

BANK INDONESIA REGULATION

NUMBER: 11/3/PBI/2009

CONCERNING

SHARIA COMMERCIAL BANK

WITH THE BLESSINGS OF GOD ALMIGHTY

GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas in facing national economic development, which is undergoing fast changes and dynamic challenges as well as integrated with global economy that continues to develop, a resilient national banking system is required;
  - b. whereas sharia banking as one of the elements in the national banking system is expected to be able to give an optimal contribution as an intermediation institution in supporting national economic development;
  - c. whereas in order to realize resilient and efficient sharia banking, stipulations on sharia banking activities, which are comprehensive, clear and providing legal certainties, are required;
  - d. whereas based on considerations as referred to in letter a, letter b and letter c, it is deemed necessary to make improvements to the stipulations concerning Sharia Commercial Banks in a Bank Indonesia Regulation;
- In view of:
1. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic

of ...

of Indonesia Number 3843) as latest amended by Government Regulation In Lieu of Law Number 2 of 2008 (State Gazette of the Republic of Indonesia Number 142 of 2009, Supplement to the State Gazette of the Republic of Indonesia Number 4901) as stipulated by Act Number 6 of 2009 concerning Stipulation of Government Regulation In Lieu of Law Number 2 of 2008 concerning Second Amendment of Act Number 23 of 1999 concerning Bank Indonesia to become Law (State Gazette of the Republic of Indonesia Number 7 of 2009, Supplement to the State Gazette of the Republic of Indonesia Number 4962);

2. Act Number 21 of 2008 concerning Sharia Banking (State Gazette of the Republic of Indonesia Number 94 of 2008, Supplement to the State Gazette Number 4867);
3. Act Number 40 of 2007 concerning Limited Company (State Gazette of the Republic of Indonesia Number 106 of 2007, Supplement to the State Gazette of the Republic of Indonesia Number 4756);

HAS DECREED:

To enact:        **BANK INDONESIA REGULATION CONCERNING  
SHARIA COMMERCIAL BANKS.**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1**

The ...

The terminologies used in this Bank Indonesia Regulation have the following meanings:

1. Bank is Sharia Commercial Bank as referred to in Act Number 21 of 2008 concerning Sharia Banking;
2. Branch Office, hereinafter shall be referred to as KC, is a Bank office responsible to its Bank head office, which has clear business location address according to the location where the KC conducts its business;
3. Office under Branch Office is a Sub-Branch Office or Cash Office;
4. Sub-Branch Office, hereinafter shall be referred to as KCP, is a Bank office, which business activities are to support its parent KC with clear business location address according to the location where the KCP conducts its business;
5. Cash Office, hereinafter shall be referred to as KK, is a Bank office, which business activities are to support its parent KC or KCP, except in fund channeling, with clear business location address according to the location where the KK conducts its business;
6. Cash Service Activity, hereinafter shall be referred to as KPK, is a cash activity in the framework of giving service to parties that have become Bank customers, covering among others:
  - a. Outdoor Cash Activity is a cash service activity, which moves from place to place by using a transportation vehicle or is provided at a certain location on non-permanent basis, among others mobile cash unit, floating cash unit or non-permanent bank counter;
  - b. Payment Point is an activity in the form of receipt of payment under a cooperation between Bank and another party at certain location, for example, receipts of telephone bill payments, electricity bill payments and/or third party deposits;

c. Electronic ...

- c. Electronic Banking Device, hereinafter shall be referred to as PPE, is a cash or non-cash service activity performed using electronic machine facility, located inside as well as outside Bank office, which could provide services among others cash withdrawals or deposits, payments through account transfers, interbank transfers and/or provide information concerning customer account balances/movements, using Bank's own network and/or machines as well as through cooperation between Bank and other parties, among others Automatic Teller Machine (ATM).
7. Controlling Shareholder, hereinafter shall be referred to as PSP, is a legal entity, individual, and/or business group, which:
  - a. owns Bank shares amounting to 25% (twenty five percent) or more of total shares that have been issued and have voting rights;
  - b. owns Bank shares amounting to less than 25% (twenty five percent) of total shares that have been issued and have voting rights, but it can be proven to exercise control of the Bank, whether directly or indirectly;
8. Board of Commissioners is Board of Commissioners as referred to in Act Number 40 of 2007 concerning Limited Company;
9. Independent Commissioner is a member of the Board of Commissioners who has no financial, management, stock ownership relation and/or family relation with other members of the Board of Commissioners, members of Board of Directors and/or controlling shareholder or relation with bank, which might influence his/her capacity for acting independently.
10. Board of Directors is Board of Directors as referred to in Act Number 40 of 2007 concerning Limited Company;

11. Sharia Supervisory Board, hereinafter shall be referred to as DPS, is a board whose tasks are to provide advices and recommendations to the Board of Directors as well as to monitor Bank activities so that they are in line with sharia principles;
12. Executive Officer is an officer directly responsible to a director or the Board of Directors and/or exerting influence on Bank policies and operations, such as division heads, KC heads, or head of internal audit work unit;
13. Business Group is:
  - a. an individual and legal entity;
  - b. several people; or
  - c. several legal entitieswhich have management, ownership, and/or financial relation.
14. Day means calendar day.

## Article 2

Bank's legal entity form is a limited company.

## Article 3

Bank must have article of association, which in addition to meeting the requirements of article of association stipulated in legislations, should also contain provisions concerning:

- a. appointments of members of Board of Commissioners, members of Board of Directors, and members of DPS, which should first obtained approvals from Bank Indonesia;
- b. requirements, number of people, tasks, authorities, responsibilities, as well as other matters concerning members of Board of Commissioners, members of Board of Directors, and members of DPS in accordance with prevailing legislations.

c. Bank's ...

- c. Bank's Shareholder General Meeting determines the tasks of management, remunerations of members of Board of Commissioners and members of Board of Directors, annual accountability report, appointment and fee of public accounting firm, use of profit, and other matters determined in Bank Indonesia stipulations; and
- d. Shareholder General Meeting should be led by President Commissioner or Principal Commissioner.

## CHAPTER II

### LICENSES

#### Section One

#### Establishment of Bank

##### Article 4

- (1) Bank could only be established and conduct business activities after having obtained a license from Bank Indonesia.
- (2) Provision of a license as referred to in paragraph (1) shall be issued in 2 (two) stages:
  - a. approval in principle, which is approval for undertaking preparation for Bank establishment; and
  - b. operating license, which is a license provided for undertaking Bank business activities after the preparation as referred to in letter a is completed.

##### Article 5

The paid-up capital for establishing a Bank is determined to be no less than Rp1,000,000,000,000.00 (one trillion rupiah).

##### Article 6

(1) A ...

- (1) A Bank could only be established and owned by:
  - a. Indonesian citizens and/or Indonesian legal entities;
  - b. Indonesian citizens and/or Indonesian legal entities in partnership with foreign citizens and/or foreign legal entities; or
  - c. local governments;
- (2) Ownership by foreign citizens and/or foreign legal entities as referred to in paragraph (1) letter b shall not exceed 99% (ninety nine percent) of Bank's paid-up capital.

