

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
31 December 2019 and 2018**

**DIRECTOR'S STATEMENT
REGARDING
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED
31 DECEMBER 2019**

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

We, the undersigned:

- | | |
|----------------|---|
| 1. Name | : Jahja Setiaatmadja |
| Office Address | : Menara BCA Grand Indonesia
Jl. M.H. Thamrin No. 1, Jakarta 10310 |
| Home Address | : Jl. Metro Kencana V/6 RT 001 RW 015,
Pondok Pinang, Kebayoran Lama,
Jakarta Selatan |
| Phone Number | : (021) 2358-8000 |
| Title | : President Director |
| | |
| 2. Name | : Vera Eve Lim |
| Office Address | : Menara BCA Grand Indonesia
Jl. M.H. Thamrin No. 1, Jakarta 10310 |
| Home Address | : Teluk Gong Raya Blk C.4/20,
Pejagalan, Penjaringan
Jakarta Utara |
| Phone Number | : (021) 2358-8000 |
| Title | : Director |


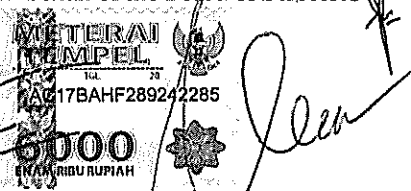
declare that:

1. We are responsible for the preparation and the presentation of the consolidated financial statements of PT Bank Central Asia Tbk (the "Bank") and Subsidiaries;
2. The consolidated financial statements of the Bank and Subsidiaries has been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information has been fully and correctly disclosed in the consolidated financial statements of the Bank and Subsidiaries; and
b. The consolidated financial statements of the Bank and Subsidiaries do not contain false material information or facts, nor do they omit material information or facts;
4. We are responsible for the Bank and Subsidiaries' internal control system.

This statement has been made truthfully.

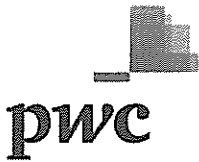
Jakarta, 6 February 2020

For and on behalf of the Board of Directors

 Jahja Setiaatmadja President Director	 Vera Eve Lim Director
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PT BANK CENTRAL ASIA TBK

Head Office : Menara BCA Grand Indonesia, Jl. M. H. Thamrin No. 1 Jakarta 10310 Tel. (021) 2358-8000 Fax. (021) 2358-8300



**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF**

PT BANK CENTRAL ASIA Tbk

We have audited the accompanying consolidated financial statements of PT Bank Central Asia Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Bank Central Asia Tbk and its subsidiaries as of 31 December 2019, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

JAKARTA,
6 February 2020

Lucy Luciana Suhenda, S.E., Ak., CPA
License of Public Accountant No. AP.0229

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 1/1

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	31 December	
		2019	2018
ASSETS			
Cash	2b,2g,5,38,41,44	25,421,406	21,691,443
Current accounts with Bank Indonesia	2b,2g,2i,6,38,41,44	47,904,674	43,548,309
Current accounts with other banks	2b,2g,2i,7,38,41,44	10,521,687	8,497,938
Placements with Bank Indonesia and other banks	2b,2g,2j,8,38,41,44	30,948,274	31,682,811
Financial assets held for trading	2g,2k,9,38,41,44	5,910,146	5,841,824
Acceptance receivables - net of allowance for impairment losses of Rp 176,622 as of 31 December 2019 (31 December 2018: Rp 335,850)	2g,2l,10,38,41,44	9,492,755	11,582,285
Bills receivable - net of allowance for impairment losses of Rp 2,734 as of 31 December 2019 (31 December 2018: Rp 5,674)	2g,11,38,41,44	7,909,020	8,600,709
Securities purchased under agreements to resell - net of allowance for impairment losses of Rp 1,733 as of 31 December 2019 (31 December 2018: Rp nil)	2g,2n,12,38,44	9,575,565	9,212,684
Loans receivable - net of allowance for impairment losses of Rp 14,905,584 as of 31 December 2019 (31 December 2018: Rp 13,568,986)	2g,2m,13,38,41,44	4,227,386	3,213,328
Related parties	2ak,48	567,806,613	521,317,134
Third parties			
Consumer financing receivables - net of allowance for impairment losses of Rp 473,097 as of 31 December 2019 (31 December 2018: Rp 364,028)	2g,2o,14,38,44	10,532,424	7,613,709
Investment in finance leases - net of allowance for impairment losses of Rp 3,147 as of 31 December 2019 (31 December 2018: Rp 3,619)	2g,2p,38,44	149,428	174,212
Assets related to sharia transactions - net of allowance for impairment losses of Rp 146,132 as of 31 December 2019 (31 December 2018: Rp 75,732)	2g,2q	5,499,287	4,824,013
Investment securities - net of allowance for impairment losses of Rp 70,420 as of 31 December 2019 (31 December 2018: Rp 91,458)	2g,2r,15,38,41,44	142,982,705	109,080,663
Prepaid expenses	16		
Related parties	2ak,48	211,012	224,409
Third parties		1,325,468	1,149,582
Prepaid tax	21a	7,045	6,663
Fixed assets - net of accumulated depreciation of Rp 11,021,327 as of 31 December 2019 (31 December 2018: Rp 10,115,889)	2h,2s,17	20,852,301	19,336,901
Intangible assets - net of accumulated amortisation of Rp 1,424,329 as of 31 December 2019 (31 December 2018: Rp 1,103,604)	2e,2u,18	1,377,452	679,331
Deferred tax assets - net	2ai,21h	3,184,290	3,147,666
Other assets - net of allowance for impairment losses of Rp 902 as of 31 December 2019 (31 December 2018: Rp 10,401)	2g,2h,2t,19,41,44		
Related parties	2ak,48	7,758	8,036
Third parties		13,142,616	13,354,294
TOTAL ASSETS		918,989,312	824,787,944

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 1/2

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

		31 December	
	Notes	2019	2018
LIABILITIES, TEMPORARY SYIRKAH DEPOSITS, AND EQUITY			
LIABILITIES			
Deposits from customers	2g,2v,20,38,41,44		
Related parties	2ak,48	1,326,903	2,489,190
Third parties		697,653,165	627,322,827
Sharia deposits	2g,2w	1,035,526	621,315
Deposits from other banks	2g,2v,20,38,41,44	6,717,474	6,494,491
Financial liabilities held for trading	2g,2k,9,38,41,44	106,260	188,934
Acceptance payables	2g,2l,10,38,41,44	5,321,249	5,843,486
Securities sold under agreements to repurchase	2g,2n,15,38,41,44	113,249	48,111
Debt securities issued	2g,2y,22,38,44	1,347,523	239,735
Tax payable	2ai,21b	1,635,469	1,165,336
Borrowings	2g,23,38,41,44	2,332,870	2,093,475
Accrued expenses and other liabilities	2g,2ab,24,41,44	14,022,369	15,025,822
Post-employment benefits obligation	2ah,39	7,955,070	6,406,057
Subordinated bonds	2g,2z,25,38,44	500,000	500,000
TOTAL LIABILITIES		740,067,127	668,438,779
TEMPORARY SYIRKAH DEPOSITS	2x	4,779,029	4,595,738
EQUITY			
Equity attributable to equity holders of the parent entity			
Share capital - par value per share of Rp 62.50 (full amount)			
Authorised capital: 88,000,000,000 shares			
Issued and fully paid-up capital:			
24,655,010,000 shares	1c,26	1,540,938	1,540,938
Additional paid-in capital	1c,2e,2ad,27	5,548,977	5,548,977
Revaluation surplus of fixed assets	2s,17	9,520,945	8,751,748
Foreign exchange differences arising from translation of financial statements in foreign currency	2f	364,984	380,422
Unrealised gains (losses) on available-for-sale financial assets - net	2g,2r,8,15	1,951,554	(132,647)
Retained earnings			
Appropriated	37	1,955,604	1,697,052
Unappropriated	2ah	153,158,544	133,871,809
Other equity components	2e	1,385	1,385
Total equity attributable to equity holders of the parent entity		174,042,931	151,659,684
Non-controlling interest	1d,2e,47	100,225	93,743
TOTAL EQUITY		174,143,156	151,753,427
TOTAL LIABILITIES, TEMPORARY SYIRKAH DEPOSITS, AND EQUITY		918,989,312	824,787,944

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 2/1

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018**
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2019	2018
OPERATING INCOME AND EXPENSES			
Interest and sharia income	2ae,2ak,29,48		
Interest income		63,215,353	56,181,959
Sharia income		622,442	584,841
Total interest and sharia income		63,837,795	56,766,800
Interest and sharia expense	2ae,2ak,30,48		
Interest expense		(13,063,276)	(11,218,960)
Sharia expense		(297,071)	(257,295)
Total interest and sharia expense		(13,360,347)	(11,476,255)
NET INTEREST AND SHARIA INCOME		50,477,448	45,290,545
OTHER OPERATING INCOME			
Fee and commission income - net	2af,31	13,608,381	11,996,340
Net trading income - net	2ag,32	3,456,342	2,807,349
Others		4,080,378	2,939,986
Total other operating income		21,145,101	17,743,675
Impairment losses on assets	2g,33	(4,591,343)	(2,676,602)
OTHER OPERATING EXPENSES			
Personnel expenses	2ah,2ak,34,39,48	(13,337,264)	(12,143,106)
General and administrative expenses	2ak,17,35,48	(14,115,175)	(13,026,592)
Others		(3,289,769)	(2,481,856)
Total other operating expenses		(30,742,208)	(27,651,554)
INCOME BEFORE TAX		36,288,998	32,706,064
INCOME TAX EXPENSE	2ai,21c	(7,719,024)	(6,854,404)
NET INCOME		28,569,974	25,851,660
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	2ah,39	(341,292)	409,898
Income tax	2ai	70,080	(284,061)
Revaluation surplus of fixed assets	2s,17	(271,212)	125,837
		769,197	2,164,251
		497,985	2,290,088
Items that will be reclassified to profit or loss:			
Unrealised gains (losses) on available-for-sale financial assets	2j,2r,8,15	2,604,958	(1,864,674)
Income tax	2ai	(519,218)	456,639
Unrealised gains (losses) on available-for-sale financial assets - net of tax		2,085,740	(1,408,035)
Foreign exchange differences arising from translation of financial statements in foreign currency	2f	(15,438)	28,322
		2,070,302	(1,379,713)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		2,568,287	910,375
TOTAL COMPREHENSIVE INCOME (Carried forward)		31,138,261	26,762,035

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 2/2

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018**
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
TOTAL COMPREHENSIVE INCOME (Brought forward)		31,138,261	26,762,035
NET INCOME ATTRIBUTABLE TO:			
Equity holders of parent entity		28,565,053	25,855,154
Non-controlling interest	2e,47	4,921	(3,494)
		<u>28,569,974</u>	<u>25,851,660</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of parent entity		31,131,779	26,766,431
Non-controlling interest	2e,47	6,482	(4,396)
		<u>31,138,261</u>	<u>26,762,035</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount of Rupiah)	2ac,36	<u>1,159</u>	<u>1,049</u>

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 3/1

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018**
(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2019									
		Attributable to equity holders of the parent entity									
		Foreign									
		exchange differences arising from translation of financial statements in foreign currency									
		Issued and fully paid-up capital	Additional paid-in capital	Revaluation surplus of fixed assets	Unrealised gains (losses) on available-for-sale financial assets - net	Retained earnings	Other equity components	Total equity attributable to equity holders of the parent entity	Non-controlling interest	Total equity	
						Appropriated	Unappropriated				
Balance, 31 December 2018		1,540,938	5,548,977	8,751,748	(132,647)	1,697,052	133,871,809	1,385	151,659,684	93,743	151,753,427
Net income for the year		-	-	-	-	-	28,565,053	-	28,565,053	4,921	28,569,974
Revaluation surplus of fixed assets	2s	-	-	769,197	-	-	3,997	-	773,194	-	773,194
Foreign exchange differences arising from translation of financial statements in foreign currency	2f	-	-	-	(15,438)	-	-	-	(15,438)	-	(15,438)
Unrealised gains on available-for-sale financial assets - net	2j,2i,8,15	-	-	-	2,084,201	-	-	-	2,084,201	1,539	2,085,740
Remeasurements of defined benefit liability - net	39	-	-	-	-	-	(271,234)	-	(271,234)	22	(271,212)
Total comprehensive income for the year		-	-	769,197	2,084,201	-	28,297,816	-	31,135,776	6,482	31,142,258
General reserve	37	-	-	-	-	258,552	(258,552)	-	-	-	-
Cash dividends	37	-	-	-	-	-	(8,752,529)	-	(8,752,529)	-	(8,752,529)
Balance, 31 December 2019		1,540,938	5,548,977	9,520,945	1,951,554	1,955,604	153,158,544	1,385	174,042,931	100,225	174,143,156

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 3/2

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED 31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2018									
		Attributable to equity holders of the parent entity									
		Issued and fully paid- up capital	Additional paid-in capital	Revaluation surplus of fixed assets	Foreign exchange differences arising from translation of financial statements in foreign currency	Unrealised gains (losses) on available-for- sale financial assets - net	Retained earnings	Other equity components	Total equity attributable to equity holders of the parent entity	Non- controlling interest	Total equity
							Appropriated	Unappropriated			
Balance, 31 December 2017		1,540,938	5,548,977	6,587,497	352,100	1,274,336	1,463,952	114,534,370	1,385	98,139	131,401,894
Net income for the year		-	-	-	-	-	-	-	-	-	-
Revaluation surplus of fixed assets	25,17	-	-	2,164,251	-	-	-	25,855,154	-	(3,494)	25,851,660
Foreign exchange differences arising from translation of financial statements in foreign currency	2f	-	-	-	28,322	-	-	-	-	-	-
Unrealised (losses) on available-for-sale financial assets - net	2j,2r,8,15	-	-	-	-	(1,406,983)	-	-	(1,406,983)	(1,052)	(1,408,035)
Remeasurements of defined benefit liability - net	39	-	-	-	-	-	-	125,687	-	150	125,837
Total comprehensive income for the year		-	-	2,164,251	28,322	(1,406,983)	-	25,980,841	-	(4,396)	26,762,035
General reserve	37	-	-	-	-	-	233,100	(233,100)	-	-	-
Cash dividends	37	-	-	-	-	-	-	(6,410,302)	-	-	(6,410,302)
Balance, 31 December 2018		1,540,938	5,548,977	8,751,748	380,422	(132,647)	1,697,052	133,871,809	1,385	93,743	151,753,427

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 4/1

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts of interest and sharia income, fees and commissions		76,539,139	67,188,173
Other operating income		4,019,391	3,105,023
Payments of interest and sharia expenses, fees and commissions		(13,523,795)	(11,364,783)
Payments of post-employment benefits	39	(239,230)	(675,161)
Losses from foreign exchange transactions - net		1,864,822	(402,658)
Other operating expenses		(27,088,835)	(24,574,455)
Payment of tantien to Board of Commissioners and Board of Directors	37	(413,500)	(354,950)
Other increases/decreases affecting cash:			
Placements with Bank Indonesia and other banks - mature more than 3 (three) months from the date of acquisition		580,463	2,975,091
Financial assets held for trading		1,242,920	1,449,674
Acceptance receivables		2,248,758	(1,602,067)
Bills receivable		523,988	(1,760,866)
Securities purchased under agreements to resell		(118,822)	48,942
Loans receivable		(52,792,003)	(71,291,269)
Consumer financing receivables		(3,316,911)	606,838
Investments in finance leases - net		25,193	5,446
Assets related to sharia transactions		(854,413)	(824,972)
Other assets		1,065,298	(3,205,118)
Deposits from customers		70,428,018	46,025,884
Sharia deposits		414,211	142,617
Deposits from other banks		287,817	647,637
Acceptance payables		(522,237)	43,009
Accrued expenses and other liabilities		(702,168)	4,126,653
Temporary <i>syirkah</i> deposits		183,291	618,023
Net cash provided by operating activities before income tax		59,851,395	10,926,711
Payment of income tax		(7,909,355)	(6,014,149)
Net cash provided by operating activities		51,942,040	4,912,562
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment securities		(113,341,023)	(80,019,462)
Proceeds from sales of investment securities		189,740	115,679
Proceeds from investment securities that matured during the year		81,979,747	102,856,627
Payment for acquisition activities	4	(924,002)	-
Cash dividends received from investment in shares		1,445	11,640
Acquisition of fixed assets		(2,675,281)	(2,347,223)
Proceeds from sale of fixed assets	17	36,960	10,393
Net cash (used in) provided by investing activities		(34,732,414)	20,627,654

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 4/2

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

	Notes	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from subordinated bonds	25	-	500,000
Proceeds of debt securities issued		1,346,617	-
Payment of debt securities issued		(240,000)	(370,764)
Proceeds from borrowings		88,649,720	66,872,390
Payment of borrowings		(88,406,964)	(67,830,206)
Payment of cash dividends	37	(8,752,529)	(6,410,302)
Increase in securities sold under agreements to repurchase		698,016	1,460,662
Decrease in securities sold under agreements to repurchase		(629,756)	(1,519,429)
Net cash used in financing activities		(7,334,896)	(7,297,649)
NET INCREASE IN CASH AND CASH EQUIVALENTS		9,874,730	18,242,567
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		103,311,560	83,377,439
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS		(118,745)	1,691,554
CASH AND CASH EQUIVALENTS, END OF YEAR		113,067,545	103,311,560
Cash and cash equivalents consist of:			
Cash	5	25,421,406	21,691,443
Current accounts with Bank Indonesia	6	47,904,674	43,548,309
Current accounts with other banks	7	10,521,687	8,497,938
Placements with Bank Indonesia and other banks - mature within 3 (three) months or less from the date of acquisition	8	29,219,778	29,573,870
Total cash and cash equivalents		113,067,545	103,311,560

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/1****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL**a. Establishment and general information of the Bank**

PT Bank Central Asia Tbk (the "Bank") was established in the Republic of Indonesia based on the Notary Deed No. 38 of Raden Mas Soeprapto dated 10 August 1955 under the name of "N.V. Perseroan Dagang Dan Industrie Semarang Knitting Factory". This deed of establishment was approved by the Minister of Justice in its decision letter No. J.A.5/89/19 dated 10 October 1955 and was published in Supplement No. 595 to State Gazette of the Republic of Indonesia No. 62 dated 3 August 1956. The name of the Bank has been changed several times with the latest change became PT Bank Central Asia based on the Notary Deed No. 144 of Wargio Suhardjo, S.H., the substitute of Notary Public Ridwan Suselo, dated 21 May 1974.

The Bank's Articles of Association have been amended several times, including amendments in relation to the Initial Public Offering of the Bank's shares in May 2000, which among others, changed its status to a publicly-listed company and its name to PT Bank Central Asia Tbk. These amendments were made based on Notary Deed No. 62 of Hendra Karyadi, S.H., dated 29 December 1999, which was approved by the Minister of Justice in its decision letter No. C-21020 HT.01.04.TH.99 dated 31 December 1999 and published in Supplement No. 1871 to the State Gazette of the Republic of Indonesia No. 30 dated 14 April 2000.

The amendment made in relation to the issuance of new shares under the Management Stock Option Plan ("MSOP"), for which the options were exercised up to 31 December 2006, was made based on Notary Deed No. 1 of Hendra Karyadi, S.H., dated 9 January 2007. This deed was approved by the Minister of Justice and Human Rights under its decision letter No. W7-HT.01.04-797 dated 18 January 2007 and published in Supplement No. 185 to the State Gazette of the Republic of Indonesia No. 15 dated 20 February 2007.

The latest amendment to all articles in the Bank's Articles of Association was made based on Notary Deed No. 125 of Dr. Irawan Soerodjo, S.H., Msi. dated 18 April 2018. This deed was approved by the Minister of Justice and Human Rights in its decision letter No. AHU-AH.01.03-0153848 dated 18 April 2018.

The Bank started its commercial operations in the banking business since 12 October 1956. According to Article 3 of the Bank's Articles of Association, the Bank operates as a commercial bank. The Bank is engaged in banking activities and other financial services in accordance with the prevailing regulations in Indonesia. The Bank obtained its license to conduct these activities under the Minister of Finance Decision Letter No. 42855/U.M.II dated 14 March 1957. The Bank obtained its license to engage in foreign exchange activities based on the Directors of Bank Indonesia Decision Letter No. 9/110/Kep/Dir/UD dated 28 March 1977.

The Bank is domiciled in Jakarta with its head office located at Jalan M.H. Thamrin No. 1. As of 31 December 2019 and 2018, the number of branches and representative offices owned by the Bank was as follows:

	2019	2018
Domestic branches	1,012	1,002
Overseas representative offices	2	2
	<u>1,014</u>	<u>1,004</u>

The domestic branches are located in major business centers all over Indonesia. The overseas representative offices are located in Hong Kong and Singapore.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 5/2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

b. Recapitalisation

Based on the Indonesian Bank Restructuring Agency ("IBRA") Decision Letter No. 19/BPPN/1998 dated 28 May 1998, IBRA took over the operations and management of the Bank. Accordingly, the Bank's status was changed into a Bank Taken Over ("BTO"). The Bank was determined as a participant of the bank recapitalisation program under the Minister of Finance and the Governor of Bank Indonesia joint decision No. 117/KMK.017/1999 and No. 31/15/KEP/GBI dated 26 March 1999 regarding the implementation of the bank recapitalisation program for Bank Taken Over.

In conjunction with the recapitalisation program, on 28 May 1999 the Bank received a payment of Rp 60,877,000 from the Government of the Republic of Indonesia. This amount consisted of (i) the principal amount of loans granted to affiliated companies that were transferred to IBRA (consisting of Rp 47,751,000 transferred effectively on 21 September 1998 and Rp 4,975,000 transferred effectively on 26 April 1999), and (ii) accrued interest on the loans granted to affiliated companies calculated from their respective effective transfer dates up to 30 April 1999, amounted to Rp 8,771,000, minus (iii) the excess of outstanding Liquidity Support from Bank Indonesia (including interest) amounted to Rp 29,100,000 over the recapitalisation payment from the government through IBRA of Rp 28,480,000. On the same date, the Bank used such proceeds to purchase newly issued government bonds of Rp 60,877,000 (consisted of fixed-rate government bonds amounted to Rp 2,752,000 and variable-rate government bonds amounted to Rp 58,125,000 through Bank Indonesia).

Pursuant to the Chairman of IBRA Decision Letter No. SK-501/BPPN/0400 dated 25 April 2000, IBRA returned the Bank to Bank Indonesia effective on that date. To fulfill the requirement of Bank Indonesia Regulation ("PBI") No. 2/11/PBI/2000 dated 31 March 2000, Bank Indonesia announced in its press release Peng. No. 2/4/Bgub dated 28 April 2000, that the recovery program including the restructuring of the Bank had been completed and the Bank had been returned to be under the supervision of Bank Indonesia.

c. Public offering of the Bank's shares and subordinated bonds

Public Offering of the Bank's Shares

Based on the Letter of the Chairman of the Capital Market Supervisory Agency No. S-1037/PM/2000 dated 11 May 2000, the Bank through an Initial Public Offering, offered its 662,400,000 shares with total par value of Rp 331,200 (offering price of Rp 1,400 (full amount) per share), which represents 22% (twenty two percent) of the issued and paid-up share capital, as part of the divestment of shares owned by the Republic of Indonesia as represented by IBRA. This public offering was registered at the Jakarta Stock Exchange and the Surabaya Stock Exchange on 31 May 2000 (both exchanges have been merged and now named the Indonesia Stock Exchange).

The Bank's shareholders through the Extraordinary General Meeting of Shareholders ("EGMS") held on 12 April 2001 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in Deed No. 25) resolved to conduct a stock split from Rp 500 (full amount) per share to Rp 250 (full amount) per share and to increase the issued shares through the issuance of 147,199,300 shares (or equivalent to 294,398,600 shares after the stock split) under the Management Stock Option Plan ("MSOP"). The stock split was made under the Notary Deed No. 30 of Hendra Karyadi, S.H., dated 12 April 2001, which was approved by the Minister of Justice and Human Rights on 18 April 2001.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/3****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)**c. Public offering of the Bank's shares and subordinated bonds (continued)**Public Offering of the Bank's Shares (continued)

Based on the Letter of the Chairman of the Capital Market Supervisory Agency No. S-1611/PM/2001 dated 29 June 2001, the Bank offered additional 588,800,000 shares with total par value of Rp 147,200 (at an offering price of Rp 900 (full amount) per share), which represents 10% (ten percent) of the issued and paid-up share capital, as part of the divestment of shares owned by the Republic of Indonesia as represented by IBRA. This public offering was registered at the Jakarta Stock Exchange and the Surabaya Stock Exchange on 10 July 2001.

The Bank's shareholders through the Annual General Meeting of Shareholders ("AGMS") held on 6 May 2004 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in Deed No. 16) approved the stock split from Rp 250 (full amount) per share to Rp 125 (full amount) per share. The stock split was made under the Notary Deed No. 40 of Hendra Karyadi, S.H., dated 18 May 2004, which was approved by the Minister of Justice and Human Rights on 26 May 2004.

EGMS held on 26 May 2005 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in Deed No. 42) approved the buy back of the Bank's shares, provided that the buy back of shares has been approved by Bank Indonesia, whereby the number of shares to be bought back should not exceed 5% (five percent) of the Bank's total issued shares as of 31 December 2004, i.e. in total of 615,160,675 shares, and total fund to buy back the shares should not exceed Rp 2,153,060. With Letter No. 7/7/DPwB2/PwB24/Rahasia dated 16 November 2005, Bank Indonesia expressed no objection on the Bank's plan to buy back its shares.

EGMS held on 15 May 2007 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in the Deed No. 6) approved the buy back of the Bank's shares stage II, provided that the buy back of shares has been approved by Bank Indonesia and executed from time to time during the period of 18 (eighteen) months after the date of the meeting, whereby the number of shares to be bought back should not exceed 1% (one percent) of the Bank's total issued shares as of 27 April 2007 or in total of 123,275,050 shares and the total fund to buy back the shares should not exceed Rp 678,013. With Letter No. 9/160/DPB 3/TPB 3-2 dated 11 October 2007, the Bank has received an approval from Bank Indonesia in relation to buy back of shares stage II.

EGMS held on 28 November 2007 (with the minutes prepared by Notary Public Hendra Karyadi, S.H., in Deed No. 33), approved to conduct a stock split of the Bank's shares from Rp 125 (full amount) to Rp 62.50 (full amount) per share and therefore decided to amend note 1, note 2 and note 3 of Article 4 of the Bank's Articles of Association. The Amendments of the Bank's Articles of Association by the Deed of Notary Public Hendra Karyadi, S.H., dated 11 December 2007 were received and recorded by the Department of Law and Human Rights of the Republic of Indonesia by the Receipt Report of the Deed on Amendment of the Articles of Association No. AHU-AH.01.10-0247 dated 3 January 2008.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 5/4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019 AND 2018
 (Expressed in millions of Rupiah, unless otherwise stated)

1. **GENERAL** (continued)c. **Public offering of the Bank's shares and subordinated bonds** (continued)Public Offering of the Bank's Shares (continued)

Based on Letter No. 038/IQ-ECM/LTR/HFJ/XI/2008.TRIM dated 26 November 2008, the buy back of shares stage II for the period of 11 February 2008 to 13 November 2008 had been performed with the number of shares bought back in total of 397,562 lot or 198,781,000 shares at the average acquisition cost of Rp 3,106.88 (full amount) per share. Therefore, the total shares bought back as of 13 November 2008 were 289,767,000 shares with a total amount of Rp 808,585.

On 7 August 2012, the Bank sold 90,986,000 shares of its treasury stocks at Rp 7,700 (full amount) per share, with total net sales amounted to Rp 691,492. The difference between the acquisition costs and the selling price of treasury stocks amounted to Rp 500,496 was recorded as "additional paid-in capital from treasury stock transactions", which is part of additional paid-in capital (see Note 27). As of 31 December 2012, total treasury stocks of the Bank were 198,781,000 shares with a total amount of Rp 617,589.

On 7 February 2013, the Bank sold 198,781,000 shares of its treasury stocks at Rp 9,900 (full amount) per share, with total net sales amounted to Rp 1,932,528. The difference between the acquisition costs and the selling price of treasury stocks amounted to Rp 1,314,939 was recorded as "additional paid-in capital from treasury stock transactions", which is part of additional paid-in capital (see Note 27). As of 31 December 2013, the Bank did not have any treasury stocks.

The Company's immediate parent company is PT Dwimuria Investama Andalan, which was incorporated in Indonesia, the owner of 54.94% of Bank's shares as of 31 December 2019 and 2018. The ultimate shareholders of the Bank are Mr. Robert Budi Hartono and Mr. Bambang Hartono.

Public Offering of Subordinated Bonds

Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 were offered at par value. Interest will be paid on a quarterly basis based on interest payment due date. The first payment is on 5 October 2018, while the last payment of interest will be paid on the maturity date of the bond's principal.

The Bank entered into a Trustee Agreement with PT Bank Rakyat Indonesia (Persero) Tbk. (act as the Bond's Trustee) of Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 based on Trusteeship Agreement No. 27 dated 22 March 2018, of Notary Public Aulia Taufani, S.H., in Jakarta. This agreement were amended due to several changes which had been legalised on Amendment I No. 5 dated 5 June 2018 and Amendment II No. 2 dated 3 July 2018.

As of 31 December 2019 and 2018, the rating of Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 based on Pefindo was idAA. On 26 June 2018, the bonds were listed on the Indonesian Stock Exchange (see Note 25).

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 5/5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

d. The Subsidiaries

The Subsidiaries, directly and non-directly owned by the Bank as of 31 December 2019 and 2018, were as follows:

Name of the Company	Year of Starting the Commercial Operation	Type of Business	Domicile	Percentage of Ownership		Total assets	
				2019	2018	2019	2018
PT BCA Finance	1981	Investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorised agency	Jakarta	100%	100%	10,873,175	8,126,576
BCA Finance Limited	1975	Money lending and remittance	Hong Kong	100%	100%	783,743	772,181
PT Bank BCA Syariah	1991	Sharia banking	Jakarta	100%	100%	8,634,374	7,064,008
PT BCA Sekuritas	1990	Securities brokerage dealer and underwriter for issuance of securities	Jakarta	90%	90%	762,320	626,169
PT Asuransi Umum BCA	1988	General or loss insurance	Jakarta	100%	100%	2,060,362	1,765,349
PT BCA Multi Finance (previously PT Central Santosa Finance)	2010	Investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorised agency	Jakarta	100%	100%	1,358,022	1,404,536
PT Asuransi Jiwa BCA	2014	Life insurance	Jakarta	90%	90%	1,154,689	902,875
PT Central Capital Ventura	2017	Venture capital	Jakarta	100%	100%	404,054	205,022
PT Bank Royal Indonesia	1965	Banking	Jakarta	100%	-	2,808,300	-

PT BCA Finance

PT BCA Finance, a company domiciled in Indonesia and located at Wisma BCA Pondok Indah, 2nd Floor, Jalan Metro Pondok Indah No. 10, South Jakarta, is engaged in investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorised agency.

PT BCA Finance was established in 1981 under the name of PT Central Sari Metropolitan Leasing Corporation ("CSML"). At its inception, the shareholders of CSML were PT Bank Central Asia and Japan Leasing Corporation.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/6****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)**d. The Subsidiaries (continued)****PT BCA Finance (continued)**

In 2001, PT Central Sari Metropolitan Leasing Corporation changed its name to PT Central Sari Finance ("CSF"), followed by the change in the composition of its shareholders, where PT Bank Central Asia Tbk became the majority shareholder, and the change in its business focus to motor vehicles financing activities, particularly in vehicles with four or more wheels. Further, based on the Decision Letter of Minister of Law and Human Rights of the Republic of Indonesia No.C-08091 HT.01.04.TH.2005 dated 28 March 2005, PT Central Sari Finance's name was changed to PT BCA Finance.

BCA Finance Limited

BCA Finance Limited, a company domiciled in Hong Kong and located at The Center, 47th Floor, Unit 4707, 99 Queen's Road Central, Hong Kong, is engaged in money lending and remittance and has been operated commercially since 1975.

PT Bank BCA Syariah

PT Bank BCA Syariah, a company domiciled in Indonesia and located at Jalan Raya Jatinegara Timur No. 72, East Jakarta, is engaged in sharia banking activities and has been operated commercially since 1991.

Based on the Deed of Resolutions in lieu of General Meeting of Shareholders of PT Bank UIB No. 49, of Notary Public Ny. Pudji Redjeki Irawati, S.H., dated 16 December 2009, PT Bank UIB changed its business activities to become sharia bank and changed its name to PT Bank BCA Syariah. The deed of amendment was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. AHU-01929.AH.01.02 dated 14 January 2010.

The change in business activities of this subsidiary from conventional bank into sharia bank was approved by the Governor of Bank Indonesia through its Decision Letter No. 12/13/KEP.GBI/DpG/2010 dated 2 March 2010. Through this approval, on 5 April 2010, PT Bank BCA Syariah officially operated as a sharia bank.

PT BCA Sekuritas

PT BCA Sekuritas, a company domiciled in Indonesia and located at Menara BCA, Grand Indonesia, 41st Floor, Suite 4101, Jalan M.H. Thamrin No. 1, Jakarta, is engaged as securities brokerage dealer and underwriter for issuance of securities since 1990.

On 2 October 2012, based on the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Dinamika Usaha Jaya No. 5, of Notary Public Dr. Irawan Soerodjo, S.H., Msi., PT Dinamika Usaha Jaya changed its name to PT BCA Sekuritas. This change was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-54329.AH.01.02 dated 22 October 2012.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/7****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)**d. The Subsidiaries (continued)****PT Asuransi Umum BCA**

PT Asuransi Umum BCA, a company domiciled in Indonesia and located at Sahid Sudirman Center Building, 10th Floor/unit E, F, G, H Jalan Jendral Sudirman Kav. 86, Jakarta, is engaged in insurance activities, particularly in general or loss insurance activities.

PT Asuransi Umum BCA was established in 1988 under the name of PT Asuransi Ganesha Danamas. In 2006, PT Asuransi Ganesha Danamas changed its name to PT Transpacific General Insurance and later in 2011, this subsidiary's name was changed to PT Central Sejahtera Insurance.

On 5 December 2013, based on the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Central Sejahtera Insurance No. 7, of Notary Public Veronica Sandra Irawaty Purnadi, S.H., PT Central Sejahtera Insurance changed its name to PT Asuransi Umum BCA. This change was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-64973.AH.01.02 dated 11 December 2013.

PT BCA Multi Finance (previously PT Central Santosa Finance)

PT BCA Multi Finance (previously PT Central Santosa Finance), a company domiciled in Indonesia and located at WTC Mangga Dua, 6th Floor, Block CL No. 001, Jalan Mangga Dua Raya No. 8, Kelurahan Ancol, Kecamatan Pademangan, Jakarta, is engaged in investment financing, working capital financing, multipurpose financing, operating lease, other financing activities based on approval from authorised agency.

PT Central Santosa Finance was incorporated in the Republic of Indonesia with Deed of Notary Public Fransiscus Xaverius Budi Santosa Isbandi, S.H., dated 29 April 2010 No. 95. The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-23631.AH.01.01 dated 10 May 2010.

On 27 May 2019, based on the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Central Santosa Finance No. 54 of Notary Public Veronica Sandra Irawaty Purnadi, S.H., PT Central Santosa Finance changed its name to PT BCA Multi Finance. This change was approved by Minister of Law and Human Rights of Republic of Indonesia in its Decision Letter No. AHU-0029530.AH.01.02 dated 29 May 2019.

PT Asuransi Jiwa BCA

PT Asuransi Jiwa BCA, a company domiciled in Indonesia and located at Chase Plaza Building, 22nd floor, Jalan Jenderal Sudirman Kav 21, Jakarta 12920, is engaged in life insurance activities, including life insurance with sharia principle.

PT Asuransi Jiwa BCA was incorporated in the Republic of Indonesia with Deed of Notary Public of Dr. Irawan Soerodjo, S.H., Msi., dated 16 October 2013 No. 90. The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-56809.AH.01.01 dated 7 November 2013.

The Subsidiary obtained business permit in life insurance activities from the Chairman of the Board of Commissioner of Financial Services Authority through Decision Letter No. KEP-91/D.05/2014 dated 14 July 2014.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/8****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)**d. The Subsidiaries (continued)****PT Central Capital Ventura**

PT Central Capital Ventura, a company domiciled in Indonesia and located at Office 8 Building, 16th floor, Unit F, SCBD Lot 28, Jalan Jenderal Sudirman Kav 52-53, Kelurahan Senayan, Kecamatan Kebayoran Baru, South Jakarta, is engaged in venture capital activities.

PT Central Capital Ventura was incorporated in the Republic of Indonesia with Deed of Notary Public Veronica Sandra Irawaty Purnadi, S.H., dated 25 January 2017 No. 15. The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0004845.AH.01.01 dated 2 February 2017. The Subsidiary obtained venture capital business permit based on Copy of Decision of Board of Commissioner of Financial Services Authority number: KEP-39/D.05/2017 dated 19 June 2017.

PT Bank Royal Indonesia

PT Bank Royal Indonesia, a company domiciled in Indonesia and located at Jalan Suryopranoto No.52, Central Jakarta, Indonesia, is engaged in banking and has been operated since 1965.

PT Bank Royal Indonesia was established under the name of PT Bank Rakjat Parahyangan based on Notarial Deed No. 35 of Notary Public R. Soerojo Wongsowidjojo, SH., dated 25 October 1965. Based on Amendments to the Articles of Association No. 19 dated 21 August 1982, of Notary Public R. Soerojo Wongsowidjojo, SH., PT Bank Rakjat Parahyangan changed its name to PT Bank Pasar Rakyat Parahyangan. The deed of establishment was approved by Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-1092-HT.01.01.TH.82 dated 3 September 1982.

On 1990, based on the Deed of Resolution of PT Bank Pasar Rakyat Parahyangan No. 68 dated 8 January 1990, of Notary Public Misahardi Wilamarta, S.H., PT Bank Pasar Rakyat Parahyangan changed its name to PT Bank Royal Indonesia, with status and activity of conventional Bank, and the location changed to Jakarta.

PT Bank Royal Indonesia obtained its conventional banking license from the Minister of Finance of the Republic of Indonesia through its letter No. 1090/KMK.013/090 dated 12 September 1990 and as foreign currency trader from Bank Indonesia through its letter No. 30/182/UOPM dated 13 November 1997 which was extended through Decree of Banking Licensing and Information of Bank Indonesia No. 5/7/KEP.Dir.PIP.2003 dated 24 December 2003, as set out in Letter of Bank Indonesia No. 10/449/DPIP/Prz dated 2 May 2008.

Based on the deed of Minutes of Extraordinary General Meeting of Shareholders of PT Bank Central Asia No. 62 dated 20 June 2019, of Notary Public Christina Dwi Utami, S.H., M.Hum., M.Kn., the Bank has decided to acquire PT Bank Royal Indonesia.

Acquisition of PT Bank Royal Indonesia was approved by Financial Services Authority ("OJK") through its Letter No. SR-60/PB.33/2019 dated 22 October 2019.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/9****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)**d. The Subsidiaries (continued)****PT Bank Royal Indonesia (lanjutan)**

Based on the Deed of Minutes of Extraordinary General Meeting of PT Bank Royal Indonesia No. 308 dated 31 October 2019, of Notary Public Christina Dwi Utami, S.H., M.Hum., M.Kn., the shareholders approved the transfer of all issued shares in PT Bank Royal Indonesia owned by PT Royalindo, Mr. Leslie, Mr. Ibrahim, Mr. Herman, Mr. Sugiarto, and Mr. Nevin to the Bank and PT BCA Finance (Subsidiary) amounted to 99.99% and 0.01%, respectively (see Note 4). This deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH.01.03-0356474 dated 7 November 2019.

e. Board of Commissioners and Board of Directors

The compositions of the Bank's management as of 31 December 2019 and 2018 are as follows:

	2019
Board of Commissioners	
President Commissioner	: Djohan Emir Setijoso
Commissioner	: Tonny Kusnadi
Independent Commissioner	: Cyrillus Harinowo
Independent Commissioner	: Raden Pardede
Independent Commissioner	: Sumantri Slamet
Board of Directors	
President Director	: Jahja Setiaatmadja
Deputy President Director	: Armand Wahyudi Hartono
Deputy President Director	: Suwignyo Budiman ^{*)}
Director	: Tan Ho Hien/Subur Tan
Director	: Henry Koenafi
Independent Director	: Erwan Yuris Ang
Director	: Rudy Susanto
Director	: Lianawaty Suwono
Director	: Santoso
Director	: Inawaty Handojo ^{*)} ^{**)}
Director	: Vera Eve Lim

^{*)} Compliance Director

^{**)} Effective since 3 October 2019

The composition of the Bank's management as of 31 December 2019 based on the Deed of Resolution of PT Bank Central Asia No. 100 dated 10 October 2019, of Notary Public Christina Dwi Utami, S.H., M.Hum., M.kn., Notary in Jakarta.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 5/10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)

e. Board of Commissioners and Board of Directors (continued)

	<u>2018</u>
Board of Commissioners	
President Commissioner	: Djohan Emir Setijoso
Commissioner	: Tonny Kusnadi
Independent Commissioner	: Cyrillus Harinowo
Independent Commissioner	: Raden Pardede
Independent Commissioner	: Sumantri Slamet
Board of Directors	
President Director	: Jahja Setiaatmadja
Deputy President Director	: Eugene Keith Galbraith
Deputy President Director	: Armand Wahyudi Hartono
Director	: Suwignyo Budiman
Director	: Tan Ho Hien/Subur Tan ^{*)}
Director	: Henry Koenafi
Independent Director	: Erwan Yuris Ang
Director	: Rudy Susanto
Director	: Lianawaty Suwono
Director	: Santoso
Director	: Inawaty Handojo
Director	: Vera Eve Lim ^{**)}

^{*)} Compliance Director^{**)} Effective since 20 April 2018

The composition of the Bank's management as of 31 December 2018 based on the Deed of Resolution No. 180 dated 26 April 2018, of Notary Public Dr. Irawan Soerodjo, S.H., Msi., Notary in Jakarta.

f. Audit Committee

The Bank's Audit Committee as of 31 December 2019 and 2018 are as follows:

Chairman	: Cyrillus Harinowo
Member	: Ilham Ikhsan
Member	: Tjen Lestari

The establishment of the Bank's Audit Committee was in line with Financial Services Authority Regulation ("POJK") No. 55/POJK.04/2015 dated 23 December 2015 regarding Establishment and Implementation Guidelines on Audit Committee Work.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/11****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

1. GENERAL (continued)**g. Internal Audit Division and Corporate Secretary**

The Head of the Bank's Internal Audit Division as of 31 December 2019 and 2018 is as follows:

Internal Audit Division Head : Ayna Dewi Setianingrum

The Corporate Secretary of the Bank as of 31 December 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Corporate Secretary	: Raymon Yonarto	Jan Hendra

h. Number of employees

As of 31 December 2019 and 2018, the Bank and Subsidiaries had 25,877 and 27,561 permanent employees.

