Presentation Book Republic of Indonesia

“Sustaining Stability and Economic Growth amid Global Uncertainty”

September 2026

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Section 1

Indonesia’s Story

“Strong Fundamental Resilience Amidst Heightened Global Uncertainties”

Solid Policy Framework to Safeguard Stability and Support Sustainable Growth

Amid global challenges, Indonesia continues to demonstrate strong and resilient economic performance, supported by solid domestic demand, low and stable inflation, and a sound external resilient with ample foreign exchange reserves. Fiscal discipline remains intact, with the deficit projected at 2.68% of GDP in 2026, supporting a sound debt trajectory. Policy coordination between fiscal and monetary authorities, alongside ongoing structural reforms, is expected to sustain macroeconomic stability and support medium-term growth prospects.

- **New Paradigm to achieve growth:** Indonesia's new economic paradigm strengthens macroeconomic stability through prudent fiscal and monetary policy and a resilient financial system, while leveraging Danantara's catalytic role to mobilize private investment and achieve high and sustainable growth target.
- **Solid growth:** Indonesia's macroeconomic fundamentals remain solid, with growth accelerating to 5.29% (yoy) in Q2 2026 while inflation remains low and stable. Growth is expected to remain resilient at 4.9–5.7% in 2026 and strengthen further to 5.1–5.9% in 2027, supported by domestic demand, investment, and continued policy coordination
- **Low and Stable inflation:** Inflation remains under control, with CPI inflation stood at 3.19% (yoy) in August 2026, with annual inflation in 2026 and 2027 is projected to remain within the 2.5%±1% target range.
- **Sound external sector:** The external sector remains resilient, supported by ample foreign exchange reserves of USD146.5 billion, equivalent to 5.3 months of imports and the servicing of government external debt, at the end of August 2026.
- **Fiscal Discipline**: The fiscal stance is supporting priority development goals while maintaining fiscal discipline. The 2026 fiscal deficit is projected at 2.68% of GDP, well below 3% threshold, alongside a low debt-to-GDP ratio, with the deficit at the first half of 2026 at 0.76% of GDP. Policy priorities focus on improving spending quality, strengthening human capital, advancing food and energy security, and driving structural transformation through downstreaming and investment facilitation.
- **Central Bank Policy Mix:** Bank Indonesia's policy mix remains focused on strengthening stability and supporting economic growth. In August 2026, Bank Indonesia maintained the BI-Rate at 5.75%, the Deposit Facility rate at 4.75%, and the Lending Facility rate at 6.50%, while strengthening its integrated policy mix. Monetary policy remained pro-stability to safeguard Rupiah stability and inflation, while macroprudential and payment system policies remained pro-growth by supporting financing, market deepening, liquidity, and digital payments.
- **Growth-enhancing Structural Reforms**: Structural reforms continue to strengthen competitiveness and support growth through priority programs focusing on human capital development, food and energy security, housing and local economic development. Meanwhile, robust investment in downstream industries reflects Indonesia's ongoing transformation toward a more diversified and higher value-added economic structure.
- **Danantara**: Danantara supports Indonesia's macroeconomic management by acting as a strategic investment catalyst, with focus on generating sustainable commercial returns, strengthening the private sector's role and supporting Indonesia's priority programs.

National Transformation Strategy: Towards A Golden Indonesia 2045

Indonesia's National Transformation Strategy 2025–2029 focuses on strengthening governance, human capital, and industrial value creation to achieve inclusive and sustainable growth. Through structural reforms and grassroots development, it aims to build a resilient, equitable, and globally competitive nation toward Golden Indonesia 2045.

1 Asta Cita: The 8 Quick Impact Programs

8 National Priorities 2025-2029

1. Strengthening the Foundation of Pancasila Ideology, Democracy, and Human Rights
2. Consolidating the National Defense and Security System and Fostering National Self-Reliance through Self-Sufficiency in Food, Energy, Water, Islamic Economy, Digital Economy, Green Economy, and Blue Economy
3. Continuing Infrastructure Development and Improving Quality Employment Opportunities Promoting Entrepreneurship, Expanding the Creative Industry, and Developing Agro-Maritime Industries in Production Centers through Active Cooperative Involvement
4. Enhancing Human Resource Development, Science, Technology, Education, Health, Sports Achievements, Gender Equality, and Empowering the Roles of Women, Youth (Millennials and Generation Z), and Persons with Disabilities
5. Continuing Downstream Processing and Developing Natural Resource-based Industries to Increase Domestic Value-added.
6. Building from the Village and Grassroots for Economic Growth, Economic Equity, and Poverty Eradication
7. Intensifying Political, Legal, and Bureaucratic Reform, and Strengthening the Prevention and Eradication of Corruption, Drugs, Gambling, and Smuggling
8. Enhancing Alignment with A Harmonious Life in the Environment, Nature, and Culture, and Increase Religious Tolerance to Achieve A Just and Prosperous Society

Indonesia Economic Growth Framework 2026

Priority Sectors, Presidential Priority Programs, and Productivity Acceleration as Key Growth Drivers, aligned with Government Work Plan 2026 “Food and Energy Sovereignty, and Economic Transformation toward an Advanced Indonesia"

PRIORITY SECTORS

Agriculture
- → downstream industrialization
- → food security

Manufacturing Industry
- →National automotive
- →Semiconductor
- →Labor-intensive revitalization

Digital
- →Data Center: FDI
- →Gig economy

Energy
- →Energy security
- →Clean energy

2026 ECONOMIC GROWTH TARGET

5,4%

PRESIDENTIAL PRIORITY PROGRAMS

- Nutritious Meal Program (MBG) — Demand Creation & Human Capital Development
- Red-and-White Cooperatives (KDKMP) — Investment & Local Competitiveness
- 3 Million Housing Program

PRODUCTIVITY ACCELERATION

- Stronger labor-industry linkages (link & match initiatives)
- Improved ease of doing business
- Financial sector reform
- Expanded financing access for productive and export-oriented sectors

FINANCING:

Foreign direct investment (FDI) and non-state budget financing through the Danantara

SUPPORT:

Deregulation and bottleneck removal, Fiscal and monetary policy synergy, Financial sector stability

GROWTH POTENTIAL: 5,4% - 5,6%:

- ❑ Execution of strategic investment projects under Danantara
- ❑ Effective implementation of government priority programs

The First Semester's State Budget Remains Solid

Tax revenue grew strongly (24.6% yoy), state expenditure accelerated (17.8% yoy), while deficit remained under control (0.76% of GDP)
The State budget continues to be directed toward supporting economic growth and achieving national development agenda.

(in IDR trillion)	2025				2026			
	Budget	First Semester Realization	% of Budget	Growth (%)	Budget	First Semester Realization	% of Budget	Growth (%)
A. REVENUE	**3,005.1**	**1,201.8**	**40.0**	**(9.0)**	**3,153.6**	**1,459.4**	**46.3**	**21.4**
I. Tax Revenue	2,490.9	978.3	39.3	(4.8)	2,693.7	1,187.8	44.1	21.4
1. Tax	2,189.3	831.3	38.0	(7.0)	2,357.7	1,035.7	43.9	24.6
2. Custom and Excise	301.6	147.0	48.7	9.6	336.0	152.0	45.2	3.4
II. Non-Tax Revenue	513.6	222.9	43.4	(22.7)	459.2	271.0	59.0	21.6
III. Grant	0.6	0.6	108.2	(85.2)	0.7	0.7	104.0	10.2
B. EXPENDITURE	**3,621.3**	**1,406.0**	**38.8**	**0.6**	**3,842.7**	**1,656.0**	**43.1**	**17.8**
I. Central Government Expenditure	2,701.4	1,003.6	37.1	0.6	3,149.7	1.298.6	41.2	29.4
1. Line Ministries Expenditure	1,160.1	470.5	40.6	(3.5)	1,510.5	658.9	43.6	40.0
2. Non-Line Ministries Expenditure	1,541.4	533.0	34.6	4.4	1,639.2	639.7	39.0	20.0
II. Transfer to Region	919.9	402.5	43.8	0.6	693.0	357.4	51.6	(11.2)
C. PRIMARY BALANCE	**(63.3)**	**52.8**	**(83.4)**	**(67.5)**	**(89.7)**	**85.1**	**(94.9)**	**61.0**
D. SURPLUS/ (DEFICIT)	**(616.2)**	**(204.2)**	**33.1**	**164.2**	**(689.1)**	**(196.5)**	**28.5**	**(3.8)**
% SURPLUS/ (DEFICIT) to PDB	***(2.53)***	***(0.84)***			***(2.68)***	***(0.76)***		
E. FINANCING	**616.2**	**283.6**	**46.0**	**68.8**	**689.1**	**452.0**	**65.6**	**59.4**

Revenue **IDR1,459.4 T** ▲ 21.4% (yoy)

- Strengthening economic activity
- Enhancing tax and customs supervision and governance
- Improving services of ministries/agencies and public service agencies (BLU)

Expenditure **IDR1,656.0 T** ▲ 17.8% (yoy)

- Driving the economy to higher growth
- Supporting the national development agenda
- Safeguarding national priority programs

Deficit **IDR196.5 T** 0.76% GDP

- Fiscal position remains within safe and controlled limits.

*) Updated TKD ceiling: Rp706.3 T, including additional allocation for Sumatra disaster relief, as well as extra Special Autonomy (Otsus) and DTI funds.

Progress on Fiscal Reform: Higher Revenue and More Effective Spending Support Growth

Stronger revenue mobilization and more effective public spending continue to reinforce fiscal sustainability while supporting economic growth.

(in IDR trillion)	2026						
	Budget	Real. as of April 30	Growth (%)	Real. as of May 31	Growth (%)	Real. as of June 30	Growth (%)
A. REVENUE	**3,153.6**	**918.4**	**13.3**	**1,185.0**	**19.1**	**1,459.4**	**21.4**
I. Tax Revenue	2,693.7	746.9	13.7	958.2	18.9	1,187.8	21.4
1. Tax	2,357.7	646.3	**16.1**	834.4	**22.1**	1,035.7	**24.6**
2. Custom and Excise	336.0	100.6	0.6	123.8	0.7	152.0	3.4
II. Non-Tax Revenue	459.2	171.3	**11.6**	226.4	**19.9**	271.0	**21.6**
III. Grant	0.7	0.3	28.8	0.4	(1.6)	0.7	10.2
B. EXPENDITURE	**3,842.7**	**1,082.8**	**34.3**	**1,365.4**	**34.4**	**1,656.0**	**17.8**
I. Central Government Expenditure	3,149.7	826.0	51.1	1,059.3	52.6	1.298.6	29.4
1. Line Ministries Expenditure	1,510.5	400.5	57.9	517.7	58.9	658.9	40.0
2. Non-Line Ministries Expenditure	1,639.2	425.5	45.2	541.6	47.0	639.7	20.0
II. Transfer to Region	693.0	256.8	(1.0)	306.1	(4.9)	357.4	(11.2)
C. PRIMARY BALANCE	**(89.7)**	**28.0**	**(83.9)**	**58.6**	**(69.5)**	**85.1**	**61.0**
D. SURPLUS/ (DEFICIT)	**(689.1)**	**164.4)**	**(3,888.9)**	**(180.4)**	**763.2**	**(196.5)**	**(3.8)**
% SURPLUS/ (DEFICIT) to PDB	***(2.68)***	***(0.64)***		***(0.70)***		***(0.76)***	
E. FINANCING	**689.1**	**298.5**	**6.2**	**379.4**	**16.2**	**452.0**	**59.4**

Macroeconomics Assumption and Development Indicators Target 2026

Built on resilient economic fundamentals, the 2026 Budget demonstrates Indonesia's ability to balance growth objectives with fiscal discipline, ensuring macroeconomic stability.

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2025 Budget	2025 Realization	2026 Budget
Economic Growth (%)	5.2	5.04	5.4
Inflation (%, yoy)	2.5	2.92	2.5
10Y T-Bonds Rate (%, average)	7.0	6.01	6.9
Exchange rate (IDR/US$, average)	16,000	16,782	16,500
Oil Price/ICP (USD/barrel, average)	82	67.95	70
Oil Lifting (tbpd)	605	577.6	610
Lifting Gas (tboepd)	1,005	965.5	984

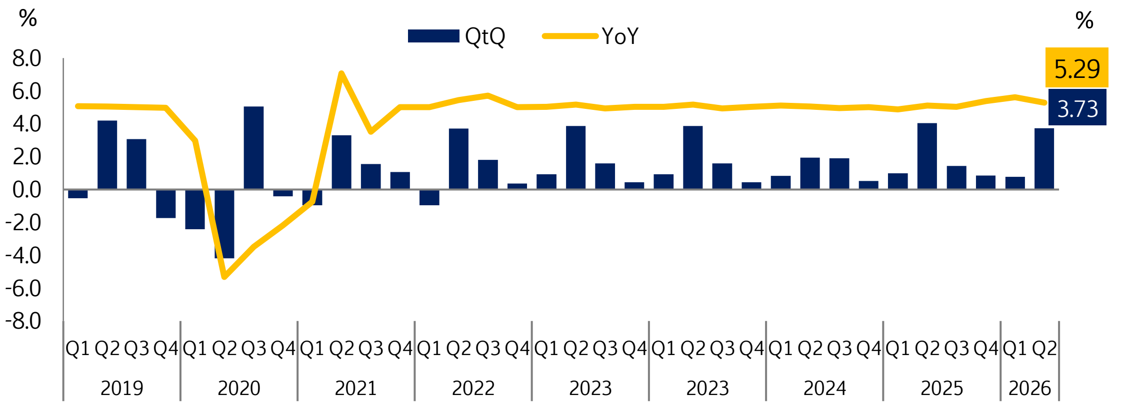
The 2026 Budget Posture

	Budget
A. Revenue	**3,153.6**
I. Tax Revenue	2,693.7
1. Tax	2,357.7
2. Custom and Excise	336.0
II. Non-Tax Revenue	459.2
III. Grants	0.7
B. Expenditure	**3,842.7**
I. Central Government Expenditure	3,149.7
1. Line Ministries Expenditure	1,510.5
2. Non-Line-Ministries Expenditure	1,639.2
II. Transfer to Region	693.0
C. Primary Balance	**(89.7)**
D. Surplus/(Deficit)	**(689.1)**
E. Financing	**689.1**

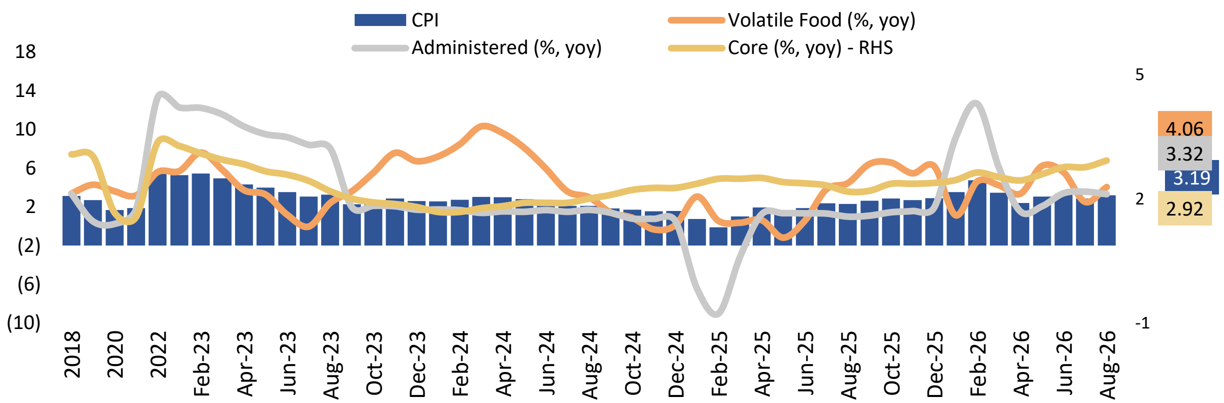
Indonesia's Macroeconomic Fundamentals Remain Resilient

Indonesia's robust macroeconomic fundamentals underpin resilient growth of 5.29% in Q1 2026, supported by manageable inflation, a relatively stable rupiah, and a strengthened monetary policy framework, which reinforcing the economy's capacity for sustained long-term growth.

Resilient Economic Growth

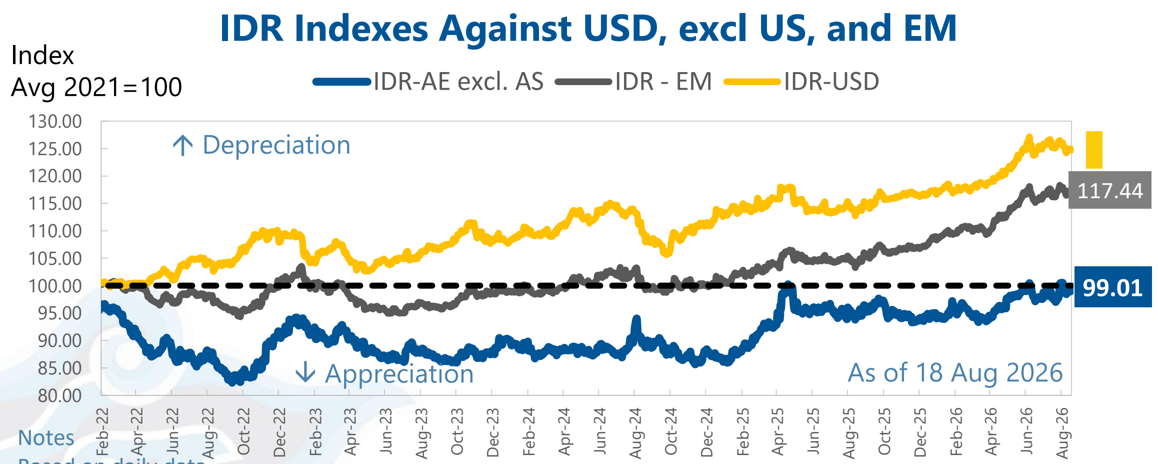


Well Maintained Inflation Ensured Price Stability



Source: BPS

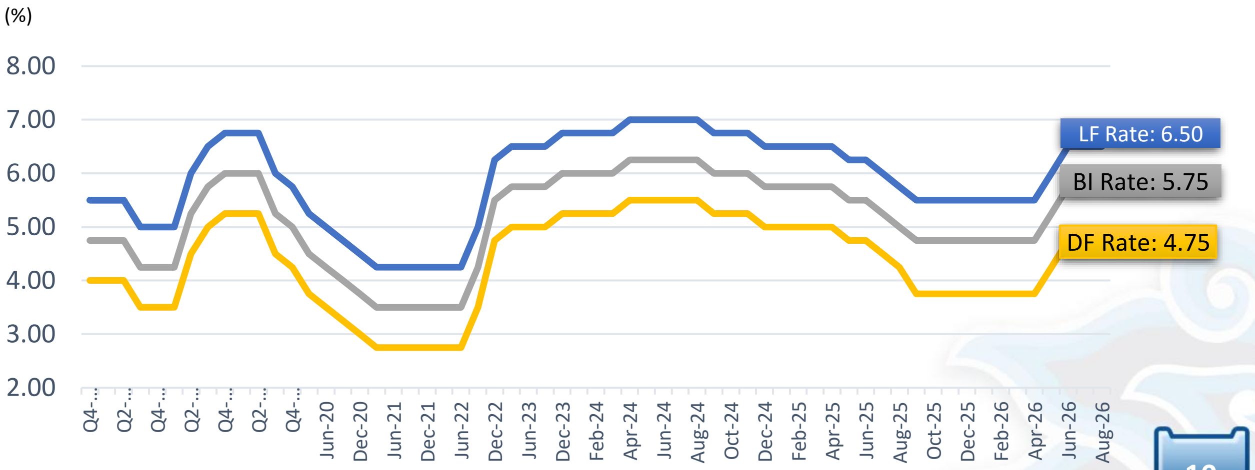
Relatively Stable Rupiah Exchange Rate



Notes
Based on daily data
Composite indexes on trade weights :: SGD (13%), CNY (52%), INR (11%), KRW (9%), THB (7%), MYR (9%)

Source: Bank Indonesia

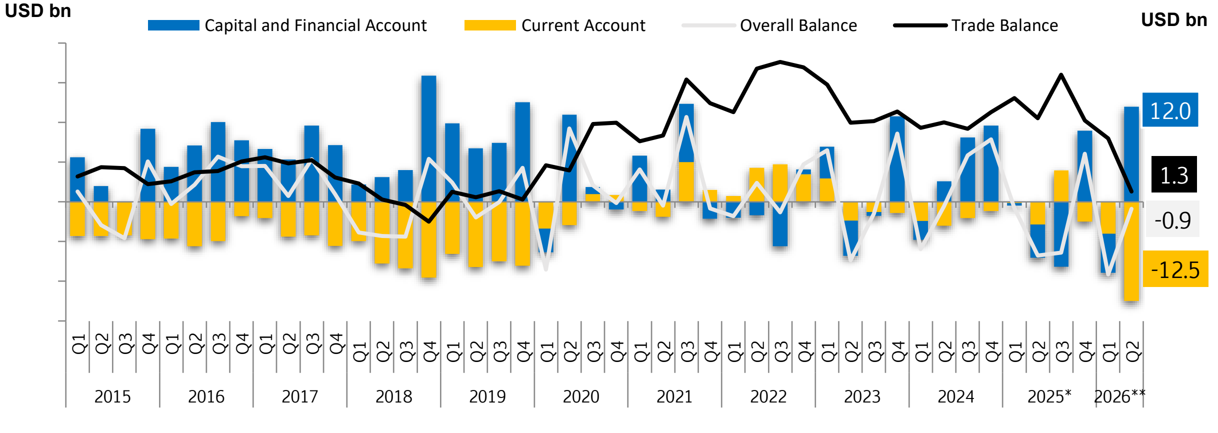
Strengthened Monetary Policy Framework



External Sector Remains Sound Amid Heightened Global Uncertainty

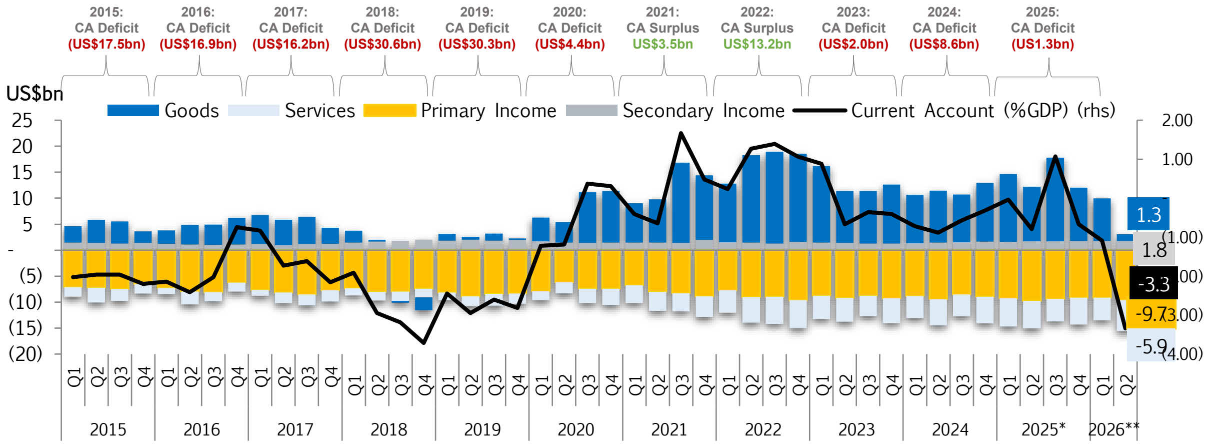
Indonesia's external sector remains resilient, supported by a balance of payments that remains maintained, a low current account deficit, a trade balance that stays in cumulative surplus, and adequate foreign exchange reserves that continue to bolster macroeconomic stability.

Indonesia's BOP performance must continue to be strengthened to support external resilience

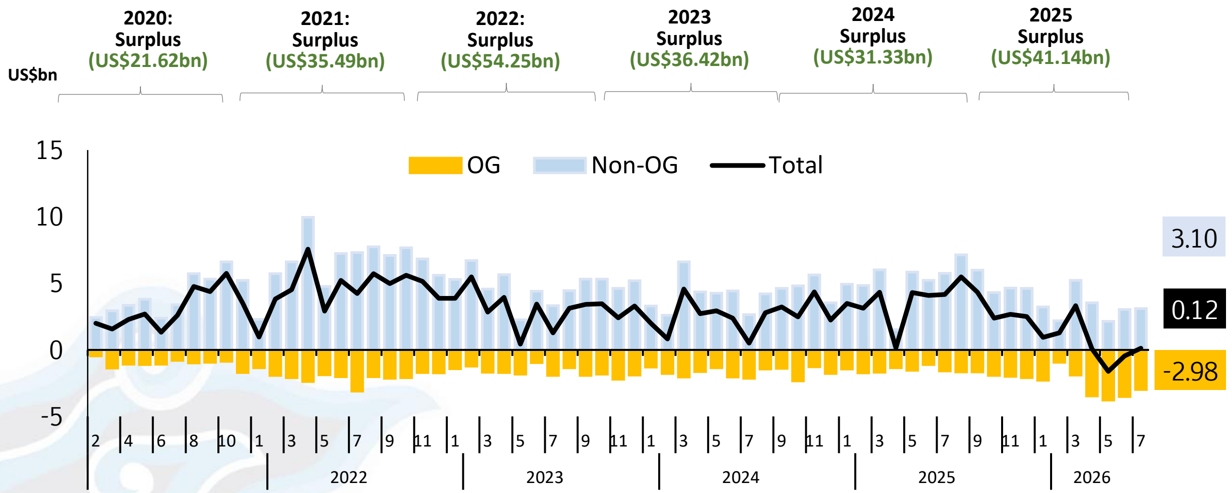


Source: Ban Indonesia

Current Account Deficit Remains at a Healthy Level



Trade Balance Surplus Continues



Source Central Bureau of Statistics of Indonesia

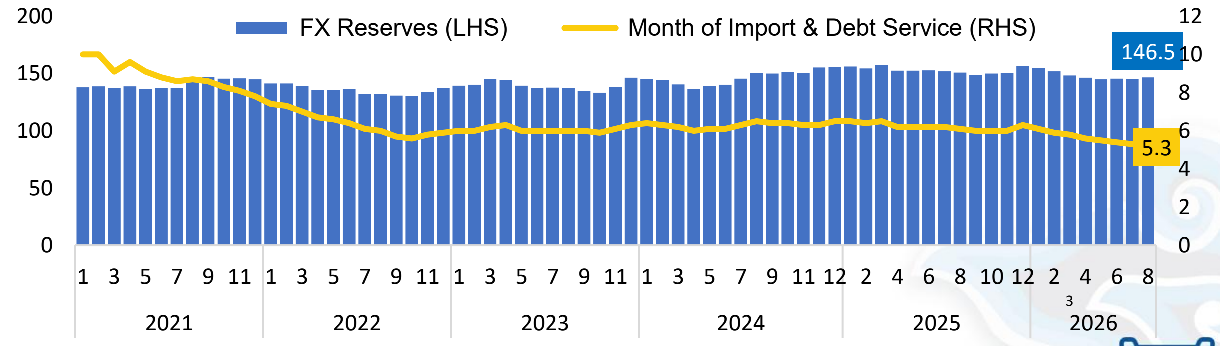
* Preliminary Figure

** Very Preliminary Figure

Official Reserve Assets Remained Adequate in August 2026

FX Reserves as of August 2026: US$146.5bn

(Equiv. to 5.3 months of imports financing + servicing of government debt)

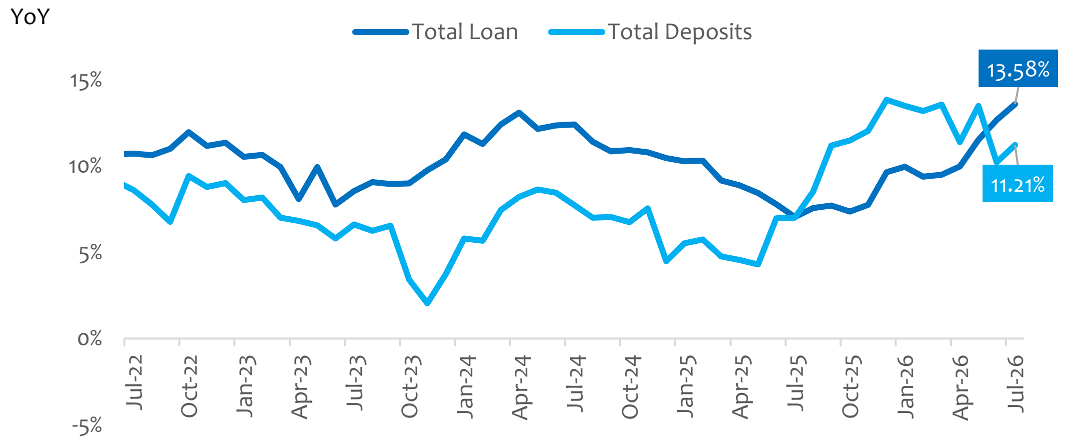


Source: Bank Indonesia

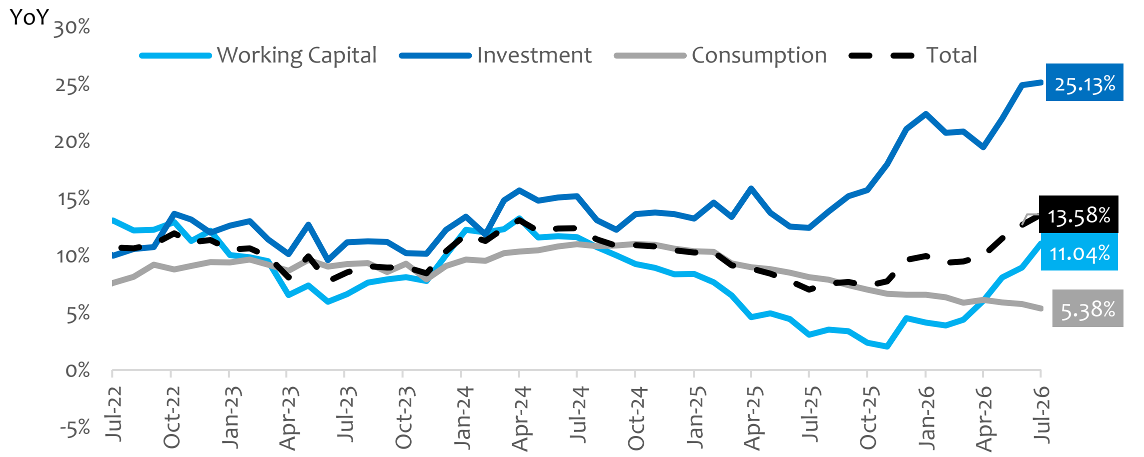
Banking Intermediation

Banking intermediation continued to expand in July 2026, supported by sustained growth in both loan and deposit, while the loan-to-deposit ratio (LDR) remained within the prudent range.

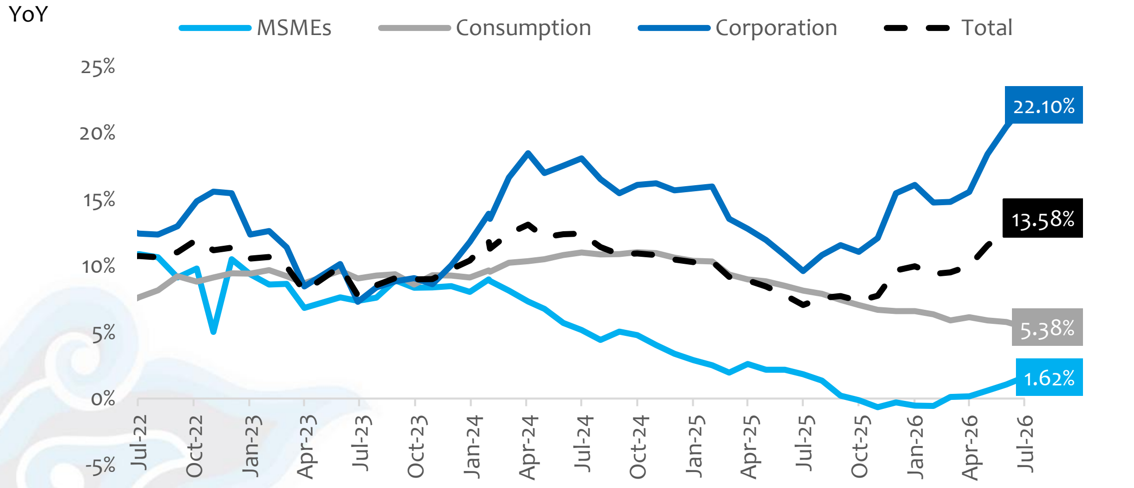
As of **July 2026**, banking loan grew by **13.58% (yoy),** while deposit increased by **11.21% (yoy).**



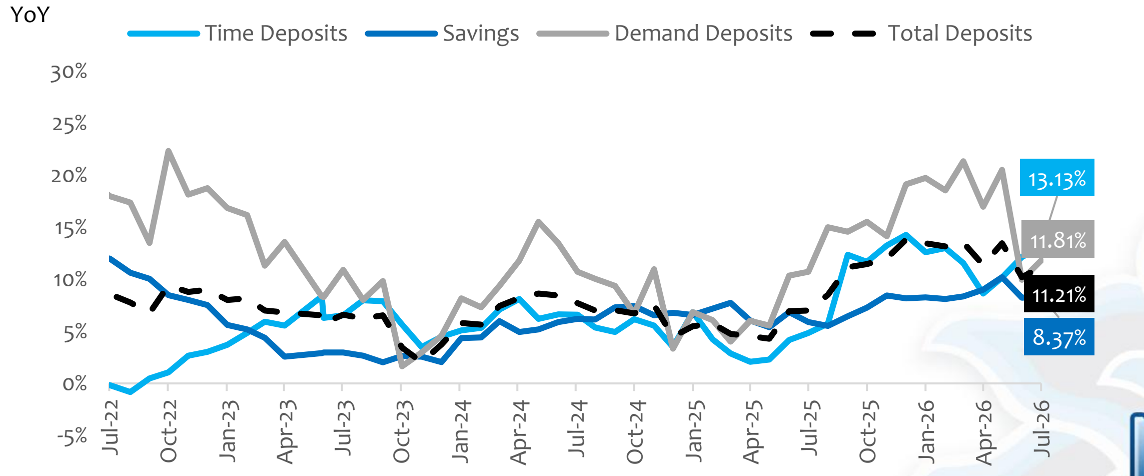
Loan growth was primarily **driven by investment loan,** which continued to record robust growth of **25.13% (yoy).**



By segment, **corporate loan** maintained robust growth at **22.10% (yoy)**, while **MSME loan** continued to grow by **1.62% (yoy).**



On the funding side, **deposit** grew by **11.21% (yoy)** in **July 2026** (prev: 10,21% yoy), supported by time deposit's growth.

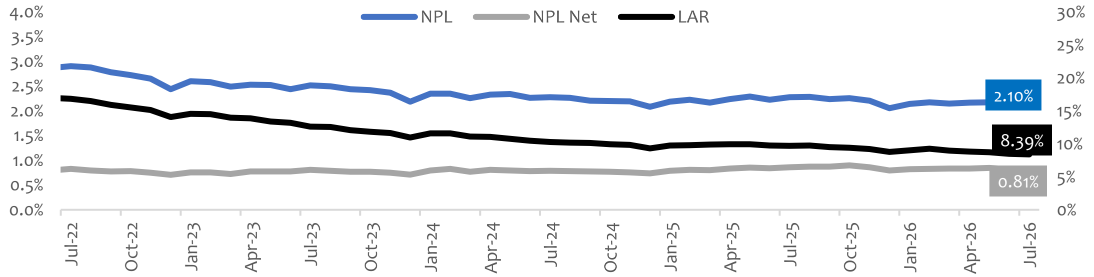


Source: OJK

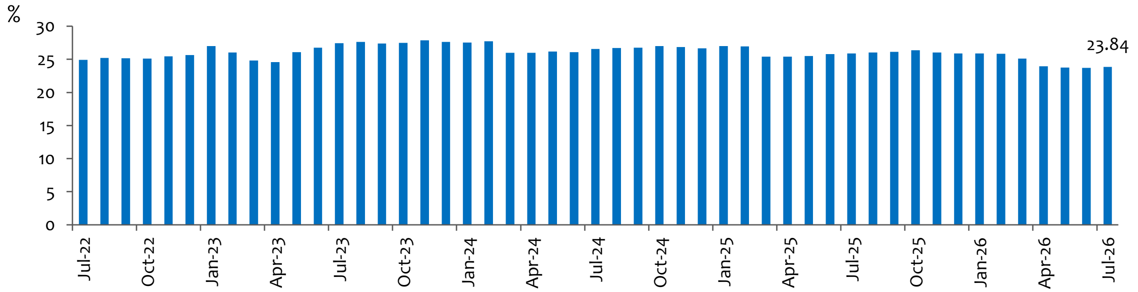
Banking Risk Profile and Profitability

Indonesia's banking sector remained resilient, supported by well-managed credit risk, strong capital buffers, adequate liquidity, and stable profitability.

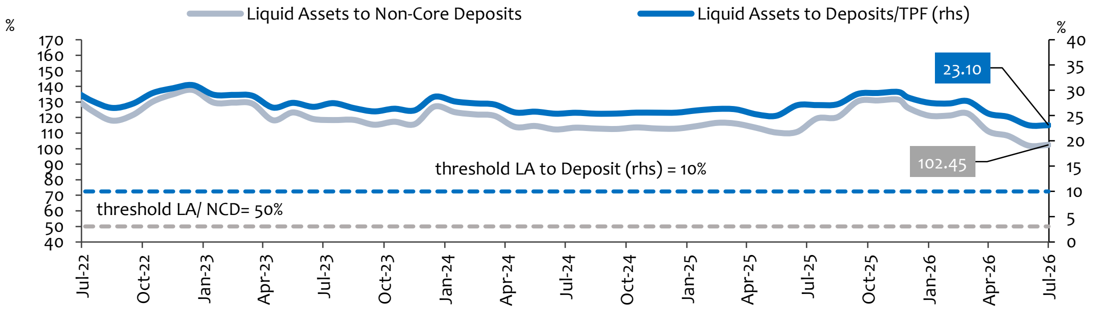
The non-performing loan **(NPL) ratio** remained stable at **2.10% in July 2026**, while the **loan-at-risk (LaR) ratio** declined to **8.39%** (prev: 8.47%).



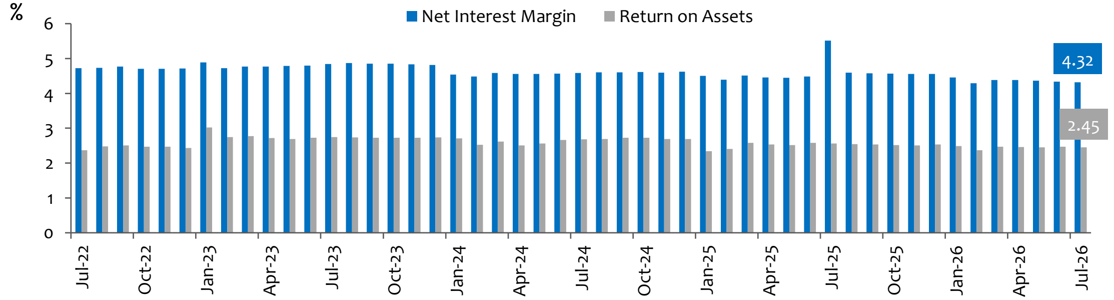
Banking sector resilience was further supported by a strong capital position, with the **capital adequacy ratio (CAR)** increasing **to 23.84% in July 2026.**



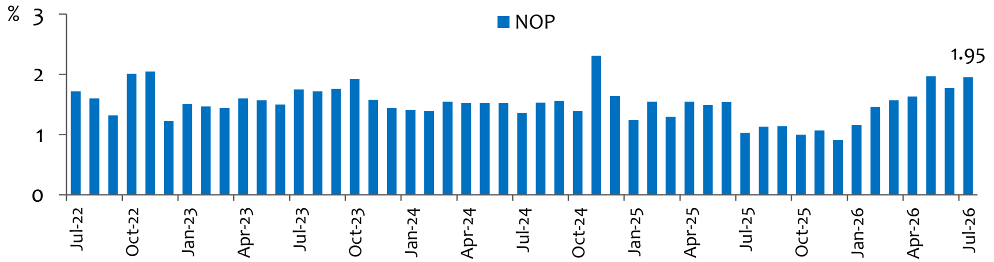
Banking liquidity remained adequate in July 2026, as reflected in the stable liquid assets-to-non-core deposits (LA/NCD) and liquid assets-to-third-party funds (LA/TPF) ratios.



As of **July 2026,** banking sector profitability remained stable, with the **net interest margin (NIM)** at **4.32%** and **return on assets (ROA)** at **2.45%.**



Meanwhile, the banking sector's **net open position (NOP)** remained stable at low level of **1.95% in July 2026.**



Source: OJK

Bank Indonesia Policy Mix for Strengthening Stability and Supporting Economic Growth

Bank Indonesia's policy mix is calibrated to strengthening stability and supporting economic growth through a balanced combination of monetary, macroprudential, payment system, money market deepening, and inclusive green economy measures.

