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RECENT ECONOMIC DEVELOPMENT

August 2026

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Macroeconomic Performance

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THE DEVELOPMENT OF GLOBAL CONDITIONS IS HIGHLY DYNAMIC, RISKS CONTINUE TO BE MONITORED

The US-Iran conflict is still ongoing, volatility rises, growth projections revised down

Iran war updates: Trump says talks ongoing, says 'last chance' for a deal

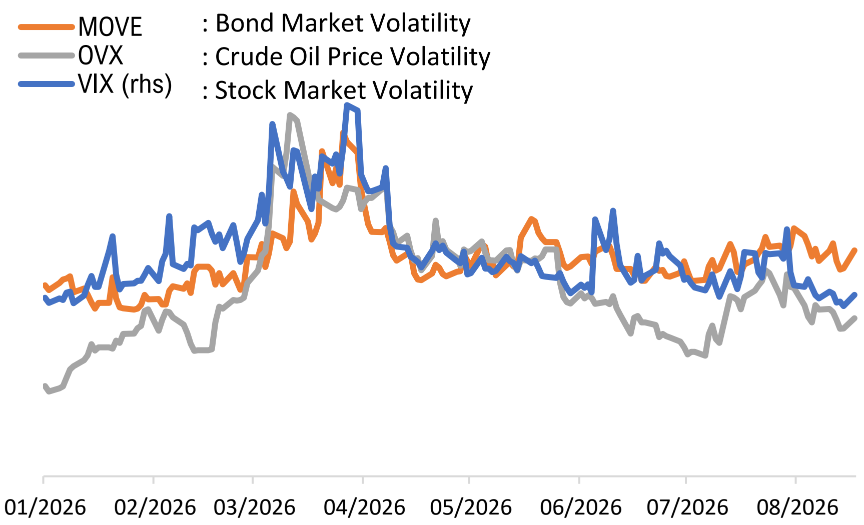
Reuters World Business Markets Sustainability More

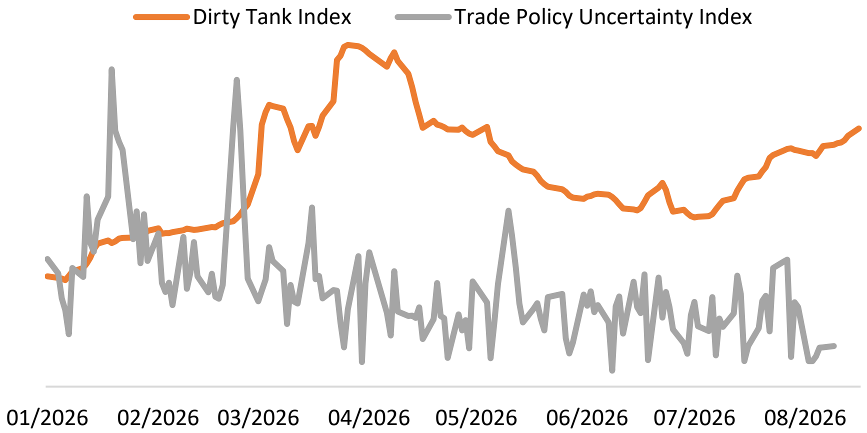
Escalating Middle East war could slash global growth to 1.3% in 2026, World Bank chief economist says

Global Oil Price Jumps as War Threats Intensify

But stock investors shrug off Iran developments as they await crucial earnings reports from tech firms including Alphabet and Tesla.

Uncertainty indecators are increasing

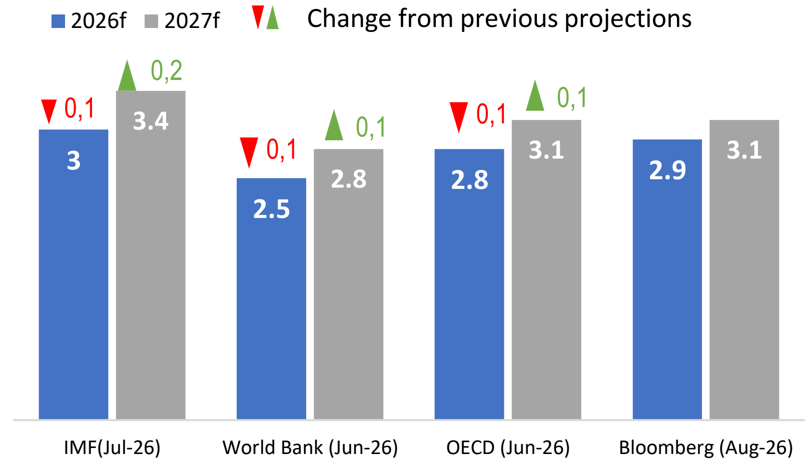




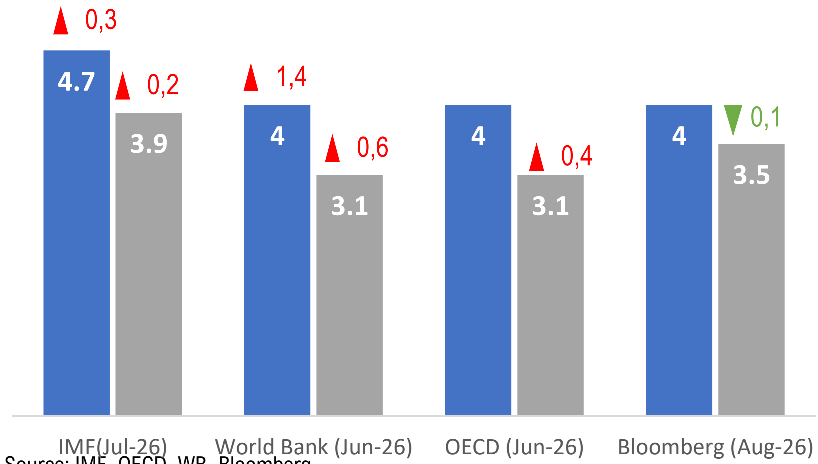
Source: Bloomberg, policyuncertainty.com

Economic Prospects Still Overshadowed by Risks: Growth Projections Revised Downward, Inflation Rises

Global GDP Growth Projection (%yoy)



Global Inflation Projection (%yoy)



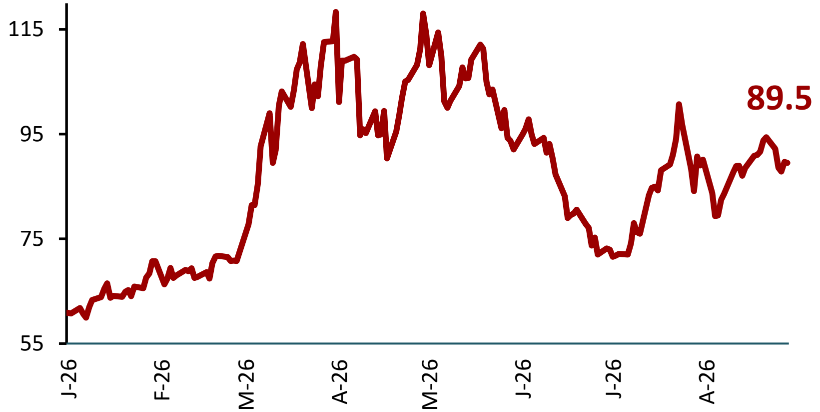
Source: IMF, OECD, WB, Bloomberg

ENERGY PRICE REMAINS VOLATILE

Brent rebounded on raised tension in Ukraine; CPO driven by El Niño concern and copper boosted by concern of new US tariff.

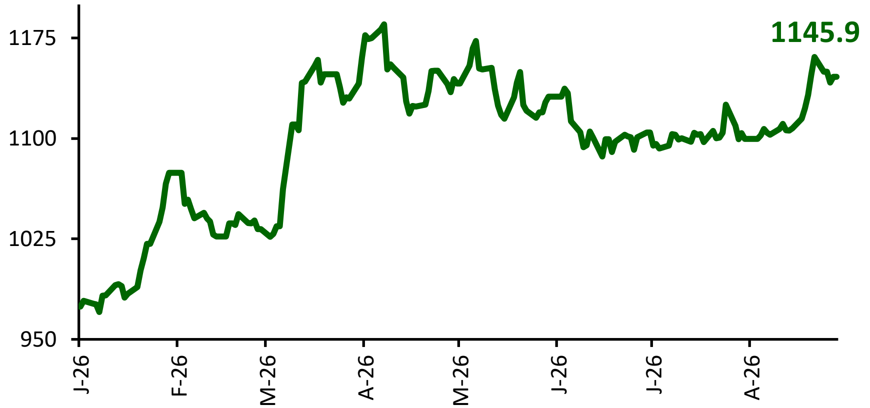
BRENT (USD/Barrel)

MoM	YoY	YtD
6,4%	24,1%	47,1%



CPO (USD/TON)

MoM	YoY	YtD
4,2%	9,5%	17,6%

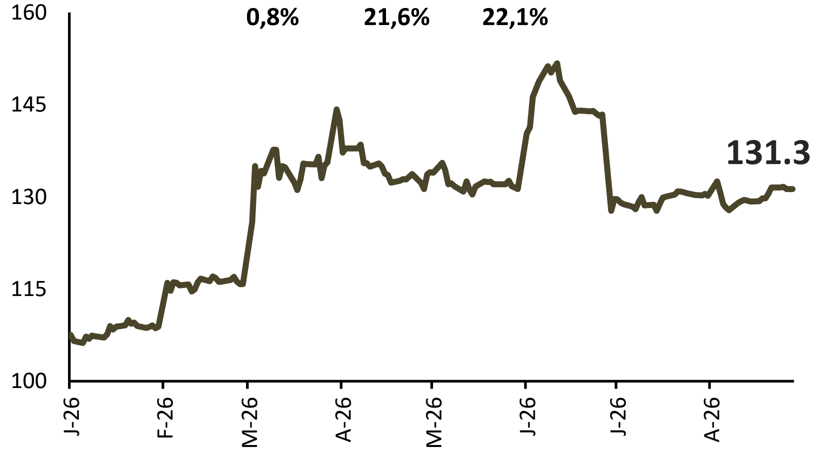


NICKEL (USD/TON)

MoM	YoY	YtD
-0,5%	14,1%	1,4%

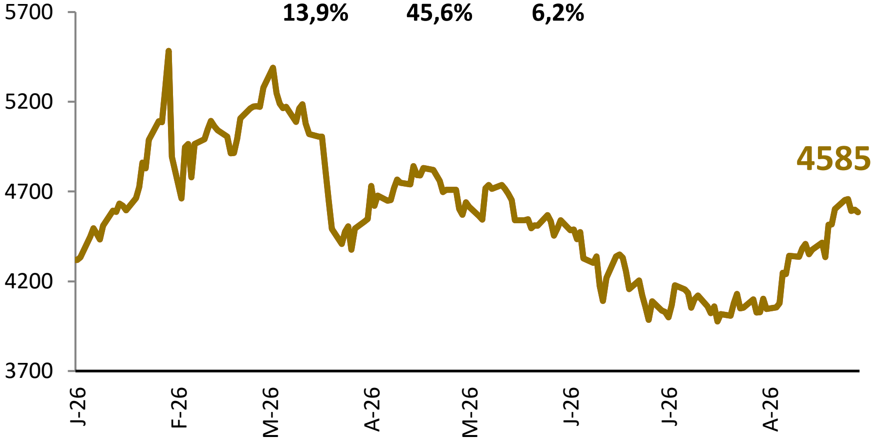
COAL (USD/Ton)