## Section Two

### Approval in Principle

#### Article 7

- (1) Application for approval in principle as referred to in Article 4 paragraph (2) letter a shall be submitted by at least one of the owners candidate to Bank Indonesia, supplemented with supporting documents.
- (2) The application as referred to in paragraph (1) should be complemented with fulfillment of capital payment of no less than 30% (thirty percent) of the minimum paid-in capital as referred to in Article 5, which is proven by supporting documents.
- (3) The supporting documents referred to in paragraph (1) and paragraph (2) shall be further stipulated in Bank Indonesia Circular Letter.

#### Article 8

- (1) Approval or rejection of application for approval in principle as referred to in Article 7 shall be provided no later than 60 (sixty) days after receipt of complete application documents.
- (2) Approval or rejection of application for approval in principle as referred to in paragraph (1), shall be provided by Bank Indonesia based on:

a. examination ...

- a. examination on completeness and correctness of documents;
  - b. analyses of, among others, the level of fair competition between Banks and Sharia Business Units, saturation level of number of Banks and Sharia Business Units as well as equitable distribution of national economic development; and
  - c. fit and proper tests on candidate PSP, candidates for Board of Commissioners, and candidates for Board of Directors, as well as interviews with candidates for DPS.
- (3) In addition to the provisions referred to in paragraph (2), a party applying for Bank establishment is obliged to conduct a presentation to Bank Indonesia on the entire plan for Bank establishment.

#### Article 9

- (1) Approval in principle as referred to in Article 8 paragraph (1) shall be effective for a period of 1 (one) year commencing the date of issue.
- (2) Parties granted approval in principle as referred to in paragraph (1) is prohibited from conducting business activities prior to obtaining operating license.
- (3) If after the period referred to in paragraph (1), the parties granted approval in principle as referred to in paragraph (2) have not submitted an application for operating license to Bank Indonesia, the previously issued approval in principle shall be declared no longer valid.

#### Section Three

#### Operating License

#### Article 10

(1) Application ...



- (1) Application for obtaining operating license as referred to in Article 4 paragraph (2) letter b, shall be submitted by the parties granted approval in principle to Bank Indonesia, supplemented with supporting documents.
- (2) The application referred to in paragraph (1) should be complemented by minimum payment of paid up capital as referred to in Article 5, proven by supporting documents.
- (3) The supporting documents as referred to in paragraph (1) and paragraph (2) shall be further stipulated in Bank Indonesia Circular Letter.

#### Article 11

- (1) Approval or rejection of application for operating license as referred to in Article 10 shall be provided no later than 60 (sixty) days after receipt of complete application documents.
- (2) Approval or rejection of application for operating license as referred to in paragraph (1), shall be provided by Bank Indonesia based on:
  - a. examination on completeness and correctness of documents;
  - b. fit and proper tests on and interviews with parties referred to in Article 8 paragraph (2) letter c in the case of replacements.

#### Article 12

- (1) A Bank granted an operating license from Bank Indonesia is obliged to conduct Bank business activities no later than 60 (sixty) days after the date of issuance of the operating license.
- (2) The conduct of business activities as referred to in paragraph (1) should be reported by Bank's President Director or Principal Director to Bank Indonesia no later than 10 (ten) days after the commencing date of business activities.

(3) If ...

- (3) If within the period referred to in paragraph (1) Bank has not conducted business activities, the previously issued license shall be declared no longer valid.

#### Article 13

- (1) A Bank granted operating license from Bank Indonesia, is obliged to state clearly the word Sharia after the word Bank or after bank's name in the inscription of its name.
- (2) The obligation referred to in paragraph (1) is only applicable ~~on~~ for Banks that granted operating licenses after the enactment of Act Number 21 of 2008 concerning Sharia Banking.

### CHAPTER III

#### BANK OWNERSHIP AND CHANGE IN CAPITAL

#### Article 14

Ownership of Bank by legal entities as referred to in Article 6 paragraph (1) shall not exceed the net worth of the legal entity concerned.

#### Article 15

Sources of funds used in the framework of Bank ownership are prohibited:

- a. to originate from any loan or financing facility in any form whatsoever from other banks and/or parties; and/or
- b. to originate from and for the purpose of money laundering.

#### Article 16

Parties eligible to become owner of a Bank are obliged to meet integrity requirements, which at least should include:

- a. possession of good character and moral values;
- b. possession ...

- b. possession of commitment for complying with sharia banking stipulations and other prevailing legislations; and
- c. possession of high commitment for development of sound and sustainable Bank.

#### Article 17

- (1) Parties that can be Bank PSP are obliged to meet integrity requirements and financial feasibility.
- (2) Requirements and evaluation procedure for fulfillment of the requirements referred to in paragraph (1) are regulated in Bank Indonesia stipulations concerning the fit and proper test.

#### Article 18

- (1) Changes in Bank ownership should comply with procedure on changes in Bank ownership stipulated in prevailing legislations concerning bank merger, consolidation, and acquisition and/or concerning purchase of commercial bank shares.
- (2) A change in PSP as the result inheritance shall not be treated as acquisition; however, it should still obtain Bank Indonesia's approval.

#### Article 19

- (1) Any change in composition of Bank ownership that does not result in a change in controllership, whether resulting or not resulting in any replacement, reduction, and/or addition of owners, should ~~to~~ be reported by Bank to Bank Indonesia no later than 10 (ten) days after the change has taken place, supplemented with supporting documents.
- (2) The supporting documents as referred to in paragraph (1) shall be further stipulated in Bank Indonesia Circular Letter.

Article ...

#### Article 20

- (1) Any change in authorized capital should be reported to Bank Indonesia no later than 10 (ten) days after the date of receipt of approval of amendment to articles of when the approval for change is received from authorized agency, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further stipulated in Bank Indonesia Circular Letter.
- (3) Any buyback of shares previously issued by Bank, shall be approved in advance by Bank Indonesia and conducted in accordance with prevailing stipulations.

#### Article 21

- (1) Issuance of Bank shares through public offer at the stock exchange (go public) should be reported to Bank Indonesia.
- (2) The plan for issuance of Bank shares through public offer as referred to in paragraph (1) should be stated in Bank's Business Plan.
- (3) Reporting of issuance of shares as referred to in paragraph (1) should be made no longer than 60 (sixty) days prior to the undertaking of public offer, supplemented with supporting documents.
- (4) The supporting documents as referred to in paragraph (3) shall be further stipulated in Bank Indonesia Circular Letter.

#### Article 22

- (1) Bank is obliged to administer in an orderly manner a list of shareholders and their changes.
- (2) Bank that has been registered at the capital market is obliged to renew the list referred to in paragraph (1).

CHAPTER IV  
BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, SHARIA  
SUPERVISORY BOARD AND EXECUTIVE OFFICERS

Section One

Board of Commissioners and Board of Directors

Article 23

- (1) Members of Board of Commissioners and members of Board of Directors are obliged to meet the requirements on integrity, competency, and financial reputation.
- (2) Requirements and evaluation procedure for fulfillment of the requirements referred to in paragraph (1) are regulated in Bank Indonesia stipulations concerning the fit and proper test.

Article 24

- (1) Board of Commissioners undertakes supervision on executions of Board of Directors' tasks and responsibilities, as well as give advices to Board of Directors.
- (2) The supervision by Board of Commissioners as referred to in paragraph (1) is undertaken by using as guidelines among others Bank Indonesia stipulations concerning implementation of good corporate governance principles applicable for Banks.

