

CONFORMED COPY

LOAN NUMBER 3526 IND

(Financial Sector Development Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated January 21, 1993

LOAN NUMBER 3526 IND

LOAN AGREEMENT

AGREEMENT, dated January 21, 1993, between REPUBLIC OF INDONESIA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS: (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) Part A of the Project will be carried out by Bank Indonesia (hereinafter called Bank Indonesia) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to Bank Indonesia a portion of the proceeds of the Loan as provided in this Agreement;

(C) Parts B and C of the Project will be carried out by P.T. (PERSERO) Bank Bumi Daya, P.T. (PERSERO) Bank Dagang Negara, P.T. (PERSERO) Bank Ekspor Impor Indonesia, P.T. (PERSERO) Bank Negara Indonesia and P.T. (PERSERO) Bank Rakyat Indonesia (hereinafter called the Participating Banks) with the Borrower's assistance and, as part of such assistance, the Borrower will make available to P.T. (PERSERO) Bank Bumi Daya, P.T. (PERSERO) Bank Dagang Negara, P.T.

(PERSERO) Bank Ekspor Impor Indonesia, P.T. (PERSERO) Bank Negara Indonesia and P.T. (PERSERO) Bank Rakyat Indonesia a portion of the proceeds of the Loan as provided in this Agreement; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement, in the BI Project Agreement of even date herewith between the Bank and Bank Indonesia, and in the Participating Banks Project Agreement of even date herewith amongst the Bank and P.T. (PERSERO) Bank Bumi Daya, P.T. (PERSERO) Bank Dagang Negara, P.T. (PERSERO) Bank Ekspor Impor Indonesia, P.T. (PERSERO) Bank Negara Indonesia and P.T. (PERSERO) Bank Rakyat Indonesia;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements" of the Bank, dated January 1, 1985, with the modifications set forth in Schedule 4 to this Agreement (the General Conditions) constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "BI" means Bank Indonesia, the central bank of the Borrower, established and operating under Law No. 13 of 1968 of the Borrower;

(b) "P.T. (PERSERO) Bank Bumi Daya" and the acronym "BBD" mean the limited liability company established and operating pursuant to its Articles of Association dated July 31, 1992, and published in the State Gazette No. 73, dated September 11, 1992;

(c) "P.T. (PERSERO) Bank Dagang Negara" and the acronym "BDN" mean the limited liability company established and operating pursuant to its Articles of Association dated July 31, 1992, and published in the State Gazette No. 73, dated September 11, 1992;

(d) "P.T. (PERSERO) Bank Ekspor Impor Indonesia" and the acronym "BankExim" mean the limited liability company established and operating pursuant to its Articles of Association dated July 31, 1992, and published in the State Gazette No. 73, dated September 11, 1992;

(e) "P.T. (PERSERO) Bank Negara Indonesia" and the acronym "BNI" mean the limited liability company established and operating pursuant to its Articles of Association dated July 31, 1992, and published in the State Gazette No. 73, dated September 11, 1992;

(f) "P.T. (PERSERO) Bank Rakyat Indonesia" and the acronym "BRI" mean the limited liability company established and operating pursuant to its Articles of Association dated July 31, 1992, and published in the State Gazette No. 73, dated September 11, 1992;

(g) "Participating Banks" means collectively P.T. (PERSERO) Bank Bumi Daya, P.T. (PERSERO) Bank Dagang Negara, P.T. (PERSERO) Bank Ekspor Impor Indonesia, P.T. (PERSERO) Bank Negara Indonesia, and P.T. (PERSERO) Bank Rakyat Indonesia; and "Participating Bank" means any one of them;

(h) "Subsidiary" means any company of which a majority of the outstanding voting stock or other proprietary interest is owned or effectively controlled by a Participating Bank or by any one or more subsidiaries of a Participating Bank or by a Participating Bank and one or more of its subsidiaries;

(i) "BI Project Agreement" means the agreement between the Bank and Bank Indonesia of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the BI Project Agreement;

(j) "Participating Banks Project Agreement" means the agreement amongst the Bank and BBD, BDN, BankExim, BNI and BRI of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Participating Banks Project Agreement;

(k) "BI Financial Agreement" means the agreement to be entered into between the Borrower and BI pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time;

(l) "BBD Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and BBD pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the BBD Subsidiary Loan Agreement, and the term "BBD Subsidiary Loan" means the loan provided to BBD under the BBD Subsidiary Loan Agreement;

(m) "BDN Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and BDN pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the BDN Subsidiary Loan Agreement, and the term "BDN Subsidiary Loan" means the loan provided to BDN under the BDN Subsidiary Loan Agreement;

(n) "BankExim Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and BankExim pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the BankExim Subsidiary Loan Agreement, and the term "BankExim Subsidiary Loan" means the loan provided to BankExim under the BankExim Subsidiary Loan Agreement;

(o) "BNI Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and BNI pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the BNI Subsidiary Loan Agreement, and the term "BNI Subsidiary Loan" means the loan provided to BNI under the BNI Subsidiary Loan Agreement;

(p) "BRI Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and BRI pursuant to Section 3.01 (c) of this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the BRI Subsidiary Loan Agreement, and the term "BRI Subsidiary Loan" means the loan provided to BRI under the BRI Subsidiary Loan Agreement;

(q) "Subsidiary Loan Agreements" means collectively the Agreements referred to in paragraphs (l) through (p) of this Section, and the term "Subsidiary Loans" means collectively the subsidiary loans provided under the Subsidiary Loan Agreements;

(r) "Sub-loan" means a loan made or proposed to be made by a Participating Bank to an Investment Enterprise for an Investment Project funded in part out of the equivalent of the proceeds of the Loan made available to such Participating Bank under the respective Subsidiary Loan Agreement;

