

OTORITAS JASA KEUANGAN REGULATION
OF REPUBLIC OF INDONESIA
NUMBER 5 OF 2024
CONCERNING
DETERMINATION OF SUPERVISION STATUS
AND HANDLING OF COMMERCIAL BANK ISSUES
WITH THE BLESSINGS OF GOD ALMIGHTY,

BOARD OF COMMISSIONERS OF
OTORITAS JASA KEUANGAN

Considering: that in order to implement the provisions of Article 36A and Article 37 paragraph (4) and paragraph (6) of Act Number 7 of 1992 concerning Banking as amended several times, most recently by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector, Article 54 paragraph (4) and paragraph (6) of Act Number 21 of 2008 concerning Sharia Banking as amended by Law Number 4 of 2023 concerning Development and Strengthening of the Financial Sector, and Article 16A paragraph (8), Article 16C paragraph (10), Article 18A paragraph (4), Article 19 paragraph (4), Article 25 paragraph (11), Article 29A, and Article 31 of Act Number 9 of 2016 concerning Prevention and Handling of Financial System Crises as amended by Act Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector, and to realize the stability of a strong financial system through the development and strengthening of the financial sector in Indonesia, it is necessary to establish an Otoritas Jasa Keuangan Regulation on Determination of Supervisory Statuses and Handling of The Issues of Commercial Bank;

Observing: 1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 32 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended

- several times, most recently by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
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) as amended several times, most recently by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
 3. Act Number 21 of 2011 concerning Otoritas Jasa Keuangan State Gazette of the Republic of Indonesia Number 111 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5253) as amended by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
 4. Act Number 9 of 2016 concerning Prevention and Handling of Financial System Crises (State Gazette of the Republic of Indonesia Number 70 of 2016, Supplement to the State Gazette of the Republic of Indonesia Number 5872) as amended by Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);
 5. Act Number 4 of 2023 concerning Development and Strengthening of the Financial Sector (State Gazette of the Republic of Indonesia Number 4 of 2023, Supplement to the State Gazette of the Republic of Indonesia Number 6845);

HAS DECIDED:

To issue: OTIRITAS JASA KEUANGAN REGULATION CONCERNING
DETERMINATION OF SUPERVISORY STATUSES AND
HANDLING OF COMMERCIAL BANK ISSUES.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Otoritas Jasa Keuangan Regulation:

1. Commercial Bank, hereinafter referred to as Bank, is any bank that carries out business activities in the conventional manner and/or based on sharia principles and in its activities provides services in payment activities, including the branch offices of banks domiciled abroad.
2. Branch Office of a Bank Domiciled Abroad, hereinafter referred to as KCBLN (*Kantor Cabang dari Bank yang Berkedudukan di Luar Negeri*), is any Bank which is a branch office of a bank that is a legal entity and has its head office abroad.
3. Systematically Important Bank is any Bank that, due to the size of its assets, capital and liabilities; width of network or complexity of transactions for banking services; and interconnectedness with other financial sectors, can result in partial or total failure of other banks or the financial services sector, both operationally and financially, if the Bank experiences disruptions or failures.
4. Shareholders' General Meeting, hereafter abbreviated to RUPS (*Rapat Umum Pemegang Saham*), is an organ of Bank that has authority that is not granted to the board of directors or board of commissioners within the limits specified in the law regarding limited liability companies and/or the articles of association or an equivalent organ or party in the case of KCBLN.
5. Board of Directors is an organ of Bank that has the authority and full responsibility for managing the Bank for the interests of the Bank, in accordance with the aims and objectives of the Bank and representing the Bank, both inside and outside the court in accordance with the provisions of the articles of association in the case of any Bank which is a limited liability company, or a branch office head and an official of one level below the branch office head in the case of any KCBLN.
6. Board of Commissioners is an organ of Bank that is tasked with carrying out general and/or specific supervision in accordance with the articles of association as well as

providing advice to the Board of Directors in the case of any Bank which is a limited liability company, or a party appointed to carry out supervisory function in the case of any KCBLN.

7. Controlling Shareholder, hereinafter abbreviated as PSP (*Pemegang Saham Pengendali*), is a legal entity, natural person, and/or business group that owns shares in a company or Bank amounting to 25% (twenty five percent) or more of the total number of shares issued and have voting rights, or has Company or Bank shares of less than 25% (twenty five percent) of the total number of shares issued and have voting rights but the party concerned can be proven to have exercised control over the company or Bank, either directly or indirectly.
8. Ultimate controlling shareholder, hereinafter abbreviated as PSPT (*Pemegang Saham Pengendali Terakhir*), is a natural person or state that directly or indirectly owns shares in a company or Bank and is the final controller or ultimate beneficial owner of a company, Bank or business group.
9. Capital Surcharge is an additional capital capacity which function is to reduce the negative impact on the stability of the financial system and economy in the event of a Systematically Important Bank failure by increasing the Systematically Important Banks' ability to absorb losses.
10. The Recovery Action Plan is a plan to overcome financial issues that may occur at a Bank.
11. Statutory Reserves Requirements, hereinafter abbreviated as GWM (*Giro Wajib Minimum*), is the minimum statutory reserves requirements as stipulated in the provisions of legislation regarding statutory reserves requirements.
12. Intermediary Bank is a commercial bank established by Indonesia Deposit Guarantee Corporation to be used as a resolution tool by accepting the transfer of some or all of the assets and/or liabilities of a bank handled by Indonesia Deposit Guarantee Corporation, thereafter, carrying out banking business activities, and the ownership will subsequently be transferred to another party.
13. Originating Bank is a bank handled by Indonesia Deposit Guarantee Corporation, which part or all of its assets and/or liabilities are transferred to the Intermediary Bank.
14. Bank Group based on Core Capital, hereinafter abbreviated as KBMI (*Kelompok Bank berdasarkan Modal Inti*), is a grouping of banks based on the core capital owned, in accordance with Otoritas Jasa Keuangan Regulation concerning commercial banks and Otoritas Jasa Keuangan Regulation concerning sharia commercial banks.

15. Otoritas Jasa Keuangan is an independent state agency which has the function, task and authority of regulation, supervision, examination and investigation as referred to in the law concerning *Otoritas Jasa Keuangan*.
16. Bank Indonesia is the Central Bank of the Republic Indonesia as intended in the 1945 Constitution of the Republic of Indonesia.
17. Indonesia Deposit Guarantee Corporation (*Lembaga Penjamin Simpanan/LPS*) is a deposit insurance institution as referred to in the law concerning *Lembaga Penjamin Simpanan*.
18. Indonesia Financial System Stability Committee is the financial system stability committee as referred to in the law concerning prevention and handling of financial system crises and the law concerning development and strengthening of the financial sector.

CHAPTER II

DETERMINATION OF SYSTEMATICALLY IMPORTANT BANKS AND CAPITAL SURCHARGES

Section One

General Provisions

Article 2

- (1) Otoritas Jasa Keuangan shall determine a Bank to be a Systematically Important Bank after coordinating with Bank Indonesia and LPS.
- (2) Otoritas Jasa Keuangan shall coordinate with Bank Indonesia and LPS in updating the list of Systematically Important Banks.
- (3) The updating of the list of Systematically Important Banks as referred to in paragraph (2) shall be carried out periodically 1 (one) time in 6 (six) months, namely in:
 - a. March, using data up to the position in December of the previous year; and
 - b. September, using data up to the position in June of the current year.
- c. Otoritas Jasa Keuangan shall submit the result of the determination of Systematically Important Banks as referred to in paragraph (1) and the updating of the list of Systematically Important Banks as referred to in paragraph (2) to the Financial System Stability Committee.

Article 3

- (1) Otoritas Jasa Keuangan shall deliver a written notification to any Bank designated as a Systematically Important Bank and the establishment of a Capital Surcharge for the Systematically Important Bank.
- (2) The validity period for the determination of a Systematically Important Bank and establishment of a Capital Surcharge as referred to in paragraph (1) as follows:
 - a. the determination period in March, shall be valid from April to September of the current year; and
 - b. The determination period is September, shall be valid from October of the current year until March of the following year.

Section Two

Methodology for Determination of Systematically Important Banks

Article 4

- (1) In the determination of Systematically Important Banks as referred to in Article 2, Otoritas Jasa Keuangan shall prepare a methodology for determining Systematically Important Banks.
- (2) The methodology for determining Systematically Important Banks as referred to in paragraph (1) shall use the following indicators:
 - a. bank size (size);
 - b. complexity of business activities (complexity); and
 - c. interconnectedness with the financial system.
- (3) The methodology for determining Systematically Important Banks as referred to in paragraph (1) shall be used in determining Systematically Important Banks and updating the list of Systematically Important Banks periodically 1 (one) time in every 6 (six) months as referred to in Article 2 paragraph (3).
- (4) Otoritas Jasa Keuangan shall review the methodology for determining Systematically Important Banks as referred to in paragraph (1) at least 1 (one) time in every 3 (three) years.

Article 5

- (1) A Bank's size as referred to in Article 4 paragraph (2) letter a is measured from the Bank's total exposure.
- (2) A Bank's total exposure as referred to in paragraph (1) is the sum of:
 - a. exposure on the balance sheet;
 - b. exposure on administrative accounts; and
 - c. potential future exposure from derivative transactions.

Article 6

The complexity of business activities (complexity) as referred to in Article 4 paragraph (2) letter b has sub-indicators consisting of:

- a. spot and over the counter derivatives notional values;
- b. securities with measurement categories of:
 1. fair value calculated in profit or loss (fair value through profit or loss); and
 2. fair value calculated in other comprehensive income (fair value through other comprehensive income);
- c. specific domestic indicators set by Otoritas Jasa Keuangan that include at least:
 1. value of outstanding bank guarantees;
 2. value of outstanding irrevocable letters of credit;
 3. carrying value of the state securities and/or state sharia securities portfolios held;
 4. number of third-party fund accounts;
 5. number of credit accounts or financing accounts; and
 6. number of domestic and foreign branch offices; and
- d. substitutability of a Bank's role in the payment system and custodian activities.

Article 7

Interconnectedness with the financial system as referred to in Article 4 paragraph (2) letter c has sub-indicators that include at least:

- a. financial assets in the form of receivables or placements with financial service institutions (intra financial system assets);
- b. financial obligations to financial service institutions (intra financial system liabilities);
- c. carrying value of securities issued by the Bank (outstanding securities); and
- d. interconnectedness of interbank transactions in the money market (network analysis of the interbank system).

Article 8

Based on the indicators as referred to in Article 4 paragraph (2), Otoritas Jasa Keuangan calculates a Bank's systemic importance score and determines a threshold as the basis for determining a Systematically Important Bank

Section Three Capital Surcharges

Article 9

- (1) Otoritas Jasa Keuangan shall set the Capital Surcharges in 5 (five) groups (buckets).
- (2) The amount of Capital Surcharge in each group (bucket) is set at:
 - a. 1.0% (one point zero percent) of risk-weighted assets for Systematically Important Banks classified in group (bucket) 1 (one);
 - b. 1.5% (one point five percent) of risk-weighted assets for Systematically Important Banks classified in group (bucket) 2 (two);
 - c. 2.0% (two point zero percent) of risk-weighted assets for Systematically Important Banks classified in group (bucket) 3 (three);
 - d. 2.5% (two point five percent) of risk-weighted assets for Systematically Important Banks classified in group (bucket) 4 (four); And
 - e. 3.5% (three point five percent) of risk-weighted assets for Systematically Important Banks which are classified in group (bucket) 5 (five).

Article 10

- (1) Otoritas Jasa Keuangan shall set the grouping of Systematically Important Banks based on the systemic importance scores in bucket 1 (one) to bucket 4 (four) respectively.
- (2) In the event that there is any Bank that has a systemic importance score that cannot be classified into bucket 1 (one) to bucket 4 (four), Otoritas Jasa Keuangan shall set:
 - a. The Systematically Important Banks to be in group (bucket) 5 (five); and
 - b. The formation of 1 (one) group (bucket) above the 5th (fifth) group (bucket).
 - c. Otoritas Jasa Keuangan shall set 1 (one) higher group (bucket) every time there is a Systematically Important Bank designated in the previous highest group (bucket).

- (3) For each additional 1 (one) group (bucket) as referred to in paragraph (2) and paragraph (3), the amount of Capital Surcharge as referred to in Article 9 paragraph (2) shall be set to increase by 1% (one percent) of the risk-weighted assets.

Article 11

- (1) Systematically Important Bank shall be required to form a Capital Surcharge in accordance with the set amount of Capital Surcharges as referred to in Article 9 paragraph (2) and Article 10 paragraph (4).
- (2) The Capital Surcharge as referred to in paragraph (1) must be met by each Systematically Important Bank using the main core capital (common equity tier 1).
- (3) Otoritas Jasa Keuangan may review and adjust the setting of the amount and period of time for meeting the Capital Surcharge requirement, taking into account economic conditions and financial system stability.

Article 12

- (1) When a bank, at the time of designation as a Systematically Important Bank, is unable to fulfill its obligation to meet the Capital Surcharge as referred to in Article 11, it is to submit a plan to meet the Capital Surcharge to Otoritas Jasa Keuangan no later than 14 (fourteen) working days from the written notification as referred to in Article 3 paragraph (1).
- (2) The plan for meeting the Capital Surcharge requirement as referred to in paragraph (1) shall be submitted to Otoritas Jasa Keuangan online through Otoritas Jasa Keuangan's reporting system using the procedure in accordance with Otoritas Jasa Keuangan Regulation regarding commercial bank reporting through Otoritas Jasa Keuangan's reporting system.
- (3) In the event that Otoritas Jasa Keuangan's reporting system as referred to in paragraph (2) is not yet available or in the event of force majeure, submission shall be made through Otoritas Jasa Keuangan's correspondence system.
- (4) In the event that Otoritas Jasa Keuangan correspondence system as referred to in paragraph (3) is not yet available or there is a force majeure situation, submission shall be made offline to Otoritas Jasa Keuangan.
- (5) Submissions via Otoritas Jasa Keuangan's correspondence system as referred to in paragraph (3) or offline as referred to in paragraph (4) shall be addressed to:

- a. The relevant Department of Bank Supervision or Otoritas Jasa Keuangan Office in Jakarta, for any Bank which head office is located or that domiciles in the Special Capital Region of Jakarta Province and Banten Province; or
- b. The local Otoritas Jasa Keuangan Office, for any Bank which head office is located or that domiciles outside the territory of the Special Capital Region of Jakarta Province and Banten Province.

Section Four

Sanctions

Article 13

- (1) Any Systematically Important Bank that violates the provisions as referred to in Article 11 paragraph (1) and/or Article 12 paragraph (1) shall be subject to administrative sanctions in the form of a written warning.
- (2) Any Systematically Important Bank that is late in fulfilling the obligation to submit a plan to meet the Capital Surcharge as referred to in Article 12 paragraph (1), shall be subject to an administrative sanction in the form of monetary fine amounting to IDR 2,000,000.00 (two million rupiah) per working day and a maximum of IDR 200,000,000.00 (two hundred million rupiah).
- (3) Any Bank that has been subject to an administrative sanction in the form of monetary fine as referred to in paragraph (2), shall still be required to submit a plan for meeting the Capital Surcharge requirement to Otoritas Jasa Keuangan.
- (4) In the event that a Systematically Important Bank has been subject to the administrative sanctions as referred to in paragraph (1) and/or paragraph (2), and continues to violate the provisions as referred to in Article 11 paragraph (1), Article 12 paragraph (1) and/or paragraph (3), the Systematically Important Bank shall be subject to administrative sanctions in the form of:
 - a. prohibition on issuing new products;
 - b. freezing of certain business activities;
 - c. prohibition on expanding business activities;
 - d. prohibition on carrying out new business activities; and/or
 - e. lowering in the assessment of the Systemic Bank's soundness rating.
- (5) In the event that a Systematically Important Bank has been subject to the administrative

sanctions as referred to in paragraph (1), paragraph (2), and/or paragraph (4), the main party of the Systematically Important Bank may be subject to an administrative sanction in the form of prohibition from being the main party in accordance with Otoritas Jasa Keuangan Regulation concerning reassessment of the main parties of financial service institutions.