MoM	YoY	YtD
0,8%	21,6%	22,1%



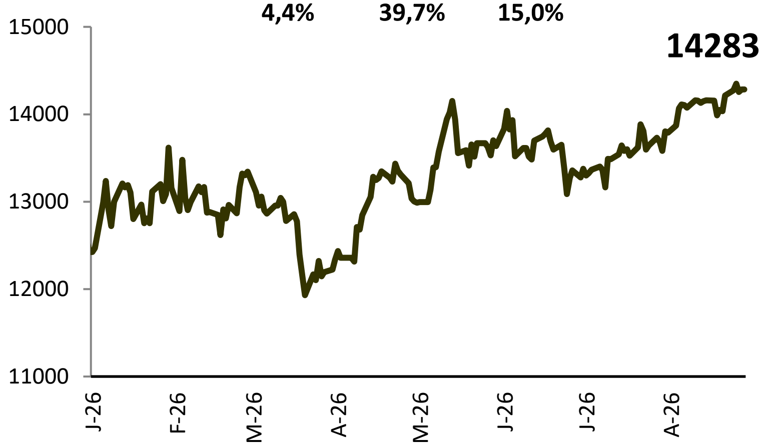
GOLD (USD/Troy Ounce)

MoM	YoY	YtD
13,9%	45,6%	6,2%



COPPER (USD/TON)

MoM	YoY	YtD
4,4%	39,7%	15,0%



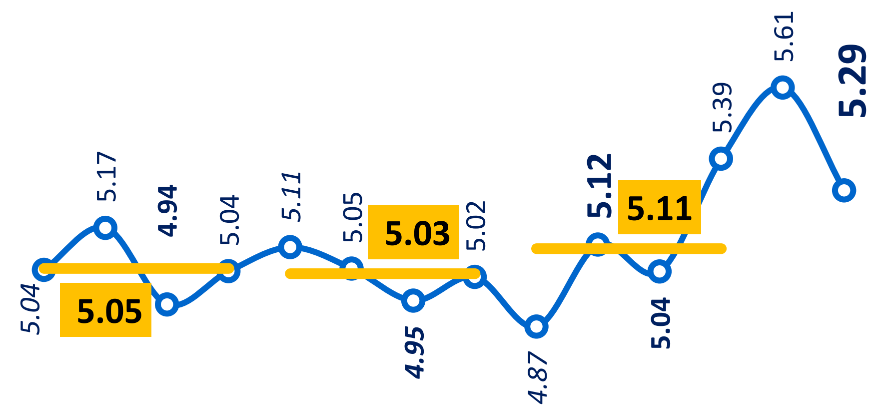
Source: Bloomberg. As of 28 August 2026 10.00, JKT time. YOY value is a comparison of YTD prices

INDONESIA'S ECONOMY GREW RESILIENTLY BY 5.29% (YOY) IN Q2 2026

This growth was higher than Q2 2025 at 5.12%, driven by strong investment, domestic demand, and Government policy support.

Economic Growth (%,yoy)

Source: Statistics Indonesia



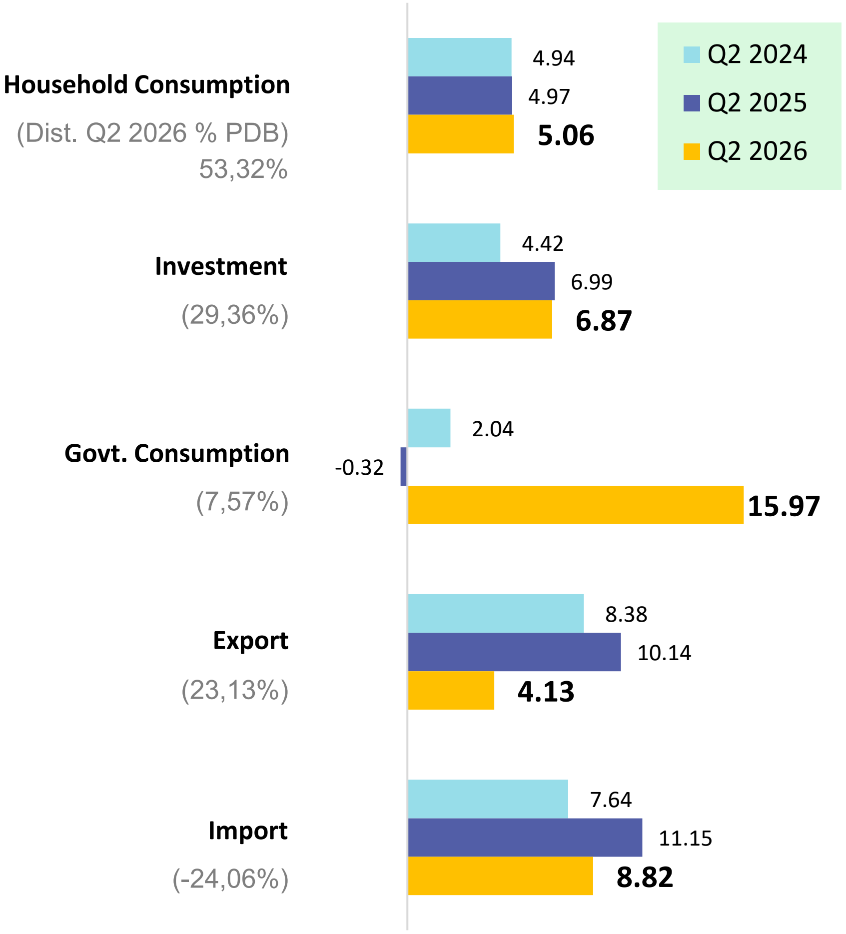
On the Demand side*, economic activity was still mainly driven by sustained* ***Household Consumption****,* ***Government Consumption*** *to support priority programs, and very strong* ***Investment*** *growth.*

On the Supply side*, the economy was supported by strengthened performance in the* ***Trade, Construction, and Information-Communication*** *sectors, as well as stability in* ***Manufacturing****.* ***Food & Beverage Accomodation grew strongly*** *to support the implementation of Government priority programs*

Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
2023				2024				2025				2026	

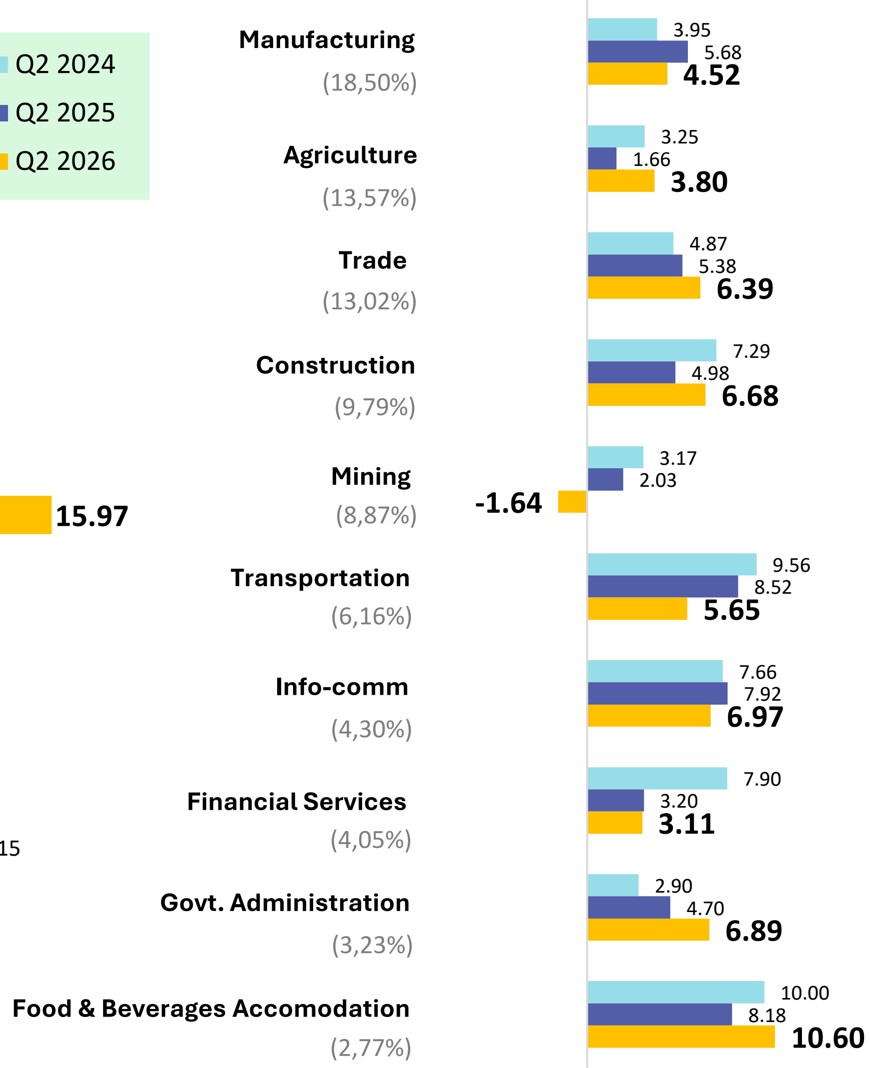
GDP Growth : Expenditure (%, yoy)

Source: Statistics Indonesia



GDP Growth : Production (%, yoy)

Source: Statistics Indonesia



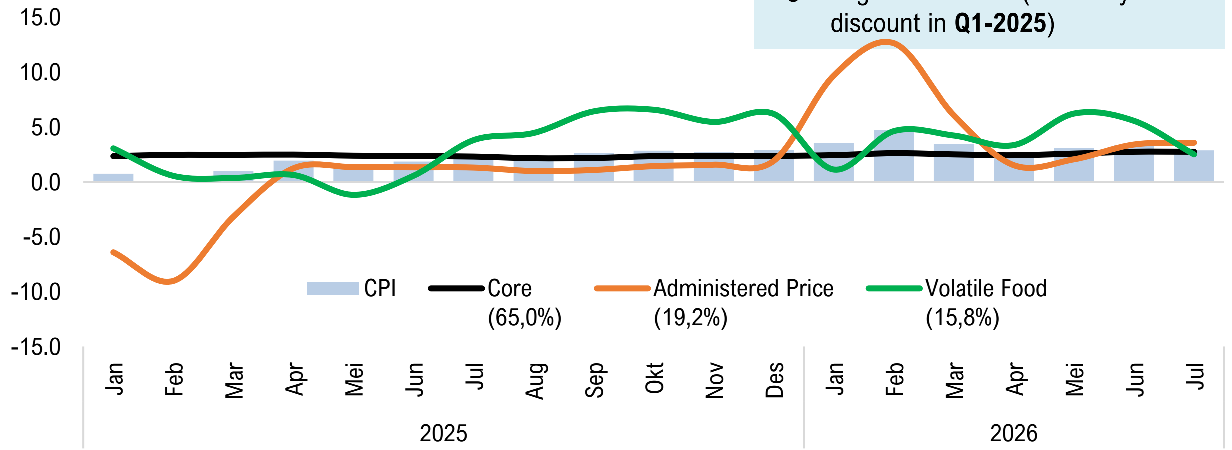
INFLATION REMAINS UNDER CONTROL AMID GLOBAL PRESSURES

The increase in global commodity prices and the depreciation of the exchange rate still need to be anticipated.

INFLATION TRENDS BY COMPONENT

(%, yoy)

Administered Price inflation in Q1-2026 was high due to a negative baseline (electricity tariff discount in **Q1-2025**)



LATEST KEY FIGURES (JULY 2026, %YOY)

INFLATION (CPI)	VOLATILE FOOD	ADMINISTERED PRICE	CORE
2,88	2,52	3,58	2,76
Controlled	Slowing	Increasing	Stable

INFLATION DRIVING FACTORS BY COMPONENT

VOLATILE FOOD

Influenced by the harvest season of various chilies and vegetables as well as abundant supply of chicken eggs and fresh fish.