(s) "Free-limit Sub-loan" means a Sub-loan, as so defined, which qualifies as a free-limit Sub-loan pursuant to the provisions of paragraph 2 (b) of the Schedule to the Participating Banks Project Agreement;

(t) "Investment Enterprise" means a private sector enterprise established and operating in Indonesia engaged in one or more productive activities in the industrial, agricultural and service sectors and to which a Participating Bank proposes to make

or has made a Sub-loan;

(u) "Investment Project" means an on-going or new investment comprising fixed assets and working capital which meets the eligibility criteria set forth in paragraph 3 of the Schedule to the Participating Banks Project Agreement;

(v) "BBD Outstanding Funds" means the aggregate principal amount of the BBD Prior Subsidiary Loans withdrawn and outstanding on December 31, 1991, March 31, 1993, March 31, 1994 and December 31, 1994; and the term "BBD Prior Subsidiary Loans" means the subsidiary loans under the Subsidiary Loan Agreements entered into between the Borrower and BBD pursuant to the provisions of: (1) the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 2979-IND (Second Export Development Project); (2) the Loan Agreement dated December 2, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 3000-IND (Tree Crop Processing Project); (3) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3040-IND (Industrial Restructuring Project); and (4) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3041-IND (Small and Medium Industrial Enterprise Project);

(x) "BDN Outstanding Funds" means the aggregate principal amount of the BDN Prior Subsidiary Loans withdrawn and outstanding on December 31, 1991, March 31, 1993, March 31, 1994 and December 31, 1994; and the term "BDN Prior Subsidiary Loans" means the subsidiary loans under the Subsidiary Loan Agreements entered into between the Borrower and BDN pursuant to the provisions of: (1) the Loan Agreement dated June 26, 1986, entered into between the Borrower and the Bank for purposes of Loan No. 2702-IND (Export Development Project); (2) the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 2979-IND (Second Export Development Project); (3) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3040-IND (Industrial Restructuring Project); and (4) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3041-IND (Small and Medium Industrial Enterprise Project);

(y) "BankExim Outstanding Funds" means the aggregate principal amount of the BankExim Prior Subsidiary Loans withdrawn and outstanding on December 31, 1991, March 31, 1993, March 31, 1994 and December 31, 1994; and the term "BankExim Prior Subsidiary Loans" means the subsidiary loans under the Subsidiary Loan Agreements entered into between the Borrower and BankExim pursuant to the provisions of: (1) the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 2979-IND (Second Export Development Project); (2) the Loan Agreement dated December 2, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 3000-IND (Tree Crop Processing Project); (3) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3040-IND (Industrial Restructuring Project); and (4) the Loan Agreement dated November 6, 1991, entered into between the Borrower and the Bank for purposes of Loan No. 3402-IND (Agricultural Financing Project);

(z) "BNI Outstanding Funds" means the aggregate principal amount of the BNI Prior Subsidiary Loans withdrawn and outstanding on December 31, 1991, March 31, 1993, March 31, 1994 and December 31, 1994; and the term "BNI Prior Subsidiary Loans" means the subsidiary loans under the Subsidiary Loan Agreements entered into between the Borrower and BNI pursuant to the provisions of: (1) the Loan Agreement dated June 26, 1986, entered into between the Borrower and the Bank for purposes of Loan No. 2702-IND (Export Development Project); (2) the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 2979-IND (Second Export Development Project); (3) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3040-IND (Industrial Restructuring Project); (4) the Loan Agreement dated June 1, 1989, entered into

between the Borrower and the Bank for purposes of Loan No. 3041-IND (Small and Medium Industrial Enterprise Project); and (5) the Loan Agreement dated November 6, 1991, entered into between the Borrower and the Bank for purposes of Loan No. 3402-IND (Agricultural Financing Project);

(aa) "BRI Outstanding Funds" means the aggregate principal amount of the BRI Prior Subsidiary Loans withdrawn and outstanding on December 31, 1991, March 31, 1993, March 31, 1994 and December 31, 1994; and the term "BRI Prior Subsidiary Loans" means the subsidiary loans under the Subsidiary Loan Agreements entered into between the Borrower and BRI pursuant to the provisions of: (1) the Loan Agreement dated June 26, 1986, entered into between the Borrower and the Bank for purposes of Loan No. 2702-IND (Export Development Project); (2) the Loan Agreement dated February 6, 1987, entered into between the Borrower and the Bank for purposes of Loan No. 2773-IND (Fisheries Support Services Project); (3) the Loan Agreement dated May 27, 1987, entered into between the Borrower and the Bank for purposes of Loan No. 2800-IND (BRI/KUPEDES Small Credit Project); (4) the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 2979-IND (Second Export Development Project); (5) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3040-IND (Industrial Restructuring Project); (6) the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank for purposes of Loan No. 3041-IND (Small and Medium Industrial Enterprise Project); and (7) the Loan Agreement dated August 15, 1990, entered into between the Borrower and the Bank for purposes of Loan No. 3249-IND (Second BRI/KUPEDES Small Credit Project);

(bb) "Liquidity Credits" means BI's refinancing facilities provided to banks established and operating in Indonesia to assist in the financing of the Borrower's directed credit programs aimed at promoting specified development activities;

(cc) "ADB Loans" means the loans made to the Borrower by the Asian Development Bank which proceeds have been on-lent by the Borrower to BBD, BDN, BNI and BRI;

(dd) "JapanExim Loans" means the loans made to the Borrower by the Export-Import Bank of Japan which proceeds have been on-lent by the Borrower to the Participating Banks;

