

JOINT DECREE
OF THE MINISTER OF FINANCE
AND
THE GOVERNOR OF BANK INDONESIA
NUMBER 53 / KMK.017 / 1999, 31/12 / KEP / GBI

CONCERNING

IMPLEMENTATION OF THE RECAPITALIZATION OF THE COMMERCIAL BANK OF

THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA AND THE GOVERNOR OF BANK INDONESIA,

Weigh:

- a. that Government Regulation Number 84 of 1998 concerning Commercial Bank Recapitalization Program needs to be supplemented with Implementation Guidelines in order to be implemented;
- b. whereas the Implementation Guidelines referred to in letter a need to be determined by a Joint Decree of the Minister of Finance of the Republic of Indonesia and the Governor of Bank Indonesia;

Bearings in mind:

1. Act Number 7 of 1992 concerning Banking (1992 State Gazette Number 31, Supplement to the State Gazette Number 3472) as amended by Act Number 10 of 1998 (Statute Book Number 182 of 1998, Supplement to the Statute Book Number 3790);
2. Government Regulation Number 84 of 1998 concerning Commercial Bank Recapitalization Program (State Gazette of 1998 Number 197, Supplement to State Gazette Number 3799);
3. Presidential Decree Number 26 of 1998 concerning Guarantees Against Payment Obligations for Commercial Banks;
4. Presidential Decree Number 27 of 1998 concerning the Establishment of the Indonesian Bank Restructuring Agency;
5. Presidential Decree Number 34 of 1998 concerning the Duties and Authorities of the Indonesian Bank Restructuring Agency;
6. Presidential Decree Number 120 of 1998 concerning Issuance of Bank Indonesia Guarantees and Issuance of Bank Guarantees by Bank Persero and Regional Development Banks for Foreign Loans;
7. Joint Decree of the Minister of Finance of the Republic of Indonesia and the Governor of Bank Indonesia
8. 52 / KMK.017 / 1999

Numbers: -----

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9. February 8, 1999 concerning the Establishment of the Policy Committee, Evaluation Committee and Technical Committee for the Implementation of the Commercial Bank Recapitalization Program;

DECIDED:

Establish:

JOINT DECREE OF THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA AND THE GOVERNOR OF BANK INDONESIA
CONCERNING IMPLEMENTATION OF A COMMERCIAL BANK RECAPITALIZATION PROGRAM.

CHAPTER I
GENERAL PROVISIONS

article 1

In this Joint Decree, what is meant by:

1. Commercial Bank is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998;
2. Commercial Bank Recapitalization Program is the Program referred to in Government Regulation Number 84 of 1998;
3. Due Diligence is a financial audit of a Commercial Bank in the context of implementing a Commercial Bank Recapitalization Program;

4. Minimum Capital Adequacy Ratio (CAR), hereinafter referred to as KPMM, is the obligation of Commercial Banks to provide a minimum capital of a certain percentage of risk weighted assets as determined by Bank Indonesia;
5. Business Plan is a plan of a Commercial Bank to improve business performance and meet all prudential provisions in accordance with the specified target and time;
6. Fit and Proper Test is an evaluation of the competence and integrity of the Controlling Shareholders as well as the competence, integrity and independence of the board of commissioners and directors in controlling the operational activities of Commercial Banks;
7. Controlling Shareholders are parties who own shares 25% (twenty five percent) or more of the total number of shares issued and have voting rights at the Commercial Bank, unless the person concerned can prove that he does not exercise control, and / or the party that owns shares less than 25% (twenty five percent) of the total shares issued and have voting rights at a Commercial Bank but the person concerned can be proven to exercise control;
8. Net Open Position (NOP) is the sum of the absolute value of the net difference of foreign currency assets and liabilities in the balance sheet plus the net difference in foreign currency claims and liabilities, both in the form of commitments or contingencies in administrative accounts which are all expressed in Rupiahs as determined by Bank Indonesia;
9. The Steering Committee is a committee as referred to in Government Regulation Number 84 of 1998 concerning the Commercial Bank Recapitalization Program, whose members consist of the Minister of Finance and the Governor of Bank Indonesia;
10. Policy Committee is a committee whose members as referred to in Article 2 paragraph (1) Joint Decree of the Minister of Finance of the Republic of Indonesia and the Governor of Bank Indonesia
Number:
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dated February 8, 1999 concerning the Establishment of the Policy Committee, Evaluation Committee and Technical Committee in the Context of the Implementation of the Commercial Bank Recapitalization Program, whose task is to decide on the feasibility of the Work Plan and fulfillment of the Fit and Proper Test and provide recommendations to the Steering Committee regarding the participation of Commercial Banks in the Commercial Bank Recapitalization Program;
11. The Evaluation Committee is a committee whose members as referred to in Article 3 paragraph (1) Joint Decree of the Minister of Finance of the Republic of Indonesia and the Governor of Bank Indonesia
Number:
52 / KMK.017 / 1999

