

# **PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
31 DECEMBER 2013**

**DIRECTORS' STATEMENT  
REGARDING THE RESPONSIBILITY  
FOR THE CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2013  
PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES**

We, the undersigned:

- |    |                     |   |
|----|---------------------|---|
| 1. | Name                | : Jahja Setiaatmadja  |
|    | Office address      | : Menara BCA Grand Indonesia<br>Jl. M.H. Thamrin No. 1, Jakarta 10310                       |
|    | Residential address | : Jl. Metro Kencana V/6 RT 001 RW 015,<br>Pondok Pinang, Kebayoran Lama,<br>Jakarta Selatan |
|    | Telephone           | : (021) 2358-8000   |
|    | Title               | : President Director  |
| 2. | Name                | : Eugene K. Galbraith   |
|    | Office address      | : Menara BCA Grand Indonesia<br>Jl. M.H. Thamrin No. 1, Jakarta 10310                       |
|    | Residential address | : Jl. Metro Alam II TE 16, Pondok Indah<br>Jakarta Selatan                                  |
|    | Telephone           | : (021) 2358-8000   |
|    | Title               | : Deputy President Director   |

declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries;
2. The consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3.
  - a. All information in the consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries has been completely and correctly disclosed;
  - b. The consolidated financial statements of PT Bank Central Asia Tbk and Subsidiaries do not contain misleading information and we have not omitted any information or facts that would be material to the consolidated financial statements;
4. We are responsible for the internal control of PT Bank Central Asia Tbk.

This statement is made truthfully.

For and on behalf of the Board of Directors

 <b>Jahja Setiaatmadja</b> President Director	 <b>Eugene K. Galbraith</b> Deputy President Director
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Jakarta, 18 February 2014



**Siddharta & Widjaja**  
**Registered Public Accountants**

33rd Floor Wisma GKBI  
28, Jl. Jend. Sudirman  
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Indonesia

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**Independent Auditors' Report**

No.: L.13 - 2318 - 14/II.18.002

The Shareholders,  
The Board of Commissioners and Directors  
PT Bank Central Asia Tbk:

We have audited the accompanying consolidated financial statements of PT Bank Central Asia Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of 31 December 2013, and the consolidated statements of 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 2013, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

### **Other matter**

Our audit of the accompanying consolidated financial statements of PT Bank Central Asia Tbk and its subsidiaries as of 31 December 2013, and for the year then ended, were performed for the purpose of forming an opinion on these consolidated financial statements taken as a whole. The accompanying financial information of PT Bank Central Asia Tbk (parent entity), which comprises the statement of financial position as of 31 December 2013, and the statements of comprehensive income, changes in equity, and cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

Siddharta & Widjaja  
Registered Public Accountants

Elisabeth Imelda, SE, M.Ak., CPA  
Public Accountant License No. AP. 0849

Jakarta, 18 February 2014.



# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		31 December	
	Notes	2013	2012
ASSETS			
Cash	2b,2i,5,32,35,37	16,284,142	11,054,208
Current accounts with Bank Indonesia	2b,2i,2j,6,32,35,37	35,269,077	33,848,000
Current accounts with other banks	2b,2i,2j,2v,7,32,35,37	3,447,290	4,483,354
Placements with Bank Indonesia and other banks	2b,2i,2k,2v,8,32,35,37	12,254,043	28,802,130
Financial assets held for trading	2i,2l,9,32,35,37	1,238,564	1,441,725
Acceptance receivables - net of allowance for impairment losses of Rp 89,740 and Rp 61,824 as of 31 December 2013 and 2012	2i,2m,2v,10,32,35,37	6,434,376	7,715,371
Bills receivable - net of allowance for impairment losses of Rp 580 and Rp 336 as of 31 December 2013 and 2012	2i,2v,32,35,37	2,632,832	1,946,793
Securities purchased under agreements to resell	2i,2o,2v,11,32,37	41,056,171	34,448,535
Loans receivable - net of allowance for impairment losses of Rp 5,611,256 and Rp 4,017,408 as of 31 December 2013 and 2012	2i,2n,2v,12,32,35,37		
Related parties	2g,41	475,559	549,450
Third parties		306,203,573	252,211,007
Consumer financing receivables - net of allowance for impairment losses of Rp 79,673 and Rp 76,401 as of 31 December 2013 and 2012	2i,2p,2v,13,32,37	5,229,338	4,487,552
Investment in finance leases - net of allowance for impairment losses of Rp 3,868 and Rp 2,925 as of 31 December 2013 and 2012	2i,2q,2v,32,37	182,544	104,246
Carry forward		430,707,509	381,092,371

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		31 December	
	Notes	2013	2012
ASSETS			
Carried forward		430,707,509	381,092,371
Assets related to sharia transactions - net of allowance for impairment losses of Rp 15,885 and Rp 8,950 as of 31 December 2013 and 2012	2r	1,405,834	999,375
Investment securities - net of allowance for impairment losses of Rp 747,057 and Rp 629,498 as of 31 December 2013 and 2012	2i,2s,2v,14,32,35,37	48,407,338	47,310,371
Fixed assets - net of accumulated depreciation of Rp 4,962,996 and Rp 4,213,740 as of 31 December 2013 and 2012	2t,2v,15	7,440,017	6,406,625
Deferred tax assets - net	2ah,17g	1,779,493	919,802
Other assets - net of allowance for impairment losses of Rp 158 and Rp 4,927 as of 31 December 2013 and 2012	2f,2u,2v,2w		
Related party	2g,41	293,197	305,685
Third parties		6,271,185	5,959,968
TOTAL ASSETS		496,304,573	442,994,197

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

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		31 December	
	Notes	2013	2012
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	2i,2x,16,32, 35,37		
Related parties	2g,41	987,860	1,484,745
Third parties		408,497,903	368,789,454
Sharia deposits	2y	250,146	232,813
Deposits from other banks	2i,2x,16,32, 35,37	3,301,039	2,330,295
Financial liabilities held for trading	2i,2l,9,32, 35,37	113,516	48,474
Acceptance payables	2i,2m,10,32, 35,37	4,539,442	5,839,495
Debt securities issued	2i,2z,18,32, 37	3,132,847	2,521,877
Income tax liabilities	2ah,17a,17f	276,017	216,614
Borrowings	2i,19,32,35, 37	500,952	128,018
Obligation for post-employment benefits	2ag,33	3,525,834	2,854,612
Accruals and other liabilities	2aa	5,768,437	5,620,847
TOTAL LIABILITIES		430,893,993	390,067,244
Temporary <i>syirkah</i> deposits	2y	1,443,902	1,029,011

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		31 December	
	Notes	2013	2012
EQUITY			
Equity attributable to equity holders of the parent entity			
Share capital - par value per share of Rp 62.50 (full amount)			
Authorized capital: 88,000,000,000 shares			
Issued and fully paid: 24,655,010,000 shares	1c,20	1,540,938	1,540,938
Additional paid-in capital	1c,1d,2d,2ac, 21	5,564,552	4,396,429
Treasury stocks, at cost: 198,781,000 shares as of 31 December 2012	1c,2ac,20	-	(617,589)
Differences from translation of foreign currency financial statements	2h	309,103	221,688
Unrealized (losses) gains on available-for-sale financial assets - net	2s,14	(478,631)	857,070
Difference in value from restructuring transaction of entities under common control	1d	-	(111,193)
Retained earnings			
Appropriated	31	770,311	653,094
Unappropriated		56,157,717	44,881,084
Other equity components		1,613	5,254
Total equity attributable to equity holders of the parent entity		63,865,603	51,826,775
Non-controlling interest	2e,40	101,075	71,167
TOTAL EQUITY		63,966,678	51,897,942
TOTAL LIABILITIES AND EQUITY		496,304,573	442,994,197

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



# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended 31 December	
	Notes	2013	2012
OPERATING INCOME AND EXPENSES			
Interest and sharia income	2g,2ad,23,41	34,277,149	28,885,290
Interest and sharia expenses	2g,2ad,24,41,42	(7,852,009)	(7,647,167)
Net interest and sharia income		26,425,140	21,238,123
Fee and commission income	2ae,25	6,309,874	5,455,094
Fee and commission expenses	2ae,25	(11)	(1,770)
Net fee and commission income		6,309,863	5,453,324
Net trading income	2af,26	519,864	604,736
Other operating income		470,940	317,773
Total operating income		33,725,807	27,613,956
Impairment losses on financial assets	2v,27	(2,015,678)	(498,670)
Other operating expenses			
Personnel expenses	2g,2ag,28,33,41	(6,864,614)	(6,154,966)
General and administrative expenses	2g,29,41	(7,386,260)	(6,450,204)
Others		(380,588)	(254,548)
		(14,631,462)	(12,859,718)
Total operating expenses		(16,647,140)	(13,358,388)
NET OPERATING INCOME		17,078,667	14,255,568
NON-OPERATING INCOME - NET	2h,2t,2u	736,939	430,478
INCOME BEFORE TAX		17,815,606	14,686,046