Article 25

- (1) Total number of members of Board of Commissioners shall be no less than 3 (three) people and no more than the total number of members of Board of Directors.
- (2) At least 1 (one) member of Board of Commissioners should domicile in Indonesia.

(3) Board ...

- (3) Board of Commissioners shall be led by President Commissioner or Principal Commissioner.
- (4) At least 50% (fifty percent) of members of Board of Commissioners should be Independent Commissioners.

#### Article 26

- (1) A member of Board of Commissioners could only have concurrent positions as:
  - a. a member of Board of Commissioners, a member of Board of Directors, or an Executive Officer at 1 (one) non financial institution/company;
  - b. a member of Board of Commissioners or Board of Directors exercising the supervisory function at 1 (one) non-bank financial institution that is a subsidiary owned by the Bank;
  - c. a member of Board of Commissioners, a member of Board of Directors, or an Executive Officer at 1 (one) company that is a shareholder of the Bank; or
  - d. an officer at no more than 3 (three) non profit institutions.
- (2) The majority of members of Board of Commissioners are prohibited from having family relations up to the second degree with other members of Board of Commissioners and/or members of Board of Directors.

#### Article 27

- (1) Board of Directors is fully responsible for the execution of Bank management, including fulfillment of prudential principles and sharia principles.
- (2) Bank management by the Board of Directors as referred to in paragraph (1) should be executed by using guidelines among others Bank Indonesia

stipulations ...

stipulations concerning implementation of good corporate governance principles applicable for Banks.

#### Article 28

- (1) Total number of members of Board of Directors shall be no less than 3 (three) people.
- (2) Each member of the Board of Directors should domicile in Indonesia.
- (3) Board of Directors is led by President Director or Principal Director.
- (4) President Director or Principal Director as referred to in paragraph (3) should come from a party independent from PSP.

#### Article 29

- (1) A member of Board of Directors is prohibited from having concurrent positions as a member of Board of Commissioners, a member of Board of Directors, or an Executive Officer at another bank, company and/or institution.
- (2) The prohibition referred to in paragraph (1) is waived in the case of:
  - a. a director being responsible for the supervision of participation at Bank subsidiary company, executing functional tasks as a member of Board of Commissioners at non bank subsidiary company that is controlled by the Bank; and/or
  - b. a Director having positions at 2 (two) non profit institutions.
- (3) Members of Board of Directors, individually or jointly, are prohibited from owning shares amounting to more than 25% (twenty five percent) of paid up capital at other companies.
- (4) The majority of members of Board of Directors are prohibited from having family relations up to the second degree with other members of Board of Directors and/or members of Board of Commissioners.

Article ...

### Article 30

- (1) Bank is obliged to have 1 (one) Compliance Director, who is appointed by the Shareholder General Meeting.
- (2) The Compliance Director has the task to ensure the implementation of Bank's compliance to Bank Indonesia stipulations and other legislations.
- (3) Stipulations concerning Compliance Director as referred to in paragraph (1) are regulated in Bank Indonesia stipulations concerning Compliance Director.

### Article 31

- (1) Candidate members of Board of Commissioners and/or members of Board of Directors should obtain approvals from Bank Indonesia prior to taking up their positions.
- (2) Appointments of members of Board of Commissioners and/or members of Board of Directors by Shareholder General Meeting shall be effective after obtaining Bank Indonesia's approvals.
- (3) In addition to meeting Bank Indonesia's stipulations, candidate members of Board of Commissioners and/or members of Board of Directors as referred to in paragraph (1) are obliged to meet the requirements of stipulations of prevailing legislations.

### Article 32

- (1) Application for obtaining approval as referred to in Article 31 paragraph (1) is submitted to Bank Indonesia, supplemented with supporting documents.
- (2) Approval or rejection of application as referred to in paragraph (1), shall be provided by Bank Indonesia based on:
  - a. examination on completeness and correctness of documents; and

b. fit ...



- b. fit and proper tests on candidate members of Board of Commissioners and/or members of Board of Directors.
- (3) Approval or rejection of proposal on candidate members of Board of Commissioners and/or members of Board of Directors shall be provided no later than 30 (thirty) days after receipt of complete application documents.
  - (4) In the case where candidate members of Board of Commissioners and/or candidate members of Board of Directors, who have obtained approvals from Bank Indonesia, are not appointed by the Shareholder General Meeting within the period of 3 (three) months since the approvals' issuance dates, those approvals on candidate members of the Board of Commissioners and/or candidate members of the Board of Director shall be declared no longer valid.
  - (5) Appointments of members of Board of Commissioners and/or members of Board of Directors should be reported to Bank Indonesia no later than 10 (ten) days after the dates of the appointments become effective, supplemented by supporting documents.
  - (6) The supporting documents as referred to in paragraph (1) and paragraph (5) shall be further stipulated in Bank Indonesia Circular Letter.

### Article 33

Any discharge and/or withdrawal of a member of Board of Commissioners and/or a member of Board of Directors should be reported to Bank Indonesia no later than 10 (ten) days after the discharge and/or withdrawal becomes effective.

### Section Two

### Sharia Supervisory Board

### Article 34

(1) A ...

- (1) A Bank is obliged to establish DPS domiciles at the head office of the Bank.
- (2) Members of DPS are obliged to meet the following requirements:
  - a. Integrity, at least including:
    1. possession of good character and moral values;
    2. possession of commitment for complying with sharia banking stipulations and other prevailing legislations;
    3. possession of commitment for development of sound and sustainable Bank; and
    4. not being listed in the Disqualified List as regulated in the stipulations concerning the fit and proper test determined by Bank Indonesia.
  - b. Competency, at least possessing knowledge and experience in the field of mu'amalah sharia and knowledge in the field of banking and/or finance in general; and
  - c. Financial reputation, which at least covers:
    1. not being included in the list of non-performing credits; and
    2. never having been declared as having been bankrupt or being a shareholder, member of Board of Commissioners, or member of Board of Directors who has been declared guilty in causing a company to become bankrupt in the last 5 (five) years prior to nomination

#### Article 35

- (1) DPS has the task and responsibility to give advices and recommendations to Board of Directors as well as supervise Bank activities so that they are in line with Sharia Principles.

(2) The ...

- (2) The execution of DPS' task and responsibility as referred to in paragraph (1) include among others:
  - a. assessing and ensuring fulfillment of Sharia Principles on operational guidelines and products issued by Bank;
  - b. supervising development process of Bank new products;
  - c. obtaining fatwa (decrees) from the National Sharia Board for Bank new products that do not yet have fatwa.
  - d. periodically conducting reviews of fulfillment of sharia principles on the mechanisms of fund accumulation and fund channeling as well as bank service provisions; and
  - e. requesting data and information related to sharia aspects from Bank work units in the framework of executing its tasks.
- (3) Guidelines for execution of DPS task and responsibility as referred to in paragraph (1) shall be further stipulated in Bank Indonesia Circular Letter.

#### Article 36

- (1) Total number of DPS members shall be no less than 2 (two) people or no more than 50% (fifty percent) of the total number of members of Board of Directors.
- (2) DPS is led by a chairman originating from one of DPS members.
- (3) DPS members could only hold concurrent positions as DPS member no more than 4 (four) other sharia financial institutions.

#### Article 37

- (1) Bank is obliged to submit proposal on candidate members of DPS for Bank Indonesia approval before these members hold their positions.

