

Institutional Gap

The role of the budget policy:

Accelerating Structural Reforms

Transformasi Ekonomi

Productivity

Low → High

Value Added

Low → High

Environmental

Brown → clean & green

Economic Base

Narrow → Broad-based & inklusif












2024 Budget Postures

Focused on expediting inclusive and sustainable economic transformation

Account (IDR Tn)	2023 outlook	2024	% Growth
Revenue	2,637.2	2,802.3	6.26
Tax Revenue	2,118.3	2,309.9	9.04
Non-Tax Revenue	515.8	492.0	-4.61
Expenditure	3,123.7	3,325.1	6.45
Central Gov't Expenditure	2,298.2	2,467.5	7.37
Transfer to Region	825.4	857.6	3.90
Deficit	486.4	522.8	7.48
% of GDP	(2.30)	(2.29)	
Financing	486.4	522.8	7.48

MACROECONOMIC ASSUMPTIONS FOR THE 2024 BUDGET

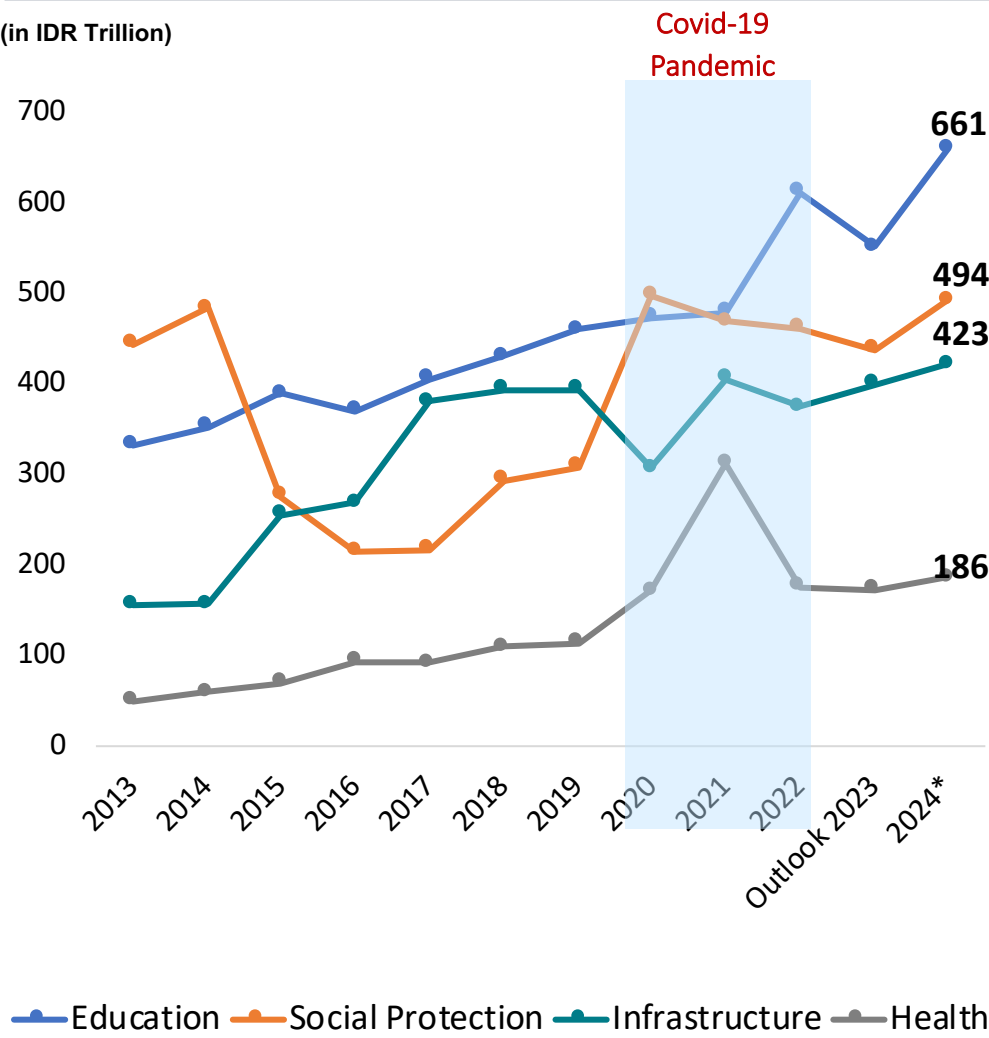
	Economic Growth	5.2% (yoy)
	Inflation	2.8% (yoy)
	Exchange rate	IDR15.000/US\$
	Oil Price/ ICP	USD82/barrel
	10Y T-Bonds Rate	6.7%
	Oil Lifting	635 Thousand bpd
	Gas Lifting	1,033 Thousand bsmpd

Budget Supports for Structural Reform Agenda well Maintained

Budget allocation for prioritized sectors on the upward trend



Budget Development on Priority Program



% to total budget
(avg 2013-2024)

20%	Education fostering a competitive human capital
14%	Social Protection promoting more effective and efficient social protection and subsidy distribution
14%	Infrastructure accelerating the implementation of basic infrastructure projects
5%	Health supporting health system reforms

Budget Priorities 2024 to Support Economic Transformation



Education (IDR660.8 T)

Improve access and quality of education in Indonesia & educational infrastructure, especially in the 3T (frontier, outermost, and underdeveloped) regions

Health (IDR186.4 T)

Accelerate stunting reduction, strengthen technology and pharmaceutical self-reliance, enhance National Health Insurance, and improve healthcare system reliability.

Social Protection (IDR493.5 T)

Provide financial assistance and basic necessities to the extremely poor, Strengthen Lifelong Social Welfare, Graduation from Poverty, Adaptive Social Protection

Infrastructure (IDR422.7 T)

Develop infrastructure in ICT, energy, food, and connectivity sectors, accelerate completion of National Strategic Projects (IKN), particularly in connectivity infrastructure.

Food Security (IDR108.8 T)

Boosting domestic food production, improving agricultural storage and processing facilities, enhancing logistics and connectivity, and strengthening the national food reserve.

2023 Budget Financing

Increasing productivity for an inclusive and sustainable economic transformation



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

Macroeconomic Assumption for 2023 Budget



Economic Growth
5.3%



Inflation
3.6%



Exchange Rate
IDR14,800/USD



10Y T-Bonds Rate
7.90%



ICP
US\$90/barrel



Oil Lifting
660 thousand
barrel/day



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

2023 Development Target



Unemployment rate
5.3 – 6.0



Human Development Index
73.31 – 73.49



Gini Ratio
0.375 – 0.378



Poverty Level
7.5 – 8.5



Peasant Exchnage Rate
105 – 107

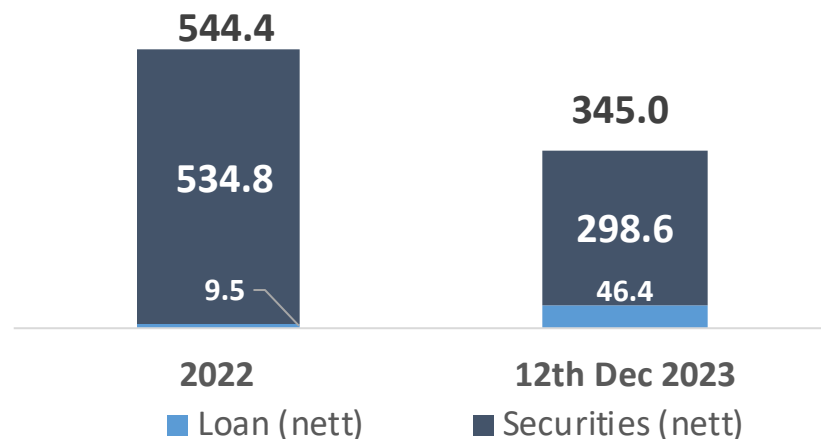


Fisherman Exchnage Rate
107 – 108

Budget Financing Controlled Amid Global Market Volatility & Government Liquidity



Financing Realization as 12th December 2023



Domestic Loan (Net) IDR 8.36 T

- Domestic Loan Withdrawal (Gross) **IDR 11.17T**
- Domestic loan principal installment financing **IDR (2.81T)**

Foreign Loan (Net) IDR 31.50 T

- Foreign Loan Withdrawal (Gross) **IDR 105.43T**
- Foreign loan principal installment financing **IDR (73.93T)**

Accelerate Investment in Priority Sectors for The Welfare of The Society



Housing Financing Liquidity Facility IDR 108.5T (Total Fund from 2010 to December 2023)

As of 12th December, 2023, a total of 299,000 FLPP (Housing Financing Liquidity Facility) homes have been disbursed to low-income communities, meeting the 2023 target for homes financed valued at IDR 26.3 trillion.



State Asset Management Agency

Total Fund Allocation: 159.89 trillion (from 2016 to December 2023)

- The total fund allocation for LMAN in 2023 is 25.4 trillion IDR.
- As of December 2023, 116 National Strategic Projects with a total value of 122.19 trillion IDR have been funded.



Education Fund Management Agency (LPDP) IDR 8T (2023 Funding Target)

Total Endowment Fund as of Dec 2023 IDR 139.11T



International Development Cooperation Fund (LDKPI)

Grant disbursement as of 12th December 2023 amounting IDR 265.67B to many countries in Latin America and Caribbean, Africa, Asia, and Pacific.

Debt Financing

as of November 30, 2023



Budget Financing continues to well risk-controlled, among others through optimal composition, good related to currency, interest rates, and maturity

Debt Financing Realization

Rp **332.39 (47.7%)**

Government Securities
(Net)

Rp **292.5**

Loan
(Net)

Rp **39.9**

Disbursed Foreign Loan
Rp **105.4**

- Note :
1. all numbers in trilliun Rupiah
 2. The percentage is the percentage of budget ceiling from National Budget year 2023

GS Financing Realization 2023



Realization ao Nov 30, 2023
(Trillion IDR)

Government Securities	787.22
Government Debt Securities (SUN)	506.05
IDR Denominated	447.08
- Auction	369.92
- Private Placement	11.57
- Retail	65.59
FX Denominated	58.97
Sovereign Sharia Securities (SBSN)	281.17
IDR Denominated	249.77
- Auction	181.00
- Private Placement	6.83
- Retail	61.94
FX Denominated	31.40

Republic of Indonesia USD3 bn Global Bonds Issuance

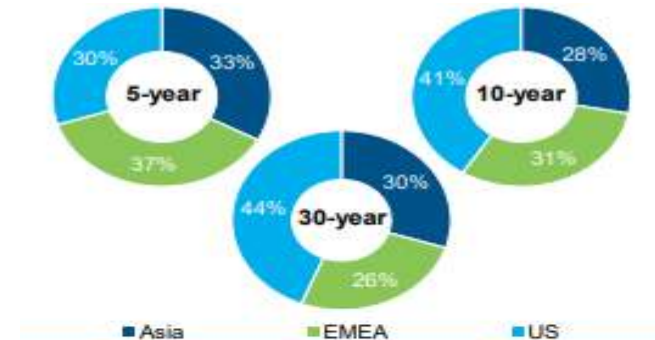


Issuer	Republic of Indonesia		
Issuer Rating	Baa2 Moody's (Stable) BBB S&P (Negative) BBB Fitch (Stable)		
Format	SEC-Registered Notes Offering		
Pricing Date	January 5, 2023		
Settlement Date	March 11, 2023		
Issue Size	USD3 bn		
Tenor	5year	10year	30year
Maturity	January 11, 2028	January 11, 2033	January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