- (6) The imposition of administrative sanctions as referred to in paragraph (1) to paragraph (5) does not eliminate the imposition of other sanctions in accordance with the prevailing legislations.

CHAPTER III RECOVERY ACTION PLAN

Section One General Provisions

Article 14

- (1) Bank is required to prepare and submit a Recovery Action Plan to Otoritas Jasa Keuangan.
- (2) Bank under the resolution measure of LPS is exempted from the obligation to prepare and submit a Recovery Action Plan as referred to in paragraph (1).

Article 15

- (1) The Recovery Action Plan as referred to in Article 14 paragraph (1) must obtain the shareholders' approval at the RUPS.
- (2) In the event that the Recovery Action Plan submitted to Otoritas Jasa Keuangan has not received the shareholders' approval at the RUPS as referred to in paragraph (1), the Bank is obliged to request approval for the Recovery Action Plan at the following RUPS.

Article 16

- (1) Submission of the Recovery Action Plan to Otoritas Jasa Keuangan as referred to in Article 14 paragraph (1) must be signed by the president director, chairman of the board of commissioners, and the PSP.

- (2) In the case of Bank that carries out business activities based on sharia principles and Bank that carries out conventional business activities that have sharia business units, the signing as referred to in paragraph (1) must first obtain an opinion from the sharia supervisory board.
- (3) The opinion of the sharia supervisory board as referred to in paragraph (2) shall be included in the Recovery Action Plan submitted by the Bank.

Article 17

The Board of Directors is required to:

- a. prepare a realistic and comprehensive Recovery Action Plan;
- b. submit the Recovery Action Plan to the shareholders at the RUPS to obtain approval;
- c. communicate the Recovery Action Plan to all levels of the Bank's organization;
- d. carry out periodic evaluation and testing (stress testing) of the Recovery Action Plan; and
- e. implement the Recovery Action Plan in an effective and timely manner.

Article 18

- (1) The Recovery Action Plan as referred to in Article 14 paragraph (1) must obtain approval from the Board of Commissioners.
- (2) The Board of Commissioners is required to undertake:
 - a. supervision of the implementation of the Recovery Action Plan; and
 - b. evaluation of the implementation of the Recovery Action Plan.

Section Two

Guidelines for Recovery Action Plan

Article 19

- (1) Each Bank must have Guidelines for Recovery Action Plan that shall contain at least:
 - a. party that plays a role and is responsible for:
 1. preparing the Recovery Action Plan;
 2. submitting the Recovery Action Plan; and
 3. communicating the Recovery Action Plan to all levels of the Bank's organization;

- b. party that plays a role and is responsible for evaluating and testing (stress testing) the Recovery Action Plan; and
 - c. party that plays a role and is responsible for implementing the Recovery Action Plan.
- (2) To support the implementation of the Recovery Action Plan as referred to in paragraph (1) letter c, the Recovery Action Plan guidelines shall contain at least:
- a. procedures to ensure timely implementation of the Recovery Action Plan; and
 - b. procedures for decision making and procedures for escalation in decision making.
- (3) Any Bank may form a crisis management group to implement the Recovery Action Plan.
- (4) The crisis management group as referred in paragraph (3) shall be supplemented with the guidelines, which at minimum shall contain the procedures as referred in paragraph (2).

Article 20

The Guidelines for the Recovery Action Plan as referred to in Article 19 shall be prepared by implementing good corporate governance at the Bank.

Article 21

Each Bank is required to develop a reliable management information system to support evaluation and testing (stress testing), as well as implementation of the Recovery Action Plan.

Section Three

Scope of Recovery Action Plan

Paragraph 1

General Provisions

Article 22

The Recovery Action Plan as referred to in Article 14 paragraph (1) shall contain at least:

- a. an executive summary;
- b. a general description of the Bank;
- c. recovery options; and
- d. disclosure of the Recovery Action Plan.

Paragraph 2

Executive Summary

Article 23

The executive summary as referred to in Article 22 letter a shall contain at least a summary of:

- a. general description of the Bank;
- b. recovery options; and
- c. disclosure of the Recovery Action Plan.

Paragraph 3

General Description of the Bank

Article 24

The general description of the Bank as referred to in Article 22 letter b shall contain at least:

- a. Bank condition;
- b. material business lines, office network and subsidiary companies of the Bank;
- c. Bank business group structure;
- d. Bank business linkages; and
- e. scenario analysis of the impact of changes in Bank condition.

Article 25

The Bank condition as referred to in Article 24 letter a shall contain at least:

- a. ownership;
- b. business aspects and performance;
- c. business plan;
- d. risk management strategy;
- e. office network; and
- f. subsidiary companies.

Article 26

(1) Bank material business lines, office network, and subsidiary companies as referred to in Article 24 letter b shall describe the Bank business lines, office network, and subsidiary companies which have the following criteria:

- a. contribute significantly to the activities of achieving profits, mobilizing funds, channeling funds, including the Bank's financial performance;

- b. bear huge risks in the worst-case scenario which could endanger the Bank's business continuity at individual level and consolidated level;
 - c. cannot be dissolved or closed without triggering major risks to the Bank;
 - d. play an important role in the Bank's financial stability; and/or
 - e. carry out operational activities and risk management activities that directly support the implementation of business functions, including operational linkages of a function with other functions within the Bank.
- (2) The Bank must disclose the material criteria of the Bank's business lines, office network and subsidiary companies as referred to in paragraph (1).

Article 27

The Bank business group structure as referred to in Article 24 letter c shall describe the business structure related to the Bank, the PSP to PSPT, and related companies (sister companies).

Article 28

- (1) Bank business linkages as referred to in Article 24 letter d include:
- a. material intra-group business linkages; and
 - b. material external business linkages.
- (2) Material intra-group business linkages of the Bank as referred to in paragraph (1) letter a shall at least describe financial linkages, capital participations and intra-group financial support agreements.
- (3) Material external business linkages of the Bank as referred to in paragraph (1) letter b shall at least describe significant exposures, obligations, products and/or services to main business partners.
- (4) The Bank must disclose material criteria for Bank business linkages as referred to in paragraph (1).

Article 29

Scenario analysis of the impact of changes in the Bank's condition as referred to in Article 24 letter e shall include scenario analysis of stress conditions that occur at the Bank:

- a. individually (idiosyncratic); and
- b. externally that occurs in the financial market as a whole (market-wide shock), which can be at domestic level or international level,

at least on capital, liquidity, profitability and asset quality conditions.

Paragraph 4 Recovery Options

Article 30

- (1) Each Bank is required to prepare and determine the recovery options as referred to in Article 22 letter c in detail along with realistic implementation stages.
- (2) Determination of the recovery options as referred to in paragraph (1) shall be based on:
 - a. indicators used in the Recovery Action Plan; and
 - b. the trigger level of each indicator used in the Recovery Action Plan as referred to in letter a, that will activate the implementation of the Recovery Action Plan.

Article 31

- (1) In preparing and determining the recovery options as referred to in Article 30 paragraph (1), each Bank is required to determine the indicators used in the Recovery Action Plan as referred to in Article 30 paragraph (2) letter a, which include:
 - a. capital;
 - b. liquidity;
 - c. profitability; and
 - d. asset quality.
- (2) The capital indicators as referred to in paragraph (1) letter a shall consist of at least:
 - a. capital adequacy ratio; and
 - b. main core capital ratio (common equity tier 1).
- (3) The liquidity indicators as referred to in paragraph (1) letter b shall consist of at least:
 - a. GWM ratio in rupiah;
 - b. liquidity coverage ratio; and
 - c. net stable funding ratio.
- (4) The profitability indicators as referred to in paragraph (1) letter c shall consist of at least:
 - a. return on assets (ROA) ratio;
 - b. return on equity (ROE) ratio; and
 - c. ratio of Operational Costs on Operational Revenue (beban operasional terhadap pendapatan operasional/BOPO).

- (5) The asset quality indicators as referred to in paragraph (1) letter d shall consist of at least:
 - a. gross non-performing loan (NPL) ratio or gross non-performing financing (NPF) ratio; and
 - b. net non-performing loan (NPL) ratio or net non-performing financing (NPF) ratio.
- (6) In the event that there is yet no liquidity indicator other than the GWM ratio in rupiah, the liquidity indicator for any Bank carrying out business activities based on sharia principles shall be at least the GWM ratio in rupiah as referred to in paragraph (3) letter a.

Article 32

- (1) In addition to the indicators used in the Action Plan as referred to in Article 31, each Bank may determine other quantitative indicators and/or qualitative indicators, which according to the Bank's assessment could cause significant issues for the Bank's financial condition.
- (2) The Bank shall determine the recovery options for other quantitative indicators and/or qualitative indicators as referred to in paragraph (1).

Article 33

- (1) Each Bank shall determine the trigger level for each indicator as referred to in Article 30 paragraph (2) letter b, to implement the recovery options.
- (2) In the event that there are prevailing legislations regarding capital, liquidity, profitability and/or asset quality indicators, the Bank is obliged to set trigger levels that are guided by the prevailing legislations.
- (3) The set trigger levels as referred to in paragraph (1) must cover the implementation of the Recovery Action Plan for the purposes of:
 - a. prevention, so that the Bank can maintain the same size or ratios or better than the prevailing legislations;
 - b. recovery, so that the Bank no longer violates the size or ratio of indicators in accordance with provisions of legislation; and
 - c. improvement, from condition that endanger the Bank's business continuity.

Article 34

- (1) Preparation and determination of the recovery options as referred to in Article 30 paragraph (1) by each Bank must be supplemented by:

- a. sequence of the options for implementing the recovery options, in the event that requires the Bank to implement the recovery option;
 - b. analysis or assessment of the feasibility of each recovery option;
 - c. analysis or assessment of the impact of each recovery option; and
 - d. analysis or assessment of the expected timeframe for implementation and effectiveness of each recovery option.
- (2) Analysis or assessment of the feasibility of each recovery option as referred to in paragraph (1) letter b, shall at least include:
- a. a risk assessment associated with the recovery options, based on experiences in implementing the recovery options or other relevant measures;
 - b. analysis of material obstacles to timely implementation of recovery options and explanation of how to overcome the obstacles; and
 - c. assessment of the adequacy of operational support for each recovery option.

Article 35

- (1) In determining the recovery options for capital issues as referred to in Article 31 paragraph (1) letter a, in addition to other recovery options to overcome capital issues, Bank is required to determine recovery options in the form of:
- a. Bank capital increase which becomes an obligation of the PSP and/or PSPT;
 - b. conversion of certain types of liabilities into Bank capital, which:
 - 1. will become an obligation of the PSP and/or PSPT; and/or
 - 2. will include the participation of other parties; and
 - c. Bank capital increase that includes the participation of other parties.
- (2) Certain types of obligations as referred to in paragraph (1) letter b number 1 and number 2 include:
- a. deposits; and/or
 - b. debt or investment instruments that have capital characteristics, at the Bank which can be converted into capital.
- (3) The obligation to convert certain types of liabilities into Bank capital by the PSP and/or PSPT as referred to in paragraph (1) letter b number 1 shall be carried out through:
- a. conversion of deposits and/or debt or investment instruments that have capital characteristics owned by the PSP and/or PSPT into ordinary shares; and/or

- b. write-down of deposits and/or debt or investment instruments that have capital characteristics owned by the PSP and/or PSPT.
- (4) The obligation to convert certain liabilities into Bank capital that involves the participation of other parties as referred to in paragraph (1) letter b number 2, shall be carried out through:
- a. conversion of deposits and/or debt or investment instruments that have the characteristics of capital owned by any other party into ordinary shares; and/or
 - b. write-down of deposits and/or debt or investment instruments that have the characteristics of capital owned by any other party.
- (5) Bank is required to first implement the recovery option in the form of capital addition which is the obligation of the PSP and/or PSPT.

Article 36

- (1) In implementing the recovery option in the form of the obligation to convert certain types of liabilities into Bank capital by the PSP and/or PSPT as referred to in Article 35 paragraph (3), Bank is required to have:
- a. deposits owned by the PSP and/or PSPT in the form of demand deposits in the name of the "Board of Commissioners of Otoritas Jasa Keuangan qq. (in its capacity/position as a (legitimate) representative of) the PSP and/or PSPT" at the Bank, by including a statement that the disbursement shall be carried out with a written permission from Otoritas Jasa Keuangan; and/or
 - b. debt or investment instruments that have capital characteristics owned by the PSP and/or PSPT.
- (2) In implementing the recovery option in the form of the obligation to convert certain types of liabilities into Bank capital by involving the participation of other parties as referred to in Article 35 paragraph (4), Bank is required to have:
- a. deposits owned by affiliated parties of the PSP and/or PSPT in the form of demand deposits in the name of the " Board of Commissioners of Otoritas Jasa Keuangan qq. the affiliated parties of the PSP and/or PSPT" at the Bank, by including a statement that the disbursement shall be carried out with a written approval from Otoritas Jasa Keuangan; and/or
 - b. debt or investment instruments that have the characteristics of capital owned by the other parties.

- (3) Debt or investment instruments that have the characteristics of capital owned by other parties as referred to in paragraph (2) letter b are prohibited from being owned by natural person parties or investors.
- (4) Determination of the amount of deposits and/or debt or investment instruments that have capital characteristics, owned by the PSP and/or PSPT, and/or owned by other parties, at the Bank as referred to in paragraph (1) and paragraph (2) shall at least consider:
 - a. Bank capital resilience based on the scenario analysis of the impact of changes in Bank individual conditions (idiosyncratic) and Bank external conditions occurring in the financial market as a whole (market-wide shock), which can be at domestic level or international level; and
 - b. the impact of issuance of debt or investment instruments that have capital characteristics on profitability.
- (5) In the event there is a disbursement of deposits in the form of demand deposits belonging to:
 - a. PSP and/or PSPT as referred to in paragraph (1) letter a; and/or
 - b. PSP and/or PSPT affiliated parties as referred to in paragraph (2) letter a,where the PSP and/or PSPT no longer being a PSP and/or PSPT of the Bank, Otoritas Jasa Keuangan has the authority to determine fulfilment of deposit ownership.

Article 37

- (1) Implementation of:
 - a. conversion and/or write-down of debt or investment instruments that have capital characteristics as referred to in Article 35 paragraph (3) and paragraph (4); and
 - b. fulfillment of debt or investment instruments at the Bank which can be converted into capital as referred to in Article 36 paragraph (1) letter b and paragraph (2) letter b,shall be carried out in accordance with the provisions of Otoritas Jasa Keuangan concerning the conversion feature into ordinary shares or write-down of additional core capital and supplementary capital instruments.
- (2) Implementation of the conversion and/or write-down of deposits as referred to in Article 35 paragraph (3) and paragraph (4) shall be carried out in accordance with the provisions of Otoritas Jasa Keuangan concerning the conversion feature into ordinary shares or write-down of additional core capital and supplementary capital instruments.

Article 38

In determining the recovery options for liquidity issues as referred to in Article 31 paragraph (1) letter b, each Bank shall determine the recovery options in the form of:

- a. application for short-term liquidity borrowings or short-term liquidity financing based on sharia principles to Bank Indonesia;
- b. application for placement of funds to LPS; and/or
- c. other recovery options.

Article 39

In determining the recovery options for profitability issues as referred to in Article 31 paragraph (1) letter c, each Bank shall determine the recovery options in the form of:

- a. cost efficiency programs;
- b. sales of fixed assets; and/or
- c. other recovery options.

Article 40

In determining the recovery options for asset quality issues as referred to in Article 31 paragraph (1) letter d, each Bank shall determine the recovery options in the form of:

- a. credit restructuring;
- b. write off of earning assets; and/or
- c. other recovery options.

Paragraph 5

Disclosure of Recovery Action Plan

Article 41

- (1) Disclosure of the Recovery Action Plan as referred to in Article 22 letter d shall be submitted to:
 - a. internal parties; and
 - b. external parties.
- (2) Disclosure of the Recovery Action Plan to internal and external parties as referred to in paragraph (1) shall contain a general description of:

- a. actions that will be taken by the Bank to overcome financial problems that may occur at the Bank; and
- b. mechanism of the management of potential negative market reactions when the Recovery Action Plan is implemented.