31/11 / KEP / GBI
dated February 8, 1999 concerning the Formation of the Policy Committee, Evaluation Committee and Technical Committee in the Context of the Implementation of the Commercial Bank Recapitalization Program, whose task is to assess the reasonableness and feasibility of the Commercial Bank Work Plan, assessing compliance Fit and Proper Test of shareholders, commissioners and members of the Board of Directors of Commercial Banks, and recommend to the Policy Committee on the fairness of the Work Plan and fulfillment of the Fit and Proper Test;
12. The Technical Committee is a committee whose members as referred to in Article 4 paragraph (1) Joint Decree of the Minister of Finance of the Republic of Indonesia and the Governor of Bank Indonesia
Number:
52 / KMK.017 / 1999

31/11 / KEP / GBI
dated February 8, 1999 concerning the Formation of the Policy Committee, Evaluation Committee and Technical Committee in the Context of the Implementation of the Commercial Bank Recapitalization Program, whose task is to examine the reasonableness and feasibility of the Bank's Work Plan Public, examines the fulfillment of the Fit and Proper Test from shareholders, commissioners and members of the directors of Commercial Banks;
13. The Legal Lending Limit (LLL) is the percentage ratio of the maximum allowable provision of funds to Commercial Bank capital as determined by Bank Indonesia;
14. Loans to parties related to commercial banks are credit:
 - a. as referred to in the Bank Indonesia provisions that were in force at the time the Due Diligence was carried out, which was used by all committees in making initial decisions regarding the ability of Commercial Banks to be recapitalized; and
 - b. as referred to in the Decree of the Board of Directors of Bank Indonesia Number 31/177 / KEP / DIR 1998 concerning the Legal Lending Limit for Commercial Banks, which is used to calculate violations / exceedances

of credit to related parties which are still recorded in the books of Commercial Banks which are used to determine:

- additional capital requirements that must be deposited immediately after the recapitalization according to the Commercial Bank Recapitalization Program is complete; and or
 - the time and method for correcting the violations referred to which must be stated in the Recapitalization Agreement;
15. Bank Indonesia Liquidity Assistance (BLBI) in the Commercial Bank Recapitalization Program is credit given by Bank Indonesia to banks experiencing liquidity problems in an emergency and in the context of Government Guarantees of Third Party funds and other Commercial Bank Obligations based on Presidential Decree Number 26 Year 1998 and Presidential Decree Number 120 of 1998;
16. State Capital Participation is capital deposit by the Government to a Commercial Bank that deserves to be included in the Commercial Bank Recapitalization Program in the form of preferred shares that can be converted into Convertible Preferred Shares;
17. Preferred Shares which Can be Converted into Common Shares, hereinafter referred to as Preferred Shares, are shares that:
- a. has voting rights on strategic matters (Strategic Voting Rights) which are limited to:
 - appointment or dismissal as well as important changes to the management of commercial banks, mergers, acquisitions, liquidations that are carried out voluntarily (other than those based on Bank Indonesia policy), sale of assets not directly related to their business activities, issuance of new shares or other similar instruments , and statement on the determination of dividends;
 - the appointment of members of the board of directors to represent the Government as Preferred Shareholders;
 - cumulative or not cumulative acquisition of dividend payments;
 - acquisition of advance payment in the event that the bank is liquidated;
 - b. the conversion of Preferred Shares into ordinary shares occurs instantaneously when:
 - The Government as the Preferred Shareholder transfers / sells the Preferred Share to another party;
 - a violation of the Recapitalization Agreement that has not been settled;
 - additional sales of Preferred Stock by management to investors without Government approval;
18. Recapitalization Agreement is an agreement between the Minister of Finance and the Governor of Bank Indonesia with the Controlling Shareholders and the board of commissioners and directors of a Commercial Bank in the context of implementing the Commercial Bank Recapitalization Program;
19. Commercial Banks with the status of "Bank Take Over" (BTO) are Commercial Banks whose operations and controls are taken over by the Indonesian Bank Restructuring Agency (IBRA) as referred to in Decree of the Chairperson of IBRA Number 2 / IBRA / 1998, Number 7 / IBRA / 1998, Number 8 / IBRA / 1998 and Number 19 / IBRA / 1998.

CHAPTER II PARTICIPANTS OF COMMERCIAL BANK RECAPITALIZATION PROGRAMS

Section 2

- (1) In the framework of the Commercial Bank Recapitalization Program, due to due diligence of commercial banks.
- (2) Based on the results of Due Diligence, Commercial Banks are classified into 3 (three) categories, namely:
 - a. Category A, namely Commercial Banks with KPMM equal to or greater than 4% (four percent);
 - b. Category B, namely Commercial Banks with KPMM less than 4% (four percent) to negative 25% (twenty-five percent);
 - c. Category C, namely Commercial Banks with KPMM smaller than negative 25% (twenty- five percent).

Article 3

- (1) Commercial Banks that can become participants in the Commercial Bank Recapitalization Program are category B Commercial Banks as referred to in article 2 paragraph (2) letter b and Article 6 paragraph (1).
- (2) The Commercial Bank Recapitalization Program as referred to in paragraph (1) is only done 1 (one) time.

Article 4

- (1) Category A Commercial Banks as referred to in Article 2 paragraph (2) letter a, are not included in the Commercial Bank Recapitalization Program.
- (2) Commercial Banks as referred to in paragraph (1), must prepare Work Plans and submit them to Bank Indonesia.

Article 5

- (1) Category B Commercial Banks as referred to in Article 3, shall prepare Work Plans and submit them to Bank Indonesia.
- (2) The Controlling Shareholders as well as the Board of Commissioners and Board of Directors of Commercial Banks category B must meet the Fit and Proper Test.
- (3) In the event that the Work Plan and fulfillment of the Fit and Proper Test are approved by the Policy Committee, the said Commercial Bank may be recommended to participate in the Commercial Bank Recapitalization Program.
- (4) In the event that the Work Plan and fulfillment of the Fit and Proper Test are not approved by the Policy Committee, the Commercial Bank applies the provisions of Article 20 paragraph (2) letter d or letter e.
- (5) Commercial Banks that have been approved as referred to in paragraph (3) but decide not to participate in the Commercial Bank Recapitalization Program shall be subject to the actions referred to in Article 20 paragraph (2) letter d or letter e.

Article 6

- (1) Category C Commercial Banks within 30 (thirty) days since the notification of the results of Due Diligence can make capital deposits in cash so that they become at least category B. Commercial Banks
- (2) Commercial Banks that can increase capital as referred to in paragraph (1), apply to Article 5 provisions.
- (3) For category C commercial banks that do not meet the requirements as referred to in paragraph (1) are subject to the provisions of Article 20 paragraph (2) letter d or letter e.