Transaction Highlight

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

Investor Breakdown by Region



Investor Breakdown by Investor Type



Republic of Indonesia JPY104,8 bn Samurai Bonds Issuance

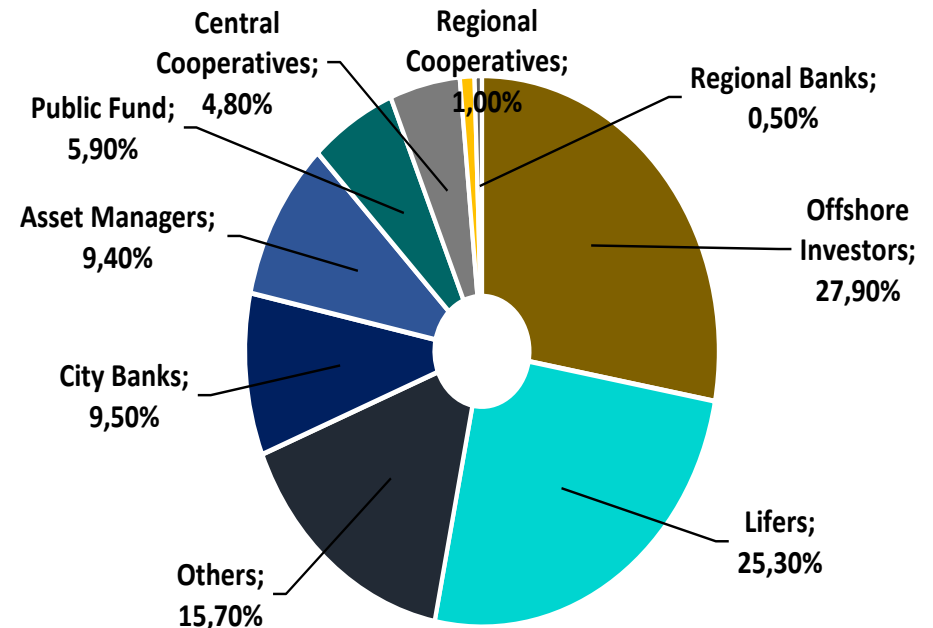


Series	RIJPY0526B	RIJPY0528B	RIJPY0530 (Blue SB)	RIJPY0533 (Blue SB)
Tenor	3 Years	5 Years	7 Years	10 Years
Maturity Date	May 26, 2026	May 26, 2028	May 24, 2030	May 26, 2033
Pricing Date	19 Mei 2023			
Settlement Date	26 Mei 2023			
Size	JPY46.9 Bio	JPY37.2 Bio	JPY14.7 Bio	JPY6 Bio
Yield/ Coupon	0,74%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

Transaction Highlight

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

Investor breakdown by Investor Type



Republic of Indonesia USD 2 BN Global Sukuk Issuance

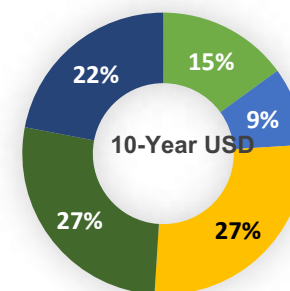
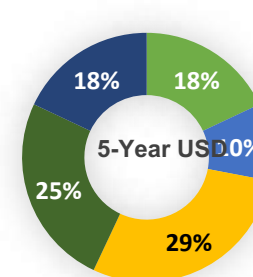


- ❖ The Republic of Indonesia (the “Republic”) made its annual return to the global Sukuk market and successfully priced a US\$ 2.0 billion Sukuk offering comprising of US\$ 1.0 billion 5-year and a US\$ 1.0 billion 10-year (Green) tranche.
- ❖ The transaction received positive response from investors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

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

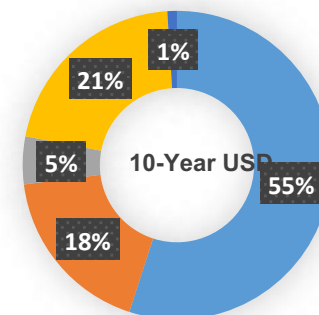
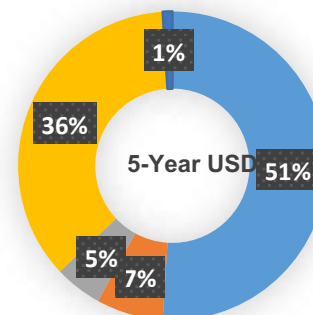
ORDERBOOK DISTRIBUTION

5-Year USD	10-Year USD
US\$ 2.75bn+	US\$ 2.85bn+
From 95 accounts	From 127 accounts
INVESTORS BY GEOGRAPHY (ALLOCATION)	



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

INVESTORS BY GEOGRAPHY (ALLOCATION)

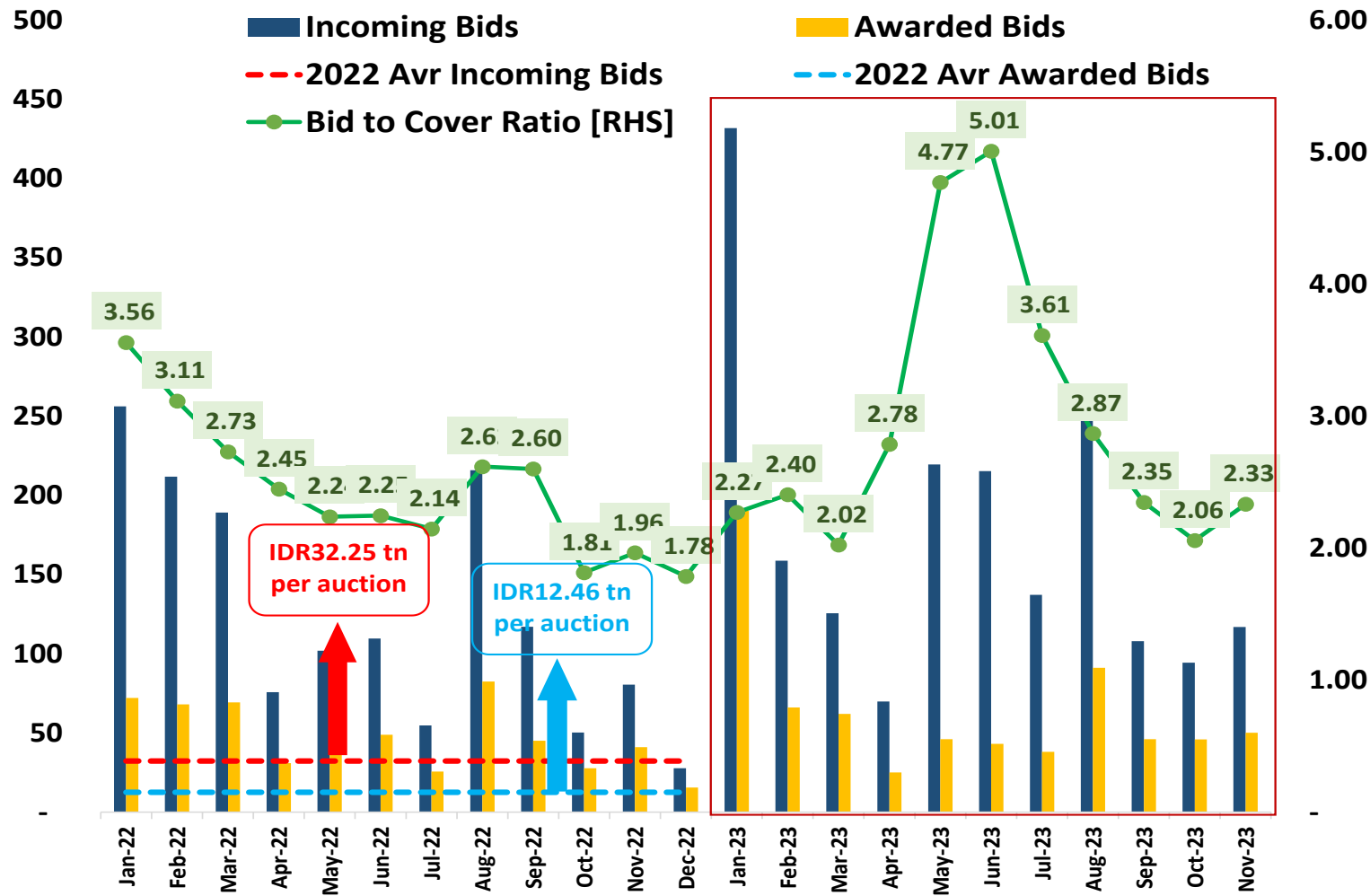


■ Fund Managers ■ CBs/SWFs ■ Ins/Pension ■ Banks ■ PB & Others

Primary Market Performance 2022 – 2023



Government Securities (GS)



In 2023:

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

Ownership Of Tradable Domestic Government Securities



Description	Dec-19		Dec-20		Dec-21		Dec-22		Nov-23	
Banks*	581.37	21.12%	1,375.57	35.54%	1,591.12	34.01%	1,697.43	31.97%	1,549.86	27.67%
Govt Institutions (Bank Indonesia**)	262.49	9.54%	454.36	11.74%	801.46	17.13%	1,020.02	19.21%	1,027.79	18.35%
Bank Indonesia (gross)	273.21	9.93%	874.88	22.60%	1,220.73	26.09%	1,453.58	27.38%	1,362.42	24.33%
GS used for Monetary Operation	10.72	0.39%	420.51	10.86%	419.27	8.96%	433.57	8.17%	334.63	5.97%
Non-Banks	1,908.88	69.34%	2,040.83	52.72%	2,286.40	48.87%	2,591.98	48.82%	3,023.23	53.98%
Mutual Funds	130.86	4.75%	161.32	4.17%	157.93	3.38%	145.82	2.75%	176.59	3.15%
Insurance Company and Pension Fund	471.67	17.13%	542.82	14.02%	655.24	14.00%	873.03	16.44%	1,035.09	18.48%
Foreign Holders	1,061.86	38.57%	973.91	25.16%	891.34	19.05%	762.19	14.36%	833.88	14.89%
Foreign Govt's & Central Banks	194.45	7.06%	178.31	4.61%	233.45	4.99%	203.11	3.83%	226.24	4.04%
Individual	81.17	2.95%	131.21	3.39%	221.41	4.73%	344.30	6.48%	430.67	7.69%
Others	163.32	5.93%	231.57	5.98%	360.47	7.70%	466.65	8.79%	547.01	9.77%
Total	2,752.74	100%	3,870.76	100%	4,678.98	100%	5,309.43	100%	5,425.54	100%

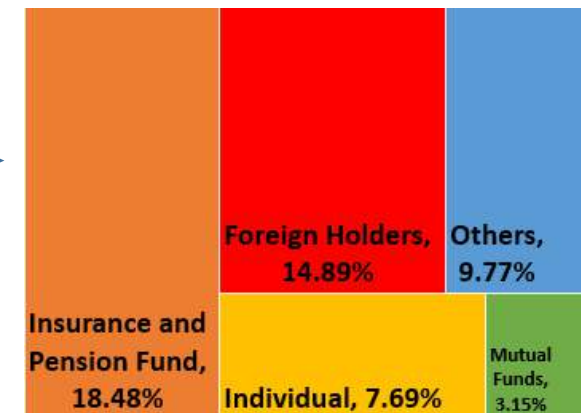
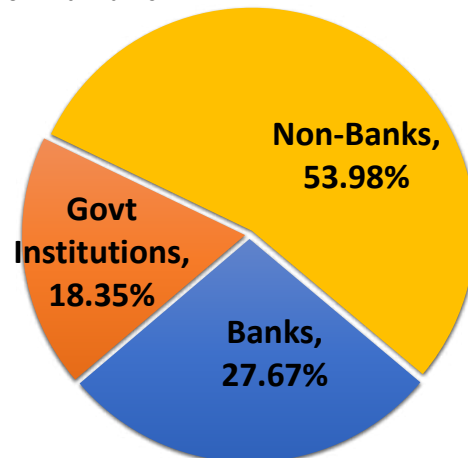
68.13%

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

DR
1,092,021

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

- 1) Non Resident consists of Private Bank, Fund/Asset Manager, Securities Company, Insurance Company, and Pension Fund.
 - 2) Others such as Securities Company, Corporation, and Foundation.
- *) Including the Government Securities used in monetary operation with Bank Indonesia.
 **) net, excluding Government Securities used in monetary operation with Banks.

