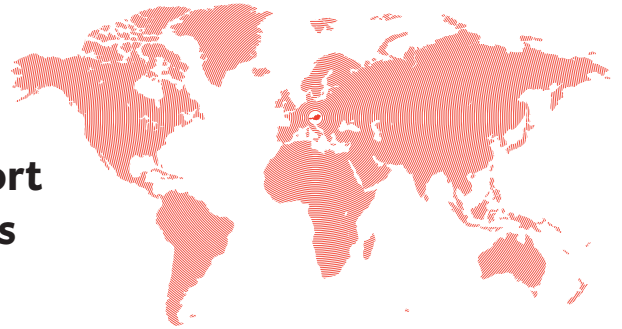


Oberbank

Economic and Banking Report

Global Financial Institutions



Indonesia

Economic situation

> Forecast GDP growth 2022: 5.1 %

Indonesia on the economic upswing: With more than 17,500 islands, Indonesia is the largest island state in the world and one of the fastest-growing economies globally. After **economic growth** of 3.7 % in 2021, a plus of 5.1 % is expected this year.

This growth is partly due to rising commodity prices, stable domestic demand and the country's business-friendly economic policy. In addition, **stable macroeconomic indicators**, such as low public debt, as well as a solid **6.1 % unemployment rate contribute to these economic developments**. Despite a low unemployment rate, large parts of the population live below the poverty line. Furthermore, Indonesia's informal employment can be classified as high.

Despite political stability in the country, **protectionist tendencies** in world trade are curbing the exploitation of economic potential. For example, an increasing tightening of market access regulations for foreign goods has been noticeable for several years. In addition, the island state continues to struggle with a lack of infrastructure, an underqualified workforce, a high propensity for corruption and excessive bureaucracy.

Largest palm oil producer worldwide

With an employment share of around 40 %, the agricultural sector is an important pillar of Indonesia. The country is endowed with numerous natural resources such as oil, natural gas, coal or

gold, which offer enormous economic potential. As the world's largest producer of palm oil, Indonesia covers about two-thirds of the world's demand and thus plays a central role in the global market.

The so-called „**omnibus law**“ is considered the biggest reform package in decades and was passed by parliament in 2020. The main focus is on investment and labour law. In the course of this law, the gates were opened for foreign owners in hundreds of economic sectors. Additional tax incentives are intended to boost export production. In addition, companies can operate with more flexibility on the labour market, as severance regulations and protection against dismissal have been relaxed and minimum wages have been curbed at the same time.

Nusantara Billion Project

As a solution to the prevailing infrastructure and environmental problems of the current capital Jakarta, it is planned to relieve the metropolis by relocating the seat of government. The planned city of Nusantara is to function as

the new centre of the country. The first ministries are to move to the new capital as early as 2024. It is hoped that the project, which is worth billions, will not only relieve Jakarta but also distribute wealth to other regions of the country.

Summary:

- 5.1 % GDP growth forecast for 2022
- Largest palm oil producer in the world
- Numerous mineral resources as economic potential
- „Omnibus law“, the biggest investment and labour law reform in decades
- Nusantara project worth billions - building a new capital city

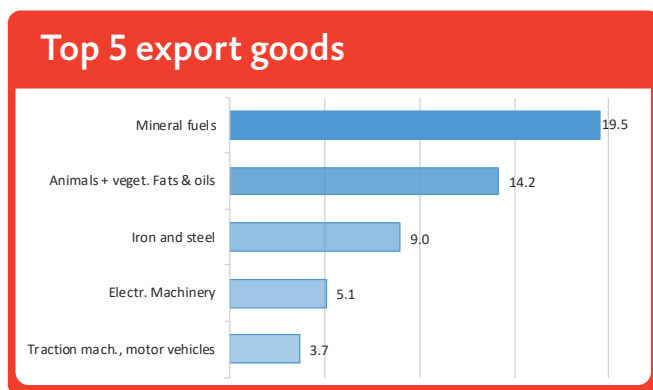
Key economic figures	2019	2020	2021	2022*
Nominal GDP in billion USD	1,119,0	1,059,1	1,186,1	1,237,7
Gross domestic product/capita at purchasing power parity in USD	12,560	12,349	13,101	14,226
Population in millions	265.3	267.5	269.8	272.0
Real economic growth in %	5.0	-2.0	3.7	5.1
Inflation rate in %	2.6	1.7	1.6	3.6
Unemployment rate in %	5.2	7.1	6.5	6.1
Exchange rate IDR to EUR; 1 Euro = in IDR	15,616	17,308	16,883	16,755
Goods exports of the country in billion USD	168.5	163.4	232.8	250.8
Goods imports of the country in billion USD	164.9	135.1	189.0	208.7

Source: WKO, Wirtschaftsbericht, April 2022

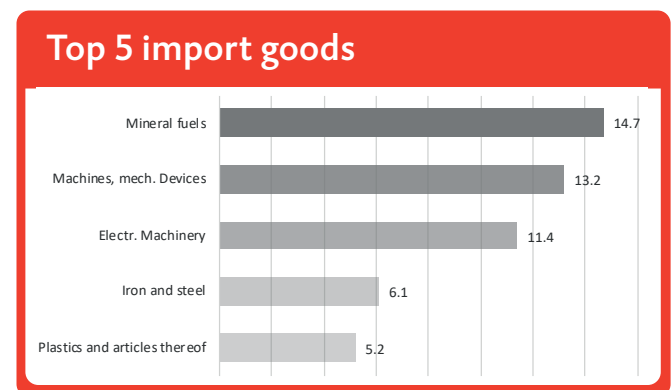
*Forecast

Exports/Imports

The most important trading partners for both imports and exports are Asian countries, with China and Japan leading the way. The strong trade links in the Asian region are due, among other things, to the intensified economic integration of the ASEAN states.



