

AAA is Not a Trophy. It is the Beginning.

Danantara Indonesia Diaries Issue 6 – Tuesday, 23 September 2025
Danantara Indonesia Investor Relations Team

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"If our market system is to function smoothly,
the vast majority of trades must rest on
mutual trust."

ALAN GREENSPAN, American economist and
former chairman of the Federal Reserve
APRIL 2003

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AAA is Not a Trophy. It is the Beginning.

Every Indonesian family has its own health remedy. A grandmother may concoct her own herbal brew. A father may insist on drinking warm ginger.

For millions of people, whether Indonesians or longtime expats, there is one thing they swear by: Tolak Angin.

Inside a yellow plastic sachet, produced by legendary *jamu* company Sido Muncul, is a herbal drink you consume the moment your throat feels scratchy. It is the first thing that you reach for when you are down with *masuk angin*, the uniquely Indonesian phenomenon that basically means “the wind has entered my body.”

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We take it before long flights, after late nights, during the rainy season. It is a force of habit. The collective belief is that once you have drunk Tolak Angin, you know you will get through the week. And the belief comes from Tolak Angin proving its might, time and time again.

Finance has its own Tolak Angin. It comes in three letters: AAA.

And just this month, Danantara Investment Management received an AAA(idn) rating from Fitch Ratings Indonesia.

Bond Ratings 101

Let's back up a bit. One of the world's most common financial instruments is the bond. To put it simply, a bond is a promise. One party lends money, the other commits to pay it back.

It is not that different from a friend borrowing money from you, except with one key difference. You know your friend well. You know where they live, whether they have a job, and therefore, whether they can pay you back.



An antique version of US government bonds / Photo credit: Wikimedia Commons

In finance, the parties doing the lending and borrowing often do not know each other. It could be a Singaporean investor buying the bonds of a mining company in Kalimantan. Or a pension fund in London buying bonds from the Vietnamese government. The list goes on.

If you are the one lending the money, how can you be assured that the borrower will pay you back the money, in the agreed timeline, and with the agreed interest?

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Enter ratings agencies. Third-party firms like Moody's, Fitch, Standard & Poor's, as well as Indonesia's Pefindo grade the companies that issue bonds, i.e. borrow money.

| Fitch's Indonesian bond ratings | What they mean |
|---------------------------------|---------------------------------|
| AAA(idn) | Highest credit quality |
| AA(idn) | Very high credit quality |
| A(idn) | High credit quality |
| BBB(idn) | Good credit quality |
| BB(idn) | Speculative |
| B(idn) | Highly speculative |
| CCC(idn) | Substantial credit risk |
| CC(idn) | Very high levels of credit risk |
| C(idn) | Near default |
| RD(idn) | Restricted default |
| D(idn) | Default |

Source: Fitch Ratings

For investors, these ratings act like shorthand. They do not need to tear apart every balance sheet of every potential borrower. The rating tells you whether you are boarding a train that will arrive according to schedule.

AAA(idn) does not necessarily mean the highest returns, or the fastest growth. What it signals is certainty.

In finance, that is one of the rarest and most valuable commodities.

Our First Test

For us, getting assessed for the rating was a challenge. We are a newly operational entity, not even one year old. We do not have any past investment track record just yet. The 50 trillion rupiah in Patriot Bonds will be the first ever bonds that we issue.

What we do have, first and foremost, are our people. As we have outlined in our People at Danantara Indonesia series, many are leaders in their respective fields, bringing their own experience, reputations, and track record. Then, we have our plans, projections, and strategies.



Jakarta International Velodrome, East Jakarta / Photo credit: Frances Herman Susilo W

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So, the rating agencies met with our top management, asking question after question. How do we function as an organization? What is our approach to governance? Who are the people driving our strategies?

As they reviewed our internal policies, our projections, and our business plan as part of a rigorous process, our team gave them as deep and detailed an explanation as we can.

When Fitch Ratings Indonesia gave us an AAA(idn) rating, it is ultimately a reflection of our people's collective reputation, and the feasibility of Danantara Indonesia's plans and efforts. It shows that Danantara Indonesia's strategies, governance, and merit are tangible.

Validation, in Three Letters

Getting this rating for our first bond was extremely valuable, especially at our young age.

It helps us get closer to the standards of a well-established sovereign fund. In turn, it helps bring credibility among investors, banks, foreign partners, and many other parties.

Danantara Indonesia's Structure, Explained

Danantara Indonesia was not born out of resource windfalls, but from a strategic desire to consolidate, catalyse, and deliver. This is clear from our twin-engine structure.



Our Operational Holding, **Danantara Asset Management (DAM)**, serves as the asset executor. It consolidates the ownership of state-owned enterprises (SOEs), drives constructive interaction and performance, and leads the restructuring of legacy institutions.

Our Investment Holding, **Danantara Investment Management (DIM)**, acts as the capital allocator. It builds investment platforms, brings in global co-investors, and channels capital into strategic sectors such as energy transition, industrial downstreaming, and digital infrastructure. In this case, it is DIM that received the AAA(idn) rating from Fitch Ratings Indonesia.

Together, this structure allows us to orchestrate transformation, not simply manage portfolios.

With the Patriot Bonds, we also go full circle: the bonds' proceeds will flow into waste-to-energy, energy transition, and many other long-horizon projects aligned with Indonesia's 2045 vision.

These are the kind of investments that will play a vital part in building a healthier, prosperous, and dignified Indonesia for our children and grandchildren.

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The Work Continues

Getting the AAA(idn) is not a trophy. It is just the start.

Bond ratings are not permanent. It is renewed each year. The agencies will come back and reassess: did we do everything according to what was agreed?

If we have done a good job, we will get another AAA(idn). But it is not a done deal. We have the responsibility to keep earning trust, to stay disciplined with our values and our mission every single day.

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Photo credit: Hobi Industri / Unsplash

For us, the hard work starts yesterday.

Tolak Angin serves as our inspiration. Ibu Rakhmat Sulistyو invented the concoction in 1930. Today, it is still an iconic part of our daily lives.

Here at Danantara Indonesia, our mission is to deliver the governance and results that will build that kind of trust: one that lasts beyond a lifetime.

Did You Know?



Source: Rendy Novantino / Unsplash

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In Indonesia, trust is not just abstract. It is practiced daily at the neighborhood *warung*.

A customer might buy coffee, noodles, or cigarettes, and simply say “*utang dulu ya*”, or “I’ll pay later.” No paperwork, no contracts.

The shopkeeper pulls out a small notebook and writes the customer’s name, along with the amount owed. That’s it.

The system works because reputation is the collateral. Defaulting on your debt does not just upset the shopkeeper. It can stain your standing in the community. In many neighborhoods, *utang warung* is as binding as any bank loan, enforced not by courts but by trust.

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