ADMINISTERED PRICE

Driven by the increase in non-subsidized fuel prices and air transportation fares.

CORE

Global price pressures and imported inflation have caused higher prices for several products. In addition, the new school year has also pushed up costs for kindergarten, elementary school, and tutoring.

GOVERNMENT POLICY RESPONSES

NATIONAL FOOD STABILITY

The Government anticipates the risks of El Niño impacts, which are expected to intensify going forward, among others by implementing policies such as water pump assistance and weather modification to maintain food production levels.

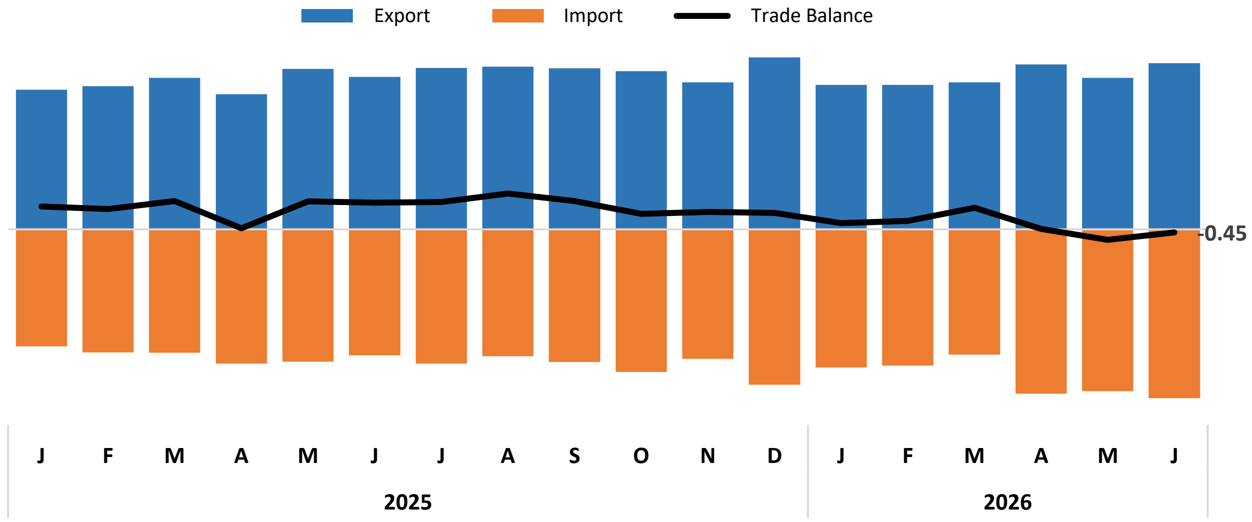
MAINTAINING PEOPLE'S PURCHASING POWER

The Government is committed to keeping energy prices affordable, especially for subsidized commodities.

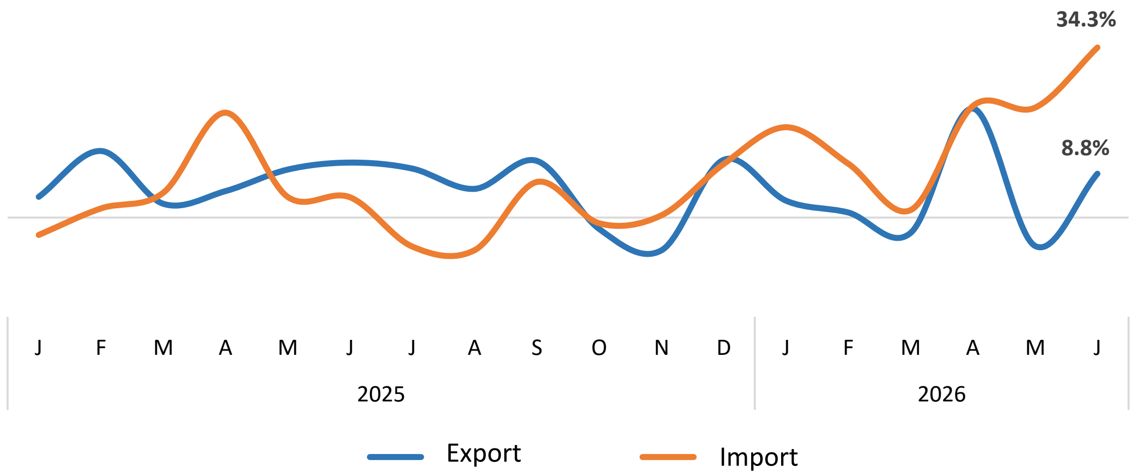
ACCELERATION OF IMPORTS REFLECTS STRONGER PRODUCTION ACTIVITY AMID TRADE BALANCE MODERATION

Import growth reached 18.7% (ctc), while exports grew 4.1% (ctc), driven mainly by higher imports of raw materials and capital goods.

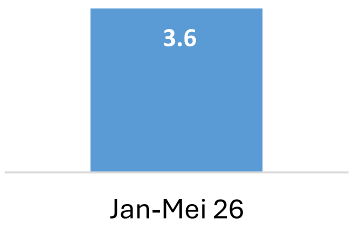
Indonesia Trade Balance, Monthly (US$ Billion)



Indonesia Export & Import Growth (%, yoy)

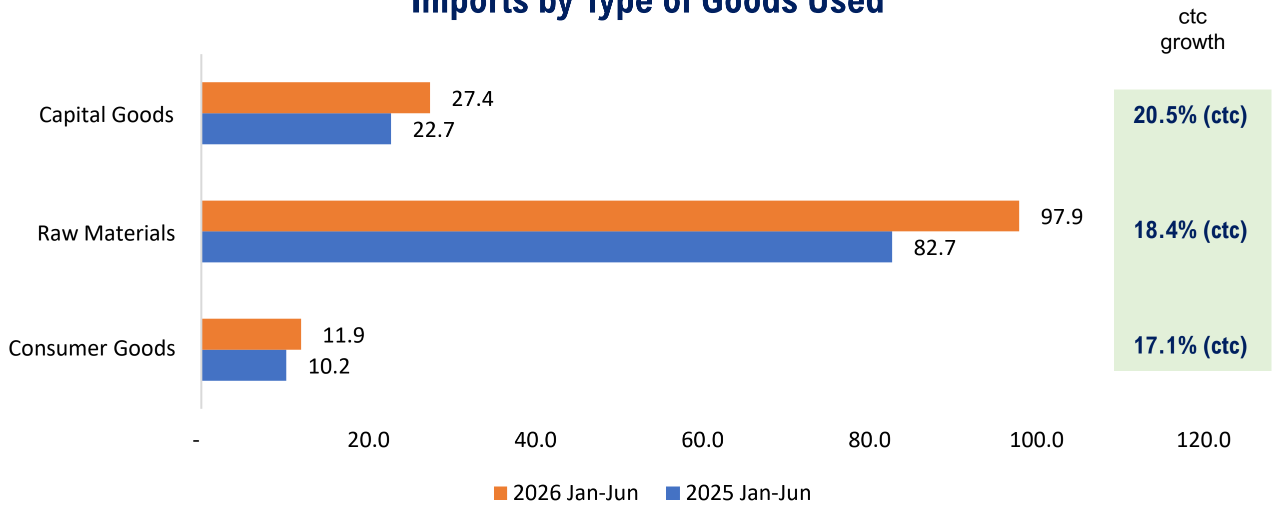


Trade Balance, Cumulative (US$ Billion)



Export (Jan – Jun'26)	USD140.8 billion **(4.1% ctc)**
Import (Jan – Jun '26)	USD137.2 billion **(18.7% ctc)**

Imports by Type of Goods Used

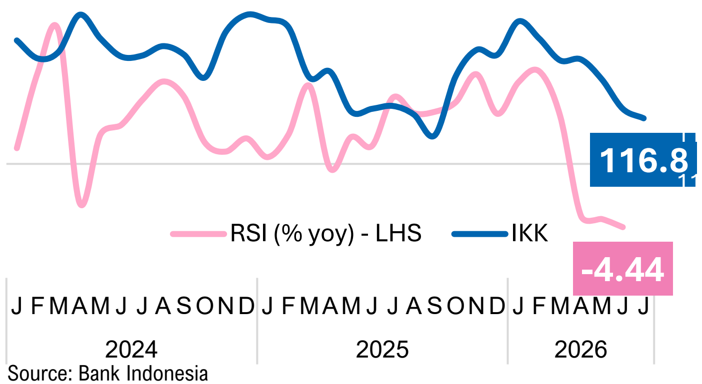


- **Import growth in Jan–Jun 2026 rose significantly to 18.7% (ctc), far outpacing export growth of 4.1% (ctc), resulting in a trade surplus of USD 3.6 billion.**
- **The increase in imports was dominated by raw materials (USD 97.9 billion) and capital goods (USD 27.4 billion)**, indicating rising demand for production inputs and domestic investment.
- **Looking ahead, the effectiveness of productive imports needs to be monitored to ensure they drive higher exports and economic growth**, rather than merely narrowing the trade surplus.

ECONOMIC ACTIVITY OVERALL SHOWS POSITIVE PERFORMANCE

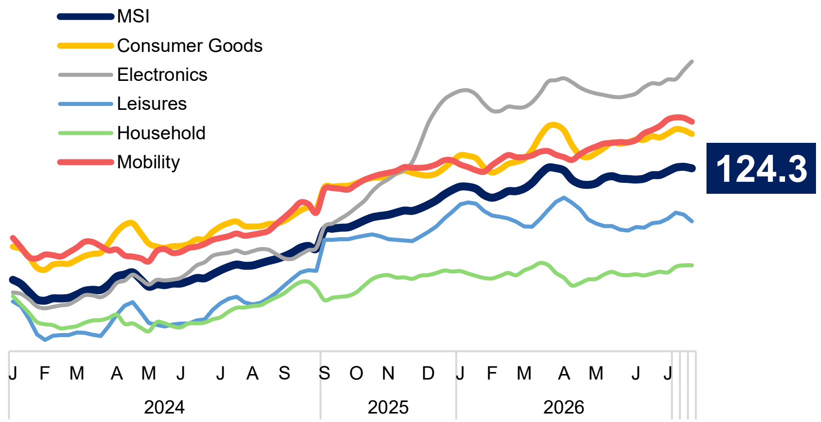
Consumption normalization continues, accompanied by gradual indications of strengthening production

The Consumer Confidence Index remains in optimistic territory, though its value has declined; real sales are expected to grow only slightly, driven byspare parts and food & beverages *(July, Index and % yoy)*



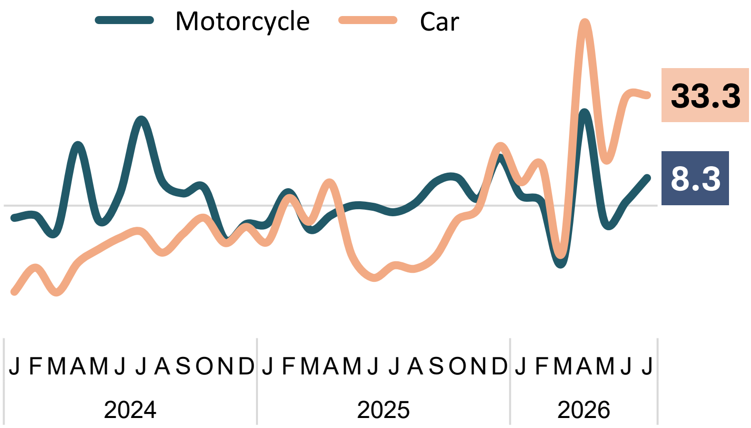
Source: Bank Indonesia

Household consumption is trending downward after the school holidays. (July 26, Index)