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended 31 December	
	Notes	2013	2012
<b>INCOME BEFORE TAX</b>		17,815,606	14,686,046
<b>INCOME TAX EXPENSE</b>	2ah,17b		
Current		(3,973,278)	(3,141,702)
Deferred		413,911	174,116
		<u>(3,559,367)</u>	<u>(2,967,586)</u>
<b>NET INCOME</b>		<u>14,256,239</u>	<u>11,718,460</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange gains arising from translation of foreign currency financial statements	2h	87,415	21,134
Available-for-sale financial assets:	2s,14		
Change in fair value - net		(1,780,934)	215,544
Income tax related to components of other comprehensive income	2ah	445,233	(53,886)
Others		<u>(3,641)</u>	<u>(2,729)</u>
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>		<u>(1,251,927)</u>	<u>180,063</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>13,004,312</u>	<u>11,898,523</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>			
Equity holders of parent entity		14,253,831	11,721,717
Non-controlling interest	2e,40	<u>2,408</u>	<u>(3,257)</u>
		<u>14,256,239</u>	<u>11,718,460</u>
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>			
Equity holders of parent entity		13,001,904	11,901,780
Non-controlling interest	2e,40	<u>2,408</u>	<u>(3,257)</u>
		<u>13,004,312</u>	<u>11,898,523</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount of Rupiah)</b>	2ab,30	<u>579</u>	<u>480</u>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

Year ended 31 December 2013												
Attributable to equity holders of parent entity												
Notes	Issued and fully paid-up capital	Additional paid-in capital	Treasury stocks	Differences from translation of foreign currency financial statements	Unrealized gains (losses) on available-for-sale financial assets - net	Difference in value from restructuring transaction of entities under common control	Retained earnings		Other equity components	Total equity attributable to equity holders of the parent entity	Non-controlling interest	Total equity
							Appropriated	Unappropriated				
	1,540,938	4,396,429	(617,589)	221,688	857,070	(111,193)	653,094	44,881,084	5,254	51,826,775	71,167	51,897,942
2d	-	(111,193)	-	-	-	111,193	-	-	-	-	-	-
	1,540,938	4,285,236	(617,589)	221,688	857,070	-	653,094	44,881,084	5,254	51,826,775	71,167	51,897,942
	-	-	-	-	-	-	-	14,253,831	-	14,253,831	2,408	14,256,239
2h	-	-	-	87,415	-	-	-	-	-	87,415	-	87,415
2s	-	-	-	-	(1,335,701)	-	-	-	-	(1,335,701)	-	(1,335,701)
	-	-	-	-	-	-	-	-	(3,641)	(3,641)	-	(3,641)
	-	-	-	87,415	(1,335,701)	-	-	14,253,831	(3,641)	13,001,904	2,408	13,004,312
2d	-	(35,623)	-	-	-	-	-	-	-	(35,623)	-	(35,623)
31	-	-	-	-	-	-	117,217	(117,217)	-	-	-	-
31	-	-	-	-	-	-	-	(2,859,981)	-	(2,859,981)	-	(2,859,981)
1c,2ac, 20	-	1,314,939	617,589	-	-	-	-	-	-	1,932,528	-	1,932,528
1d,2e, 40	-	-	-	-	-	-	-	-	-	-	27,500	27,500
	1,540,938	5,564,552	-	309,103	(478,631)	-	770,311	56,157,717	1,613	63,865,603	101,075	63,966,678

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

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued) YEAR ENDED 31 DECEMBER 2013 (Expressed in millions of Rupiah, unless otherwise stated)

Year ended 31 December 2012												
Attributable to equity holders of parent entity												
Notes	Issued and fully paid-up capital	Additional paid-in capital	Treasury stocks	Differences from translation of foreign currency financial statements	Unrealized gains (losses) on available-for-sale financial assets - net	Difference in value from restructuring transaction of entities under common control	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 2011	1,540,938	3,895,933	(808,585)	200,554	695,412	(111,193)	544,901	36,036,973	7,983	42,002,916	24,424	42,027,340
Net income for the year	-	-	-	-	-	-	-	11,721,717	-	11,721,717	(3,257)	11,718,460
Differences from translation of foreign currency financial statements	2h	-	-	21,134	-	-	-	-	-	21,134	-	21,134
Unrealized gains on available-for-sale financial assets - net	2s	-	-	-	161,658	-	-	-	-	161,658	-	161,658
Other equity components		-	-	-	-	-	-	-	(2,729)	(2,729)	-	(2,729)
Total comprehensive income for the year		-	-	21,134	161,658	-	-	11,721,717	(2,729)	11,901,780	(3,257)	11,898,523
General reserve	31	-	-	-	-	-	108,193	(108,193)	-	-	-	-
Cash dividends	31	-	-	-	-	-	-	(2,769,413)	-	(2,769,413)	-	(2,769,413)
Additional paid-in capital from treasury stock transactions	1c,2ac	-	500,496	190,996	-	-	-	-	-	691,492	-	691,492
Increase in non-controlling interest due to additional share capital payment	1d,2e, 40	-	-	-	-	-	-	-	-	-	50,000	50,000
Balance, 31 December 2012	1,540,938	4,396,429	(617,589)	221,688	857,070	(111,193)	653,094	44,881,084	5,254	51,826,775	71,167	51,897,942

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

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended 31 December	
	Notes	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts of interest and sharia, fees and commissions		40,463,212	34,231,828
Other operating income		612,641	347,117
Payments of interest and sharia, fees and commissions		(7,790,809)	(7,692,146)
Payments of post-employment benefits	33	(234,193)	(228,178)
Loss from foreign exchange transactions - net		(11,224,484)	(1,557,056)
Other operating expenses		(12,749,715)	(11,238,594)
Non-operating income - net		75,980	190,522
Payment of tantien to Board of Commissioners and Directors	31	(175,815)	(162,261)
Other increase/decrease affecting cash:			
Placements with Bank Indonesia and other banks - mature more than 3 months from the date of acquisition		1,364,963	37,283,917
Financial assets held for trading		282,823	1,165,555
Acceptance receivables		1,253,079	(2,184,483)
Bills receivable		(400,825)	(605,581)
Securities purchased under agreements to resell		(6,607,636)	(13,247,371)
Loans receivable		(52,130,025)	(54,132,447)
Consumer financing receivables		(757,831)	(1,028,276)
Investments in finance leases - net		(79,241)	(95,558)
Assets related to sharia transactions		(444,778)	(366,959)
Other assets		1,251,099	(1,454,558)
Deposits from customers		47,110,182	48,599,248
Sharia deposits		17,333	84,185
Deposits from other banks		1,249,964	(1,094,414)
Acceptance payables		(1,300,053)	1,796,174
Accruals and other liabilities		(476,714)	1,875,824
Temporary <i>syirkah</i> deposits		414,891	313,504
<b>Net cash (used in) provided by operating activities before income tax</b>		<b>(275,952)</b>	<b>30,799,992</b>
Payment of income tax		(3,913,875)	(3,084,948)
<b>Net cash (used in) provided by operating activities</b>		<b>(4,189,827)</b>	<b>27,715,044</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale of investment securities		985,508	-
Acquisition of investment securities		(18,268,301)	(23,631,358)
Proceeds from investment securities that had matured during the year		15,556,338	28,876,712
Cash dividends received from investment in shares		1,305	1,884
Acquisition of a Subsidiary, net of cash and cash equivalents acquired	1d	26,574	-
Acquisition of fixed assets		(2,937,296)	(3,211,877)
Proceeds from sale of fixed assets		23,482	16,894
<b>Net cash (used in) provided by investing activities</b>		<b>(4,612,390)</b>	<b>2,052,255</b>

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

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

		Year ended 31 December	
	Notes	2013	2012
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in debt securities issued		610,970	1,039,867
Increase (decrease) in borrowings - net		372,934	(312,820)
Additional share capital payment of a Subsidiary by non-controlling interest	40	27,500	50,000
Payment of cash dividends	31	(2,859,981)	(2,769,413)
Proceeds from sale of treasury stocks	1c	1,932,528	691,492
<b>Net cash provided by (used in) financing activities</b>		<b>83,951</b>	<b>(1,300,874)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(8,718,266)	28,466,425
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>			
		76,894,602	49,176,049
<b>EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS</b>			
		(1,020,009)	(747,872)
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>			
		<b>67,156,327</b>	<b>76,894,602</b>
<b>Cash and cash equivalents consist of:</b>			
Cash	5	16,284,142	11,054,208
Current accounts with Bank Indonesia	6	35,269,077	33,848,000
Current accounts with other banks	7	3,447,290	4,483,354
Placements with Bank Indonesia and other banks - mature within 3 months or less from the date of acquisition	8	12,155,818	27,509,040
<b>Total cash and cash equivalents</b>		<b>67,156,327</b>	<b>76,894,602</b>

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



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(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 was based on the Notary Deed No. 144 of Wargio Suhardjo, S.H., the substitute of notary public Ridwan Suselo, dated 21 May 1974, whereby the Bank’s name was changed to PT Bank Central Asia.

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. 19 of Dr. Irawan Soerodjo, S.H., MSi., dated 15 January 2009. This deed was approved by the Minister of Justice and Human Rights in its decision letter No. AHU-12512.AH.01.02 dated 14 April 2009 and published in Supplement No. 12790 to the State Gazette of the Republic of Indonesia No. 38 dated 12 May 2009.

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 2013 and 2012, the Bank had the following branches and representative offices:

	2013	2012
Domestic branches	953	934
Overseas representative offices	2	2
	<u>955</u>	<u>936</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. GENERAL (Continued)

##### a. Establishment and general information of the Bank (continued)

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

##### b. Recapitalization of the Bank

Based on the Indonesian Bank Restructuring Agency ("IBRA") Decision Letter No. 19/BPPN/1998 dated 28 May 1998, the 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 recapitalization 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 recapitalization program for Bank Taken Over.

In conjunction with the recapitalization 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 recapitalization 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

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 a 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 namely the Indonesia Stock Exchange).

