

# Branch Banking

BCA locates its branches, ATMs and EDC machines in strategic locations throughout the country in order to optimize customer convenience and capture growth opportunities in promising areas across Indonesia

Branch Banking, including transaction banking services and commercial/Small & Medium Enterprises (SME) lending, closed 2013 with satisfactory results. In 2013 BCA recorded an increase in overall transaction value along with a rising trend in transaction accounts (Current Accounts and Savings Accounts - CASA) balances driven by the increasing need for transactional banking services in Indonesia. The Bank also posted quality growth in both the commercial and the SME loan portfolios.

BCA is delighted with these achievements, reflecting deepening customer relationships and stronger internal employee team engagement. The Bank continued to improve product lines, offering more comprehensive banking solutions and making everyday transactions as straightforward and convenient as possible, without compromising security or reliability.

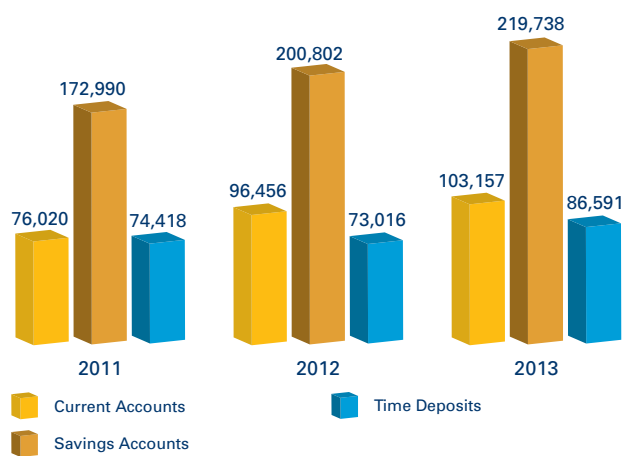
In line with the Bank's business efforts and results, BCA strengthened its brand equity and marketplace reputation through

effective marketing/branding campaigns: "Realizing Dreams with BCA Solutions" and "Grow Your Business with BCA Business Solutions", all actively promoted in major cities via communication media. We were honored to receive a number of service and banking awards, including most notably "Best Retail Bank in Indonesia" from the Asian Banker and two acknowledgements as "The Best Bank in Indonesia", each from FinanceAsia and Global Finance Magazine.

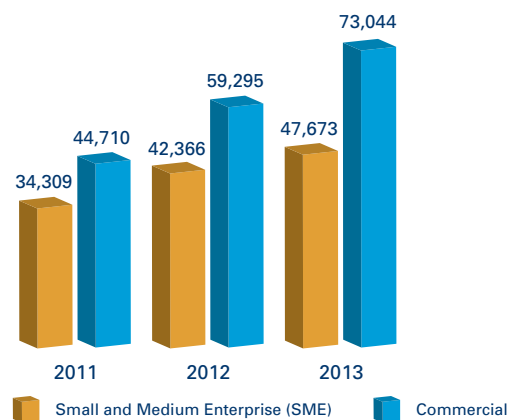
## Transactional Excellence

BCA has maintained its role as a leading transaction bank in Indonesia with the share of the national CASA market of around 16% throughout 2013, a level that is consistent with historical performance. BCA continuously and strategically expanded its multi-channel network to capture growth opportunities in promising areas across Indonesia and to optimize convenience for customers and meet service expectations by the Bank's growing number of customers. The Bank had more than 12 million customer accounts as of year-end 2013.

### Third Party Funds (in billion Rupiah)



### Commercial and SME Loan Portfolio (in billion Rupiah)



To facilitate these customers making their more than 8 million transactions per day on average, Branch Banking invests heavily in information technology and staff training with a focus on increasing knowledge, improving skills and enhancing relationships with customers. With a focus on training and developing these skills, enhanced customer engagement quickly becomes second nature for front line staff.

