BANK INDONESIA REGULATION
NUMBER: 7/13/PBI/2005
CONCERNING
THE MINIMUM CAPITAL ADEQUACY REQUIREMENT
FOR COMMERCIAL BANKS BASED ON SHARIA PRINCIPLES

THE GOVERNOR OF BANK INDONESIA,

Considering:

a. whereas in order to bring about a sound and domestically and internationally competitive banking system, changes need to be made to capital structure in line with business characteristics of commercial banks based on Sharia principles and targeting the application of international standards;
b. whereas the existing regulatory provisions for the Minimum Capital Adequacy Requirement are not fully consistent with the business characteristics of commercial banks based on Sharia principles;
c. now therefore it is necessary to introduce changes to the regulatory provisions concerning the Minimum Capital Adequacy Requirement for Commercial Banks based on Sharia principles in a Bank Indonesia Regulation;

In view of :

1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the

Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

2. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To enact : THE BANK INDONESIA CONCERNING THE MINIMUM CAPITAL ADEQUACY REQUIREMENT FOR COMMERCIAL BANKS BASED ON SHARIA PRINCIPLES.

CHAPTER I
GENERAL PROVISIONS
Article 1

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

1. "Bank" is a Commercial Bank as defined in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, conducting business based on Sharia principles;

2. "Sharia …

2. "Sharia Division", hereinafter referred to as UUS, is a unit at the head office of a commercial bank conducting conventional business that functions as head office of the Sharia Branch Offices and/or Sharia Units, or a unit of a Branch Office of a foreign bank conducting conventional business that functions as head office of the Sharia Sub-Branch Offices and/or Sharia Units.
3. "Credit Risk" is the risk of loss sustained by a Bank due to inability to recover claims on loans or investments by the Bank.
4. "Market Risk" is the risk of loss in balance sheet and off-balance sheet positions brought about by overall changes in market conditions.
5. "Foreign Exchange Risk" is the risk of loss brought about by changes in currency exchange rates, including changes in gold prices of Bank positions held in the Banking Book.
6. "Banking Book" is all other elements/positions assessed at cost and intended for investment or to be held to maturity.

Article 2

(1) Banks are required to set aside minimum capital at 8% (eight percent) of risk-weighted assets.

(2) Sharia Divisions are required to set aside the minimum capital in respect of risk-weighted assets of business based on Sharia principles.

(3) If the minimum capital of a Sharia Division is less than 8% (eight percent) of risk-weighted assets, the head office of the conventional commercial bank hosting the Sharia Division shall make up the shortfall in minimum capital so that it reaches 8% (eight percent) of risk-weighted assets as referred to in paragraph (2).

(4) Risks …

(4) Risks as referred to in paragraph (1), paragraph (2), and paragraph (3) are Credit Risk and Market Risk.

(5) The Market Risk covered under this Bank Indonesia Regulation is Foreign Exchange Risk.

CHAPTER II
CAPITAL
Article 3

(1) Capital as referred to in Paragraph 2 in the case of a Bank consists of:
   a. tier 1 capital
   b. tier 2 capital; and
   c. tier 3 capital.

(2) Tier 2 and tier 3 capital as referred to in paragraph (1) letter b and letter c may only be calculated to a maximum limit of 100% (one hundred percent) of tier 1 capital.

(3) Capital as referred to in paragraph (1) letter a and letter b shall be deducted by the offsetting factor of all equity participation conducted by the Bank.

(4) Capital for the Sharia Division of a bank having its head office in Indonesia and outside Indonesia is funds set aside by the bank head office for business based on Sharia principles.

Article 4

(1) Tier 1 capital as referred to in Article 3 paragraph (1) letter a consists of:
   a. paid up capital; and
   b. disclosed reserves.

(2) Tier 1 capital as referred to in paragraph (1) shall be deducted by the offsetting factor of the goodwill account.