PRO-STABILITY	PRO-GROWTH			
MONETARY	MACROPRUDENTIAL	PAYMENT SYSTEM	MONEY MARKET DEEPENING	INCLUSIVE AND SUSTAINABLE ECONOMY AND FINANCE

BI – Rate[1]	5.75%	⇨
Deposit Facility (DF) rate[1]	4.75%	⇨
Lending Facility (LF) rate[1]	6.50%	⇨

MONETARY

- Strengthening the effectiveness of monetary policy implementation to stabilise the Rupiah exchange rate and maintain inflation within the 2.5±1% target corridor in 2026 and 2027 by:
  i. optimising the foreign exchange intervention strategy to strengthen Rupiah exchange rate stabilisation efforts through Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market,
  ii. managing the interest rate structure in the money market in line with the BI-Rate and rates of pro-market monetary operations instruments, accompanied by a stronger pro-market monetary operations strategy,
  iii. ensuring ample liquidity in the money market and banking industry by maintaining double-digit primary money growth above 10%, consistent with monetary expansion,
- Strengthening the effectiveness of Rupiah exchange rate stabilisation efforts and maintaining adequate Rupiah liquidity by expanding the underlying foreign funding transactions eligible for a 12.5% premium reduction incentive for Swap Sell Hedging (Swap Buy Hedging to Bank Indonesia), from previously covering only portfolio inflow transactions to also include foreign loans by banks and foreign direct investment (FDI). Such hedging swap transactions have a maximum tenor of 12 (twelve) months, with a maximum contract period of 3 (three) years, and may be rolled over in accordance with the remaining maturity of the hedging contract. The expansion of eligible hedging swap transactions will take effect in the second week of September 2026 for foreign loans and FDI entering Indonesia from 1st July 2026,

MACROPRUDENTIAL

- Strengthening preparations for implementation of the following Macroprudential Policies:
  i. Macroprudential liquidity incentive policy for money market deepening (KLM PPU) to maintain adequate liquidity and redistribute liquidity, while continuing to foster lending/financing to priority sectors, effective from 1st September 2026,
  ii. Inclusive Macroprudential Financing Ratio (RPIM) Policy to encourage bank lending/financing to inclusive and sustainable sectors, effective from 1st October 2026,

PAYMENT SYSTEM

- Strengthening implementation of payment system digitalisation measures in accordance with the Indonesia Payment System Blueprint (BSPI) 2030 to bolster economic growth and expand digital economic activity and inclusive finance by:
  i. promoting implementation of the Indonesia Credit Card (KKI), launched on 17th August 2026, and strengthening industry readiness for expansion of the 0% QRIS Merchant Discount Rate (MDR) for transactions of up to Rp100,000, effective from 1st October 2026,
  ii. hosting the Indonesia Digital Economy and Finance Festival 2026 in collaboration with the Indonesia Fintech Summit & Expo (FEKDI and IFSE) on 24-26th September 2026, in synergy with the Coordinating Ministry for Economic Affairs, the Financial Services Authority and the financial industry,
- Strengthening policy coordination with the Government, Financial System Stability Committee (KSSK) and other stakeholders to maintain stability while supporting sustainable economic growth.

Source: Ministry of Finance, Bank Indonesia
Note: (1) Board of Governors Meeting August 2026

Strong Investment in Downstream Industries Reflects Continued Industrial Transformation

Downstream industries continue to attract strong investment of Rp 300.1 trillion in 1st Semester 2026, driven primarily by Mineral and Coal, underscores the continued progress of Indonesia's downstream strategy.

Mineral — IDR 206.5 T

Nickel	IDR 71.0 T	Steel Iron	IDR 30.2 T
Bauxite	IDR 53.8 T	Silica	IDR 5.9 T
Cooper	IDR 37.4 T	Others*	IDR 8.2 T

*) Others: Gold, Silver, Cobalt, Manganese, Coal, Buton Asphalt and Rare Earth Elements.

Oil & Natural Gas — IDR 35.4 T

Oil	IDR 26.4 T
Natural Gas	IDR 9.0 T

Marine and Fisheries — IDR 3.8 T

Commodities in this sector include Salt, Fish (Tuna, Skipjack, Mackerel) , Shrimp, Seaweed, Crab, and Tilapia.

Plantations & Forestry — IDR 54.4 T

Palm Oil	IDR 29.5 T	Rubber	IDR 5.0 T
Log	IDR 16.3 T	Others*	IDR 3.6 T*)

*) Other : Nutmeg, Pine, Coconut, Cocoa, and Biofuel

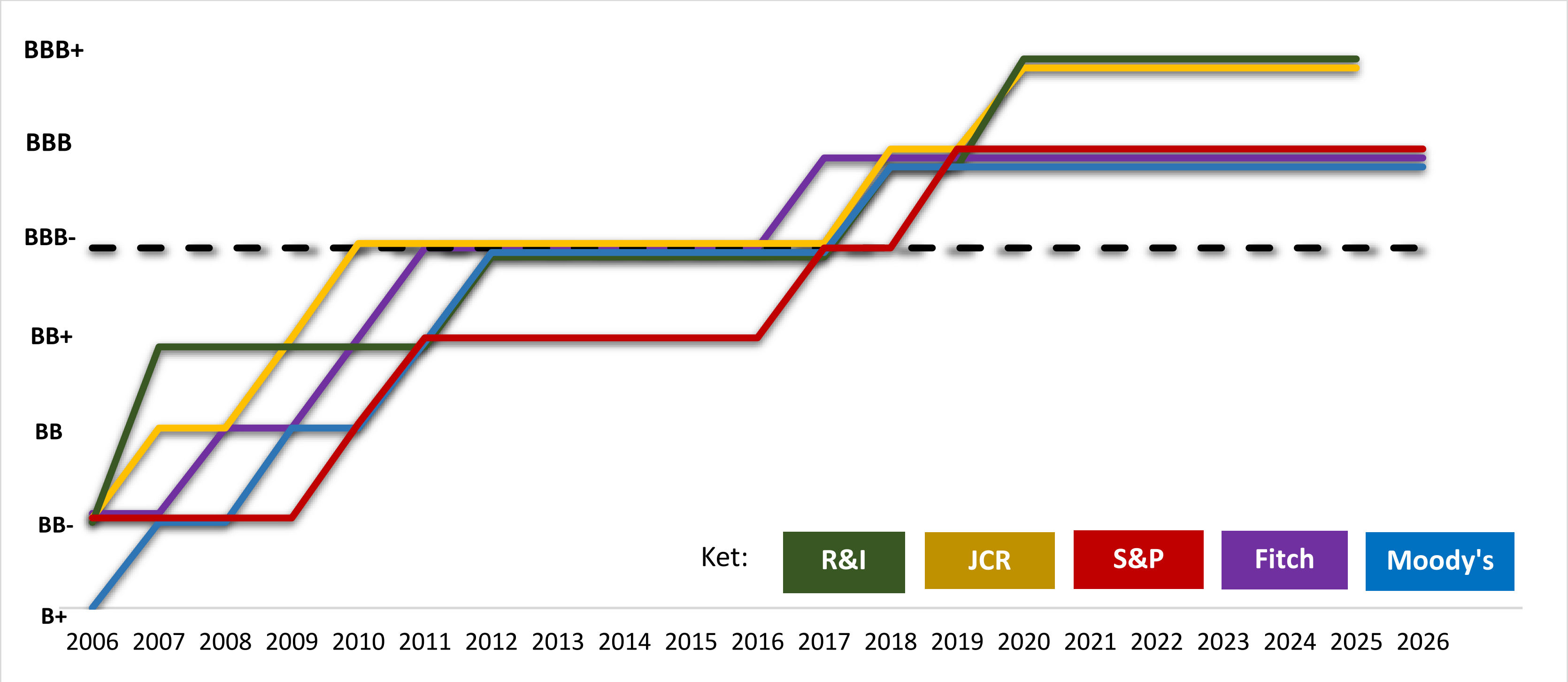
Investment Realization of Downstream Industry Sectors

Rp 300.1Trilion ▲ 6.9% (YoY)

29.7% of Total Investment Realization 1st Semester 2026

Source: Ministry of Investment and Downstream Industry

Indonesia's Investment-Grade Ratings Remain Supported by Resilient Fundamentals



FitchRatings — **BBB / Negative**

March 2026, Rating Affirmed at BBB/Negative Outlook

The rating affirmation reflects Indonesia's record in maintaining macroeconomic stability, favourable medium-term growth, a modest government debt/GDP ratio and moderate external buffers. The outlook revision reflects increasing policy uncertainty and erosion of Indonesia's policy mix consistency and credibility amid growing centralisation of policymaking authority.

S&P Global — **BBB / Stable**

July 2026, Rating Affirmed at BBB/Stable Outlook

The stable rating outlook reflects our expectation that government revenue will continue to recover this year and export receipts will rebound with higher commodity prices. Policies to boost revenue and export earnings from the resource sector should also lift revenue over time, particularly if policy changes become more predictable and well-executed.

R&I — **BBB+ / Stable**

October 2025, Rating Affirmed at BBB+/Stable Outlook

Indonesia's economic fundamentals remain resilient, supported by demographic expansion, abundant natural resources and growing manufacturing sectors. The economy has been on a relatively stable trajectory, with the inflation rate kept in check. The government debt ratio remains at a low level, reflecting the government's fiscal policy in accordance with fiscal rules. R&I has a view that prudent fiscal and monetary policies have been maintained so far under the Prabowo administration.

JCR — **BBB+ / Stable**

September 2025, Rating Affirmed at BBB+/Stable Outlook

The ratings mainly reflect the country's solid domestic demand-led economic growth and restrained public debt. On the other hand, they are constrained by its weak revenue base. The economy's real GDP growth in 2024 remained at around 5%, the same level as the previous year. JCR holds that the government debt-GDP ratio, which rose due to measures aimed to combat the pandemic, will be maintained at current levels amid the ongoing fiscal consolidation efforts through tax reforms and budget allocation revisions.

MOODY'S — **Baa2 / Negative**

February 2026, Rating Affirmed at Baa2/Negative Outlook

The rating affirmation highlights Indonesia's economic resilience, supported by solid growth, structural strengths, and a track record of credible monetary and prudent fiscal policies that underpin macroeconomic and financial stability. The outlook revision reflects the assessment of rising risks to policy predictability, which have not yet materially affected credit fundamentals but could weigh on performance if prolonged.

Section 2

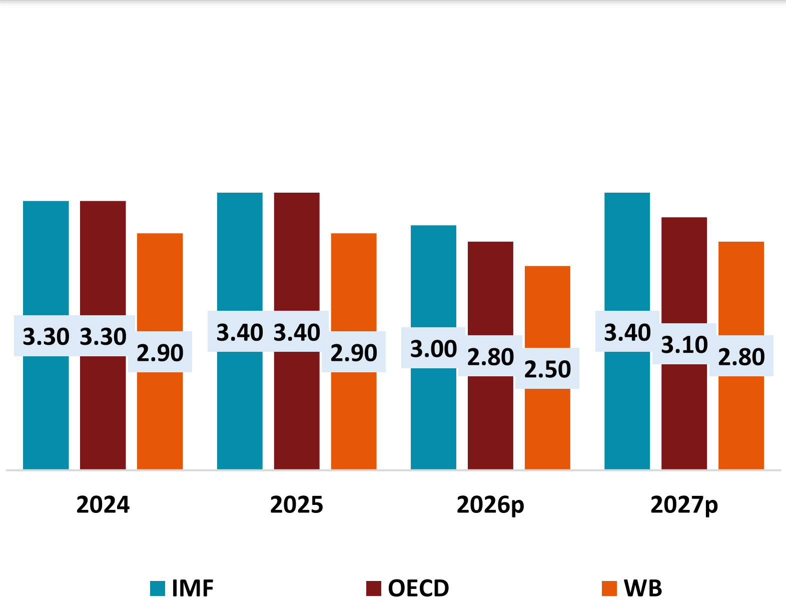
Macroeconomic

"Solid Growth Prospects Supported by Continued Economic Recovery Momentum"

Indonesia's Projected Robust Resilience Amidst Evolving Global Dynamics

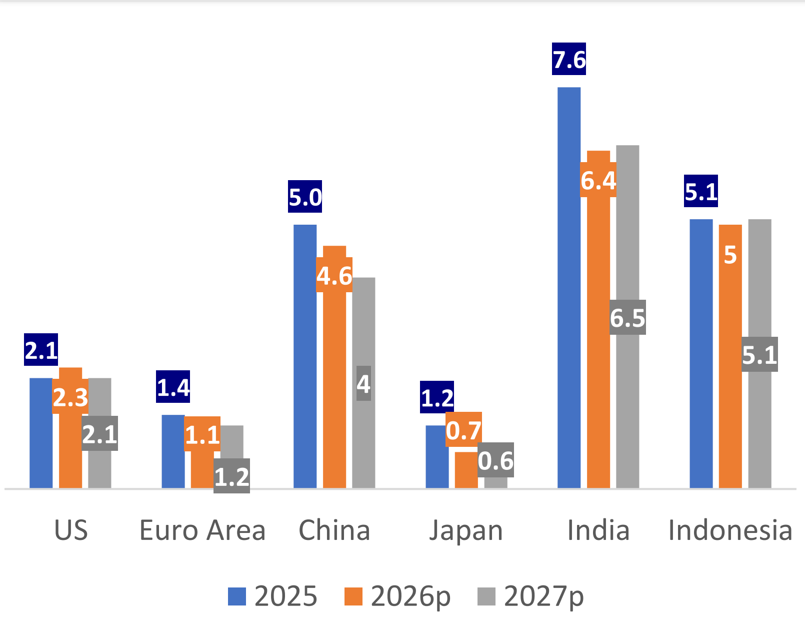
Indonesia continues to demonstrate superior economic resilience, maintaining a strong projected growth trajectory that consistently outperforms global and regional performance. While the global economy is projected to stabilize amid evolving structural dynamics and external challenges, Indonesia's solid fundamentals and strategic policy framework ensure a sustainable and resilient economic outlook through 2027.

Global GDP Growth Projection (% YoY)



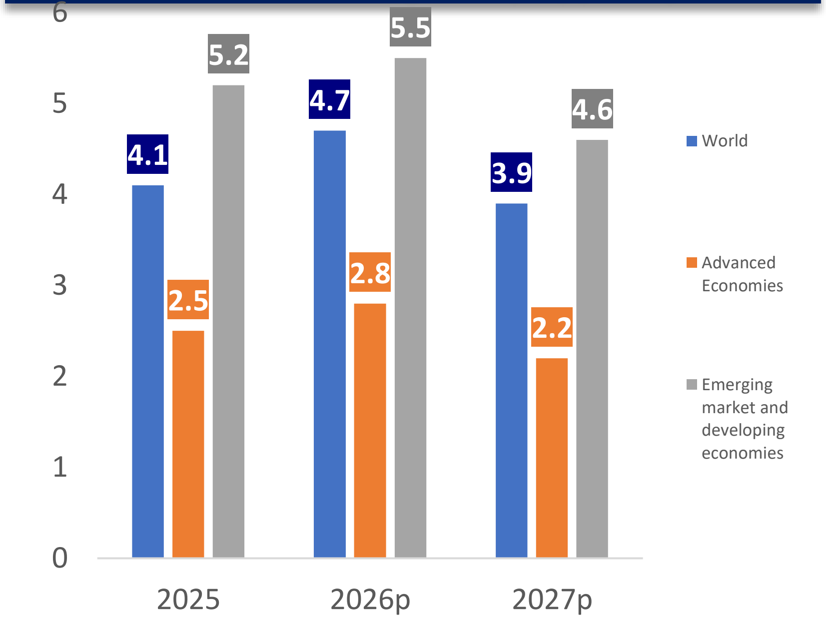
Source: GEP WB Jun'26, OECD Jun'26, WEO IMF Jul'26

Estimated GDP Growth of Selected Country 2025-2027 (% YoY)



Source: WEO IMF Jul'26

Global Inflation Projection (CPI) (% YoY)



Source: WEO IMF Jul '26

DOWNSIDE RISKS

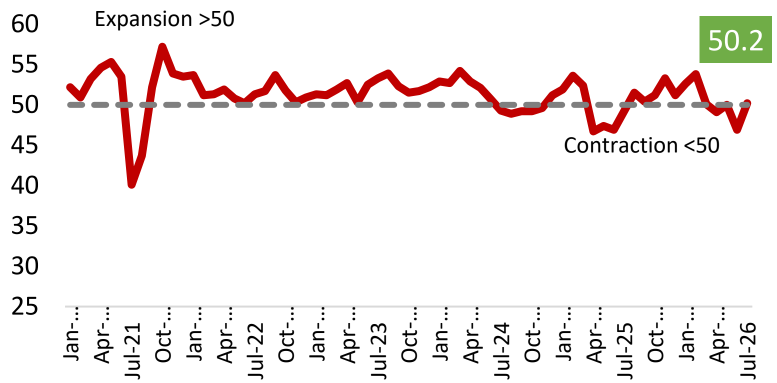
1. Intensification of geopolitical Tensions
2. Eruption of domestic political tensions
3. Reevaluation of Technology Expectations
4. Disruption of the fragile balance of current trade policies
5. Repricing of borrowing costs triggered by fiscal vulnerabilities
6. Erosion of confidence in economic institutions

Source: WEO IMF Jul '26.

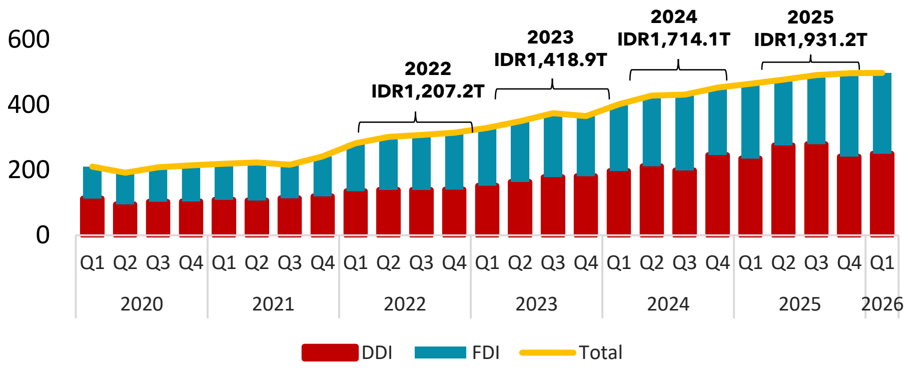
Indonesia’s Leading Indicators Demonstrate Sustained Economic Resilience

Indonesia’s leading indicators continue to point to resilient economic fundamentals entering Q2-2026. Manufacturing PMI rebounded to 50.2, returning to expansion territory, while Consumer Confidence remained elevated at 117.8. Total investment continued its strong upward trend, reflecting sustained investor confidence. Despite a temporary trade deficit in June following a wider oil and gas deficit, Indonesia maintained a cumulative trade surplus in January–May 2026 and strong foreign exchange reserves of around USD146 billion, reinforcing external resilience amid heightened global uncertainty.

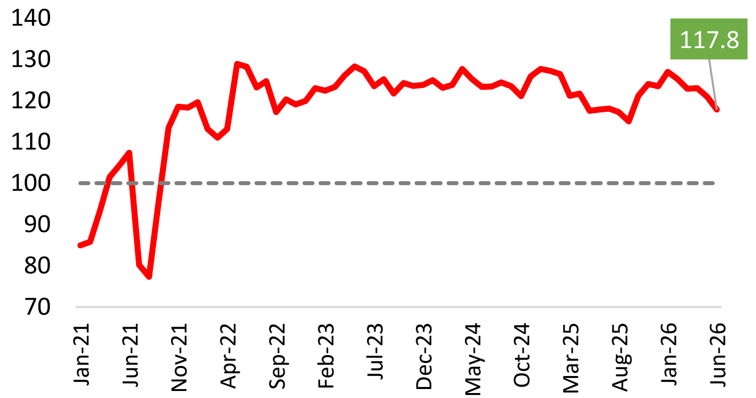
Manufacturing PMI



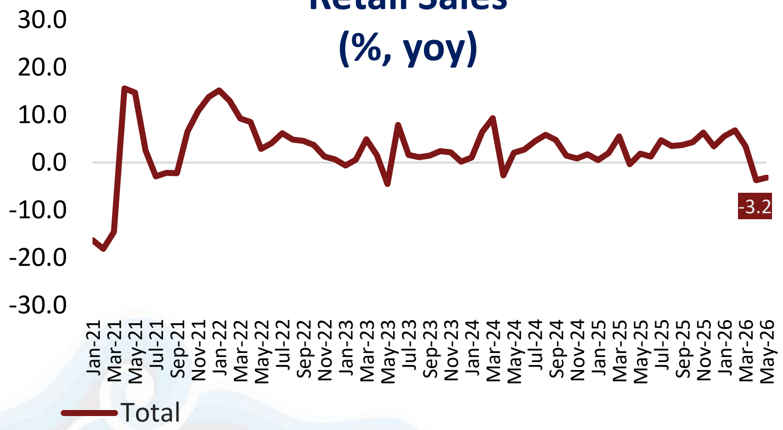
Total Investment (IDR Tn)



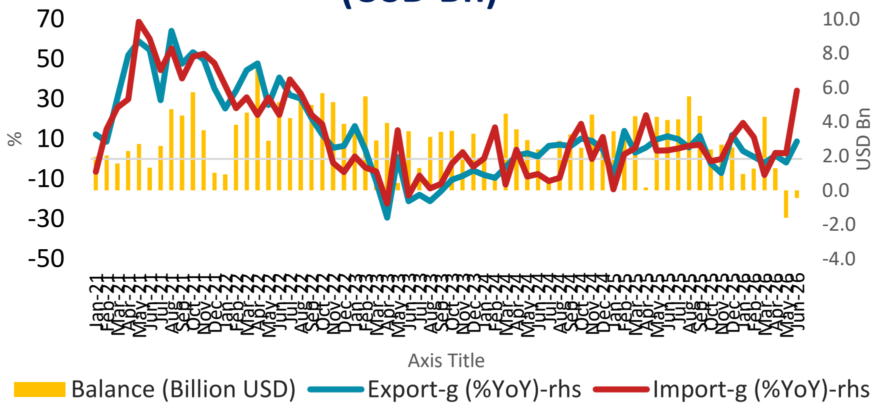
Consumer Confidence Index



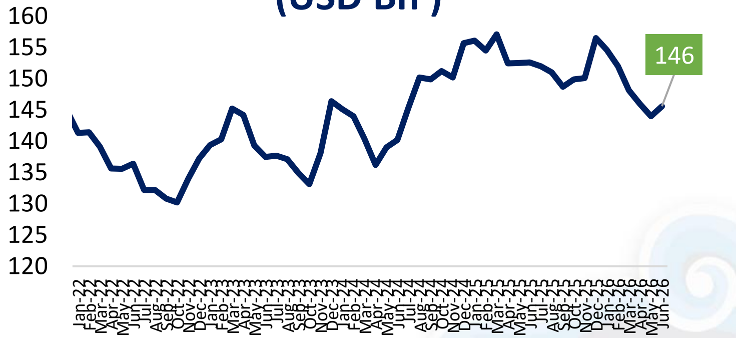
Retail Sales (%, yoy)



Trade Balance (USD Bn)



Foreign Exchange Reserves (USD Bn)



Sources: BI, BKPM, BPS, S&P

Indonesia Economic Growth Framework 2026

Priority Sectors, Presidential Priority Programs, and Productivity Acceleration as Key Growth Drivers, aligned with Government Work Plan 2026 "Food and Energy Sovereignty, and Economic Transformation toward an Advanced Indonesia"

PRIORITY SECTORS

Agriculture
- → downstream industrialization
- → food security

Mannufacturing Industry
- →National automotive
- →Semiconductor
- →Labor-intensive revitalization

Digital
- →Data Center : FDI
- →Gig economy

Energy
- →Energy security
- →Clean energy

2026 ECONOMIC GROWTH TARGET

5,4%

PRESIDENTIAL PRIORITY PROGRAMS

- Nutritious Meal Program (MBG) — Demand Creation & Human Capital Development
- Red-and-White Cooperatives (KDKMP) — Investment & Local Competitiveness
- 3 Million Housing Program

PRODUCTIVITY ACCELERATION

- Stronger labor–industry linkages (link & match initiatives)
- Improved ease of doing business
- Financial sector reform
- Expanded financing access for productive and export-oriented sectors

FINANCING:

Foreign direct investment (FDI) and non-state budget financing through the Danantara

SUPPORT:

Deregulation and bottleneck removal, Fiscal and monetary policy synergy, Financial sector stability

GROWTH POTENTIAL: 5,4% - 5,6%:

- ❑ Execution of strategic investment projects under Danantara
- ❑ Effective implementation of government priority programs

Sustainability of The Economic Package (8+4+5 Program)*

The 2025 Economic Package is designed to accelerate growth and strengthen employment absorption. It also ensures policy continuity, with several key measures carried forward from previous years and extended into 2026

8 Programs: "8 Accelerated Programs in 2025"

1. **Government Assistance for College Graduates Internship Program:** Ministry of Manpower data: 4,894 companies, 44 institutions, and 92,583 vacancies, for up to 100,000 1-year fresh graduates.
2. **Government-borne Income Tax (PPh21) incentives for the tourism sector workers:** in the Oct-Dec 2025 Period: 552,000 workers.
3. **Food Assistance program:):** Distribution progress: Rice: 6,776.2 tons (1.85%) of the ceiling of 365,541 tons. Cooking oil: 1,355.3 KL (1.85%) of the ceiling of 73,108 KL.
4. **Discount on Work Accident Insurance (JKK) and Death Insurance (JKM) Contributions:** for non-wage recipients in the transportation sector. Government Regulation (PP) draft is being prepared.
5. **Additional Service Benefits – Housing Program of BPJS Ketenagakerjaan:** Revision of the Minister of Manpower Regulation is under discussion; harmonisation is ongoing at the Ministry of Law and Human Rights.
6. **Program Padat Karya Tunai (*Cash for Work*):** Ministry of Transportation realization: 13,163 workers; and Ministry of Public Works realization: 197,972 workers.
7. **Deregulation Program (PP28/2025):** Acceleration of RDTR Integration into OSSAdditional digital RDTR integrated into OSS: target 100 new RDTR, with 17 RDTR realized to date.
8. **Urban Program (Jakarta *Pilot Project*):** Program identification is underway in each ministry/agency and SOE.

4 Programs: Carried Forward to 2026

1. **Adjustment of the Utilization Period and Beneficiaries of 0.5% Final Income Tax for MSME Taxpayers until 2029**
2. **Extension of Government-borne Income Tax (PPh 21) Incentives for Tourism Sector Workers and Labor-Intensive Industries (2026 budget)**
3. **Extension of the VAT DTP for the housing sector:** extended until 2027
4. **Extension and expansion of Discount on JKK and JKM Contributions for all Non-Wage Recipients (BPU)**

5 Programs: Employment Absorption

1. **Operasional for KDKMP (Koperasi Desa/ Kelurahan Merah Putih):** Ground-breaking has been carried out at 800 locations
2. **Value Chain Strengthening for Strategic Plantation and Agricultural Commodities, and Post-Harvest Infrastructure**
3. **Revitalisation of Northern Coast (Pantura) Shrimp Ponds, Integrated Shrimp Area in Waingapu, and Modernisation of Fishing Vessels**
4. **Kampung Nelayan Merah Putih" ProgramStage-2 ABT process is ongoing in 35 locations**
5. **Fish Cultivation Development** to support MBG in 500 districts/cities

*is an economic policy issued in 2025 but is still being continued until now and is adjusted to the Indonesia Economic Growth Framework 2026

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

- **Applicable to new investments**, particularly in **pioneer industries** and core business activities.
- **18 eligible pioneer industries covering 169 KBLI classifications**, strategically selected for their **strong economic linkages, high added value, advanced technology adoption, and significant national economic impact**.
- **Corporate income tax incentives**:
  - **100% corporate income tax exemption (full tax holiday)** for up to **20 years**, depending on the investment value.
  - **Mini tax holiday**: A **50% corporate income tax reduction for two years** after the initial full exemption period.
  - After the tax holiday and mini tax holiday periods expire, investors remain eligible for a **50% reduction of the standard corporate income tax rate**.
- **Adjustment due to Global Minimum Tax (GMT) Implementation**:
  - Indonesia has aligned its tax policies with **the 15% Global Minimum Tax (GMT) framework** set by the OECD/G20.
  - Companies benefiting from the **Tax Holiday must comply with the minimum tax requirement**, ensuring both regulatory stability and competitive investment incentives.

TAX ALLOWANCE

- Aims to **increase direct investment** in **specific business sectors** or **designated regions**.
- **Incentives include**:
  - **30% net income reduction** based on total investment over six years.
  - **Accelerated depreciation and amortization**.
  - **Reduced income tax on dividends** paid to foreign investors (10% or lower).
  - **Compensation for losses** of up to **10 years**.
- Criteria include **high investment value for export**, **significant labor absorption**, or **high local content**.

INVESTMENT ALLOWANCE

- Encourages **investment in labor-intensive industries**, supporting **job creation and workforce absorption**.
- **Net income deduction of 60%** of the investment in **tangible fixed assets, including land**, used for the taxpayer's main business activities.
- **Deduction is spread over six years** (10% annually) from the **fiscal year when commercial production starts**.
- Covers **45 labor-intensive industrial sectors**, employing an **average of 300 workers per tax year**.

SUPER DEDUCTION TAX

Super Deduction for Vocational Activities

- Encourages industries to **participate in vocational programs**, facilitating **knowledge transfer and skill development**.
- **Maximum reduction of 200% in gross income** for costs related to **work practice, apprenticeships, and learning activities**.

R&D Super Deduction

- Supports **industry-driven innovation** and the **adoption of the latest technology** in production processes.
- **Maximum gross income deduction of 300%** for **eligible R&D expenditures in Indonesia**.

Source: Coordinating Ministry for Economic Affairs

Strengthening Indonesia's Inflation Control Strategy Against External And Domestic Headwinds

Proactive risk mitigation across food production, social assistance, and structural efficiency ensures domestic inflation remains contained despite external and climate headwinds

RISKS

1 EL NIÑO / DRY SEASON RISK

- Seasonal food production decline risk in April – June, with El Niño impact potentially extending through H2 2026
- Potential CPO and plantation commodity output disruptions
- Rising animal feed costs — maize and soybeans — threatening livestock producers

2 RISING ENERGY PRICES & GLOBAL COMMODITY PRESSURES

- Global oil price escalation placing upward pressure on domestic fuel and transport costs
- Food, transport and core inflation pressures eroding household purchasing power

3 IMPORTED INFLATION & RAW MATERIAL COST ESCALATION

- Escalating raw material import costs squeezing domestic industrial production margins
- Global trade disruptions threatening supply chain stability
- Rupiah exchange rate depreciation amplifying import-cost pass-through

MITIGATION

1 FOOD PRODUCTION REINFORCEMENT

- Water infrastructure reinforcement: irrigation optimisation, pumping systems, retention ponds
- Accelerated planting cycles and adaptive crop scheduling using early warning systems (EWS)
- Strengthening BULOG buffer stocks and national food reserves

2 PRICE STABILIZATION & PURCHASING POWER

- Accelerating regular social assistance disbursement (PKH: 10m households; BPNT: 18.8m households)
- Food aid: 2L cooking oil + 10kg rice per household (deciles 1–4; 33.2m beneficiaries)
- Transport fare discounts; civil service 13th-month salary payment
- Maintaining energy subsidies and compensation schemes

3 COMPETITIVENESS & SUPPLY CHAIN EFFICIENCY

- Logistics and supply-chain efficiency gains through inter-regional trade agreements (KAD)
- Domestic content requirements (TKDN) and strategic sector regulatory adjustment
- Fiscal incentives on plastic raw material imports
- Production financing: subsidised credit (KUR), agricultural machinery loans, crop insurance

Policy Coordination & Synergy To Keep Inflation Firmly Anchored

The government (central and regional) and Bank Indonesia continue strengthening coordination and synergy through TPIP-TPID amid to control inflation amid against global headwinds. Policymakers remain confident that 2026 inflation, will remain within the 2.5±1% target band.

MONETARY POLICY

Pro-stability monetary policy

- Rupiah stabilisation via FX interventions: spot, DNDF, secondary SBN
- Monetary operations via SRBI, SVBI, and SUVBI optimisation

FISCAL POLICY

National state budget and local government budget as fiscal shock absorbers

- Energy subsidies compensation transfers
- Food security budget: optimisation of government commercial reserves (SPHP distribution)
- Social protection programmes, including food assistance
- **Purchasing-power stimulus measures**
- Regional budget (APBD) and contingency reserve (BTT) optimisation

THE 4-PILLAR INFLATION CONTROL STRATEGY

K1 Price Affordability

- **Expanded subsidised market operations and food price stabilisation (SPHP) Availability dan Affordability**
- **Social protection, food aid, electricity tariff discounts, transport subsidies**

K2 Supply Availability

- **Strengthening Government Food Reserves (CPP and CPPD)**
- **Subsidised credit (KUR) and agricultural machinery financing**
- Subsidised fertiliser provision

K3 Distribution Efficiency

- **Facilitating strategic food commodity distribution chains**
- **Sea-toll programme optimisation to reach remote 3TP areas**
- **Logistics cost subsidies**

K4 Effective Communication

- TPID coordination by Ministry of Home Affairs via weekly meetings
- **Zonal TPIP-TPID coordination meetings aligned with GNPIP**

2026 INFLATION ANCHORED AT TARGET 2.5±1%

Consumer Price Index (CPI) Inflation Remains Under Control

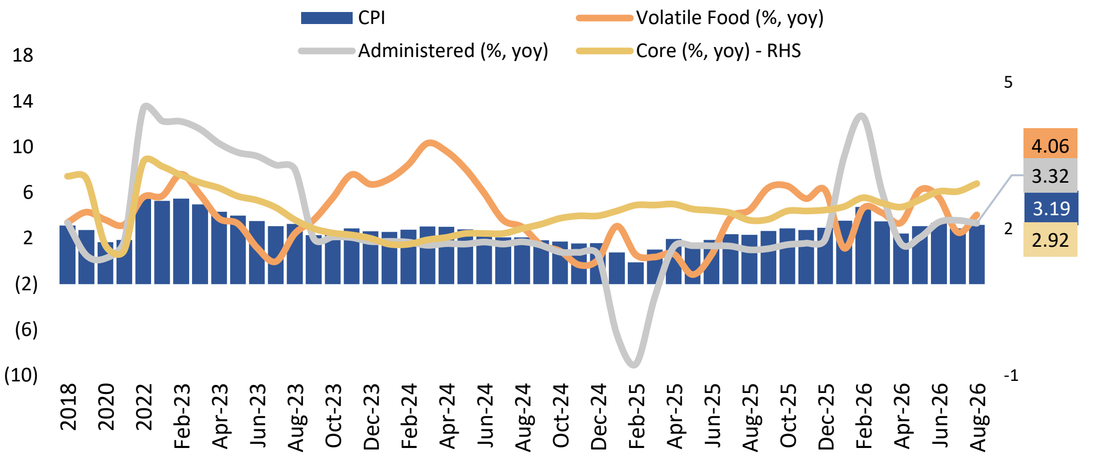
Inflation remains manageable, supported by stable core inflation, easing volatile food prices, and strong policy coordination across national and regional inflation control teams.

- **Consumer Price Index (CPI) in August 2026 increased to 3.19% (yoy), from 2.88% (yoy) in the previous month.**
  - Core inflation increased to 2.92% (yoy) in August 2026.
  - Volatile food VF inflation was recorded at 4.06% (yoy), increasing from 2.52% (yoy) in the previous period.
  - Administered prices (AP) inflation was recorded at 3.32% (yoy), lower than the 3.58% (yoy) inflation recorded in July 2026
- **Bank Indonesia will continue strengthening its monetary policy mix, including rupiah exchange rate stabilisation measures, to mitigate the risk of rising imported inflation and ensure inflation remains within the 2.5±1% target corridor in 2026 and 2027**. Bank Indonesia will also continue strengthening policy synergy with the Government through the Central and Regional Inflation Control Teams (TPIP and TPID), including by intensifying the Inflation Control and Food Prosperity Movement (GPIPS), which includes anticipating the risk of weather disruptions triggered by El Niño on food prices.

2026 Inflation Projection

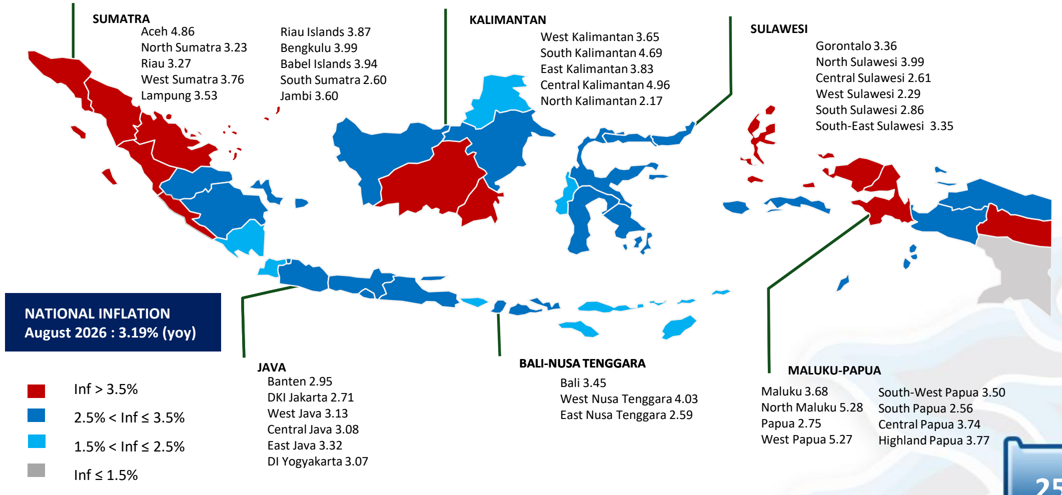
Institutions	Inflation (% yoy)
2026 Budget	2.5
Bank Indonesia	2.5%±1%
Consensus Forecast (Aug 2026) – average	3.4
IMF (April 2026) – end of period	3.0

CPI Inflation



Source: BPS

Inflation Rate by Provinces

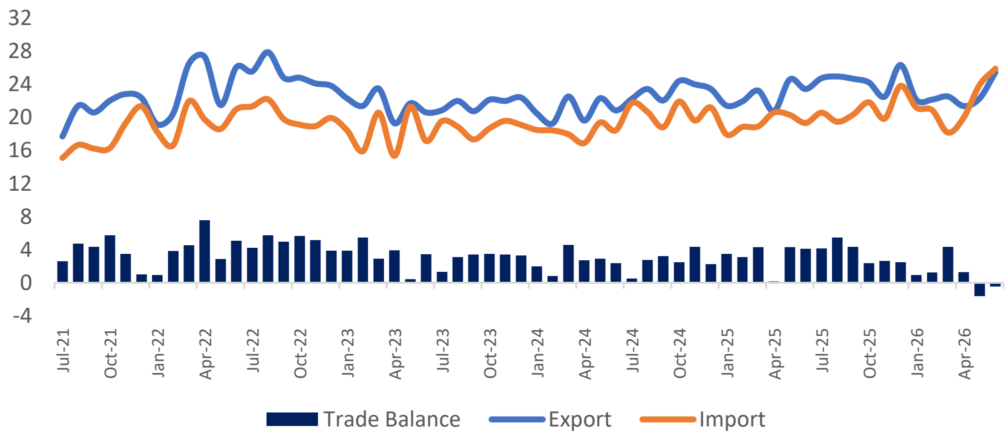


Source: BPS

Task Force for Increasing National Exports to Strengthen Trade Balance

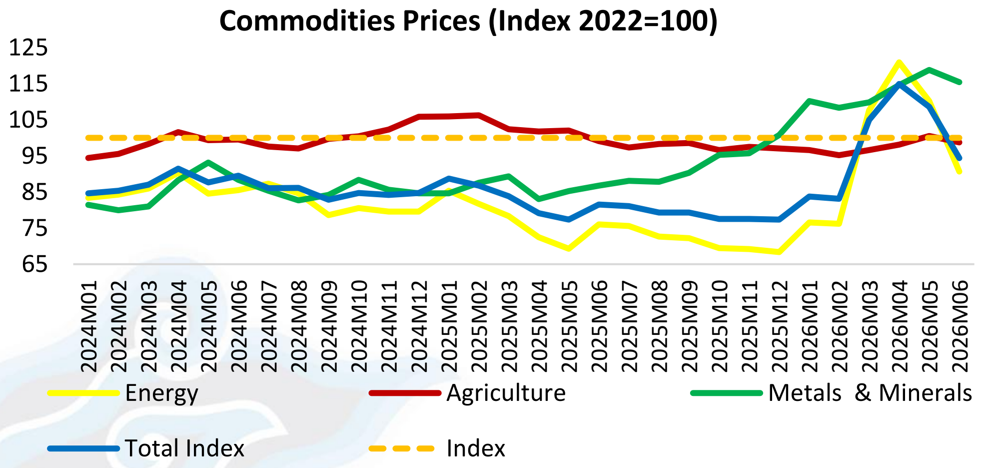
The government has established a task force to boost national exports to maintain export performance, strengthen the trade balance, and support economic growth. The initiative focuses on improving export industry productivity, expanding markets, simplifying processes, enhancing export financing, increasing MSME exports, and strengthening regulations while Indonesia continues to maintain a trade surplus for many consecutive months despite global uncertainty.

Performance of Indonesia’s Export – Import (Billion USD)



Source: BPS

Commodities Prices Volatility



Source: World Bank

VISION

TASK FORCE FOR
INCREASING NATIONAL EXPORTS
“MAINTAIN AND IMPROVE NATIONAL EXPORT PERFORMANCE”

TARGET

STRENGTHENING THE TRADE BALANCE
TO DRIVE NATIONAL ECONOMIC GROWTH

WORKING GROUP

WG I	WG II	WG III	WG IV	WG V	WG VI
Increasing Productivity and Competitiveness of Export Industries	Diplomacy, Promotion, and Development of Export Market	Simplify, Synchronize, and Integrate of Export’s Processes and Services	Export Financing	Increasing MSME Exports	Regula-tions

DRIVERS

AMIDST GLOBAL UNCERTAINTY, INDONESIA CONTINUES TO MAINTAIN A POSITIVE CUMULATIVE TRADE SURPLUS IN 2026

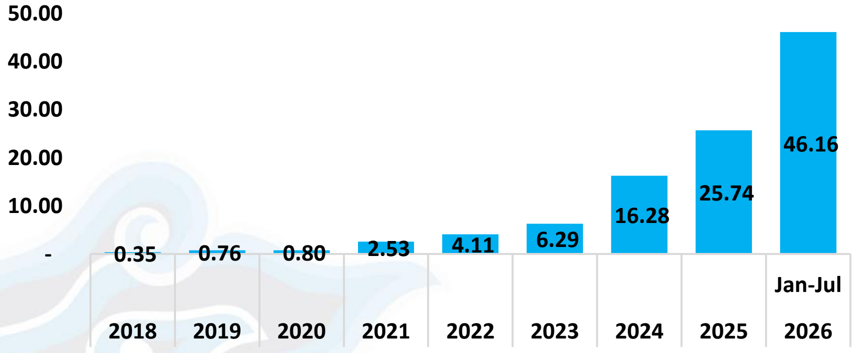
Local Currency Transaction (LCT)

BI implemented the Local Currency Transaction Framework as an effort to improve market efficiency, to accelerate financial market development, and reduce exchange rate volatility…

1 LCT transaction is growing…

a) Currently, the implementation of Local Currency Transaction (LCT) cooperation between Indonesia has been established with Malaysia, Thailand, Japan, China, South Korea, and United Arab Emirates.
b) LCT Indonesia with Singapore and India is currently in the finalization stage of preparation.
c) The total value of LCT throughout 2026 (Jan-July) reached the equivalent of USD46,16 billion, representing a 226,61% (yoy) increase compared to transaction value in Jan-July of the previous year (eq. 14,13 billion)

LCT transaction value (Eq. in Billion USD)



Source: Appointed Cross-Currency Dealer (ACCD) Banks' Report

2 …by expanding line of business and participants…

Line of Bussiness	Current Account, Capital Account, and Financial Account
Area of Cooperation	FX Market, Financial Market, and Cross-Border Payment
Expansion of Participants	a. LCT customer: Wholesale & retail b. ACCD* Banks,Payment Service Providers for Cross-Border Transaction, Portfolio Investment Company

*Appointed Cross-Currency Dealer

3 …as well as stronger strategic synergy with government agencies.