Key management personnel of the Bank consists of members of Board of Commissioners and Board of Directors.

i. Changes in regulation and supervision of capital market sectors and banking sectors

Effective since 31 December 2012, functions, duties, and regulatory authorities and supervisory in capital market sectors have been transferred from Bapepam-LK Ministry of Finance to Capital Market and Financial Institutions Agency section in OJK. Effective since 31 December 2013, functions, duties, and regulatory authorities and supervisory in banking sectors shift from Bank Indonesia to OJK.

j. Completion of the consolidated financial statements

The Bank's Management is responsible for the preparation of these consolidated financial statements, which were authorised for issuance on 6 February 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, consistently applied in the preparation of the consolidated financial statements of the Bank and Subsidiaries ("the Group") as of 31 December 2019 and 2018, are as follows:

a. Statement of compliance

The consolidated financial statements of the Group have been prepared and presented in accordance with Indonesian Financial Accounting Standards ("SFAS") which include Statement and Interpretation issued by the Financial Accounting Standard Board of Indonesian Institute of Accountant and Bapepam-LK Regulation No. KEP-347/BL/2012 dated 25 June 2012, Regulation No. VIII.G.7 regarding "Presentation and Disclosure of Public Company's Financial Statements".

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/12****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**a. Statement of compliance (continued)**

Financial statements of PT Bank BCA Syariah (Subsidiary) are presented in accordance with Sharia Financial Accounting Standards and other Financial Accounting Standards issued by Indonesian Institute of Accountant.

b. Basis for preparation of the consolidated financial statements

These consolidated financial statements are presented in Rupiah, which is the functional currency. Except as otherwise stated, the financial information presented has been rounded to the nearest million of Rupiah.

The consolidated financial statements have been prepared under the historical cost convention, except for fixed assets - land, financial assets classified as available-for-sale, and financial assets and liabilities (including derivative instruments) held at fair value through profit or loss, which are measured at fair value.

The consolidated financial statements have been prepared based on the accrual basis, except for the consolidated statements of cash flows.

The consolidated statements of cash flows present the changes in cash and cash equivalents from operating, investing and financing activities, and are prepared using the direct method. For the purpose of the presentation of the consolidated statements of cash flows, cash and cash equivalents consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks mature within 3 (three) months from the date of acquisition, as long as they are not being pledged as collateral for borrowings nor restricted.

c. Use of judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards ("SFAS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and activities, actual results may differ from those estimates.

In order to provide understanding of the financial performance of Bank and Subsidiaries, due to the significance of their nature or amount, several items of income or expense have been presented separately.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amount recognised in the consolidated financial statements are described in Note 3.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/13****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**d. Changes in accounting policies**

Financial Accounting Standard Board of Indonesian Institute of Accountant (DSAK-IAI) has issued the following relevant, amendments and interpretations which were effective on or after 1 January 2019 as follows:

- ISFAS 33 "Foreign Currency Transactions and Advance Consideration";
- ISFAS 34 "Uncertainty over Income Tax Treatment";
- The amendments to SFAS 24 "Employee Benefits: Plan Amendment, Curtailment or Settlement";
- Annual Improvements 2018 to SFAS 22 "Business Combination";
- Annual Improvements 2018 to SFAS 26 "Borrowing Cost";
- Annual Improvements 2018 to SFAS 46 "Income Taxes"; and
- Annual Improvements 2018 to SFAS 66 "Joint Arrangements".

The implementation of the above amendments and interpretations standards do not have substantial changes to the accounting policies and have no material effect on the consolidated financial statements for the current or prior financial years.

e. Basis of consolidation

The consolidated financial statements consist of financial statements of the Bank and Subsidiaries (PT BCA Finance, BCA Finance Limited, PT Bank BCA Syariah, PT BCA Sekuritas, PT Asuransi Umum BCA, PT BCA Multi Finance (previously PT Central Santosa Finance), PT Asuransi Jiwa BCA, PT Central Capital Ventura and PT Bank Royal Indonesia) together "the Group". Subsidiaries are all entities over which the Bank has control.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a Subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination was measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on a acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Non-controlling interest is reported as equity in the consolidated statement of financial position, separate from the owner of the parent's equity.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**e. Basis of consolidation (continued)**

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at the acquisition date of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amount are less than the fair value of the net identifiable assets of the business acquired, in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFAS 55 (Revised 2014) "Financial Instrument: Recognition and Measurement" in the statement of profit or loss. Contingent consideration that is classified as equity that is not remeasured, and its subsequent settlement is accounted for within equity.

Acquisition-related costs are expensed as incurred.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at the non-controlling interest's proportionate share of the acquiree's net assets.

Non-controlling interests are recognised on the date of business combination and subsequently adjusted to the proportion of the changes in equity of Subsidiary.

Non-controlling interests are presented in equity in the consolidated statements of financial position, separate from equity, which can be attributed to the owner, and expressed as the proportion of non-controlling shareholders for current year earnings and equity that can be attributed to non-controlling interests based on ownership percentage of non-controlling shareholders in the Subsidiary.

If the Group loses control of a Subsidiary, the Group:

- a. Derecognises the assets and liabilities of the former Subsidiary from the consolidated statements of financial position.
- b. Recognises any investment retained in the former Subsidiary at fair value on the date when control is lost and subsequently accounts for it and for any amounts owed by or to the former Subsidiary in accordance with the relevant financial accounting standard. That fair value is regarded as the fair value on initial recognition of a financial asset in accordance with SFAS No. 55, "Financial Instruments: Recognition and Measurement".
- c. Recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

Changes affected the Bank's ownership interest and equity of Subsidiary that do not result in the loss of control are accounted for as equity transactions and presented as other equity components within equity in the consolidated statements of financial position.

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(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**e. Basis of consolidation (continued)**

Business combination of entities under common control transactions, such as transfer of business in relation to reorganisation of entities within the same business group, is not a change of ownership in terms of economic substance, therefore such transaction cannot generate any gains or losses for the Group as a whole as well as the individual entity within the business group.

Business combination of entities under common control transactions, according to SFAS No. 38 (Revised 2012), "Business Combination under Common Control", is recognised at its carrying amount based on pooling-of-interest method. Entity that receives the business as well as the entity that disposes the business recognises the difference between the proceeds transferred/received and carrying amount arising from a business combination under common control transaction as part of equity in the additional paid-in capital account and will never be recognised as realised profit or loss or reclassified into retained earnings in the future.

f. Translation of transactions in foreign currencies

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Group domiciled in Indonesia maintained its accounting record in Rupiah, which is the functional and presentation currency of the Group. Transactions denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the date of the transaction. At the reporting date, year-end balances of monetary assets and liabilities denominated in foreign currencies are translated into Rupiah at the exchange rates prevailing at the date of consolidated statements of financial position.

For consolidation purposes, foreign currency financial statements of the Bank's overseas Subsidiary are translated into Rupiah based on the following basis:

- (1) Assets and liabilities, commitments and contingencies are translated using the Reuters spot rates at 16:00 WIB at the statement of financial position date.
- (2) Income, expenses, gains and losses represent the accumulated amount from monthly profit or loss balance during the year, are translated into Rupiah using the average Reuters middle rate for the respective month.
- (3) Equity accounts are translated using historical rates.
- (4) Statements of cash flows is translated using the Reuters spot rate at 16:00 WIB at the statement of financial position date, except for profit or loss accounts which are translated using the average middle rates and equity accounts which are translated using historical rates.

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(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**f. Translation of transactions in foreign currencies (continued)**

Differences arising from the above translation are presented as "foreign exchange differences arising from translation of financial statements in foreign currency" under the equity section of the consolidated statements of financial position.

Exchange gains or losses arising from transactions in foreign currencies and from the translation of monetary assets and liabilities in foreign currencies are recognised in the current year consolidated profit or loss.

Summarised below are the major exchange rates as of 31 December 2019 and 2018, using Reuters middle rate at 16:00 WIB (full amount of Rupiah):

	Foreign currencies	2019	2018
1	United States Dollar (USD)	13,882.5	14,380.0
1	Australian Dollar (AUD)	9,725.4	10,162.4
1	Singapore Dollar (SGD)	10,315.1	10,554.9
1	Hong Kong Dollar (HKD)	1,782.8	1,836.3
1	Great Britain Poundsterling (GBP)	18,238.1	18,311.5
100	Japanese Yen (JPY)	12,781.0	13,062.0
1	Euro (EUR)	15,570.6	16,440.7

g. Financial assets and liabilities**g.1. Financial assets**

The Group classifies their financial assets in the following categories at initial recognition (a) at fair value through profit or loss, (b) loans and receivables, (c) held-to-maturity, and (d) available-for-sale. This classification depends on the purpose of obtaining these financial assets. Management determines the classification of financial assets at the time of initial recognition.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/17****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g. Financial assets and liabilities (continued)****g.1. Financial assets (continued)****(a) Financial assets recognised at fair value through profit or loss**

This category has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading and financial assets which at the initial recognition have been determined by the Bank to be measured at fair value through profit or loss.

Held for trading are those financial assets that the Group acquired or incurred principally for the purpose of selling or repurchasing in the near term, or held as part of a certain financial instrument portfolio that is managed together for short-term profit (short term profit-taking). Derivatives are also categorised as trading groups, except derivatives that are designated and effective as hedging instruments.

Financial instruments grouped into this category are recognised at their fair value at initial recognition; transaction costs are recognised directly in the consolidated statements of profit or loss. Gains and losses arising from changes in fair value and sale of financial instruments are recognised in the consolidated statements of profit or loss and recorded as respectively "Gains (losses) from changes in fair value of financial instruments" and "Gains (losses) from the sale of financial instruments". Interest income from financial instruments in the trading group is recorded as "Interest income".

(b) Loans and receivables

Loans and receivables are non-derivative assets with fixed or determinable payments and fixed maturity did not have quotation in active market, unless:

- those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank upon initial recognition designates as at fair value through profit or loss;
- those that upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of deterioration of loans and receivables.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

Schedule 5/18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g. Financial assets and liabilities (continued)****g.1. Financial assets (continued)****(b) Loans and receivables (continued)**

Loans and receivables are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method less allowance for impairment losses. Interest income on financial assets classified as loans and receivables is included in the consolidated statements of profit or loss and reported as "Interest income". In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the financial assets classified as loan and receivables and recognised in the consolidated statement of profit or loss as "Allowance for impairment losses on financial assets".

(c) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payment and fixed maturities that the Group has the positive intention and ability to held to maturity other than:

- those that upon initial recognition designated as at fair value through profit or loss;
- those that the Group designated as available-for-sale; and
- those that met the definition of loans and receivables.

Held-to-maturity financial assets are initially recognised at fair value including transaction costs and subsequently measured at amortised cost, using the effective interest rate method less allowance for impairment losses.

Interest income on held-to-maturity investments is recorded in the statements of comprehensive income and reported as "Interest income". In the case of impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in the financial statements as "Allowance for impairment losses as financial assets".

(d) Financial assets available-for-sale

Available-for-sale financial assets are financial assets that are intended to be held for certain period of time, which may be sold in response to needs for liquidity or changes in interest rates or exchange rates or that are not classified as loans and receivables, held-to-maturity financial assets or financial assets at fair value through consolidated statements of profit or loss.

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(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g. Financial assets and liabilities (continued)****g.1. Financial assets (continued)****(d) Financial assets available-for-sale (continued)**

Available-for-sale financial assets are initially recognised at fair value, plus transaction costs, and subsequently measured at fair value with gains and losses being recognised in the statements of comprehensive income, except for impairment losses and foreign exchange gains or losses, until the financial assets is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income (expense) will be recognised as the profit or loss. Interest income is calculated using the effective interest rate method, and foreign currency gains or losses on monetary assets classified as available-for-sale are recognised in the consolidated statements of profit or loss.

(e) Recognition

The Group uses trade date accounting for regular way contracts when recording financial assets transactions. Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the consolidated statements of financial position as "Pledged assets", if the transferee has the right to sell or repledge them.

g.2. Financial liabilities

The Group classifies its financial liabilities in the category of (a) financial liabilities at fair value through profit or loss and (b) financial liabilities measured at amortised cost. Financial liabilities are derecognised when they have redeemed or otherwise extinguished or expired.

(a) Financial liabilities measured at fair value through profit or loss

This category comprises two subcategories: financial liabilities classified as held for trading and financial liabilities designated by the Group as at fair value through profit or loss upon initial recognition. At the initial and subsequent recognition, this is recorded at fair value.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading instrument unless they are designated and effective as hedging instruments.

Gains and losses arising from changes in fair value of financial liabilities classified held for trading are included in the consolidated statements of profit or loss and reported as "Gains (losses) from changes in fair value of financial instruments". Interest expenses on financial liabilities held for trading are recorded as "Interest expenses".

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial assets and liabilities (continued)

g.2. Financial liabilities (continued)

(a) Financial liabilities measured at fair value through profit or loss (continued)

If the Group designs certain debt securities upon initial recognition as at fair value through profit or loss (fair value option), then this designation cannot be changed subsequently. According to SFAS 55 (Revised 2014), the fair value option is applied on the debt securities consists of debt host and embedded derivatives that otherwise must be separated.

Fair value changes related to financial liabilities designated at fair value through profit or loss are recognised in "Gains/(losses) from changes in fair value of financial instruments".

(b) Financial liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit and loss fall into this category and are measured as amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs (if any).

After initial recognition, the Group measures all financial liabilities at amortised cost using effective interest rate method.

g.3. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of a financial instrument using the quoted price in an active market for that instrument.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the active market is regarded as being unavailable. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g. Financial assets and liabilities (continued)****g.3. Determination of fair value (continued)**

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e., the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. After initial recognition, the difference is amortised and recognised in the profit or loss over the life of the instrument, but not longer than the valuation date supported by observable market data or when the transactions are closed.

For financial instruments with no quoted market price, a reasonable estimate of the fair value is determined by referencing to the current market value of another instrument which substantially have the same characteristic or calculated based on the expected cash flows of the underlying net asset base of the marketable securities.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, foreign exchange rates, volatilities and counterparty spreads) existing at the dates of the statement of financial position.

g.4. Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished or expired.

g.5. Reclassification of financial assets

Financial assets that are no longer held for trading or repurchase of financial assets in the near future could be reclassified as loans and receivables if it met the definition of loans and receivables and entity has the intention and ability to hold the financial assets for foreseeable future or until maturity date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial assets and liabilities (continued)

g.5. Reclassification of financial assets (continued)

The Group shall not classify any financial assets as held-to-maturity if during the current financial year or during the two preceding financial years, the Group has sold or reclassified more than an insignificant amount of held-to-maturity investments before maturity (more than insignificant in relation to the total amount of held-to-maturity investments) other than sales or reclassifications that:

- (a) are so close to maturity or the financial asset's call date that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;
- (b) occur after the Group has collected substantially all of the financial asset's original principal through scheduled payments or prepayments; or
- (c) are attributable to an isolated event that is beyond the Group control, is non-recurring and could not have been reasonably anticipated by the Group.

Reclassification of financial assets from held-to-maturity classification to available-for-sale are recorded at fair value. Unrealised gains or losses shall be recognised in other comprehensive income until the financial assets is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income shall be reclassified from equity to statement of profit or loss as a reclassification adjustment.

g.6. Classification of financial assets and liabilities

The Group classifies the financial assets and liabilities into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification can be seen in the table below.

Category of financial assets and liabilities		Classes (as determined by the Group)	Subclasses
Financial assets	Financial assets at fair value through profit or loss	Financial assets held for trading	Securities
			Placement with other Banks
			Derivative assets
	Loans and receivables	Cash	
		Current accounts with Bank Indonesia	
		Current accounts with other banks	
		Placements with Bank Indonesia and other banks	
		Acceptance receivables	
		Bills receivable	
		Securities purchased under agreements to resell	
		Loans receivable	
		Consumer financing receivables	
		Investment in finance leases	
		Assets related to sharia transactions - <i>murabahah</i> receivables	
		Other assets	Interest receivables
			Transactions related to ATM and credit card
			Unaccepted bills receivables
			Receivables from customer transactions
			Receivables from insurance transactions

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial assets and liabilities (continued)

g.6. Classification of financial assets and liabilities (continued)

The Group classifies the financial assets and liabilities into classes that reflects the nature of information and take into account the characteristic of those financial instruments. The classification can be seen in the table below. (continued)

Category of financial assets and liabilities		Classes (as determined by the Group)		Subclasses		
Financial assets (continued)	Held-to-maturity investments	Investment securities				
	Available-for-sale financial assets	Placements with Bank Indonesia and other banks		Certificates of Deposits		
		Investment securities				
Financial liabilities	Financial liabilities at fair value through profit or loss	Financial liabilities held for trading		Derivative liabilities		
	Financial liabilities at amortised cost	Deposits from customers				
		Sharia deposits				
		Deposits from other banks				
		Acceptance payables				
		Securities sold under agreements to repurchase				
		Debt securities issued				
		Borrowings				
		Accrued expenses and other liabilities			Accrued interest expenses	
					Liabilities related to ATM and credit card transactions	
					Liabilities from customer transactions	
					Liabilities from insurance transactions	
				Subordinated bonds		
Commitment and contingencies	Unused credit facilities					
	Irrevocable letters of credit					
	Bank guarantee issued					

g.7. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right of set-off and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. In certain situations, even though master netting agreements exist, the lack of management intention to settle on a net basis results in the financial assets and liabilities being reported gross on the consolidated statements of financial position.

g.8. Financial guarantee contracts and other commitment receivables

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities, and unused provision of funds facilities.

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(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g. Financial assets and liabilities (continued)****g.8. Financial guarantee contracts and other commitment receivables (continued)**

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at inception is likely to equal the premium received because all guarantees are agreed on arm's length terms and the initial fair value is amortised over the life of the financial guarantees.

Subsequently, they are measured at the higher of amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable) and the difference is charged to other operating expense in consolidated statement of profit or loss.

Allowance for impairment losses on financial guarantee contracts that have credit risk are calculated based on historical losses.

g.9. Allowance for impairment losses of financial assets**(a) Financial assets carried based at amortised cost**

At each reporting date, the Group assess whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and the loss event has an impact on the future cash flows on the assets that can be estimated reliably.

When a loan is uncollectible, it is written off against the related allowance for impairment losses. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to financial assets category as held-to-maturity and loans and receivables are classified in "Allowance for impairment losses".

If, in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statements of profit or loss.

Subsequent recoveries of loans written off are credited to the allowance for impairment losses account.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**g. Financial assets and liabilities (continued)****g.9. Allowance for impairment losses of financial assets (continued)****(a) Financial assets carried based at amortised cost (continued)**

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security due to financial difficulties, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment for financial assets at both individual and collective level. All individually significant financial assets are assessed for individual impairment.

All individually significant financial assets not to be individually impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets that are not individually significant are collectively assessed for impairment by grouping together such financial assets with similar risk characteristics. Financial assets that are individually assessed for impairment and for which an impairment loss is recognised are no longer included in a collective assessment of impairment.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by statistical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on financial assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Financial assets and liabilities (continued)

g.9. Allowance for impairment losses of financial assets (continued)

(a) Financial assets carried based at amortised cost (continued)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral. Losses are recognised in the current year consolidated profit or loss and reflected in an allowance account against financial assets in the consolidated statements of financial position. Interest on the impaired financial asset continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. When a subsequent event causes the amount of impairment loss to decrease, the impairment loss is reversed through the current year consolidated profit or loss.

(b) Available-for-sale financial assets

Impairment losses on available-for-sale marketable securities are recognised by transferring the cumulative losses that have been recognised directly as other comprehensive income to profit or loss as a reclassification adjustment. The cumulative losses that are reclassified from other comprehensive income to profit or loss are the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognised to consolidated profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent year, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss is reversed, with the amount of reversal recognised in current year consolidated profit or loss.

If the terms of a loan, receivable, or investment are renegotiated or otherwise modified because of financial difficulties of the borrower or issuer, impairment is measure using the original effective interest before the modification of terms.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**h. Allowance for impairment losses on non-financial assets**

The carrying amounts of the Group non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, non-financial assets are allocated to the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets or cash generating unit ("CGU").

The recoverable amount of a non-financial assets or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognised if the carrying amount of a non-financial asset or CGU exceeds the recoverable amount.

Impairment losses recognised in the previous period are evaluated at each financial reporting date whether there are indications that losses have decreased or no longer existed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment losses are reversed only to the extent of the carrying value of non-financial assets does not exceed the carrying value, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

i. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are stated at face value or the gross value of the outstanding balance, less allowance for impairment losses, where appropriate. Current accounts with Bank Indonesia and other banks are classified as loans and receivables. Refer to Note 2g for accounting policy for loans and receivables.

j. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks are classified as loans and receivables, and available-for-sale. Refer to Note 2g for accounting policy for loans and receivables and available-for-sale.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**k. Financial assets and liabilities held for trading**

Financial assets and liabilities held for trading consist of securities traded in the money market such as Certificates of Bank Indonesia ("SBI"), Bank Indonesia Treasury Bills ("SBBI"), Government Treasury Bills ("SPN"), Sharia Government Treasury Bills ("SPNS"), Corporate Bonds, derivative financial instruments, and securities traded on the stock exchanges.

Financial assets and liabilities held for trading are classified as financial assets and liabilities at fair value through profit or loss. Refer to Note 2g for the accounting policy of financial assets and liabilities held for trading.

Derivative financial instruments

Derivative instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently measured at their fair values. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, including discounted cash flow and options pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Investment in sukuk measured at fair value through profit or loss

The Group initially recognises the investment in sukuk measured at fair value through profit or loss at acquisition cost. Such cost does not include transaction costs. Subsequent to initial recognition, the difference between fair value and the carrying amount is recognised in the consolidated profit or loss.

The fair value of investment is determined by referencing to the following order:

- quoted price (without adjustments) in active market, or
- input other than quoted price in the observable active market.

Investment in sukuk measured at fair value through profit or loss is presented in the consolidated statement of financial position as part of financial assets held for trading.

l. Acceptance receivables and payables

Acceptance receivables are classified as loans and receivables, while acceptance payables are classified as financial liabilities measured at amortised cost. Refer to Note 2g for the accounting policy of loans and receivable and financial liabilities measured at amortised cost.

m. Loans receivable

Loans receivable are classified as loans and receivables. Refer to Note 2g for the accounting policy of loans and receivable.

Syndicated, joint financing and channeling loans are stated at amortised cost in accordance with the portion of risks borne by the Bank.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**m. Loans receivable (continued)**

The Group records restructure of troubled debt in accordance with the restructured type. In troubled debt restructuring which involves a modification of terms, reduction of portion of loan principal and/or combination of both, the Group records the effect of the restructuring prospectively and do not change the carrying value of receivables at the time of restructuring, unless the amount exceeds the present value of the total future cash receipts specified in the new terms. If the present value of the total future cash receipts specified in the new terms is lower than the recorded receivables balance prior to restructuring, the Group should reduce the loan balance to the amount equal to the present value of the total future cash receipts. The amount of the reduction is recognised as individual impairment losses in the current year consolidated profit or loss.

n. Securities purchased under agreements to resell and securities sold under agreements to repurchase

Securities purchased under agreements to resell (reverse repo) are presented as receivables and stated at the agreed resell price less the difference between the purchase price and the agreed resale price. The difference between the purchase price and the agreed resale price is amortised using the effective interest method as interest income over the period commencing from the acquisition date to the resell date. Securities purchased under agreements to resell (reverse repo) are classified as loans and receivables. Refer to Note 2g for the accounting policy of loans and receivables.

Securities sold under agreements to repurchase (repo) are presented as liabilities and stated at the agreed repurchase price less the unamortised interest expense. Unamortised interest expense is the difference between selling price and agreed repurchase price and is recognised as interest expense during the period from the securities are sold until the securities are repurchased. Securities sold are still recorded as assets in the consolidated statements of financial position because the securities ownership remains substantially with the Bank as a seller. Securities sold under agreements to repurchase (repo) are classified as financial liabilities. Refer to Note 2g for the accounting policy of financial liabilities measured at amortised cost.

o. Consumer financing receivables

Consumer financing receivables are stated at net of joint financing, unearned consumer financing income and allowance for impairment losses. Consumer financing receivables are classified as loans and receivables. Refer to Note 2g for the accounting policy of the loans and receivables.

Unearned consumer financing income represents the difference between total installments to be received from the consumer and the principal amount financed, plus or deducted with the unamortised transaction cost (income), which will be recognised as income over the term of the contract using effective interest rate method of the related consumer financing receivables.

Unamortised transaction cost (income) are financing administration income and transaction expense which are incurred at the first time and directly attributable to consumer financing.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**o. Consumer financing receivables (continued)**

Early termination of a contract is treated as a cancellation of an existing contract and the resulting gain is recognised in the current year consolidated profit or loss.

Consumer financing receivables will be written-off when they are overdue for more than 150 (one hundred and fifty) days for four-wheeled motor vehicles and 180 (one hundred and eighty) days for two-wheeled motor vehicles, and based on management of case by case basis.

Joint financing

All joint financing agreements entered by the Subsidiary are joint financing without recourse in which only the Subsidiary's financing portion of the total installments are recorded as consumer financing receivables in the consolidated statements of financial position (net approach). Consumer financing income is presented in the consolidated statements of profit or loss after deducting the portions belong to other parties participated to these joint financing transactions.

Receivables from collateral vehicles reinforced

Receivables from collateral vehicles reinforced represent receivables derived from motor vehicle collaterals owned by customers for settlement of their consumer financing receivables, which is presented as part of consumer financing receivables.

In case of default, the customer gives the right to the Group to sell the motor vehicle collaterals or take any other actions to settle the outstanding receivables.

Consumers are entitled to the positive differences between the proceeds from sales of foreclosed collaterals and the outstanding consumer financing receivables. If the differences are negative, the resulting losses are charged to the current year consolidated profit or loss.

Expenses in relation with the acquisition and maintenance of receivables from collateral vehicles reinforced are charged to the current year consolidated profit or loss when incurred.

p. Accounting for finance leases

Leases are classified as finance leases if such leases transfer substantially all the risks and rewards related to the ownership of the leased assets. Leases are classified as operating leases if the leases do not transfer substantially all the risks and rewards related to ownership of the leased assets.

Assets held under finance lease are recognised in the consolidated statements of financial position at an amount equal to the net investment in the lease. Receipts from lease receivables are treated as repayments of principal and financing lease income. The recognition of finance lease income is based on a pattern reflecting a constant periodic rate of return on the Subsidiary's net investment as lessor in the finance lease.

Finance leases are classified as loans and receivables. Refer to Note 2g for the accounting policy of loans and receivables.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Assets related to sharia transactions

Assets related to sharia transactions is financing activities carried out by PT Bank BCA Syariah, a subsidiary, in the form of *murabahah* receivables, funds of *qardh*, *mudharabah* financing, *musyarakah* financing and assets acquired for *ijarah*.

Brief explanation for each type of sharia financing is as follows:

Murabahah is a financing agreement to sell or purchase of goods, in which the selling price equals to the cost of goods plus a pre-agreed profit margin and the seller should disclose its cost to the buyer. *Murabahah* receivables is stated at balance of receivables less deferred margin and allowance for impairment losses.

Ijarah is a lease agreement for goods and/or services, including the right to use, between the owner of a leased object (lessor) and lessee, to generate income from the leased object. *Ijarah muntahiyah bittamlik* is a lease agreement between lessor and lessee to obtain income from the leased object with an option to transfer the ownership title of leased object through purchase/sale or as a gift (*hibah*) at certain period as agreed in the lease agreement (*akad*). *Ijarah muntahiyah bittamlik* assets are stated at the acquisition costs less accumulated depreciation. *Ijarah* receivable is recognised at maturity date based on unearned lease income and presented at net realisable value, i.e. balance of the receivables less allowance for impairment losses.

Mudharabah is an investment of funds from the owner of fund (*malik*, *shahibul maal*, or sharia bank) to a fund manager (*amil*, *mudharib*, or customer) for a specific business activity, under a profit or revenue sharing agreement between the two parties at a pre-agreed ratio (*nisbah*). *Mudharabah* financing is stated at financing balance less allowance for impairment losses.

Musyarakah is an investment of funds from the owners of funds to combine their funds for a specific business activity, for which the profits are shared based on a pre-agreed *nisbah*, while losses are borne proportionally by the fund owners.

Permanent *musyarakah* is a *musyarakah* for which the amount of funds contributed by each party is fixed until the end of the agreement. Declining *musyarakah* (*musyarakah mutanaqisha*) is *musyarakah* with a condition that the amount contributed by a party will be declining from time to time as it is transferred to another party, such that at the end of the agreement, the other party will fully own the business. *Musyarakah* financing is stated at financing balance less allowance for impairment losses.

The Subsidiary determines the allowance for impairment losses of sharia financing receivables in accordance with the quality of each financing receivable by referring to the requirements of Financial Services Authority, except for *murabahah* receivables for which the identification and measurement of impairment losses follows SFAS 55.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Investment securities

Investment securities consist of traded securities in the money market and stock exchange such as Government Bonds, Sukuk, Corporate Bonds, Certificates of Bank Indonesia, mutual funds, medium term notes and shares. Investment securities are classified as financial assets held-to-maturity and available-for-sale. Refer to Note 2g of the accounting policy for financial assets held-to-maturity and available-for-sale.

Investments in sukuk measured at cost and measured at fair value through other comprehensive income

The Group determine the classification of their investment in sukuk based on business model in accordance with SFAS 110 "Accounting for Sukuk" as follows:

- **Measured at cost**

If the investment is held within a business model that aims to acquire assets in order to collect contractual cash flows and there is a contractual requirement to determine the specific date of principal payments and/or the result.

At the initial measurement, the investment is recorded at acquisition cost which includes the transaction cost. After the initial recognition, the investment in sukuk is measured at amortised cost. The difference between acquisition cost and nominal value is amortised using straight-line method during the period of the sukuk instrument.

- **Measured at fair value through other comprehensive income**

At the initial recognition, the investment in sukuk is presented at acquisition cost which includes transaction cost.

After initial recognition, the investment in sukuk is recognised at-fair-value. The difference between fair value and recorded amount is recognised in other comprehensive income. The difference between acquisition cost and nominal value is amortised using straight-line method during the period of the sukuk instrument and recognised in profit or loss.

s. Fixed assets

Fixed assets are initially recognised at cost. Cost includes expenditures directly attributable to bring the assets for their intended use. Except for land, subsequent to initial measurement, all fixed assets are measured using cost model, which is cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

In 2016, the Group changed its accounting policy related to subsequent measurement of land from cost model to revaluation model. The change of accounting policy is implemented prospectively.

Land is presented at fair value, based on valuation performed by external independent valuers which are registered with OJK. Valuation of land is carried out by appraisers who have professional qualifications. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of revalued assets does not differ materially from their fair values at the reporting date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**s. Fixed assets (continued)**

Increases arising on the revaluation are credited to "revaluation surplus of fixed assets" as part of other comprehensive income. However, the increase is recognised in profit or loss up to the amount of the same asset impairment from revaluation previously recognised in the consolidated statements of profit or loss. Decreases that offset previous increases of the same asset are debited against "revaluation surplus of fixed assets" as part of other comprehensive income, all other decreases are charged to the consolidated statements of profit or loss.

Costs relating to the acquisition of legal titles on the land rights are recognised as part of acquisition cost of land and not amortised, except there is evidence which indicates that the extension or renewal of land rights is probable or certainly not be obtained. The costs of extension or renewal of legal titles on the land rights are charged to consolidated profit or loss as incurred because the amount is not significant.

Buildings are depreciated using the straight-line method over their estimated useful lives of 20 (twenty) years. Other fixed assets are depreciated over their estimated useful lives ranging from 2 (two) to 8 (eight) years using the double-declining balance method for the Bank and PT BCA Finance, and straight-line method for other Subsidiaries. The effect of such different depreciation method is not material to the consolidated financial statements. For all fixed assets, the Group has determined residual values to be "nil" for the calculation of depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Buildings under construction are stated at cost. The accumulated costs will be transferred to the buildings account when construction is completed and the buildings are ready for their intended use.

When assets are disposed, their acquisition cost and the related accumulated depreciation are eliminated from the consolidated statements of financial position, and the resulting gain or loss on the disposal of fixed assets is recognised in the current year consolidated statements of profit or loss. When revalued assets are sold, the amounts included in equity are transferred to retained earnings.

At each reporting date, residual value, useful life and depreciation method are reviewed, and if required, will be adjusted and applied in accordance with the requirement of prevailing Financial Accounting Standards.

When the carrying amount of fixed assets is greater than its estimated recoverable amount, it is written down to its recoverable amount and the impairment loss is recognised in the consolidated statements of profit or loss.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**t. Other assets**

Other assets include accrued interest income and fees and commissions receivables, foreclosed assets, abandoned properties, interoffice accounts and others.

Foreclosed assets represent assets acquired by the Group, both from auction and non-auction based on voluntary transfer by the debtor or based on debtor's approval to sell the collateral when the debtor could not fulfill their obligations to the Group. Foreclosed assets represent loan collateral that were taken over as part of loans settlement and presented in "Other Assets".

Abandoned properties represent the Group is fixed assets in the form of properties which were not used for the Group business operational activity.

Foreclosed assets and abandoned properties are presented at their net realisable values. Net realisable value is the fair value of the repossessed assets less estimated costs to sale the foreclosed assets. Differences between the net realisable value and the proceeds from disposal of the foreclosed assets are recognised as current year gain or loss at the year of disposal.

Expenses for maintaining repossessed assets and abandoned properties are recognised in the current year consolidated statements of profit or loss and other comprehensive income as incurred. Any permanent impairment loss that occurred will be charged to the current year consolidated statements of profit or loss and other comprehensive income. Refer to Note 2h for changes in accounting policy to determine impairment losses on repossessed assets and abandoned properties.

u. Intangible assets

Intangible assets consist of software and goodwill.

Software

Software is stated at cost less accumulated amortisation and accumulated impairment losses. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as software. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Amortisation is recognised in consolidated statements of profit or loss using a double-declining balance method over the estimated useful economic life of 4 (four) years.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**u. Intangible assets (continued)**

Intangible assets consist of software and goodwill. (continued)

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amounts of net identifiable assets acquired and the liabilities assumed at the date of acquisition. Goodwill is not amortised, but tested at each reporting date for impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each cash-generating unit (CGU), or group of CGUs, that is expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. For Group accounting policy of impairment losses refer to Note 2h.

v. Deposits from customers and other banks

Deposits from customers are the fund trusted by customers (exclude banks) to the Bank based on fund deposits agreements. Included in this accounts are current accounts, saving accounts, time deposits and certificates of deposits.

Deposits from other banks represent liabilities to other banks, both domestic and overseas banks, in the form of current accounts, saving accounts, time deposits, and interbank call money.

Deposits from customers and deposits from other banks are classified as financial liabilities at amortised cost. Incremental costs directly attributable to acquisition of deposits from customers and deposits from other banks are deducted from the amount of deposits from customers and deposits from other banks. Refer to Note 2g for the accounting policy of financial liabilities at amortised cost.

w. Sharia deposits

Sharia deposits are deposits from third parties in form of *wadiah* demand deposits and *wadiah* savings. *Wadiah* demand deposits can be used as payment instrument, and can be withdrawn using cheque and payment slip. *Wadiah* demand deposits and *wadiah* savings are entitled to receive bonus in accordance with Subsidiary's policy. *Wadiah* demand deposits and *wadiah* savings are stated at nominal amount of deposits from customers. Sharia deposits are classified as financial liabilities measured at amortised cost.

x. Temporary *syirkah* deposits

Temporary *syirkah* deposit is an investment with *mudharabah muthlaqah* agreement, where the owner of funds (*shahibul maal*) gives flexibility to fund manager (*mudharib*/Subsidiary) in managing the investment with the purpose that the returns are to be shared based on a pre-agreed basis.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Temporary *syirkah* deposits (continued)

Temporary *syirkah* deposits consist of *mudharabah* saving deposit, *mudharabah* time deposits and *Sertifikat Investasi Mudharabah Antarbank* ("SIMA"). These funds obtained by Subsidiary which has the right to manage and invest fund, according to Subsidiary's policy or limitation from fund holders, whereby gains are to be shared based on the agreement. In case that the decrease of temporary *syirkah* deposits was caused by normal losses, and not caused by willful default, negligence or breach of the agreement, the Subsidiary has no obligation to return or cover the fund losses or deficit.

Mudharabah saving deposits are deposits from third parties which are entitled to receive sharing revenue from Subsidiary for the utilisation of the funds with a pre-agreed and approved *nisbah*. *Mudharabah* saving deposits are stated at the liabilities to customers.

Mudharabah time deposits are deposits from third parties which can only be withdrawn at a specific time based on the agreement between holder of *mudharabah* time deposits and the Subsidiary. *Mudharabah* time deposits are stated at nominal amount based on the agreement between holder of *mudharabah* time deposits and the Subsidiary.

Temporary *syirkah* deposits can not be classified as liability. When the Subsidiary incurs losses, the Subsidiary does not possess any liability to return the initial fund amount from the fund owners except from negligence or default of the Subsidiary. Temporary *syirkah* deposits can not be classified as equity because it has maturity date and owners and it does not possess any ownership rights equal to shareholders as voting rights and rights of gain realisation from current assets and non-investment assets.

Temporary *syirkah* deposits is one of the elements of consolidated financial statements, it in accordance with sharia principle which give rights to Subsidiary to manage the fund, including blending the funds with other funds.

Owners of temporary *syirkah* deposits obtain part of gain as agreed and incur losses based on the amount from each parties. Revenue sharing of temporary *syirkah* deposits can be done by revenue sharing concept or profit sharing concept.

y. Debt securities issued

Debt securities issued by Subsidiary which consists of medium-term notes payable and bonds payable, are classified as other financial liabilities measured at amortised cost. Issuance costs in connection with the issuance of debt securities are recognised as discounts and directly deducted from the proceeds of debt securities issued and amortised over the period of debt securities using the effective interest method. Debt securities issued is classified as financial liabilities at amortised cost. Refer to Note 2g for the accounting policy of financial liabilities measured at amortised cost.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**z. Subordinated bonds**

Subordinated bonds are classified as financial liabilities measured at amortised cost. Incremental costs directly attributable to the issuance of subordinated bonds are deducted from the amount of subordinated bonds received. Refer to Note 2g for the accounting policy for financial liabilities at amortised cost.

aa. Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are determined by discounting the estimated future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

ab. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of accrued interest expense, liabilities related to customer and insurance transactions, security deposits, unearned revenue and others.

ac. Earnings per share

Basic earnings per share is computed based on net income for the current year attributable to equity holders of parent entity divided by the weighted average number of outstanding issued and fully paid-up common shares during the year after considering the treasury stocks.

As of 31 December 2019 and 2018, there were no instruments which could potentially result in the issuance of common shares. Therefore, diluted earnings per share is equivalent to basic earnings per share.

ad. Treasury stocks

The Bank uses cost method in recording the treasury stocks. Treasury stocks are recorded at re-acquisition cost and presented as a deduction of equity in the consolidated statements of financial position.

When treasury stocks are sold, the Bank records the difference between re-acquisition price and selling price of treasury stocks as additional paid-in capital from treasury stock transaction which is part of additional paid-in capital.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ae. Interest income and expenses & sharia income and expenses

Interest income and expenses

Interest income and expenses are recognised in the consolidated statements of profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows by considering all contractual terms of the financial instrument but not future credit losses.

The calculation of the effective interest rate includes transaction costs (see Note 2g) and all fees and points paid or received that are an integral part of the effective interest rate.

Interest income and expenses presented in the consolidated statements of profit or loss and other comprehensive income include:

- interest on financial assets and liabilities at amortised cost calculated using the effective interest method; and
- interest on available-for-sale investment securities calculated using the effective interest method.
- Interest income on all trading financial assets are considered to be incidental to the Bank's trading operations and are presented as part of net trading income.
- Interest income on the impaired financial assets continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment losses.

Sharia income and expenses

Sharia income consists of *murabahah* profit, *ijarah* revenue (leases), and profit sharing from *mudharabah* and *musyarakah* financing.

Recognition of *murabahah* transaction profit with deferred payment or installments is carried out during the contractual period in accordance with effective (annuity) method.

Ijarah revenue is recognised proportionally during the contractual period.

Musyarakah revenue sharing which is entitled to passive partner is recognised during the period in which the revenue occurs according to agreed *nisbah*.

Mudharabah revenue sharing is recognised during the period in which revenue sharing in accordance to agreed *nisbah* occurs, and not allowed to recognise revenue from projected business result.

Sharia expenses consist of *mudharabah* expense and *wadiah* bonus expense. Sharia expenses consist of expense for profit distribution on third party funds which are calculated using profit distribution principle in accordance with agreed sharing ratio (*nisbah*) based on *wadiah*, *mudharabah muthlaqah* and *mudharabah muqayyadah* principles.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**af. Fees and commission income and expenses**

Significant fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income and expenses, including bancassurance activity related fees, export-import related fees, cash management fees, service fees and/or related to a specific period and the amount is significant, are recognised as unearned income/prepaid expenses and amortised based on the straight-line method over the terms of the related transactions; otherwise, they are directly recognised as the related services are performed. Loan commitment fees are recognised on a straight-line method over the commitment period.