(3) Disclosed reserves as referred to in paragraph (1) letter b consist of:

a. Incremental Factors, namely:
   1. Share Agio;
   2. Donated Capital;
   3. General Reserves;
   4. Designated Reserves;
   5. Retained earnings after deduction for taxes;
   6. Current year's earnings after deduction for income tax assessment at 50% (fifty percent);
   7. Increment for translation adjustment in financial statements of overseas branch offices;
   8. Funds paid up as capital;

b. Offsetting Factors, namely:
   1. Disagio;
   2. Loss carry-forward;
   3. Current year's loss;
   4. Deduction for translation adjustment in financial statements of overseas branch offices; and
   5. Declining value of equity participation in the portfolio available for sale.

(4) Any effects of deferred tax must be excluded from the profit or loss statement for the current year as referred to in paragraph (3).

(5) Tier 2 capital as referred to in Article 3 paragraph (1) letter b consists of:

a. Increment …

a. Increment from revaluation of fixed assets;
b. General reserves from allowance for earning assets losses to a maximum of 1.25% (one point two five percent) of risk-weighted assets;
c. Loan capital fulfilling Bank Indonesia criteria, namely borrowings supported by instruments or notes with the following characteristics:
    1. based on the *Qardh* principle;
    2. not guaranteed by the issuer, by nature similar to capital, and paid up in full;
    3. may not be repaid or withdrawn at the initiative of the holder without approval from Bank Indonesia; and
    4. has the same standing as capital in the event that the losses of the bank exceed the balance of profit and reserves, including tier 1 capital, notwithstanding the bank is not liquidated.
d. Subordinated Investment to a maximum of 50% (fifty percent) of tier 1 capital, subject to the following criteria:
    1. based on the *mudharabah* or *musyarakah* principle;
    2. a written agreement exists between the bank and the investor;
    3. has prior approval from Bank Indonesia, in regard to which the Bank, when applying for approval, must submit the program for repayment of the subordinated investment;
    4. not guaranteed by the Bank concerned and is paid up in full;
    5. minimum tenor of 5 (five) years;
    6. repayment prior to maturity must have prior approval from Bank Indonesia, and Bank capital after this repayment shall notwithstanding remain sound; and

7. in …

7. in the event of liquidation, right of claim shall have last priority after all existing borrowings (same status as capital).

e. Any increase in value of equity participation in the portfolio available for sale shall not exceed 45% (forty-five percent).

Article 5

(1) In the calculation of the minimum capital adequacy requirement, tier 3 capital may only be used to offset Market Risk.

(2) In the calculation of the minimum capital adequacy requirement, tier 3 capital is short-term subordinated investment meeting criteria established by Bank Indonesia as follows:

a. based on the *mudharabah* or *musyarakah* principle;

b. not guaranteed by the Bank concerned and paid up in full;

c. has a contracted tenor of no less than 2 (two) years;

d. may not be repaid prior to the scheduled date stipulated in the loan agreement, and only with approval from Bank Indonesia;

e. has a lock-in clause stating that no drawing is permitted of installments on principal, including repayment at maturity, if the payment would result in failure of the minimum capital adequacy ratio of the Bank to comply with the applicable provisions;

f. has a clearly articulated agreement on placement of the subordinated investment, including repayment schedule; and

g. has prior approval from Bank Indonesia.

(3) Tier 3 capital may be used to offset Market Risk only if meeting the following criteria:

a. does …

a. does not exceed 250% (two hundred and fifty percent) of the portion of tier 1 capital allocated to offset Market Risk;

b. the sum of tier 2 capital and tier 3 capital does not exceed 100% (one hundred percent) of tier 1 capital.

(4) Any unused tier 2 capital may be added to tier 3 capital subject to meeting the requirements referred to in paragraph (3);

(5) Subordinated investment as referred to in Article 4 paragraph (5) letter d in excess of 50% (fifty percent) of tier 1 capital may be used as a component of tier 3 capital subject to meeting the requirements referred to in paragraph (3).