National Task Force on Local Currency Transaction

Strategic Cooperation of National Task Force on Local Currency Transaction

a) Trade and Direct Investment

b) Banking and Financial Market

c) Expansion usage of LCT and Cross-Border Payment

Section 3

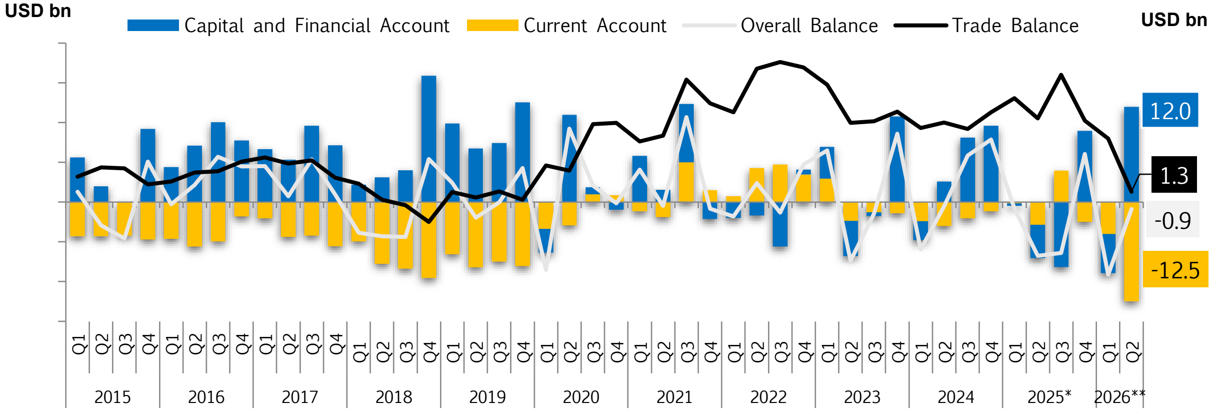
External Sectors

"Sound External Resilience Supported by a balance of payments that remains maintained and Ample Reserves"

External Sector Remains Sound Amid Heightened Global Uncertainty

Indonesia's external sector remains resilient, supported by a balance of payments that remains maintained, a low current account deficit, a trade balance that stays in cumulative surplus, and adequate foreign exchange reserves that continue to bolster macroeconomic stability.

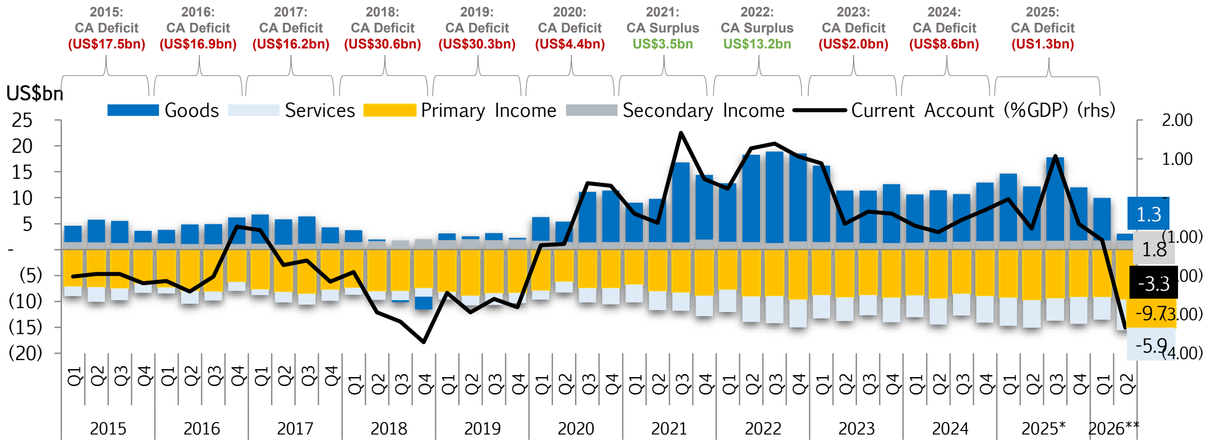
Indonesia's BOP performance must continue to be strengthened to support external resilience



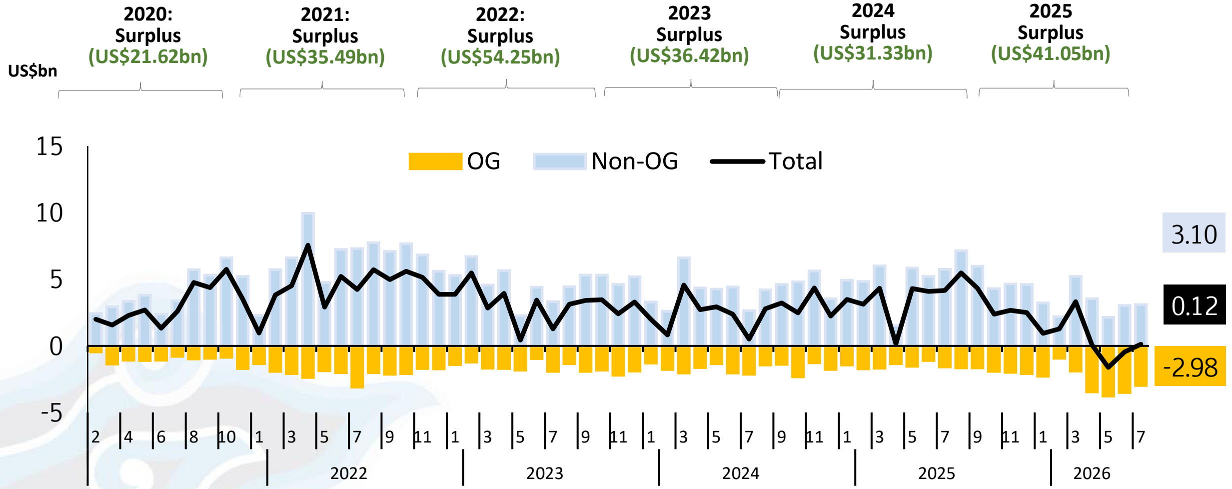
Source: Ban Indonesia

Source: Bank Indonesia

Current Account Deficit Remains at a Healthy Level



Trade Balance Surplus Continues



Source Central Bureau of Statistics of Indonesia

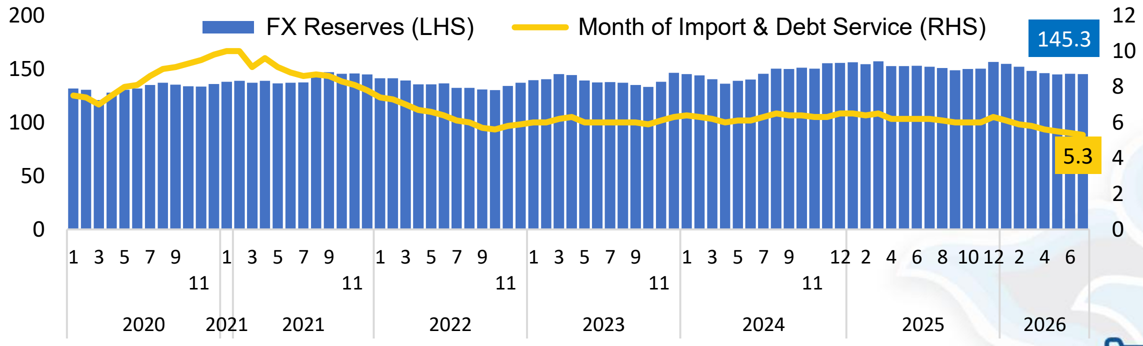
* Preliminary Figure

** Very Preliminary Figure

Official Reserve Assets Remained Adequate in July 2026

FX Reserves as of July 2026: US$146.5bn

(Equiv. to 5.3 months of imports financing + servicing of government debt)



Source: Bank Indonesia

Ample Lines of Defense Against External Shocks

Bilateral, multilateral and regional international financial cooperation are also resulting in more 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 of Aug 2026: **US$146.5 bn**

Swap Arrangement

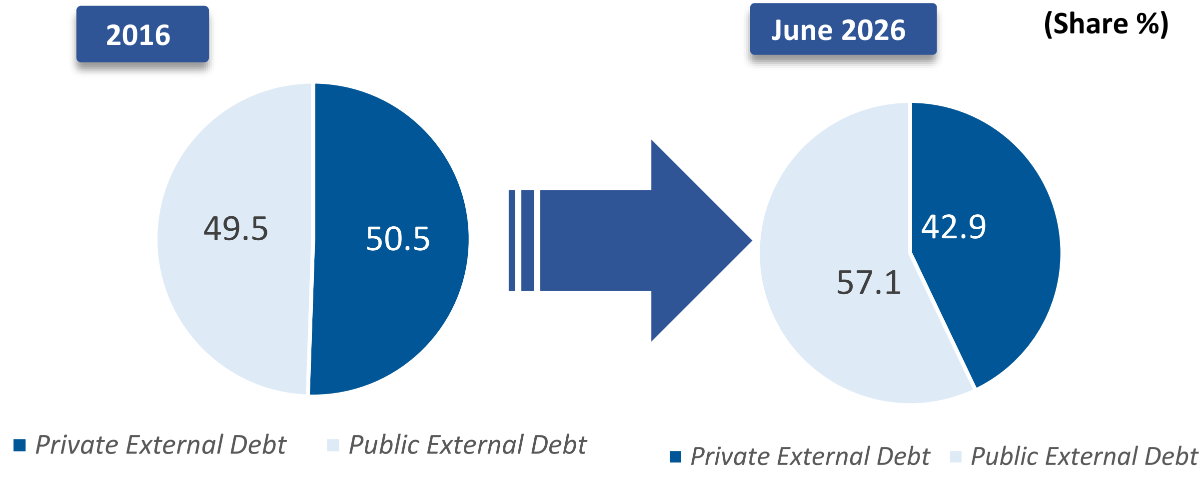
Bilateral	**Malaysia**	• RM/Rp swap arrangement with a size up to RM 24 billion / Rp 82 trillion (equivalent)
	Singapore	• SGD/Rp swap arrangement with the size up to SGD 9.5 billion / Rp 100 trillion (equivalent)
	China	• CNY 400 billion / Rp 878 trillion (equivalent)
	Japan	• Precautionary line Indonesia-Japan CMIM-linked US$ 9.104 billion
Regional	**Chiang Mai Initiative Multilateralization (CMIM) Agreement**	• Entitled to a maximum swap amount of US$ 9.104 billion under CMIM IDLP • Came into effect in 2010 with a pool of US$ 120 billion • Doubled to US$ 240 billion effective July 2014
Global	**IMF Global Financial Safety Net - GSFN**	• Indonesia is entitled to access IMF facilities for crisis prevention and to address potential or actual balance of payments problems. • Such facilities include the Short-Term Liquidity Line (SLL), Flexible Credit Line (FCL), Precautionary and Liquidity Line (PLL), Stand-By Arrangement (SBA), Extended Fund Facility (EFF), and Rapid Financing Instrument (RFI).

Source: Bank Indonesia

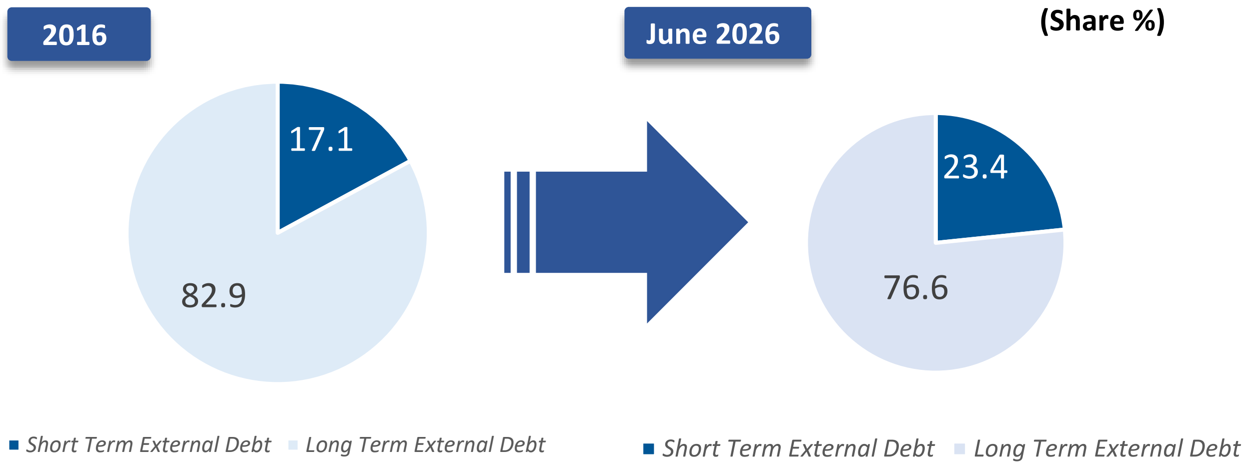
Healthy External Debt Profile

Indonesia's external debt remains manageable, supported by a sound structure dominated by long-term debt, contained debt levels, and low debt ratios relative to GDP and exports.

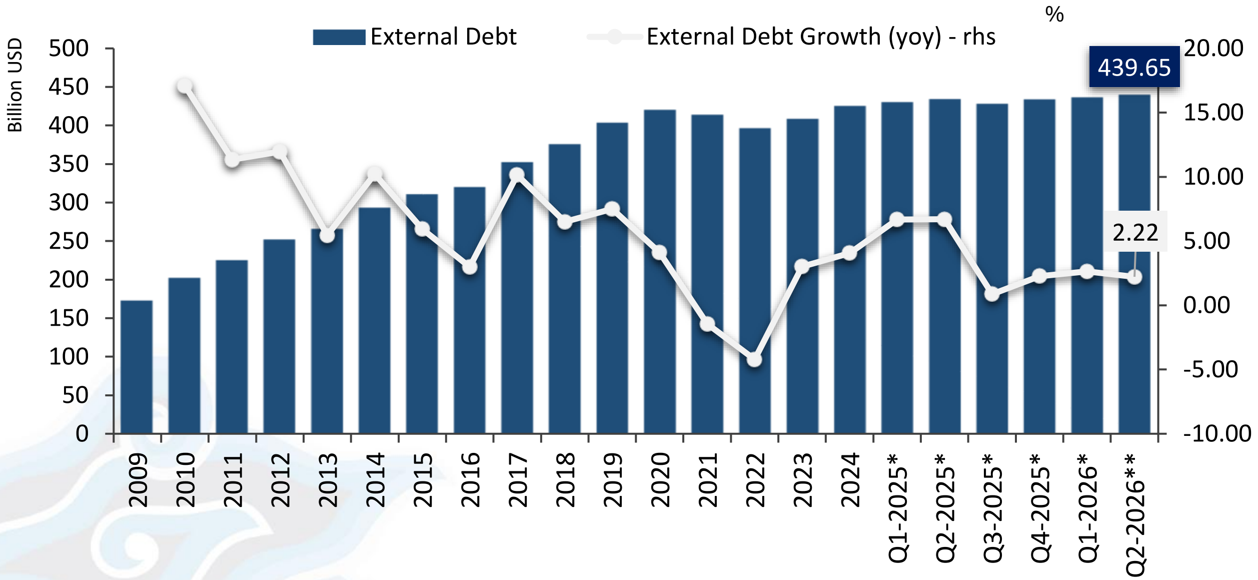
External Debt Structure



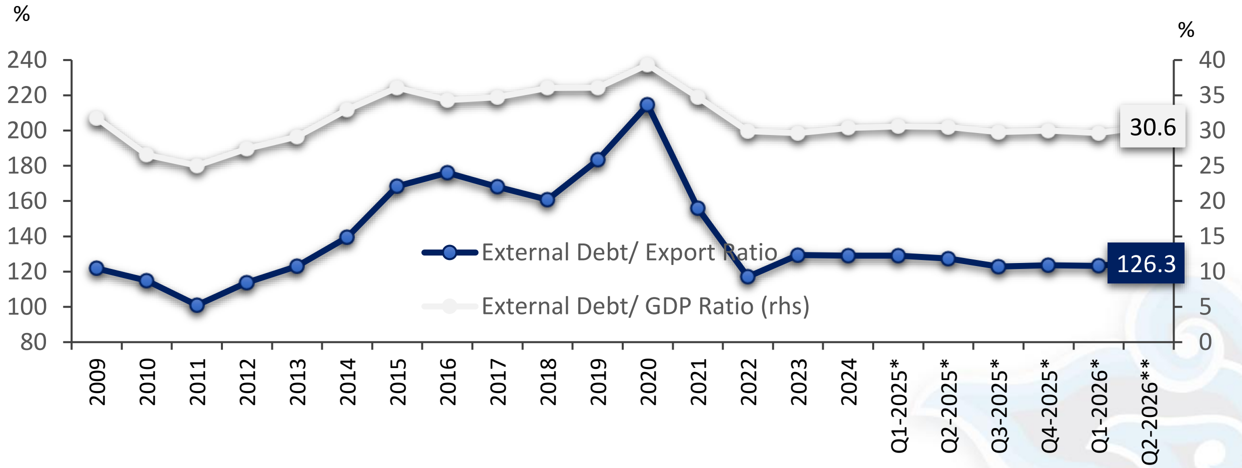
The Structure of External Debt is Dominated by Long-Term Debt



External Debt Remains Manageable



External Debt to GDP Ratio & Debt to Export Ratio



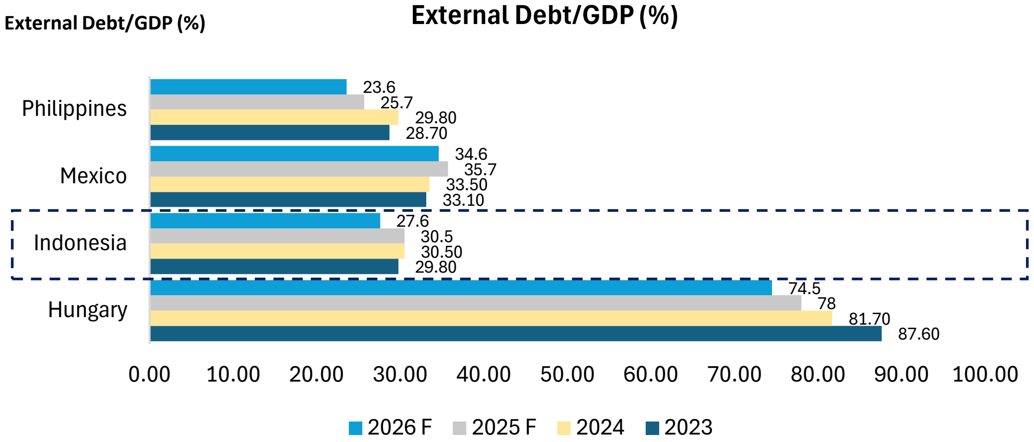
Source: Bank Indonesia, External Debt Statistics of Indonesia

*Provisional Figures **Very Provisional Figures

Strengthened Private External Debt Risk Management

Indonesia's External Debt Risks Remain Well Contained, Supported by a Relatively Low Debt Burden and Strong Corporate Compliance with Prudential Requirements

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



Source: Moody's Credit View Fundamental Data, Feb 2026

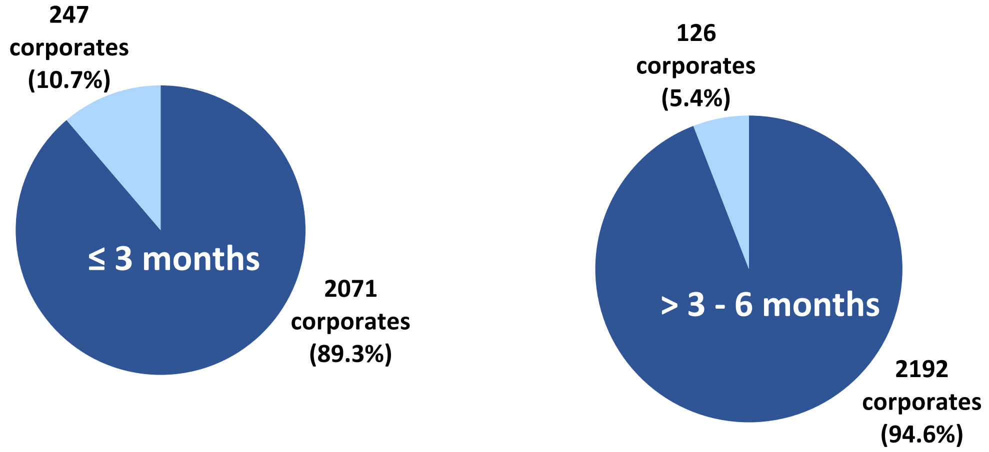
Regulation on Prudential Principle in Managing External Debt

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

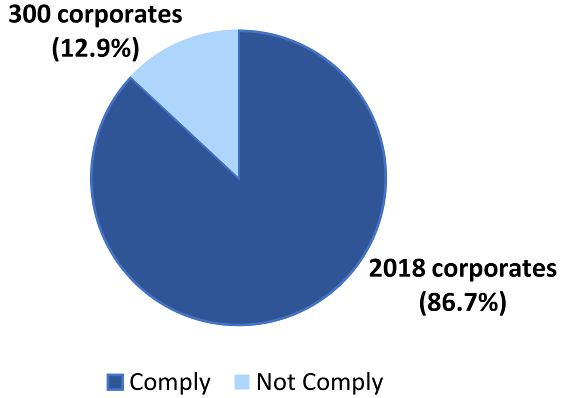
Source: Bank Indonesia

Encouraging Corporates Compliance on Hedging Ratio & Liquidity Ratio

Hedging Ratio*



Liquidity Ratio*



*Data as of Q4-2025, with total population 2,408 corporates

Source: Bank Indonesia

Section 4

Fiscal

"Solid Budget Performance with Strong Commitment to Maintain Fiscal Discipline"

The First Semester's State Budget Remains Solid

Tax revenue grew strongly (24.6% yoy), state expenditure accelerated (17.8% yoy), while deficit remained under control (0.76% of GDP). The State Budget continues to be directed toward supporting economic growth and achieving national development agenda.

(in IDR trillion)	2025				2026			
	Budget	First Semester Realization	% of Budget	Growth (%)	Budget	First Semester Realization	% of Budget	Growth (%)
A. REVENUE	**3,005.1**	**1,201.8**	**40.0**	**(9.0)**	**3,153.6**	**1,459.4**	**46.3**	**21.4**
I. Tax Revenue	2,490.9	978.3	39.3	(4.8)	2,693.7	1,187.8	44.1	21.4
1. Tax	2,189.3	831.3	38.0	(7.0)	2,357.7	1,035.7	43.9	24.6
2. Custom and Excise	301.6	147.0	48.7	9.6	336.0	152.0	45.2	3.4
II. Non-Tax Revenue	513.6	222.9	43.4	(22.7)	459.2	271.0	59.0	21.6
III. Grant	0.6	0.6	108.2	(85.2)	0.7	0.7	104.0	10.2
B. EXPENDITURE	**3,621.3**	**1,406.0**	**38.8**	**0.6**	**3,842.7**	**1,656.0**	**43.1**	**17.8**
I. Central Government Expenditure	2,701.4	1,003.6	37.1	0.6	3,149.7	1.298.6	41.2	29.4
1. Line Ministries Expenditure	1,160.1	470.5	40.6	(3.5)	1,510.5	658.9	43.6	40.0
2. Non-Line Ministries Expenditure	1,541.4	533.0	34.6	4.4	1,639.2	639.7	39.0	20.0
II. Transfer to Region	919.9	402.5	43.8	0.6	693.0	357.4	51.6	(11.2)
C. PRIMARY BALANCE	**(63.3)**	**52.8**	**(83.4)**	**(67.5)**	**(89.7)**	**85.1**	**(94.9)**	**61.0**
D. SURPLUS/ (DEFICIT)	**(616.2)**	**(204.2)**	**33.1**	**164.2**	**(689.1)**	**(196.5)**	**28.5**	**(3.8)**
% SURPLUS/ (DEFICIT) to PDB	***(2.53)***	***(0.84)***			***(2.68)***	***(0.76)***		
E. FINANCING	**616.2**	**283.6**	**46.0**	**68.8**	**689.1**	**452.0**	**65.6**	**59.4**

*) Updated TKD ceiling: Rp706.3 T, including additional allocation for Sumatra disaster relief, as well as extra Special Autonomy (Otsus) and DTI funds.

Revenue — **IDR1,459.4 T** ▲ 21.4% (yoy)

- Strengthening economic activity
- Enhancing tax and customs supervision and governance
- Improving services of ministries/agencies and public service agencies (BLU)

Expenditure — **IDR1,656.0 T** ▲ 17.8% (yoy)

- Driving the economy to higher growth
- Supporting the national development agenda
- Safeguarding national priority programs

Deficit — **IDR196.5 T** 0.76% GDP

- Fiscal position remains within safe and controlled limits.

Progress on Fiscal Reform: Higher Revenue and More Effective Spending Support Growth

Stronger revenue mobilization and more effective public spending continue to reinforce fiscal sustainability while supporting economic growth.

(in IDR trillion)	2026						
	Budget	Real. as of April 30	Growth (%)	Real. as of May 31	Growth (%)	Real. as of June 30	Growth (%)
A. REVENUE	**3,153.6**	**918.4**	**13.3**	**1,185.0**	**19.1**	**1,459.4**	**21.4**
I. Tax Revenue	2,693.7	746.9	13.7	958.2	18.9	1,187.8	21.4
1. Tax	2,357.7	646.3	**16.1**	834.4	**22.1**	1,035.7	**24.6**
2. Custom and Excise	336.0	100.6	0.6	123.8	0.7	152.0	3.4
II. Non-Tax Revenue	459.2	171.3	**11.6**	226.4	**19.9**	271.0	**21.6**
III. Grant	0.7	0.3	28.8	0.4	(1.6)	0.7	10.2
B. EXPENDITURE	**3,842.7**	**1,082.8**	**34.3**	**1,365.4**	**34.4**	**1,656.0**	**17.8**
I. Central Government Expenditure	3,149.7	826.0	51.1	1,059.3	52.6	1.298.6	29.4
1. Line Ministries Expenditure	1,510.5	400.5	57.9	517.7	58.9	658.9	40.0
2. Non-Line Ministries Expenditure	1,639.2	425.5	45.2	541.6	47.0	639.7	20.0
II. Transfer to Region	693.0	256.8	(1.0)	306.1	(4.9)	357.4	(11.2)
C. PRIMARY BALANCE	**(89.7)**	**28.0**	**(83.9)**	**58.6**	**(69.5)**	**85.1**	**61.0**
D. SURPLUS/ (DEFICIT)	**(689.1)**	**164.4)**	**(3,888.9)**	**(180.4)**	**763.2**	**(196.5)**	**(3.8)**
% SURPLUS/ (DEFICIT) to PDB	***(2.68)***	***(0.64)***		***(0.70)***		***(0.76)***	
E. FINANCING	**689.1**	**298.5**	**6.2**	**379.4**	**16.2**	**452.0**	**59.4**

Macroeconomics Assumption and Development Indicators Target 2026

Built on resilient economic fundamentals, the 2026 Budget demonstrates Indonesia's ability to balance growth objectives with fiscal discipline, ensuring macroeconomic stability.

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2025 Budget	2025 Realization	2026 Budget
Economic Growth (%)	5.2	5.04	5.4
Inflation (%, yoy)	2.5	2.92	2.5
10Y T-Bonds Rate (%, average)	7.0	6.01	6.9
Exchange rate (IDR/US$, average)	16,000	16,782	16,500
Oil Price/ICP (USD/barrel, average)	82	67.95	70
Oil Lifting (tbpd)	605	577.6	610
Lifting Gas (tboepd)	1,005	965.5	984

The 2026 Budget Posture

	Budget
A. Revenue	3,153.6
I. Tax Revenue	2,693.7
1. Tax	2,357.7
2. Custom and Excise	336.0
II. Non-Tax Revenue	459.2
III. Grants	0.7
B. Expenditure	3,842.7
I. Central Government Expenditure	3,149.7
1. Line Ministries Expenditure	1,510.5
2. Non-Line-Ministries Expenditure	1,639.2
II. Transfer to Region	693.0
C. Primary Balance	(89.7)
D. Surplus/(Deficit)	(689.1)
E. Financing	689.1

2026 Debt Financing Needs And Sources

The 2026 financing strategy is built on diversification, flexibility, and manageable risk, ensuring sustainable funding through a proportional mix between domestic and global sources.

Financing Needs

Budget Deficit (2.68% GDP)
Outlook Budget Deficit (2.85% GDP)*

+

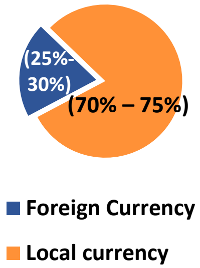
- **Investment financing**
- **On Lending**
- **Guarantees**
- **Other financing**
- **Debt repayment**

*) 1st Semester Report Outlook

Financing Sources

Foreign Loan

Foreign Currency Bonds

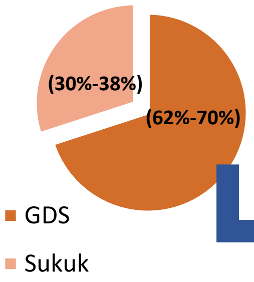


Domestic Loan

Domestic Bonds

Gross Bonds Issuance
(Auction & non auction)

2026 Matured T-Bills Issuance



2026 GS Issuances Realization as of July 31st (Trillion IDR)	
Government Debt Securities (SUN)	753.78
IDR Denominated	533.44
FX Denominated	220.34
Sovereign Sharia Securities (SBSN)	247.81
IDR Denominated	214.37
FX Denominated	33.44

State Revenue in Semester I 2026 Grew Strongly: IDR1,459.4 T (46.3% of Target) or Grew 21.4% (yoy)

Taxation and Non-Tax State Revenue recorded strong growth–driven by higher commodity prices, robust economic activity, improved services of ministries/agencies, and extra effort.

SEMESTER I 2026 REALIZATION

IDR 1.459,4 T

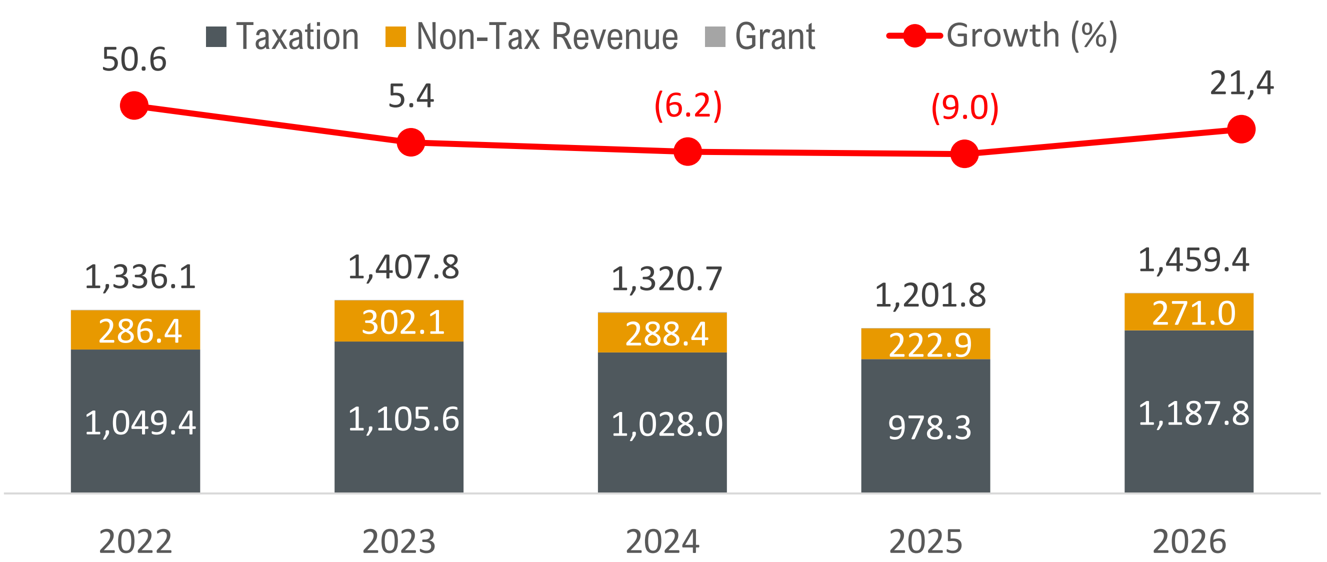
46,3 % Budget ▲ 21,4%

TAXATION	**IDR1.187,8 T ▲ 21,4%**
	44,1% Budget
NON-TAX REVENUE	**IDR271,0 T ▲ 21,6%**
	59,0% Budget

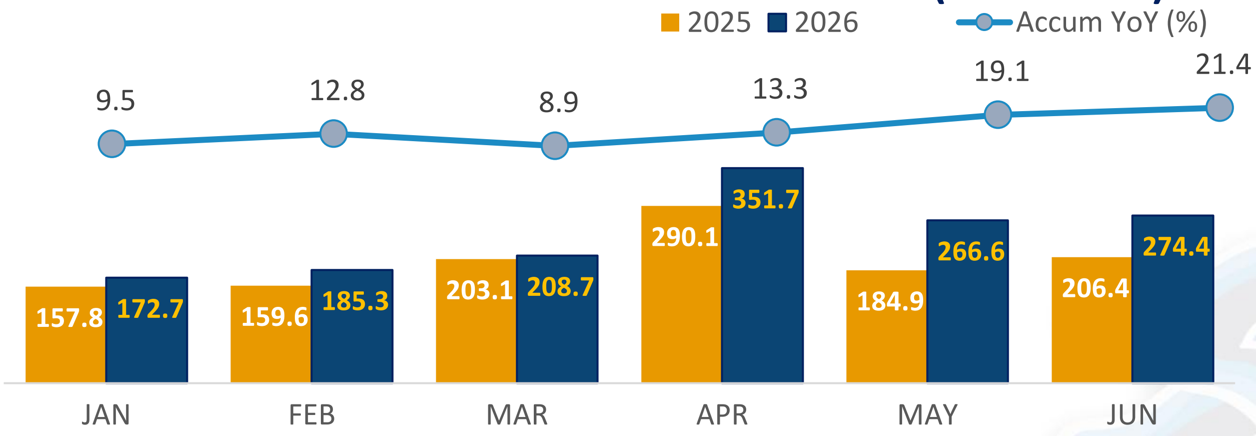
Taxation supported by: (1) **Taxes:** economic activity, salaries, wages, and holiday allowances (THR), as well as rising commodity prices. (2) **Customs & Excise**: tobacco production, CPO prices, and higher import values.

Non-Tax Revenue influenced by commodity prices, increased service volumes, and improved governance.

SEMESTER I REALIZATION 2022-2026



SEMESTER I REALIZATION 2025-2026 (MONTHLY)



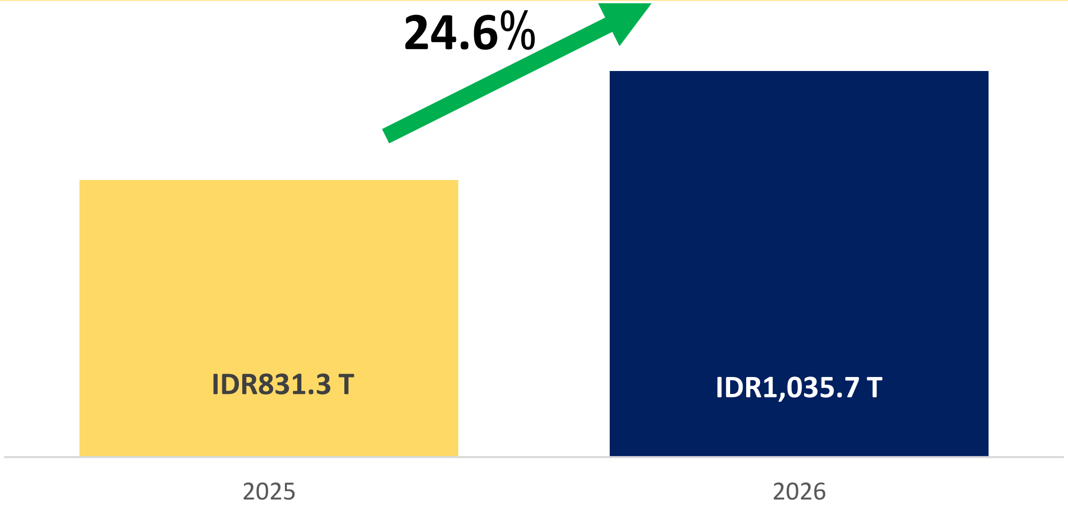
Tax Revenue in Semester I 2026 Grew Strongly in Line with Economic Activity and Various Intensification as well as Extensification Efforts

Higher economic activity and solid tax administration continue to boost tax revenues.

Tax Revenue Realization

	as of May 2026 35.4% of 2026 Budget		as of June 2026 43.9% of 2026 Budget	
Corporate Income Tax & Corporate Income Tax Deposits	IDR167.6 T	▲ 23.9%	Rp196,1 T	▲ 28,6%
Personal Income Tax	IDR123.1 T	▲ 26.0%	Rp146,0 T	▲ 13,6%
Final Income Tax, Income Tax 22, & Income Tax 26	IDR138.7 T	▲ 5.2%	Rp159,9 T	▲ 1,4%
VAT & Luxury Tax	IDR315.7 T	▲ 41.3%	Rp380,0 T	▲ 42,2%
Others	IDR89.3 T	▼ -6.0%	Rp153,8 T	▲ 22,7%

Net Realization Growth as of June 2026



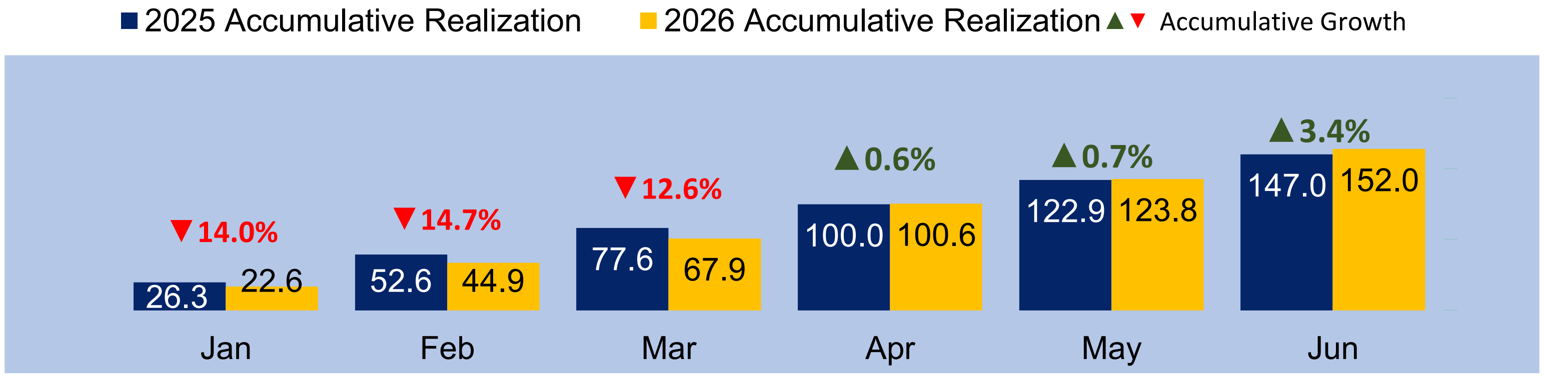
- **Tax revenue in Semester I 2026 recorded strong growth**, driven by solid economic expansion, the impact of Coretax implementation, and intensified efforts in both intensification and extensification.
- **Corporate Income Tax and personal income-related taxes grew at double-digit rates**, reflecting higher profits and rising individual earnings.
- **VAT and Luxury Goods Sales Tax posted robust growth**, underscoring resilient domestic consumption.

