

BANK INDONESIA REGULATION
NUMBER: 7/17/PBI/2005
CONCERNING
SPECIAL TREATMENT FOR RURAL BANKS FOLLOWING THE
NATURAL DISASTERS IN NANGGROE ACEH DARUSSALAM
PROVINCE AND NIAS REGENCY, NORTH SUMATRA PROVINCE

THE GOVERNOR OF BANK INDONESIA,

- Considering : a. whereas following the natural disasters in Nanggroe Aceh Darussalam Province and Nias Regency, North Sumatra Province, it is necessary to pursue various measures to promote recovery in economic activities;
- b. whereas one measure for promotion of recovery in economic activities is the provision of special treatment for Rural Banks;
- c. now therefore it is deemed necessary to enact provisions concerning special treatment for Rural Banks following the natural disasters in the Nanggroe Aceh Darussalam Province and Nias Regency, North Sumatra Province, 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 REGULATION CONCERNING SPECIAL TREATMENT FOR RURAL BANKS FOLLOWING THE NATURAL DISASTERS IN NANGGROE ACEH DARUSSALAM PROVINCE AND NIAS REGENCY, NORTH SUMATRA PROVINCE.

CHAPTER I

GENERAL PROVISIONS

Article 1

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

1. “Rural Bank,” hereinafter referred to as RB, is a Rural Bank as defined in Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998;

2. “Credit” ...

2. “Credit” is the provision of funds or equivalent claims based on a loan agreement or contract between the RB and another party requiring the borrowing party to repay the debt at a specified term with interest.

CHAPTER II CREDIT QUALITY

Article 2

- (1) Credit quality for rescued debt shall be classified current commencing from actions taken for rescue through January 31, 2008.
- (2) Debt Rescue as referred to in paragraph (1) may take place by:
 - a. Rescheduling, namely amendment of terms and conditions of Credit only in regard to payment schedule and/or term;
 - b. Reconditioning, namely amendment of terms and conditions of Credit in whole or in part, not limited to amendment of payment schedule, term, and/or other requirements insofar as these amendments do not involve change in the maximum balance of Credit; or
 - c. Restructuring, namely amendment of terms and conditions of Credit with regard to:
 - (1) Additional funds from the RB, and/or
 - (2) Conversion of interest arrears in whole or in part to Credit, which may be accompanied by rescheduling and/or reconditioning.

Article 3

The provisions referred to in Article 2 shall apply only to Credit that satisfies the following requirements:

- a. Credit already extended at the time of promulgation of these provisions;
- b. Credit disbursed to debtors with project locations or business locations in the Nanggroe Aceh Darussalam Province and/or Nias Regency, North Sumatra Province; and
- c. Has or is deemed likely to experience difficulties in repayment of loan principal and/or interest or Financing margin or profit share by reason of impact of the natural disasters in the Nanggroe Aceh Darussalam Province and Nias Regency, North Sumatra Province.

Article 4

The provisions concerning special treatment for Credit as referred to in Article 2 and Article 3 shall also apply to RBs conducting business based on Sharia Principles for provision of funds encompassing financing (*mudharabah* or *musyarakah*), receivables (*murabahah*, *salam*, or *istishna*), leasing (*ijarah*), and loans (*qardh*).

CHAPTER III REPORTING

Article 5

- (1) RBs impacted by natural disaster shall be exempted from the financial penalties for late reporting and failing to submit reports as referred to in the applicable legal provisions concerning Guidelines for Preparation of RB Monthly Reports, the LLL Report, the Work Plan Report, the Work Plan

Progress Report, the Annual Financial Statement, and the Published Financial Statement.

- (2) Exemption as referred to in paragraph (1) shall be effective through August 31, 2005.

CHAPTER IV CONCLUDING PROVISIONS

Article 6

This Bank Indonesia Regulation shall come into force on the date of its enactment and shall be effective retroactively from December 27, 2004.

Enacted in Jakarta

Dated July 1, 2005

THE GOVERNOR OF BANK INDONESIA,

BURHANUDDIN ABDULLAH

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER: 7/17/PBI/2005
CONCERNING
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GENERAL REVIEW

As widely reported, the tsunami disaster in the Nanggroe Aceh Darussalam Province and the earthquake in Nias Regency, North Sumatra Province that took place respectively on December 26, 2004, and March 28, 2005, have impacted the Indonesian economy specifically in Nanggroe Aceh Darussalam Province and Nias Regency, North Sumatra Province. Debtors affected by the disaster are experiencing difficulties in meeting their obligations under their loan or financing agreements, and thus the deterioration in debtor financial capacity will strongly affect operational condition of the RBs. Furthermore, the natural disasters have impacted the institutional presence, management, and physical condition of RBs.

In this regard, Bank Indonesia deems it necessary to provide special treatment for credit in the form of relaxation in assessment of credit quality and the requirements for regular reporting to Bank Indonesia.

ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

paragraph (1)

Rescued Credit is Credit originally classified current or sub-standard that has become doubtful or loss as a result of natural disaster, in cases which remedial measures are under way as set forth in a Credit rescue agreement.

paragraph (2)

Self-explanatory

Article 3

letter a

“Credit already extended” is defined as including any undisbursed portion of an agreed line of credit.

letter b

Self-explanatory

letter c

Self-explanatory

Article 4 ...

Article 4

Self-explanatory

Article 5

paragraph (1)

Self-explanatory

paragraph (2)

Self-explanatory

Article 6

Self-explanatory