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RECENT ECONOMIC DEVELOPMENT

September 2026

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OVERVIEW

1 Macroeconomic Performance

DYNAMIC GLOBAL SITUATION: ESCALATING GEOPOLITICS, US AND EU INTEREST RATES RISE

The Middle East conflict and the Fed's rate hikes are reinforcing global inflationary pressures and rising expectations of high interest rates

Middle East Conflict Remains a Major Risk

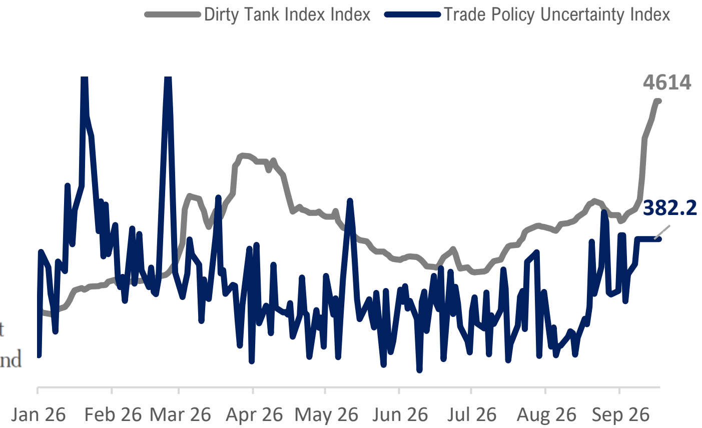

BBC
Home News Sport Business Technology Health Culture Arts Travel Earth Audio Video Live
US and Iran trade strikes for first time in weeks
3 days ago
Ruth Comerford and Ghoncheh Habibiazad

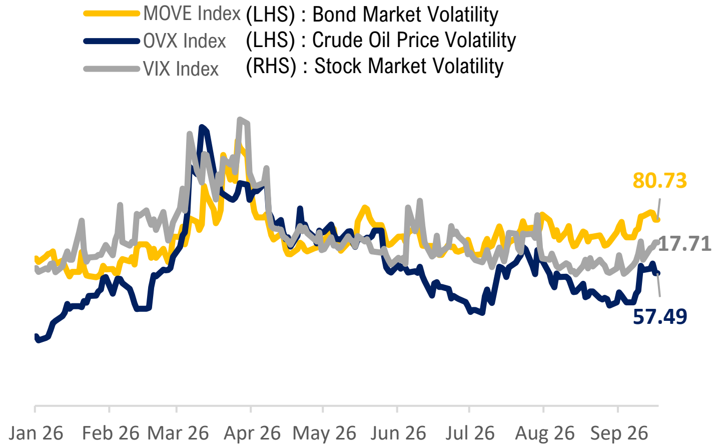

Reuters
World Business Markets Sustainability More
Escalating Middle East war could slash global growth to 1.3% in 2026, World Bank chief economist says

Global Oil Price Jumps as War Threats Intensify

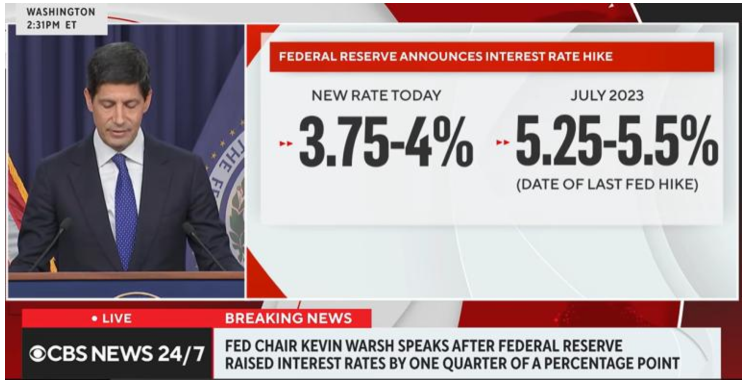
But stock investors shrug off Iran developments as they await crucial earnings reports from tech firms including Alphabet and Tesla.

Volatility Indicator Showed Mixed Sigals



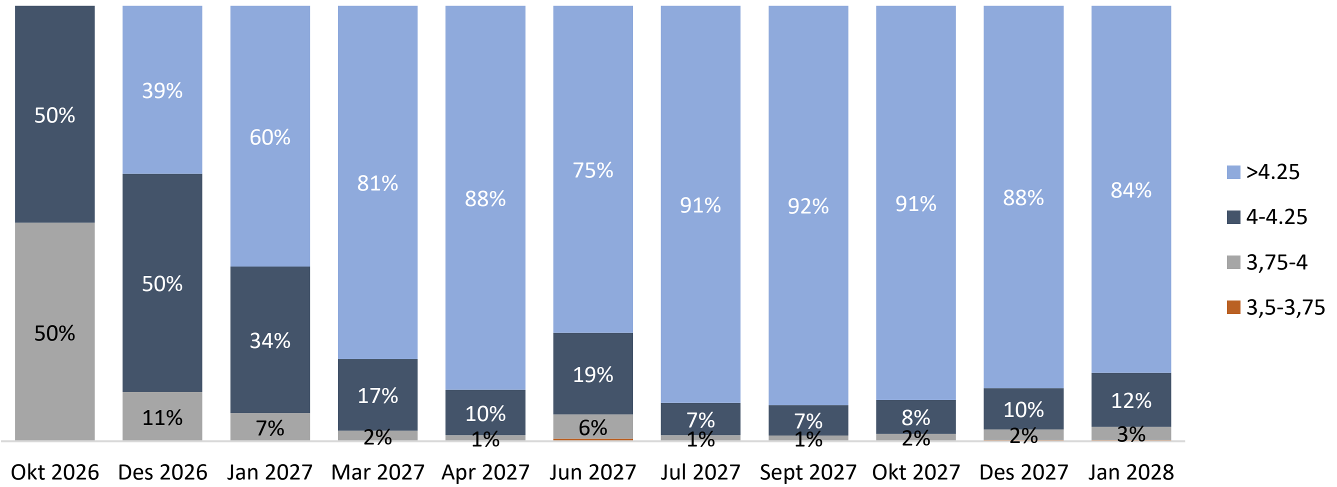


The Fed Raises Interest Rates



- *'Higher-for-longer' situation reduces capital flow, Rupiah, and financing costs,*
- Indonesia is still supported by maintained inflation, competitive yield spreads, and net foreign inflows.

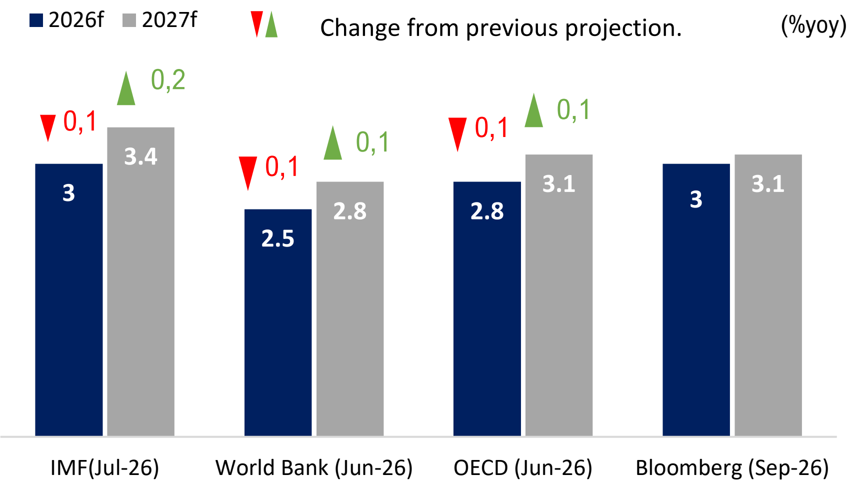
The Market Anticipates 'Higher for Longer'



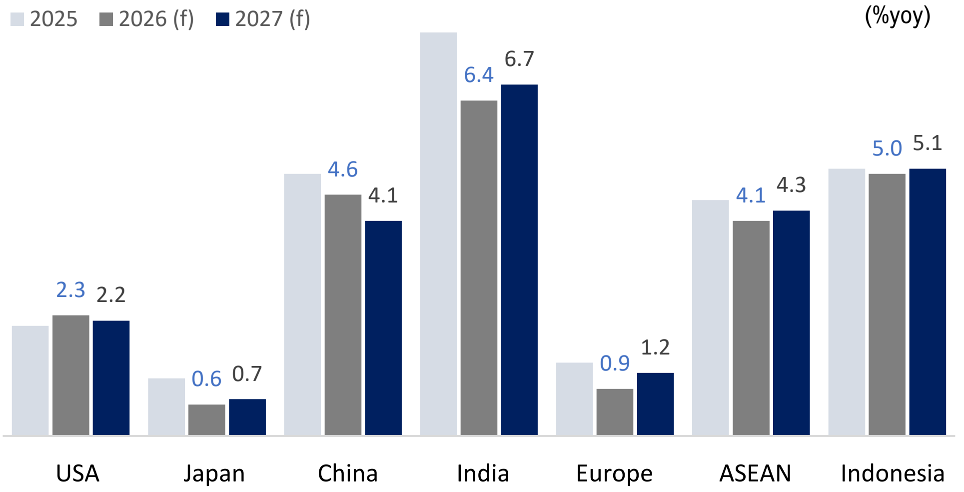
Source: Bloomberg, Trading Economics, policyuncertainty.com, CME FedWatch, BBC, CNBC, Reuters

INDONESIA REMAINS RESILIENT AMID UNCERTAIN GLOBAL SITUATIONS

Global Growth Projections are Revised Downwards



Indonesia's Main Partner Growth Projections Vary

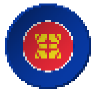


Source: WEO, July 2026

U.S.: Rises in 2026, before slowing in 2027

India: Slows in 2026, before rebounding in 2027

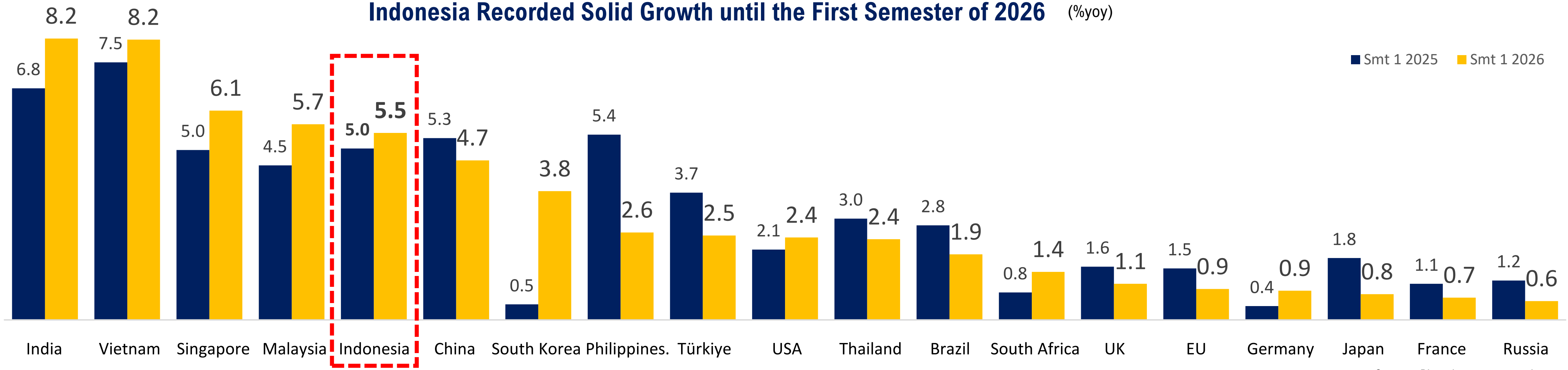
China: Growth moderates in 2026 and 2027



ASEAN: Moderates in 2026, before rising in 2027

Indonesia Recorded Solid Growth until the First Semester of 2026

(%yoy)



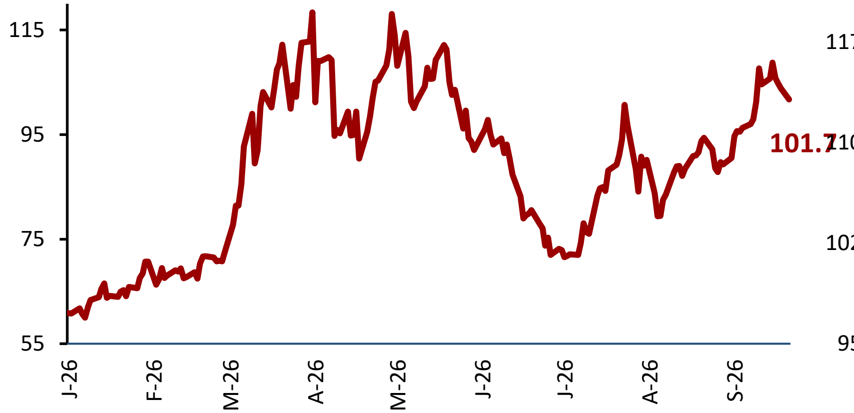
Source : Bloomberg, processed

ENERGY PRICE REMAINS VOLATILE

Intensifying geopolitical tension raises energy prices while copper rebounds on stronger Chinese demand.