(2) Appointment ...

- (2) Appointment of DPS members by the Shareholder General Meeting is effective after Bank Indonesia approval is obtained.
- (3) Submission of proposal on candidate members of DPS as referred to in paragraph (1) is made after having obtained a recommendation from the Indonesian Islamic Scholar Board.

#### Article 38

- (1) Application for approval as referred to in Article 37 paragraph (1) is submitted by Bank to Bank Indonesia, supplemented with supporting documents.
- (2) Approval or rejection of application as referred to in paragraph (1), shall be provided by Bank Indonesia based on:
  - a. examination on completeness and correctness of documents;
  - b. interviews with candidate members of DPS.
- (3) Approval or rejection of proposal on candidate members of DPS shall be provided no later than 30 (thirty) days after receipt of complete application documents.
- (4) If candidate members of DPS, who have obtained approvals from Bank Indonesia, are not appointed by the Shareholder General Meeting within a period of 3 (three) months after the issuance date of the approvals, the approvals on candidate members of DPS become no longer valid.
- (5) Appointment of DPS members should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the date the appointment becomes effective, supplemented with supporting documents.
- (6) The supporting documents referred to in paragraphs (1) and (5) shall be further regulated in Bank Indonesia Circular Letter.

#### Article 39

Any ...

Any discharge and/or withdrawal of a member of DPS should be reported to Bank Indonesia no later than 10 (ten) days after the discharge and/or withdrawal become effective.

### Section Three

#### Executive Officers

##### Article 40

- (1) Appointment, discharge, or replacement of any Executive Officer should be reported by the Bank to Bank Indonesia no later than 10 (ten) days after the date of appointment, discharge, or replacement becomes effective, supplemented by supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) If, based on Bank Indonesia's evaluation and examination, the Executive Officer referred to in paragraph (1) is included in lists, such as among others Disqualified List as regulated in the stipulations concerning the fit and proper test determined by Bank Indonesia, List of Non-Performing Credits, and other considerations that show the integrity aspect has not been met, Bank is obliged to cancel the appointment of the Executive Officer concerned no later than 30 (thirty) days after the date of confirmation letter from Bank Indonesia.

### Section Four

#### Foreign Workers

##### Article 41

- (1) Bank, where 25% (twenty five percent) or more of its shares are owned by foreign citizens and/or foreign legal entities, could utilize foreign workers for the positions of:

a. Member ...

- a. Members of Board of Commissioners;
  - b. Members of Board of Directors; and/or
  - c. Executive Officers
- (2) The majority of members of Board of Commissioners and Board of Directors as referred to in paragraph (1) letter a and letter b should be Indonesian citizens.
  - (3) Executive Officers as referred to in paragraph (1) letter c should be Indonesian citizens except for positions requiring special expertise that are not yet available in Indonesia.
  - (4) Other matters concerning utilization of foreign workers should meet the requirements and procedure for utilization of foreign workers as regulated in prevailing stipulations.

## CHAPTER V OPENING OF BANK OFFICE

### Section One

#### Opening of Domestic KC

##### Article 42

- (1) Opening of a domestic KC could only be undertaken with a license from Bank Indonesia.
- (2) The plan for KC opening as referred to in paragraph (1) should be stated in Bank's Business Plan.

##### Article 43

- (1) Application for a license as referred to in Article 42 paragraph (1) shall be submitted by Bank to Bank Indonesia, supplemented by supporting documents.

(2) The ....

- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) Approval or rejection of application for license as referred to in paragraph (1) is provided by Bank Indonesia based on:
  - a. examination on completeness and correctness of documents;
  - b. analysis on results of feasibility study submitted by Bank; and
  - c. analysis on Bank's capacity, including level of soundness, capital adequacy, and risk profile.
- (4) When necessary, Bank Indonesia could conduct investigation to review preparation for office opening and obtain assurance on correctness of documents submitted.
- (5) Approval or rejection of the application referred to in paragraph (3) shall be provided no later than 30 (thirty) days after receipt of complete application documents.

#### Article 44

- (1) KC opening should be executed no later than 30 (thirty) days after the issuance date of the license.
- (2) The execution of KC opening as referred to in paragraph (1) should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the opening date.
- (3) If, after the period referred to in paragraph (1), Bank has not opened the KC, the license previously issued for KC opening becomes no longer valid.

#### Article 45

- (1) KC plan to be not opened for operation on a working day, should obtain approval from Bank Indonesia.

(2) Bank ...

- (2) Bank is obliged to submit application for approval to Bank Indonesia on KC plan to be not opened for operation on a working day no later than 15 (fifteen) days prior to the date when the KC would not open for operation.
- (3) Approval or rejection of the application as referred to in paragraph (2) shall be provided no later than 10 (ten) days after the application document is received.
- (4) KC plan to be not opened for operation on a working day should be announced to the public no later than 3 (three) days prior to the date when it would not be open for operation.

## Section Two

### Opening of Domestic Office Under KC and KPK

#### Article 46

- (1) Plan for opening of a domestic Office under KC should be stated in Bank's Business Plan.
- (2) Opening of an Office under KC as referred to in paragraph (1) could only be undertaken:
  - a. within the same Bank Indonesia work region of its parent office;
  - b. by taking into consideration results of the feasibility study which contains saturation level of number of Bank offices and Sharia Business Units; and
  - c. by using Bank's own human resource.
- (3) A newly open Office under KC could have the same address with other offices as long as the requirements are met, which include among others:
  - a. there is an office segregation between the Office under KC with the other offices;
  - b. it would not cause operational risk and reputation risk to the Bank; and
  - c. there ...



- c. there are clear arrangements on use of work infrastructures and facilities as well as use of office building facilities, which would enable correct charging of expenses to each office.
- (4) The financial report of the Office under KC should be integrated with the financial report of the parent KC on the same day.

#### Article 47

- (1) Bank is obliged to submit the plan for opening an Office under KC to Bank Indonesia no later than 30 (thirty) days prior to the office opening, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) The opening of Office under KC as referred to in paragraph (1) should be executed no later than 30 (thirty) days after the date of confirmation from Bank Indonesia.
- (4) The execution of Office under KC opening as referred to in paragraph (3) should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the opening date.

#### Article 48

- (1) Office under KC plan to be not opened for operation on a working day, should obtain approval from Bank Indonesia.
- (2) The application for approval as referred to in paragraph (1) should be submitted by the parent KC of the Office under KC by fulfilling the procedure stipulated in Article 45.

#### Article 49

- (1) The plan to open KPK should be stated in Bank's Business Plan.

(2) Ralization ...

- (2) Realization of opening, change of address, and closing of KPK should be reported by Bank in Bank's quarterly Report on Realization of Business Plan.

### Section Three

#### Opening of Overseas Offices

##### Article 50

- (1) Opening of overseas KC, representative offices and other types of offices could only be undertaken with licenses from Bank Indonesia.
- (2) Licenses as referred to in paragraph (1) are only provided when Bank:
  - a. has become a foreign exchange Bank for no less than 24 (twenty four) months;
  - b. has stated the plan for opening of overseas KC, representative offices and other types of offices in Bank Business Plan;
  - c. has fulfilled requirements on soundness level, capital adequacy, and risk profile; and
  - d. has clear addresses or office domicile locations.