Other fees and commission expenses which are mainly related to interbank transaction fees are expensed as the services are received.

ag. Net trading income

Net trading income comprises of net gains or losses related to financial assets and liabilities held for trading, including interest income and expenses from all financial instruments held for trading and all realised and unrealised fair value changes and foreign exchange differences.

ah. Post-employment benefits obligation**ah.1. Short-term liability**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

ah.2. Pension obligation

Entities in the Group operate various pension schemes. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/40****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**ah. Post-employment benefits obligation (continued)****ah.2. Pension obligation (continued)**

The liability recognised in the consolidated statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Government Bonds (considering currently there is no deep market for high-quality corporate bonds) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statements of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the consolidated statements of changes in equity and in the consolidated statements of profit or loss.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statements of profit or loss as past service costs.

For defined contribution plans, the Group pays contributions to pension plans on a mandatory, contractual or voluntary basis. However, since Labour Law No. 13 of 2003 requires an entity to pay to a worker entering into pension age a certain amount based on, the worker's length of service, the Group is exposed to the possibility of having to make further payments to reach that certain amount in particular when the cumulative contributions are less than that amount. Consequently for financial reporting purposes, defined contribution plans are effectively treated as if they were defined benefit plans.

ah.3. Other post-employment obligations

Bank provide post-retirement healthcare benefits to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using projected unit credit method. These obligations are valued annually by independent qualified actuaries.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/41****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**ah. Post-employment benefits obligation (continued)****ah.4. Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (i) when the Group can no longer withdraw the offer of those benefits; and (ii) when the Group recognises costs for a restructuring that is within the scope of SFAS 57 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

ai. Current and deferred income tax

Income tax expense comprises of current and deferred taxes. Income tax expense is recognised in the consolidated statements of profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in annual tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences which arise from the difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**ai. Current and deferred income tax (continued)**

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

aj. Operating segment

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the entity's other components, whose operating results are reviewed regularly by the chief operating decision-maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision-maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of head office expenses, fixed assets, income tax assets/liabilities, including current and deferred taxes.

The Group manages their businesses and identify reporting segment based on geographic region and product. Several regions have similar characteristics, have been aggregated and evaluated regularly by management. Gains/losses from each segment is used to assess the performance of each segment.

ak. Related parties transactions

The Group has transactions with related parties. In accordance with SFAS 7 (Revised 2015) - Related Party Disclosure, the meaning of a related party is a person or entity that is related to a reporting entity as follow:

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is member of the key management personnel of the reporting entity or a parent of the reporting entity;

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/43****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**ak. Related parties transactions (continued)**

The Group has transactions with related parties. In accordance with SFAS 7 (Revised 2015) - Related Party Disclosure, the meaning of a related party is a person or entity that is related to a reporting entity as follow: (continued)

- b. An entity is related to a reporting entity if any of the following conditions applies:
 - i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of member of a company of which the other entity is a member);
 - iii. both entities are joint ventures of the same third party;
 - iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity;
 - vi. the entity controlled or jointly controlled by a person identified in (a);
 - vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The nature of transactions and balances of accounts with related parties are disclosed in the Note 48.

3. USE OF ESTIMATES AND JUDGMENT

This disclosure supplements the commentary on financial risk management (see Note 43).

a. Key sources of estimation uncertainty**a.1. Allowance for impairment losses of financial assets**

Financial assets accounted for at amortised cost are evaluated for impairment on the basis described in Note 2g.

The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about the counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy, and estimated cash flows considered recoverable are independently approved by the credit risk unit.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of receivables with similar economic characteristics when there is an objective evidence to suggest that they contain impaired receivables, but the individual impaired items cannot yet be identified. In assessing the need for collective allowances, management considers factors such as credit quality, portfolio size, credit concentrations and economic factors.

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3. USE OF ESTIMATES AND JUDGMENT (continued)

This disclosure supplements the commentary on financial risk management (see Note 43).
(continued)

a. Key sources of estimation uncertainty (continued)**a.1. Allowance for impairment losses of financial assets (continued)**

In order to estimate the required allowance, assumptions are made to define the way inherent losses are modeled and to determine the required input parameters, based on historical experiences and current economic conditions. The accuracy of the allowances depends on how well these estimated future cash flows for specific counterparty allowances and the model assumptions and parameters are used in determining collective allowances.

a.2. Determining fair values of financial instruments

In determining the fair value of financial assets and liabilities for which there is no observable market price, the Group must use the valuation techniques as described in Note 2g for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks.

a.3. Post-employment benefits obligations

Present value of retirement obligations depends on several factors which determined by actuarial basis using several assumptions. Assumptions used to determine expenses (revenues) of net pension including discount rate and future salary growth. Any changes on these assumptions will affect the recorded amount of pension obligations.

b. Critical accounting judgments In applying the Group accounting policy

Critical accounting judgments made in applying the Group accounting policies include:

b.1. Valuation of financial instruments

The Group accounting policies on fair value measurements are discussed in Note 2g.

Information regarding the fair value of financial instruments is disclosed in Note 38.

b.2. Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated at the inception into different accounting categories in accordance with the prevailing accounting standards and based on certain circumstances:

- In classifying financial assets as "held for trading", the Group has determined that the financial assets meet the description of trading assets as set out in Note 2g.

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3. USE OF ESTIMATES AND JUDGMENT (continued)**b. Critical accounting judgments in applying the Group accounting policy (continued)**

Critical accounting judgments made in applying the Group accounting policies include:
(continued)

b.2. Financial asset and liability classification (continued)

The Group's accounting policies provide scope for assets and liabilities to be designated at the inception into different accounting categories in accordance with the prevailing accounting standards and based on certain circumstances: (continued)

- In classifying financial assets as "held-to-maturity", the Group has determined that the Group has both the positive intention and ability to hold those assets until their maturity date as required (see Note 2g).
- In classifying investment in sukuk as "measured at cost" and "measured at fair value through other comprehensive income", the Group has determined that the investment meets the classification requirements as set out in Note 2r.

4. BUSINESS COMBINATIONS**Acquisition of PT Bank Royal Indonesia**

On 31 October 2019, the Bank and PT BCA Finance (Subsidiary) acquired 100% shares of PT Bank Royal Indonesia ("Bank Royal") through ownership of 99.99% and 0.01%, with total consideration of Rp 988,047. PT Bank Royal Indonesia is commercial banking and the Bank plans to develop Bank Royal's business in digital banking, and conduct alliances and business synergies with the Group's business activities.

The following table is the reconciliation of cash flow payment and received from the acquisition of Bank Royal.

	<u>31 October 2019</u>
Cash consideration paid	988,047
Less balance of cash and cash equivalents acquired:	
Cash and cash equivalents	(64,045)
Cash and cash equivalents outflow - investing activities	<u>924,002</u>

The fair value of the net identifiable assets acquired and goodwill arising from the acquisition at the date of acquisition are as follows:

	<u>31 October 2019</u>
Purchase price	988,047
Fair value of the net identifiable assets acquired	(299,842)
Goodwill	<u>688,205</u>

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4. BUSINESS COMBINATIONS (continued)Acquisition of PT Bank Royal Indonesia (continued)

Acquisition-related cost of Rp 6,270 are charged to administrative expenses in the consolidated statements of profit or loss for the year ended 31 December 2019.

The acquisition of PT Bank Royal Indonesia has been conducted in accordance with Bapepam-LK Regulation No. KEP-347/BL/2012 dated 25 June 2012, Regulation No. VIII.G.7 regarding "Presentation and Disclosure of Public Company's Financial Statements".

Acquisition of PT Bank Rabobank International Indonesia

In addition of acquiring PT Bank Royal Indonesia, the Bank plans to acquire PT Bank Rabobank International Indonesia ("Rabobank Indonesia") which located in Indonesia. On 11 December 2019, the Bank and PT BCA Finance (Subsidiary) signed a Conditional Shares Sale and Purchase Agreement with Cooperative Rabobank UA, PT Aditirta Suryasentosa, PT Antarindo Optima, PT Antariksabuana Citanagara and PT Mitra Usaha Kencana Sejati (hereinafter referred to as "Sellers"), where Sellers agree to sell and transfer all of the Sellers' shares at Rabobank Indonesia to the Buyers on the effective date which will be determined later. The purpose of this acquisition is to support the Indonesian banking architecture program and to further develop existing business of Subsidiaries.

Because the valuation process for Rabobank Indonesia's business acquisition has not been completed as at the date of the financial statements, the initial recognition for this business combination has not yet been fulfilled.

5. CASH

	2019	2018
Rupiah	23,928,010	20,864,362
Foreign currencies	1,493,396	827,081
	<u>25,421,406</u>	<u>21,691,443</u>

The balance of cash in Rupiah includes cash in Automatic Teller Machines ("ATM") amounting to Rp 9,644,181 and Rp 10,419,800 as of 31 December 2019 and 2018, respectively.

6. CURRENT ACCOUNTS WITH BANK INDONESIA

	2019	2018
Rupiah	43,257,848	38,663,678
Foreign currencies	4,646,826	4,884,631
	<u>47,904,674</u>	<u>43,548,309</u>

Weighted average effective interest rates per annum of current accounts with Bank Indonesia denominated in Rupiah as of 31 December 2019 and 2018 were nil and 0.68%, respectively.

The balance of current accounts with Bank Indonesia is maintained to fulfill the Minimum Statutory Reserve ("GWM") from Bank Indonesia.

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6. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

As of 31 December 2019 and 2018, GWM ratios are calculated based on Bank Indonesia Regulation ("PBI") No. 15/15/PBI/2013 dated 24 December 2013 regarding Minimum Reserve Requirements of Conventional Bank in Rupiah and foreign currency for Conventional Bank, as amended several times with PBI No. 18/3/PBI/2016 dated 10 March 2016, PBI No. 18/14/PBI/2016 dated 18 August 2016, PBI No. 19/6/PBI/2017 dated 17 April 2017, PBI No. 20/3/PBI/2018 dated 29 March 2018, Board Member of Governor Regulation ("PADG") No. 20/30/PADG/2018 dated 30 November 2018 and PADG No. 21/14/PADG/2019 dated 26 June 2019. Macro-prudential Liquidity Buffer ("PLM") ratio is calculated based on PADG No. 21/5/PADG/2019 dated 29 March 2019 regarding The Third Amendment of PADG No. 20/11/PADG/2018 dated 31 May 2018 regarding Macro-prudential Intermediation Ratio (RIM) and PLM for Conventional Bank, Sharia Bank, and Sharia Business Units. The fulfillment of all ratios above are determined as follows:

	2019	2018
Rupiah		
- Primary GWM	6.00%	6.50%
(i) GWM on daily basis	3.00%	3.50%
(ii) GWM on average basis	3.00%	3.00%
- GWM PLM (previously Secondary GWM)	4.00%	4.00%
Foreign Currencies		
- Primary GWM	8.00%	8.00%
(i) GWM on daily basis	6.00%	6.00%
(ii) GWM on average basis	2.00%	2.00%

Primary GWM is a minimum reserve that should be maintained by the Bank in the form of current accounts with Bank Indonesia. PLM is a minimum liquidity reserves that should be maintained by Bank, in form of Bank Indonesia Certificates (SBI), Bank Indonesia Deposit Certificates (SDBI), Treasury Bills (SBN) which is determined by Bank Indonesia at certain percentage of the Bank's Third Party Fund.

As of 31 December 2019 and 2018, the Bank has fulfilled the GWM ratios in Rupiah and foreign currency as follows:

	2019	2018
Rupiah		
- Primary GWM	6.05%	6.55%
(i) GWM on daily basis	3.00%	3.50%
(ii) GWM on average basis	3.05%	3.05%
- GWM PLM (previously Secondary GWM)	13.51%	11.88%
Foreign Currencies		
- Primary GWM	8.52%	8.41%
(i) GWM on daily basis	6.00%	6.00%
(ii) GWM on average basis	2.52%	2.41%

Based on PBI No. 20/4/PBI/2018 dated 29 March 2018, Loan to Funding Ratio (LFR) has changed to RIM, and obligation of GWM RIM was effective on 16 July 2018. GWM RIM is a minimum reserve that should be maintained by the Bank in the form of current accounts with Bank Indonesia at certain percentage of Third Party Fund which is calculated based on difference between RIM owned by Bank and RIM Target.

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6. CURRENT ACCOUNTS WITH BANK INDONESIA (continued)

GWM RIM is required if Bank's RIM is below the minimum Bank Indonesia's RIM Target at 84% (2018: 80%); or Bank's RIM is above the maximum Bank Indonesia's RIM Target at 94% (2018: 92%) with the Bank's Capital Adequacy Ratio (CAR) is less than Bank Indonesia's CAR Incentive at 14%. As of 31 December 2019 and 2018, the Bank's GWM RIM is 0.43% and nil, respectively.

Information on the classification and fair value of current account with Bank Indonesia is disclosed in Note 38. Information on the maturity of current account with Bank Indonesia is disclosed in Note 44.

7. CURRENT ACCOUNTS WITH OTHER BANKS

	2019	2018
Rupiah	2,888	10,535
Foreign currencies	10,518,799	8,487,403
	10,521,687	8,497,938

Details of current accounts with other banks by counterparty as of 31 December 2019 and 2018 were as follows:

	2019	2018
JPMorgan Chase Bank	3,649,852	3,596,278
Wells Fargo Bank, N.A.	2,607,679	978,948
United Overseas Bank Limited, Co.	1,066,227	698,008
The Bank of New York Mellon Corporation	542,958	253,468
DBS Bank	327,277	654,832
PT Bank Mandiri (Persero) Tbk	290,726	150,547
Oversea-Chinese Banking Corporation Limited	288,321	196,919
Sumitomo Mitsui Banking Corporation	284,528	201,751
GBC International Bank	277,444	284,087
PT Bank ICBC Indonesia	155,497	57,826
Euroclear Bank	145,906	68,846
Bank of China	128,244	251,571
National Australia Bank Limited	109,772	47,788
Citibank, N.A.	76,770	63,216
Standard Chartered Bank	76,242	197,707
Royal Bank of Scotland PLC	49,352	66,354
PT Bank Mizuho Indonesia	48,497	35,076
ING Bank NV	46,635	121,090
MUFG Bank, Ltd.	45,263	51,213
KB Kookmin Bank	43,186	35,586
Westpac Banking Corporation	39,173	132,434
The Hongkong and Shanghai Banking Corporation Limited	27,179	40,059
Barclays Bank PLC	17,100	97,230
Public Bank Berhad	9,599	23,204
Bank of America, N.A.	7,111	27,566
Others	161,149	166,334
	10,521,687	8,497,938

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7. CURRENT ACCOUNTS WITH OTHER BANKS (continued)

As of 31 December 2019 and 2018, the Bank did not have balances of current accounts with other banks from related party.

Weighted average effective interest rates per annum of current accounts with other banks were as follows:

	2019	2018
Rupiah	5.15%	5.22%
Foreign currencies	1.93%	1.38%

All current accounts with other banks as at 31 December 2019 and 2018 were classified as current and management believes that the impairment losses of current accounts with other banks as of 31 December 2019 and 2018 were not required.

Information on the classification and fair value of current accounts with other banks is disclosed in Note 38. Information on the maturity of current accounts with other banks is disclosed in Note 44.

8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

Details of placements with Bank Indonesia and other banks by type and contractual period at initial placement were as follows:

	2019					Total
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	More than 12 months	
Bank Indonesia:						
Rupiah	2,019,439	-	-	-	-	2,019,439
Foreign currencies	6,247,125	18,047,250	-	-	-	24,294,375
Call money:						
Rupiah	100,000	1,425,000	-	-	-	1,525,000
Foreign currencies	948,276	-	-	-	-	948,276
Time deposits:						
Rupiah	214,445	211,990	192,749	57,100	-	676,284
Foreign currencies	1,344	4,813	4,820	-	-	10,977
Certificates of deposits:						
Rupiah	-	-	49,655	336,860	1,087,312	1,473,827
Others:						
Foreign currencies	96	-	-	-	-	96
	<u>9,530,725</u>	<u>19,689,053</u>	<u>247,224</u>	<u>393,960</u>	<u>1,087,312</u>	<u>30,948,274</u>
	2018					Total
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	More than 12 months	
Bank Indonesia:						
Rupiah	15,892,892	-	-	-	-	15,892,892
Foreign currencies	2,876,000	2,401,460	-	-	-	5,277,460
Call money:						
Rupiah	4,590,000	1,620,000	-	-	-	6,210,000
Foreign currencies	948,600	602,633	-	-	-	1,551,233
Time deposits:						
Rupiah	551,705	84,200	25,000	-	-	660,905
Foreign currencies	1,386	4,893	41,674	-	-	47,953
Certificates of deposits:						
Rupiah	-	-	-	576,608	1,465,659	2,042,267
Others:						
Foreign currencies	101	-	-	-	-	101
	<u>24,860,684</u>	<u>4,713,186</u>	<u>66,674</u>	<u>576,608</u>	<u>1,465,659</u>	<u>31,682,811</u>

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8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

Details of placements with Bank Indonesia and other banks by counterparty as of 31 December 2019 and 2018 were as follows:

	2019	2018
Bank Indonesia	26,313,814	21,170,352
PT Bank BTPN Tbk*)	1,280,000	1,374,990
MUFG Bank, Ltd. - Indonesia Branch	606,905	220,000
MUFG Bank - Singapore Branch	498,063	-
PT Bank Mandiri Taspen	273,830	50,000
PT Bank Commonwealth	259,100	140,775
PT Bank Pembangunan Daerah Jawa Tengah Tbk	237,550	146,400
PT Bank Pan Indonesia Tbk	208,238	-
PT Bank Negara Indonesia (Persero) Tbk	196,592	1,074,330
PT Bank Rakyat Indonesia (Persero) Tbk	150,815	281,000
PT Bank Pembangunan Daerah Jawa Barat & Banten Tbk	124,090	555,629
Landesbank Baden-Wuerttemberg	103,150	-
PT Bank ICBC Indonesia	100,000	-
PT Bank Panin Dubai Syariah Tbk	100,000	-
PT Bank Mizuho Indonesia	99,310	97,080
PT Bank Maybank Indonesia Tbk	98,550	92,860
PT Shinhan Bank Indonesia	81,749	298,600
PT Bank DKI	66,710	530,000
PT Bank KEB Hana Indonesia	40,633	530,577
PT Bank CTBC Indonesia	34,800	359,100
PT Bank Mandiri (Persero) Tbk	-	1,516,280
PT Bank HSBC Indonesia	-	800,000
Mizuho Bank, Ltd. Hongkong Branch	-	575,200
PT Bank Woori Saudara Indonesia 1906 Tbk	-	389,485
Sumitomo Mitsui Banking Corporation - Singapore	-	315,033
PT Bank Pembangunan Daerah Riau Kepri	-	270,000
Citibank, N.A. - Indonesia Branch	-	220,000
PT Bank Pembangunan Daerah Jambi	-	150,000
PT Bank Tabungan Negara (Persero) Tbk	-	145,950
PT Bank DBS Indonesia	-	100,101
Bangkok Bank Public Company Limited Indonesia	-	100,000
Others	74,375	179,069
	<u>30,948,274</u>	<u>31,682,811</u>

*) Effective since 1 February 2019, PT Bank Tabungan Pensiunan Nasional and PT Bank Sumitomo Mitsui Indonesia have merged and change the name to PT Bank BTPN Tbk.

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8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

As of 31 December 2019 and 2018, the Group did not have balances of placements with other banks from related party.

The movement of unrealised gains (losses) from the change in fair value of available-for-sale placements with other banks was as follows:

	2019	2018
Balance, beginning of year - before deferred income tax	(3,869)	43,160
Addition of unrealised gains (losses) during the year - net	20,124	(47,292)
Realised (gains) losses during the year - net	(402)	263
Total before deferred income tax	15,853	(3,869)
Deferred income tax (Note 21)	(3,171)	774
Balance, end of year - net	12,682	(3,095)

Weighted average effective interest rates per annum of placements with Bank Indonesia and other banks were as follows:

	2019	2018
Bank Indonesia and call money:		
Rupiah	5.77%	5.46%
Foreign currencies	2.24%	2.05%
Time deposits:		
Rupiah	6.37%	5.80%
Foreign currencies	3.01%	2.96%
Certificates of deposits:		
Rupiah	7.56%	7.04%

The range of contractual interest rates of time deposits owned by the Bank in Rupiah currency during the years ended 31 December 2019 and 2018 were 4.00% - 9.00% and 3.10% - 8.50%, respectively, while the range of contractual interest rates of time deposits owned by the Bank in foreign currencies were 1.00% - 3.25% and 1.00% - 3.70%, respectively, during the years ended 31 December 2019 and 2018.

As of 31 December 2019 and 2018, there were no placements with Bank Indonesia and other banks which were used as collateral for securities trading transaction.

As of 31 December 2019 and 2018, all placements with Bank Indonesia and other banks were classified as current and management believes that the impairment losses of placements with Bank Indonesia and other banks as of 31 December 2019 and 2018 were not required.

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8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (continued)

Information on the classification and fair value of placements with Bank Indonesia and other banks is disclosed in Note 38. Information on the maturity of placements with Bank Indonesia and other banks is disclosed in Note 44.

9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Financial assets and liabilities held for trading consist of:

	2019		2018	
	Nominal value	Fair value	Nominal value	Fair value
Financial assets:				
Securities				
Government bonds	256,747	265,868	130,075	131,332
Certificates of Bank Indonesia	798,516	783,393	-	-
Bank Indonesia Treasury Bills	2,012,963	1,996,290	1,438,000	1,421,693
Government Treasury Bills	222,308	221,323	3,101,588	3,083,474
Sharia Government Treasury Bills	-	-	60,000	59,670
Sukuk	108,507	111,347	21,266	20,986
Corporate bonds	132,000	132,990	40,550	40,616
Shares	-	68,619	-	24,321
	3,531,041	3,579,830	4,791,479	4,782,092
Placements with other banks				
Certificates of Deposits	400,000	394,720	20,000	19,776
Derivative assets				
Forward		60,958		112,569
Currency swap		1,871,037		921,192
Spot		3,601		6,195
		1,935,596		1,039,956
		5,910,146		5,841,824
Financial liabilities:				
Derivative liabilities				
Forward		75,092		74,695
Currency swap		27,622		102,778
Spot		3,546		11,461
		106,260		188,934

As of 31 December 2019 and 2018, the Group did not have balances of financial assets and liabilities held for trading from and to related party.

During the years ended 31 December 2019 and 2018, the Bank reclassified the available-for-sale investment securities to financial assets held for trading amounting to Rp 132,000 (fair value of Rp 133,003) and Rp nil, respectively.

Information on the classification and fair value of financial assets and liabilities held for trading is disclosed in Note 38. Information on the maturity of financial assets and liabilities held for trading is disclosed in Note 44.

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10. ACCEPTANCE RECEIVABLES AND PAYABLES

a. The details of acceptance receivables

	2019	2018
<u>Rupiah</u>		
Non-bank debtors	2,275,034	3,440,583
Other banks	217,999	261,490
	2,493,033	3,702,073
Less:		
Allowance for impairment losses	(33,086)	(120,959)
	2,459,947	3,581,114
<u>Foreign currencies</u>		
Non-bank debtors	6,918,002	8,001,645
Other banks	258,342	214,417
	7,176,344	8,216,062
Less:		
Allowance for impairment losses	(143,536)	(214,891)
	7,032,808	8,001,171
Total acceptance receivables - net	9,492,755	11,582,285

b. The details of acceptance payables

	2019	2018
<u>Rupiah</u>		
Non-bank debtors	280,956	392,508
Other banks	570,549	459,880
	851,505	852,388
<u>Foreign currencies</u>		
Non-bank debtors	258,343	214,417
Other banks	4,211,401	4,776,681
	4,469,744	4,991,098
Total acceptance payables - net	5,321,249	5,843,486

c. The movement of allowance for impairment losses of acceptance receivables

	2019		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(120,959)	(214,891)	(335,850)
Reversal of allowance during the year	87,873	68,689	156,562
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	2,666	2,666
Balance, end of year	(33,086)	(143,536)	(176,622)

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10. ACCEPTANCE RECEIVABLES AND PAYABLES (continued)

c. The movement of allowance for impairment losses of acceptance receivables (continued)

	2018		
	<u>Rupiah</u>	<u>Foreign currencies</u>	<u>Total</u>
Balance, beginning of year	(159,091)	(257,551)	(416,642)
Reversal of allowance during the year	38,132	46,992	85,124
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	(4,332)	(4,332)
Balance, end of year	(120,959)	(214,891)	(335,850)

Management believes that the allowance for impairment losses provided was adequate to cover possible losses on uncollectible acceptance receivables.

As of 31 December 2019 and 2018, the Bank did not have balances of acceptance receivables and payables from and to related party.

Information on the classification and fair value of acceptance receivables and payables is disclosed in Note 38. Information on the maturity of acceptance receivables and payables is disclosed in Note 44.

11. BILLS RECEIVABLE

a. The details of bills receivable

	2019	2018
<u>Rupiah</u>		
Non-bank debtors	90,508	368,336
Other banks	5,660,501	5,554,928
	5,751,009	5,923,264
Less:		
Allowance for impairment losses	(127)	(60)
	5,750,882	5,923,204
<u>Foreign currencies</u>		
Non-bank debtors	620,714	824,427
Other banks	1,540,031	1,858,692
	2,160,745	2,683,119
Less:		
Allowance for impairment losses	(2,607)	(5,614)
	2,158,138	2,677,505
Total bills receivables - net	7,909,020	8,600,709

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11. **BILLS RECEIVABLE** (continued)

b. The movement of allowance for impairment losses of bills receivables

	2019		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(60)	(5,614)	(5,674)
(Addition) reversal of allowance during the year			
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	(67)	2,207	2,140
	-	800	800
Balance, end of year	(127)	(2,607)	(2,734)

	2018		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(126)	(4,696)	(4,822)
Reversal of allowance during the year	66	606	672
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	(1,524)	(1,524)
Balance, end of year	(60)	(5,614)	(5,674)

Management believes that the allowance for impairment losses provided was adequate to cover possible losses on uncollectible bills receivables.

As of 31 December 2019 and 2018, the Bank did not have balances of bills receivables from and to related party.

Weighted average effective interest rates per annum of bills receivable were as follows:

	2019	2018
Rupiah	7.20%	9.76%
Foreign currencies	3.29%	3.11%

Information on the classification and fair value of bills receivables is disclosed in Note 38. Information on the maturity of bills receivables is disclosed in Note 44.

12. **SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL**

This account represents receivables to Bank Indonesia, other banks and third party for securities purchased with agreements to resell with details as follows:

	2019				
	Range of purchase date	Range of sale date	Resell price	Deferred interest income	Allowance for impairment losses
Transactions with Bank Indonesia:					
Underlying instruments:					
Government bonds	2 - 18 Oct 19	2 Jan - 16 Oct 20	9,137,326	(158,871)	-
Government Treasury Bills	26 - 31 Dec 19	2 - 7 Jan 20	168,759	(86)	-
			9,306,085	(158,957)	-
Transactions with other banks:					
Underlying instruments:					
Government bonds	12 Nov 19	6 Nov 20	305,329	(14,882)	-
			305,329	(14,882)	-
Transactions with third parties:					
Underlying instruments:					
Shares	4 - 30 Dec 19	4 Mar - 17 Dec 20	147,965	(8,242)	(1,733)
			147,965	(8,242)	(1,733)
			9,759,379	(182,081)	(1,733)

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12. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (continued)

This account represents receivables to Bank Indonesia, other banks and third party for securities purchased with agreements to resell with details as follows: (continued)

	Range of purchase date	Range of sale date	2018		Allowance for impairment losses	Carrying value
			Resell price	Deferred interest income		
Transactions with Bank Indonesia: Underlying instruments: Government bonds	24 Aug 18	22 Feb 19	4,021,479	(35,099)	-	3,986,380
			4,021,479	(35,099)	-	3,986,380
Transactions with other banks: Underlying instruments: Government bonds	10 - 27 Dec 18	2 - 21 Jan 19	4,114,010	(7,457)	-	4,106,553
Certificates of Bank Indonesia	11 Dec 18	11 Jan 19	85,941	(174)	-	85,767
Government Treasury Bills	10 - 18 Dec 18	10 - 18 Jan 19	1,006,016	(2,698)	-	1,003,318
			5,205,967	(10,329)	-	5,195,638
Transactions with third parties: Underlying instruments: Shares	4 Sep - 26 Dec 18	4 Sep - 30 Dec 19	33,976	(3,310)	-	30,666
			33,976	(3,310)	-	30,666
			9,261,422	(48,738)	-	9,212,684

The movement of allowance for impairment losses on securities purchased under agreements to resell was as follows:

	2019	2018
Balance, beginning of year	-	(2,859)
(Addition) reversal of allowance during the year	(1,733)	2,859
Balance, end of year	(1,733)	-

Management believes that the allowance for impairment losses provided was adequate to cover possible losses on uncollectible securities purchased under agreements to resell.

All securities purchased under agreements to resell as of 31 December 2019 and 2018 were denominated in Rupiah currency.

As of 31 December 2019 and 2018, the Group did not have balances of securities purchased under agreements to resell with related party.

Weighted average effective interest rates per annum of securities purchased under agreements to resell for the years ended 31 December 2019 and 2018 were 6.08% and 5.59%, respectively.

Information on the classification and fair value of securities purchased under agreements to resell is disclosed in Note 38. Information on the maturity of securities purchased under agreements to resell is disclosed in Note 44.

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13. LOANS RECEIVABLE

Loans receivable consisted of:

a. By type and currency

	2019	2018
<u>Rupiah</u>		
Related parties:		
Working capital	2,177,595	3,155,730
Investment	2,040,865	40,891
Consumer	14,662	15,772
	<u>4,233,122</u>	<u>3,212,393</u>
Third parties:		
Working capital	256,839,251	230,316,130
Investment	158,899,381	137,788,190
Consumer	118,501,479	118,761,632
Credit card	14,105,502	12,893,102
Employee loans	2,945,929	2,927,120
	<u>551,291,542</u>	<u>502,686,174</u>
	<u>555,524,664</u>	<u>505,898,567</u>
<u>Foreign currencies</u>		
Related parties:		
Investment	-	3,870
Third parties:		
Working capital	19,360,794	21,850,656
Investment	12,054,125	10,346,355
	<u>31,414,919</u>	<u>32,197,011</u>
	<u>31,414,919</u>	<u>32,200,881</u>
Total loans receivable	586,939,583	538,099,448
Less: Allowance for impairment losses		
Rupiah	(13,826,649)	(12,911,461)
Foreign currencies	(1,078,935)	(657,525)
	<u>(14,905,584)</u>	<u>(13,568,986)</u>
Total loans receivable - net	<u>572,033,999</u>	<u>524,530,462</u>

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13. LOANS RECEIVABLE (continued)

Loans receivable consisted of: (continued)

b. By economic sector and Bank Indonesia's collectability

	2019						Total
	Current	Special mention	Sub-standard	Doubtful	Loss	Allowance for impairment losses	
<u>Rupiah</u>							
Manufacturing	105,931,000	2,303,019	397,208	30,423	779,168	(3,369,108)	106,071,710
Business services	67,728,211	1,259,279	2,155	27,935	65,766	(881,011)	68,202,335
Trading, restaurants and hotels	134,515,965	2,116,305	149,308	172,597	3,581,860	(6,010,033)	134,526,002
Agriculture and agricultural facilities	26,096,930	64,795	107,327	14,026	7,894	(366,871)	25,924,101
Construction	17,579,351	54,815	5,766	22,141	259,002	(597,880)	17,323,195
Transportation, warehousing and communications	25,810,896	226,072	67,487	3,526	144,782	(527,516)	25,725,247
Social/public services	9,865,729	57,202	1,178	2,051	31,414	(141,118)	9,816,456
Mining	2,477,142	10,825	70	-	448	(23,390)	2,465,095
Electricity, gas, and water	17,941,989	19,747	-	4,179	-	(49,203)	17,916,712
Others	129,129,377	4,962,714	248,341	258,004	989,245	(1,860,519)	133,727,162
	537,076,590	11,074,773	978,840	534,882	5,859,579	(13,826,649)	541,698,015
<u>Foreign currencies</u>							
Manufacturing	11,993,341	221,278	328,555	-	5,421	(565,328)	11,983,267
Business services	2,675,902	-	-	-	-	(2,985)	2,672,917
Trading, restaurants and hotels	4,267,154	289,745	-	-	17,534	(290,048)	4,284,385
Agriculture and agricultural facilities	7,931,423	-	-	-	-	(36,771)	7,894,652
Construction	19,552	-	-	-	-	-	19,552
Transportation, warehousing and communications	761,759	-	-	152,115	-	(156,300)	757,574
Social/public services	12,633	-	-	-	-	(58)	12,575
Mining	580,610	-	-	-	-	(4,091)	576,519
Electricity, gas, and water	2,157,897	-	-	-	-	(23,354)	2,134,543
	30,400,271	511,023	328,555	152,115	22,955	(1,078,935)	30,335,984
Total	567,476,861	11,585,796	1,307,395	686,997	5,882,534	(14,905,584)	572,033,999

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13. LOANS RECEIVABLE (continued)

Loans receivable consisted of: (continued)

b. By economic sector and Bank Indonesia's collectability (continued)

	2018						Total
	Current	Special mention	Sub-standard	Doubtful	Loss	Allowance for impairment losses	
Rupiah							
Manufacturing	94,884,475	1,975,019	25,022	26,273	251,742	(2,647,524)	94,515,007
Business services	58,591,295	924,538	663	40,189	281,987	(1,002,303)	58,836,369
Trading, restaurants and hotels	121,948,367	1,613,053	1,102,113	799,393	1,707,866	(4,862,646)	122,308,146
Agriculture and agricultural facilities	24,034,460	110,208	541	4,360	17,134	(300,829)	23,865,874
Construction	14,524,648	48,321	380	5,619	574,674	(870,985)	14,282,657
Transportation, warehousing and communications	21,799,519	284,773	94,721	35,206	624,572	(1,039,353)	21,799,438
Social/public services	7,684,885	90,995	1,641	3,143	16,047	(125,542)	7,671,169
Mining	1,489,447	1,392	-	-	15,848	(31,198)	1,475,489
Electricity, gas, and water	15,629,828	6,445	-	76	18,478	(55,969)	15,598,858
Others	128,477,188	4,557,597	249,534	271,201	1,053,691	(1,975,112)	132,634,099
	489,064,112	9,612,341	1,474,615	1,185,460	4,562,039	(12,911,461)	492,987,106
Foreign currencies							
Manufacturing	12,752,288	53,549	-	-	-	(186,868)	12,618,969
Business services	3,309,989	-	-	-	-	(3,793)	3,306,196
Trading, restaurants and hotels	5,419,735	716	34,298	-	18,830	(128,968)	5,344,611
Agriculture and agricultural facilities	6,885,573	-	-	-	-	(15,605)	6,869,968
Construction	20,050	-	-	-	-	(1)	20,049
Transportation, warehousing and communications	724,347	-	168,815	-	149,997	(307,948)	735,211
Social/public services	18,276	-	-	-	-	(142)	18,134
Mining	2,305,291	-	-	-	-	(10,421)	2,294,870
Electricity, gas, and water	339,127	-	-	-	-	(3,779)	335,348
	31,774,676	54,265	203,113	-	168,827	(657,525)	31,543,356
Total	520,838,788	9,666,606	1,677,728	1,185,460	4,730,866	(13,568,986)	524,530,462

c. By maturity

Loans receivable by maturity period based on loan agreements:

	2019	2018
Rupiah		
Up to 1 year	81,946,749	195,172,663
> 1 - 5 years	236,052,755	97,618,748
> 5 years	238,319,036	213,866,760
	556,318,540	506,658,171
Foreign currencies		
Up to 1 year	7,098,437	16,080,959
> 1 - 5 years	13,233,986	7,852,752
> 5 years	11,083,868	8,264,430
	31,416,291	32,198,141
Total loans receivable	587,734,831	538,856,312
Less:		
Deferred provision and commission income*)	(795,248)	(756,864)
Allowance for impairment losses	(14,905,584)	(13,568,986)
Total loans receivable - net	572,033,999	524,530,462

*) Deferred provision and commission income represent all provisions, commissions and other fees received by the Bank on loan agreements, which are integral part of effective interest rate.

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13. LOANS RECEIVABLE (continued)

Loans receivable consisted of: (continued)

d. Syndicated loans

Syndicated loans represent loans provided to debtors under syndication agreements with other banks. Syndicated loans with risk sharing participation to the Bank's financing were as follows:

	2019	2018
Bank's participation as participant, ranged between 2.78% - 50.00%, for the years ended 31 December 2019 and 2018, with outstanding balance of Rp 21,216,619 and USD 174,835,195 (full amount) as of 31 December 2019 (2018: Rp 15,277,584 and USD 81,823,569 (full amount))	23,643,769	16,454,207
Bank's participation as arranger, ranged between 15.10% - 64.28% and 10.86% - 85.00% respectively, for the years ended 31 December 2019 and 2018, with outstanding balance of Rp 17,065,452 and USD 84,896,704 (full amount) as of 31 December 2019 (2018: Rp 15,382,064 and USD 50,242,545 (full amount))	18,244,030	16,104,552
	41,887,799	32,558,759

e. Restructured loans

The amount of restructured loans by the Bank as of 31 December 2019 and 2018 amounting to Rp 9,148,143 and Rp 7,985,984, respectively. Credit restructuring carried out by modifying credit terms, deduction, or amnesty of part of outstanding credit balance and/or both. For the restructured credit, Bank is not committed to provide additional credit facilities.

Below are the amount of restructured loans based on Bank Indonesia's collectibility:

	2019	2018
Current	3,145,217	2,903,323
Special mention	3,360,446	2,746,858
Sub-standard	895,114	1,167,816
Doubtful	208,402	173,430
Loss	1,538,964	994,557
	9,148,143	7,985,984

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13. LOANS RECEIVABLE (continued)

Loans receivable consisted of: (continued)

e. Restructured loans (continued)

Total restructured loans and under non-performing loans (NPL) category as of December 2019 and 2018 are amounting to Rp 2,642,480 and Rp 2,335,803, respectively.

f. The movement of allowance for impairment losses on loans receivable

	2019					
	Collective impairment losses			Individual impairment losses		
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total
Balance, beginning of year	(9,459,984)	(324,180)	(9,784,164)	(3,451,477)	(333,345)	(3,784,822)
Beginning balance of new acquired Subsidiary	(5,027)	-	(5,027)	-	-	-
Addition of allowance during the year	(2,690,969)	(335,964)	(3,026,933)	(1,122,408)	(119,449)	(1,241,857)
Loans written-off during the year	1,674,277	10,676	1,684,953	1,259,952	7,415	1,267,367
Recoveries on loans previously written-off	(29,597)	-	(29,597)	(1,416)	-	(1,416)
Exchange rate difference	-	11,521	11,521	-	4,391	4,391
Balance, end of year	(10,511,300)	(637,947)	(11,149,247)	(3,315,349)	(440,988)	(3,756,337)

	2018					
	Collective impairment losses			Individual impairment losses		
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total
Balance, beginning of year	(9,311,601)	(320,787)	(9,632,388)	(3,257,423)	(354,058)	(3,611,481)
(Addition) reversal of allowance during the year	(1,133,631)	15,567	(1,118,064)	(1,532,403)	5,410	(1,526,993)
Loans written-off during the year	1,083,709	-	1,083,709	1,382,109	31,832	1,413,941
Recoveries on loans previously written-off	(98,461)	-	(98,461)	(43,760)	(4,968)	(48,728)
Exchange rate difference	-	(18,960)	(18,960)	-	(11,561)	(11,561)
Balance, end of year	(9,459,984)	(324,180)	(9,784,164)	(3,451,477)	(333,345)	(3,784,822)

Management believes that allowance for impairment losses provided was adequate to cover possible losses on uncollectible loans receivable.

As of 31 December 2019 and 2018, allowance for collective impairment losses on loans receivable to related parties amounting to Rp 5,736 and Rp 2,935, respectively.

g. Joint financing

The Bank entered into joint financing agreements with PT BCA Finance and PT BCA Multi Finance (previously PT Central Santosa Finance), the Subsidiaries, for financing the purchase of vehicles. All risks from the loss arising from these joint financing facilities will be borne proportionally by both parties based on respective financing participation (without recourse). The Bank's portion of outstanding balance of joint financing receivable facilities as of 31 December 2019 and 2018 were Rp 42,551,484 and Rp 45,715,510, respectively.

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13. LOANS RECEIVABLE (continued)

Loans receivable consisted of: (continued)

h. The carrying amount of loans receivable at amortised cost are as follows:

	2019	2018
Loans receivable (Note 13c)	587,734,831	538,856,312
Accrued interest income	2,349,170	2,226,779
Deferred provision and commission income	(795,248)	(756,864)
Allowance for impairment losses (Note 13f)	(14,905,584)	(13,568,986)
	<u>574,383,169</u>	<u>526,757,241</u>

i. Other significant information relating to loans receivable

As of 31 December 2019 and 2018, the Bank had no loans receivable which were pledged as collaterals.

Demand deposits, saving deposits and time deposits pledged as collateral for loans receivable amounting to Rp 13,295,914 and Rp 11,647,739, respectively, as of 31 December 2019 and 2018 (see Note 20).

As of 31 December 2019 and 2018, the Bank at individual level and at consolidated level, complied with Legal Lending Limit ("LLL") requirements for both related parties and third parties.

Employee loans are loans given to Bank's employees with interest rate at 4% per annum for housing loans, motor vehicle loans, and loans for other purposes and the terms between 8 years to 20 years. Repayment of principal and interest which will be effected through monthly salary deductions. The difference between the rate and market rate will be recognised as subsidy and recorded as other assets, also amortised over the life of the loans.

Weighted average effective interest rates per annum of loans receivable were as follows:

	2019	2018
Rupiah	9.24%	9.18%
Foreign currencies	4.67%	3.95%

Ratio of small enterprises loans to loans receivable provided by Bank as of 31 December 2019 and 2018 was 1.95% and 1.84%, respectively.

The Bank's non-performing loans (classified as sub-standard, doubtful and loss) as of 31 December 2019 and 2018 amounting to Rp 7,876,926 and Rp 7,593,637, respectively.

As of 31 December 2019, the ratio of gross non-performing loan ("NPL") and net NPL was 1.34% and 0.47% (2018: 1.41% and 0.45%), which was calculated based on prevailing Bank Indonesia Regulations.

Information on the classification and fair value of loans receivable is disclosed in Note 38. Information on the details of loans receivable by geographic region is disclosed in Note 42. Information on the maturity of loan receivables is disclosed in Note 44.