CHAPTER III
CREDIT RISK
Article 6

Risk-weighted assets as referred to in Article 2 consist of:

a. balance sheet assets assigned weighting in accordance with the magnitude of credit risk inherent in each asset account, as follows:
   1. cash, gold, placements at Bank Indonesia, and commemorative coins are assigned a weighting of 0% (zero percent);
   2. interbank placements are assigned a weighting of 20% (twenty percent);
   3. inventory, *ijarah* assets, net value of fixed assets and inventory, inter-office assets, and miscellaneous assets are assigned a weighting of 100% (one hundred percent).

b. some …

b. some off-balance sheet accounts are assigned weighting in accordance with the magnitude of credit risk inherent in each account after prior calculation by weighting conversion factors as follows:
   1. outstanding L/Cs (not including standby L/Cs) shall be assigned a weighting of 20% (twenty percent);
   2. bank guarantees is not issued for provision of financing and/or receivables and any undisbursed financing facility extended to a customer as of the end of the calendar year shall be assigned a weighting of 50% (fifty percent);
   3. guarantees (including standby L/Cs) and risk sharing for provision of financing and endorsement or assignment of securities based on sharia principles shall be assigned a weighting of 100% (one hundred percent).

Article 7

(1) Risk-weighted assets as referred to in Article 2, in the case of earning assets, shall be differentiated as follows:
   a. funds channeled into various forms of earning assets in which the funds originate from deposits under the *mudharabah muthlaqah* principle, based on the profit and loss sharing method, shall be assigned a weighting of 1% (one percent);
   b. funds channeled into various forms of earning assets backed by collateral, in which the funds originate from equity and/or deposits under the *wadiah, qardh,* and *mudharabah muthlaqah* principles based on the revenue sharing method, shall be further differentiated as follows:

1. if …

1. if extended or guaranteed by the government or central bank, shall be assigned a weighting of 0% (zero percent);
2. if extended or guaranteed by another bank, shall be assigned a weighting of 20% (twenty percent);
3. if extended or guaranteed by a private company, shall be assigned a weighting based on the rating held by the company concerned.

c. channeling of funds in the form of receivables for home ownership guaranteed by first mortgage for use as residence, for which the funds originate from equity and/or deposits under the *wadiah, qardh,* and *mudharabah muthlaqah* principles based on the revenue sharing method, shall be assigned a weighting of 35% (thirty-five percent);

d. channeling of funds into various forms of venture capital for which the funds originate from *wadiah*, equity, *qardh,* and *mudharabah muthlaqah* shall be assigned a weighting of 150% (one hundred and fifty percent).

(2) Ratings used as a basis for assignment of risk weightings as referred to in paragraph (1) letter b number 3 or equivalent shall be classified as follows:

a. companies rated AAA through AA- shall be assigned a weighting of 20% (twenty percent);

b. companies rated A+ through A- shall be assigned a weighting of 50% (fifty percent);

c. companies rated BBB+ through BBB- shall be assigned a weighting of 100% (one hundred percent);

d. companies rated BB+ through B- shall be assigned a weighting of 100% (one hundred percent);

e. companies rated below B- shall be assigned a weighting of 150% (one hundred and fifty percent);

e. companies …

f. unrated companies shall be assigned a weighting of 100% (one hundred percent).

Article 8

Rating as referred to in Article 7 paragraph (2) shall be issued by a rating agency recognized by Bank Indonesia.

Article 9

Sharia securities included in the Banking Book shall be assigned risk weighting as follows:

a. Bank Indonesia *Wadiah* Certificates (SWBIs) or Securities issued by the Government shall be assigned a weighting of 0% (zero percent);

b. Interbank *Mudharabah* Investment Certificates (IMA Certificates) shall be assigned a weighting of 20% (twenty percent); and

c. Other securities based on Sharia principles shall be assigned a weighting based on the rating held by the issuing company as stipulated in Article 7 paragraph (2).

CHAPTER IV

MARKET RISK

Article 10

(1) Banks are required to put together and apply a market risk policy and guidelines as part of the risk management policy and guidelines of the Bank.

(2) The market risk policy and guidelines referred to in paragraph (1) shall be applied on a consistent basis and not in contravention of Sharia principles.