BCA continues to improve ease of access for customers by expanding the Bank's network through physical branches and electronic channels. In 2013, BCA opened an additional 51 branches bringing the total number of branches to 1,062 branches nationwide. In addition, BCA added 2,022 ATMs for a total of 14,048 ATMs, including new 298 Cash Deposit Machines (CDMs) for a total of 1,869 CDM units. BCA also enlarged its merchant network by deploying more Electronic Data Captures (EDCs) across Indonesia's high-traffic commercial areas. The increased base of EDCs was complemented by the installation of contactless Flazz micro payment machines at a number of strategic merchants with high-traffic micro payments, such as retail outlets, supermarkets, parking lots and railway commuter lines within Jakarta.

Usage numbers for ATMs, EDCs and Flazz machines all recorded another high in 2013, signaling that BCA is continuing to strengthen its transaction banking presence. In total, 2013 saw over 2.9 billion transactions compared with 2.6 billion transactions across BCA branches, ATMs, mobile and internet banking in 2012, with the value of these transactions growing solidly in all areas.

Enhancing functionality and improving multi-channel integration were key efforts to attract more customers to BCA's electronic channels. In particular, a major endeavor was made to improve integration across internet and mobile banking platforms to develop BCA Mobile. This single interface makes online and mobile banking transactions appear seamless from the customer's viewpoint.



BCA put special effort into developing BCA Mobile applications compatible with various popular smartphones and tablets, including Apple iOS, Android, and BlackBerry, all of which are widely used by Indonesia's growing middle class. A new service initiative, called "Info BCA", was launched in 2013 to complement BCA Mobile's functionality. BCA Mobile focuses on the mobile transaction engine while Info BCA provides BCA's promotions, credit card applications, product and service information, including a smart-feature for locating the closest BCA branches and ATMs when customers are on the move.

**Number of Distribution Channels (unit)**

	2013	2012
Number of Branches (including cash offices)	1,062	1,011
Number of ATMs	14,048	12,026

**Delivery Channels Transactions**

	2013	2012
<b>Branch</b>		
Number of Transactions (in million)	186.7	188.0
Transaction Value (in trillion Rupiah)	15,199.8	13,811.2
<b>ATM</b>		
Number of Transactions (in million)	1,461.5	1,212.2
Transaction Value (in trillion Rupiah)	1,540.9	1,282.0
<b>Internet Banking</b>		
Number of Transactions (in million)	895.9	888.4
Transaction Value (in trillion Rupiah)	4,731.8	3,599.0
<b>Mobile Banking</b>		
Number of Transactions (in million)	408.1	308.6
Transaction Value (in trillion Rupiah)	389.9	314.3

In 2013, BCA continued to build its BCA KlikPay e-commerce tool. Customers have begun responding to this easy and secure internet payment system, with 121.9 thousand customer accounts linked in 2013 and 116 web-based merchant sign-ups, compared with 34.6 thousand customer accounts and 33 merchants in 2012.

In the growing era of electronic transactions, customers frequently need access to human support when making payments or transfers. Halo BCA, BCA's acclaimed 24-hour call center, provides timely customer assistance, and in doing so, ensures that customers continue to build trust in BCA and expand their use of BCA's wide variety of services. This supports the Bank's efforts to further enhance its products and services.

Despite growing use of electronic banking, physical branch banking remained an important component of transaction banking and contributed the largest share in transaction value of all BCA's transaction channels. BCA enhances transactional services available to different customer segments by creating the right value added services to suit those particular segments. The Bank provides BCA Prioritas for the mass-affluent segment, BCA Solitaire for the high net-worth individual segment and BCABIZZ for business customers. In addition to regular-hour branch banking, BCA weekend banking in certain malls has grown into a necessity for certain communities who prefer to do branch banking activities on non-work days.



Cash-based transactions remained high in 2013. BCA has been innovating ways to better service cash-based transaction over the years. Tunai BCA at retail chain stores continued to assist customers for cash withdrawal. The network of Cash Deposit Machine (CDM) has been expanded to support cash deposits in order to reduce queues at BCA branches. To make cash handling more efficient, BCA launched new pilot projects for converting CDM to Cash Recycling Machine in 2013, increasing the functionality of CDM to also provide for cash withdrawals. BCA also added mobile cash offices in 2013 to reach a total of 17 units in operation, compared with 13 in 2012.