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14. CONSUMER FINANCING RECEIVABLES

The Subsidiaries' consumer financing receivables at amortised cost were as follows:

	2019	2018
Consumer financing receivables		
- Self-financing by Subsidiaries	10,361,580	6,708,817
- Share in joint financing with related party without recourse	6,462,450	6,538,859
Unamortised transaction cost - net	(602,360)	(602,375)
Unearned consumer financing income	(5,216,149)	(4,667,564)
Consumer financing receivables, before allowance for impairment losses	11,005,521	7,977,737
Less:		
Allowance for impairment losses	(473,097)	(364,028)
Total consumer financing receivables - net	10,532,424	7,613,709

Contractual interest rates per annum for consumer financing during 2019 and 2018 were 6.50% - 31.99% and 6.13% - 32.75%, respectively.

The Subsidiaries extend consumer financing contracts for 4 (four) wheel vehicles with terms ranging from 3 (three) months to 6 (six) years, while consumer financing contracts for 2 (two) wheel vehicles ranging from 1 (one) year to 4 (four) years.

The movement in the allowance for impairment losses on consumer financing receivables was as follows:

	2019	2018
Balance, beginning of year	(364,028)	(377,520)
Addition of allowance during the year	(398,196)	(286,436)
Written-off during the year	289,127	299,928
Balance, end of year	(473,097)	(364,028)

The collection of consumer financing receivables previously written-off amounting to Rp 17,799 and Rp 29,682 for the years ended 31 December 2019 and 2018, respectively.

Written-off consumer financing receivables were receivables which overdue for more than 150 (one hundred and fifty) days for 4 (four) wheels vehicles and more than 180 (one hundred and eighty) days for 2 (two) wheels vehicles. The write-offs are execute based on management case by case assessment.

As of 31 December 2019 and 2018 consumer financing receivables, before deduction of unearned income, amounting to Rp 1,178,714 and Rp 1,797,146, respectively, were pledged as collateral to borrowings and overdraft, and debt securities issued.

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14. CONSUMER FINANCING RECEIVABLES (continued)

The consumer financing receivables are secured by the related certificates of ownership ("BPKB") of the vehicles financed by the Subsidiaries.

Management believes that the allowance for impairment losses is adequate to cover possible losses arising from uncollectible consumer financing receivables.

Information on the classification and fair value of consumer financing receivables is disclosed in Note 38. Information on the maturity of consumer financing receivables is disclosed in Note 44.

15. INVESTMENT SECURITIES

The details of investment securities by type and currency as of 31 December 2019 and 2018 were as follows:

Description	2019				
	Nominal amount	Unamortised premium (discount)	Unrealised (loss) gain	Allowance for impairment losses	Carrying value
Rupiah					
Held-to-maturity:					
Government bonds, non-recapitalisation	3,461,041	87,061	-	-	3,548,102
Certificates of Bank Indonesia	34,111	(76)	-	-	34,035
Sharia Certificates of Bank Indonesia	310,000	-	-	-	310,000
Sukuk	10,937,381	(19,415)	-	-	10,917,966
Mutual fund units	50,000	-	-	(500)	49,500
Corporate bonds	1,007,000	(260,000)	-	-	747,000
Medium-term notes	15,000	-	-	-	15,000
Money market securities	100,000	-	-	(1,000)	99,000
Others	19,738	-	-	-	19,738
Available-for-sale:					
Government bonds, non-recapitalisation	15,769,089	255,484	408,173	-	16,432,746
Certificates of Bank Indonesia	4,055,181	(26,682)	4,453	-	4,032,952
Sharia Government Treasury Bills	80,357	(747)	(65)	-	79,545
Sukuk of Bank Indonesia	294,132	-	205	-	294,337
Sukuk	45,794,534	351,170	714,726	(2,763)	46,857,667
Mutual fund units	14,271,353	30,566	1,234,189	(4,558)	15,531,550
Corporate bonds	15,081,944	(50,268)	(21,442)	-	15,010,234
Medium-term notes	150,000	-	1,275	-	151,275
Investment in shares	702,174	-	-	(58,646)	643,528
Others	74,833	-	(149)	-	74,684
	112,207,868	367,093	2,341,365	(67,467)	114,848,859
Foreign currencies					
Held-to-maturity:					
Government bonds, non-recapitalisation	319,235	5,082	-	(132)	324,185
Sukuk	41,647	(393)	-	-	41,254
Available-for-sale:					
Government bonds, non-recapitalisation	1,513,193	(2,220)	62,211	-	1,573,184
Bank Indonesia Treasury Bills	26,099,100	(189,995)	416	-	25,909,521
Sukuk	180,611	(11,512)	15,558	-	184,657
Corporate bonds	97,178	(384)	4,251	-	101,045
Investment in shares	2,821	-	-	(2,821)	-
	28,253,785	(199,422)	82,436	(2,953)	28,133,846
Total investment securities	140,461,653	167,671	2,423,801	(70,420)	142,982,705

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15. INVESTMENT SECURITIES (continued)

The details of investment securities by type and currency as of 31 December 2019 and 2018 were as follows: (continued)

Description	2018				Carrying value
	Nominal amount	Unamortised premium (discount)	Unrealised (loss) gain	Allowance for impairment losses	
Rupiah					
Held-to-maturity:					
Government bonds, non-recapitalisation	3,419,041	120,859	-	-	3,539,900
Sharia Certificates of Bank Indonesia	170,000	-	-	-	170,000
Sukuk	8,504,381	20,944	-	-	8,525,325
Medium-term notes	15,000	-	-	-	15,000
Corporate bonds	567,000	(2)	-	(765)	566,233
Money market securities	-	140,000	-	-	140,000
Available-for-sale:					
Government bonds, non-recapitalisation	12,874,257	163,665	(172,696)	-	12,865,226
Sharia Government Treasury Bills	900,000	(5,748)	798	-	895,050
Sukuk	30,793,582	(147,591)	(285,157)	(3,066)	30,357,768
Mutual fund units	13,095,081	-	747,422	(4,519)	13,837,984
Corporate bonds	14,414,290	(91,378)	(508,641)	-	13,814,271
Medium-term notes	450,000	(46)	761	-	450,715
Investment in shares	643,245	-	-	(36,966)	606,279
	85,845,877	200,703	(217,513)	(45,316)	85,783,751
Foreign currencies					
Held-to-maturity:					
Government bonds, non-recapitalisation	330,839	7,101	-	(143)	337,797
Sukuk	503,300	1,484	-	-	504,784
Medium-term notes	71,913	98	-	(43,190)	28,821
Available-for-sale:					
Government bonds, non-recapitalisation	1,567,420	(990)	45,240	-	1,611,670
Bank Indonesia Treasury Bills	20,060,100	(74,533)	(2,119)	-	19,983,448
Sukuk	589,723	(16,050)	10,390	-	584,063
Corporate bonds	244,460	(698)	2,567	-	246,329
Investment in shares	2,809	-	-	(2,809)	-
	23,370,564	(83,588)	56,078	(46,142)	23,296,912
Total investment securities	109,216,441	117,115	(161,435)	(91,458)	109,080,663

As of 31 December 2019, investment securities include government bonds with carrying value amounting to Rp 120,173 (nominal amount of Rp 117,978), which according to the agreements on 13 March 2020 and 17 October 2023, the Bank is required to repurchase the respective government bonds. Total liabilities at carrying value ("securities sold under agreements to repurchase") in the consolidated statements of financial position as of 31 December 2019 amounting to Rp 113,249.

As of 31 December 2018, investment securities include government bonds with carrying value amounting to Rp 52,542 (nominal amount of Rp 50,345), which according to the agreements on 17 October 2023, the Bank is required to repurchase the respective government bonds. Total liabilities at carrying value ("securities sold under agreements to repurchase") in the consolidated statements of financial position as of 31 December 2018 amounting to Rp 48,111.

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15. INVESTMENT SECURITIES (continued)

As of 31 December 2019 and 2018, the Bank did not have investment securities pledged as collateral.

During the years ended 31 December 2019 and 2018, the Bank reclassified certain held-to-maturity investment securities to available-for-sale investment securities amounting to Rp nil (fair value of Rp nil) and Rp Rp 1,806,993 (fair value of Rp 1,808,098), respectively. The reclassifications were made for investment closed to its maturity date (will be matured in less than six months) and fulfill the reclassification requirements in SFAS 55.

Management believes that changes of interest rate will have no significant impact to the fair value of those investment securities. The balance of available-for-sale securities reclassified from held-to-maturity as of 31 December 2019 and 2018 were Rp nil and Rp 926,049, respectively.

The detail of investment in mutual funds owned by the Group by name and total units owned as of 31 December 2019 and 2018 are as follows:

	2019		2018	
	Total units	Carrying amount	Total units	Carrying amount
Investment in mutual funds				
Reksa Dana Terproteksi Schroders IDR Income Plan V	1,000	1,081,485	1,000	1,020,505
Reksa Dana Terproteksi Trimegah Terproteksi Dana Berkala 5	950	992,919	-	-
Reksa Dana Tram Pundi Kas 2	733	979,184	500	630,573
Reksa Dana Danareksa Gebyar Dana Likuid II	503	716,364	376	504,811
Reksa Dana Batavia Dana Kas Gebyar	493	613,946	285	335,536
Reksa Dana Bahana Revolving Fund	424	603,456	242	325,064
Reksa Dana Schroder Money Market Fund	423	583,524	236	307,966
Reksa Dana Mandiri Dana Optima	382	553,977	168	229,950
Reksa Dana Terproteksi Bahana Centrum Protected Fund 192	500	505,887	-	-
Reksa Dana Terproteksi Batavia Proteksi Maxima 8	500	505,664	-	-
Reksa Dana Terproteksi Mandiri Seri 173	490	505,262	-	-
Reksa Dana Terproteksi Danareksa Proteksi 64	500	502,133	-	-
Reksa Dana Terproteksi Syailendra Capital Protected Fund 30	451	478,730	500	508,114
Reksa Dana Terproteksi Panin Proteksi 2022	462	464,645	500	502,832
Reksa Dana Terproteksi Panin Terproteksi 2024	445	449,662	-	-
Reksa Dana Terproteksi Bahana Centrum Protected Fund 158	432	441,918	600	593,846
Reksa Dana Terproteksi Mandiri Seri 199	420	427,890	-	-
Reksa Dana Terproteksi Emco XVII	405	422,650	405	414,602
Reksa Dana Terproteksi Trimegah Terproteksi Dana Berkala 3	373	388,909	700	706,917
Reksa Dana Terproteksi Batavia Proteksi Cemerlang 60	303	313,254	378	380,335
Reksa Dana Terproteksi Bahana Centrum Protected Fund 156	297	299,128	500	488,562
Reksa Dana Terproteksi Aberdeen Standard Proteksi 1	300	298,731	-	-
Reksa Dana Terproteksi Batavia Proteksi Ultima 2	293	295,853	500	495,631
Reksa Dana Terproteksi Danareksa Proteksi 56	259	261,607	450	442,691
Reksa Dana Terproteksi Danareksa Proteksi 44	222	228,491	352	354,145
Reksa Dana Terproteksi Mandiri Seri 157	217	222,286	500	496,105
Reksa Dana Terproteksi Schroder IDR Income Plan IV	218	216,294	350	334,787
Reksa Dana BNP Paribas Obligasi Berlian	200	211,210	200	201,376
Reksa Dana Terproteksi Samuel Aset Manajemen Dana Obligasi Terproteksi 7	200	211,043	200	203,091

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15. INVESTMENT SECURITIES (continued)

The detail of investment in mutual funds which owned by the Group by name and total units owned as of 31 December 2019 and 2018 are as follows: (continued)

Investment in mutual funds (continued)	2019		2018	
	Total units	Carrying amount	Total units	Carrying amount
Reksa Dana Terproteksi BNP Paribas Gemilang 2	200	204,937	-	-
Reksa Dana Terproteksi Trimegah Terproteksi Dana Berkala 2	191	198,289	340	346,307
Reksa Dana Terproteksi Bahana E Optima Protected Fund 122	178	182,230	333	332,152
Reksa Dana Syariah Trimegah Kas Syariah	130	150,215	138	150,706
Reksa Dana Terproteksi Mandiri Seri 82	111	112,364	319	317,343
Reksa Dana Terproteksi Emco XV	104	107,010	300	302,952
Reksa Dana Schroder Prestasi Gebyar Indonesia II	38	100,403	38	89,123
Reksa Dana Terproteksi BNP Paribas Gemilang	85	92,875	80	79,706
Reksa Dana Panin Gebyar Indonesia II	37	82,465	37	73,712
Reksa Dana Danareksa Gebyar Indonesia II	36	80,313	36	71,510
Reksa Dana Nikko Gebyar Indonesia Dua	34	76,113	34	69,538
Reksa Dana Syariah Mandiri Pasar Uang Syariah	67	75,143	142	150,913
Reksa Dana Syariah Pasar Uang PNM Falah 2	49	50,157	-	-
Reksa Dana Syariah Panin Dana Likuid Syariah	46	50,088	48	50,001
Reksa Dana Syariah Trimegah Kas Syariah 2	50	50,043	50	50,213
Reksadana Syariah Penyertaan Terbatas PNM Pembiayaan Mikro BUMN Seri III	50	50,000	-	-
Reksa Dana Syariah Pool Advista Pasar Uang Syariah	30	30,094	-	-
Reksa Dana Ashmore Dana Obligasi Nusantara	17	25,783	17	23,877
Reksa Dana Syariah Majoris Pasar Uang Syariah Indonesia	22	25,053	-	-
Reksa Dana Syariah Lautandhana Pasar Uang Syariah	25	25,014	-	-
Reksadana BNP Paribas Pasar Uang Syariah	10	10,199	-	-
Reksa Dana Sucorinvest Money Market Fund	7	10,081	-	-
Reksa Dana Syailendra Dana Kas	7	10,068	-	-
Reksa Dana Bahana Dana Likuid	6	10,068	-	-
Reksa Dana Syariah Majoris Sukuk Negara Indonesia	1	1,001	-	-
Reksa Dana Terproteksi Mandiri seri 46	-	-	487	500,425
Reksa Dana Terproteksi Danareksa Proteksi 28	-	-	500	509,315
Reksa Dana Terproteksi Batavia Proteksi Cemerlang 33	-	-	274	279,054
Reksa Dana Terproteksi Trimegah Terproteksi Dana Berkala	-	-	500	512,329
Reksa Dana Terproteksi Panin 2021	-	-	400	403,908
Reksa Dana Syariah Danareksa Seruni Pasar Uang Syariah	-	-	50	50,009
Reksa Dana BNP Paribas Prima II	-	-	1	1,971
		15,586,108		13,842,503
Less:				
Allowance for impairment losses		(5,058)		(4,519)
Total Investment in mutual funds - net		15,581,050		13,837,984

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15. INVESTMENT SECURITIES (continued)

The detail of investment in shares owned by the Bank as of 31 December 2019 and 2018 are as follows:

a. Based on counterparties:

	2019	2018
Related party	29,117	26,350
Third party	675,878	619,704
Total investment in shares	704,995	646,054
Less: Allowance for impairment losses	(61,467)	(39,775)
Total investment in shares - net	643,528	606,279

b. Based on nature of business and percentage of ownership:

Company Name	Nature of business	2019		2018	
		Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount
- PT Bank BTPN Tbk ^{*)}	Banking	1.02%	297,085	1.00%	297,085
- PT Bank HSBC Indonesia	Banking	1.06%	184,025	1.06%	184,025
- PT Bank DBS Indonesia	Banking	1.00%	42,600	1.00%	42,600
- Finch Capital Fund II Cooperatief U.A.	Fund				
- Airwallex (Cayman) Limited	Management	4.00%	29,248	4.00%	18,142
	Crossborder Payments	0.43%	28,850	0.43%	28,850
- PT Digital Otomotif Indonesia	Marketplace	20.00%	14,000	20.00%	14,000
- Element Ventures Inc.	Biometrix	3.00%	13,760	3.00%	13,760
- Wavemaker Pacific 1 Pte., Ltd.	Fund				
	Management	2.00%	12,438	2.00%	12,117
- PT Akselerasi Usaha Indonesia	P2P Lending	3.30%	10,676	-	-
- PT Sentral Investama Andalan	Holding				
	Company	2.00%	10,000	2.00%	10,000
- CeeSuite Pte., Ltd.	Analytics for Stock	5.00%	7,075	-	-
- Silot (Cayman) Limited	AI	0.44%	7,014	-	-
- 6ESTATES Pte., Ltd.	AI	2.16%	6,987	-	-
- PT ALTO Network	Switching	2.00%	5,117	2.00%	2,350
- Other (respectively, under Rp 5,000)	Various	0.06% - 17.50%	36,120	0.06% - 17.50%	23,125
Total investment in shares			704,995		646,054
Less: Allowance for impairment losses			(61,467)		(39,775)
Total investment in shares - net			643,528		606,279

^{*)} Effective since 1 February 2019, PT Bank Tabungan Pensiunan Nasional and PT Bank Sumitomo Mitsui Indonesia have merged and change the name to PT Bank BTPN Tbk. The Bank's ownership of PT Bank BTPN Tbk became 1.02% with carrying amount of Rp 297,085.

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15. INVESTMENT SECURITIES (continued)

The detail of investment in shares owned by the Bank as of 31 December 2019 and 2018 are as follows: (continued)

c. Based on collectibility of Bank Indonesia:

	2019	2018
Current	701,764	642,635
Loss	3,231	3,419
Total investment in shares	704,995	646,054
Less: Allowance for impairment losses	(61,467)	(39,775)
Total investment in shares - net	643,528	606,279

The weighted average effective interest rates per annum for investment securities were as follows:

	2019		2018	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Held-to-maturity:				
Government bonds	6.91	4.81	6.97	4.80
Sharia Certificates of Bank Indonesia	6.61	-	5.61	-
Corporate bonds	8.32	-	8.58	-
Medium-term notes	7.65	2.68	6.99	3.14
Others	6.38	-	-	-
Available-for-sale:				
Government bonds	7.18	5.14	6.99	5.32
Certificates of Bank Indonesia	6.73	-	-	-
Bank Indonesia Treasury Bills	-	2.47	-	2.37
Sharia Government Treasury Bills	6.02	-	6.10	-
Corporate bonds	8.14	4.59	8.37	3.44
Medium-term notes	8.74	-	9.02	-
Others	9.08	-	-	-

The movement of allowance for impairment losses of investment securities for the years ended 31 December 2019 and 2018 was as follows:

	2019						
	Collective impairment losses			Individual impairment losses			
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	Total
Balance, beginning of year	(45,315)	(181)	(45,496)	-	(45,962)	(45,962)	(91,458)
(Addition) reversal of allowance during the year	(22,152)	48	(22,104)	-	2,116	2,116	(19,988)
Write-offs during the year	-	-	-	-	40,220	40,220	40,220
Exchange rate difference	-	1	1	-	805	805	805
Balance, end of year	(67,467)	(132)	(67,599)	-	(2,821)	(2,821)	(70,420)

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15. INVESTMENT SECURITIES (continued)

The movement of allowance for impairment losses of investment securities for the years ended 31 December 2019 and 2018 was as follows: (continued)

	2018						
	Collective impairment losses			Individual impairment losses			Total
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	
Balance, beginning of year	(46,133)	(2,897)	(49,030)	(308,445)	(162,826)	(471,271)	(520,301)
Reversal (addition) of allowance during the year	818	2,715	3,533	188,445	(1,921)	186,524	190,057
Write-offs during the year	-	-	-	120,000	125,910	245,910	245,910
Exchange rate difference	-	1	1	-	(7,125)	(7,125)	(7,124)
Balance, end of year	(45,315)	(181)	(45,496)	-	(45,962)	(45,962)	(91,458)

Management believes that the balance of allowance for impairment losses provided was adequate to cover possible losses on uncollectible investment securities.

The movement of unrealised gains (losses) from the change in fair value of available-for-sale investment securities was as follows:

	2019		
	Rupiah	Foreign currencies	Total
Balance, beginning of year - before deferred income tax	(216,788)	56,078	(160,710)
Addition of unrealised gains during the year - net	2,686,431	32,864	2,719,295
Realised gains during the year - net	(129,606)	(3,979)	(133,585)
Exchange rate difference	-	(2,526)	(2,526)
Total before deferred income tax	2,340,037	82,437	2,422,474
Deferred income tax (Note 21)			(483,602)
Balance, end of year - net			1,938,872

	2018		
	Rupiah	Foreign currencies	Total
Balance, beginning of year - before deferred income tax	1,495,748	159,785	1,655,533
Addition of unrealised losses during the year - net	(1,725,665)	(109,959)	(1,835,624)
Realised losses/(gains) during the year - net	13,129	(1,433)	11,696
Exchange rate difference	-	7,685	7,685
Total before deferred income tax	(216,788)	56,078	(160,710)
Deferred income tax (Note 21)			31,158
Balance, end of year - net			(129,552)

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15. INVESTMENT SECURITIES (continued)

The following table represents the summary of ratings and credit rating companies of Bank's investment securities as of 31 December 2019 and 2018:

	2019		2018	
	Rating	Rating Agency	Rating	Rating Agency
Indonesian Government	BBB	Fitch	BBB	Fitch
United States of America Government	AAA	Fitch	AAA	Fitch
Lembaga Pembiayaan Ekspor Indonesia/Indonesia Eximbank	AAA	Pefindo	AAA	Pefindo
PT Adira Dinamika Multi Finance Tbk	AAA	Pefindo	-	-
PT Angkasa Pura I (Persero)	AAA	Pefindo	AAA	Pefindo
PT Astra Otoparts Tbk	-	-	AA-	Fitch
PT Astra Sedaya Finance	AAA	Pefindo	AAA	Pefindo
PT Bank CIMB Niaga Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank DKI	AA-	Pefindo	AA-	Pefindo
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	AA-	Pefindo	AA-	Pefindo
PT Bank Mandiri (Persero) Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Mandiri Taspen (previously PT Bank Mandiri Taspen Pos)	AA	Fitch	AA	Fitch
PT Bank Negara Indonesia (Persero) Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank OCBC NISP Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Pan Indonesia Tbk	AA	Pefindo	AA	Pefindo
PT Bank Rakyat Indonesia (Persero) Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Resona Perdania	-	-	AA-	Pefindo
PT Bank BTPN Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Tabungan Negara (Persero) Tbk	AA+	Pefindo	AA+	Pefindo
PT Bank UOB Indonesia	AAA	Fitch	AAA	Fitch
PT Bussan Auto Finance	AA	Pefindo	AA	Pefindo
PT Chandra Asri Petrochemical Tbk	AA-	Pefindo	AA-	Pefindo
PT Fast food Indonesia Tbk	AA	Pefindo	AA	Pefindo
PT Federal International Finance	AAA	Pefindo	AAA	Pefindo
PT Hutama Karya (Persero)	AAA	Pefindo	AAA	Pefindo
PT Indonesia Power	AAA	Pefindo	AAA	Pefindo
PT Indosat Tbk	AAA	Pefindo	AAA	Pefindo
PT Jakarta Lingkar Baratsatu	A+	Pefindo	A+	Pefindo
PT Jasa Marga (Persero) Tbk	AA	Pefindo	AA	Pefindo
PT Kereta Api Indonesia (Persero)	AAA	Pefindo	-	-
PT Lautan Luas Tbk	A-	Pefindo	A-	Pefindo
PT Mitra Pinasthika Mustika Finance	AA	Fitch	-	-
PT Oto Multiartha	AA+	Pefindo	AA+	Pefindo
PT Pegadaian (Persero)	AAA	Pefindo	AAA	Pefindo
PT Pertamina (Persero)	BBB	S&P	BBB-	S&P
PT Perusahaan Listrik Negara (Persero)	-	-	BBB-	S&P
PT Pupuk Indonesia (Persero)	AAA	Fitch	AAA	Fitch
PT Sarana Multi Infrastruktur (Persero)	AAA	Pefindo	AAA	Pefindo
PT Sarana Multigriya Finansial (Persero)	AAA	Pefindo	-	-
PT Semen Indonesia Tbk	AA	Pefindo	-	-
PT Sumber Alfaria Trijaya Tbk	AA-	Fitch	AA-	Fitch
PT Tiphone Mobile Indonesia Tbk	BBB+	Pefindo	BBB+	Pefindo

Information on the classification and fair value of investment securities is disclosed in Note 38. Information on the maturity of investment securities is disclosed in Note 44.

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16. PREPAID EXPENSES

	2019	2018
Prepaid rent	856,582	895,496
Prepaid insurance	10,735	14,568
Others	669,163	463,927
	<u>1,536,480</u>	<u>1,373,991</u>

As of 31 December 2019 and 2018, prepaid expenses for related parties is amounting to Rp 211,012 and Rp 224,409, respectively (Note 48).

17. FIXED ASSETS

Fixed assets consisted of:

	2019				
	Beginning balance	Additions*)	Deductions	Reclassifications	Ending balance
<u>Acquisition cost/ revaluation amount</u>					
Direct ownership					
Land	12,482,110	128,167	(12,670)	177,916	13,545,892
Buildings	4,948,467	34,941	(4,409)	319,137	5,298,136
Office furnitures, fixtures, and equipments	10,635,392	2,261,746	(1,232,619)	1,044	11,665,563
Motor vehicles	58,446	16,604	(11,840)	-	63,210
Construction in progress	1,328,213	584,551	(113,840)	(498,097)	1,300,827
Leased assets	162	-	(162)	-	-
	<u>29,452,790</u>	<u>3,026,009</u>	<u>(1,375,540)</u>	<u>-</u>	<u>31,873,628</u>
<u>Accumulated depreciation</u>					
Direct ownership					
Buildings	(1,774,145)	(215,371)	1,168	-	(1,988,348)
Office furnitures, fixtures, and equipments	(8,311,909)	(1,366,143)	677,846	-	(9,000,206)
Motor vehicles	(29,673)	(10,692)	7,592	-	(32,773)
Leased assets	(162)	-	162	-	-
	<u>(10,115,889)</u>	<u>(1,592,206)</u>	<u>686,768</u>	<u>-</u>	<u>(11,021,327)</u>
Net book value	<u>19,336,901</u>				<u>20,852,301</u>

*) Included in additions of fixed assets is beginning balance of new acquired Subsidiary amounting to Rp 32,827.

	2018				
	Beginning balance	Additions	Deductions	Reclassifications	Ending balance
<u>Acquisition cost/ revaluation amount</u>					
Direct ownership					
Land	10,208,494	17,166	(1,049)	183,286	12,482,110
Buildings	4,476,275	299,163	(3,818)	176,847	4,948,467
Office furnitures, fixtures, and equipments	9,695,534	1,758,991	(861,003)	41,870	10,635,392
Motor vehicles	55,432	14,457	(11,443)	-	58,446
Construction in progress	1,509,473	505,086	(284,343)	(402,003)	1,328,213
Leased assets	4,212	-	(4,050)	-	162
	<u>25,949,420</u>	<u>2,594,863</u>	<u>(1,165,706)</u>	<u>-</u>	<u>29,452,790</u>
<u>Accumulated depreciation</u>					
Direct ownership					
Buildings	(1,527,640)	(247,273)	768	-	(1,774,145)
Office furnitures, fixtures, and equipments	(7,522,050)	(1,296,141)	506,282	-	(8,311,909)
Motor vehicles	(28,754)	(8,735)	7,816	-	(29,673)
Leased assets	(2,027)	(237)	2,102	-	(162)
	<u>(9,080,471)</u>	<u>(1,552,386)</u>	<u>516,968</u>	<u>-</u>	<u>(10,115,889)</u>
Net book value	<u>16,868,949</u>				<u>19,336,901</u>

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17. FIXED ASSETS (continued)

Fixed asset on construction process as of 31 December 2019 and 2018 were as follows:

	2019	2018
Land	575,412	725,223
Buildings	581,923	452,830
Others	143,492	150,160
	1,300,827	1,328,213

Estimated percentage of the asset completion as of 31 December 2019 and 2018 were at 2% - 100% and 40% - 100%, respectively.

Revaluation of fixed assets

In 2019 and 2018, the Group revalued its fixed assets in land classification using external independent appraisal, which was performed in accordance with Indonesian Valuation Standards (SPI 2013), Indonesian Appraisal Code of Conduct ("KEPI"), Bapepam-LK Regulation No. VIII.C4 regarding "Guidelines for Appraisal and Presentation of Property Appraisal Reports in the Capital Market" and prevailing rules and regulations.

In 2019, the revaluation was performed by Kantor Jasa Penilai Publik ("KJPP") Antonius Setiady & Rekan based on the appraisal report dated 30 October 2019.

In 2018, the revaluation was performed by Kantor Jasa Penilai Publik ("KJPP") Antonius Setiady & Rekan based on the appraisal report dated 27 November 2018, 3 January 2019 and 4 January 2019, respectively, KJPP Jimmy Prasetyo & Rekan based on the appraisal report dated 14 November 2018, KJPP Sudiono, Awaludin & Rekan based on the appraisal report dated 7 August 2018, and KJPP Hari Utomo & Rekan based on the appraisal report dated 14 December 2018.

The differences arising on land of revaluation for the years 2019 and 2018 were recorded as "revaluation surplus of fixed assets" and presented in other comprehensive income amounting to Rp 765,076 and Rp 2,164,251, respectively. The increase (decrease) of carrying value arising from revaluation for the years 2019 and 2018 amounting to Rp 5,293 as other operating income and Rp (90,038) as other operating expenses, respectively, were recorded in the consolidated profit or loss.

The fair value of land is determined based on market approach by comparing several comparable land transactions that either have occurred or still in sales offering stage and adjusting the differences between fair value of land appraised and the comparable data and list of land price that has been obtained. The value is also affected by the location, property rights, physical characteristic, utilisation and other comparative elements.

The fair value measurement of the land is categorised as level 2 fair value based on the inputs to the valuation technique used.

As of 31 December 2019 and 2018, the carrying value of land if the land was recorded using cost model amounting to Rp 3,827,328 and Rp 3,600,620, respectively.

As of 31 December 2019 and 2018, there were no significant difference between the fair value and carrying value of buildings or other fixed assets group.

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17. FIXED ASSETS (continued)

Other informations

As of 31 December 2019 and 2018, the Bank did not have any fixed assets pledged as collateral.

Fixed assets disposal includes sales of assets are as follows:

	2019	2018
Proceeds from sale	36,960	10,393
Net book value	(28,844)	(6,890)
Gain on sale	8,116	3,503

Depreciation charged to general and administrative expenses for the years ended 31 December 2019 and 2018 amounting to Rp 1,581,811 and Rp 1,552,386, respectively.

Gain on sale of fixed assets recognised as part of other operating income for the years ended 31 December 2019 and 2018 amounting to Rp 21,668 and Rp 7,935, respectively.

Loss on sale of fixed assets recognised as part of other operating expenses for the years ended 31 December 2019 and 2018 amounting to Rp 13,552 and Rp 4,432, respectively.

The Bank has insured its fixed assets (excluding land rights) to cover the possible losses from fire, theft and natural disaster with a total coverage of Rp 13,193,888 as of 31 December 2019, and Rp 19,001,922 as of 31 December 2018. Management believes that the insurance coverage is adequate to cover possible losses from such risks.

As of 31 December 2019 and 2018, the cost of fully depreciated fixed assets that were still in use amounting to Rp 6,925,863 and Rp 5,923,843, respectively.

As of 31 December 2019 and 2018, the Bank has no fixed assets, which were no temporer and no longer used but classified as available-for-sale.

No impairment losses on fixed assets during 2019 and 2018.

18. INTANGIBLE ASSETS

	2019	2018
Software	1,945,951	1,615,310
Goodwill (Note 4)	855,830	167,625
Total intangible assets	2,801,781	1,782,935
Less: Amortisation of software	(1,424,329)	(1,103,604)
Total intangible assets - net	1,377,452	679,331

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19. OTHER ASSETS

	2019	2018
Rupiah:		
Accrued interest income	4,304,511	3,571,534
Transactions related to ATM and credit card	3,824,093	6,265,176
Foreclosed assets	1,036,258	536,754
Receivables from insurance transactions	287,556	218,062
Receivables from customer transactions	166,736	213,234
Abandoned properties	26,020	36,675
Unaccepted bills receivable	2,193	23,993
Others	3,180,764	2,202,937
	12,828,131	13,068,365
Foreign currencies:		
Accrued interest income	182,985	140,890
Unaccepted bills receivable	38,403	66,258
Receivables from insurance transactions	9,153	8,151
Transactions related to ATM and credit card	2,443	2,148
Others	90,161	86,919
	323,145	304,366
Total other assets	13,151,276	13,372,731
Less: Allowance for impairment losses	(902)	(10,401)
Total other assets - net	13,150,374	13,362,330

Receivables related to ATM and credit card transactions consist of receivables arising from ATM transactions within ATM Bersama, Prima and Link network as well as receivables from Visa and Master Card for credit card transactions.

Accrued interest income consists of interest income from the placement, marketable securities, government bonds, loans, and assets from sharia transactions.

Receivables from insurance transactions represent the Subsidiary's premium receivables from policyholders and broker, premium receivables and claim from others insurance companies and broker of closed policies, also reinsurance assets.

Receivables from customer transactions represent receivables arising from the Subsidiaries' securities trading transactions.

Unaccepted bills receivable represent unaccepted export bills receivables from customer due to export import transactions.

Others mainly consist of interoffice accounts, various form of receivables from transaction with third parties, including clearing transactions and others.

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19. OTHER ASSETS (continued)

Movement of allowance for impairment losses on other assets are as follows:

	2019	2018
Beginning balance	(10,401)	(9,966)
Reversal (addition) of allowance during the period	9,478	(415)
Exchange rate difference	21	(20)
Ending balance	(902)	(10,401)

Management believes that the allowance for impairment losses is adequate to cover any loss possibility due to uncollectible other assets.

20. DEPOSITS FROM CUSTOMERS AND OTHER BANKS

a. Deposits from customers

	2019			2018		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Demand deposits:						
Related parties	717,985	125,743	843,728	781,340	81,318	862,658
Third parties	162,600,583	21,473,702	184,074,285	145,472,456	20,486,839	165,959,295
	163,318,568	21,599,445	184,918,013	146,253,796	20,568,157	166,821,953
Savings:						
Related parties	71,299	44,528	115,827	72,417	836,628	909,045
Third parties:						
Tahapan	312,099,890	-	312,099,890	286,223,426	-	286,223,426
Tapres	8,646,250	-	8,646,250	8,076,023	-	8,076,023
Tabunganku	4,157,508	-	4,157,508	3,184,609	-	3,184,609
Tahapan Xpresi	5,873,736	-	5,873,736	3,101,824	-	3,101,824
Tahapan Berjangka	1,556,601	-	1,556,601	1,345,910	-	1,345,910
Simpanan Pelajar	1,152	-	1,152	1,326	-	1,326
BCA Dollar	-	13,183,258	13,183,258	-	13,339,638	13,339,638
	332,406,436	13,227,786	345,634,222	302,005,535	14,176,266	316,181,801
Time deposits:						
Related parties	349,363	17,985	367,348	492,264	225,223	717,487
Third parties	153,765,993	14,294,492	168,060,485	132,968,872	13,121,904	146,090,776
	154,115,356	14,312,477	168,427,833	133,461,136	13,347,127	146,808,263
Total deposits from customers	649,840,360	49,139,708	698,980,068	581,720,467	48,091,550	629,812,017

b. Deposits from other banks

	2019			2018		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Demand deposits	4,757,368	1,840,568	6,597,936	4,576,530	1,839,460	6,415,990
Time deposits	119,538	-	119,538	58,501	-	58,501
Interbank call money	-	-	-	20,000	-	20,000
Total deposits from other banks	4,876,906	1,840,568	6,717,474	4,655,031	1,839,460	6,494,491

As of 31 December 2019 and 2018, the Bank did not have balances of deposits from other banks from related party.

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20. DEPOSITS FROM CUSTOMERS AND OTHER BANKS (continued)

- c. The weighted average effective interest rates per annum for deposits from customers and other banks were as follows:

	2019		2018	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Deposits from customers:				
Demand deposits	0.95	0.14	0.95	0.12
Savings	0.59	0.21	0.81	0.24
Time deposits	5.51	1.38	4.71	0.90
Deposits from other banks:				
Demand deposits	0.54	0.01	0.50	0.01
Time deposits	4.60	-	3.70	-
Interbank call money	-	-	4.59	-

- d. Time deposits based on maturity period

	2019			2018		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
1 month	85,478,890	11,566,241	97,045,131	74,960,850	11,669,675	86,630,525
3 months	43,263,455	1,063,354	44,326,809	40,340,656	861,507	41,202,163
6 months	15,446,808	1,247,582	16,694,390	14,623,620	264,741	14,888,361
12 months	10,045,741	435,300	10,481,041	3,594,511	551,204	4,145,715
	154,234,894	14,312,477	168,547,371	133,519,637	13,347,127	146,866,764

- e. Time deposits based on remaining period until maturity date

	2019			2018		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Up to 1 month	104,221,104	12,029,297	116,250,401	90,046,824	12,096,992	102,143,816
> 1 - 3 months	33,884,550	950,181	34,834,731	29,971,918	712,196	30,684,114
> 3 - 6 months	8,130,600	1,120,450	9,251,050	11,251,851	181,676	11,433,527
> 6 - 12 months	7,998,640	212,549	8,211,189	2,249,044	356,263	2,605,307
	154,234,894	14,312,477	168,547,371	133,519,637	13,347,127	146,866,764

- f. Deposits pledged as collateral to loans granted by the Bank as of 31 December 2019 and 2018 (see Note 13) were as follows:

	2019	2018
Demand deposits	3,364,491	2,104,069
Savings	1,582,018	747,046
Time deposits	8,349,405	8,796,624
	13,295,914	11,647,739

Information on the classification and fair value of deposits from customers and other banks is disclosed in Note 38. Information on the maturity of deposits from customers and other banks is disclosed in Note 44.

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21. INCOME TAX

a. Prepaid tax

	2019	2018
Bank	5,637	5,235
Subsidiaries	1,408	1,428
	<u>7,045</u>	<u>6,663</u>

b. Tax payable

	2019	2018
<u>Current tax payable</u>		
Bank:		
Company tax payable - Article 25/29	1,001,518	672,193
Subsidiaries:		
Company tax payable - Article 25/29	33,532	70,452
Total current tax payable	<u>1,035,050</u>	<u>742,645</u>
<u>Other tax payable</u>		
Bank:		
Income tax		
Article 21	139,837	129,174
Article 23	230,187	234,369
Article 26	122,300	1,336
Others	60,385	16,843
Total Bank	<u>552,709</u>	<u>381,722</u>
Subsidiaries	<u>47,710</u>	<u>40,969</u>
Total other tax payable	<u>600,419</u>	<u>422,691</u>
	<u>1,635,469</u>	<u>1,165,336</u>

c. Tax expenses

	2019	2018
Current tax:		
Current year		
Bank	7,562,007	6,005,115
Subsidiaries	641,179	604,281
	<u>8,203,186</u>	<u>6,609,396</u>
Deferred tax:		
Origination of temporary differences		
Bank	(471,106)	225,255
Subsidiaries	(13,056)	19,753
	<u>(484,162)</u>	<u>245,008</u>
	<u>7,719,024</u>	<u>6,854,404</u>

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21. INCOME TAX (continued)

- d. In accordance with Article 2 of Government Regulation No. 56 Year 2015 regarding the Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Tax Payers in the form of Public Companies, signed by the President of Republic Indonesia on 3 August 2015, tax payers can receive a reduction of 5% (five percent) lower than income tax rate for a domestic tax payer as stipulated by Tax Law, if the company fulfills the following criteria:

1. The public owned 40% (forty percent) or more of the total paid up shares and those shares are owned by at least 300 (three hundred) parties.
2. Each party can only own less than 5% (five percent) of total paid-up shares.
3. The tax payer should fulfill the above mentioned criteria at least within 6 (six) months (183 (one hundred and eighty three) calendar days) in 1 (one) fiscal year.

The tax payers should attach the declaration letter from Securities Administration Agency ("Biro Administrasi Efek") to the annual income tax return of the tax payers with the form X.H.1-2 as provided in Decision Letter of the Chairman of Capital Market and Financial Institution Supervisory Agency ("Bapepam-LK") No. KEP-669/BL/2012 dated 13 December 2012 for the respective fiscal year.

On 6 January 2020 and 7 January 2019, the Bank received a declaration letter from the Securities Administration Agency for the fulfillment of the above criteria for fiscal year 2019 and 2018, respectively.

- e. The reconciliation of consolidated accounting income before tax and taxable income of the Bank was as follows:

	2019	2018
Consolidated accounting income before tax	36,288,998	32,706,064
Elimination	685,893	612,792
Before elimination	36,974,891	33,318,856
Subsidiary's accounting income before tax	(2,620,078)	(2,385,941)
Accounting income before tax - Bank only	34,354,813	30,932,915

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21. INCOME TAX (continued)

- e. The reconciliation of consolidated accounting income before tax and taxable income of the Bank was as follows: (continued)

	2019	2018
Accounting income before tax - Bank only (Brought forward)	34,354,813	30,932,915
Permanent differences:		
Employees' welfare	197,652	171,252
Rent income	(40,439)	(37,987)
Dividends from Subsidiaries	(637,286)	(578,536)
Interest income from off-shore government bonds	(84,666)	(86,924)
Other expense/(income) which cannot be deducted for tax calculation purposes - net	102,236	(90,051)
	(462,503)	(622,246)
Temporary differences:		
Post-employment benefits obligation	1,202,812	295,558
Impairment losses on financial assets	1,643,900	(1,431,326)
Impairment losses on non-financial assets	62,977	(181)
Accrued employees' benefits	848,372	585,499
Unrealised losses (gains) of trading and available-for-sale investment securities and placements with other banks	29,929	824
Others	129,731	264,532
	3,917,721	(285,094)
Taxable income	37,810,031	30,025,575

- f. The reconciliation between consolidated accounting income before tax multiplied by the maximum tax rate and income tax expense was as follows:

	2019	2018
Consolidated accounting income before tax	36,288,998	32,706,064
Maximum tax rate	25%	25%
	9,072,250	8,176,516
Permanent differences at 25% - Bank	(115,626)	(155,562)
Permanent differences at 25% - Subsidiaries	144,576	180,747
	9,101,200	8,201,701
Adjustment of corporate income tax rate - Bank (Note 21d)	(1,694,615)	(1,515,533)
Adjustment of deferred tax rate	312,439	168,236
Income tax expense - consolidated	7,719,024	6,854,404

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21. INCOME TAX (continued)

g. The calculation of current tax and income tax payable were as follows:

	2019	2018
Taxable income:		
Bank	37,810,031	30,025,575
Subsidiaries	2,564,716	2,417,124
	<u>40,374,747</u>	<u>32,442,699</u>
Current tax:		
Bank	7,562,007	6,005,115
Subsidiaries	641,179	604,281
	<u>8,203,186</u>	<u>6,609,396</u>
Prepaid taxes:		
Bank	(6,560,489)	(5,332,922)
Subsidiaries	(607,647)	(533,829)
	<u>(7,168,136)</u>	<u>(5,866,751)</u>
Income tax payable:		
Bank	1,001,518	672,193
Subsidiaries	33,532	70,452
	<u>1,035,050</u>	<u>742,645</u>

Annual corporate income tax return for fiscal year 2019 has yet been submitted. Taxable income results from above reconciliation is the basis in filling the Bank's Annual Tax Return ("SPT") of Corporate Income Tax for the year ended 31 December 2019.

