REPUBLIC OF INDONESIA

Recent Economic Developments

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Address	Bank Indonesia
	International Directorate / Division of Foreign Debt Analysis and Investor Relations
	Sjafruddin Prawiranegara Building, 5th floor
	Jl. M.H. Thamrin No.2
	Jakarta, 10110 Indonesia
Tel	+6221 3818316
	+6221 3818298
Facsimile	+62213501950
E-mail	elsya_chani@bi.go.id
	dyah_mw@bi.go.id
Website	www.bi.go.id/iru

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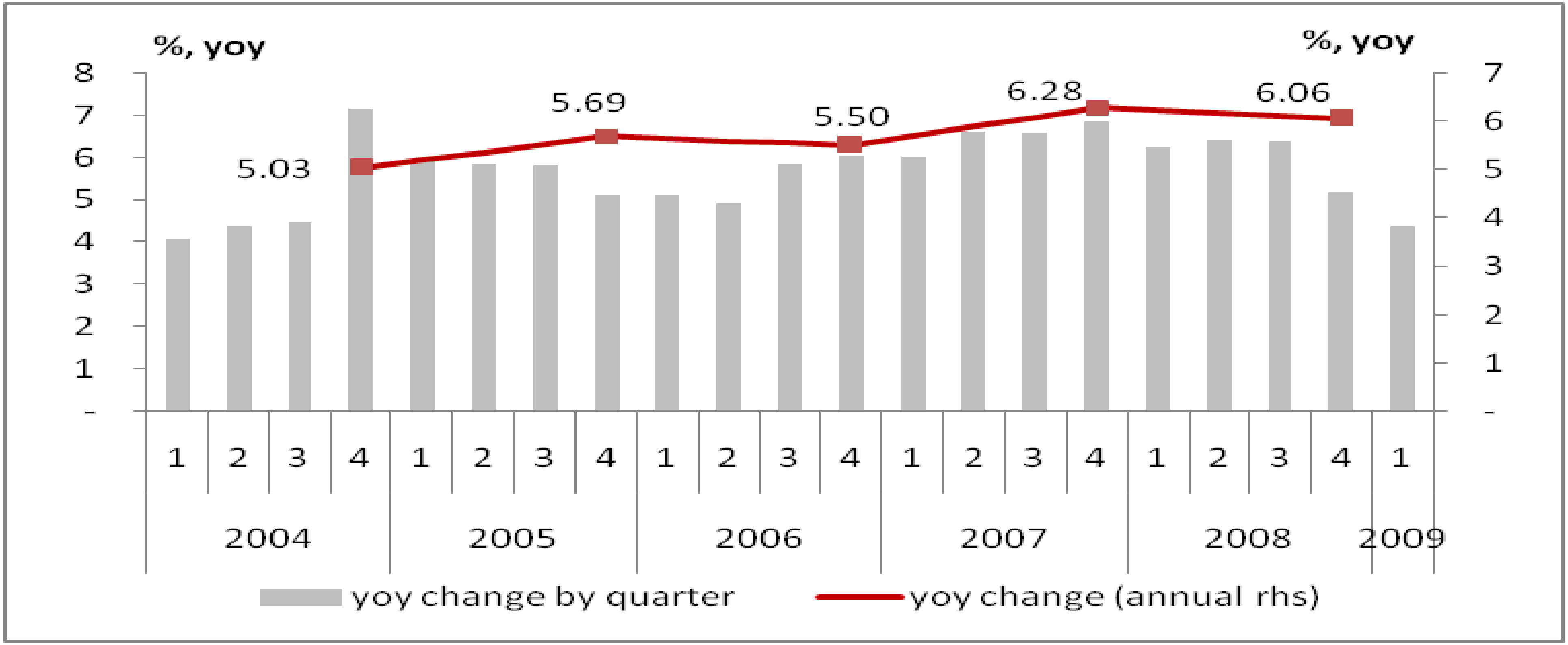
Macroeconomic Highlights

- Resilient growth over the last 2 years, even during the peak of global economic slowdown
- Banking industry remains sound with high level of CAR (17.3%) and NPL (gross) at a subdued level of 4.7% (latest data as of May 2009)
- Indonesia's current account posted a US$3.1 billion surplus in Q2/2009, up from the US$2.9 billion surplus in Q1/2009. This surplus is more than compensated for the deficit in the capital and financial account, bringing the overall balance of payments surplus to US$1.1 billion. In response, international reserves climbed further to US$57.6 billion at end Q2/2009, equivalent to about 5.5 months of imports and official debt service payments.
- The improvement in the global economic outlook and developments has met with positive response in various financial indicators and has led to further appreciation in the Rupiah, which is now traded around Rp10,028 per USD as compared to the level in Q4 2008 on which was Rp10,950 per USD.
- Falling prices for domestic non-subsidized gasoline and various commodities have eased domestic inflationary pressure. Inflation has been trending down since October 2008, and in June 2009 experienced a 0.45% (m-t-m) inflation which amounted 2.71% (y-o-y) inflation at the end of July 2009.
- Measures are taken to ensure sustainability of the 2009 Budget
- On August 2009 Board of Governors meeting, the Central Bank (BI) Rate was lowered by 25 bps to 6.5% (ninth consecutive rate decreases since December 2008)
- Going forward, global financial uncertainties is still posing challenges to the economy

Economic Growth Sustained

- The global economic recession has relatively limited effects on Indonesian economy. In the recent past, although export sharply dropped in Q-4 2008, economic growth declined only moderately, from 6.3 % in 2007 to 6,1% in 2008.
- However, the economic landscape was subsequently reshaped by the intensifying downturn in the global financial market on the last quarter of 2008.

Strong Growth in the Last Two Years



Source: Bank Indonesia, BPS.

Domestic Demand was the main source of growth

Component	2008				2008	2009	
	I	II	III	IV		I	II
Private Consumption	5.7	5.5	5.3	4.8	5.3	6.0	4.8
Government Consumption	3.6	5.3	14.1	16.4	10.4	19.2	17.0
Investment	13.7	12.0	12.2	9.1	11.7	3.4	2.7
Domestic Demand	7.5	7.1	7.9	7.1	7.4	6.2	5.3
Exports of Goods and Services	13.6	12.4	10.6	1.8	9.5	(-18.7)	(-15.7)
Imports of Goods and Services	18.0	16.1	11.0	(-3.5)	10.0	(-26.0)	(-23.9)
PDB	**6.2**	**6.4**	**6.4**	**5.2**	**6.1**	**4.4**	**4.0**

- Domestic demand is the main source of growth in 2008, mainly supported by the growth of consumption (5.9%) and investment (11.7%)
- The economic slowdown since Q4/2008 carried forward further into Q2/2009. GDP growth in Q1/2009 is significantly below preceding quarters at 4.4% (yoy) and still lowered at 4.0% (yoy) in Q2/2009.
- The softening GDP growth is largely the result of sharply falling export in line with the deterioration in global economic condition and weakening public purchasing power.

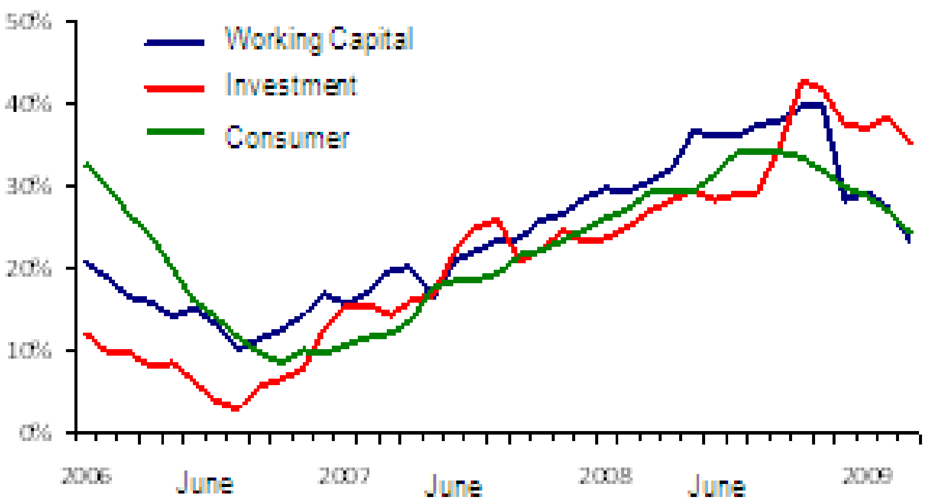
Source: Bank Indonesia.

Banking Sector: Stay Resilient Amidst the Financial Meltdown

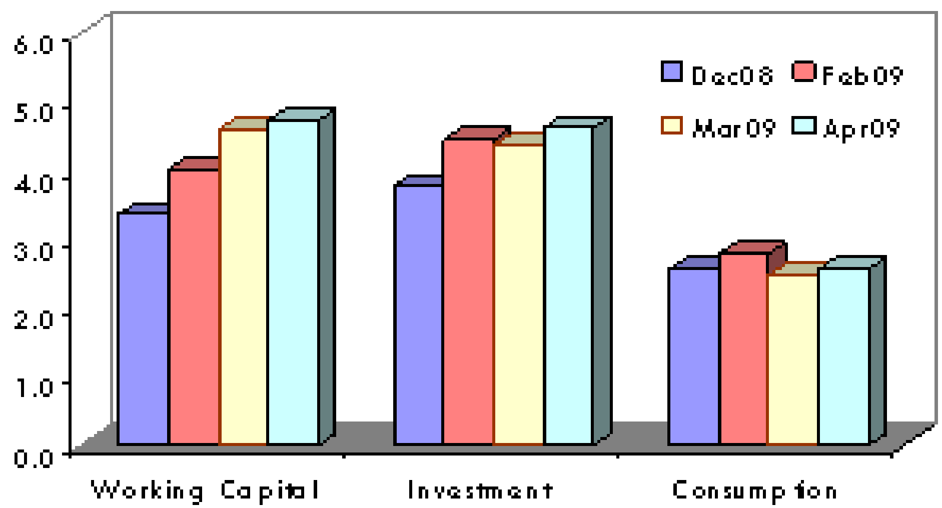
Indonesian Banking System is in Good Shape (data as of May 2009) :

- **Highly capitalized, with CAR of 17.3%**
- **Manageable credit risk, with NPL of 4.7% (gross) and 1.9% (net)**
- **Stay profitable, with ROA of 2.7%**

Loans grew at rapid pace in 2008, yet recently start to slow down



Bank Indonesia exercises *"strong vigilant mode"* over the credit risk

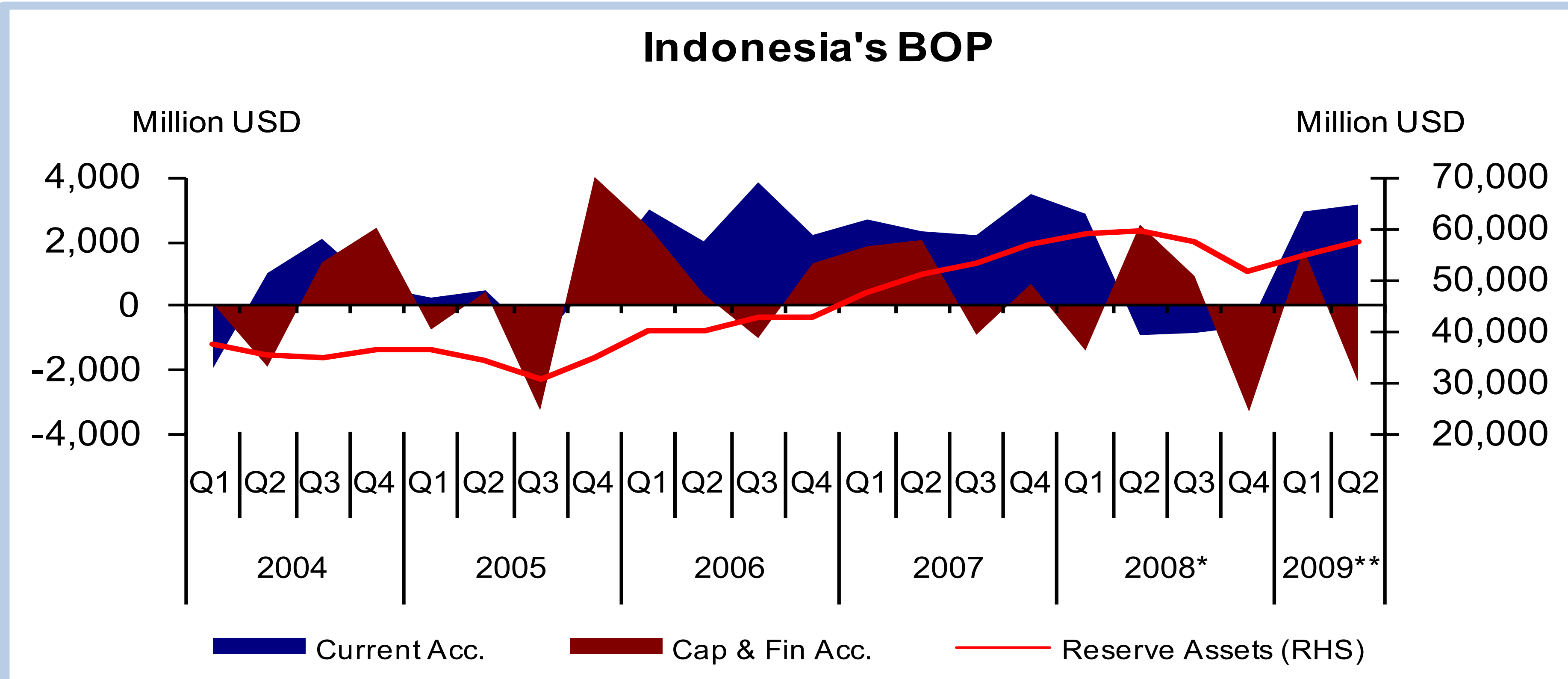


Source: Bank Indonesia.

Balance of Payments: Q2 - 2009

During Q2-2009, Indonesia's current account posted a US$3.1 billion surplus, up from the US$2.9 billion surplus in Q1-2009. This surplus more than compensated for the deficit in the capital and financial account, bringing the overall balance of payments surplus to US$1.1 billion. In response, international reserves climbed further to US$57.6 billion at end Q2-2009, equivalent to about 5.5 months of imports and official debt service payments.

Balance of Payments

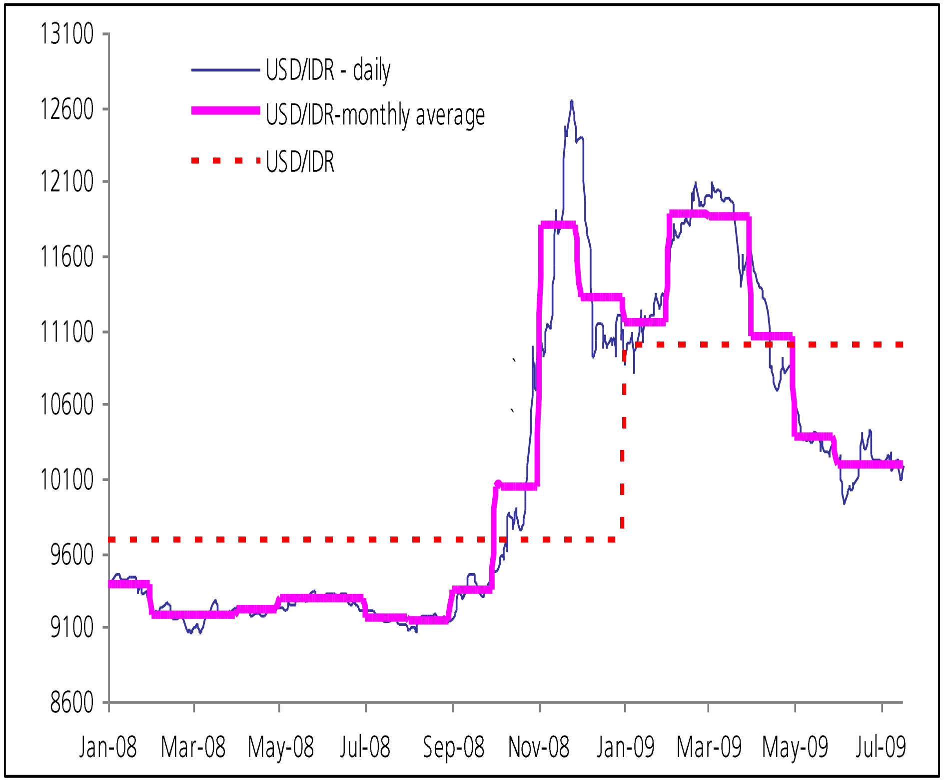


Source: Bank Indonesia.