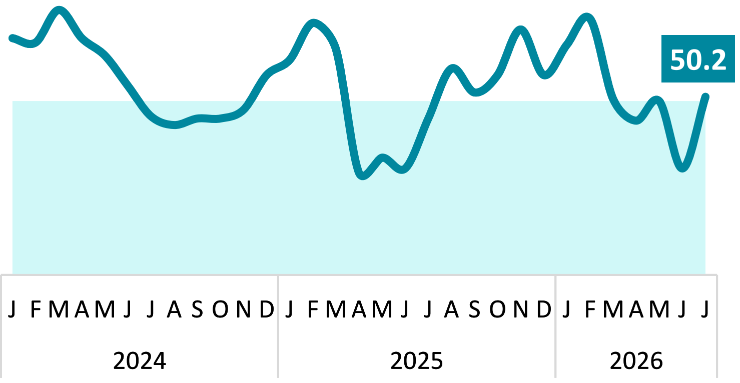
Source: Bank Mandiri

Growth in car and motorcycle sales indicates improving demand for vehicles in the domestic market. *(July, % yoy)*



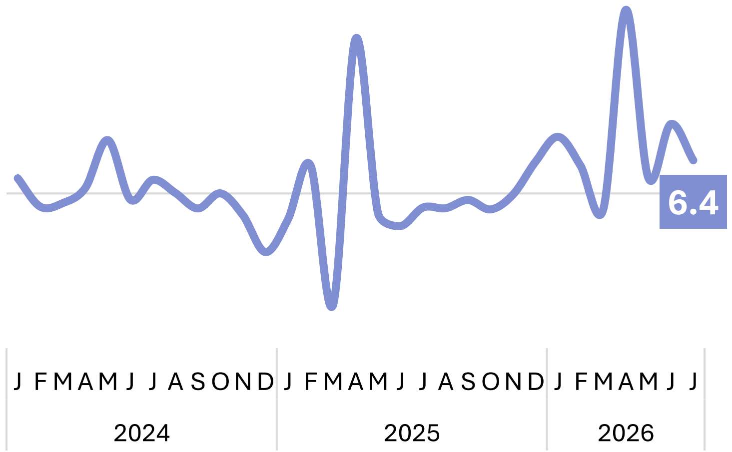
Source: Gaikindo & AISI

Manufacturing PMI back to expansion zone driven by the recovery of domestic demand. *(July, % yoy)*



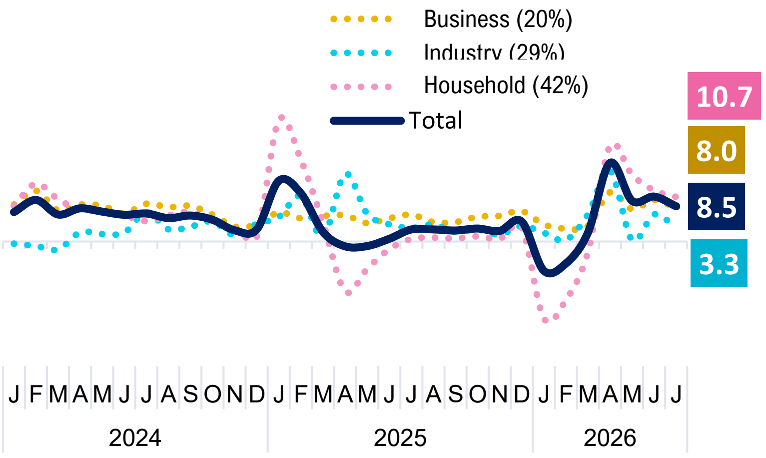
Source: S&P Global

Domestic cement sales continued strong growth, among others to support the implementation of priority programs.(July, % yoy)



Source: ASPERSSI

Electricity sales continue to grow, supporting economic activity in various segments *(July, % yoy)*



Source: PLN

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2026 Budget Overview

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2026 MACROECONOMIC ASSUMPTION

	2025		2026		
	Budget	Realization	Budget	Realization	Outlook
Economic Growth (%, yoy)	5.2	5.11 yoy Q4: 5.39 yoy	5.4	**Q2 ’26: 5.29** [1)]	**5.6 - 6.0**
Inflation (%)	2.5	2.92	2.5	**2.88** [2)]	**2.4 - 2.9**
Exchange Rate (IDR/US$)	16,000	16,475	16,500	**17,836 (eop)** [3)] **17,379 (ytd)** [3)]	**17,000 – 17,500**
10-Y Govt. Bond Yield (%)	7.0	6.01 eop 6.71 ytd	6.9	**7.32 (eop)** [4)] **6.72 (ytd)** [4)]	**6.7 - 7.1**
Indonesian Crude Oil Price (USD/barrel)	82	67.38	70	**91.9**[2)]	**75 - 85**
Oil Lifting (thousand barrels per day)	605	605.61*) 582.10**)	610	**575.6**[5)]	**602 - 610**
Gas Lifting (thousand barrels of oil equivalent per day)	1,005	943.65*) 970.72**)	984	**926.8**[6)]	**929 - 985**

- **The economy recorded strong growth**, supported by a significant increase in household consumption, investment, and accelerated government spending.
- **Inflation remained under control**, with volatile food and administered prices declining, supported by energy and food price policies to safeguard household purchasing power.
- **Rupiah depreciation** was influenced by geopolitical factors and the direction of global monetary policy.
- **Movements in government bond (SBN) yields** were affected by global dynamics, yet their level and volatility remained manageable.
- **Oil price dynamics were influenced by supply chain disruptions** due to the Middle East conflict and developments in resolution with the US.
- **Oil and gas lifting** continues to be optimized amid still relatively volatile commodity market conditions.

Notes:

1) Q2 2026 Realization
2) Realization as of July 2026
3) BI middle rate as of 18 August 2026
4) Realization as of last auction (4 Aug ‘26)
5) Oil + NGL lifting ytd June 2026
6) Gas lifting (excluding NGL) ytd June 2026
*) SKK Migas/ESDM data (NGL counted as oil)
**) MoF Data (NGL counted as gas)

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REALIZATION OF STATE BUDGET SEMESTER I 2026

Driving economic growth and achievement of 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: REVENUE INCREASES, SPENDING MORE EFFECTIVE SUPPORTING GROWTH

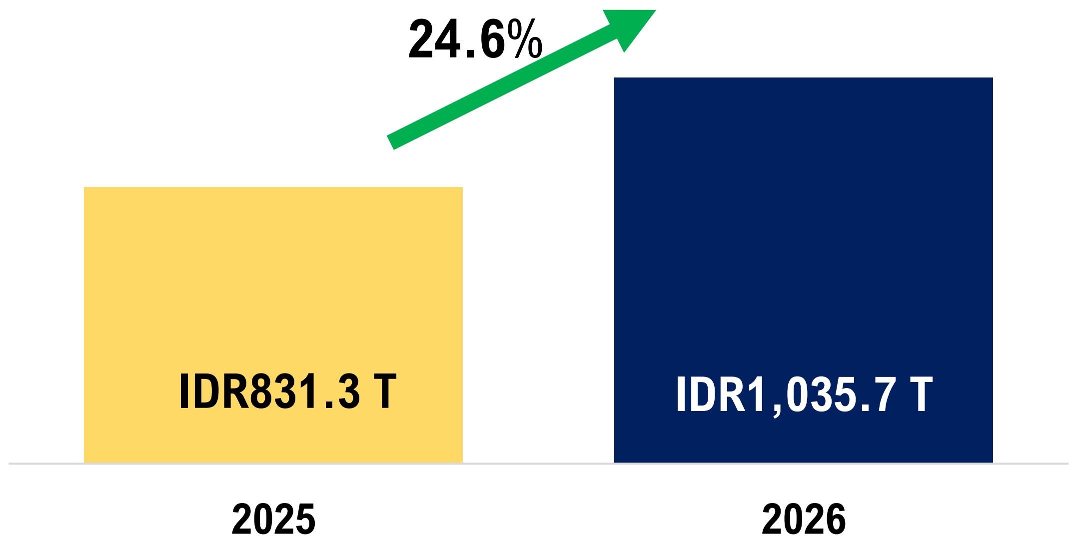
(in IDR trillion)	2026						
	Budget	Real. as of April 30	Growth (%)	Real. as of May 31	Growth (%)	Real. as of June 30	Growth (%)
A. REVENUE	**3,153.6**	**918.4**	**13.3**	**1,185.0**	**19.1**	**1,459.4**	**21.4**
I. Tax Revenue	2,693.7	746.9	13.7	958.2	18.9	1,187.8	21.4
1. Tax	2,357.7	646.3	**16.1**	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**

TAX REVENUE IN SEMESTER I 2026 GREW STRONGLY IN LINE WITH ECONOMIC ACTIVITY AND VARIOUS INTENSIFICATION AND EXTENSIFICATION EFFORTS

Tax Revenue Realization

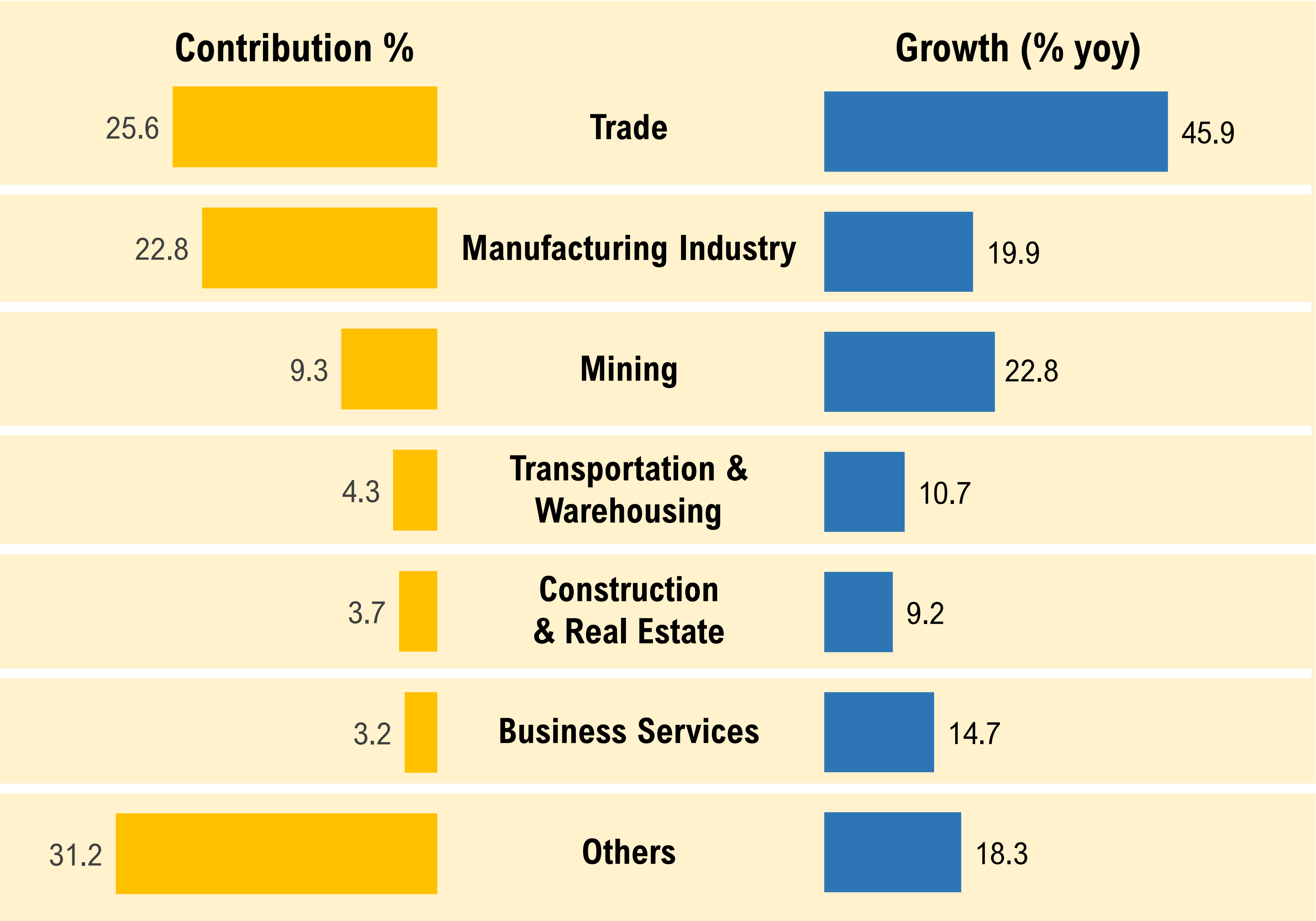
	as of May 2026 35.4% of 2026 Budget		as of June 2026 43.9% of 2026 Budget	
Corporate Income Tax & Corporate Income Tax Deposits	IDR167.6 T	▲ 23.9%	Rp196,1 T	▲ 28,6%
Personal Income Tax	IDR123.1 T	▲ 26.0%	Rp146,0 T	▲ 13,6%
Final Income Tax, Income Tax 22, & Income Tax 26	IDR138.7 T	▲ 5.2%	Rp159,9 T	▲ 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.