The calculations of income tax for the year ended 31 December 2018 conform to the Bank's Annual Tax Returns ("SPT").

h. The significant items of deferred tax assets and liabilities as of 31 December 2019 and 2018 were as follows:

	2018	Recognised in current year profit or loss ^{*)}	Recognised in current year other comprehensive income	2019
Parent entity - Bank:				
Post-employment benefits obligations	623,858	161,619	-	785,477
Allowance for impairment losses of financial assets	1,323,220	103,798	-	1,427,018
Allowance for impairment losses of non-financial assets	6	12,590	-	12,596
Accrued employees' benefits	190,647	159,394	-	350,041
Unrealised loss on available-for-sale investment securities and placements with other banks	32,588	-	(513,386)	(480,798)
Remeasurements of defined benefit liability	714,391	-	71,418	785,809
Unrealised gain from financial assets held for trading	(12,518)	7,759	-	(4,759)
Others	52,906	25,946	-	78,852
Deferred tax assets - net	<u>2,925,098</u>	<u>471,106</u>	<u>(441,968)</u>	<u>2,954,236</u>

*) Included in recognised in current year profit or loss balance is beginning balance of new acquired Subsidiary amounting to Rp 1,600.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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21. INCOME TAX (continued)

- h. The significant items of deferred tax assets and liabilities as of 31 December 2019 and 2018 were as follows: (continued)

	2018	Recognised in current year profit or loss ^{*)}	Recognised in current year other comprehensive income	2019
Deferred tax assets - net (brought forward)	2,925,098	471,106	(441,968)	2,954,236
Subsidiary:				
PT BCA Finance	34,263	5,101	(5,121)	34,243
PT BCA Sekuritas	2,783	775	46	3,604
PT Bank BCA Syariah	13,316	4,974	79	18,369
PT Asuransi Umum BCA	44,917	11,029	(38)	55,908
PT BCA Multi Finance (previously PT Central Santosa Finance)	120,566	(8,105)	3,108	115,569
PT Central Capital Ventura	2,413	624	8	3,045
PT Asuransi Jiwa BCA	4,310	258	(5,252)	(684)
Deferred tax assets - net	222,568	14,656	(7,170)	230,054
Total deferred tax assets - net	3,147,666	485,762	(449,138)	3,184,290

*) Included in recognised in current year profit or loss balance is beginning balance of new acquired Subsidiary amounting to Rp 1,600.

	2017	Recognised in current year profit or loss	Recognised in current year other comprehensive income	2018
Parent entity - Bank:				
Post-employment benefits obligations	607,255	16,603	-	623,858
Allowance for impairment losses of financial assets	1,729,999	(406,779)	-	1,323,220
Allowance for impairment losses of non-financial assets	674	(668)	-	6
Accrued employees' benefits	79,083	111,564	-	190,647
Unrealised loss on available-for-sale investment securities and placements with other banks	(419,935)	-	452,523	32,588
Remeasurements of defined benefit liability	983,593	-	(269,202)	714,391
Unrealised gain from financial assets held for trading	(13,637)	1,119	-	(12,518)
Others	-	52,906	-	52,906
Deferred tax assets - net	2,967,032	(225,255)	183,321	2,925,098
Subsidiary:				
PT BCA Finance	34,283	2,086	(2,106)	34,263
PT BCA Sekuritas	3,523	(317)	(423)	2,783
PT Bank BCA Syariah	13,639	6,482	(6,805)	13,316
PT Asuransi Umum BCA	34,934	9,551	432	44,917
PT Central Santosa Finance	121,817	3,838	(5,089)	120,566
PT Central Capital Ventura	-	2,431	(18)	2,413
PT Asuransi Jiwa BCA	44,013	(43,134)	3,431	4,310
Deferred tax assets - net	252,209	(19,063)	(10,578)	222,568
Total deferred tax assets - net	3,219,241	(244,318)	172,743	3,147,666

Included in total deferred tax asset and liability of the Group were deferred tax asset and liability arising from unrealised (loss) gain from change in fair value of available-for-sale investment securities (see Note 15) amounting to Rp (477,627) and Rp (5,975) as of 31 December 2019, and Rp 31,814 and Rp (656) as of 31 December 2018. Moreover, included in total deferred tax asset of the Bank was deferred tax asset arising from unrealised (loss) gain from change in fair value of available-for-sale placements with Bank Indonesia and other banks (see Note 8) amounting to Rp (3,171) and Rp 774 as of 31 December 2019 and 2018, respectively.

Management believes that total deferred tax assets arising from temporary differences are probable to be realised in the future years.

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21. INCOME TAX (continued)

- i. Under the taxation laws of Indonesia, the Group in Indonesia calculate, pay and report individual company tax return (submission of consolidated income tax computation is not allowed) on the basis of self-assessment. The tax authorities may assess or amend taxes within the statute of limitations, under prevailing regulations.
- j. The Group tax positions may be challenged by the tax authorities. Management vigorously defends the Group tax positions which are believed to be grounded on sound technical basis, in compliance with the tax regulations. Accordingly, management believes that the accruals for tax liabilities are adequate for all open tax years based on the assessment of various factors, including interpretations of tax law, other tax provisions and prior experience. This assessment relies on estimates and assumptions and may involve judgement about future events. New information may become available that causes management to change its judgement regarding the adequacy of existing tax liabilities. Such changes to tax liabilities will impact tax expense in the period in which such determination is made.
- k. Other Information

Fiscal Year 2016

On 18 July 2017, the Bank received tax audit result notice for fiscal year 2016. For the tax examination for fiscal year 2016, Directorate General of Taxation (DGT) through Tax Assessment Letter ("SKP") and Tax Collection Letter ("STP") dated 11 July 2019, has determined shortfall of tax payment with detail as follows:

- a. Income tax (including Corporate Income Tax) amounting to Rp 1,591 billion.
- b. Value Added Tax (VAT) amounting to Rp 63 billion.

The Bank has not filed objection on tax finding amounting to Rp 185 billion and has been paid on 9 August 2019.

Management believes that objection filed by the Bank has been in accordance with applicable tax regulations.

On 10 October 2019, the Bank filed an appeal of SKP through letter No. 556/DIR/2019 to 568/DIR/2019. To fulfill the requirement of tax appealing, Bank has paid amounting to Rp 6 billion and Rp 546 billion to State Treasury on 9 August 2019 and 9 October 2019, and recorded as other assets as at 31 December 2019.

Fiscal Year 2017

On 27 November 2018, the Bank received tax audit result notice for fiscal year 2017. Up to the report date, the tax audit for fiscal year 2017 is still on going.

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22. DEBT SECURITIES ISSUED

As of 31 December 2019 and 2018, the outstanding balance of bonds payable related to bonds issued were as follows:

	<u>2019</u>	<u>2018</u>
Nominal value:		
BCA Finance Continuous Bonds II Phase II	-	240,000
BCA Finance Continuous Bonds III Phase I	1,355,000	-
	<u>1,355,000</u>	<u>240,000</u>
Less:		
Deferred bonds issuance costs - net	(7,477)	(265)
Total - net	<u>1,347,523</u>	<u>239,735</u>
Amortisation of bonds issuance costs charged to profit or loss	<u>1,224</u>	<u>1,237</u>

As at 31 December 2019, the Subsidiary has bonds payable that will be matured within 12 (twelve) months amounting to Rp 762,000 (2018: Rp 240,000).

BCA Finance Continuous Bonds II - Phase II Year 2016

BCA Finance Continuous Bonds II - Phase II were offered at nominal value. Interest will be paid on a quarterly basis based on interest payment due date. The first interest payment was made on 21 September 2016 and the final interest payment will be with the repayment of the principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk (acts as the Bond's Trustee) for BCA Finance Continuous Bonds II - Phase II Year 2016 based on the Trusteeship Agreement No. 41 dated 6 June 2016 which was made before Satria Amiputra A., S.E., Ak., S.H., M.M., M.Ak., M.Ec.Dev, M.H., M.Kn., Notary in Jakarta.

BCA Finance Continuous Bonds II - Phase II Series A and Series B were repaid on 1 July 2017 and 20 June 2019, respectively.

As of 31 December 2018, BCA Finance Continuous Bonds II - Phase II Series B was rated at idAAA by Pefindo and AAA (idn) by Fitch.

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22. DEBT SECURITIES ISSUED (continued)**BCA Finance Continuous Bonds III - Phase I Year 2019**

BCA Finance Continuous Bonds III - Phase I were offered at nominal value. Interest will be paid on a quarterly basis based on interest payment due date. The first interest payment was made on 5 February 2020 and the final interest payment will be with the repayment of the principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Rakyat Indonesia (Persero) Tbk (acts as the Bond's Trustee) for BCA Finance Continuous Bonds III - Phase I Year 2019 based on the Trusteeship Agreement No. 14 dated 12 August 2019 which was made before Fathiah Helmi, SH., Notary in Jakarta.

As of 31 December 2019, BCA Finance Continuous Bonds III - Phase I were rated at idAAA by Pefindo and AAA(idn) by Fitch.

The Trusteeship Agreement provides several negative covenants that should be complied by the Subsidiary that, among others, prior to the repayment of the bonds payable, the Subsidiary, without the written consent from the Trustee, is not allowed to transfer, pledge and/or mortgage over all or any of the present or future assets of the Subsidiary, merge and/or amalgamate, take over business, make changes in the articles of association regarding the changes of the purpose and objective in the Subsidiary's business, and grant any credit or make investment in other parties other than in the ordinary course of the business.

Total principal and interest of bonds have been paid in accordance with the respective bonds' maturity date.

As of 31 December 2019 and 2018, the Subsidiary was in compliance with covenants in relation to the bonds payable agreements and complied with all the requirements mentioned in Trusteeship Agreement.

All of the Subsidiary's continuous bonds III - Phase I year 2019 are not be guaranteed with specific collateral, but rather with all the Subsidiary's assets.

All of the Subsidiary's bonds payable are collateralised by the fiduciary transfer of consumer financing receivables amounting to Rp 126,125 (see Note 14) as of 31 December 2018.

Information on the classification and fair value of debt securities issued is disclosed in Note 38. Information on the maturity of debt securities issued is disclosed in Note 44.

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23. BORROWINGS

Borrowings received by the Group were as follows:

	2019	2018
(1) Liquidity loans from Bank Indonesia, Rupiah: Agriculture loans (<i>Kredit Usaha Tani</i> "KUT"), due date between 13 March 2000 up to 22 September 2000, in the process of closing the agreement	577	577
(2) Borrowings from other banks: Rupiah:		
PT Bank Mandiri (Persero) Tbk	775,000	920,000
PT Bank Mizuho Indonesia	325,000	-
PT Bank Danamon Indonesia Tbk	250,000	-
PT Bank DKI	250,000	200,000
PT Bank Ina Perdana Tbk	225,000	175,000
PT Bank Victoria International Tbk	200,000	300,000
PT Bank Nationalnobu Tbk	140,000	50,000
PT Bank Pan Indonesia Tbk	71,268	206,734
PT Bank Index Selindo	15,000	-
PT Bank KEB Hana Indonesia (previously PT Bank Hana)	11,228	24,411
PT Bank Oke Indonesia Tbk (previously PT Bank Dinar Indonesia Tbk)	-	72,500
Foreign currencies:		
Malayan Banking Berhad Co. - Singapore	69,399	-
United Overseas Bank - Hongkong	-	71,922
	2,331,895	2,020,567
(3) Others:		
Foreign currencies	398	72,331
	398	72,331
Total borrowings	2,332,870	2,093,475

The weighted average effective interest rates per annum for borrowings were as follows:

	2019	2018
Rupiah	6.57%	7.15%
Foreign currencies	2.88%	2.51%

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23. BORROWINGS (continued)

(1) Rupiah liquidity loans from Bank Indonesia

Rupiah liquidity loans from Bank Indonesia represent credit facility obtained by the Bank as a national private bank in Indonesia, to be distributed to qualified Indonesian debtors under the loan facility program.

(2) Borrowings from other banks

Represent working capital loans of Subsidiaries. The details of borrowing facilities received as of 31 December 2019 and 2018 were as follows:

Bank	Total facility		Maturity date of facility	
	2019	2018	2019	2018
Rupiah:				
PT Bank BTPN Tbk ^{*)}	800,000	800,000	29-May-2020	31-May-2019
PT Bank Danamon Indonesia Tbk	300,000	-	24-Sep-2020	-
PT Bank DBS Indonesia ^{**)}	100,000	100,000	31-May-2020	31-May-2019
PT Bank DKI	-	100,000	-	16-Jun-2019
	500,000	500,000	24-Sep-2020	27-Sep-2019
PT Bank Ina Perdana Tbk	225,000	175,000	21-Dec-2020	21-Dec-2019
PT Bank Index Selindo	50,000	-	26-Dec-2022	-
PT Bank KEB Hana Indonesia (previously PT Bank Hana)	200,000	200,000	30-Apr-2021	30-Apr-2021
PT Bank Mandiri (Persero) Tbk	1,000,000	1,000,000	24-May-2020	25-May-2019
PT Bank Mizuho Indonesia ^{**)}	500,000	500,000	22-Nov-2020	22-Nov-2019
PT Bank Nationalnobu Tbk	140,000	100,000	24-Feb-2020	24-Feb-2019
	40,000	40,000	31-Mar-2020	31-Mar-2019
PT Bank Oke Indonesia Tbk (previously PT Bank Dinar Indonesia Tbk)	72,500	72,500	29-Mar-2020	30-Mar-2019
PT Bank Pan Indonesia Tbk	300,000	-	11-May-2023	-
	300,000	300,000	28-Feb-2020	28-Feb-2020
	400,000	400,000	26-Oct-2020	26-Oct-2020
PT Bank UOB Indonesia ^{**)}	550,000	650,000	21-Jul-2020	21-Jul-2019
PT Bank Victoria International Tbk	400,000	300,000	14-Jan-2021	09-Jun-2019
	100,000	200,000	27-Jun-2020	27-Jun-2019
Foreign currencies (full amount):				
Citibank, N.A. - Indonesian Branch ^{**)}	USD 60,000,000	USD 60,000,000	20-Mar-2020	20-Mar-2019
Malayan Banking Berhad Co. - Singapore	USD 5,000,000	-	03-Jan-2020	-
MUFG Bank, Ltd. - Indonesian Branch ^{**)}	USD 60,000,000	USD 60,000,000	14-Sep-2019 ^{*)}	14-Sep-2019
United Overseas Bank Limited Co. - Hongkong	-	USD 5,000,000	-	30-Aug-2019

^{*)} In extension process

^{**)} Available to be withdrawn in US Dollar/Rupiah

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23. BORROWINGS (continued)

(2) Borrowings from other banks (continued)

As of 31 December 2019 and 2018, these bank loans were secured by consumer financing receivables amounting to Rp 1,178,714 and Rp 1,671,021 (see Note 14).

All loan agreements above include certain covenants which are normally required for such credit facilities, such as limitations to initiate merger or consolidation with other parties, obtain loans from other parties except loans obtained in the normal course of business, or changes its capital structure and/or Articles of Association without notification to/prior written approval from the creditors and maintenance of certain agreed financial ratios.

The required financial ratios was as follows:

	2019		2018	
	Requirement	Fulfillment	Requirement	Fulfillment
1. Debt to Equity	Maximum 10 times	< 1 time	Maximum 10 times	< 1 time
2. Receivable to Total Assets	Minimum 40%	88.49%	Minimum 40%	83.03%
3. Current ratio	Minimum 1.1 times	1.75 times	Minimum 1.1 times	1.68 times
4. Non performing loans (NPL)	Maximum 5% of total receivables	2.79%	Maximum 5% of total receivables	3.52%

The range of contractual interest rates for borrowings from other banks was as follows:

	2019	2018
Rupiah	5.45% - 9.60%	4.79% - 11.25%
Foreign currencies	1.99% - 3.25%	1.85% - 3.52%

(3) Others

As of 31 December 2018, BCA Finance Limited, Subsidiary, received a Banker's Acceptance Funding amounting to Rp 71,922 (USD 5,000,000 in full amount) from Wells Fargo Bank, Miami, which will mature on 14 January 2019. This loan is collateralised by export and import transaction documents and bears interest rate at 2.97%. This borrowing has been paid off by BCA Finance Limited, Subsidiary, at its maturity date.

Information on the classification and fair value of borrowings is disclosed in Note 38. Information on the maturity of borrowings is disclosed in Note 44.

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24. ACCRUALS AND OTHER LIABILITIES

	2019	2018
Rupiah:		
Liabilities related to ATM and credit card transactions	2,697,038	5,124,346
Unearned revenue	2,007,510	1,910,087
Liabilities to policyholders	1,420,687	1,084,057
Electronic money	800,108	668,840
Customers transfer transactions	772,759	755,392
Accrued interest expenses	434,749	403,717
Security deposits	119,182	121,983
Liabilities from customer transactions	115,636	40,414
Liabilities from insurance transactions	38,746	17,673
Others	4,839,973	4,191,124
	<u>13,246,388</u>	<u>14,317,633</u>
Foreign currencies:		
Customers transfer transactions	530,475	398,209
Unearned revenue	88,896	111,810
Security deposits	69,515	53,782
Accrued interest expenses	35,156	33,331
Liabilities from insurance transactions	4,826	6,480
Others	47,113	104,577
	<u>775,981</u>	<u>708,189</u>
Total accruals and other liabilities	<u>14,022,369</u>	<u>15,025,822</u>

Liabilities related to ATM and credit card transactions consist of liabilities on ATM transactions within ATM Bersama, Prima and Link, and liabilities to Visa and Master Card for credit card transactions.

Unearned revenue consists of income from credit card commission.

Liabilities to policyholders represent liabilities of subsidiary for long-term insurance contract, liability for future policy benefits, unearned premium reserves and estimated claim.

Accrued interest expenses consist of accrued interest from deposits from customers and other banks, derivatives, borrowings, debt securities issued, securities sold under repurchase agreement and subordinated obligation.

The guarantee deposit is a guarantee of cash deposited by customers from export-import transaction and issuance of bank guarantees.

Liabilities from customer transactions represent liabilities of subsidiary for trading securities transactions, which consist of liabilities to PT Kliring Penjaminan Efek Indonesia (KPEI) related to purchase of securities transactions and deposits rendered by Subsidiary, and liabilities from customer transactions related to selling of securities transactions that will be matured in a short period, usually in 2 (two) days from date of trading.

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24. ACCRUALS AND OTHER LIABILITIES (continued)

Electronic money represent liabilities of the Bank from cash deposited by customers electronically and not considered as deposits as stipulated in banking laws.

Liabilities from insurance transactions was liabilities of subsidiary for reinsurance payables, coinsurance payable and claim in process.

Others mainly consist of interoffice accounts, deposit and unsettled transactions.

25. SUBORDINATED BONDS

	2019	2018
Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018	500,000	500,000
Total subordinated bonds	500,000	500,000
Amortisation of bonds issuance costs charged to profit or loss	-	4,655

The details of subordinated bonds were as follows:

Instruments	Effective and issued date	Approval	Principal amount	Terms	Maturity date	Interest rate
Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 - Series A	Effective date 26 June 2018 Issued date 5 July 2018	No: S-03825/ BEI.PP2/07-2018	Rp 435,000	7 Years	5 July 2025	7.75%
Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 - Series B	Effective date 26 June 2018 Issued date 5 July 2018	No: S-03825/ BEI.PP2/07-2018	Rp 65,000	12 Years	5 July 2030	8.00%

Interest of Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 - Series A and B are paid quarterly since the issuance date, with no option of accelerating the Subordinated Bonds interest payment. The first payment of interest was due on 5 October 2018. Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 - Series A and B can be calculated as supplementary capital (tier 2) based on OJK Regulation No. 11/POJK.03/2016 and to increase collection structure of long term funding. The proceeds from issuance of Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018 - Series A and B will be used to grow the Bank's business, especially for credit expansion.

The trustee of the above subordinated bonds is PT Bank Rakyat Indonesia (Persero) Tbk, a third party.

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25. SUBORDINATED BONDS (continued)

The rating of this bonds based on PT Pemeringkat Efek Indonesia (PT Pefindo) rating is as follows:

Description	Rating	2019	Rating	2018
		Rating Period		Rating Period
Bank Central Asia Continuous Subordinated Bonds I Phase I Year 2018	idAA	6 March 2019 - 1 March 2020	idAA	13 March 2018 - 1 March 2019

The Trusteeship Agreement provides several negative covenants that should be complied by the Bank among others, prior to the repayment of the bonds payable, without the written consent from the Trustee, the Bank is not allowed to:

- Pledge majority or all of the Bank's present or future income or assets outside Bank's main business, except if the actions are performed to meet regulatory requirements or related with short term liquidity borrowing or related with the Bank's option for recovery plan;
- Change the Bank main business;
- Reduce authorised capital and paid-up capital unless if it is performed based on Government of Indonesia or authority order (include but not limited to BI, OJK, the Indonesia Finance Ministry and/or other authorities in Indonesian Banking Restructuring Agency ("IBRA") in accordance with the prevailing laws; and
- Merger or consolidation with other companies which cause dilution of the Bank.

As of 31 December 2019 and 2018, the Bank was in compliance with the aforementioned covenants in relation to the issued subordinated debts agreements. Payments of interest had been done on a timely basis.

26. SHARE CAPITAL

The composition of the Bank's share capital as of 31 December 2019 and 2018 (after stock split, see Note 1c) were as follows:

	2019		2018	
	Number of shares	Total par value	Number of shares	Total par value
Authorised capital at par value Rp 62.50 (full amount) per share	88,000,000,000	5,500,000	88,000,000,000	5,500,000
Unissued	(63,344,990,000)	(3,959,062)	(63,344,990,000)	(3,959,062)
Outstanding shares (issued and fully paid)	24,655,010,000	1,540,938	24,655,010,000	1,540,938

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26. SHARE CAPITAL (continued)

The composition of shareholders as of 31 December 2019 and 2018 were as follows:

	2019		
	Number of shares	Total par value	%
PT Dwimuria Investama Andalan ^{*)}	13,545,990,000	846,624	54.94
Anthoni Salim	434,079,976	27,130	1.76
Commissioners:			
Djohan Emir Setijoso	22,147,163	1,384	0.09
Tonny Kusnadi	1,175,285	74	0.01
Directors:			
Jahja Setiaatmadja	8,007,628	501	0.03
Armand W. Hartono	851,213	53	0.00
Suwignyo Budiman	7,475,051	467	0.03
Subur Tan	2,773,326	173	0.01
Henry Koenalifi	1,041,883	65	0.01
Erwan Yuris Ang	1,251,720	78	0.01
Rudy Susanto	480,926	30	0.00
Lianawaty Suwono	183,694	12	0.00
Santoso	237,324	15	0.00
Inawaty Handoyo	163,374	10	0.00
Vera Eve Lim	57,348	4	0.00
Public shareholders ^{**)}	10,629,094,089	664,318	43.11
	24,655,010,000	1,540,938	100.00

^{*)} The shareholders of PT Dwimuria Investama Andalan are Mr. Robert Budi Hartono and Mr. Bambang Hartono, therefore the ultimate shareholders of the Bank are Mr. Robert Budi Hartono and Mr. Bambang Hartono.

^{**)} In the composition of shares held by the public, there was 2.49% shares owned by parties affiliated with PT Dwimuria Investama Andalan.

	2018		
	Number of shares	Total par value	%
PT Dwimuria Investama Andalan ^{*)}	13,545,990,000	846,624	54.94
Anthoni Salim	434,079,976	27,130	1.76
Commissioners:			
Djohan Emir Setijoso	23,100,481	1,444	0.09
Tonny Kusnadi	1,137,939	71	0.01
Directors:			
Jahja Setiaatmadja	8,103,902	506	0.03
Eugene Keith Galbraith	1,581,879	99	0.01
Armand W. Hartono	851,213	53	0.00
Suwignyo Budiman	7,407,206	463	0.03
Subur Tan	2,705,481	169	0.01
Henry Koenalifi	957,138	60	0.00
Erwan Yuris Ang	1,191,967	75	0.01
Rudy Susanto	416,193	26	0.00
Lianawaty Suwono	126,279	8	0.00
Santoso	171,140	11	0.00
Inawaty Handoyo	102,667	6	0.00
Vera Eve Lim	17,000	1	0.00
Public shareholders ^{**)}	10,627,069,539	664,192	43.11
	24,655,010,000	1,540,938	100.00

^{*)} The shareholders of PT Dwimuria Investama Andalan are Mr. Robert Budi Hartono and Mr. Bambang Hartono, therefore the ultimate shareholders of the Bank are Mr. Robert Budi Hartono and Mr. Bambang Hartono.

^{**)} In the composition of shares held by the public, there was 2.49% shares owned by parties affiliated with PT Dwimuria Investama Andalan.

27. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital as of 31 December 2019 and 2018 consists of:

	2019	2018
Additional paid-in capital from share capital payments	29,453,007	29,453,007
Elimination of accumulated loss through quasi-reorganisation on 31 October 2000 ^{*)}	(25,853,162)	(25,853,162)
Additional paid-in capital from the exercise of stock options	296,088	296,088
Additional paid-in capital from treasury stock transactions (Note 1c)	1,815,435	1,815,435
Difference in values from business combination transaction of entities under common control (Note 2e)	(162,391)	(162,391)
	5,548,977	5,548,977

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27. ADDITIONAL PAID-IN CAPITAL (continued)

*) On 31 October 2000, the Bank adopted SFAS No. 51, "Accounting for Quasi-Reorganisation" to achieve a "fresh start" reporting. Fresh start reporting requires the revaluation of all its assets and liabilities recorded by using the fair value and elimination of its accumulated deficit. Pursuant to the implementation of quasi-reorganisation, the Bank's accumulated losses as of 31 October 2000 amounted to Rp 25,853,162 had been eliminated against the additional paid-in capital. The implementation of quasi-reorganisation had been approved by Bank Indonesia through its Letter No. 3/165/DPWB2/IDWB2 dated 21 February 2001 and by the shareholders in their Extraordinary General Meeting of Shareholders on 12 April 2001 (the minutes of meeting prepared by Notary Public Hendra Karyadi, S.H., in Notary Deed No. 25).

28. COMMITMENTS AND CONTINGENCIES

As of 31 December 2019 and 2018, the Group commitments and contingencies were as follows:

Type of Currencies	2019		2018	
	Amount in foreign currencies ^{*)}	Rupiah equivalent	Amount in foreign currencies ^{*)}	Rupiah equivalent
Commitments				
Committed receivables:				
Borrowing facilities received and unused				
Rupiah		3,023,194		2,595,000
USD	120,000,000	1,665,900	120,000,000	1,725,600
Others, USD equivalent	399,922	5,552	-	-
		<u>4,694,646</u>		<u>4,320,600</u>
Committed liabilities:				
Unused credit facilities to customers - committed				
Rupiah		144,251,023		136,926,268
USD	585,683,844	8,130,756	594,607,585	8,550,457
Others, USD equivalent	16,019,074	222,385	8,541,891	122,832
		<u>152,604,164</u>		<u>145,599,557</u>
Unused credit facilities to other banks - committed				
Rupiah		<u>2,455,331</u>		<u>1,260,022</u>
		<u>2,455,331</u>		<u>1,260,022</u>
Irrevocable Letters of Credit facilities to customers				
Rupiah		1,939,571		2,688,503
USD	346,560,926	4,811,132	406,756,872	5,849,164
Others, USD equivalent	132,556,292	1,840,213	127,141,605	1,828,296
		<u>8,590,916</u>		<u>10,365,963</u>
		<u>163,650,411</u>		<u>157,225,542</u>

*) Total in full amount.

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28. COMMITMENTS AND CONTINGENCIES (continued)

As of 31 December 2019 and 2018, the Group commitments and contingencies were as follows:
(continued)

Type of Currencies	2019		2018	
	Amount in foreign currencies ^{*)}	Rupiah equivalent	Amount in foreign currencies ^{*)}	Rupiah equivalent
Contingencies				
<u>Contingent receivables:</u>				
Bank guarantees received				
Rupiah		623,876		549,426
		623,876		549,426
Interest receivable on non-performing assets				
Rupiah		442,893		384,046
USD	2,292,264	31,822	571,000	8,211
Others, USD equivalent	180,425	2,505	-	-
		477,220		392,257
		1,101,096		941,683
<u>Contingent liabilities:</u>				
Bank guarantee issued to customers				
Rupiah		13,715,024		12,566,770
USD	139,732,825	1,939,841	180,778,819	2,599,599
Others, USD equivalent	5,938,961	82,447	5,202,550	74,813
		15,737,312		15,241,182
Others				
Rupiah		78		-
		78		-
		15,737,390		15,241,182

^{*)} Total in full amount.

Additional information

As of 31 December 2019 and 2018, the Group had unused credit facilities to customers - uncommitted amounting to Rp 63,355,677 and Rp 55,587,325, respectively.

As of 31 December 2019 and 2018, the Group had unused credit facilities to other Banks - uncommitted amounting to Rp 1,861 and Rp 2,353, respectively.

The Bank is a party to various unresolved legal actions, administrative proceedings, and claims in the ordinary course of its business. It is not possible to predict with certainty whether or not the Bank will be successful in any of these legal matters or, if not, what the impact might be. However, the Bank's management does not expect that the results in any of these proceedings will have a material adverse effect on the Bank's results of operations, financial position or liquidity.

Commitments and contingencies from related parties are disclosed in Note 48.

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29. INTEREST AND SHARIA INCOME

Interest and sharia income consist of:

	2019	2018
<u>Interest income</u>		
Loan receivable	49,583,414	43,519,187
Investment securities	7,116,277	6,629,504
Consumer financing and investment in finance leases	2,953,510	3,016,494
Placements with Bank Indonesia and other banks	1,321,761	940,923
Securities purchased under agreements to resell	1,255,466	970,338
Bills receivable	433,535	533,588
Others	551,390	571,925
	<u>63,215,353</u>	<u>56,181,959</u>
<u>Sharia income</u>		
Sharia profit sharing	622,442	584,841
	<u>622,442</u>	<u>584,841</u>
Total interest and sharia income	<u>63,837,795</u>	<u>56,766,800</u>

Included in interest income from loans receivable and investment securities were interest from the effect of discounting (unwinding interest) of impaired financial assets for the year ended 31 December 2019 amounting to Rp 72,189 and Rp nil, respectively (2018: Rp (28,951) and Rp nil).

Interest income from loans receivable to related parties is disclosed in Note 48.

30. INTEREST AND SHARIA EXPENSES

Interest and sharia expenses consist of:

	2019	2018
<u>Interest expenses</u>		
Deposits from customers	11,405,559	9,680,798
Guarantee premium	1,365,777	1,240,519
Borrowings	121,761	112,912
Deposits from other banks	68,708	73,611
Debt securities issued	63,578	48,683
Securities sold under agreements to repurchase	37,893	7,863
Others	-	54,574
	<u>13,063,276</u>	<u>11,218,960</u>
<u>Sharia expense</u>		
Sharia	297,071	257,295
	<u>297,071</u>	<u>257,295</u>
Total interest and sharia expenses	<u>13,360,347</u>	<u>11,476,255</u>

Interest and sharia expenses for deposits from customers to related parties are disclosed in Note 48.

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31. FEE AND COMMISSION INCOME - NET

Represent fee and commission income related to:

	2019	2018
Deposits from customers	4,514,809	4,061,993
Credit cards	3,748,312	3,259,600
Payment settlement	1,994,805	1,559,668
Loans receivable	1,648,551	1,491,889
Remittance, clearing and collections	332,089	317,175
Others	1,370,943	1,307,820
Total	13,609,509	11,998,145
Fee and commission expenses	(1,128)	(1,805)
Fee and commission income - net	13,608,381	11,996,340

Fee and commission income from loans receivable were fee and commission income related to disbursement of loan facilities which were not an integral part of effective interest rates.

32. NET TRADING INCOME

Net trading income consists of:

	2019	2018
Interest income from financial assets held for trading	346,446	45,060
Unrealised (loss)/gains from financial assets held for trading - net	(469,291)	1,985,594
Gain on spot and derivative transactions - net	2,885,242	136,382
Gain on sale of financial assets held for trading - net	693,945	640,313
	3,456,342	2,807,349

33. IMPAIRMENT LOSSES ON ASSETS

	2019	2018
Acceptance receivables (Note 10c)	(156,562)	(85,124)
Loans receivable (Note 13f)	4,268,790	2,645,057
Consumer financing receivables (Note 14)	398,196	286,436
Sharia financing	71,247	21,636
Investment securities (Note 15)	19,988	(190,057)
Others	(10,316)	(1,346)
	4,591,343	2,676,602

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34. PERSONNEL EXPENSES

	2019	2018
Salaries and wages	6,221,674	5,941,982
Employees' benefits and compensations	4,952,095	4,607,808
Post-employment benefits (Note 39)	1,446,952	984,046
Training	428,708	335,991
Pension plan contribution	287,835	273,279
	13,337,264	12,143,106

35. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
Office supplies	4,658,930	4,314,836
Communication	1,734,480	1,466,736
Depreciation	1,693,877	1,667,298
Repair and maintenance	1,517,288	1,285,133
Rental	1,420,339	1,445,845
Promotion	1,118,345	1,108,898
Professional fees	525,897	447,893
Amortisation of intangible assets - software	321,738	414,310
Water, electricity and fuel	287,852	285,268
Computer and software	203,919	102,877
Tax	156,464	121,584
Transportation	45,877	39,633
Insurance	33,735	32,430
Research and development	32,889	36,150
Security	21,250	20,715
Others	342,295	236,986
	14,115,175	13,026,592

36. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated based on the weighted average number of shares outstanding during the year, as follows:

	2019	2018
Net income attributable to equity holder of the parent entity	28,565,053	25,855,154
Weighted average number of outstanding shares (in full amount)	24,655,010,000	24,655,010,000
Basic and diluted earnings per share attributable to equity holder of the parent entity (in full amount of Rupiah)	1,159	1,049

As of 31 December 2019 and 2018, there were no instruments which can potentially be converted into common shares. Therefore, diluted earnings per share is equivalent to basic earnings per share.

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37. APPROPRIATION OF NET INCOME

The Bank's Annual General Meeting of Shareholders on 11 April 2019 (the minutes was prepared by Notary Public Fathiah Helmi, S.H., with Notary Deed No. 33) resolved the appropriation of 2018 net income, as follows:

- a. Allocate 2018 net income for general reserve amounting to Rp 258,552.
- b. Distribute cash dividends amounting to Rp 8,382,704 (Rp 340 (full amount) per share) to shareholders who have the right to receive cash dividends. The actual cash dividends paid was Rp 6,287,027 on 30 April 2019 (interim dividend for year 2018 amounting to Rp 2,095,676 had been paid on 21 December 2018).
- c. Determine the tantiem for the members of Board of Commissioners and Board of Directors on duty in 2018 with a maximum amount of Rp 413,500. The actual amount of tantiem paid was Rp 413,500.
- d. Determine the remaining 2018 net income after dividends as unappropriated retained earnings.

The Bank's Annual General Meeting of Shareholders on 11 April 2019 also resolved to grant the power and authority to the Bank's Board of Directors (with approval from Board of Commissioners) to pay interim dividend for the year 2019, where possible, by considering the financial condition of the Bank.

In accordance with the Board of Directors' Decision Letter dated 27 November 2019 No. 191 regarding the Distribution of Interim Dividends for year 2019, the Board of Directors resolved that the Bank will pay interim dividends to shareholders from the 2019 net income amounting to Rp 100 (full amount) per share. The actual interim dividends paid amounting to Rp 2,465,501.

The Bank's Annual General Meeting of Shareholders on 5 April 2018 (the minutes was prepared by Notary Public Dr. Irawan Soerodjo, S.H., MSi. with Notary Deed No. 25) resolved the appropriation of 2017 net income, as follows:

- a. Allocate 1% (one percent) of 2017 net income for general reserve amounting to Rp 233,100.
- b. Distribute cash dividends amounting to Rp 6,287,027 (Rp 255 (full amount) per share) to shareholders who have the right to receive cash dividends. The actual cash dividends paid was Rp 4,314,626 on 30 April 2018 (interim dividend for year 2017 amounting to Rp 1,972,401 had been paid on 20 December 2017).
- c. Determine the tantiem for the members of Board of Commissioners and Board of Directors on duty in 2017 with a maximum amount of Rp 355,000 from the 2017 net income. The actual amount of tantiem paid was Rp 354,950.
- d. Determine the remaining 2017 net income after dividends as unappropriated retained earnings.

The Bank's Annual General Meeting of Shareholders on 5 April 2018 also resolved to grant the power and authority to the Bank's Board of Directors (with approval from Board of Commissioners) to pay interim dividend for the year 2018, where possible, by considering the financial condition of the Bank.

In accordance with the Board of Directors' Decision Letter dated 22 November 2018 No. 184 regarding the Distribution of Interim Dividends for year 2018, the Board of Directors resolved that the Bank will pay interim dividends to shareholders from the 2018 net income amounting to Rp 85 (full amount) per share. The actual interim dividends paid amounting to Rp 2,095,676.

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38. FINANCIAL INSTRUMENTS**Classification of financial assets and financial liabilities**

Financial instruments have been classified based on their respective classifications. The significant accounting policies in Note 2g describe how the categories of the financial assets and liabilities are measured and how income and expenses, including fair value gains and losses (changes in fair value of financial instruments) are recognised.

Valuation models of financial instruments

The Group measures fair values using the following hierarchy of methods:

- Level 1: inputs that are quoted prices (unadjusted) in active markets for identical instruments that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable either directly or indirectly. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are not active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active market are based on quoted market prices. For all other financial instruments, the Bank determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, benchmark interest rate, credit spreads and other variables used in estimating discount rates, bond prices, foreign currency exchange rates, and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Group uses widely recognised valuation models for determining the fair values of common and more simple financial instruments, such as interest rate and currency swaps that used only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt securities and simple over-the-counter derivatives such as interest rate swaps. Availability of observable market prices and model inputs reduces the needs for management judgement and estimation and also reduces the uncertainty associated with determining the fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

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38. FINANCIAL INSTRUMENTS (continued)

Valuation models of financial instruments (continued)

Management judgement and estimation are usually required for selection of the appropriate valuation models to be used, determination of expected future cash flows on the financial instruments being valued, determination of the probability of counterparty default, prepayments and selection of appropriate discount rates.

Valuation Framework

Valuation of financial assets and financial liabilities are subject to an independent review from the business by Corporate Finance Division ("DKP") and Risk Management Work Unit ("SKMR"). DKP is primarily responsible for ensuring that valuation adjustments have been properly accounted for. SKMR performs an independent price validation to ensure that the Bank uses reliable market data from independent sources, e.g., traded prices and broker quotes.

Valuation model is proposed by SKMR and approved by the management. SKMR performs a periodic review of the feasibility of the market data sources used for valuation. The market data used for price validation may include those sourced from recent trade data involving external counterparties or third parties such as Bloomberg, Reuters, brokers and pricing providers. The market data used should be representative of the market as much as possible, which can evolve over time as markets and financial instruments develop. To determine the quality of the market data inputs, factors such as independence, relevance, reliability, availability of multiple data sources and methodology employed by the pricing providers are taken into consideration.

Valuation of financial instruments

Financial instruments measured at fair value

The following table sets out the carrying amounts and fair values of financial instruments of the Group, measured at fair values, and their analysis by the level in the fair value hierarchy.

	2019			Fair value Level 2
	Held for trading	Carrying amount Available- for-sale	Total	
Financial assets				
Placements with Bank Indonesia and other banks	-	1,473,827	1,473,827	1,473,827
Financial assets held for trading	5,910,146	-	5,910,146	5,910,146
Investment securities	-	126,233,397	126,233,397	126,233,397
	5,910,146	127,707,224	133,617,370	133,617,370
Financial liabilities				
Financial liabilities held for trading	106,260	-	106,260	106,260
	106,260	-	106,260	106,260

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38. FINANCIAL INSTRUMENTS (continued)

Valuation of financial instruments (continued)

Financial instruments measured at fair value (continued)

	2018		
	Carrying amount		Fair value
	Held for trading	Available-for-sale	Level 2
Financial assets			
Placements with Bank Indonesia and other banks	-	2,042,267	2,042,267
Financial assets held for trading	5,841,824	-	5,841,824
Investment securities	-	94,646,524	94,646,524
	5,841,824	96,688,791	102,530,615
Financial liabilities			
Financial liabilities held for trading	188,934	-	188,934
	188,934	-	188,934

Fair value of available-for-sale placements with Bank Indonesia and other banks were calculated using valuation techniques based on the Bank's internal model, which is a discounted cash flow method. Input used in the valuation techniques is market interest rate for money market instruments which have similar credit characteristics, maturity and yield.

As of 31 December 2019 and 2018, the fair value of held for trading securities was based on market price issued by pricing provider (Indonesian Bond Pricing Agency/"IBPA"). If the information is not available, the fair value is estimated using the quoted market prices of securities which have similar credit characteristics, maturity and yield.

As of 31 December 2019 and 2018, the fair value of available-for-sale investment securities was based on market price issued by pricing provider (Indonesian Bond Pricing Agency/"IBPA"). If the information is not available, the fair value was estimated using the quoted market prices of securities which have similar credit characteristics, maturity and yield.

As of 31 December 2019 and 2018, the fair value of available-for-sale investment securities did not include the fair value of investments in shares amounting to Rp 643,528 and Rp 606,279, respectively, which were valued at cost, since the fair value cannot be measured reliably.

