

## PRESS RELEASE

### **OJK PROVIDES FURTHER INCENTIVES TO SUPPORT ENVIRONMENTALLY-FRIENDLY VEHICLES PROGRAM**

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Jakarta, 30 November 2022. The Indonesian Financial Services Authority (OJK) affirms its support by providing incentive policies for the Acceleration Program of Battery-powered Electric Vehicles (BEV), an initiative launched by the Government to foster sustainable and environmentally-friendly development.

Incentives in the Banking, Capital Market, and Non-Bank Financial Industry (NBFI) sectors have been poured out to increase the role of the Financial Services Industry in supporting the BEV program, both in terms of electric vehicles (KBLBB) purchase and the development of its upstream industry, including:

1. Incentives in the Banking sector:
  - a. The relaxation of Risk-Weighted Asset (RWA), i.e., reducing the weight of credit risk from 75 percent to 50 percent for the production and consumption of battery-powered electric vehicles, which was issued in 2020 and has been extended until 31 December 2023.
  - b. The relaxation of credit quality assessment for the purchase of battery-powered electric vehicles and/or the development of its upstream industry with a ceiling of up to IDR5 billion can be made solely based on the punctuality in the repayment of principal and/or interest.
  - c. Affirmation that the fund provision to debtors for the purpose of purchasing battery-powered electric vehicles and/or developing its upstream industry (batteries, charging stations, and component industries) can be categorized as conforming to the provisions regarding sustainable finance as stipulated in OJK Regulation (POJK) No.51/POJK.03/2017 regarding the Implementation of Sustainable Finance.
  - d. Exemption to the Legal Lending Limit (BMPK) for the fund provision to produce battery-powered electric vehicles and their infrastructure, which can be categorized as a government program subjected to the exemption (in the case that such production is guaranteed by State-Owned and Regional-Owned Guarantee/Insurance Companies).
2. In the Capital Market sector, some of the relevant incentives and initiatives are:
  - a. OJK provides a 25 percent levy discount on the registration statement fee of green bonds, including for funding battery-powered electric vehicles. The Indonesia Stock Exchange (IDX) responded similarly by providing a 50 percent discount on the annual green bond listing fee.
  - b. OJK provides various funding alternative mechanisms in the Capital Market to support the growth of the battery-powered electric vehicles industry (e.g., to fund Public Electric Vehicles (EV) Charging Stations/SPKLU, Public EV Battery Swap Stations/SPBKLU), including through IT-Based Crowdfunding Services as

regulated in OJK Regulation (POJK) No. 57/POJK.04/2020 regarding Securities Crowdfunding.

3. In the NBFIs sector, OJK provides the following incentives and initiatives:

a. For Financing Companies:

- I. The relaxation of loan disbursement to customers for the production and consumption of battery-powered electric vehicles by reducing the weight of Risk-Adjusted Assets to 50 percent, valid for listed financing from 18 November 2022 to 31 December 2023.
- II. The assessment of the financing quality for battery-powered electric vehicles purchase and/or the development of its upstream industry with a ceiling of up to IDR5,000,000,000.00 (five billion rupiahs) can be based solely on the punctuality in the repayment of principal and/or margin/profit sharing/*ujrah* in accordance with OJK Regulation (POJK) 35/2018 and OJK Regulation (POJK) 10/2019.
- III. The fund provision to debtors for the purpose of purchasing battery-powered electric vehicles and/or developing their upstream industry (batteries, charging stations, and component industries) can be categorized as conforming to the provisions regarding sustainable finance as regulated in OJK Regulation (POJK) No. 51/2017.
- IV. The fund disbursement for the production of electric vehicles and their infrastructure can be categorized as a government program subjected to the exemption of Maximum Limit for Financing (BMPP) in accordance with OJK Regulation (POJK) No. 35/POJK.05/2018 regarding Business Operation of Financing Companies and OJK Regulation (POJK) No. 10/POJK.05/2019 on Business Operation of Sharia Financing Companies and Sharia Business Units of Financing Companies.
- V. The down payment for the purchase of electric vehicles may be set at a minimum of 0 (zero) percent of the vehicle's selling price, while still maintaining compliance with the provisions in OJK Regulation (POJK) No. 35/2018 and No. 10/2019.

b. For General Insurance Companies, Sharia General Insurance Companies, and Sharia Units of General Insurance Companies:

- I. The premium or contribution rates can be set below the lower limit as stipulated in the OJK Circular Letter (SEOJK) No. 6/SEOJK.05/2017 regarding Premium or Contributions Rates in the Property Insurance and Motor Vehicles Insurance Businesses 2017 (SEOJK No. 6/2017), valid until 31 December 2023.
- II. The deductibles (own-risk) can be set at a value below the minimum limit as stipulated in OJK Circular Letter (SEOJK) No. 6/2017, valid until 31 December 2023.
- III. The provision of insurance related to electric vehicles and/or the development of its upstream industry (batteries, charging stations, and component industries) can be categorized as conforming to the provisions regarding sustainable finance as regulated in OJK Regulation (POJK) No. 51/2017.

In implementing the above-mentioned relaxation policies, OJK requires Financial Institutions to continuously apply the principles of prudence and sound risk management.

In addition, regarding other incentives as regulated in OJK Regulation (POJK) No. 51/2017 regarding the Implementation of Sustainable Finance for FIs, Issuers, and Public Companies, it is stipulated that institutions effectively implementing sustainable finance are eligible for the incentives from OJK which include, among others, human resources competence development programs and/or other incentives.

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