KEY SECTORS WITH MAJOR CONTRIBUTION RECORD STRONG GROWTH



The largest contribution to tax revenue came from the trade sector at 25.6% and the manufacturing sector at 22.8%.

In terms of growth, **the sectors that increased significantly** were trade (grew 45.9%), mining (grew 22.8%), and manufacturing (grew 19.9%):

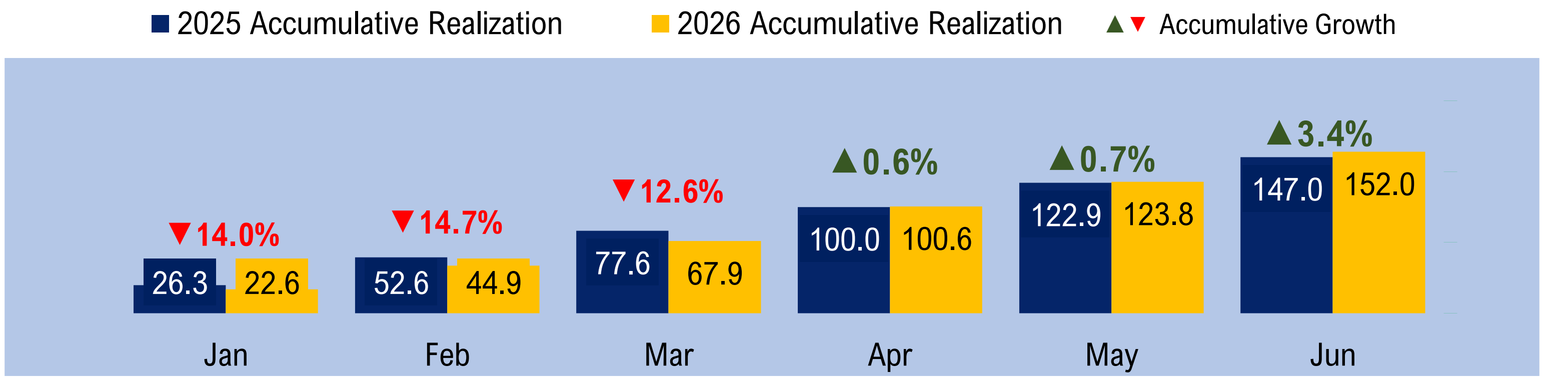
- **Trade sector recorded strong growth**, driven by the wholesale fuel trade subsector in line with rising oil prices, and online trade in line with the growing trend of online shopping.
- **Manufacturing sector grew double digits**, mainly supported by the palm oil industry subsector with improved profitability.
- **Mining sector grew**, supported by the expansion of the oil and gas mining sector.
- **Other sectors also posted solid growth** in line with increased economic activity.

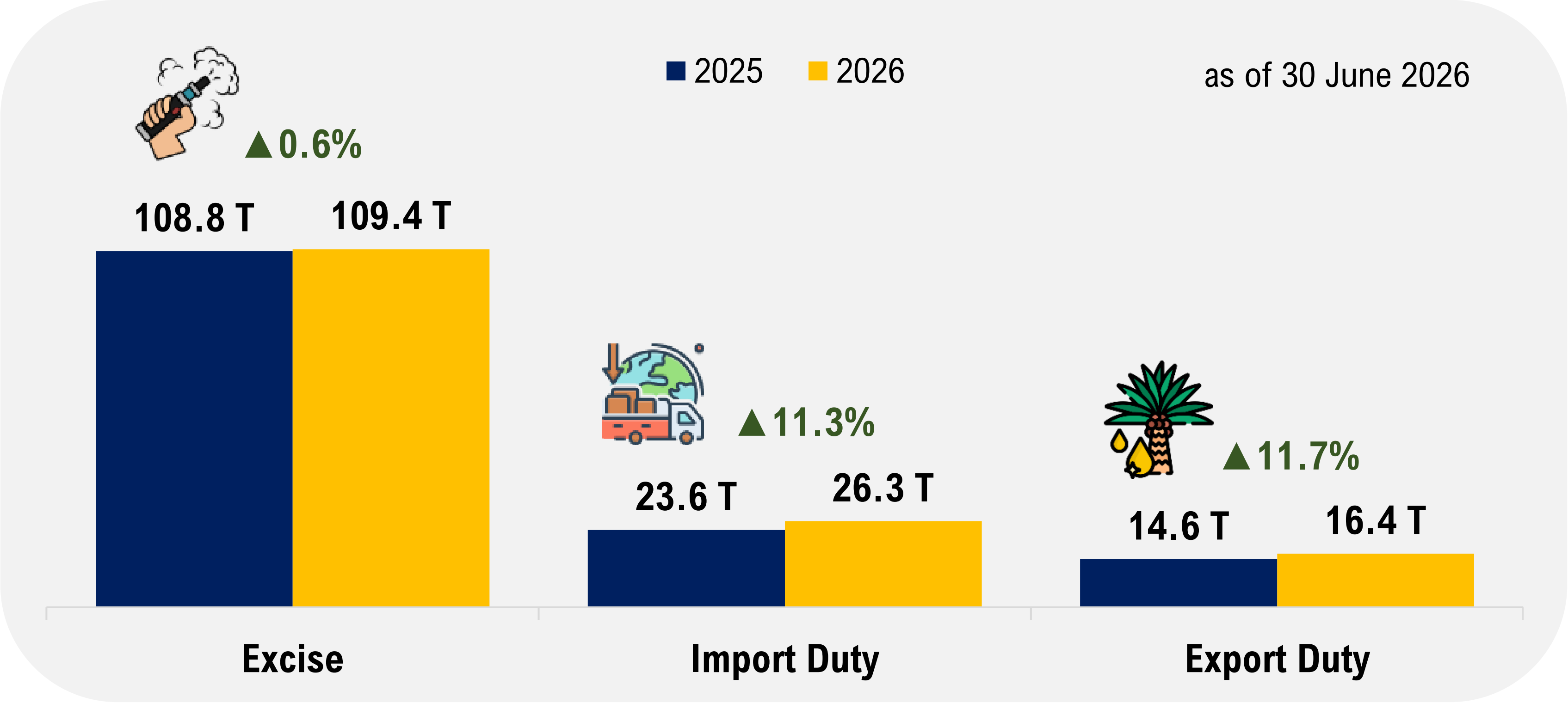
REALIZATION OF CUSTOMS AND EXCISE REVENUE SEMESTER I 2026

Revenue realization signals recovery, with cumulative growth of 3.4%

Total IDR152.0T

45.2% Budget | ▲ 3.4%





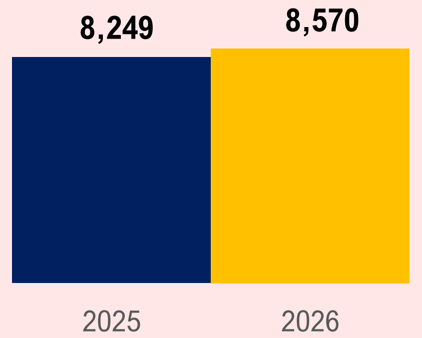
- **Excise** revenue grew, driven by increased **production of alcoholic beverages (MMEA)** and sustained **cigarette** production;
- **Import duties** maintained their growth, supported by higher duties from imports of **raw materials and intermediate goods;**
- **Export duties** rose, bolstered by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

CUSTOMS AND EXCISE SUPERVISION

ILLEGAL CIGARETTES

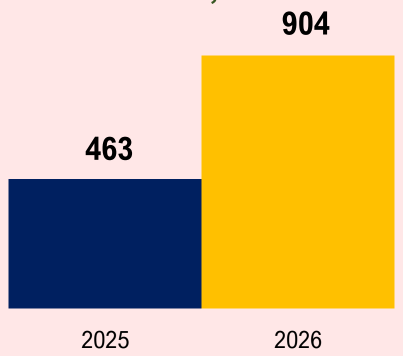
Number of Enforcement Actions

▲3,9%



Number of Sticks (Million)

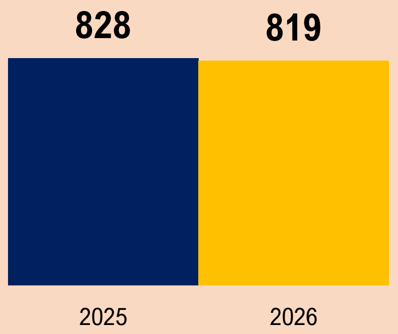
▲95,5%



NARCOTICS

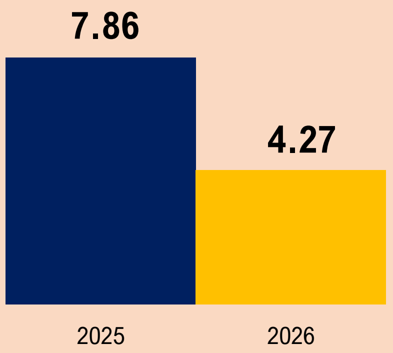
Number of Enforcement Actions

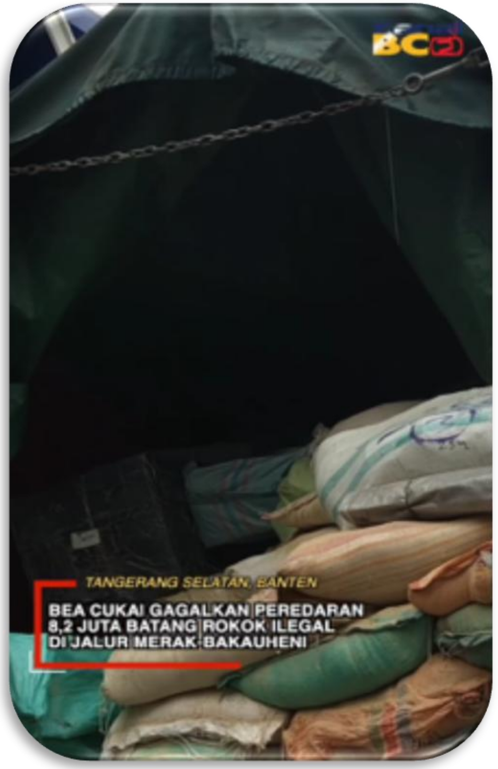
▼1,1%



Evidence (Tons)