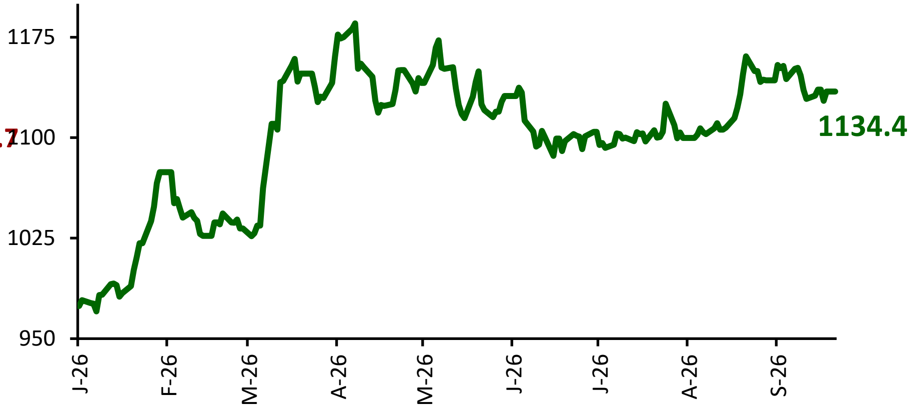
BRENT (USD/Barrel)

MoM	YoY	YtD
7.7%	26.2%	67.1%



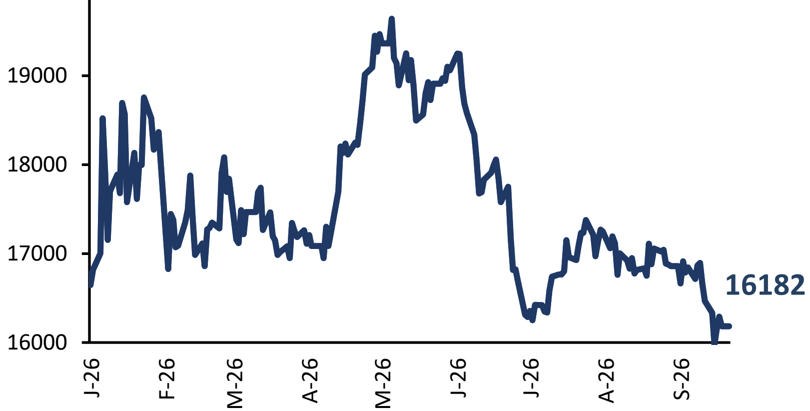
CPO (USD/TON)

MoM	YoY	YtD
-2.3%	9.6%	16.4%



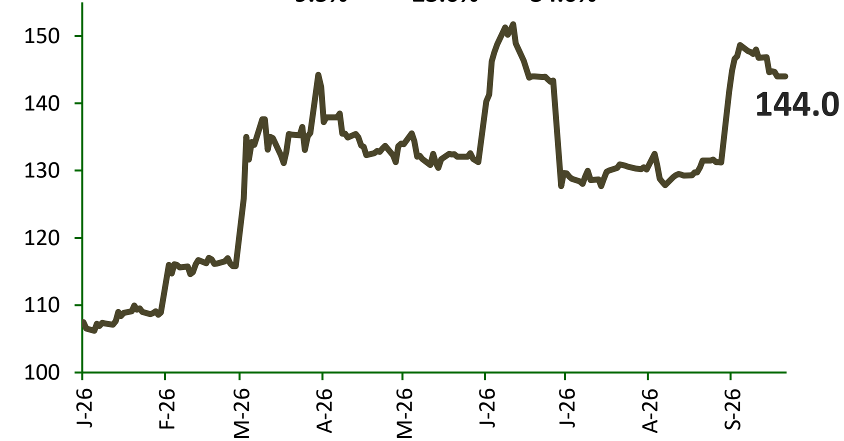
NICKEL (USD/TON)

MoM	YoY	YtD
-5.1%	13.6%	-2.8%



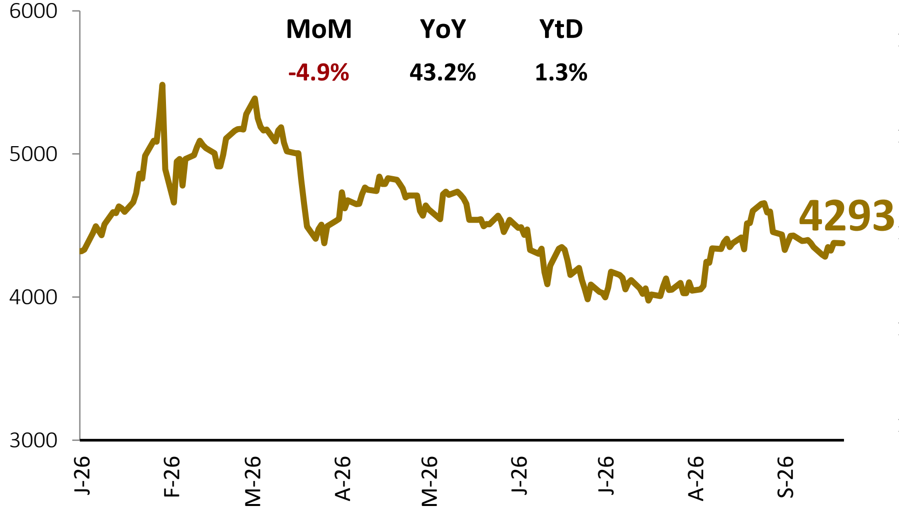
COAL (USD/Ton)

MoM	YoY	YtD
9.5%	23.0%	34.0%



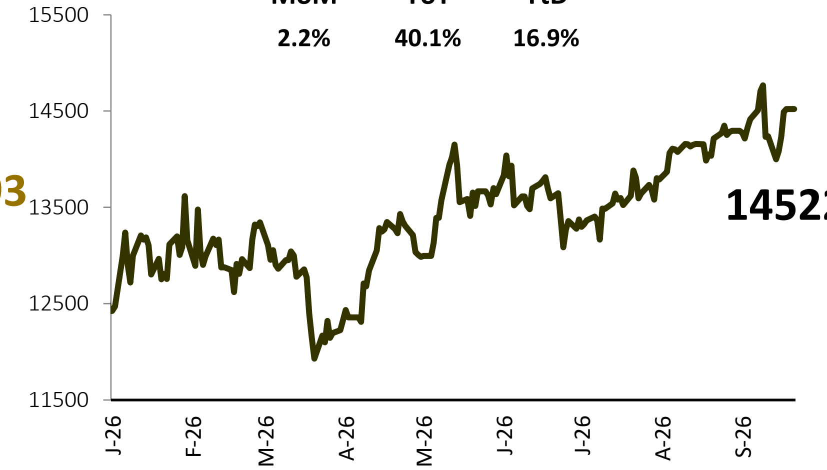
GOLD (USD/Troy Ounce)

MoM	YoY	YtD
-4.9%	43.2%	1.3%



COPPER (USD/TON)

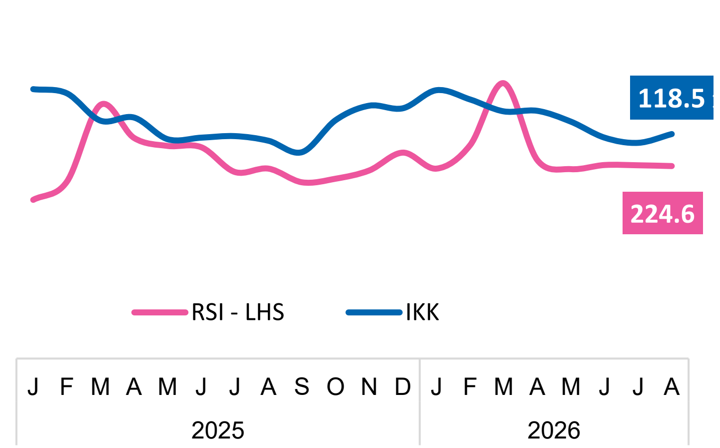
MoM	YoY	YtD
2.2%	40.1%	16.9%



Source: Bloomberg. As of 21 September 2026 14.00, JKT time. YOY value is a comparison of YTD prices

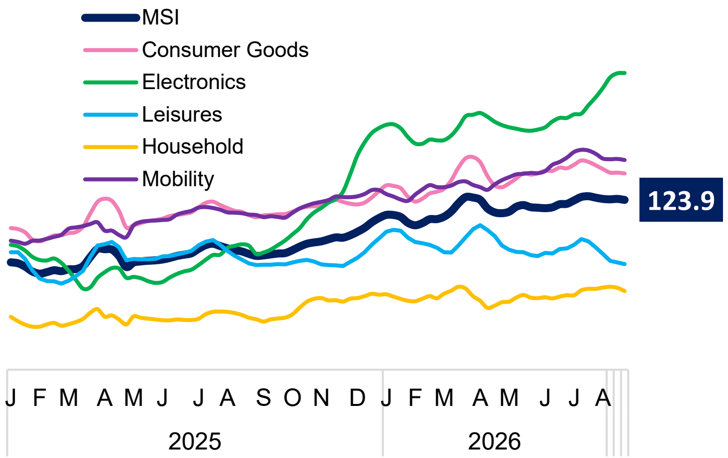
REAL SECTOR REMAINS RESILIENT, ESPECIALLY PUBLIC CONSUMPTION

Consumer confidence strengthened, real sales expanded, driven by spare parts and F&B sales
(August, Index)



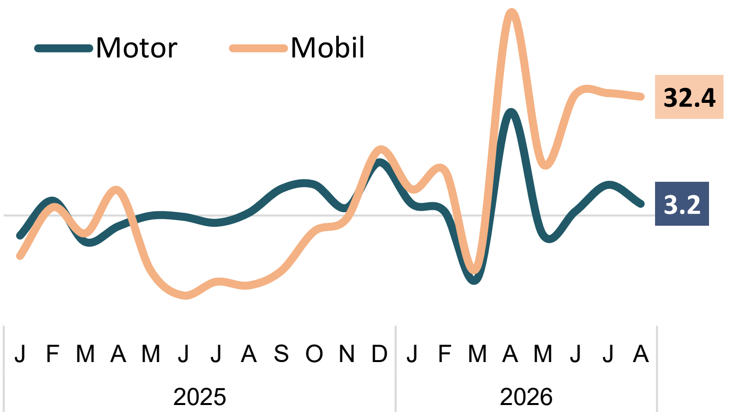
Source: Bank Indonesia

Household consumption in a moderating trend after school holidays, except for shopping for electronic goods
(August 23, Index)



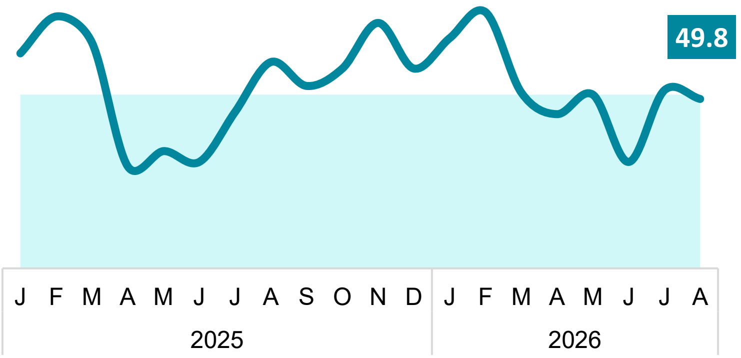
Source: Bank Mandiri

Car and motorbike sales remains growing, reflecting the maintained demand for vehicles in the domestic market
(August, % yoy)



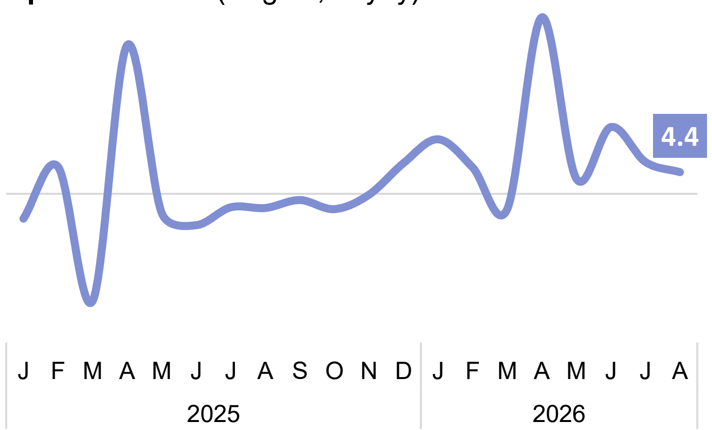
Source: Gaikindo and AISI

The Manufacturing PMI temporarily expanded in July before contracting again in August, driven by a drop in production (% yoy).



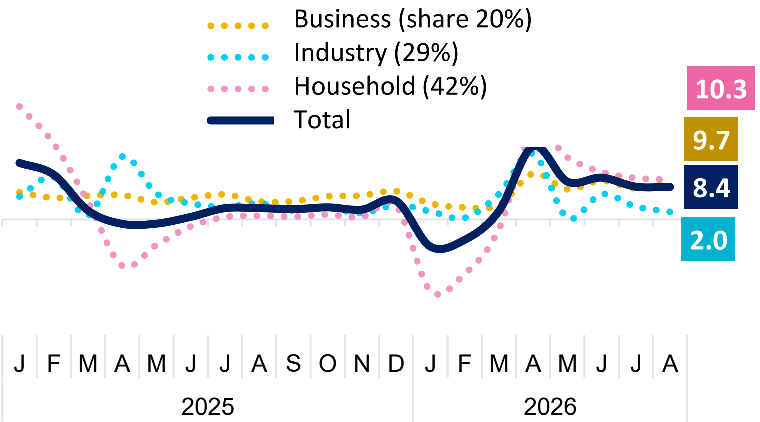
Source: S&P Global

Domestic cement sales sustained strong growth, driven in part by support for priority program implementation (August, % yoy).



Source: ASPERSSI

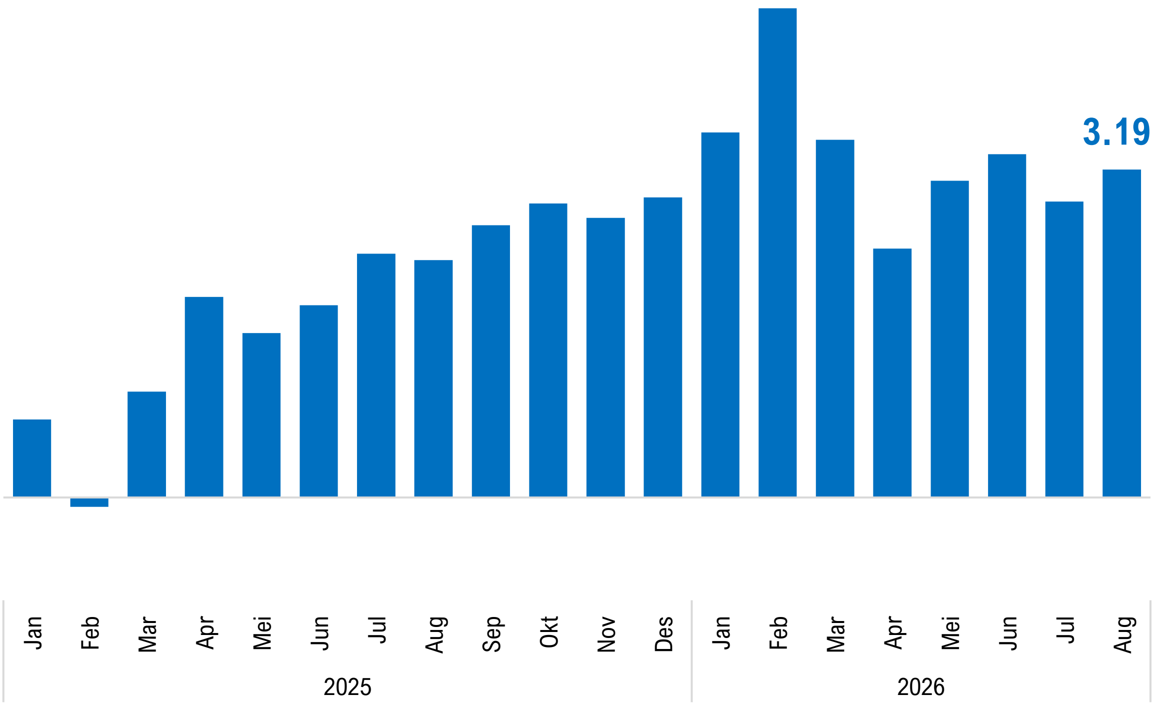
Electricity sales sustained growth to support economic activity across various segments (August, % yoy).