Article 7

The Government conducts a Commercial Bank Recapitalization Program for all State-Owned Banks, Regional Development Banks (BPD), and Commercial Banks with the status of "Bank Take Over" (BTO).

CHAPTER III

PROCEDURES FOR PARTICIPATION OF COMMERCIAL BANKS IN THE GENERAL BANK RECAPITALIZATION PROGRAM

Article 8

- (1) Based on the results of the Due Diligence as referred to in Article 2, Bank Indonesia shall meet with each Commercial Bank to notify the capital conditions and categories of the Commercial Bank at the specified financial statement date.
- (2) (2) The parties referred to in paragraph (1) must sign the minutes of the meeting results that must at least contain:
 - a. Commercial Banks and KPMM categories;
 - b. approval or disapproval of commercial banks regarding the results of due diligence;
 - c. the decision of the Commercial Bank to join or not follow the Commercial Bank Recapitalization Program;
 - d. obligations of Commercial Banks classified as categories A and B to submit Work Plans to Bank Indonesia no later than 30 (thirty) days after the date of the meeting.
- (3) Within 7 (seven) days from the date of the meeting, the Commercial Bank may submit changes in capital conditions as of the date of the financial statements specified in the framework of Due Diligence, and / or subsequent transactions (Subsequent Events) to certain positions accompanied by supporting documents and documents others that indicate the validity of the said changes and / or follow-up transactions.
- (4) Based on research on supporting documents and other documents as referred to in paragraph (3), Bank Indonesia may approve or reject the changes and/or subsequent transactions.
- (5) Based on approval or rejection as referred to in paragraph (4), Bank Indonesia may extend the delivery of the Work Plan for an maximum of 14 (fourteen) days.
- (6) For Commercial Banks category B and C, which decide not to participate in the Commercial Bank Recapitalization program, are subject to the actions referred to in Article 20 paragraph (2) letter d or letter e.

Article 9

(1)The Work Plan as referred to in Article 8 paragraph (2) letter d must cover a period of 3 (three) years, namely up to 2001.

(2)The Work Plan for Commercial Banks category A at least includes:

- a. current conditions of commercial banks and difficulties and/or weaknesses of commercial banks that need attention;
- b. assumptions used;
- c. steps and schedule for the settlement of problem loans;
- d. steps and schedule for credit settlement to related parties and non-related parties for commercial banks for non-performing property loans, other than Simple Home Ownership Loans (KPRS) / Very Simple Houses (RSS);
- e. business development plan, which illustrates the Commercial Bank's strategy to improve performance and health, both in the short and long term;
- f. planned fulfillment of compliance with applicable regulations, including:
 - efforts to resolve violations of the maximum lending limit to related parties and parties not related to commercial banks;
 - efforts to resolve violations of the provisions of the PDN;
- g. financial projections, which describe the plans of Commercial Banks in maintaining the condition of all financial aspects at a healthy level, including the achievement of CAR of 8% (eight percent) at the end of 2001;
- h. the plan to settle BLBI within a period of 3 (three) years with provisions for repayment in the first year of 20% (twenty percent), and in the second and third years of 30% (thirty percent) and 50% (fifty percent)) respectively per hundred).

(3)The Work Plan for Commercial Banks category B at least includes:

- a. letters a, b, c, d, e, g, and h as referred to in paragraph (2);
- b. plan to fulfill compliance with applicable regulations, including:
 - settlement of violations / exceeding LLL to parties not related to the Commercial Bank no later than 12 (twelve) months from the signing of the Recapitalization Agreement as referred to in Article 14 paragraph (1) and Article 15 paragraph (2);
 - settlement of violations / exceeding LLL for parties related to commercial banks without relief in the form of interest deductions and principal credit no later than 12 (twelve) months from the signing of the Recapitalization Agreement as referred to in Article 14 paragraph (1) and Article 15 paragraph (2), and in the event that payment is received in the form of an asset, the Commercial Bank is required to appoint an independent appraiser who must obtain prior approval from IBRA to assess the assets submitted as part of the settlement of violations / exceeding the LLL, and the said Commercial Bank must sell the asset within a period of 12 (two twelve) months;
 - improvement of the quality of the remaining credit to parties related to commercial banks that do not violate the LLL at least classified as Special Mention (DPK) within a period of no later than 3 (three) months after signing the Recapitalization Agreement as referred to in Article 14 paragraph (1) and Article 15 paragraph (2);
 - efforts to resolve violations of PDN provisions;
- c. plan to meet capital shortages;
- d. merger plans with other commercial banks, if any.

Article 10

- (1) The Technical Committee examines the feasibility of the Work Plan based on the reasonableness of the assumptions used associated with the real condition of Commercial Banks and estimates of economic development, and examines the fulfillment of the Fit and Proper Test.
- (2) The results of the Technical Committee's research as referred to in paragraph (1) shall be submitted to the Evaluation Committee.

Article 11

- (1) The Evaluation Committee evaluates the feasibility of the Work Plan and the fulfillment of the Fit and Proper Test.
- (2) The results of the evaluation committee as referred to in paragraph (1) shall be submitted to the Policy Committee accompanied by an official report.

Article 12

- (1) On the basis of the evaluation committee's evaluation of the feasibility of the Work Plan and the fulfillment of the Fit and Proper Test as referred to in Article 11, the Policy Committee provides a decision.
- (2) The Policy Committee submits recommendations for the participation of Commercial Banks in the Commercial Bank Recapitalization Program to the Steering Committee accompanied by Minutes.

Article 13

- (1) The Steering Committee decides the participation of Commercial Banks in the Commercial Bank Recapitalization Program with a Decree.
- (2) Based on the decision of the Steering Committee as referred to in paragraph (1), Bank Indonesia shall submit a notification of approval or rejection of the participation of Commercial Banks in the Commercial Bank Recapitalization Program.

Article 14

- (1) Commercial Banks that have gone Public and participated in the Commercial Bank Recapitalization Program, must sign the Recapitalization Agreement no later than 7 (seven) working days after the notification of the participation of Commercial Banks as referred to in Article 13 paragraph (2).
- (2) Based on the Recapitalization Agreement as referred to in paragraph (1), Commercial Banks may offer new shares through the mechanism of issuing Right Issues (Rights Issue) or without going through a rights issue, and the Controlling Shareholders are required to exercise these rights at at least 20% (two twenty percent) of shares issued with cash payment to reach KPMM 4% (four percent).
- (3) In the event that a Commercial Bank chooses to offer new shares through the rights issue mechanism as referred to in paragraph (2), and the Controlling Shareholder cannot fulfill its obligation of 20% (twenty percent) of the lack of capital to reach KPMM 4 % (four percent)), these obligations can be fulfilled jointly with other investors (strategic investors) or entirely carried out by the intended investors.
- (4) The remaining portion of new shares issued by a Commercial Bank as referred to in paragraph (3) and not taken by the Controlling Shareholder, other shareholders and the public, is taken by the Government as a Standby Buyer.
- (5) With respect to the deposit of a portion of the Government's shares in the amount of the remaining portion of new shares as referred to in paragraph (4), the Commercial Bank issues Preferred Shares which can be Converted into Convertible Preferred Shares.

Article 15

- (1) For Commercial Banks that have not yet gone Public and participated in the Commercial Bank Recapitalization Program based on the notification of approval of the participation of Commercial Banks as referred to in Article 13 paragraph (2), the Controlling Shareholder is required to make a capital deposit in cash of at least 20% (twenty per one hundred) of the lack of capital to reach KPMM 4% (four percent), and the Controlling Shareholders can meet the said paid-in capital together with other investors (strategic investors) or all are carried out by the intended investors.
- (2) Signing of the Recapitalization Agreement not later than 7 (seven) working days after the date of capital investment as referred to in paragraph (1).
- (3) After signing the Recapitalization Agreement as referred to in paragraph (2), the Government shall contribute 80% (eighty percent) of the shares of capital to the capital deficit to reach 4% (four percent).
- (4) With respect to the deposit of a portion of the Government's shares as referred to in paragraph (3), the Commercial Bank issues Preferred Shares which can be Converted into Convertible Preferred Shares.