Section Four
Evaluation and Testing, Updating, and Implementation of
Recovery Action Plan

Article 42

- (1) The Board of Directors is obliged to evaluate and test (stress testing) the Recovery Action Plan as referred to in Article 14 paragraph (1) periodically to assess the feasibility of the Recovery Action Plan.
- (2) Evaluation and testing (stress testing) of the Recovery Action Plan as referred to in paragraph (1) shall be carried out periodically at least 1 (one) time in 1 (one) year.
- (3) In the event that there are certain conditions that will have a significant impact on the Bank, the Bank shall carry out evaluation and testing (stress testing) of the Recovery Action Plan other than within the period referred to in paragraph (2).
- (4) Determination of certain conditions that will have a significant impact on the Bank as referred to in paragraph (3) shall be carried out based on the Bank's assessment or Otoritas Jasa Keuangan's assessment.
- (5) Results of the evaluation and testing (stress testing) of the Recovery Action Plan as referred to in paragraph (2) and paragraph (3) shall be reported by the Board of Directors to the Board of Commissioners.

Article 43

- (1) Bank is required to update the Recovery Action Plan as referred to in Article 14 paragraph (1) periodically at least 1 (one) time in 1 (one) year.
- (2) In the event that the updated Recovery Action Plan as referred to in paragraph (1) contains changes to:
 - a. trigger levels;
 - b. recovery options; and/or

- c. fulfillment of the adequacy and appropriateness of deposits and/or debt or investment instruments that have the characteristics of capital owned by the Bank, updates to the Recovery Action Plan must obtain the shareholders' approval at the RUPS.
- (3) In the event that the updated Recovery Action Plan as referred to in paragraph (2) is submitted to Otoritas Jasa Keuangan has not received approval at the RUPS, the Bank is obliged to request approval for the Recovery Action Plan at the next RUPS.

Article 44

Each Bank is required to implement the Recovery Action Plan as referred to in Article 14 paragraph (1) when any of the trigger levels determined by the Bank as referred to in Article 33 paragraph (3) is met.

Article 45

In the event that a Bank has implemented the Recovery Action Plan but the Bank's condition does not show improvement, Otoritas Jasa Keuangan may determine other actions in accordance with the prevailing legislations.

Section Five

Submission of Recovery Action Plan

Article 46

- (1) In the case of any Bank that has carried out business activities before 31 December 2023 and is subject to the obligation to prepare and submit a Recovery Action Plan to Otoritas Jasa Keuangan for the first time as referred to in Article 14 paragraph (1), the Bank is obliged to prepare and submit a Recovery Action Plan to Otoritas Jasa Keuangan no later than the end of November 2024.
- (2) In the case of any Bank that has carried out business activities since 31 December 2023, the Bank Otoritas Jasa Keuangan is obliged to prepare and submit a Recovery Action Plan to Otoritas Jasa Keuangan as referred to in Article 14 paragraph (1) for the first time no later than the end of November after 1 (one) year from the time the bank started to carry out business activities.
- (3) In the event that the Bank has prepared and submitted a Recovery Action Plan and updated the Recovery Action Plan before the enactment of this Otoritas Jasa Keuangan

Regulation, the Bank is obliged to submit an updated Recovery Action Plan as referred to in Article 43 paragraph (1).

Article 47

- (1) Bank is required to submit an updated Recovery Action Plan as referred to in Article 43 to Otoritas Jasa Keuangan no later than:
 - a. end of November for the periodic update Recovery Action Plan; and/or
 - b. 1 (one) month after evaluation and testing (stress testing) of the Recovery Action Plan based on certain conditions that will have a significant impact on the Bank.
- (2) Submission of the updated Recovery Action Plan as referred to in paragraph (1) shall be supplemented by the results of evaluation and testing (stress testing) as referred to in Article 42 which shall contain:
 - a. feasibility of the trigger levels;
 - b. feasibility of the recovery options; and
 - c. fulfillment of the adequacy and appropriateness of deposits and/or debt or investment instruments that have the characteristics of capital owned by the Bank.
- (3) Submission of the update Recovery Action Plan as referred to in paragraph (1) must be signed by the president director and chairman of the board of commissioners.
- (4) In the event that updating of the Recovery Action Plan includes changes to:
 - a. trigger levels;
 - b. recovery options; and/or
 - c. fulfillment of the adequacy and appropriateness of deposits and/or debt or investment instruments that have capital characteristics owned by the Bank,submission of the updated Recovery Action Plan as referred to in paragraph (1), must be signed by the president director, chairman of the board of commissioners, and the PSP.

Article 48

- (1) Otoritas Jasa Keuangan shall approve or reject the completeness of the Recovery Action Plan submitted by Banks.
- (2) In the event that based on the assessment by Otoritas Jasa Keuangan, the Recovery Action Plan submitted by a Bank as referred to in paragraph (1) is incomplete, the Bank is obliged to make amendments to the Recovery Action Plan and submit it to Otoritas Jasa

Keuangan no later than 10 (ten) working days from the date of the request for amendment of the Recovery Action Plan from Otoritas Jasa Keuangan.

- (3) Bank is required to submit the approved Recovery Action Plan to LPS in accordance with the prevailing legislations.

Article 49

- (1) The Recovery Action Plan and the updated Recovery Action Plan shall be submitted to Otoritas Jasa Keuangan online through Otoritas Jasa Keuangan's reporting system in accordance with Otoritas Jasa Keuangan Regulation concerning commercial bank reporting through Otoritas Jasa Keuangan's reporting system.
- (2) If the deadline for submitting the Recovery Action Plan falls on a holiday, submission of the Recovery Action Plan shall be no later than the next working day.
- (3) In the event that Otoritas Jasa Keuangan's reporting system as referred to in paragraph (1) is not yet available or there is a force majeure situation, submission shall be made through Otoritas Jasa Keuangan's correspondence system.
- (4) In the event that Otoritas Jasa Keuangan's correspondence system as referred to in paragraph (3) is not yet available or there is a force majeure situation, submission shall be made offline to Otoritas Jasa Keuangan.
- (5) Submissions via Otoritas Jasa Keuangan's correspondence system as referred to in paragraph (3) or offline as referred to in paragraph (4) shall be addressed to:
 - a. The relevant Department of Bank Supervision or Otoritas Jasa Keuangan Office in Jakarta, for any Bank which head office is located or domiciles in the Special Capital Region Jakarta Province and Banten Province; or
 - b. Local Otoritas Jasa Keuangan Office, for any Bank which head office is located or domiciles outside the territory of the Special Capital Region Jakarta Province and Banten Province.

Section Six

Fulfillment of Obligation to Own Deposits and Debt or Investment Instruments that Have Capital Characteristics

Article 50

- (1) Bank that has carried out business activities before 31 December 2023 and is subject to the obligation to prepare and submit a Recovery Action Plan for the first time as referred to in Article 46 paragraph (1), is obliged to fulfill the ownership of deposits and/or debt or investment instruments that have capital characteristics, by the PSP and/or PSPT, and/or by other parties as referred to in Article 36, as follows:
 - a. Banks other than KCBLN that are in KBMI 3, no later than 31 December 2025;
 - b. Banks other than KCBLN that are in KBMI 2, no later than 31 December 2026; and
 - c. Banks other than KCBLN that are in KBMI 1, no later than 31 December 2027.
- (2) The determination of KBMI as referred to in paragraph (1) is based on the core capital owned by the Banks other than KCBLN at the position of 31 December 2023.
- (3) Bank that has carried out business activities since 31 December 2023, is obliged to fulfill the ownership of deposits and/or debt or investment instruments that have capital characteristics, by the PSP and/or PSPT, and/or by other parties as referred to in Article 36 within 2 (two) years since the submission of the Recovery Action Plan as referred to in Article 46 paragraph (2).

Section Seven

Recovery Action Plan for KCBLN

Article 51

In relation to the provisions related to the Recovery Action Plan, as referred to in Articles 14 to Article 50, in the case of KCBLN, special stipulations apply as follows:

- a. Implementation of the functions of the Board of Directors, Board of Commissioners, RUPS, and PSP adapts to the arrangement applicable to the KCBLN;
- b. Fulfillment of the obligation to determine recovery options for capital issues as referred to in Article 31 paragraph (1) letter a, shall be met through the deposits owned by the head office of the KCBLN which are placed in financial assets other than those that have been stated or declared as capital (declared business funds); and
- c. The obligation as referred to in letter b must be fulfilled no later than December 31, 2025.

Section Eight

Determination of Minimum Fulfillment of the Obligation of Ownership of Deposits and Debt or Investments Instruments that Have Capital Characteristics

Article 52

Otoritas Jasa Keuangan may, with certain considerations, determine to the Bank the minimum ownership of certain types of obligations to become Bank capital as referred to in Article 35 and the minimum fulfillment of deposits owned by the head office of any KCBLN as referred to in Article 51 letter b.

Section Nine

Sanctions

Article 53

- (1) Any Bank that violates the provisions as referred to in Article 14 paragraph (1), Article 15, Article 16 paragraph (1), paragraph (2), Article 18 paragraph (1), Article 21, Article 30 paragraph (1), Article 31 paragraph (1), Article 33 paragraph (2), paragraph (3), Article 34 paragraph (1), Article 35 paragraph (1), paragraph (5), Article 3 paragraph (1), paragraph (2), paragraph (3), Article 43, Article 44, Article 46, Article 47 paragraph (1), paragraph (3), paragraph (4), Article 48 paragraph (2), paragraph (3), Article 50 paragraph (1), paragraph (3), and/or Article 51 letter c shall be subject to the administrative sanction in the form of a written warning.
- (2) Any Bank that is late in fulfilling the obligation to submit a Recovery Action Plan for the first time, the updated Recovery Action Plan and/or amended the Recovery Action Plan as referred to in Article 43, Article 46, Article 47 paragraph (1), and/or Article 48 paragraph (2) shall be subject to the administrative sanction in the form of a monetary fine of IDR 2,000,000.00 (two million rupiah) per day of delay or a maximum of IDR 200,000,000.00 (two hundred million rupiah).
- (3) Any Bank that has been subject to the administrative sanction in the form of monetary fines as referred to in paragraph (2), shall still be required to submit a Recovery Action Plan for the first time, the updated Recovery Action Plan, and/or the amended Recovery Action Plan to Otoritas Jasa Keuangan.
- (4) In the event that a Bank has been subject to administrative sanctions as referred to in paragraph (1) and/or paragraph (2), and continues to violate the provisions as referred to in Article 14 paragraph (1), Article 15, Article 16 paragraph (1), paragraph (2), Article 18 paragraph (1), Article 21, Article 30 paragraph (1), Article 31 paragraph (1), Article 33

paragraph (2), paragraph (3), Article 34 paragraph (1), Article 35 paragraph (1), paragraph (5), Article 36 paragraph (1), paragraph (2), paragraph (3), Article 43, Article 44, Article 46, Article 47 paragraph (1), paragraph (3), paragraph (4), Article 48 paragraph (2), paragraph (3), Article 50 paragraph (1), paragraph (3), Article 51 letter c, and/or paragraph (3), the Bank shall be subject to administrative sanctions in the form of:

- a. prohibition on issuing new products;
 - b. freezing of certain business activities;
 - c. prohibition on expanding business activities;
 - d. prohibition on carrying out new business activities; and/or
 - e. lowering in the assessment of the Bank's soundness rating.
- (5) In the event that a Bank has been subject to the administrative sanctions as referred to in paragraph (1), paragraph (2), and/or paragraph (4), the main party of the Bank may be subject to the administrative sanction in the form of a prohibition from becoming the main party in accordance with Otoritas Jasa Keuangan Regulation concerning reassessment of the main parties of financial service institutions.

Article 54

Any Bank that is late in fulfilling its obligation to own deposits and/or debt or investment instruments that have capital characteristics as referred to in Article 50 paragraph (1), paragraph (3), and Article 51 letter c may be subject to the administrative sanction in the form of an announcement regarding the Bank's non-compliance in fulfilling its obligation of ownership of deposits and/or debt or investment instruments that have capital characteristics, on Otoritas Jasa Keuangan website.

Article 55

Any member of the Board of Directors who violates the provisions as referred to in Article 17 and/or Article 42 paragraph (1) shall be subject to administrative sanctions in the form of:

- a. a written warning; and/or
- b. prohibition from being the main party in accordance with Otoritas Jasa Keuangan Regulation regarding reassessment for the main parties of financial service institutions.

Article 56

Any member of the Board of Commissioners who violates the provisions as referred to in Article 18 paragraph (2) shall be subject to administrative sanctions in the form of:

- a. a written warning; and/or
- b. prohibition from being the main party in accordance with Otoritas Jasa Keuangan Regulation regarding reassessment for the main parties of financial service institutions.

Article 57

The imposition of administrative sanctions as referred to in Article 53 to Article 56 does not eliminate the imposition of other sanctions in accordance with the prevailing legislations.

CHAPTER IV

DETERMINATION OF BANK SUPERVISORY STATUSES AND FOLLOW-UP

Section One

General Provisions

Article 58

Otoritas Jasa Keuangan shall determine the supervisory statuses of Banks and carries out supervisory measures on Banks.

Section Two

Determination of Bank Supervisory Statutes

Paragraph 1

General Provisions

Article 59

Bank supervisory statuses as referred to in Article 58 consist of:

- a. Bank under normal supervision;
- b. Bank under rehabilitation; and
- c. Bank under resolution.

Paragraph 2

Bank Under Rehabilitation

Article 60

- (1) Otoritas Jasa Keuangan shall determine a Bank as a Bank under rehabilitation as referred to in Article 59 letter b in the event that the Bank is deemed to have potential difficulties that endanger its business continuity.
- (2) Bank shall be assessed as having potential difficulties that endanger its business continuity as referred to in paragraph (1) in the event that the Bank does not fulfill the provisions stipulated by Otoritas Jasa Keuangan regarding the risk-based level of soundness, level of liquidity, and/or level of capital, namely when it meets the criteria of:
 - a. The Bank's soundness rating with a composite rating of 4 (four) and/or composite rating of 5 (five) in 2 (two) consecutive assessment periods;
 - b. The Bank's GWM ratio in rupiah is less than the ratio determined for GWM in rupiah which must be met by the Bank, and based on the assessment of Otoritas Jasa Keuangan:
 1. The Bank is experiencing fundamental liquidity issues; or
 2. The Bank is experiencing worsening liquidity performance in a short period of time; and/or
 - c. The Bank's capital adequacy ratio is equal to or greater than 8% (eight percent) but less than the minimum capital adequacy ratio according to the Bank's risk profile which the Bank must fulfill.

Article 61

Designation as a Bank under rehabilitation by Otoritas Jasa Keuangan shall be for the following period:

- a. no later than 1 (one) year from the date of the written notification from Otoritas Jasa Keuangan to the Bank; or
- b. in accordance with the end of the placement of funds by LPS, in the event that the Bank receives placement of funds from LPS.

Article 62

- (1) Bank that meets the criteria as referred to in Article 60 paragraph (2) has the possibility of not being designated as a Bank under rehabilitation by Otoritas Jasa Keuangan if:

- a. The Bank is in the process of merger, consolidation, acquisition or integration;
 - b. The Bank is in the process of increasing paid-in capital that has at least been recorded in the criteria of capital deposit fund, which at least result in the capital adequacy ratio meeting the increased capital as a support; and/or
 - c. The Bank is implementing a rehabilitation action plan.
- (2) In the event that a Bank meets the criteria as referred to in paragraph (1), the Bank remains in the supervisory status which does not yet fulfilled the Bank under rehabilitation criteria.