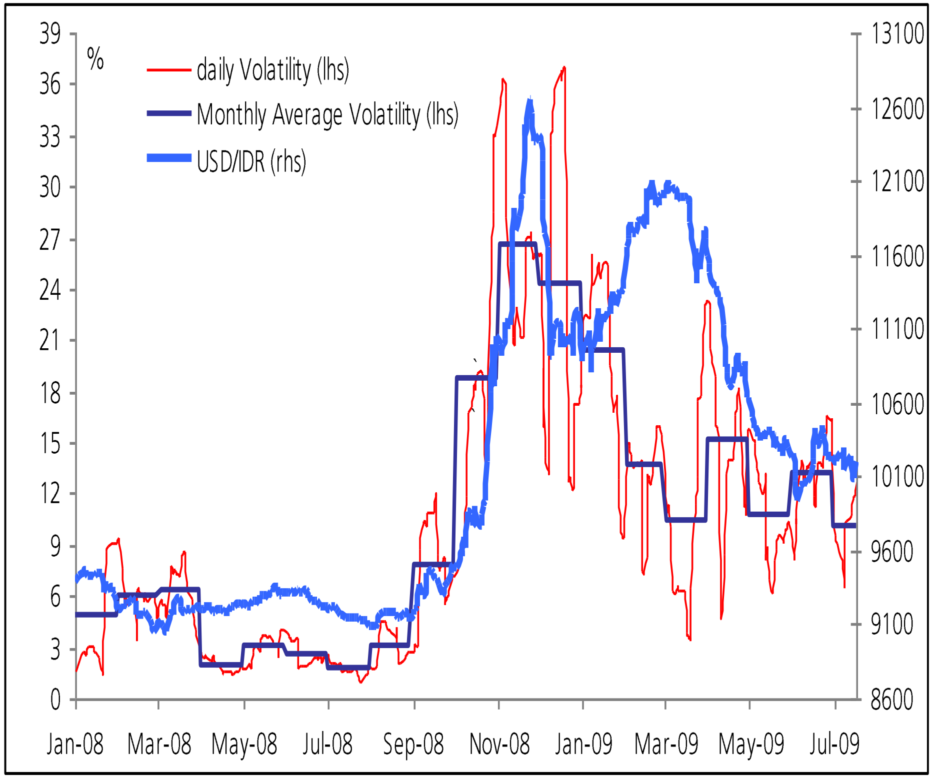
Exchange rate: Strengthened and more stable through 2009

- Rupiah was more stable and appreciated substantially spurred with improving investor confidence under stable domestic political and optimism on growing economy in 2009. Foreign investors purchased the rupiah assets such as SBI, government bond (SUN), and stock as declining inflation threat.
- Rupiah strengthened from Rp10,950 per USD at the beginning of this year to Rp10,028 per USD on August 21, 2009, **the strongest level among other Asian currencies**.

Rupiah Exchange Rate



Exchange Rate Volatilities

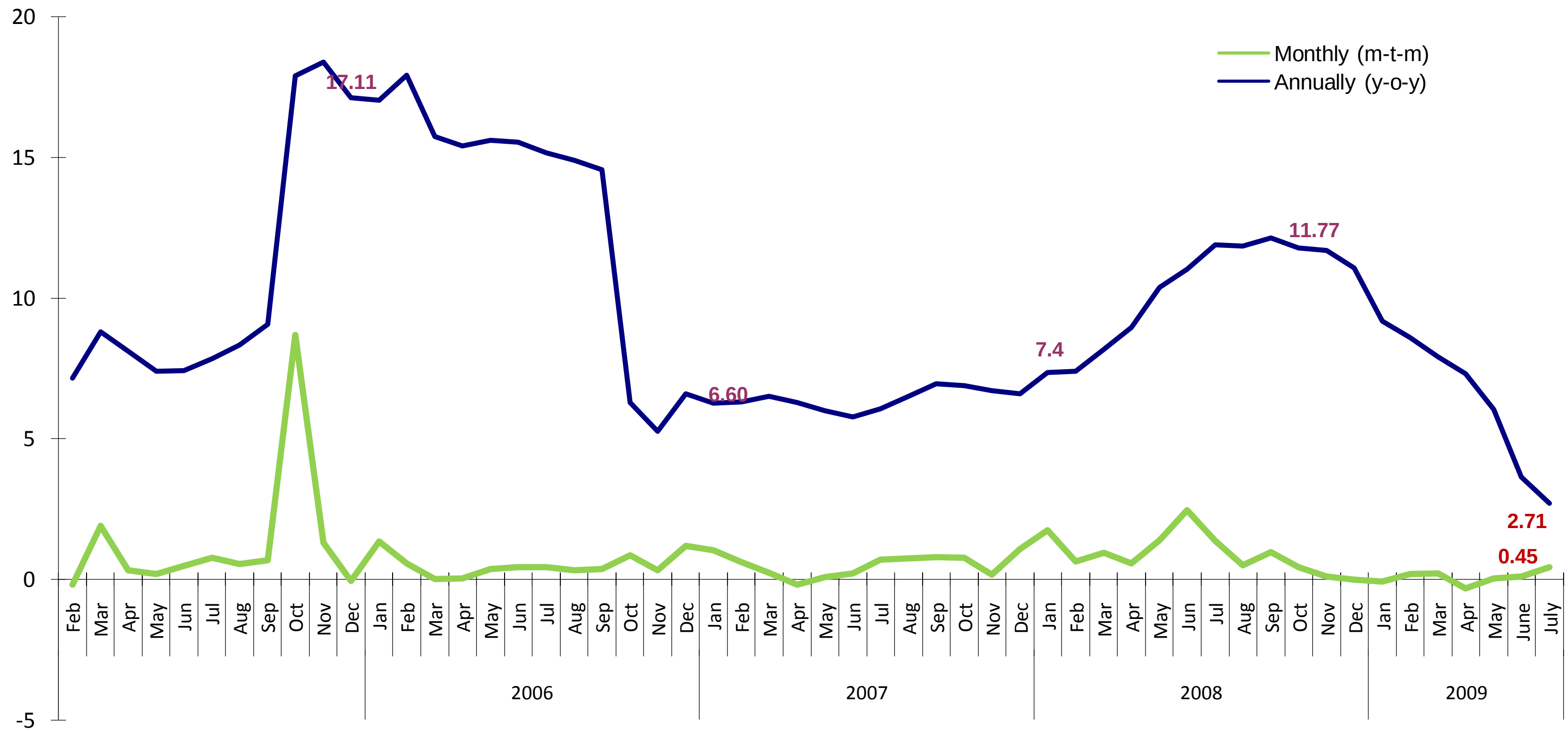


Source: Bank Indonesia.

Inflation has Been Trending Downward

- The downward trend in inflation is set to continue. Monthly inflation maintained a downward trend primarily form the first round and second round effect of the cut in fuel prices.
- In monthly CPI movement, July 2009 recorded 0.45% inflation (mtm). Measured annually, June CPI inflation reached 2.71% (yoy).
- Low annual inflationary pressure continues to ease in response to appreciation in the Rupiah and subdued price movements for staple goods.

Headline Inflation Trending Down from Peak

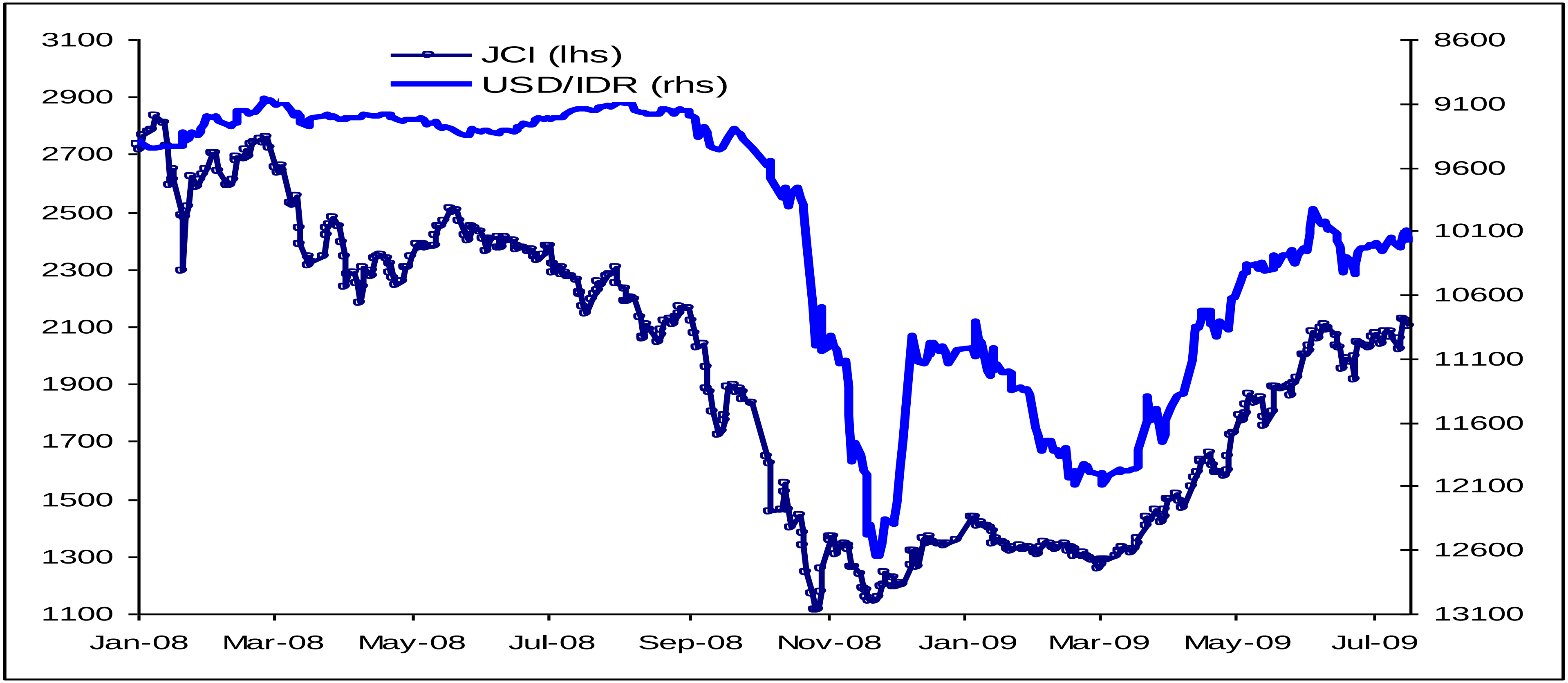


Source: Bank Indonesia.

Equity market is running well this year

- In line with the strengthening of rupiah, the Indonesia stock market index also rebound reflecting investors confidence on the economy.
- The stock index rose significantly from 1355 at the end of 2008 to 2333 at August 21, 2009, **one of the best performing equity index in the region this year.**

Exchange Rate and Equity Markets



Source: Ministry of Finance, Bank Indonesia, Bloomberg.

Dramatic slow in world economy pose significant challenges to the economy in 2009

2009 Forecast	Main Factors Behind The Forecast
GDP Growth is forecasted at about 3.5%-4%	• Economic growth for 2009 is estimated to moderate as external demand falls, but resilience in domestic demand could moderate the adverse effect of external demand. • Going forward, a better exports performance is expected to see as global economic slowdown abate after reaching it's through in Q2-2009
Private Consumption is expected to weaken	• Weakening the external sector will diminish household earning through the income effect. • Precautionary saving as increasing uncertainty on future conditions and worker layoffs.
Private Consumption Growth is expected to still grow by around 4.1%-4.5%	• Rising civil servants' salary • Fiscal stimulus to maintain purchasing power of consumers: tax cut, reduction in corporate dividend, and increasing social expenditure: National Program for Community Empowerment, direct cash transfer. • General election related spending, especially in the first half of 2009

Source: Bank Indonesia.

Global Financial Uncertainties Pose Significant Challenges to the Economy (Cont'd)

2009 Forecast	Main Factors Behind The Forecast
Investment is expected to grow lower in the range of 3.9%-4.3%	• Slowdown of economic global causing investors to delay investment • Downturn in exports and weakening public purchasing power • Technical problem in the fields, and limited source of financing
Export is expected to decline at -13.7% to -12.9%	• Reduced demand for Indonesian export due to global slowdown.
Balance of Payments will remain in surplus	• Recent moderate contraction of economic indicators in major economies give an expectation that the crisis might be leveling-off and start to pick in Q3-2009. Thus, it will potentially increase inflows and demand of export commodities. • From the private sector, foreign debt withdrawal both FDI and non FDI, will also help boost the performance of capital and financial account.

Source: Bank Indonesia.

Measures Taken to Ensure Sustainability of the 2009 Budget

Indonesia is Moving from a Defensive to Offensive Stance While Maintaining Fiscal Sustainability

Defensive Measures (Existing)

- Earmark expenditure on lower priority projects and imports
- Cutting tax rate by 2% for Corporate and Individual income tax
- Redefine "emergency situation" in State Budget Law 2009 (Article 23) to create stimulus package and contingencies deficit financing
- Increase fiscal risk provision in response to possible economic slow down
- Shift financing sources from marketable securities to contingencies financing facilities
- Prepare crisis protocol through the implementation of the "Financial System Stability Committee"

Offensive (Counter-Cyclical) Measures (New Initiatives)

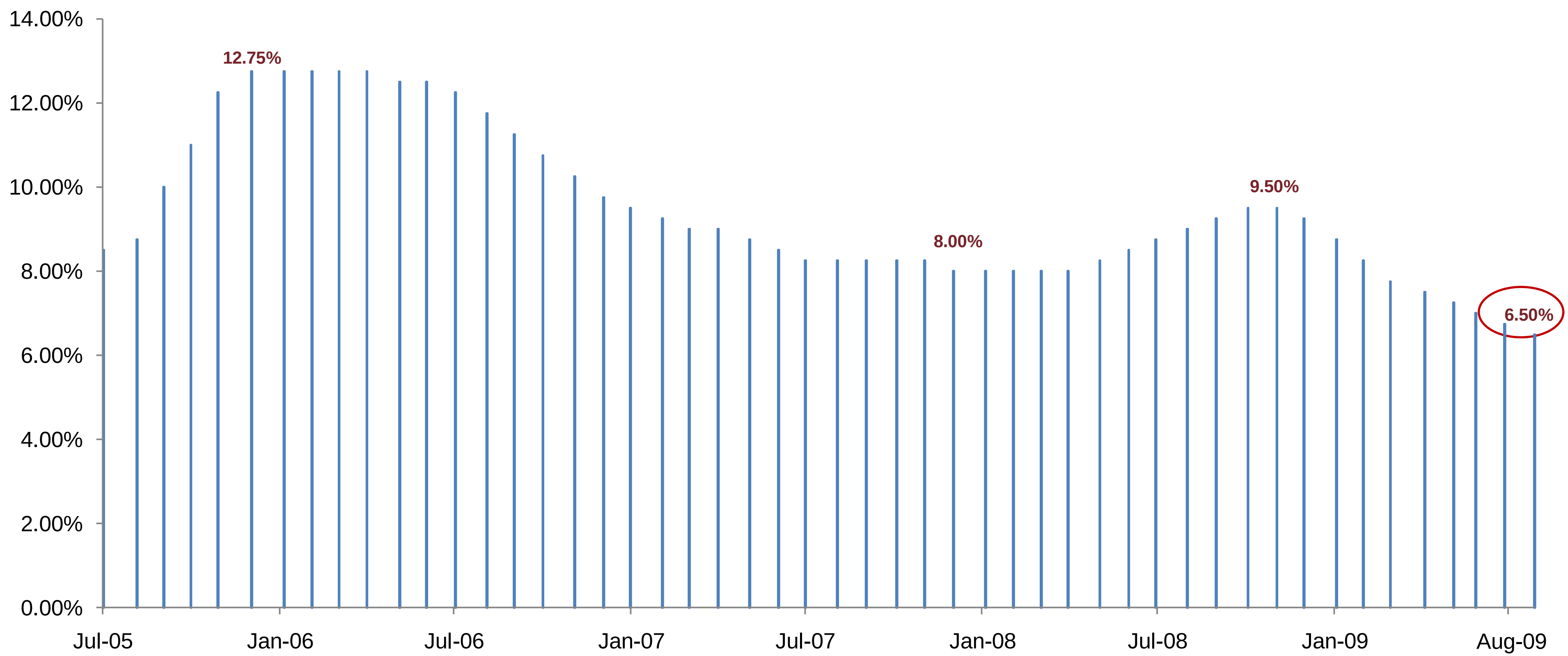
- Provide more direct subsidy for medium and low income households
- Additional expenditure on infrastructure projects which have greater impact on employment creation and poverty reduction
- Introduce Tax Saving measures for Business through:
  - Additional 5% tariff reduction for >= 40% listed companies
  - Introduce tax incentives for selected sectors and regions
  - Reduce tariffs for selected sectors e.g. crude palm oil
  - Tax Subsidy on various product & Sectors/industry
- Provide discount on electricity peak-hour charge for industries and reduction of diesel fuel price
- Upsizing budget financing from bilateral and multilateral organisations

Source: Ministry of Finance.

Monetary Policy Stance

- In the face of global crisis, Bank Indonesia has adopted an easing monetary policy stance to boost domestic demand in the midst of deteriorating export performance.
- Since December 2008, BI has slashed BI rate by 300 bps. Against the backdrop of downward trend of inflation and the significant slowdown of the economy going forward, the latest Board of Governors' Meeting convened in August 2009 decided to further lower the BI Rate by 25 bps to 6.5% to facilitate credit growth acceleration amidst controllable macro stability.

