

BANK INDONESIA REGULATION  
NUMBER: 13/9/PBI/2011  
CONCERNING  
AMENDMENT TO BANK INDONESIA REGULATION NUMBER  
10/18/PBI/2008 CONCERNING RESTRUCTURING OF FINANCING  
FOR ISLAMIC BANKS AND ISLAMIC BUSINESS UNITS

BY THE GRACE OF GOD ALMIGHTY

THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas to maintain business sustainability and minimize loss risks, Islamic Banks and Islamic Business Units must maintain their financing quality;
  - b. whereas one of the measures to maintain the quality of financing is to carry out restructuring of financing against the customers;
  - c. whereas the restructuring of financing in Islamic Banks and Islamic Business Units must observe the universally applicable banking prudential principles and, with the development and the need of Islamic banking, it must also be in compliance with the Sharia Principles;
  - d. whereas based on considerations as referred to in letter a, letter b, and letter c, it is necessary to amend the provisions on Restructuring of Financing for Islamic Banks and Islamic Business Units in a Bank Indonesia Regulation.

- Observing :
1. Act Number 23 of 2009 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to State Gazette of the Republic of Indonesia Number 3843) as last amended by Act No. 6 of 2009 concerning the Establishment of Government Regulation in Lieu of Law No. 2 of 2008 concerning the Second Amendment to Act No. 23 of 1999 concerning Bank Indonesia into a Law (State Gazette of the Republic of Indonesia Number 7 of 2009, Supplement to State Gazette of the Republic of Indonesia Number 4962);
  2. Act Number 21 of 2008 on Islamic Banking (State Gazette of the Republic of Indonesia Number 94 of 2008, Supplement to State Gazette of the Republic of Indonesia Number 4867);

#### HAS DECREED

To enact : BANK INDONESIA REGULATION CONCERNING THE AMENDMENTS TO BANK INDONESIA REGULATION NUMBER 10/18/PBI/2008 CONCERNING RESTRUCTURING OF FINANCING FOR ISLAMIC BANKS AND ISLAMIC BUSINESS UNITS.

#### Article I

Several provisions in Bank Indonesia Regulation Number 10/18/PBI/2008 concerning Restructuring of Financing for

Islamic Banks and Islamic Business Units (State Gazette of the Republic of Indonesia Number 138, Supplement to State Gazette of the Republic of Indonesia Number 4896 State Gazette of the Republic of Indonesia Number 94 of 2008, Supplement to State Gazette of the Republic of Indonesia Number 4867) shall be amended as follows:

1. The provisions of Article 1 number 7 are amended so that Article 1 reads as follows:

#### Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. Bank is an Islamic Bank and an Islamic Business Unit.
2. Islamic Bank is a Bank which runs its business based on the Sharia Principles and consists of Islamic Commercial Bank and Islamic Rural Bank as referred to in Act Number 21 of 2008 concerning Islamic Banking.
3. Islamic Commercial Bank, hereinafter referred to as BUS, is an Islamic Bank which in running its business provides services of payments as referred to in Act Number 21 of 2008 concerning Islamic Banking.
4. Islamic Rural Bank, hereinafter referred to in as BPRS, means an Islamic Bank which in running its business does not provide service in payments as referred to in Act Number 21 of 2008 concerning Islamic Banking.

5. Islamic Business Unit, hereinafter referred to in as UUS, is a unit of the head office of a Conventional Commercial Bank which functions as a main office or a unit which is engaged in business based on the Sharia principles, or a unit of a branch office of a bank located overseas and engaged in its business conventionally (*not based on Sharia principles*) and which functions as a main office of the Islamic sub-branch and/or Islamic unit.
6. Financing is the provision of funds and receivables which are considered equal with that in the form of:
  - a. profit-sharing transactions in the form of *mudharabah* and *musyarakah*;
  - b. leasing transactions in the form of *ijarah* and lease-purchase in the form of *ijarah muntahiyah bit tamlik*;
  - c. sale-purchase transactions in the form of *murabahah*, *salam* and *istishna'* receivables;
  - d. lending–borrowing transaction in the form of *qardh*; and
  - e. service-lease transactions in the form of *ijarah* for multiservices transactions

based on the agreement or arrangement between an Islamic Bank and/or an SBU and another parties which requires the party which is financed and/or granted fund facility to repay the fund after a certain period of time plus *ijarah*, without *ijarah* or profit-sharing as referred to in Act Number 21 of 2008 concerning Islamic Banking.