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. GENERAL (Continued)

##### c. Public offering of the Bank's shares (continued)

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 the 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.

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 a 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 the 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 the 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. totaling 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 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 totaling 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 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 the 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 the amendments of 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 Notary 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 Deed on the Receipt Report on the Amendment of the Articles of Association No. AHU-AH.01.10-0247 dated 3 January 2008.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. GENERAL (Continued)

##### c. 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 period 11 February 2008 to 13 November 2008 has been performed with the number shares bought back totaling 397,562 lot or 198,781,000 shares with the average acquisition cost of Rp 3,106.88 (full amount) per share. Therefore, 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 acquisition costs and selling price of treasury stocks amounted to Rp 500,496 was recorded as "additional paid-in capital from treasury stock transactions", which was part of additional paid-in capital (see Note 21). As of 31 December 2012, total treasury stocks of the Bank was 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 acquisition costs and selling price of treasury stocks amounted to Rp 1,314,939 was recorded as "additional paid-in capital from treasury stock transactions", which was part of additional paid-in capital (see Note 21). As of 31 December 2013, the Bank did not have any treasury stocks.

The majority shareholder of the Bank is FarIndo Investments (Mauritius) Ltd., which owned 47.15% of the Bank's issued and fully paid shares as of 31 December 2013. The ultimate shareholders of the parent entity of the Bank are Mr. Robert Budi Hartono and Mr. Bambang Hartono.

##### d. The Subsidiaries

The Subsidiaries, directly and indirectly owned by the Bank as of 31 December 2013 and 2012, were as follows:

Name of the Company	Year of Starting the Commercial Operation	Type of Business	Domicile	Percentage of Ownership		Total Assets	
				2013	2012	2013	2012
PT BCA Finance	1981	Consumer financing, finance lease, factoring	Jakarta	100%	100%	5,798,034	4,842,947
BCA Finance Limited	1975	Money lending	Hong Kong	100%	100%	444,850	353,970
PT Bank BCA Syariah	1991	Sharia banking	Jakarta	100%	100%	2,041,419	1,602,181
PT BCA Sekuritas	1990	Securities brokerage dealer, underwriter for issuance of securities, investment manager	Jakarta	75%	75%	413,449	299,663
PT Asuransi Umum BCA	1988	General or loss insurance	Jakarta	100%	-	431,686	-

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 1. GENERAL (Continued)

### d. The Subsidiaries (continued)

#### PT BCA Finance

PT BCA Finance, a company domiciled in Indonesia and located at Wisma BCA Pondok Indah, 2<sup>nd</sup> Floor, Jalan Metro Pondok Indah No. 10, South Jakarta, was established in 1981 under the name of PT Central Sari Metropolitan Leasing Corporation (“CSML”). At its inception, the shareholders of CSML are PT Bank Central Asia and Japan Leasing Corporation.

In 2001, PT Central Sari Metropolitan Leasing Corporation changed its name to PT Central Sari Finance (“CSF”), followed by changing in the composition of its shareholders, where PT Bank Central Asia Tbk became the majority shareholder, and changing of its business focus to motor vehicles financing activities, in particular for four wheels or more vehicles. 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 Room 3211-3215, Jardine House, 1 Connaught Place, Central, Hong Kong, is engaged in money lending and has been operating commercially since 1975.

#### PT Bank BCA Syariah

PT Bank BCA Syariah (formerly PT Bank UIB), a company domiciled in Indonesia and located at Jalan Jatinegara Timur No. 72, East Jakarta, is engaged in banking activities and has been operating commercially since 1991.

Based on the Acquisition Deed No. 72 dated 12 June 2009 of Notary Public Dr. Irawan Soerodjo, SH., Msi., PT Bank Central Asia Tbk acquired 42,500 shares of PT Bank UIB or equivalent to 100% (one hundred percent) of ownership.

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.

Change in business activities of the 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 BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. GENERAL (Continued)

##### d. The Subsidiaries (continued)

##### PT Bank BCA Syariah (continued)

Based on the Deed of Resolution in lieu of General Meeting of Shareholders No. 73 dated 21 October 2010 of Notary Public Ny. Pudji Redjeki Irawati, S.H., to fulfill the requirements of Article 6 of Bank Indonesia Regulation No. 11/15/PBI/2009 regarding conversion of business activities from conventional bank to sharia bank, the Subsidiary presented its first financial statements as a sharia bank by presenting current and prior year income in nil balance. Considering this matter, the shareholders of Subsidiary approved the utilization all of Subsidiary's retained earnings as of 2 April 2010 of Rp 53,838 to be allocated as general reserve amounted to Rp 38 and to be converted as 53,800 new shares amounted to Rp 53,800. The deed of amendment was ratified by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. AHU-01.10-30741 dated 1 December 2010. The deed has been reported by the Subsidiary to Bank Indonesia through its Letter No. 294/DIR/2010 dated 28 October 2010 and Letter No. 105/SKHS/2010 dated 9 December 2010. The approval from Bank Indonesia was obtained through its Letter No. 12/2564/DPBs dated 17 December 2010.

Total net assets acquired and goodwill arising from acquisition of the Subsidiary at the date of acquisition were as follows:

	Total
Initial purchase cost	248,256
Deducted by: Fair value of the assets of Subsidiary acquired	(110,864)
Goodwill	137,392

##### PT BCA Sekuritas

PT BCA Sekuritas (formerly PT Dinamika Usaha Jaya), a company domiciled in Indonesia and located at Menara BCA, Grand Indonesia, 41<sup>st</sup> Floor, Suite 4101, Jalan M.H. Thamrin No. 1, Jakarta, is engaged as securities broker, underwriter and investment manager since 1990.

Based on the Deed of Sale and Purchase Agreement with Deed No. 56 dated 15 September 2011, the Bank signed a sale and purchase agreement with the owner of PT Dinamika Usaha Jaya to acquire PT Dinamika Usaha Jaya. The purchase was approved by Bank Indonesia on 19 July 2011. This transaction was a transaction of entities under common control, such that it was recorded in accordance with Statement of Financial Accounting Standard ("SFAS") No. 38 (2012 Revision) under pooling-of-interests method.

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.

During 2013 and 2012, there were increases in share capital of PT BCA Sekuritas amounted to Rp 110,000 and Rp 200,000, respectively.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. GENERAL (Continued)

##### d. The Subsidiaries (continued)

##### PT Asuransi Umum BCA

PT Asuransi Umum BCA (formerly PT Central Sejahtera Insurance), a company domiciled in Indonesia and located at WTC Mangga Dua, 3A<sup>rd</sup> Floor, Block CL 003, Jalan Mangga Dua Raya Kav. 8, North Jakarta, is engaged in insurance activities, in particular 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, the Subsidiary's name was changed to PT Central Sejahtera Insurance, following the change in the composition of its shareholders to Dana Pensiun BCA at 75% (seventy five percent) ownership and PT BCA Finance (Bank's Subsidiary) at 25% (twenty five percent) ownership.

Based on the Deed of Sale and Purchase Agreement No. 64 dated 28 June 2013, the Bank signed a sale and purchase agreement with the owner of PT Central Sejahtera Insurance to acquire 75% (seventy five percent) ownership of PT Central Sejahtera Insurance from Dana Pensiun BCA with acquisition cost of Rp 102,000. The purchase was approved by the Financial Services Authority ("OJK") through its Letter No. S-300/D.05/2013 on 23 July 2013 and Bank Indonesia through its Letter No. 15/62/DPB/PB3-7/Rahasia on 17 September 2013. This transaction was a business combination under common control transaction, such that it was recorded in accordance with SFAS No. 38 (2012 Revision) under pooling-of-interests method.

On 5 December 2013, based on the Deed of Minutes of Extraordinary General Meeting of Shareholders of PT Central Sejahtera Insurance No. 07 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.

Total net assets acquired and goodwill arising from acquisition of the Subsidiary at the date of acquisition were as follows:

	Total
Initial purchase cost	102,000
Deducted by: Fair value of the assets of Subsidiary acquired	(76,798)
Goodwill	25,202
	Total
Cash paid on acquisition of Subsidiary, including transaction costs	102,000
Deducted by: Cash and cash equivalents of Subsidiary acquired	(128,574)
Net cash outflow on acquisition of PT Asuransi Umum BCA	(26,574)

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 1. GENERAL (Continued)

##### e. Board of Commissioners and Directors

The composition of the Bank's management as of 31 December 2013 and 2012 was as follows:

###### Board of Commissioners

President Commissioner	Djohan Emir Setijoso
Commissioner	Tonny Kusnadi
Independent Commissioner	Cyrillus Harinowo
Independent Commissioner	Raden Pardede
Independent Commissioner	Sigit Pramono

###### Board of Directors

President Director	Jahja Setiaatmadja
Deputy President Director	Eugene Keith Galbraith
Director	Dhalia Mansor Ariotedjo
Director	Anthony Brent Elam
Director	Suwigno Budiman
Director	Tan Ho Hien/Subur Tan <sup>*)</sup>
Director	Renaldo Hector Barros
Director	Henry Koenafi
Director	Armand Wahyudi Hartono
Director	Erwan Yuris Ang

<sup>\*)</sup> Compliance Director

##### f. Audit committee

The Bank's Audit Committee as of 31 December 2013 and 2012 consisted of:

Chairman	Sigit Pramono
Member	Inawaty Suwardi
Member	Ilham Ikhsan

##### g. Number of employees

As of 31 December 2013 and 2012, the Bank and Subsidiaries had 21,281 and 20,320 permanent employees.