Paragraph 3

Bank Under Resolution

Article 63

Otoritas Jasa Keuangan shall determine a Bank as a Bank under resolution as referred to in Article 59 letter c in the event that the Bank experiences financial difficulties that endanger its business continuity and cannot be rehabilitated, namely when it meets the following criteria:

- a. The period as referred to in Article 61 has not been exceeded, but the Bank's condition has deteriorated and:
 - 1. the Bank's minimum capital adequacy ratio is less than 8% (eight percent) and Otoritas Jasa Keuangan assesses that the Bank cannot be rehabilitated; and/or
 - 2. The GWM ratio in rupiah is equal to 0% (zero percent) and it is deemed unable to be resolved accordingly with the prevailing legislations;
- b. The period as referred to in Article 61 ends and:
 - 1. The Bank's capital adequacy ratio is less than the minimum capital adequacy ratio according to the Bank's risk profile; and/or
 - 2. the GWM in rupiah ratio is less than the set GWM in rupiah ratio which must be met by the Bank and/or the Bank has not been able to resolve fundamental liquidity issues; or
- c. The Bank is unable to return the placement of funds of LPS.

Section Three

Supervisory Measures on Banks

Paragraph 1

General Provisions

Article 64

In implementing the supervisory measures as referred to in Article 58 for each Bank supervisory status as referred to in Article 59, Otoritas Jasa Keuangan has the authority to:

- a. request Bank to collect and submit data/documents from every place related to the Bank;
- b. request Bank to collect and submit data/documents and information from every party that according to the assessment of Otoritas Jasa Keuangan has influence on the Bank;
- c. order the Bank to block certain accounts; and/or
- d. order the Bank to take certain measures.

Article 65

- (1) The implementation of authority as referred to in Article 64 letters a and b shall be carried out under direct supervision and/or indirect supervision.
- (2) Direct supervision as referred to in paragraph (1) shall be carried out in accordance with Otoritas Jasa Keuangan Regulations concerning bank examination requirements and procedures.
- (3) Indirect supervision as referred to in paragraph (1) Otoritas Jasa Keuangan shall be carried out in accordance with the request of Otoritas Jasa Keuangan.

Article 66

- (1) The order to block certain accounts as referred to in Article 64 letter c shall be carried out based on:
 - a. implementation of the supervisory function of Otoritas Jasa Keuangan; or
 - b. requests from other parties to Otoritas Jasa Keuangan.
- (2) The blocking order as referred to in paragraph (1) shall be carried out for accounts that are suspected of being used to receive or accommodate funds resulting from violations of prevailing legislations.
- (3) The blocking as referred to in paragraph (1) shall be carried out for a certain period of time or until there is an order from Otoritas Jasa Keuangan to unblock.
- (4) Further provisions concerning the blocking of certain accounts shall be regulated by Otoritas Jasa Keuangan.

Article 67

The blocking of certain accounts in the name of a person or another party that has been declared a suspect or defendant by the police, prosecutor, judge, or any other law enforcement apparatus based on the authority granted by law, shall be carried out in accordance with the prevailing legislations without requiring permission from Otoritas Jasa Keuangan.

Paragraph 2

Banks under Normal Supervision Experiencing Difficulties that Endanger Business Continuity

Article 68

- (1) Bank under normal supervision may experience difficulties that endanger its business continuity if the Bank is not able to fulfill normal supervision requirements and shows deteriorating business condition but does not meet the criteria of Bank under rehabilitation.
- (2) Bank under normal supervision experiencing difficulties that endanger its business continuity as referred to in paragraph (1) must:
 - a. implement the Recovery Action Plan that has been approved by Otoritas Jasa Keuangan as referred to in Article 48; and
 - b. submit and implement an action plan to Otoritas Jasa Keuangan if there are other measures to be taken other than those contained in the Recovery Action Plan.
- (3) In the case of Bank that carries out business activities based on sharia principles and Bank that carries out conventional business activities that has sharia business units, the action plan as referred to in paragraph (2) letter b, must first obtain an opinion from the sharia supervisory board.
- (4) The opinion of the sharia supervisory board as referred to in paragraph (3) shall be included in the action plan submitted by the Bank.
- (5) In the event that the Recovery Action Plan as referred to in paragraph (2) letter a has not been approved by Otoritas Jasa Keuangan, the Bank shall implement the rehabilitation measures set by Otoritas Jasa Keuangan.
- (6) Otoritas Jasa Keuangan shall supervise the implementation of the Recovery Action Plan, action plan, and/or rehabilitation measures carried out by the Bank as referred to in paragraph (2), paragraph (3), and paragraph (5).

- (7) Bank as referred to in paragraph (1) is required to submit the realization of the implementation of the Recovery Action Plan, action plan, and/or rehabilitation measures as referred to in paragraph (2), paragraph (3), and paragraph (5) to Otoritas Jasa Keuangan every end of month no later than the seventh working day of the following month.
- (8) The realization of the Recovery Action Plan, action plan and/or rehabilitation measures as referred to in paragraph (7) must at least contain:
 - a. Bank issues;
 - b. corrective measures that have been taken by the Bank, including obstacles faced, if any; and
 - c. time period to implement the corrective measures.

Article 69

- (1) Otoritas Jasa Keuangan shall evaluate the action plan as referred to in Article 68 paragraph (2) letter b no later than 5 (five) working days after the complete action plan is received.
- (2) In the event that the submitted action plan is rejected by Otoritas Jasa Keuangan, the Bank is obliged to submit a revised action plan no later than 5 (five) working days from the date of notification of the rejection.

Article 70

In carrying out its supervisory function towards Bank under normal supervision experiencing difficulties that endanger its business continuity, Otoritas Jasa Keuangan has the authority to:

- a. limit the authority of the RUPS or equivalent function, the Board of Commissioners or equivalent function, the Board of Directors or equivalent function, and the shareholders or equivalent function;
- b. request and/or order the shareholders or equivalent function to increase capital;
- c. request the shareholders or equivalent function to replace members of the Board of Commissioners or equivalent function, and/or members of the Board of Directors or equivalent function;
- d. request and/or order the Bank to write off non-performing credit or channeling of funds and offset the Bank's losses with its capital;
- e. request the Bank to undertake a merger or consolidation with another Bank;
- f. request the shareholders or equivalent function to sell ownership of the Bank to buyers;

- g. request and/or order the Bank to hand over the management of all or part of the Bank's activities to another party;
- h. request and/or order the Bank to sell some or all of the Bank's assets and/or liabilities to other parties and/or transfer the Bank's liabilities to other parties;
- i. order the shareholders or equivalent function to provide loans to the Bank;
- j. order the shareholders or equivalent function to support the implementation of the tasks of Otoritas Jasa Keuangan and LPS when resolving Bank issues;
- k. appoint a statutory management and order the Bank to support the implementation of the tasks of the statutory management assigned to the Bank;
- l. order the Bank not to carry out certain transactions with related parties and/or other parties determined by Otoritas Jasa Keuangan;
- m. restrict certain business activities of the Bank; and/or
- n. order the Bank to take other measures deemed necessary by Otoritas Jasa Keuangan.

Paragraph 3

Banks under Rehabilitation

Article 71

In carrying out its supervisory functions towards any Bank designated as Bank under rehabilitation, Otoritas Jasa Keuangan has the authority to:

- a. carry out supervisory measures as referred to in Article 70;
- b. carry out supervisory measures as referred to in Article 70 letters g, h, k, and/or m in coordination with the Deposit Guarantee Corporation; and
- c. issue a written instruction and/or written order to the Bank under rehabilitation to:
 - 1. maintain the Bank's financial condition so that there is no material decrease in assets and/or increase in liabilities of the Bank, including:
 - a) prohibit the Bank from selling or reducing the amount of assets without the approval of Otoritas Jasa Keuangan except in the case of Bank Indonesia certificates, Bank Indonesia sharia certificates, Bank Indonesia deposit certificates, Bank Indonesia securities in foreign currencies, giro (current) accounts with Bank Indonesia, interbank claims, and/or state securities; and/or
 - b) prohibit the Bank from changing ownership of:

- 1) the shareholders that own 10% (ten percent) or more of Bank shares; and/or
 - 2) the PSP, including parties that exercise control over the Bank, within the Bank's business group structure,unless approval has been obtained from Otoritas Jasa Keuangan;
2. report any changes in Bank share ownership of less than 10% (ten percent) to Otoritas Jasa Keuangan; and
3. support the implementation of LPS's measures on the bank under rehabilitation in accordance with the prevailing legislations in the form of:
 - a) due diligence to determine the overall condition of the Bank;
 - b) exploration of other Banks that are willing to accept the transfer of part or all of the Bank's assets and/or liabilities; and/or
 - c) exploration of investors that are willing to take over the Bank.

Article 72

- (1) Bank designated as Bank under rehabilitation is required to take measures to improve the Bank's status.
- (2) The measures taken by the Bank as referred to in paragraph (1) shall at least:
 - a. implement the measures as referred to in Article 64, Article 68, Article 69, Article 70, and Article 71;
 - b. carry out the minimum capital addition to fulfill the minimum capital adequacy ratio according to the risk profile, in accordance with the prevailing legislations concerning the minimum capital adequacy requirement for commercial banks and the prevailing legislations concerning the minimum capital adequacy requirement for sharia commercial banks;
 - c. fulfill the GWM obligation in accordance with the prevailing legislations concerning statutory reserves requirements; and
 - d. improve the factors that are included in the assessment of the Bank's soundness rating in accordance with Otoritas Jasa Keuangan Regulations concerning the assessment of the soundness rating of commercial banks.
- (3) The requirement for additional capital as referred to in paragraph (2) letter b must be met by the Bank within the time period as referred to in Article 61.

Article 73

- (1) Bank designated as Bank under rehabilitation is obliged to notify all office network it owns regarding certain business activities that are subject to restrictions and/or supervisory measures set by Otoritas Jasa Keuangan.
- (2) Notification to the entire office network as referred to in paragraph (1) must be made on the date of receipt of notification of restrictions on certain business activities and/or determination of supervisory measures from Otoritas Jasa Keuangan.

Article 74

The supervisory measures that have previously been determined when Bank is designated to be:

- a. Bank under normal supervision; or
- b. Banks under normal supervision experiencing difficulties that endanger its business continuity,

are hereby stated to still be applicable to the Bank that is now under rehabilitation.

Article 75

- (1) Any Bank designated as Bank under rehabilitation is required to submit to Otoritas Jasa Keuangan:
 - a. the latest financial reports comprising balance sheet and income statement as well as statement of administrative accounts;
 - b. details of latest earning assets grouped by quality;
 - c. composite rating of the Bank's latest soundness rating;
 - d. information and documents regarding:
 1. latest list of customer deposits in aggregate grouped by nominal value; and
 2. latest list of details of the Bank's receivables from and liabilities to related parties;
 - e. the latest financial reports of companies that receive capital participations from the Bank other than temporary capital participations in the context of credit restructuring or financing;
 - f. report on the latest related business group structure of the Bank;

- g. cash flow projection report for the next 1 (one) month or based on another reporting period, detailed on a daily basis and with a frequency as determined by Otoritas Jasa Keuangan; and
 - h. other information and/or reports required by Otoritas Jasa Keuangan.
- (2) The reports as referred to in paragraph (1) must be submitted to Otoritas Jasa Keuangan no later than 3 (three) working days after the Bank is designated as Bank under rehabilitation.

Article 76

Bank under rehabilitation which is an issuer or a public company ordered by Otoritas Jasa Keuangan to take certain measures, is exempt from Otoritas Jasa Keuangan regulations in the capital market sector.

Article 77

- (1) In the case of a Bank designated as Bank under rehabilitation:
- a. experiences liquidity difficulties; and
 - b. does not meet the requirements as a recipient of a short-term liquidity loan or short-term liquidity financing based on sharia principles from Bank Indonesia,
- the Bank submit an application for placement of funds from LPS to Otoritas Jasa Keuangan in accordance with the prevailing legislations.
- (2) The mechanism for obtaining placement of funds from LPS as referred to in paragraph (1) shall be carried out in accordance with the prevailing legislations concerning the placements of funds by LPS.

Article 78

A Bank shall be set to come out of the status of Bank under rehabilitation to be of the status of Bank under normal supervision if the Bank has met the criteria for normal supervisory status.

Paragraph 4

Implementation of the Authority of Otoritas Jasa Keuangan

Article 79

- (1) The implementation of the authority of Otoritas Jasa Keuangan in executing supervisory measures as referred to in Article 58 for each Bank's supervisory status as referred to in Article 59, shall be carried out through:
 - a. written instructions; and/or
 - b. written orders.
- (2) Each Bank is obliged to fulfill each written instruction and/or written order as referred to in paragraph (1).
- (3) In fulfilling the written instructions from Otoritas Jasa Keuangan as referred to in paragraph (1) letter a, the Bank shall submit its commitment that is binding and must be implemented from:
 - a. The Board of Directors and/or Board of Commissioners of the Bank, to take or not take certain measures; and/or
 - b. The PSP, to overcome issues that fall under the PSP's obligation.
- (4) Fulfillment of the written orders from Otoritas Jasa Keuangan as referred to in paragraph (1) letter b, shall be carried out in accordance with Otoritas Jasa Keuangan Regulation concerning written orders.

Paragraph 5

Bank Under Resolution

Article 80

- (1) The determination of the status of Bank under resolution shall be declared to have ended if LPS has relinquished all of its ownership in:
 - a. the Intermediary Bank; or
 - b. the Bank that receives temporary capital placements from LPS, to investors and/or other parties as the new bank owners.
- (2) The Bank as referred in paragraph (1) is required to fulfill the criteria for Bank under normal supervisory status.

Section Four

Interagency Coordination

Article 81

Otoritas Jasa Keuangan shall notify the change in any Bank's supervisory status as referred to in Article 59 in writing to the Bank, LPS and Bank Indonesia.

Article 82

With the determination of Bank's supervisory status as a Bank under resolution, all the rights and authority of the RUPS as well as ownership, management and other interests in the said Bank are transferred to LPS in accordance with the prevailing legislations.

Article 83

In the event that a Bank designated as a Bank under resolution is a Systematically Important Bank, Otoritas Jasa Keuangan shall request that a meeting of the Financial System Stability Committee be held to report on the determination of the Systematically Important Bank as a Bank in the resolution.

Article 84

In the event that a Bank designated as a Bank under resolution is a Systematically Important Bank as referred to in Article 83, Otoritas Jasa Keuangan shall notify the Systematically Important Bank regarding the determination of the Systematically Important Bank as a Bank under resolution after the transfer to LPS at the Financial System Stability Committee meeting.

Article 85

- (1) In the event that any Bank designated as a Bank under resolution is a Bank other than a Systematically Important Bank and LPS decides not to carry out rescue or does not continue the rescue process for the said Bank, Otoritas Jasa Keuangan shall revoke the business license of the Bank other than Systematically Important Bank after obtaining:
 - a. notification of the decision not to carry out rescue or not to continue the rescue process for the Bank other than Systematically Important Bank designated as Bank under resolution from LPS; and
 - b. request for revocation of the Bank's business license from LPS.
- (2) After Otoritas Jasa Keuangan issues a decision to revoke the business license of the Bank other than a Systematically Important Bank as referred to in paragraph (1), LPS shall carry out the liquidation process and dissolution of the said Bank's legal entity.

Article 86

- (1) In the event that the decision to handle the problems of a Bank designated as a Bank under resolution is carried out by:
 - a. the transfer of some or all of the Bank's assets and/or liabilities to a recipient bank;
or
 - b. the transfer of some or all of the Bank's assets and/or liabilities to an Intermediary Bank,LPS shall submit a request for the revocation of the Bank's business license to Otoritas Jasa Keuangan no later than 5 (five) working days after the transfer of part or all of the Bank's assets and/or liabilities is completed.
- (2) After OTORITAS JASA KEUANGAN issues a decision to revoke the Bank's business license as referred to in paragraph (1), LPS shall carry out the liquidation process and dissolution of the said Bank's legal entity.
- (3) Based on the request of LPS, Otoritas Jasa Keuangan may give approval to extend the time period for the request for revocation of the Bank's business license as referred to in paragraph (1).

Article 87

In the event that there is a decision to rescue a Bank designated as a Bank under resolution, the said Bank remains in the supervisory status as a Bank under resolution until the rescue process is completed by LPS.