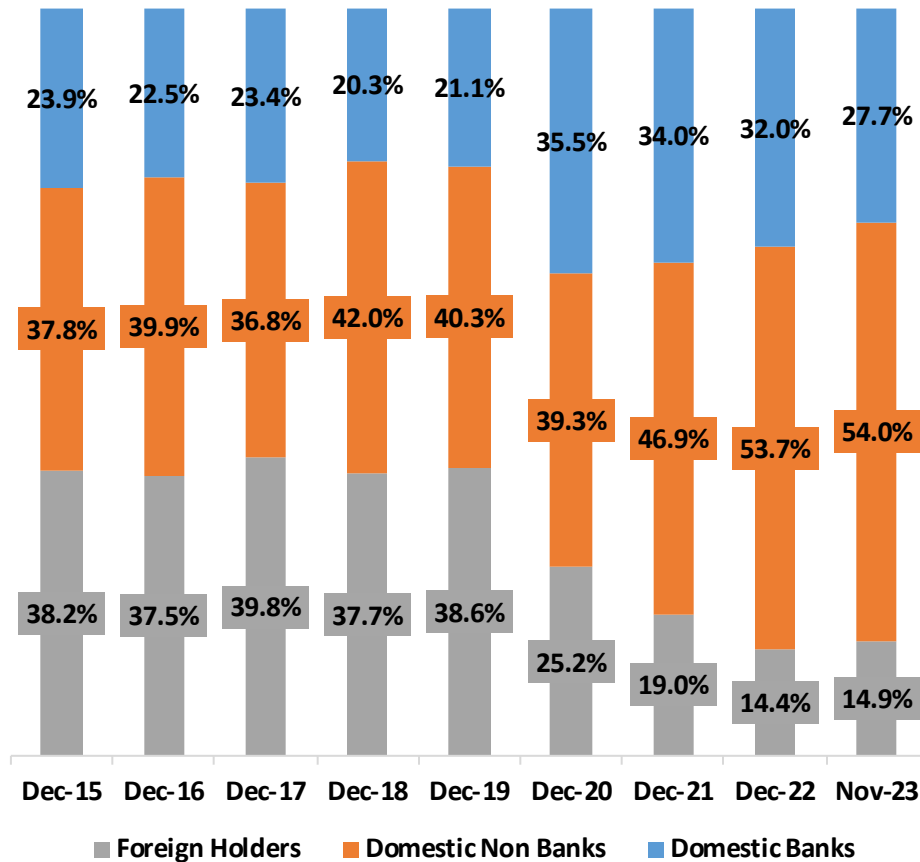


Holders of Tradable Central Government Securities

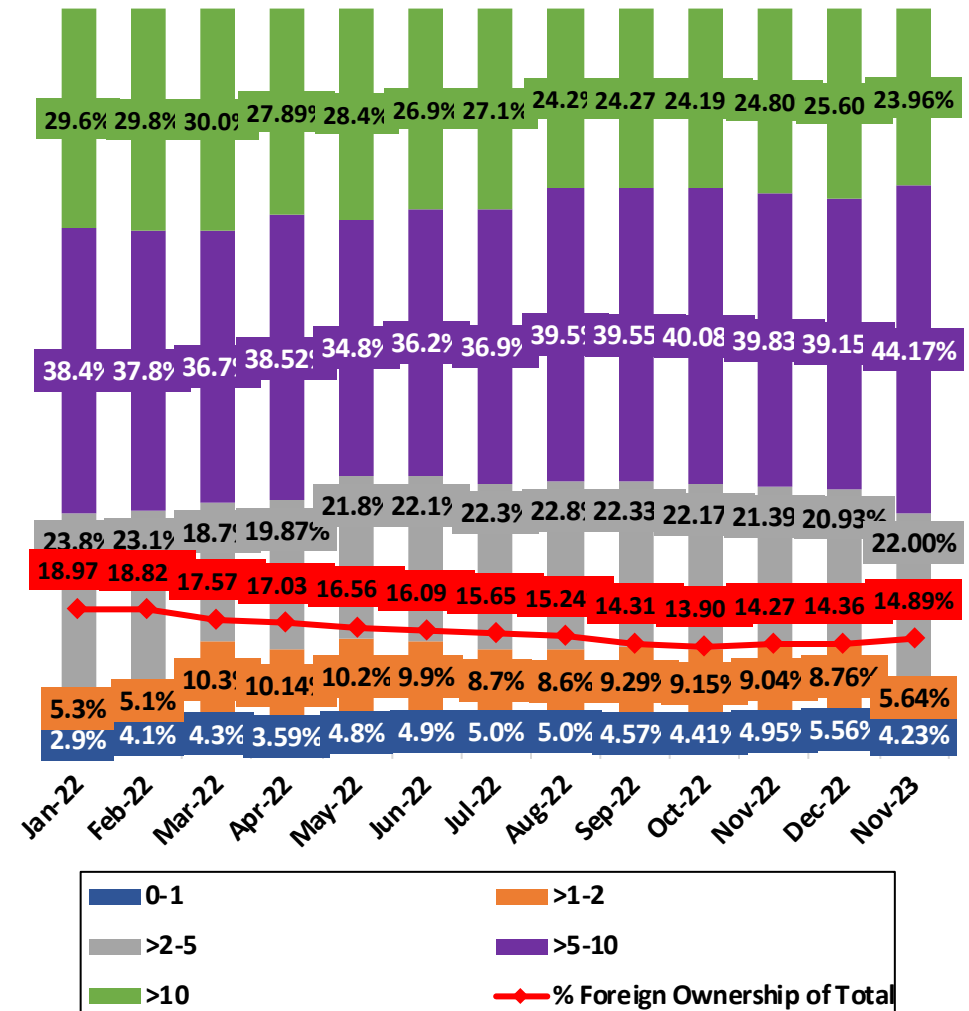
Balanced Ownership In Terms of Holders and Tenors



Holders of Tradable Gov't Domestic Debt Securities



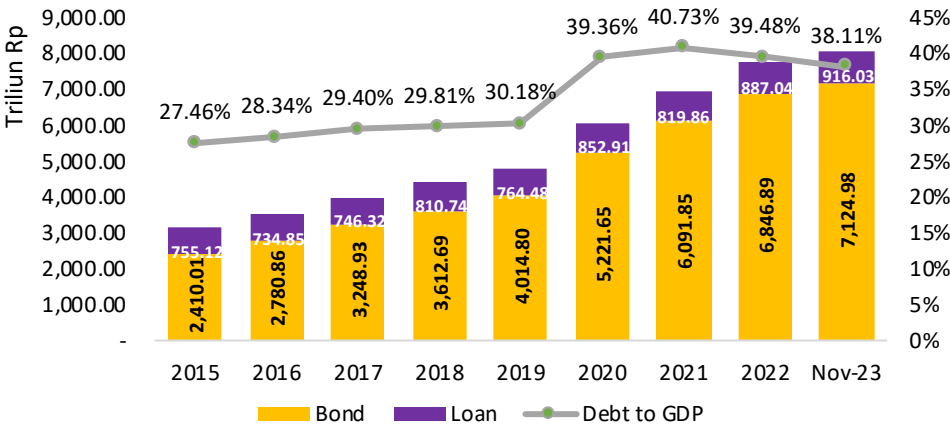
Foreign Ownership of Gov't Domestic Debt Securities by Tenor



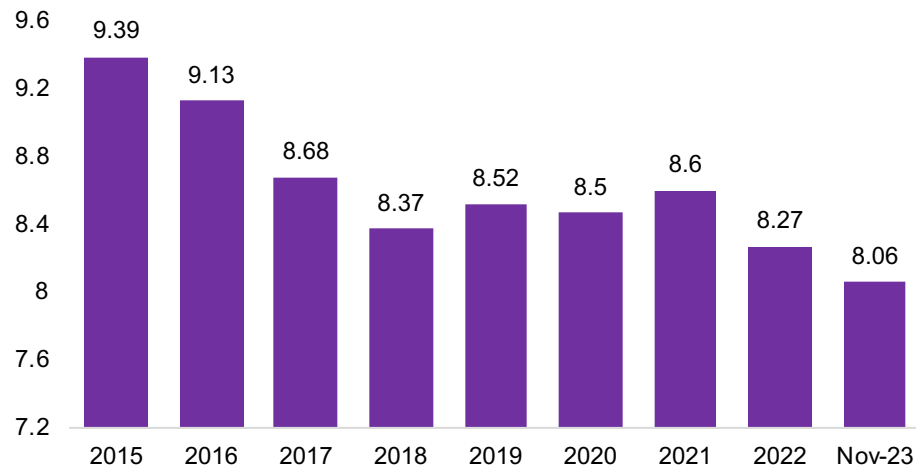
Disciplined and Advanced Debt Portfolio Management



Stable Debt to GDP Ratio Over the Years



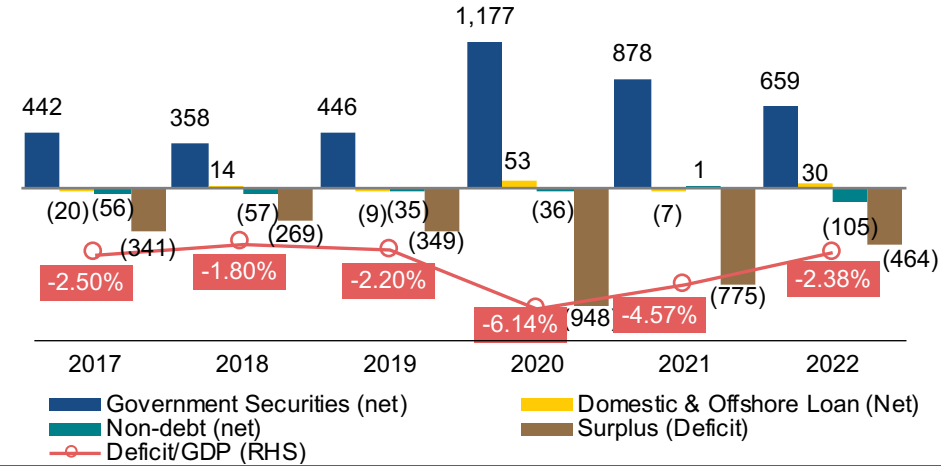
Weighted Average Debt Maturity



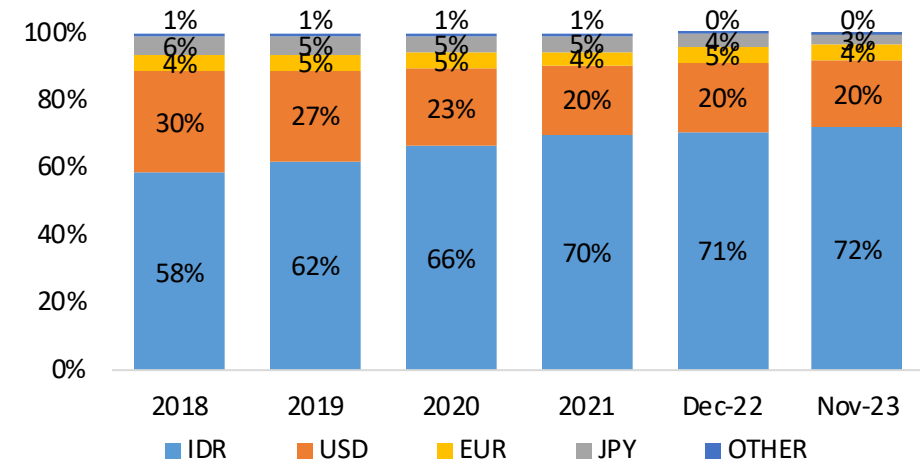
Source: Ministry of Finance

ATM

Prudent Fiscal Deficit



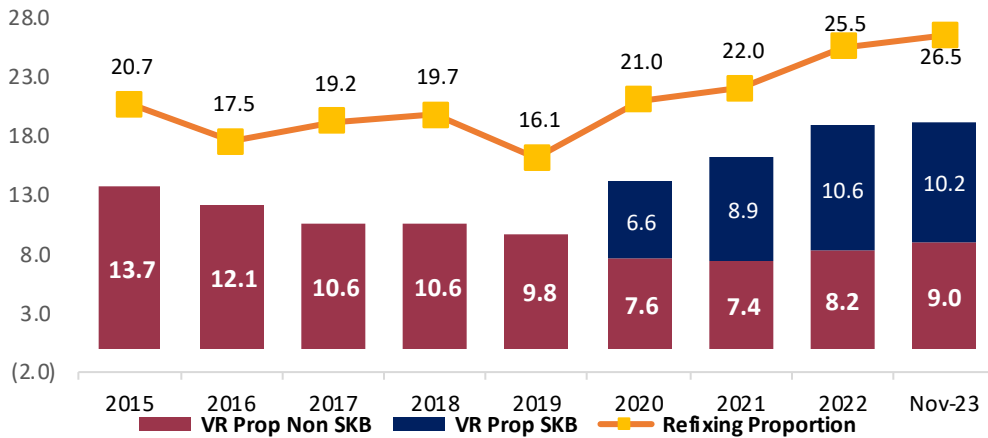
Well Diversified Across Different Currencies



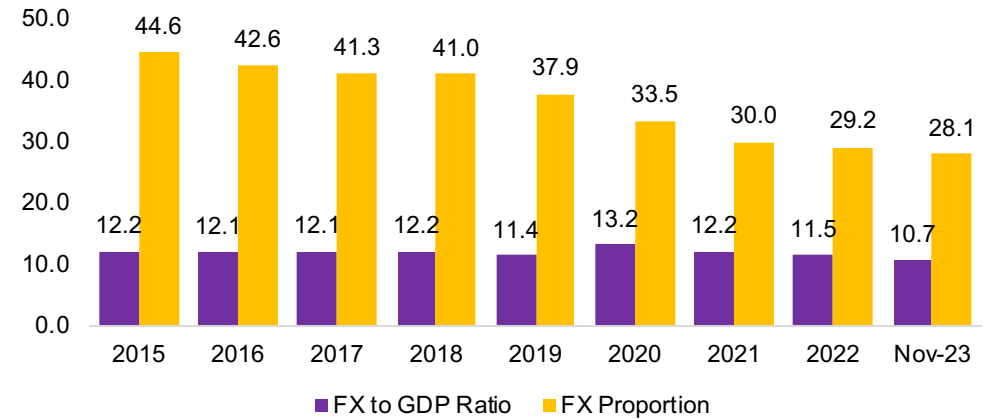
Well Balanced Maturity Profile with Strong Resilience Against External Shocks