Article 16

The implementation of the Recapitalization Program for all State-Owned Banks, Regional Development Banks (BPD), and Commercial Banks with the status of "Bank Take Over" (BTO) as referred to in Article 7, is regulated in separate provisions.

CHAPTER IV RECAPITALIZATION AGREEMENT

Article 17

The Recapitalization Agreement as referred to in Article 14 paragraph (1) and Article 15 paragraph (2) shall at least contain the following provisions:

- a. the obligation of the Controlling Shareholder to increase paid up capital in cash at least 20% (twenty percent) of the capital deficit to reach KPMM 4% (four percent);

- b. willingness of the Controlling Shareholders to approve the Government's participation in Commercial Bank capital, including the amount and composition;
- c. the obligation of the Commercial Bank to transfer the credit / assets of the Commercial Bank legally within not later than 3 (three) working days from the signing of the Recapitalization Agreement to the asset Management Unit at IBRA at zero price, namely:
 - loans classified as Loss,
 - loans which were originally classified as Bad debt but has been restructured,
 - written off assets that belong to Commercial Banks as a result of the settlement of bad loans,

in accordance with the results of Due Diligence and all its additions (Subsequent Events) that occur after the date of Due Diligence until the date of signing the Recapitalization Agreement;

- d. the obligation of a Commercial Bank to appoint an independent appraiser company that has international qualifications that must first obtain approval from IBRA to reassess the assets listed on the balance sheet of the Commercial Bank originating from the settlement of bad debts in accordance with the findings of Due Diligence and all its additions (Subsequent Events) until with the date of signing the Recapitalization Agreement, and if the revaluation results turn out to be an asset value smaller than the value listed on the balance sheet of the Commercial Bank, the difference from that value must be recorded as fulfillment of the Allowance for Earning Asset Losses (PPAP) by the Commercial Bank before the Government enters capital in the context of recapitalizing the relevant Commercial Bank, but in the event that the Commercial Bank does not reappraise the said asset, it must be transferred to IBRA at zero price after calculating PPAP of 100% (one hundred percent);
- e. for a period of 3 (three) years from the transfer of credit and assets as referred to in letters c and d, the results of credit collection and the proceeds of the sale of these assets after deducting costs incurred by IBRA, become the right of shareholders to buy ordinary shares issued in the framework of the Commercial Bank Recapitalization Program;
- f. the results of credit collection and sale of assets as referred to in letter e, must be used to purchase shares owned by the Government at a Commercial Bank at a price equal to the purchase price by the Government for shares offered plus a premium determined by the Government;
- g. Commercial Bank obligations for BLBI settlement and LLL violations;
- h. the obligation for the Controlling Shareholders as well as every member of the board of commissioners and directors of Commercial Banks to meet the targets stated in the Work Plan to work towards improving the financial and operational performance of Commercial Banks as referred to in Article 9 and or as required in the approval of commercial bank applications to participate in the Recapitalization Program Commercial banks;
- i. efforts from and sanctions against the Controlling Shareholders and every member of the board of commissioners and directors of Commercial Banks for failure to fulfill obligations as stated in the Recapitalization Agreement;
- j. shareholders as referred to in letter e are given the right to buy shares owned by the Government (Call Options) at a price equal to the purchase price by the Government for shares offered plus a premium determined by the Government.