Article 88

The implementation of Otoritas Jasa Keuangan's authority over any Bank under resolution shall be carried out in coordination with LPS.

Section Five

Submission of Reports, Information and Other Documents

Article 89

- (1) Submission of reports, information and/or other documents as referred to in Article 68 paragraph (2) letter b, paragraph (7), Article 69 paragraph (2), Article 71 letter c number 2, Article 75, Article 77 paragraph (1), and/or Article 79 paragraph (3) shall be made to

Otoritas Jasa Keuangan online through Otoritas Jasa Keuangan reporting system in accordance with Otoritas Jasa Keuangan Regulations concerning commercial bank reporting through Otoritas Jasa Keuangan reporting system.

- (2) In the event that Otoritas Jasa Keuangan's reporting system as referred to in paragraph (1) is not yet available or there is a force majeure situation, submission shall be made through Otoritas Jasa Keuangan's correspondence system.
- (3) In the event that Otoritas Jasa Keuangan's correspondence system as referred to in paragraph (2) is not yet available or there is a force majeure situation, submission shall be made offline to Otoritas Jasa Keuangan.
- (4) Submissions via Otoritas Jasa Keuangan's correspondence system or offline as referred to in paragraph (2) and paragraph (3) shall be addressed to:
 - a. The relevant Department of Bank Supervision or Otoritas Jasa Keuangan Office in Jakarta, for any Bank which head office is located or domiciles in the Special Capital Region Jakarta Province and Banten Province; or
 - b. Local Otoritas Jasa Keuangan Office, for any Bank which head office is located or domiciles outside the territory of the Special Capital Region Jakarta Province and Banten Province.

Section Six

Sanctions

Article 90

- (1) Any Bank that violates the provisions as referred to in Article 68 paragraph (2), paragraph (3), paragraph (7), Article 69 paragraph (2), Article 72 paragraph (1), paragraph (3), Article 73, Article 75, Article 79 paragraph (2), and/or Article 80 paragraph (2), shall be subject to the administrative sanction in the form of a written warning.
- (2) In the event any Bank, which has been subject to the administrative sanction as referred to in paragraph (1), continues to violate the provisions as referred to in Article 68 paragraph (2), paragraph (3), paragraph (7), Article 69 paragraph (2), Article 72 paragraph (1), paragraph (3), Article 73, Article 75, Article 79 paragraph (2), and/or Article 80 paragraph (2), the Bank shall be subject to administrative sanctions in the form of:
 - a. prohibition on issuing new bank products;
 - b. freezing of certain Bank business activities;

- c. prohibition on expanding business activities;
 - d. prohibition on carrying out new business activities; and/or
 - e. lowering in the assessment of the Bank's soundness rating.
- (3) In the case of any Bank that has been subject to the administrative sanctions as referred to in paragraph (1) and/or paragraph (2), the main party of the Bank may be subject to the administrative sanction in the form of a prohibition from becoming the main party in accordance with Otoritas Jasa Keuangan Regulation concerning reassessment of the main parties of financial service institutions.
- (4) The imposition of the administrative sanctions as referred to in paragraph (1), paragraph (2), and/or paragraph (3) does not eliminate the Bank's obligation to carry out written instructions and/or written orders.

Article 91

Members of Board of Directors, members of Board of Commissioners, and/or the PSP who violate the provisions as referred to in Article 79 paragraph (3) shall be subject to administrative sanctions in the form of:

- a. written warnings; and/or
- b. prohibition from becoming the main party in accordance with OTORITAS JASA KEUANGAN Regulation concerning reassessment of the main parties of financial service institutions.

Article 92

The imposition of the administrative sanctions as referred to in Article 90 and Article 91 does not eliminate the imposition of other sanctions in accordance with the provisions of legislation.

CHAPTER V INTERMEDIARY BANK

Section One General Provisions

Article 93

The Intermediary Bank shall be established and carry out business activities after obtaining a license from Otoritas Jasa Keuangan.

Article 94

The Intermediary Bank shall be in the form of a limited liability company.

Article 95

The Intermediary Bank shall be:

- a. an Intermediary Bank that carries out conventional business activities; or
- b. an Intermediary Bank that carries out business activities based on sharia principles.

Section Two

Establishment of Intermediary Bank

Article 96

- (1) The Intermediary Bank may only be established and owned by LPS.
- (2) In the establishment of the Intermediary Bank by LPS as referred to in paragraph (1), the following do not apply:
 - a. provisions requiring a limited liability company to be established by 2 (two) or more persons as referred to in the law concerning limited liability companies; and
 - b. maximum share ownership limit as regulated in Otoritas Jasa Keuangan Regulation concerning commercial bank share ownership.

Article 97

The granting of an Intermediary Bank license as referred to in Article 93 shall be carried out through 2 (two) stages:

- a. an approval in principle to carry out preparations for the establishment of an Intermediary Bank; and
- b. a business license to carry out an Intermediary Bank's business activities after preparations for the establishment of an Intermediary Bank as referred to in letter a have been completed.

Paragraph 1

Approval in Principle

Article 98

The application for obtaining an approval in principle to carry out preparations for the establishment of an Intermediary Bank as referred to in Article 97 letter a shall be submitted by LPS.

Article 99

- (1) The authorized capital for obtaining the approval in principle shall be at least the same as the authorized capital for establishing a limited liability company.
- (2) The authorized capital as referred to in paragraph (1) must be placed in full and paid up in full.

Article 100

The application for obtaining an approval in principle shall be submitted by LPS to Otoritas Jasa Keuangan, supplemented by the following documents:

- a. articles of association that shall at least contain:
 1. name and place of domicile;
 2. business activities as a Bank;
 3. capital;
 4. ownership;
 5. authorities, responsibilities and term of office of members of the Board of Directors, members of the Board of Commissioners and members of the sharia supervisory board for an Intermediary Bank carrying out business activities based on sharia principles; and
 6. a clause stating that members of the Board of Directors, members of the Board of Commissioners and members of the sharia supervisory board for the Intermediary Bank carrying out business activities based on sharia principles are required to obtain approvals from Otoritas Jasa Keuangan before carrying out their actions, tasks and functions;
- b. proof of capital deposit as referred to in Article 99; and
- c. organizational and human resources structures for the establishment of the Intermediary Bank.

Article 101

- (1) In providing an approval in principle, Otoritas Jasa Keuangan shall assess the completeness of the documents.
- (2) Based on the results of the assessment of the completeness of documents as referred to in paragraph (1), Otoritas Jasa Keuangan may request additions and/or improvements to meet the document requirement from LPS.

Article 102

The approval in principle shall be granted by Otoritas Jasa Keuangan no later than 30 (thirty) working days after the complete application documents for obtaining the approval in principle are received as referred to in Article 101.

Article 103

The approval in principle as referred to in Article 102 shall be valid until the business license approval is granted by Otoritas Jasa Keuangan.

Paragraph 2

Business License

Article 104

The Intermediary Bank may only carry out business activities after having obtained a business license from Otoritas Jasa Keuangan.

Article 105

Submission of the application for a business license to establish an Intermediary Bank as referred to in Article 97 letter b shall be carried out when:

- a. The approval in principle to carry out preparations for the establishment of an Intermediary Bank as referred to in Article 102 has been granted by Otoritas Jasa Keuangan; and
- b. The supervisory status of the candidate Originating Bank has been determined as Bank under rehabilitation or Bank under resolution.

Article 106

- (1) The application for obtaining the business license for the Intermediary Bank shall be submitted by LPS to Otoritas Jasa Keuangan, supplemented by the following documents:
 - a. the organizational structure of the Intermediary Bank; and
 - b. the action plan, which includes methods and schedules for transfer, fulfillment of requirements, and management of human resources, as well as migration of the Intermediary Bank's infrastructure.
- (2) Compliance with the requirements as referred to in paragraph (1) shall also include:
 - a. The administrative documents required for the fit and proper test of candidate members of the Board of Directors, candidate members of the Board of Commissioners, and candidate members of the sharia supervisory board for an Intermediary Bank that shall carry out business activities based on sharia principles, in accordance with Otoritas Jasa Keuangan Regulation concerning the fit and proper test for the main parties of financial service institutions; and
 - b. documents as referred to in Article 100, in the event that there are changes.
- (3) LPS may fulfill the document requirements as referred to in paragraph (1) letter a and/or letter b with relevant documents from the Originating Bank.
- (4) In the event that the document requirements as referred to in paragraph (1) letter a and/or letter b have not been fulfilled at the time of application for the Intermediary Bank's business license, LPS shall submit a statement stating that the documents will be submitted once they are available.

Article 107

In granting approval to the business license application, Otoritas Jasa Keuangan shall assess the completeness of the documents as referred to in Article 106.

Article 108

Otoritas Jasa Keuangan shall give approval to the application for the Intermediary Bank's business license as referred to in Article 107 after a decision is made that determines bank rescue to be carried out through the establishment of an Intermediary Bank.

Article 109

- (1) An Intermediary Bank that has received a business license from Otoritas Jasa Keuangan must carry out banking business activities no later than 30 (thirty) working days from the time the business license is granted by Otoritas Jasa Keuangan.
- (2) The implementation of business activities as referred to in paragraph (1) must be reported by the Board of Directors of the Intermediary Bank to Otoritas Jasa Keuangan no later than 10 (ten) working days after the date of implementation of the business activities.
- (3) Based on the request of LPS or in the event of force majeure, Otoritas Jasa Keuangan may give approval to extend the period for carrying out business activities as referred to in paragraph (1).

Article 110

- (1) Under certain conditions, LPS may submit an application for approval in principle and a business license for the establishment of an Intermediary Bank at the same time.
- (2) The simultaneous applications for approval in principle and business license for an Intermediary Bank as referred to in paragraph (1) shall be supplemented by complete documents as referred to in Article 100 and Article 106.

Article 111

- (1) Otoritas Jasa Keuangan shall grant approval for the application for the establishment of an Intermediary Bank as referred to in Article 110 in the form of:
 - a. approval in principle; and
 - b. business license,which are issued simultaneously.
- (2) In granting the approvals as referred to in paragraph (1), Otoritas Jasa Keuangan takes the steps as referred to in Article 101, Article 107 and Article 108.

Article 112

- (1) Candidate members of the Board of Directors, candidate members of the Board of Commissioners, and candidate members of the sharia supervisory board of the Intermediary Bank shall be required to obtain approvals from Otoritas Jasa Keuangan before carrying out their actions, tasks and functions as members of the Board of Directors, members of the Board of Commissioners, and members of the sharia supervisory board of the Intermediary Bank.

- (2) To obtain approvals from Otoritas Jasa Keuangan as referred to in paragraph (1), candidate members of the sharia supervisory board of the Intermediary Bank must obtain a recommendation from the National Sharia Board of the Indonesian Ulema Council.
- (3) To provide approvals as referred to in paragraph (1), Otoritas Jasa Keuangan shall conduct a fit and proper test for each of the candidate members of the Board of Directors, candidate members of the Board of Commissioners, and candidate members of the sharia supervisory board of the Intermediary Bank.
- (4) The fit and proper test carried out by Otoritas Jasa Keuanganas referred to in paragraph (3) shall be carried out:
 - a. after the Intermediary Bank carries out business activities; and
 - b. before the Intermediary Bank is assessed for its soundness rating by Otoritas Jasa Keuangan.

Article 113

- (1) In the event that Otoritas Jasa Keuangan has not given approvals for the fit and proper test process, Otoritas Jasa Keuangan shall provide temporary approvals for the candidate members of the Board of Directors, candidate members of the Board of Commissioners, and/or candidate members of the sharia supervisory board of the Intermediary Bank, who are given full authority to carry out the functions, tasks, and actions as members of the Board of Directors, members of the Board of Commissioners, and members of the sharia supervisory board of the Intermediary Bank.
- (2) Temporary approvals for members of the Board of Directors, members of the Board of Commissioners, and members of the sharia supervisory board of Intermediary Banks as referred to in paragraph (1), shall be valid until the approvals of the candidate members of the Board of Directors, candidate members of the Board of Commissioners, and/or candidate members of the sharia supervisory board of the Intermediary Bank by Otoritas Jasa Keuangan based on the fit and proper test process.
- (3) In the event there are members of the Board of Directors, members of the Board of Commissioners, and/or members of the sharia supervisory board of Intermediary Bank who have served based on temporary approvals as referred to in paragraph (2) that are not approved in the fit and proper test process, those members of the Board of Directors, members of the Board of Commissioners, and/or members of the sharia supervisory board are prohibited from acting as members of the Board of Directors, members of the Board

of Commissioners, and/or members of the sharia supervisory board of Intermediary Banks.

- (4) Legal actions that have been carried out for and on behalf of the Intermediary Bank by members of the Board of Directors, members of the Board of Commissioners, and/or members of the sharia supervisory board of the Intermediary Bank which have received temporary approvals but are not approved in the fit and proper test process as referred to in paragraph (3) shall remain binding and shall be the responsibility of the Intermediary Bank.
- (5) Legal actions that have been carried out for and on behalf of the Intermediary Bank by any member of the Board of Directors, member of the Board of Commissioners, and/or member of the sharia supervisory board of the Intermediary Bank as referred to in paragraph (3) after the person concerned is not approved in the fit and proper test process, shall not be legal and shall be the personal responsibility of the person concerned.

Section Three

Business Activities and Office network

Article 114

During the business activities of the Intermediary Bank, the Intermediary Bank may use some or all of the facilities and infrastructure of the Originating Bank.

Paragraph 1

Transfer of Assets and Liabilities

Article 115

- (1) The Intermediary Bank shall accept the transfer of part or all of the assets and/or liabilities of 1 (one) Originating Bank.
- (2) Under certain conditions, 1 (one) Intermediary Bank can be used to accept the transfers of part or all of the assets and/or liabilities of more than 1 (one) Originating Bank.

Article 116

- (1) The Intermediary Bank as referred to in Article 95 letter a shall:

- a. accept the transfers of part or all of the assets and/or liabilities of 1 (one) or more Originating Banks carrying out conventional business activities; and/or
 - b. receive the transfers of part or all of the assets and/or liabilities other than the assets and/or liabilities of the sharia business units of 1 (one) or more Originating Banks that carry out conventional business activities that have sharia business units.
- (2) The Intermediary Bank as referred to in Article 95 letter b shall:
- a. accept the transfers of part or all of the assets and/or liabilities of 1 (one) or more Originating Banks carrying out business activities based on sharia principles; and/or
 - b. receive the transfers of part or all of the assets and/or liabilities of sharia business units of 1 (one) or more Originating Banks that carry out conventional business activities that have sharia business units.

Article 117

The types and criteria for assets and liabilities of the Originating Bank that can be transferred to the Intermediary Bank shall be in accordance with the prevailing legislations.

Article 118

- (1) In the event there are part or all of the assets and/or liabilities of another Originating Bank that are planned to be transferred to an Intermediary Bank that has carried out business activities, LPS shall submit the transfer plan to Otoritas Jasa Keuangan no later than 5 (five) days before the transfer takes place.
- (2) Submission of the transfer plan as referred to in paragraph (1) shall be supplemented by an action plan, which includes:
- a. transfer schedule; and
 - b. transfer procedures and mechanisms.

Article 119

- (1) In the event that based on the evaluation of LPS, members of the Board of Directors, members of the Board of Commissioners, and/or members of the sharia supervisory board of the Intermediary Bank are deemed to no longer meet the competency requirements in relation to the additional transfers of part or all of the assets and/or liabilities as referred to in Article 118, LPS shall submit the candidates for members of the Board of Directors,

candidates for members of the Board of Commissioners, and/or candidates for members of the sharia supervisory board for a fit and proper test process.

- (2) Submission of the candidates for members of the Board of Directors, candidates for members of the Board of Commissioners, and/or candidates for members of the sharia supervisory board as referred to in paragraph (1) shall be made no later than 2 (two) months after the Intermediary Bank completes the process of receiving the transfer of part or all of the assets and/or liabilities of the other Originating Bank.
- (3) The fit and proper test as referred to in paragraph (1) shall be carried out in accordance with the provisions as referred to in Article 112 paragraph (1), paragraph (2), and paragraph (3).
- (4) Members of the Board of Directors, members of the Board of Commissioners, and/or members of the sharia supervisory board of the Intermediary Bank as referred to in paragraph (1) shall serve until the candidate members of the Board of Directors, candidate members of the Board of Commissioners, and/or candidate members of the sharia supervisory board are approved in the fit and proper test process as referred to in paragraph (3).