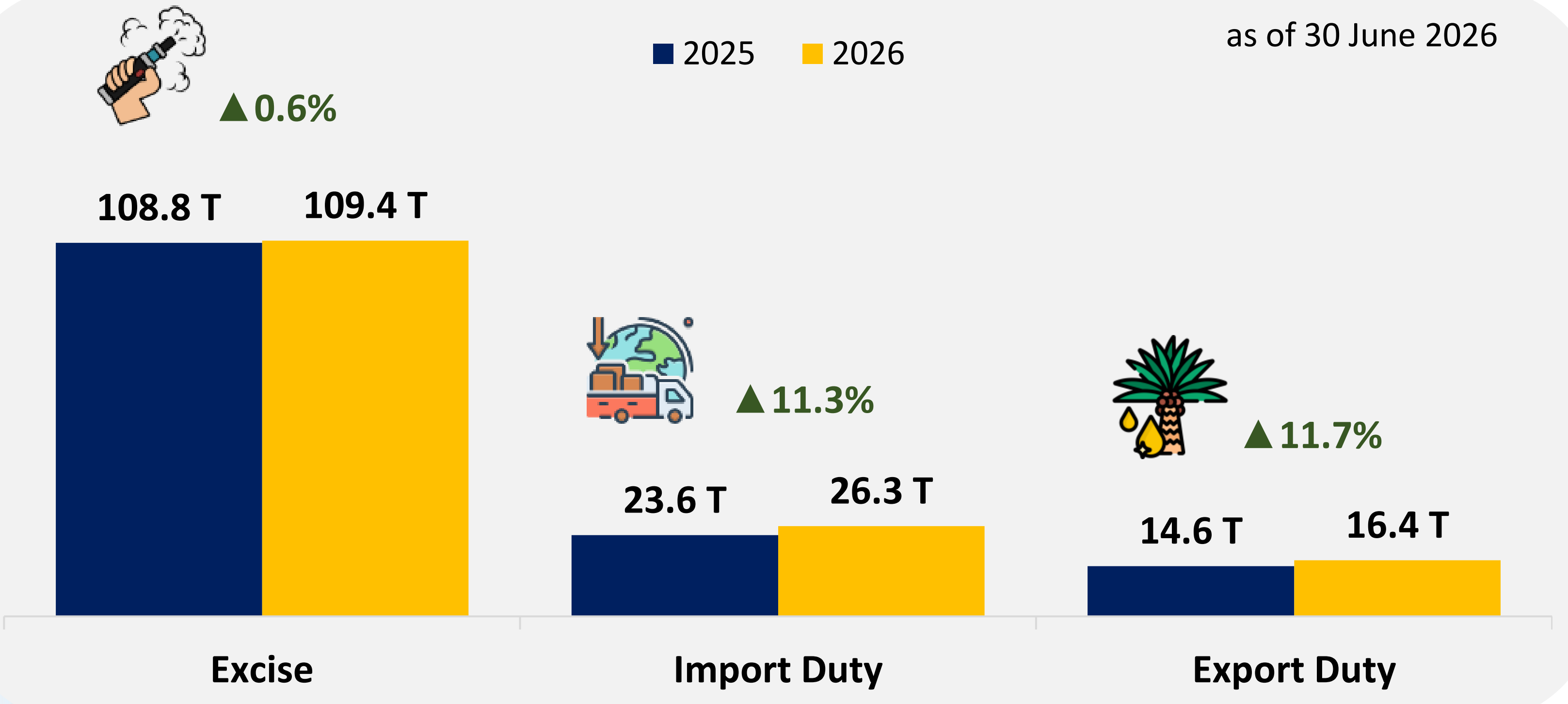
Realization of Customs and Excise Revenue Continues to Grow

Revenue realization signals a recovery, with cumulative growth reaching 3.4%.

Total IDR152.0T

45.2% Budget | ▲ 3.4%

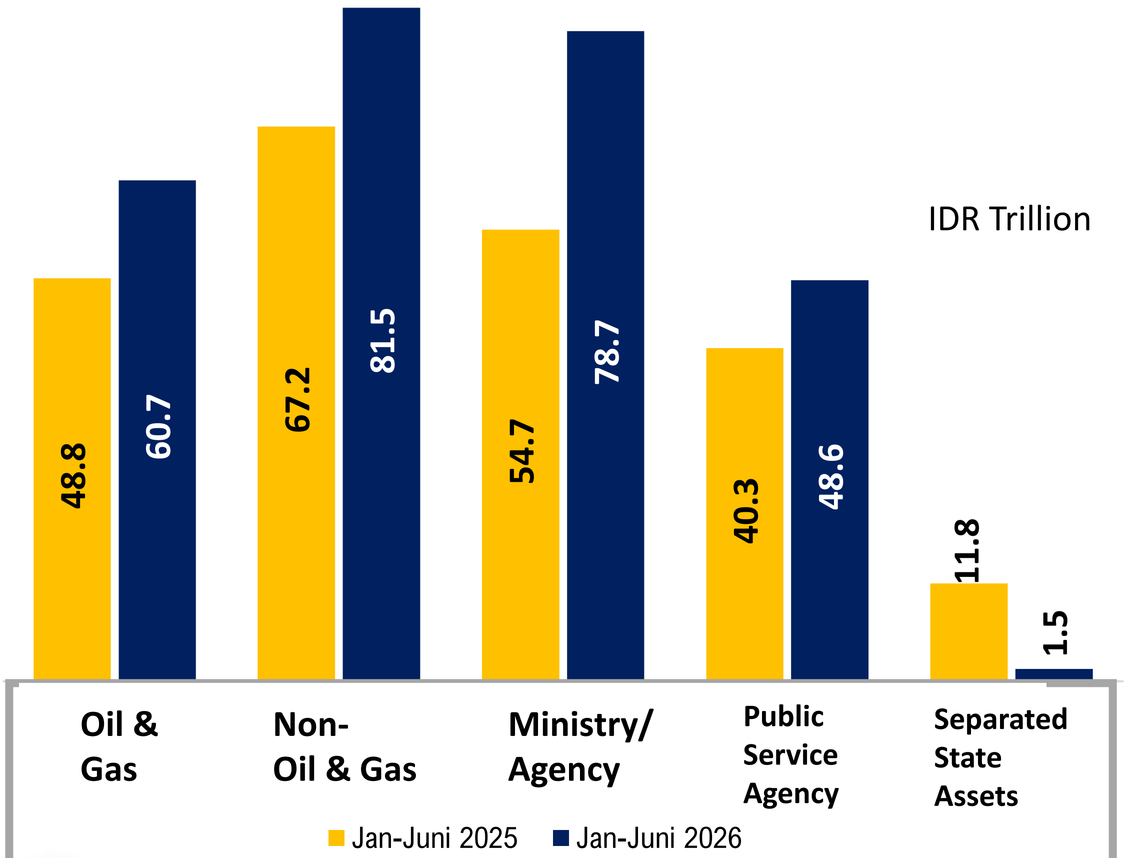




- **Excise** revenue grew, driven by increased **production of alcoholic beverages (MMEA)** and sustained **cigarette** production;
- **Import duties** maintained their growth, supported by higher duties from imports of **raw materials and intermediate goods;**
- **Export duties** rose, bolstered by **stronger CPO prices**.

Non-tax State Revenue (PNBP) Grew 21.6% (yoy)

Non-tax state revenue (PNBP) growth remained robust through the first semester of 2026, driven by strong performance in ministries/agencies, BLU, and natural resource revenues.



Jan-June 2025 : IDR222,9 T
Jan-June 2026 : IDR271,0 T
▲ **21,6%**

1. Realization of PNBP as of June 30, 2026 reached **59.0% of the State Budget.**
2. Performance of Natural Resource Revenue **grew 22.6%** (yoy), mainly contributed by the increase in Oil & Gas (SDA Migas) which rose **24.3%** (yoy) due to higher ICP, increased natural gas lifting, and currency depreciation. Meanwhile, Non-Oil & Gas (SDA Nonmigas) grew **21.4%** (yoy) driven by rising mineral prices (nickel, copper, gold, and silver).
3. Performance of Revenue from Ministries/Agencies (PNBP KL) **grew 43.9%** (yoy), primarily from law enforcement revenues (results of Satgas PKH performance) as well as revenues from legal services and administration.
4. Public Service Agency (BLU) Revenue **grew 20.4%** (yoy), mainly due to higher revenues from health and education services, as well as palm oil-related income.

Central Government Expenditure Becoming More Productive

Central government spending acceleration was driven by stronger budget execution across ministries and higher social assistance disbursements.

- **Realization in Semester I of 2026 reached Rp1,298.6 trillion (41.2% of Budget), ▲29.4% (yoy).**

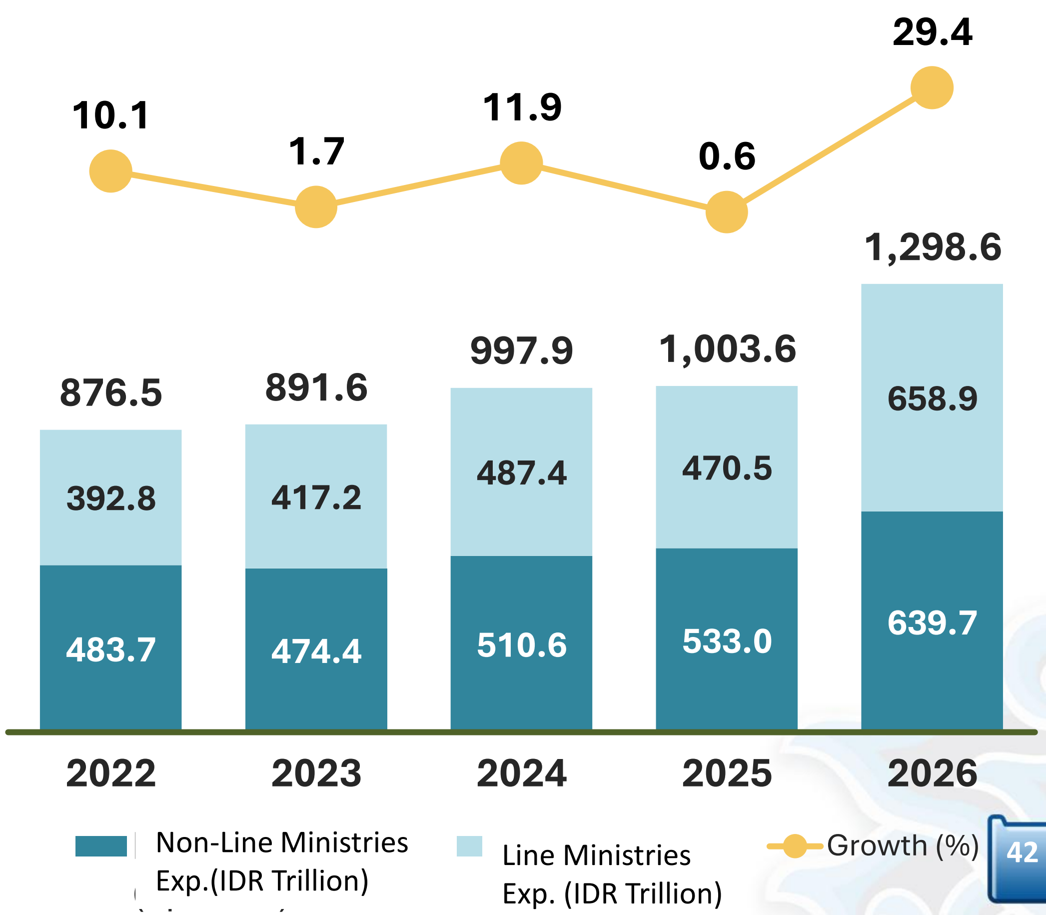
(IDR Trillion)

Central Government Expenditure	2025 Semester I Realization	*Budget 2026*	2026 Semester I Realization
Line Ministries Exp.	**470,5**	**1.510,5**	**658,9**
a.o Social Spending	78,0	162,5	78,3
Non-Line Ministries Exp.	**533,0**	**1.639,2**	**639,7**
a.o Subsidy	92,8	318,9	116,0
TOTAL	1.003,6	3.149,7	1.298,6

Central Government Expenditure was influenced by:

- **Ministries/Agencies (K/L) Expenditure IDR658,9 T** (43,6% of Budget), a.o. driven by MBG implementation, distribution of social assistance (PBI JKN, Staple Food Card, PKH, and KIP College), infrastructure development, and payment of holiday allowance (THR) and 13th salary.
- **Non-Ministries/Agencies Expenditure IDR639,7 T** (39,0% of Budget), a.o. driven by pension benefit payments, subsidies, and compensation for fuel and electricity

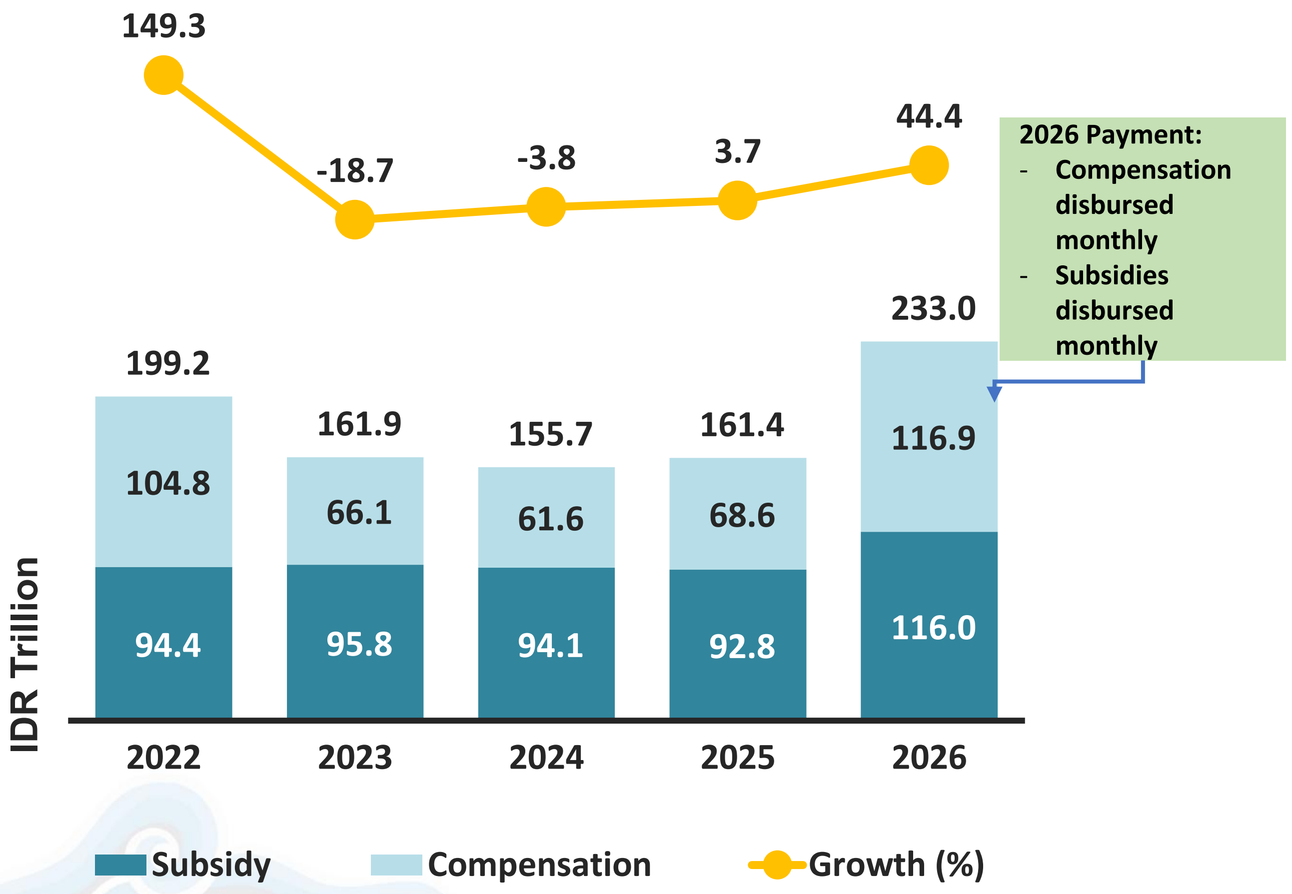
Realization of Central Govt Expenditure Semester I, 2022 – 2026
(IDR Trillion)



Government Subsidy and Compensation Expenditure Safeguards Household Purchasing Power

The state budget acts as a shock absorber amid global energy price volatility, safeguarding household purchasing power

Realization of Subsidies & Compensation in Semester I: IDR233.0 T (52.1% of Budget)



Realization of Subsidies and Compensation influenced by:

1. Fluctuations in ICP, Rupiah exchange rate, and increased volumes of subsidized fuel, LPG, and electricity.
2. Oil price volatility due to global geopolitical dynamics, which may raise energy subsidy realization. Indonesia has **prior experience managing such conditions, including during the 2022 Russia–Ukraine conflict.**
3. **Non-energy subsidies** mainly driven by higher fertilizer subsidy payments.

People enjoy access to various goods at subsidized prices

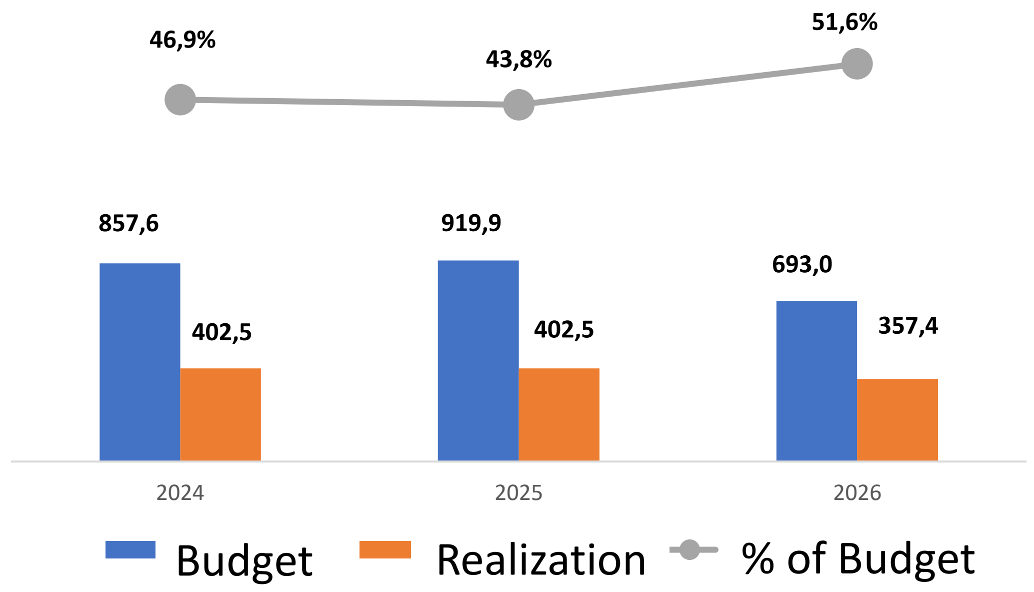
Subsidized Goods	Semester I Realization 2026	Semester I Realization 2025	Growth
Fuel Volume (thousand KL)	7.989,5	7.410,1	▲ 7,8%
3 Kg LPG Volume (million kg)	3.563,0	3.494,0	▲ 2,0%
Subsidized Electricity Customers (million customers)	43,1	42,2	▲ 2,1%
Fertilizer Volume (million ton)	4,5	3,7	▲ 21,4%
KUR Debtors (million debtors)	2,4	2,3	▲ 3,6%

■ 2026 ■ 2025

Effective Transfer to Region Disbursement: IDR357.4 Trillion (51.6% of Budget)

In line with accelerated state spending, TKD disbursement also increased in percentage terms.

Development of 2024-2026 TKD Realization (IDR trillion)



Utilization Outputs of TKD Budget FY 2026 include:

4,3 million Regional Civil Servants supported through salary payments

992 thousand students in equality programs

42,3 million students receiving BOS (School Operational Assistance)

616 thousand teachers receiving aloowances

5,8 million early childhood students receiving BOP (Operational Assistance for Early Childhood Education)

Highlight of TKD Realization up to June 2025

- **Performance of TKD realization as of June 30** reached **51.6%, higher than the previous year** (43.8% of the budget).
- Disbursement in June was mainly from **Revenue Sharing Funds (DBH), General Allocation Funds (DAU), Non-Physical Special Allocation Funds (DAK Nonfisik), and Special Autonomy Funds (Dana Otsus)**. Disbursement improved due to increased performance of local governments in absorbing the budget and achieving output targets, change in the disbursement period of teacher allowances from quarterly to monthly, relaxation of disbursement for regions affected by disasters.

Free Nutritious Meal for Building a Healthy Indonesian Generation

Free Nutritious Meals Become More Equitable with Quality Improvements.

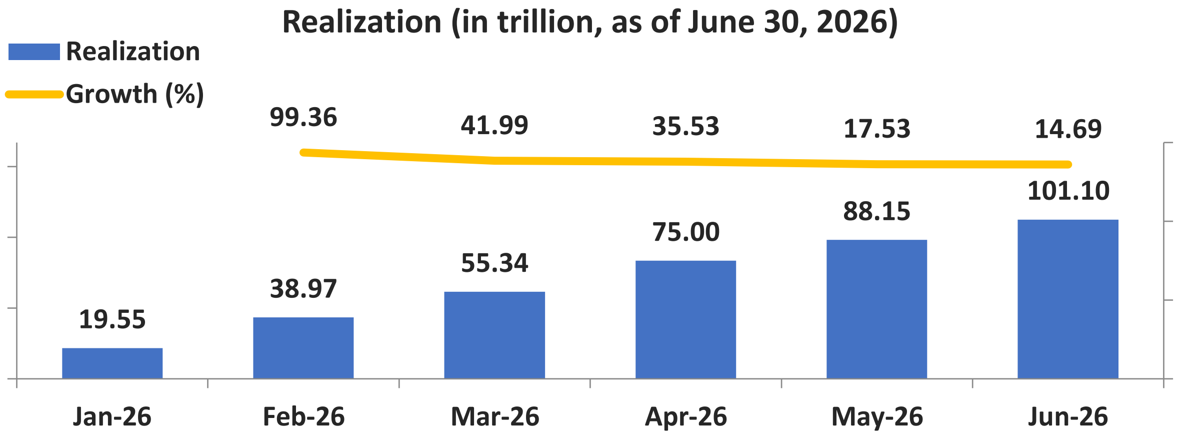
63.13 million recipients, 29,670 SPPG

"Free Nutritious Meal becomes a long-term investment to improve the quality of health and human resources in Indonesia in the future,"

President Prabowo
Plenary Session of DPR RI, May 20, 2026

*) Each SPPG serves between 500–3,000 beneficiaries to achieve the targeted number of recipients.

Realization **IDR101,1 T**

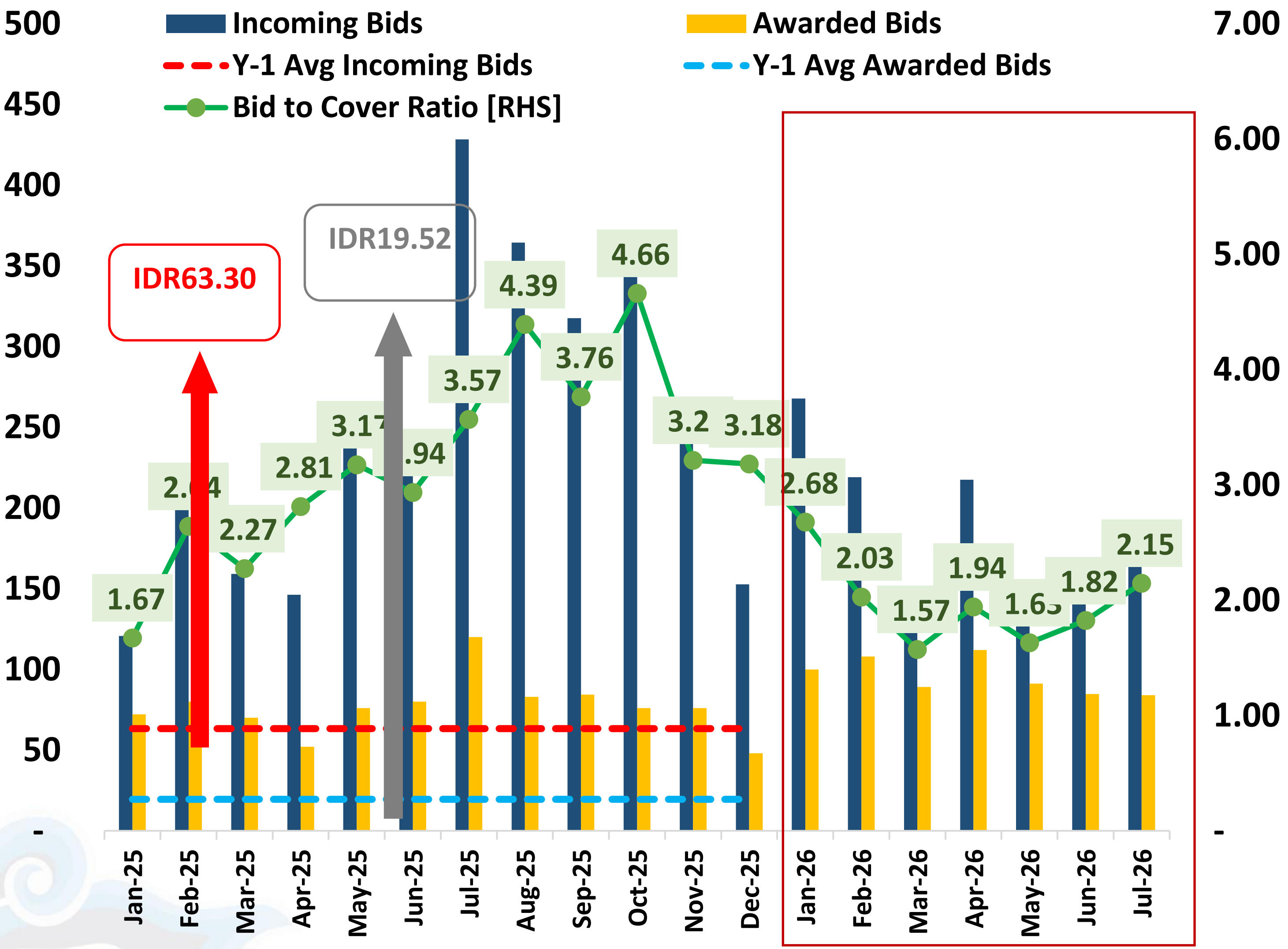


Distribution of recipients:

Island	Recipients (Million People)	Island	Recipients (Million People)
Sumatera	13,93	Sulawesi	4,23
Jawa	38,15	Maluku-Papua	1,02
Kalimantan	2,52	Bali - Nusa Tenggara	3,29

Primary Market Performance 2025- 2026
Government Securities (GS)

Auction demand has remained robust in 2026, evidenced by an average incoming bid of IDR 47.42 trillion in government securities and a consistent bid-to-cover ratio.



<u>In 2026 :</u>

- Average incoming bid is **IDR47.42 tn/auction**
- Average awarded bid is **IDR23.89 tn/auction**

Ownership Of Tradable Domestic GS

A strengthened domestic investor base continues to anchor Indonesia's government bond market, enhancing resilience and ensuring stability amid evolving global capital flows

Description	Dec-21		Dec-22		Dec-23		Dec-24		Dec-25		Jul-26	
Banks*	1.591,12	34,01%	1.697,43	31,97%	1.495,39	26,52%	1.051,40	17,41%	1.328,64	20,23%	1.066,42	15,43%
Govt Institutions (Bank Indonesia**)	801,46	17,13%	1.020,02	19,21%	1.095,51	19,43%	1.618,01	26,79%	1.641,66	24,99%	1.992,74	28,83%
Bank Indonesia (gross)	1.220,73	26,09%	1.453,58	27,38%	1.363,90	24,19%	1.486,85	24,62%	1.640,58	24,98%	1.732,00	25,06%
GS used for Monetary Operation	419,27	8,96%	433,57	8,17%	268,39	4,76%	(131,16)	-2,17%	(1,08)	-0,02%	(260,74)	-3,77%
Non-Banks	2.286,40	48,87%	2.591,98	48,82%	3.048,51	54,06%	3.370,11	55,80%	3.598,51	54,78%	3.852,03	55,74%
Mutual Funds	157,93	3,38%	145,82	2,75%	177,80	3,15%	186,99	3,10%	242,96	3,70%	248,79	3,60%
Insurance Company and Pension Fund	655,24	14,00%	873,03	16,44%	1.041,40	18,47%	1.145,27	18,96%	1.290,67	19,65%	1.430,23	20,69%
Foreign Holders	891,34	19,05%	762,19	14,36%	842,05	14,93%	876,64	14,52%	878,65	13,38%	892,01	12,91%
Foreign Govt's & Central Banks	233,45	4,99%	203,11	3,83%	229,16	4,06%	257,36	4,26%	236,80	3,60%	269,87	3,90%
Individual	221,41	4,73%	344,30	6,48%	435,28	7,72%	542,50	8,98%	537,33	8,18%	545,04	7,89%
Others	360,47	7,70%	466,65	8,79%	551,98	9,79%	618,71	10,24%	648,90	9,88%	735,96	10,65%
Total	4.678,98	100%	5.309,43	100%	5.639,41	100%	6.039,52	100%	6.568,81	100%	6.911,19	100%

52.55%

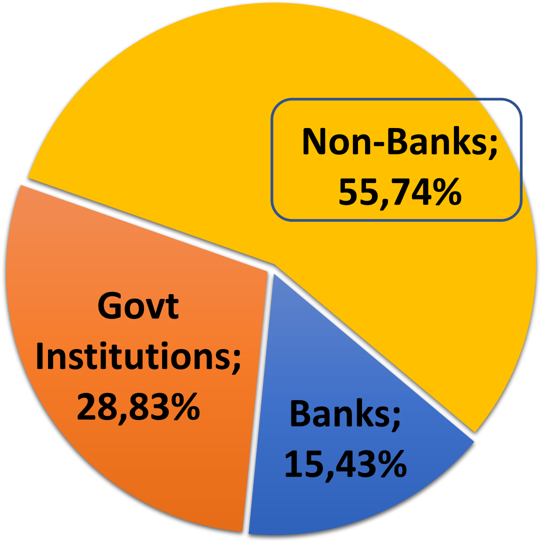
Portion of foreign ownership in the mid & long term sector (≥ 5 years)

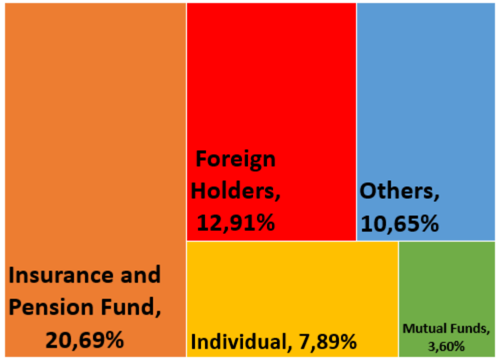
IDR1,092.02

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.

Source : SI-BISSSS

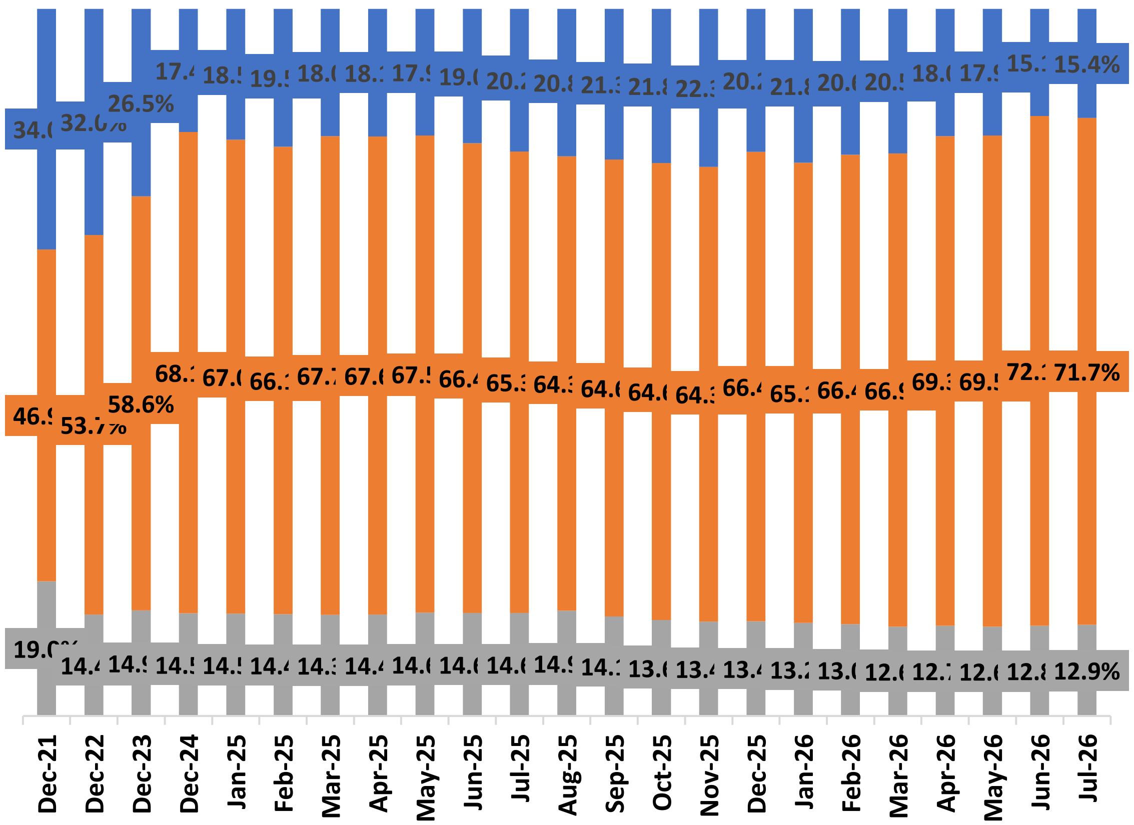




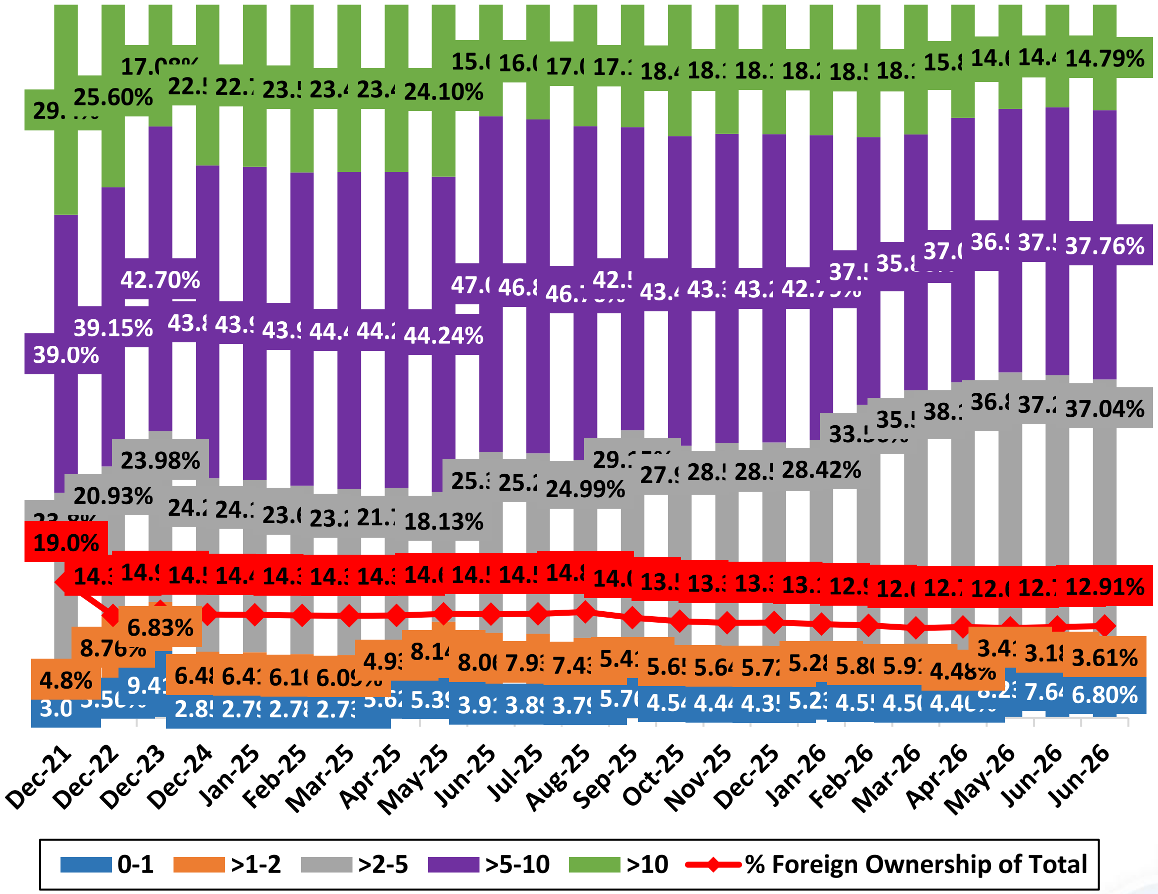
Holders Of Tradable Government Securities
More Balance Ownership In Terms of Holders and Tenors

A diversified holder base and balanced tenor distribution continue to strengthen the resilience and stability of Indonesia's government bond market.

Holders of Tradable Gov't Domestic Debt Securities



Foreign Ownership of Gov't Domestic Debt Securities by Tenor



Source : SI-BISSSS

2026 Global Sukuk Transaction Summary (prefunding)

The successful USD 2.0 billion dual-tranche Sukuk issuance, underscores strong global investor confidence in Indonesia's economy and sustained access to diversified Islamic funding sources.

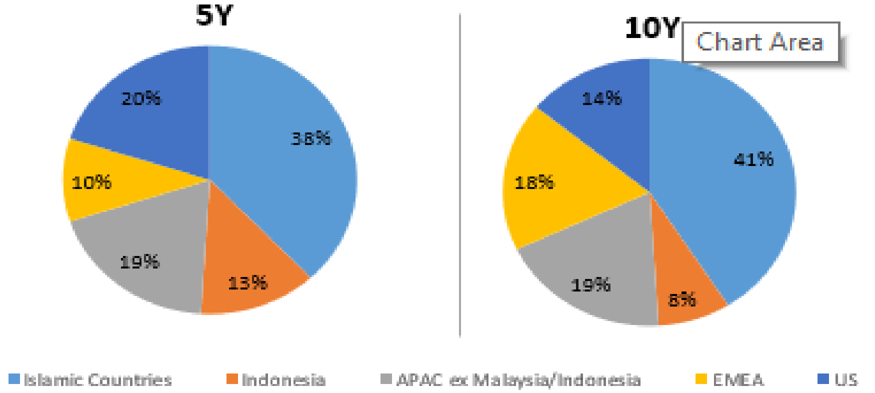
- The Republic of Indonesia (the "Republic") approached the markets for its second Sukuk issuance in 2025 and successfully priced a US$ 2.00 billion Sukuk offering comprising of US$ 1,100 million 5-year and US$ 900 million 10-year tranche.
- The transaction was met with positive response from investors starting at point of books opening, generating a combined final order book exceeding US$ 3.94 billion reflecting an oversubscription of 1.97x, with orderbooks peaking at USD $5.8 billion. The transaction priced at 4.50% for 5-year and 5.00% for the 10-year tranche.