(ee) "NIB Loans" means the loans made to the Borrower by the Nordic Investment Bank which proceeds have been on-lent by the Borrower to BBD and BankExim;

(ff) "Plan of Actions" means plans, satisfactory to the Bank, setting forth the actions required to be taken by each Participating Bank to improve its current financial position and performance, including annual targets to reduce their classified assets and to comply with legal lending limits;

(gg) "Financing Plans" means the plans setting forth the amounts required by each Participating Bank on March 31, 1993, March 31, 1994 and December 31, 1994 to have a minimum Capital Adequacy of 8% by December 31, 1994;

(hh) "Tier I Capital" means the paid-in capital, disclosed reserves and profits of each Participating Bank, as such terms are defined by the Bank for International Settlements;

(ii) "Tier II Capital" means revaluation reserves, general loan loss provisions, hybrid debt capital instruments and subordinated debt, as such terms are defined by the Bank for International Settlements;

(jj) "Tier I Capital Contributions" means the amounts provided, or to be provided, by the Borrower to each Participating Bank as paid-in capital pursuant to paragraphs (a), (b), (c), (d) and (e) of Section 3.02 of this Agreement;

(kk) "Capital Adequacy" means the ratio of capital to risk weighted assets of a Participating Bank as set forth in BI's Prudential Banking Regulations, and the terms "capital" and "risk weighted assets" have the meaning set forth by the Bank for International Settlements;

(ll) "BI's Prudential Banking Regulations" means the regulations issued by BI as of the date of this Agreement to promote the soundness and safety of the banking system;

(mm) "Banking Legislation" means the Borrowers Act No. 7 of 1992, dated March 25, 1992 and published in the State Gazette No. 31 of 1992;

(nn) "Supervision Date" means each of the following dates: September 30, 1993, September 30, 1994 and June 30, 1995;

(oo) "Conversion Date" means each of the following dates: October 31, 1993, October 31, 1994 and July 31, 1995;

(pp) "Project Preparation Advances" means collectively: (1) the project preparation advance in an amount of \$300,000 equivalent provided by the Bank to the Borrower pursuant to an exchange of letters dated September 24, 1990 and September 26, 1990, between the Borrower and the Bank; and (2) the additional project preparation advance in an amount of \$700,000 equivalent provided by the Bank to the Borrower pursuant to an exchange of letters dated July 26, 1991 and December 20, 1991, between the Borrower and the Bank; and

(qq) "Rupiah" and the acronym "Rp." mean the currency of the Borrower.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, various currencies that shall have an aggregate value equivalent to the amount of three hundred seven million dollars (\$307,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for: (i) expenditures made (or, if the Bank shall so agree, expenditures to be made) in respect of the reasonable cost of services required for carrying out Part A of the Project and to be financed out of the proceeds of the Loan; and (ii) amounts paid (or, if the Bank shall so agree, to be paid) by a Participating Bank on account of withdrawals made by an Investment Enterprise under a Sub-loan to meet the reasonable cost of civil works, goods and services required for the Investment Project in respect of which the withdrawal from the Loan Account is requested.

(b) Promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount required to repay the principal amount of the Project Preparation Advances withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advances shall thereupon be canceled.

Section 2.03. The Closing Date shall be March 31, 1996 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one per cent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to

time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semiannually on May 15 and November 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project;
Use of the Proceeds of the Loan

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under the Loan Agreement, shall: (i) cause BI to perform in accordance with the provisions of the BI Project Agreement all the obligations of BI therein set forth, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable BI to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance, all with due diligence and efficiency and in conformity with appropriate central banking, administrative, financial, technical, economic and managerial practices; and (ii) cause the Participating Banks to perform in accordance with the provisions of the Participating Banks Project Agreement their respective obligations thereunder, shall take and cause to be taken all action, including the provision of funds, facilities, services and other resources, necessary or appropriate to enable each Participating Bank to perform such obligations, and shall not take or permit to be taken any action which would prevent or interfere with such performance, all with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, economic, commercial banking, managerial and environmental practices.

(b) The Borrower shall make available to BI on a grant basis, out of the proceeds of the Loan, an amount equivalent to \$6,000,000 under a financial agreement to be entered into between the Borrower and BI under terms and conditions which shall have been approved by the Bank and which shall include the following:

- (i) the obligation of BI to use the amount so made available exclusively for purposes of carrying out Part A of the Project;
- (ii) the obligation of BI to supervise the financial performance of each Participating Bank and its compliance with BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and minimum capital adequacy;
- (iii) the obligation of BI to: (A) supervise the implementation by each of the Participating Banks of its respective Plan of Actions; (B) require that each of the Participating Banks undertakes measures to comply with its respective Plan of Actions; and (C) furnish to the Borrower and the Bank, on each Supervision Date, reports of such scope and in such detail as the Bank shall have reasonably requested on: (1) the compliance by each of the Participating Banks with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and minimum capital adequacy; and (2) the status of the Financing Plans of each Participating Bank; and
- (iv) on March 31, 1993, March 31, 1994 and December 31, 1994, the obligation of BI to take all such actions as shall be necessary to allow each Participating Bank to comply with its obligation under Section 2.02 (b) (i) of the Participating Banks Project Agreement relating to the inclusion as Tier II Capital of the amounts withdrawn and outstanding of its BI's Liquidity Credits on such dates as shall have been approved by BI.