Paragraph 2

Operation of Intermediary Bank

Article 120

- (1) The prevailing legislations applicable on Banks shall remain valid for the Intermediary Bank unless specifically regulated.
- (2) The Intermediary Bank may use part or all of the Originating Bank's products and activities.
- (3) The Intermediary Bank that uses part or all of the Originating Bank's products and activities as referred to in paragraph (2), shall continue to meet the applicable criteria and requirements.

Article 121

Fulfillment of the obligation to provide minimum capital and minimum core capital for Banks shall not apply to any Intermediary Bank no later than 2 (two) years after the Intermediary Bank start carrying out business activities.

Otoritas Jasa Keuangan may determine other policies in assessing the soundness rating of any Intermediary Bank.

Section Four Termination of Intermediary Bank

Article 123

An Intermediary Bank shall be terminated when LPS has:

- a. sold all shares of the Intermediary Bank; or
- b. transferred all assets and liabilities of the Intermediary Bank,
in accordance with the provisions of legislation.

Article 124

- (1) In the event that LPS sells all shares of the Intermediary Bank as referred to in Article 123 letter a then:
 - a. The sale of shares must meet the requirements for the number of shareholders and ownership of the Bank by foreign citizens and/or foreign legal entities, as regulated in the prevailing legislations;
 - b. In the event that the sale of shares does not meet the requirements for the number of shareholders and/or the provisions for ownership of the Bank by foreign citizens and/or foreign legal entities as referred to in letter a, compliance with the provision shall be met no later than 1 (one) year from the purchase of all shares of the Intermediary Bank;
 - c. The parties that purchase the shares of the Intermediary Bank are exempt from the provisions in accordance with Otoritas Jasa Keuangan Regulations concerning ownership of shares in commercial banks; and
 - d. In the event that there are still financial obligations of the Intermediary Bank that must be fulfilled, the financial obligations must be fulfilled by the parties purchasing the shares of the Intermediary Bank.
- (2) The parties that purchase the shares of the Intermediary Bank:
 - a. must comply with Bank ownership provisions as referred to in paragraph (1) letter b; and

- b. In the event that there is a supervisory measure ordered by Otoritas Jasa Keuangan, the exception as referred to in paragraph (1) letter c does not apply.

Article 125

In the event that LPS transfers all assets and liabilities of the Intermediary Bank as referred to in Article 123 letter b, the transfers of all assets and/or liabilities may be carried out all at once or in stages.

Article 126

- (1) LPS shall submit an application for revocation of the Intermediary Bank's business license to Otoritas Jasa Keuangan no later than 30 (thirty) working days after the transfers of all assets and liabilities of the Intermediary Bank are completed.
- (2) Procedures for revoking an Intermediary Bank's business license as referred to in paragraph (1) shall be carried out in accordance with the prevailing legislations.
- (3) After Otoritas Jasa Keuangan issues a decision to revoke the Intermediary Bank's business license, LPS shall carry out the liquidation process and dissolution of the Intermediary Bank's legal entity.

Section Five

Termination of Originating Bank

Article 127

- (1) LPS shall submit an application for the revocation of the Originating Bank's business license to Otoritas Jasa Keuangan no later than 5 (five) working days after the transfer of part or all of the Originating Bank's assets and/or liabilities to the Intermediary Bank is completed.
- (2) After Otoritas Jasa Keuangan issues a decision to revoke the Originating Bank's business license as referred to in paragraph (1), LPS shall carry out the liquidation process and dissolution of the said Originating Bank's legal entity.
- (3) Based on the request of LPS, Otoritas Jasa Keuangan may give approval to extend the application period for the revocation of the Originating Bank's business license as referred to in paragraph (1).

Section Six
Interagency Coordination

Article 128

The implementation of the authority of Otoritas Jasa Keuangan on any Intermediary Bank shall be carried out in coordination with LPS.

Section Seven
Submission of Reports, Information and Other Documents

Article 129

- (1) Reports on the implementation of the Intermediary Bank's business activities as referred to in Article 109 paragraph (2) and/or submission of the transfer plan as referred to in Article 118 paragraph (1) shall be submitted to Otoritas Jasa Keuangan online through Otoritas Jasa Keuangan's reporting system using the procedures in accordance with Otoritas Jasa Keuangan Regulations concerning commercial bank reporting through Otoritas Jasa Keuangan's reporting system.
- (2) In the event that Otoritas Jasa Keuangan's reporting system as referred to in paragraph (1) is not yet available or there is a force majeure situation, submission shall be made through Otoritas Jasa Keuangan correspondence system.
- (3) In the event that there is a force majeure situation in Otoritas Jasa Keuangan's correspondence system as referred to in paragraph (2), submission shall be made offline to Otoritas Jasa Keuangan.
- (4) Submissions via Otoritas Jasa Keuangan's correspondence system or offline as referred to in paragraphs (2) and (3) shall be addressed to:
 - a. The relevant Department of Bank Supervision or Otoritas Jasa Keuangan Office in Jakarta, for any Bank which head office is located or that domiciles in the Special Capital Region of Jakarta Province and Banten Province; or
 - b. The local Otoritas Jasa Keuangan Office, for any Bank which head office is located or that domiciles outside the territory of the Special Capital Region of Jakarta Province and Banten Province.

Section Eight

Sanctions

Article 130

- (1) Any Party that violates the provisions as referred to in Article 112 paragraph (1), Article 113 paragraph (3), and/or Article 124 paragraph (2) letter a shall be subject to the administrative sanction in the form of a written warning.
- (2) In the event that any party that violates the provisions has been subject to the administrative sanction as referred to in paragraph (1), it may be subject to the administrative sanction in the form of a prohibition from being the main party in accordance with Otoritas Jasa Keuangan Regulations concerning reassessment for the main party of financial service institutions.

Article 131

The imposition of administrative sanctions as referred to in Article 130 does not eliminate the imposition of other sanctions in accordance with the provisions of legislation.

CHAPTER VI TRANSITIONAL PROVISIONS

Article 132

Any designation as a Systematically Important Bank and any formation of a Capital Surcharge that have been in effect before this Otoritas Jasa Keuangan Regulation comes into force, are declared to remain in effect until there is a new written notification of designation as a Systematically Important Bank and the subsequent establishment of a Capital Surcharge by Otoritas Jasa Keuangan as referred to in Article 3.

Article 133

The Recovery Action Plan that has been submitted by any Systematically Important Bank and has not been approved by aOtoritas Jasa Keuangan before this Otoritas Jasa Keuangan Regulation comes into force, shall still be processed in accordance with Otoritas Jasa Keuangan Regulation Number 14/POJK..03/2017 concerning Action Plans (Recovery Plans) for Systematically Important Banks.

Article 134

At the time this Otoritas Jasa Keuangan Regulation comes into force, Bank that has debt or investment instruments that have capital characteristics belonging to other parties that do not comply with the provisions as referred to in Article 36 paragraph (3), may still retain the said instruments until the instruments mature.

Article 135

Any approval in principle for any Intermediary Bank that has been granted by Otoritas Jasa Keuangan before this Otoritas Jasa Keuangan Regulation comes into effect, is declared to remain valid.

CHAPTER VII CONCLUDING PROVISIONS

Article 136

At the time this Otoritas Jasa Keuangan Regulation comes into force, all the terms concerning "Action Plan (Recovery Plan)" that have existed before this Otoritas Jasa Keuangan Regulation comes into effect must be interpreted as the term "Recovery Action Plan" as referred to in this Otoritas Jasa Keuangan Regulation.

Article 137

At the time this Otoritas Jasa Keuangan Regulation comes into force, all Otoritas Jasa Keuangan Regulations and other regulations governing the Action Plan (Recovery Plan), are declared to remain in effect as long as they are not in conflict with the provisions in this Otoritas Jasa Keuangan Regulation.

Article 138

At the time this Otoritas Jasa Keuangan Regulation comes into force, Otoritas Jasa Keuangan Regulation Number 11/POJK.03/2016 concerning Minimum Capital Adequacy Requirement for Commercial Banks (State Gazette of the Republic of Indonesia Number 25 of 2016, Supplement to the State Gazette of the Republic of Indonesia Number 5848) as amended several times, most recently by Otoritas Jasa Keuangan Regulation Number 27 of 2022 concerning Second Amendment to Otoritas Jasa Keuangan Regulation Number

11/POJK.03/2016 concerning Minimum Capital Adequacy Requirement for Commercial Banks (State Gazette of the Republic of Indonesia of 2022 Number 35/POJK, Supplement to the State Gazette Republic of Indonesia Number 26/POJK), is declared to remain valid as long as it is not in conflict with the provisions in this Otoritas Jasa Keuangan Regulation.

Article 139

At the time this Otoritas Jasa Keuangan Regulation comes into force:

- a. OTORITAS JASA KEUANGAN Regulation Number 14/POJK.03/2017 concerning Action Plans (Recovery Plans) for Systematically Important Banks (State Gazette of the Republic of Indonesia Number 64 of 2017, Supplement to the State Gazette of the Republic of Indonesia Number 6038);
- b. Otoritas Jasa Keuangan Regulation Number 15/POJK03/2017 concerning Determination of Supervisory Statutes and Follow-ups of Commercial Banks (State Gazette of the Republic of Indonesia Number 65 of 2017, Supplement to State Gazette of the Republic of Indonesia Number 6039);
- c. Otoritas Jasa Keuangan Regulation Number 16/POJK.03/2017 concerning Intermediary Banks (State Gazette of the Republic of Indonesia of 2017 Number 66, Supplement to the State Gazette of the Republic of Indonesia Number 6040);
- d. Otoritas Jasa Keuangan Regulation Number 43/POJK 03/2017 concerning Follow-up to the Implementation of Bank Supervision (State Gazette of the Republic of Indonesia of 2017 Number 149, Supplement to the State Gazette of the Republic of Indonesia Number 6092); and
- e. Otoritas Jasa Keuangan Regulation Number 2/POJK.03/2018 concerning Determination of Systematically Important Banks and Capital Surcharges (State Gazette of the Republic of Indonesia of 2018 Number 35, Supplement to State Gazette of the Republic of Indonesia Number 6190), are revoked and declared invalid.

Article 140

This Otoritas Jasa Keuangan Regulation shall be effective as of the date of enactment.

For public information, orders this Otoritas Jasa Keuangan Regulation be published in the State Gazette of the Republic of Indonesia.

Issued in Jakarta on

25 March 2024

CHAIRMAN OF BOARD OF COMMISSIONERS
OF OTORITAS JASA KEUANGAN
OF REPUBLIC OF INDONESIA,

signed

MAHENDRA SIREGAR

Promogulated in Jakarta

27 March 2024

MINISTER OF LAW AND HUMAN RIGHTS
REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2024 NUMBER 7/POJK

This copy is in accordance with the original

Director of Legal Development

Legal Department

signed

Aat Windradi

ELUCIDATION
ON
OTORITAS JASA KEUANGAN REGULATION
OF REPUBLIC OF INDONESIA
NUMBER 5 OF 2024
CONCERNING
DETERMINATION OF SUPERVISORY STATUSES AND
HANDLING OF THE ISSUES OF COMMERCIAL BANKS

I. GENERAL

Banking sector development and strengthening are intended so that banks can continue to be able to carry out their role to contribute more optimally to the national economy, have better resilience, be highly competitive, and maintain the financial system stability. Various potential failures in the banking sector along with the development of an increasingly complex and diverse banking industry, including various challenges from the external side such as technological disruptions and the emergence of new financial risks which have an impact on disrupting the financial system, need to be anticipated with relevant and appropriate policy responses, and in the event that there are problems in the banking sector, they need to be handled appropriately to maintain the financial system stability.

With the enactment of Act Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector, the handling of bank issues, strengthening of inter-institutional coordination, and strengthening of institutional authority in the financial sector, especially the banking sector, have become very important aspects in preventing banking failures that can disrupt the financial system and in safeguarding the stability of the banking industry in supporting the national economy and maintaining public trust.

As a follow-up to the statutory regulation mentioned above, including by taking into account the current conditions regarding the aspects of supervision and handling of Bank issues, as well as in an effort to comprehensively enhance and adjust the strengthening of supervision and handling of Bank issues, amendments to Otoritas Jasa Keuangan regulations concerning financial system stability are made, in a comprehensive and integrated manner, into 1 (one) Otoritas Jasa Keuangan Regulation to support financial system stability in the banking sector.

This Otoritas Jasa Keuangan Regulation aims to support the implementation of the strengthening of supervision and handling of Bank issues through policy responses that are relevant, timely and appropriate in term of the substances to support national banking competitiveness and to maintain financial system stability, by aligning and adjusting related regulatory aspects. In this regard, it is necessary to update the provisions related to the Determination of Systematically Important Banks and Capital Surcharges, Recovery Action Plans, Determination of Supervisory Statuses and Follow-ups, and Intermediary Banks, in Otoritas Jasa Keuangan Regulation concerning Determination of Supervisory Statuses and Handling of the Issues of Commercial Banks.

II. ARTICLE BY ARTICLE

Article 1 Self-explanatory

Article 2

Paragraph (1)

The designation of a Bank as a Systematically Important Bank does not include KCBLN.

Paragraph (2) Self-explanatory

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Article 3 Self-explanatory

Article 4

Paragraph (1)

The methodology for determining Systematically Important Banks refers to international standards related to determination of Systematically Important Banks, including the methodology published by the Basel Committee on Banking Supervision.

Paragraph (2) Self-explanatory

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Article 5

Paragraph (1) Self-explanatory

Paragraph (2)

Letter a

“Exposure on the balance sheet” means total assets after deducting interoffice accounts.

Letter b

“Exposure on administrative accounts” means total commitments and contingency obligations.

Letter c

Calculation of potential future exposure from derivative transactions is in accordance with the provisions of Otoritas Jasa Keuangan regarding guidelines for calculating net receivables for derivative transactions in the calculation of risk-weighted assets for credit risk using the standard approach.

Derivative transactions at Banks that carry out business activities based on sharia principles constitute sharia hedging transactions which refer to the provisions of Otoritas Jasa Keuangan regarding the calculation of risk-weighted assets for credit risk using the standard approach for sharia commercial banks.

Article 6

Letter a

In the case of banks that carry out business activities based on sharia principles, the notional value of over-the-counter derivatives is the notional value of over-the-counter sharia hedging which refers to the provisions of Otoritas Jasa Keuangan regarding the calculation of risk-weighted assets for credit risk using the standard approach for sharia commercial banks.

Letter b

Number 1

“Securities with measurement category of fair value calculated in profit or loss (fair value through profit or loss)” are securities which purpose is to be traded or designated for fair value measurement through profit or loss.

Number 2

“Securities with measurement category of fair value calculated in other comprehensive income (fair value through other comprehensive income) are securities which value changes are not recognized in profit or loss but are recognized in other comprehensive income.

Letter c Self-explanatory

Letter d Self-explanatory

Article 7

Letter a Self-explanatory

Letter b Self-explanatory

Letter c Self-explanatory

Letter d

Linkage of interbank transactions in the money market can be in the form of the number of counterparties involved.

Article 8

"Bank's systemic importance score" is a value that reflects the systemic level of a Bank.

"Threshold" is the minimum limit of the systemic importance score of any Bank to be included in the Systematically Important Bank category.

Article 9 Self-explanatory

Article 10

Paragraph (1) Self-explanatory

Paragraph (2)

Letter a Self-explanatory

Letter b

For example: In the event a bank that has a systemic importance score that exceeds the upper limit of the systemic importance score in group (bucket) 4 (four) and hence it is classified in group (bucket) 5 (five), Otoritas Jasa Keuangan shall form an additional Systematically Important Bank grouping, namely group (bucket) 6 (six).