The Group did not have financial assets and financial liabilities measured at fair value which the measurements fall under level 1 and level 3 hierarchy.

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38. FINANCIAL INSTRUMENTS (continued)

Valuation of financial instruments (continued)

Financial instruments not measured at fair value

The following table sets out the carrying amounts and fair values of financial instruments of the Group, which are not measured at fair values and their analysis by the level in the fair value hierarchy.

	2019				Fair value		
	Carrying amount			Total			
	Held-to-maturity	Loans and receivables	Other amortised cost		Level 2	Level 3	Total
Financial assets							
Loans receivable	-	572,033,999	-	572,033,999	25,507,282	544,945,781	570,453,063
Consumer financing receivables	-	10,532,424	-	10,532,424	-	9,169,952	9,169,952
Investment in finance leases	-	149,428	-	149,428	-	143,104	143,104
Assets related to sharia transactions - <i>murabahah</i> receivables	-	1,584,223	-	1,584,223	-	1,584,223	1,584,223
Investment securities	16,105,780	-	-	16,105,780	16,294,680	-	16,294,680
	16,105,780	584,300,074	-	600,405,854	41,801,962	555,843,060	597,645,022
Financial liabilities							
Deposits from customers	-	-	698,980,068	698,980,068	698,980,068	-	698,980,068
Sharia deposits	-	-	1,035,526	1,035,526	1,035,526	-	1,035,526
Deposits from other banks	-	-	6,717,474	6,717,474	6,717,474	-	6,717,474
Debt securities issued	-	-	1,347,523	1,347,523	1,361,032	-	1,361,032
Borrowings	-	-	2,332,870	2,332,870	-	2,335,314	2,335,314
Subordinated bonds	-	-	500,000	500,000	500,000	-	500,000
	-	-	710,913,461	710,913,461	708,594,100	2,335,314	710,929,414
	2018				Fair value		
	Carrying amount			Total			
	Held-to-maturity	Loans and receivables	Other amortised cost		Level 2	Level 3	Total
Financial assets							
Loans receivable	-	524,530,462	-	524,530,462	23,857,038	497,789,407	521,646,445
Consumer financing receivables	-	7,613,709	-	7,613,709	-	7,404,601	7,404,601
Investment in finance leases	-	174,212	-	174,212	-	162,193	162,193
Assets related to sharia transactions - <i>murabahah</i> receivables	-	1,679,410	-	1,679,410	-	1,679,410	1,679,410
Investment securities	13,827,860	-	-	13,827,860	13,811,581	-	13,811,581
	13,827,860	533,997,793	-	547,825,653	37,668,619	507,035,611	544,704,230
Financial liabilities							
Deposits from customers	-	-	629,812,017	629,812,017	629,812,017	-	629,812,017
Sharia deposits	-	-	621,315	621,315	621,315	-	621,315
Deposits from other banks	-	-	6,494,491	6,494,491	6,494,491	-	6,494,491
Debt securities issued	-	-	239,735	239,735	240,306	-	240,306
Borrowings	-	-	2,093,475	2,093,475	-	2,095,694	2,095,694
Subordinated bonds	-	-	500,000	500,000	500,000	-	500,000
	-	-	639,761,033	639,761,033	637,668,129	2,095,694	639,763,823

Majority of the financial instruments not measured at fair value are measured at amortised cost.

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38. FINANCIAL INSTRUMENTS (continued)**Valuation of financial instruments (continued)****Financial instruments not measured at fair value (continued)**

The following financial instruments are short-term financial instruments or financial instruments which are re-priced periodically to current market rates, therefore, the fair values of financial instruments are reasonable approximation of carrying value.

Financial assets:

- Cash
- Current accounts with Bank Indonesia
- Current accounts with other banks
- Placements with Bank Indonesia and other banks
- Acceptance receivables
- Bills receivables
- Securities purchased under agreements to resell
- Other assets

Financial liabilities:

- Securities sold under agreements to repurchase
- Acceptance payables
- Other liabilities

As of 31 December 2019 and 2018, the fair values of loans receivable, consumer financing receivables, investment in finance leases and borrowings were determined using discounted cash flows based on internal interest rate.

As of 31 December 2019 and 2018, the fair values of held-to-maturity securities and debt securities issued based on market prices issued by pricing provider (Indonesian Bond Pricing Agency/"IBPA"). If the information is not available, the fair values were estimated using quoted market prices of securities which have similar credit characteristics, maturity and yield.

As of 31 December 2019 and 2018, the fair values of deposits from customers and deposits from other banks are the same with the carrying amount because they are payables on demand in nature.

The fair values calculated are for disclosure purposes only and do not have any impact on the Group reported financial performance or position. The fair values calculated by the Group may be different from the actual amount that will be received/paid on the settlement or maturity of the financial instrument. As certain categories of financial instruments are not traded, there is management judgment involved in calculating their fair values.

39. POST-EMPLOYMENT BENEFITS OBLIGATION

In accordance with Law of the Republic of Indonesia No. 13/2003 concerning Manpower, the Bank is required to provide post-employment benefits to its employees when their employments are terminated or when they retire. These benefits are primarily based on years of services and the employees' compensation at termination or retirement. These post-employment benefits are defined benefits program.

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39. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)

The Bank also had a defined contribution pension plan that covers all permanent employees who fulfilled the criteria determined by the Bank. This defined contribution pension plan is managed and administered by Dana Pensiun BCA which was established by the Bank to manage the assets, generate investment income and pay the post-employment benefits to the employees. The establishment of Dana Pensiun BCA had been ratified by the Minister of Finance of Republic of Indonesia in its Decision Letter No. KEP-020/KM.17/1995 dated 25 January 1995. The contribution to the pension plan is computed based on certain percentage of employees' basic salary, for which the contribution from employees and the Bank are 3% (three percent) and 5% (five percent), respectively. During the year ended 31 December 2019 and 2018, the accumulated contribution from the Bank are 2% (two percent) and 3% (three percent), respectively, which are considered as a deduction against the post-employment benefits obligation in accordance with the manpower law.

During the year ended 31 December 2019, the Bank has provided some funds to support the fulfillment of its post-employment benefit obligations amounting to Rp 2,740 and was placed in several insurance companies in the form of saving plan program, which meet the criteria to be recorded as plan assets.

During the year ended 31 December 2018, the Bank provided some funds to support the fulfillment of its post-employment benefit obligations amounting to Rp 501,490. These funds were placed in several insurance companies in the form of saving plan program and *Dana Pensiun Lembaga Keuangan* ("DPLK") in the form of *Program Pensiun Untuk Kompensasi Pesangon* ("PPUKP"), which meet the criteria to be recorded as plan assets.

The defined benefit pension plan provides actuarial risk exposures to the Bank, e.g., investment risk, interest rate risk and inflation risk.

Post-employment benefits provided by the Bank consist of pension, other long-term compensations in the form of service award and post-employment healthcare benefits. The post-employment benefits obligation as of 31 December 2019 and 2018 were calculated by PT Dayamandiri Dharmakonsilindo and PT Towers Watson Purbajaga (*Biro Pusat Aktuaria*), respectively, as the Bank's independent actuary, using the projected-unit-credit method. The main assumptions used by independent actuary were as follows:

	2019	2018
Economic assumptions:		
Annual discount rate		
Defined benefit pension plan	7.35%	8.00%
Other long-term compensation	7.40%	8.00%
Post-employment healthcare benefits	7.70%	8.00%
Annual basic salary growth rate	9.00%	9.00%
Healthcare cost rate	10.00%	10.00%

The discount rate is used in determining the present value of the post-employment benefits obligation at valuation date. In general, the discount rate correlates with the yield on high quality government bonds that are traded in active capital markets at the reporting date.

The future basic salary growth assumption projects the post-employment benefits obligations starting from the valuation date through the normal retirement age. The basic salary growth rate is generally determined by applying inflation adjustment to payment scales and by taking into account of the years of service.

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39. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)

The Bank's obligation for post-employment benefits for the years ended 31 December 2019 and 2018 were in accordance with the independent actuary reports dated 8 January 2020 and 3 January 2019, respectively.

a. Post-employment benefits obligation

The post-employment benefits obligation as of 31 December 2019 and 2018 were as follows:

	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2019	2018	2019	2018
Present value of obligation for post-employment benefits	11,724,337	10,469,846	209,355	236,760
Fair value of plan assets	(4,077,260)	(4,410,076)	-	-
Net obligation for post-employment benefits - Bank	7,647,077	6,059,770	209,355	236,760

The Subsidiaries' obligation for post-employment benefits as of 31 December 2019 and 2018 which were recorded in the consolidated statements of financial position amounting to Rp 98,638 and Rp 109,527, respectively.

b. Movement of post-employment benefits obligation

	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2019	2018	2019	2018
Movement in the defined benefit obligation				
Defined benefit obligation, beginning of the year - Bank	6,059,770	6,113,527	236,760	249,861
Included in profit or loss				
Current service cost	572,244	575,971	17,372	11,540
Past service cost - amendment	306,374	-	-	-
Interest cost	501,358	340,519	18,594	15,935
Termination cost	14,433	20,540	-	-
Liability assumed due to recognition of past services	2,945	-	133	-
Included in other comprehensive income				
Actuarial gains/(losses) arising from:				
Changes in financial assumptions	517,390	(1,054,597)	(48,205)	(8,237)
Changes in demographic assumptions	(16,073)	-	(556)	-
Experience adjustments	116,222	353,216	(7,038)	(24,089)
Return on plan assets excluding interest income	(204,650)	371,291	-	-
Others				
Fund placements in insurance companies (plan assets)	(2,740)	(501,490)	-	-
Benefits paid directly by the Bank	(220,196)	(159,207)	(7,705)	(8,250)
Post-employment benefits obligation, end of the year - Bank	7,647,077	6,059,770	209,355	236,760

The Subsidiaries' post-employment benefits expenses for the years ended 31 December 2019 and 2018 recorded in the profit or loss amounting to Rp 13,499 and Rp 19,541, respectively, while total payment of employees' benefits by Subsidiaries for the years ended 31 December 2019 and 2018 amounting to Rp 8,589 and Rp 6,214, respectively.

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39. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)

c. The composition of plan assets

The composition of plan assets from pension fund for the years ended 31 December 2019 and 2018, were as follows:

	Percentage allocation as of 31 December 2019 Quoted market price for severance program			Percentage allocation as of 31 December 2019 Quoted market price for DPLK PPUK		
	AIA	Allianz	Manulife	AIA	Allianz	Manulife
Shares	0.00%	0.00%	0.00%	14.86%	14.26%	11.96%
Bonds	0.00%	0.00%	0.00%	70.08%	67.41%	61.26%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Derivatives	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	100.00%	100.00%	100.00%	15.06%	18.33%	26.78%
Others	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Percentage allocation as of 31 December 2018 Quoted market price for severance program			Percentage allocation as of 31 December 2018 Quoted market price for DPLK PPUK		
	AIA	Allianz	Manulife	AIA	Allianz	Manulife
Shares	0.00%	0.00%	0.00%	15.15%	12.75%	10.03%
Bonds	0.00%	0.00%	0.00%	70.37%	66.87%	67.19%
Property	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Derivatives	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	100.00%	100.00%	100.00%	14.48%	20.38%	22.78%
Others	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

d. Changes in fair value of plan assets for post-employment program

	2019	2018
Fair value of plan assets, beginning of the year - Bank	4,410,076	4,688,075
Fund placements in insurance companies	2,740	501,490
Return on plan assets excluding interest income	204,650	(371,291)
Interest income on plan assets	318,565	338,133
Post-employment benefits paid	(858,771)	(746,331)
Fair value of plan assets, end of the year - Bank	4,077,260	4,410,076

e. Historical information - Bank:

	31 December				
	2019	2018	2017	2016	2015
Defined benefits pension plan and other long-term compensation					
Present value of post-employment benefits obligation	11,724,337	10,469,846	10,801,602	9,056,905	8,454,073
Fair value of plan assets	(4,077,260)	(4,410,076)	(4,688,075)	(3,218,848)	(1,886,693)
Deficit	7,647,077	6,059,770	6,113,527	5,838,057	6,567,380
Experience adjustment on plan liabilities	116,222	353,216	4,479	6,803	865,028
Experience adjustment on plan assets	(204,650)	371,291	(211,993)	(69,840)	70,863
Post-employment healthcare benefits					
Present value of post-employment benefits obligation	209,355	236,760	249,861	254,195	235,958
Experience adjustment on plan liabilities	(7,038)	(24,089)	(50,912)	(23,948)	(15,214)

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39. POST-EMPLOYMENT BENEFITS OBLIGATION (continued)**f. Sensitivity analysis**

Changes in 1 (one) percentage of actuarial assumptions will have the following impacts:

	2019					
	Defined benefit pension plan		Other long-term compensations		Post-employment healthcare benefits	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(485,718)	541,185	(206,131)	230,223	(13,874)	15,698
Basic salary rate (1% movement)	592,411	(540,724)	233,059	(212,274)	-	-
Healthcare cost rate (1% movement)	-	-	-	-	14,171	(12,802)

	2018					
	Defined benefit pension plan		Other long-term compensations		Post-employment healthcare benefits	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(413,689)	463,172	(217,410)	216,420	(15,167)	16,884
Basic salary rate (1% movement)	523,998	(476,008)	220,823	(200,569)	-	-
Healthcare cost rate (1% movement)	-	-	-	-	16,220	(14,880)

g. Expected maturity analysis of undiscounted pension benefits and post-employment healthcare benefits is as follows:

	Up to 10 years	10 - 20 years	20 years and so on
Pension benefit	8,218,789	2,385,673	1,390,089
Other long-term compensations	3,256,991	1,030,714	620,454
Post-employment healthcare benefits	209,629	65,927	75,849

h. The weighted-average duration of the defined benefits obligation, other long-term compensations, and post-retirement healthcare benefits were 9.02 years, 9.47 years and 11.50 years as of 31 December 2019 (31 December 2018: 6.65 years, 6.65 years and 6.65 years).**40. CUSTODIAL SERVICES**

The Bank's Custodial Services Bureau obtained its license to provide custodial services from the Capital Market Supervisory Agency (Bapepam, currently Financial Services Authority or "OJK") under its Decision Letter No. KEP-148/PM/1991 dated 13 November 1991.

The services offered by the Bank's Custodial Services Bureau include safekeeping, settlement and transaction handling, income collection, proxy, corporate action, cash management, investment recording/reporting and tax reclamation.

As of 31 December 2019 and 2018, assets administered by the Bank's Custodial Services Bureau consist of shares, bonds, time deposits, certificate of deposits, commercial papers and other money market instruments amounting to Rp 108,031,974 and Rp 86,092,611, respectively.

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41. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

Balances of monetary assets and liabilities in foreign currencies were as follows:

	2019		2018	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
Monetary assets				
Cash				
US Dollar (USD)	61,491	853,650	28,691	412,580
Australian Dollar (AUD)	16,078	156,368	8,761	89,027
Singapore Dollar (SGD)	22,022	227,153	16,566	174,849
Hong Kong Dollar (HKD)	13,792	24,588	5,030	9,237
GB Poundsterling (GBP)	1,247	22,734	356	6,523
Japanese Yen (JPY)	146,652	18,744	63,689	8,319
Euro (EUR)	8,689	135,290	4,147	68,182
Others, USD equivalent	3,952	54,869	4,059	58,364
		1,493,396		827,081
Current accounts with Bank Indonesia				
US Dollar (USD)	334,725	4,646,826	339,682	4,884,631
		4,646,826		4,884,631
Current accounts with other banks				
US Dollar (USD)	548,930	7,620,521	386,591	5,559,179
Australian Dollar (AUD)	19,016	184,939	21,802	221,560
Singapore Dollar (SGD)	154,031	1,588,842	143,671	1,516,440
Hong Kong Dollar (HKD)	52,238	93,127	19,408	35,638
GB Poundsterling (GBP)	3,229	58,882	6,382	116,858
Japanese Yen (JPY)	2,996,826	383,024	2,465,339	322,022
Euro (EUR)	20,194	314,440	21,548	354,270
Others, USD equivalent	19,811	275,024	25,135	361,436
		10,518,799		8,487,403
Placements with Bank Indonesia and other banks				
US Dollar (USD)	1,775,791	24,652,415	452,777	6,510,930
Australian Dollar (AUD)	30,000	291,761	31,000	315,033
Singapore Dollar (SGD)	30,000	309,452	-	-
Hong Kong Dollar (HKD)	54	96	27,656	50,784
		25,253,724		6,876,747
Financial assets held for trading				
US Dollar (USD)	149,856	2,080,379	100,315	1,442,526
Singapore Dollar (SGD)	17	179	32	337
Hong Kong Dollar (HKD)	-	-	10	19
Japanese Yen (JPY)	3,068	392	7,691	1,004
Others, USD equivalent	15	212	10	149
		2,081,162		1,444,035
Acceptance receivables - net				
US Dollar (USD)	395,902	5,496,109	502,801	7,230,274
Singapore Dollar (SGD)	492	5,077	11	114
GB Poundsterling (GBP)	195	3,548	221	4,047
Japanese Yen (JPY)	978,890	125,112	1,602,422	209,308
Euro (EUR)	77,793	1,211,283	31,543	518,586
Others, USD equivalent	13,807	191,679	2,701	38,842
		7,032,808		8,001,171

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41. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (continued)

Balances of monetary assets and liabilities in foreign currencies were as follows: (continued)

	2019		2018	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
Monetary assets (continued)				
Bills receivable - net				
US Dollar (USD)	149,488	2,075,265	180,730	2,598,894
Hong Kong Dollar (HKD)	-	-	36,028	66,158
Japanese Yen (JPY)	121,009	15,466	18,845	2,462
Euro (EUR)	1,050	16,346	144	2,374
Others, USD equivalent	3,678	51,061	530	7,617
		2,158,138		2,677,505
Loans receivable - net				
US Dollar (USD)	2,129,232	29,559,065	2,140,114	30,774,833
Singapore Dollar (SGD)	39,356	405,961	46,397	489,715
Hong Kong Dollar (HKD)	195,531	348,582	144,895	266,068
Japanese Yen (JPY)	79,149	10,116	-	-
Euro (EUR)	787	12,260	732	12,033
Others, USD equivalent	-	-	49	707
		30,335,984		31,543,356
Investment securities - net				
US Dollar (USD)	2,003,217	27,809,661	1,596,601	22,959,115
Hong Kong Dollar (HKD)	181,846	324,185	183,957	337,797
		28,133,846		23,296,912
Other assets - net				
US Dollar (USD)	15,059	209,060	14,211	204,352
Australian Dollar (AUD)	12	120	37	379
Singapore Dollar (SGD)	69	708	70	742
Hong Kong Dollar (HKD)	3,881	6,919	4,872	8,947
Japanese Yen (JPY)	1,083	138	9	1
Euro (EUR)	359	5,591	79	1,307
Others, USD equivalent	690	9,575	5	77
		232,111		215,805
Monetary liabilities				
Deposits from customers				
US Dollar (USD)	3,195,045	44,355,210	3,033,154	43,616,755
Australian Dollar (AUD)	54,689	531,873	59,779	607,491
Singapore Dollar (SGD)	247,199	2,549,866	218,203	2,303,114
Hong Kong Dollar (HKD)	27,564	49,139	9,134	16,772
GB Poundsterling (GBP)	2,920	53,261	5,230	95,766
Japanese Yen (JPY)	1,810,609	231,414	1,461,852	190,947
Euro (EUR)	67,389	1,049,284	54,469	895,514
Others, USD equivalent	23,026	319,661	25,396	365,191
		49,139,708		48,091,550

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41. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (continued)

Balances of monetary assets and liabilities in foreign currencies were as follows: (continued)

	2019		2018	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
Monetary liabilities (continued)				
Deposits from other banks				
US Dollar (USD)	128,706	1,786,768	126,813	1,823,571
Australian Dollar (AUD)	5,288	51,429	424	4,311
Singapore Dollar (SGD)	229	2,363	1,097	11,578
Others, USD equivalent	1	8	-	-
		<u>1,840,568</u>		<u>1,839,460</u>
Financial liabilities held for trading				
US Dollar (USD)	248	3,437	91	1,306
Singapore Dollar (SGD)	34	356	34	357
Hong Kong Dollar (HKD)	18	33	3	5
Japanese Yen (JPY)	2,185	279	5,684	742
Others, USD equivalent	43	592	28	397
		<u>4,697</u>		<u>2,807</u>
Acceptance payables				
US Dollar (USD)	277,319	3,849,883	316,335	4,548,904
Singapore Dollar (SGD)	158	1,626	-	-
GB Poundsterling (GBP)	198	3,618	110	2,022
Japanese Yen (JPY)	901,748	115,252	1,498,012	195,670
Euro (EUR)	20,628	321,183	12,916	212,354
Others, USD equivalent	12,835	178,182	2,236	32,148
		<u>4,469,744</u>		<u>4,991,098</u>
Securities sold under agreement to repurchase				
Hong Kong Dollar (HKD)	63,525	113,249	26,200	48,111
		<u>113,249</u>		<u>48,111</u>
Borrowings				
US Dollar (USD)	4	55	4	57
Hong Kong Dollar (HKD)	38,928	69,399	78,334	143,843
Others, USD equivalent	25	343	24	353
		<u>69,797</u>		<u>144,253</u>
Accruals and other liabilities				
US Dollar (USD)	2,720	37,764	2,604	37,445
Australian Dollar (AUD)	15	141	29	291
Singapore Dollar (SGD)	2	25	3	27
Hong Kong Dollar (HKD)	883	1,575	883	1,621
GB Poundsterling (GBP)	-	1	-	1
Japanese Yen (JPY)	2	-	1	-
Euro (EUR)	21	333	15	252
Others, USD equivalent	10	143	12	174
		<u>39,982</u>		<u>39,811</u>

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42. OPERATING SEGMENTS

The Group disclosed the financial information based on the products were as follows:

	2019			
	Loans	Treasury	Others	Total
Assets	572,033,999	255,752,071	91,203,242	918,989,312
Loans receivable - net	572,033,999	-	-	572,033,999
Interest and sharia income	49,583,414	10,339,749	3,914,632	63,837,795
Fee-based income	4,910,039	175,689	12,604,159	17,689,887

	2018			
	Loans	Treasury	Others	Total
Assets	524,530,462	216,464,938	83,792,544	824,787,944
Loans receivable - net	524,530,462	-	-	524,530,462
Interest and sharia income	43,519,187	9,408,714	3,838,899	56,766,800
Fee-based income	4,112,448	75,365	10,750,318	14,938,131

The Group main operations are managed in Indonesian territory. Bank's business segment is classified into 5 (five) main geographic areas, which are Sumatera, Java, Kalimantan, East Indonesia and overseas operation.

Information regarding segment based on geographic of the Group is presented in table below:

	2019					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Interest and sharia income	3,727,661	56,795,098	1,213,833	2,065,663	35,540	63,837,795
Interest and sharia expense	(882,676)	(11,739,231)	(279,273)	(452,056)	(7,111)	(13,360,347)
Net interest and sharia income - net	2,844,985	45,055,867	934,560	1,613,607	28,429	50,477,448
Net fee and commission income - net	750,866	12,110,220	242,974	500,002	4,319	13,608,381
Net trading income - net	56,573	3,343,939	20,674	31,436	3,720	3,456,342
Other operating income	49,942	3,968,050	9,118	45,316	7,952	4,080,378
Total segment income	3,702,366	64,478,076	1,207,326	2,190,361	44,420	71,622,549
Depreciation and amortisation	(42,845)	(1,922,521)	(13,824)	(30,190)	(6,235)	(2,015,615)
Other material non-cash elements:						
Addition of impairment on assets	(202,473)	(4,230,486)	41,598	(201,915)	1,933	(4,591,343)
Other operating expenses	(1,315,499)	(26,136,084)	(441,694)	(809,677)	(23,639)	(28,726,593)
Income before tax	2,141,549	32,188,985	793,406	1,148,579	16,479	36,288,998
Income tax expense	-	-	-	-	-	(7,719,024)
Net income for the year	2,141,549	32,188,985	793,406	1,148,579	16,479	28,569,974

	2019					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Assets	59,995,632	807,755,303	19,315,578	31,139,056	783,743	918,989,312
Liabilities	59,995,632	629,379,469	19,315,578	31,139,034	237,414	740,067,127
Loans receivable - net	27,461,980	516,363,191	9,531,400	18,328,846	348,582	572,033,999
Deposits from customers	59,366,497	589,593,111	19,239,284	30,781,176	-	698,980,068
Sharia deposits	-	1,035,526	-	-	-	1,035,526
Temporary <i>syirkah</i> deposits	-	4,779,029	-	-	-	4,779,029

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42. OPERATING SEGMENTS (continued)

Information regarding segment based on geographic of the Group is presented in table below:
(continued)

	2018					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Interest and sharia income	3,341,209	50,454,784	1,048,497	1,886,898	35,412	56,766,800
Interest and sharia expense	(771,074)	(10,071,826)	(238,919)	(386,709)	(7,727)	(11,476,255)
Net interest and sharia income - net	2,570,135	40,382,958	809,578	1,500,189	27,685	45,290,545
Net fee and commission income - net	692,452	10,638,161	217,516	443,033	5,178	11,996,340
Net trading income - net	52,801	2,700,502	12,348	35,771	5,927	2,807,349
Other operating income	20,108	2,888,306	9,257	20,817	1,498	2,939,986
Total segment income	3,335,496	56,609,927	1,048,699	1,999,810	40,288	63,034,220
Depreciation and amortisation	(45,304)	(1,999,994)	(11,739)	(24,412)	(159)	(2,081,608)
Other material non-cash elements:						
Addition of impairment on assets	102,293	(2,416,393)	(68,922)	(293,722)	142	(2,676,602)
Other operating expenses	(1,236,204)	(23,146,516)	(403,921)	(753,556)	(29,749)	(25,569,946)
Income before tax	2,156,281	29,047,024	564,117	928,120	10,522	32,706,064
Income tax expense	-	-	-	-	-	(6,854,404)
Net income for the year	2,156,281	29,047,024	564,117	928,120	10,522	25,851,660

	2018					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Assets	54,136,829	725,271,031	17,008,223	27,621,371	750,490	824,787,944
Liabilities	54,136,829	569,471,430	17,008,223	27,621,362	200,935	668,438,779
Loans receivable - net	26,151,097	472,388,970	8,546,351	17,177,977	266,067	524,530,462
Deposits from customers	53,724,812	531,792,853	16,940,227	27,354,125	-	629,812,017
Sharia deposits	-	621,315	-	-	-	621,315
Temporary <i>syirkah</i> deposits	-	4,595,738	-	-	-	4,595,738

43. FINANCIAL RISK MANAGEMENT

The Bank has exposures to the following risks:

- Asset and liability risk
- Credit risk
- Liquidity risk
- Market risk
- Operational risk
- Consolidated risk

The following notes present information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and process which are undertaken by the Bank in measuring and managing risk.

a. Risk management framework

The Bank recognises that in operating its business, there are inherent risks in its financial instruments, i.e. credit risk, liquidity risk, market risk which consists of foreign exchange risk and interest rate risk, operational risk and other risk.

In order to control those risks, the Bank implemented an integrated Risk Management Framework which is stated in its Basic Policy of Risk Management ("KDMR"). This framework is used as a tool for determining the strategies, organisation, policies and guidances as well as the Bank's infrastructures to ensure that all risks faced by the Bank can be properly identified, measured, controlled and reported.

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43. FINANCIAL RISK MANAGEMENT (continued)**a. Risk management framework (continued)**

To implement an effective risk management, the Bank has established a Risk Management Committee whose functions are to address overall risk issues faced by the Bank and recommend risk management policies to the Board of Directors.

In addition to the above-mentioned committee, the Bank also has other committees which are responsible to handle specific risks, such as: Credit Policy Committee, Credit Committee and Asset and Liability Committee ("ALCO").

The Bank always conducts a thorough risk assessment on management plan to release new products and/or activities in accordance with the type of risks regulated by the prevailing Bank Indonesia Regulations ("PBI"), Financial Services Authority Regulation ("POJK") and other prevailing regulations.

b. Assets and liabilities risk management

ALCO is responsible for evaluating, recommending and establishing the Bank's funding and investing strategies. Included in the scope of ALCO activities are managing liquidity risk, interest rate risk and foreign exchange risk; minimising funding cost and at the same time maintaining liquidity; and optimising the Bank's interest income by allocating the funds to productive assets in a prudent manner.

ALCO is led by the President Director (concurrently as a member of ALCO), with other members consisting of 10 (ten) directors, Executive Vice President which supervise Treasury and International Banking Division, Executive Vice President which supervise Corporate Banking Group, Executive Vice President which supervise Corporate Finance Division also Corporate Secretary, Head of International Banking Division, Head of Treasury Division, Head of Corporate Finance Division, Head of Corporate Banking and Corporate Finance Group, Head of Commercial and SME Division, Head of Transaction Banking Product Development Division, Head of Business Development & Transaction Banking Marketing Division, Head of Transaction Banking Cooperation Solution Development Division, Head of Consumer Credit Business Unit and Head of Risk Management Unit.

The Bank's asset and liability management process begins with an assessment of economic parameters affecting the Bank, which primarily consist of inflation rate, market liquidity, yield curve, US Dollar-Rupiah exchange rate, and other macro economic factors. Liquidity risks, foreign currency exchange risks and interest rate risks are reviewed by the Risk Management Unit and reported to ALCO. ALCO then decides the pricing strategy for the interest rates on deposits and loans based on the conditions and competition in the market.

c. Credit risk management

The credit organisation is continuously being improved with an emphasis on the four eyes principle, in which the credit decision is determined with the considerations of 2 (two) functions, i.e. business development function and credit risk analysis function.

The Bank has Basic Policy of Bank's Credit ("KDPB") which are continuously being improved, in line with the Bank's development, PBI, POJK and in accordance with International Best Practices.

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43. FINANCIAL RISK MANAGEMENT (continued)**c. Credit risk management (continued)**

The improvement on procedures and credit risk management system are conducted through the development of "Loan Origination System" which is a policy that regulates the workflow on loan origination process (end-to-end) in order to achieve an effective and efficient credit process. Risk profile measurement system is continuously being developed to determine the risk of debtor completely and correctly. The credit database development process is also continuously being conducted and improved.

The Credit Policy Committee is responsible for formulating credit policies, especially those that relate to prudence principles in credit, monitoring and evaluating the implementation of credit policies so that it can be applied consistently and in accordance with credit policy, and give advice and corrective actions to resolve problems in the implementation.

The Credit Committee was established to assist Board of Directors in evaluating and/or providing credit decisions in accordance with their level of authorisation through the Credit Committee Meeting or Directors' Circular Letter. The main functions of Credit Committee are as follows:

- providing further guidance if a thorough and comprehensive credit analysis is needed;
- making a decision or giving a recommendation on a credit proposal for big debtors and specific industries; and
- coordinating with ALCO, especially when it relates with sources of funding for credits.

The Bank has developed a debtor's risk rating system, which is known as the Internal Credit Risk Rating/Scoring System. The Internal Credit Risk Rating/Scoring System consists of 11 (eleven) categories of risk rating ranging from RR1 to RR10, and the worst is Loss. The Bank also implements debtor risk rating system for consumptive segment, which is also called as Internal Credit Risk Scoring System, consists of 10 (ten) risk rating categories ranging from RR1 (the best/the lowest) to RR10 (the worst/the highest). Debtor's risk rating provides an authorised officer with a valuable input for a better and more appropriate credit decision.

To maintain the credit quality, monitoring over credit quality is performed regularly on each credit category (Corporate, Commercial, Small & Medium Enterprise ("SME") and Consumer) as well as to overall credit portfolio.

The Bank has developed a credit risk management tools through credit portfolio stress testing analysis and monitoring the results of such stress testing. Stress testing is used by the Bank as a tool to estimate the impact of stressful condition in order to enable the Bank creating appropriate strategies to mitigate the risks as part of its contingency plan implementation.

In order to monitor and control credit risk of the Subsidiaries, the Bank monitors the Subsidiaries' credit risk regularly, to ensure that the Subsidiaries have a good and effective Credit Risk Management Policy.

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

i. Maximum exposure to credit risk

For financial assets recognised in the consolidated statements of financial position, the maximum exposure to credit risk generally equals their carrying amount. For bank guarantees and irrevocable Letters of Credit issued, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the bank guarantees and irrevocable Letters of Credit issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the unused committed loan facilities granted to customers.

The following table presents maximum exposure to Bank and Subsidiaries credit risk of financial instruments in the consolidated statements of financial position (on-balance sheet) and consolidated administrative accounts (off-balance sheet).

	2019	2018
Consolidated financial position :		
Current accounts with Bank Indonesia	47,904,674	43,548,309
Current accounts with other banks	10,521,687	8,497,938
Placements with Bank Indonesia and other banks	30,948,274	31,682,811
Financial assets held for trading	5,910,146	5,841,824
Acceptance receivables - net	9,492,755	11,582,285
Bills receivable - net	7,909,020	8,600,709
Securities purchased under agreements to resell - net	9,575,565	9,212,684
Loans receivable - net	572,033,999	524,530,462
Consumer financing receivables - net	10,532,424	7,613,709
Investment in finance leases - net	149,428	174,212
Assets related to sharia transactions - <i>murabahah</i> receivables - net	1,584,223	1,679,410
Investment securities - net	142,982,705	109,080,663
Other assets - net		
Accrued interest income	4,487,493	3,712,424
Transactions related to ATM and credit card	3,826,536	6,267,324
Unaccepted bills receivable	39,697	88,221
Receivables from customer transactions	166,736	213,234
Receivables from insurance transactions	296,709	226,213
	858,362,071	772,552,432

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

i. Maximum exposure to credit risk (continued)

The following table presents maximum exposure to Bank and Subsidiaries credit risk of financial instruments in the consolidated statements of financial position (on-balance sheet) and consolidated administrative accounts (off-balance sheet). (continued)

	2019	2018
Consolidated administrative account:		
Unused credit facilities to customers - committed	152,604,164	145,599,557
Unused credit facilities to other banks - committed	2,455,331	1,260,022
Irrevocable Letters of Credit facilities	8,590,916	10,365,963
Bank guarantees issued to customers	15,737,312	15,241,182
	<u>179,387,723</u>	<u>172,466,724</u>
	<u>1,037,749,794</u>	<u>945,019,156</u>

ii. Concentration of credit risk analysis

The Bank encourages the diversification of its credit portfolio among a variety of geographic area, industries and products in order to minimise the credit risk.

The concentration of loans by type of loan, currency and economic sector is disclosed in Note 13.

Based on counterparty

The following table presents concentration of credit risk of the Group by counterparty:

	2019				
	Corporate	Government and Bank Indonesia	Bank	Individual	Total
Consolidated financial position:					
Current accounts with Bank Indonesia	-	47,904,674	-	-	47,904,674
Current accounts with other banks	-	-	10,521,687	-	10,521,687
Placement with Bank Indonesia and other banks	-	26,313,814	4,634,460	-	30,948,274
Financial assets held for trading	299,865	3,378,221	2,232,060	-	5,910,146
Acceptance receivables	9,192,501	535	476,341	-	9,669,377
Bills receivable	627,260	83,962	7,200,532	-	7,911,754
Securities purchased under agreements to resell	114,620	9,147,128	290,447	25,103	9,577,298
Loans receivable	369,169,253	1,500,000	25,507,282	190,763,048	586,939,583
Consumer financing receivables	291,920	-	298	10,713,303	11,005,521
Investment in finance leases - net	141,806	-	-	10,769	152,575
Assets related to sharia transactions - murabahah receivables	732,819	-	-	886,916	1,619,735
Investment securities	23,447,231	110,735,136	8,870,758	-	143,053,125
Other assets					
Accrued interest income	1,719,981	1,813,411	274,181	679,923	4,487,496
Transactions related to ATM and credit card	3,826,536	-	-	-	3,826,536
Unaccepted bills receivable	40,596	-	-	-	40,596
Receivables from customer transactions	35,593	-	-	131,143	166,736
Receivables from insurance transactions	239,947	-	20,245	36,517	296,709
Total	409,879,928	200,876,881	60,028,291	203,246,722	874,031,822
Less:					
Allowance for impairment losses					(15,669,751)
					<u>858,362,071</u>

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

ii. Concentration of credit risk analysis (continued)

Based on counterparty (continued)

The following table presents concentration of credit risk of the Group by counterparty:
(continued)

	2019				
	Corporate	Government and Bank Indonesia	Bank	Individual	Total
Commitments and contingencies with credit risk:					
Unused credit facilities - committed	128,677,077	500,000	2,455,331	23,427,087	155,059,495
Irrevocable Letters of Credit facilities	8,590,009	-	-	907	8,590,916
Bank guarantees issued to customers	14,061,967	-	577,578	1,097,767	15,737,312
	151,329,053	500,000	3,032,909	24,525,761	179,387,723
	2018				
	Corporate	Government and Bank Indonesia	Bank	Individual	Total
Consolidated financial position:					
Current accounts with Bank Indonesia	-	43,548,309	-	-	43,548,309
Current accounts with other banks	-	-	8,497,938	-	8,497,938
Placement with Bank Indonesia and other banks	-	21,170,352	10,512,459	-	31,682,811
Financial assets held for trading	189,233	4,717,155	935,436	-	5,841,824
Acceptance receivables	11,428,458	167	475,907	13,603	11,918,135
Bills receivable	826,677	366,086	7,413,620	-	8,606,383
Securities purchased under agreements to resell	-	3,986,380	5,195,638	30,666	9,212,684
Loans receivable	326,317,336	2,500,000	23,857,038	185,425,074	538,099,448
Consumer financing receivables	239,107	-	196	7,738,434	7,977,737
Investment in finance leases - net	167,451	-	-	10,380	177,831
Assets related to sharia transactions - <i>murabahah</i> receivables	1,095,243	-	-	611,697	1,706,940
Investment securities	19,620,012	80,163,819	9,388,290	-	109,172,121
Other assets					
Accrued interest income	1,521,979	1,241,283	290,395	658,767	3,712,424
Transactions related to ATM and credit card	6,267,324	-	-	-	6,267,324
Unaccepted bills receivable	90,251	-	-	-	90,251
Receivables from customer transactions	14,716	-	-	198,518	213,234
Receivables from insurance transactions	200,749	-	15,666	9,798	226,213
Total	367,978,536	157,693,551	66,582,583	194,696,937	786,951,607
Less:					
Allowance for impairment losses					(14,399,175)
					772,552,432
Commitments and contingencies with credit risk :					
Unused credit facilities - committed	121,382,320	-	1,287,377	24,189,882	146,859,579
Irrevocable Letters of Credit facilities	10,360,579	-	-	5,384	10,365,963
Bank guarantees issued to customers	13,204,698	-	920,186	1,116,298	15,241,182
	144,947,597	-	2,207,563	25,311,564	172,466,724

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

iii. Credit risk analysis

The following table presents individually impaired financial assets, financial assets that are not individually significant and collectively assessed for impairment, past due but not impaired financial assets and neither past due nor impaired financial assets.

2019										
	Individually impaired	Past due but not impaired			Neither past due nor impaired			Other financial assets	Not individually significant and collectively assessed for impairment	Total
		1 - 30 days	31 - 60 days	61 - 90 days	Acceptance receivables, bills receivable and loans receivable					
					High grade	Standard grade	Low grade			
Loans and receivables:										
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	47,904,674	-	47,904,674
Current accounts with other banks	-	-	-	-	-	-	-	10,521,687	-	10,521,687
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	29,474,447	-	29,474,447
Acceptance receivables - net	-	-	-	-	4,863,217	4,311,314	17,851	-	300,373	9,492,755
Bills receivable - net	-	-	-	-	2,979,636	1,321,656	55,514	-	3,552,214	7,909,020
Securities purchased under agreements to resell - net	-	-	-	-	-	-	-	9,575,565	-	9,575,565
Loans receivable - net	1,469,364	716,117	156,606	136,021	244,286,451	83,481,169	1,309,528	-	240,478,743	572,033,999
Consumer financing receivables - net	-	-	-	-	-	-	-	-	10,532,424	10,532,424
Investment in finance leases - net	-	-	-	-	-	-	-	-	149,428	149,428
Assets related to sharia transactions - <i>murabahah</i> receivables - net	6,556	-	-	-	-	-	-	-	1,577,667	1,584,223
Other assets - net	-	-	-	-	-	-	-	-	4,487,493	4,487,493
Accrued interest income	-	-	-	-	-	-	-	-	-	-
Transactions related to ATM and credit card	-	-	-	-	-	-	-	3,826,536	-	3,826,536
Unaccepted bills receivable	-	-	-	-	-	-	-	-	39,697	39,697
Receivables from customer transactions	-	-	-	-	-	-	-	-	166,736	166,736
Receivables from insurance transactions	-	-	-	-	-	-	-	-	296,709	296,709
	1,475,920	716,117	156,606	136,021	252,129,304	89,114,139	1,382,893	101,302,909	261,581,484	707,995,393
Measured at fair value through profit or loss:										
Financial assets held-for-trading	-	-	-	-	-	-	-	5,910,146	-	5,910,146
	-	-	-	-	-	-	-	5,910,146	-	5,910,146
Available-for-sale:										
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	1,473,827	-	1,473,827
Investment securities - net	-	-	-	-	-	-	-	126,876,925	-	126,876,925
	-	-	-	-	-	-	-	128,350,752	-	128,350,752
Held-to-maturity:										
Investment securities - net	-	-	-	-	-	-	-	16,105,780	-	16,105,780
	-	-	-	-	-	-	-	16,105,780	-	16,105,780
	1,475,920	716,117	156,606	136,021	252,129,304	89,114,139	1,382,893	251,669,587	261,581,484	858,362,071

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

iii. Credit risk analysis (continued)

The following table presents individually impaired financial assets, financial assets that are not individually significant and collectively assessed for impairment, past due but not impaired financial assets and neither past due nor impaired financial assets. (continued)

2018										
	Individually impaired	Past due but not impaired			Neither past due nor impaired			Other financial assets	Not individually significant and collectively assessed for impairment	Total
		1 - 30 days	31 - 60 days	61 - 90 days	Acceptance receivables, bills receivable and loans receivable					
					High grade	Standard grade	Low grade			
Loans and receivables:										
Current accounts with Bank Indonesia	-	-	-	-	-	-	-	43,548,309	-	43,548,309
Current accounts with other banks	-	-	-	-	-	-	-	8,497,938	-	8,497,938
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	29,640,544	-	29,640,544
Acceptance receivables - net	2,909	-	-	-	6,259,128	5,075,845	12,761	-	231,642	11,582,285
Bills receivable - net	-	-	-	-	4,823,706	1,024,353	-	-	2,752,650	8,600,709
Securities purchased under agreements to resell - net	-	-	-	-	-	-	-	9,212,684	-	9,212,684
Loans receivable - net	1,234,744	110,414	139,455	87,828	226,535,490	67,576,937	1,049,715	-	227,795,879	524,530,462
Consumer financing receivables - net	-	-	-	-	-	-	-	-	7,613,709	7,613,709
Investment in finance leases - net	-	-	-	-	-	-	-	-	174,212	174,212
Assets related to sharia transactions - <i>murabahah</i> receivables - net	-	-	-	-	-	-	-	-	1,679,410	1,679,410
Other assets - net	-	-	-	-	-	-	-	-	3,712,424	3,712,424
Accrued interest income	-	-	-	-	-	-	-	-	-	-
Transactions related to ATM and credit card	-	-	-	-	-	-	-	5,267,324	-	6,267,324
Unaccepted bills receivable	-	-	-	-	-	-	-	-	88,221	88,221
Receivables from customer transactions	-	-	-	-	-	-	-	-	213,234	213,234
Receivables from insurance transactions	-	-	-	-	-	-	-	-	226,213	226,213
	1,237,653	110,414	139,455	87,828	237,618,324	73,677,135	1,062,476	97,166,799	244,487,594	655,587,678
Measured at fair value through profit or loss:										
Financial assets held-for-trading	-	-	-	-	-	-	-	5,841,824	-	5,841,824
	-	-	-	-	-	-	-	5,841,824	-	5,841,824
Available-for-sale:										
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	-	2,042,267	-	2,042,267
Investment securities - net	-	-	-	-	-	-	-	95,252,803	-	95,252,803
	-	-	-	-	-	-	-	97,295,070	-	97,295,070
Held-to-maturity:										
Investment securities - net	-	-	-	-	-	-	-	13,827,860	-	13,827,860
	-	-	-	-	-	-	-	13,827,860	-	13,827,860
	1,237,653	110,414	139,455	87,828	237,618,324	73,677,135	1,062,476	214,131,553	244,487,594	772,552,432

Individually impaired financial assets

Individually impaired financial assets are financial assets that are individually significant and there is objective evidence that impairment loss has incurred after initial recognition of the financial assets.