(c) The Borrower shall relend part of the proceeds of the Loan to the Participating Banks as set forth in paragraph (i) below under subsidiary loan agreements to be entered into between the Borrower and each Participating Bank under terms and conditions which shall have been approved by the Bank which shall include the following principal terms and conditions:

- (i) each Subsidiary Loan shall be in an amount equivalent to \$60,000,000;
- (ii) each Subsidiary Loan shall be: (A) an interest-free loan; and (B) to the extent that the amount of each such Subsidiary Loan, or a part thereof, shall have not been converted into Tier I Capital pursuant to Section 3.02 of this Agreement, repayable over 15 years including five years' grace;
- (iii) the principal amount of each such Subsidiary Loan repayable by the respective Participating Bank shall be the equivalent in Rupiah of the foreign exchange withdrawn from the Loan Account by the Participating Bank on account of its Subsidiary Loan as of the date of the respective dates of withdrawals; and
- (iv) the provision by the Borrower of the Tier I Capital Contributions pursuant to Section 3.02 of this Agreement.

Section 3.02. Subject to the Bank's prior approval, which approval shall be based on the Bank being satisfied that the respective Participating Bank is in compliance with its Plan of Actions, and the BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy, the Borrower shall take all such actions as shall be necessary to make the following Tier I Capital Contributions:

(a) to BBD:

- (i) by October 31, 1993, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BBD Subsidiary Loan withdrawn and outstanding as of March 31, 1993; (2) the BBD Outstanding Funds as of March 31, 1993; (3) the amounts withdrawn and outstanding by BBD as of March 31, 1993, of the ADB Loans, the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.91,000,000,000;
- (ii) by October 31, 1994, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BBD Subsidiary Loan withdrawn and outstanding as of March 31, 1994; (2) the BBD Outstanding Funds as of March 31, 1994 (3) the amounts withdrawn and outstanding by BBD as of March 31, 1994, of the ADB Loans, the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.120,000,000,000; and
- (iii) by July 31, 1995, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BBD Subsidiary Loan withdrawn and outstanding as of December 31, 1994; (2) the BBD

Outstanding Funds as of December 31, 1994; (3) the amounts withdrawn and outstanding by BBD as of December 31, 1994, of the ADB Loans, the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.91,000,000,000.

(b) to BDN:

- (i) by October 31, 1993, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BDN Subsidiary Loan withdrawn and outstanding as of March 31, 1993; (2) the BDN Outstanding Funds as of March 31, 1993; (3) the amounts withdrawn and outstanding by BDN as of March 31, 1993, of the ADB Loans, the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.33,000,000,000;
- (ii) by October 31, 1994, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BDN Subsidiary Loan withdrawn and outstanding as of March 31, 1994; (2) the BDN Outstanding Funds as of March 31, 1994; (3) the amounts withdrawn and outstanding by BDN as of March 31, 1994, of the ADB Loans, the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.67,000,000,000; and
- (iii) by July 31, 1995, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BDN Subsidiary Loan withdrawn and outstanding as of December 31, 1994; (2) the BDN Outstanding Funds as of December 31, 1994; (3) the amounts withdrawn and outstanding by BDN as of December 31, 1994, of the ADB Loans, the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.34,000,000,000.

(c) to BankExim:

- (i) by October 31, 1993, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BankExim Subsidiary Loan withdrawn and outstanding as of March 31, 1993; (2) the BankExim Outstanding Funds as of March 31, 1993; and (3) the amounts withdrawn and outstanding by BankExim as of March 31, 1993, of the Japan EximBank and the NIB Loans;
- (ii) by October 31, 1994, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BankExim Subsidiary Loan withdrawn and outstanding as of March 31, 1994; (2) the BankExim Outstanding Funds as of March 31, 1994; (3) the amounts withdrawn and outstanding by BankExim as of March 31, 1994, of the Japan EximBank and the NIB Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.38,000,000,000; and
- (iii) by July 31, 1995, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of

the BankExim Subsidiary Loan withdrawn and outstanding as of December 31, 1994; (2) the BankExim Outstanding Funds as of December 31, 1994; and (3) the amounts withdrawn and outstanding by BankExim as of December 31, 1994, of the Japan EximBank and the NIB Loans.

(d) to BNI:

- (i) by October 31, 1993, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BNI Subsidiary Loan withdrawn and outstanding as of March 31, 1993; (2) the BNI Outstanding Funds as of March 31, 1993; (3) the amounts withdrawn and outstanding by BNI as of March 31, 1993, of the ADB Loans and the Japan EximBank; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.67,000,000,000;
- (ii) by October 31, 1994, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BNI Subsidiary Loan withdrawn and outstanding as of March 31, 1994 (2) the BNI Outstanding Funds as of March 31, 1994; (3) the amounts withdrawn and outstanding by BNI as of March 31, 1994, of the ADB Loans and the Japan EximBank; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.115,000,000,000; and
- (iii) by July 31, 1995, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BNI Subsidiary Loan withdrawn and outstanding as of December 31, 1994; (2) the BNI Outstanding Funds as of December 31, 1994; (3) the amounts withdrawn and outstanding by BNI as of December 31, 1994, of the ADB Loans and the Japan EximBank Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.67,000,000,000.

(e) to BRI:

- (i) by October 31, 1993, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BRI Subsidiary Loan withdrawn and outstanding as of March 31, 1993; (2) the BRI Outstanding Funds as of March 31, 1993; (3) the amounts withdrawn and outstanding by BRI as of March 31, 1993, of the ADB Loans and the Japan EximBank Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.179,000,000,000;
- (ii) by October 31, 1994, or such other date as the Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BRI Subsidiary Loan withdrawn and outstanding as of March 31, 1994 (2) the BRI Outstanding Funds as of March 31, 1994; (3) the amounts withdrawn and outstanding by BRI as of March 31, 1994, of the ADB Loans and the Japan EximBank Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.229,000,000,000; and
- (iii) by July 31, 1995, or such other date as the

Borrower and the Bank may agree, an aggregate Rupiah amount representing: (1) the amounts of the BRI Subsidiary Loan withdrawn and outstanding as of December 31, 1994; (2) the BRI Outstanding Funds as of December 31, 1994; (3) the amounts withdrawn and outstanding by BRI as of December 31, 1994, of the ADB Loans and the Japan EximBank Loans; and (4) an additional contribution from the Borrower's own resources in an amount of Rp.179,000,000,000.