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

##### h. Completion of the consolidated financial statements

The Bank's management are responsible for the preparation of these consolidated financial statements, which were authorized for issue on 18 February 2014.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In its accounting and financial reporting, the Bank and Subsidiaries adopt accounting policies in accordance with the Indonesian Financial Accounting Standard ("SAK"). The significant accounting policies, consistently applied in the preparation of the consolidated financial statements, were as follows:

### a. Statement of compliance

The consolidated financial statements are prepared and presented in accordance with Indonesian SAK.

### b. Basis for the preparation of the consolidated financial statements

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

The consolidated financial statements have been prepared based on the accrual basis using the historical cost concept, unless otherwise specified.

The consolidated statements of cash flows are presented the changes in cash and cash equivalents from operating, investing, and financing activities and 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 that mature within 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 SAK 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is 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 recognized in the consolidated financial statements are described in Note 4.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### d. Changes in accounting policies

#### d.1 Standards and amendments effective starting 1 January 2013

The following standards and amendments, which became effective for financial statements beginning on or after 1 January 2013, that are relevant to the Bank and Subsidiaries:

- a. Statement of Financial Accounting Standard (SFAS) No. 38 (2012 Revision), "Business Combination under Common Control"

Business combination of entities under common control transactions, such as transfer of business in relation to reorganization 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 (2012 Revision), "Business Combination under Common Control", is recognized at its carrying amount based on a pooling of interest method. Entity that receives the business and disposes the business recognizes the difference between the amount 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.

This statement is implemented prospectively. In accordance with transition requirement of SFAS No. 38 (2012 Revision), the balance of difference in value from restructuring transaction of entities under common control based on SFAS No. 38 (2004 Revision). "Accounting for Restructuring of Entities under Common Control", at the beginning of the implementation of this standard is disclosed in equity as part of additional paid-in capital account and shall not be recognized as realized profit or loss or reclassified into retained earnings in the future. The Bank and Subsidiary have reclassified the balance of difference in value from restructuring transactions of entities under common control as of 1 January 2013 amounted to Rp 111,193 to additional paid-in capital account.

- b. Improvement of SFAS No. 60, "Financial Instruments: Disclosures"

The adoption of Improvement of SFAS No. 60 does not have any impact to the financial result of the Bank and Subsidiaries as it only relates with disclosures of financial instruments.

#### d.2 Standards issued but not yet effective

Certain new accounting standards have been issued but are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these consolidated financial statements.

Accounting standard which became effective starting 1 January 2014 and relevant to the Bank and Subsidiaries is SFAS No. 102 (2013 Revision), "Accounting for *Murabahah*".

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### d. Changes in accounting policies (continued)

#### d.2 Standards issued but not yet effective (continued)

The following standards will become effective starting 1 January 2015 and relevant to the Bank and Subsidiaries (early adoption is not permitted):

- a. SFAS No. 65, "Consolidated Financial Statements"
- b. SFAS No. 67, "Disclosure of Interests in Other Entities"
- c. SFAS No. 68, "Fair Value Measurement"
- d. SFAS No. 1 (2013 Revision), "Presentation of Financial Statements"
- e. SFAS No. 4 (2013 Revision), "Separate Financial Statements"
- f. SFAS No. 24 (2013 Revision), "Employee Benefits"

The Bank and Subsidiaries are still in process of analyzing the impact from adopting these standards.

### 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 and PT Asuransi Umum BCA) controlled by the Bank. Control is presumed to exist when the Bank owns more than 50% (fifty percent) of the voting power of the Subsidiaries.

Control also exists when the Bank owns half or less of the voting power of the Subsidiaries when there is:

- a. power over more than half of the voting rights by virtue of an agreement with other investors;
- b. power to govern the financial and operating policies of the subsidiary under a statute or an agreement;
- c. power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the subsidiary is by that board or body; or
- d. power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the subsidiary is by that board or body.

The financial statements of Subsidiaries are included in the consolidated financial statements since the date on which the Bank obtained control until the date such control ceases. The financial statements of Subsidiaries have been prepared using the same accounting policies with those implemented by the Bank for similar transactions and other events in similar circumstances, unless otherwise specified.

When control of an entity is obtained during the year, its results are included in the consolidated statements of comprehensive income from the date on which control commences. Where control ceases during the year, its results are included in the consolidated financial statements for the part of the year during which control existed.

All significant balances, transactions, income and expenses with and between Subsidiaries are eliminated in preparing the consolidated financial statements such that the consolidated financial statements include only transactions and balances with third parties. Unrealized losses from transactions with and between Subsidiaries are eliminated, unless there is an indication of impairment that requires recognition in the consolidated financial statements.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### e. Basis of consolidation (continued)

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

Non-controlling interests are recognized 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 the consolidated statement of financial position within equity, separately from the equity attributable to the owner, and presented to the proportion of Subsidiary's income for the year and equity attributable to the non-controlling interest based on percentage of ownership of the non-controlling interest on the Subsidiary.

If the Bank losses control of a Subsidiary, it:

- derecognizes the assets (including any goodwill) and liabilities of the Subsidiary;
- derecognizes the carrying amount of any non-controlling interests in the former Subsidiary;
- derecognizes the cumulative translation differences recorded in equity, if any;
- recognizes the fair value of the consideration received;
- recognizes any investment retained in the former Subsidiary at its fair value;
- recognizes any differences occurred as gain or loss in the consolidated statement of comprehensive income; and
- reclassifies the Bank's part of component previously recognized as other comprehensive income to the consolidated statement of comprehensive income, or directly transferred to retained earnings.

### f. Business combination

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the fair value of assets transferred, equity instruments issued, liabilities incurred or obtained and adjustment to the contingent purchase price, if any, at the date of acquisition and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. On the acquisition date, acquisition costs are expensed as incurred and included in the administrative expenses.

When acquiring a business, the Bank and Subsidiaries classified and designated financial assets acquired and financial liabilities obtained in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquirer remeasures its previously held equity interest at its acquisition-date fair value and recognizes the related gain or loss to the profit or loss.

Contingent consideration transferred by the acquirer is recognized at fair value at the acquisition date. Subsequent changes in the fair value of contingent consideration classified as assets or liabilities are recognized as gain or loss, or other comprehensive income in accordance with SFAS No. 55 (2011 Revision). If it is classified as equity, contingent consideration is not remeasured and the next adjustment will be accounted for in equity.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### f. Business combination (continued)

On the acquisition date, goodwill is initially measured at acquisition cost which represents the excess of the aggregate of consideration transferred and the amount of any non-controlling interest over the difference between the amounts of the identifiable assets acquired and the liabilities assumed. If the consideration is lower than the fair value of Subsidiary's net assets acquired, the difference is recognized in the profit or loss. Subsequent to initial recognition, goodwill is measured at its carrying amount less accumulated impairment losses.

### g. Transactions with related parties

In these consolidated financial statements, the term related parties is used as defined in SFAS No. 7 (2010 Revision) regarding "Related Party Disclosures".

All significant transactions and balance of accounts with related parties, whether or not transacted at normal terms and conditions similar with those with non-related parties, are disclosed in the notes to the consolidated financial statements.

### h. Translation of transactions in foreign currencies

Bank and Subsidiaries domiciled in Indonesia maintained its accounting record in Rupiah. 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 statement 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 monthly statement of comprehensive income 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 are translated using the Reuters spot rate at 16:00 WIB at the statement of financial position date, except for income statement accounts which are translated using the average middle rates and equity accounts which are translated using historical rates.

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

Exchange gains and losses arising from transactions in foreign currencies and from the translation of monetary assets and liabilities in foreign currencies are recognized in the consolidated statements of comprehensive income for the year.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### h. Translation of transactions in foreign currencies (continued)

The foreign currency gain or loss on monetary assets and liabilities is the difference between amortized cost in Rupiah at the beginning of the year, adjusted for effective interest and payments during the year and the amortized cost in foreign currency translated into Rupiah at the exchange rate at the end of the year.

Summarized below are the major exchange rates as of 31 December 2013 and 2012, using Reuters middle rate at 16:00 WIB (full amount of Rupiah):

	Foreign currency	2013	2012
1	United States Dollar (USD)	12,170	9,638
1	Australian Dollar (AUD)	10,856	10,007
1	Singapore Dollar (SGD)	9,622	7,879
1	Hong Kong Dollar (HKD)	1,570	1,243
1	Great Britain Poundsterling (GBP)	20,111	15,515
100	Japanese Yen (JPY)	11,575	11,177
1	Euro (EUR)	16,759	12,732

### i. Financial assets and liabilities

Financial assets of the Bank and Subsidiaries mainly consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with Bank Indonesia and other banks, financial assets held for trading, acceptance receivables, bills receivable, securities purchased under agreements to resell, loans receivable, consumer financing receivables, net investment in finance leases and investment securities.

Financial liabilities of the Bank and Subsidiaries mainly consist of deposits from customers, deposits from other banks, financial liabilities held for trading, acceptance payables, debt securities issued and borrowings.

#### i.1. Classification

The Bank and Subsidiaries classify its financial assets in the following categories at initial recognition:

- i. at fair value through profit or loss, which has 2 (two) sub-classifications, i.e. financial assets designated as such upon initial recognition and financial assets classified as held for trading;
- ii. available-for-sale;
- iii. held-to-maturity; and
- iv. loans and receivables.