Based on the Bank's internal policy, loans that are determined to be individually significant are loans to corporate and commercial debtors.

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

iii. Credit risk analysis (continued)

Financial assets that are not individually significant and assessed for collective impairment

Financial assets that are not individually significant consist of loans and receivables of the Group to retail debtors, i.e. Small & Medium Enterprise ("SME") debtors, consumer financing receivables (including joint financing) debtors, mortgage and its housing renovation loans, vehicle loans and credit card.

The Group determines that impairment losses of financial assets that are not individually significant are assessed collectively, by grouping those financial assets based on similar risk characteristics.

Past due but not impaired financial assets

Past due but not impaired financial assets are financial assets from corporate and commercial segment, for which contractual interest or principal payments are past due, but the Group believes that individual impairment has not occurred on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Group.

Neither past due nor impaired financial assets

Included in neither past due nor impaired financial assets are financial assets which are not impaired individually and have been grouped based on similar risk characteristics for the purpose of assessing its collective impairment for the incurred but not yet reported losses ("IBNR").

Based on its quality, neither past due nor impaired loans receivable, acceptance receivables and bills receivable are classified into 3 (three) categories, i.e. high grade, standard grade and low grade, in accordance with the Bank's internal estimate of each debtor's probability of default or certain portfolios that have been assessed against a range of qualitative and quantitative factors.

Loans receivable, acceptance receivables and bills receivable with risk rating of RR1 to RR7 are included in high grade category. Included in high grade category are loans to debtors which have strong capacity to repay all of its obligations in a timely manner, supported by strong fundamental factors and are not easily affected by unfavourable economic conditions.

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43. FINANCIAL RISK MANAGEMENT (continued)**c. Credit risk management (continued)****iii. Credit risk analysis (continued)****Neither past due nor impaired financial assets (continued)**

Loans receivable, acceptance receivables and bills receivable with risk rating of RR8 to RR9 are included in standard grade category. Included in standard grade category are loans to debtors which considered to have sufficient capacity to repay its contractual interest and principal, but quite sensitive to unfavourable changes of economic conditions.

Loans receivable, acceptance receivables and bills receivable with risk rating RR10 and Loss are included in low grade category. Included in low grade category are loans to debtors with volatile repayment capacity, have poor fundamental factors and are easily affected by unfavourable economic conditions.

iv. Collateral

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types that can be accepted by the Bank. The Bank differentiates collateral types based on its liquidity and existence into solid collaterals and non-solid collaterals. Solid collaterals are collaterals which have relatively high liquidity value and/or the existence is permanent (is not easily moved) i.e., cash collaterals and land/building, and therefore, the collaterals can be repossessed or taken over by the Bank when the loan to debtor/group debtor becomes non-performing. Non-solid collaterals are collaterals which have relatively low liquidity value and/or the existence is temporary (easily moveable) i.e., vehicles, machineries, inventories, receivables, etc. As of 31 December 2019 and 2018, the Bank held collaterals against loans receivables in the form of cash, properties (land/building), motor vehicles, guarantees, machineries, inventories, debt securities, etc.

The Bank's policy in connection with collateral as mitigation of credit risk depends on the credit category or facilities provided. For SME loans, all loans should be supported with collateral (collateral based lending) whereby at least 50% (fifty percent) of it are solid collaterals. For corporate and commercial loans, the collateral values are determined based on the individual debtor credit worthiness. The collateral value is determined based on the appraisal value at the time of loan approval and periodically reviewed.

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

iv. Collateral (continued)

For mortgage facility ("KPR"), the Bank requires that all facilities should be supported by collateral properties (land/building). The Bank applies the Loan-to-Value ("LTV") regulation gradually, starting from the first mortgage facility and so forth, in accordance with the rules imposed by the regulator. Value of the collateral for KPR is calculated based on the collateral value when credit is granted and renewed every 30 (thirty) months. For auto loan facility ("KKB"), the Bank requires that all facilities should be supported by collateral vehicles. The Bank applied the down payment rule, in accordance with the regulation imposed by the regulator.

Subsidiaries' consumer financing receivables are secured by the related certificates of ownership ("BPKB") of the vehicles being financed.

For foreign exchange transactions, either spot or forward, the Bank requires cash collaterals which is set at a certain percentage of facility provided. If the debtor has other credit facilities in the Bank, the debtor may use the collateral that has been given previously to be crossed with each other. The policy on percentage of the required collateral will be reviewed periodically, in line with the fluctuation and volatility of Rupiah currency to foreign currency exchange rate.

Details of financial and non-financial assets obtained by the Bank during the year by taking possession of collaterals held as security against financial assets as of 31 December 2019 and 2018, presented in other assets at the lower of carrying amount and net realisable value, were as follows:

	2019	2018
Land	131,980	70,324
Building	803,028	456,181
Other commercial properties	39,911	665
Financial assets and other assets	1,960	2,703
Fair value	976,879	529,873

The Bank generally does not use repossessed non-cash collateral for its own operations. The Bank's policy is to realise collaterals which are repossessed as part of the settlement of credit.

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43. FINANCIAL RISK MANAGEMENT (continued)

c. Credit risk management (continued)

v. Financial assets held for trading

As of 31 December 2019 and 2018, the Group had financial assets held for trading at the fair value amounting to Rp 5,910,146 and Rp 5,841,824, respectively (see Note 9). Information on credit quality of the maximum exposure to credit risk of financial assets held for trading was as follows:

	2019	2018
Government securities:		
Investment grade	3,378,221	4,717,155
Corporate bonds:		
Investment grade	132,990	40,616
Derivative assets:		
Other banks as counterparties	1,814,854	906,915
Corporates as counterparties	120,742	133,041
Others	463,339	44,097
Fair value	5,910,146	5,841,824

vi. Investment securities

As of 31 December 2019 and 2018, the Group had investment securities at the carrying value amounting to Rp 142,982,705 and Rp 109,080,663, respectively (see Note 15). Information on credit quality of the maximum exposure to credit risk of investment securities was as follows:

	2019	2018
Government securities:		
Investment grade	109,838,886	79,211,468
Corporate bonds:		
Investment grade	16,839,052	15,066,115
Others	16,304,767	14,803,080
Carrying value	142,982,705	109,080,663

d. Liquidity risk management

The Bank emphasises the importance of maintaining adequate liquidity to meet its commitments to its customers and other parties, whether in loans disbursement, repayment of customers' deposits or to meet operational liquidity requirements. The management of overall liquidity needs is overseen by ALCO and operationally by the Treasury Division.

The Bank has implemented the relevant liquidity rules in accordance with regulatory requirement for the Bank to maintain Rupiah liquidity (Minimum Statutory Reserve/*Giro Wajib Minimum* or GWM) both on daily and on average for a particular reporting period, which consists of Primary Minimum Statutory Reserve and MIR (Macroprudential Intermediation Ratio) in the form of Rupiah demand deposits at Bank Indonesia, MLB (Macroprudential Liquidity Buffer) in the form of SBI, SDBI and SBN, as well as foreign currency Minimum Statutory Reserve in the form of foreign currency demand deposits in Bank Indonesia.

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43. FINANCIAL RISK MANAGEMENT (continued)

d. Liquidity risk management (continued)

The Bank monitors its liquidity by maintaining sufficient liquid assets to repay the customers' deposits and ensuring that total assets mature in each period is sufficient to cover total matured liabilities.

The Bank's liquid assets mainly consist of placements with Bank Indonesia and other banks, including current accounts with Bank Indonesia and other banks and cash. If the Bank needs liquidity, the Bank can immediately drawdown excess reserve funds over its Minimum Statutory Reserve in the current accounts with Bank Indonesia ("GWM"), sell the Certificates of Bank Indonesia ("SBI")/State Debentures ("SUN")/other government securities or sell SBI/SUN/other government securities under repurchase agreements, early redemption of BI term deposits or seek for borrowings from interbank money market in Indonesia. The Bank's primary reserve consists of the Minimum Statutory Reserve and cash held at branches.

In order to reduce risk of dependency to single funding, the Subsidiaries have diversified its funding resources. Besides capital and collection from customers, the Subsidiaries generate funding resources from bank loans and capital market, through bonds and medium-term notes issuance.

The following table presents the contractual undiscounted cash flows of financial liabilities and administrative accounts of the Group based on remaining period to contractual maturity as of 31 December 2019 and 2018:

	2019					
	Carrying amount	Gross nominal inflow/ (outflow)	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years
Non-derivative financial liabilities						
Deposits from customers	(698,980,068)	(699,387,072)	(647,106,202)	(34,798,731)	(17,462,139)	-
Sharia deposits	(1,035,526)	(1,036,015)	(1,036,015)	-	-	-
Deposits from other banks	(6,717,474)	(6,717,597)	(6,581,497)	(36,000)	(100)	-
Acceptance payables	(5,321,249)	(5,321,249)	(1,919,003)	(2,301,825)	(1,026,305)	(74,116)
Securities sold under agreements to repurchase	(113,249)	(114,750)	(114,750)	-	-	-
Debt securities issued	(1,347,523)	(1,551,087)	(73,158)	(26,760)	(842,279)	(682,048)
Borrowings	(2,332,870)	(2,335,654)	(73,158)	(148,288)	(1,864,397)	(249,813)
Other liabilities	(3,287,368)	(3,287,368)	(3,268,228)	(17,426)	(1,704)	(10)
Subordinated bonds	(500,000)	(509,296)	(9,296)	-	-	(500,000)
	(719,635,327)	(720,240,088)	(660,208,149)	(37,329,028)	(21,196,924)	(1,005,987)
Derivative financial liabilities						
Financial liabilities held for trading:						
Outflow	(106,280)	(9,189,024)	(5,244,953)	(3,163,079)	(780,992)	-
Inflow		9,084,206	5,193,975	3,119,612	770,619	-
Other liabilities	(38,783)	(38,783)	(38,783)	-	-	-
	(145,043)	(143,601)	(89,761)	(43,467)	(10,373)	-
Administrative accounts						
Unused credit facilities to customers - committed		(152,604,164)	(152,604,164)	-	-	-
Unused credit facilities to other banks - committed		(2,455,331)	(2,455,331)	-	-	-
Irrevocable Letters of Credit facilities		(8,590,816)	(3,142,922)	(4,293,786)	(1,154,208)	-
Bank guarantees issued to customers		(15,737,312)	(1,563,549)	(2,954,540)	(8,987,269)	(2,220,586)
		(179,387,723)	(159,765,966)	(7,248,326)	(10,141,477)	(2,220,586)
	(719,780,370)	(899,771,412)	(820,063,876)	(44,620,821)	(31,348,774)	(3,226,583)
						(511,358)

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43. FINANCIAL RISK MANAGEMENT (continued)

d. Liquidity risk management (continued)

The following table presents the contractual undiscounted cash flows of financial liabilities and administrative accounts of the Group based on remaining period to contractual maturity as of 31 December 2019 and 2018: (continued)

	Carrying amount	Gross nominal inflow/ (outflow)	2018				
			Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	> 5 years
Non-derivative financial liabilities							
Deposits from customers	(629,812,017)	(630,209,040)	(585,523,692)	(30,646,614)	(14,038,734)	-	-
Sharia deposits	(621,315)	(621,657)	(621,657)	-	-	-	-
Deposits from other banks	(6,494,491)	(6,494,562)	(6,456,982)	(37,500)	(100)	-	-
Acceptance payables	(5,843,486)	(5,843,486)	(1,969,737)	(2,653,028)	(1,108,574)	(112,147)	-
Securities sold under agreements to repurchase	(48,111)	(49,386)	(49,386)	-	-	-	-
Debt securities issued	(239,735)	(250,188)	-	(5,094)	(245,094)	-	-
Borrowings	(2,093,475)	(2,097,061)	(251,494)	(122,500)	(1,491,922)	(231,145)	-
Other liabilities	(5,600,443)	(5,600,443)	(5,588,712)	(9,078)	(2,653)	-	-
Subordinated bonds	(500,000)	(508,972)	(8,972)	-	-	-	(500,000)
	(651,253,073)	(651,674,795)	(600,470,612)	(33,473,814)	(16,887,077)	(343,292)	(500,000)
Derivative financial liabilities							
Financial liabilities held for trading:	(188,934)						
Outflow		(6,880,448)	(4,577,272)	(1,185,592)	(1,117,584)	-	-
Inflow		6,756,169	4,505,857	1,165,473	1,084,839	-	-
Other liabilities	(25,518)	(25,518)	(25,518)	-	-	-	-
	(214,452)	(149,797)	(96,933)	(20,119)	(32,745)	-	-
Administrative accounts							
Unused credit facilities to customers - committed		(145,599,557)	(145,599,557)	-	-	-	-
Unused credit facilities to other banks - committed		(1,260,022)	(1,260,022)	-	-	-	-
Irrevocable Letters of Credit facilities		(10,365,963)	(3,934,116)	(4,442,304)	(1,484,835)	(504,708)	-
Bank guarantees issued to customers		(15,241,182)	(1,565,166)	(3,253,063)	(8,220,583)	(2,202,295)	(75)
		(172,466,724)	(152,358,861)	(7,695,367)	(9,705,418)	(2,707,003)	(75)
	(651,467,525)	(824,291,316)	(752,926,406)	(41,189,300)	(26,625,240)	(3,050,295)	(500,075)

The tables above were prepared based on remaining contractual maturities of the financial liabilities and irrevocable Letters of Credit facility, while for issued guarantee contracts and unused committed credit facility were based on its earliest possible contractual maturity. The Bank's and Subsidiaries' expected cash flows from these instruments vary significantly from the above analysis. For example, current accounts and saving accounts are expected to have a stable or increasing balance, or unused committed credit facility to customers/other banks are not all expected to be drawn down immediately.

The nominal inflow and outflow disclosed in the above table represents the contractual undiscounted cash flows relating to the principal and interest on the financial liabilities or commitments. The disclosure for derivatives shows a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (e.g., foreign currency forward).

Analysis on the carrying value of financial assets and liabilities based on remaining contractual maturities as of 31 December 2019 and 2018 are disclosed in Note 44.

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43. FINANCIAL RISK MANAGEMENT (continued)**e. Market risk management****i. Foreign exchange risk**

The Bank conducts foreign currency trading in accordance with its internal policies and regulations from Bank Indonesia regarding Net Open Position ("NOP"). In managing its foreign exchange risk, the Bank centralises the management of its NOP at the Treasury Division, which consolidates daily NOP reports from all branches. In general, each branch is required to square its foreign exchange risk at the end of each business day, although there is a NOP tolerance limit set for each branch depending on the volume of its foreign exchange activity. The Bank prepares its daily NOP report which combines the NOP from consolidated statements of financial position and administrative accounts. Bank has considered Domestic Non delivery Forward (DNDF) transaction as part of NOP report.

The Bank's revenue from foreign currency trading is mainly obtained from customer-related transactions and sometimes the Bank has NOP in certain amount to fulfill the customer's needs, in accordance with the Bank's internal guidelines. Trading for profit-taking purposes (proprietary trading) can only be performed for limited foreign currencies with small limits.

The Bank's foreign currency liabilities mainly consist of deposits and borrowings denominated in US Dollar. To comply with the NOP regulations, the Bank maintains its assets which consist of placements with other banks and loans receivable in USD.

To measure foreign exchange risk on trading book, the Bank uses Value at Risk ("VaR") method with Historical Simulation approach for the purpose of internal reporting, meanwhile for the purpose of Bank's Capital Adequacy Ratio ("CAR") report, the Bank used OJK standard method.

Bank's sensitivity towards foreign currency is taken into account by using NOP information translated to major foreign currency of the Bank, which is USD. The table below summarises the Bank's profit before tax sensitivity on changes of foreign exchange rate as of 31 December 2019 and 2018:

	Impact on profit before tax	
	+5%	-5%
31 December 2019	(3,881)	3,881
31 December 2018	(6,093)	6,093

Information about Bank's NOP as of 31 December 2019 and 2018 were disclosed in Note 45.

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43. FINANCIAL RISK MANAGEMENT (continued)**e. Market risk management (continued)****ii. Interest rate risk****Interest Rate Risk in the Banking Book**

The calculation of interest rate risk in the banking book ("IRRBB") uses two perspectives, which are the economic value perspective and the earnings perspective. It is intended so the Bank can identify risks more accurately and perform appropriate corrective actions.

To mitigate IRRBB, the Bank has set nominal limits for fixed rate loans and banking book securities, IRRBB limits and pricing strategies.

The measurement of IRRBB using 2 (two) methods is in accordance to Circular Letter of OJK No. 12/SEOJK.03/2018 regarding the Implementation of Risk Management and Standard Approach for Risk Measurement of Interest Rate Risk in Banking Book for Conventional Banks:

- a. Measurement based on the changes in the economic value of equity, which measures the impact of changes in interest rates on the economic value of Bank equity; and
- b. Measurement based on the changes in net interest income, which measures the impact of changes in interest rates on the Bank's earnings.

The Bank measures IRRBB for significant currencies, which are IDR and USD. In total of IRRBB, the maximum negative (absolute) value of the two currencies is aggregated.

The result of IRRBB calculation using EVE method as of 31 December 2019 was 3.17% of Tier 1 Capital. While, based on the NII method as of 31 December 2019 was 5.43% of Projected Income.

Interest Rate Risk in the Trading Book

The risk measurement is performed on Rupiah and USD which are then reported to ALCO. To measure interest rate risk on the trading book, the Bank uses VaR method with Historical Simulation approach for internal reporting purposes, while for the Minimum Capital Adequacy Ratio purpose, the Bank uses OJK's standard approach.

Cash flow interest rate risk is the risk that future cash flow from financial instruments fluctuates due to the movement in market interest rates. Fair value interest rate risk is the risk that the fair value of financial instruments fluctuates due to the movement in market interest rates. The Bank has exposure to the volatility in market interest rates both to the fair value risk and cash flows risk. To mitigate this risk, the Board of Directors have set VaR limits for trading book, which are monitored by the Risk Management Unit on a daily basis.

The Subsidiary is exposed to interest rate risk arising from consumer financing receivables, factoring receivables, other receivables, the issuance of fixed rate bonds payable and medium-term notes payable. The Subsidiary manages the interest rate risk by diversifying its financing sources to find the most suitable fixed interest rate to minimise mismatch.

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43. FINANCIAL RISK MANAGEMENT (continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

The table below summarises the Group financial assets and liabilities (non-trading purposes) at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates:

	2019						Total
	Floating interest rate		Fixed interest rate			Non-interest bearing	
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 year		
Financial assets							
Current accounts with Bank Indonesia	-	-	-	-	-	47,904,674	47,904,674
Current accounts with other banks	10,521,687	-	-	-	-	-	10,521,687
Placements with Bank Indonesia and other banks	-	-	29,679,822	711,202	557,250	-	30,948,274
Acceptance receivables - net	2,195,448	1,294,721	-	-	-	6,002,586	9,492,755
Bills receivable - net	-	-	7,909,020	-	-	-	7,909,020
Securities purchased under agreements to resell - net	-	-	5,289,326	4,286,239	-	-	9,575,565
Loans receivable - net	412,930,737	44,350,584	3,172,180	11,587,817	99,992,681	-	572,033,999
Consumer financing receivables - net	-	-	1,199,425	3,866,249	5,466,750	-	10,532,424
Investment in finance leases - net	-	-	28,800	47,803	72,825	-	149,428
Assets related to sharia transactions - <i>murabahah</i> receivables - net	-	-	-	-	-	1,584,223	1,584,223
Investment securities - net	15,586,109	-	16,815,066	36,497,675	73,440,328	643,527	142,982,705
Other assets	-	-	86,558	4,100	-	8,726,513	8,817,171
	441,233,981	45,645,305	64,180,197	57,001,085	179,529,834	64,861,523	852,451,925
Total							
Financial liabilities							
Deposits from customers	(530,552,234)	-	(149,514,560)	(18,913,274)	-	-	(698,980,068)
Sharia deposits	-	-	-	-	-	(1,035,526)	(1,035,526)
Deposits from other banks	(6,597,936)	-	(119,438)	(100)	-	-	(6,717,474)
Acceptance payables	-	-	-	-	-	(5,321,249)	(5,321,249)
Securities sold under agreements to repurchase	-	-	(113,249)	-	-	-	(113,249)
Debt securities issued	-	-	-	(758,006)	(589,517)	-	(1,347,523)
Borrowings	-	-	(468,660)	(1,614,397)	(249,813)	-	(2,332,870)
Other liabilities	-	-	-	-	-	(3,326,151)	(3,326,151)
Subordinated bonds	-	-	-	-	(500,000)	-	(500,000)
	(537,150,170)	-	(150,215,907)	(21,285,777)	(1,339,330)	(9,682,926)	(719,674,110)
Total							
Interest rate re-pricing gap	(95,916,189)	45,645,305	(86,035,710)	35,715,308	178,190,504	55,178,597	132,777,815

	2018						
	Floating interest rate		Fixed interest rate			Non-interest bearing	Total
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 year		
Financial assets							
Current accounts with Bank Indonesia	-	-	-	-	-	43,548,309	43,548,309
Current accounts with other banks	8,497,938	-	-	-	-	-	8,497,938
Placements with Bank Indonesia and other banks	-	-	29,610,654	2,011,628	60,529	-	31,682,811
Acceptance receivables - net	2,282,716	3,072,930	-	-	-	6,226,639	11,582,285
Bills receivable - net	-	-	8,600,709	-	-	-	8,600,709
Securities purchased under agreements to resell - net	-	-	9,182,018	30,666	-	-	9,212,684
Loans receivable - net	372,050,967	30,884,072	6,041,850	24,742,234	90,811,339	-	524,530,462
Consumer financing receivables - net	-	-	867,683	2,781,085	3,964,941	-	7,613,709
Investment in finance leases - net	-	-	44,995	58,850	70,367	-	174,212
Assets related to sharia transactions - <i>murabahah</i> receivables - net	-	-	-	-	-	1,679,410	1,679,410
Investment securities - net	13,842,503	-	20,387,803	20,570,491	53,673,587	606,279	109,080,663
Other assets	-	-	233,926	25,996	-	10,245,346	10,505,268
Total	396,674,124	33,957,002	74,969,638	50,220,950	148,580,763	62,305,983	766,708,460

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43. FINANCIAL RISK MANAGEMENT (continued)

e. Market risk management (continued)

ii. Interest rate risk (continued)

The table below summarises the Group financial assets and liabilities (non-trading purposes) at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates: (continued)

	2018					
	Floating interest rate		Fixed interest rate			Non-interest bearing
	Up to 3 months	> 3 months - 1 year	Up to 3 months	> 3 months - 1 year	More than 1 year	
Financial liabilities						
Deposits from customers	(483,003,754)	-	(131,455,903)	(15,352,360)	-	(629,812,017)
Sharia deposits	-	-	-	-	-	(621,315)
Deposits from other banks	(6,415,990)	-	(78,401)	(100)	-	(6,494,491)
Acceptance payables	-	-	-	-	-	(5,843,486)
Securities sold under agreements to repurchase	-	-	(48,111)	-	-	(48,111)
Debt securities issued	-	-	-	(239,735)	-	(239,735)
Subordinated bonds	-	-	-	-	(500,000)	(500,000)
Borrowings	-	-	(194,830)	(1,666,922)	(231,723)	(2,093,475)
Other liabilities	-	-	-	-	-	(5,625,961)
Total	(489,419,744)	-	(131,777,245)	(17,259,117)	(731,723)	(12,090,762)
Interest rate re-pricing gap	(92,745,620)	33,957,002	(56,807,607)	32,961,833	147,849,040	50,215,221

f. Operational risk management

Implementation of operational risk management (MRO) are outlined in Financial Services Authority Regulation ("POJK") No. 18/POJK.03/2016 dated 16 March 2016.

The Bank has Basic Policy of Operational Risk Management ("KMRO") as the basic guideline for managing operational risk in all working units.

The Bank has qualified infrastructure to support implementation of operational risk management, named Operational Risk Management Information System (ORMIS), which consists of three modules. The modules are Risk and Control Self Assessment (RCSA), Loss Event Database (LED), and Key Risk Indicator (KRI). This web-based application can be used by all working units to help them in managing operational risk. In order to make implementation of operational risk management is more effective and efficient, the bank continuously enhance the ORMIS in accordance with the latest bank operational activities.

Risk and Control Self Assessment ("RCSA")

RCSA aims to improve the awareness culture in managing operational risk to improve risk control of each employee in conducting their daily activities so it can minimize operational risk loss.

RCSA is conducted regularly in all working units (branches and head office) that are significantly exposed to operational risk.

The Bank regularly reviews and revalidates operational risk that may occur in working unit and also assess impact and likelihood grading that is used for RCSA so that the assessment of operational risk can provide more precise overview of activities and risk profiles of each working unit and bankwide.

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43. FINANCIAL RISK MANAGEMENT (continued)**f. Operational risk management (continued)****Loss Event Database ("LED")**

LED is used to gather operational risk loss data from all working units. The data are used by Bank to calculate Capital Requirement using Standardized Measurement Approach (SMA) method for operational risk. On the other hand, LED data is used to analyze and monitor operational risk events to take action immediately and minimize loss.

The Bank always conducts an independent review of operational risk loss data comprehensively to maintain the validity of data which are provided by working units.

Key Risk Indicator ("KRI")

KRI can provide an early warning sign of increasing operational risk in a working unit. Whenever there is an increase in risk, the system will send a notification to Risk Manager, so they can immediately take necessary actions to minimize operational risk that may occur.

The Bank regularly reviews and revalidates KRI parameters and thresholds to ensure KRI effectiveness in providing early warning signs of increased operational risk in working units.

The Bank presents implementation of operational risk management to working units and conducts Risk Awareness Program to embed and enhance the awareness culture in managing operational risk in working units.

g. Consolidated risk management

In accordance with Financial Services Authority Regulation ("POJK") No. 38/POJK.03/2017 dated 12 July 2017 regarding the Implementation of Consolidated Risk Management for Banks with Control over Subsidiaries, the Bank is required to implement consolidated risk management.

Implementation of consolidated risk management in the Bank is performed based on the above-mentioned Financial Services Authority regulation, including:

- Active supervision of Board of Commissioners and Board of Directors;
- Adequate policies and procedures and setting limits;
- Adequacy of the process of identification, measurement, monitoring and risk control, as well as risk management information system; and
- A comprehensive internal control system.

By referring to the concept for implementation of consolidated risk management, the implementation of risk management framework in Subsidiaries has been indirectly monitored and examined by the Bank's management.

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43. FINANCIAL RISK MANAGEMENT (continued)**g. Consolidated risk management (continued)**

In accordance with Financial Services Authority Regulation ("POJK") No. 17/POJK.03/2014 dated 18 November 2014 regarding the Implementation of Integrated Risk Management for Financial Conglomeration, a financial conglomeration should implement a comprehensive and effective integrated risk management, in this case the Bank as the main entity is obliged to integrate the implementation of risk management within the financial conglomeration.

Referring to the implementation of integrated risk management concept, implementation of tasks and responsibilities of Integrated Risk Management Working Unit is one of the functions of the existing Risk Management Working Unit. In performing their duties, Integrated Risk Management Working Unit coordinates with working units that conduct Risk Management function on the respective Financial Service Institution ("LJK") in financial conglomeration.

In addition to implement risk management in accordance with the regulations of their respective regulators, Subsidiaries have also implemented risk management in line with the implementation of risk management in the Main Entity. The purpose of implementing risk management in Subsidiaries is to provide added value and increase the competitiveness of companies, considering this is one of the fulfillments of the Bank's compliance with regulations and international standard practices.

In order to implement of integrated risk management effectively, the Bank also has an Accounting Information System and Risk Management System that can identify, measure and monitor the business risks of the Bank and Subsidiaries.

The Bank as the Main Entity has:

1. formed Integrated Risk Management Committee ("KMRT") with the aim of ensuring that the risk management framework has provided adequate protection to all Bank's and Subsidiaries' risks in integrated manner;
2. compiled Basic Policy of Integrated Risk Management ("KDMRT");
3. compiled several policies related to the implementation of Integrated Risk Management, including policies governing integrated capital, intra-group transactions, Integrated Risk Profile Reports and others; and
4. submitted to OJK:
 - a. Reports regarding the Main Entity and LJK included as members of the financial conglomeration to the OJK.
 - b. Integrated Risk Profile Report.
 - c. Integrated Capital Sufficiency Report.
 - d. Report on Changes in Members of the Financial Conglomerate.

Beside that the Group as conglomeration has performed integrated Stress Test to ensure that capital and liquidity on conglomeration level are still adequate during worst conditions (stress).

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44. MATURITY GAP OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the maturity gap profile of the Group financial assets and liabilities based on the remaining period until the contractual maturity date as of 31 December 2019 and 2018:

	2019					No contractual maturity	Total
	Up to 1 month	> 1 - 3 months	> 3 months - 1 years	> 1 - 5 years	More than 5 years		
Financial assets							
Cash	-	-	-	-	-	25,421,406	25,421,406
Current accounts with Bank Indonesia	-	-	-	-	-	47,904,674	47,904,674
Current accounts with other banks	10,521,687	-	-	-	-	-	10,521,687
Placement with Bank Indonesia and other banks	16,437,828	13,320,874	632,322	557,250	-	-	30,948,274
Financial assets held for trading	584,848	1,605,433	3,169,828	366,685	183,352	-	5,910,146
Acceptance receivables - net	2,589,802	4,334,386	2,495,647	72,820	-	-	9,492,755
Bills receivable - net	1,940,666	3,198,668	2,769,486	-	-	-	7,909,020
Securities purchased under agreements to resell - net	5,264,535	23,466	4,287,564	-	-	-	9,575,565
Loans receivable	31,190,189	48,679,014	174,808,447	186,644,023	146,413,158	-	587,734,831
Less:							
Allowance for impairment losses and deferred provision and commission income	-	-	-	-	-	-	(15,700,832)
Consumer financing receivable - net	119,797	170,298	1,464,379	8,627,482	150,468	-	10,532,424
Investment in finance leases - net	4,104	2,320	30,277	112,727	-	-	149,428
Assets related to sharia transactions - <i>murabahah</i> receivables - net	325	3,091	57,537	919,045	604,225	-	1,584,223
Investment securities - net	25,056,036	7,046,253	36,774,299	72,107,766	1,354,823	643,528	142,982,705
Other assets - net	4,175,291	379,227	1,160,054	2,204,225	710,400	187,974	8,817,171
	97,885,408	78,763,030	227,649,840	271,612,023	149,416,426	74,157,582	883,783,477
Financial liabilities							
Deposits from customers	(646,719,198)	(34,798,731)	(17,462,139)	-	-	-	(698,980,068)
Sharia deposits	(1,035,526)	-	-	-	-	-	(1,035,526)
Deposits from other banks	(6,681,374)	(36,000)	(100)	-	-	-	(6,717,474)
Financial liabilities held for trading	(62,716)	(35,786)	(2,613)	(5,145)	-	-	(106,260)
Securities sold under agreement to repurchase	(113,249)	-	-	-	-	-	(113,249)
Acceptance payables	(1,919,003)	(2,301,825)	(1,026,305)	(74,116)	-	-	(5,321,249)
Debt securities issued	-	-	(758,006)	(589,517)	-	-	(1,347,523)
Borrowings	(70,374)	(148,286)	(1,864,397)	(249,813)	-	-	(2,332,870)
Other liabilities	(3,307,011)	(17,426)	(1,704)	(10)	-	-	(3,326,151)
Subordinated bonds	-	-	-	-	(500,000)	-	(500,000)
	(659,908,451)	(37,338,054)	(21,115,264)	(918,601)	(500,000)	-	(719,780,370)
Net position	(562,023,043)	41,424,976	206,534,576	270,693,422	148,916,426	74,157,582	164,003,107
	2018					No contractual maturity	Total
	Up to 1 month	> 1 - 3 months	> 3 months - 1 years	> 1 - 5 years	More than 5 years		
Financial assets							
Cash	-	-	-	-	-	21,691,443	21,691,443
Current accounts with Bank Indonesia	-	-	-	-	-	43,548,309	43,548,309
Current accounts with other banks	8,497,938	-	-	-	-	-	8,497,938
Placement with Bank Indonesia and other banks	28,412,993	1,197,660	2,011,629	60,529	-	-	31,682,811
Financial assets held for trading	2,225,222	1,220,207	2,195,922	115,895	84,578	-	5,841,824
Acceptance receivables - net	3,088,222	4,329,898	4,053,162	111,003	-	-	11,582,285
Bills receivable - net	2,269,070	3,639,615	2,692,024	-	-	-	8,600,709
Securities purchased under agreements to resell - net	5,195,638	3,986,380	30,666	-	-	-	9,212,684
Loans receivable	36,042,785	41,393,814	158,902,156	175,803,366	126,714,191	-	538,856,312
Less:							
Allowance for impairment losses and deferred provision and commission income	-	-	-	-	-	-	(14,325,850)
Consumer financing receivable - net	131,998	133,085	917,521	6,242,104	189,001	-	7,613,709
Investment in finance leases - net	11,225	2,163	19,138	141,686	-	-	174,212
Assets related to sharia transactions - <i>murabahah</i> receivables - net	170	1,370	34,642	1,015,521	627,707	-	1,679,410
Investment securities - net	27,891,286	5,849,836	20,978,132	52,774,584	980,545	606,280	109,080,663
Other assets - net	6,463,907	423,526	803,364	1,963,074	686,557	166,988	10,507,416
	120,230,454	62,177,554	192,638,356	238,227,762	129,282,579	66,013,020	794,243,875
Financial liabilities							
Deposits from customers	(585,126,669)	(30,646,614)	(14,038,734)	-	-	-	(629,812,017)
Sharia deposits	(621,315)	-	-	-	-	-	(621,315)
Deposits from other banks	(6,456,891)	(37,500)	(100)	-	-	-	(6,494,491)
Financial liabilities held for trading	(79,223)	(26,167)	(51,379)	(32,165)	-	-	(188,934)
Securities sold under agreement to repurchase	(48,111)	-	-	-	-	-	(48,111)
Acceptance payables	(1,969,737)	(2,653,028)	(1,108,574)	(112,147)	-	-	(5,843,486)
Debt securities issued	-	-	(239,735)	-	-	-	(239,735)
Borrowings	(247,908)	(122,500)	(1,491,922)	(231,145)	-	-	(2,093,475)
Other liabilities	(5,814,230)	(9,078)	(2,653)	-	-	-	(5,825,961)
Subordinated bonds	-	-	-	-	(500,000)	-	(500,000)
	(600,164,084)	(33,494,887)	(16,933,097)	(375,457)	(500,000)	-	(651,467,525)
Net position	(479,933,630)	28,682,667	175,705,259	237,852,305	128,782,579	66,013,020	142,776,350

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45. NET OPEN POSITION

The Bank's net foreign exchange positions (Net Open Position or "NOP") as of 31 December 2019 and 2018 were calculated based on prevailing Bank Indonesia Regulations. Based on those regulations, banks are required to maintain the NOP (including all domestic and overseas branches) at the maximum of 20% (twenty percent) of capital.

The aggregate NOP represents the sum of the absolute values of (i) the net difference between assets and liabilities denominated in each foreign currency and (ii) the net difference of receivables and liabilities of both commitments and contingencies recorded in the administrative account (administrative account transactions) denominated in each foreign currency, which are all stated in Rupiah. The NOP for statement of financial position represents the sum of the net differences of assets and liabilities on the statement of financial position for each foreign currency, which are all stated in Rupiah.

The Bank's NOP as of 31 December 2019 and 2018 were as follows:

	2019	
	NOP for statement of financial position (net difference between assets and liabilities)	Net difference between receivables and liabilities in administrative accounts
		Overall NOP (absolute amount)
USD	54,416,449	(55,851,054)
SGD	(42,209)	(59,010)
AUD	32,891	(31,060)
HKD	26,061	(25,011)
GBP	26,774	(25,533)
EUR	301,204	(313,032)
JPY	192,370	(192,561)
CAD	18,984	(18,403)
CHF	16,352	(14,057)
DKK	2,611	(2,791)
MYR	1,533	-
NZD	21,660	(18,671)
SAR	6,214	(6,940)
SEK	2,080	(1,388)
CNY	(85,679)	87,199
THB	(639)	-
Others	1,393	-
Total		1,564,513
Total capital (Note 46)		167,281,590
Percentage of NOP to capital		0.94%

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45. NET OPEN POSITION (continued)

The Bank's NOP as of 31 December 2019 and 2018 were as follows: (continued)

	2018		
	NOP for statement of financial position (net difference between assets and liabilities)	Net difference between receivables and liabilities in administrative accounts	Overall NOP (absolute amount)
USD	32,135,226	(32,779,195)	643,969
SGD	(139,255)	9,517	129,738
AUD	(8,321)	9,020	699
HKD	20,538	(20,103)	435
GBP	26,701	(27,467)	766
EUR	(164,261)	161,118	3,143
JPY	118,207	(118,291)	84
CAD	28,184	(27,259)	925
CHF	24,515	(23,840)	675
DKK	(914)	2,165	1,251
MYR	16,113	-	16,113
NZD	19,679	(19,318)	361
SAR	7,815	(7,190)	625
SEK	1,329	(729)	600
CNY	(112,721)	112,834	113
THB	2,077	-	2,077
Others	1,105	-	1,105
Total			802,679
Total capital (Note 46)			148,193,541
Percentage of NOP to capital			0.54%

46. CAPITAL MANAGEMENT

The primary objective of the Bank's capital management policy is to ensure that the Bank has a strong capital to support the Bank's current business expansion strategy and to sustain future development of the business, to meet regulatory capital adequacy requirements and also to ensure the efficiency of the Bank's capital structure.

The Bank prepares the Capital Plan based on assessment of and review over the capital situation in terms of the legal capital adequacy requirement, combined with current economic outlook assesment and the result of stress testing method. The Bank will continue to link financial goals and capital adequacy to risk appetite through the capital planning process and stress testing and assess the businesses based on Bank's capital and liquidity requirements.

The Bank's capital needs are also planned and discussed on a routine basis, supported by data analysis.

The Capital Plan is prepared by the Board of Directors as part of the Bank's Business Plan and approved by the Board of Commissioners. This plan is expected to ensure an adequate level of capital optimum capital structure.

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46. CAPITAL MANAGEMENT (continued)

Based on BI Regulation No. 8/6/PBI/2006 dated 30 January 2006 and BI Circular Letter No. 8/27/DPNP dated 27 November 2006 requires all banks to meet CAR requirements for the bank on an individual and consolidated basis. The calculation of minimum CAR on consolidated basis is performed by calculating capital and Risk-Weighted Assets ("RWA") based on risks from consolidated financial statements as provided in the prevailing Bank Indonesia Regulations.

BI Circular Letter No. 11/3/DPNP dated 27 January 2009 requires all banks in Indonesia with certain qualification to take into account operational risk in the CAR calculation.

The Bank is required to provide minimum capital in accordance with risk profile as of 31 December 2019 and 2018 based on Financial Services Authority Regulation No. 11/POJK.03/2016 dated 2 February 2016.

The Bank calculates its capital requirements based on the prevailing OJK Regulations, where the regulatory capital consisted of two tiers:

- Core Capital (Tier 1), which includes:
 1. Common Equity (CET 1), which includes issued and fully paid-up capital (after deduction of treasury stock), additional paid-up capital, allowable non-controlling interest and deductions from Common Equity.
 2. Additional Core Capital
- Supplementary Capital (Tier 2), which includes capital instrument in form of shares or other allowable instruments, agio or disagio from supplementary capital issuance, required general allowance for productive assets (maximum of 1.25% RWA credit risk), specific reserve and deductions from tier 2 capital.