Section 3.03. If on any of the Supervision Dates the amounts to be provided to a Participating Bank as Tier I Capital Contribution pursuant to Section 3.02 of this Agreement plus the amounts being included by such Participating Bank as Tier II Capital pursuant to the provisions of Section 2.02 (b) (i) of the Participating Banks Project Agreement shall be insufficient to enable compliance with the Financing Plan of such Participating Bank, the Borrower undertakes to provide to such Participating Bank, on the respective Conversion Date and as Tier I Capital, additional funds from the Borrower's own resources as shall be required to meet the requirements set forth in such Financing Plan.

Section 3.04. (a) The on-lending arrangements provided for in the Loan Agreements dated June 26, 1986, February 6, 1987, May 27, 1987, August 24, 1988, June 1, 1989, June 1, 1989, August 15, 1990, and November 6, 1991 entered into between the Borrower and the Bank for Loans No. 2702-IND, 2773-IND, 2800-IND, 2979-IND, 3040-IND, 3041-IND, 3249-IND and 3402-IND, respectively, are hereby amended in accordance with the provisions set forth in Schedule 5 to this Agreement.

(b) To reflect the amendments set forth in Schedule 5 to this Agreement, the Borrower and the respective Participating Bank shall amend, in a manner satisfactory to the Bank, the Subsidiary Loan Agreements entered into pursuant to the provisions of the Loan Agreements referred to in paragraph (a) of this Section.

(c) The Subsidiary Loan Agreements dated February 23, 1989, concluded between the Borrower and each of BBD and BankExim pursuant to the provisions of the Loan Agreement dated December 2, 1988, entered into between the Borrower and the Bank for purposes of Loan No. 3000-IND (Tree Crop Processing Project) shall be amended to include in each such Subsidiary Loan Agreement a new Section to read:

"Section 2.10. The obligation to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall cease and terminate in respect of the amounts which shall have been converted into Tier I Capital pursuant to the provisions of Section 3.02 of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND (Financial Sector Development Project)".

Section 3.05. The Borrower shall exercise its rights under the BI Financial Agreement and the Subsidiary Loan Agreements in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive the BI Financial Agreement or any of the Subsidiary Loan Agreements or any provision thereof.

Section 3.06. The Bank and the Borrower hereby agree that: (a) the obligations set forth in Sections 9.05, 9.06 and 9.07, of the General Conditions (relating to use of goods and services, plans and schedules, and records and reports, respectively) in respect of Part A of the Project shall be carried out by BI pursuant to Section 2.04 of the BI Project Agreement; and

(b) the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records

and reports, maintenance and land acquisition, respectively) in respect of Part B of the Project shall be carried out by the Participating Banks pursuant to Section 2.05 of the Participating Banks Project Agreement.

Section 3.07. In the financing of future Borrower's priority programs whereby any of the Participating Banks will act as financial intermediary or agent of the Borrower, the Borrower shall enter into managed-fund basis agreements with such Participating Bank whereby the Borrower shall assume the entirety of the credit risk under such financing.

Section 3.08. Except as otherwise provided for in Sections 3.02 and 3.03 of this Agreement, commencing on January 1, 1995 and thereafter, the Borrower shall not provide Tier I Capital Contributions to any of the Participating Banks for future asset expansion, except to maintain the Borrower's shareholding participation in each Participating Bank at a maximum of 51%.

Section 3.09. The Borrower shall cause the Participating Banks to adopt by December 31, 1992, and, thereafter, implement a performance criteria, satisfactory to the Bank, for providing annual bonus payments to the members of the Board of Directors of each Participating Bank.

Section 3.10. By not later than March 31, 1994, the Borrower shall take all such actions as shall be necessary to provide as paid in-capital to each Participating Bank, the amount of the dividends paid by each Participating Bank to the Borrower for the fiscal year 1992. For purposes of this Section the term "fiscal year" means the Participating Banks' fiscal year.

ARTICLE IV

Remedies of the Bank

Section 4.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) A Participating Bank shall have failed to perform any of its obligations under the Participating Banks Project Agreement.

(b) BI shall have failed to perform any of its obligations under the BI Project Agreement.

(c) As a result of events which have occurred after the date of the Loan Agreement, an extraordinary situation shall have arisen which shall make it improbable that either a Participating Bank or BI will be able to perform its respective obligations under the Participating Banks Project Agreement or the BI Project Agreement.

(d) The Articles of Association of any Participating Bank shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of such Participating Bank or its ability to carry out Parts B and C of the Project or to perform any of its obligations under the Participating Banks Project Agreement.

(e) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of a Participating Bank or for the suspension of its operations.

(f) The Governing Law of BI shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of BI or its ability to carry out Part A of the Project or to perform any of its obligations under the BI Project Agreement.

(g) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of BI or for the suspension of its operations.

(h) Either the Banking Legislation or any of the BI's

Prudential Banking Regulations shall have been amended, suspended, abrogated, repealed or waived so as to adversely affect the carrying out of the Project or any Part thereof.

(i) Any part of the principal amount of any loan to a Participating Bank having an original maturity of one year or more shall, in accordance with its terms, have become due and payable in advance of maturity as provided in the related contractual instrument, or any security for any such loan shall become enforceable.