(2) The …

Article 11

Bank Indonesia *Wadiah* Certificates held by a Bank shall not be calculated into Market Risk.

Article 12

(1) Banks may hold Sharia securities only for investment purposes.

(2) If a Bank experiences liquidity difficulties, any Sharia securities held by the Bank as referred to in paragraph (1) may be sold prior to maturity.

Article 13

Banks are required to calculate Market Risk into the minimum capital adequacy requirement by means of the standard method.

Article 14

(1) Foreign exchange risk as referred to in Article 13 shall be calculated for all Bank assets recorded in the Banking Book.

(2) Capital charges for calculation of Foreign Exchange Risk shall be recorded at 8% (eight percent) of the net open position held.

Article 15

Banks are prohibited from distribution of capital or profit that may cause the capital of the Bank to fail to meet the ratio referred to in Article 2 paragraph (1).

CHAPTER V
REPORTING
Article 16

(1) Banks are required to report the calculation of the minimum capital adequacy requirement under these provisions each month in accordance with the format prescribed by Bank Indonesia as attached.

(2) Reporting as referred to in paragraph (1) must be submitted to Bank Indonesia no later than the 21st day of the following month after the reporting month.

(3) Reports shall be submitted to Bank Indonesia at the following addresses:
   a. Directorate of Sharia Banking, Jl. MH Thamrin No. 2 Jakarta 10110, for a Bank having its head office in the working area of the Bank Indonesia head office; or
   b. The local Bank Indonesia Regional Office, for a Bank having its head office outside the working area of the Bank Indonesia head office.

CHAPTER VI
SANCTIONS
Article 17

(1) Any Bank failing to submit a report as referred to in Article 16 paragraph (2) shall be liable to a financial penalty of Rp 1,000,000.00 (one million rupiahs)

per working day of delay, up to a maximum penalty of Rp 30,000,000.00 (thirty million rupiahs).

(2) A Bank subject to imposition of sanctions as referred to in paragraph (1) shall notwithstanding be required to submit the report.

(3) Any Bank failing to comply with the minimum capital adequacy requirement as referred to in Article 2 paragraph (1) of this Bank Indonesia Regulation shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 in the form of written warning and the provisions for cease and desist orders and designation of bank status.

(4) Any Bank failing to comply with the requirement referred to in Article 2 paragraph (3) of this Bank Indonesia Regulation shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 in the form of written warning and/or freeze on expansion through opening of Bank offices.

(5) Any Bank failing to comply with the requirements referred to in Article 10, Article 12, Article 13, Article 15, and Article 16 paragraph (1) of this Bank Indonesia Regulation shall be liable to administrative sanctions as referred to in Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 in the form of written warning, downgrading of rating, replacement of management, and/or related to the freezing of business operations or revocation of business license (exit policy).

CHAPTER VII

TRANSITIONAL PROVISIONS

Article 18

With the promulgation of this Bank Indonesia Regulation, Banks shall notwithstanding be required to fulfill the 8% minimum capital adequacy requirement through the November 2005 reporting period in accordance with Bank Indonesia Regulation Number 3/21/PBI/2001 dated December 13, 2001, concerning the Minimum Capital Adequacy Requirement for Commercial Banks (State Gazette of the Republic of Indonesia Number 149 of 2001, Supplement to the State Gazette Number 4158) and Bank Indonesia Regulation Number 5/12/PBI/2003 dated July 17, 2003, concerning the Minimum Capital Adequacy Requirement for Commercial Banks Taking Account of Market Risk (State Gazette of the Republic of Indonesia Number 83 of 2003, Supplement to the State Gazette Number 4306).

CHAPTER VIII

CONCLUDING PROVISIONS

Article 19

Further provisions concerning the implementation of this Bank Indonesia Regulation shall be stipulated in a Circular Letter of Bank Indonesia.

Article 20

(1) This Bank Indonesia Regulation shall come into force commencing from the reporting of data for December 2005, submitted in January 2006.