Issuer	**Perusahaan Penerbit SBSN Indonesia III**	
Issue Format	144A / Reg S / 3 (c) (7), Senior, Unsecured, Wakala US$ Trust Certificate ("Sukuk") issued under a USD$45 billion Trust Certificate Issuance Programme	
Issuer Ratings	Baa2 stable (Moody's) / BBB stable (S&P) / BBB stable (Fitch)	
Issue Ratings	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)	
Pricing Date	19 November 2025	
Issue Date	01 December 2025	
Tenor	**USD 5Y Sukuk**	**USD 10Y Sukuk**
Maturity Date	December 1, 2030	December 1, 2035
Tranche Size	USD 1.1 billion	USD 900 million
Profit Rate	4.50% Fixed, Semi-annual, 30/360	5.00% Fixed, Semi-annual,30/360
Re-Offer Price	100.00%	100.00%
Reoffer Spread	UST + 80.9 bps	UST + 88.7 bps
Reg S ISIN	US71567RBG02	US71567RBH84
144A ISIN	US71567WAD74	US71567WAE57
Use of Proceeds	The Republic intends to use the net proceeds it receives from the issue of the Certificates to meet part of its general financing requirements	
Other Details	USD200k/1k denoms., English / Indonesian Law	
Listing	Singapore Exchange Securities Trading Limited and Nasdaq Dubai	
Joint Bookrunners	Dubai Islamic Bank, Goldman Sachs, JP Morgan (B&D), KFH Capital, Standard Chartered Bank	
Co-Managers	PT BRI Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk	

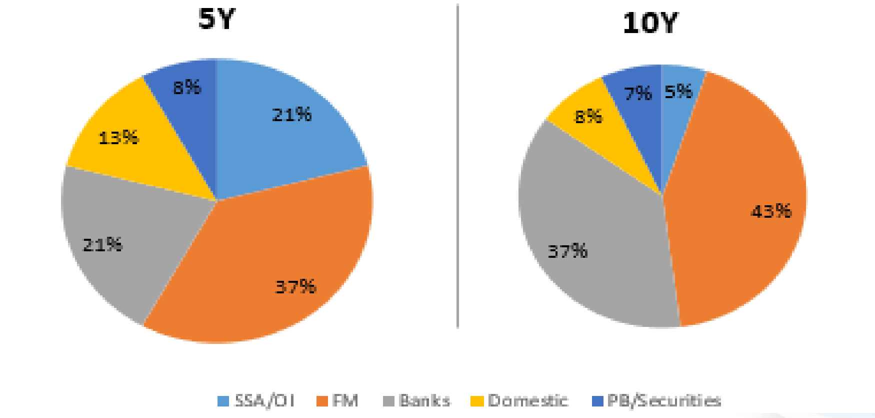
ORDERBOOK DISTRIBUTION

5-Year USD	10-Year USD
US$ 2.18bn+ From 103 accounts	**US$ 1.76bn+** From 88 accounts

INVESTORS BY GEOGRAPHY (ALLOCATION)



INVESTORS BY TYPE (ALLOCATION)



SEC 19 Deal Review

The successful US$2.7 billion SEC-Registered Senior Notes issuance reflects strong global investor confidence in the Republic of Indonesia's economic fundamentals

US$2.7Bn SEC-Registered Senior Notes Offering

Baa2 Stable (Moody's) / BBB Stable (S&P) / BBB Stable (Fitch)

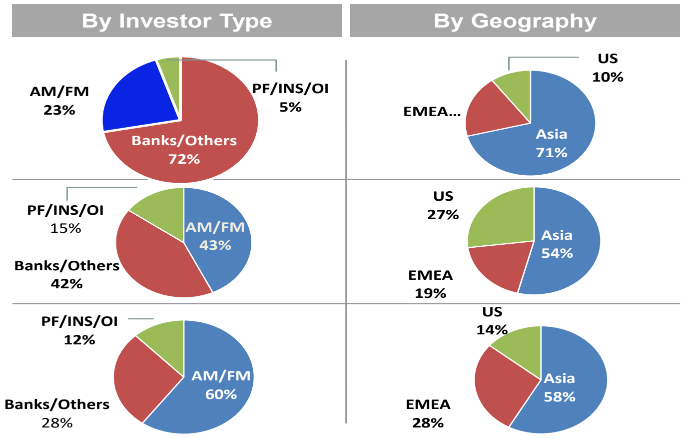
US$1,100MM 4.350% due 2031, US$1,100MM 4.950% due 2036, US$500MM 5.475% due 2056

Issuer	Republic of Indonesia (Ticker: INDON)		
Issue Type	Senior Unsecured Notes		
Format	SEC-Registered		
Ratings	Moody's Baa2 (Stable) / S&P: BBB (Stable) / Fitch BBB (Stable)		
Issue Size	US$1,100MM	US$1,100MM	US$500MM
Tenor	Long 5-year	Long 10-year	Long 30-year
Maturity Date	Feb 21, 2031	Feb 21, 2036	Feb 21, 2056
Coupon	4.350%	4.950%	5.475%
Initial Price Guidance	4.700%	5.300%	5.800%
Final Price Guidance	4.400% (#)	5.000% (#)	5.500% (#)
Re-offer Yield	4.400%	5.000%	5.500%
Re-offer Price	99.770	99.602	99.627
Optional Redemption	1-month par call	3-month par call	6-month par call
Use of Proceeds	The Republic intends to use the net proceeds from the sale of the Bonds for the general purposes of the Republic		
Denominations	USD 200,000 / 1,000		
Governing Law	New York Law		
Expected Listing	SGX-ST and Frankfurt Stock Exchange		

Transaction Highlights

- ***The long 30-year marked the tightest spread ever achieved for a 30-year tranche in the history of the Republic's SEC-registered offerings***
- ***The Republic of Indonesia demonstrated decisive market leadership by being the first Asian sovereign to tap the debt markets in 2026, enabling them to capitalize on favorable investor sentiment after the first week of the year saw the largest IG supply volume kickoff to any year on record***
- ***Leveraging on the Republic's resilient credit profile, the transaction attracted robust investor demand from the outset with final orderbook reaching over US$>4.9Bn***
- ***Strong and high-quality participation from real-money accounts allowed the Republic to tighten 30bps from the initial price guidance for all tranches***
- ***Despite the meaningful compression from IPG, the strength and quality of the orderbook allowed the Republic to balance competitive pricing without compromising on its size objective – underscoring investors' confidence in ROI's credit quality***

Breakdown of Allocation



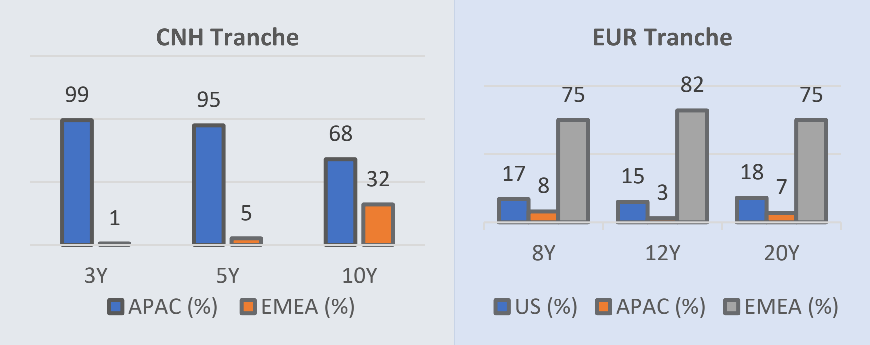
Long 5-yr	>US$1.9Bn c.1.7x covered across 99 accounts
Long 10-yr	>US$2.2Bn c.2.0x covered across 134 accounts
Long 30-yr	>US$840MM c.1.7x covered across 68 accounts

SEC 20 Deal Review

Taking advantage of the positive market backdrop and constructive feedback received, Indonesia successfully issued dual-currency CNH-EUR bonds with a strong orderbook and competitive pricing, reflecting sustained investor confidence.

Series	RICNH0329	RICNH0331	RICNH0336	RIEUR0334A	RIEUR0338	RIEUR0346
Rating	Baa2 (Negative) Moody's / BBB (Stable) S&P / BBB (Stable) Fitch					
Tenor	3-year	5-year	10-year	8-year	12-year	20-year
Maturity Date	March 4, 2029	March 4, 2031	March 4, 2036	March 4, 2034	March 4, 2038	March 4, 2046
Pricing Date	February 25, 2026					
Settlement/ Issuance Date	March 4, 2026					
Issue Size	CNH4,5 billion	CNH3,5 billion	CNH1,25 billion	EUR1,2 billion	EUR800 million	EUR700 million
Coupon / Yield	2,450% / 2,450%	2,650% / 2,650%	3,050% / 3,050%	4,100% / 4,104% (MS+150bs)	4,460% / 4,473% (MS+165bs)	4,970% / 4,982% (MS+195bs)

Investor by Geography



Highlight

- ***Investor confidence remains high.*** Final CNH orderbook reached CNH 17.04 billion, with a bid-to-cover ratio of 1.84x. Meanwhile, the final EUR orderbook reached EUR 9.48 billion, with a bid-to-cover ratio of 3.5x**.**

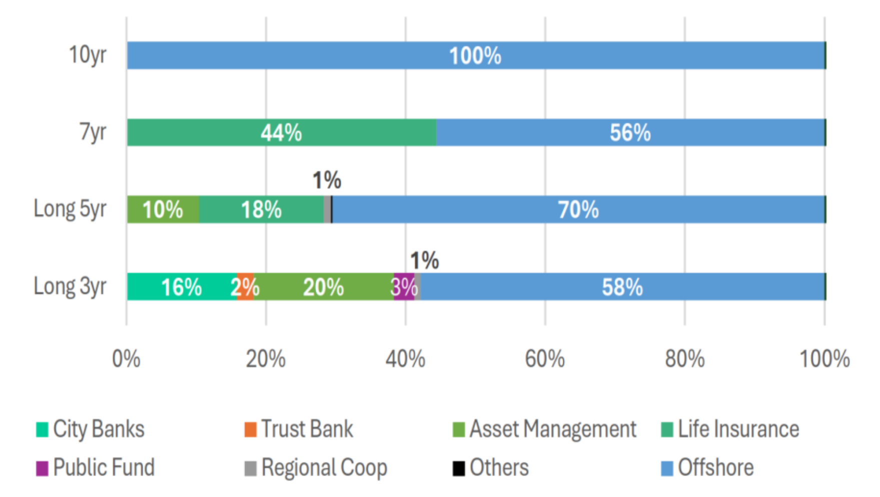
- ***Solid demand.*** This enables pricing below the initial price guidance (IPG) with tightening credit spreads in both currencies, across all tenors, signaling that global market access remains competitive..
  - **CNH tranche**
    3Y: 2,450% (-40 bps vs IPG); **5Y:** 2,650% (-35 bps vs IPG); **10Y:** 3,050% (-40 bps vs IPG)
  - **EUR tranche**
    8Y: +150 bps area (-30 bps vs IPG); **12Y:** +165 bps area (-30 bps vs IPG); **20Y:** +195 bps area (-30 bps vs IPG)

Indonesia's Samurai Bonds 2026– Deal Review

Leveraging momentum, solid demand, and stability in the Japanese market, the total issuance reached JPY 172.1 billion (equivalent to USD 1.08 billion).

Issuer	Republic of Indonesia			
Pricing Date	23 April 2026			
Issue Date	30 April 2026			
Format	Samurai			
Total Size	JPY 172.1bn			
Ranking	Senior, Unsecured			
Bond Rating	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)			
Tenor	3-year 2-month	5-year 2-month	7-year	10-year
ESG Label	-	-	BLUE	BLUE
Size (JPY bn)	JPY 126.3bn	JPY 39.3bn	JPY 4.5bn	JPY 2.0bn
Maturity Date	29 June 2029	30 June 2031	28 April 2033	30 April 2036
Re-offer Spread (YMS, TONA based)	+80bp	+90bp	+95bp	+105bp
Coupon	2.35%	2.67%	2.89%	3.23%
Issue Price	100%			

Investor Breakdown



Issuance Highlights

- The successful outcome of this issuance reflects strong investor confidence in Indonesia's macroeconomic stability and fiscal discipline, supported by proactive and effective engagement with Japanese investors, and the successful leveraging of market momentum.
- The issuance of Blue Bonds, our fourth since 2023, demonstrates Indonesia's continued commitment to advancing sustainable financing instruments in the global market, while further diversifying our funding sources.
- Supported by a solid order book, the final yields for the 7-year and 10-year tenors were successfully set at the lowest end of the Initial Price Guidance (IPG 7Y: TONA MS +95–100 bps; IPG 10Y: TONA +105–110 bps).

SEC 21 Deal Review

Strong Investor Demand and SDG commitment

US$ 3.45 billion equivalent

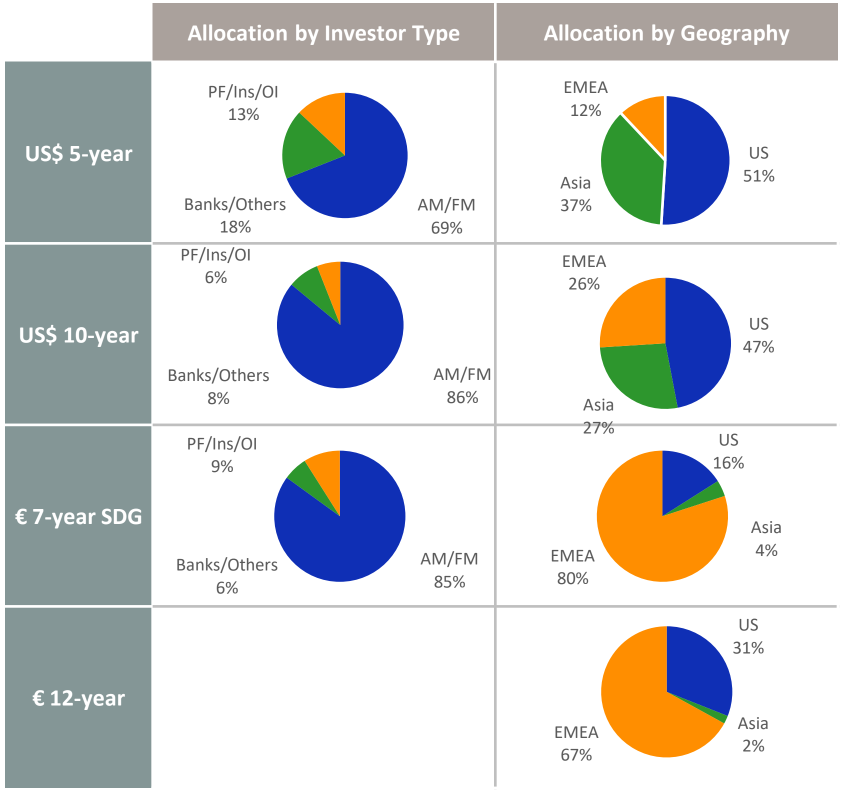
Baa2 Negative (Moody's) / BBB Stable (S&P) / BBB Negative (Fitch)

US$750mn 5.030% due 2031, US$1.25bn 5.690% due 2036,
€600mn 4.500% due 2033, €650mn 5.125% due 2038

Format:	SEC Registered			
Issue Ratings:	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)			
Tranche:	**US$ 5-year**	**US$ 10-year**	**€ 7-year SDG**	**€ 12-year**
Issue Size:	US$750mn	US$1.25bn	€600mn	€650mn
Settlement Date:	29 May 2026			
Maturity Date:	29 May 2031	29 May 2036	29 May 2033	29 May 2038
Initial Price Guidance:	5.300% area	5.950% area	MS+170 bps area	MS+205 bps area
Final Price Guidance:	5.050%	5.700%	MS+145 bps (#)	MS+185 bps (#)
Pricing:	**5.050%**	**5.700%**	**MS+145 bps**	**MS+185 bps**
Reoffer Price:	99.913	99.925	99.659	99.868
Reoffer Yield:	5.050%	5.700%	4.558%	5.140%
Coupon:	5.030%	5.690%	4.500%	5.125%
Denominations:	US$200,000 / US$1,000		EUR100,000 / EUR1,000	
Use of Proceeds:	US$ 5Y & 10Y, EUR 12Y: General budgetary purposes EUR 7Y **SDG**: The Republic of Indonesia's ("the Republic") intends to invest an amount equal to the net proceeds in projects that may qualify as eligible expenditures under the Republic's Sustainable Government Securities Framework			
Listing:	SGX-ST and Frankfurt Stock Exchange			
Governing Law:	New York Law			

Key Transaction Highlights

- *The fourth Sustainable Development Goals ("SDG") Bond in EUR issued by the Republic, following the last EUR SDG offering in October 2025, showcasing the Republic's continuous commitment in supporting sustainable financing to achieve SDG targets by 2030*
- *Successfully navigated significant intraday volatility supported by robust and ongoing confidence of global investors towards the country's economic stability, reinforcing the Republic's well-established reputation as a consistent and credible sovereign issuer in the global capital markets*
- *The orderbook was well supported by global high-quality and real-money accounts, with the final orderbook size reaching over US$5.2 billion for the USD tranches in aggregate and over €3.2 billion for the EUR tranches*
- *The healthy momentum of the orderbook allowed final pricing to tighten by 20-25 bps from IPG for all tranches*



US$ 5-year	>US$1.7bn c. 2.3x covered across 101 accounts
US$ 10-year	>US$3.5bn c. 2.6x covered across 134 accounts
€ 7-year SDG	>€1.1bn c. 1.8x covered across 55 accounts
€ 12-year	>€1.2bn c. 1.8x covered across 44 accounts

Inaugural Panda Bonds Issuance

Taking advantage of favorable conditions in the onshore Renminbi market, Indonesia successfully completed its inaugural Panda Bond issuance totaling CNY 7 billion (approximately USD 1.03 billion) with a strong orderbook.

CNY 7 billion

RICNY0729 (3Y)
CNY5.6 billion

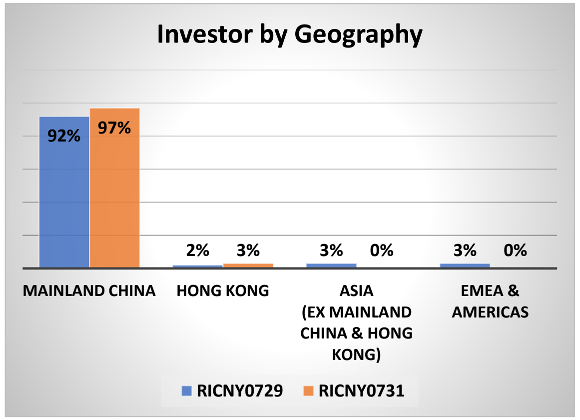
Tenor **3 Years**
Yield/Coupon **1.90%**
Maturity Date **30 July 2029**

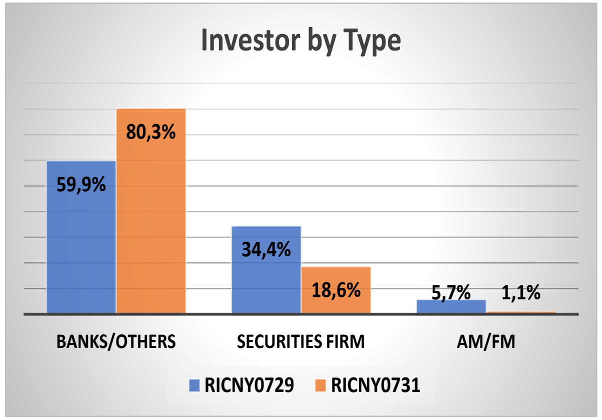
RICNY0731 (5Y)
CNY1.4 billion

Tenor **5 Years**
Yield/Coupon **2.19%**
Maturity Date **30 July 2031**

Onshore Rating	**AAA by Lianhae**
Pricing Date	**23 July 2026**
Settlement/ Issuance Date	**30 July 2026**

Investor Statistics





Highlight

- This transaction represents the largest sovereign Panda Bond issuance to date, demonstrating the strong confidence of onshore Renminbi investors in Indonesia's economic fundamentals and fiscal outlook.
- The total orderbook reached CNY 17 billion (2.4x bid-to-cover ratio), comprising:
  - **3Y:** CNY12.38 bio (bid-to-cover ratio 2.2x)
  - **5Y:** CNY4,62 bio (bid-to-cover ratio 3.3x)
- The transaction achieved highly competitive final yields and established a benchmark for Southeast Asian sovereign issuers seeking access to the onshore Renminbi bond market.

Section 5

Monetary & Financial Sectors

"Credible Monetary Policy and Resilient Financial Sectors"

Bank Indonesia Policy Mix for Strengthening Stability and Supporting Economic Growth

Bank Indonesia's policy mix is calibrated to strengthening stability and supporting economic growth through a balanced combination of monetary, macroprudential, payment system, money market deepening, and inclusive green economy measures.

PRO-STABILITY	PRO-GROWTH			
MONETARY	MACROPRUDENTIAL	PAYMENT SYSTEM	MONEY MARKET DEEPENING	INCLUSIVE AND SUSTAINABLE ECONOMY AND FINANCE

BI – Rate[1]	5.75%
Deposit Facility (DF) rate[1]	4.75%
Lending Facility (LF) rate[1]	6.50%

MONETARY

- Strengthening the effectiveness of monetary policy implementation to stabilise the Rupiah exchange rate and maintain inflation within the 2.5±1% target corridor in 2026 and 2027 by:
  - i. optimising the foreign exchange intervention strategy to strengthen Rupiah exchange rate stabilisation efforts through Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market,
  - ii. managing the interest rate structure in the money market in line with the BI-Rate and rates of pro-market monetary operations instruments, accompanied by a stronger pro-market monetary operations strategy,
  - iii. ensuring ample liquidity in the money market and banking industry by maintaining double-digit primary money growth above 10%, consistent with monetary expansion,
- Strengthening the effectiveness of Rupiah exchange rate stabilisation efforts and maintaining adequate Rupiah liquidity by expanding the underlying foreign funding transactions eligible for a 12.5% premium reduction incentive for Swap Sell Hedging (Swap Buy Hedging to Bank Indonesia), from previously covering only portfolio inflow transactions to also include foreign loans by banks and foreign direct investment (FDI). Such hedging swap transactions have a maximum tenor of 12 (twelve) months, with a maximum contract period of 3 (three) years, and may be rolled over in accordance with the remaining maturity of the hedging contract. The expansion of eligible hedging swap transactions will take effect in the second week of September 2026 for foreign loans and FDI entering Indonesia from 1st July 2026,

MACROPRUDENTIAL

- Strengthening preparations for implementation of the following Macroprudential Policies:
  - i. Macroprudential liquidity incentive policy for money market deepening (KLM PPU) to maintain adequate liquidity and redistribute liquidity, while continuing to foster lending/financing to priority sectors, effective from 1st September 2026,
  - ii. Inclusive Macroprudential Financing Ratio (RPIM) Policy to encourage bank lending/financing to inclusive and sustainable sectors, effective from 1st October 2026,

PAYMENT SYSTEM

- Strengthening implementation of payment system digitalisation measures in accordance with the Indonesia Payment System Blueprint (BSPI) 2030 to bolster economic growth and expand digital economic activity and inclusive finance by:
  - i. promoting implementation of the Indonesia Credit Card (KKI), launched on 17th August 2026, and strengthening industry readiness for expansion of the 0% QRIS Merchant Discount Rate (MDR) for transactions of up to Rp100,000, effective from 1st October 2026,
  - ii. hosting the Indonesia Digital Economy and Finance Festival 2026 in collaboration with the Indonesia Fintech Summit & Expo (FEKDI and IFSE) on 24-26th September 2026, in synergy with the Coordinating Ministry for Economic Affairs, the Financial Services Authority and the financial industry,
- Strengthening policy coordination with the Government, Financial System Stability Committee (KSSK) and other stakeholders to maintain stability while supporting sustainable economic growth.

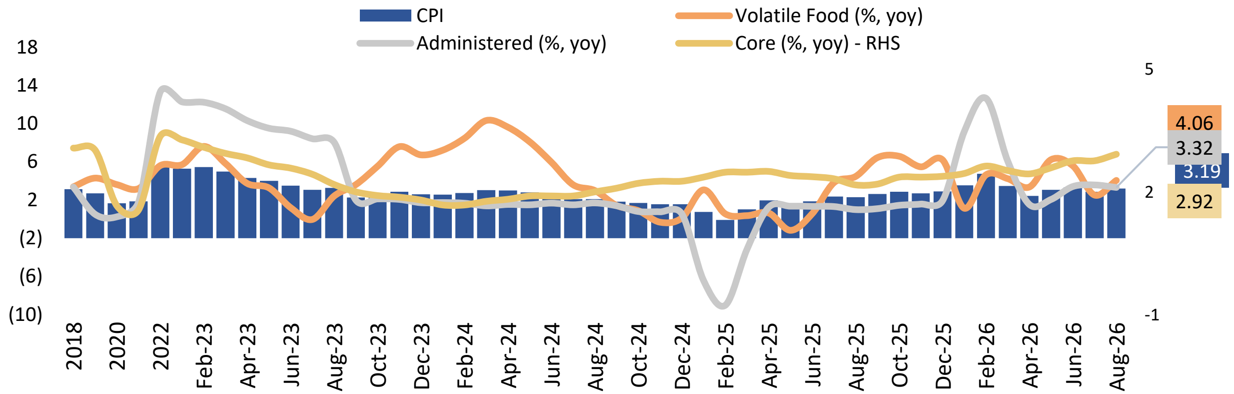
Source: Ministry of Finance, Bank Indonesia

Note: (1) Board of Governors Meeting August 2026

Inflation, Exchange Rate and Monetary Policy Framework

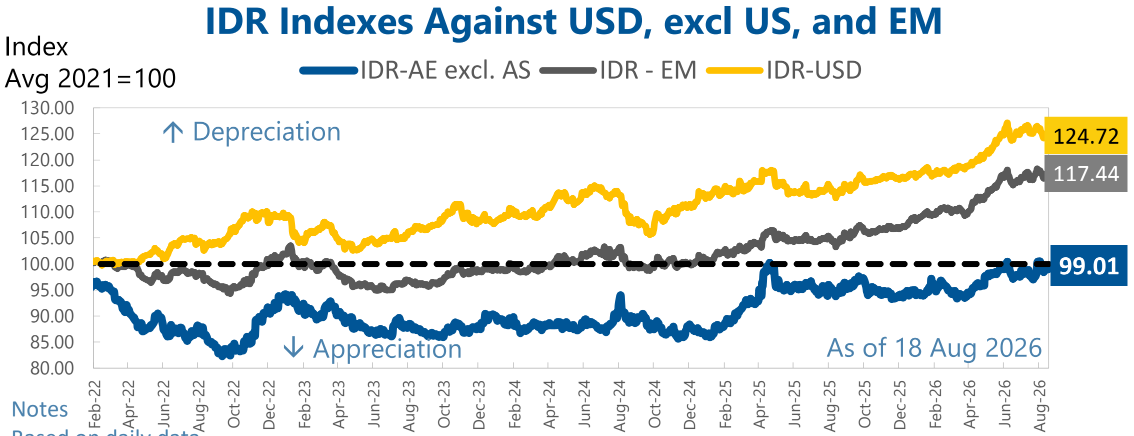
Inflation Remains within the Target Range, the Rupiah Relatively Stable, and Credit Growth Continues, Supported by a Strengthened Monetary Policy Framework.

Well Maintained Inflation Ensured Price Stability



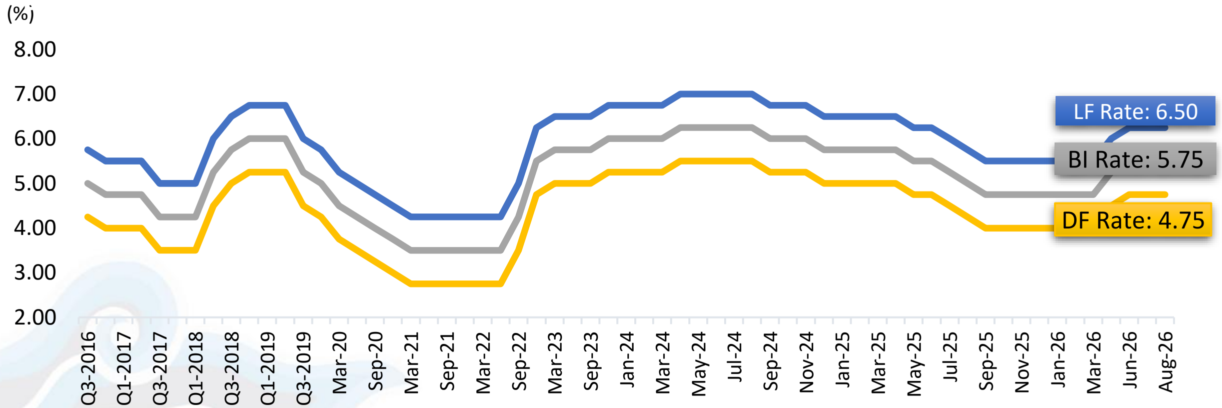
Source: BPS

Stable Rupiah Exchange Rate



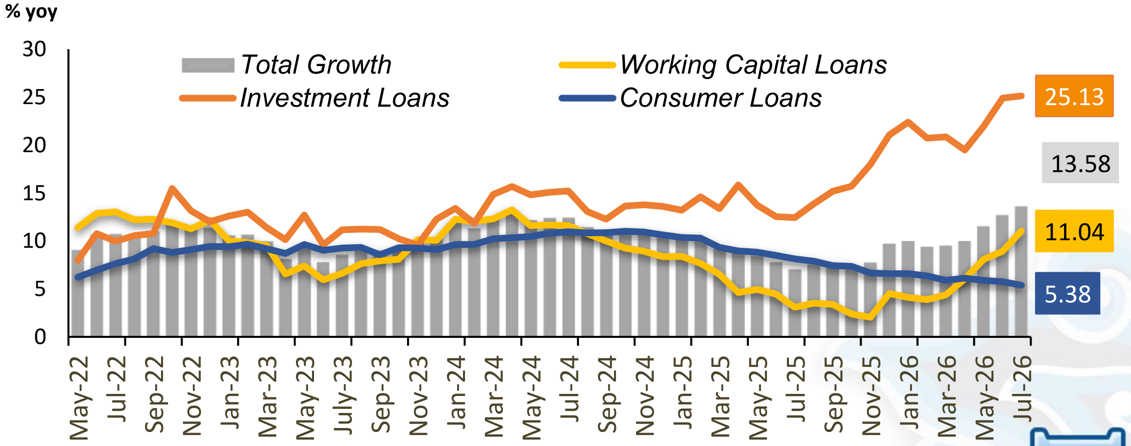
Notes
Based on daily data
Composite indexes on trade weights :: SGD (13%), CNY (52%), INR (11%), KRW (9%), THB (7%), MYR (9%)

Strengthened Monetary Policy Framework



Source: Bank Indonesia

Credit Growth Profile

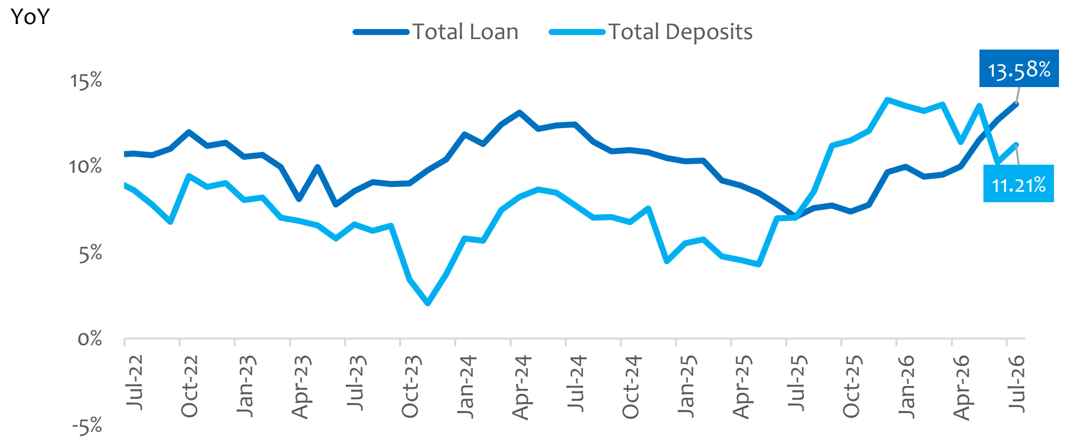


Source: OJK, Bank Indonesia

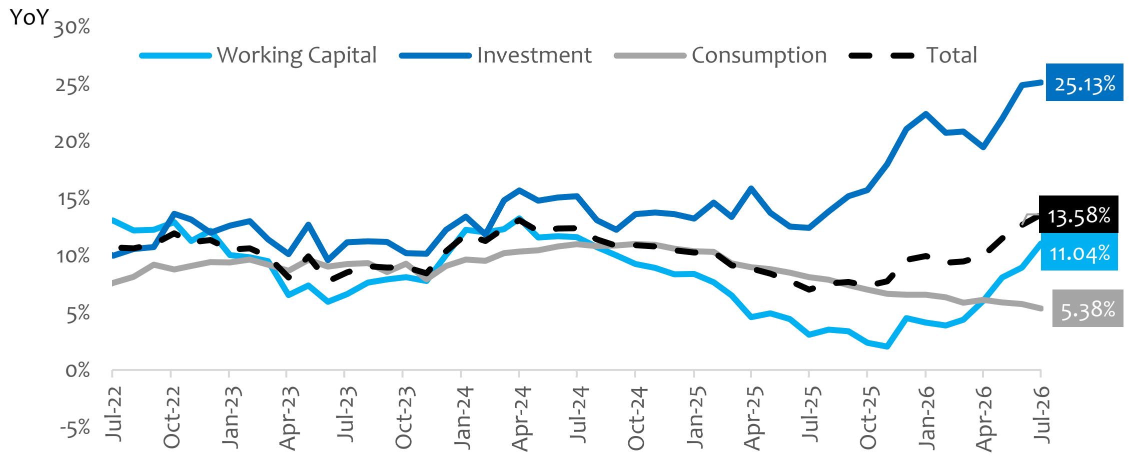
Banking Intermediation

Banking intermediation continued to expand in July 2026, supported by sustained growth in both loan and deposit, while the loan-to-deposit ratio (LDR) remained within the prudent range.

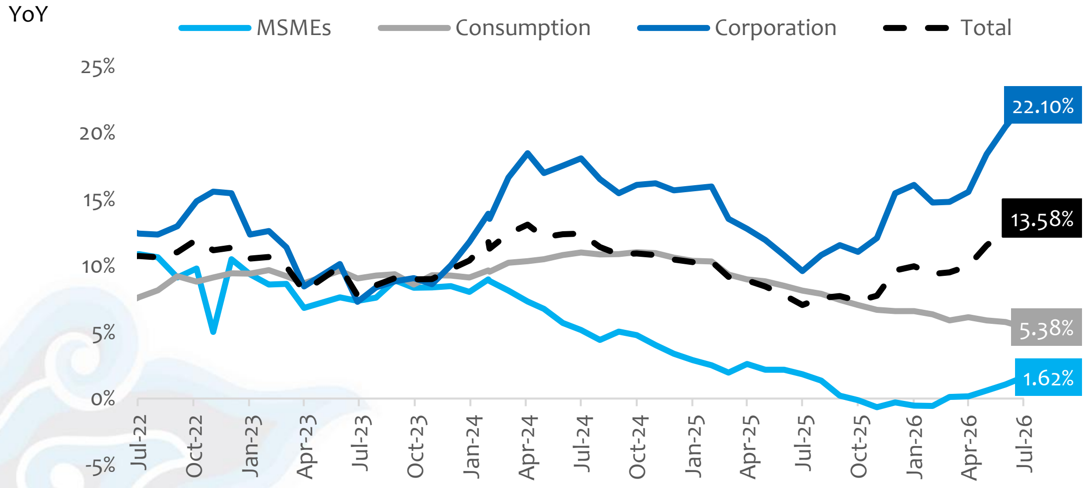
As of **July 2026**, banking loan grew by **13.58% (yoy),** while deposit increased by **11.21% (yoy).**



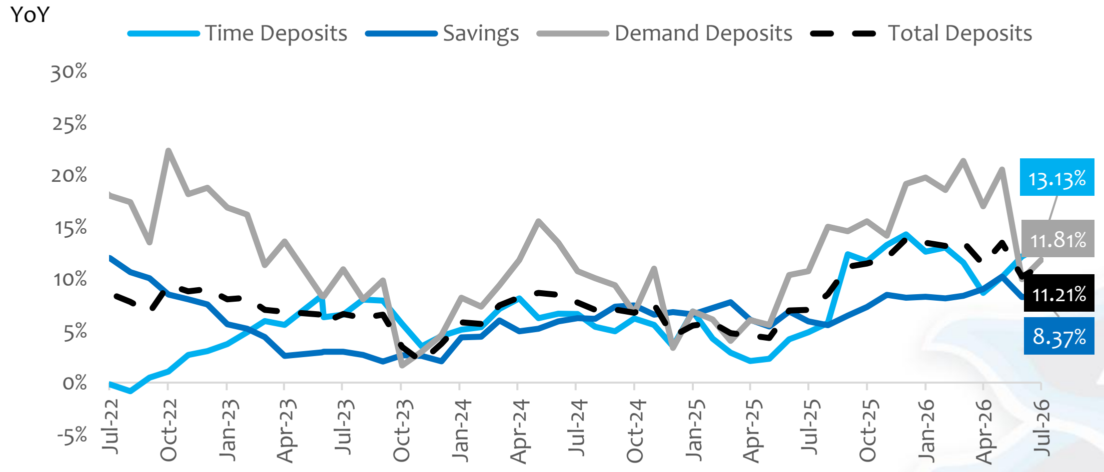
Loan growth was primarily **driven by investment loan,** which continued to record robust growth of **25.13% (yoy).**



By segment, **corporate loan** maintained robust growth at **22.10% (yoy)**, while **MSME loan** continued to grow by **1.62% (yoy).**



On the funding side, **deposit** grew by **11.21% (yoy)** in **July 2026** (prev: 10,21% yoy), supported by time deposit's growth.

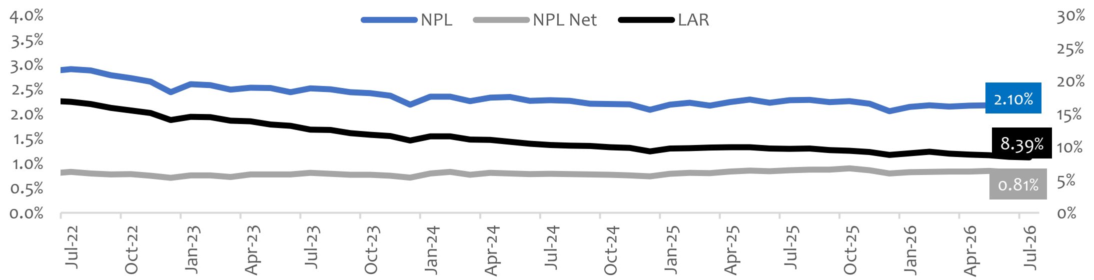


Source: OJK

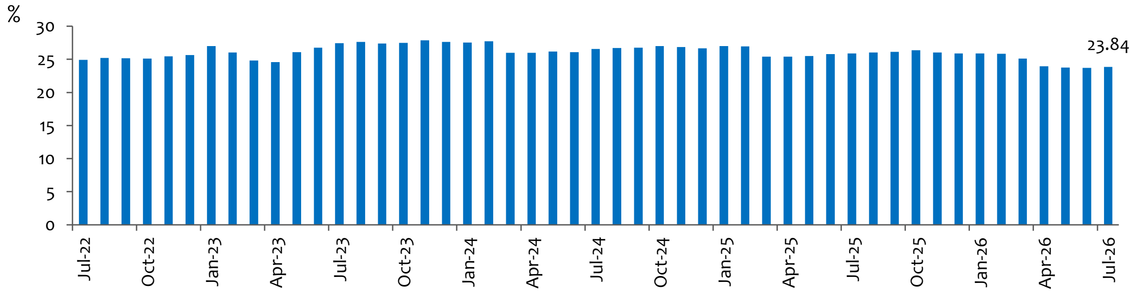
Banking Risk Profile and Profitability

Indonesia's banking sector remained resilient, supported by well-managed credit risk, strong capital buffers, adequate liquidity, and stable profitability.

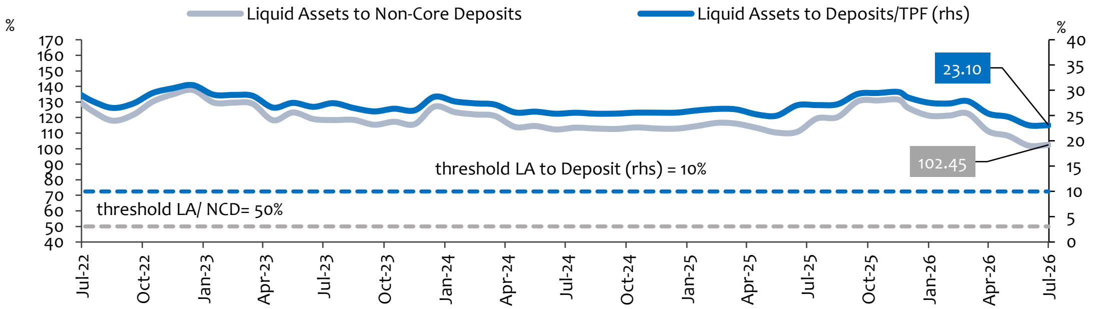
The non-performing loan **(NPL) ratio** remained stable at **2.10% in July 2026**, while the **loan-at-risk (LaR) ratio** declined to **8.39%** (prev: 8.47%).



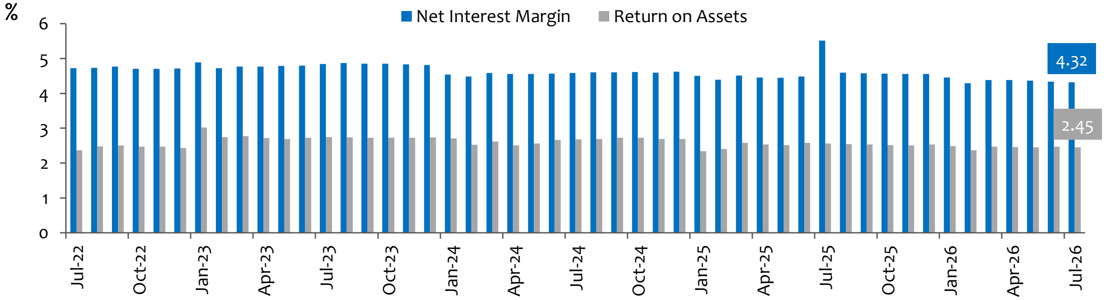
Banking sector resilience was further supported by a strong capital position, with the **capital adequacy ratio (CAR)** increasing **to 23.84% in July 2026.**



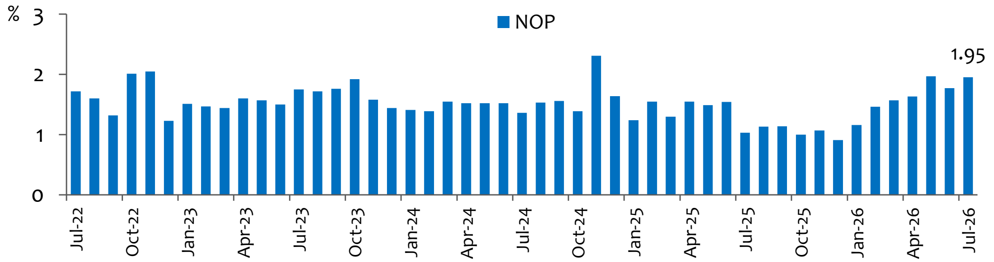
Banking liquidity remained adequate in July 2026, as reflected in the stable liquid assets-to-non-core deposits (LA/NCD) and liquid assets-to-third-party funds (LA/TPF) ratios.



As of **July 2026,** banking sector profitability remained stable, with the **net interest margin (NIM)** at **4.32%** and **return on assets (ROA)** at **2.45%.**



Meanwhile, the banking sector's **net open position (NOP)** remained stable at low level of **1.95% in July 2026.**



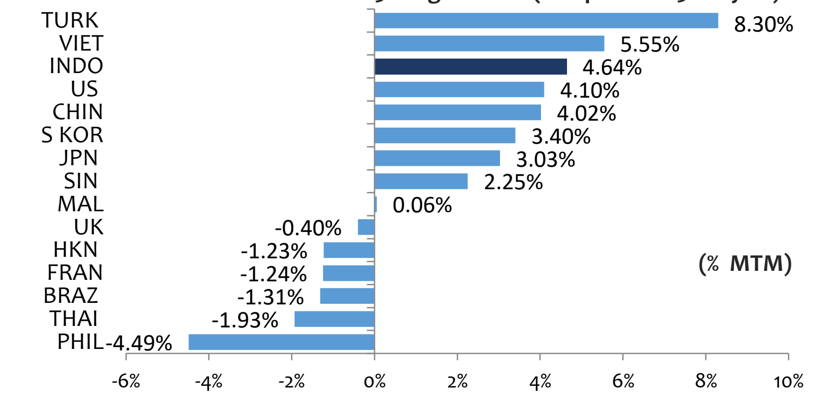
Source: OJK

Indonesia Capital Market Performance

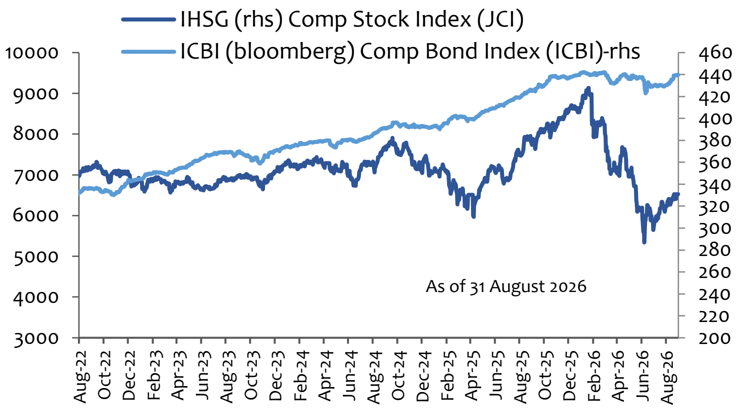
Indonesia's capital market continued to strengthen in August 2026, with market resilience and liquidity remained well-maintained.
OJK continued to advance capital market reforms, strengthen supervision and enforcement, safeguard market integrity, and reinforce investor confidence.