The CAR as of 31 December 2019 and 2018, calculated in accordance with the prevailing regulations, taking into account the credit risk, market risk and operational risk, were as follows:

	2019		2018	
	Bank	Consolidated	Bank	Consolidated
I. Core Capital (Tier 1)	160,318,613	170,750,375	141,687,397	149,412,372
II. Supplementary Capital (Tier 2)	6,962,977	7,137,864	6,506,144	6,639,146
Total Capital	167,281,590	177,888,239	148,193,541	156,051,518
Risk-Weighted Assets based on risk profile				
RWAs Considering Credit Risk	596,998,897	609,939,978	538,872,893	551,236,800
RWAs Considering Market Risk	6,942,916	6,566,021	3,429,199	3,088,738
RWAs Considering Operational Risk	98,983,486	105,411,073	91,331,739	97,206,002
Total RWAs	702,925,299	721,917,072	633,633,831	651,531,540
Min. Capital Requirement based on risk profile	9.99%	9.99%	9.99%	9.99%
CAR ratio				
CET 1 ratio	22.81%	23.65%	22.36%	22.93%
Tier 1 ratio	22.81%	23.65%	22.36%	22.93%
Tier 2 ratio	0.99%	0.99%	1.03%	1.02%
CAR ratio	23.80%	24.64%	23.39%	23.95%
CET 1 for Buffer	13.81%	14.65%	13.40%	13.96%

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46. CAPITAL MANAGEMENT (continued)

The CAR as of 31 December 2019 and 2018, calculated in accordance with the prevailing regulations, taking into account the credit risk, market risk and operational risk, were as follows: (continued)

	2019		2018	
	Bank	Consolidated	Bank	Consolidated
Regulatory Minimum Capital Requirement Allocation				
From CET 1	9.00%	9.00%	8.96%	8.97%
From AT 1	0.00%	0.00%	0.00%	0.00%
From Tier 2	0.99%	0.99%	1.03%	1.02%
Regulatory Buffer percentage required by Bank				
Capital Conservation Buffer	2.500%	2.500%	1.875%	1.875%
Countercyclical Buffer	0.000%	0.000%	0.000%	0.000%
Capital Surcharge for Systemic Bank	2.500%	2.500%	1.500%	1.500%

47. NON-CONTROLLING INTEREST

The movement of non-controlling interest in net assets of Subsidiaries was as follows:

	2019	2018
Balance, beginning of year	93,743	98,139
Non-controlling interest portion of Subsidiaries net profit during the year	4,921	(3,494)
Increase (decrease) of non-controlling interest from other comprehensive income of Subsidiaries during the year	1,561	(902)
Balance, end of year	100,225	93,743

48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties	Nature of relationship	Nature of transaction
PT Dwimuria Investama Andalan	Shareholder	Deposits from customers
Dana Pensiun BCA	Employer pension fund	Loans receivable, pension fund contribution, deposits from customers
PT Adiwisea Mandiri Building Product Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Agra Bareksa Energi	Owned by the same ultimate shareholder	Deposits from customers
PT Agra Bareksa Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Agra Primera Plantation	Owned by the same ultimate shareholder	Deposits from customers
PT Akar Inti Teknologi	Owned by the same ultimate shareholder	Deposits from customers
PT Alpha Merah Kreasi	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Altius Bahari Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Alto Network	Owned by the same ultimate shareholder	Deposits from customers

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48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Related parties	Nature of relationship	Nature of transaction
PT Andil Bangunsekawan	Owned by the same ultimate shareholder	Deposits from customers
PT Angkasa Komunikasi Global Utama	Owned by the same ultimate shareholder	Deposits from customers
PT Ansvia	Owned by the same ultimate shareholder	Deposits from customers
PT Arta Karya Adhiguna	Owned by the same ultimate shareholder	Deposits from customers
PT Artha Dana Teknologi	Owned by the same ultimate shareholder	Deposits from customers
PT Artha Mandiri Investama	Owned by the same ultimate shareholder	Deposits from customers
PT Bahtera Maju Selaras	Owned by the same ultimate shareholder	Deposits from customers
PT Bangun Media Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Bhumi Mahardika Jaya	Owned by the same ultimate shareholder	Deposits from customers
PT Bukit Muria Jaya Estate	Owned by the same ultimate shareholder	Deposits from customers
PT Bukit Muria Jaya	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Bukit Muria Jaya Karton	Owned by the same ultimate shareholder	Loans receivable
PT Caturguwiratna Sumapala	Owned by the same ultimate shareholder	Deposits from customers
PT Cipta Karya Bumi Indah	Owned by the same ultimate shareholder	Deposits from customers
PT Ciptakreasi Buana Persada	Owned by the same ultimate shareholder	Deposits from customers
PT Cipta Teknologi Cerdas	Owned by the same ultimate shareholder	Deposits from customers
PT Dart Media Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Daya Cipta Makmur	Owned by the same ultimate shareholder	Deposits from customers
PT Daya Maju Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Digital Otomotif Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Digital Startup Nusantara	Owned by the same ultimate shareholder	Deposits from customers
PT Djarum	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Dwi Cermat Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Dynamo Media Network	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Ecogreen Oleochemicals	Owned by the same ultimate shareholder	Deposits from customers, guarantees issued, letter of credit
PT Energi Batu Hitam	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued
PT Fajar Surya Perkasa	Owned by the same ultimate shareholder	Deposits from customers

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48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Related parties	Nature of relationship	Nature of transaction
PT Fajar Surya Swadaya	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Farindo Investama Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Fira Makmur Sejahtera	Owned by the same ultimate shareholder	Deposits from customers
PT Fokus Solusi Proteksi	Owned by the same ultimate shareholder	Deposits from customers
PT Futami Food & Beverages	Owned by the same ultimate shareholder	Deposits from customers
PT Gajah Merah Terbang	Owned by the same ultimate shareholder	Deposits from customers
PT General Buditekindo	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued
PT Global Dairi Alami	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Global Digital Niaga	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued
PT Global Digital Ritelindo	Owned by the same ultimate shareholder	Deposits from customers
PT Global Distribusi Nusantara	Owned by the same ultimate shareholder	Deposits from customers
PT Global Distribusi Pusaka	Owned by the same ultimate shareholder	Deposits from customers, guarantees issued
PT Global Kassa Sejahtera	Owned by the same ultimate shareholder	Deposits from customers
PT Global Media Visual	Owned by the same ultimate shareholder	Deposits from customers
PT Global Poin Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Global Tiket Network	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued
PT Global Visi Media	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Global Visitama Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Globalnet Aplikasi Indotravel	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Globalnet Sejahtera	Owned by the same ultimate shareholder	Deposits from customers
PT Gonusa Prima Distribusi	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Graha Padma Internusa	Owned by the same ultimate shareholder	Deposits from customers
PT Grand Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers, guarantees issued, office rental transaction
PT Griya Muria Kencana	Owned by the same ultimate shareholder	Deposits from customers
PT Hartono Istana Teknologi	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Hartono Plantation Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Iforte Global Internet	Owned by the same ultimate shareholder	Deposits from customers

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48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Related parties	Nature of relationship	Nature of transaction
PT Iforte Solusi Infotek	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Indo Paramita Sarana	Owned by the same ultimate shareholder	Deposits from customers
PT Intershop Prima Centre	Owned by the same ultimate shareholder	Deposits from customers
PT Kalimusada Motor	Owned by the same ultimate shareholder	Deposits from customers
PT Kecerdasan Buatan Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Komet Infra Nusantara	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Kudos Istana Furniture	Owned by the same ultimate shareholder	Deposits from customers
PT Kumala Rimba Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Kumparan Kencana Electrindo	Owned by the same ultimate shareholder	Deposits from customers
PT Legal Tekno Digital	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Lingkarmulia Indah	Owned by the same ultimate shareholder	Deposits from customers
PT Lintas Cipta Media	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Lunar Inovasi Teknologi	Owned by the same ultimate shareholder	Deposits from customers
PT Marga Sadhya Swasti	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Margo Hotel Development	Owned by the same ultimate shareholder	Deposits from customers
PT Margo Property Development	Owned by the same ultimate shareholder	Deposits from customers
PT Mediapura Digital Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Merah Cipta Media	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Mitra Media Integrasi	Owned by the same ultimate shareholder	Deposits from customers
PT Multigraha Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Nagaraja Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Nova Digital Perkasa	Owned by the same ultimate shareholder	Deposits from customers
PT Orbit Abadi Sakti	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Poly Kapitalindo	Owned by the same ultimate shareholder	Deposits from customers
PT Pradipta Mustika Cipta	Owned by the same ultimate shareholder	Deposits from customers
PT Profesional Telekomunikasi Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Promedia Punggawa Satu	Owned by the same ultimate shareholder	Deposits from customers

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

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(Expressed in millions of Rupiah, unless otherwise stated)

48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Related parties	Nature of relationship	Nature of transaction
PT Promoland Indowisata	Owned by the same ultimate shareholder	Deposits from customers, guarantees issued
PT Prosa Solusi Cerdas	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Puri Dibya Property	Owned by the same ultimate shareholder	Deposits from customers
PT Puri Zuqni	Owned by the same ultimate shareholder	Deposits from customers
PT Quattro International	Owned by the same ultimate shareholder	Deposits from customers
PT Resinda Prima Entertama	Owned by the same ultimate shareholder	Deposits from customers
PT Saptia Adhikari Investama	Owned by the same ultimate shareholder	Deposits from customers
PT Sarana Kencana Mulya	Owned by the same ultimate shareholder	Deposits from customers
PT Sarana Menara Nusantara	Owned by the same ultimate shareholder	Deposits from customers
PT Savoria Kreasi Rasa	Owned by the same ultimate shareholder	Deposits from customers, guarantees issued
PT Seminyak Mas Propertindo	Owned by the same ultimate shareholder	Deposits from customers
PT Sentral Investama Andalan	Owned by the same ultimate shareholder	Deposits from customers
PT Sewu Nayaga Tembaya	Owned by the same ultimate shareholder	Deposits from customers
PT Silva Rimba Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Sineira Rimba Belantara	Owned by the same ultimate shareholder	Deposits from customers
PT Suarniaga Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Sumber Kopi Prima	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Swarnadwipa Serdangjaya	Owned by the same ultimate shareholder	Deposits from customers
PT Tricpta Mandhala Gumilang	Owned by the same ultimate shareholder	Deposits from customers
PT Trigana Putra Mandiri	Owned by the same ultimate shareholder	Deposits from customers
PT Verve Persona Estetika	Owned by the same ultimate shareholder	Deposits from customers
PT Wana Hijau Pesaguan	Owned by the same ultimate shareholder	Deposits from customers
Key management personnel	Bank's Board of Commissioners and Board of Directors	Loans receivable, deposits from customers, employee benefits
The Bank's controlling individuals and their family members	Shareholder	Deposits from customers

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

In the normal course of business, the Bank has transactions with related parties due to their common ownership and/or management. All transactions with related parties are conducted with agreed terms and conditions.

The details of significant balances and transactions with related parties that were not consolidated as of 31 December 2019 and 2018, and for the years then ended were as follows:

	2019		2018	
	Amount	Percentage to total	Amount	Percentage to total
Loans receivable*) (Note 13)	4,233,122	0.72%	3,216,263	0.60%
Prepaid expense**) (Note 16)	211,012	13.73%	224,409	16.33%
Other assets***)	7,758	0.06%	8,036	0.06%
Deposits from customers (Note 20)	1,326,903	0.19%	2,489,190	0.40%
Unused credit facilities to customers (Note 28)	2,374,191	1.10%	426,591	0.21%
Letter of credit facilities to customers (Note 28)	53,004	0.62%	31,857	0.31%
Bank guarantee issued to customers (Note 28)	144,500	0.92%	93,619	0.61%
Interest and sharia income (Note 29)	88,462	0.14%	70,286	0.12%
Interest and sharia expenses (Note 30)	40,388	0.30%	36,013	0.31%
Rental expenses (Note 35)	13,398	0.94%	13,398	0.93%
Contribution to pension plan (Note 34)	228,359	79.34%	216,950	79.39%

*) Before allowance for impairment losses.

**) Represent prepaid rental and security deposits to PT Grand Indonesia.

***) Represent rental deposit to PT Grand Indonesia.

Compensations for key management personnel of the Bank (see Note 1e) were as follows:

	2019	2018
Short-term employee benefits (including tantiem)	604,627	503,325
Long-term employee benefits	37,161	38,031
Total	641,788	541,356

Rental agreement with PT Grand Indonesia

On 11 April 2006, the Bank signed a rental agreement with PT Grand Indonesia (a related party), in which the Bank agreed to lease, on a long-term basis, the office space from PT Grand Indonesia with a total area of 28,166.88 sqm at an amount of USD 35,631,103.20, including Value Added Tax ("VAT"), with an option to lease for long-term additional space of 3,264.80 sqm at an amount of USD 4,129,972, including VAT. This rental transaction was approved by the Board of Directors and Shareholders in the Bank's Extraordinary General Meeting of Shareholders on 25 November 2005 (the minutes of meeting was prepared by Notary Public Hendra Karyadi, S.H., with Deed No. 11). This rental agreement started on 1 July 2007 and will end on 30 June 2035.

The Bank was required to pay an advance of USD 3,244,092.50 on 5 December 2005, including VAT and 10 (ten) installments of USD 3,238,701.07, including VAT, for the period of 15 April 2006 to 31 December 2006.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/142****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)**Rental agreement with PT Grand Indonesia (continued)**

As of 31 December 2006, the Bank had paid USD 32,392,402.13, including VAT and it was recorded as other assets. On 2 January 2007, the Bank settled the payments (paid the tenth installment) amounting to USD 3,238,701.07, including VAT.

On 29 June 2007, the Bank paid the lease for additional space in the 28th and 29th floors of 3,264.80 sqm at an amount of USD 4,129,972, including VAT.

This agreement was notarised by Notary Public Hendra Karyadi, S.H., under Deed No. 14 dated 11 April 2006.

Starting May 2008, the Bank has calculated the amortisation for those prepaid rental expenses. As of 31 December 2019 and 2018, amortisation of prepaid rental expenses was Rp 153,402 and Rp 140,005, respectively, such that the remaining prepaid rental payment to PT Grand Indonesia as of 31 December 2019 and 2018 were Rp 211,012 and Rp 224,409, respectively, which was recorded as prepaid expenses.

On 24 October 2008, the Bank paid security deposits for additional space on the 30th (thirtieth) and 31st (thirty first) floor of 3,854.92 sqm at an amount of USD 208,165.68. This agreement was notarised in Deed No. 110 dated 22 May 2008 of Notary Public Dr. Irawan Soerodjo, S.H., Msi.

Rental payment for the 30th (thirtieth) and 31st (thirty first) floor started on 1 August 2009, for which in accordance with the agreement between the Bank and PT Grand Indonesia, starting from the first rental payment date (1 August 2009), the Bank will make the rental payments on a quarterly basis until the lease expires.

On 19 July 2011, the Bank paid security deposits for additional space on the 32nd (thirty second) floor of 1,932.04 sqm at an amount of USD 118,801.46. This agreement was notarised in Deed No. 32 dated 12 September 2011 of Notary Public Lim Robbyson Halim, S.H., M.H., replacement of Notary Public Dr. Irawan Soerodjo, S.H., Msi., Notary in Jakarta.

Rental payment for the 32nd floor started on 1 September 2011, for which in accordance with the agreement between the Bank and PT Grand Indonesia, starting from the first rental payment date (1 September 2011), the Bank will make the rental payments on a quarterly basis until the lease expires.

On 22 June 2015, the Bank paid security deposits for additional space on the 33rd (thirty third) floor of 1,932.04 sqm at an amount of USD 231,844.80. This agreement was notarised in Deed No. 413 dated 30 June 2015 of Notary Public Dr. Irawan Soerodjo, S.H., Msi., Notary in Jakarta.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (continued)

Rental agreement with PT Grand Indonesia (continued)

Rental payment for the 33rd floor started on 1 September 2015, for which in accordance with the agreement between the Bank and PT Grand Indonesia, starting from the first rental payment date (1 September 2015), the Bank will make the rental payments on a quarterly basis until the lease expires.

49. NET PAYABLE RECONCILIATION

	2019			Securities sold under agreements to repurchase
	Subordinated bonds	Debt securities issued	Borrowings	
Net payable 1 January 2019	500,000	239,735	2,093,475	48,111
Cash flow:				
Proceeds from debt securities issued	-	1,346,617	-	-
Payment of debt securities issued	-	(240,000)	-	-
Proceeds from borrowings	-	-	88,649,720	-
Payment of borrowings	-	-	(88,406,964)	-
Proceeds from securities sold under agreements to repurchase	-	-	-	698,016
Payment of securities sold under agreements to repurchase	-	-	-	(629,756)
Non-cash changes:				
Amortisation of deferred bonds issuance costs	-	1,171	-	-
Adjustment of foreign currency	-	-	(3,361)	(3,122)
Net payable 31 December 2019	500,000	1,347,523	2,332,870	113,249

	2018			Securities sold under agreements to repurchase
	Subordinated bonds	Debt securities issued	Borrowings	
Net payable 1 January 2018	-	610,499	3,040,602	96,225
Cash flow:				
Proceeds from subordinated bonds	500,000	-	-	-
Payment of debt securities issued	-	(370,764)	-	-
Proceeds from borrowings	-	-	66,872,390	-
Payment of borrowings	-	-	(67,830,206)	-
Proceeds from securities sold under agreements to repurchase	-	-	-	1,460,662
Payment of securities sold under agreements to repurchase	-	-	-	(1,519,429)
Non-cash changes:				
Adjustment of foreign currency	-	-	10,689	10,653
Net payable 31 December 2018	500,000	239,735	2,093,475	48,111

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/144****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

50. GOVERNMENT GUARANTEE SCHEME ON THE OBLIGATIONS OF DOMESTIC BANKS

Based on the Law No. 24 regarding Indonesia Deposit Insurance Corporation (*Lembaga Penjaminan Simpanan* or "LPS") dated 22 September 2004, effective 22 September 2005, the LPS was established to provide guarantee on certain obligations of commercial banks based on the prevailing guarantee schemes, in which the guarantee amount could be changed if certain prevailing criteria are met. The law was changed with the Government Regulation as the Replacement of Law No. 3 Year 2008, which was then changed to a law since 13 January 2009 i.e. the Law of Republic of Indonesia No. 7 Year 2009.

Based on Government of Republic of Indonesia Regulation No. 66/2008 dated 13 October 2008 regarding the deposit amount guaranteed by LPS, on 31 December 2019 and 2018, the deposit amount guaranteed by LPS for every customer in a bank is at a maximum of Rp 2,000.

As of 31 December 2019 and 2018, the Bank was the participant of this guarantee scheme.

51. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Financial Accounting Standard Board of Indonesian Institute of Accountants (DSAK-IAI) has issued the following new standards, amendments and interpretations, but not yet effective for the financial year beginning 1 January 2019 as follows:

- SFAS 71 "Financial Instruments";
- SFAS 72 "Revenue from Contracts with Customers";
- SFAS 73 "Leases";
- The amendments to SFAS 15 "Investments in Associates and Joint Ventures: Long-term Interest in Associates and Joint Ventures";
- The amendments to SFAS 62 "Insurance contract - Implementation of SFAS 71: Financial Instruments";
- The amendments to SFAS 71 "Financial Instruments: Prepayment Features with Negative Compensation";
- The amendments to SFAS 1 "Presentation of Financial Statement";
- The amendments to SFAS 25 "Accounting Policies, Changes in Accounting Estimates and Errors";
- Annual Improvements 2019 to SFAS 1 "Presentation of Financial Statements";
- ISFAS 35 "Presentation of Non-Profit Oriented Entities Financial Statements"; and
- PPSAK 13 Revocation of SFAS 45 Financial Reporting for Non-profit Organisations.

The above standards will be effective on 1 January 2020.

- The amendments to SFAS 22 "Business Combination"; and
- SFAS 112 "Accounting *Wakaf*".

The above standard will be effective on 1 January 2021.

As at the authorisation date of these consolidated financial statements, the Group is evaluating the potential impact of these new and revised standards to the Group consolidated financial statements.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**Schedule 5/145****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

52. SUBSEQUENT EVENTS

The following are significant subsequent events conducted by the Bank and Subsidiaries:

PT Bank Royal Indonesia

Based on the Deed of Resolution of PT Bank Royal Indonesia No. 167 dated 27 January 2020, of Notary Public Sakti Lo, S.H., the following decisions have been taken:

1. Approved the increase in authorised capital of PT Bank Royal Indonesia, from Rp 748,800 to Rp 3,000,000; and
2. Approved the increase in issued and paid-up capital of PT Bank Royal Indonesia from Rp 287,200 to Rp 1,287,200, PT Bank Royal Indonesia will issue 10,000,000 new shares with nominal value of Rp 1,000,000 which all are subscribed to the Bank.

This Deed was approved by the Minister of Justice and Human Rights under its Decision Letter No. AHU-0008370.AH.01.02.TAHUN 2020 dated 30 January 2020. The additional paid-in capital has been approved by OJK through its Letter No. SR-2/ PB.33/2020 dated 9 January 2020. This additional paid-in capital payment have been made by the Bank on 5 December 2019, and as Other Assets as at 31 December 2019.

PT Bank Rabobank International Indonesia

The Bank has signed the credit facility agreement with PT Bank Rabobank International Indonesia for a total facility amounted to Rp 1,100,000 or equivalent to USD 100,000,000 (in full amount) on 14 January 2020, with interest rate at JIBOR plus margin. This facility will expire on 30 June 2020. PT Bank Rabobank International Indonesia has withdrawn the credit facility amounted to Rp 210,000 on 30 January 2020.

53. ADDITIONAL INFORMATION

Information presented in schedule 6/1 - 6/7 are additional financial information of PT Bank Central Asia Tbk, (Parent Entity), which presented investment in Subsidiaries according to cost method and are an integral part of the consolidated financial statements of the Group.

PT BANK CENTRAL ASIA Tbk

Schedule 6/1

ADDITIONAL INFORMATION
STATEMENTS OF FINANCIAL POSITION (PARENT ENTITY ONLY)
31 DECEMBER 2019 AND 2018
 (Expressed in millions of Rupiah, unless otherwise stated)

	2019	2018
ASSETS		
Cash	25,402,712	21,677,576
Current accounts with Bank Indonesia	47,611,639	43,282,691
Current accounts with other banks	10,451,954	8,474,189
Placements with Bank Indonesia and other banks	29,541,325	30,403,652
Financial assets held for trading	5,838,673	5,776,887
Acceptance receivables - net of allowance for impairment losses of Rp 176,622 as of 31 December 2019 (31 December 2018: Rp 335,850)	9,492,755	11,582,285
Bills receivable - net of allowance for impairment losses of Rp 2,734 as of 31 December 2019 (31 December 2018: Rp 5,645)	7,909,020	8,534,552
Securities purchased under agreements to resell	9,268,902	9,182,017
Loans receivable - net of allowance for impairment losses of Rp 14,905,039 as of 31 December 2019 (31 December 2018: Rp 13,568,311)		
Related parties	5,896,763	3,295,056
Third parties	567,449,148	521,051,066
Investment securities - net of allowance for impairment losses Rp nihil as of 31 December 2019 (31 December 2018: Rp 803)	136,424,944	106,011,781
Prepaid expenses	1,174,300	1,060,718
Prepaid tax	5,637	5,235
Fixed assets - net of accumulated depreciation of Rp 10,716,816 as of 31 December 2019 (31 December 2018: Rp 9,862,667)	20,225,494	18,814,438
Intangible assets - net of accumulated amortisation of Rp 1,307,319 as of 31 December 2019 (31 December 2018: Rp 1,009,154)	527,812	508,456
Deferred tax assets - net	2,954,236	2,925,098
Investment in shares - net of allowance for impairment losses of Rp 58,646 as of 31 December 2019 (31 December 2018: Rp 36,966)	5,765,385	3,599,218
Other assets - net of allowance for impairment losses of Rp 899 as of 31 December 2019 (31 December 2018: Rp 2,030)	13,095,263	12,463,204
TOTAL ASSETS	899,035,962	808,648,119

PT BANK CENTRAL ASIA Tbk**Schedule 6/2****ADDITIONAL INFORMATION****STATEMENTS OF FINANCIAL POSITION (PARENT ENTITY ONLY)****31 DECEMBER 2019 AND 2018**

(Expressed in millions of Rupiah, unless otherwise stated)

	<u>2019</u>	<u>2018</u>
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from customers		
Related parties	1,652,310	2,772,111
Third parties	697,652,276	627,322,840
Deposits from other banks	6,726,687	6,504,001
Financial liabilities held for trading	106,260	188,934
Acceptance payables	5,321,249	5,843,486
Tax payables	1,554,227	1,053,915
Borrowings	975	986
Post-employment benefits obligation	7,856,432	6,296,530
Accruals and other liabilities	10,718,960	12,245,851
Subordinated bonds	500,000	500,000
TOTAL LIABILITIES	<u>732,089,376</u>	<u>662,728,654</u>
EQUITY		
Share capital - par value per share of Rp 62.50 (full amount)		
Authorised capital: 88,000,000,000 shares		
Issued and fully paid: 24,655,010,000 shares	1,540,938	1,540,938
Additional paid-in capital	5,711,368	5,711,368
Revaluation surplus of fixed assets	9,423,272	8,675,407
Unrealised gains (losses) on available-for-sale financial assets - net	1,923,192	(130,353)
Retained earnings		
Appropriated	1,955,604	1,697,052
Unappropriated	146,392,212	128,425,053
TOTAL EQUITY	<u>166,946,586</u>	<u>145,919,465</u>
TOTAL LIABILITIES AND EQUITY	<u><u>899,035,962</u></u>	<u><u>808,648,119</u></u>

PT BANK CENTRAL ASIA Tbk

Schedule 6/3

ADDITIONAL INFORMATION
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(PARENT ENTITY ONLY)
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
(Expressed in millions of Rupiah, unless otherwise stated)

	<u>2019</u>	<u>2018</u>
OPERATING INCOME AND EXPENSES		
Interest income	59,999,838	52,952,930
Interest expenses	(12,925,739)	(11,084,595)
INTEREST INCOME - NET	<u>47,074,099</u>	<u>41,868,335</u>
OTHER OPERATING INCOME		
Fee and commission income - net	13,540,023	11,908,191
Net trading income - net	3,394,113	2,775,758
Others	2,124,389	1,374,139
Total other operating income	<u>19,058,525</u>	<u>16,058,088</u>
Impairment losses on assets	<u>(4,104,654)</u>	<u>(2,367,389)</u>
OTHER OPERATING EXPENSES		
Personnel expenses	(12,248,042)	(10,998,606)
General and administrative expenses	(13,209,161)	(12,074,173)
Others	(2,215,954)	(1,553,340)
Total other operating expenses	<u>(27,673,157)</u>	<u>(24,626,119)</u>
INCOME BEFORE TAX	<u>34,354,813</u>	<u>30,932,915</u>
INCOME TAX EXPENSE	<u>(7,090,901)</u>	<u>(6,230,370)</u>
NET INCOME	<u>27,263,912</u>	<u>24,702,545</u>
OTHER COMPREHENSIVE INCOME:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit liability	(357,090)	362,416
Income tax	71,418	(269,202)
	<u>(285,672)</u>	<u>93,214</u>
Revaluation surplus of fixed assets	747,865	2,087,910
	<u>462,193</u>	<u>2,181,124</u>
Items that will be reclassified to profit or loss:		
Unrealised gains (losses) on available-for-sale financial assets	2,566,931	(1,842,681)
Income tax	(513,386)	452,523
	<u>2,053,545</u>	<u>(1,390,158)</u>
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	<u>2,515,738</u>	<u>790,966</u>
TOTAL COMPREHENSIVE INCOME	<u>29,779,650</u>	<u>25,493,511</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount of Rupiah)	<u>1,106</u>	<u>1,002</u>

PT BANK CENTRAL ASIA Tbk

Schedule 6/5

ADDITIONAL INFORMATION
STATEMENTS OF CHANGES IN EQUITY (PARENT ENTITY ONLY)
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
 (Expressed in millions of Rupiah, unless otherwise stated)

	2018					
	Issued and fully paid-up capital	Additional paid-in capital	Revaluation surplus of fixed assets	Unrealised gains (losses) on available-for-sale financial assets-net	Retained earnings	
					Appropriated	Unappropriated
Balance, 31 December 2017	1,540,938	5,711,368	6,587,497	1,259,805	1,463,952	110,272,696
Net income for the year	-	-	-	-	-	24,702,545
Revaluation surplus of fixed assets	-	-	2,087,910	-	-	-
Unrealised losses on available-for-sale financial assets - net	-	-	-	(1,390,158)	-	-
Remeasurement of defined benefit liability - net	-	-	-	-	-	93,214
Total comprehensive income for the year	-	-	2,087,910	(1,390,158)	-	24,795,759
General reserve	-	-	-	-	233,100	(233,100)
Cash dividends	-	-	-	-	-	(6,410,302)
Balance, 31 December 2018	1,540,938	5,711,368	8,675,407	(130,353)	1,697,052	128,425,053
						145,919,465

PT BANK CENTRAL ASIA Tbk

Schedule 6/6

ADDITIONAL INFORMATION

STATEMENTS OF CASH FLOWS (PARENT ENTITY ONLY)

FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

(Expressed in millions of Rupiah, unless otherwise stated)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts of interest income, fees and commissions	72,670,644	63,289,126
Other operating income	1,431,543	878,944
Payments of interest expenses, fees and commissions	(13,088,561)	(10,973,180)
Payments of post-employment benefits	(230,641)	(668,947)
Losses from foreign exchange transactions - net	1,855,221	(405,711)
Other operating expenses	(24,340,293)	(21,635,990)
Payment of tantiem to Board of Commissioners and Board of Directors	(413,500)	(354,950)
Other increases/decreases affecting cash:		
Placements with Bank Indonesia and other banks - mature more than 3 (three) months from the date of acquisition	769,565	2,803,980
Financial assets held for trading	1,235,090	1,507,219
Acceptance receivables	2,248,758	(1,602,067)
Bills receivable	459,371	(1,788,022)
Securities purchased under agreements to resell	(86,885)	(452,036)
Loans receivable	(54,608,008)	(71,010,420)
Other assets	137,504	(2,916,577)
Deposits from customers	70,923,556	46,240,525
Deposits from other banks	287,519	652,579
Acceptance payables	(522,237)	43,009
Accruals and other liabilities	(1,187,393)	4,036,740
Net cash provided by operating activities before income tax	57,541,253	7,644,222
Payment of income tax	(7,232,682)	(5,337,912)
Net cash provided by operating activities	50,308,571	2,306,310
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investment securities	100,000	45,279
Acquisition of investment securities	(99,560,248)	(78,978,061)
Proceeds from investment securities that matured during the year	71,826,721	102,721,330
Payment for acquisition activities	(988,047)	-
Cash dividends received from investment in shares	637,792	587,873
Acquisition of fixed assets	(2,522,307)	(2,236,761)
Proceeds from sale of fixed assets	5,826	4,703
Net cash (used in) provided by investing activities	(30,500,263)	22,144,363

PT BANK CENTRAL ASIA Tbk

Schedule 6/7

ADDITIONAL INFORMATION
STATEMENTS OF CASH FLOWS (PARENT ENTITY ONLY)
FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018
 (Expressed in millions of Rupiah, unless otherwise stated)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from subordinated bonds	-	500,000
Proceeds from borrowings	-	17
Payment of borrowings	(11)	-
Payment of cash dividends	(8,752,529)	(6,410,302)
Payment of additional paid-in capital on Subsidiaries	(1,200,000)	-
Net cash used in financing activities	<u>(9,952,540)</u>	<u>(5,910,285)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,855,768	18,540,388
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	101,795,841	81,567,489
EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS	<u>(117,806)</u>	<u>1,687,964</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>111,533,803</u>	<u>101,795,841</u>
Cash and cash equivalents consist of:		
Cash	25,402,712	21,677,576
Current accounts with Bank Indonesia	47,611,639	43,282,691
Current accounts with other banks	10,451,954	8,474,189
Placement with Bank Indonesia and other banks - mature within 3 (three) months or less from the date of acquisition	<u>28,067,498</u>	<u>28,361,385</u>
Total cash and cash equivalents	<u>111,533,803</u>	<u>101,795,841</u>

FINANCIAL STATEMENTS

PT DWIMURIA INVESTAMA ANDALAN AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018
(in millions of Rupiah)

No.	ACCOUNTS	Audited Dec 31, 2019	Audited Dec 31, 2018
ASSETS			
1.	Cash	25,421,413	21,691,445
2.	Current accounts with Bank Indonesia	47,904,674	43,548,309
3.	Current accounts with other banks	10,529,509	8,537,084
4.	Placements with Bank Indonesia and other banks	33,718,077	34,099,217
5.	Financial assets held for trading	5,910,146	5,841,824
6.	Acceptance receivables - net of allowance	9,492,755	11,582,285
7.	Bills receivable - net of allowance	7,909,020	8,600,709
8.	Securities purchased under agreements to resell - net of allowance	9,575,565	9,212,684
9.	Loans receivable - net of allowance	572,033,999	524,530,462
10.	Consumer financing receivables - net of allowance	10,532,424	7,613,709
11.	Investment in finance leases - net of allowance	149,428	174,212
12.	Assets related to sharia transactions - net of allowance	5,434,287	4,824,013
13.	Investment securities - net of allowance	147,634,308	112,161,342
14.	Prepaid expenses	1,543,036	1,376,317
15.	Prepaid tax	7,396	6,663
16.	Fixed assets - net of accumulated depreciation	20,858,503	19,340,642
17.	Intangible Assets - net of accumulated amortisation	126,340,469	125,640,915
18.	Deferred tax assets - net	3,194,609	3,151,156
19.	Other assets - net of allowance	17,859,479	14,692,814
TOTAL ASSETS		1,056,049,097	956,624,802
LIABILITIES, TEMPORARY SYIRKAH DEPOSITS, AND EQUITY			
LIABILITIES			
1.	Deposits from customers	698,797,262	629,550,741
2.	Sharia deposits	1,034,703	550,438
3.	Deposits from other banks	6,717,474	6,494,491
4.	Financial liabilities held for trading	106,260	188,934
5.	Acceptance payables	5,321,249	5,843,488
6.	Securities sold under agreements to repurchase	113,249	48,111
7.	Debt securities issued	1,347,523	239,735
8.	Tax payable	1,637,331	1,178,588
9.	Borrowings	2,332,870	2,093,475
10.	Accrued expenses and other liabilities	14,044,088	15,035,545
11.	Post-employment benefits obligation	7,957,700	6,407,377
12.	Subordinated bonds	500,000	500,000
TOTAL LIABILITIES		739,909,709	668,140,921
13.	Temporary syirkah deposits	4,779,029	4,595,738
EQUITY			
14.	Share capital	210,619,700	210,619,700
15.	Additional paid in capital	(24,766,946)	(24,766,946)
16.	Revaluation surplus of fixed assets	1,664,902	1,242,289
17.	Foreign exchange differences arising from translation of financial statements in foreign currency	7,002	16,441
18.	Unrealised gains (losses) on available-for-sale financial assets - net	860,219	(284,885)
19.	Retained earnings	43,967,287	28,131,877
20.	Other equity components	(5,073)	(5,073)
Total equity attributable to equity holders of the parent entity		232,347,091	214,953,403
21.	Non-controlling interest	79,013,268	68,934,740
TOTAL EQUITY		311,360,359	283,888,143
TOTAL LIABILITIES, TEMPORARY SYIRKAH DEPOSITS, AND EQUITY		1,056,049,097	956,624,802

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Years Ended December 31, 2019 and 2018
(in millions of Rupiah, unless earnings per share)

No.	ACCOUNTS	Audited Dec 31, 2019	Audited Dec 31, 2018
OPERATING INCOME AND EXPENSES			
Interest and sharia income			
1.	Interest income	63,674,097	56,428,806
2.	Sharia income	622,442	584,841
Total interest and sharia income		64,296,539	57,013,647
Interest and sharia expense			
3.	Interest expense	(13,058,662)	(11,212,601)
4.	Sharia expense	(297,071)	(257,265)
Total interest and sharia expense		(13,355,733)	(11,469,866)
NET INTEREST AND SHARIA INCOME		50,940,806	45,543,551
OTHER OPERATING INCOME			
5.	Fee and commission income - net	13,608,381	11,996,340
6.	Net trading income	3,455,342	2,807,349
7.	Others	4,259,488	2,983,781
Total other operating income		21,324,211	17,787,470
8.	Impairment losses on assets	(4,591,343)	(2,676,602)
OTHER OPERATING EXPENSES			
9.	Personnel expenses	(13,408,696)	(12,147,606)
10.	General and administrative expenses	(14,240,757)	(13,028,051)
11.	Others	(3,383,389)	(2,514,152)
Total other operating expenses		(31,012,841)	(27,689,809)
INCOME BEFORE TAX		36,560,833	32,964,610
INCOME TAX EXPENSE		(7,715,453)	(6,667,506)
NET INCOME		28,845,380	26,097,104
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
a. Remeasurements of defined benefit liability			
b.	Income tax	(341,381)	409,898
		70,102	(204,061)
		(271,279)	125,837
c. Revaluation surplus of fixed assets		769,197	2,164,251
		497,918	2,290,088
Items that will be reclassified to profit or loss:			
a. Unrealised gains (losses) on available-for-sale financial assets			
		2,604,958	(1,854,674)
b. Income tax		(519,218)	456,639
Unrealised gains (losses) on available-for-sale financial assets - net of tax		2,085,740	(1,408,035)
c. Foreign exchange differences arising from translation of financial statements in foreign currency		(17,117)	28,322
		2,068,623	(1,379,713)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		2,566,541	910,375
TOTAL COMPREHENSIVE INCOME		31,411,921	27,007,479
NET INCOME ATTRIBUTABLE TO:			
Equity holders of parent entity		15,982,303	14,450,819
Non-controlling interest		12,863,077	11,646,285
		28,845,380	26,097,104
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of parent entity		17,391,492	14,951,494
Non-controlling interest		14,020,429	12,055,885
		31,411,921	27,007,479
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY			
		75,862	68,611

FINANCIAL STATEMENTS

PT DWIMURIA INVESTAMA ANDALAN AND SUBSIDIARY - CONTINUED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Years Ended December 31, 2019 and 2018
(in millions of Rupiah)

ACCOUNTS	For The Years Ended December 31, 2019 and 2018 (Audited)									
	Attributable to equity holders of the parent entity								Non-controlling interest	Total equity
	Issued and fully paid-up capital	Additional paid-in capital	Revaluation surplus of fixed assets	Foreign exchange differences arising from translation of financial statements in foreign currency	Unrealised gains (losses) on available-for-sale financial assets - net	Retained earnings	Other equity components	Total equity attributable to equity holders of the parent entity		
Balance, December 31, 2017	210,619,700	(24,766,946)	53,203	880	488,142	13,612,003	(5,073)	200,001,909	59,718,735	259,720,644
Net income for the year	-	-	-	-	-	14,450,619	-	14,450,619	11,646,285	26,097,104
Revaluation surplus of fixed assets	-	-	1,169,086	-	-	-	-	1,169,086	975,165	2,164,251
Foreign exchange differences arising from translation of financial statements in foreign currency	-	-	-	15,561	-	-	-	15,561	12,761	28,322
Unrealised (losses) on available-for-sale financial assets - net	-	-	-	-	(773,027)	-	-	(773,027)	(635,008)	(1,408,035)
Remeasurements of defined benefit liability - net	-	-	-	-	69,055	-	-	69,055	56,782	125,837
Total comprehensive income for the year	-	-	1,169,086	15,561	(773,027)	14,519,674	-	14,951,494	12,055,985	27,007,479
Cash dividends	-	-	-	-	-	-	-	-	(2,888,345)	(2,888,345)
Increase in non-controlling interest due to additional share capital payment	-	-	-	-	-	-	-	-	48,365	48,365
Balance, 31 December 2018	210,619,700	(24,766,946)	1,242,289	16,441	(284,885)	28,131,877	(5,073)	214,953,403	68,934,740	283,888,143
Balance, 31 December 2018	210,619,700	(24,766,946)	1,242,289	16,441	(284,885)	28,131,877	(5,073)	214,953,403	68,934,740	283,888,143
Net income for the year	-	-	-	-	-	15,982,303	-	15,982,303	12,663,077	28,645,380
Revaluation surplus of fixed assets	-	-	422,613	-	-	2,196	-	424,809	348,385	773,194
Foreign exchange differences arising from translation of financial statements in foreign currency	-	-	-	(9,439)	-	-	-	(9,439)	(7,678)	(17,117)
Unrealised gains on available-for-sale financial assets - net	-	-	-	-	1,145,104	-	-	1,145,104	940,636	2,085,740
Remeasurements of defined benefit liability - net	-	-	-	-	(149,089)	-	-	(149,089)	(122,190)	(271,279)
Total comprehensive income for the year	-	-	422,613	(9,439)	1,145,104	15,835,410	-	17,393,688	14,022,230	31,415,918
Cash dividends	-	-	-	-	-	-	-	-	(3,943,702)	(3,943,702)
Balance, 31 December 2019	210,619,700	(24,766,946)	1,664,902	7,002	860,219	43,967,287	(5,073)	232,347,091	79,013,268	311,360,359

Consolidated Commitments and Contingencies

As of December 31, 2019 and 2018
(in millions of Rupiah)

No.	ACCOUNTS	Audited Dec 31, 2019	Audited Dec 31, 2018
COMMITMENTS			
<u>Committed receivables:</u>			
1.	Borrowing facilities received and unused	4,594,546	4,320,600
2.	Outstanding derivatives purchase position	11,622,575	8,575,938
		16,517,321	12,896,538
<u>Committed liabilities:</u>			
1.	Unused credit facilities to customers	152,604,164	145,599,557
	- Committed	63,355,677	55,587,325
	- Uncommitted	2,455,331	1,260,022
2.	Unused credit facilities to other banks	1,861	2,353
	- Committed	8,590,918	10,365,963
	- Uncommitted	67,362,624	40,687,714
3.	Irrevocable Letters of Credit facilities to customers	294,400,573	253,702,934
4.	Outstanding derivatives selling position		
CONTINGENCIES			
<u>Contingent receivables:</u>			
1.	Bank guarantees received	623,876	549,426
2.	Interest receivables on non-performing assets	477,220	392,257
		1,101,096	941,683
<u>Contingent liabilities:</u>			
1.	Bank guarantee issued to customers	15,737,312	15,241,182
2.	Other	78	-
		15,737,390	15,241,182

Jakarta, March 5, 2020

Hensy Harjo
President Director

Agus Santoso Suwanto
Director

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