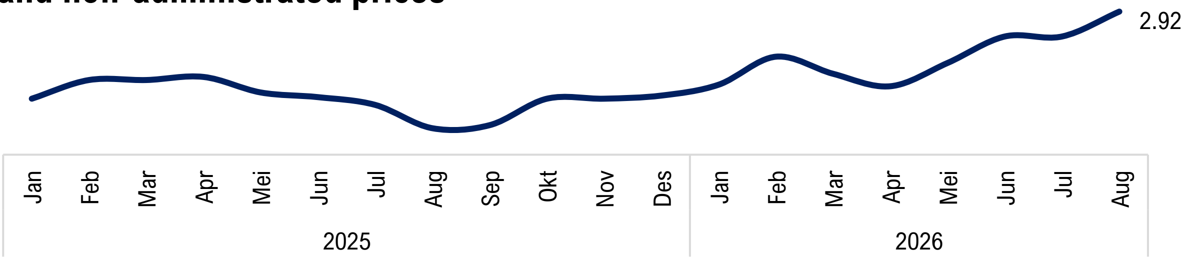
Source: PLN

INDONESIA INFLATION RATE REMAINS STABLE

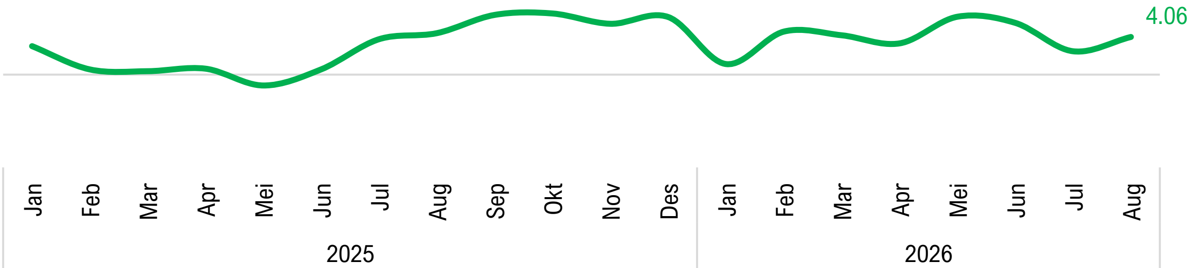
Indonesia's inflation is maintained within the target range of 2,5±1% (%, yoy)



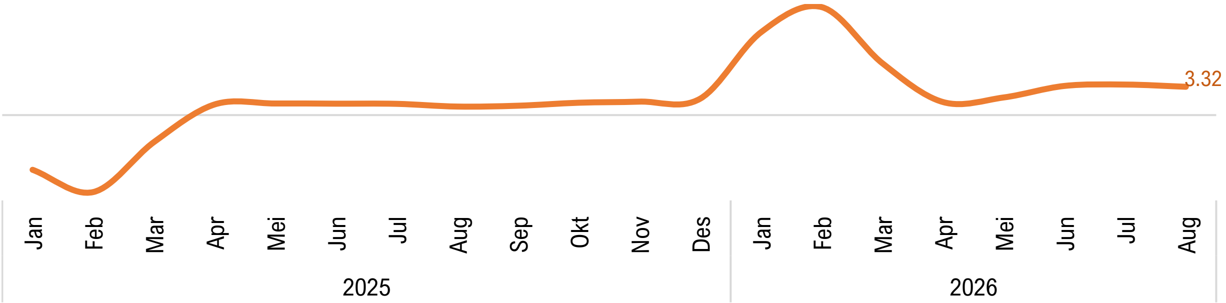
Core inflation reflects aggregate demand, movement of non-food goods, and non-administrated prices



Volatile food inflation is affected by the price of various chili peppers and purebred chicken meat

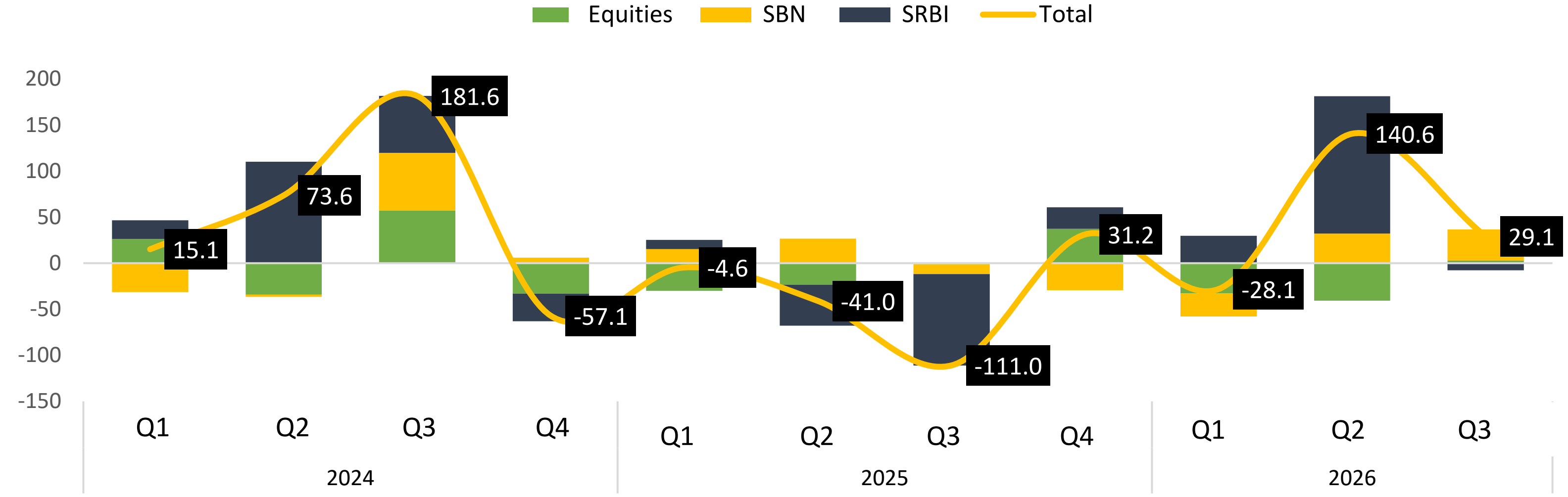


Administered prices remain stable with price control policy



CAPITAL FLOWS BEGIN TO RECOVER, CAPITAL INFLOW TREND CONTINUES

SBN inflows were supported by strong fiscal credibility, while SRBI inflow moderated in line with lower SRBI issuance by BI

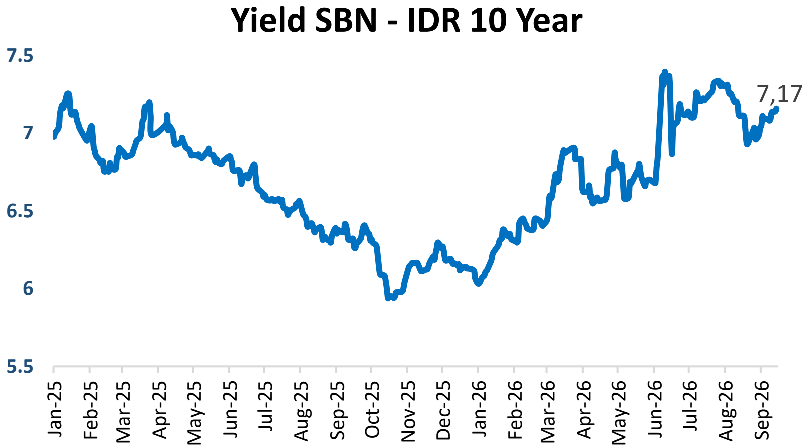


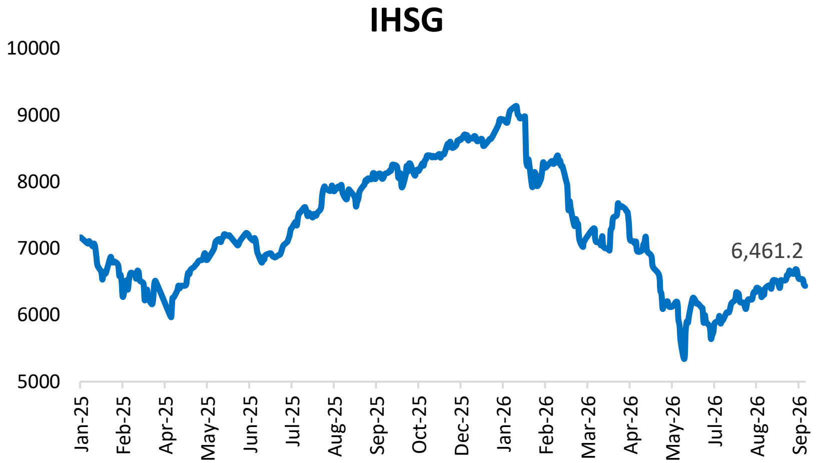
2026 Accumulation: ***inflow of* IDR141,6 T**
(Q3t o 11 Sep: ***inflow* IDR29,1 T)**

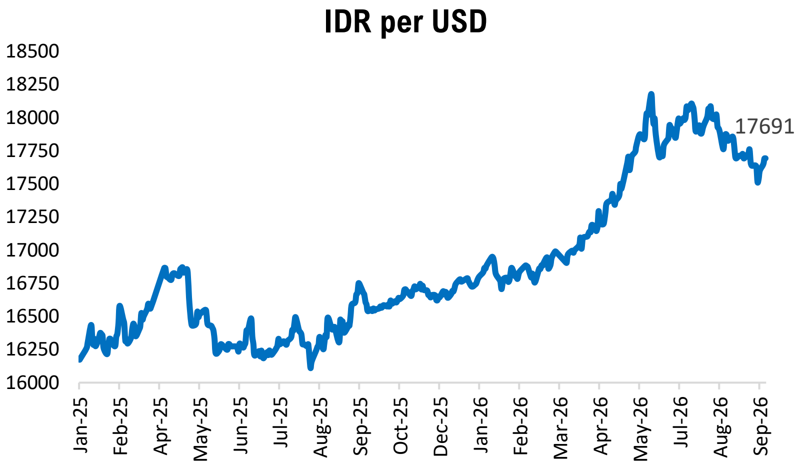
- **SBN** *inflow* IDR40,8 T
  (Q3 as of 10 Sep: *inflow* IDR33,8 T)
- **SRBI** *inflow* IDR171,6 T
  (Q3 as of 10 Sep: *outflow* IDR7,6 T)
- **Equities** *outflow* IDR70,7 T
  (Q3 as of 11 Sep: *inflow* IDR2,9 T)

Note: SRBI and SBN as of 10 Sep; Equities as of 11 Sep
Source: Bloomberg, DJPPR, Bank Indonesia, processed as of 11 Sep 26

Global risk-off and hawkish monetary stances in developed countries continue to pose challenge for the financial sector







Source: Bloomberg, processed, as of 15 Sep 26

2 2026 Fiscal Development

REALIZATION AND OUTLOOK OF MACROECONOMIC BASIC ASSUMPTIONS 2026 REMAIN ON-TRACK

Indicators	2026 APBN	2026 Realization	2026 *Outlook*
Economic Growth (%)	5,4	5,45 [1)]	5,6 – 6,0 *)
Inflation (%, *yoy*)	2,5	3,19 [2)]	2,4 - 2,9
10-Year SBN Interest Rate (%)	6,9	7,17 (eop) [3)] 6,80 (ytd) [3)]	6,7 – 7,1
Exchange Rate (IDR/USD)	16.500	17.635 (eop) [4)] 17.415 (ytd) [4)]	17.000 - 17.500
Indonesian Crude Oil Prices *(US$/barrel, average)*	70	89,2 [2)]	75 – 85
Oil Lifting *(thousand barrels per day)*	610	575,6 [5)]	602 – 610
Gas Lifting *(thousand barrels of oil equivalent per day)*	984	926,8 [6)]	929 – 985

High economic growth, supported by strong investment, domestic demand, and government policy support.

Managed Inflation, supported by energy & food price policies to maintain people's purchasing power.

Weakened Rupiah, driven by geopolitical factors and the direction of global monetary policy.

SBN yield movement, influenced by global dynamics. The level and volatility can still be maintained.

Oil price dynamics are influenced by supply chain disruptions due to the Middle East conflict and the development of resolutions with the US.

Oil and gas lifting continues to be optimized amid volatile commodity market.