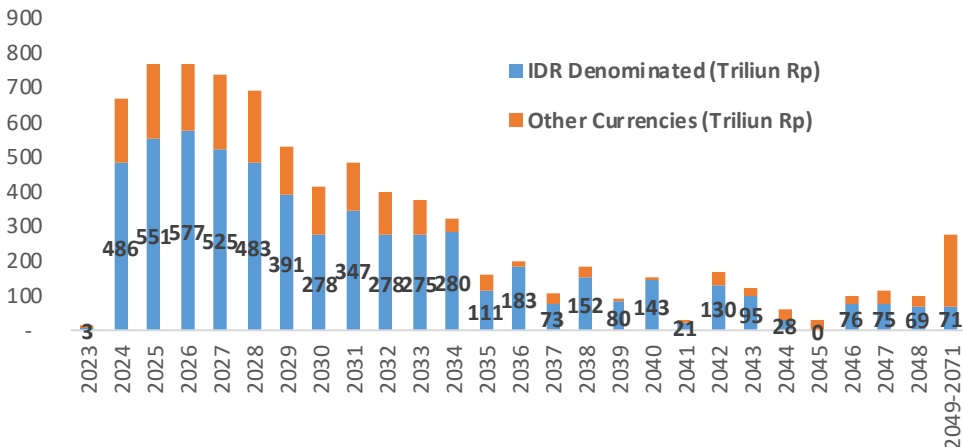
Interest Rate Risks (%)



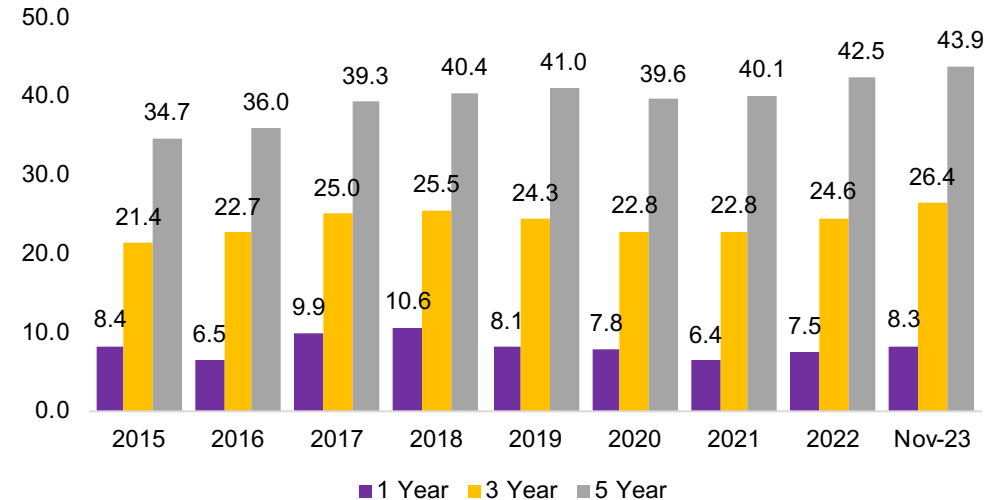
Declining Exchange Rate Risks (%)



Debt Maturity Profile



Upcoming Maturities (Next 5 Years) (%)



Government Guarantee for Basic Infrastructure Development



Reflects strong commitment to national development planning

Government Guarantee Program

Credit Guarantee	<ul style="list-style-type: none"> Power (Electricity) – Full credit guarantee for PT PLN's debt payment obligations under FTP 1 10.000MW and 35GW programs* Clean water – Guarantee for 70% of PDAM's debt principal payment obligations Toll road – Full credit guarantee for PT Hutama Karya's debt payment obligations for the development of Sumatra Toll Roads Infrastructure - Full credit guarantee on SOE's borrowing from international financial institution & guarantee for PT SMI's local infrastructure financing Public Transportation (Light Rail Transit) – Full credit guarantee for PT Kereta Api Indonesia's debt payment obligations for the development of LRT Jabodebek
Business Viability Guarantee (BVG)	Power (Electricity) – Guarantee for PT PLN's obligations under Power Purchase Agreements with IPPs (off-take and political risk) under FTP-2 10.000MW and 35GW programs*
PPP Guarantee	Infrastructure – Guarantee for Government-related entities obligations (line ministries, local governments, SOEs, local SOEs) under PPP contracts/agreements
Political Risk Guarantee	Infrastructure – Guarantee against infrastructure risk for National Strategic Projects (Presidential Decree No.58/2017) which are not covered by other type of guarantees

Contingent Liabilities from Government Guarantee as of Q3 2023**

	Central Government Guarantee for Infrastructure Programs	Exposure/ Outstanding (USD bn)
1	Coal Power Plant 10,000MW Fast Track Program (FTP 1)	0.18
2	Clean Water Supply Program	0.00
3	Direct Lending from International Financial Institution to SOEs	2.77
4	Sumatra Toll Road	1.76
5	Renewable energy, Coals & Gas Power Plant 10,000 MW (FTP 2)	4.00
6	Public-Private Partnerships (PPP)	6.52
7	Regional infrastructure financing	0.12
8	Public Transportation (Light Rail Transit)	1.08
9	Electricity Infrastructure Fast Track Program (35 GW)	5.51
Total		21.93

- Maximum new guarantee issuance for the period 2023-2026 is set at 1.5% of GDP per year.
- Starting from 2008 the Government has allocated a contingent budget with respect to these guarantees. The allocated fund is then transferred to a guarantee reserve fund. This reserve fund can be used to serve any claims that may arise from the guarantees.

*) MOF provides both credit guarantees and BVGs for 35GW program

**) Currency conversion at IDR15,526/USD1 and IDR16,404/EUR1 (September 2023)



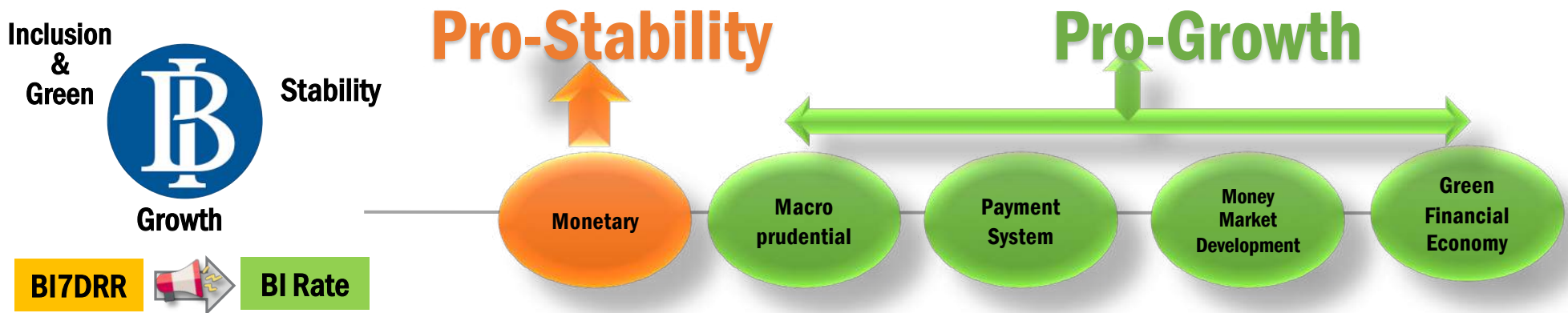
Section 6

Monetary and Financial Factor:
Credible Monetary Policy Track Record
and Favourable Financial Sector



Bank Indonesia's Policy Mix Direction in 2024

Maintaining Stability, Reviving Sustainable Growth



- Focused on achieving the inflation target and maintaining Rupiah stability to ensure that global shocks cannot disrupt national economic stability or growth.
- Policy coordination between Bank Indonesia and the Government will be increased to strengthen external resilience to global shocks, control inflation and foster sustainable economic growth.
 1. Forward-looking and pre-emptive interest rate policy to achieve the inflation target set by the Government at 2.5%±1% in 2024 and 2025
 2. Rupiah stabilization policy to mitigate the impact of global shocks on achieving the inflation target as well as maintaining macroeconomic and financial system stability to support the national economic recovery.
 3. A pro-market monetary operations strategy to strengthen the effectiveness of Bank Indonesia policy transmission to the financial markets and economy, which includes attracting foreign portfolio inflows.
 4. Managing capital flows in accordance with international principles to support external economic stability in Indonesia and maintain adequate reserve assets.

- Enhancing the effectiveness of KLM and loosening all other macroprudential policy instruments to revive bank lending/financing to priority sectors in the economy.
- Maintaining loose liquidity conditions by reducing the MPLB to revive lending/financing and maintain financial system stability against the impact of global spillovers
- Strengthening the systemic surveillance of loan/financing disbursements and banking industry resilience to maintain financial system stability in close coordination with the KSSK
- Strengthening the coordination of BI macroprudential supervision with OJK microprudential supervision to maintain financial sector resilience, including risk mitigation of the global spillovers.

- Payment system policy in 2024 will remain oriented towards strengthening payment system stability and accelerating the national digital economy and finance further to support sustainable economic growth
- The direction of payment system policy remains in accordance with implementation of the Indonesia Payment System Blueprint (BSPI) 2025, which is currently being refined and extended to 2025-2030.

- Pro-growth money market deepening policy will be maintained in 2024 by creating and maintaining a modern money market based on international standards, strengthening the transmission effectiveness of the Bank Indonesia policy mix, as well as reviving financing for sustainable economic growth

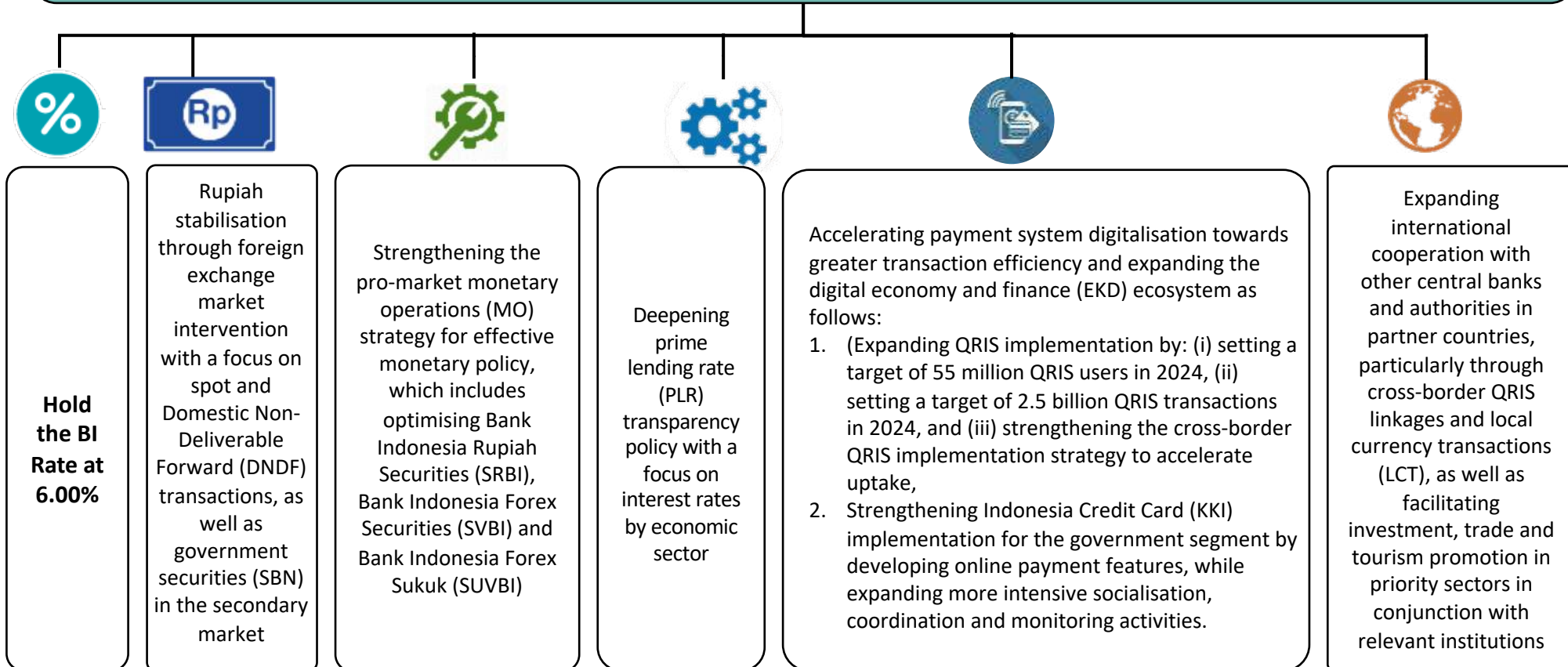
- Bank Indonesia will continue expanding and strengthening programs to develop a green and inclusive economy and finance to support sustainable economic growth.
- Bank Indonesia will also continue strengthening its role as a pioneer and driver of the sharia economy and finance as a new source of economic growth and to become a major world player