##### Article 51

- (1) Application for license as referred to in Article 50 paragraph (1) shall be submitted by Bank to Bank Indonesia, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) Approval or rejection of the application as referred to in paragraph (1) shall be provided by Bank Indonesia based on
  - a. examination on completeness and correctness of documents;
  - b. analysis on results of feasibility study submitted by Bank; and
  - c. analysis ...

- c. analysis on Bank's capacity, including level of soundness, capital adequacy, and risk profile.
- (4) Approval or rejection of the application referred to in paragraph (3) shall be provided no later than 30 (thirty) days after receipt of complete application documents.

#### Article 52

- (1) The overseas office opening as referred to in Article 50 could only be undertaken after obtaining a license from the authorities of the country concerned.
- (2) The Bank shall report the opening of an office to Bank Indonesia no later than 10 (ten) days after the opening date, supplemented with supporting documents.
- (3) The supporting documents referred to in paragraph (2) shall be further regulated in Bank Indonesia Circular Letter.
- (4) If, by 6 (six) months after the issuance date of Bank Indonesia's approval, Bank has not executed overseas office opening, Bank is obliged to report the reason for not having opened the office concerned.
- (5) The report referred to in paragraph (4) should be submitted no later than 10 (ten) days after the end of the 6 (six) months deadline.

### CHAPTER VI

#### UPGRADING AND DOWNGRADING OF BANK OFFICE STATUS

#### Article 53

Upgrading of the status of Office under KC to become KC should be undertaken by fulfilling the requirements for KC opening.

#### Article 54

- (1) Downgrading ...

- (1) Downgrading of the status of KC to become Office under KC should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the execution date, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.

## CHAPTER VII CHANGE OF ADDRESS OF BANK OFFICE

### Article 55

- (1) Change of address of head office and/or domestic KC could only be undertaken with a license from Bank Indonesia.
- (2) The plan for change of address of head office and/or KC as referred to in paragraph (1) should be stated in Bank's Business Plan.
- (3) A change of address of KC to a location outside Bank Indonesia Office's work region should first fulfill the requirements for KC closing and KC opening.

### Article 56

- (1) Application for license as referred to in Article 55 paragraph (1) shall be submitted by Bank to Bank Indonesia, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) Approval or rejection of the application as referred to in paragraph (1) shall be provided by Bank Indonesia based on:
  - a. examination on completeness and correctness of documents;
  - b. analysis on results of feasibility study submitted by Bank; and

(4) Stipulation ...

- (4) Stipulation as referred to in paragraph (3) letter b is not applicable on application for KC change of address to a location within the same municipality/regency as the previous office location.
- (5) When necessary, Bank Indonesia could conduct investigation to review preparation for office address change and obtain assurance on correctness of documents submitted.
- (6) Approval or rejection of the application referred to in paragraph (3) shall be provided no later than 30 (thirty) days after receipt of complete application documents.

#### Article 57

- (1) Change of address of head office and/or domestic KC should be executed no later than 30 (thirty) days after the issuance date of the license.
- (2) The execution of change of address referred to in paragraph (1) should be announced by Bank in:
  - a. a newspaper with national circulation, for head office change of address; or
  - b. a newspaper with wide circulation at the domicile location of KC, for KC change of address,no later than 10 (ten) days after the execution date of office address change.
- (3) The execution of office address change as referred to in paragraph (1) should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the execution date of office address change.
- (4) If, after the period referred to in paragraph (1), Bank has not executed office address change, the previously license issued for office address change becomes no longer valid.

#### Article 58

(1) Plan ...

- (1) Plan for change of address of:
  - a. domestic Office under KC; or
  - b. overseas KC, representative offices, and other types of officesshould be reported by Bank to Bank Indonesia no later than 30 (thirty) days prior to execution of change of address, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) A change of address of Office under KC to a location outside Bank Indonesia Office's work region should first fulfill the requirements for Office under KC closing and Office under KC opening.

#### Article 59

- (1) Change of address of Office under KC as referred to in Article 58 paragraph (1) letter a should be executed no later than 30 (thirty) days after the date of Bank Indonesia's confirmation.
- (2) The execution of change of address of Office under KC as referred to in paragraph (1) should be announced by Bank in a newspaper with wide circulation at the domicile location of its parent KC no later than 10 (ten) days prior to the execution date of office address change.
- (3) The execution of domestic Office under KC address change should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the date of execution of office address change.
- (4) Execution of change of address of overseas KC, representative offices, and other types of offices as referred to in Article 58 paragraph (1) letter b should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the execution date of office address change, supplemented with supporting documents.

(5) The ...

- (5) The supporting documents referred to in paragraph (4) shall be further regulated in Bank Indonesia Circular Letter.

## CHAPTER VIII

### CHANGES OF ARTICLE OF ASSOCIATION AND NAME

#### Section One

#### Change of Article of Association

#### Article 60

Bank is obliged to report to Bank Indonesia of any changes to Bank's article of association no later than 10 (ten) days after receipt of approval or receipt of notification of article of association change from competent authority.

#### Section Two

#### Change of Bank Name

#### Article 61

- (1) Change of Bank name should be undertaken by complying with stipulations of prevailing legislations.
- (2) Bank, which has obtained approval on article of association change that is related to the use of new name from competent authority, is obliged to submit application to Bank Indonesia concerning determination on the use of business license owned by Bank using the new name.
- (3) The application referred to in paragraph (2) shall be submitted by Bank to Bank Indonesia no later than 30 (thirty) days after the change of name, supplemented with supporting documents.
- (4) The supporting documents referred to in paragraph (3) shall be further regulated in Bank Indonesia Circular Letter.

(5) Approval ...

- (5) Approval or rejection of the application referred to in paragraph (3) shall be provided by Bank Indonesia no later than 15 (fifteen) days after receipt of complete application documents.
- (6) Execution of change of Bank's name should be announced in a newspaper with national circulation no later than 10 (ten) days after the date of Bank Indonesia's approval.

CHAPTER IX  
CLOSURE OF BANK OFFICE

Section One

Closing of Domestic KC

Article 62

- (1) Closing of domestic KC could only be undertaken with a license from Bank Indonesia.
- (2) Application for a license for closing as referred to in paragraph (1) shall be submitted by Bank to Bank Indonesia no later than 60 (sixty) days prior to the planned date for closing, supplemented by supporting documents.
- (3) The supporting documents referred to in paragraph (2) shall be further regulated in Bank Indonesia Circular Letter.
- (4) Approval or rejection of the application referred to in paragraph (2) shall be provided no later than 30 (thirty) days after receipt of complete application documents.

Article 63

- (1) In case where the application as referred to in Article 62 paragraph (2) is approved by Bank Indonesia, Bank is obliged to:
  - a. discontinue all bank business activities at the KC concerned;
  - b. announce ...



- b. announce the plan for KC closing in a daily newspaper with wide circulation at the domicile location of the KC no later than 3 (three) days prior to the execution date of the closing; and
  - c. immediately settle all KC liabilities;
- (2) Execution of KC closing as referred to in paragraph (1) should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the execution date of KC closing, supplemented with supporting documents.
  - (3) The supporting documents referred to in paragraph (2) shall be further regulated in Bank Indonesia Circular Letter.