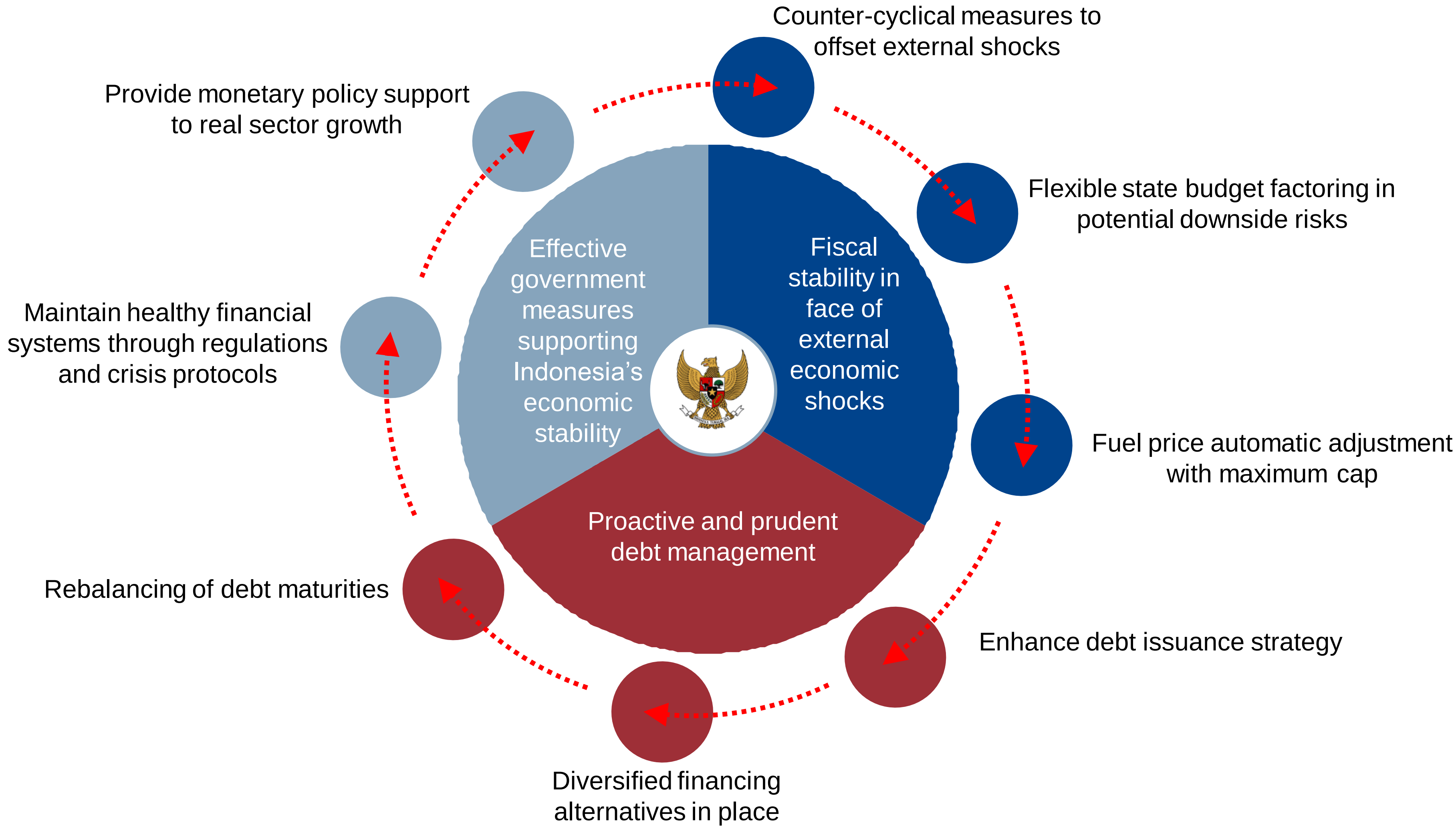
BI Rate



Source: Bank Indonesia.

2. Policy Agenda:
Indonesia's Response to Global Financial Crisis

Indonesia's Policy Responses to Safeguard the Country's Fundamentals Against the Global Financial Crisis



Source: Ministry of Finance.

Stimulating Real Sector Growth

- **Recognize the importance of monetary policy support**, as deemed appropriate for domestic conditions
  - Bank Indonesia lowered the policy rate to 8.75% in Jan-09, to 8.25% in Feb-09, to 7,75% in Mar-09, and to 7.50% in Apri-09
  - Indonesian banks have started cutting their lending rates in response to the central banks' rate cut to accelerate real sector growth

- **Accelerate the disbursement of projects** for government and state-owned enterprise

- **Implement fiscal stimulus and provide additional fiscal stimulus for household, business and job creation infrastructure projects**

- **Support for real sector and export promotion** such as government guarantees for trade financing

- Reduce fuel prices, apply an automatic premium gasoline price adjustment and provide diesel price incentives to **reduce manufacturing operational costs**

Source: Bank Indonesia.

Prudential Response to the Crisis

- Maintaining macro-economic stability
- Maintaining confidence in the market
  - Increasing the deposit guarantee coverage (from Rp100 million to Rp2 billion)
- Providing sufficient liquidity for banks
  - Simplifying and reducing the minimum Reserve Requirement
  - Broadening access of Bank Indonesia's Short Term Funding Facility to more banks in need
- Strengthening the Financial Safety Net arrangement
  - Works underway to issue a law on Financial Safety Net
- Maintaining credit growth momentum by issuing several prudential measures:
  - Assessing credit quality only based on 1 pillar (payment punctuality) for SME loans meeting various criteria
  - Gradual implementation of Uniform Classification System and the use of warehouse receipts as collateral
  - Increase in Legal Lending Limit for projects effecting the welfare of many
  - Reduction in Risk Weighted Assets for some SMEs, Home Ownership Loans, and employee and retiree loans
- Increased intensity in foreign bank branch offices and joint venture banks

Source: Bank Indonesia.

Chronological Policy Responses

In response to the global crisis, Bank Indonesia enacted policies aiming to provide liquidity into the market. At the same time, BI also promulgated regulation to moderate excessive pressure on the rupiah exchange rate, and to mitigate foreign currency purchase for speculative purposes.

Date	Event
16 Sept'08	BI lowers the O/N repo rate from the BI rate plus 300 bps to the BI rate plus 100 bps
23 Sept'08	BI adjusts the FASBI rate from BI rate minus 200 bps to BI rate minus 100 bps
13 Oct'08	BI lengthens the time span for Fine Tune Operation (FTO) from 1 - 14 day to 1 day-3 month (BI Regulation No.10/14/PBI/2008)
15 Oct'08	- Issuance of PERPPU No.2 Year 2008 on changes in regulations concerning Bank Indonesia, which allowed current credits to become collateral to receive the short term liquidity facility (FPJP)
	- Issuance of PERPPU No.3 Year 2008 which regulates the increase in the value of a depositor's fund guaranteed by LPS from Rp100 million to Rp2 billion
	- BI lengthens the tenor on the foreign exchange swap from a maximum of 7 days to 1 month (BI Regulation No.10/21/PBI/2008)
	BI commits to supply foreign exchange to domestic corporation through banks (BI Regulation No.10/22/PBI/2008)
	- Issuance of PERPPU No.4 Year 2008 concerning the Financial System Safety Net (FSSN)
24 Oct'08	BI amends BI Regulation No.10/19/PBI/2008 to improve the calculation of Rupiah GWM, i.e. primary GWM being 5% of Rupiah deposits and secondary GWM being 2.5% of Rupiah deposits (BI Regulation No.10/25/PBI/2008)
30 Oct'08	BI issues a regulation concerning the short term liquidity facility for commercial banks (FPJP) (BI Regulation No.10/26/PBI/2008)
13 Nov'08	BI issues a regulation which limits speculative foreign exchange transaction to the Rupiah by requiring an underlying transaction for each foreign exchange transaction purchase in excess of USD 100.000 (BI Regulation No.10/28/PBI/2008)
14 Nov'08	BI issues an amendment in regard of BI Regulation No.10/26/PBI/2008 concerning short term liquidity facility for commercial bank (BI Regulation No.10/30/PBI/2008)
18 Nov'08	BI issues a regulation concerning Emergency Financing Facility (FPD) (Bank Indonesia Regulation No.10/31/PBI/2008)
16 Dec'08	BI forbids derivative transactions of structured product in relation to foreign exchange transactions (BI Regulation No.10/31/PBI/2008)

Source: Bank Indonesia.

2009 Debt Management: Providing Cushions

The 2009 budget is designed to give the Government enough room to adjust to any potential impact of the global credit crisis

In response to volatile market conditions, Indonesia has embarked on the following steps for 2009:

- Providing contingencies financing facilities from bilateral and multilateral organizations and other institutional investors
- Enhance debt issuance strategy:
  - Explore new fundraising methodology including establishing a Global Medium Term Note Program and issuance via private placements and syndicated offerings
  - Shortening portfolio duration
  - Instrument diversification

Source: Ministry of Finance.

Policy in the Real Sector: Strong Commitment to Improve Investment Climate

The following actions have been taken as part of the government drive to improve the investment climate:

1) **To accelerate the clearance process for exported and imported merchandise**, improvements have been made to the quality of transportation access from industrial estates to the port area, such as the widening of a 2 km stretch of Jalan Raya Cibarusah and the 248.5 meter Cikarang Flyover construction

2) **To strengthen public services in support of foreign trade**, mandatory use of the NSW Import system was introduced on 23 December 2008 for all importers and shipping agents in the Tanjung Priok Port (Jakarta) and Tanjung Emas Port (Semarang). The NSW Import System has also been introduced on a limited basis for designated importers and shipping agents at Tanjung Perak Port (Surabaya), Belawan (Medan) and the Soekarno-Hatta Airport (Jakarta)

3) **To prevent illegal transhipment/circumvention**, 750,000 Certificates of Origin have been automatically issued to various countries

Source: Coordinating Ministry for Economic Affairs

National Industrial Policy Promulgated

- On 7 May 2008, The Government Promulgated **Presidential Regulation No. 28 of 2008 on National Industrial Policy (NIP)**, with a vision that by year 2025 Indonesia will have a competitive, world class manufacturing sector of unabated growth that will be the prime mover of the economy
- The Regulation sets out the direction for "National Industrial Development up to year 2025" which is focused upon the establishment of two industrial basis for the nation
  1) **Manufacturing Industry Basis:** Petrochemical, steel, capital goods, textile, electronics, as well as certain small and medium scale industries
  2) **Potential Master Industries:** Agro-business, transportation, and internet communication & technology (ICT)
- Based on the NIP, highest priority will be given to export orientated industry, industry which provides job opportunities and/or significantly supporting infrastructure development, poverty alleviation, and enhance state defense industry
- The NIP set rules on the provision of fiscal or non-fiscal facilities to be extended to priority industries, pioneer industries, industries located in remote areas, innovative industries, industries carrying out infrastructure development, industries that are focused on technology transfers, and industries that open up job opportunities
- The NIP will guard a **fundamental change in the structure of the Indonesian economy** from traditional agriculture being the most significant contributor to a more diverse and high technology agro-business cluster. It will also shift in the country's major exports from textile and forest products to stainless steel, motors and motor vehicles, electronics, and basic chemicals
- The regulation also imposes the Minister of Industry the task of compiling the "Road Map to 2025"

Source: Coordinating Ministry for Economic Affairs

New Regulation Concerning Mineral and Coal Mining

- **Law of the Republic of Indonesia No. 4 of 2009** concerning Mineral and Coal Mining ratified on January 12, 2009
- The Law provides a clearer and transparent process of investing through tender process
- The requirement to process raw materials domestically creates new business opportunities

Source: Ministry of Energy and Natural Resources

Regulations Concerning Energy Resilience

In energy resilience, Government actions include the following:

1) **To strengthen investment in the oil, natural gas and mining sector**, revisions have been made to several regulations of the Minister of Energy and Natural Resources concerning Oil and Natural Gas Extraction. The published regulations are:
   a. Energy and Natural Resources Minister Regulation No. 2/2008 concerning Supply of Domestic Oil and Natural Gas Requirements by Production Sharing Contractors
   b. Energy and Natural Resources Minister Regulation No.22/2008 concerning Guidelines and Procedure for Consumer Protection in Downstream and Oil and Gas Business
   c. Energy and Natural Resources Minister Regulation No.19/2008 concerning Upstream Oil and Natural Gas Expenses Not Refundable to Contractors

2) **Concerning the programme for accelerated development of alternative energy sources**, the Energy Resources Technical Committee of the Directorate General of Electricity and Energy Utilisation has approved the Blue Print for National Energy Management for 2006-2025

Source: Coordinating Ministry for Economic Affairs

Intensive Efforts to Address the Key Concerns of Investors

- **Strong commitment to fight corruption**
  - Indonesian's corruption score based on survey by Political & Economic Risk Consultancy (PERC) has improved to 7.98 from 8.03 last year. This new score has placed Indonesia ahead of the Philippines and Thailand

- **Improvement in business climate**
  - Indonesia moved up 10 places in the World Bank's Doing Business survey to 123rd in 2008 from 133rd in 2007. The largest improvements were seen in dealing with licenses, paying taxes and trading across borders

- **New Presidential Decree on Economic Focus Program (Presidential Decree No.5 of 2008)**
  - The Regulation has become effective since the day of its issue on the 22nd of May 2008. The main objectives are to revive growth and investment through
    1) Further improvement on investment climate
    2) Acceleration of Infrastructure Development
    3) An enhancement of the financial sector and state owned enterprises reform
    4) Integrating Energy Security for competitiveness
    5) Employment Regulation Reform
    6) Environment Protection
    7) SME sector reform
    8) Comprehensive Preparation toward ASEAN Economic Community 2015

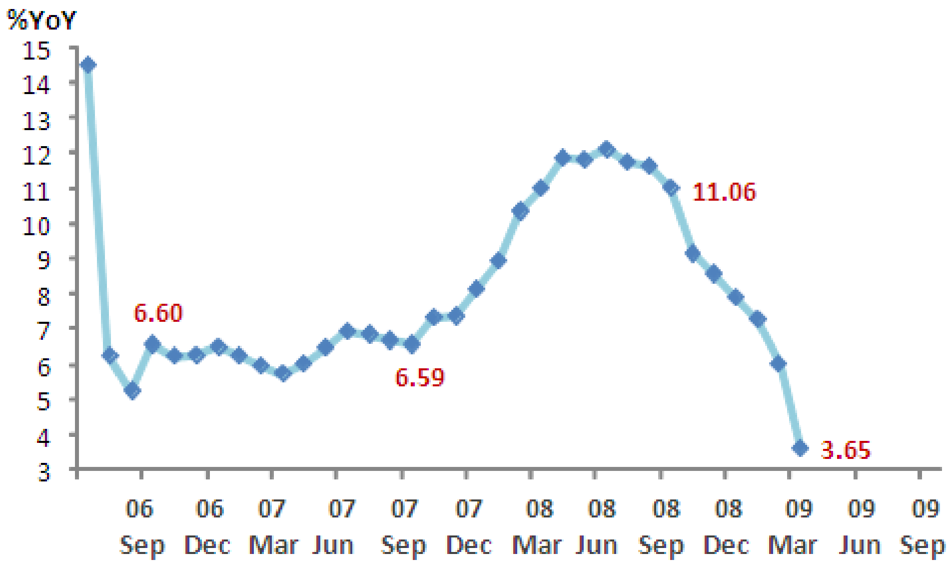
Source: Coordinating Ministry for Economic Affairs

2. Bank Indonesia Monetary Policy

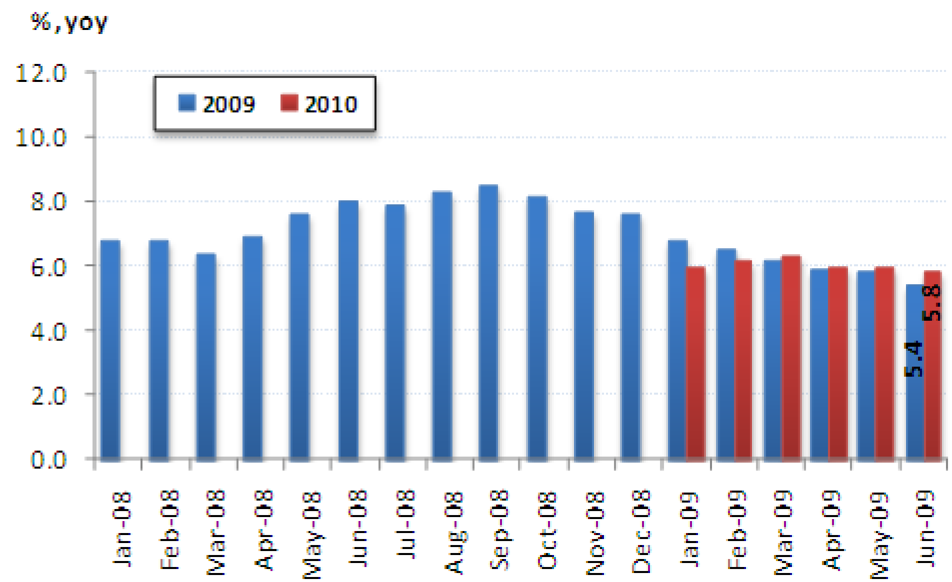
Monetary Policy Outlook

- In line with slowing demand, globally and domestically, as well as falling commodity prices, we estimate subdued inflationary pressure in 2009. Volatile food inflation is estimated to remain in check, given adequate supply from mainly domestic producers. We also expect that administered price inflation will be kept low in 2009 due mainly to subsidized fuel price cut in early 2009.
- Against this backdrop, inflation in 2009 is forecasted to be within the target of 3.5% - 4.0% (y-o-y).
- Looking ahead, inflation is expected to increase in light of global commodity prices increase. Therefore, Bank Indonesia become more vigilant toward easy monetary policy.