7. Restructuring of Financing is an effort made by the Bank in order to help its customers to fulfill their obligations, among other things by:
- a. Rescheduling, which means changes in the schedule of repayment of obligations or the term of financing;
  - b. Reconditioning, which means changes in some of or the entire conditions of the Financing, without adding the balance of the principal of the customers which has to be paid to the Bank, including:
    - 1) changes in the payment schedule;
    - 2) changes in the amount of installment;
    - 3) changes in the term of financing;
    - 4) changes in ratio in *mudharabah* or *musyarakah* financing;
    - 5) changes in profit-sharing projection in *mudharabah* or *musyarakah* financing; and / or
    - 6) deductions.
  - c. restructuring, which means changes in the terms of Financing that include the following:
    - 1) addition of fund in the Bank's Financing facility;
    - 2) conversion of Financing contract;
    - 3) conversion of Financing into Islamic medium-term commercial papers;
    - 4) conversion of Financing into temporary capital participation in the customers' companies.

which can be accompanied with rescheduling or reconditioning.

8. Islamic Medium-Term Commercial Paper is a proof of investment based on the principle of *sharia* which is commonly traded in a money market and/or a capital market with a tenor from 3 (three) to 5 (five) years by using *mudharabah* or *musyarakah* contract.
  9. Temporary Capital Participation means the capital participation of a BUS or a USS, among other things, in the form of purchase of shares and/or conversion of Financing into shares in the customers' companies to overcome failure in the distribution of funds and/or receivables for a certain period of time as referred to in the applicable of Bank Indonesia provisions.
2. The elucidation of Article 5 paragraph (1) is amended as set forth in the elucidation, and the provision of Article 5, paragraph (2) is amended, and the elucidation of Article 5, paragraph (3) is amended as set forth in the elucidation, so that Article 5 reads as follows:

#### Article 5

- (1) Restructuring of Financing may only be applied to customers that meet the following criteria:
  - a. the customer's ability to pay decreases; and
  - b. the customer has a good business prospect and is able to fulfill the obligations after restructuring.
- (2) Restructuring of Financing for consumption may only be applied to customers who meet the following criteria:

- a. the customer's ability to pay decreases; and
  - b. the customer has a clear source of money for payment of installment and is able to fulfill the obligations after restructuring.
- (3) Restructuring of Financing shall be supported by sufficient analyses and evidence and proper documentation.
3. The provisions of Article 6 are amended so that Article 6 reads as follows:

Article 6

- (1) Restructuring of Financing classified as Current or Special Mention may only be done 1 (one) time.
  - (2) The limit of frequency of Restructuring of Financing as referred to in paragraph (1) does not apply to the restructuring by way of reconditioning in the event of changes in the ratio and / or changes in the projection of the profit sharing in mudharabah or musyarakah financing.
4. The elucidation of Article 10 paragraph (1) and paragraph (3) is amended as set forth in the elucidation, between paragraph (1) and paragraph (2) of Article 10, 1 (one) paragraph, namely paragraph (1a), is inserted and the provisions of Article 10 paragraph (3) are amended so that Article 10 reads as follows:

Article 10

- (1) Banks shall have written policy and Standard Operating Procedure on Restructuring of Financing.

- (1a) The policy and the Standard Operating Procedure on Restructuring of Financing as referred to in paragraph (1) shall determine the maximum frequency of implementation of restructuring of the restructuring classified as Substandard, Doubtful or Loss.
  - (2) The policy on Restructuring of Financing as referred to in paragraph (1) shall be approved by the Board of Commissioners.
  - (3) The Standard Operating Procedure on Restructuring of Financing as referred to in paragraph (1) shall be updated and approved by the Board of Directors.
  - (4) The implementation of policy on Restructuring of Financing shall be actively supervised by the Board of Commissioners.
  - (5) The policy and the Standard Operating Procedure on Restructuring of Financing as referred to in paragraph (1) shall be further stipulated in Bank Indonesia Circular Letters.
5. The provisions of Article 11 paragraph (1) are amended and paragraph (4) is deleted, so that Article 11 reads as follows:

Article 11

- (1) After restructuring, the quality of Financing shall be determined as follows:
  - a. the highest quality is Substandard for Financing for Financing which prior to the restructuring is classified as Doubtful or Loss;