1) Realization of Q2 2026 (c-t-c)
2) Realizatioin as of Agustus 2026
3) Realization as of 15 Sep '26
4) BI middle rate as of 15 Sep 2026
5) *lifting* MK + NGL ytd Juni 2026
6) *lifting* gas (exc NGL) ytd Juni 2026
*) Data SKK Migas/ESDM (NGL as oil)
**) MoF data (NGL calculated as gas)

*) NK RAPBN 2027

STATE BUDGET AS OF 31 AUGUST 2026 IS WELL PERFORMED

Revenue **grew high** (25.4% yoy). Spending continued to **increase** (grew 17.1% yoy). The deficit was **maintained within safe and manageable limits.** The State Budget continues to play crucial role in driving economic growth

ITEMS (IDR TN)	2025							2026						
	APBN	Realization as of 31 Jul	% of APBN	Growth (%)	Realization as of 31 Aug	% of APBN	Growth (%)	APBN	Realization as of 31 Jul	% of APBN	Growth (%)	Realization as of 31 Aug	% of APBN	Growth (%)
A. STATE REVENUE	3.005,1	1.429,2	47,6	(7,5)	1.639,0	54,5	(7,8)	3.153,6	1.733,9	55,0	21,3	2.055,6	65,2	25,4
I. Taxation Revenue	2.490,9	1.161,1	46,6	(3,2)	1.330,4	53,4	(3,6)	2.693,7	1.406,9	52,2	21,2	1.619,3	60,1	21,7
1. Tax Revenue	2.189,3	990,0	45,2	(5,3)	1.135,4	51,9	(5,1)	2.357,7	1.224,3	51,9	23,7	1.409,0	59,8	24,1
2. Customs & Excise	301,6	171,1	56,7	10,8	194,9	64,6	6,4	336,0	182,6	54,3	6,7	210,2	62,6	7,8
II. Non-Tax State Revenue (PNBP)	513,6	266,9	52,0	(21,1)	307,0	59,8	(20,1)	459,2	326,0	71,0	22,2	435,1	94,8	41,7
III. Grant Revenue	0,6	1,3	224,1	(83,1)	1,6	269,3	(88,4)	0,7	1,1	161,7	(17,3)	1,2	184,2	(21,6)
B. STATE EXPENDITURE	3.621,3	1.665,7	46,0	1,6	1.960,3	54,1	1,5	3.842,7	1.969,8	51,3	18,2	2.295,7	59,7	17,1
I. Central Government Expenditure	2.701,4	1.193,4	44,2	1,9	1.388,8	51,4	1,5	3.149,7	1.563,6	49,6	31,0	1.791,5	56,9	29,0
1. Ministries/Agencies Expenditure	1.160,1	582,6	50,2	(1,0)	686,0	59,1	(2,5)	1.510,5	792,2	52,4	36,0	912,4	60,4	33,0
2. Non-Ministries/Agencies Expenditure	1.541,4	610,8	39,6	4,9	702,8	45,6	5,6	1.639,2	771,4	47,1	26,3	879,1	53,6	25,1
II. Transfer to Regions	919,9	472,3	51,3	0,9	571,5	62,1	1,7	693,0	406,0	58,6	(14,0)	504,3	72,8	(11,8)
C. PRIMARY BALANCE	(63,3)	60,5	(95,6)	(66,3)	22,2	(35,1)	(86,3)	(89,7)	102,7	(114,5)	69,7	154,0	(171,7)	592,2
D. SURPLUS / (DEFICIT)	(616,2)	(236,5)	38,4	153,9	(321,3)	52,1	109,4	(689,1)	(235,6)	34,2	(0,3)	(240,1)	34,8	(25,3)
% of GDP	(2,53)	(0,99)			(1,35)			(2,68)	(0,91)			(0,93)		
E. BUDGET FINANCING	616,2	427,7	69,4	96,0	427,0	69,3	44,8	689,1	417,9	60,7	(2,3)	473,5	68,7	10,9

State Revenue
IDR2.055,69 T
▲25,4% (yoy)

State Expenditure
IDR2.295,7 T
▲17,1% (yoy)

Budget Deficit
(IDR240,1 T)
0,93% GDP

Primary Balance Surplus
IDR154,0 T

AS OF 31 AUGUST 2026, TAX REVENUES GROWS STRONG, IN LINE WITH INCREASED ECONOMIC ACTIVITY AND INCOME

Tax Revenue as of August 31, 2026

IDR1.409,0 T

59,8% target

▲ 24,1%

Non-Oil & Gas Income Tax

IDR722,2 T

(62,6% target)

▲ 16,6%

VAT & Luxury Tax

IDR591,5 T

(59,4% target)

▲ 38,9%

Oil & Gas Income Tax

IDR39,0 T

(70,6% target)

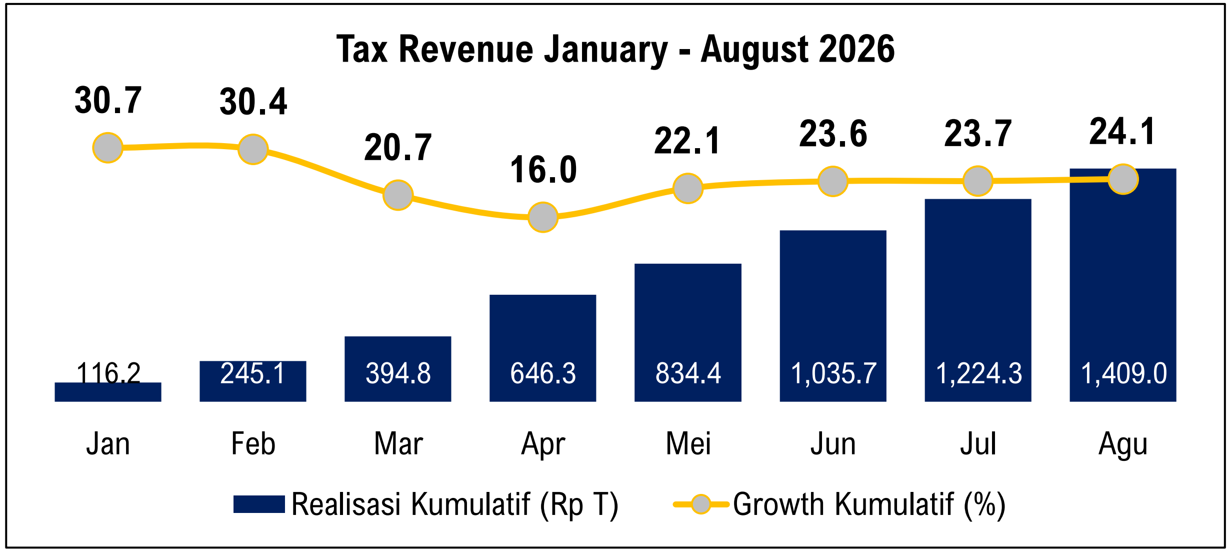
▲ 63,8%

Other Taxes

IDR56,4 T

(36,8% target)

▼ -15,7%



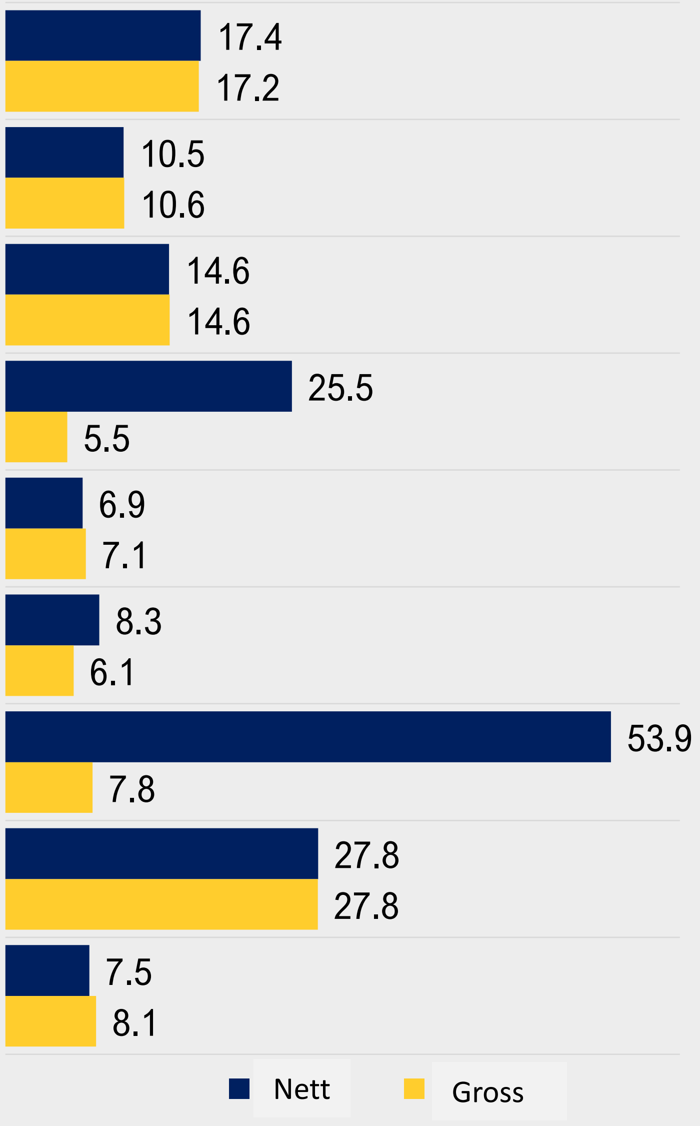
- Tax revenue continues to grow in line with **economic activity and the improving Coretax implementation.**
- Non-oil and gas income tax increased driven by an **increase in economic activity and the strengthening of tax administration.**
- Oil and gas income tax grows in line with the increase in oil prices.
- VAT & PPnBM increased sharply supported by **domestic consumption and strong purchasing power.**
- Other Taxes fell as **tax returns compliance** went up, where taxes owed were paid via deposits.

TAX REVENUE REALIZATION, AS OF 31 AUGUST 2026, BY TAX TYPE

Tax revenue growth was supported by growth in Corporate Income Tax, Domestic VAT, and Import Tax

	Realization & Net Contribution	
Art. 21 Income Tax	171,5	T
	12,2	%
Art. 22 (Import) Income Tax	57,7	T
	4,1	%
Individual Income Tax	18,2	T
	1,3	%
Corporate Income Tax	243,7	T
	17,3	%
Art. 26 Income Tax	62,5	T
	4,4	%
Final Income Tax	91,3	T
	6,5	%
Domestic VAT	314,8	T
	22,3	%
Import VAT	259,1	T
	18,4	%
Others	190,1	T
	13,5	%

Cumulative Growth Nett dan Gross(% yoy)



- Art. 21 Income Tax: Moderately grew, supported by **Coretax System enhancements and rising employee incomes.**
- Individual Income Tax: Recorded positive growth, driven by an expanded prepopulated withholding slip feature following **the Coretax implementation,** which improved underpayment detection.
- Corporate Income Tax: Grew positively, particularly **in palm oil-related sectors,** where profitability rose due to higher prices and lower tax refunds.
- Art. 26 Income Tax: Recorded growth, supported by **intensified tax enforcement.**
- Final Income Tax: Increased, driven by **the transfer of mining rights (participating interest)** in the oil and gas sector.
- Domestic VAT: Grew significantly on a cumulative basis, mainly driven by **tax refund management** in the fuel trading sector.
- Import VAT: Growth was driven by **rising oil prices and a weakening exchange rate.**

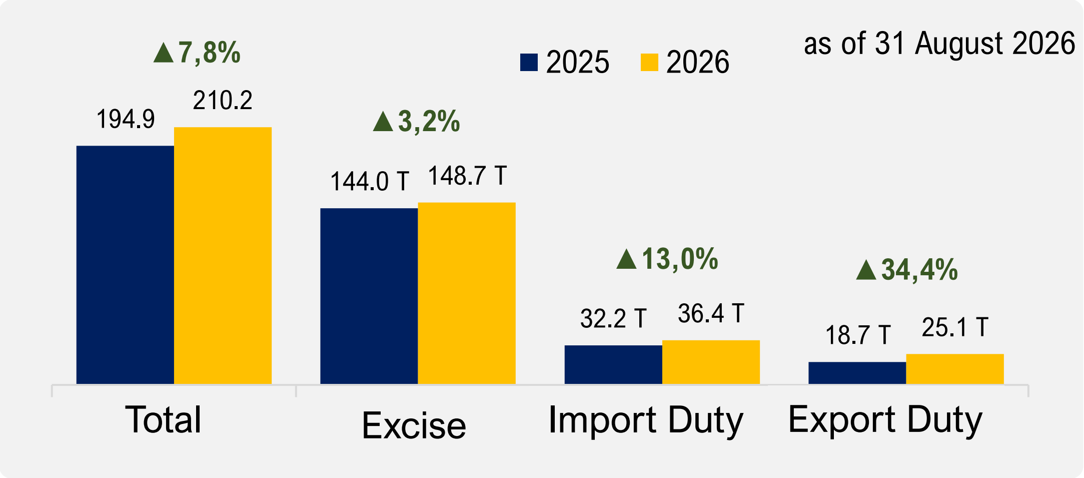
Note: Deposit bookkeeping is sourced from DJPB red book data