Bank Indonesia Policy Mix: December 2023

Maintaining Stability and Reviving Growth



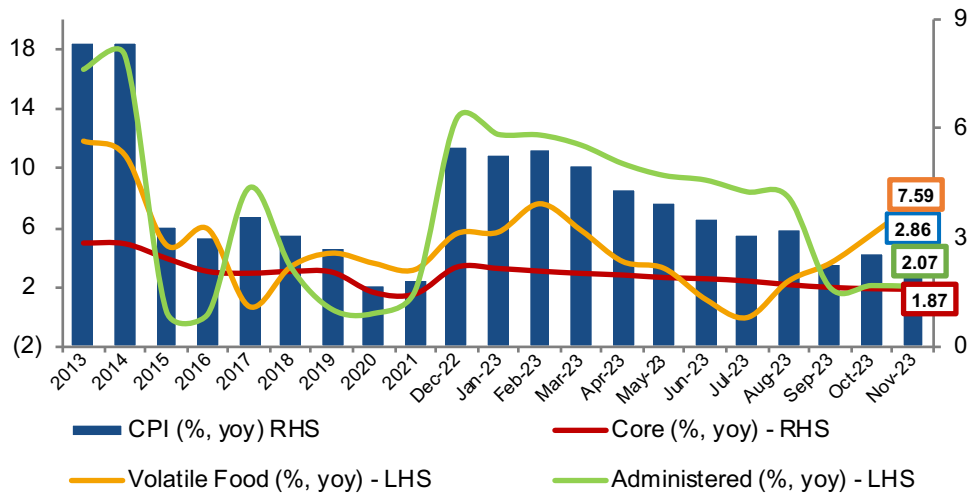
The BI Board of Governors Meeting agreed on 20th -21st th December 2023 to hold the BI-Rate at 6.00%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) rate at 5.25% and 6.75% respectively. Starting from December 21st 2023, Bank Indonesia will refer its policy rate using the term “BI-Rate”, replacing the BI 7-Day (Reverse) Repo Rate, to enhance its monetary policy communication.



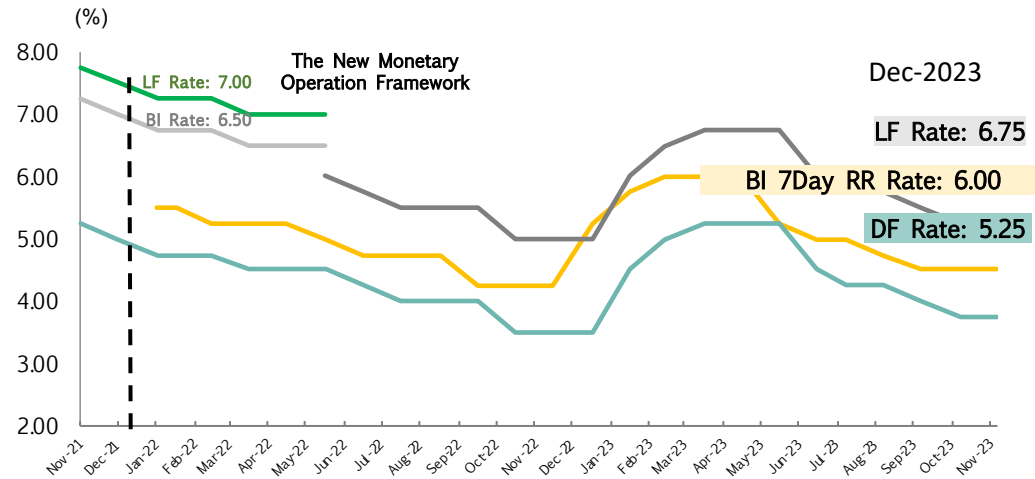
Manageable Monetary Environment Amid Heightened Global Uncertainty



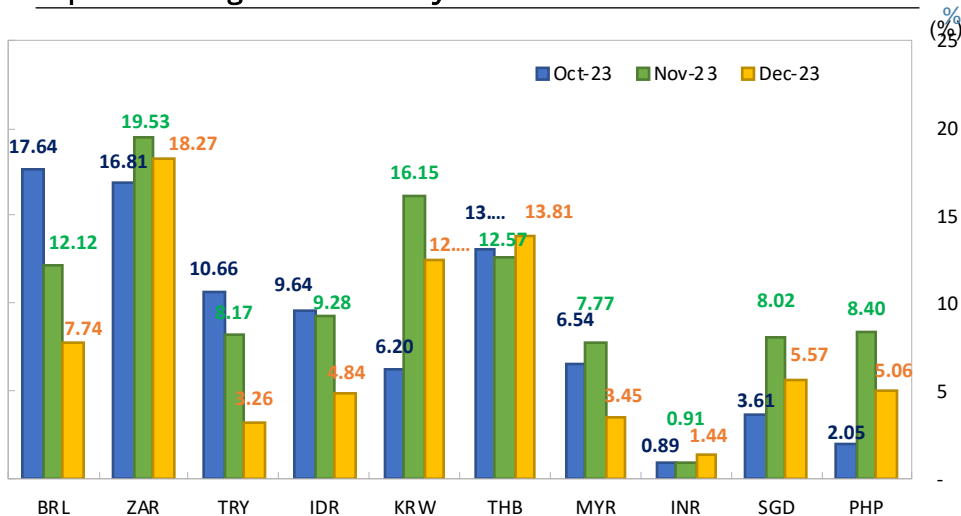
Well Maintained Inflation Ensured Price Stability



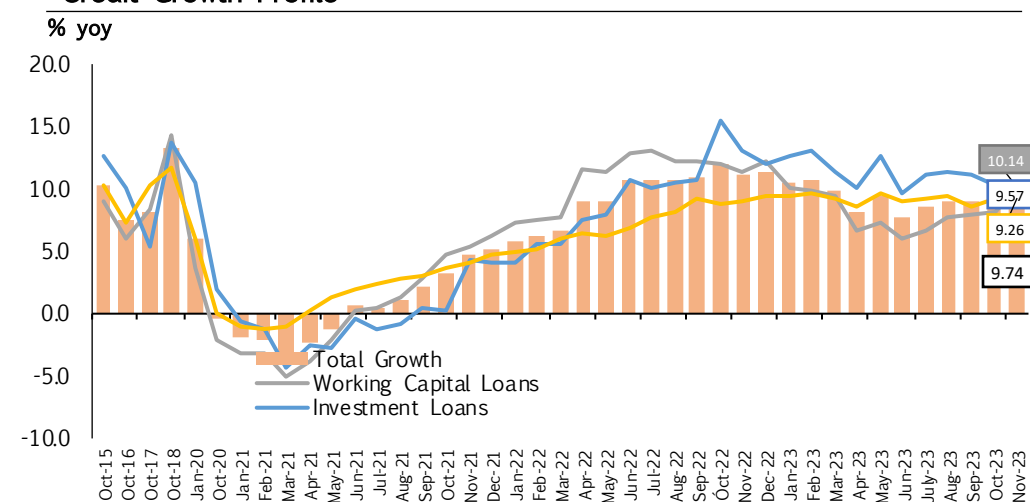
Strengthened Monetary Policy Framework



Rupiah Exchange Rate Volatility



Credit Growth Profile

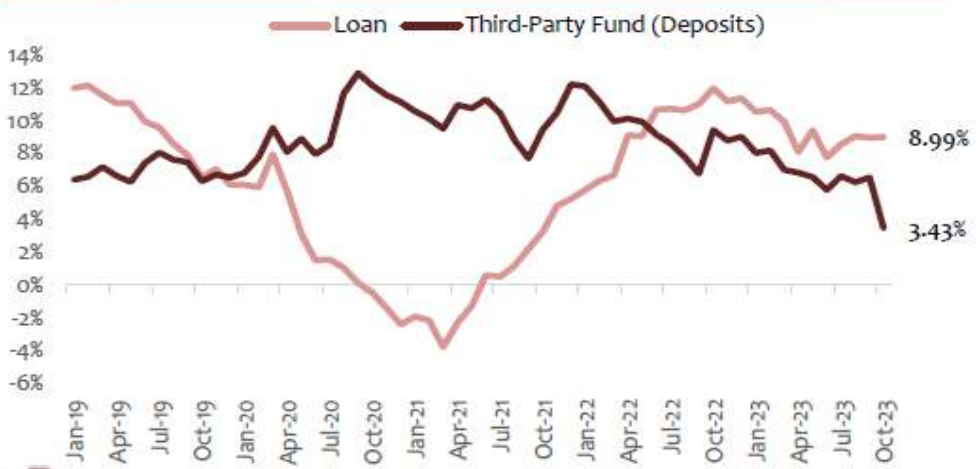


Banking Intermediation

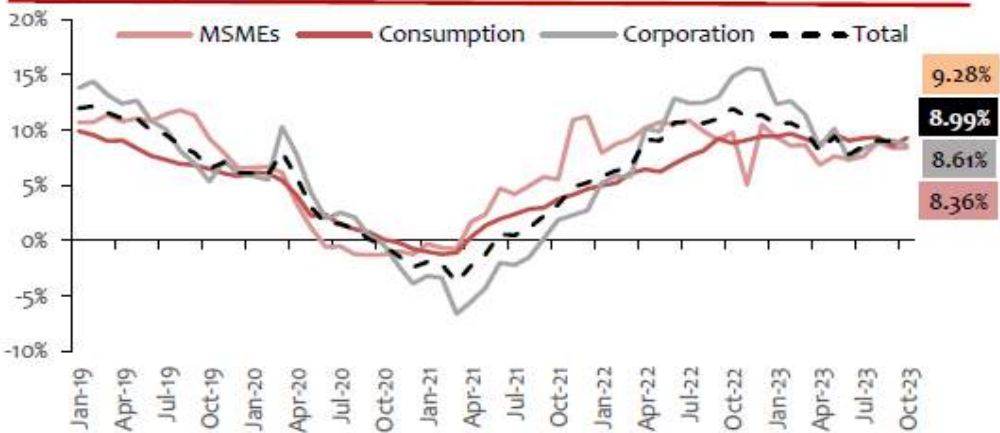
Despite the challenging global economic environment, Bank loans and Third-Party Funds grew modestly, driven by investment and consumption loans.



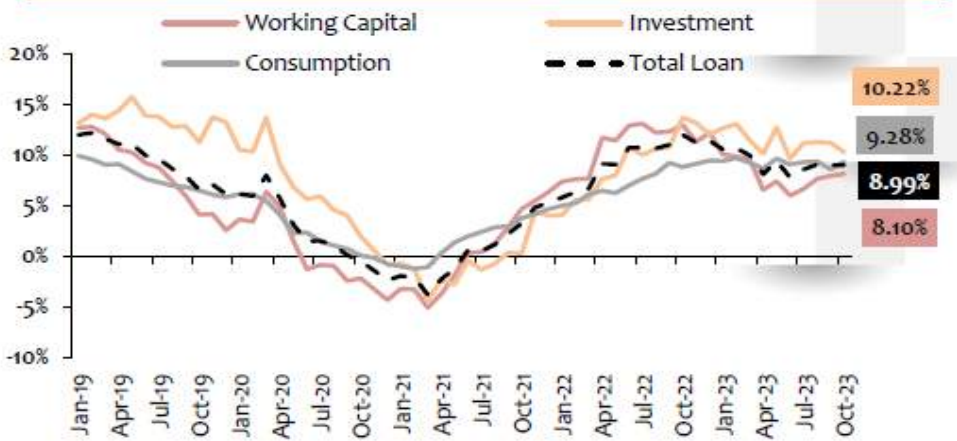
In October 2023, bank loans and third-party funds (total deposits) grew by 8.99% (yoy) and 3.43% (yoy), respectively.