By the end of August 2026, the Jakarta Composite Index (JCI) strengthened by **4.64% (mtm)**, closed at **6,525.48.**

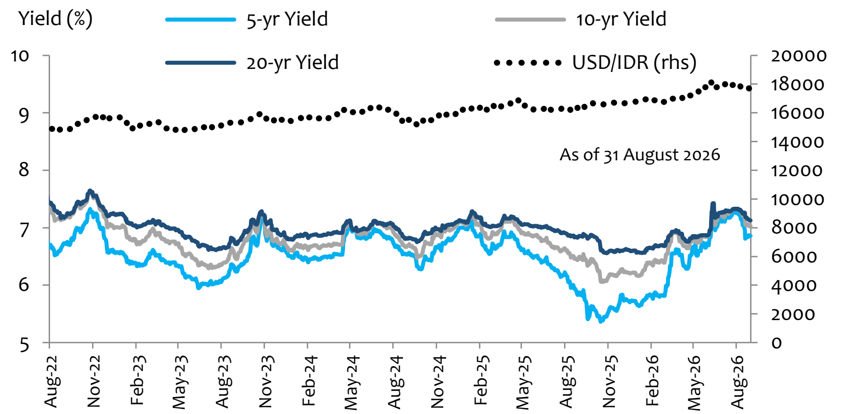
Stock Index Performance as of 31 August 2026 (compared to 31 July 26)



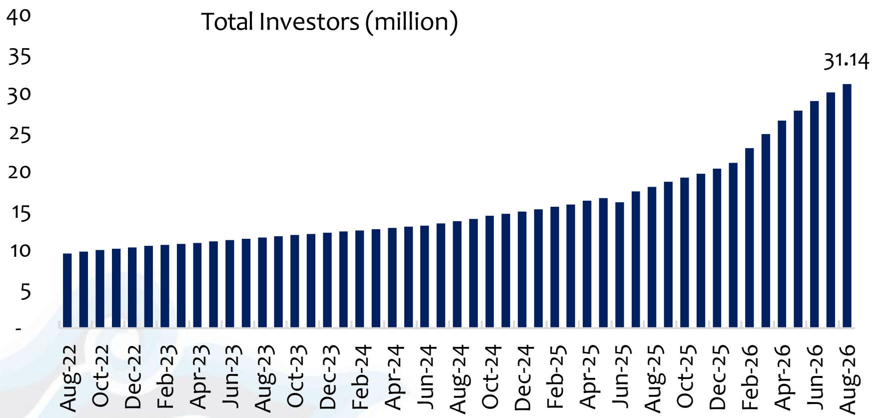
Meanwhile, the Indonesia Composite Bond Index (ICBI) closed at **440.04,** grew by **2.23% (mtm).**



Government bond (SBN) remained attractive, supported by competitive yields despite shifts in global risk sentiment.



The number of domestic capital market **investors continued to increase,** with **1.07 million new investors added in August 2026**. This brought the total investor base to **31.14 million, grew by 52.9% (ytd).**



As of 31 August 2026, OJK has imposed **1,277 administrative sanctions, prohibitions, and/or written orders** on issuers, public companies, professionals, and other related parties for **regulatory and reporting violations.**

Enforcement Actions

For **violations of capital market regulations**, OJK has imposed **93 enforcement actions**, including:

Administrative Fines (IDR Bn)	73.99
Written Warnings	8
Written Orders	5
Prohibitions	10
License Suspensions	6

Reporting Compliance

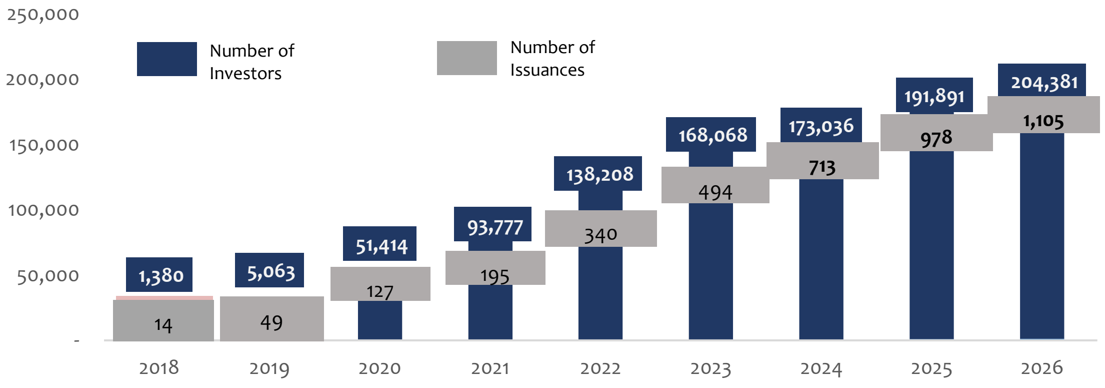
- OJK has also imposed **1,184 administrative sanctions** for **reporting violations,** comprising fines totaling **IDR253.07 billion** and **304 written warnings**.
- These sanctions mainly due to delays in submitting periodic, incidental, governance-related, and supporting-professional reports.

Source: Bloomberg, OJK

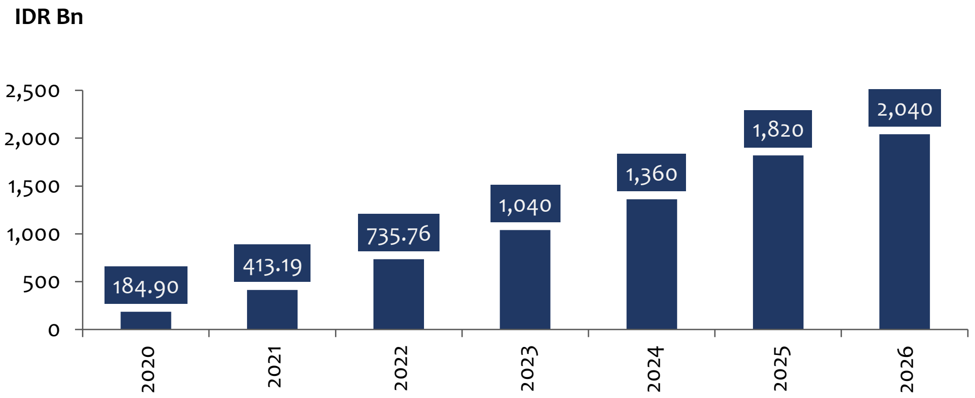
Securities Crowd Funding and Carbon Exchange

Securities Crowdfunding (SCF) and the Carbon Exchange continued to broaden alternative financing channels and advance Indonesia's sustainable finance agenda.

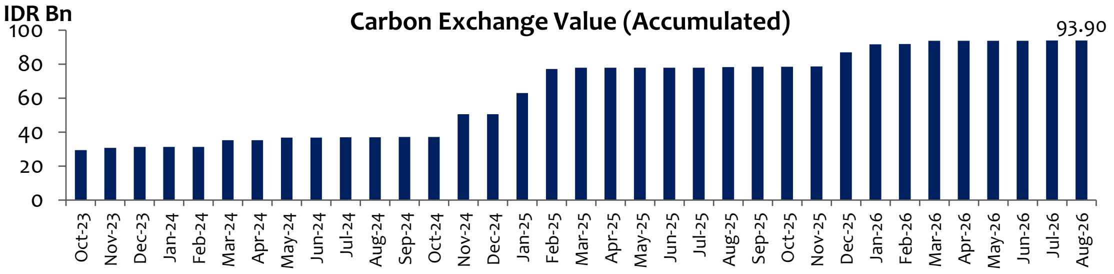
As of **August 2026**, SCF has attracted **204,381 investors**, with a **cumulative total of 1,105 securities issuances.**



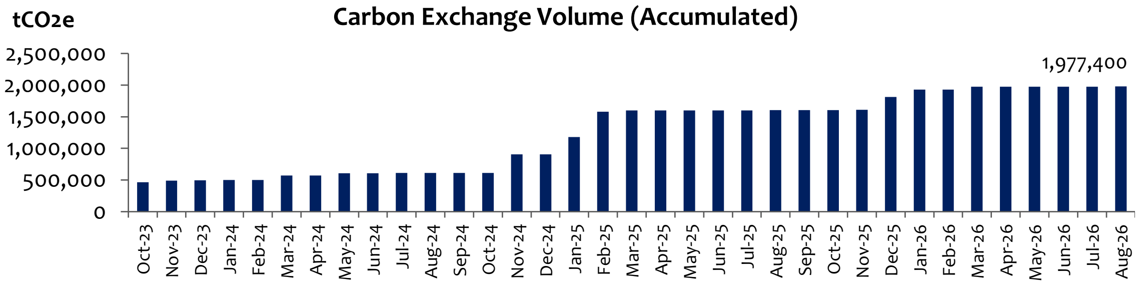
With these additions, the **cumulative funds raised** through **SCF** reached **IDR2.04 trillion** as of **August 2026.**



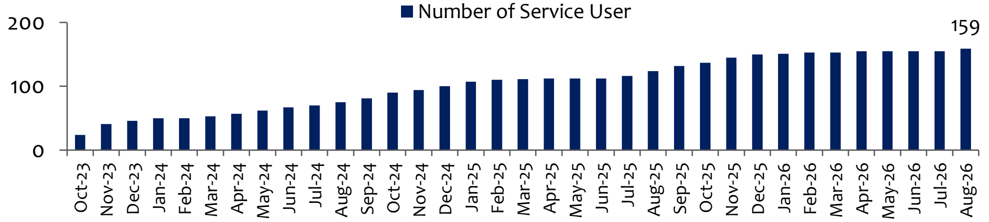
Since its launch in September 2023, the Carbon Exchange has recorded a **cumulative transaction value** of **IDR93.90 billion as of August 2026.**



As of **August 2026**, cumulative **trading volume** in the Carbon Exchange has reached **1.98 million tCO_2e**



While the number of **registered service users** recorded at **159.**

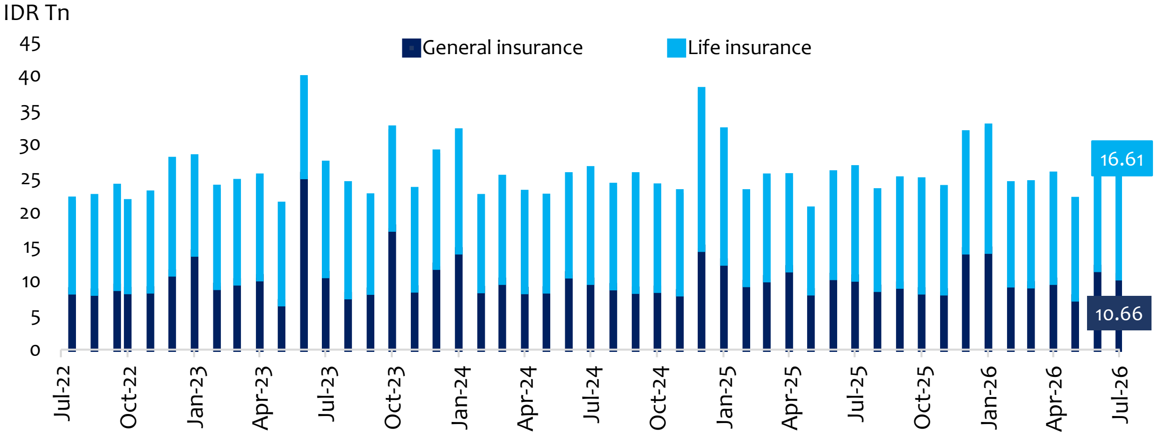


Source: OJK

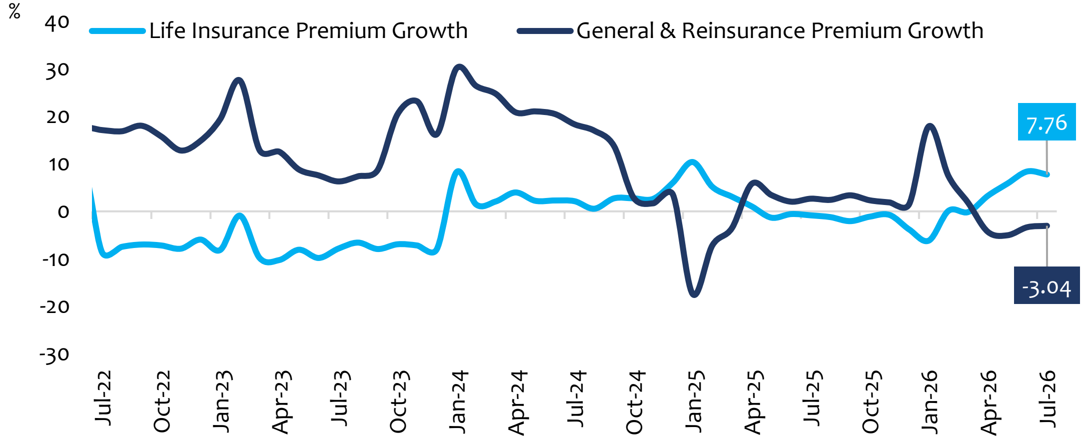
Insurance Sector

Indonesia's insurance sector remained stable in July 2026, supported by higher commercial insurance premiums and strong capital buffers.

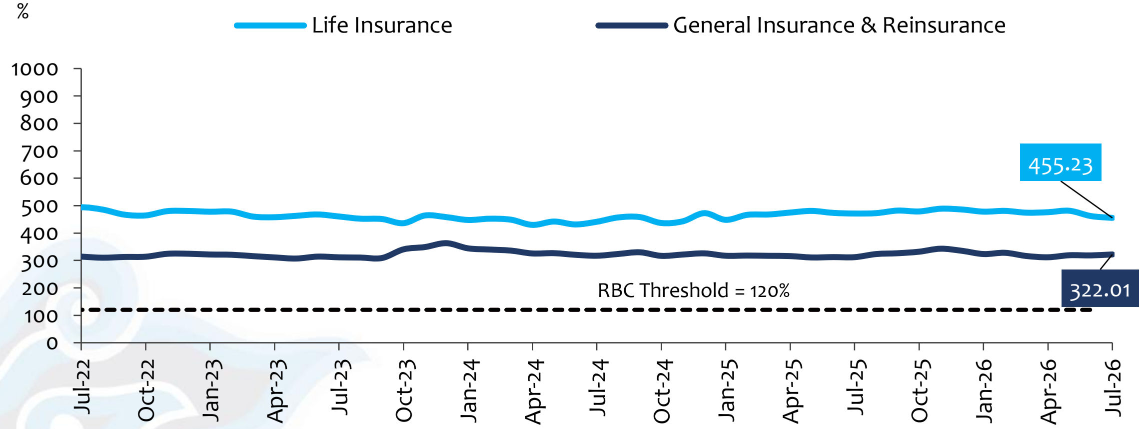
In **July 2026, general** and **life insurance** recorded premium income of **IDR10.66 trillion and IDR16.61 trillion,** respectively.



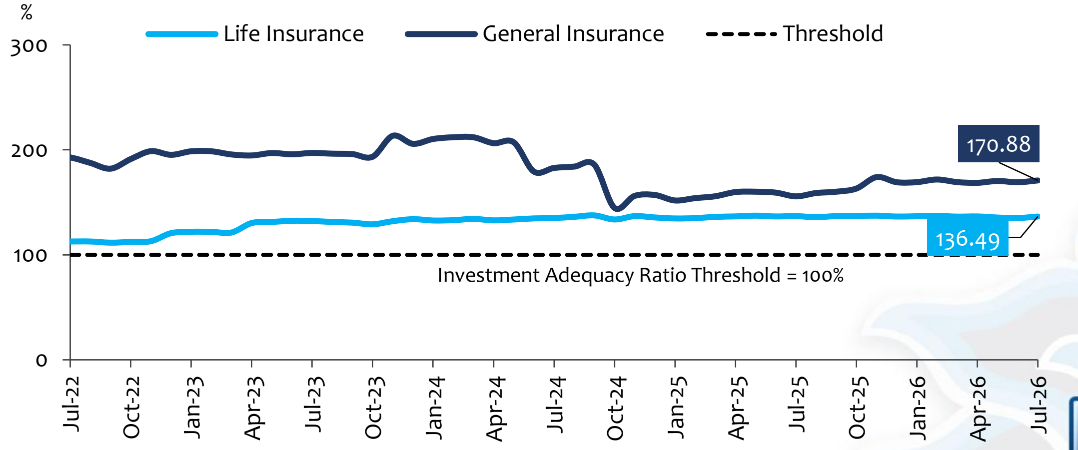
On an annual basis, **life insurance premium** expanded by **7.76% (yoy), while general insurance and reinsurance premium** slightly contracted by **3.04% (yoy).**



The industry continued to maintain a solid solvency position. The **risk-based capital (RBC) ratios** were recorded at **455.23% for life insurance** and **322.01% for general insurance and reinsurance,** as of **July 2026.**



Investment adequacy ratios remained at adequate levels. In **July 2026**, the ratio stood at **170.88% for general insurance and reinsurance** and **136.49% for life insurance.**

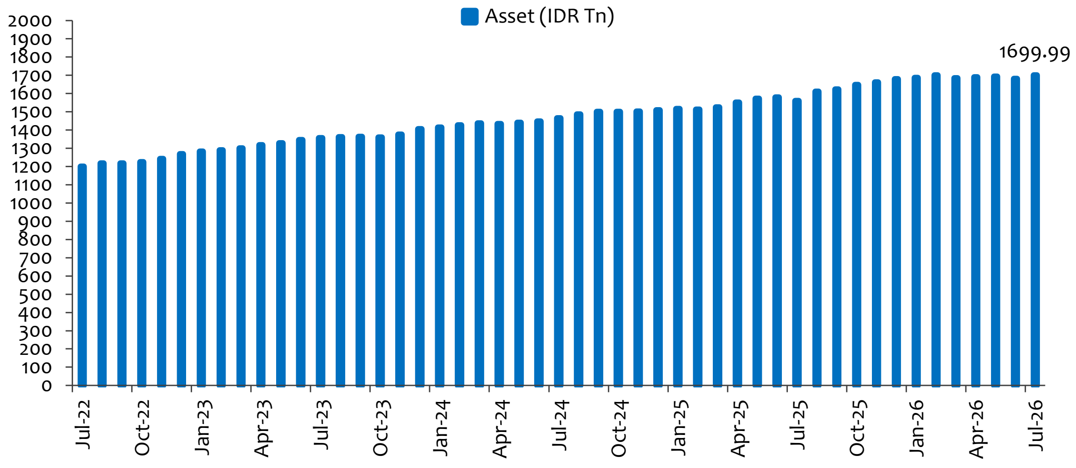


Source: OJK

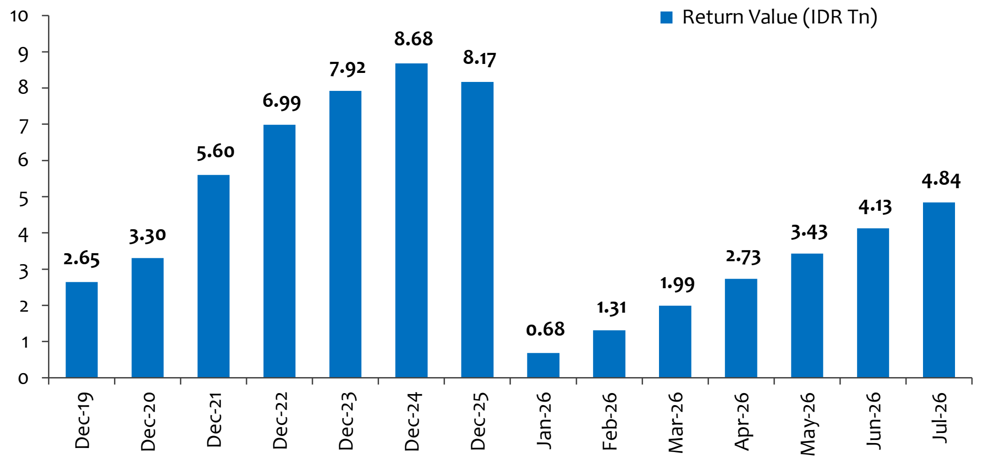
Pension Funds and Guarantee Institutions Performance

Pension funds and guarantee institutions remained relatively stable in July 2026.

Pension funds continued to expand, with **total assets** grew by **6.7% (yoy)** to **IDR1,699 trillion as of July 2026.**



As of **July 2026**, the **accumulated return value** of guarantee institutions reached **IDR4.84 trillion**, grew by **8.97% (yoy).**



As of **July 2026,** the **total assets of guarantee institutions** was recorded at **IDR45.93 trillion.**

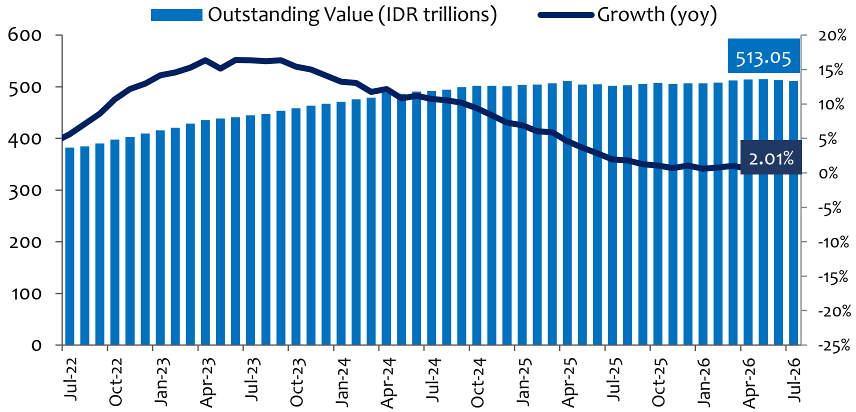
Guarantee Institutions	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Jun-26	Jul-26
Assets Value (IDR Tn)	36.90	39.12	46.41	46.39	47.51	45.83	45.93
Growth YoY	46.66%	6.00%	18.64%	-0.05%	2.43%	-3.05	-5.04

Source: OJK

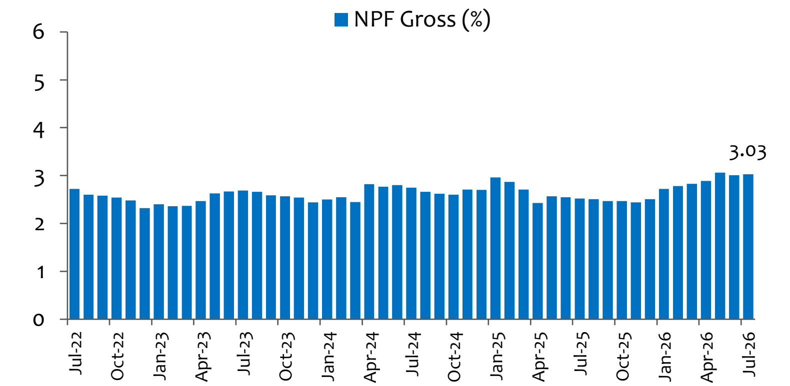
Financing Companies and P2P Lending

Financing companies and P2P Lending (fintech) continued to support broader economic activity in July 2026, while maintaining contained credit risk and adequate solvency.

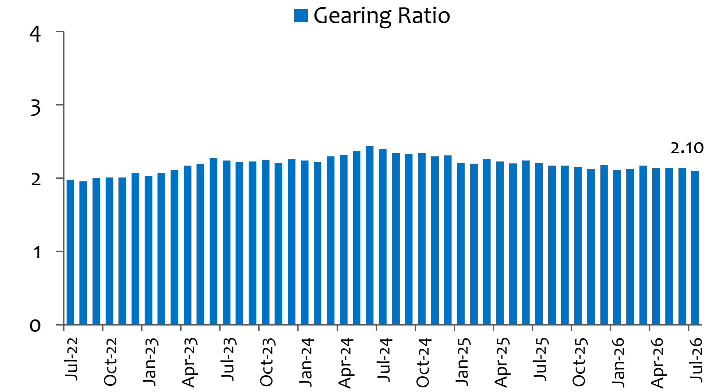
As of **July 2026**, the outstanding financing value of **Financing Companies** grew by **2.01% (yoy)**, primarily driven by stronger growth in working capital financing.



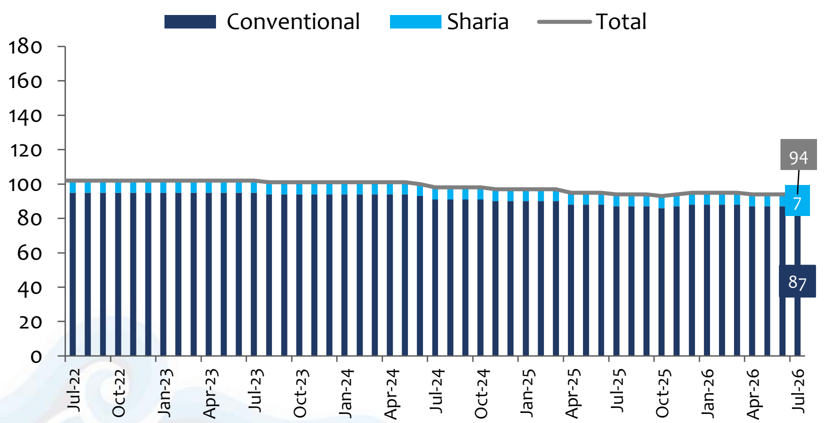
Financing Companies' credit risk remained manageable, with the **non-performing financing (NPF) ratio** was stable at **3.03%.**



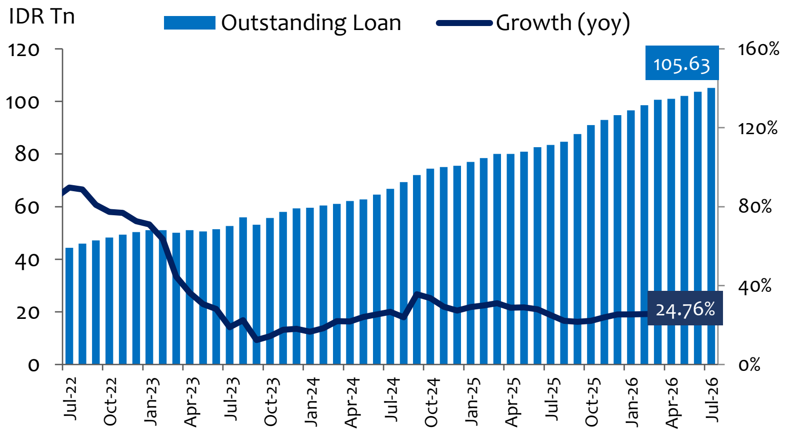
Financing companies also maintained adequate solvency position, with **gearing ratio recorded at 2.10 times,** well below the regulatory limit.



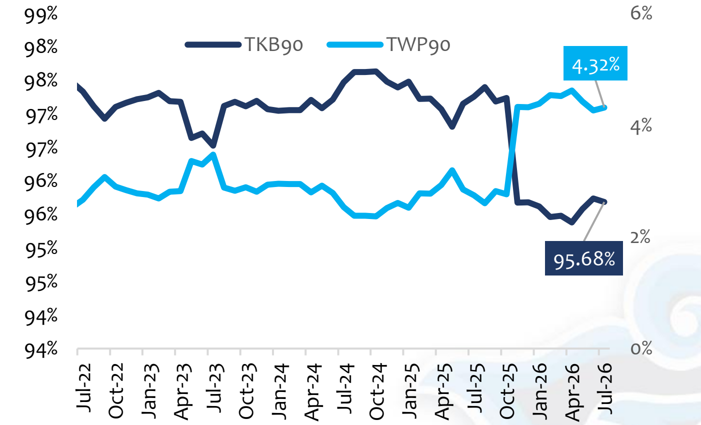
As of **July 2026**, there were **94 licensed P2P lending (fintech) providers.**



In the **P2P lending (fintech) industry**, outstanding financing grew by **24.76% (yoy)** to **IDR105.63 trillion in July 2026.**



Meanwhile, the industry's aggregate 90-day payment default rate **(TWP90*)** remained manageable **at 4.32%.**



Source: OJK | *TWP90 measures the percentage of loans that are overdue or unpaid for more than 90 days past the due date (effectively bad debt), while TKB90 measures the percentage of loans successfully paid back or settled within 90 days of the due date.

Buy Now Pay Later (BNPL) & Pawnshop Industry

BNPL and pawnshop financing continued to expand rapidly, broadening access to financing while maintaining manageable credit risk.

Buy Now Pay Later (BNPL)

BNPL in both banking sector and financing companies has recorded strong growth over the years, with nonperforming loans have remained at manageable level.

Banking Sector BNPL	Dec-22	Dec-23	Dec-24	Dec-25	Jun-26	Jul-26
Outstanding Loan (IDR Tn)	10.54	15.39	22.12	26.39	30.70	31.56
Growth (%yoy)	#N/A	45.93	43.76	19.32	33.54	31.22
NPL (%)	1.91	1.97	4.17	2.02	2.36	2.31
No. of Accounts (million)	10.73	15.28	23.99	31.21	32.77	33.50

Financing Companies BNPL	Dec-22	Dec-23	Dec-24	Dec-25	Jun-26	Jul-26
Outstanding Loan (IDR Tn)	4.74	4.96	6.82	11.94	13.40	13.62
Growth (%yoy)	#N/A	4.50	37.56	75.05	57.02	54.65
Gross NPF (%)	3.54	3.04	2.99	2.77	3.09	3.03
No. of Accounts (million)	12.44	11.44	15.22	20.45	25.33	26.64

Pawnshop Industry

Pawnshop industry has recorded strong growth over the years. As of July 2026, outstanding of pawnshop financing reached **IDR160.78 trillion**, representing growth of **50.73% (yoy).**

Pawnshop Companies	Dec-22	Dec-23	Dec-24	Dec-25	Jun-26	Jul-26
Outstanding Financing (IDR Tn)	60.66	69.39	88.05	130.37	162.26	160.78
Growth (%yoy)	13.56	14.39	26.90	48.07	54.47	50.73

Source: OJK

Financial Services Technology Innovation and Crypto-Assets

Financial services technology innovation continued to progress, supported by prudent regulatory oversight and growing industry participation.

Based on **OJK Regulation No. 3/2024,** the OJK established the Regulatory Sandbox as a structured framework to evaluate, oversee, and support innovation in the financial services sector. As of **July 2026**, the number of sandbox applications reached **35,** with **two on-going participants**.

Regulatory Sandbox	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Number of Sandbox Applications Request	114	71	87	52	14	27	31	33	35
Number of Sandbox Participants	28	14	20	18	5	4	4	3	2

Type of Registered FSTI Providers	Oct-24	Nov-24	Dec-24	Oct-25	Nov-25	Dec-25	Mar-26	Jun-26	Jul-26
Innovative Credit Scoring	2	4	5	10	10	10	8	8	8
Aggregators	4	6	9	20	20	20	17	17	16
Total	**6**	**10**	**14**	**30**	**30**	**30**	**25**	**25**	**24**

As of July 2026, domestic crypto transaction value moderated by **28.2% mtm** to **IDR20.52 trillion.**

Crypto-assets	Dec-23	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Transactions (IDR Tn)	27.25	94.08	32.68	22.24	28.58	20.52

Source: OJK

Financial Literacy, Consumer Protection and Illegal Financial Activities

Consumer protection in financial services sector continued to be strengthened through financial education, market conduct supervision, and enhanced complaint-handling services.

From **January to July 2026**, OJK has conducted **3,228 financial education activities**, reaching **11,306,469 participants** nationwide.

Financial Education	3,228 Activities	**Team for Acceleration of Regional Financial Access (TPAKD)**	552 District/Municipalities
	11,306,469 Participants		100% District/Municipalities
Sikapi Uangmu	227 Contents	**National Movement of Financial Inclusion (GENCARKAN)**	33,869 Programs
	2,154,998 Viewers		14,705 Financial Education Activities
Financial Education Learning Management System (LMSKU) OJK	16,682 Access		19,164 Digital Content
	11,908 Certificates		

From **January to July 2026**, OJK has received **383,124 service requests.**

Number of Service Requests	383,124
Number of Service Requests on Consumer Protection Portal Application (APPK)	57,366
Banking	18,578
Fintech	25,443
Financing Institutions	11,418
Insurance	1,039
Capital Market and other NBFIs	888

From **January to July 2026,** OJK as a part of The Illegal Financial Activities Eradication Task Force (Satgas Pasti), has closed down **1,220 illegal financial entities.**

Number of Illegal Investments	240
Number of Illegal Online Lending	951
Number of Illegal Pawnshop	27
Number of Other Illegal Financial Activity	2

From **22 November 2024 to 31 July 2026**, the Indonesia Anti-Scam Centre (IASC) has received **637,055 reports.**

Number of Reports	637,055
Number of Blocked Accounts	607,210
Funds Blocked (IDR Bn)	724.1
Funds Returned to Victims (IDR Bn)	204.3

Source: OJK

Sharia Financial Services Sector

As of July 2026, Indonesia's sharia financial services sector showed varied performance amid ongoing market adjustments.
The Indonesia Sharia Stock Index (ISSI) gradually recovered in July 2026, broadly in line with movements in the JCI, while the sharia financing institutions remained stable.

SHARIA CAPITAL MARKET

SHARIA STOCKS	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Indonesia Sharia Stock Index	215.65	308.61	251.1	196.59	215.11
Growth (YTD %)	1.41	43.11	-18.63	-36.30	-30.30
Market Capitalization (IDR Tn)	6,825.31	8,971.68	7,152.48	4,922.12	5,361.78
Market Share (%)	55.33	56.72	57.74	49.94	49.28

SHARIA BOND (SUKUK)	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Government Sukuk (IDR Tn)	1,627.68	1,703.60	1,722.33	1,806.98	1,745.84
Corporation Sukuk (IDR Tn)	55.27	88.21	93.95	101.64	95.14
Market Share (%)	11.63	16.44	16.69	17.59	17.07

SHARIA MUTUAL FUND	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Asset Under Management (IDR Tn)	50.55	83.44	83.85	81.64	86.13
Market Share (%)	10.12	12.36	12.05	12.50	13.20

SHARIA SCF	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Fundraising (IDR Bn)	715.47	1,041.64	1,089.42	1,147.80	1,164.09
Market Share (%)	52.50	57.43	57.49	57.86	57.89

SHARIA FINANCING INSTITUTIONS, VENTURE CAPITAL, FINTECH P2P LENDING AND MICROFINANCE (PVML) UPDATE

SHARIA PVML	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Sharia Financing Institution Assets (IDR Tn)	33.88	36.55	37.27	37.50	37.66
Sharia Venture Capital Assets (IDR Tn)	3.74	3.98	4.23	4.26	4.28
Sharia Microfinance Assets (IDR Tn)	0.65	0.66	0.65	0.67	0.68

Source: OJK

Sharia Financial Services Sector (cont'd)

Sharia banking maintained positive growth in July 2026, while sharia insurance, guarantee, and pension fund industries remained stable.

SHARIA BANKING SECTOR

Intermediation	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Assets (IDR Tn)	980.30	1,067.73	1,061.61	1,075.18	1,070.27
Market Share (%)	7.72	7.69	7.51	7.36	7.35
Financing (IDR Tn)	643.55	705.22	716.40	741.27	744.51
Growth (YoY %)	9.92	9.58	9.82	11.29	11.82
Deposits (IDR Tn)	753.60	829.99	811.76	835.01	837.24
Growth (YoY %)	10.09	10.14	11.14	13.01	11.92

Capital and Liquidity	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
CAR	25.4	25.07	25.35	23.75	23.76
LA/Deposits	32.09	30.01	29.83	27.69	26.15
LA/NCD	154.52	142.13	139.40	130.18	121.82

Credit Risk	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Gross NPF	2.12	2.16	2.28	2.27	2.27
Net NPF	0.79	0.83	0.87	0.78	0.76

SHARIA INSURANCE, GUARANTEE, PENSION FUND (PPDP) UPDATE

SHARIA PPDP	Dec-24	Dec-25	Mar-26	Jun-26	Jul-26
Sharia Life Insurance Assets (IDR Tn)	34.20	38.20	37.67	37.36	38.04
Sharia General Insurance Assets (IDR Tn)	9.46	10.41	10.87	10.61	10.62
Sharia Voluntary Pension Fund Assets (IDR Tn)	4.53	5.06	5.19	5.33	5.34
Sharia Guarantee Institution Assets (IDR Tn)	6.28	6.93	7.02	7.24	7.24

Source: OJK

Section 6

Structural Reforms

"Structural Reforms and Infrastructure Development to Strengthen Long-Term Growth"

National Transformation Strategy: Towards A Golden Indonesia 2045

Indonesia's National Transformation Strategy 2025–2029 focuses on strengthening governance, human capital, and industrial value creation to achieve inclusive and sustainable growth. Through structural reforms and grassroots development, it aims to build a resilient, equitable, and globally competitive nation toward Golden Indonesia 2045.

1 Asta Cita: The 8 Quick Impact Programs

8 National Priorities 2025-2029

1. Strengthening the Foundation of Pancasila Ideology, Democracy, and Human Rights
2. Consolidating the National Defense and Security System and Fostering National Self-Reliance through Self-Sufficiency in Food, Energy, Water, Islamic Economy, Digital Economy, Green Economy, and Blue Economy
3. Continuing Infrastructure Development and Improving Quality Employment Opportunities Promoting Entrepreneurship, Expanding the Creative Industry, and Developing Agro-Maritime Industries in Production Centers through Active Cooperative Involvement
4. Enhancing Human Resource Development, Science, Technology, Education, Health, Sports Achievements, Gender Equality, and Empowering the Roles of Women, Youth (Millennials and Generation Z), and Persons with Disabilities
5. Continuing Downstream Processing and Developing Natural Resource-based Industries to Increase Domestic Value-added
6. Building from the Village and Grassroots for Economic Growth, Economic Equity, and Poverty Eradication
7. Intensifying Political, Legal, and Bureaucratic Reform, and Strengthening the Prevention and Eradication of Corruption, Drugs, Gambling, and Smuggling
8. Enhancing Alignment with A Harmonious Life in the Environment, Nature, and Culture, and Increase Religious Tolerance to Achieve A Just and Prosperous Society

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

Indonesia's Gold Vision 2045 outlines a long-term roadmap to become a sovereign, advanced, and sustainable country through five key targets, eight development missions, seventeen strategic directions, and forty-five main development indicators. The plan will be implemented in four phases from 2025 to 2045, supported by social, economic, and governance transformation along with strong legal foundations, equitable regional development, sustainable infrastructure, and environmental resilience.

INDONESIA GOLD VISION 2025-2045 → **5 GOLD VISION TARGETS OF INDONESIA** → **8 DEVELOPMENT MISSIONS** → **17 DEVELOPMENT DIRECTIONS** → **45 MAIN INDICATORS OF DEVELOPMENT**

1. Income per capita equivalents to developed countries
2. Poverty declines and inequality decreases
3. Leadership positions and international influence increase
4. HR competitiveness increases
5. GHG emission intensity towards NZE

Development Phase

First Phase (2025-2029)	**Strengthening the foundation of transformation**
Second Phase (2030-2034)	**With the establishment of a strong foundation, Indonesia is set to accelerate its economy**
Third Phase (2035-2039)	**Indonesia starts steps to expand globally**
Fourth Phase (2040-2045)	**Indonesia succeeds in realizing Indonesia Gold 2045 vision**

Source: RPJPN 2025-2045

TRANSFORMATION

1. **Social Transformation:** Focusing on the development of outstanding Indonesian individuals;
2. **Economic Transformation:** Aiming for the nation to become high-income;
3. **Governance Transformation:** Emphasizing adaptive and principled regulations, as well as governance that is characterized by integrity, agility, and collaboration.

FOUNDATION OF TRANSFORMATION

4. Legal Supremacy, Stability, & Diplomatic Strength
5. Socio-Cultural and Ecological Resilience

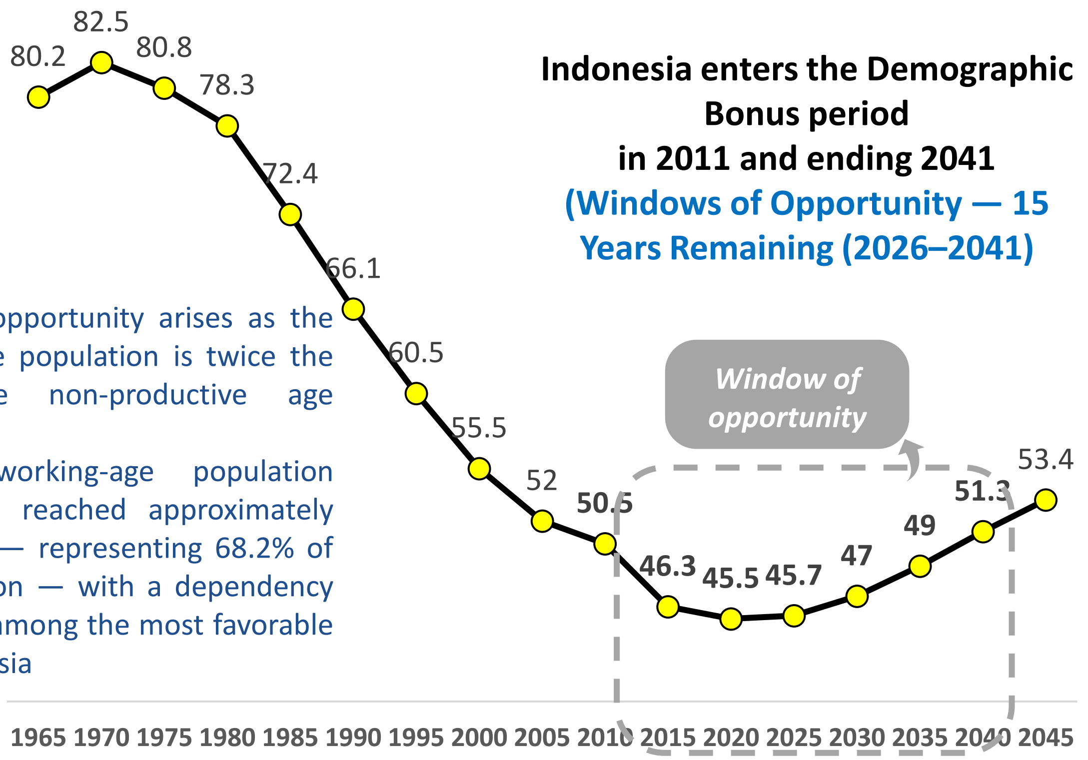
TRANSFORMATION IMPLEMENTATION FRAMEWORK

6. Equal and Quality Territorial Development
7. Quality and Environmentally Friendly Facilities and Infrastructure
8. Development Sustainability

Indonesia Retains Powerful Structural Growth Drivers: Young Population and Resource Depth

Indonesia's demographic dividend provides a strong long-term growth foundation, with 194.9 million working-age people aged 15–64 representing 68.2% of its 285.7 million population, supported by a low dependency ratio of 46.6. With 15 years remaining in the demographic bonus period (2026–2041), Indonesia faces a narrowing window to convert labor force scale into sustained productivity gains. The country also holds a strategic commodity advantage as the world's largest nickel producer, generating 2.2 million tons or 59% of global supply in 2024, vital for EV supply chains.