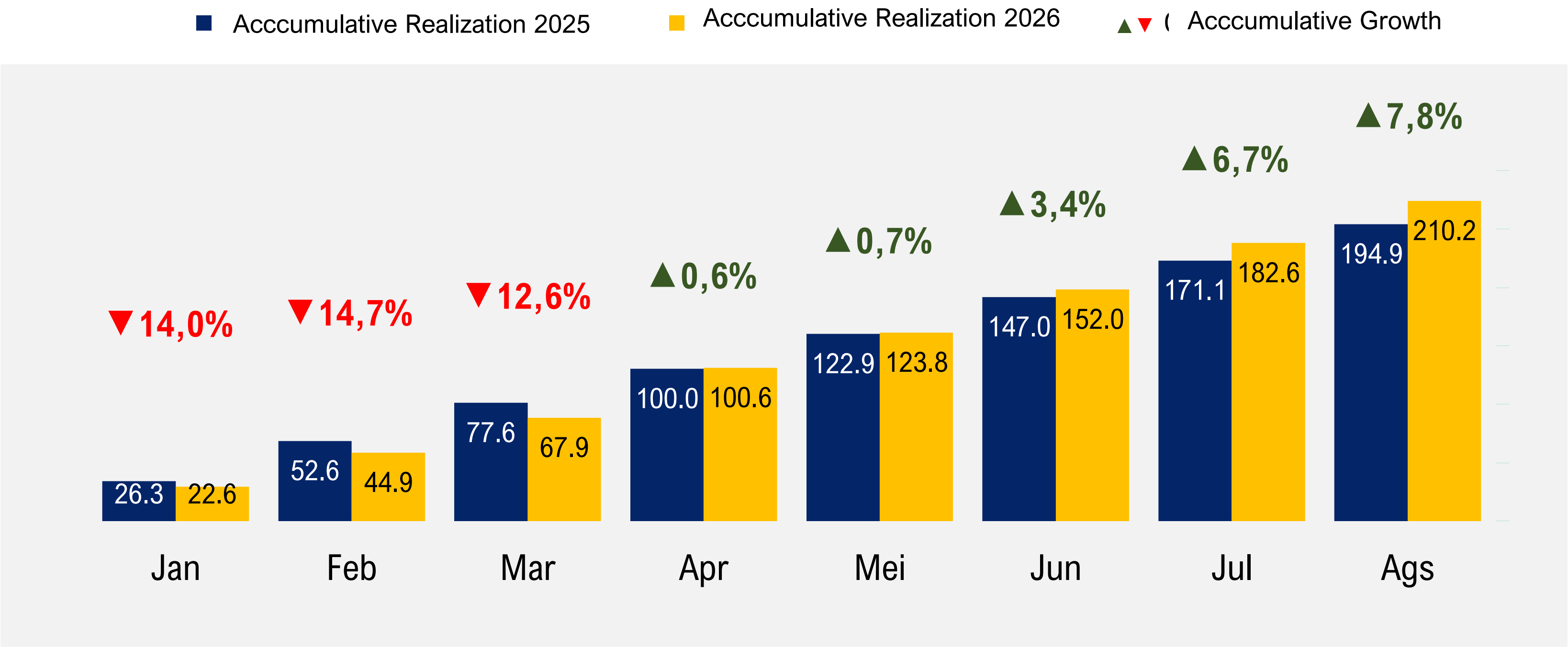
CUSTOMS AND EXCISE REVENUE CONTINUES TO GROW

Revenue realization grew consistently, up 7.8% on a cumulative basis

Total IDR210,2T

62,6% APBN | ▲7,8%

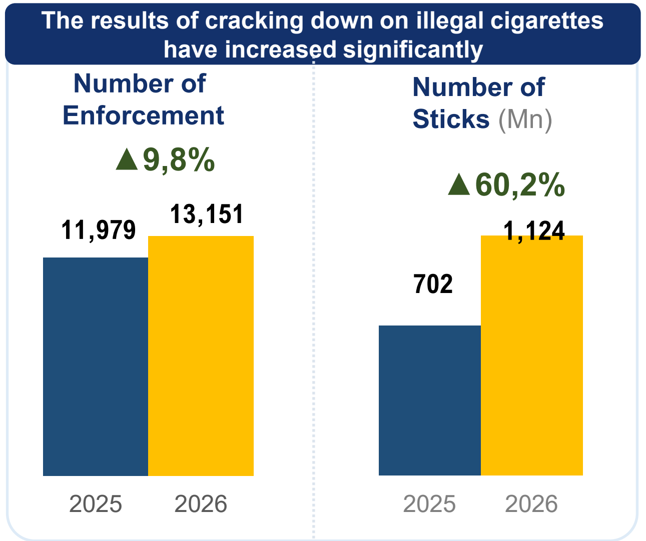


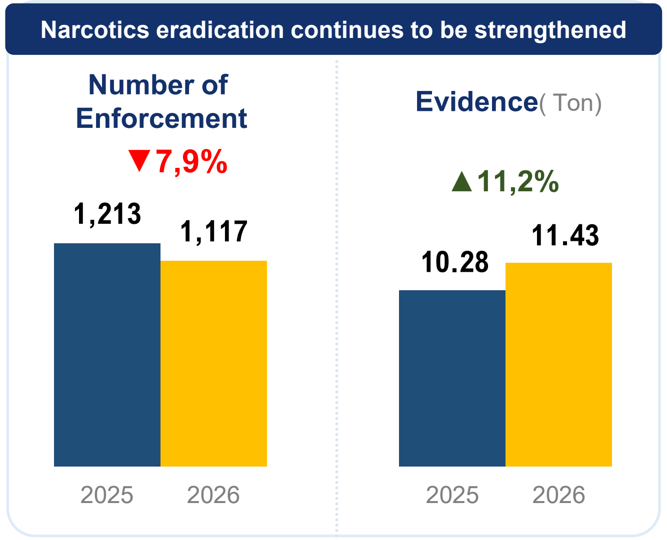


- Excise growth is driven by law enforcement and increased cigarette production and MMEA;
- Import Duties growth is driven by increase in volume and exchange rates;
- Export Duty grew driven by an increase in CPO export prices and volumes.

STRENGTHENED SUPERVISION ENHANCED STATE REVENUE

As of August, seized illegal cigarettes and narcotics evidence increased by 60.2% and 11.2%, respectively.





Gold Enforcement as of 14 September

74x

Total Gold & Jewelry Crackdown in 2026

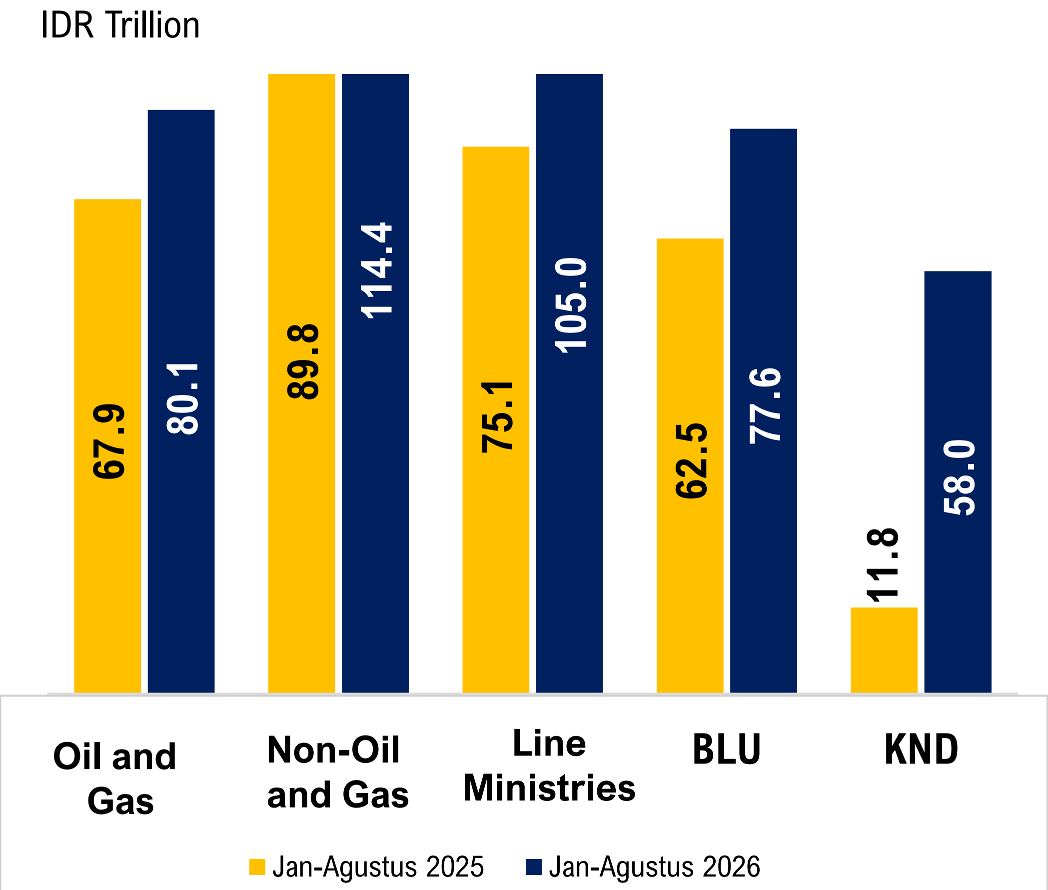
334,5 kg

Total Weight of Evidence

Gold Bars	120,2 kg
Gold Jewelry	208,6 kg
Gold Dust	5,7 kg

- **Ilegal Cigarettes:** Conducted 13,151 enforcement actions (+9.8% yoy) and seized 1.1 billion illegal cigarette sticks (+60.2% yoy), including 8.96 million sticks at Tanjung Priok. Revenue from Ultimum Remedium reached IDR 94.3 billion.
- **Narcotics:** Executed 1,117 seizures, securing 11.43 tons of evidence, including 2.6 tons of liquid methamphetamine from the MV Ocean Porter in Riau Province.
- **Gold:** Intercepted 74 gold and jewelry shipments, recovering 334.5 kg of evidence. A joint operation across four airports alone confiscated over 29 kg of gold worth IDR 73.3 billion, preventing a potential state revenue loss of IDR 8.5 billion.

NON-TAX REVENUE (PNBP) REALIZATION GROWS HIGH (41.7% yoy)



Jan-August 2025 : IDR307,0 T
Jan-August 2026 : IDR435,1 T ▲ **41,7%**

IDR Trillion	APBN	Semester Report Outlook	Realization as of 31 Aug	% APBN	% Semester Report
Total Non-Tax Revenue	459,2	575,1	435,1	94,8	75,7
A. Natural Resources	261,2	279,4	194,6	74,5	69,6
1. Oil and Gas	117,4	138,1	80,1	68,3	58,0
2. Non-Oil and Gas	143,8	141,3	114,4	79,6	81,0
B. KND Revenue	1,8	56,4	58,0	3.221,7	102,8
C. Other PNBP Revenue	97,9	124,0	105,0	107,2	84,7
D. BLU Revenue	98,3	115,4	77,6	78,9	67,2

- The realization of PNBP revenue until 31 August 2026 reached IDR435.1 T (94.8% state budget/ 75.7% of Semester Report's outlook).
- Oil and Gas Revenue potentially grow as ICP increases. However, the current realization is only 58.0% of the outlook.
- Non-oil and gas revenue supported revenues with strong realization (81.0% of the outlook), above the average of total non-tax revenue.
- KND revenue, including BI surplus of IDR55 T, has been used to settle debt obligations in the context of handling the 97/98 crisis to BI.

CENTRAL GOVERNMENT SPENDING IS INCREASINGLY PRODUCTIVE

Realization as of 31 August 2026 IDR1.791,5 T (56,9% APBN), ▲29,0% (yoy)

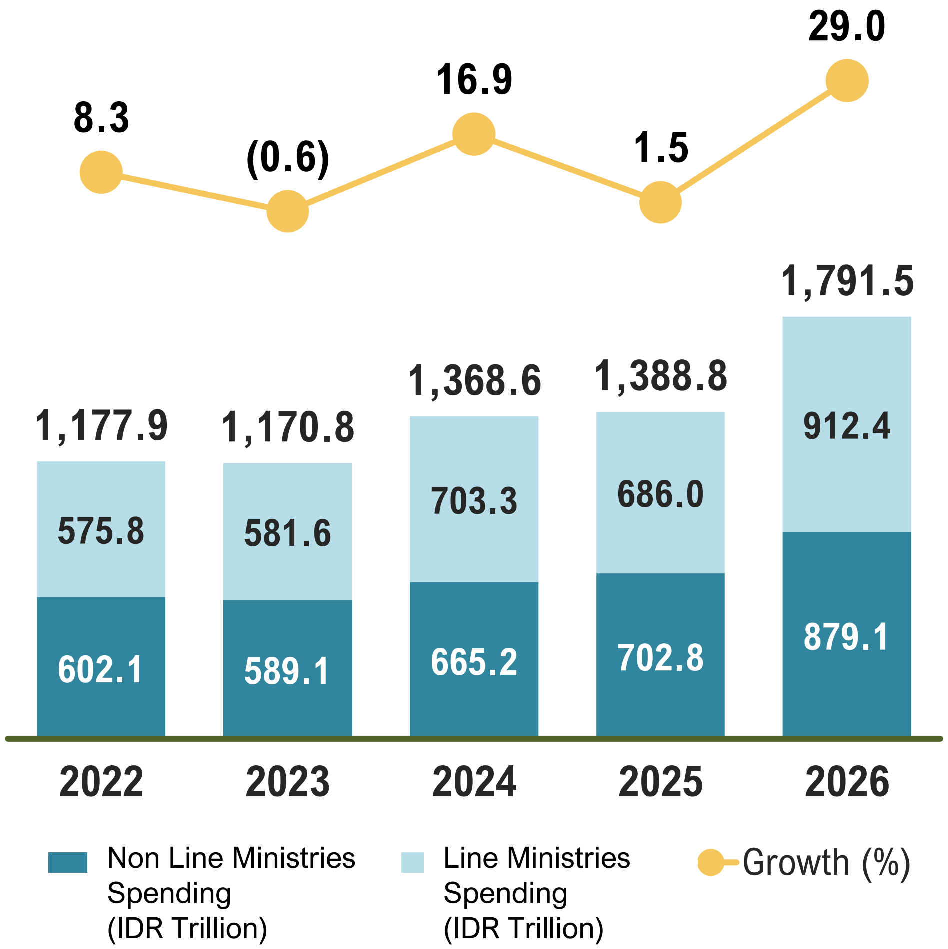
(Trillion IDR)

Central Government Spending	Realization as of 31 August 2025	*APBN 2026*	Realization as of 31 August 2026
Line Ministries Spending	**686,0**	**1.510,5**	**912,4**
Incl. social spending	101,1	162,5	104,5
Non-Line Ministries Spending	**702,8**	**1.639,2**	**879,1**
Incl. Subsidies	149,4	318,9	177,1
TOTAL	**1.388,8**	**3.149,7**	**1.791,5**

Central Government Spending is driven by:

- **Line Ministries Spending IDR912,4 T** (60,4% of APBN), including MBG, social spending (PBI JKN, Sembako, PKH, KIP Kuliah), infrastructures, and education infrastructures.
- **Non-Line Ministries Spending IDR879,1 T** (53,6% of APBN), including pensions, electricity&fuel subsidy and compensation.