CPI Inflation Forecasts



Inflation Expectation – Consensus Forecast



Source: Bank Indonesia

Latest Macroeconomic Indicators

Indicators	Unit	2007	2008	2009 Q1	2009 Q2
External					
World GDP	%y-o-y	5.1	3.2	-0.5	-0.9
World Trade Volume	%y-o-y	7.2	3.5	-3.6	-15.1
Oil Price	USD/bbl	70.1	93.5	43.1	60.7
Price of Non-Oil and Gas Commodities	%y-o-y	14.9	12	-21.5	-23.0
LIBOR USD 6 m	%, pa	5.3	3	1.47	1.4
Gross Domestic Product	%y-o-y	6.3	6.1	4.4	3.7 - 4.0
Private Consumption	%y-o-y	5.0	5.3	5.8	3.8 - 4.5
Government Consumption	%y-o-y	3.9	10.4	19.3	12.9 - 13.5
Investment	%y-o-y	9.4	11.7	3.5	1.9 - 2.4
Exports of Goods & Services	%y-o-y	8.5	9.5	-19.1	(-17.4) - (-16.5)
Imports of Goods & Services	%y-o-y	9.0	10.0	-24.1	(-21.3) - (-19.9)
Balance of Payments					
Current Account	%GDP	2.4	0.1	2.9	3.1
Capital & Financial Account	%GDP	-0.4	0.6	2.1	-2.4
Overall Balance	%GDP	0.0	-0.4	3.5	1.1
International Reserve	USD billion	56.9	51.6	54.8	57.6
Fiscal					
Budget Surplus/Deficit	%GDP	-1.3	-0.1	0.1	0.1 (Apr-Mei)
Rupiah Exchange Rate (Average)	IDR/USD	9,140	9,666	11,578	10,527
CPI Inflation	%y-o-y	6.6	11.1	7.9	3.7
BI Rate	%pa	8.00	9.25	7.5 (April)	6.75 (July)
Credit Growth*	%y-o-y	25.5	29.5	26.0	17.7 (May)
Stock Price Composite Index	1983=100	2,746	1,355	1,434	2,027

** including channeling credit*

Source: Bank Indonesia

2. Bank Indonesia Banking Policy

Banking Stability

Indonesian Banking System is in Good Shape (data as of May 2009) :

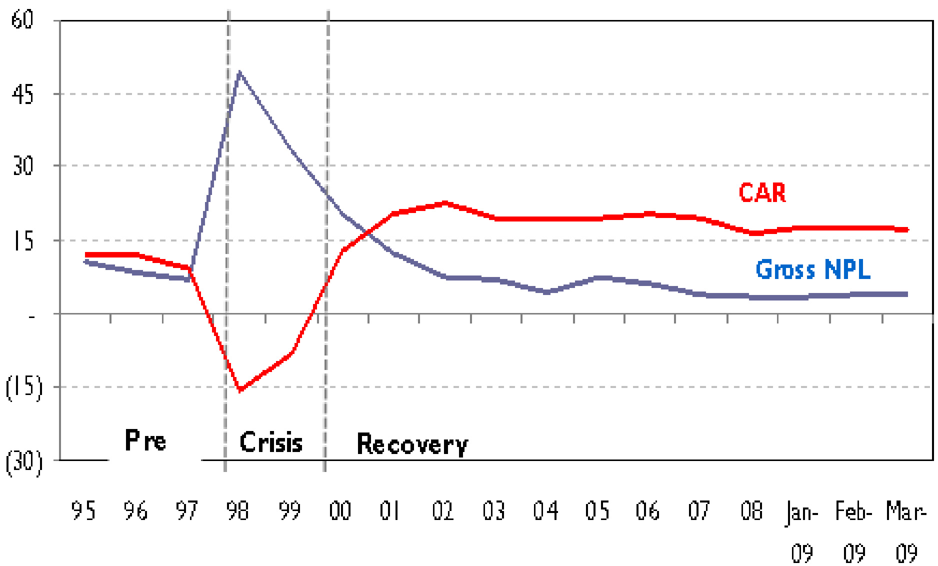
- **Highly capitalized, with CAR of 17.3%**
- **Manageable credit risk, with NPL of 4.7% (gross) and 1.9% (net)**
- **Stay profitable, with ROA of 2.7%**

Key Indicator	Dec-06	Dec-07	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09
Total Asset	1,693.5	1,986.5	2,310.6	2,307.1	2,344.9	2,352.1	2,327.4	2,309.8
Deposits	1,287.0	1,510.7	1,753.3	1,745.6	1,767.1	1,786.2	1,780.9	1,783.6
- Demand Deposits	338.0	405.5	430.0	430.7	427.3	437.0	442.8	431.1
- Savings	333.9	438.5	498.6	483.4	482.6	492.5	496.0	498.5
- Time Deposits	615.1	666.7	824.7	831.4	857.2	856.7	842.1	854.0
Earning Assets	1,556.2	1,792.0	2,170.9	2,168.4	2,196.5	2,215.0	2,189.0	2,189.3
- Loans	832.9	1,045.7	1,353.6	1,325.3	1,334.2	1,342.1	1,332.1	1,339.2
- Certificate of Bank Indonesia	179.0	203.9	166.5	208.5	211.8	208.1	211.2	195.4
- Placement at BI	38.6	46.8	71.9	53.9	42.9	46.8	52.7	50.5
- Securities	342.9	350.2	358.5	361.6	373.3	374.0	362.9	363.6
- Inter-bank Placement	156.8	139.8	213.8	212.3	227.5	236.9	223.4	233.8
- Equity Investments	5.9	5.6	6.6	6.8	6.8	7.0	6.7	6.9
Net Interest Income	83.1	96.4	113.1	114.7	113.8	118.2	120.2	122.1
CAR (%)	20.5	19.3	16.2	17.6	17.7	17.4	17.6	17.3
Loans/Earning Assets (%)	53.5	58.4	62.4	61.1	60.7	60.6	60.9	61.2
Provisioning	39.2	41.3	47.5	50.8	53.3	52.1	52.3	54.5
Gross Non Perform. Loans (%)	7.0	4.6	3.8	4.2	4.3	4.5	4.6	4.7
Net NPLs after provisioning (%)	3.6	1.9	1.5	1.6	1.6	1.9	2.0	1.9
Return on Assets (%)	2.6	2.8	2.3	2.7	2.6	2.8	2.7	2.7
Operating Exp/Oper. Income (%)	86.4	78.8	84.1	86.4	86.9	82.3	82.0	81.6
Loan to Deposit Ratio (%)	64.7	69.2	77.2	75.9	75.5	75.1	74.8	75.1
Liquid Assets/Total Assets (%)	22.0	23.0	16.4	17.1	16.4	16.3	16.9	16.1
Core Deposits/TA (%)	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Number of Banks (unit)	130	130	124	123	123	123	122	122
Number of Branches (unit)	9,110	9,680	10,936	12,007	12,033	12,039	12,201	12,500

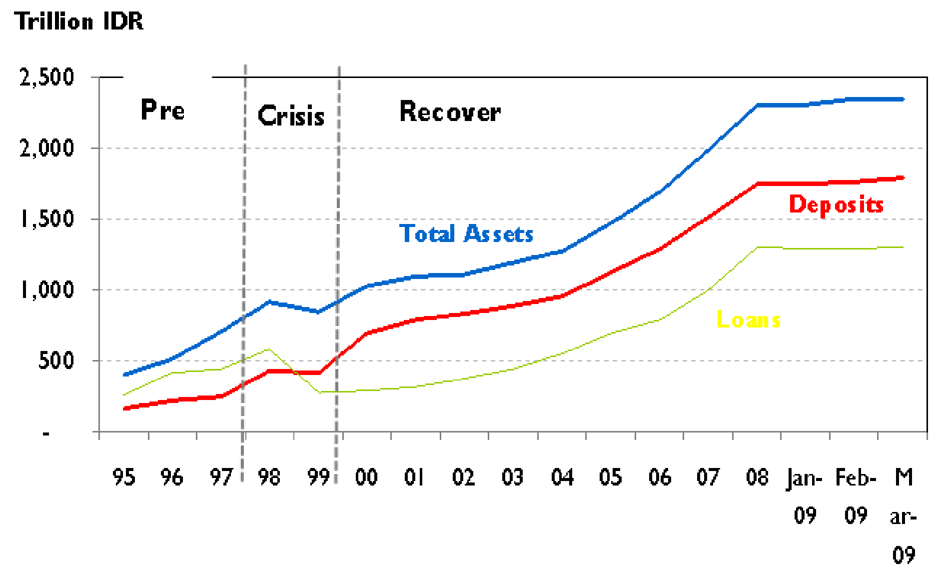
Source: Bank Indonesia

What differences does a decade make?

NPL ratio and CAR



Loans, Deposits, and Total Assets



Post crisis, Indonesian banking industry has shown far-reaching performance shift:

- **After showing negative solvency during the crisis episode of 1997/1998, the CARs of most banks in Indonesia have been maintained at persistently high level**
- **Credit risks have significantly been mitigated; gross NPL (gross) ratios have been persistently at low level**
- **Growth of assets, loans, and deposits have been continual and persistent**
- **A slight pace of disintermediation, however, remain**

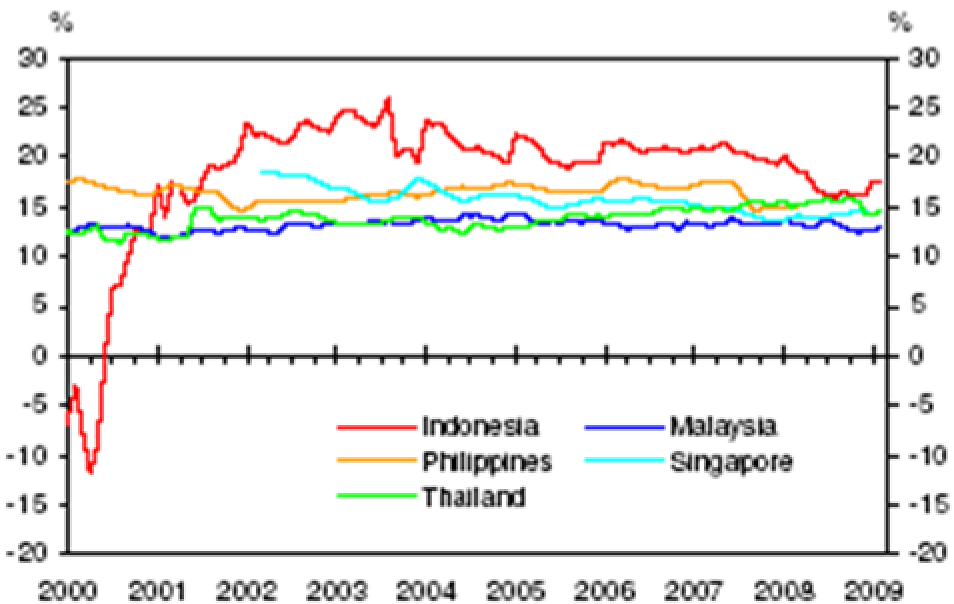
Source: Bank Indonesia

Peer Comparison; Southeast Asia

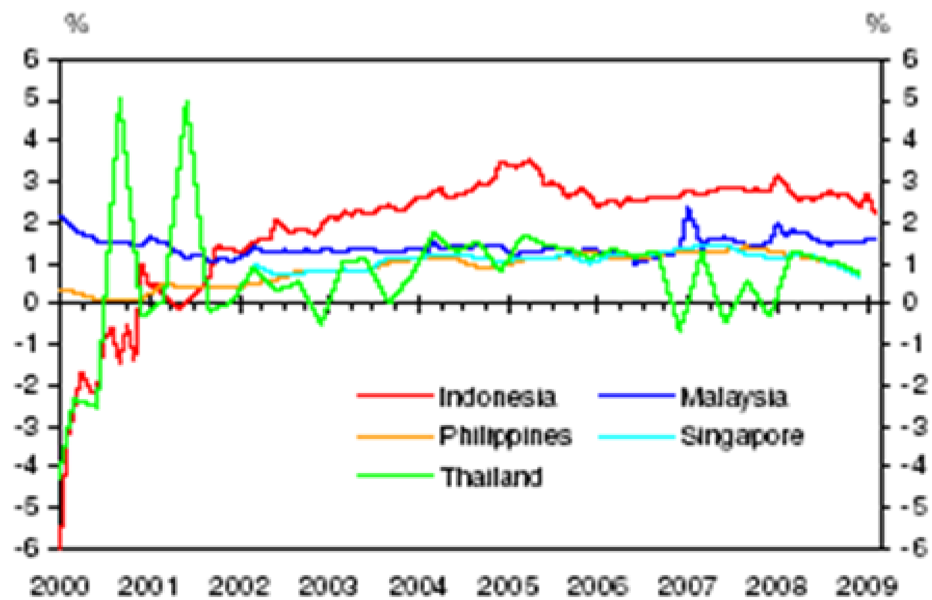
In South East Asia, Indonesian banking system:

- Claimed to be the most solvent and profitable
- Top performer
- Possess strongest cushions to absorb risks, as CARs are maintained at high level

Capital Adequacy Ratio



Return on Assets

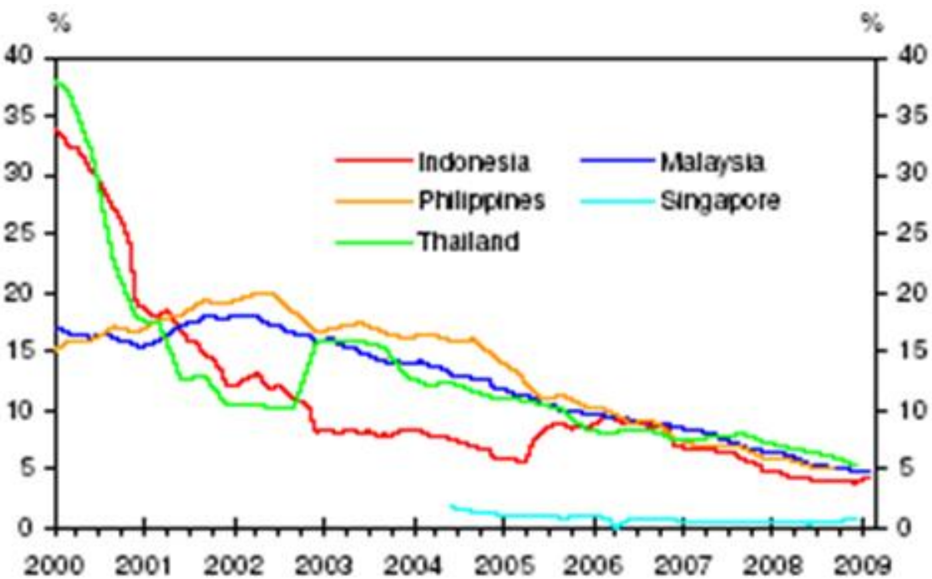


Source: Bank Indonesia

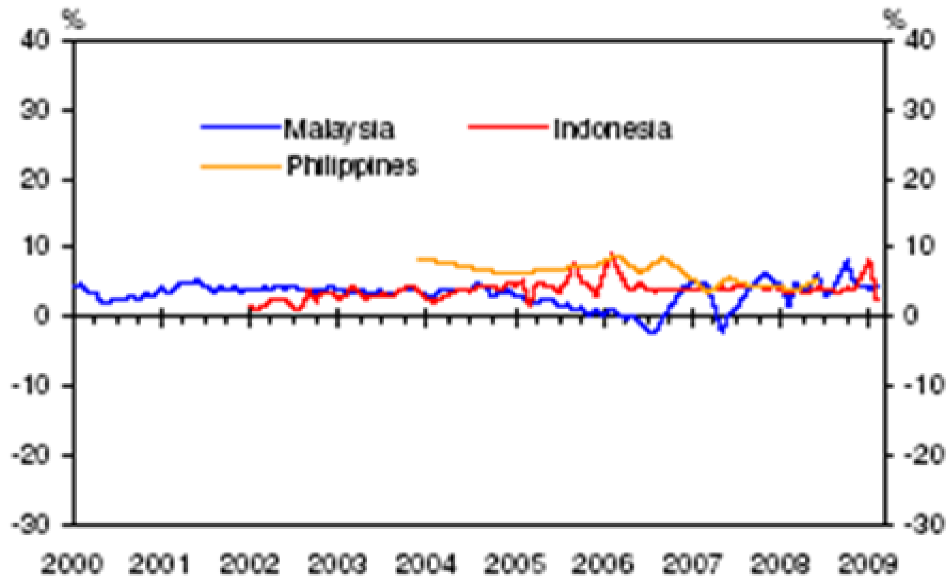
Peer Comparison; Southeast Asia

- Credit risk has been systemically lower than that of neighboring economies
- Due to the fact: asset restructuring was conducted by the IBRA
- Exposure to foreign exchange risk has been reasonably small

Non Performing Loans



Net Open Position



Source: Bank Indonesia

Indonesian Banking; *Blessing in Disguise*

- The adverse impact of global financial meltdown on Indonesian banking system was fairly limited
- "*Blessing in Disguise"* due to the facts:

  Prudential regulation prevents banks to:

  - have exposures in equity markets
  - invest in real estate and property markets
  - engage in other speculative transactions, including sub-prime lending and invest in US sub-prime mortgage securities
- Indonesian banks business model is a *"deposit to lend"* model. Therefore, it remains fairly traditional and does not have credit risk transfer instruments
- Banks have exercise prudence:
  - High CAR
  - Low NPL and NOP ratios
  - Fairly low LDR
- Nevertheless, disintermediation remains a daunting challenge

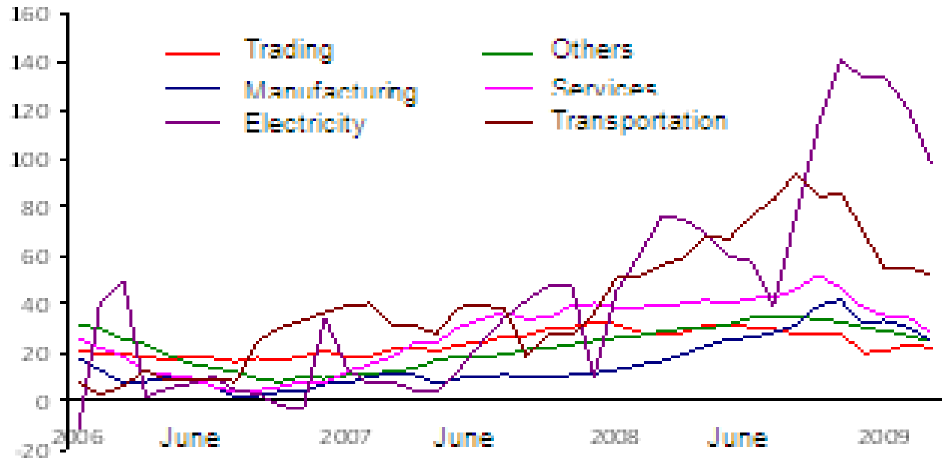
Source: Bank Indonesia

Loan Growth

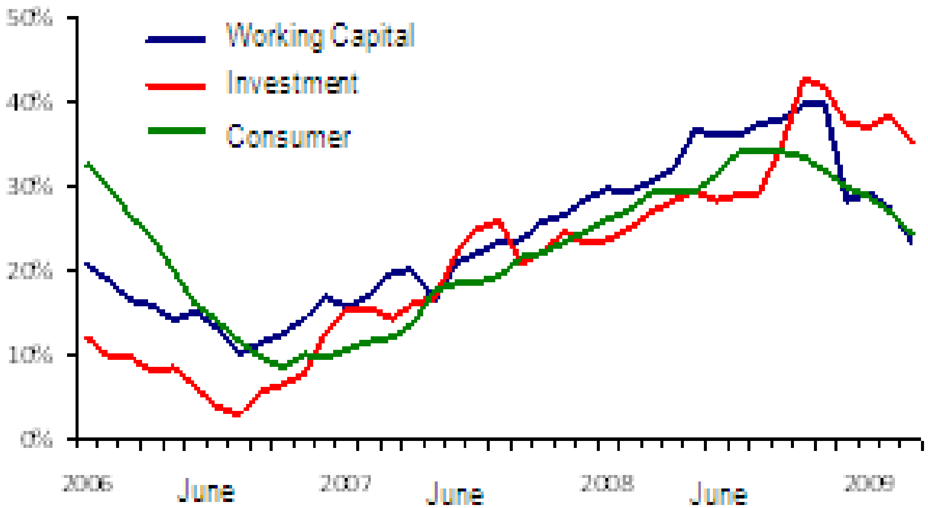
Loans grew at rapid pace in 2008, yet recently start to slow down

- Banks appear to be extra prudent
- Banks confront enormous uncertainty in the aftermath of financial meltdown
- Loans to some sector remains grow at slower pace

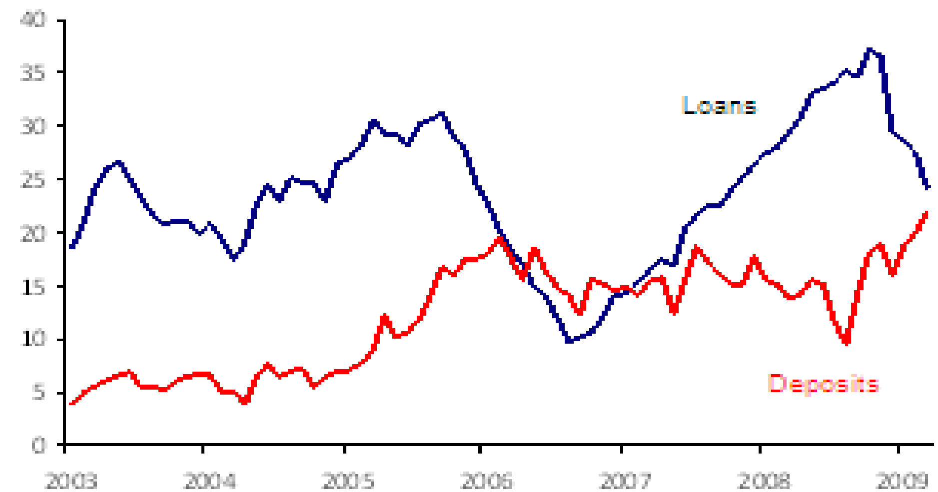
Loan Growth as per Business Sector (yoy)



Loan Growth as per Purpose



Loan and Deposit Growth



Source: Bank Indonesia

Slowing Credit Expansion: Underlying Factors

❖ Low credit growth is not due to lack of bank fundamentals or financial conditions. Several reasons why credit growth is slow:

a. Weak demand

- Global uncertainty remains
- Less new business and business expansions
- Banks find alternative to extending credits

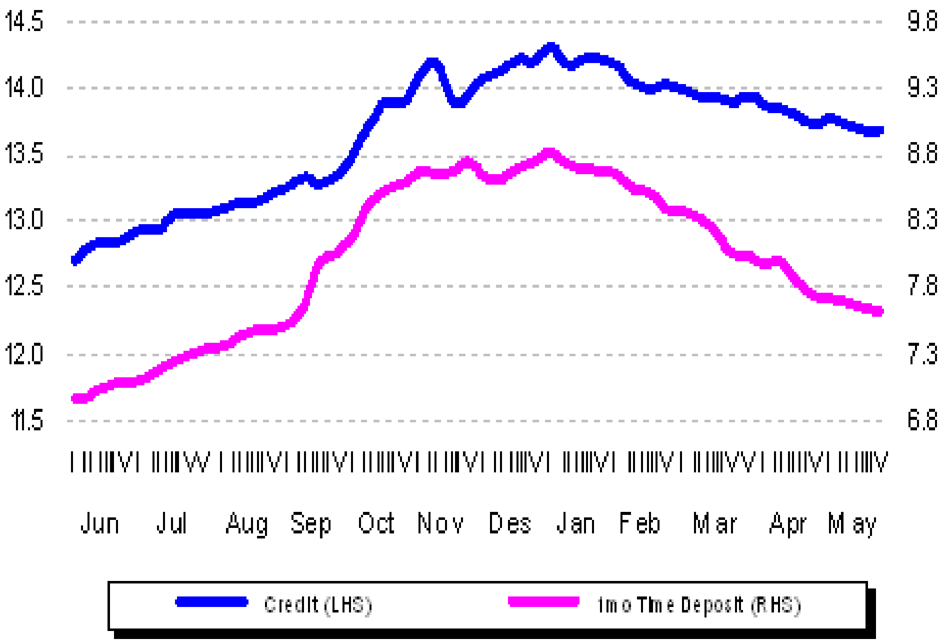
b. High cost of funds

- Prime clients dominate the depositors profile
- Prime clients in good position to negotiate interest rates

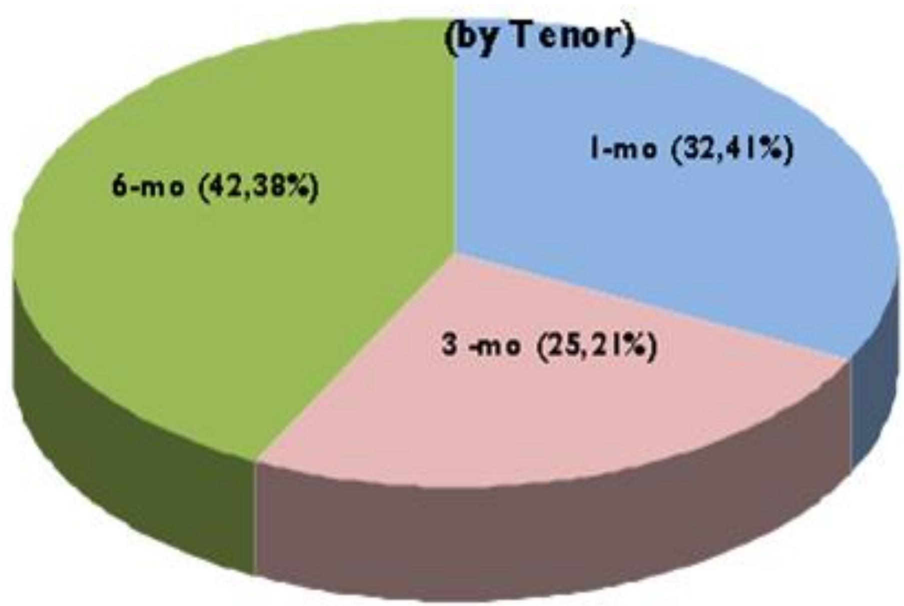
c. High risk perceptions

- Asymmetric information

Credit and Rupiah Time Deposit Interest Rates



Loan and Deposit Growth



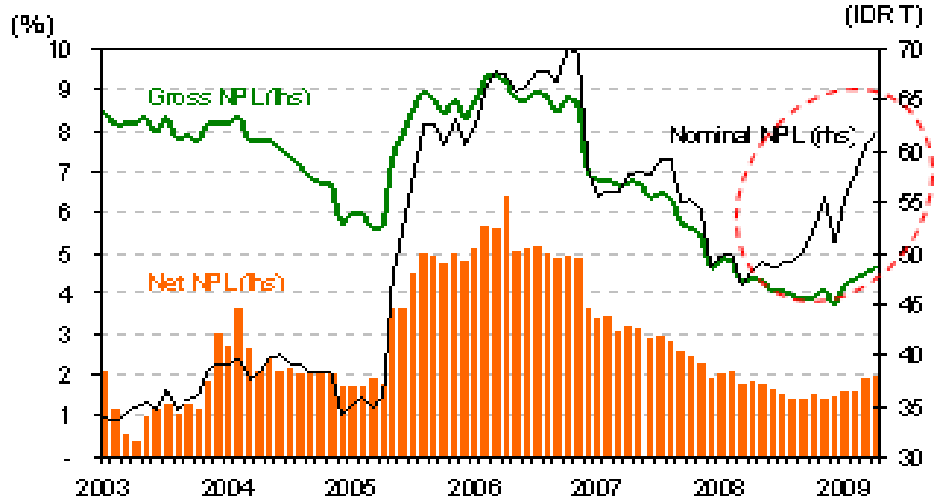
Source: Bank Indonesia

Credit Risk

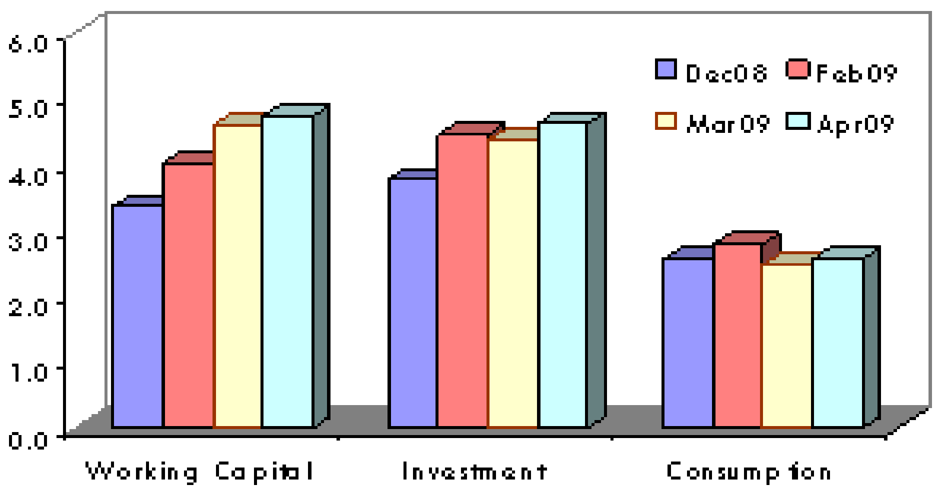
Credit risk remain a major challenge for most Indonesian banks

- Gross and net NPLs have been steadily trending upward
- Yet, banks have ample provisioning, making them capable of mitigating unexcpected losses
- Bank Indonesia exercises *"strong vigilant mode"* over the credit risk exposure

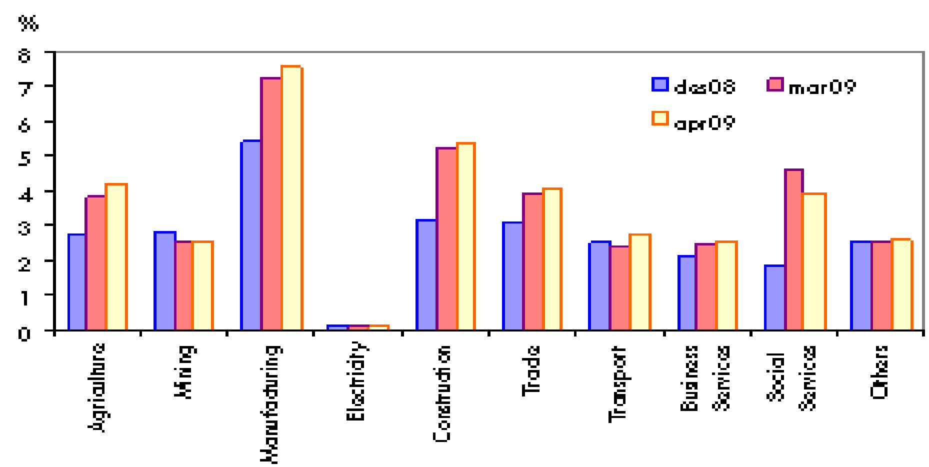
Non Performing Loan



Gross NPL Ratio (%)



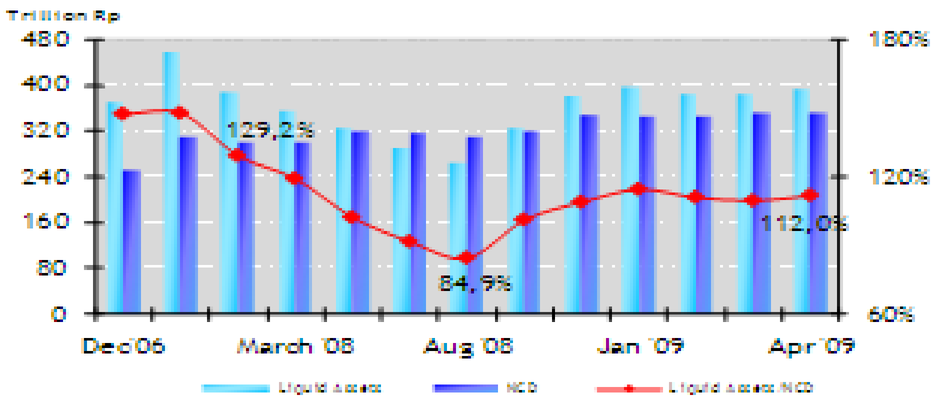
Gross NPL Ratio by Sector



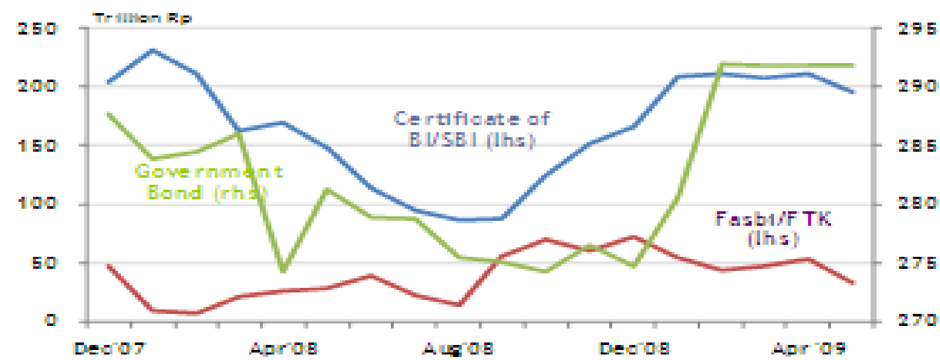
Source: Bank Indonesia

Liquidity Risk

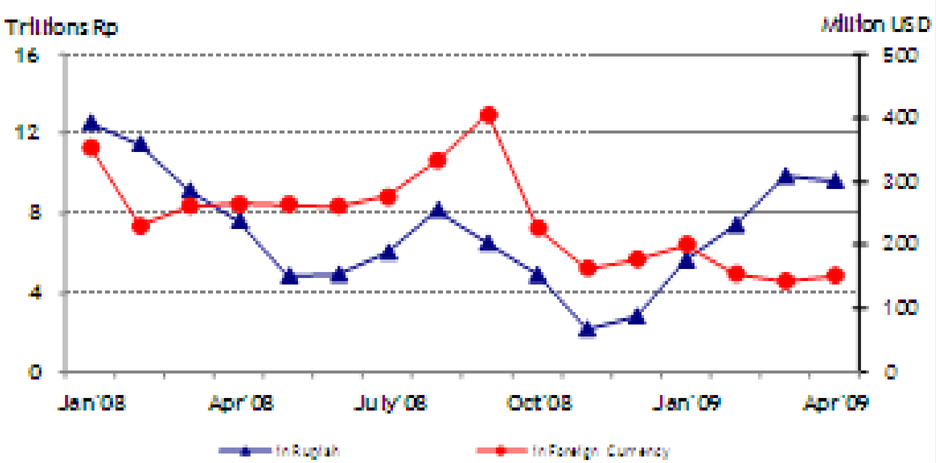
Liquid Asset Ratio



Liquid Assets



Volume of Domestic Interbank Money Market Transaction (daily average)



Liquid assets = cash and placement on BI
NCD = 30%demand deposit + 30%saving deposit + 10% saving depsoits (tenor < 3 month)

Banks Hold Ample Liquid Asset

a. **Banks hold sufficient liquid assets**
- Banks hold ample liquid asset, of which 91% in IDR.
- This helps banks mitigate growing pressure to liquidity risk

b. **Liquid asset to short-term liabilities more than 100%**
- Most banks are capable of meeting their short-term liquidity pressures or deposit withdrawals

c. **Inter-bank markets**
- PUAB rate volatility has been smoothening and closing to the benchmark BI rate
- Transaction volumes have been trending upward – enable banks to eliminate inter-bank market segmentation
- This helps ease systemic liquidity pressures

Source: Bank Indonesia

5. Balance of Payments: Q2 - 2009 Performance

Balance of Payments: Q2 – 2009

Overall Balance and Current Account

Indonesia's Balance of Payments (BOP) in Q2-2009 posted a surplus of USD1.1 billion compared to a surplus of US$4.0 billion in the preceding quarter. In line with that, the official reserves increased from US$54.8 billion at end of March 2009 to US$57.6 billion (equivalent to 5.5 months of imports and official debt service payments) at end of June 2009.