## Section Two

### Closing of Domestic Office Under KC

#### Article 64

- (1) The plan for the closing of Office under KC should be reported by Bank to Bank Indonesia no later than 30 (thirty) days prior to execution of office closing, supplemented with supporting documents.
- (2) Execution of Office under KC closing should be reported by Bank to Bank Indonesia no later than 10 (ten) days after the execution date of the closing, supplemented with supporting documents.
- (3) The supporting documents referred to in paragraph (1) and paragraph (2) shall be further regulated in Bank Indonesia Circular Letter.

## Section Three

### Closing of Overseas Office

#### Article 65

- (1) Closing of overseas KC, representative offices and other types of offices should be reported by Bank to Bank Indonesia no later than 10 (ten) days

after ...

after the execution date of office closing, supplemented with supporting documents.

- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.

## CHAPTER X

### REVOCATION OF OPERATING LICENSE AT BANK'S REQUEST

#### Article 66

- (1) Bank Indonesia could revoke operating license at Bank's request.
- (2) Bank's request as referred to in paragraph (1) should be based on the decision of the Shareholder General Meeting.

#### Article 67

Banks that are allowed to submit applications for revocation of operating licenses as referred to in Article 66 are those which are not under Bank Indonesia's special supervision as regulated in Bank Indonesia's stipulations concerning follow-up actions on Bank supervision and determination of status.

#### Article 68

Revocation of operating license at Bank's request as referred to in Article 66 could only be undertaken by Bank Indonesia if the Bank has settled its liabilities to all customers.

#### Article 69

Revocation of operating license at Bank's request as referred to in Article 66 shall be undertaken in 2 (two) stages:

- a. Approval on preparation for operating license revocation;
- b. Decision on revocation of operating license

Article ...

## Article 70

- (1) Application for approval on preparation for operating license revocation as referred to in Article 69 letter a shall be submitted by Bank's Board of Directors to Bank Indonesia, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.

## Article 71

In the case where the application referred to in Article 70 is approved, Bank Indonesia shall issue letter of approval on preparation for Bank's operating license revocation, and Bank is obliged to:

- a. discontinue all bank business activities;
- b. announce the plan for dissolution of Bank's legal entity and the plan for settlement of Bank's liabilities in two daily newspapers with wide circulation no later than 10 (ten) days after the date of the approval letter on preparation for Bank's operating license revocation;
- c. immediately settle all Bank liabilities; and
- d. appoint a public accounting firm for undertaking verification on settlement of Bank's liabilities.

## Article 72

- (1) When Bank has settled its liabilities to all customers, the Board of Directors submits the application for revocation of Bank's operating license to Bank Indonesia, supplemented with supporting documents.
- (2) The supporting documents referred to in paragraph (1) shall be further regulated in Bank Indonesia Circular Letter.
- (3) Based on the application for revocation of operating license as referred to in paragraph (1), Bank Indonesia shall issue a Decision Letter for  
revocation ...

revocation of Bank's operating license and request Bank to undertake legal entity dissolution in accordance with the stipulations of prevailing legislations.

- (4) All Bank's unsettled liabilities that are found at a later date would be the responsibility of Bank shareholders.

#### Article 73

Bank legal entity status shall be deleted as of the date of announcement of Bank legal entity termination in the State Gazette of the Republic of Indonesia.

### CHAPTER XI OTHER PROVISIONS

#### Article 74

A Sharia Service Unit that has obtained Bank Indonesia's confirmation and has been in operation prior to the enactment of this regulation is determined to become a KCP based on this Bank Indonesia Regulation.

#### Article 75

Stipulations applicable to branch offices, sub-branch offices, and Bank's representative offices that have overseas domiciles are regulated in separate stipulations.

### CHAPTER XII SANCTIONS

#### Article 76

- (1) Bank that does not comply with stipulations stated in Article 3, Article 6 paragraph (2), Article 12 paragraph (1), Article 13, Article 14, Article 15,

Article ...

Article 16, Article 17, Article 18, Article 20 paragraph (3), Article 21, Article 22, Article 23, Article 24, Article 25, Article 26, Article 27, Article 28, Article 29, Article 30, Article 31, Article 34, Article 35, Article 36, Article 37, Article 40 paragraph (3), Article 41, Article 42, Article 44 paragraph (1), Article 45 paragraph (1), Article 46 paragraph (1) and paragraph (4), Article 47 paragraph (1) and paragraph (3), Article 48, Article 49, Article 50, Article 52 paragraph (1), Article 53, Article 55, Article 57 paragraph (1), Article 58, Article 59 paragraph (1), Article 61 paragraph (1), paragraph (2), and paragraph (3), Article 62 paragraph (1) and paragraph (2), Article 63 paragraph (1) letter a and letter c, Article 64 paragraph (1), Article 77, and Article 78 shall be imposed with administrative sanctions in accordance with Article 58 of Act Number 21 of 2008 concerning Sharia Banking.

- (2) Bank that does not comply with stipulations stated in Article 12 paragraph (2), Article 19, Article 20 paragraph (1), Article 32 paragraph (5), Article 33, Article 38 paragraph (5), Article 39, Article 40 paragraph (1), Article 44 paragraph (2), Article 45 paragraph (4), Article 47 paragraph (4), Article 52 paragraph (2) and paragraph (5), Article 54, Article 57 paragraph (2) and paragraph (3), Article 59 paragraph (2), paragraph (3), and paragraph (4), Article 60, Article 61 paragraph (6), Article 63 paragraph (1) letter b and paragraph (2), Article 64 paragraph (2), and Article 65 shall be imposed with administrative sanctions in accordance with Article 58 of Act Number 21 of 2008 concerning Sharia Banking in the forms of:

- a. written warning and fine amounting to Rp1,000,000.00 (one million rupiah) per day of delay or no more than Rp30,000,000.00 (thirty million rupiah) for each report and/or announcement;

b. written ...

- b. written warning and fine amounting to Rp30,000,000.00 (thirty million rupiah) if Bank does not submit reports and/or announcements.
- (3) Bank is deemed not to have submitted reports and/or announcements as referred to in paragraph (2) letter b when Bank has not submitted the reports concerned 30 (thirty) days after the deadline for submission of reports and/or announcements.
- (4) Each party that does not comply with stipulations stated in Article 4 paragraph (1) and Article 9 paragraph (2) shall be imposed with criminal sanctions in accordance with Article 59 of Act Number 21 of 2008 concerning Sharia Banking.

### CHAPTER XIII TRANSITIONAL PROVISIONS

#### Article 77

Applications for licenses that have been submitted prior to the enactment of this Bank Indonesia Regulation but have not obtained approvals from Bank Indonesia should make adjustments to the stipulations of this Bank Indonesia Regulation.

#### Article 78

Bank's article of association should be adjusted to the stipulations stated in Article 3 and prevailing legislations at the latest by 16<sup>th</sup> July 2009.

### CHAPTER XIV CONCLUDING PROVISIONS

#### Article 79

Implementing ...

Implementing stipulations of this Bank Indonesia Regulation shall be further regulated in Bank Indonesia Circular Letter.

#### Article 80

With the enactment of this Bank Indonesia Regulation, Bank Indonesia Regulation Number 6/24/PBI/2004 concerning Commercial Bank Conducting Business Activities Based on Sharia Principles (State Gazette of the Republic of Indonesia Number 122 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4434) as amended by Bank Indonesia Regulation Number 7/35/PBI/2005 (State Gazette of the Republic of Indonesia Number 90 of 2005, Supplement to the State Gazette of the Republic of Indonesia Number 4536) is declared no longer valid.