▼45,6%

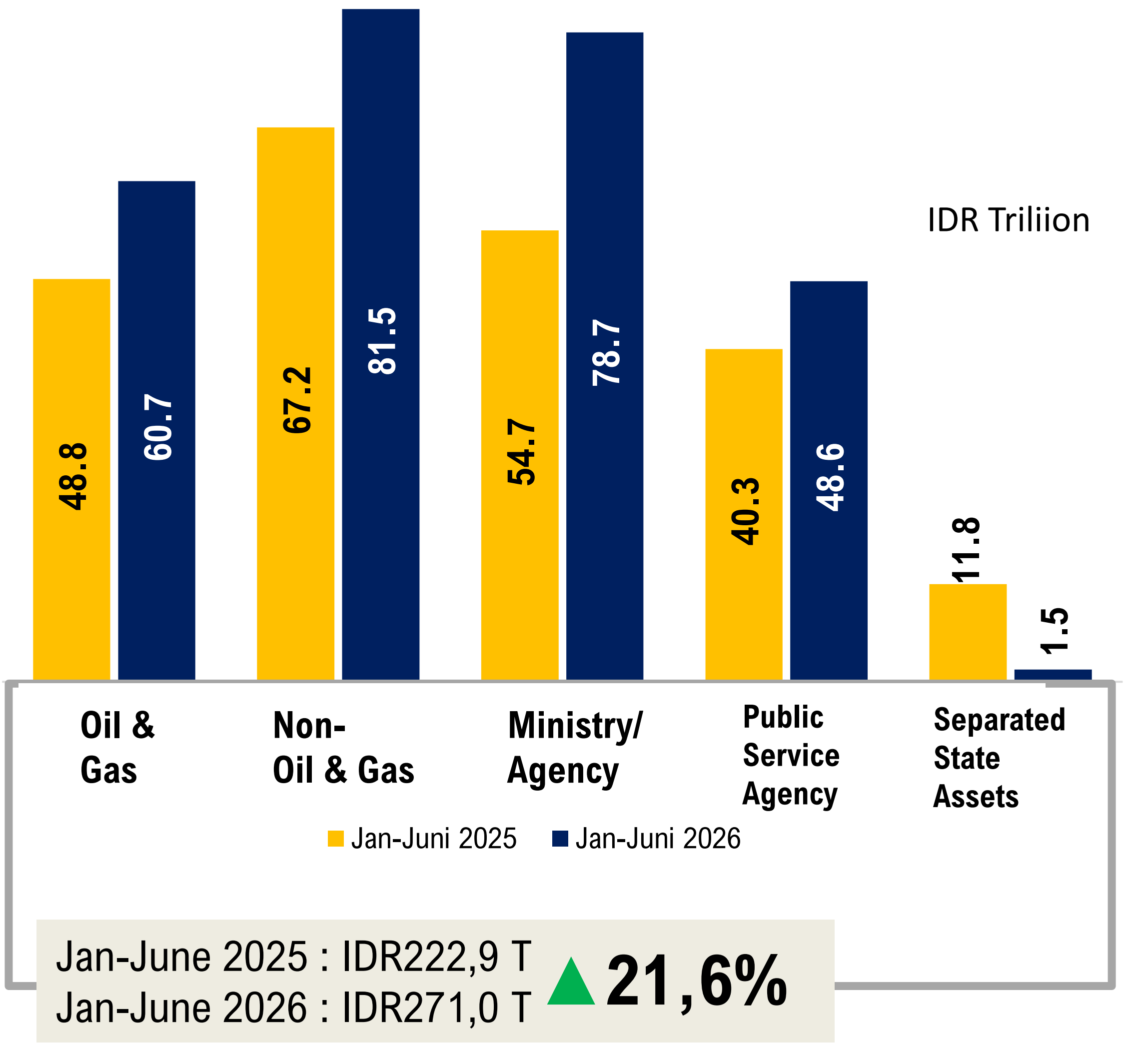




- As of June 2026, enforcement against **illegal cigarettes** was carried out **8,570** times (increased ▲3,9% yoy), securing **904 million sticks** of illegal cigarettes (increased ▲95,5% yoy), with **Ultimum Remedium** reaching **IDR72.9 billion.**
- **Narcotics** enforcement was conducted **819** times, with evidence amounting to **4.27 tons**. One of the enforcement outcomes was the success of a joint team of the National Police and Customs in thwarting an attempt to smuggle methamphetamine from the Aceh–Thailand network.

NON-TAX STATE REVENUE (PNBP) GREW 21.6% (yoy)

June 30, 2026



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

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

(IDR Trillion)

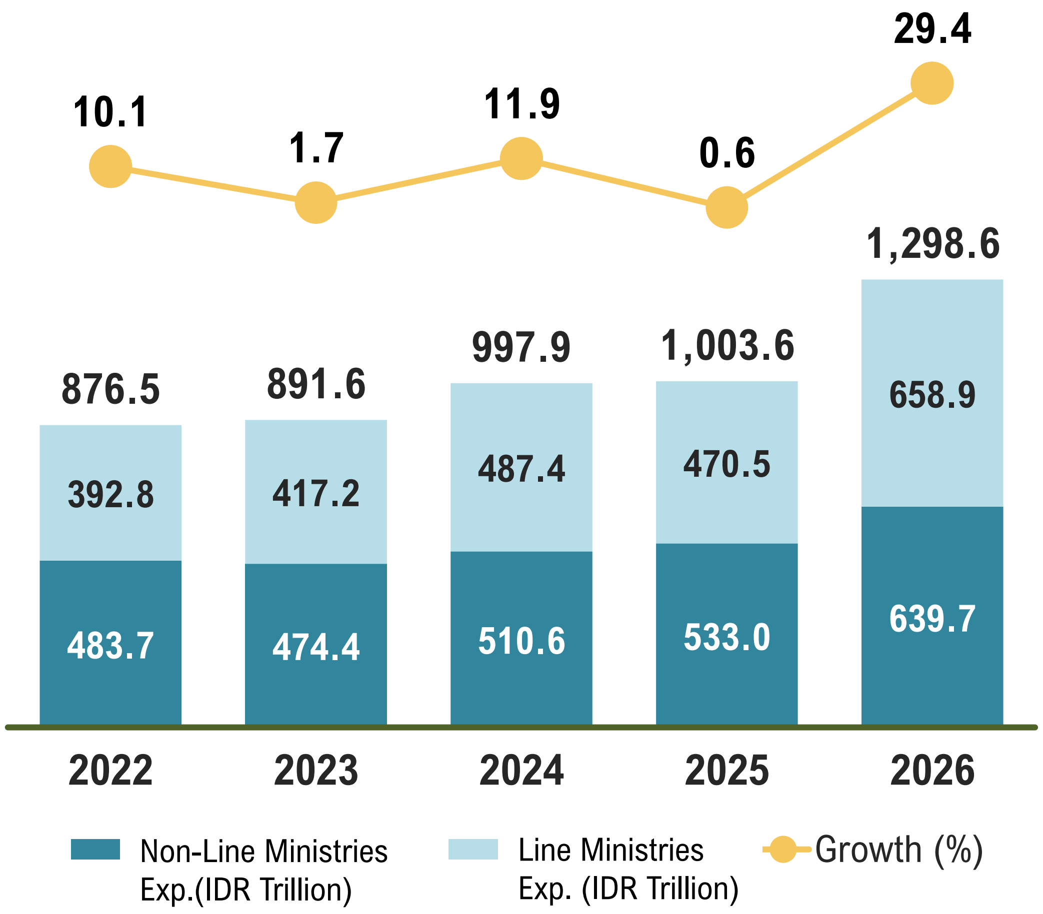
Central Government Expenditure	2025 Semester I Realization	*Budget 2026*	2026 Semester I Realization
Line Ministries Exp.	**470,5**	**1.510,5**	**658,9**
a.o Social Spending	78,0	162,5	78,3
Non-Line Ministries Exp.	**533,0**	**1.639,2**	**639,7**
a.o Subsidy	92,8	318,9	116,0
TOTAL	**1.003,6**	**3.149,7**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

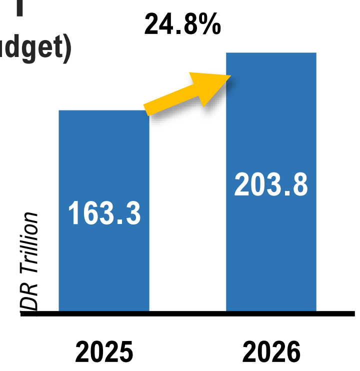


MINISTRIES/AGENCIES (K/L) EXPENDITURE REALIZATION GREW SIGNIFICANTLY: IDR658.9 T(43.6% of STATE BUDGET)

as of 30 June 2026

Personnel Expenditure

IDR203,8 T
(56,9% of budget)

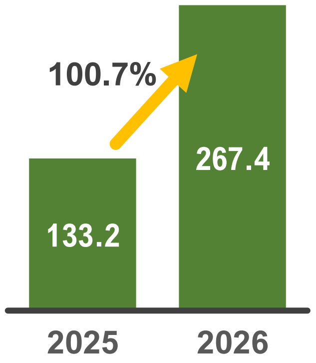


Increase in Personnel Expenditure mainly for:

- ❑ Recruitment of 355 thousand new civil servants (ASN).
- ❑ Accelerated payment of allowances for non-civil servant educators.
- ❑ Realization included disbursement of holiday allowance (THR) and 13th salary for Central Government Civil Servants, TNI/Polri.

Goods Expenditure

IDR267,4 T
(37,9% of budget)



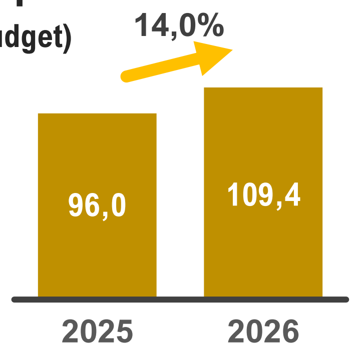
Increase in Goods Expenditure mainly for MBG implementation

- ❑ MBG disbursement IDR98,8 T*
- ❑ Private BOS Fund disbursement IDR4,8T
- ❑ Biodiesel Incentive IDR20,1 T
- ❑ Health services at UPT IDR7,8 T
- ❑ Food stabilization IDR3,2 T

**from total realization IDR101,1 T*

Capital Expenditure

IDR109,4 T
(38,5% of budget)



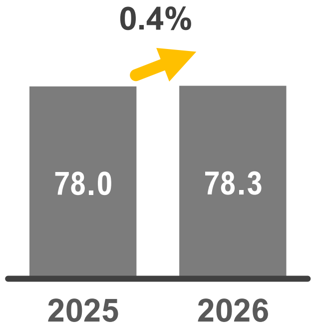
Increase in Capital Expenditure mainly to support connectivity and food security (network and irrigation development)

a.o. through:

- ❑ Roads, Irrigation & Networks IDR19,5 T
- ❑ Equipment and Machinery IDR67,4 T
- ❑ Buildings and Structures IDR19,1 T

Social Expenditure

IDR78,3 T
(48,2% of budget)



Increase in Social Assistance Expenditure Realization (yoy) mainly influenced by the disbursement of Q2 PKH and PIP Semester I of 2026