The current account maintained a surplus of around US$3.1 billion, bolstered by more robust surpluses in non-oil and gas trade balance, oil and gas trade balance and current transfers, with the surpluses in these accounts outweighing the escalation in the income and services account deficit. The strongest improvement over the preceding quarter was recorded in the non-oil and gas trade balance, with non-oil and gas exports posted a larger quarterly increase than non-oil and gas imports.

Indonesia's Balance of Payments

(million US$)

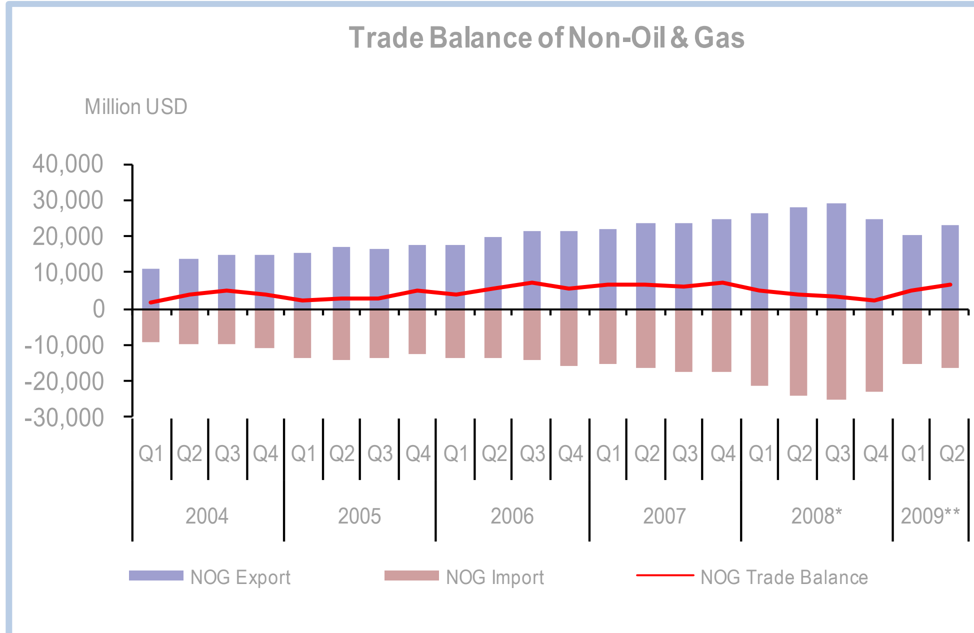
ITEMS	2008[*)]	2009[**)]	
		Q1	Q2
I. CURRENT ACCOUNT	**285**	**2,885**	**3,104**
A. Goods, net	**22,916**	**6,969**	**8,705**
1. Non-Oil & Gas, net	15,130	5,333	6,588
2. Oil & Gas, net	7,786	1,635	2,117
B. Services, net	**-12,745**	**-2,535**	**-3,097**
C. Income, net	**-15,271**	**-2,672**	**-3,714**
D. Current Transfers, net	**5,385**	**1,122**	**1,210**
II. CAPITAL & FINANCIAL ACCOUNT	**-1,354**	**1,750**	**-2,414**
A. Capital Account	**294**	**19**	**29**
B. Financial Account	**-1,648**	**1,731**	**-2,443**
1. Direct Investment	**2,799**	**1,660**	**9**
a. Abroad	-5,900	-821	-1,029
b. in Indonesia	8,698	2,481	1,037
2. Portfolio Investment	**1,721**	**1,859**	**2,003**
a. Assets	-1,294	133	406
b. Liabilities	3,015	1,726	1,597
3. Other Investment	**-6,167**	**-1,788**	**-4,455**
a. Assets	-9,977	-811	-2,692
b. Liabilities	3,810	-976	-1,763
III. TOTAL (I+II)	**-1,066**	**4,634**	**690**
IV. NET ERRORS & OMISSIONS	**-878**	**-680**	**362**
V. OVERALL BALANCE (III+IV)	**-1,945**	**3,955**	**1,052**

Source: Bank Indonesia

Balance of Payments: Q2 – 2009

Trade Balance: Non-Oil & Gas

Surplus on non-oil and gas trade balance increased in Q2-2009 to US$6.6 billion (Q1-2009: US$5.3 billion surplus) as exports increased larger than imports. An improving trend in non-oil and gas export performance was also visible in its annual growth (y.o.y), recorded at negative 17.3% in Q2-2009, a milder decline than in Q1-2009. Contrasting this was the negative 30.6% growth in non-oil and gas imports during Q2-2009, representing steeper decline compared to Q1-2009 performance of negative 28.8%.



The significant improvement in non-oil and gas exports over the earlier quarter is explained primarily by persistent strong demand from some Asian economies and further increases in international market prices for key export products, led by primary commodities such as coal, copper, and CPO. On the other hand, recovery in non-oil and gas imports was constrained by a slowing down in domestic demand growth.

Source: Bank Indonesia

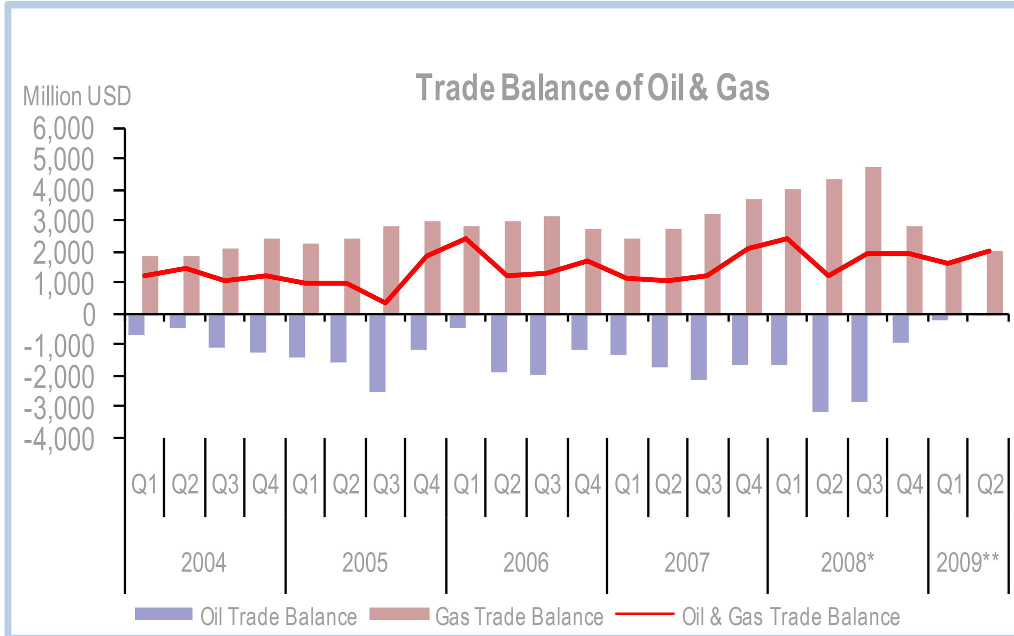
Balance of Payments: Q2 – 2009

Trade Balance: Oil & Gas

After a sharp decline in the previous quarter, **the gas trade balance surplus increased** in Q2-2009 in line with the gas price escalation.

Meanwhile, **the oil trade balance posted a small surplus** compared to a deficit in the previous quarter, as increased in oil product import price was smaller than increased in crude export price.

Concurrently, **the overall oil & gas trade balance posted a larger surplus** than the previous quarter surplus.

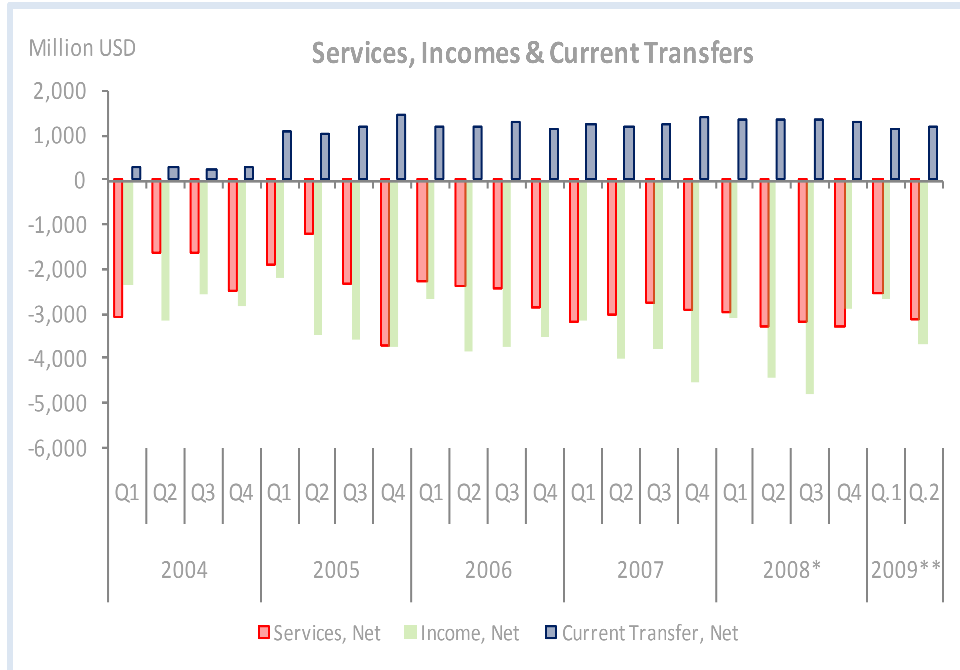


Source: Bank Indonesia

Balance of Payments: Q2 – 2009

Services, Income, and Current Transfers

- The services account deficit was larger than the deficit in Q1-2009 primarily due to increased spending on freight services.
- The deficit on income account was also larger due to increased profit transfer by direct investment enterprises in the oil & gas sector and seasonal (scheduled) increase of interest payments on government external debt.
- The surplus in current transfers slightly increased in line with increased inflows of workers' remittances and decreased net flows of other transfers.

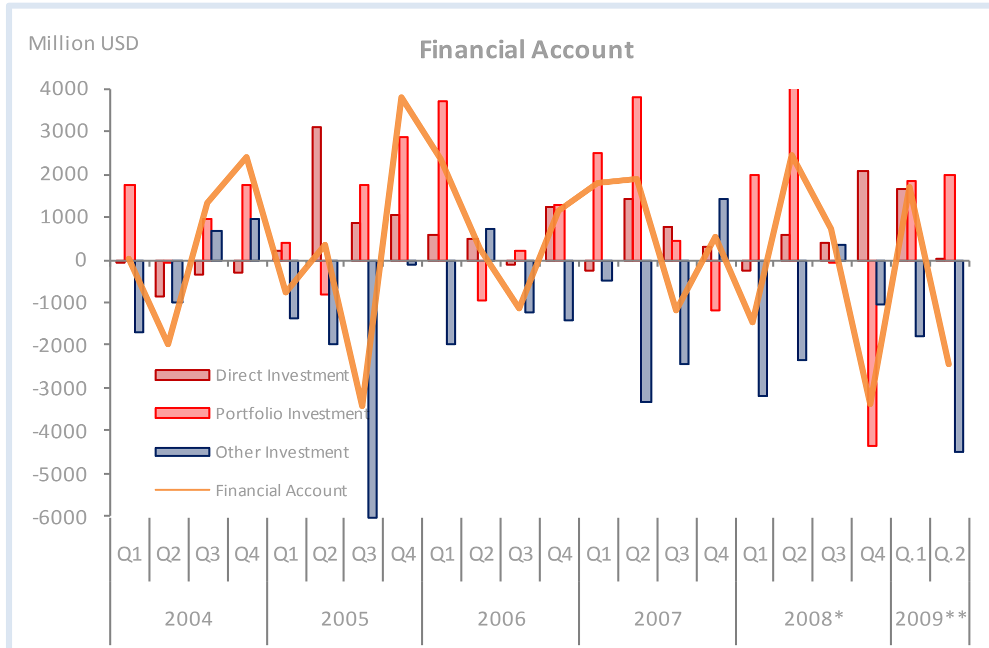


Source: Bank Indonesia

Balance of Payments: Q2 – 2009

Financial Account

The financial account in Q2-2009 posted a USD2.4 billion deficit following the US$1.7 billion surplus of the preceding quarter. This deficit resulted from reduced inflows of foreign direct investment, increased domestic bank and non-bank placements in non-resident banks, and higher levels of servicing of official external debt.

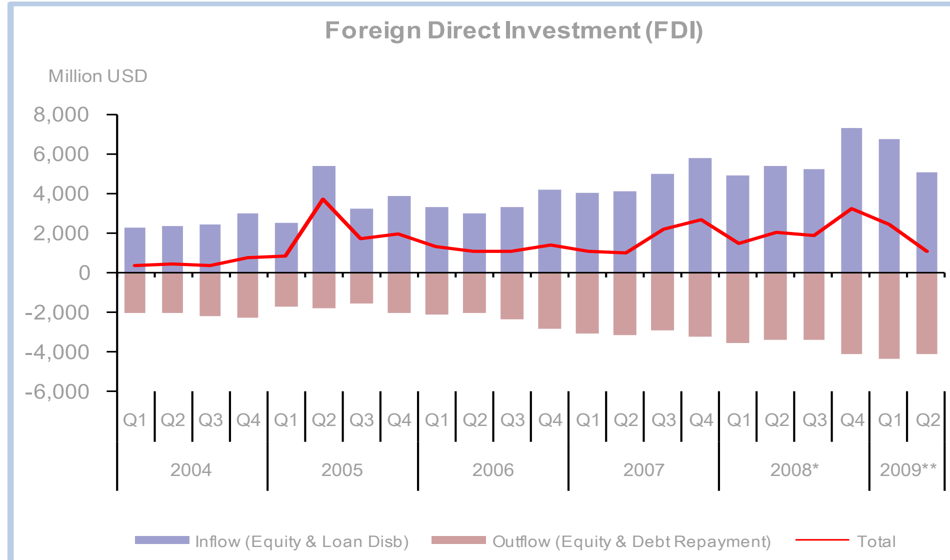


Source: Bank Indonesia

Balance of Payments: Q2 – 2009

Financial Account: Foreign Direct Investment

Foreign Direct Investment (FDI) surplus in Q2-2009 (USD1.0 billion) was smaller than Q1-2009 surplus (USD2.5 billion), as inflows of FDI reduced. The drop in foreign direct investment is consistent with the slowdown in domestic economic growth.



