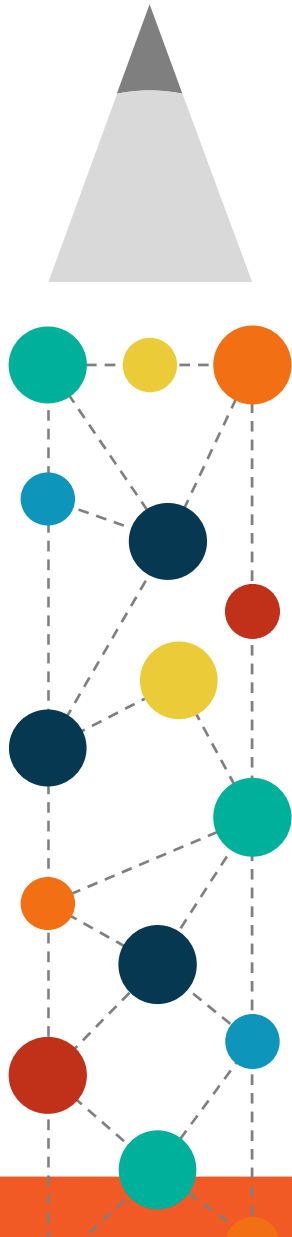


AMENDMENT SUMMARY

OF THE MINISTER OF STATE-OWNED ENTERPRISE
REGULATION ON PARTERNSHIP PROGRAM AND COMMUNITY
DEVELOPMENT PROGRAM OF STATE-OWNED ENTERPRISES

Background



Minister of SOE Regulation No. PER-09/MBU/07/2015

On 3rd July 2015, the Government enacted Minister of State-Owned Enterprises Regulation No. PER-09/MBU/07/2015 on Partnership Program and Community Development Program of State-Owned Enterprises

Extraordinary GMS of 9th November 2015

The Extraordinary GMS of 9th November 2015 on its Second Agenda resolved the enforcement of Minister of State-Owned Enterprises Regulation No. PER-09/MBU/07/2015 dated 3rd July 2015 on Partnership Program and Community Development Program of State-Owned Enterprises for the Board of Directors to implement the said Program starting in the year of 2016.

Board of Accounting Standards (re. Preamble of PER-03/MBU/12/2016)

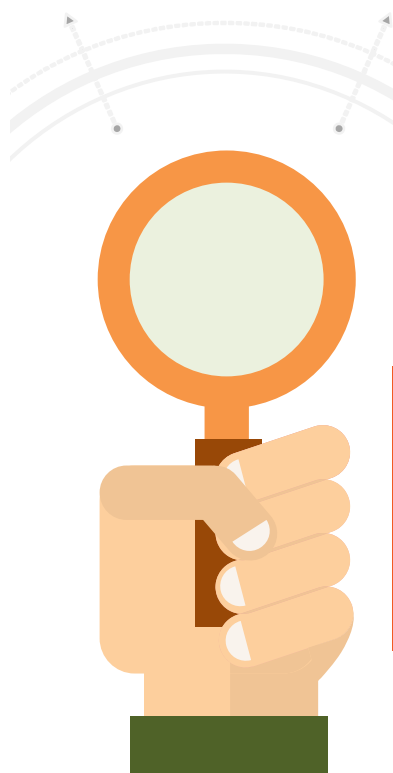
The Board of Financial Accounting Standards of the Indonesian Accounting Association states that Partnership and Community Development Program funds shall be recognized as an expense in the profit and loss, as it is related to the distribution of funds of the program and not transaction of equity between state-owned enterprises and the Ministry of SOE as its shareholder.

Minister of SOE Regulation No. PER-03/MBU/12/2016

On 19th December 2016, the Minister of SOE of the Republic of Indonesia enacted Minister of SOE Regulation No. PER-03/MBU/12/2016 on the Amendment of Minister of SOE Regulation No. PER-09/MBU/07/2015 on Partnership Program and Community Development Program of State-Owned Enterprises. This regulation entered into force upon its enactment with retroactive enforceability since the financial year of 2016, except for provision Article 9 paragraph (1) point c which shall be applicable since the financial year of 2017.

Amendment Summary in the SOE Regulation PER-03/MBU/12/2016

Source of Funds of Partnership Program and Community Development Program	
Allowance for a part of net income; and/or	Budget calculated as expense in SOE
<p>Remarks:</p> <ul style="list-style-type: none"> • 4% at most from the projection of the previous year’s net income, which shall be definitively determined at the ratification of the annual report. • Determined by the General Meeting of Shareholders (“GMS”). 	<p>Remarks:</p> <p>Partnership Program Funds and Community Development Funds that have been budgeted and calculated as expenses set by:</p> <ul style="list-style-type: none"> • GMS for SOEs • Board of Commissioners for listed SOEs.



The maximum total additional loan for each Partner to finance short-term needs in order to meet the orders from business Partners may be adjusted according to the needs.