#### Article 81

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 : Jakarta

Dated : January 29, 2009

GOVERNOR OF BANK INDONESIA

BOEDIONO

STATE ...

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 29 OF  
2009  
DPbS



ELUCIDATION  
TO  
BANK INDONESIA REGULATION  
NUMBER: 11/3/PBI/2009  
CONCERNING  
SHARIA COMMERCIAL BANKS

I. GENERAL REVIEW

In the framework of facing national economic development, which is undergoing fast changes, facing dynamic and more complex challenges, as well as being integrated with global economy, various comprehensive adjustments to policies in the field of banking are required, including regulations that are clear and providing legal assurance, which are expected to be able to enhance national banking resilience. In relation to the existence of sharia banking, adjustments and/or enhancement to stipulations have provided a strong foothold, namely by the enactment of Act Number 21 of 2008 concerning Sharia Banking on 16<sup>th</sup> July 2008. With the enactment of this Act, the existence of sharia banking in Indonesia as an alternative banking service for the Indonesian public has become more acceptable to and received more acknowledgment from the public, thus it is expected to give optimal contribution in supporting national economic development.

In accordance with prevailing legislations, Bank Indonesia is mandated to be responsible for Bank nurturing and supervision. In implementing this mandate, Bank Indonesia professionally used sharia principles, prudential principles, and common banking practices (international best practices) as references in order for the national sharia banking industry to become sound and strong as well as sustainable.

Application of sharia principles at sharia banks gains more importance in the eyes of all stakeholders because in conducting their business activities sharia banks avoid speculative financial transactions, boost transparency, avoid exploitation and boost development of the real sector. Sharia banking operational activities, which cover all aspects of economic life, such as revenue-sharing based financing activities (*mudharabah* and *musyarakah*), selling-buying (*murabahah*, *salam* and *istishna*), leasing (*ijarah*) and other services (*rahn*, *sharf* and *kafalah*), have made sharia banking better able to fulfill various needs of the community (universal banking).

In the framework of realizing sharia banking that is sound, resilient and efficient as well as able to compete with other national banking systems, there is a need to set institutional regulating, which could provide legal clarity and assurance. This Bank institutional regulating is prepared not only by taking into consideration prudential principles, prevailing banking practices in the international world but also input from stakeholders.

To complement this regulation, attention should also be given to other legislations that are relevant to it, such as among others legislations concerning Limited Company, Capital Market, and other regulations.

## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

“Limited company” means a legal entity, which comprises capital partnership, is incorporated based on an agreement, conducts business activities using ~~base~~ authorized capital that is entirely divided into shares and fulfills requirements set in the Act concerning Limited Company as well as its implementing stipulations.

### Article 3

Letter a

Self-explanatory.

Letter b

Main stipulating of Bank Board of Directors' tasks in article of association covers among others:

- a. tasks and responsibilities;
- b. reporting; and
- c. protection in execution of the tasks.

Letter c

Self-explanatory.

Letter d

In the case where the President Commissioner or Principal Commissioner is unable to be present, the Shareholder General Meeting can be led by another member of the Board of Commissioners.

Article 4

Self-explanatory.

Article 5

“Paid-in up” capital means capital that is paid by cash payment.

Article 6

Self-explanatory.

Article 7

Self-explanatory.

Article 8

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Bank Indonesia could conduct investigation to obtain assurance on correctness of documents that have been submitted.

Letter b

Self-explanatory.

Letter c

The fit and proper test will be executed in accordance with prevailing Bank Indonesia stipulations.

Paragraph (3)

Subject matters that have to be presented are among others: objectives and reasons for establishment of Bank, sources of capital and ownership, ~~core~~ main share of fund accumulation, ~~core~~ main share of fund channeling, as well as plan for structure and personnel organization.

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Bank Indonesia could conduct investigation to obtain assurance on correctness of submitted documents.

Letter b

The fit and proper test will be executed in accordance with prevailing Bank Indonesia stipulations.

## Article 12

Self-explanatory.

## Article 13

### Paragraph (1)

For example: Bank Syariah XYZ or Bank XYZ Syariah.

### Paragraph (2)

Self-explanatory.

## Article 14

~~Net own capital~~ Net worth means:

- a. the sum of paid-in up capital, reserves and profits, minus participations and losses, for a Limited Company/~~Distriet~~ municipal Company legal entity;
- b. the sum of principal savings, obligatory savings, grants, participation capital, reserve fund, and net business revenue, minus participations and losses, for a Cooperative legal entity; and
- c. for other legal entities, calculation of ~~net own capital~~ net worth or equivalent component is performed in accordance with the type of legal entity concerned.

## Article 15

### Letter a

The terminology of other parties does not include Central Government, Municipal/local Government, or institutions that are tasked to undertake Bank salvation in accordance with prevailing legislations.

### Letter b

Self-explanatory.

## Article 16

### Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Possessing high commitment means among others possessing the willingness to assist in Bank's development in order for it to become sound, resilient, and sustainable.

Article 17

Self-explanatory.

Article 18

Paragraph (1)

Self-explanatory.

Paragraph (2)

Not being treated as acquisition means that the replacement of PSP is not conducted through the requirements and procedure for acquisition as stipulated in prevailing legislations.

Article 19

Self-explanatory.

Article 20

Self-explanatory.

Article 21

Self-explanatory.

Article 22

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

## Article 25

### Paragraph (1)

Self-explanatory.

### Paragraph (2)

Self-explanatory.

### Paragraph (3)

Self-explanatory.

### Paragraph (4)

The existence of Independent Commissioners are meant to boost the realization of working climate and environment that are more objective and applying fairness and equality among various interests, including the interests of minority shareholders and other stakeholders.

## Article 26

### Paragraph (1)

#### Letter a

Self-explanatory.

#### Letter b

Self-explanatory.

#### Letter c

Self-explanatory.

#### Letter d

“Non-profit institutions” mean all institutions that do not seek profit (non profit motive).

### Paragraph (2)

Family relation upto the second degree means vertical as well as horizontal relations, including parent in-laws, son/daughter in-laws, and brother/sister in-laws. Thus family includes:

1. Natural/step/adopted parents;
2. Natural/step/adopted brothers/sisters as well as their husbands or wives;
3. Natural/step/adopted children;
4. Natural/step/adopted grandparents;
5. Natural/step/adopted grandchildren;
6. Natural/step/adopted brothers/sisters of parents as well as their husbands or wives;
7. Husband/wife;
8. Parent in-laws;
9. Children's Parent in-laws;
10. Husbands/wives of natural/step/adopted children;
11. Grandparents of husband or wife;
12. Husbands/wives of natural/step/adopted grandchildren;
13. Natural/step/adopted brothers/sisters of husband or wife as well as their husbands or wives.

#### Article 27

Self-explanatory.

#### Article 28

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Independent means not being related in management, ownership and/or financial relation, as well as family relation.



## Article 29

### Paragraph (1)

Self-explanatory.

### Paragraph (2)

#### Letter a

Self-explanatory.

#### Letter b

“Non-profit institutions” mean all institutions that do not seek profit (non profit motive).

### Paragraph (3)

Other companies mean among others, other companies outside the Bank concerned, such as bank and non-bank financial institutions, financing institutions, or companies.