Financial liabilities are classified into the following measurement categories at initial recognition:

- i. at fair value through profit or loss, which has 2 (two) sub-classifications, i.e. those designated as such upon initial recognition and those classified as held for trading; and
- ii. financial liabilities measured at amortized cost.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### i. Financial assets and liabilities (continued)

#### i.1. Classification (continued)

Held for trading are those financial assets and liabilities that the Bank and Subsidiaries acquire or incur principally for the purpose of selling or repurchasing in the near term, or hold as part of a portfolio that is managed together for short-term profit or position taking.

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or are not classified as another category of financial assets.

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank and Subsidiaries have the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank and Subsidiaries do not intend to sell immediately or in the near term.

Financial liabilities measured at amortized cost consist of non-derivative financial liabilities that are not held for trading purpose and not designated at fair value through profit or loss.

#### i.2. Initial recognition

The Bank and Subsidiaries initially recognize loans receivable and deposits on the date of origination. Regular way purchases and sales of financial assets are recognized on the trade date at which the Bank and Subsidiaries commit to purchase or sell the asset. All other financial assets and liabilities are initially recognized on the trade date at which the Bank and Subsidiaries become a party to the contractual provisions of the instrument.

A financial asset or liability is initially measured at fair value plus (for an item not subsequently measured at fair value through profit and loss) transaction costs that are directly attributable to its acquisition or issue of financial liabilities.

The subsequent measurement of financial assets and liabilities depends on their classifications.

Transaction costs include only those costs that are directly attributable to the acquisition of a financial asset or issuance of financial liability and they are incremental costs that would not have been incurred if the instrument had not been acquired or issued. In the case of financial assets, transaction costs are added to the amount recognized initially, while for financial liabilities, transaction costs are deducted from the amount of debt recognized initially. Such transaction costs are amortized over the life of the instruments based on the effective interest rate method and are recorded as part of interest income for transaction costs related to financial assets or interest expenses for transaction costs related to financial liabilities.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### i. Financial assets and liabilities (continued)

#### i.3. Derecognition

The Bank and Subsidiaries derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Bank and Subsidiaries transfer the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Bank and Subsidiaries is recognized as a separate asset or liability.

The Bank and Subsidiaries derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

In transactions in which the Bank and Subsidiaries neither retain nor transfer substantially all the risks and rewards of ownership of a financial asset, the Bank and Subsidiaries derecognize the asset if they do not retain control over the asset. The rights and obligations retained in the transfer are recognized separately as assets and liabilities as appropriate. In transfers in which control over the asset is retained, the Bank and Subsidiaries continue to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Bank and Subsidiaries write-off a financial asset and any related allowance for impairment losses, when the Bank and Subsidiaries determine that the financial asset is uncollectible. This determination is reached after considering information the occurrence of significant changes in the financial position of borrower/financial asset issuer such that the borrower/financial asset issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure.

#### i.4. Offsetting

Financial assets and liabilities are set off and the net amount presented in the consolidated statement of financial position when, and only when, the Bank and Subsidiaries have a legal right to offset the recognized amounts and intend either to settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by accounting standards.

#### i.5. Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount and minus any reduction for impairment.

#### i.6. Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction on the measurement date.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### i. Financial assets and liabilities (continued)

#### i.6. Fair value measurement (continued)

When available, the Bank and Subsidiaries measure the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Bank and Subsidiaries establish fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties and if available, reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Bank and Subsidiaries, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Bank and Subsidiaries calibrate valuation techniques and test them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in the consolidated statement of comprehensive income depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and Subsidiaries and counterparty where appropriate. Estimated fair value obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that the Bank and Subsidiaries believe a third-party market participation would take them into account in pricing a transaction.

Financial assets and long positions are measured at a bid price; financial liabilities and short positions are measured at an asking price. When the Bank and Subsidiaries have positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or asking price adjustment is applied only to the Net Open Position as appropriate.

### j. Current accounts with Bank Indonesia and other banks

Current accounts with Bank Indonesia and other banks are initially measured at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured at their amortized costs using the effective interest method.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### k. Placements with Bank Indonesia and other banks

Placements with Bank Indonesia and other banks are initially measured at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured at their amortized costs using the effective interest method.

### l. Financial assets and liabilities held for trading

Financial assets and liabilities held for trading are initially and subsequently recognized and measured at fair value in the consolidated statement of financial position, with transaction costs recognized in the current year profit or loss.

Financial assets and liabilities held for trading include all derivative instruments held by the Bank for trading, except for a derivative that is financial guarantee contract or a designated and effective hedging instrument.

All changes in fair value of financial assets and liabilities held for trading are recognized as part of net trading income in consolidated statement of comprehensive income. Gains or losses which are realized when the financial assets and liabilities held for trading are derecognized, are recognized in the current year consolidated statement of comprehensive income.

Financial assets and liabilities held for trading are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss upon initial recognition, may be reclassified out of the fair value through profit or loss (i.e., trading category) if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met:

- the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held for trading at initial recognition), then it may be reclassified if the Bank and Subsidiaries have the intention and ability to hold the financial asset for the foreseeable future or until maturity; or
- the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

### m. Acceptance receivables and payables

Acceptance receivables and payables are initially measured at fair value plus/minus transaction costs that are directly attributable and incremental to the acquisition/issue of those financial assets/liabilities, and subsequently measured at their amortized costs using the effective interest method. Acceptance receivables are presented net of allowance for impairment losses.

### n. Loans receivable

Loans receivable are initially measured at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured at their amortized costs using the effective interest method.

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



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### n. Loans receivable (continued)

The Bank and Subsidiaries account for troubled debt restructuring in accordance with the type of restructuring. In troubled debt restructuring which involves a modification of terms, reduction of portion of loan principal and/or combination of both, the Bank and Subsidiaries account for 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 Bank and Subsidiaries 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 recognized as individual impairment losses in the consolidated statement of comprehensive income for the year.

### o. Securities purchased under agreements to resell

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 amortized using the effective interest method as interest income over the years commencing from the acquisition date to the resell date.

### p. Consumer financing receivables

Consumer financing receivables are stated at net of unamortized transaction cost (income), unearned consumer financing income and allowance for impairment losses on consumer financing 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 unamortized transaction cost (income), which will be recognized as income over the term of the contract using effective interest rate method of the related consumer financing receivable.

Unamortized transaction cost (income), are financing administration income and transaction expense which are incurred at the first time the financing agreement is signed and directly attributable to consumer financing.

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

Consumer financing receivables will be written-off when they are overdue for more than 150 days and based on management review of individual case. Recoveries from written-off receivables are recognized as other income upon receipt.

### 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 statement of financial position (net approach). Consumer financing income is presented in the consolidated statement of comprehensive income after deducting the portions belong to other parties participated to these joint financing transactions.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### p. Consumer financing receivables (continued)

#### 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 consumer gives the right to the Subsidiary 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 statement of comprehensive income.

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

### q. Accounting for 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 a finance lease are recognized in the consolidated statement 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.

### r. Sharia transactions

Assets related to sharia transactions consist of *mudharabah* and *musyarakah* financing receivables, *ijarah* assets and receivables and *murabahah* financing receivables.

*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* financing 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 recognized at maturity date based on unearned lease income and presented at net realizable value, i.e. balance of the receivables less allowance for impairment losses.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### r. Sharia transactions (continued)

*Mudharabah* is an investment of funds from the owner of fund (*shahibul maal*) to a fund manager (*mudharib*) 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 profit 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 Bank Indonesia, except for *murabahah* financing receivables for which the identification and measurement of impairment losses follows PSAK No. 55 (2011 Revision).

### s. Investment securities

Investment securities are initially recognized at fair value plus transaction costs that are directly attributable and incremental to the acquisition of those financial assets, and subsequently measured in accordance with their classifications, either held-to-maturity or available-for-sale.

#### s.1. Held-to-maturity

Subsequent to initial recognition, held-to-maturity investments are carried at amortized cost using the effective interest method. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturities would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Bank from classifying investment securities as held-to-maturity for the current and the following two financial years.

#### s.2. Available-for-sale

After initial recognition, available-for-sale investments are carried at their fair values. Interest income is recognized in the consolidated statement of comprehensive income using the effective interest method. Foreign exchange gains or losses on available-for-sale debt securities investments are recognized in the current year profit or loss.

Other fair value changes are recognized directly in other comprehensive income until the investment is sold or impaired, where the cumulative gains and losses previously recognized in other comprehensive income are recycled to the the current year profit or loss based on a weighted average method.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### t. Fixed assets

Fixed assets are initially recognized at cost. Cost includes its expenditures directly attributable to bring the assets for its intended use. Subsequent to initial measurement, fixed assets are measured using cost model, which is carried at cost less accumulated depreciation and accumulated impairment losses.

Costs relating to the acquisition of legal titles on the land rights are recognized as part of acquisition cost of land, while costs of extension or renewal of legal titles on the land rights are charged to the consolidated statement of comprehensive income 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. Except for land which is not depreciated, 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 Bank and Subsidiaries has determined residual values to be “nil” for the calculation of depreciation.

Normal repair and maintenance expenses are charged to the consolidated statement of comprehensive income; while renovation and betterments, which are significant and prolong the useful life of assets, are capitalized to the respective fixed assets. The carrying amount and the related accumulated depreciation of fixed assets which are not utilized anymore or sold, are removed from the related group of assets, and the gains or losses are recognized as non-operating income or expense in the consolidated statement of comprehensive income.

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 carrying values 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 recognized in the consolidated statement of comprehensive income.

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 SFAS.

### u. Foreclosed assets

Foreclosed assets acquired in conjunction with settlement of loans are initially recorded at the lower of carrying value of the related loans or net realizable value of the repossessed assets. Net realizable value is the fair value of the repossessed assets after deducting the estimated cost of disposal.