Central Government Spending as of 31 Agustus, 2022 – 2026 (IDR Trillion)

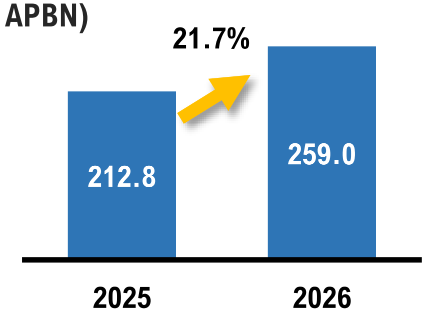


REALIZATION OF LINE MINISTRIES EXPENDITURE REALIZATION GROWS HIGH: IDR912.4 T (60.4% APBN)

as of 31 August 2026

Personnel Spending

IDR259,0 T
(72,3% APBN)

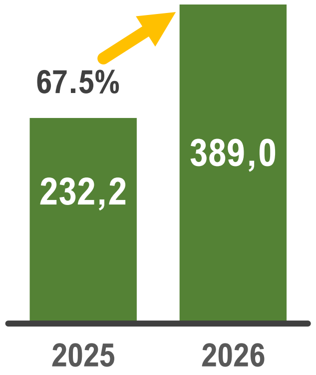


Increase in Personnel Expenditure is mainly for:

- ❑ Inauguration of 355,000 new civil servants;
- ❑ allowances for non-civil servant educators

Goods and Services

IDR389,0 T
(55,1% APBN)



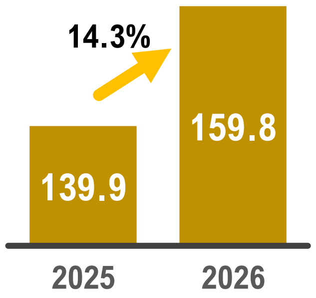
Increased goods and services spending is mainly for the implementation of MBG

- ❑ MBG Spending IDR131,3 T*
- ❑ Distribution of Private BOS Funds IDR10,1 T
- ❑ Insensitive BiodieselIDR21,4 T
- ❑ HealthcareUPT IDR11,3 T
- ❑ Food StabilizationIDR3,3 T

**of BGN total realization (IDR134,2 T)*

Capital Spending

IDR159,8 T
(56,3% APBN)



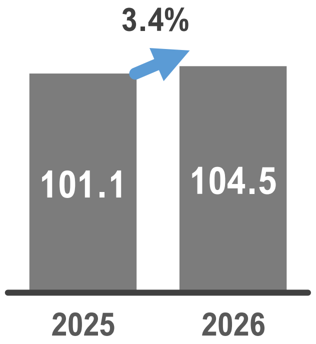
Increased capital expenditure mainly to support connectivity and food security (network development & irrigation)

Including through:

- ❑ Ministry of Public Works IDR43,1 T
- ❑ Ministry of DefenseIDR44,6 T
- ❑ Police IDR36,1 T
- ❑ Prosecutor's Office IDR10,4 T

Social Spending

IDR104,5 T
(64,3% APBN)



The increase in social assistance spending (yoy) was mainly driven by the distribution of PIP and KIP in the second semester of 2026

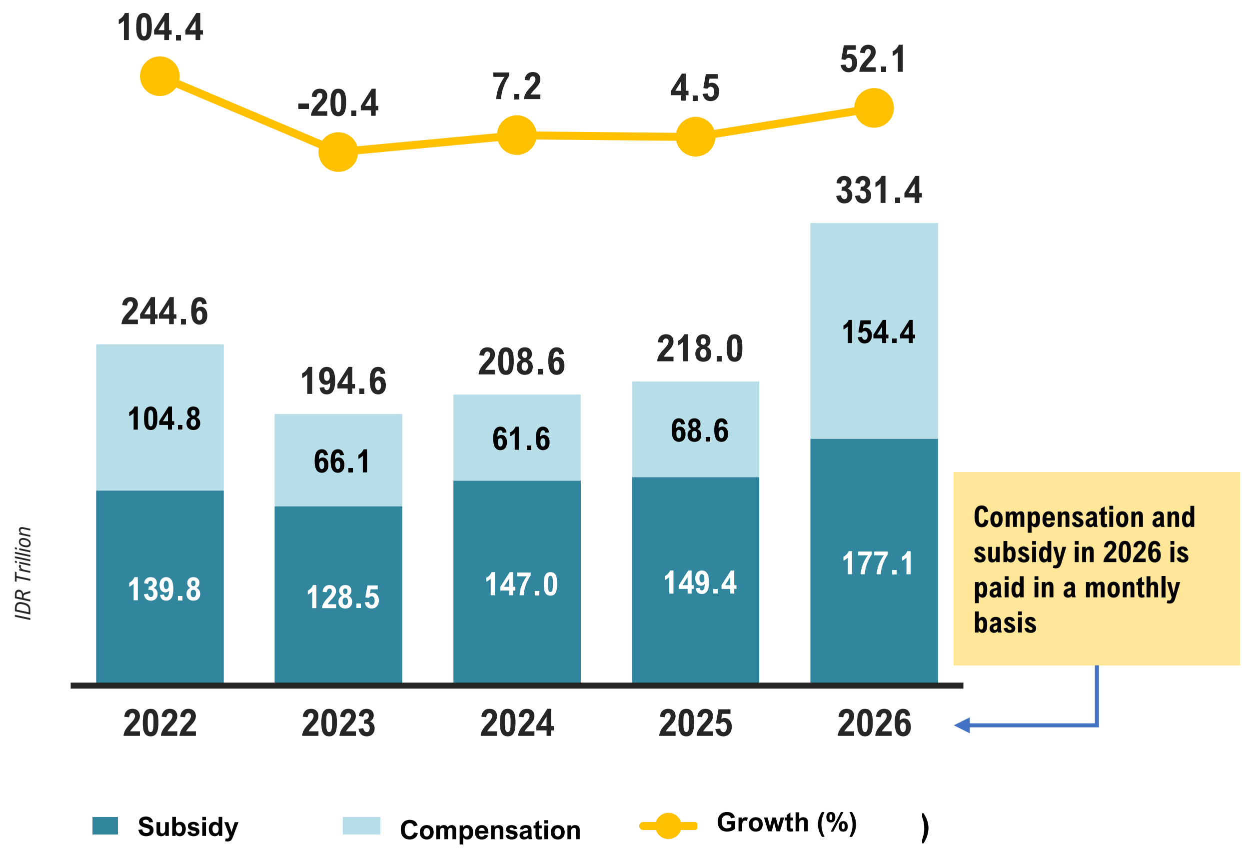
Realization including:

- ❑ PKH IDR21,0 T for 10 mn KPM
- ❑ Sembako Cards IDR27,6 T for 17,6 mn KPM
- ❑ PBI JKN IDR30,9 T for 96,7 jt participants
- ❑ PIP IDR10,7 T for 15,6 jt students
- ❑ KIPK IDR9,7 T for 954.000 students
- ❑ Social assistance and rehabilitation and disaster management IDR4,6 T

SUBSIDIES AND COMPENSATION REALIZATION IDR331,4 T (74,2% APBN), SAFEGUARDING PURCHASING POWER

APBN as a shock absorber amid global energy price volatility

Realization of Subsidy and Compensation as of 31 August 2026



The realization of subsidies and compensation is driven by:

1. Fluctuations in ICP, exchange rates, and the increase of subsidized fuel volume, LPG and electricity.
2. Oil price volatility due to global geopolitics dynamics can increase the realization of energy subsidies. Indonesia has **experience in dealing with these conditions in 2022 Russia-Ukraine conflict**
3. Non-Energy Subsidies are mainly driven by the increase in fertilizer subsidy payments.

People enjoy a variety of goods at subsidized prices

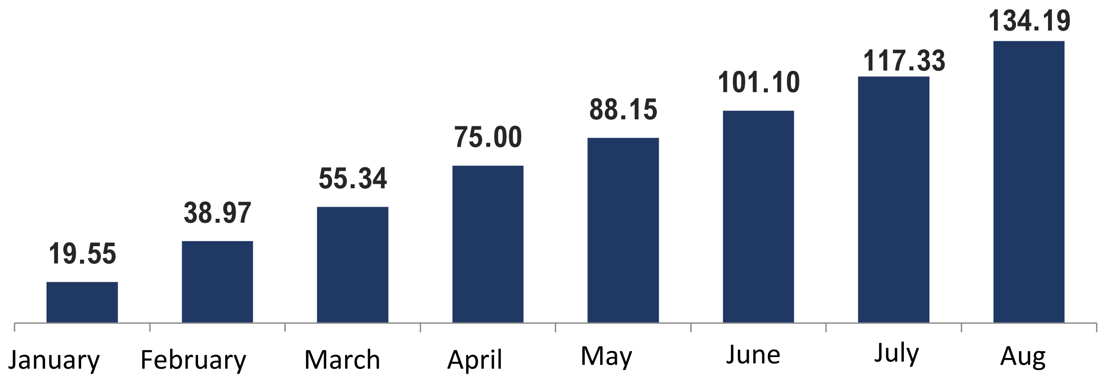
Subsidized Goods	Growth (2026)	Growth (2025)	Growth
Fuel Volume (thousand KL)	11.578,7	10.639,8	▲8,8%
3 Kg LPG Volume (million kg)	5.044,9	4.917,8	▲2,6%
Subsidized Electricity Customers (million customers)	43,3	42,4	▲2,1%
Fertilizer Volume (million ton)	6,1	4,9	▲23,4%
KUR Debtors (million debtors)	3,3	3,1	▲5,9%

■ 2026 ■ 2025

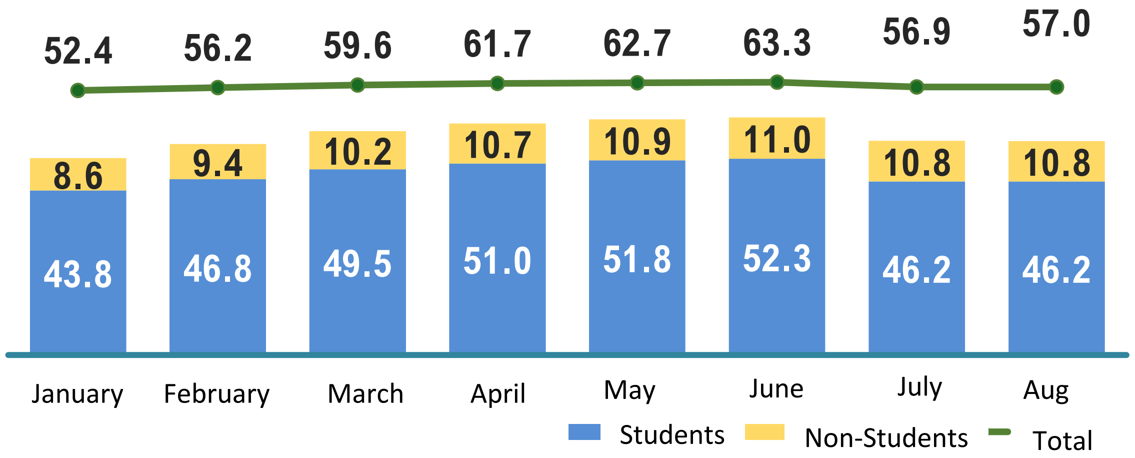
MBG IS INCREASINGLY ACCURATE, SUPPORTED BY BGN REFORM

Real as of 31 Aug **IDR134,2 T**

Realization (trillion IDR, as of 31 August 2026)



Beneficiaries in August reached 57 million recipients, through 27.485 SPPG



The MoF supports the BGN reform.
MoF also continues maintain strong coordination with BGN

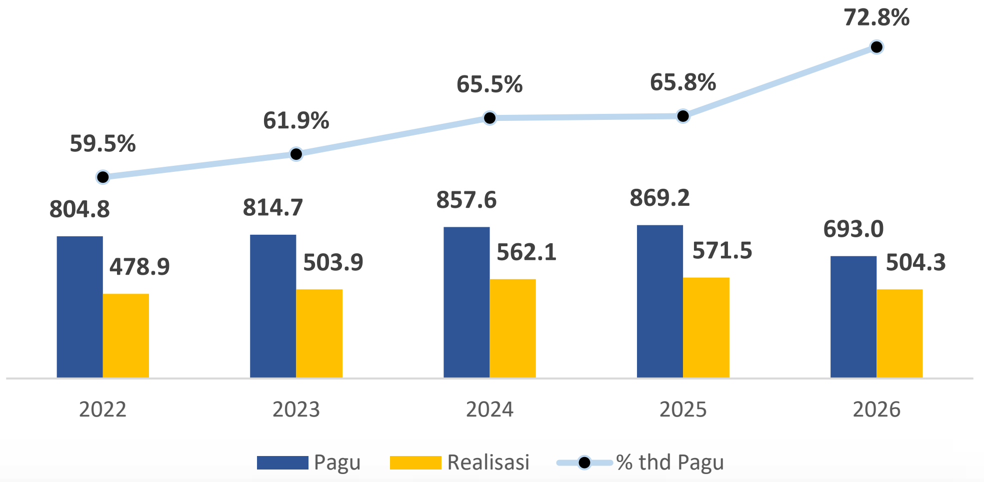
LATEST BGN REFORM POLICY:

1. **Mandatory SLHS** → SPPG is required to have a Certificate of Sanitary Hygiene Suitability (SLHS) to improve MBG food safety.
2. **SPPG Closure**→ SPPG without SLHS is closed, while still guaranteeing services for beneficiaries.
3. **Frontier, Outermost, and Underdeveloped regions (3T area)** → the priority is for SPPG in 3T areas with high stunting, as well as for toddlers, pregnant women, lactating mothers and students.
4. **Beneficiaries target by BGN** → The determination of beneficiaries was transferred from SPPG to BGN for a more optimal distribution of MBG.