Paragraph (3) Self-explanatory

Paragraph (4)

For example: the amount of Capital Surcharge for group (bucket) 5 (five) is 3.5% (three point five percent) of risk-weighted assets. Thus, the amount of Capital Surcharge for group (bucket) 6 (six) shall be set at 4.5% (four point five percent) of risk-weighted assets.

Article 11

Paragraph (1) Self-explanatory

Paragraph (2)

"Main core capital (common equity tier 1)" is the main core capital (common equity tier 1) as referred to in the provisions of Otoritas Jasa Keuangan Regulation concerning the obligation to provide minimum capital for conventional commercial banks or for sharia commercial banks.

Paragraph (3)

Considerations for reviewing and adjusting the determination of the amount and period of time for meeting the Capital Surcharge requirement are based on, among other things, economic growth, credit growth, and/or banking industry performance.

Article 12

Paragraph (1) Self-explanatory

Paragraph (2) Self-explanatory

Paragraph (3)

Force majeure circumstances include failure of Otoritas Jasa Keuangan's reporting system.

Otoritas Jasa Keuangan's correspondence system is using the address of <https://sipena.ojk.go.id> or another address as determined by Otoritas Jasa Keuangan.

Paragraph (4)

Force majeure circumstances include failure of Otoritas Jasa Keuangan's correspondence system

Paragraph (5) Self-explanatory

Article 13 Self-explanatory

Article 14

Paragraph (1)

The Recovery Action Plan is known by the term recovery plan.

Paragraph (2)

"Any Bank under the resolution measure of LPS" includes any Intermediary Bank and any Bank receiving temporary capital placements of LPS.

Article 15

Paragraph (1)

The obligation to obtain the shareholders' approval at the RUPS means that the Recovery Action Plan shall include the role of the shareholders, especially the PSP, to improve financial conditions.

Paragraph (2) Self-explanatory

Article 16

Paragraph (1) Self-explanatory

Paragraph (2)

The opinion of the sharia supervisory board shall state that the Bank's Recovery Action Plan complies with sharia principles.

Paragraph (3) Self-explanatory

Article 17

Letter a

The term "realistic" includes measurable, appropriate to actual conditions, and/or implementable.

Letter b Self-explanatory

Letter c Self-explanatory

Letter d Self-explanatory

Letter e Self-explanatory

Article 18

Paragraph (1)

Approval from the Board of Commissioners for the Recovery Action Plan should be obtained prior to obtaining the shareholders' approval at the RUPS.

Paragraph (2) Self-explanatory

Article 19

Paragraph (1)

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

Parties that play a role and are responsible for implementing the Recovery Action Plan include internal parties and other related parties, including related work units, in accordance with the functions, authority and responsibilities set by the Bank.

Paragraph (2) Self-explanatory

Paragraph (3)

A crisis management group may take the form of a special work unit or task force consisting of internal parties and parties that have the competence to resolve the Bank's financial problems when necessary.

Paragraph (4) Self-explanatory

Article 20 Self-explanatory

Article 21 Self-explanatory

Article 22

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

"Recovery options" constitute a choice of measures set to be taken by the Bank to respond to financial stress experienced by the Bank in order to retain, restore or improve the Bank's financial conditions and business continuity (viability).

Letter d Self-explanatory

Article 23 Self-explanatory

Article 24

Letter a Self-explanatory

Letter b

Subsidiary companies include the business groups of the subsidiary companies.

Letter c Self-explanatory

Letter d Self-explanatory

Letter e Self-explanatory

Article 25 Self-explanatory

Article 26 Self-explanatory

Article 27

"Related companies (sister companies)" include several financial service institutions that are institutionally and/or legally separate but are owned and/or controlled by the same controlling shareholder.

Article 28

Paragraph (1) Self-explanatory

Paragraph (2)

Intra-group financial support agreements include guarantees, loans and commitments provided to or obtained by the Bank from its business group.

Paragraph (3)

Exposures include, among other things, the amount or portion owned by the Bank.

Main business partners (counterparties) include customers, suppliers and main business partners.

Paragraph (4) Self-explanatory

Article 29 Self-explanatory

Article 30

Paragraph (1) Self-explanatory

Paragraph (2)

Letter a Self-explanatory

Letter b

“Trigger level” is the level at which recovery options begin to be implemented.

Article 31

Paragraph (1)

Indicators in the Recovery Action Plan established by the Bank must be able to represent and identify key vulnerabilities related to financial problems faced by the Bank.

Paragraph (2) Self-explanatory

Paragraph (3)

Letter a Self-explanatory

Letter b

"Liquidity coverage ratio" is the liquidity coverage ratio (LCR) in accordance with Otoritas Jasa Keuangan Regulation concerning the obligation to fulfill the liquidity coverage ratio for commercial banks.

Letter c

“Net stable funding ratio (NSFR)” is the net stable funding ratio (NSFR) in accordance with Otoritas Jasa Keuangan Regulation regarding the obligation to fulfill the net stable funding ratio for commercial banks.

Paragraph (4) Self-explanatory

Paragraph (5) Self-explanatory

Paragraph (6) Self-explanatory

Article 32

Paragraph (1)

Other quantitative indicators include:

- a. market-based indicators, including changes in bank share prices, downgrades in ratings; and

- b. macroeconomic indicators, including changes in exchange rates, changes in interest rates.

Other qualitative indicators include:

- a. request for accelerated repayments of Bank obligations by business partners (counterparties);
- b. court decisions that have a negative impact on the Bank;
- c. negative news or publications regarding the Bank; and
- d. significant decline in the Bank's reputation.

Paragraph (2)

The recovery options against qualitative indicators aim to prevent problems occurring at the Bank from heading towards and/or causing a worsening of the Bank's financial condition.

Article 33

Paragraph (1) Self-explanatory

Paragraph (2)

Examples of the provisions of legislation that can be used to determine the trigger levels include provisions regarding the obligation to provide minimum capital, the obligation to fulfill the main core capital (common equity tier 1), determination of the supervisory status and follow-up of the Bank, the obligation to fulfill the liquidity coverage ratio , and the obligation to fulfill the net stable funding ratio.

Paragraph (3)

Letter a

An example of the prevention that will enable the Bank to still maintain the same or better size or ratio as required in the prevailing legislations concerning capital indicator, namely the capital adequacy ratio, the Bank may set a trigger level to prevent it from violating the provisions concerning additional capital as a buffer, namely the provisions related to capital conservation buffers, countercyclical buffers, and capital surcharges for Systematically Important Banks.

Letter b

An example of recovery so that the Bank no longer violates the size or ratio of indicators in accordance with the prevailing legislations concerning capital indicator, namely the capital adequacy ratio, the Bank may set a trigger level to

prevent it from violating the fulfillment of the capital adequacy ratio according to the risk profile.

Letter c

An example of improvement from condition that endangers the continuity of the Bank's business in relation to capital indicator, namely the capital adequacy ratio, the Bank may set a trigger level to prevent it from violating the capital adequacy ratio of less than 8% (eight percent).

Article 34

Paragraph (1)

Letter a

The sequencing of options for their implementations aims to enable the Bank to take appropriate actions to overcome the financial problems it faces regarding measures for retention, recovery or improvement of the conditions that endanger the Bank's business continuity

Letter b Self-explanatory

Letter c

The analysis or assessment shall be carried out by identifying:

1. the internal parties and external parties that may be affected by the recovery options; and/or
2. the internal parties and external parties that may be involved in the implementation of the recovery options.

Letter d Self-explanatory

Paragraph (2)

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

Assessment of the adequacy of operational support includes information technology systems and human resources, analysis of the Bank's internal operations, access by the Bank and subsidiary companies to market infrastructure covered in the Recovery Action Plan. Market infrastructure includes clearing, settlement facilities and payment system.

Article 35

Paragraph (1)

Letter a

Bank capital increase which is the PSP's and/or PSPT's obligations can be done, among others, through:

- a. capital deposits by the PSP and/or PSPT;
- b. delaying dividend distribution;
- c. distribution of stock dividends;
- d. calculating accumulated losses to become the shareholders' burden in accordance with the sequence of the shareholders' responsibility based on the type of shares owned;
- e. issuance of shares through a limited public offering (rights issue); and/or
- f. issuance of shares not through a public offering (private placement).

Letter b Self-explanatory

Letter c

Additional Bank capital that involves other parties can be done, among others, through:

- a. issuance of shares through a limited public offering (rights issue); and/or
- b. the issuance of shares not through a public offering (private placement).

"Other party" mean parties other than the PSP and/or PSPT.

Paragraph (2)

Letter a Self-explanatory

Letter b

"Investment instrument" refers to the type of investment instrument that has capital characteristics that is only found in banks that carry out business activities based on sharia principles.

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Paragraph (5) Self-explanatory

Article 36

Paragraph (1)

The disbursement shall be carried out to handle the Bank's issues, or on behalf of the PSP and/or PSPT which are no longer the Bank's PSP and/or PSPT.

Paragraph (2) Self-explanatory

Paragraph (3)

Ownership of debt or investment instruments that have the capital characteristics owned by other parties may only be owned by institutions or legal entities.

Natural person investors are known with the term retail investors.

Paragraph (4) Self-explanatory

Paragraph (5)

Fulfillment of deposits ownership shall be applied on:

- a. The new PSP including:
 1. PSPT; and/or
 2. affiliated parties of the PSP and/or PSPT; and/or
- b. Existing PSP including:
 1. PSPT; and/or
 2. affiliated parties of the PSP and/or PSPT.

Article 37 Self-explanatory

Article 38

Letter a

Submission of application for short-term liquidity loan or short-term liquidity financing based on sharia principles to Bank Indonesia shall be made in accordance with the prevailing legislations.

Letter b

Submission of application for placement of funds to LPS shall be made in accordance with the prevailing legislations.

Letter c

Other recovery options include owning a credit line in the money market. Credit line is a facility that a Bank may receive from another parties which can be used to anticipate and/or cover the Bank's liquidity needs if necessary.

Article 39

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

Other recovery options may include more vigorous collection activity.

Article 40

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

Other recovery options may include transfer of credit collection rights (cessie).

Article 41

Paragraph (1)

Letter a

"Internal parties" comprise all work units and all employees, especially those which will be involved in implementing the Recovery Action Plan.

Letter b

"External parties" comprise parties which have a primary interest in the Bank, including investors and business partners (counterparties).

Paragraph (2) Self-explanatory

Article 42

Paragraph (1)

"Evaluation and testing (stress testing)" is an assessment of the Bank's condition at the time of carrying out the evaluation compared to the Recovery Action Plan that has been set, as well as an assessment of the feasibility of the Recovery Action Plan to anticipate various individual (idiosyncratic) and external stress conditions (scenarios) that may occur in the financial market as a whole (market-wide shock) which can be at domestic level or international level.

Paragraph (2) Self-explanatory

Paragraph (3)

"Certain conditions that will have a significant impact on the Bank" include changes in the condition of the Bank individually (idiosyncratic) and external condition that occurs in the financial market as a whole (market-wide shock) which can be at domestic level or international level that have the potential to endanger the Bank's business continuity.

Paragraph (4) Self-explanatory

Paragraph (5) Self-explanatory

Article 43 Self-explanatory

Article 44

Implementation of the Recovery Action Plan aims to retain, restore or improve conditions that endanger the Bank's business continuity.

Article 45 Self-explanatory

Article 46 Self-explanatory

Article 47

Paragraph (1) Self-explanatory

Paragraph (2)

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

"Adequacy and appropriateness of deposits and/or debt or investment instruments that have capital characteristics owned by the Bank" mean the availability both based on the amount and time period of the deposits and/or debt or investment instruments that have the capital characteristics by the Bank in question to face conditions of financial stress.

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Article 48 Self-explanatory

Article 49

Paragraph (1)

"Submission of the Recovery Action Plan" is the first submission, submission of updates, and submissions of amendments.

Paragraph (2) Self-explanatory

Paragraph (3)

See the explanation of Article 12 paragraph (3).

Paragraph (4)

See the explanation of Article 12 paragraph (4).

Paragraph (5) Self-explanatory

Article 50

Paragraph (1) Self-explanatory

Paragraph (2) Self-explanatory

Paragraph (3)

"Has carried out business activities" refers to a Bank that has carried out business activities due to the establishment of a new Bank or a Bank resulting from the spin-off of a sharia business unit from a Bank that carries out conventional business activities.

Article 51

Letter a Self-explanatory

Letter b

Deposits owned by the head office of the KCBLN include deposits from other branch offices abroad and subsidiaries.

Letter b Self-explanatory

Article 52

Certain considerations may include taking into account the condition of the fulfillment of the capital adequacy ratio at the Bank.

Article 53 Self-explanatory

Article 54 Self-explanatory

Article 55 Self-explanatory

Article 56 Self-explanatory

Article 57 Self-explanatory

Article 58 Self-explanatory

Article 59

Letter a

“Bank under normal supervision” is the supervisory status of a Bank that does not meet the criteria as a Bank under rehabilitation or as a Bank under resolution.

Letter b

“Bank under rehabilitation” is an escalation in the supervisory status of a Bank from the previous status of under normal supervision with the aim of restoring the Bank’s condition.

Measures to restore a Bank’s condition are carried out by determining the supervisory measures that are in accordance with the Bank’s issues.

Letter c

“Bank under resolution” is a Bank that is declared by Otoritas Jasa Keuangan as a Bank experiencing financial difficulties that endanger its business continuity and cannot be restored in accordance with the authority held by Otoritas Jasa Keuangan.

Article 60

Paragraph (1) Self-explanatory

Paragraph (2)

Letter a

The composite rating of a Bank's soundness rating is in accordance with Otoritas Jasa Keuangan Regulation concerning the assessment of the soundness rating of

commercial banks and Otoritas Jasa Keuangan Regulation concerning the assessment of the soundness rating of sharia commercial banks and sharia business units.

"2 (two) consecutive assessment periods" refer to the two consecutive periods of Bank soundness rating assessment, which are conducted every semester for the positions at the end of June and the end of December.

Letter b

prevailing legislations concerning statutory reserves requirements.

Number 1

"Fundamental liquidity issues" refer to:

- a) changes in the Bank's position in the money market from a net lender to a net borrower;
- b) a worsening cash flow position as a result of a large maturity mismatch, especially on a short-term time scale;
- c) the Bank's efforts to obtain funds in the money market with interest rates or rates of return higher than fair interest rates or market interest rates;
- d) dependence on collaterals to obtain funds;
- e) increased disbursement of deposits before maturity; and/or
- f) other fundamental liquidity problems.

Number 2

"The Bank is experiencing a worsening liquidity development" when the Bank's GWM ratio is on the declining trend.

Letter c

The Bank's obligation to have a minimum capital adequacy ratio in accordance with the Bank's risk profile shall be in accordance with the prevailing legislations concerning the minimum capital adequacy requirement for commercial banks and Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for sharia commercial banks.

Article 61

Letter a Self-explanatory

Letter b

The maturity period for the placement of funds by LPS shall be in accordance with the prevailing legislations concerning the placement of funds by LPS.

Article 62

Paragraph (2)

Banks that are not designated with the status of Bank under rehabilitation are Banks that have non-structural problems and are believed to be able to continue to fulfill the criteria for Banks under normal supervision.

Letter a

Bank in the process of merger, consolidation, acquisition or integration is recognized by the process of submitting information on the progress of the preparation of the plan for the merger, consolidation, acquisition or integration by the Bank to Otoritas Jasa Keuangan and the merger, consolidation, acquisition or integration plan has obtained approval from the Board of Commissioners of the Bank involved in the merger, consolidation, acquisition or integration, in accordance with Otoritas Jasa Keuangan Regulation regarding the merger, consolidation, acquisition, integration and conversion of commercial banks.

Letter b

The increasing of paid up capital at least shall have been recorded in the criteria for capital deposit funds that meet the requirements in accordance with Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for commercial banks and Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for sharia commercial banks.

The increasing of paid up capital up to minimum capital adequacy requirement ratio shall meet the additional capital as a buffer as required in accordance with Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for commercial banks and Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for sharia commercial banks.

The increase of Bank capital may be carried out by the Bank's shareholders or from new shareholders. The addition of capital shall be carried out by taking into account the potential for losses and liquidity needs.