In optimizing the swift implementation of Partnership Program and Community Development Program, the Supervisor SOE may cooperate with other SOEs and/or the subsidiary of the SOE.

Other Sources of Funds of Partnership Program	<ul style="list-style-type: none"> a. Balance of funds for Partnership Programs allocated until the end of year 2015 b. Administrative services of loan/margin/profit sharing/deposit interest and/or current account services from Partnership Program funds; and/or c. Devolution of funds from Partnership Program from other SOE, if any.
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Other Sources of Funds of Community Development Program	<ul style="list-style-type: none"> a. Balance of funds for Development Community allocated until the end of year 2015 b. Deposit interest, and/or c. Current account service from the Community Development Program fund from the previous year’s remaining Community Development Program fund, if any.
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Comparison of Minister of SOE Regulation No. PER-09/MBU/07/2015 & Minister of SOE Regulation No. PER-03/MBU/12/2016

PER-09/MBU/07/2015	PER-03/MBU/12/2016
<p>Article 7:</p> <ol style="list-style-type: none">1) If necessary, the Supervisor SOE may cooperate with other SOE to aid the function of disbursement Partnership Program and Community Development Program of such Supervisor SOE to optimize the swift implementation of the Partnership Program and Community Development Program, especially for Supervisor SOEs that do not have a branch/representative office in other areas and/or has not established a Partnership Program and Community Development Program unit in such area.2) Such cooperation shall be set forth in an agreement containing the rights and obligations of each party.3) The Supervisor SOE shall keep monitoring the implementation of Partnership Program and Community Development Program conducted by the other Supervisor SOE assisting such disbursement to ensure that the objectives to carry out the assigned programs have been fulfilled.	<p>Article 7:</p> <ol style="list-style-type: none">1) If necessary, the Supervisor SOE may cooperate with other SOEs and/or the subsidiary of a SOE of the disbursement of Partnership Program and Community Development Program of such Supervisor SOE to optimize the swift implementation of the Partnership Program and Community Development Program.2) Such cooperation shall be set forth in an agreement containing the rights and obligations of each party.3) The Supervisor SOE shall keep monitoring the implementation of Partnership Program and Community Development Program conducted by the other SOE and/or subsidiary of another SOE which assists such disbursement, to ensure that the objectives to carry out the assigned programs have been fulfilled.

Comparison of Minister of SOE Regulation No. PER-09/MBU/07/2015 & Minister of SOE Regulation No. PER-03/MBU/12/2016

PER-09/MBU/07/2015	PER-03/MBU/12/2016
<p>Article 8:</p> <ol style="list-style-type: none"> 1) Source of fund for Partnership Program and Community Development Program as follows: <ol style="list-style-type: none"> a. Net profit allowance after tax determined in the GMS / by the Minister ratification of SOE Annual Report at the maximum of 4% (four percent) from the profit after tax of the previous financial year. b. Administrative service of loan/margin/profit sharing from the Partnership Program. c. Interest income from the deposit and/or current account services from the Partnership Program and Community Development Program funds that has been paid-up, and d. Other legitimate sources 2) Remaining funds for Partnership Program and Community Development Program from the previous financial year becomes the source of fund for the next financial year. 3) Partnership Program and Community Development Program Funds deriving from the profit allowance after tax as referred to in paragraph (1) point a, shall be paid-up in the Partnership Program and Community Development Program fund account no later than 45 (forty-five) days since the determination of the amount of allocation of funds. 	<p>Article 8:</p> <ol style="list-style-type: none"> 1) Partnership Program and Community Development Program funds shall be sourced from: <ol style="list-style-type: none"> a. Allowance from part of SOE net profit; and/or b. Budget that has been calculated as expense at the SOE. 2) Other than the source of fund as referred to in paragraph (1), Partnership Program fund shall also be sourced from: <ol style="list-style-type: none"> a. Balance of Partnership Program funds allocated until the end of year 2015; b. Administrative services of loan/margin/profit sharing, deposit interest and/or current account services from the Partnership Program fund; and/or c. Transfer of Partnership Program funds from other SOE, if any. 3) Other than the source of fund as referred to in paragraph (1), Community Development Program funds shall also be sourced from: <ol style="list-style-type: none"> a. Balance of Community Development Program funds allocated until the end of year 2015; b. Deposit interest; and/or c. Current account services from Community Development Program funds remaining from the previous Community Development Program fund of the previous financial year, if any.