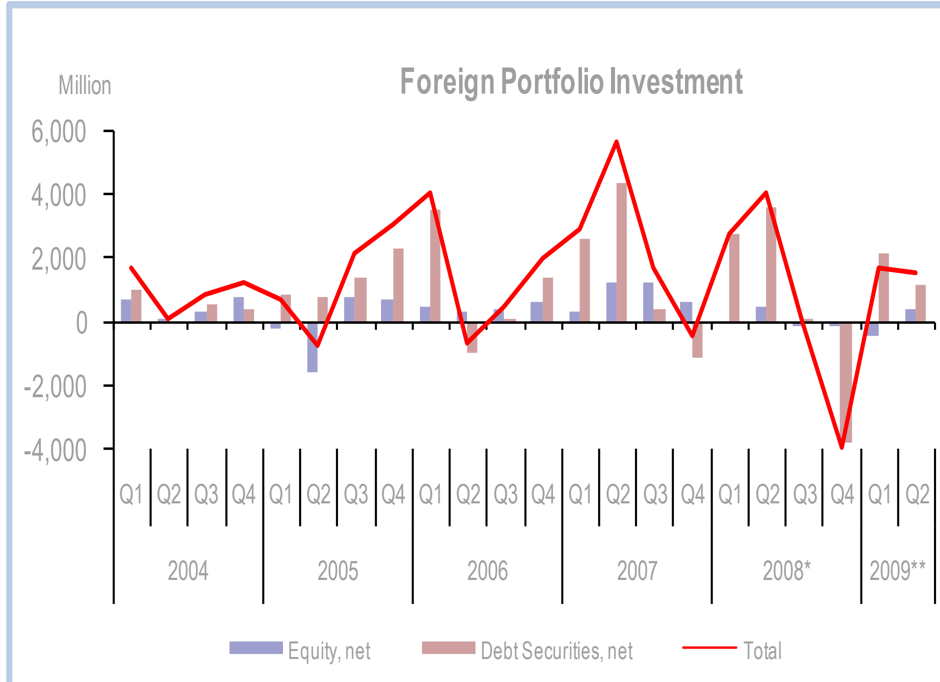
Source: Bank Indonesia

Balance of Payments: Q2 – 2009

Financial Account: **Foreign Portfolio Investment**

Foreign portfolio investment posted a smaller surplus in Q2-2009. A major factor was the absent of new issuance of government international bond in Q2-2009 after a US$3,0 billion issuance in Q1-2009.

Meanwhile, there were increased net foreign investment on rupiah-denominated securities, especially government bond and equities, in Q2-2009, bolstered by renewed investor confidence in Indonesia's economic stability and the calm, orderly national elections.

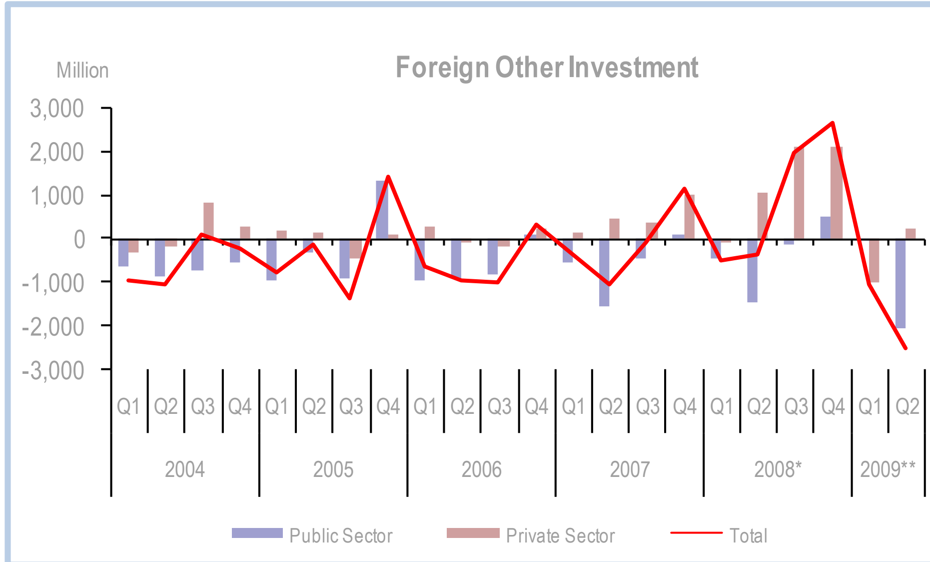


Source: Bank Indonesia

Balance of Payments: Q2 – 2009

Financial Account: **Foreign Other Investment**

Foreign other investment recorded a larger deficit in Q2-2009, mostly due to a seasonal (scheduled) increase in government debt repayments. Meanwhile, surplus in private sectors' other investment mainly resulted from reduced net outflow of trade credit and increased non-resident placements in resident banks.



Source: Bank Indonesia

5. Fiscal Sustainability: 2009 State Budget

2009 Budget with Safety Net and Crisis Prevention Mechanism

Manageable Budget Deficit of US$12.6 billion or 2.4% of GDP

Latest Macroeconomic Indicators

	Original	Stimulus Doc	Provisional		Original	Stimulus Doc	Provisional
GDP Growth Rate	6.0%	4.5%	4.3%	Average IDR/USD	9,400	11,000	10.500
Average Inflation Rate	6.2%	6%	4.5%	Average oil production (barrels/day)	960,000	960,000	960,000
Interest Rate on 3-month Short-term SBI	7.5%	7.5%	7.5%	Average Indonesia's Oil Price ($/bbl)	USD80	USD45	USD 61

2009 Provisional Budget (in USD)

Expenditure

	Stimulus Doc	Provisional Budget
Central Government's Expenditure	$62.3bn	$66.1bn
Ministries	$30.3bn	$30.2bn
Non-Ministries	$31.9	$35.9
Total Subsidy	$11.2bn	$15.0bn
Transfers to Regional Governments	$27.5bn	$29.5bn
Total Expenditure	$89.8bn	$95.5bn
Total Expenditure as % of GDP	18%	18.5%

Revenue

	Stimulus Doc	Provisional Budget
Domestic Revenue	$77.05bn	$82.8bn
Tax Revenue	$60.2bn	$60.1bn
Non-tax Revenue	$16.9bn	$20.7
External Grants	$0.08bn	$0.09bn
Total Revenue	$77.1bn	$82.9bn
Total Revenue as % of GDP	15.40%	16.05%
BUDGET DEFICIT		
Budget Deficit	($12.7bn)	($12.6bn)
Budget Deficit as % of GDP	2.5%	2.4%

Source: Ministry of Finance.

Budget Outcome for Fiscal Year 2009

2009 National Budget – Original vs. Provisional						
IDR in Trillions			Original	Stimulus Doc	Provisional Budget	% to GDP
A	**Total Revenue And Grants**		**985.7**	**848.6**	**871.0**	**16.1**
	I	Domestic Revenue	948.8	847.6	870.0	16.0
		1. Tax Revenue	725.8	661.8	652.0	12.0
		2. Non-Tax Revenue	258.9	185.9	218.0	4.0
	II.	Grants	0.9	0.9	1.0	0.0
B	**Expenditures**		**1037.1**	**988.1**	**1003.0**	**18.5**
	I.	Central Government Expenditure	716.4	685.0	693.7	12.8
		Subsidy	166.7	123.5	157.7	2.9
	II.	Expenditure To Regional	320.7	303.1	309.3	5.7
		1. Balanced Funds	296.9	279.3	285.1	5.3
		A Revenue Sharing	85.7	68.1	73.8	1.4
		B General Allocation Fund	186.4	186.4	186.4	3.4
		C Special Allocation Fund	24.8	24.8	24.8	0.5
		2. Special Autonomy and Adjustment Fund	23.7	23.7	24.3	0.4
C	**Primary Balance**		**50.3**	**(28.9)**	**(22.2)**	**-0.4**
D	**Overall Balance (A-B)**		**(51.3)**	**(139.5)**	**(132.0)**	**-2.4**
E	**Financing (E.I + E.II)**		**51.3**	**139.5**	**132.0**	**2.4**
	I.	Domestic Financing	60.8	109.5	144.7	2.7
		1. Domestic Bank Financing	16.6	65.8	56.6	1.0
		2. Domestic Non-Bank Financing	44.2	43.7	88.2	1.6
	II.	Foreign Financing	(9.4)	(14.5)	(12.7)	-0.2
		1. Gross Drawing	52.2	57.6	69.3	1.3
		A Program Loan	26.4	31.9	30.3	0.6
		B Project Loan	25.7	25.7	26.0	0.5
		2. Amortization Of Foreign Debts	(61.6)	(72.1)	(69.0)	-1.3

Source: Ministry of Finance.

2009 Funding Plan

The 2009 budget is designed to give the Government enough room to adjust to any potential impact of the global credit crisis

Budget Deficit Financing (in US$)

	Stimulus Doc.	2009 Provisional Budget [(1)]
2009 Deficit	**12.7bn**	**12.6bn**
Amortization of existing debt	10.4bn	10.8bn
External Loan	*6.3bn*	*6.6bn*
Gov. Securities	*4.1bn*	*4.3bn*
Financing Required	**23.1bn**	**23.4bn**
Sources of Financing		
Non Debt (2008 surplus)	**4.6bn**	**4.9bn**
Gross Debt Financing	**18.5bn**	**18.4bn**
Government Securities[(2)]	13.0bn	14.0bn
Program Loans	2.9bn	2.9bn
Project Loans	2.3bn	3.7bn
Other[(3)]	0.3bn	(2.1bn)

1. *Estimates based on new set of assumptions plus additional fiscal stimulus measures*
2. *Include Contingency Fund facilities from Bilateral and Multilateral source*
3. *Includes net investments in SOEs*
4. *As of 17 July 2009*

Assumption 1USD = 10,500 for 2009 Budget Outlook.

Funding Plan

- The funding requirement of the 2009 budget and debt amortization will be funded by
  - Accumulated 2008 budget surplus of USD 4.9 billion
  - Additional contingency facilities available from World Bank, ADB and other bilateral G2G agreements (Japan and Australia)
- USD 9.74 billion of government securities has been already raised

Government Security Issuance [(4)]

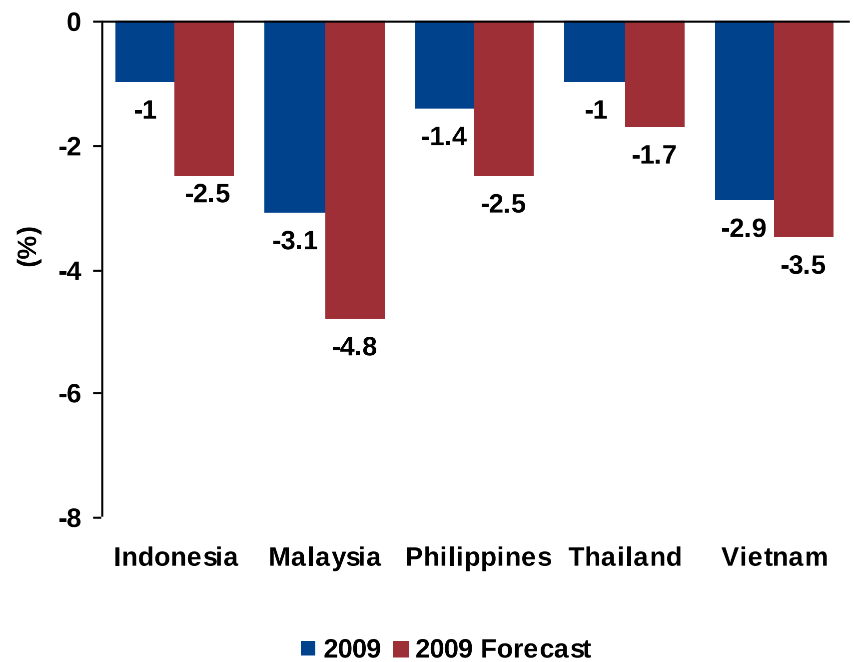
US$ billion	2007	2008	2009 YTD
Domestic	8.15	8.20	5.72
International	1.50	4.20	4.02
Total Issuance	**9.65**	**12.40**	**9.74**
Additional Requirement ***including Samurai bond Priced on July 17th 09**			**4.26**

Source: Ministry of Finance.

Indonesia's Stimulus Package is Comparable to Other Economies

The fiscal stimulus package that Indonesia has put in place is in line with the rest of the world

Country	2009 GDP Growth Projection (%)		2009 Fiscal Stimulus
	Original	Outlook	(% of Outlook GDP)
Malaysia	4.8	0.2	4.4
Thailand	4.5	2	1.8
Australia	2.2	1.7	1.5
Indonesia*	**6.0**	**4.5**	**1.4**
USA	0.1	-0.8	1.2
UK	-0.1	-1.3	1.1
Singapore	3.5	-5	1.1
Japan	0.5	-0.2	1.0
South Korea	3.5	2.5	0.9
India	6.9	6	0.9
China	9.3	8	0.6



ASEAN countries adjust budget deficit due to a lower revenue and fiscal stimulus program

Source: CEIC, Bloomberg.
* Indonesia's data taken from Ministry of Finance.

Source: Ministry of Finance.

Fiscal Stimulus package for 2009

1 — **Accelerate job creation and foster growth of small scale businesses**

Support from infrastructure and national programs, such as

- Additional peoples empowerment (PNPM) program to alleviate poverty
- Expansion of credit program (KUR) to accelerate the development of the primary sectors
- Additional infrastructure projects for job creation

2 — **Boosting the society's purchasing power**

- Subsidies on medicine and cooking oil
- Direct subsidies (cash transfer and conditional cash transfer) for low-income households
- Provide more direct and indirect subsidies to education and health sector

3 — **Stimulate trade and promote entrepreneurship**

- Provide tax subsidy and import duty facility on selected capital goods and materials
- Export financing and guarantee
- Tax rate reduction on corporate income and individual income, and increase minimum threshold for employee tax
- Discount on electricity peak-hour charge for industries and reduction of diesel fuel price

Source: Ministry of Finance.

Budget Deficit Sensitivity Analysis

Change in oil price has negligible impact on the budget deficit

Budget Deficit Sensitivity Analysis						
Driver	**GDP Growth**	**Inflation**	**SBI**	**Exchange Rate**	**ICP [1]**	**Oil Production**
Assumption	4.3%	5.0%	7.5%	10,600	US$61 / barrel	960,000 barrels / day
Unit Change	↓1 percentage point	↑ 1 percentage point	↑ 1 percentage point	↑ Rp 1,000 / US$	↓ $1 / barrel	↓ 30,000 barrels / day
Impact on Budget Deficit	**+$1.1bn**	**↓$0.2bn**	**+$0.1bn**	**+$1.2bn**	**↓$0.01bn**	**+$0.7bn**

- Key drivers of the budget deficit are the foreign exchange rate against the US dollar and the GDP growth rate
  - A 1,000 Rp / US$ weakening of the exchange rate increases both revenue and expenditure, primarily related to oil imports. The net effect is an increase of US$1.2 billion in the budget deficit
  - Lower economic growth rate reduces central government's tax revenue, and effectively lowers the budget deficit. A one percentage point decrease in the GDP growth rate will induce US$1.1 billion increase in the budget deficit
- Other variables have negligible impact on the budget deficit
  - A US$1 change in the oil price affects budget deficit by only US$10 million

Source: Ministry of Finance.

6. Government Debt Management

2009 Debt Management

Budget Deficit Financing (in USD)

1	**2009 budget deficit: US$12.7 billion (2.5% GDP) – Upsized from US$5.5 billion (1.0% GDP) under the original budget**
2	**Maintain total issuance amount (net of redemption) of government securities: US$5.0 billion**
3	**Additional debt required: US$4.1 billion**
4	**Contigencies Financing facilities in place should market conditions be unfavorable for debt issuance:**

1. **Multilateral: World Bank and ADB**
2. **Bilateral: Japan and Australia**

In response to volatile market conditions, Indonesia has embarked on the following steps for 2009

- Providing contingencies financing facilities from bilateral and multilateral organisations and other institutional investors
- Enhance debt issuance strategy
  - Explore new fundraising methodology including establishing a Global Medium Term Note Program and issuance via private placements and syndicated offerings
  - Shortening portfolio duration
  - Instrument diversification

Source: Ministry of Finance.
* Still in discussion.

State Budget Financing 2009

In trillion IDR	2009-Budget (A)	% of GDP	2009-Revised Budget (C)	% of GDP
Total Revenue & Grants	**985.7**	**18.5%**	**871.0**	**16.1%**
of which *Tax Revenue*	*725.8*	*13.6%*	651.9	*12.1%*
Non Tax Revenue	*259.9*	*4.9%*	219.1	*4.1%*
Expenditure	**1,037.1**	**19.5%**	**1,000.8**	**18.5%**
of which *Interest payment*	*101.6*	*1.9%*	*109.6*	*2.0%*
Domestic	*69.3*	*1.3%*	*70.7*	*1.3%*
Foreign	*32.3*	*0.6%*	*38.9*	*0.7%*
Subsidy	*166.7*	*3.1%*	*158.1*	*2.9%*
Primary Balance	**50.3**	**0.0**	**(20.2)**	**-0.4%**
Overall Balance	**(51.3)**	**-1.0%**	**(129.8)**	**-2.4%**
Financing	***51.3***	***1.0%***	***129.8***	***2.4%***
Non Debt	**6.0**	***0.1%***	**43.2**	***0.8%***
Debt	**45.3**	***0.9%***	**86.6**	***1.6%***
Govt Securities (Net)	*54.7*	*1.0%*	*99.3*	*1.8%*
Official Borrowing (Net)	**(9.4)**	***-0.2%***	**(12.7)**	***-0.2%***
Additional Debt			-	***0.0%***

Assumptions:		
GDP (trillion)	*5,327.5*	*5,401.6*
Growth (%)	*6.0*	*4.3*
Inflation (%)	*6.2*	*4.5*
3-mo SBI (% avg)	*7.5*	*7.5*
Rp / USD (avg)	*9,400.0*	*10,500*
Oil Price (USD/barrel)	*80.0*	*61*
Oil Lifting (MBCD)		*0.96*

Source: Ministry of Finance.