- b. the quality does not change for Financing which prior to the implementation of restructuring is classified as Current, Special Mention and Substandard.
- (2) The quality of Financing as referred to in paragraph (1) may:
- a. become Current, in the event that there is no overdue for 3 (three) consecutive periods of installment payment of the principal and/or margin/profit sharing/fee/*ujrah* in accordance with the Financing Restructuring agreement; or
  - b. become equal to the quality of Financing prior to the Restructuring of Financing or become worse, in the event that the customer fails to meet the criteria or fulfill the terms of the Restructuring of Financing agreement and/or the Restructuring of Financing is not supported by adequate analysis and documentation;
- (3) In the event that the period of payment of the principal and/or margin/profit sharing/fee/*ujrah* is less than 1 (one) month, the increase in the quality to Current as referred to in paragraph (2) letter a may be carried out no sooner than 3 (three) months since the Restructuring of Financing;
- (4) Deleted.
6. The provisions of Article 12 are amended to read as follows:

#### Article 12

- (1) Substandard shall be determined as the highest quality of Financing for restructuring which is conducted more than 1 (one) time for Financing with the quality of Current or Special Mention.
  - (2) The quality of Financing shall be determined to be Loss until the Financing is fully repaid for the restructuring of Substandard, Doubtful and Loss Financing which is done more frequently than maximum number set by Bank as referred to in Article 10 paragraph (1a).
7. Between Article 12 and Article 13, 1 (one) article is inserted, namely Article 12 A, which reads as follows:

Article 12 A

Bank Indonesia shall have the authority to set the quality of Financing which may be different from the Bank's decision, in the event that the Bank carries out the Restructuring of Financing not in accordance with Bank Indonesia provisions on Restructuring of Financing.

8. The elucidation of Article 15 paragraph (3) is amended, as set forth in the Elucidation.
9. Between Article 20 and Article 21, 1 (one) article is inserted, namely Article 20 A, which reads as follows:

## Article 20 A

- (1) The report on Restructuring of Financing as referred to in Article 20 shall be submitted online to Bank Indonesia.
- (2) The following shall be exempted from the obligation to submit the report on Restructuring of Financing online as referred to in paragraph (1):
  - a. the BPRS is located in an area where the required communication facilities are not available, so it is impossible to submit the Report on Restructuring of Financing online;
  - b. the BPRS has been open for a maximum period of 2 (two) months after commencing the operational activities; or
  - c. the BPRS experiences technical problems.
- (3) The exemption as referred to in paragraph (2) shall be applicable to the BRPS if Bank Indonesia has received written notice from the relevant BPRS.
- (4) Any BPRS which fails to submit a report on Restructuring of Financing online as referred to in paragraph (2), or fails to submit the Report on Restructuring of Financing up to its deadline as referred to in Article 20 paragraph (3) shall submit a Report on Restructuring of Financing off-line.
- (5) In the event of occurrence of damage and/or problems within the database system and/or communication network in Bank Indonesia:
  - a. a BPRS which has not submitted a report on Restructuring of Financing shall submit the report referred to above off-line, or

- b. a BPRS which has submitted the report on Restructuring of Financing shall resubmit the report on Restructuring of Financing if requested by Bank Indonesia.
10. The provisions of Article 22 are added by 1 (one) paragraph, namely paragraph (3), so that Article 22 reads as follows:

Article 22

- (1) A BPRS which is late in submitting the report as referred to in Article 20 paragraph (2) shall be subject to a sanction in the form of penalty of Rp100,000.00 (one hundred thousand rupiah) up to a maximum of Rp700,000.00 (seven hundred thousand rupiah) per day of delay.
  - (2) A BPRS which fails to submit the report as referred to in Article 20 paragraph (3) shall be subject to a sanction in the form of penalty of Rp1,000,000.00 (one million rupiah).
  - (3) A BPRS which submits the report on Restructuring of Financing off-line, but the report does not meet the requirements as referred to in Article 20A paragraph (2) and paragraph (3), shall be subject to a sanction in the form of penalty of Rp 50,000, 00 (fifty thousand rupiah) for each off-line submission of the Report on Restructuring of Financing.
11. The provision of Article 25 is amended to read as follows:

## Article 25

The Restructuring of Financing which is carried out by the Bank prior to the enactment of this provision shall not be considered Restructuring of Financing as set forth in Article 6 paragraph (1) and Article 10 paragraph (1a) of this Bank Indonesia Regulation.