CHAPTER V

MONITORING OF IMPLEMENTATION OF COMMERCIAL BANK RECAPITALIZATION PROGRAMS

Article 18

- (1) The General Meeting of Shareholders of Commercial Banks participating in the Commercial Bank Recapitalization Program must appoint a member of the Board of Directors of a Commercial Bank who also serves as a Compliance Director and his appointment must obtain Bank Indonesia approval.
- (2) (3) The Compliance Director as referred to in paragraph (1) must maintain the successful implementation of the Commercial Bank Recapitalization Program, so that it is necessary to monitor and maintain the compliance of Commercial Banks with the implementation of the approved Work Plan.
- (3) The results of the implementation of the Compliance Director's tasks as referred to in paragraph (2) shall be submitted quarterly to Bank Indonesia with a copy to the President Director, the Audit Board and the Board of Commissioners, to be evaluated by the Evaluation Committee.
- (4) In the event that the board of commissioners and directors of a Commercial Bank failed to implement a Work Plan and do not comply with the Commercial Bank Recapitalization Agreement, Bank Indonesia may take action and impose sanctions in accordance with the applicable laws and regulations.

CHAPTER VI

DIVESTMENT OF STOCK OWN GOVERNMENT

Article 19

The Government reduces part or all of the shares owned by the Government in the following manner :

- a. for a period of 3 (three) years since the signing of the Recapitalization Agreement, shareholders who buy ordinary shares issued in the framework of the Commercial Bank Recapitalization Program may buy back part or all of the Government's shares with option rights (Call Options);
- b. the results of credit collection and sale of assets as referred to in Article 17 letters e and f, must be used by all shareholders as referred to in Article 17 letter e to purchase part or all of the shares owned by the Government at a Commercial Bank ;
- c. during the period referred to in letter a, the Government transfers the remaining ownership of shares in the Commercial Bank to the public by first offering to the shareholders of the Commercial Bank;
- d. the transfer of all remaining Government share ownership in a Commercial Bank is made no later than 2 (two) years after the end of the period referred to in letter a;
- e. the transfer price of the remaining Government share ownership in Commercial Banks as referred to in letter d is based on the value determined by the independent appraiser at the beginning of the 2 (two) year period as referred to in letter d.

CHAPTER VII

TREATMENT OF GENERAL BANKS CATEGORY B AND GENERAL BANKS CATEGORY C THAT DOES NOT AS WELL AS WELL AS IN THE GENERAL BANK RECAPITALIZATION PROGRAM

Article 20

- (1) By considering the financial condition, office network, workforce and business activities of commercial banks, the Evaluation Committee evaluates various alternative actions to:
 - a. Category B Commercial Banks that are not recommended to participate in the Commercial Bank Recapitalization Program;
 - b. Commercial Banks that cannot fulfill their obligations in the Commercial Bank Recapitalization Program;
 - c. Category C commercial banks which cannot increase their capital cannot be included in category B.
- (2) Based on the decisions and recommendations of the Policy Committee, the Steering Committee will adopt policies:
 - a. approve the participation of commercial banks in the Commercial Bank Recapitalization Program;
 - b. agree to the terms and conditions of the proposed Recapitalization Agreement;
 - c. stipulate additional requirements for the participation of banks in the Commercial Bank Recapitalization Program and or provide a certain period of time for the need for additional assessment and recommendations as a requirement for further consideration for the participation of Commercial Banks in the Commercial Bank Recapitalization Program;
 - d. recommend to Bank Indonesia to revoke a Commercial Bank business license with or without first freezing the Commercial Bank business;
 - e. recommend the transfer of a Commercial Bank to IBRA for a resolution that is consistent with the policies and procedures established by IBRA.

CHAPTER VIII

CONCLUDING PROVISIONS

Article 21

This Joint Decree shall come into force as from the date of stipulation and be effective since 9 December 1998.

For public cognizance, this joint decree shall be announced by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on February 8, 1999

MINISTER OF FINANCE

signed

THE GOVERNOR OF BANK INDONESIA

signed

BAMBANG SUBIANTO

SYAHRIL SABIRIN

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