Debt To GDP

	End of Year					
	2004	2005*	2006**	2007***	2008+	2009++
GDP	**2,295,826.20**	**2,774,281.00**	**3,339,480.00**	**3,957,403.90**	**4,954,028.90**	**5,401,640.30**
Debt Outstanding (billion IDR)	**1,299,504.02**	**1,313,294.73**	**1,302,158.97**	**1,389,415.00**	**1,636,740.72**	**1,605,772.93**
- Domestic Debt (Securities)	653,032.15	658,670.86	693,117.95	737,125.54	783,855.10	809,637.00
- Foreign Debt (Loan+Securities)	646,471.87	654,623.87	609,041.02	652,289.46	852,885.62	796,135.93
Debt to GDP Ratio	**56.60%**	**47.34%**	**38.99%**	**35.11%**	**33.04%**	**29.73%**
- Domestic Debt to GDP Ratio	28.44%	23.74%	20.76%	18.63%	15.82%	14.99%
- Foreign Debt to GDP Ratio	28.16%	23.60%	18.24%	16.48%	17.22%	14.74%

Notes:

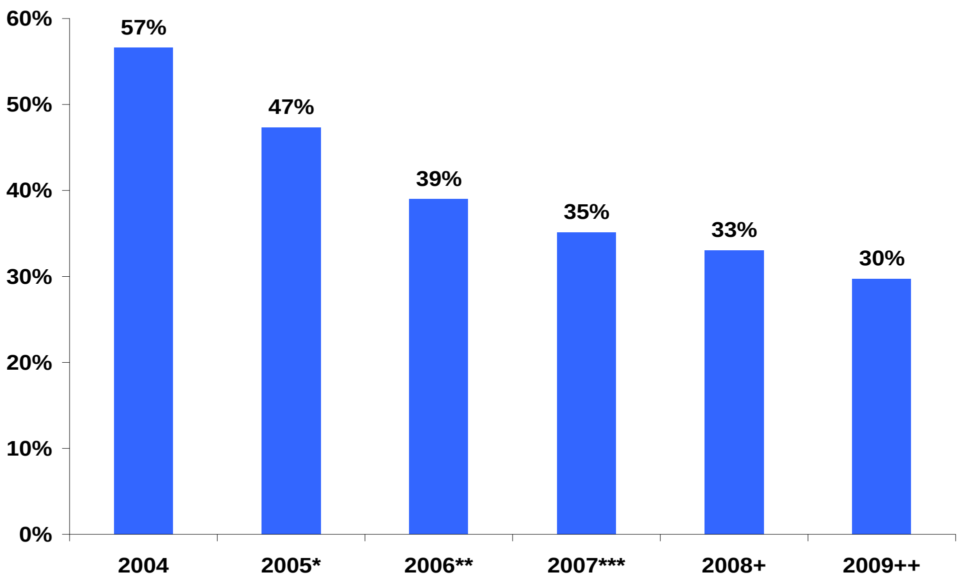
*	=	Preliminary
**	=	Very Preliminary
***	=	Very Very Preliminary
+	=	GDP Based on numbers from BPS
++	=	GDP Based on Assumption on 2009 Revised Budget

Source: Ministry of Finance.

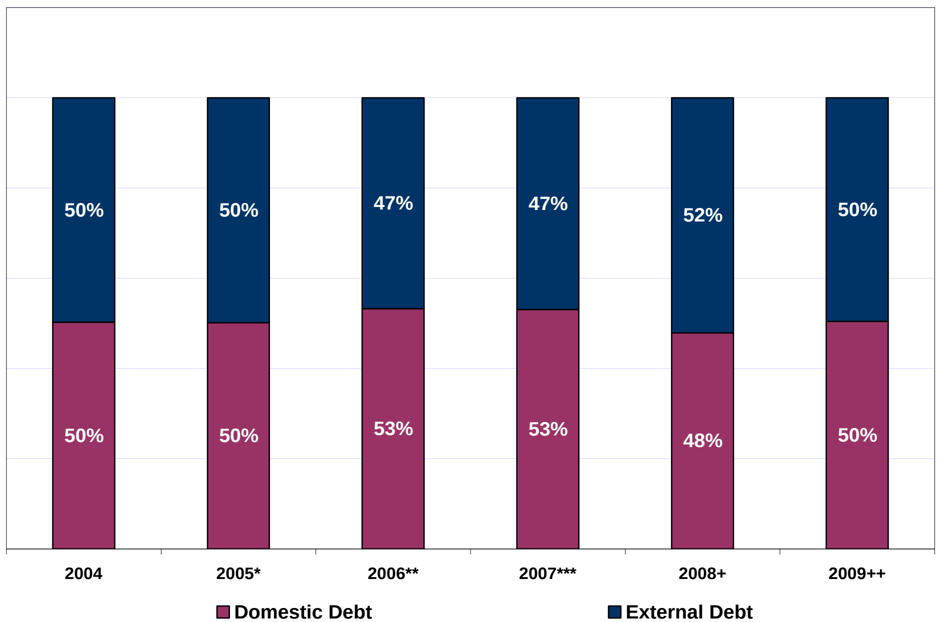
Debt Figure 2004 – 2009

- Per Law Number 17/2003 concerning State Budget, stipulated that the growth of debt should not exceed Indonesia economic growth with the following key measures:
  - Overall Balance (deficit) should be less than 3% of GDP, and
  - Total Debt to GDP ratio should be less than 60%

Debt to GDP Ratio



Debt Composition

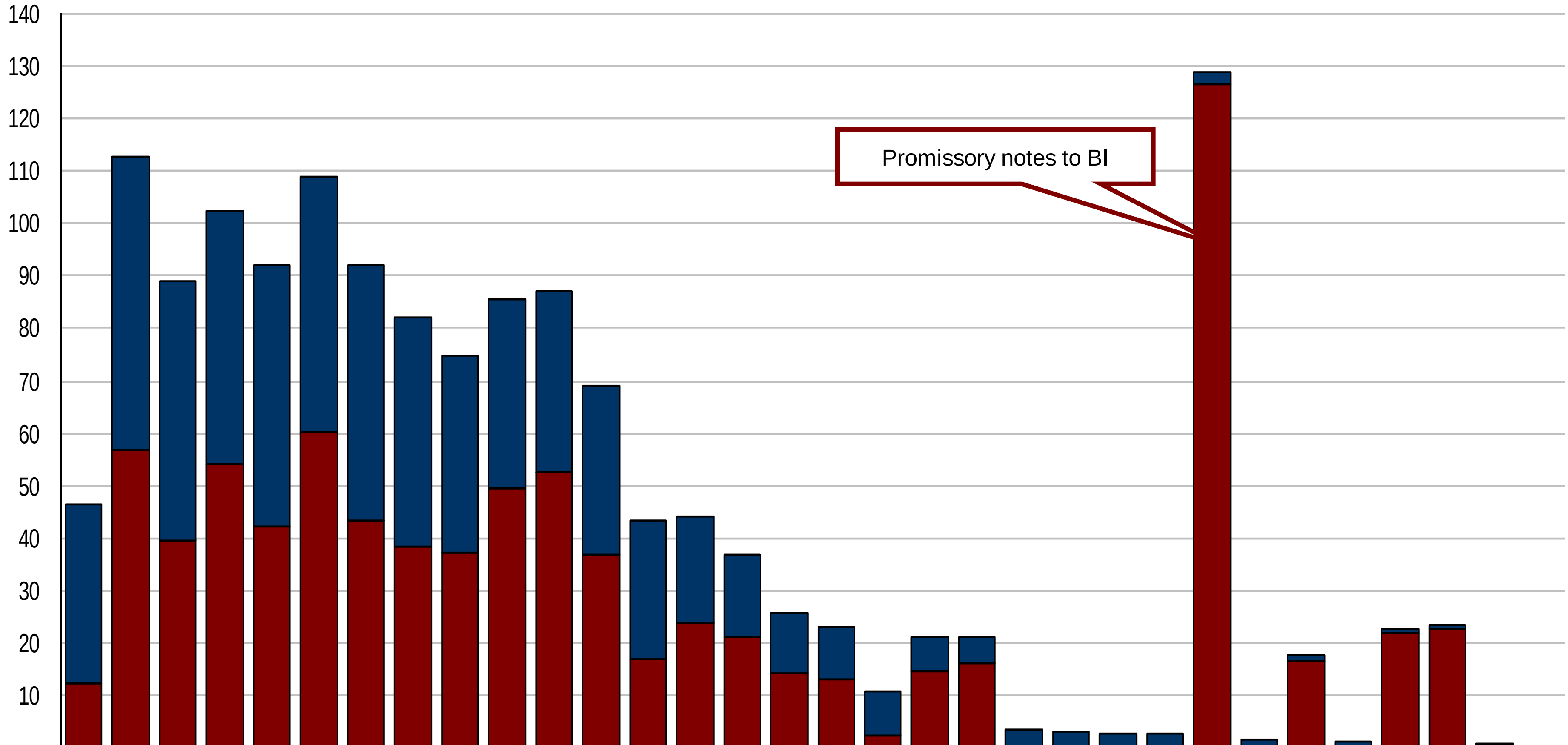


Notes:
Central Government Expenditure = Total Expenditure minus Transfer to Regions
Debt Service = Principal and Interest Payment
GDP 2008 projected based on numbers from BPS
*** = Preliminary** **+ = GDP Based on numbers from BPS**
**** = Very Preliminary** **++ = GDP Based on Assumption on 2009 Revised Budget**
***** = Very Very Preliminary**

Source: Ministry of Finance.

Total Debt Maturity Profile

[Triliun IDR]



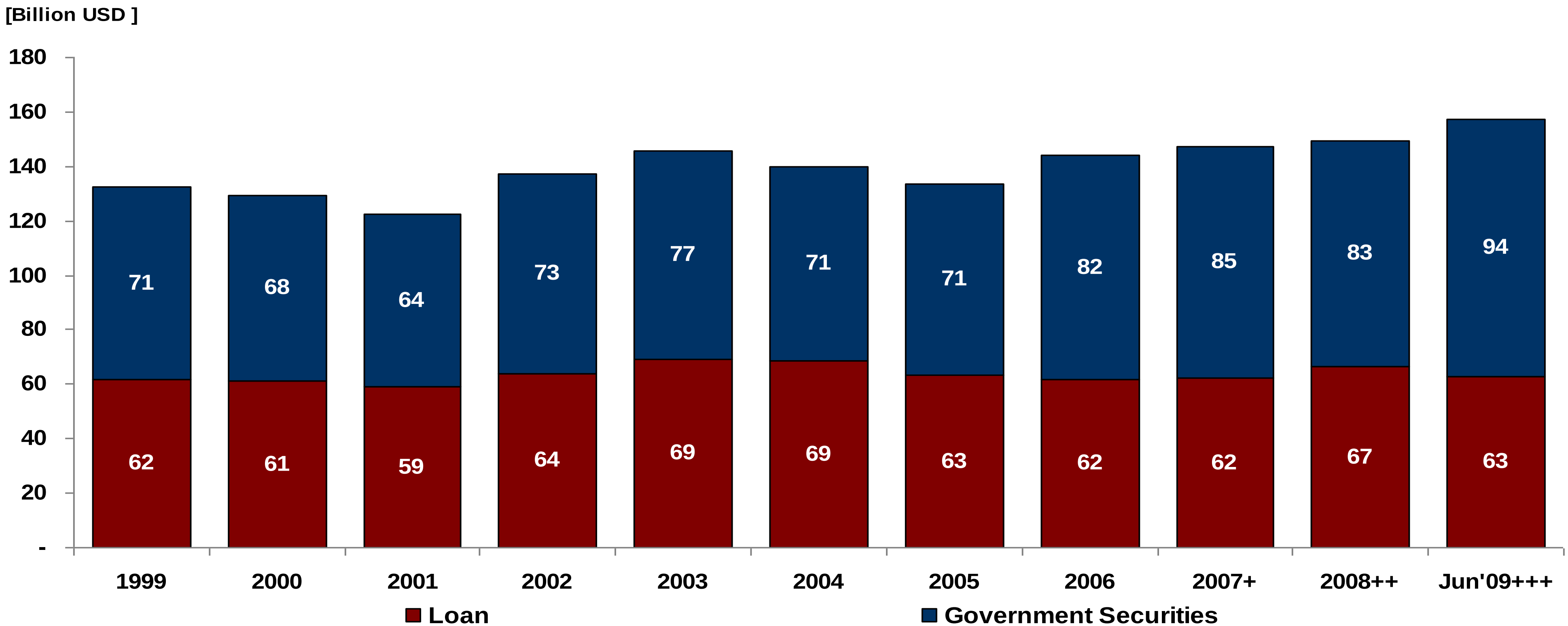
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
External Loan	34.21	55.87	49.75	48.41	49.56	48.59	48.43	43.62	37.46	36.01	34.67	32.37	26.56	20.60	15.85	11.76
Government Securities	12.13	56.95	39.35	53.97	42.38	60.18	43.47	38.28	37.14	49.66	52.55	36.79	16.76	23.68	21.03	14.08

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
External Loan	10.20	8.41	6.74	5.07	3.37	2.89	2.67	2.52	1.99	1.41	1.28	1.05	0.83	0.68	0.61	0.35
Government Securities	12.91	2.45	14.43	15.99	-	-	-	-	126.7	-	16.36	-	21.74	22.78	-	-

Notes:
+ = Preliminary, as of June 30, 2009
Excluding amortization of Non Tradable Securities (SUN-002, SU-004, and SU-007)

Source: Ministry of Finance.

Outstanding of Total Central Government Debt



Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Juni 2009
Debt	47%	47%	48%	47%	47%	49%	47%	43%	42%	45%	40%
Government bonds	53%	53%	52%	53%	53%	51%	53%	57%	58%	55%	60%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

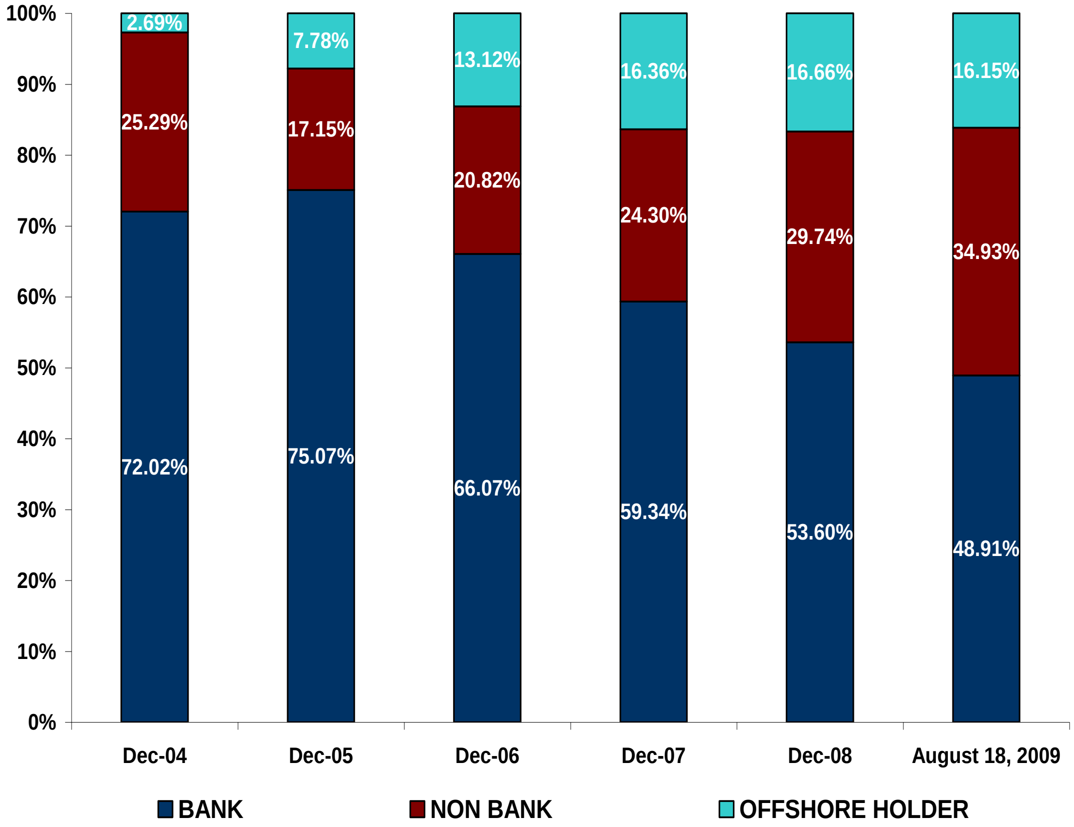
+ Preliminary numbers
++ Very preliminary numbers
+++ Very very preliminary numbers, as of June 2009

Source: Ministry of Finance.

Holders of Tradable Government Securities

There is an increasing proportion of foreign and non-bank holders of Indonesian Government securities.

Holders of Tradable Domestic Government Securities



Developments in the Domestic Market

- Yearly issuance schedule publicly available
- Established primary dealership infrastructure
- Established benchmark series
- Active communication with market participants
- Variety of domestic securities available
  - T-Bills, fixed rate, floating rate, variable rate, zero coupon, retail bonds and Sukuk (1)

Source: Ministry of Finance.