Comparison of Minister of SOE Regulation No. PER-09/MBU/07/2015 & Minister of SOE Regulation No. PER-03/MBU/12/2016



PER-09/MBU/07/2015	PER-03/MBU/12/2016
<p>Article 8:</p> <p>4) Partnership Program and Community Development Program funds may only be paid-up at the deposit and/or current account at a SOE Bank.</p> <p>5) The bookkeeping of Partnership Program and Community Development Program funds shall be conducted according to the prevailing accounting standards.</p>	<p>Article 8:</p> <p>4) The amount of Partnership Program and Community Development Program funds deriving from net profit and/or expense as set forth in paragraph (1), at the most 4% (four percent) from the projection of net profit from the previous year, which is definitively determined at the ratification of the annual report.</p> <p>5) For SOE which does not gain profit, the amount of Partnership Program and Community Development Program funds shall be determined at most the same amount as the Partnership Program and Community Development Program fund of the previous year.</p> <p>6) The amount of Partnership Program and Community Development Program fund derived from the net profit and/or expenses referred to in paragraph (4) shall be determined by:</p> <ul style="list-style-type: none"> a. Minister for Public Company; or b. GMS for SOE. <p>7) The amount of Partnership Program and Community Development Program funds that has been budgeted and calculated as expenses shall be determined by the Board of Commissioners for listed SOE.</p> <p>8) The amount of Partnership Program funds deriving from net profit and/or expenses referred to in paragraph (1) and paragraph (4), shall be paid-up to the Partnership Program fund account at the Partnership Program and Community Development Program unit no later than 45 (forty-five) days after the determination of amount of fund.</p> <p>9) The bookkeeping of Partnership Program funds and Community Development Program funds shall be conducted according to the prevailing accounting standards.</p>

Comparison of Minister of SOE Regulation No. PER-09/MBU/07/2015 & Minister of SOE Regulation No. PER-03/MBU/12/2016



PER-09/MBU/07/2015	PER-03/MBU/12/2016
<p>Article 9:</p> <ol style="list-style-type: none"> 1) Partnership Program funds are disbursed in the form of: <ol style="list-style-type: none"> a. The loan to finance working capital and/or purchase fixed asset in order to increase production and sales. b. The additional loan to finance the short-term needs in order to meet orders from business partners of the Partner. 2) The amount of loan for each Partner from the Partnership Program shall be at the maximum of Rp75,000,000.00 (seventy-five million rupiah). 	<p>Article 9:</p> <ol style="list-style-type: none"> 1) Partnership Program funds are disbursed in the form of: <ol style="list-style-type: none"> a. The loan to finance working capital and/or purchase fixed asset in order to increase production and sales. b. The additional loan to finance the short-term needs in order to meet orders from the business partners of the Partner. c. Supervisory expenses: <ol style="list-style-type: none"> 1. To finance education, training, apprenticeship, marketing, promotion, and other matters relating to the increase of productivity of the Partner as well as for the study/research relating to the Partnership Program. 2. Supervisory expenses are deemed as grant and its amount is of a maximum 20% (twenty percent) from the Partnership Program funds disbursed in the ongoing year; and 3. The Supervisory expenses may only be granted to or for the benefit of the Partners. 2) The amount of loan for each Partner from the Partnership Program shall be at the maximum of Rp75,000,000.00 (seventy-five million rupiah), except for the loan as referred to in paragraph (1) point b whose amount may be adjusted as necessary.

Comparison of Minister of SOE Regulation No. PER-09/MBU/07/2015 & Minister of SOE Regulation No. PER-03/MBU/12/2016

PER-09/MBU/07/2015	PER-03/MBU/12/2016
<p>Article 9:</p> <p>3) Community Development Program fund shall be disbursed in the form of:</p> <ol style="list-style-type: none"> a. Natural disaster assistance b. Education and/or training assistance c. Health improvement assistance d. Infrastructure and/or public facility development aid e. Worship facilities aid f. Nature conservation aid g. Social aid in order to alleviate poverty h. Assistance in education, training, apprenticeship, marketing, promotion and other form of aid relating to the effort to increase capacity of Partner of Partnership Program. <p>4) Assistance fund as referred to in paragraph (3) point h shall be taken from fund allocation of Community Development Program at the most of 20% (twenty percent) calculated from the Partnership Program funds disbursed from the ongoing year.</p>	<p>Article 9:</p> <p>3) Community Development Program fund shall be disbursed in the form of:</p> <ol style="list-style-type: none"> a. Natural disaster assistance b. Education assistance, which may be in the form of training, educational infrastructure and facilities c. Health improvement assistance d. Infrastructure and/or public facility development aid e. Worship facilities aid f. Nature conservation aid g. Social aid in order to alleviate poverty, including: <ol style="list-style-type: none"> 1. Electrification in the areas without electric current; 2. Provision of clean water facilities 3. Provision of public bathing, washing and toilet facilities 4. Assistance in education, training, apprenticeship, promotion, and other forms of assistance related to the effort to improve the independence of small business economy other than the Partner in the Partnership Program 5. Housing repairs for underprivileged community 6. Seeding assistance for farming, animal husbandry, and fishery, or 7. Business equipment assistance. <p>Provision of Article 9 paragraph (1) point c will be specifically enforceable from the financial year of 2017.</p>



THANK YOU

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