### Paragraph (4)

Family relation upto the second degree means vertical as well as horizontal relations, including parent in-laws, son/daughter in-laws, and brother/sister in-laws. Thus family includes:

1. Natural/step/adopted parents;
2. Natural/step/adopted brothers/sisters as well as their husbands or wives;
3. Natural/step/adopted children;
4. Natural/step/adopted grandparents;
5. Natural/step/adopted grandchildren;
6. Natural/step/adopted brothers/sisters of parents as well as their husbands or wives;
7. Husband/wife;
8. Parent in-laws;
9. Children’s Parent in-laws;

10. Husbands/wives of natural/step/adopted children;
11. Grandparents of husband or wife;
12. Husbands/wives of natural/step/adopted grandchildren;
13. Natural/step/adopted brothers/sisters of husband or wife as well as their husbands or wives.

#### Article 30

Self-explanatory.

#### Article 31

##### Paragraph (1)

This stipulation is also applicable in transfer of position from member of Board of Directors to member of Board of Commissioners and vice versa.

##### Paragraph (2)

Members of Board of Commissioners and/or members of Board of Directors that have not yet obtained or do not obtain Bank Indonesia's approvals are prohibited from taking office as members of Board of Commissioners and/or members of Board of Directors.

##### Paragraph (3)

Stipulations of prevailing legislations mean among others stipulations of legislations concerning Limited Company or State-Owned Companies.

#### Article 32

##### Paragraph (1)

Application for approval on candidate members of Board of Commissioners is submitted at the least by President Director or Principal Director to Bank Indonesia. Application for approval

on candidate members of Board of Directors is submitted at the least by President Commissioner or Principal Commissioner to Bank Indonesia.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

### Article 33

The date when discharge and/or withdrawal becomes effective is the date after the discharge and/or withdrawal of the party concerned obtains approval of shareholder general meeting, transfer of position, or other mechanisms as stipulated in the deed of incorporation.

### Article 34

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Number 1

Self-explanatory.

Number 2

Self-explanatory.

Number 3

Possessing commitment means among others possessing the willingness to set adequate time for Bank in order to execute his/her task effectively.

Number 4

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Number 1

“List of non-performing credits” is a list of non-performing credits as regulated in Bank Indonesia stipulations which regulate the Debtor Information System.

Number 2

Self-explanatory.

Article 35

Paragraph (1)

Self-explanatory.

Paragraph (2)

Letter a

Assessing and ensuring fulfillment of sharia principles on operational guidelines are in the framework of assisting bank to fulfill the sharia principles that are incorporated into operational guidelines.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Self-explanatory.

Letter e

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 36

Self-explanatory.

Article 37

Self-explanatory.

Article 38

Self-explanatory.

Article 39

The date when discharge and/or withdrawal becomes effective is the date after the discharge and/or withdrawal of the party concerned obtains approval of shareholder general meeting, transfer of position, or other mechanisms as stipulated in the deed of incorporation.

Article 40

Paragraph (1)

Executive Officers that should be reported are among others Executive Officers that have roles in implementation of Bank policies and operations on financing, treasury, fund accumulation activities and other operational activities.

An Executive Officer is deemed to be in effect holding his/her position when the concerned officer:

- a. has received an appointment letter and/or deed of authorization or other documents to the same effect; and
- b. has undergone transfer of position.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Other considerations that show the integrity aspect has not been met include among others track record information originating from results of Bank Indonesia's supervision or other sources.

Article 41

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Prevailing stipulations in this Article mean among others:

- a. Act concerning Work Force and its implementing stipulations;
- b. Act concerning Immigration and its implementing stipulations; and
- c. Bank Indonesia Regulation concerning Utilization of Foreign Work Force and Transfer of Knowledge Program in Banking Sector.

Article 42

Self-explanatory.

Article 43

Self-explanatory.

Article 44

Self-explanatory.

Article 45

Self-explanatory.

Article 46

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Other offices mean offices of other banks or companies.

Paragraph (4)

Self-explanatory.

Article 47

Self-explanatory.

Article 48

Self-explanatory.

Article 49

Paragraph (1)

KPK does not include exhibition activities that are conducted in the framework of promotion, of non-permanent nature, and only receive initial deposit payments/cash custodianship in accordance with the requirement of minimum deposit for opening of a saving deposit account.

Paragraph (2)

Self-explanatory.

Article 50

Self-explanatory.

Article 51

Self-explanatory.

## Article 52

### Paragraph (1)

Submission of application for license to the authorities of the country concerned is undertaken after there is an approval from Bank Indonesia.

### Paragraph (2)

Self-explanatory.

### Paragraph (3)

Self-explanatory.

### Paragraph (4)

Self-explanatory.

### Paragraph (5)

Self-explanatory.

## Article 53

With the issuance of license for KC opening, Bank office status changes from Office under KC to KC without having to fulfill stipulations concerning the closing of Office under KC.

## Article 54

Self-explanatory.

## Article 55

Self-explanatory.

## Article 56

Self-explanatory.

## Article 57

Self-explanatory.

## Article 58

Self-explanatory.

## Article 59



Self-explanatory.

Article 60

Self-explanatory.

Article 61

Paragraph (1)

Stipulations of prevailing legislations mean among others the Act concerning Limited Company and Act concerning Sharia Banking.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Paragraph (6)

Self-explanatory.

Article 62

Self-explanatory.

Article 63

Self-explanatory.

Article 64

Self-explanatory.

Article 65

Self-explanatory.

Article 66

Self-explanatory.

Article 67

Self-explanatory.

Article 68

Liabilities mean liabilities to deposit customers, investor customers, and recipient customers of Bank facilities, which are recorded in the balance sheet (on balance sheet) or in administrative accounts (off balance sheet), as well as other liabilities such as Bank personnel salaries and tax payables.

Article 69

Self-explanatory.

Article 70

Self-explanatory.

Article 71

Letter a

Self-explanatory.

Letter b

Self-explanatory.

Letter c

Liabilities mean liabilities to deposit customers, investor customers, and recipient customers of Bank facilities, which are recorded in the balance sheet (on balance sheet) or in administrative accounts (off balance sheet), as well as other liabilities such as Bank personnel salaries and tax payables.

Letter d

Self-explanatory.

Article 72

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Decision Letter on Bank operating license revocation is issued by taking into consideration results of investigation on the Bank concerned to ensure fulfillment of the requirements referred to in Article 71 and other prevailing stipulations.

Paragraph (4)

Liabilities mean liabilities to deposit customers, investor customers, and recipient customers of Bank facilities, which are recorded in the balance sheet (on balance sheet) or in administrative accounts (off balance sheet), as well as other liabilities such as Bank personnel salaries and tax payables.

Article 73

Self-explanatory.

Article 74

Sharia Service Unit means Bank office of the KCP level, which business activities are to assist its parent KC and is located outside the provincial city and outside Bogor, Depok, Tangerang, and Bekasi.

Article 75

Self-explanatory.

Article 76

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Letter a

Self-explanatory.

Letter b

In the case where Bank is imposed with sanctions related to non-submission of report, it won't be imposed with sanctions related to delayed submission of report.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 77

Self-explanatory.

Article 78

Self-explanatory.

Article 79

Self-explanatory.

Article 80

Self-explanatory.

Article 81

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF  
INDONESIA NUMBER 4978