(j) A Subsidiary or any other entity shall have been created or acquired or taken over by a Participating Bank, if such creation, acquisition or taking over would adversely affect the conduct of such Participating Bank's business or such Participating Bank's financial condition or the efficiency of such Participating Bank's management and personnel in carrying out the Project.

(k) (1) Subject to subparagraph (2) of this paragraph the right of the Borrower to withdraw the proceeds of any grant or loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor.

(2) Subparagraph (1) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 4.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified:

(a) any event specified in paragraphs (a) or (j) of Section 4.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and the respective Participating Bank;

(b) any event specified in paragraph (b) of Section 4.01 of this Agreement shall occur and shall continue for a period of sixty days after notice thereof shall have been given by the Bank to the Borrower and BI;

(c) any event specified in paragraphs (d), (e), (f), (g), (h) or (i) of Section 4.01 of this Agreement shall occur; and

(d) the event specified in paragraph (k) (1) of Section 4.01 of this Agreement shall occur, subject to the proviso of paragraph (k) (2) of such Section.

ARTICLE V

Effective Date; Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) that the BI Financial Agreement has been entered into between the Borrower and BI;

(b) that the BBD Subsidiary Loan Agreement, the BDN Subsidiary Loan Agreement, the BankExim Subsidiary Loan Agreement, the BNI Subsidiary Loan Agreement and the BRI Subsidiary Loan

Agreement have been entered into between the Borrower and BBD, BDN, BankExim, BNI and BRI, respectively; and

(c) that the Borrower has furnished to the Bank evidence satisfactory to the Bank that:

(i) the Borrower has made available to BBD as Tier I Capital an aggregate amount of Rp.315,425,000,000 of which an amount of Rp.48,940,000,000 represents BBD Outstanding Funds as of December 31, 1991;

(ii) the Borrower has made available to BDN as Tier I Capital an aggregate amount of Rp.317,988,000,000 of which an amount of Rp.156,471,000,000 represents BDN Outstanding Funds as of December 31, 1991;

(iii) the Borrower has made available to BankExim as Tier I Capital an aggregate amount of Rp.209,802,000,000 of which an amount of Rp.50,070,000,000 represents BankExim Outstanding Funds as of December 31, 1991;

(iv) the Borrower has made available to BNI as Tier I Capital an aggregate amount of Rp.297,708,000,000 of which an amount of Rp.142,347,000,000 represents BNI Outstanding Funds as of December 31, 1991; and

(v) the Borrower has made available to BRI as Tier I Capital an aggregate amount of Rp.618,138,000,000 of which an amount of Rp.391,316,000,000 represents BRI Outstanding Funds as of December 31, 1991;

(d) that the Subsidiary Loan Agreements referred to in paragraphs (b) and (c) of Section 3.04 of this Agreement have been amended pursuant to the provisions thereof;

(e) that the Borrower has furnished to the Bank evidence satisfactory to the Bank that the Board of Directors of each Participating Bank has adopted its respective Plan of Actions, in a manner satisfactory to the Bank; and

(f) that BI has retained the services of at least one credit expert pursuant to the provisions of paragraph 1 of the Schedule to the BI Project Agreement.

Section 5.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the BI Project Agreement has been duly authorized or ratified by BI and is legally binding upon BI in accordance with its terms;

(b) that the Participating Banks Project Agreement has been duly authorized or ratified by BBD, BDN, BankExim, BNI and BRI, and is legally binding upon BBD, BDN, BankExim, BNI and BRI in accordance with its terms;

(c) that the BI Financial Agreement and the Subsidiary Loan Agreements have been duly authorized or ratified by the parties thereto and are legally binding upon such parties in accordance with their terms; and

(d) that each of the Subsidiary Loan Agreements provided for in the Loan Agreements referred to in Section 3.03. (a) of this Agreement and in paragraph (c) of such Section, have been amended by the parties thereto in accordance with the provisions set forth in Section 3.03 (b) and (c) of this Agreement, and that such Subsidiary Loan Agreements, as so amended, are legally binding upon such parties in accordance with their terms.

Section 5.03. The date ninety (90) days after the date of this

Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VI

Representative of the Borrower; Addresses

Section 6.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 6.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
c/o Director General of Budget
Jalan Lapangan Banteng Timur 2-4
P.O. Box 139
Jakarta, Indonesia

Cable address:

Telex:

MINISTRY FINANCE
JAKARTA

DEPKEU-IA 44319
DJMLN-IA 45799

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD
Washington, D.C.

248423 (RCA),
82987 (FTCC),
64145 (WUI) or
197688 (TRT)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF INDONESIA

By /s/ Abdul Rachman Ramly
Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Gautam Kaji
Regional Vice President
East Asia and Pacific

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of

expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1) (a) Technical Assistance under Part A of the Project	5,700,000	100%
(b) Overseas training under Part A of the Project	300,000	100%
(2) Sub-loans under Part B of the Project:	300,000,000	
(a) Civil Works		50%
(b) Goods		100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 60% of other locally procured items
(c) Services		100%
(3) Refunding of Project Preparation Advances	1,000,000	Amounts due pursuant to Section 2.02 (b) of this Agreement
TOTAL	<u>307,000,000</u>	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures under Category 1 of the table in paragraph 1 of this Schedule prior to the date of this Agreement, except that withdrawals in the aggregate amount not exceeding the equivalent of \$600,000 may be made for expenditures before that date but after March 31, 1992; and

(b) in respect of a Sub-loan:

(i) unless the Sub-loan has been made in accordance with the procedures and on the terms and conditions set forth or referred to in the Schedule to the Participating Banks Project Agreement;