### Third Party Funding

CASA funds grew to Rp 322.9 trillion at the end of 2013 from Rp 297.3 trillion at the end of the previous year, a 8.6% increase. CASA remained the largest share of BCA's total third party funds, amounting to 78.9% at the end of 2013. Savings accounts contributed 68.1% to the Bank's CASA, while current accounts made up the remaining 31.9% of the Bank's CASA.

Tahapan, which offers wide access to the Bank's multi-channel transactional capability, continues to be BCA's most popular savings product, with Tahapan Gold, for mass-affluent individuals and business owners and Tahapan Xpresi for the under 25 group, leveraging off the Bank's strong brand image. Effective marketing campaigns in 2013 were executed in line with the latest lifestyle evolutions. The Bank has connected through social media to interact with the public and improve customer relationships. The Bank's twitter has 90 thousand followers, and the facebook page has 220 thousand likes. BCA's variety TV show Gebyar BCA is made available in social media through internet.



To meet increased industry competition for deposits in the midst of rising interest rate environment, widening interest rate gap between CASA and time deposits, as well as tighter banking liquidity, BCA actively re-priced its time deposits in 2013. The impact of this re-pricing strategy was favorable and strengthened overall third party funds. Time deposits enjoyed an increase of 18.6% from Rp 73.0 trillion in 2012 to Rp 86.6 trillion in 2013. Total third party funds increased 10.6% to Rp 409.5 trillion in 2013 from Rp 370.3 trillion in 2012.

### Cash Management

In order to further enhance BCA's competitive edge in transaction banking, BCA developed cash management solutions to meet the specific needs of larger business customers. The Bank continues to increase its presence in a wide variety of industries, targeting selected promising industries especially those in value chains that can strengthen BCA's transaction franchise.

One means of penetrating an industry is by providing customized and integrated interfaces that connect a company's individual cash management system through the Bank's system to link to the company's customers. By accessing the BCA cash management solution, a company enhances its overall capacity to handle cash flow and payment settlements between the company, its vendors and its customers, providing greater control for all parties concerned and ensuring efficient, easy-to-use cash management solutions.

BCA offers both Business to Business (B2B) and Business to Consumer (B2C) services via internet banking. In addition, the Bank's virtual account service, one of the features of cash management, continues to increase in usage, reaching almost 1,000 companies in 2013.

Some of the communities already connected through BCA's cash management and business solution services include the Capital Market Community, the Futures Market Community, Oil and Gas Community led by the state oil company Pertamina, the Cement Community and the Telecommunications Community. In 2013, the number of companies using BCA cash management solutions reached over 3,000 companies. This figure has increased 18.6% on average each year over the past five years.

BCA's appointment as one of the five securities settlement banks continues to highlight the strength and flexibility of BCA's IT system, both in

allowing full compliance with Indonesian Central Securities Depository (KSEI) requirements and regulations and in providing investors with trading confidence. BCA has won more than a 50% market share of Investor Accounts in the Capital Market Community. In addition, 81% of gas stations in Jakarta have become BCA merchants with the majority of them making payments to their principals via BCA.

BCA's Cash Management also synergizes with several foreign banks to provide services for foreign-owned modern retailers that have only recently entered the Indonesian market.

BCA's achievements in expanding its cash management services in 2013 again earned the Bank recognition from many parties, both local and international. These were reflected by a number of awards given to BCA in 2013, including from AsiaMoney magazine.

BCA Cash Management is part of BCA's aim to provide integrated banking solutions to larger business customers. Besides cash management services, BCA provides corporate, commercial and SME customers with access to distributor financing, supply chain financing, investment financing and credit facilities to best meet the various banking needs for customers and their communities.

### Commercial & SME

In the midst of the challenges posed by the Indonesian economy in 2013, the Bank implemented a number of more prudent lending policies. As such, lending facilities were prioritized for high-prospect and existing quality debtors that already had a relationship with the Bank while strengthening our high credit underwriting standards, particularly in the second semester of 2013. The Bank continued to maintain asset quality with low NPL at 0.6% for the Commercial & SME loan portfolio as of year-end 2013.