THE PEAK OF INDONESIA'S DEMOGRAPHIC BONUS



Indonesia enters the Demographic Bonus period in 2011 and ending 2041
(Windows of Opportunity — 15 Years Remaining (2026–2041)

- A significant opportunity arises as the productive-age population is twice the size of the non-productive age population.
- Indonesia's working-age population (15–64 years) reached approximately 194.9 million — representing 68.2% of total population — with a dependency ratio of 46.6, among the most favorable in Southeast Asia

Dependency Ratio is a comparison between the number of people aged 0-14 years plus the number of people aged 65 years and over (non-productive age population) compared to the number of people aged 15-64 years (productive age).

Source: BPS Preparation of Indonesian Population Projections SUPAS Results 2015-2045

SOCIAL CULTURAL CAPITAL

Harmonious and tolerant – Community Collaboration (Gotong Royong) – Deliberation to reach a consensus – Family – Social solidarity – Independent spirit – Cultural diversity

MARITIME WEALTH

16% of the world's coral reefs

25,000 species of flowering plants (10% of the world)

Capture fisheries potential 12 million tons

The largest mangrove forest 3.36 million hectares

Geographical Location Advantages

NATURAL WEALTH

125.57 million hectares of forest areas

Nickel with ore reserves 55 million tons (USGS 2025)

Coal reserves 32.2 billion short tons

Renewable energy potential 3,716 GW

Source: Bappenas

Indonesia's Policy Architecture for High-Quality, Sustainable Growth

Indonesia's economic engine maintained strong momentum in Q2 2026, with GDP expanding by 5.29% YoY. Domestic demand remained resilient, supported by 5.06% YoY household consumption growth and a 15.97% increase in government consumption during the quarter. Investment realization reached IDR 1,010.6 trillion in H1 2026, equivalent to 49.5% of the full-year target, while supportive fiscal expansion remained prudent, with H1 state expenditure rising 17.8% YoY and the fiscal deficit contained at 0.76% of GDP.

NEW PATH OF GROWTH:
HIGH GROWTH, INCLUSIVE, & SUSTAINABLE

1st ENGINE

Revitalizing the Conventional Economic Mechanism

- Manufacturing
- Agriculture
- Tourism

2nd ENGINE

Building a New Economic Engine

- Downstream minerals
- Digital economy
- Green economy

3rd ENGINE AS THE FOUNDATION

Enhancing Productivity & Competitiveness of Human Resources

- Upskilling
- Link & Match
- Vocational reform

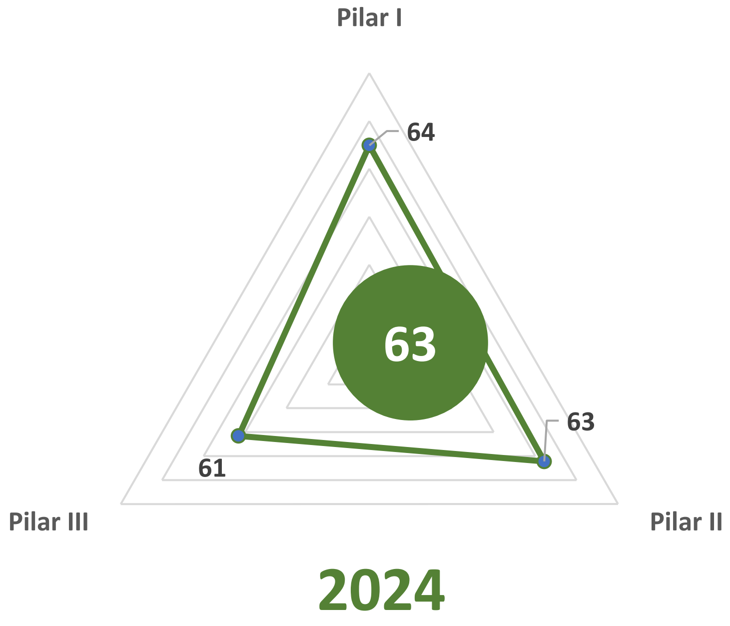
ENABLER FOR ECONOMIC GROWTH

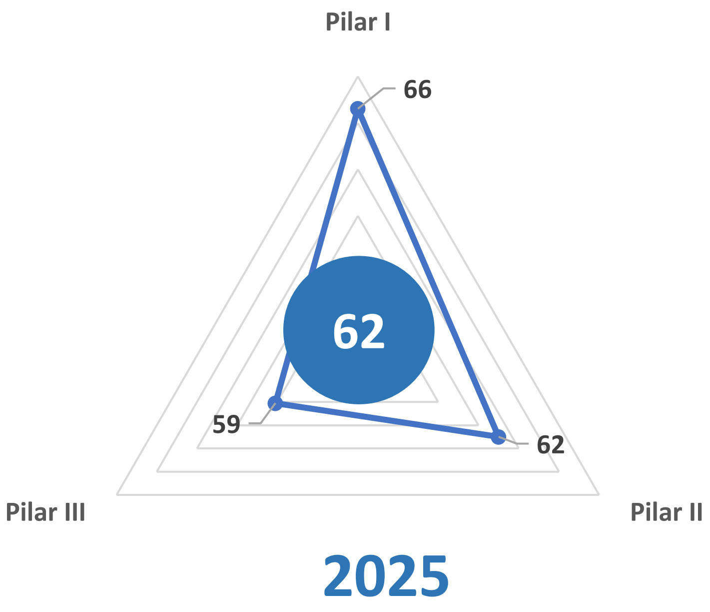
- Macroeconomic Stability
- Maintaining People's Purchasing Power
- Efficiency & Investment Climate Support
- Strengthening & Deepening the Financial Sector
- Enhancing Social Security & Social Safety Nets

Overview of Indonesia's 2025 World Bank B-READY Survey Results

The World Bank Group officially released the results of the 2025 B-READY Survey covering 101 countries. Overall, Indonesia obtained an average score of 62, marking a slight decline from the previous year's survey result of 63.

Comparison of Indonesia's B-READY Survey Result, 2024-2025





Pillar I – Regulatory Framework

Indonesia is positioned in the third quintile (ranked 41-60) with a score of **65.61**, **an improvement** compared to the 2024 result of 63.98.

Pillar II – Public Services

Indonesia is positioned in the second quintile (ranked 21-40) with a score of **62.00**, **a decline** from the previous year's score of 63.44.

Pillar III – Operational Efficiency

Indonesia is positioned in the third quintile (ranked 41-60) with an overall score of **59.01**, **a decline** compared to the previous year's score of 61.31.

Long-term Investment Policy Direction

The strategic alignment of PP 28/2025 and the revised Presidential Regulation on Investment Business Field (Perpres BUPM) fundamentally reshapes Indonesia's investment ecosystem through centralized operations, enhanced SLA certainty, and partnership-based MSME empowerment

INVESTMENT POLICY REFORM IN INDONESIA

PP 28/2025

"How investment operates"

Revision of PP 5/2021 that strengthens the operational aspects of business licensing through the confirmation of service time certainty (SLA), fictitious-positive principles, OSS centralization, and integration of licensing and investment facilities, to reduce uncertainty, overlapping authority, and improve process accountability.

Revision of Perpres BUPM

"Where & under what conditions investment is allowed"

Improving the regulation of investment sector openness and restrictions (Perpres 10 & 49 of 2021) by reducing restrictions, expanding incentives, and shifting MSME protection toward partnership-based empowerment, clarifying sectors, schemes, and limits for foreign and domestic investment.

→ Procedural and structural reforms carried out simultaneously to boost investor confidence

Policy Direction of Indonesia's Investment Framework: From PP 10/2021 to Risk-Based Licensing Reform (PP 28/2025)

Indonesia's investment policy has evolved from the framework under Government Regulation (PP) 10/2021 and PP 49/2021 toward a more advanced risk-based approach under PP 28/2025. The current framework emphasizes digitalized licensing through OSS RBA, enhanced cross-sectoral integration, strengthened supervision, and closer coordination between central and regional governments, while prioritizing green, digital, and downstream industries.

THE URGENCY OF REVISION

- To reflect current economic dynamics
- To create a more conducive investment climate
- To increase efficiency, support industrial transformation, and strengthen national competitiveness

THE OBJECTIVE OF REVISION

MORE OPEN, LESS RESTRICTIVE

- Easing of restrictions
- Strategic sectors are now more open to investment: health, trade, tourism, public works, and education.

MORE OPEN INVESTMENT OPPORTUNITIES IN SPECIAL ECONOMIC ZONES (SEZ)

- No minimum investment limit
- Simplified and fully digitalized business processes through the OSS Risk-Based Approach (OSS RBA) system
- Fiscal and non-fiscal incentives to support investment
- Various strategic SEZ zone options, including tourism, production and processing, logistics & distribution, research & technology, and energy

THE STRATEGY

FISCAL INCENTIVES

- Tax Holiday, Tax Allowance, Investment Allowance
- Super Tax Deduction
- Customs Incentives

NON-FISCAL INCENTIVES

- Ease of Licensing & Infrastructure
- Support for Energy, Raw Materials, Immigration, and Employment

NEW PRIORITIES

- Green industry
- Digital industry

Implementation of OSS with Risk-based Business Licensing

The implementation of Risk-Based Business Licensing (OSS RBA) under PP 28/2025 went fully live on October 5, 2025. In 2026, the system continues to be refined: KBLI 2025—the new national business classification standard replacing KBLI 2020 is being integrated into OSS with a deadline of June 18, 2026. Regulated sectors have expanded from 16 to 23, business license validity is now indefinite, and environmental approvals are fully digitalized through OSS, strengthening legal certainty for investors.

3 Major Changes in PP 28/2025

- **Implementation of service time (SLA/Service Level Agreement) in the process of issuing business permits**
- **Implementation of Fictitious-Positive policies**
- **The licensing process is carried out electronically through the OSS RBA system**

Single Preference Principle

PP No. 28/2025 serves as the primary regulatory reference, supported by integrated implementation across relevant ministries and regional authorities.

Regulation in PP 28/2025

Consists of 14 chapters:

- Two new chapters added (Basic Requirements and PBUMKU)
- Basic requirement reform
- Simplification of NSPK chapters and adjustment of sector names according to UUCK (Job Creation Law)
- Improvement and completion of norms

Improvement of Annexes I – IV:

- Provide clarity
- Substantial improvements to Annexes I and II
- Details of the requirements and obligations of PB and PB UMKU

Risk-Based Business Licensing Development

June 2025
Issuance of Government Regulation No. 28 of 2025

November 2025
OSS with Risk-Based Business Licensing (PP 28/2025) has been implemented since November 2025, with minor adjustments still ongoing

Government law updates

- 17 has been enacted
- 5 finished harmonisation process
- 3 is in harmonisation process

Source: Coordinating Ministry for Economic Affairs

Debottlenecking Channel – P3M-PPE Task Force

Indonesia has established a Debottlenecking Channel as part of the "Government Program Acceleration to Support Economic Growth" (P3M-PPE) Task Force, established under Presidential Decree No. 4 of 2026, to provide a dedicated mechanism for businesses to report and resolve regulatory, licensing, investment, and cross-sectoral implementation issues that may hinder economic activity, while facilitating faster coordination among relevant ministries and government agencies.

170	126	30	14
Complaints Received	Complaints Resolved	Under monitoring for resolution	Complaint returned

HOW TO ACCESS DEBOTTLENECKING CHANNEL

- **Visit https://lapor.satgasp2sp.go.id/**
- Business actors must have a NIB (Business ID)
- Maximum 2 issues per reporter, accompanied by supporting evidence
- Complaints processed through hearings led by the Minister of Finance as Deputy Task Force Chair or Echelon I/II Coordination Meetings

Accelerating National Downstreaming: Phase II

A strategic investment of IDR 116 Trillion anchors Indonesia's Phase II downstreaming expansion, spreading 13 new infrastructure projects across energy, minerals, and food sectors to fortify economic sovereignty.

| Groundbreaking of 13 downstreaming projects as of April 2026

Energy Cluster

- Construction of **Gasoline Refineries** in **Dumai & Cilacap** to support national energy security
- Provision of strategic **Fuel Operational Tanks** in **Palaran, Biak, & Maumere**
- Construction of a **DME Plant** with 1.4 Million Tons/Year capacity in **Tanjung Enim**

Mineral Cluster

- Expansion of the integrated **Stainless-Steel industry** in **Morowali** (**Central Sulawesi**)
- Capacity development of **Carbon Steel facilities** in **Cilegon** (Banten)
- Downstreaming of the **Buton Asphalt industry** in **Karawang** (**West Java**)
- Construction of **Copper & Gold Smelter and Refinery** in **Gresik**

Food CLuster

- Development of integrated **Palm Oleofood & Biodiesel industry** in **Sei Mangkei (North Sumatera)**.
- Establishment of a high value-added **Nutmeg Oleoresin processing plant** in **Central Maluku**
- Setting up integrated **Coconut Industry** in **Central Maluku** for export commodities

Continuing Phase I (February 2026); Phase III (6 more projects) planned, toward a total of 32+ national strategic downstreaming projects

Driving **industrial transformation** to ensure economic sovereignty and national resilience through **domestic value-added creation**.

Rp 116 Trillion

Total Investment Capital Expenditure

Key Strategic Impacts:

- Accelerating Import Substitution in Energy & Materials.
- Projected creation of high-value industrial job opportunities.
- Strengthening regional economies in 10+ strategic locations.

Trade Policy: Deregulation on Import Policy

Indonesia is reducing trade frictions through targeted import deregulation across 482 HS codes, particularly for selected industrial inputs, while maintaining product-specific safeguards. At the same time, the import regime continues to be refined through Permendag 18/2026, strengthening licensing administration, electronic integration and regulatory certainty for businesses.

Deregulated Import Commodity Groups (482 HS)

Industrial Raw Materials/Auxiliary Materials (29 HS)

- Subsidized Fertilizers
- Other Fuels
- Plastic Raw Materials
- Saccharin, cyclamate, alcohol-containing fragrances
- Certain chemicals
- Pearls

National Program Support Products (2 HS)

- *Food support programs (e.g., food trays)*

Forestry Product (441 HS)

Forestry Products (441 HS) constitute 91% of deregulated codes — covering timber inputs for industrial use, with import declarations from KLHK still required to ensure legal traceability

Competitive Industrial Products (10 HS)

- Footwear
- Two-wheeled and Three-wheeled Bicycles

AUGUST 2026 UPDATE: STRATEGIC COMMODITY EXPORT REFORM

- PT Danantara Sumberdaya Indonesia (DSI) has operated as the BUMN Export entity since 1 June 2026 with initial commodities: coal, palm oil and ferroalloy
- 1 Jun–31 Dec 2026: transition phase — exporters continue operations while submitting export data/documents through the integrated system
- Full one-door export mechanism through DSI targeted for implementation by 1 Jan 2027
- 2025 exports of the three commodities: USD66.13 billion / 23.4% of national exports

Import Deregulation Policy Output

The import regime continues to evolve under Permendag No. 16/2025 and its subsequent amendments, including Permendag No. 37/2025 and the latest Permendag No. 18/2026, promulgated on 4 June 2026. The latest amendment strengthens import licensing administration, electronic-system integration and compliance validation, while introducing mechanisms to address disruptions to the flow of goods. Commodity-specific import rules remain governed by the relevant MoT regulations, including their subsequent amendments.

Commodities Clustered Based MoT, as detailed :

1. MoT Regulation No 17 of 2025 on Import Policy and Regulation for **Textiles and Textile Products**;
2. MoT Regulation No 18 of 2025 on Import Policy and Regulation for **Agricultural and Livestock Products**;
3. MoT Regulation No 20 of 2025 on Import Policy and Regulation for **Chemicals, Hazardous Materials (B3), and Mining Materials**;
4. MoT Regulation No 21 of 2025 on Import Policy and Regulation for **Electrical and Telecommunications Products**;
5. MoT Regulation No 22 of 2025 on Import Policy and Regulation for **Certain Industrial Goods**;
6. MoT Regulation No 23 of 2025 on Import Policy and Regulation for **Consumer Goods**;
7. MoT Regulation No 24 of 2025 on Import Policy and Regulation for **Used Goods and Non-Hazardous (Non-B3) Waste; and**
8. MoT Regulation No. 19 of 2025 on Import Policy and Regulation **for Salt and Fishery Commodities — subsequently amended by MoT Regulation No. 38 of 2025**

Policy Support in the Field of Manpower

Indonesia's labor framework is becoming more predictable through enhanced JKP protection and formula-based wage setting under PP 49/2025. For investors, the key 2026 watchpoints are the implementation of labor-law alignment and the expansion of workforce readiness through national apprenticeship, vocational training and reskilling programs.

Completed 2025–2026 Support: 50% JKK contribution adjustment for eligible labor-intensive industries through January 2026, with the final settlement deadline on 30 June 2026

MACRO CONTEXT: 2025 GDP 5.11% | Q1 2026 5.61% YoY | Q2 2026 5.29% YoY | H1 2026 5.45% | 2026 target 5.4%

JKP Enhancement — Job Loss Insurance

Financial Relief for Employers

- Total contribution rate reduced from 0.46% to 0.36%, funded entirely through APBN subsidy (0.22%) and JKK recomposition (0.14%) —no new direct employer cash outlay required.
- Investor Impact: stronger JKP coverage without increasing the total JKP contribution rate

Upgraded Protection for Workers

- 60% of reported wages for up to 6 months, subject to a maximum reported wage base of Rp5 million/month
- Vocational training access as stipulated under implementing regulations.
- Investor Impact: stronger worker income protection and smoother labor-market transitions.

Human Capital Investment 2026

- National Apprenticeship Program: 150,000 fresh graduates
- Vocational Training: 220,000 SMK graduates
- Reskilling support: 50,000 workers affected by layoffs
- 2026 combined allocation: Rp6.26 trillion

Focus: improving workforce readiness and alignment with industry demand

Formula-Based Wage Setting

UMR 2026 Rp

- Formula: Inflation + (GDP Growth × α) — Formula-based wage setting strengthens transparency and predictability in annual wage adjustments
- 2026 minimum-wage adjustments are determined under the formula-based national framework in PP 49/2025, improving predictability for wage planning
- DKI Jakarta UMP 2026: Rp5,729,876/month ((+6.17% YoY))
- Formula-based wage setting improves visibility for annual labor-cost planning

Labor Law Alignment – Implementation Milestone

- Constitutional alignment follows MK Decision No. 168/PUU-XXI/2023
- Areas include employment contracts, outsourcing, wages and severance
- Implementation deadline under the constitutional mandate: 31 October 2026
- Investor watchpoint: clarity of implementing legislation and transition arrangements ahead of the 31 October 2026 constitutional deadline.

Key legal basis: PP No. 6/2025 on JKP; PP No. 36/2025 on the extension of JKK contribution adjustment for certain labor-intensive industries; and PP No. 49/2025 on wage-setting rules.

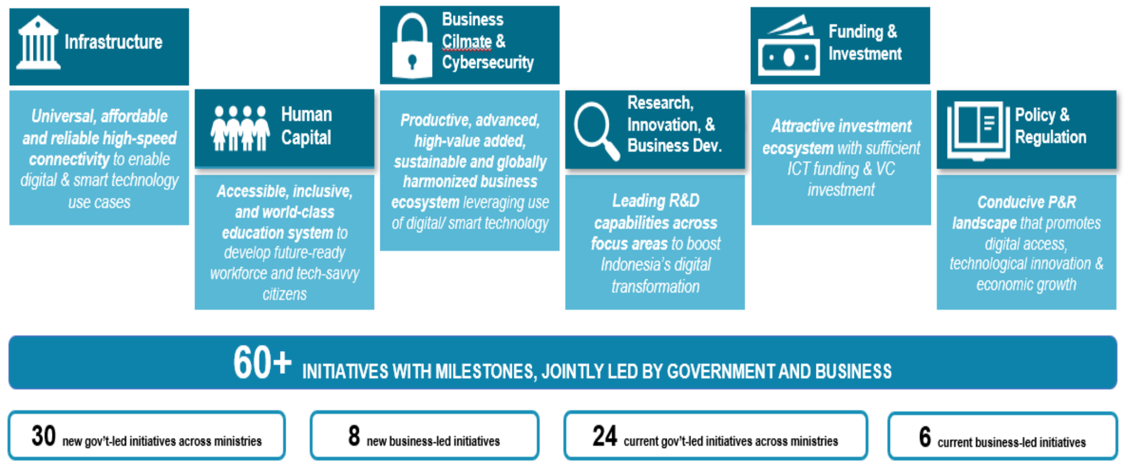
Indonesia's Digital Economy: Policy Architecture and Regional Integration Toward USD 600 Billion by 2030

Indonesia's digital opportunity is best framed as a large and rapidly expanding market, with national policy architecture targeting roughly USD600 billion of digital-economy GMV by 2030– backed by national policy architecture and two regional frameworks that can broaden the addressable market as implementation advances: ASEAN DEFA and RCEP (in force for Indonesia since January 2023), can widen the addressable market through common rules, trade facilitation and deeper regional integration, but the investor case depends on implementation rather than agreement headlines alone.

DOMESTIC

Indonesia's Digital Economy: A USD 600 Billion Opportunity by 2030

- Indonesia's Coordinating Ministry for Economic Affairs launched the National Digital Economy Development Strategy White Paper in December 2023 — establishing the policy architecture for a digital economy projected to reach USD 600 billion by 2030, equivalent to 10% of GDP.
- The White Paper operationalizes this ambition through six interconnected policy pillars spanning infrastructure, human capital, business climate & cybersecurity, research & innovation, funding & investment, and regulatory frameworks — with 60+ government-led and private sector initiatives currently in execution.
- Designed as a living document, the White Paper provides a structured, adaptive roadmap aligned with Indonesia's broader Golden Indonesia 2045 development vision.



Source: White Paper on The National Digital Economy Development Strategy (Dec 2023), Kemenko Perekonomian — ekon.go.id | RCEP: ASEAN Secretariat — asean.org | ASEAN DEFA: SEOM Statement 29 May 2026 — asean.org | USD 2T projection: BCG DEFA Study 2024

REGIONAL

1. ASEAN DIGITAL ECONOMY FRAMEWORK AGREEMENT (DEFA): Building a more Integrated Regional Digital Market

ASEAN DEFA negotiations reached full conclusion on 29 May 2026 at the 57th ASEAN Senior Economic Officials Meeting in Manila — establishing a comprehensive framework covering digital trade, cross-border e-commerce, data governance, digital identity, electronic payments, cybersecurity, AI governance, and digital talent mobility across all 10 ASEAN member states

NEXT STEPS — DEFA RATIFICATION PATHWAY
Full conclusion and signing: targeted for 2026
49th ASEAN Summit: 13–15 November 2026, Philippines

National ratification/approval: subject to ASEAN Member States' domestic procedures
Entry into Force: subject to completion of required national procedures
Market implication: DEFA could help double ASEAN's digital economy from approximately USD1 trillion to USD2 trillion by 2030,

2. REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

- World's largest trade bloc by GDP — 15 economies including China, Japan, South Korea, Australia, New Zealand + all 10 ASEAN member states
- Combined footprint: ~30% of global GDP (USD 29.7 trillion) | 2.2 billion people
- Digital economy provisions covering e-commerce facilitation, cross-border data flows, unified rules of origin, and market access for digital services & investment
- Indonesia is a founding member since inception

Indonesia's Bullion Ecosystem: A Regulated Gold Monetization Framework

Indonesia's bullion ecosystem has moved from policy design to measurable market activity, with regulated institutions managing tens of tonnes of gold and serving millions of customers. The ecosystem is now expanding beyond traditional gold savings toward deeper bullion financing, trading, custody and regulated investment products such as gold ETFs, supported by the OJK Bullion Roadmap 2026–2031.

INDONESIA BULLION ECOSYSTEM – KEY MILESTONES

Legal Foundation
2023
Law No. 4/2023 (P2SK) establishes the legal basis for bullion business activities.

Regulatory Framework
18 Oct 2024
POJK No. 17/2024 establishes the regulatory framework for bullion business activities

Initial Licensing
Dec'24/ Feb'25
Pegadaian and BSI receive OJK approval to conduct bullion business activities.

National Launch
26 Feb 2025
President officially launches Indonesia's bullion services through Pegadaian and BSI.

Product & Market Deepening
23 Feb 2026
POJK No. 2/2026 establishes the regulatory framework for gold-backed ETFs

Bullion Roadmap 2026–2031
6 Mar 2026
OJK launches the Bullion Roadmap 2026–2031 to guide ecosystem development, gold down streaming and financial-market deepening

Ecosystem & Innovation
2026
Gold tokenization advances through OJK's regulatory sandbox; IBMA is established to strengthen industry coordination and standardization

Strategic Rationale & Policy Foundation

Indonesia's bullion framework creates a regulated channel for mobilizing gold across the financial system, linking domestic gold holdings with savings, financing, trading and custody services. The framework supports gold-sector downstreaming and financial-market deepening by integrating activities across the gold value chain.

PT Pegadaian and Bank Syariah Indonesia (BSI) are the initial licensed bullion operators under OJK's framework. BSI reported managing 24.01 tonnes of gold as of June 2026.

Regulated Business Lines

- **Gold Saving;** gold savings products
- **Gold Financing;** gold-backed finance facilities
- **Gold Transaction:** trading **of** physical gold bar through licensed channels
- **Gold Deposit/Custody:** custody of physical gold

Market Validation Box

Customer Traction: Pegadaian bullion customers: 5.6 million (Feb 2026), up from 3.2 million at launch in Feb 2025.
BSI bullion customers: +700% YoY (Jun 2026)..
Product & Market Expansion: OJK Bullion Roadmap 2026–2031 is advancing ecosystem development and financial-market deepening through new regulated products, including gold ETFs and gold tokenization, while IBMA strengthens industry coordination and standardization.
Scale & Trajectory: Market activity is scaling across the ecosystem, with BSI managing 24.01 tonnes of gold, Pegadaian recording 40.59 tonnes within its bullion activities, and ICDX recording 30.9 million grams of digital physical-gold transactions in Q1 2026, up 246% YoY..

- Gold tokenization sandbox: 3,750g tokenized; Rp8bn transaction volume

The National Strategic Project (PSN)

The regulation governing the National Strategic Projects list has undergone fourteen amendments between 2016 and 2026, with directives from the President for the program to continue moving forward

Presidential Directives on National Strategic Projects

During a meeting held on 26 November 2024, the President directed that the National Strategic Projects (PSN) and Special Economic Zones (SEZs) be continued as key drivers of inclusive and sustainable economic growth.

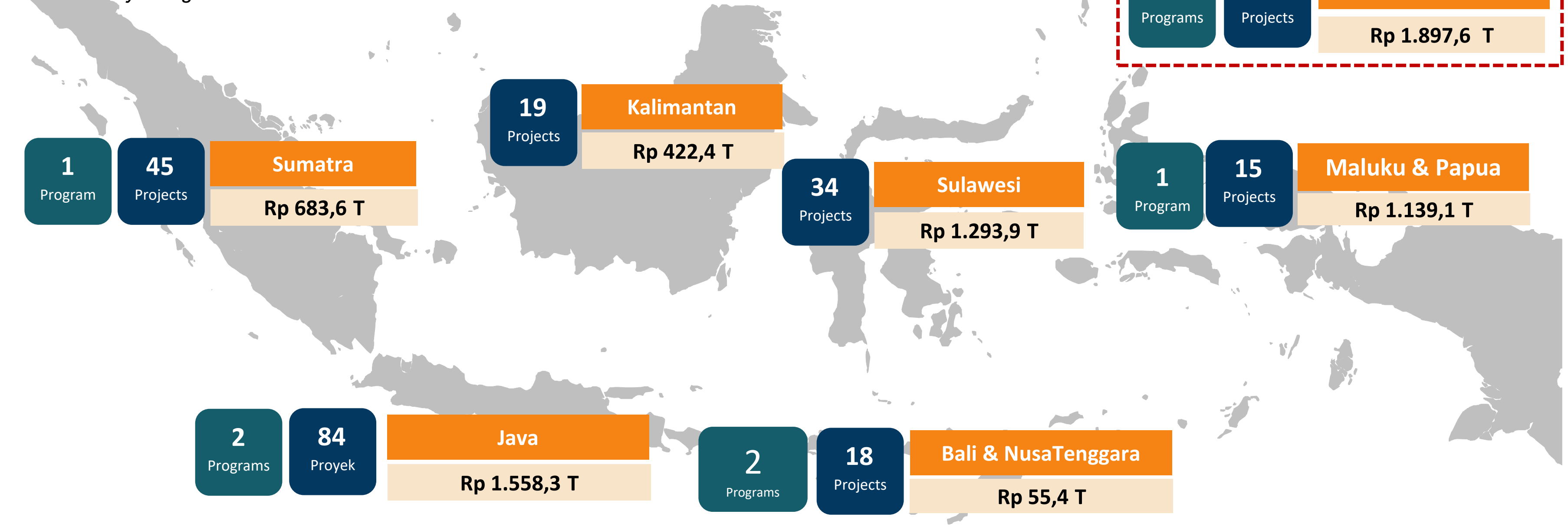
Ideally, each province should have at least one Special Economic Zone (SEZ), which would result in Indonesia having a total of 38 SEZs nationwide. (Statement/Directive of the President during the inauguration of Batang Industropolis SEZ on 20 March 2025).

*)excluding the investment value of the 6 programs mandated by the President as per the updated 2025 National Development Plan (RKP), which is currently being calculated

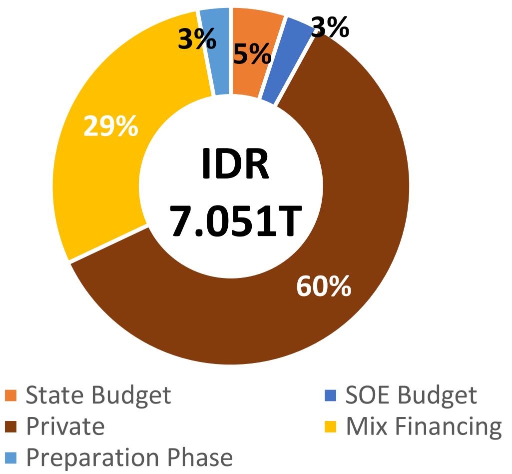
Distribution of National Strategic Project (PSN)

Distribution of National Strategic Projects Based on Coordinating Ministry for Economic Affairs Regulations No. 16/2025, No. 19/2025, and No. 4/2026, there are 226 Projects and 26 Programs designated as National Strategic Projects (PSN), with a potential investment value (CAPEX) of IDR 7,051.9 trillion.*

**Excludes the investment value of the 6 presidential directive programs and the Food, Energy, and Water Self-Sufficiency Program resulting from forest area regulation, as per the updated 2025 National Development Plan (RKP), which is currently being calculated*



Portion of the Investment Plan Scheme Funding



14 Sector of PSN

- **Road** 50 Projects
- **Dams and Pond** 57 Projects
- **Industrial Estate** 44 Projects
- **Train** 13 Projects
- **Agriculture & Plantations** 2 Projects
- **Energy** 18 Projects
- **Port** 15 Projects
- **Water and Sanitation** 9 Projects
- **Airport** 7 Projects
- **Tourism** 1 Projects
- **Education** 1 Project
- **Seawall** 1 Project
- **Technology** 6 Projects
- **Housing** 2 Projects

26 Programs of PSN

- SEZ
- Sugar and Palm
- Ecocity
- Smelter
- Superhub
- Tourism and Aviation
- Economic Equality
- Operation of Toll Roads
- Makan Bergizi Gratis
- Koperasi Merah Putih
- Poverty Alleviation
- North Coast Fish Ponds
- Exit Tol Acess
- Food Security
- Tourism
- Waste Management
- Flood Control, Traffic Management, and Livability
- Accelerated Regional Development
- Electricity
- Border Area
- Sekolah Rakyat
- Digitalisasi Pendidikan
- Food, Energy, and Water Self-Sufficiency Zon
- Integrated Shrimp Farming Development

Source: KPPIP,Coordinating Ministry for Economic Affairs

2026 National Strategic Projects Completion Target

Of the 10 National Strategic Projects (PSN) targeted for completion in 2026, 4 projects had been completed as of August 2026, representing 40% of the annual completion target, while the remaining 6 projects are expected to be completed by December 2026. These projects span key sectors, including energy, industrial estates, transportation, irrigation, and water infrastructure, and are expected to support investment realization, regional development, and broader economic activity.

List of projects completed until August 2026

No	List of PSN	Sector	Location	Investment
1	Rehabilitation of the Rentang Irrigation Network	Dam and Irrigation	West Java	IDR 5,456 M
2	Development of Copper Commodity Processing and Refining Facilities by PT Amman Mineral Industri in West Sumbawa, West Nusa Tenggara	Energy	West Nusa Tenggara	IDR 20,600 M
3	RDMP Balikpapan (part of PSN No. 207: Upgrading of Existing Refinery/Refinery Development Master Plan (RDMP))	Energy	East Kalimantan	IDR 123,000 M
4	Development of Bauxite Processing and Refining Facilities by PT Borneo Alumina Indonesia in Mempawah, West Kalimantan Province, Phase I (part of the project for the development of bauxite processing and refining facilities into alumina, Phase I and Phase II, including supporting infrastructure and facilities, including alumina processing facilities resulting from refining activities (SGAR 1 and SGAR 2))	Energy	West Kalimantan	IDR 15,280 M

List of projects completed by December 2026

No	List of PSN	Sector	Location	Investment
1	Tanah Kuning Industrial Estate (PT ISI)	Industrial Estate	North Kalimantan	IDR 4,015 M
2	Kuala Tanjung Industrial Estate	Industrial Estate	North Sumatera	IDR 28,080 M
3	Sigli–Banda Aceh Toll Road	Road	Aceh	IDR 16,536 M
4	Cirebon–Semarang Gas Transmission Pipeline, Phase II (part of the PSN for the Development of the Cirebon–Semarang Gas Transmission Pipeline, Phase I: Semarang–Batang Section and Phase II: Batang–Indramayu Section, as well as the Sei Mangkei Special Economic Zone–Dumai Section)	Energy	West Java and Central java	IDR 2,790 M
5	LPG Storage Tank	Energy	East Indonesia	IDR 1,106 M
6	Regional Drinking Water Supply System (SPAM) Benteng–Kobema (Central Bengkulu, Bengkulu City, and Seluma)	Water and Sanitation	Bengkulu	IDR 910 M

Land Value Capture (LVC) as an Enabler for Alternative Financing

Land Value Capture enables infrastructure financing by leveraging the increase in land and property values created as a result of infrastructure development

Regulatory Framework for LVC

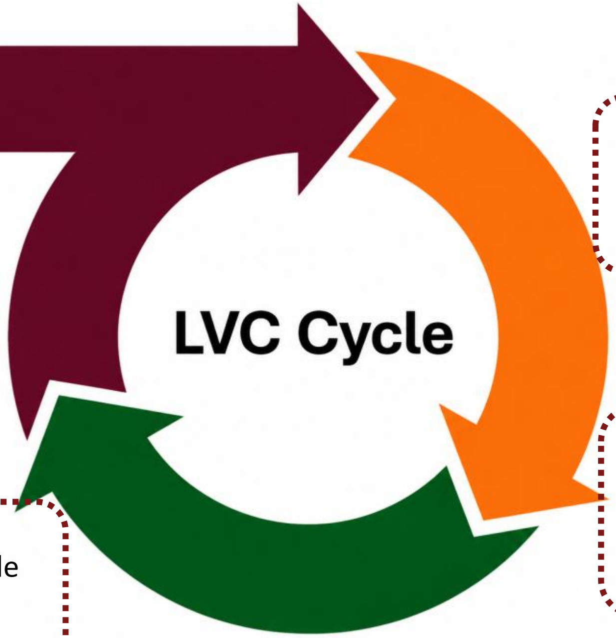
Through the issuance of Coordinating Ministry for Economic Affairs Regulation No. 3 of 2026, LVC is positioned as an innovative alternative financing mechanism for area-based infrastructure development and zonation corridor schemes. This policy creates significant opportunities to optimize the increase in land and area value generated by development initiatives undertaken by the Central Government, Regional Governments, and/or business entities, enabling the resulting economic benefits to be transformed into sustainable funding sources that support accelerated infrastructure provision and regional development.

LVC Planning

A comprehensive effort to design and prepare the implementation of LVC

Value Financing

Utilizing the captured value as a sustainable financing source to support infrastructure development and area growth



Value Creation

Initiatives aimed at increasing land value and stimulating economic growth within the area.

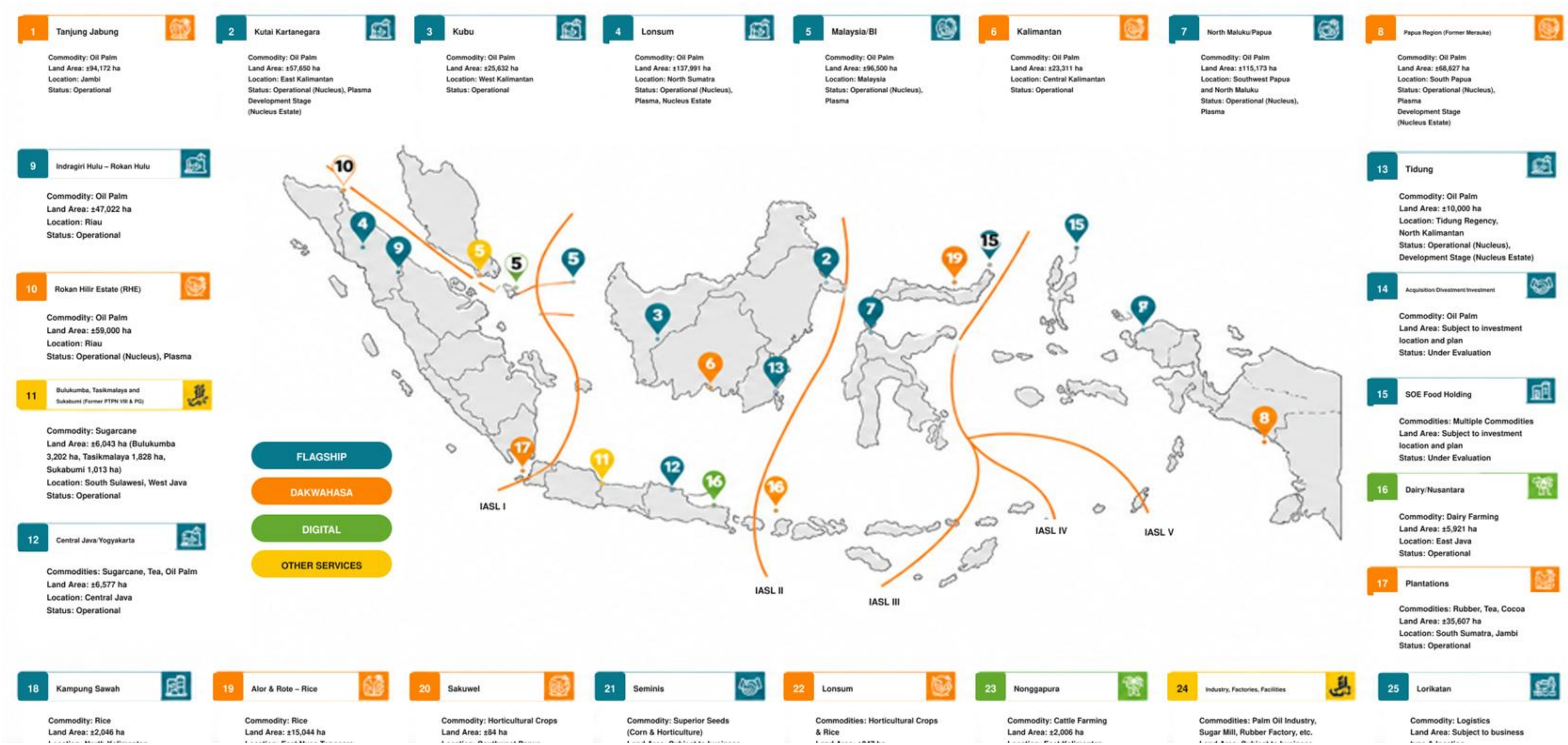
Value Capture

The process of identifying, measuring, and converting the increase in land value generated by development initiatives into economic value

Source: KPPIP,Coordinating Ministry for Economic Affairs

Achievement of Special Economic Zones

The cumulative investment achievement of 25 SEZs until the first quarter of 2026 has reached IDR 368 trillion with the creation of jobs of ±283 thousand people.