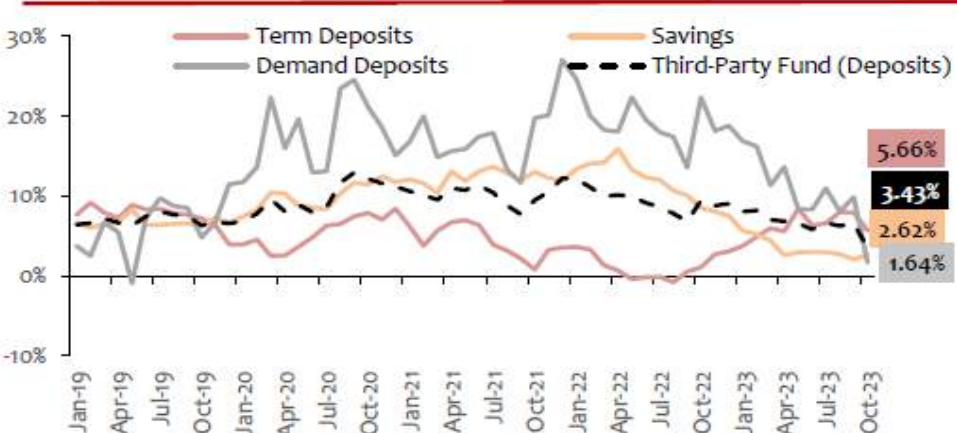
Loan growth by segmentation continued to improve in October 2023, with major contribution from Consumption Loans, which recorded 9.28% (yoy) growth.



All types of loans maintained their positive trend in October 2023, with Investment Loans, in particular, grew by 10.22% (yoy).



Third-Party Funds (Total Deposits) grew at a slower rate in October 2023, driven by increased household consumption particularly in Term Deposits, which increased by 5.66% (yoy).



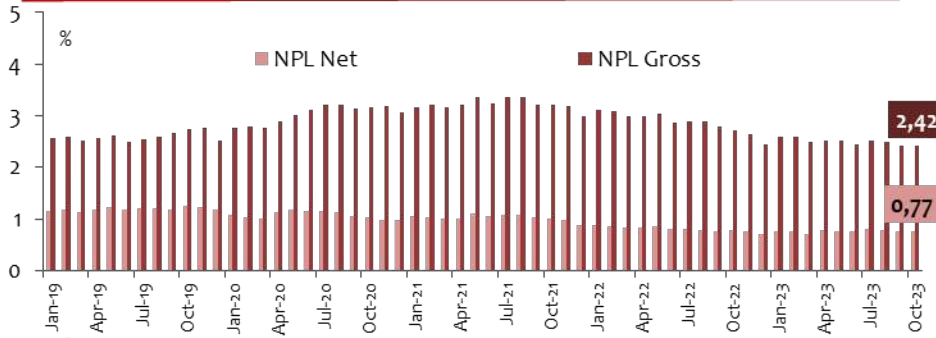


Banking Risk Profile and Profitability

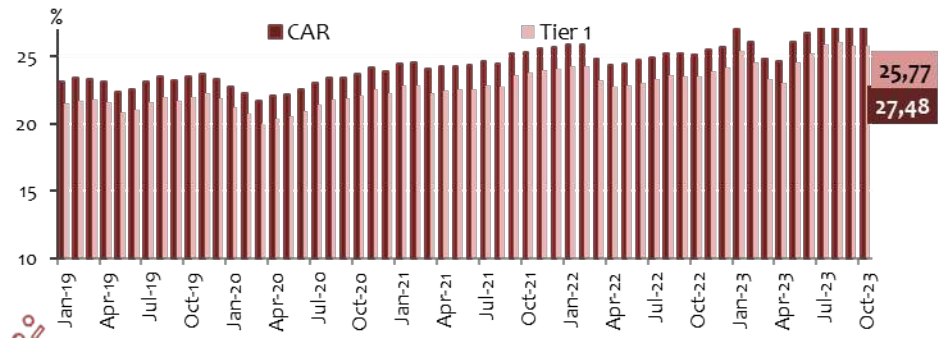
The banking industry has ample liquidity, robust capitalization, and manageable credit risk. Profitability is maintained at a steady level.



The banking NPL ratios were manageable in **October 2023**, recorded at **2.42% gross** and **0.77% net**, significantly below the threshold.



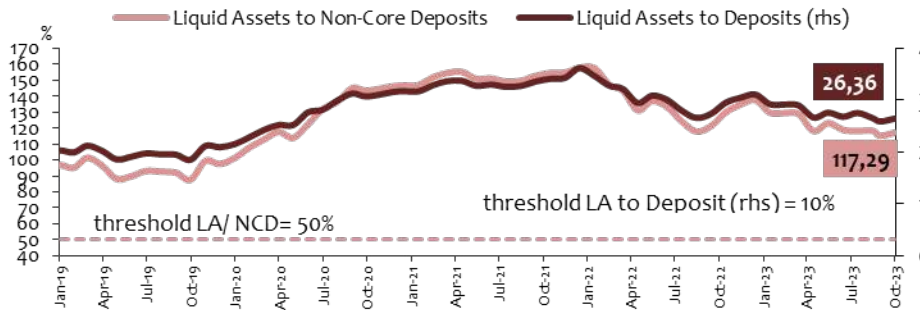
The banking sector's Capital Adequacy Ratio (CAR) was steady with a value of **27.48%** and Tier-1 capital stood at **25.77%** as of **October 2023**.



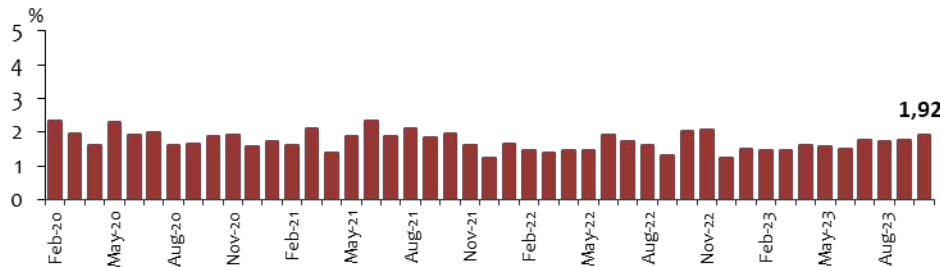
The banking industry's profitability remained steady with NIM at **4.85%** and ROA at **2.73%**, as of **October 2023**.



Liquid Assets to Non-Core Deposits and Liquid Assets to Third-Party Funds (Total Deposits) remained well above the thresholds.



Net Open Position was maintained well below the maximum limit of 20% and stood at **1.92%** in **October 2023**.

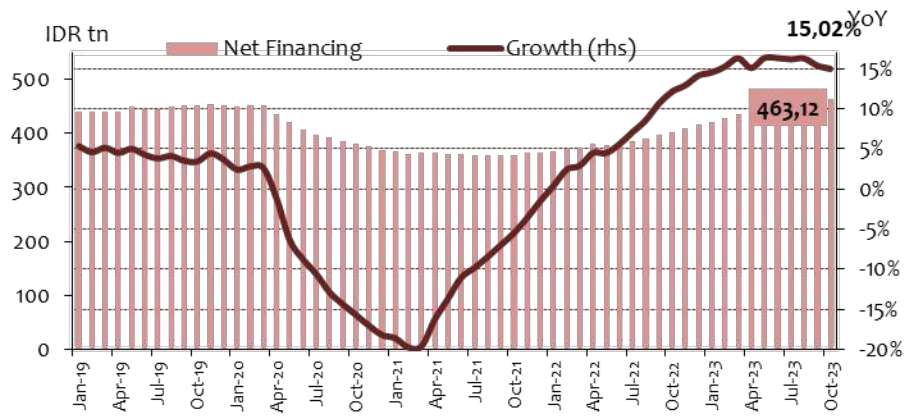


Multi-finance Companies

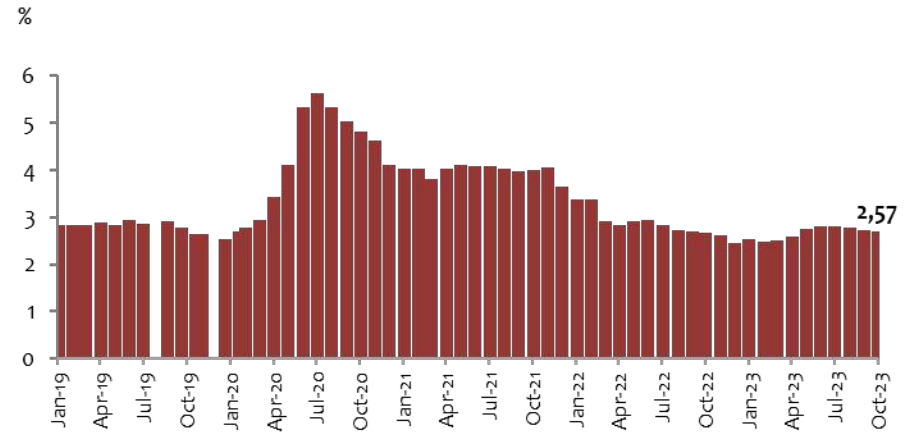
The performance of multi-finance companies continues to improve, as shown by growing financing, a manageable Non-Performing Financing (NPF) ratio, and a stable gearing ratio.



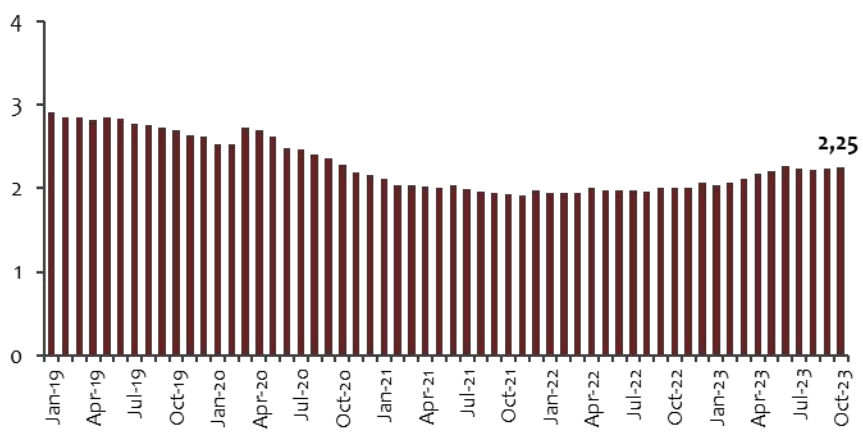
In **October 2023**, net financing continued its increasing trend and stood at **IDR463.12 Tn** or growing by **15.02%** yoy.



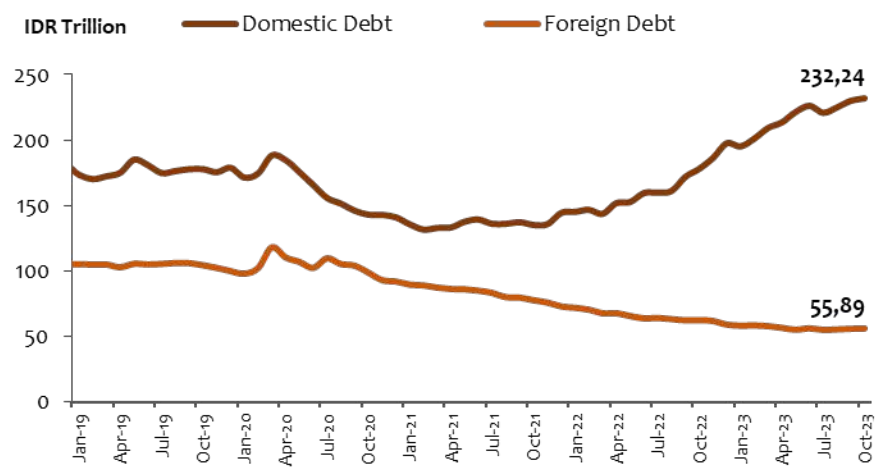
The Non-Performing Financing ratio of multi-finance companies improved as shown by a decrease from 2.59% to **2.57%** in **October 2023**, well below the 5% threshold.



The gearing ratio of multi-finance companies stood at **2.25** times or well below the threshold in **October 2023**.



Multi-finance companies' exposure to domestic debt and foreign debt experienced a slight increase in **October 2023**.