Letter c

The action plan for rehabilitation carried out by the Bank shall focus on an action plan that is capable of resolving problematic conditions so that the Bank would not meet the criteria of Bank under rehabilitation.

Paragraph (2) Self-explanatory

Article 63

Letter a

Number 1

Otoritas Jasa Keuangan's assessment regarding any Bank that is not able to be rehabilitated in accordance with the authority of Otoritas Jasa Keuangan shall be based on the condition where implementation of the Recovery Action Plan during the period of the Bank being under rehabilitation shows that the Bank is no longer capable of increasing the capital adequacy ratio to the level that at least is in line with the risk profile.

Number 2

“ prevailing legislations refer to the prevailing legislations concerning Statutory Reserves Requirements (Giro Wajib Minimum).

Letter b Self-explanatory

Letter c Self-explanatory

Article 64

Letter a

"Data/documents" refer to all types of data or documents, both written and electronic, that are related to the objects of Otoritas Jasa Keuangan supervision. "Every place related to the Bank" refers to every part of the room of the Bank's office and other places outside the Bank related to the objects of Otoritas Jasa Keuangan's supervision.

Letter b

"Every party" refers a person or legal entity that has influence over the decision-making and operations of the Bank, either directly or indirectly, including the PSPT or certain parties which names are not listed as employees, managers, or shareholders of the Bank or equivalent function but which can influence the Bank's operational activities or the Bank's management decisions.

Letter c

Certain accounts include deposits accounts and credit accounts or financing accounts based on sharia principles.

The blocking of certain accounts shall be carried out on certain accounts that are used for illegal, conflicting, and/or unlawful activities.

Letter d

Certain measures refer to situations where there is a deviation from the Bank's business activities and a violation of the prevailing legislations, and therefore the Bank may be ordered to take certain measures deemed necessary by Otoritas Jasa Keuangan.

Article 65 Self-explanatory

Article 66

Paragraph (1)

Other parties may include agencies, ministries and/or institutions that have tasks and authorities in accordance with the prevailing legislations.

Paragraph (2) Self-explanatory

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Article 67 Self-explanatory

Article 68

Paragraph (1)

A Bank may experience difficulties that endanger its business continuity if the Bank's business conditions worsen, among other things, indicated by a decline in capital, asset quality, liquidity and profitability, as well as Bank management that is not carried out based on the prudential principles and sound banking principles.

Paragraph (2)

Letter a Self-explanatory

Letter b

The action plan shall contain corrective measures that will be implemented by the Bank in order to overcome the issues faced along with the target time for resolving the issues.

Paragraph (3)

The opinion of the sharia supervisory board shall state that the action plan has complied with sharia principles.

Paragraph (4) Self-explanatory

Paragraph (5)

The rehabilitation measures set by Otoritas Jasa Keuangan shall include issuance of written orders and/or through other mechanisms based on the law concerning Otoritas Jasa Keuangan.

Paragraph (6) Self-explanatory

Paragraph (7) Self-explanatory

Paragraph (8) Self-explanatory

Article 69 Self-explanatory

Article 70

Letter a

Limiting the authority shall include limiting the decisions on the granting of bonuses or tantien (bonuses granted as awards), granting of dividends to Bank owners, or salary increases for Bank employees and managers.

Letter b Self-explanatory

Letter c Self-explanatory

Letter d Self-explanatory

Letter e Self-explanatory

Letter f Self-explanatory

Letter g Self-explanatory

Letter h

"Other parties" refer to parties outside the said Bank, whether other banks, other business entities, or individuals that meet the requirements.

Letter i Self-explanatory

Letter j Self-explanatory

Letter k Self-explanatory

Letter l Self-explanatory

Letter m Self-explanatory

Letter n

Other measures deemed necessary by Otoritas Jasa Keuangan may include:

1. Limiting the payments of remuneration or other equivalent forms to the members of the Board of Directors, Board of Commissioners, and/or the sharia supervisory board, or compensation to related parties;
2. Not making repayments or settlements of additional core capital instruments or supplementary capital instruments;
3. Not making or delaying profit distribution;
4. Limiting the implementation of product issuance plans and/or new activities;
5. Not making or limiting the growth of assets, participations, and/or provision of new funds;

6. Not expanding the office network; and/or
7. Closing of the Bank's office network.

Article 71

Letter a Self-explanatory

Letter b Self-explanatory

Letter c

“Written instruction” means a written instruction in accordance with Otoritas Jasa Keuangan Regulation regarding written orders.

“Written order” means a written order in accordance with Otoritas Jasa Keuangan Regulation regarding written orders.

Number 1

Letter a) Self-explanatory

Letter b)

Number 1)

“Shareholders that own” refer to:

- a. shareholders that individually or together with other related shareholders;
- b. shareholders that act on behalf of other shareholders which causes such shareholders; or
- c. shareholders that have option rights or other rights to own shares which if used will cause such shareholders to own 10% (ten percent) or more of the Bank's shares.

Shareholders that act together with other related shareholders include shareholders that have relationships with other shareholders in the form of ownership relationships, family relationships up to the second degree, and/or that cooperate to achieve common goals in controlling the Bank (acting in concert).

Number 2) Self-explanatory

Number 2 Self-explanatory

Number 3

Due diligence, exploration of other banks, and/or exploration of investors by LPS shall be carried out in preparation for the Bank's resolution.

Article 72

Paragraph (1)

Measures to improve the Bank's status are intended to remove the Bank from the status of a Bank under rehabilitation.

Paragraph (2) Self-explanatory

Paragraph (3) Self-explanatory

Article 73

Paragraph (1)

Notification to the entire network of offices owned must be carried out at least at branch offices, sub-branch offices, and functional offices that carry out operational activities.

Paragraph (2) Self-explanatory

Article 74 Self-explanatory

Article 75

Paragraph (1)

Letter a Self-explanatory

Letter b Self-explanatory

Letter c Self-explanatory

Letter d Self-explanatory

Letter e Self-explanatory

Letter f

Report on the business group structure shall contain natural persons and/or legal entities that own shares in the Bank up to the PSPT.

Letter g

The “cash flow projection report” is a report that is in accordance with Otoritas Jasa Keuangan Regulation concerning the implementation of risk management for commercial banks and Otoritas Jasa Keuangan Regulation concerning the implementation of risk management for sharia commercial banks and sharia business units.

Letter h Self-explanatory

Paragraph (2) Self-explanatory

Article 76

The certain measures ordered by Otoritas Jasa Keuangan may include:

- a. order to increase paid-in capital; and/or

b. order to carry out certain transactions that meet the following criteria:

1. materiality of certain transactions; and/or
2. affiliated transactions and/or transactions containing a conflict of interest.

Exemptions to Otoritas Jasa Keuangan Regulation in the capital market sector include those related to Otoritas Jasa Keuangan Regulation regarding preemptive rights, material transactions, affiliated transactions, and/or transactions containing a conflict of interest.

Article 77 Self-explanatory

Article 78

Fulfillment of the criteria for under normal supervisory status shall include taking into account the condition of financial resilience and the potential for deterioration of the Bank's finances.

Article 79

Paragraph (1)

Letter a

See the explanation of Article 71 letter c. Written instructions shall include cease and desist orders.

Letter b

See the explanation of Article 71 letter c.

Paragraph (2) Self-explanatory

Paragraph (3)

Letter a

Certain measures taken by the Board of Directors and Board of Commissioners to resolve or amend any deviations and/or ensure that provisions are met.

Letter b Self-explanatory

Paragraph (4) Self-explanatory

Article 80 Self-explanatory

Article 81

Any change in Bank supervisory status comes from any change in the status of a Bank under normal supervision to a Bank under rehabilitation or from a Bank under rehabilitation to a Bank under resolution, or vice versa.

Notification of the determination of a Bank under resolution to LPS to carry out the settlement or handling of the Bank under resolution in accordance with the authority of LPS.

Article 82 Self-explanatory

Article 83 Self-explanatory

Article 84

The transfer and notification shall be carried out by taking into account the potential risks that may occur. Therefore, to avoid a time lag that can be misused in the unauthorized transfers of assets by parties that have interests with the Bank, the transfer and notification shall also be carried out directly through electronic media.

Article 85 Self-explanatory

Article 86 Self-explanatory

Article 87

The choosing of the forms of rescue by LPS shall be carried out in accordance with the prevailing legislations.

Article 88 Self-explanatory

Article 89

Paragraph (1) Self-explanatory

Paragraph (2)

See the explanation of Article 12 paragraph (3).

Paragraph (3)

See the explanation of Article 12 paragraph (4).

Paragraph (4) Self-explanatory

Article 90 Self-explanatory

Article 91 Self-explanatory

Article 92 Self-explanatory

Article 93 Self-explanatory

Article 94 Self-explanatory

Article 95 Self-explanatory

Article 96

Paragraph (1)

Intermediary Banks may be established more than 1 (one) at the same time or at different times.

Paragraph (2) Self-explanatory

Article 97 Self-explanatory

Article 98 Self-explanatory

Article 99

Paragraph (1)

The amount of authorized capital for establishing a limited liability company refers to the law regarding limited liability companies.

Paragraph (2) Self-explanatory

Article 100

Letter a

Number 1 Self-explanatory

Number 2 Self-explanatory

Number 3 Self-explanatory

Number 4 Self-explanatory

Number 5

The authorities, responsibilities and term of office of members of the sharia supervisory board shall be conveyed if the Intermediary Bank carries out business activities based on sharia principles.

Number 6 Self-explanatory

Letter b Self-explanatory

Letter c

Fulfillment of the requirement on organizational and human resource structures may use a statement letter from LPS that this requirement will be fulfilled by using data and/or documents from the Originating Bank which part or all of its assets and/or liabilities will be transferred, and fulfillment of this requirement will be submitted by LPS at the latest at the time of submitting a business license application.

Article 101 Self-explanatory

Article 102 Self-explanatory

Article 103 Self-explanatory

Article 104 Self-explanatory

Article 105 Self-explanatory

Article 106

Paragraph (1)

Letter a

The organizational structure shall include the organizational structure, accountability mechanism, as well as the positions and names of human resources.

The positions and names of human resources consist of those for:

1. candidate members of the Board of Directors;
2. candidate members of the Board of Commissioners;
3. candidate members of the sharia supervisory board for any Intermediary Bank that carries out business activities based on sharia principles; and
4. executive officers.

Letter b

Fulfillment of requirements shall include:

1. forms or drafts to be used for the operation of the Intermediary Bank;
2. taxpayer identification number;
3. business registration number;
4. standard operating procedures, governance guidelines, and risk management guidelines;
5. business plan;
6. information technology system plan that will be used; and
7. the Intermediary Bank's latest pro forma financial data, namely the financial position report, income statement and other comprehensive income report, equity change report, calculation of capital adequacy ratio, and financial ratios.

Infrastructure requirement shall include a list of fixed assets and inventory.

Paragraph (2) Self-explanatory

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Article 107 Self-explanatory

Article 108 Self-explanatory

Article 109

Paragraph (1) Self-explanatory

Paragraph (2) Self-explanatory

Paragraph (3)

The request from LPS shall be based on considerations including that the Intermediary Bank is still in the process of obtaining licenses from other agencies for carrying out the Intermediary Bank's business activities.

Article 110

Paragraph (1)

Certain conditions may include conditions of crisis threats or financial system crises as referred to in the law concerning the development and strengthening of the financial sector.

Paragraph (2) Self-explanatory

Article 111 Self-explanatory

Article 112

Paragraph (1) Self-explanatory

Paragraph (2) Self-explanatory

Paragraph (3)

Implementation of the fit and proper assessment/test shall be in accordance with Otoritas Jasa Keuangan Regulation concerning the fit and proper test for the main parties of financial service institutions.

Paragraph (4) Self-explanatory

Article 113

Paragraph (1)

The events when Otoritas Jasa Keuangan has not given approvals for the fit and proper test process shall include, among other things, the consideration that there is an ongoing fit and proper assessment process, as well as the need to accelerate the implementation of the Intermediary Bank's business activities.

The temporary approvals shall not reduce the assessment ability and competence of the persons in question in carrying out actions, tasks, and functions as a member of the Board of Directors, a member of the Board of Commissioners, and a member of the sharia supervisory board.

Paragraph (2)

Implementation of the fit and proper test shall be in accordance with the provisions of Otoritas Jasa Keuangan Regulation concerning the fit and proper test for the main parties of financial service institutions.

Paragraph (3) Self-explanatory

Paragraph (4) Self-explanatory

Paragraph (5) Self-explanatory

Article 114

The facilities and infrastructure of the Originating Bank shall include office network, human resources, information technology systems, governance guidelines, risk management guidelines, work procedures, and/or other operational equipment of the Originating Bank.

Article 115

Paragraph (1) Self-explanatory

Paragraph (2)

“Certain conditions” shall include the condition where, based on the consideration of LPS, 1 (one) Intermediary Bank is able to be used to accept the transfer of part or all of the assets and/or liabilities of more than 1 (one) Originating Bank.

Article 116 Self-explanatory

Article 117 Self-explanatory

Article 118

Paragraph (1) Self-explanatory

Paragraph (2)

Letter a Self-explanatory

Letter b

The transfer procedures and mechanisms shall include the office network, human resources, information technology systems, governance guidelines, risk management guidelines, work procedures, and/or operational equipment that will be used by the Intermediary Bank after the transfer of part or all assets and/or liabilities from another Originating Bank to the Intermediary Bank.

Article 119 Self-explanatory

Article 120

Paragraph (1) Self-explanatory

Paragraph (2) Self-explanatory

Paragraph (3)

Fulfillment of the applicable criteria and requirements shall include the products and activities of the Originating Bank that will be used by the Intermediary Bank, which require prior approvals from other authorities.

Article 121

The provisions concerning the fulfillment of the obligation to provide minimum capital and minimum core capital for Banks shall include:

- a. Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for commercial banks;
- b. Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for sharia commercial banks; and
- c. Otoritas Jasa Keuangan Regulation concerning the consolidation of commercial banks.

Article 122

Other policies for assessing the soundness rating of an Intermediary Bank shall include those related to the assessment periods and scope of the Intermediary Bank soundness rating assessment.

Article 123

The prevailing legislations include:

- a. the law concerning the prevention and handling of financial system crises;
- b. the law concerning the development and strengthening of the financial sector; and
- c. the law concerning LPS.

Article 124

Paragraph (1)

Letter a

The prevailing legislation shall include the law regarding banking, the law regarding Sharia banking, the law regarding limited liability companies, as well as the prevailing legislations regarding commercial banks and sharia commercial banks.

Letter b Self-explanatory

Letter c Self-explanatory

Letter d

Financial obligations shall include fulfillment of the obligation to provide minimum capital up to additional capital as a buffer in accordance with Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for commercial banks and Otoritas Jasa Keuangan Regulation concerning the minimum capital adequacy requirement for sharia commercial banks.

Paragraph (2)

Letter a Self-explanatory

Letter b

The Supervisory action ordered by Otoritas Jasa Keuangan may refer to a situation where the Bank originating from the Intermediary Bank does not fulfill the provisions as stipulated in the legislation relating to Banks.

Article 125 Self-explanatory

Article 126

Paragraph (1) Self-explanatory

Paragraph (2)

The prevailing legislations include, among others, the revocation of business licenses at the request of the owners or shareholders of commercial banks and sharia commercial banks.

Paragraph (3) Self-explanatory

Article 127 Self-explanatory

Article 128 Self-explanatory

Article 129

Paragraph (1) Self-explanatory

Paragraph (2)

See the explanation of Article 12 paragraph (3).

Paragraph (3)

See the explanation of Article 12 paragraph (4).

Paragraph (4) Self-explanatory

Article 130 Self-explanatory

Article 131 Self-explanatory

Article 132 Self-explanatory

Article 133 Self-explanatory

Article 134 Self-explanatory

Article 135 Self-explanatory

Article 136 Self-explanatory

Article 137 Self-explanatory

Article 138 Self-explanatory

Article 139 Self-explanatory

Article 140 Self-explanatory

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