12. Between Article 25 and Article 26, 1 (one) article is inserted, namely Article 25 A, which reads as follows:

## Article 25 A

- (1) The Report on Restructuring of Financing submitted on-line as referred to in Article 20 A paragraph (1) shall come into force for the reporting on May 2011 which is submitted in June 2011.
- (2) During the transition period from the enactment of this Bank Indonesia Regulation until the enactment of provision on online submission as referred to in paragraph (1), a BPRS shall submit its Report on Restructuring of Financing to Bank Indonesia off-line and online.

## Article II

This Bank Indonesia Regulation shall come into force on the date of enactment.

For the public to be informed, it is ordered that this Bank Indonesia Regulation be promulgated in The State Gazette of The Republic of Indonesia.

Enacted in: Jakarta  
Dated: February 8, 2011  
GOVERNOR OF BANK INDONESIA,

DARMIN NASUTION

Promulgated in: Jakarta  
Dated: 8 February 2011

THE MINISTER OF LAW AND HUMAN RIGHTS  
REPUBLIC OF INDONESIA,

PATRIALIS AKBAR  
STATE GAZETTE OF REPUBLIC OF INDONESIA NUMBER 19 OF  
2011

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ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER: 13/9/PBI/2011  
CONCERNING  
THE AMENDMENTS TO BANK INDONESIA REGULATION NUMBER  
10/18/PBI/2008 CONCERNING RESTRUCTURING OF FINANCING  
FOR ISLAMIC BANKS AND ISLAMIC BUSINESS UNITS

I. GENERAL

Business sustainability of a Bank with financing as a dominating activity is influenced by the quality of the Financing which is a major source of revenue and a major source of fund for sustainable expansion. Optimal management of the Bank of Financing activities can minimize the possible potential losses.

The management, among other things, is carried out through Restructuring of Financing for the customers whose ability to pay has decreased, but who are still considered to have good business prospects and the ability to pay after the restructuring. The Restructuring of Financing Bank must meet the Sharia Principles in addition to being subject to the universally applicable prudential principles in banking industry.

Furthermore, the need to conform and the suitability with the development of Islamic banking industry are taken into consideration in the effort to refine the provision of the Restructuring of Financing in Islamic Banks and Islamic Business Units. The refinement of the provisions that meet the needs and development of industry will optimally promote the development of Islamic banking industry.

II. ARTICLE BY ARTICLE

Article I

Number 1

Article 1

Self-explanatory.

Number 2

Article 5

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The term "sufficient evidence" includes any customer's financial statements that show the company's improved performance, new work contracts or other clear sources of payment.

Number 3

Article 6

Paragraph (1)

The definition of restructuring 1 (one) time includes a situation when restructuring has been carried out to Financing with Current quality, no restructuring may be carried out to



that Financing when the Financing has fallen to the category of Special Mention, or otherwise.

Paragraph (2)

Self-explanatory.

Number 4

Article 10

Paragraph (1)

The Policy and the Standard Operating Procedure for Restructuring of Financing are part of the Bank's risk management policies as stipulated in the applicable Bank Indonesia regulations.

The preparation of the Standard Operating Procedure for Restructuring of Financing related to the compliance with the Sharia Principles is done in coordination with the Sharia Supervisory Board.

Paragraph (1a)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

The updating of Standard Operating Procedure for Restructuring of Financing in connection with the aspect of compliance with the Sharia

Principles, shall be done in coordination with the Sharia Supervisory Board.

Paragraph (4)

Self-explanatory.

Paragraph (5)

The main provisions as stipulated in Bank Indonesia Circular Letters, among other things include units or special officer for Restructuring of Financing, limit on the authority to decide on the Restructuring of Financing and the management information system in Restructuring of Financing.

Number 5

Article 11

Self-explanatory.

Number 6

Article 12

Self-explanatory.

Number 7

Article 12 A

Self-explanatory.

Number 8

Article 15

Paragraph (3)

The Restructuring of Financing does not include an extension of *mudharabah* or *musyarakah* Financing with Current quality which is due and not because the customer's ability to pay decreases.

Number 9

Article 20 A

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

"Technical problem" is a problem that causes BRPS unable to submit the report on-line, such as problem in telecommunication network, fire in the building and / or power outage.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Number 10

Article 22

Self-explanatory.

Number 11

Article 25

Self-explanatory.

Number 12

Article 25 A

Paragraph (1)

Self-explanatory.

Paragraph (2)

The transition period is intended to provide to a BPRS an opportunity to prepare the online submission of the reports.

Article II

Self-explanatory.