POSITIVE PERFORMANCE OF TKD DISTRIBUTION AS OF AUGUST 2026 (IDR504.3T OR 72.8% APBN)

The State Budget (APBN) and Regional Budget (APBD) are a single unit for regional development and public services provision

Realization of TKD Distribution (Trillion IDR)



Impact of TKD on Regional Public Services

4,3mn of regional govt personnel through salary payments

992.000 student education equivalence program

42,3mn students receiving BOS

616.000 teachers receiving allowance

5,8mn preschool students receiving BOP

Strengthen 50 regional hospitals

15.553 SR SPAM Development/ Expansion/Upgrade

Improvement of **285,2 KM** roads

Initial 2026 TKD allocation IDR693 T

Current 2026 TKD allocation IDR715,34 T

(with additional TKD)

TKD Realization as of 31 August 2026:

- **TKD performance** as of **31 August 2026** is **72,8%** of budget, stronger than 2025 (65,8%, after Inpres 1/2025).
- **Driving factors:**
  - Performance improvement of budget absorption and output of the local government.
  - Teacher allowances are now distributed monthly (previously quarterly).
  - Additional DAU&DBH allocation for regional ASN salaries.
- The additional TKD includes an additional amount for the Sumatra disaster of IDR**10,6 T** (KMK 59/2026) dan non-disaster of IDR**18,9 T** (KMK 198/2026)

BUDGET FINANCING REMAINS UNDER CONTROL

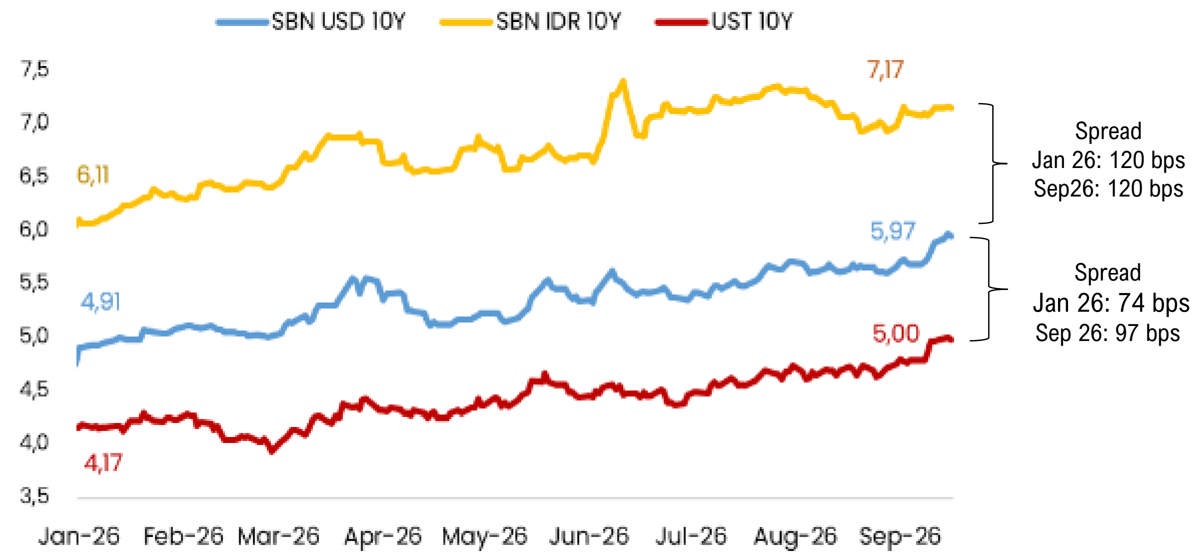
Debt financing is on-track to support credible and accountable state budget management

BUDGET FINANCING (IDR trillion)	2025			2026		
	APBN	Real. as of 31 August	% of APBN	APBN	Real. as of 31 August	% of APBN
Debt Financing (Nett)	**775,9**	**464,6**	**59,9**	**832,2**	**506,0**	**60,8**
1. Government Securities	**642,6**	**431,3**	**67,1**	**799,5**	**527,4**	**66,0**
2. Loans	**133,3**	**33,4**	**25,0**	**32,7**	**(21,4)**	**(65,5)**

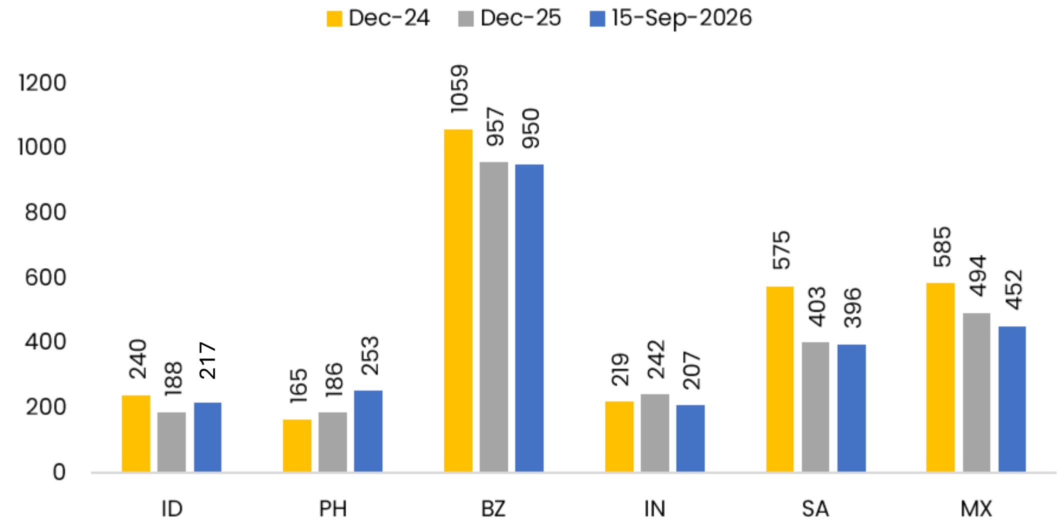
- Prudent and measurable debt financing management, with careful consideration of optimal cash conditions and financial market dynamics.
- Debt financing performance remains on track through anticipatory measures and active cash and debt management to maintain adequate government liquidity.
- Financing targets are met by considering efficient costs of funds, mitigated risks, sound governance, and debt indicators maintained at safe levels.

SBN MARKET REMAINS SOLID AMID GLOBAL UNCERTAINTY PRESSURES

Yield UST, Yield SBN USD & Yield SBN IDR

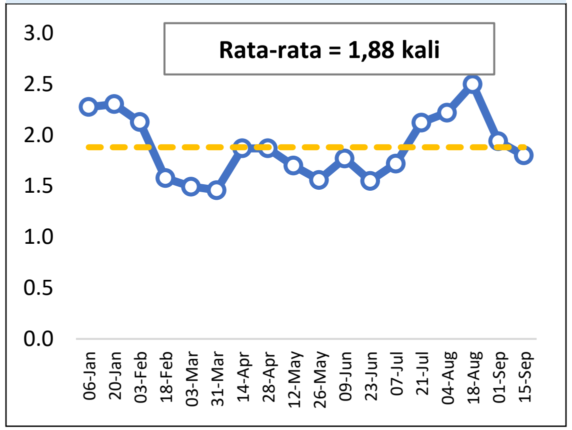


Yield Spread LCY vs US Treasury 10Y (YTD, bps)

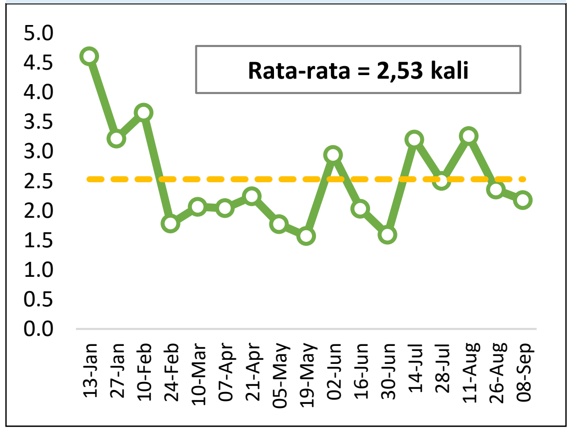


Source: Bloomberg 15 Sep 2026

Bid to cover ratio of SUN auction



Bid to cover ratio of SBN auction



- ✓ SBN yield movements remained stable amid global financial market uncertainty, with the 10-year yield recorded at 7.17% (as of 15/9).
- ✓ The SBN-to-UST yield spread remains relatively low compared to several emerging market peers, reflecting Indonesia's relatively low country risk.
- ✓ SBN auction incoming bids throughout 2026 remained resilient despite risk-off global investor sentiment, supported by solid bid-to-cover ratios averaging 1.88x for SUN auctions and 2.53x for SBSN auctions.

INVESTMENT FINANCING FOR PUBLIC WELFARE

Accelerate investment to support Food, Agriculture, Housing, Education and Infrastructure

The realization of investment expenditure (31/08) reached IDR62.6 T:
Bulog IDR22.7 T, LPDP IDR15 T, FLPP IDR11 T, LMAN IDR9.6 T, LKI IDR2.2 T, PT SMI IDR1.1 T, and BPDLH IDR1 T.

PSN Land Procurement through LMAN

- LMAN investment realization reached IDR 9.6 trillion to support National Strategic Projects (PSN).
- This allocation is intended to spur regional economic growth, improve access to public services, and enhance the population's quality of life.

PERUM BULOG as OIP

- Government Rice Reserves The Procurement reached 100% realization (IDR 22.7 trillion), absorbing 3.5mn tons of unhusked rice and 13,900 tons of milled rice.
- This initiative aims to improve farmers' welfare, stabilize market prices, and secure national rice availability.

APBN Contribution to Educate the Nation through LPDP

- The realization to support the education sector through the Education Endowment Fund amounted to IDR15 trillion to LPDP.
- In 2026, LPDP will fund 20,792 awardees and 16,428 collaborative awardees (Ministry of Education and Education, Ministry of Education, and Ministry of Religion).

APBN for the Housing Sector

- The FLPP program has been realized IDR11 trillion.
- The FLPP distribution was realized as 139,946 housing units worth IDR17.4 trillion, spread across 35 provinces (388 districts/cities).

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

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

DRIVING REVENUE OPTIMIZATION

101,7%

IDR3.153,6T (APBN)

IDR3.208,1T (Outlook)

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)

RESPONSIVE & ANTICIPATORY STATE EXPENDITURE

102,6%

IDR3.842,7T (APBN)

IDR3.942,4T (Outlook)

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)

"Expansive & Measured" Deficit

IDR698,1T (2,68% GDP)

IDR734,3T (2,85% GDP)

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		2026			
	LKPP (Audited)	Growth (%)	APBN	Outlook	% thd APBN	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.

3 2027 Draft Budget

2027 ECONOMIC AND FISCAL STRATEGY

Synergy of Fiscal, Danantara, Monetary, and Financial Sector for "Growing Higher, Prospering Faster"

FISCAL POLICY

Catalyst for economic growth and welfare

- **State Budget (APBN) for public needs,** driving growth through **8 PKPN Clusters**
- **Targeted** social protection
- **Acceleration of growth** and **welfare improvement**

Danantara Indonesia INVESTMENT SUPPORT

Independent, profit-oriented, and aligned with strategic programs

- Leveraging **private sector as the engine of growth**
- **Supporting strategic investments**
- Synergized for **priority programs (e.g., food, energy, downstreaming, and industrialization)**

DANANTARA & APBN SYNERGY

- Government support to achieve **economies of scale in strategic projects**
- **Leveraging Danantara for collaboration with APBN (investment financing)**

Supportive **monetary policy** with a more inclusive, deeper, and stable **financial sector** to foster growth

- Optimal **liquidity** and intermediation, supporting the economy with efficient cost of funds
- Support for **high-growth** supporting sectors aligned with Government targets

Pro Growth - Pro Welfare

High Economic Growth (Towards 8%)

Accelerated Welfare Improvement (Poverty Towards 0%)

Equitable and Sustainable Economic Stability

Attractive investment climate

Prudent and sustainable Budget

STATE BUDGET MAINTAINED *PRUDENT* AND *SUSTAINABLE*

Revenue Optimization

Achieving **sustainable state revenue**

- **Reform and harmonization of tax policies** to strengthen the revenue base
- **Enhancing tax compliance** through technology, data utilization, law enforcement, and integrity-driven professional human resources
- **Broadening the tax base**, including strengthening an adaptive and equitable digital economy taxation system
- **Selective and prudent tax incentives** to accelerate investment and downstreaming
- **Optimization of natural resources, improved services, and compliance** in non-tax state revenue (PNBP) management

Quality Spending

Effective and efficient spending that is **pro-growth and pro-welfare**

- **Pro-growth and pro-welfare spending to support PKPN**
- **Expenditures refocusing:** strengthening productive spending, improving subsidy and social protection effectiveness
- **Strengthening synergy and harmonization between central and regional governments**

Innovative Financing

Prudent, innovative, and **sustainable financing**

- **Deficit and debt kept** within safe limits
- Utilization of the Budget Surplus (SAL) **to anticipate uncertainty and support growth**
- Promoting **Public-Private Partnership (PPP) schemes and synergy with Danantara**

DEFICIT CONTROLLED AT 2.40% OF GDP, WITH DEBT RISKS MAINTAINED AT MANAGEABLE LEVELS

2026-2027 Macroeconomic Basic Assumptions

INDICATOR	2026		2027	
	Budget	Outlook	Macroeconomic Framework and Fiscal Policy Principles (KEM PPKF)	Draft State Budget (RAPBN)
Economic Growth (%, yoy)	5.4	5.6 – 6.0	5.8 – 6.5	6.0
Inflation (%)	2.5	2.4 – 2.9	1.5 – 3.5	2.5
Exchange Rate (IDR/US$)	16,500	17,000 – 17,500	16,800 – 17,500	17,500
10-Year SBN Yield (%)	6.9	6.7 – 7.1	6.5 – 7.3	6.9
Indonesian Crude Price (ICP) (USD/barrel)	70	75 – 85	70 – 95	75
Oil Lifting (thousand barrels per day)	610	602 – 610	605 – 620	610
Gas Lifting (thousand barrels of oil equivalent per day)	984	929 – 985	951 – 990	954