Subsequent to initial recognition, foreclosed assets are recorded at carrying amount or at fair value less cost to sell, whichever is lower. The excess between the carrying value and fair value less cost to sell is recognized as impairment losses in the consolidated statement of comprehensive income.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### u. Foreclosed assets (continued)

Foreclosed assets are not depreciated and expenses in relation with the acquisition and maintenance of those assets are charged as incurred.

The difference between the carrying value and the proceeds from the sale of foreclosed assets is recognized as gain or loss at the time of sale, and recognized as non-operating income or expense in the consolidated statement of comprehensive income.

Foreclosed assets are presented under “Other assets” in the consolidated statement of financial position.

### v. Identification and measurement of impairment losses of assets

#### v.1. Financial assets

At each reporting date, the Bank and Subsidiaries 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 asset, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan by the Bank and Subsidiaries on terms that the Bank and Subsidiaries would not otherwise consider, indications that a borrower or issuer will enter 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 Bank and Subsidiaries consider evidence of impairment for financial assets at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment.

All individually significant financial assets not to be specifically 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 recognized are no longer included in a collective assessment of impairment.

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### v. Identification and measurement of impairment losses of assets (continued)

#### v.1. Financial assets (continued)

Impairment losses on financial assets carried at amortized 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. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral. Losses are recognized in the consolidated statement of comprehensive income and reflected in an allowance account against financial assets carried at amortized cost. Interest on the impaired financial asset continues to be recognized 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 consolidated statement of comprehensive income.

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

If, in a subsequent period, the fair value of an impaired available-for-sale debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income, the impairment loss is reversed, with the amount of reversal recognized in the consolidated statement of comprehensive income.

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

#### v.2. Non-financial assets

The carrying amounts of the Bank and Subsidiaries' non-financial assets are reassessed 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 grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash generating units ("CGU").

The recoverable amount of an asset or CGU is the greater of its fair value and its value in use less costs to sell. Value in use is calculated based on the estimated future cash flows, 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 CGU.

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### v. Identification and measurement of impairment losses of assets (continued)

#### v.2. Non-financial assets (continued)

Impairment losses recognized in prior periods are tested at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

An impairment loss in respect of goodwill is not reversed.

### w. Intangible assets

Intangible assets consist of software and goodwill.

#### Software

Software is stated at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure, which are significant and increase the future economic benefit of assets, will be capitalized. Other expenditures are expensed as incurred. Amortization is recognized in the consolidated statement of comprehensive income using a double-declining basis over the estimated useful economic life of 4 (four) years.

#### Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired at the date of acquisition of a Subsidiary. Goodwill is tested at each reporting date for impairment and carried at cost less accumulated impairment losses.

### x. Deposits from customers and other banks

Deposits from customers and deposits from other banks are initially measured at fair value minus directly attributable transaction costs and subsequently measured at their amortized costs using the effective interest method.

### y. Sharia and temporary *syirkah* 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 the liabilities of the Subsidiary.

Temporary *syirkah* deposit is an investment with *mudharabah mutlaqah* 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. Temporary *syirkah* deposits consist of *mudharabah* saving deposits, *mudharabah* demand deposits and *mudharabah* time deposits.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### y. Sharia and temporary *syirkah* deposits (continued)

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

*Mudharabah* demand deposits are deposits from third parties which can be withdrawn at anytime and entitled to receive sharing revenue from the Subsidiary for utilization of the funds based on a pre-agreed and approved *nisbah*. *Mudharabah* demand deposits are stated at the deposits from 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 are funds received by sharia entity which has the right to manage and invest funds, according to entity's sharia's policy or limitation from fund holders, whereby gains are to be shared based on the agreement; in the case that the decrease of temporary *syirkah* deposits was caused by normal losses, and not caused by willfull default, negligence or breach of the agreement, the sharia entity (Subsidiary) has no obligation to return or cover the fund losses or deficit.

The holder of temporary *syirkah* deposits receives based sharing profit on the pre-agreed *nisbah*.

### z. Debt securities issued

Debt securities issued by Subsidiary which consist of medium term notes payable and bonds payable, are classified as other financial liabilities measured at amortized cost. Issuance costs in connection with the issuance of debt securities are recognized as discounts and directly deducted from the proceeds of debt securities issued and amortized over the period of debt securities using the effective interest method.

### aa. Provision

A provision is recognized if, as a result of a past event, the Bank and Subsidiaries have 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 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. Earning per share

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

As of 31 December 2013 and 2012, there were no instruments which could potentially result in the issuance of ordinary shares. Therefore, diluted earnings per share is equivalent to basic earnings per share.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ac. Treasury stocks

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

When treasury stocks are sold, the Bank recorded the difference between reacquisition price and selling price of treasury stocks as additional paid-in capital from treasury stock transaction as part of additional paid-in capital.

### ad. Interest and sharia income and expenses

Interest income and expenses are recognized in the consolidated statement of comprehensive income 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 Bank and Subsidiaries estimate future cash flows 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 2i.2) 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 statement of comprehensive income include:

- interest on financial assets and liabilities at amortized cost calculated on an effective interest method; and
- interest on available-for-sale investment securities calculated on an 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 interest income.

Interest on the impaired financial asset continues to be recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Sharia income consist of income from *murabahah*, lease income from *ijarah*, sharing income of *mudharabah* financing and *musyarakah*.

Income from *murabahah* and lease income from *ijarah* are recognized during the lease *akad* period using accrual basis. Sharing income of *mudharabah* financing and *musyarakah* are recognized when received or in the period when the rights of sharing income arise in accordance with agreed sharing ratio (*nisbah*).

Sharia expenses consist of *mudharabah* expense and *wadiah* bonus expense. Sharia expenses consist of revenue sharing expense of third party funds with revenue sharing principle in accordance with agreed sharing ratio (*nisbah*) based on *wadiah*, *mudharabah mutlaqah* and *mudharabah muqayyadah* principles.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ae. 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 export import related fees, cash management fees, service fees and/or related to a specific period and the amount is significant, are recognized as unearned income/prepaid expenses and amortized based on the straight-line method over the terms of the related transactions; otherwise, they are directly recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognized on a straight-line method over the commitment period.

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

### af. Net trading income

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

### ag. Obligation for post-employment benefits

The obligation for post-employment benefits is calculated at present value of estimated future benefits that the employees have earned in return for their services in the current and prior periods, deducted by any plan assets. The calculation is performed by an independent actuary using the projected-unit-credit method.

When the plan benefits change, the portion of increased or decreased benefits relating to past service by employees is charged or credited to the consolidated statement of comprehensive income on a straight-line method over the average service period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the consolidated statement of comprehensive income.

When the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed 10% (ten percent) of the present value of the defined benefits obligation, such gains or losses are recognized in profit or loss, on a straight-line basis over the estimated average remaining vesting period. Otherwise, the actuarial gains or losses are not recognized.

### ah. Income taxes

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the consolidated statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ah. Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted as of the reporting date. This method also requires the recognition of future tax benefits, such as tax loss carry forwards, to the extent that realization of such benefits is probable.

Amendments to tax obligations are recorded when an assessment is received, or if objection and or appeal is applied, when the results of the objection or the appeal are determined.

### ai. 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 to be 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 and current and deferred taxes.

The Bank and Subsidiaries manage 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. Gain/loss from each segment is used to assess the performance of each segment.

## 3. FINANCIAL RISK MANAGEMENT

### a. Risk management framework

The Bank recognizes 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 and operational risk.

In order to control the risks, the Bank implemented an integrated Risk Management Framework which is stated in its Basic Policy of Risk Management. This framework is used as a tool for determining the strategies, organization, policies and guidances as well as the infrastructures of the Bank to ensure that all risks faced by the Bank can be properly identified, measured, controlled and reported.

To implement an effective risk management, the Bank has established a Risk Management Committee which functions are to address overall risk issues faced by the Bank and recommend risk management policies to the Board of Directors.

In addition, 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").

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### a. Risk management framework (continued)

The Bank always conducts a thorough risk assessment on management plan to release new product or activity in accordance with the type of risk regulated by the prevailing Bank Indonesia Regulations ("PBI").

#### 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; minimizing funding cost and, at the same time, maintaining liquidity; and optimizing 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 7 (seven) directors, Head of Treasury Division, Head of Finance and Planning Division, Head of Corporate Banking and Corporate Finance Group, Head of Small and Medium Enterprise Division, Head of Service and Fund Development Division, Head of International Banking Division, Head of Consumer Credit Business Unit, Head of Credit Card 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 organization is continuously being improved with an emphasis on the four eyes principle, in which the credit decision is determined with the considerations of two functions, i.e. business development function and credit risk analysis function.

The Bank has Basic Policy of Bank's Credit which are continuously being improved, in line with the Bank's development, Bank Indonesia Regulation and in accordance with international best practices.

The improvement on procedures and credit risk management system are conducted through the development of Loan Origination System on credit management process workflows so that an effective and efficient credit process can be achieved. 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 relating 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.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

The Credit Committee was established to assist Board of Directors in evaluating and/or providing credit decisions in accordance with their level of authorization 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 10 (ten) categories of risk rating, from RR1 to RR10. Debtor's risk rating provides an authorized 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"), Consumer and Credit Card) as well as to overall credit portfolio.

The Bank 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.