Cumulative achievement of all SEZs until TW II 2026

IDR 368 Trillion

Creation Employment **± 283K People**

Business Entities & Business Actors **444**

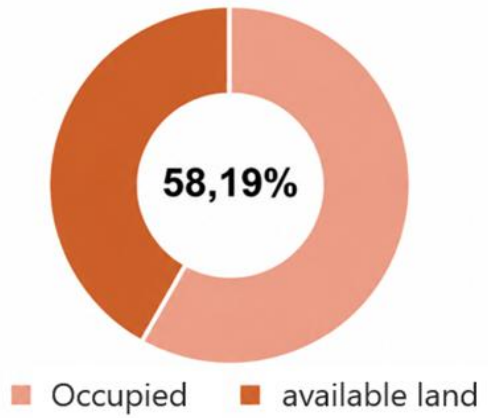
Source: KPPIP,Coordinating Ministry for Economic Affairs

Industrial Estates as Key Drivers of Investment and Economic Growth in Indonesia

The continued expansion of industrial estates across Indonesia strengthens the country's capacity to accommodate new investment and promote more geographically diversified industrial development. Currently, industrial estates cover approximately 98,291.68 hectares, with 58.19% of available land occupied. Their economic footprint is substantial, representing IDR 6,744.58 trillion in investment and providing employment for around 2.35 million people. There will be 176 national industrial estates with the highest number on the island of Java (105 IE) and Sumatra (34 IE)

Sumatera		Java	Kalimantan	Sulawesi - Maluku
Aceh (1 IE)	North Sumatera (3 IE)	Jakarta (2 IE)	Central Kalimantan (1 IE)	South Sulawesi (3 IE)
Riau (5 IE)	Riau Islands (20 IE)	Yogyakarta (1 IE)	South Kalimantan (7 IE)	Central Sulawesi (9 IE)
West Sumatera (1 IE)	South Sumatera (1 IE)	Central Java (13 IE)	East Kalimantan (2 IE)	North Maluku (4 IE)
Bangka Belitung (2 IE)	Banten (19 IE)	East Java (14 IE)	North Kalimantan (1 IE)	Southeast Sulawesi (4 IE)
Lampung (1 IE)	West Java (56 IE)		West Kalimantan (5 IE)	North Sulawesi (1 IE)

1. Reach of Industrial Areas



2. Impact of Industrial Estate

IDR6,744.58 T Investment Value	**98,291.68 Ha** Total Area Land
2.35 million people Labor Absorption	**11,970 inhabitants** Company / Tenant

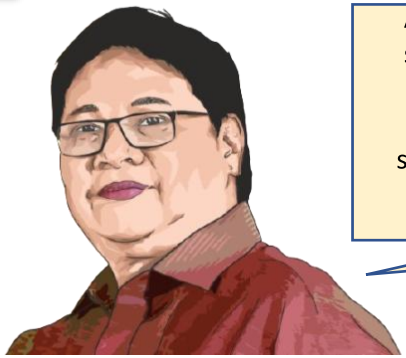
Source: Ministry of Industry

Source: KPPIP, Coordinating Ministry for Economic Affairs

About the Energy Transition and Green Economy Task Force

Driving Sustainable Growth: The Task Force Accelerates National Decarbonization Targets through Just Energy Transition Initiatives and Robust Investment Realization.

1 Background



A National Energy Transition Task Force is needed, encompassing initiatives such as **AZEC, JETP, and other policies related to energy transition and the green economy**, to ensure stronger synergy among various financing schemes, investments, and sustainable energy transition policies. This will support Indonesia's decarbonization targets and the development of a green economy.

Airlangga Hartarto
Coordinating Minister for Economic Affairs

2 Main Objective

To support the realization of a green economic transformation, as outlined in the 2025 – 2029 National Medium-Term Development Plan (RPJMN)

3 Roles and Responsibilities

- **Develop a roadmap and policies** for the energy transition and green economy, including decarbonization.
- **Harmonize, adapt, and formulate regulations** that support the energy transition and green economy.
- **Ensure the effective implementation** of policies and regulations related to the energy transition and green economy.
- **Identify and coordinate financing mechanisms** from domestic and international sources to support the energy transition and green economy.
- **Promote investment and technology transfer** in the sustainable energy sector through collaboration with national and international strategic partners.
- **Manage the social, economic, and environmental impacts** of the energy transition and green economy, including those affecting the workforce in impacted sectors.
- **Develop human resource and research capacity** to support the energy transition and green economy.

Source: Coordinating Ministry for Economic Affairs

JETP Indonesia Stands as the Largest Individual Energy Transition Financing Effort

On 16 November 2022, Indonesia and the International Partners Group (IPG) – supported by 7 global financial institutions under GFANZ – launched JETP Indonesia, the world's largest individual country-level energy transition financing commitment at USD 21.8 billion

X

IPG MEMBERS

&

GFANZ
Glasgow Financial
Alliance for Net Zero

Bank of America, Citi, Deutsche Bank, HSBC, Macquarie, MUFG, and Standard Chartered

2030 TARGET

- Target in 2030: CO_2 emissions 250 MT (on-grid power sector)
- Renewable energy: 44% share of power mix
- Total Financing needed : USD 97.3 billion by 2030
- 400+ priority projects (USD 66.9 billion investment required) to be initiated by 2030
- largest individual energy transition financing effort

THE ENERGY TRANSITION AND GREEN ECONOMY TASKFORCE (SATGAS TEH) PLAYS A CENTRAL ROLE IN ADVANCING INDONESIA'S ENERGY TRANSITION AND SUPPORTING JETP IMPLEMENTATION

Governance and Coordination Framework, established under CMEA Decree No. 141/2025

Structure

Chairman	Vice-Chairman	Supervisory	Members
Coordinating Minister of Economic Affairs (CMEA)	Coordinating Minister for Infrastructure & Regional Development (CMIRD)	Chairman of the Financial and Development Supervisory Agency (BPKP)	18 lines ministries represented as members

Four Working Groups

Green Energy & Upstream Decarbonization	Green Industry and Downstream Decarbonization	Partnership, Finance and Green Investments	Social, Economy, Environment, and Human Resource Capacity Development
Led by, MEMR Directorate General EBTKE	Led by, Ministry of Industry	Led by, Director General of Risk Management and Financing, Ministry of Finance	Led by, Exec. Director for Policy Synchronization of Economic Priority Programs, National Economic Council

THE COMPREHENSIVE INVESTMENT AND POLICY PLAN (CIPP) 2023 PROVIDES THE TECHNICAL, FINANCING, POLICY, AND JUST TRANSITION ROADMAP — IDENTIFYING 400+ PRIORITY PROJECTS REQUIRING USD 66.9 BILLION INVESTMENT BY 2030.

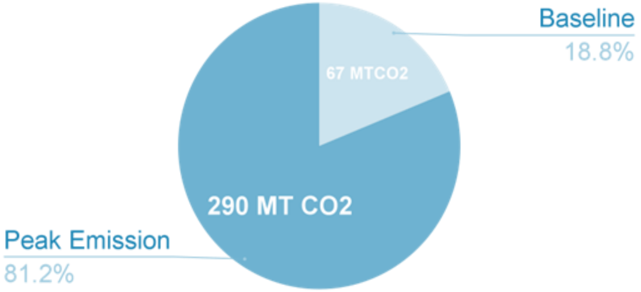
Source: Coordinating Ministry for Economic Affairs

JETP Indonesia's Target & Investment Outlook

Indonesia aims to peak electricity sector emissions at no more than 290 $MTCO_2$ by 2030 and accelerate the transition toward cleaner energy. This transition is supported by a target of at least 34% renewable power generation and the mobilization of over USD 21 billion in public and private financing.

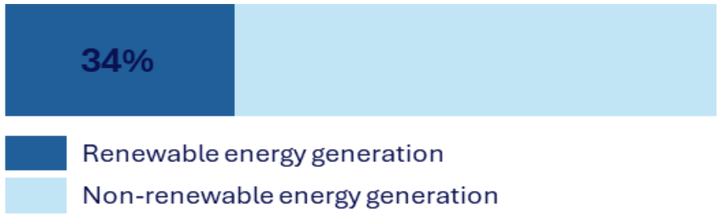
The shared targets for the electricity sector as outlined in the Joint Statement:

Total Electricity Sector Emissions



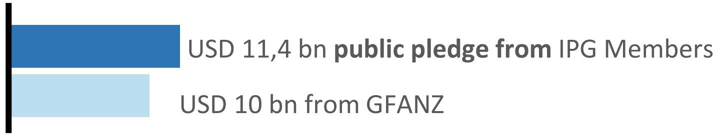
Achieve total electricity sector emissions peak at an absolute value of no more than 290 MTCO2 in 2030 (down from the 2030 baseline of 357 MTCO2) and **immediate decline** as it shifts the projected emissions peak into the future.

Power Generation in 2030



Accelerating the deployment of renewable energy so that renewable energy generation comprises at least 34% of all power generation by 2030, roughly doubling total renewables deployment over this decade compared to current plans.

Funding Mobilization (USD)



Mobilizing **USD 21,4 billion in public and private financing** to decarbonize Indonesia's energy sector, of which USD 11,4 billion will be mobilized by the IPG members and the other USD 10 billion will be facilitated by GFANZ for private finance. The financing was later increased to USD 21.4 billion in total in 2026.

Investment Focus Area (IFA)

1. Promoting Energy Efficiency and Electrification Implementation
2. Development of electricity transmission and distribution
3. Dispatchable renewable energy acceleration
4. Variable renewable energy (VRE) acceleration
5. CFPP Repurposing
6. Development of renewable energy supply chains

JETP Indonesia: USD 3.4 Billion Mobilized of USD 21.8 Billion Pledge — December 2025

Indonesia has mobilized USD 3.4 billion from the USD 21.8 billion JETP pledge by December 2025, driven by growing pipelines of loans, equity, and grants. With multiple projects approved and over USD 4.4–5.2 billion in financing in process, momentum for energy transition financing is accelerating.

Loan/Equity[1]

6	4	> 20
Approved Programs totaling	**Approved Projects[2]** totaling	**Loan/Equity In Process[2]** totaling
USD 1.2 billion	**USD 2.0 billion**	**USD 4.4 - 5.2 billion**

[1]Programs are defined as non-project specific investment, such as Result Based Lending, Policy Based Loan, and equity investment

[2]Project costs estimated by FWG from published Indonesia generation cost data.

Grant/TA programs

45	8
Approved programs totaling	**Programs In Process totaling**
USD 215.7 million	**USD 82.3 million**

MDB Guarantees[3]

1

In Process Guarantee totaling

USD 1.0 billion

[3]The LoI for the MDB Guarantee has been signed between the UK Government, the Government of Indonesia, and the IBRD, which means that this $1 billion guarantee can now be accessed through the IBRD.

Implemented by

ADB, KfW, AFD, Danida Sustainable Infrastructure Finance, Palladium, Guidehouse, IESR, IEA, The World Bank, Energy Transition Partnership, UNOPS, EU, GGGI, GIZ, OECD, IISD

***Notes:*

1. *Certain grant programs are still in the process of confirming amounts*
2. *FX conversion from respective currencies to USD (Source: WSJ) are as of 31 December 2025 and variety of FX depending on the signing or approval of the grants.*
3. *The nominal differences from the previous publications are mostly due to FX fluctuations*
4. *Nominal are rounded to the nearest one decimal*

Disbursement Note: Disbursement data by instrument available upon request from JETP Secretariat / JDU disbursement tracker

Source: JETP Secretariat

Highlights JETP Achievements to Date: Total of ~USD 3.4-3.5 Billion Across Projects, Programs, and Grants as of December 2025

Catalyzing the Green Transition: JETP Mobilizes USD 3.4 Billion for Strategic Renewable Energy and Sustainable Urban Mobility.

PROJECTS

Saguling 60 MW Floating Solar PV on existing reservoir — no additional land acquisition required :
USD 60 Million

Muara Laboh Operational geothermal plant, Solok Selatan, West Sumatra — baseload renewable energy 83 MW :
USD 138 Million

Largest single JETP project by value

MRT Jakarta North-South and East-West Line: Modal shift from private vehicle to mass transit
USD 1,791.5 Million

PROGRAMS

No	Funding Type	Description	Value	Status
1	PBL / Concessional loan	Policy Based Lending (PBL) Affordable & Sustainable Energy Transition (ASET):	USD 377.5 Million (EUR 350 Million)	✓ Active
2	RBL / Concessional loan	Indonesia Sustainable Least-cost Electrification -1 (ISLE-1) Program	USD 47.5 Million (CAD 64.3 Million)	✓ Active
3	Equity	Xurya Solar Rooftop	USD 30 Million	✓ Active
4	RBL / Concessional loan	Results Based Loan (RBL) Sustainable Reliable Energy Access Program (SREAP)	USD 69 Million (EUR 63.9 Million)	✓ Active
5	RBL / Concessional loan	Results-Based Loan (RBL) Accelerating Indonesia's Clean Energy Transition (AICET)	USD 327 Million (EUR 300 Million+ USD 20 Million)	✓ Active
6	Concessional loan	Green Energy Corridor Sulawesi (GECS)*	USD 353.2 Million (EUR 300 Million)	Loan disbursement process
7	Grants and Technical Assistance	45 Grants and Technical Assistance*	USD 215.7 Million	✓ Active

Note:

*JETP reach further milestone as of December 2025 which are ready for Joint Announcement:

1. **EUR 300 Million** for GECS Loan Agreement between KfW and PT PLN (Persero)
2. **EUR 7.82 Million** for GBDF Grant Agreement between KfW and PT SMI (Persero)

Source: JETP Secretariat and JDU

AZEC Collaboration Accelerates Strategic Clean Energy Projects in Indonesia

Through AZEC, Indonesia is engaging in a regional decarbonization platform that combines policy commitment, transition finance, technology cooperation, and tangible project pipelines across geothermal, renewable energy, industrial decarbonization, carbon markets, and nature-based solutions. As of early 2026, AZEC has achieved concrete progress, including key financing approvals and partnerships. Several strategic projects are currently under a debottlenecking process to accelerate implementation and unlock significant investment value.

AZEC (Asia Zero Emission Community) is a regional cooperation initiative in Asia led by Japan to achieve carbon neutrality or net-zero emissions, promoting sustainable energy transition involving 11 partner countries including Indonesia.

The 9th AZEC EGM was successfully held at the end of January 2026 as a real action of debottlenecking. In addition to the project progress listed above, achievements include:

- Approval of the JICA Loan Agreement for Hululais Geothermal Power Plant (PLTP)
- Positive intention for a joint study on the PPA Template for geothermal power plants

The total number of Indonesia's MoUs under AZEC has reached 74 MoUs, consisting of 36 MoUs in 2023, 38 MoUs in 2024, 20 MoUs in 2025.

Projects currently under debottlenecking process

Project Categorization	Project Name	Details	Investment Value
I (Commercial Project)	Muara Laboh Geothermal Project – Phase 2 (approx. 80 MW)	• April 18, 2025: Financial Close • Ceremony on May 5, 2025	Approx. USD 500 million
I (Commercial Project)	Legok Nangka Waste to Energy*) (40.79 MW)	• Currently in the process of negotiating the PPA. • Expected to reach Financial Close in end of 2026 and be inaugurated by the President of Indonesia. • Currently discussing the signing of a grant from international investors.	Approx. USD 420 million
I (Commercial Project)	Expansion of Sarulla Geothermal Power Plant	• Two issues: Force majeure related to acidity and tariff adjustment. • A joint team is being formed between both parties, including PLN.	
II (Preparing for Commercial Project)	Java – Sumatra Transmission Line	• JBIC and Kansai Electric have conducted capacity building on transmission with PLN. • Kansai Electric is conducting a feasibility study for the Java–Sumatra connection.	Approx. USD 3.5 billion
*) The Legok Nangka Waste-to-Energy Project has the potential to become **a low-hanging fruit** and a model success for AZEC debottlenecking **after Muara Laboh Geothermal**, contributing to the circular economy, renewable energy, and waste management solutions in Greater Bandung.			

Source: Coordinating Ministry for Economic Affairs

Indonesia EV Transformation

Anchored by a 95% YoY surge in BEV sales (Q1 2026) and a strategic 250 GWh battery roadmap, Indonesia is rapidly building an end-to-end EV ecosystem, combining robust digital infrastructure with proactive technological adaptations to secure its position in the global supply chain

Digital Infrastructure & EV Technology Strategy

4,892	103,930	95%
SPKLU Units (May 2026)	BEV Sales (2025)	BEV Sales Growth YoY (Q1'26)

PLN MOBILE DIGITAL ECOSYSTEM

- Real-time SPKLU booking via PLN Mobile / EVDS app
- 4,892 units nationwide · 3,097+ locations (PLN/ESDM, Apr–May 2026) · 65% via private partnership
- 36,545 home charging subscribers (323× growth since 2021)
- Roadmap 2030: 62,918 SPKLU · Kepmen ESDM 24.K/2025

TECHNOLOGY MASTERY STRATEGY (ESDM)

1 INVEST
USD 5.9B ANTAM-IBC-CBL · 15 GWh · live Q3 2026

2 INFUSE
CATL/LG tech transfer · VinFast blueprint · TKDN shield

3 INNOVATE
IBC sovereign battery co · 20% ASEAN NMC · R&D 300% deduct

Global Supply Chain: Nickel to Battery Value Chain

50%	USD 5.9B	250 GWh
Global Nickel Supply	ANTAM-IBC-CBL Consortium (live Q3'26)	Battery Target by 2040

NICKEL → BATTERY → EV VALUE CHAIN

Mining & Refining	368 IUPs · 50% global · MHP/HPAL
Precursor & Cathode	3 constructing → 200 KTPA
Battery Cell & Pack	2 producing · 4 constructing
EV Integration & Export	ASEAN 20% + Global 10%

⚠️ **LFP TECHNOLOGY THREAT:** LFP batteries now make up 55%+ of EV batteries deployed globally (2025) — directly threatening Indonesia's nickel (NMC) strategic value and the entire downstream roadmap.

DOWNSTREAM ROADMAP TO 250 GWh (BKPM)

2023–2024	2025–2029	2030–2034	2039–2040
25 GWh	115 GWh	160 GWh	250 GWh ★

IDR 3,100T	9 Mtpa	29.4M bbl	2,000+	62,918
GDP Impact (9× multiplier)	CO_2 reduction by 2040	Annual fuel import savings	High-skilled jobs created	SPKLU target 2030

Source: PLN, ESDM, GAIKINDO, IEA, BKPM — updated Aug 2026

Trends of 4- Wheeled Electric Vehicle Sales and Production in Indonesia

Driven by a phenomenal surge in electrified vehicle market share from under 1% to 26.8% by H1 2026, Indonesia's electric vehicle sector presents a highly lucrative and rapidly expanding landscape for global automotive investment

FOUR WHEELED VEHICLES SALES AND PRODUCTION 2019 – 2026 (3/4)

Sales

	2019		2020		2021		2022		2023		2024		2025		Apr 2026	
	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE
HEV (Hybrid Electric Vehicle)	787	0.1%	1.191	0.2%	2.472	0.3%	10.344	0.99%	54.179	5.39%	59.903	6.9%	65.323	8.13%	25.016	8.63%
PHEV (Plug In Hybrid Electric Vehicle)	25	0.0%	8	0.0%	46	0.0%	10	0.00%	128	0.01%	136	0.0%	5.235	0.65%	2.078	0.72%
BEV (Battery Electric Vehicle)	-	0.0%	125	0.0%	687	0.1%	10.327	0.99%	17.051	1.70%	43.188	5.0%	103.930	12.93%	48.042	16.58%
FCEV (Fuel Cell Electric Vehicle)	-	0.0%	-	0.0%	-	0.0%	-	0.00%	-	0.00%	1	0.0%	-	0.00%	-	0.00%
Total X-EV	**812**	**0.1%**	**1.324**	**0.2%**	**3.205**	**0.4%**	**20.681**	**1.97%**	**71.358**	**7.09%**	**103.228**	**11.9%**	**174.488**	**21.71%**	**75.136**	**25.93%**
ICE KBH2/LCGC	217.454	21.1%	104.650	19.7%	146.520	16.5%	158.206	15.10%	204.705	20.35%	176.766	20.4%	122.686	15.27%	37.823	13.05%
ICE NON KBH2	814.641	78.9%	426.053	80.1%	737.477	83.1%	869.153	82.93%	729.739	72.55%	585.729	67.7%	506.505	63.02%	176.825	61.02%
Total ICE	**1.032.095**	**99.9%**	**530.703**	**99.8%**	**883.997**	**99.6%**	**1.027.359**	**98.03%**	**934.444**	**92.91%**	**762.495**	**88.1%**	**629.191**	**78.29%**	**214.648**	**74.07%**
Total Market	**1.032.907**	**100.0%**	**532.027**	**100.0%**	**887.202**	**100.0%**	**1.048.040**	**100.0%**	**1.005.802**	**100.00%**	**865.723**	**100.0%**	**803.679**	**100.0%**	**289.784**	**100.00%**

Production

	2019		2020		2021		2022		2023		2024		2025		Apr 2026	
	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE	UNITS	SHARE
HEV (Hybrid Electric Vehicle)	-	-	-	-	-	-	3.009	0.2%	66.838	4.8%	70.621	5.9%	97.462	8.5%	30.126	7.46%
PHEV (Plug In Hybrid Electric Vehicle)	-	-	-	-	-	-	-	-	-	-	-	-	6.024	0.5%	1.411	0.35%
BEV (Battery Electric Vehicle)	-	-	153	0.0%	1.082	0.1%	10.289	0.7%	15.318	1.1%	20.752	1.7%	23.934	2.1%	23.161	5.74%
FCEV (Fuel Cell Electric Vehicle)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%
Total X-EV	**-**	**-**	**153**	**0.0%**	**1.082**	**0.1%**	**13.298**	**0.9%**	**82.156**	**5.9%**	**91.373**	**7.6%**	**127.420**	**11.1%**	**54.698**	**13.55%**
ICE KBH2/LCGC	245.029	19.0%	124.358	18.0%	177.514	15.8%	214.530	14.6%	231590	16.6%	204.061	17.1%	155.534	13.6%	47.674	11.81%
ICE NON KBH2	1.041.819	81.0%	565665	82.0%	943.371	84.1%	1.242.318	84.5%	1.081.971	77.5%	901.230	75.3%	864.646	75.3%	301.443	74.65%
Total ICE	**1.286.848**	**100.0%**	**690.023**	**100.0%**	**1.120.885**	**99.9%**	**1.456.848**	**99.1%**	**1.313.561**	**94.1%**	**1.105.291**	**92.4%**	**1.020.180**	**88.9%**	**349.117**	**86.45%**
Total Market	**1.286.848**	**100.0%**	**690.176**	**100.0%**	**1.121.967**	**100.0%**	**1.470.146**	**100.0%**	**1.395.717**	**100.0%**	**1.196.664**	**100.0%**	**1.147.600**	**100.0%**	**403.815**	**100.00%**

- **EV vehicles have shown a significant upward trend in both market share and production within Indonesia's automotive industry** during 2019–2025
- **Currently, EV sales are dominated by BEVs**, which accounted for 12.93% (103,930 units) in 2025, followed by HEVs at 8.13% (65,323 units). As of April 2026, BEV sales had reached 16.58% (48,042 units), followed by HEVs at 8.63% (25.016) units).
- **EV production is still dominated by HEVs,** which accounted for 8.5% (97,462 units) in 2025, followed by BEVs at 2.1% (23,934 units). As of April 2026, HEV production at 7.46% (30,126 units) had reached, followed by BEV production 5.74% (23,161 units).
- **By H1 2026, electrified vehicles (BEV+HEV+PHEV) reached 26.8% of the national market,** with BEV sales alone hitting 69,739 units (15.9% share, +80.8% YoY) and HEV sales at 42,366 units.

Source: GAIKINDO (2026)

Tourism in National Economic Growth

Driven by a strong year-on-year expansion in foreign tourist arrivals through July 2026 (+7.23% YoY), Indonesia's tourism sector sustains a robust recovery path—with foreign exchange earnings hitting ±USD 22.1 Billion in 2025—solidifying its trajectory toward achieving the 2029 target of a 4.9–5.0% GDP contribution

MAY 2026

FOREIGN TOURISTS

1.382.087

+10,69% m-o-m +5,83% y-o-y

NATIONAL TOURISTS

106.162.271

+8,83% m-o-m +8,69% y-o-y

JUNE 2026

FOREIGN TOURISTS

1.386.575

+0,32% m-o-m -2,15% y-o-y

NATIONAL TOURISTS

107.192.435

+1,98% m-o-m +0,97% y-o-y

JULY 2026

FOREIGN TOURISTS

1.525.803

+9,9% m-o-m +2,9% y-o-y

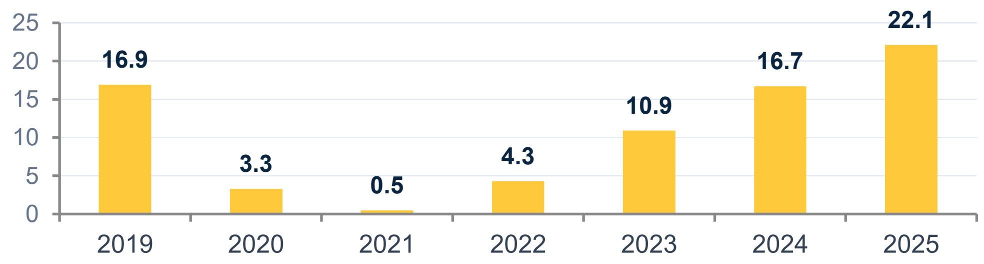
NATIONAL TOURISTS

107.441.745

+0,23% m-o-m +7,23% y-o-y

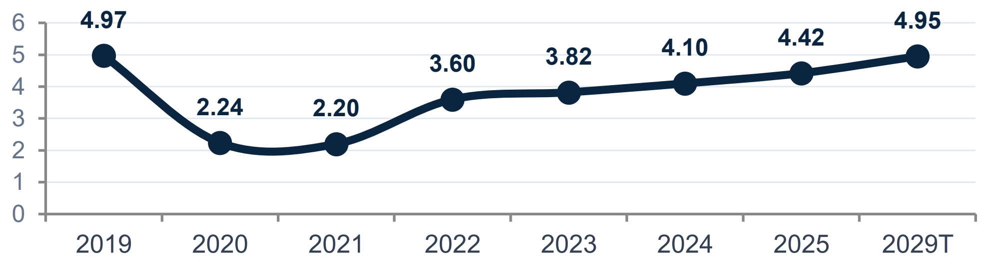
Tourism Foreign Exchange Earnings (US$ billion)

Steady post-pandemic recovery; 2029 target: US$32–39.4 billion



Tourism GDP as a Share of National GDP (%)

Upward trend; 2029 target of 4.9–5.0% of GDP



TARGET 2029

Tourism foreign exchange is **US$32–39.4 billion** (±Rp512–630 T) with a GDP contribution of **4.9–5.0%** · ASPA 2026: **US$1,345 / visit (±Rp21.52 million).** This sector has strategic value because the foreign exchange generated not only enters the national economy, but also has a **high domestic retention rate and is immediately distributed to various real sectors**, such as accommodation, food and beverages, transportation, and MSMEs.

*Sources: Kemenpar, BI, BPS (2026) · *forex assumption IDR 16.000*

Investment Potential in the Tourism Sector

Supported by a vast network of international airports, priority destinations, and active Special Economic Zones (KEK) across the archipelago, Indonesia's tourism sector presents a high-growth investment landscape—with GDP contribution projected to reach IDR 1,897 Trillion by 2035 and a booming hospitality segment expanding at an 18.3% CAGR through 2030.

- Indonesia's tourism sector contributed around **IDR 1,143 trillion (4.80% of GDP)** in 2025 and has the potential to surge to **IDR 1,897 trillion by 2035**.
- The hospitality segment is growing much more aggressively, with the hotel, resort, and cruise ship market predicted to soar from **USD 7.4 billion (2024) to USD 20.3 billion in 2030 (CAGR 18.3%)**.
- The presence of new international airports, active tourism special economic zones (KEK), and priority destinations are becoming investment magnets, hubs for connectivity infrastructure development, and key enablers of international tourists entering the domestic market.

Sources: Kemenpar, Kemenhub, Grand View Research, WTTC (2025)

Orchestrating the Strengthening of the Tourism Sector

To orchestrate robust growth in the tourism sector, the Government is deploying a comprehensive policy mix that combines immediate tactical interventions—such as regional international flight expansions, destination risk governance, and targeted fiscal incentives—with a structured four-pillar long-term development framework

ACTIVATION OF INTERNATIONAL ROUTES

Airport with New Route

Opening routes to nearby international hubs, such as Singapore and Malaysia, at:

- S.M. Badaruddin II Airport, Palembang
- General Ahmad Yani Airport, Semarang
- Supadio Airport, Pontianak
- Syamsudin Noor Airport, Banjarmasin
- H.A.S. Hanandjoeddin Airport, Belitung

MOU ON TOURISM INSURANCE

Labuan Bajo

MoU between JRP and the West Manggarai Regency Government to strengthen the safety and security of the destination.

Government + ADB study on tourism destination risk governance

FISCAL INVENTIVES

Government-Borne Article 21 Income Tax for the Tourism Sector

Optimization of Government-borne Income Tax for tourism sector workers.

- **Permanent employee**
  Gross max. Rp10 million / month
- **Temporary employee**
  Daily wages ≤ Rp. 500 thousand / month ≤ Rp. 10 million

Other Policies: Four Pillars for Strengthening Tourism

Tourism Human Resources

- Demand-driven training and certification
- Tourism polytechnic graduate internship program
- Cross-ministry hospitality upskilling

Destination Governance

- Strengthening the role of Destination Management Organizations (DMOs)
- Digitalization of event permits
- Optimizing airport connectivity to enhance regional attractions

Accessibility

- Expansion of BVK facilities for potential foreign tourist markets
- Strengthening flight routes and frequencies
- Connectivity to secondary destinations

High-Quality Investment

- Revision of the 3rd Presidential Regulation on the BOP and Strengthening of the DMO
- Development of Tourism Special Economic Zones
- Establishment of the Quality Tourism Fund (IQTF)

OECD: Membership in The OECD as a Catalyst For Structural Reform in Indonesia

Indonesia's accession to the OECD is a strategic measure to ESCAPE THE "MIDDLE INCOME TRAP" and ACHIEVE "GOLDEN INDONESIA 2045" VISION. The process now entering the technical review stage and most regulations already aligned with OECD instruments. OECD membership is expected to serve as a catalyst for domestic reforms, strengthening governance, enhancing competitiveness, and boosting Indonesia's global credibility.

POLICY DIVIDENDS

01 Strengthening competitiveness and economic resilience

Enhance sound and equitable business competitiveness, accelerate the transformation of an inclusive digital economy, and achieve a sustainable and equitable economy.

02 Reform Credibility

Demonstrates Indonesia's commitment to implementing best practices and following international standards. This strengthens the reputation and credibility of Indonesia's economic reforms and ensures domestic policies remain relevant in the face of global dynamics.

03 Improved policy quality and institutional governance

Strengthen public policies and improve institutional governance according to international standards. This is expected to improve public services and accelerate Indonesia's transition to a developed country.

04 Signaling Indonesia's readiness as a global player

Accession and membership of the OECD shows Indonesia's readiness to stand alongside other global players and commitment to the principles of democracy, rule of law, and market openness and transparency.

MILESTONES

ACCESSION ROADMAP

Indonesia's **ACCESSION ROADMAPS's** handover at the OECD MCM in **MAY 2024** made **INDONESIA AS THE FIRST OECD MEMBER CANDIDATE IN ASEAN.**

INITIAL MEMORANDUM

Indonesia is optimistic about **COMPLETING ITS OECD ACCESSION** within the **NEXT 3 YEARS**, following the submission on 3 June 2025 of its **32-chapter INITIAL MEMORANDUM (IM)** outlining self-assessments of policies, regulations, and alignment with **240 OECD LEGAL INSTRUMENTS.**

ALIGNMENT

Based on the self-assessment, **MOST OF INDONESIA'S REGULATIONS ARE INLINE** (fully/partially aligned) with OECD legal instruments.

TECHNICAL REVIEW

ON PROGRESS: The OECD has initiated the **TECHNICAL REVIEW** stage of Indonesia's accession process since Q3 2025—targeted to be finished by 2028, involving information gathering through questionnaires, independent studies, and fact-finding missions

NEXT STEP

SUPPORT NEEDED: Concrete deliverables to support the assessment and fulfillment of OECD Technical Review requirements.

Better corporate governance and SOEs in order to increase the contribution of SOEs to the national economy.

IEU-CEPA: Strengthening Economic Diplomacy, Expanding Market, Investment, and Partnership

IEU-CEPA will significantly expand market access by eliminating most tariffs, boosting Indonesia's exports and investment opportunities. It also strengthens economic diplomacy and partnerships with the EU, driving sustainable growth and greater global integration.

IEU-CEPA TIMELINE

23 Sep 2025
Announcement of the Substantive Conclusion of the Negotiations

Q2-Q3 2026
Legal Scrubbing Batch 3 Finalization, Text translation

Q4 2026
Signing and Ratification

Q1 2027
Implementation and Entry into force (EIF)

BENEFITS OF THE IEU-CEPA AGREEMENT

A. INCREASE MARKET ACCESS FOR INDONESIA TO THE EUROPEAN UNION

Liberalization of 98.61% of the European Union's tariff lines for Indonesia, covering 100% of the value of imports from Indonesia. On the other hand, Indonesia will eliminate 97.75% of its tariff lines for the European Union, covering 98.14% of Indonesia's import value from the European Union.

B. INCREASE IN INDONESIA'S ECONOMIC VALUE

The implementation of the IEU-CEPA is expected to substantially increase Indonesia's economic benefits, similar to the implementation of CEPA agreements in Vietnam and Singapore.

C. IMPLEMENTATION OF THE SCHENGEN VISA CASCADE POLICY

The implementation of the *"Schengen Visa Cascade Policy"* for Indonesian citizens through a five-year multiple-entry mechanism is expected to facilitate economic and investment cooperation, as well as improve Indonesians' access to education in Europe.*

INDONESIA'S KEY EXPORT COMMODITIES WITH ZERO TARIFF

Agriculture and Plantation Crops
(Palm Oil, Coffee, Cocoa, Rubber, and Rubber Products)

Fisheries and Seafood Products
(Fish, Lobster, Shrimp, etc.)

Forestry and Furniture
(Wood, Processed Wood, Wood Panels, etc.)

Textiles / TPT
(Garments, Fabrics, and Accessories); Footwear (Leather Shoes, Sneakers, Sports Shoes, Sandals)

Electrical and Electronic Components Machinery and Priority Spare Parts of Indonesia (Steel and Its Derivative Products).

Indonesia-EAEU Free Trade Arrangement

On 21 December 2025, the Indonesia-EAEU Free Trade Agreement (FTA) was signed on the sidelines of the Supreme Eurasian Economic Council Meeting in St. Petersburg. The Agreement has completed the parliamentary approval process. Following the approval of the Indonesia–EAEU FTA by Commission VI of the House of Representatives (DPR RI) on 21 July 2026, the Government is currently finalizing the issuance of the Presidential Regulation required for its ratification. The Agreement is targeted to enter into force by the end of 2026, or earlier if possible.

- The Agreement substantially enhances bilateral market access, such as:

  - The EAEU provides market access for **90.50%** of its **13,127 tariff lines**, covering imports valued at approximately **USD 2.1 billion**.

  - Indonesia provides market access for **89.90%** of its **11,414 tariff lines**, covering imports valued at approximately **USD 1.4 billion**.

- Upon **entry into force (EIF)**, palm oil and its derivatives, footwear, shrimp, natural rubber, green coffee beans, silk, and essential oils will immediately benefit from zero tariffs.

- As part of the Agreement's implementation, both sides agreed to establish the **Indonesia–EAEU Business Council** to strengthen public–private collaboration, technical cooperation, trade facilitation, and private sector engagement.

EAEU Member States

Population
179.8
Million

GDP
2.56
Trillion USD

GDP Global Share
4.1%

Indonesia-Canada Comprehensive Economic Partnership Agreement (ICA-CEPA)

ICA-CEPA is Indonesia's first comprehensive trade agreement in the North American region. This Agreement covers more than USD 1.4 billion in bilateral trade value, with both parties agreeing to liberalize more than 85% of tariff lines.

GOOD MARKET ACCESS

Canada provides a liberalization rate of:
90.55% (6,573 Tariff Posts/PT)
with a trade value of:
USD 1.4 billion
Several **priority Indonesian products** that Canada has given market access to: textiles, paper and its derivatives, wood and its derivatives, processed foods, swallow's nests, and palm oil.

Indonesia provides a liberalization rate of:
85.54% (9,764 Tariff Posts/PT)
with a trade value of:
USD 1.9 billion
Several **priority Canadian products** that Indonesia has given market access to: frozen beef, potatoes, seafood, and processed foods.

INVESTMENT

Providing protection, transparency and commitment to market access in priority sectors of both countries such as manufacturing, agriculture, fisheries, forestry, mining, infrastructure, energy and services.

TRADE IN SERVICES

Providing preferential treatment for Indonesian and Canadian service providers, including in the business services, telecommunications, construction, tourism, and transportation sectors.

I-CA CEPA IMPACT ANALYSIS PROJECTED FOR 2030

Export: USD 11,8 billion

Import: USD 471 million

GDP: 0,12%

Investment: 0,38%

PROGRESS OF THE RATIFICATION PROCESS

The development process in Indonesia has received approval from the House of Representatives for ratification of the I-CA CEPA through a Presidential Decree and is expected to be completed in September 2026.

ASEAN DEFA: Strategic Digital Economy Momentum for Indonesia

ASEAN DEFA marks the first region-wide digital economy agreement, designed to create a digitally integrated, secure, interoperable, competitive, and inclusive regional economy. As an ASEAN Member State, Indonesia can frame DEFA as a strategic opportunity to strengthen participation in a safer and more seamless regional digital economy. ASEAN DEFA is planned to be signed by November 2026 during ASEAN Summit.

MILESTONES

Commencement

DEFA was initiated in **Indonesia's 2023 ASEAN Chairmanship**

Negotiations Concluded

ASEAN SEOM successfully resolved all outstanding issues during the **57th ASEAN SEOM Second Meeting in Manila**, 27–29 May 2026

REGIONAL DIGITAL ECONOMY FRAMEWORK

- Digital trade
- Cross-border e-commerce
- Data governance and privacy
- Digital identity
- E-payments
- Cybersecurity
- Competition policy
- Artificial Intelligence
- Emerging technologies
- Digital talent mobility

STRATEGIC RELEVANCE FOR INDONESIA

Connect
Align with regional digital connectivity

Trust
Support safer online transactions, data governance, privacy, and cybersecurity

Scale
Enable businesses of all sizes, including MSMEs, to join the regional digital economy

Compete
Support innovation, investment, entrepreneurship, jobs, and sustainable growth

For Indonesia, DEFA is aligned with the implementation of the **National Digital Economy Strategy 2030** and supports **OECD accession**, particularly in strengthening digital infrastructure, developing digital talent, transforming MSMEs, and enhancing cybersecurity regulation. Through DEFA, Indonesia can strengthen its policies based on international practices, attract investment in high-technology sectors, reinforce national data sovereignty, and build an inclusive and competitive digital ecosystem, including for MSMEs.

PROJECTED ASEAN'S DIGITAL ECONOMY

USD 1T

By 2030 (current trends)
Projected baseline growth

USD 2T

With DEFA implementation
Potential to double through regional integration

Indonesia's Economic Cooperation: List of Progress

Economic cooperation is one of the important instruments to support the domestic economy amidst increasing geopolitical uncertainty, changes in the direction of international trade, and growing fragmentation of the global economy. For Indonesia, strengthening economic cooperation is particularly important to expand market access, attract investment, strengthen supply-chain resilience, and support sustainable economic growth.

IMPLEMENTATION STAGE

1. Indonesia–Japan EPA
2. Indonesia–Pakistan PTA
3. Indonesia–Chile CEPA
4. Indonesia–Mozambique PTA
5. Indonesia–Australia CEPA
6. Indonesia–Korea CEPA
7. Indonesia–EFTA CEPA
8. PTA–D8
9. ASEAN–TIGA
10. ASEAN–TSA
11. Indonesia–UAE CEPA
12. Indonesia–China FTA
13. Indonesia–Iran PTA
14. ASEAN–Japan CEP
15. ASEAN–India FTA
16. ASEAN–Hong Kong, China FTA
17. ASEAN–Australia–New Zealand FTA
18. RCEP
19. ASEAN–Korea FTA

RATIFICATION STAGE

1. Indonesia–Malaysia BTA
2. Asia-Pacific Coconut Community
3. International Coffee Agreement
4. International Coconut Community
5. Protocol on Trade Preferential Tariff Scheme among Developing Member States of the Organization of the Islamic Conference (OIC)
6. ASEAN MNP Agreement
7. Protocol on Trade in Services – Hong Kong FTA
8. ASEAN MRA for BCM
9. AFSRFA
10. Indonesia–Peru CEPA
11. Indonesia–Canada CEPA
12. Second Protocol to Amend ATIGA
13. Third Upgrade Protocol to ACFTA
14. Indonesia–EAEU FTA

NEGOTIATION STAGE

1. Indonesia–EU CEPA
2. Indonesia–Tunisia PTA
3. Indonesia–GCC FTA
4. ASEAN–Canada FTA
5. Indonesia–Mercosur CEPA
6. Review of the ASEAN–India FTA
7. Indonesia–Türkiye FTA
8. Indonesia–Mauritius PTA
9. Indonesia–Pakistan TIGA
10. Indonesia–Sri Lanka PTA
11. Indonesia–Bangladesh PTA

Key upcoming developments:

- **October 2026:** Targeted signing of the Indonesia-EU CEPA
- **November 2026:** Targeted signing of the ASEAN DEFA
- **Ratification/EIF:** Indonesia-EAEU FTA, ICA-CEPA, Indonesia-Peru CEPA, ATIGA Upgrade, and ACFTA 3.0
- **Medium-term technical process:** Reviews by OECD technical committees
- **Active negotiations:** Indonesia-GCC FTA

THANK YOU