SME lending, currently defined as lending of up to Rp 10 billion, is conducted at the branch level and supported by an online and centralized credit application scoring and credit risk management system. Commercial lending, currently defined as business loans of more than Rp 10 to 200 billion, is conducted via centralized processing at regional offices through Commercial Business Centers.

Leveraging the Bank's branch network in major business cities and business hubs, the Bank has extensive reach to a nationwide Commercial & SME customer base, and provides banking solutions to leading companies in the trading, manufacturing and services industries, most of which are regional businesses across Indonesia.

With its size and market share, BCA is able to provide opportunities for business customers to meet each other through networking events. Customers value these community-building initiatives greatly, and BCA benefits from the stronger relationships within interconnected business communities. Commercial & SME Banking worked closely with the Bank's Corporate Banking team to enhance this value chain related business initiatives throughout various industries including in the fertilizer segment, cement, auto dealership, retail distributorship and consumer goods.

Further development of credit infrastructure at commercial business centers across Indonesia remained an on-going program in order to provide better service to commercial customers. At the end of 2013, the Bank had 14 Commercial Business Centers nationwide located on major business hubs throughout Indonesia including Jakarta, Semarang, Bandung and Surabaya in Java island; and in Medan, Palembang, Makasar and Denpasar outside Java island.

The hiring and training of new account officers continued in 2013 in order to satisfy the increasing need for skilled account officers. The Bank also continued to train existing staff in order to improve service levels and customer engagement while developing the skills needed in an increasingly competitive environment.

Commercial & SME loans represented a significant portion, 38.6%, of the Bank's total loan portfolio. Commercial & SME outstanding loans reached Rp 120.7 trillion at the end of 2013, a 18.7% increase from Rp 101.7 trillion at the end of 2012. Within this total, commercial and SME lending each made positive achievements with lending growth of 23.2% to Rp 73.0 trillion and 12.5% to Rp 47.7 trillion respectively. Commercial loans accounted for 60.5% of the combined commercial & SME loan portfolio, while SME contributed the remaining 39.5%. A weakening Indonesian economy in the future may lead to a soft demand for productive credit. BCA's excellence in transactional banking and funding will be a major strength in such a climate.

### **Sharia Banking**

In 2013, BCA Syariah took a larger role in the Bank's efforts to meet customer needs beyond conventional banking by providing banking solutions to those customers who require Sharia banking.

Since opening in 2010, BCA Syariah has posted continuous growth in deposit taking, provision of financing, customers served and banking infrastructure development. In expanding sharia network, BCA Syariah also designed and built a more practical outlet concept, called Sharia Services Unit, which is attached to the Bank's branch. BCA Syariah added 4 Sharia Services Unit in Bekasi, Sidoarjo, Gresik and Semarang to complement the existing 30 branches (including 18 Sharia Services Unit), with coverage now in Greater Jakarta and Java.

In 2013, BCA Syariah increased its third party funds by 34.2% to Rp 1.7 trillion. Total Sharia financing grew by 41.1% to Rp 1.4 trillion, with a maintained low non performing financing at 0.1%.

BCA Syariah is complementing BCA's other businesses by exploring new opportunities with a pilot project in the field of micro SMEs; this project is being evaluated and will continue to improve in terms of strategy, policy, procedure and execution. As a moslem-majority country with a population over 250 million, the Bank believes in the future of Sharia banking.

### Looking Forward

Branch Banking continuously seeks to expand its offerings and reach by building on the work of previous years and within the framework of deepening customer relationships.

Branch Banking will increase functionality and further integrate all transaction channels, while developing new products and services to meet our customers' financial and transactional needs, keeping customer convenience and security at the forefront of our activities.

Branch Banking will seek to maximize efficiency in all processes, with special focus on improving the credit application process. Preparing for the future, BCA will continue investing in commercial business centers, establishing better risk management and upgrading service levels to meet the expectations of BCA's customers.



Anticipating the fluctuation of global economic conditions in the next year, BCA will remain steadfast in supporting our valued customers and will continue working with all our stakeholders to support Indonesia's economic growth.