2027 DRAFT STATE BUDGET POSTURE

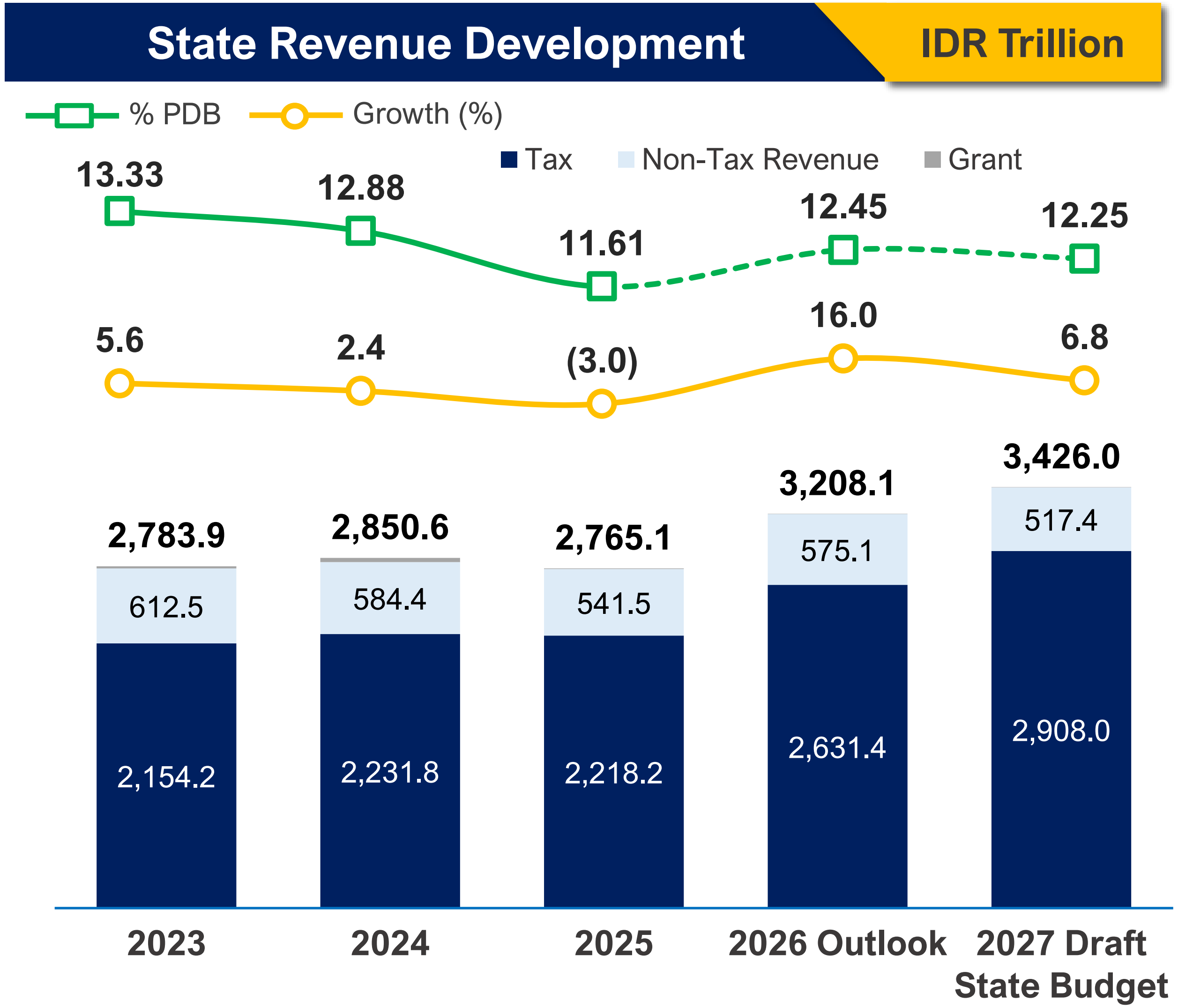
Collaborative, Targeted, and Measured Fiscal Policy — Deficit 2.40% of GDP

Description (in IDR trillion)	2026 State Budget	2026 Outlook (Semester Report)	2026 Growth (%)	2027 Draft State Budget	2027 Growth (%)	2027 % of GDP
A. REVENUE	**3,153.6**	**3,208.1**	**16.0**	**3,426.0**	**6.8**	**12.3**
I. Tax Revenue	**2,693.7**	**2,631.4**	**18.6**	**2,908.0**	**10.5**	**10.4**
1. Tax	2,357.7	2,310.8	20.8	2,591.4	12.1	9.3
2. Custom and Excise	336.0	320.6	5.1	316.6	(1.2)	1.1
II. Non-Tax Revenue	**459.2**	**575.1**	**6.2**	**517.4**	**(10.0)**	**1.8**
III. Grant	**0.7**	**1.5**	**(72.1)**	**0.7**	**(56.0)**	**-**
B. EXPENDITURE	**3,842.7**	**3,942.4**	**14.8**	**4,097.2**	**3.9**	**14.7**
I. Central Government Expenditure	**3,149.7**	**3,245.5**	**25.5**	**3,362.2**	**3.6**	**12.0**
1. Line Ministries	1,510.5	1,630.4	9.9	1,504.7	(7.7)	5.4
2. Non-line Ministries	1,639.2	1,615.1	46.5	1,857.5	15.0	6.6
II. Transfer to Region	**693.0**	**696.9**	**(17.9)**	**735.0**	**5.5**	**2.6**
C. PRIMARY BALANCE	**(89.7)**	**(152.1)**	**(2.5)**	**(20.9)**	**(86.3)**	**(0.1)**
D. SURPLUS/ (DEFICIT)	**(689.1)**	**(734.3)**	**9.5**	**(671.2)**	**(8.6)**	**(2.4)**
% SURPLUS/ (DEFICIT) to GDP	***(2.68)***	***(2.85)***		***(2.40)***		
E. FINANCING	**689.1**	**734.3**	**(1.1)**	**671.2**	**(8.6)**	**2.4**

1. **State Revenue** IDR3.426,0 T, growing 6,8% from 2026 Outlook → **mainly through improved tax compliance and tax base expansion.**
2. **State Expenditure** IDR4.097,2 T, growing 3,9% from 2026 Outlook.
   - **Central Govt. Expenditure** IDR3.362,2 T and **Transfer to Regions** IDR735,0 T → **Effectiveness of central-regional synergy and harmonization to support the 8 National Priority Work Program clusters: (1) Food Sovereignty; (2) Energy and Water Self-Sufficiency; (3) Education; (4) Health; (5) Downstreaming and Industrialization; (6) Infrastructure, Housing, and Disaster Resilience; (7) People's Economy and Village Development; (8) Poverty Reduction.**
3. **Budget Deficit** maintained at 2,40% GDP → **State Budget kept *prudent* and *sustainable*.**
4. **Budget Financing** IDR671,2 T → **encouraging innovative financing in synergy with Danantara.**

2027 STATE REVENUE RATIO PROJECTED AT 12.25% OF GDP

Growing 6.8% from the 2026 Outlook



Factors Affecting State Revenue:

- Global economic conditions and commodity price volatility
- Development of the national economic structure
- Government policy related to tax reform, utilization of natural resources, and management of state assets

Gradual and Sustainable Revenue Increase to Drive High Economic Growth:

- Optimizing state revenue through strengthening taxation and natural resource revenue
- Strengthening law enforcement and fiscal incentives to support investment
- Adjusting state revenue policy to the digital economy and global taxation

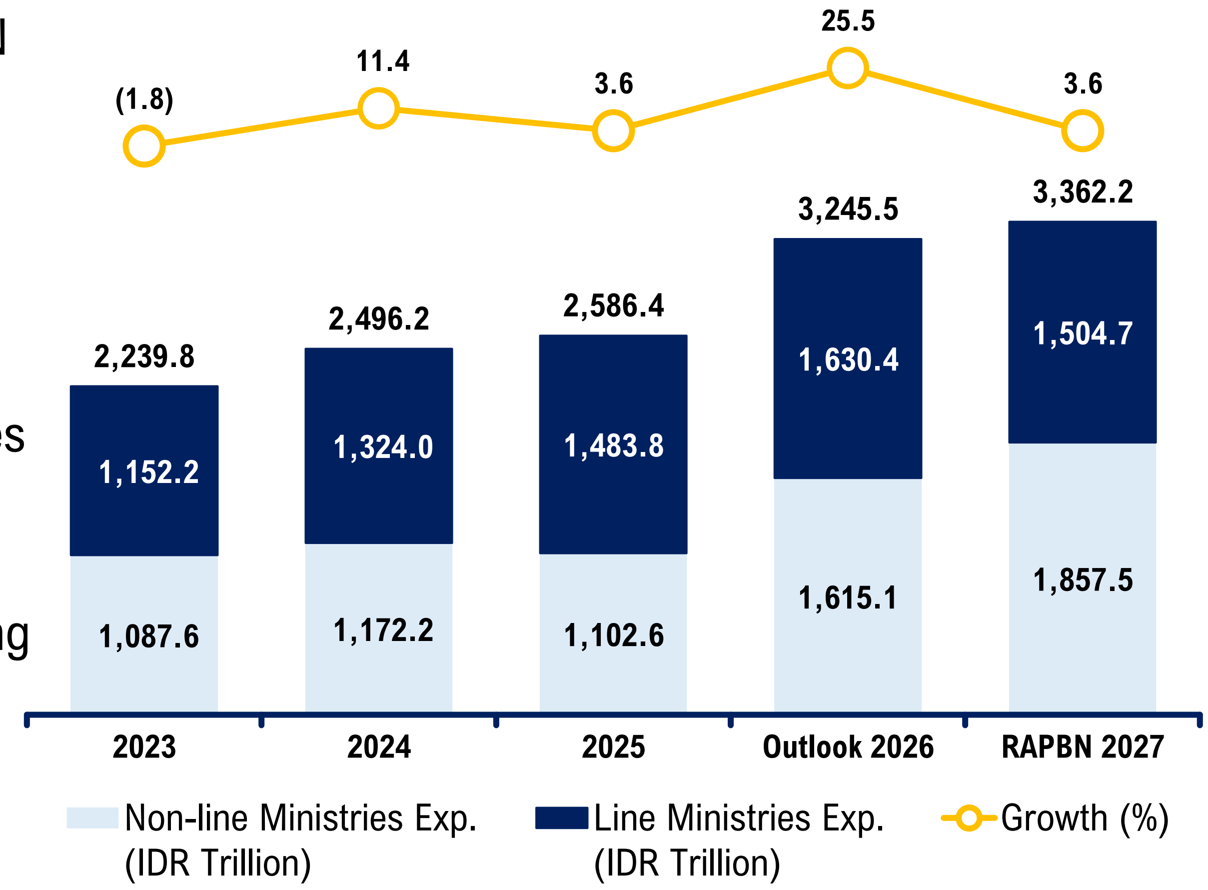
2027 CENTRAL GOVERNMENT EXPENDITURE

Quality Spending to Achieve Development Sustainability

Central Government Expenditure Policy

- Focused on supporting the achievement of the 2027 PKPN target;
- Optimizing spending to support government policy, drive economic growth, improve the quality of public services, improve the quality of human resources, and maintain public purchasing power;
- Encouraging the development of infrastructure and facilities that support the achievement of National Priorities;
- Accelerating poverty reduction and the elimination of extreme poverty based on DTSEN, along with strengthening poverty graduation programs;
- Sharpening the accuracy of subsidy and social assistance (bansos) recipient data for better targeting;
- Strengthening national research capability to support the achievement of downstreaming and industrialization;

Central Government Expenditure Development

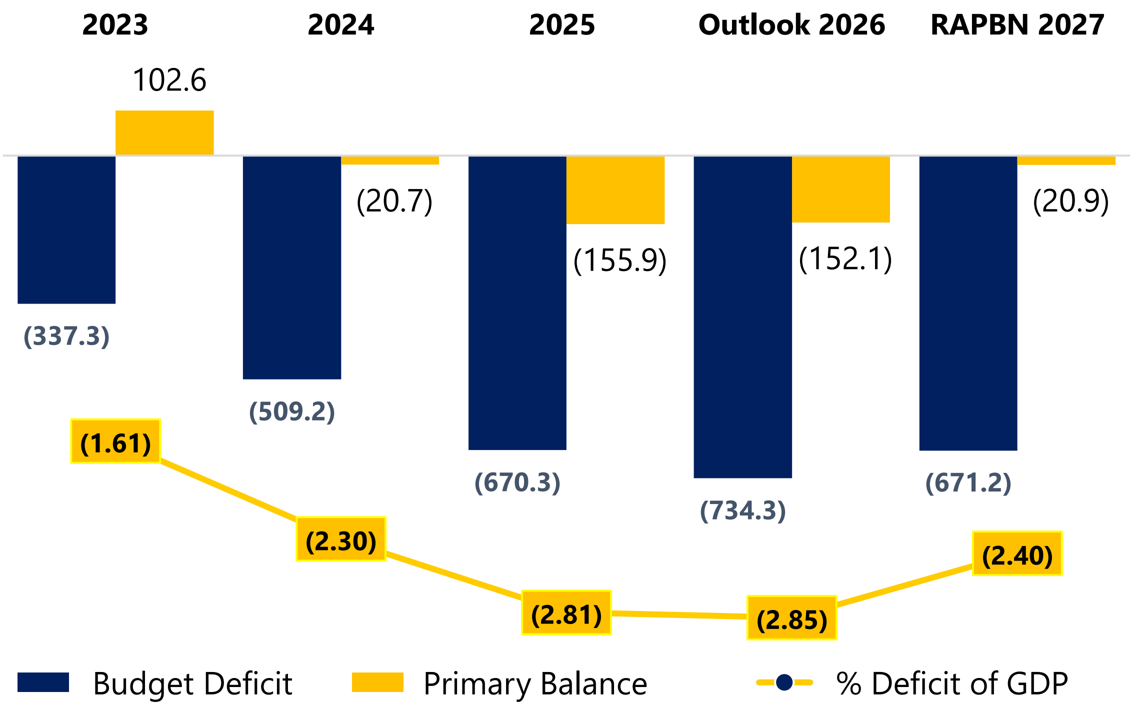


2027 DRAFT STATE BUDGET: Deficit 2,40% of GDP

Prudent, measured, and innovative financing to support sustainable fiscal policy

2023-2027 Budget Deficit and Primary Balance Development

IDR Trillion



2027 Draft State Budget Financing** amounting to **IDR671.2 trillion

2027 Budget Financing Policy

1. **Controlling the deficit and financing** within safe and sustainable limits
2. **Debt financing as an anticipatory measure** and active cash & debt management
3. Optimizing the role of Danantara, SMVs, Public Service Agencies, and the SWF
4. **Strengthening fiscal resilience** to anticipate uncertainty and enhancing collaboration among fiscal, monetary, and financial sector policy
5. **Increasing financing access for MBR (Low-Income Communities)**
6. **Optimizing SAL (Cumulative Budget Surplus) as a buffer** to mitigate uncertainty

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THANK YOU!