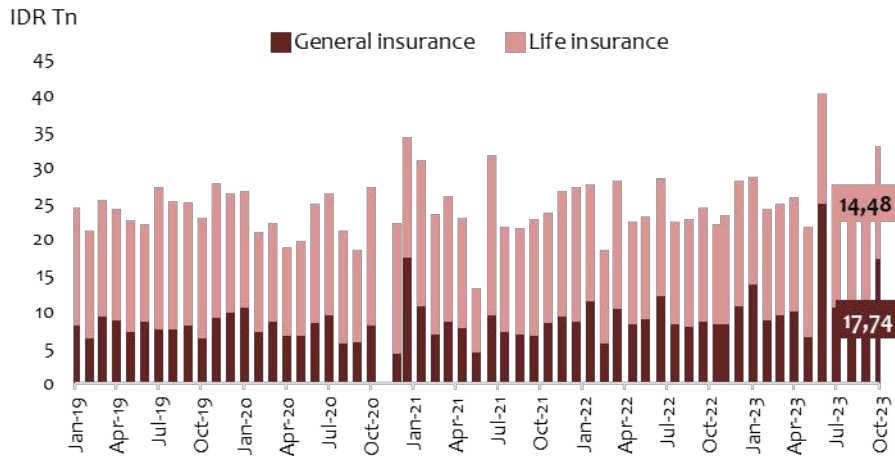


Insurance and Pension Funds

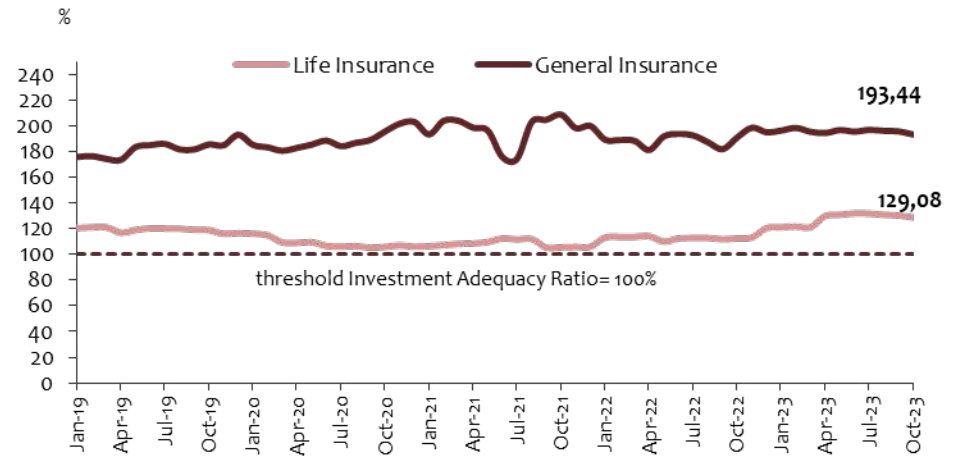
Insurance and pension funds continue to improve, shown by adequate performance and manageable risks.



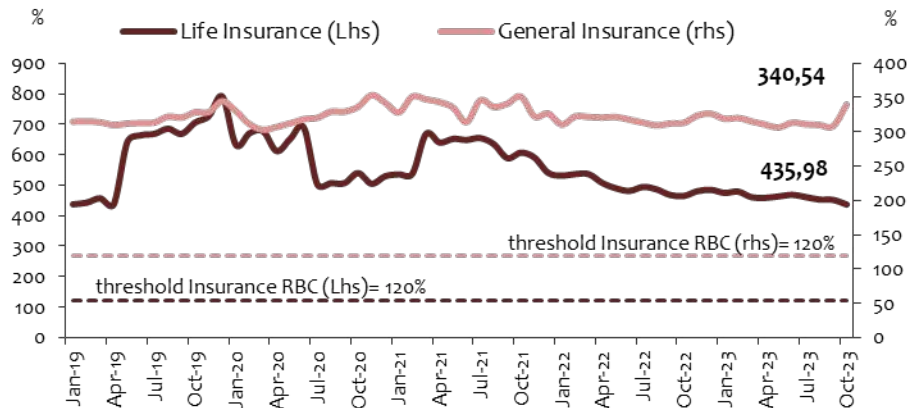
In **October 2023**, insurance premiums marked a total increase of **IDR32.22 Tn** (mtm) with General and Life insurance added premiums at **IDR17.74 Tn** and **IDR14.48 Tn**, respectively.



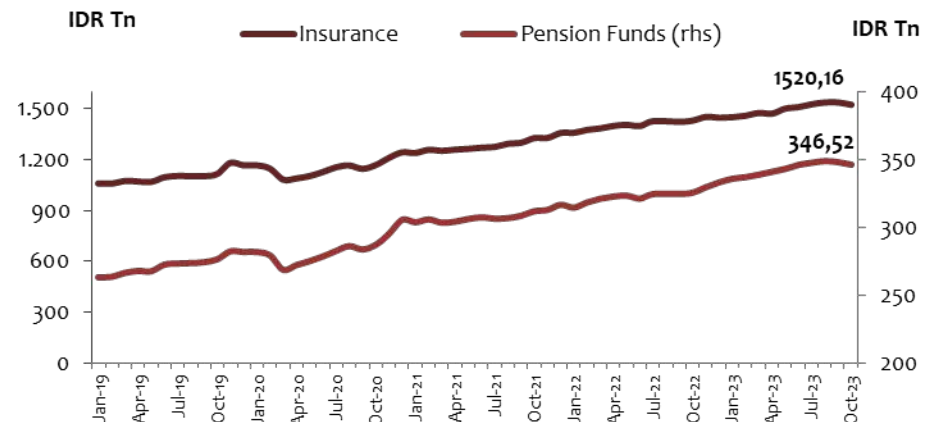
In **October 2023**, the Investment Adequacy Ratio of both Life Insurance and General Insurance stayed well above the threshold at **129.08%** and **193.44%**, respectively.



Risk-Based Capital (RBC) of the insurance industry remained well above the minimum threshold with **Life Insurance at 435.98%** and **General Insurance at 340.54%** in **October 2023**.



In **October 2023**, pension fund and insurance investment values experienced a slight decrease and stood at **IDR346.52 Tn** and **IDR1,520.16 Tn**, respectively.



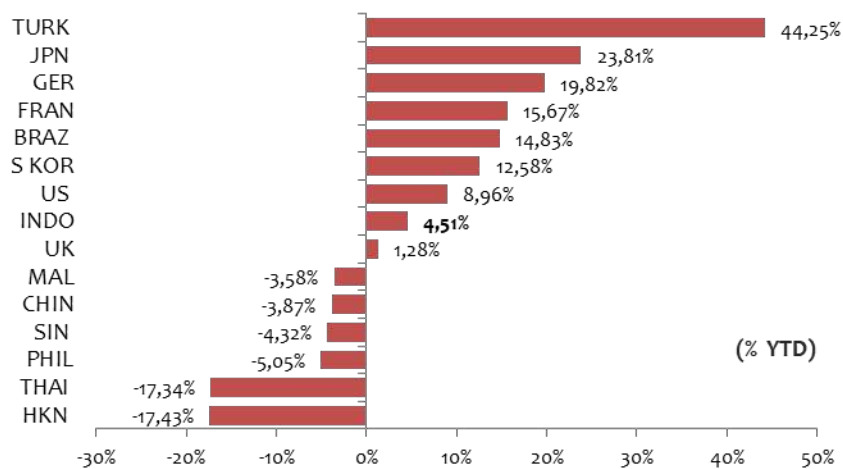
Domestic Capital Market Performance

Indonesia's capital market proved to be resilient, supported by positive external performance and growing domestic demand.

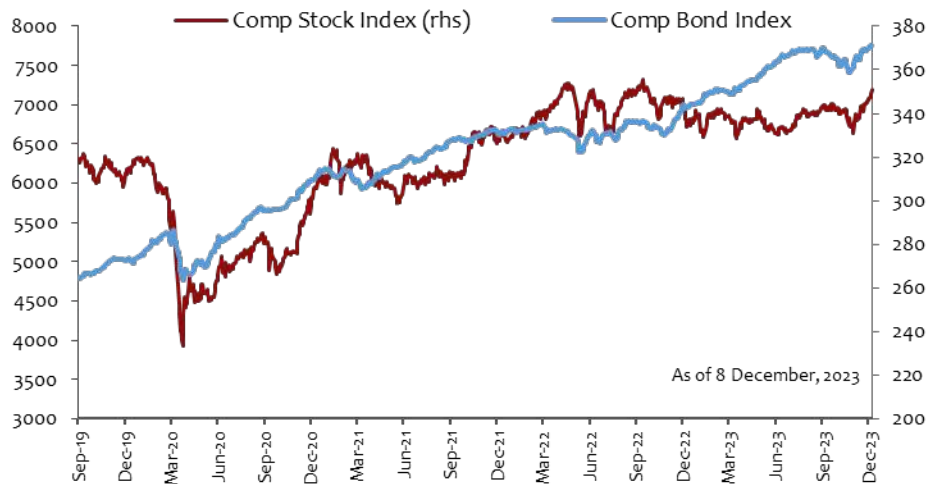


The major stock market marked an upward trend, while few emerging markets dipped into the negative zone due to increased global uncertainties and current geopolitical tensions

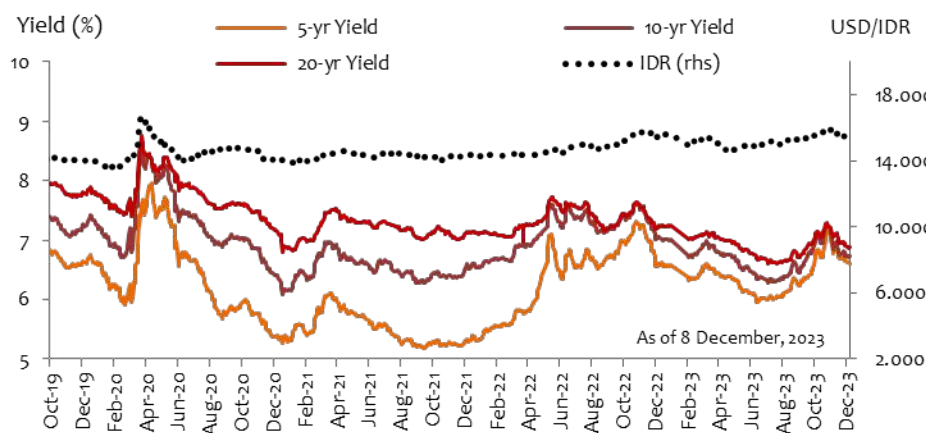
Stock Index Performance as of 8 December 2023 (compared to 30 Dec'22)



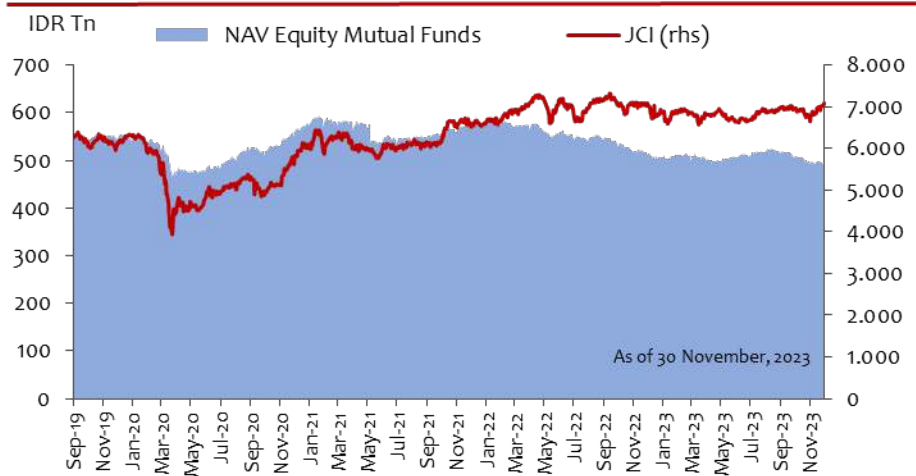
Following the dynamic shifts in global capital markets, the domestic capital market started to adjust gradually indicated by slowdown in the composite bond index in the last month.



Government bond yields remained competitive, followed by a stable rupiah as the risk premium was maintained.



The Net Asset Value (NAV) of equity mutual funds remained stable, reflecting a steady movement in the capital market.

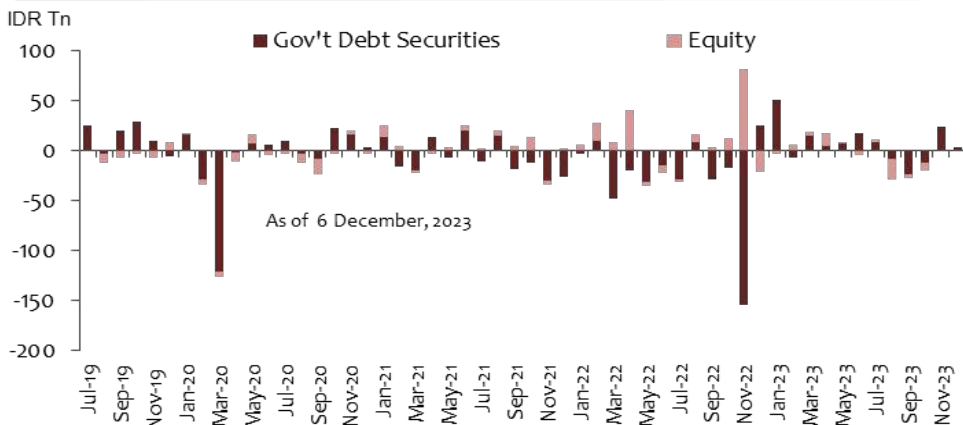


Domestic Capital Market Performance

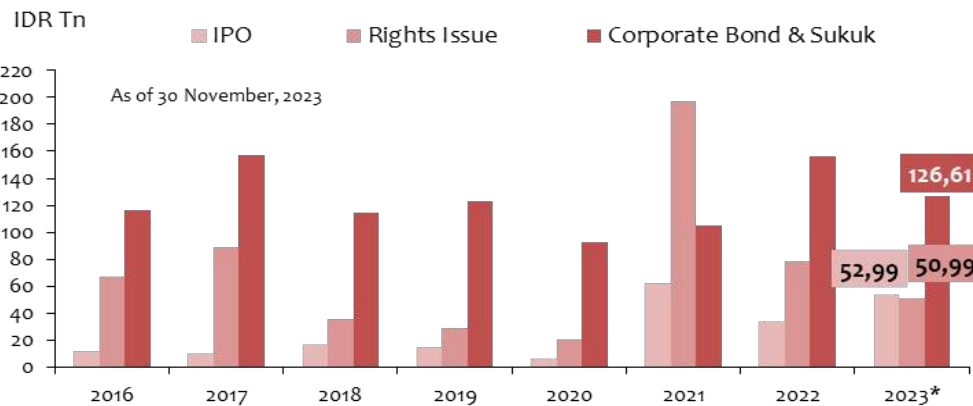
Several capital market indicators recorded positive performance and remained stable.