(2) With …

(2) With the issuance of this Bank Indonesia Regulation, Bank Indonesia Regulation Number 3/21/PBI/2001 dated December 13, 2001, concerning the Minimum Capital Adequacy Requirement for Commercial Banks (State Gazette of the Republic of Indonesia Number 149 of 2001, Supplement to the State Gazette Number 4158) and Bank Indonesia Regulation Number 5/12/PBI/2003 dated July 17, 2003, concerning the Minimum Capital Adequacy Requirement for Commercial Banks Taking Account of Market Risk (State Gazette of the Republic of Indonesia Number 83 of 2003, Supplement to the State Gazette Number 4306) are declared no longer valid for commercial banks conducting business based on Sharia Principles.

(3) This Bank Indonesia Regulation shall come into force on the date of its enactment.

Enacted in Jakarta
Dated: June 10, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 47 OF 2005
DPbS

ELUCIDATION

TO

BANK INDONESIA REGULATION

NUMBER: 7/13/PBI/2005

CONCERNING

THE MINIMUM CAPITAL ADEQUACY REQUIREMENT

FOR COMMERCIAL BANKS BASED ON SHARIA PRINCIPLES

GENERAL REVIEW

The minimum capital adequacy ratio for commercial banks based on Sharia principles has been established while taking account of the specific characteristics of banks conducting business based on Sharia principles, changes in the applicable financial accounting standards, and changes in international standards with the use of a standard approach in calculation of credit risk.

With credit risk representing the most important risk in the national banking system, the minimum capital adequacy ratio for commercial banks based on Sharia principles in addition to taking account of credit risk also takes account of other risks such as market risk and in due time will take account of operational risk in the calculation of the minimum capital adequacy ratio.

ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2 …

Article 2

Paragraph (1)

Self-explanatory.

Paragraph (2)

Calculation of minimum capital for a Sharia Division shall be used only as an observed factor for supervision purposes.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 3

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Bank equity participation is an offsetting factor in the calculation of capital, meaning that all equity participation activities of the Bank must be fully backed by Bank capital. This is for the reason that Bank capital is not yet calculated on a consolidated basis.

With the deduction of Equity Participation of the Bank against Bank Capital, Equity Participation value is no longer calculated into risk-weighted assets and shall be assigned a risk weighting of 0% (zero percent).

The definition of Bank Equity Participation does not include temporary equity participation originating from restructured financing.

Paragraph (4)

"Funds set aside" is defined as including working capital set aside by the head office of the Bank as working capital for Branch Offices, Sub-Branch Offices, and/or Sharia Units.

Article 4

Paragraph (1)

Letter a

Components of paid up capital do not include recognition of subscribed capital stock originating from shareholder receivables as referred to in Statement of Financial Accounting Standards (PSAK) Number 21 concerning Accounting of Equity.

Letter b

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Letter a

Number 1 through Number 4

Self-explanatory.

Number 5 …

Number 5 and Number 6

The components of retained earnings and current year's earnings are values after deduction of assessed taxes, unless loss carry-forward is permitted under the applicable taxation provisions.

Any shortfall in formation of allowance for earning assets losses by the Bank shall constitute an expense component charged against the current year's earnings.

Number 7

Positive increment from translation adjustment in the financial statements of Branch Offices may arise from differences in the currencies used in the financial statements.

Number 8

"Funds paid up as capital" is defined as funds paid up in full for addition of capital notwithstanding not yet supported by requirements for categorization as paid up capital, such as convening of a general meeting of shareholders or approval of the articles of association by the competent agency.

To be calculated as funds paid up as capital, the funds must be placed in an escrow account, may not be withdrawn by the Shareholders, and must be approved by Bank Indonesia.

In the case of funds for paid up capital originating from a prospective owner of the Bank, if in the opinion of Bank Indonesia the prospective Bank owner or the funds do not

meet …

meet the requirements for a shareholder or capital, the funds may not be treated as a component of capital and may be withdrawn by the prospective owner.

Letter b

Number 1 through Number 3

Self-explanatory.