(ii) except as the Borrower and the Bank shall otherwise agree, on account of expenditures by an Investment Enterprise in respect of a Sub-loan subject to the Bank's approval, unless such expenditures shall have been made not more than ninety days prior to the date on which the Bank

shall have received, in respect of such Sub-loan, the application and information required by paragraph 4 (a) of the Schedule to the Participating Banks Project Agreement or, in respect of a free-limit Sub-loan, not more than ninety days prior to the date on which the Bank shall have received, in respect of such free-limit Sub-loan, the request and information required by paragraph 4 (b) of the Schedule to the Participating Banks Project Agreement; provided, however, that withdrawals may be made in respect of a free-limit Sub-loan on account of payments made for expenditures before the above-mentioned ninety days but after March 31, 1992, and not to exceed: (A) the aggregate amount of \$30,000,000 in respect of all such free-limit Sub-loans made by all Participating Banks, and (B) with respect to each Participating Bank, an aggregate amount of 10% of its Subsidiary Loan provided by the Borrower pursuant to Section 3.01 (c) (i) of this Agreement;

- (iii) made or to be made by BBD: (A) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BBD shall have reached the equivalent of \$20,000,000, unless the Bank shall be satisfied that as of March 31, 1993, BBD is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy; and (B) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BBD shall have reached the equivalent of \$40,000,000, unless the Bank shall be satisfied that as of March 31, 1994, BBD is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy;
- (iv) made or to be made by BDN: (A) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BDN shall have reached the equivalent of \$20,000,000, unless the Bank shall be satisfied that as of March 31, 1993, BDN is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy; and (B) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BDN shall have reached the equivalent of \$40,000,000, unless the Bank shall be satisfied that as of March 31, 1994, BDN is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy;
- (v) made or to be made by BankExim: (A) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BankExim shall have reached the equivalent of \$20,000,000, unless the Bank shall be satisfied that as of March 31, 1993, BankExim is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to

loan loss provisioning and capital adequacy; and (B) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BankExim shall have reached the equivalent of \$40,000,000, unless the Bank shall be satisfied that as of March 31, 1994, BankExim is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy;

- (vi) made or to be made by BNI: (A) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BNI shall have reached the equivalent of \$20,000,000, unless the Bank shall be satisfied that as of March 31, 1993, BNI is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy; and (B) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BNI shall have reached the equivalent of \$40,000,000, unless the Bank shall be satisfied that as of March 31, 1994, BNI is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy;
- (vii) made or to be made by BRI: (A) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BRI shall have reached the equivalent of \$20,000,000, unless the Bank shall be satisfied that as of March 31, 1993, BRI is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy; and (B) after the aggregate amount of the proceeds of the Loan disbursed or committed on account of Sub-loans made by BRI shall have reached the equivalent of \$40,000,000, unless the Bank shall be satisfied that as of March 31, 1994, BRI is in compliance with its Plan of Actions and BI's Prudential Banking Regulations, and in particular with those Regulations relating to loan loss provisioning and capital adequacy; and
- (viii) for an Investment Project in an amount to be financed out of the proceeds of the Loan which shall exceed the sum of \$3,000,000 equivalent.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in enhancing the efficiency of resource allocation of the banking system in Indonesia, through: (a) strengthening prudential banking regulations, BI's banking supervision and credit information systems, and staff skills; and (b) conversion of the Participating Banks into limited liability companies (PERSEROS), strengthening their capital bases, and increasing the autonomy of their managements.

The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time to achieve such objectives:

Part A: Provision of technical assistance to BI for enhancing its existing, or establishing new, systems for bank supervision and credit information, and training of BI staff to effectively implement these systems.

Part B: Provision of Sub-loans to Investment Enterprises for the carrying out of Investment Projects.

Part C: The carrying out of a program for the recapitalization of the Participating Banks through Tier I Capital Contributions and inclusion of Liquidity Credits as Tier II Capital, on the basis of the Plan of Actions, Financing Plans and BI's Prudential Banking Regulations.

* * *

The Project is expected to be completed by September 30, 1995.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
May 15, 1998	5,600,000
November 15, 1998	5,815,000
May 15, 1999	6,040,000
November 15, 1999	6,275,000
May 15, 2000	6,515,000
November 15, 2000	6,765,000
May 15, 2001	7,030,000
November 15, 2001	7,300,000
May 15, 2002	7,585,000
November 15, 2002	7,875,000
May 15, 2003	8,180,000
November 15, 2003	8,495,000
May 15, 2004	8,825,000
November 15, 2004	9,165,000
May 15, 2005	9,520,000
November 15, 2005	9,890,000
May 15, 2006	10,270,000
November 15, 2006	10,665,000
May 15, 2007	11,080,000
November 15, 2007	11,510,000
May 15, 2008	11,950,000
November 15, 2008	12,415,000
May 15, 2009	12,895,000
November 15, 2009	13,390,000
May 15, 2010	13,910,000
November 15, 2010	14,450,000
May 15, 2011	15,005,000
November 15, 2011	15,585,000
May 15, 2012	16,190,000
November 15, 2012	16,810,000

* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
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	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30
More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

SCHEDULE 4

Modifications of the General Conditions

For purposes of this Agreement, the provisions of the General Conditions are modified as follows:

- (1) The last sentence of Section 3.02 is deleted.
- (2) The words "or for investment Projects" are added after the words "the Project" at the end of Section 5.03.
- (3) Section 6.03 is deleted and replaced by the following new Section:

"Section 6.03. Cancellation by the Bank. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) by the date specified in paragraph 4 (c) of the Schedule to the Project Agreement no applications or requests permitted under paragraph (a) or paragraph (b) of such Section shall have been received by the Bank in respect of any portion of the Loan, or having been so received, shall have been denied, or (c) at any time, the Bank determines that the procurement of any item is inconsistent with the procedures set forth or referred to in the Loan Agreement and establishes the amount of expenditures in respect of such item which would otherwise have been eligible for financing out of the proceeds of the Loan, or (d) after the Closing Date an amount of the Loan shall remain unwithdrawn from the Loan Account, the Bank may, by notice to the Borrower, terminate the right of the Borrower to submit such applications or requests or to make withdrawals from the Loan Account, as the case may be, with respect to such amount or portion of the Loan. Upon the giving of such notice such amount or portion of the Loan shall be canceled."