#### i. Maximum exposure to credit risk

For financial assets recognized in the consolidated statement of financial position, the maximum exposure to credit risk generally equals their carrying amount. For 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 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.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### i. Maximum exposure to credit risk (continued)

The following table presents maximum exposure to credit risk of financial instruments in the consolidated statement of financial position and off-balance sheet accounts, without taking into account of any collateral held or other credit enhancements.

	31 December	
	2013	2012
<b>Consolidated financial positions:</b>		
Current accounts with Bank Indonesia	35,269,077	33,848,000
Current accounts with other banks	3,447,290	4,483,354
Placements with Bank Indonesia and other banks	12,254,043	28,802,130
Financial assets held for trading	1,238,564	1,441,725
Acceptance receivables	6,434,376	7,715,371
Bills receivable	2,632,832	1,946,793
Securities purchased under agreements to resell	41,056,171	34,448,535
Loans receivable	306,679,132	252,760,457
Consumer financing receivables	5,229,338	4,487,552
Investment in finance leases	182,544	104,246
Investment securities	48,407,338	47,310,371
	<u>462,830,705</u>	<u>417,348,534</u>
<b>Consolidated administrative accounts:</b>		
Unused credit facilities to customers - committed	114,006,859	106,906,775
Unused credit facilities to other banks - committed	764,441	941,680
Irrevocable Letters of Credit issued	8,715,883	7,471,571
Bank guarantees issued to customers	10,684,072	8,430,158
	<u>134,171,255</u>	<u>123,750,184</u>
	<u>597,001,960</u>	<u>541,098,718</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 minimize the credit risk.

The concentration of loans by type of loan, currency and economic sector is disclosed in Note 12.



# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### ii. Concentration of credit risk analysis (continued)

The following table presents concentration of credit risk of the Bank and Subsidiaries by counterparty, before deducted with allowance for impairment losses:

	31 December 2013				
	Corporates	Government and Bank Indonesia	Bank	Individual	Total
<b>Consolidated financial position:</b>					
Current accounts with Bank Indonesia	-	35,269,077	-	-	35,269,077
Current accounts with other banks	-	-	3,447,290	-	3,447,290
Placements with Bank Indonesia and other banks	-	8,483,760	3,770,283	-	12,254,043
Financial assets held for trading	210,637	1,013,556	14,371	-	1,238,564
Acceptance receivables	6,169,228	-	291,328	63,560	6,524,116
Bills receivable	71,879	-	2,561,533	-	2,633,412
Securities purchased under agreements to resell	-	38,882,224	2,173,947	-	41,056,171
Loans receivable	175,178,501	-	3,795,695	133,316,192	312,290,388
Consumer financing receivables	238,561	-	1,281	5,069,169	5,309,011
Investment in finance leases	170,652	-	-	15,760	186,412
Investment securities	7,588,409	39,699,291	1,866,695	-	49,154,395
Total	189,627,867	123,347,908	17,922,423	138,464,681	469,362,879
Less:					
Allowance for impairment losses					(6,532,174)
					<u>462,830,705</u>
<b>Commitments and contingencies with credit risk:</b>					
Unused credit facilities to customers - committed	71,367,703	-	764,441	42,639,156	114,771,300
Irrevocable Letters of Credit	8,634,698	-	-	81,185	8,715,883
Bank guarantees issued to customers	8,706,619	-	644,613	1,332,840	10,684,072
	<u>88,709,020</u>	<u>-</u>	<u>1,409,054</u>	<u>44,053,181</u>	<u>134,171,255</u>

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### ii. Concentration of credit risk analysis (continued)

	31 December 2012				
	Corporates	Government and Bank Indonesia	Bank	Individual	Total
<b>Consolidated financial position:</b>					
Current accounts with Bank Indonesia	-	33,848,000	-	-	33,848,000
Current accounts with other banks	-	-	4,483,354	-	4,483,354
Placements with Bank Indonesia and other banks	-	23,914,144	4,887,986	-	28,802,130
Financial assets held for trading	9,245	1,375,923	56,557	-	1,441,725
Acceptance receivables	6,994,982	-	719,237	62,976	7,777,195
Bills receivable	46,853	-	1,900,276	-	1,947,129
Securities purchased under agreements to resell	-	33,520,344	928,191	-	34,448,535
Loans receivable	144,862,773	178,889	2,650,488	109,085,715	256,777,865
Consumer financing receivables	264,592	-	255	4,299,106	4,563,953
Investment in finance leases	101,725	-	-	5,446	107,171
Investment securities	7,248,659	39,089,605	1,601,605	-	47,939,869
Total	159,528,829	131,926,905	17,227,949	113,453,243	422,136,926
Less:					
Allowance for impairment losses					(4,788,392)
					<u>417,348,534</u>
<b>Commitments and contingencies with credit risk:</b>					
Unused credit facilities to customers - committed	66,077,888	-	941,680	40,828,887	107,848,455
Irrevocable Letters of Credit	7,378,436	-	-	93,135	7,471,571
Bank guarantees issued to customers	7,179,204	-	-	1,250,954	8,430,158
	<u>80,635,528</u>	<u>-</u>	<u>941,680</u>	<u>42,172,976</u>	<u>123,750,184</u>

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. 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.

31 December 2013									
	Neither past due nor impaired					Other financial assets	Not individually significant and collectively assessed for impairment	Total	
	Past due but not impaired		Acceptance receivables, bills receivable and loans receivable						
	Individually impaired	1 - 30 days	30 - 60 days	High grade	Standard grade				Low grade
<b>Loans and receivables:</b>									
Current accounts with Bank Indonesia	-	-	-	-	-	-	35,269,077	-	35,269,077
Current accounts with other banks	-	-	-	-	-	-	3,447,290	-	3,447,290
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	12,254,043	-	12,254,043
Acceptance receivables - net	-	-	-	6,432,985	-	1,391	-	-	6,434,376
Bills receivable - net	-	-	-	2,632,832	-	-	-	-	2,632,832
Securities purchased under agreements to resell	-	-	-	-	-	-	41,056,171	-	41,056,171
Loans receivable - net	37,266	33,982	53,393	139,765,849	28,130,461	1,096,623	-	137,561,558	306,679,132
Consumer financing receivables - net	-	-	-	-	-	-	-	5,229,338	5,229,338
Investment in finance leases - net	-	-	-	-	-	-	-	182,544	182,544
	37,266	33,982	53,393	148,831,666	28,130,461	1,098,014	92,026,581	142,973,440	413,184,803
<b>Available-for-sale:</b>									
Investment securities	20,901	-	-	-	-	-	32,472,490	-	32,493,391
	20,901	-	-	-	-	-	32,472,490	-	32,493,391
<b>Held-to-maturity:</b>									
Investment securities	51,327	-	-	-	-	-	15,862,620	-	15,913,947
	51,327	-	-	-	-	-	15,862,620	-	15,913,947
	109,494	33,982	53,393	148,831,666	28,130,461	1,098,014	140,361,691	142,973,440	461,592,141

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### iii. Credit risk analysis (continued)

31 December 2012									
		Past due but not impaired		Neither past due nor impaired				Not individually significant and collectively assessed for impairment	
	Individually impaired	1 - 30 days	30 - 60 days	Acceptance receivables, bills receivable and loans receivable			Other financial assets		Total
				High grade	Standard grade	Low grade			
<b>Loans and receivables:</b>									
Current accounts with Bank Indonesia	-	-	-	-	-	-	33,848,000	-	33,848,000
Current accounts with other banks	-	-	-	-	-	-	4,483,354	-	4,483,354
Placements with Bank Indonesia and other banks	-	-	-	-	-	-	28,802,130	-	28,802,130
Acceptance receivables - net	-	-	-	6,969,171	707,556	3,892	-	34,752	7,715,371
Bills receivable - net	-	-	-	1,939,550	5,517	-	-	1,726	1,946,793
Securities purchased under agreements to resell	-	-	-	-	-	-	34,448,535	-	34,448,535
Loans receivable - net	15,871	42,830	27,672	117,805,404	20,101,691	671,971	-	114,095,018	252,760,457
Consumer financing receivables - net	-	-	-	-	-	-	-	4,487,552	4,487,552
Investment in finance leases - net	-	-	-	-	-	-	-	104,246	104,246
	15,871	42,830	27,672	126,714,125	20,814,764	675,863	101,582,019	118,723,294	368,596,438
<b>Available-for-sale:</b>									
Investment securities	36,786	-	-	-	-	-	27,863,036	-	27,899,822
	36,786	-	-	-	-	-	27,863,036	-	27,899,822
<b>Held-to-maturity:</b>									
Investment securities	70,025	-	-	-	-	-	19,340,524	-	19,410,549
	70,025	-	-	-	-	-	19,340,524	-	19,410,549
	122,682	42,830	27,672	126,714,125	20,814,764	675,863	148,785,579	118,723,294	415,906,809

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### iii. Credit risk analysis (continued)

##### **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.

##### **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 Bank and Subsidiaries to retail debtors, i.e. Small & Medium Enterprise ("SME") debtors, and debtors of consumer financing receivables (including the joint financing), mortgage and its reparation loans and credit card receivables.

The Bank and Subsidiaries determined that impairment losses of financial assets that are not individually significant are assessed collectively, by grouping those financial assets based on similar risk characteristics.

Total financial assets that are not individually significant and have been assessed for collective impairment, which have been past due for more than 90 (ninety) days as of 31 December 2013 and 2012 amounted to Rp 549,457 and Rp 563,359, respectively.

##### **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 Bank and Subsidiaries 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 Bank and Subsidiaries.