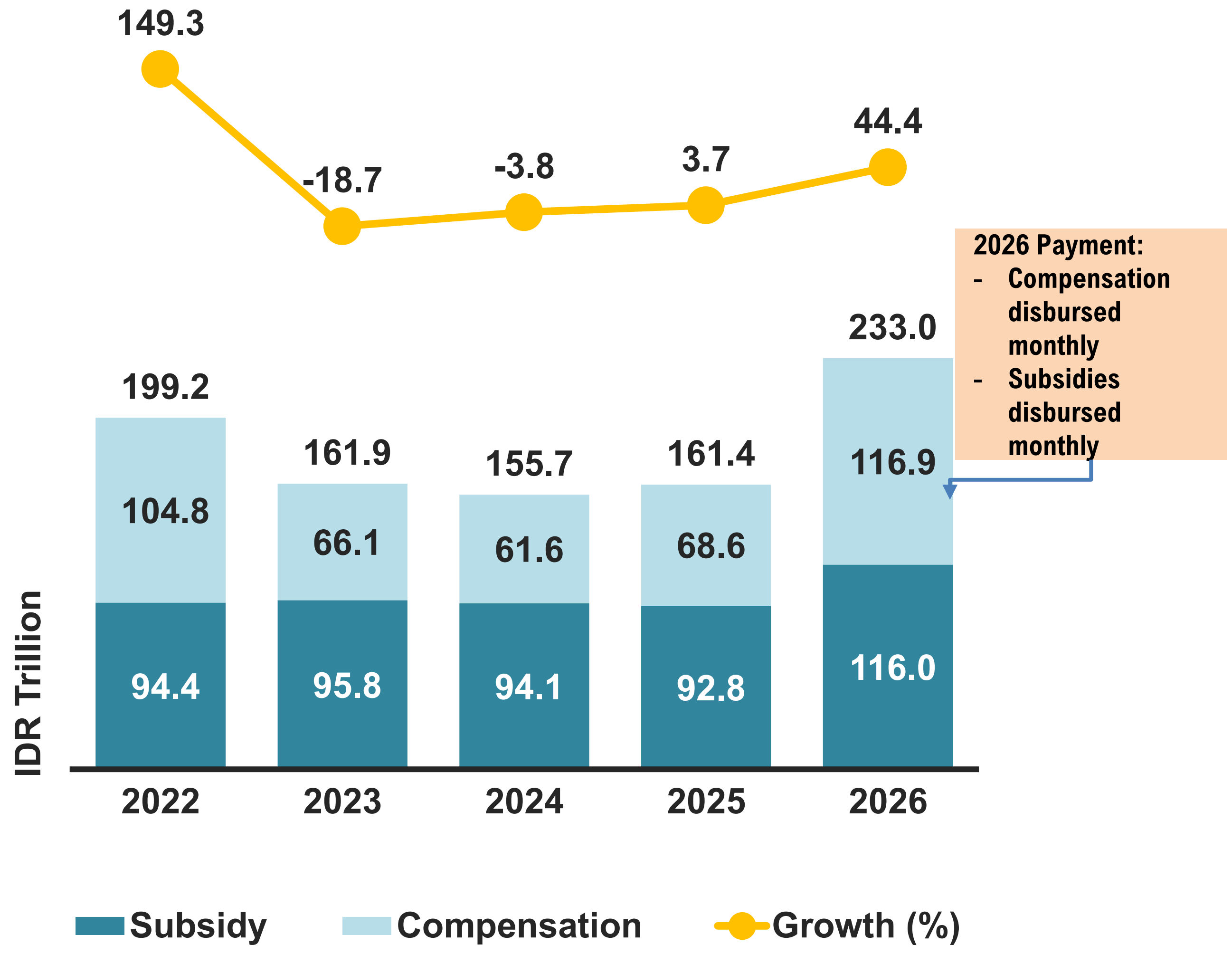
Realization a.o.:

- ❑ **PKH IDR14,5 T** for 9,7 million beneficiary families (KPM).
- ❑ **Staple Food Card IDR19,7 T** for 17,6 million KPM
- ❑ **PBI JKN IDR23,2 T** for 96,7 million participants
- ❑ **PIP IDR8,8 T** for 12,6 million students
- ❑ **KIP College IDR8,2 T** for 940,5 thousand students
- ❑ Implementation of Social Assistance and Rehabilitation as well as Disaster Management **IDR3,9 T**

REALIZATION OF SUBSIDIES AND COMPENSATION Rp233.0 T (52.1% of APBN) SAFEGUARDING HOUSEHOLD PURCHASING POWER

APBN acts as a shock absorber amid global energy price volatility.

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

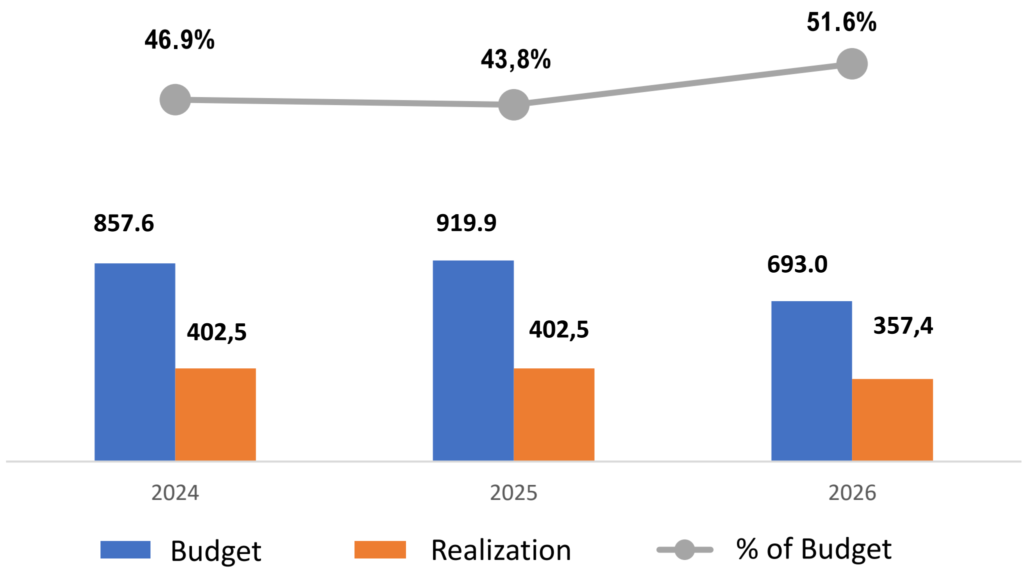
Subsidized Goods	Semester I Realization	Growth
Fuel Volume (thousand KL)	79,89.5 7,410.1	▲7.8%
3 Kg LPG Volume (million kg)	3,563.0 3,494.0	▲2.0%
Subsidized Electricity Customers (million customers)	43.1 42.2	▲2.1%
Fertilizer Volume (million ton)	4.5 3.7	▲21.4%
KUR Debtors (million debtors)	2.4 2.3	▲3.6%

■ 2026 ■ 2025

TKD DISBURSEMENT IDR357.4 T (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.

DEBT FINANCING REMAINS UNDER CONTROL

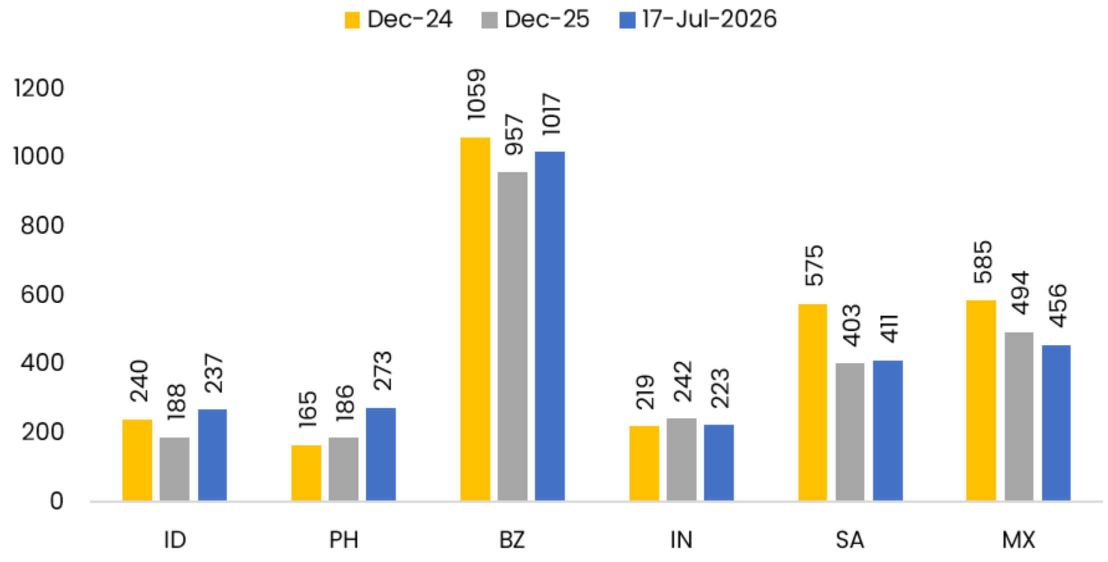
Debt financing stays on track, supporting the management of the State Budget in a credible and accountable manner.

BUDGET FINANCING (IDR Trillion)	2025			2026		
	APBN	Real as of 30 June	% of APBN	APBN	Real as of 30 June	% of APBN
Debt Financing (Net)	**775.9**	**315.4**	**40.6**	**832.2**	**477.4**	**57.4**
1. Government Securities	**642.6**	**308.6**	**48.0**	**799.5**	**501.2**	**62.7**
2. Loans	**133.3**	**6.8**	**5.1**	**32.7**	**(23.8)**	**(72.8)**

- Debt financing is managed prudently and in a measured way, taking into account government liquidity, optimal cash conditions, and dynamics in the financial markets.
- Fulfillment of debt financing remains on track through anticipatory measures and active cash & debt management to ensure adequate government cash availability and a strong Budget Surplus Balance (SAL).
- Achievement of financing targets considers efficient cost of funds, mitigated risks, sound governance, and the maintenance of debt indicators at a safe level.

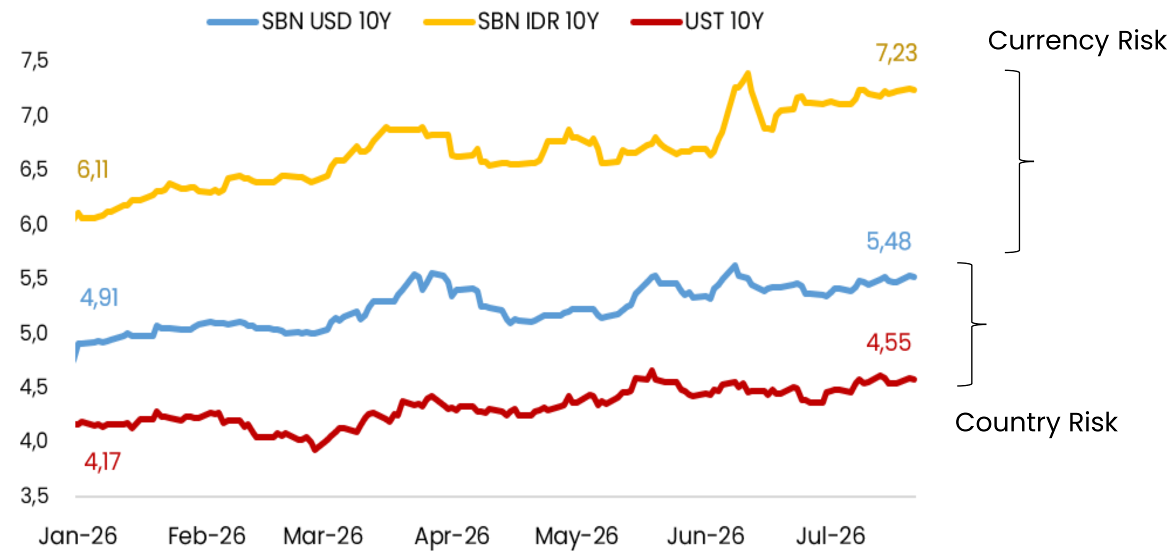
GOVERNMENT BOND MARKET REMAINS SOLID AMID GLOBAL UNCERTAINTY

Yield Spread LCY vs US Treasury 10Y (YTD, bps)