Source: WKO, Länderprofil April 2022; 2021 in %.



Business relations with Austria and the Oberbank regions

Traditional project business represents an essential sub-sector of business relations with Indonesia for Austrian companies. In particular, the electricity, environment and transport infrastructure sectors as well as the health sector continue to offer great potential for foreign companies.

> Indonesian exports to Austria

Indonesian exports to Austria recorded growth of 20.6% in 2021. Clothing and footwear together make up the largest product group of exports, accounting for almost 50 %.

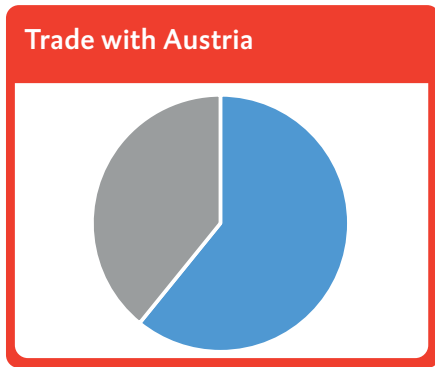
Indonesian exports to Austria 2021: +20.6 %

> **Austria's exports to Indonesia**

Austria's traditional export groups in the field of mechanical and electrical machinery and equipment are also predominant in trade with Indonesia. In addition, optical devices incl. measuring and testing equipment as well as rail vehicles and pharmaceutical products also represent important export product groups.

Austria's exports to Indonesia 2021: +20.0 %

Indonesia's foreign trade



Exports	354.8	20.6 %
Imports	228.4	20.0 %
Balance	126.4	



Exports	4,083	15.2 %
Imports	2,520	19.9 %
Balance	1,563	

2020, change YOY, in billion EUR
Imports, Exports balance sheet from Indonesia's point of view; own presentation
Source: WKO, Wirtschaftsbericht, April 2022; GTAI, Wirtschaftsdaten Kompakt, May 2022

Assessment of the business environment

Climate Change Performance Index 2022	Rank 27 of 64 Corruption
Perceptions Index 2021	Rank 96 of 198 countries
Global Competitiveness Index 2019	Rank 50 of 141 countries
Rule of Law Index (World Justice Project) 2021	Rank 68 of 139
Most important goods export market AT 2020/DE 2021	Rank 53/Rank 51

Current rankings of Oberbank regions in the Climate Change Performance Index 2022:

Germany	13
Austria	37
Czech Republic	51
Hungary	53
Slovakia	40

Indonesia's sustainability efforts

Indonesia is ranked 27th in the Climate Change Performance Index 2022, placing it in the solid midfield. Despite a downgrade by three ranks compared to 2021, the island state shines with a strong performance in the field of renewable energies. Nevertheless, the

country's own energy needs are still largely covered by coal - despite suitable substitutes. The measures planned to achieve CO2 neutrality by 2060 are considered insufficient in expert circles and not compatible with the Paris Climate Agreement.

Currently, there is no concrete plan for a coal phase-out, although the island state has set itself the goal of covering 23 % of its energy needs from renewable energies by 2025. Experts are calling for an expansion of solar and wind energy in particular.

Rating Indonesia

> Investment Grade

Agency	Rating	Outlook	Date
Fitch	BBB	stable	28.06.2022
Moody's	Baa2	stable	10.02.2022
S&P	BBB	stable	27.04.2022

Source: FitchConnect

In its recently published rating report, Fitch forecasts a positive medium-term economic outlook. The „BBB“ rating is justified by a stable outlook due to the low public debt ratio combined with rising export figures and a moderate

share of rights in political processes. Despite the established rule of law, there is a high level of corruption. Like Fitch, Moody's bases its rating on the country's economic resilience and macroeconomic stability. Furthermore,

Triple B ratings with stable outlook for the country

the assumption is made that the structural reforms and investments undertaken by the government will additionally support export competitiveness.

Indonesia's largest banks

Place	Bank	Total Assets
1	PT Bank Rakyat Indonesia (Persero) Tbk	108,561
2	PT Bank Mandiri (Persero) Tbk	102,639
3	PT Bank Central Asia Tbk	77,235
4	PT Bank Negara Indonesia (Persero) Tbk	64,006
5	PT Bank Tabungan Negara (Persero)	25,938*
6	PT Bank CIMB Niaga Tbk	20,174
7	PT Pan Indonesia Bank Tbk	15,659
8	PT Bank OCBC NISP Tbk	14,814
9	PT Bank Danamon Indonesia Tbk	14,426
10	PT Bank Permata Tbk	14,198

Total assets as of 31.12.2020 in USD million; * not consolidated
Source: Bankers Almanac, download on 24.08.2022

Oberbank-expertise

Banks shaded in grey:

Oberbank has an active relationship with these relationship banks (SWIFT/RMA) and is thus able to provide documentary transactions for customers. Payment transactions are also possible with all banks in Indonesia via our clearing bank partners.

Sources:

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Oberbank AG, Rechtsform: Aktiengesellschaft, Sitz: Linz, Firmenbuch Nr. FN 79063 w, Landesgericht Linz

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