SCHEDULE 5

Amendments

1. (a) The acronym "BNI 1946" in the Loan Agreement dated June

26, 1986 entered into between the Borrower and the Bank (Loan No. 2702-IND) is hereby substituted by "BNI".

(b) The acronym "BNI 1946" and the acronym "BEII" in the Loan Agreement dated August 24, 1989 entered into between the Borrower and the Bank (Loan No. 2979-IND) are hereby substituted by "BNI" and "BankExim", respectively.

(c) The acronym "Bank BNI" and the acronym "BEII" in the Loan Agreement dated June 1, 1989 entered into between the Borrower and the Bank (Loan No. 3040-IND) are hereby substituted by "BNI" and "BankExim", respectively.

(d) The acronym "Bank BNI" and the acronym "BEII" in the Loan Agreement dated June 1, 1989 entered into between the Borrower and the Bank (Loan No. 3041-IND) are hereby substituted by "BNI" and "BankExim", respectively.

(e) The acronym "Bank BNI" in the Loan Agreement dated November 6, 1991 entered into between the Borrower and the Bank (Loan No. 3402-IND) is hereby substituted by "BNI".

2. Section 3.01 (d) of the Loan Agreement dated June 26, 1986, entered into between the Borrower and the Bank (Loan No. 2702-IND) is hereby amended by adding a new sub-paragraph to read:

"(iv) the obligation of BDN to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

3. Section 3.01 (d) of the Loan Agreement dated June 26, 1986, entered into between the Borrower and the Bank (Loan No. 2702-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BNI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND". All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

4. Section 3.01 (d) of the Loan Agreement dated June 26, 1986, entered into between the Borrower and the Bank (Loan No. 2702-IND) is hereby amended by adding a new sub-paragraph to read:

"(vi) the obligation of BRI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

5. Section 3.02 (b) of the Loan Agreement dated February 6, 1987, entered into between the Borrower and the Bank (Loan No. 2773-IND) is hereby amended by adding a new sub-paragraph to read:

"(iv) the obligation of BRI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force

and effect.

6. Section 3.01 (b) of the Loan Agreement dated May 27, 1987 entered into between the Borrower and the Bank (Loan No. 2800-IND) is hereby amended by adding a new sub-paragraph to read:

"(iv) the obligation of BRI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

7. Section 3.01 (d) of the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank (Loan No. 2979-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BBD to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

8. Section 3.01 (d) of the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank (Loan No. 2979-IND) is hereby amended by adding a new sub-paragraph to read:

"(vi) the obligation of BDN to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

9. Section 3.01 (d) of the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank (Loan No. 2979-IND) is hereby amended by adding a new sub-paragraph to read:

"(vii) the obligation of BankExim to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

10. Section 3.01 (d) of the Loan Agreement dated August 24, 1988 entered into between the Borrower and the Bank (Loan No. 2979-IND) is hereby amended by adding a new sub-paragraph to read:

"(viii) the obligation of BNI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

11. Section 3.01 (d) of the Loan Agreement dated August 24, 1988, entered into between the Borrower and the Bank (Loan No. 2979-IND) is hereby amended by adding a new sub-paragraph to read:

"(ix) the obligation of BRI to repay the amounts of the

Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

12. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3040-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BBD to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

13. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3040-IND) is hereby amended by adding a new sub-paragraph to read:

"(vi) the obligation of BDN to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

14. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3040-IND) is hereby amended by adding a new sub-paragraph to read:

"(vii) the obligation of BankExim to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

15. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3040-IND) is hereby amended by adding a new sub-paragraph to read:

"(viii) the obligation of BNI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

16. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3040-IND) is hereby amended by adding a new sub-paragraph to read:

"(ix) the obligation of BRI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

17. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3041-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BBD to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

18. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3041-IND) is hereby amended by adding a new sub-paragraph to read:

"(vi) the obligation of BDN to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

19. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3041-IND) is hereby amended by adding a new sub-paragraph to read:

"(vii) the obligation of BNI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

20. Section 3.01 (d) of the Loan Agreement dated June 1, 1989, entered into between the Borrower and the Bank (Loan No. 3041-IND) is hereby amended by adding a new sub-paragraph to read:

"(viii) the obligation of BRI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

21. Section 3.01 (b) of the Loan Agreement dated August 15, 1990, entered into between the Borrower and the Bank (Loan No. 3249-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BRI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

22. Section 3.01 (g) of the Loan Agreement dated November 6, 1991, entered into between the Borrower and the Bank (Loan No. 3402-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BankExim to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to

amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

23. Section 3.01 (g) of the Loan Agreement dated November 6, 1991 entered into between the Borrower and the Bank (Loan No. 3402-IND) is hereby amended by adding a new sub-paragraph to read:

"(v) the obligation of BNI to repay the amounts of the Subsidiary Loan withdrawn and outstanding shall be limited to amounts which shall have not been converted by the Borrower into Tier I Capital Contributions pursuant to the provisions of the Loan Agreement entered into between the Borrower and the Bank for Loan No. 3526-IND." All the obligations of the Loan Agreement, as hereby amended, shall remain in full force and effect.