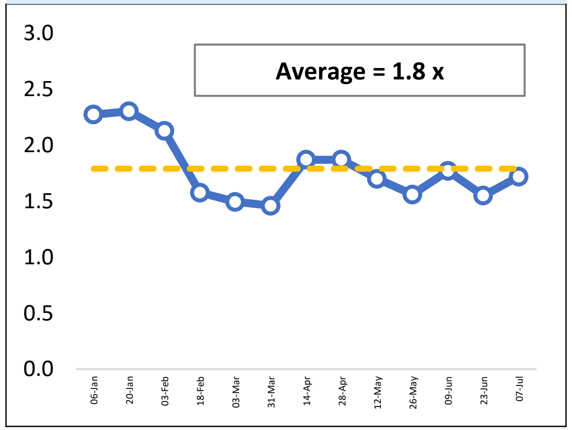


Source: Bloomberg 17 Jul 2026

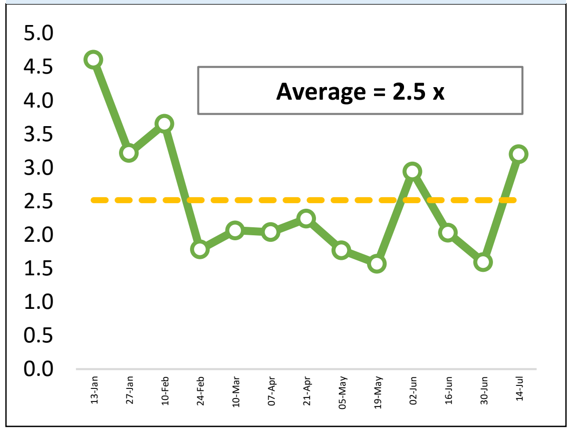
Yield UST, Yield SBN USD & Yield SBN IDR



Bid to cover ratio SUN



Bid to cover ratio SBSN

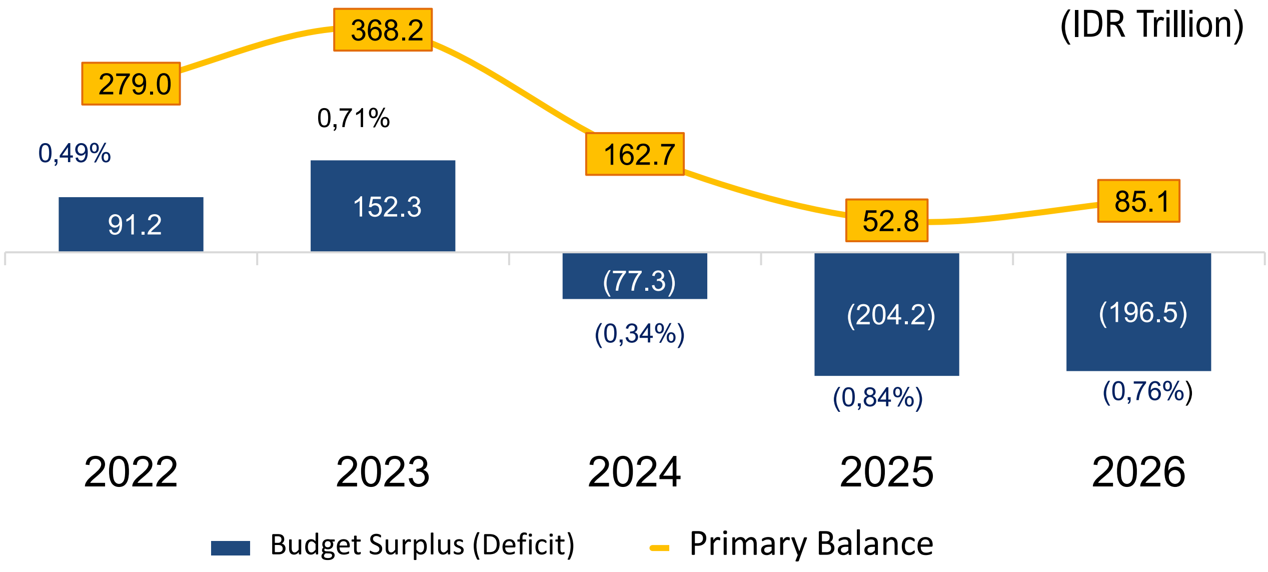


- ✓ Movement of Government Bond (SBN) Yields Remains Stable Amid Global Financial Market Uncertainty. The 10-year SBN yield is maintained at a steady level.
- ✓ The yield spread of SBN against U.S. Treasuries (UST) remains relatively low compared to several emerging market (EM) countries.
- ✓ Incoming bids in SBN auctions throughout 2026 remain resilient despite global investors' risk-off sentiment. The bid-to-cover ratio stays strong, averaging 1.8x in SUN auctions and 2.5x in SBSN auctions.

SEMESTER I PRIMARY BALANCE POSITIVE AT IDR85.1T

Financing controlled in meeting State Budget needs

Semester I 2022– 2026 Deficit and Primary Balance



Debt Financing Realization up to Semester I 2026

Uraian (triliun)	2025			2026			
	Budget	Smt I Real	% of Budget	Budget	Smt I Real	% of Budget	Growth (%)
I. SBN (Net)	642.6	308.6	48.0	799.5	501.2	62.7	62.4
II. Loans (Net)	133.3	6.9	5.1	32.7	(23.8)	(72.8)	(446.6)
Total Debt Repayment	775.9	315.4	40.7	832.2	477.4	57.4	51.4

- **Primary balance remains positive and deficit maintained** at 0.76% of GDP.
- Net debt financing reached 57.4% of the APBN with costs and risks controlled.
- Debt financing carried out prudently, flexibly, opportunistically, and in a measured manner, covering aspects of timing, size, instruments, and currency mix.
- **Cash position remains ample** supported by a sufficiently large SAL.

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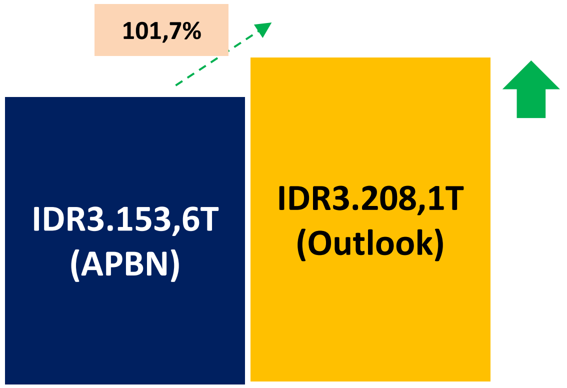
2026 BUDGET OUTLOOK : EXPANSIVE AND MEASURED (DEFICIT 2,85% GDP)

As Shock Absorber, Agent of Development, Protecting the Poor – Fiscal Sustainability

DRIVING REVENUE OPTIMIZATION



Optimal efforts amid challenges :

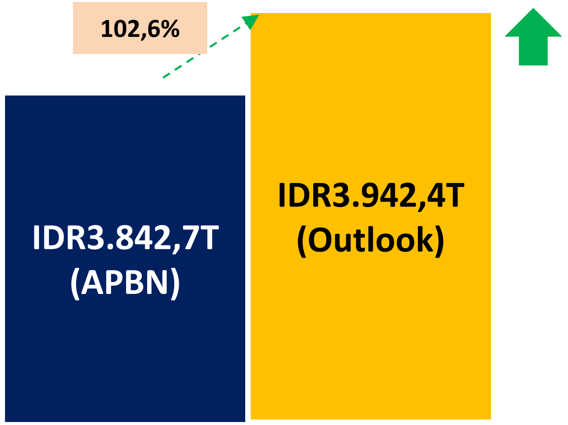
- **Global dynamics** (trade & geopolitics)
- Commodity price **volatility**
- **Effectiveness** of core tax
- **Law enforcement** (PKH task force, mitigation of illegal cigarettes, transfer pricing and under-invoicing)

"Expansive & Measured" Deficit

IDR698,1T (2,68% GDP)

IDR734,3T (2,85% GDP)

RESPONSIVE & ANTICIPATORY STATE EXPENDITURE



Shock absorber, agent of development & protecting the poor

- **Safeguard supply & stabilize energy and food prices** (subsidies & compensation)
- **Maintain purchasing power** (social protection)
- Efficiency & **refocusing**
- **Stimulus** for business sector
- **Effectiveness of Priority Programs with improved governance** (MBG, SR, CGK, KDMP, School Revitalization)

APBN for Economy and Welfare

- **Growth** (5,6-6,0%)
- **Controlled Inflation** to safeguard purchasing power (2,4 - 2,9%)
- **Priority Programs** implemented with strong quality control
- **Controlled Deficit** (2,85% GDP)

OUTLOOK OF FY2026 STATE BUDGET

(in IDR trillion)	2025 LKPP (Audited)	2025 Growth (%)	2026 APBN	2026 Outlook	2026 % thd APBN	2026 Growth (%)
A. REVENUE	2.765,1	(3,0)	3.153,6	3.208,1	101,7	16,0
I. Taxation Revenue	**2.218,2**	**(0,6)**	**2.693,7**	**2.631,4**	**97,7**	**18,6**
1. Tax	1.917,9	(0,7)	2.357,7	2.310,8	98,0	20,5
2. Custom and Excise	300,3	0,0	336,0	320,6	95,4	6,8
II. Non-Tax Revenue	**541,5**	**(7,3)**	**459,2**	**575,1**	**125,2**	**6,2**
III. Grant	**5,4**	**(84,2)**	**0,7**	**1,5**	**227,5**	**(72,1)**
B. EXPENDITURE	3.435,5	2,3	3.842,7	3.942,4	102,6	14,8
I. Central Government Exp.	**2.586,4**	**3,6**	**3.149,7**	**3.245,5**	**103,0**	**25,5**
1. Line Ministries Exp.	1.483,8	12,1	1.510,5	1.630,4	107,9	9,9
2. Non-Line Ministries Exp.	1.102,6	(5,9)	1.639,2	1.615,1	98,5	46,5
II. Transfer to Region	**849,0**	**(1,7)**	**693,0**	**696,9**	**100,6**	**(17,9)**
C. PRIMARY BALANCE	(155,9)	652,1	(89,7)	(152,1)	169,5	(2,5)
D. SURPLUS/ (DEFICIT)	(670,3)	31,7	(689,1)	(734,3)	106,6	9,5
% SURPLUS/ (DEFICIT) to GDP	*(2,81)*		*(2,68)*	*(2,85)*		
E. FINANCING	742,7	33,9	689,1	734,3	106,6	(1,1)

Revenue Outperformance

- **Revenue: Rp3,208.1 trillion (101.7% of target)**, supported by resilient tax collection and stronger non-tax revenues.

Growth-Oriented Spending

- **Expenditure: Rp3,942.4 trillion (102.6% of ceiling)**, focused on infrastructure, food and energy security, downstream industries, human capital, and social protection.

Fiscal Flexibility

- Additional fiscal space supports **Rp132 trillion** in priority spending while improving expenditure quality through budget reallocation.

Fiscal Credibility

- **Deficit: 2.85% of GDP**, below the **3% fiscal rule.**
- **Budget Financing: Rp734.3 trillion**, consistent with prudent debt management and long-term fiscal sustainability.

THANK YOU!