Number 4

Negative increment from translation adjustment in a Branch Office financial statement may arise from differences in the currencies used in the financial statements.

Number 5

Under the applicable financial accounting standards, recording in this account shall be at mark to market.

Accordingly, this account shall comprise the negative difference between market price and cost of the Equity Participation of the Bank in a company listed on the Capital Market.

Paragraph (4)

Deferred tax is a transaction arising in consequence to the application of Statement of Financial Accounting Standards (PSAK) Number 46 concerning Accounting of Income Tax.

The exclusion of the impact of deferred taxes from the profit or loss statement for the current year means that the deferred tax assets are not calculated into risk-weighted assets and shall be assigned a risk weighting of 0% (zero percent).

Paragraph (5) …

Paragraph (5)

Letter a

Increment from revaluation of fixed assets may not be capitalized into paid up capital and/or distributed as bonus shares and/or dividend.

Letter b

Self-explanatory.

Letter c

Self-explanatory.

Letter d

Subordinated Investment shall be presented in the monthly Report for the Sharia bank as subordinated loans.

Letter e

In accordance with the prevailing financial accounting standards, recording in this account shall be based on mark to market. Accordingly, this account represents the positive increment of market price over cost of the Equity Participation of the Bank in a company with shares listed on the Capital Market.

Article 5

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Paragraph (4) …

Paragraph (4)

Self-explanatory.

Paragraph (5)

Self-explanatory.

Article 6

Self-explanatory.

Article 7

Paragraph (1)

"Earning assets" are defined as placements of Bank funds, whether in rupiahs or foreign currency, in the form of financing, receivables, loans under the *qardh* principle, placements, equity participation, temporary equity participation, commitments and contingencies in off-balance sheet accounts, and Bank Indonesia *Wadiah* Certificates;

"*Mudharabah muthlaqah*" is defined as the Sharia principle in an agreement between an investor of funds and manager of funds to conduct a specified business activity with profit to be shared between the two parties at a ratio agreed in advance, in which the Bank is given opportunity by depositors to invest their funds;

"*Wadiah*" is defined as the Sharia principle in an agreement for safekeeping of funds made between a depositor and a party entrusted with the safekeeping of those funds;

"*Qardh*" is defined as the Sharia principle in an agreement for lending and borrowing of funds made between a Sharia bank in the capacity of lender and a debtor in which the debtor is required to repay the loan principal in a lumpsum payment or in installments over a specified term.

Paragraph (2)

Self-explanatory.

Article 8

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Article 11

Bank Indonesia *Wadiah* Certificates shall not be calculated into Market Risk for the reason that Bank Indonesia *Wadiah* Certificates are evidence of fund placement under *wadiah* and are therefore non-negotiable.

Article 12

Paragraph (1)

"Investment purposes" is defined as the holding by the Bank of Sharia securities to maturity.

Paragraph (2)

Self-explanatory.

Article 13 …

Article 13

Self-explanatory.

Article 14

Paragraph (1)

Self-explanatory.

Paragraph (2)

“Net open position” is defined as the net open position as stipulated in the applicable Bank Indonesia provisions concerning the net open position for commercial banks.

Article 15

“Distribution of capital or profit” is defined as including but not limited to payment of dividend, repurchase of Bank treasury stock, and payment of bonus management fee. If the Bank demonstrates improved performance during the management tenure but the condition of capital does not permit payment of a management fee, payment of the bonus may be delayed until the condition of Bank capital permits payment of the management fee.

Article 16

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 17

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Administrative sanctions imposed under special surveillance shall refer to Bank Indonesia Regulation Number 6/9/PBI/2004 dated March 26, 2004, concerning Cease and Desist Orders and Designation of Bank Status.

Paragraph (4)

"Bank" in this paragraph is defined as conventional bank operating as the head office of a Sharia Division.

Paragraph (5)

Self-explanatory.

Article 18

Self-explanatory.

Article 19

Self-explanatory.

Article 20

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3) …

Paragraph (3)

Self-explanatory.