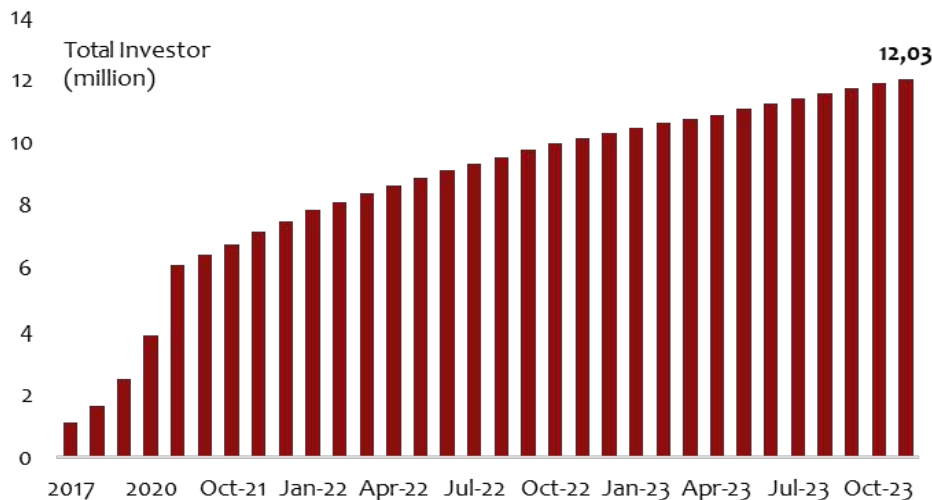
Non-resident portfolios of government bonds and equity market recorded a **YTD net buy of IDR59.66 Tn** as of 6th December 2023.



Total securities issuance reached IDR230.59 Tn (YTD) as of 30th November 2023.



Capital Market Investors continued to grow to 12.03 million by the end of November 2023, representing a **18.52% (yoy) increase**.

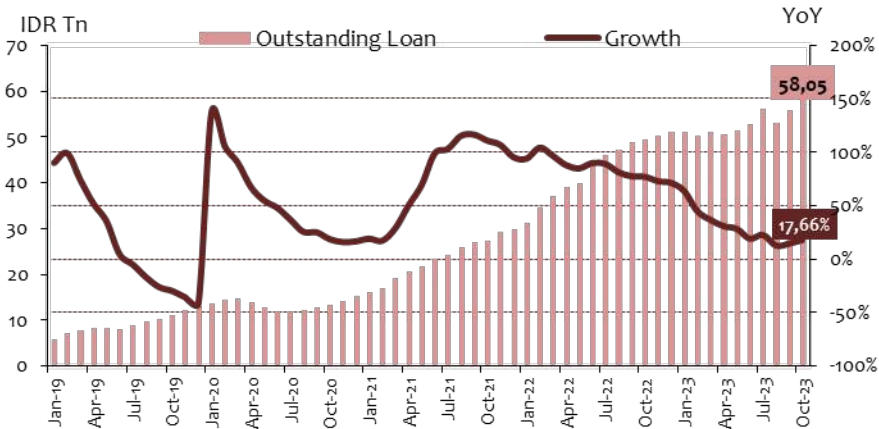


Fintech (Peer to Peer Lending and Securities Crowdfunding)

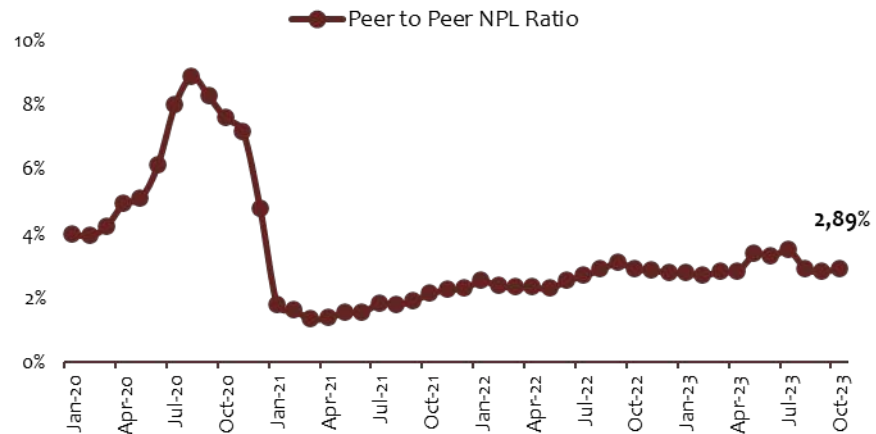
Peer to Peer Lending (P2PL) Fintech intermediation grows with an improving NPL ratio and Securities Crowdfunding fundraising continues to rise.



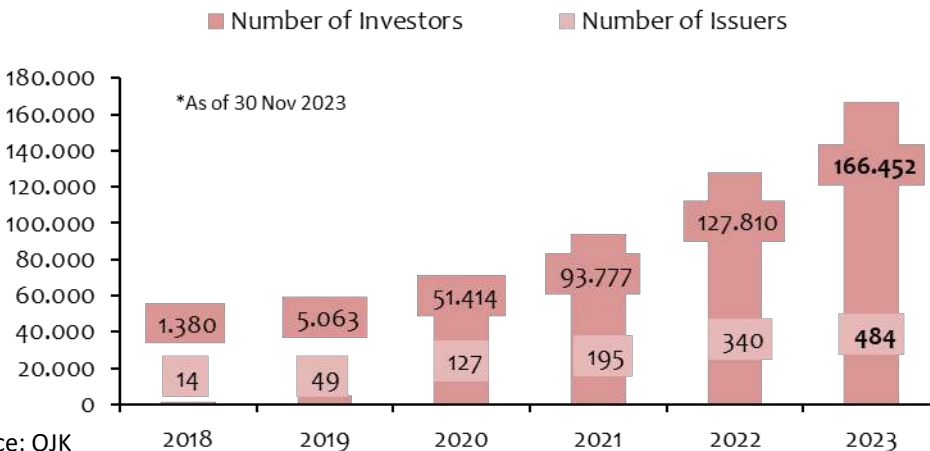
The outstanding loan of P2PL Fintech stood at **IDR58.05 Tn** or grew by **17.66%** (yoy) as of **October 2023**.



The Non-Performing Loan ratio of P2PL Fintech remained manageable at **2.89%** in **October 2023**.



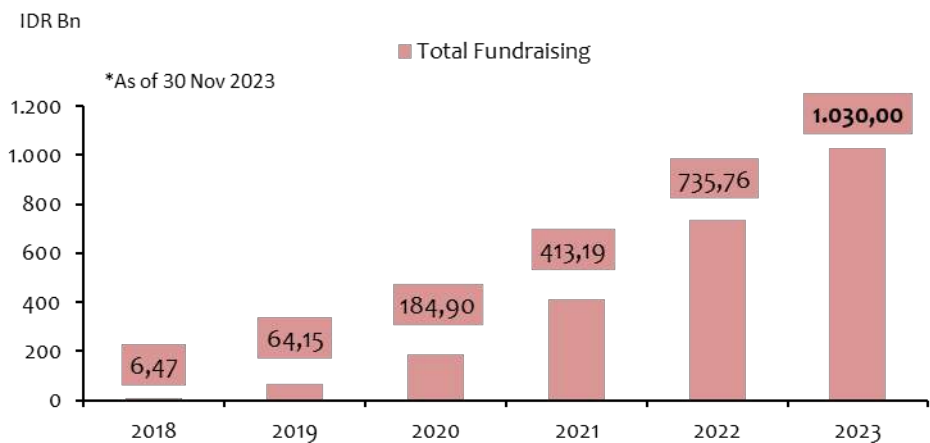
The total number of investors and issuers in Securities Crowdfunding increased to **166,452** and **484**, respectively, as of 30 November 2023.



Source: OJK



Continuing the positive trend, the total value of SCF fundraising stood at **IDR1.03 trillion** as of 30 November 2023.



Act No. 4/2023 – Financial Sector Reform



FUNDAMENTAL ISSUES

- Short-term financing is still **dominated by Banks**
- **Small non-bank asset** portion should be enlarged to finance development
- **Limited financial instruments** – huge potential for market deepening
- **Digital assets**: high risk and complex financial instruments
- **Weak governance** and **law enforcement** in the financial sector

EXTERNAL CHALLENGES

Technology Disruptions

New financial risks from **climate change** and current **geopolitical** situation

OBJECTIVE : Optimizing **financial intermediation** and **financing portfolio** for productive sectors; improving **financial access, inclusion and literacy**, and **consumer protection**; expanding **long-term financing resources**; enhancing **competitiveness** and **efficiency** of the financial sector; and strengthening the **authorities and responsibilities of financial regulators**.

OTORITAS JASA KEUANGAN *Indonesia Financial Services Authority*

- Strengthening OJK's role in some areas, including integrated supervision, financial conglomerate supervision, market conduct supervision, consumer protection, etc.
- Giving new mandates among others: **cooperative in the financial sector, digital assets, carbon exchange, bullion activities**.

BANK INDONESIA *The Central Bank of The Republic of Indonesia*

- Strengthening BI's role in some areas, such as maintaining financial system stability to support sustainable economic growth, maintaining the smooth running of the payment system, implementing macroprudential policies.

LEMBAGA PENJAMIN SIMPANAN *Indonesia Deposit Insurance Corporation*

- Strengthening the role of IDIC in deposit guarantee and bank resolution.
- Giving a new mandate: IDIC establishes policies and implement the **insurance policy guarantee program**.

KEMENTERIAN KEUANGAN *The Ministry of Finance*

- Strengthening the role of the Ministry of Finance as a coordinator for Financial System Stability Committee and Sustainable Finance committee.
- The MoF coordinates with OJK, BI, and IDIC in some areas, including financial literacy and inclusion, financial sector development, etc.

Act No. 4/2023 - Substances



Act No. 4/2023 modifies, removes, and/or establishes new provisions for 17 existing laws in the financial sector and repeals one law. The Act also introduces new provisions regarding a) Financing Service Business, b) Consumer Protection in the Financial Sector, c) Technological Innovation in the Financial Sector, d) Human Resources, e) Financial Reporting, and f) Mutual Insurance.

CHAPTER I General Provisions

CHAPTER II. Principles, Purposes, Objectives and Scope

CHAPTER III Institutional Aspect

CHAPTER IV Bank

CHAPTER V Capital Market, Money Market and Foreign Exchange Market

CHAPTER VI Insurance

CHAPTER VII Mutual Insurance

CHAPTER VIII Policy Guarantee Program

CHAPTER IX Guarantee Agencies

CHAPTER X Financing Service Business

CHAPTER XI Bullion Business Activity

CHAPTER XII Pension Fund, Old Age Protection Program, and Pension Program

CHAPTER XIII Cooperative in the Financial Services Sector

CHAPTER XIV Microfinance Institution

CHAPTER XV Financial Conglomerate

CHAPTER XVI Financial Sector Technology Innovation

CHAPTER XVII Sustainable Finance Implementation

CHAPTER XVIII Financial Literacy, Financial Inclusion and Consumer Protection

CHAPTER XIX Access to Micro, Small, and Medium Financing

CHAPTER XX Human Resources

CHAPTER XXI Financial System Stability

CHAPTER XXII Indonesia's Export Financing Institutions

CHAPTER XXIII Administrative Sanction

CHAPTER XXIV Criminal Provisions

CHAPTER XXV Other Provisions

CHAPTER XXVI Transition Provisions

CHAPTER XXVII Closing Provisions

