

PRESS RELEASE
OJK REVOKES PERMIT OF NORTH SUMATRA'S
BPR NUSA GALANG MAKMUR

Medan, March 7, 2017 — The Financial Services Authority (OJK) has issued a decision to revoke the business license of PT Bank Perkreditan Rakyat (BPR) Nusa Galang Makmur (a rural bank), which is located at Jalan Perintis Kemerdekaan No.88, Galang Sub-district, Deli Serdang District, North Sumatra.

The revocation was issued by the meeting of OJK's Board of Commissioners on March 1, 2017 and promulgated by OJK's Board of Commissioners Decision No. 8/KDK.03/2017 dated March 7, 2017, on Revocation of Business License of PT BPR Nusa Galang Makmur and the revocation has been effective from March 7, 2017.

In compliance with Bank Indonesia Regulation (PBI) No. 11/20/PBI/2009 on Follow-up Handling of Rural Banks under Special Supervision Status, prior to revoking the bank's business license, the OJK gave PT BPR Nusa Galang Makmur the status of rural bank under special supervision (DPK) since August 19, 2016, as it had failed to satisfy the minimum capital adequacy ratio (CAR) requirement of 4 percent.

PT BPR Nusa Galang Makmur was put under special supervision because its management had been running the bank without observing sound banking fundamentals and prudential principles. The situation was made worse by the bank's declining cash ratio (CR), which led to its failure from achieving financial performance standards set by the prevailing provisions.

Given the circumstances, PT BPR Nusa Galang Makmur was required to make an action plan for its restructuring, in order to achieve CAR of at least 4 percent within 180 (one hundred eighty days) since it had been assigned under-special-supervision status on August 19, 2016.

However, the restructuring efforts undertaken by the rural bank's shareholders/management until the end of the given deadline were not able to improve the bank's condition and lift the North Sumatran bank out from the special supervision status since the bank could not raise its CAR to 4 percent or more. Plus, its shareholders finally issued a statement that they did not have the capacity to restructure the rural bank.

Following the revocation of PT BPR Nusa Galang Makmur's business license, the Indonesia Deposit Insurance Corporation (LPS) will run its insurance function and carry out liquidation process in accordance with Law No. 24 of 2004 concerning Deposit Insurance Corporation as amended by Law No. 7 of 2009.

The OJK urges customers of PT BPR Nusa Galang Makmur to remain calm as public funds in banks, including those in rural banks, are guaranteed by the LPS as long as their funds satisfy the applicable requirements.

For more information:

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