##### **Neither past due nor impaired financial assets**

Included in neither past due nor impaired financial assets are financial assets 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 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.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. 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 RR1 to RR7 are included in high grade category. Included in high grade category are loans with 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.

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 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 are included in low grade category. Included in low grade category are loans 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 collateral and non-solid collateral. 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 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 moved) i.e., vehicles, machineries, inventories, receivables, etc. At the end of 2013 and 2012, the Bank held collaterals against loans receivables in the form of cash, properties, 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 loan, all loans should be supported with collateral (collateral basis) 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 last appraisal value at the time of loan disbursement.

For mortgage facility ("KPR") and auto loan facility ("KKB"), the Bank requires that all facilities should be supported with collaterals, which is the object financed. The Bank requires collateral value at least 125% from the credit amount at the time of loan disbursement. Collateral value for mortgage loan is calculated based on the collateral value at the time of loan disbursement and is subject to renewal every 30 (thirty) months.

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 currency exchange rates.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### iv. Collateral (continued)

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 2013 and 2012, presented in other assets at the lower of carrying amount and net realizable value were as follows:

	31 December	
	2013	2012
Land	1,317	17,801
Building	48,811	3,967
Other commercial properties	16,023	16,022
Financial assets and other assets	1,550	3,725
Fair value	67,701	41,515

The Bank generally does not use non-cash collateral for its own operations. The Bank's policy is to realize collaterals repossessed in the settlement of credit.

##### v. Financial assets held for trading

As of 31 December 2013 and 2012, the Bank and Subsidiaries had financial assets held for trading amounted to Rp 1,238,564 and Rp 1,441,725, respectively (see Note 9). Information on credit quality of the maximum exposure to credit risk of financial assets held for trading was as follows:

	31 December	
	2013	2012
Government securities		
Investment grade	1,010,407	1,375,923
Corporate securities		
Investment grade	191,000	-
Derivative assets:		
Government of Indonesia and Bank Indonesia as counterparties	3,150	21,289
Other banks as counterparties	6,944	15
Corporates as counterparties	15,506	3,230
Others	11,557	41,268
Fair value	1,238,564	1,441,725



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### c. Credit risk management (continued)

##### vi. Investment securities

As of 31 December 2013 and 2012, the Bank and Subsidiaries had investment securities amounted to Rp 48,407,338 and Rp 47,310,371, respectively (see Note 14). Information of credit quality on the maximum exposure to credit risk of investment securities was as follows:

	31 December	
	2013	2012
Government securities:		
Investment grade	39,699,292	39,089,605
Corporate securities:		
Investment grade	5,834,768	5,025,935
Non-investment grade	469,324	696,422
Others	2,403,954	2,498,409
Fair value	<u>48,407,338</u>	<u>47,310,371</u>

#### d. Liquidity risk management

The Bank emphasizes 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 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, including current accounts with Bank Indonesia and other banks, and cash. If the Bank needs liquidity, the Bank can immediately draw down excess reserve funds over its minimum statutory reserve requirements in the current accounts with Bank Indonesia (*Giro Wajib Minimum* or "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 requirements and cash held at branches.

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. 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 Bank and Subsidiaries based on remaining period to contractual maturity as of 31 December 2013 and 2012:

	31 December 2013					
	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years
<b>Non-derivative financial liabilities</b>						
Deposits from customers	(409,485,763)	(409,696,240)	(394,305,170)	(8,406,984)	(6,984,086)	-
Deposits from other banks	(3,301,039)	(3,301,129)	(3,273,529)	(27,500)	(100)	-
Acceptance payables	(4,539,442)	(4,539,442)	(1,960,838)	(1,965,280)	(581,335)	(31,989)
Debt securities issued	(3,132,847)	(3,150,910)	(18,063)	-	(1,245,463)	(1,887,384)
Borrowings	(500,952)	(501,301)	(101,301)	(30,000)	(370,000)	-
	<u>(420,960,043)</u>	<u>(421,189,022)</u>	<u>(399,658,901)</u>	<u>(10,429,764)</u>	<u>(9,180,984)</u>	<u>(1,919,373)</u>
<b>Derivative financial liabilities</b>						
Financial liabilities held for trading:						
Outflow	(113,516)	(5,277,029)	(4,139,934)	(1,121,382)	(15,713)	-
Inflow		5,164,886	4,056,400	1,093,063	15,423	-
	<u>(113,516)</u>	<u>(112,143)</u>	<u>(83,534)</u>	<u>(28,319)</u>	<u>(290)</u>	<u>-</u>
<b>Administrative accounts</b>						
Unused credit facilities to customers - committed	-	(114,006,859)	(114,006,859)	-	-	-
Unused credit facilities to other banks – committed	-	(764,441)	(764,441)	-	-	-
Irrevocable Letters of Credit	-	(8,715,883)	(1,968,408)	(4,107,457)	(1,671,222)	(968,796)
Bank guarantees issued to customers	-	(10,684,072)	(1,912,984)	(2,071,346)	(5,880,803)	(818,939)
	<u>-</u>	<u>(134,171,255)</u>	<u>(118,652,692)</u>	<u>(6,178,803)</u>	<u>(7,552,025)</u>	<u>(1,787,735)</u>
	<u>(421,073,559)</u>	<u>(555,472,420)</u>	<u>(518,395,127)</u>	<u>(16,636,886)</u>	<u>(16,733,299)</u>	<u>(3,707,108)</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### d. Liquidity risk management (continued)

	31 December 2012					
	Carrying amount	Gross nominal inflow/(outflow)	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years
<b>Non-derivative financial liabilities</b>						
Deposits from customers	(370,274,199)	(370,423,448)	(342,659,056)	(11,783,873)	(15,980,519)	-
Deposits from other banks	(2,330,295)	(2,330,346)	(2,283,246)	(45,000)	(2,100)	-
Acceptance payables	(5,839,495)	(5,839,495)	(2,801,864)	(2,178,678)	(812,562)	(46,391)
Debt securities issued	(2,521,877)	(2,540,718)	(18,841)	-	(978,841)	(1,543,036)
Borrowings	(128,018)	(128,239)	(1,115)	(2,124)	(125,000)	-
	<u>(381,093,884)</u>	<u>(381,262,246)</u>	<u>(347,764,122)</u>	<u>(14,009,675)</u>	<u>(17,899,022)</u>	<u>(1,589,427)</u>
<b>Derivative financial liabilities</b>						
Financial liabilities held for trading:	(48,474)					
Outflow		(6,629,551)	(2,778,859)	(3,490,065)	(360,627)	-
Inflow		6,564,056	2,759,353	3,453,963	350,740	-
	<u>(48,474)</u>	<u>(65,495)</u>	<u>(19,506)</u>	<u>(36,102)</u>	<u>(9,887)</u>	<u>-</u>
<b>Administrative accounts</b>						
Unused credit facilities to customers - committed	-	(106,906,775)	(106,906,775)	-	-	-
Unused credit facilities to other banks - committed	-	(941,680)	(941,680)	-	-	-
Irrevocable Letters of Credit	-	(7,471,571)	(2,437,963)	(3,601,159)	(620,162)	(812,287)
Bank guarantees issued to customers	-	(8,430,158)	(1,132,951)	(1,585,247)	(4,472,779)	(1,239,181)
	<u>-</u>	<u>(123,750,184)</u>	<u>(111,419,369)</u>	<u>(5,186,406)</u>	<u>(5,092,941)</u>	<u>(2,051,468)</u>
	<u>(381,142,358)</u>	<u>(505,077,925)</u>	<u>(459,202,997)</u>	<u>(19,232,183)</u>	<u>(23,001,850)</u>	<u>(3,640,895)</u>

The above tables 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 the their 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/(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 maturity gap profile of financial assets and liabilities based on remaining contractual maturities as of 31 December 2013 and 2012 is disclosed in Note 37.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### e. Market risk management

##### i. Foreign exchange risk

The Bank has conducted 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 centralizes 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 statement of financial position and from administrative accounts (off-balance sheet accounts).

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 Bank’s internal guidelines. Trading for profit-taking purposes (proprietary trading) only be performed for non-IDR transaction i.e., EUR/USD, AUD/JPY and USD/JPY 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 placement with other banks and loans receivable in USD.

For internal reporting purposes, the Bank measures its foreign exchange risk by using Value at Risk (“VaR”) method which is based on Historical Simulation approach, while for the Minimum Capital Adequacy Ratio purposes, the Bank uses the Bank Indonesia’s standard method.

Information of Bank’s NOP as of 31 December 2013 and 2012 was disclosed in Note 38.

##### ii. Interest rate risk

The major component of the Bank’s interest-rate-sensitive liabilities is customer deposits, while its interest-rate-sensitive assets are government bonds, investment securities and loans receivable. ALCO regularly monitors any development in the market and adjusts the interest rates of deposits and loans receivable accordingly.

The Bank uses “earning approach” and “economic value approach” to measure interest rate risk in the banking book. The earning approach uses accrual method to measure the sensitivity of Bank’s Net Interest Income to changes in market interest rates. The economic value approach uses Duration method to measure the sensitivity of economic value of productive assets and interest bearing liabilities to changes in market interest rates. In the Duration method, the interest rate risk is defined as a decrease in fair value of all productive asset portfolio and interest bearing liabilities in the banking book due to movement in market interest rates.

The banking book consists of all financial assets/other positions that is not included in the trading book.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### e. Market risk management (continued)

##### ii. Interest rate risk (continued)

The risk measurement is performed on Rupiah and USD and to be 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 the Bank Indonesia's standard approach.

The Bank determines the interest rates on deposits based on market condition and competitiveness by monitoring the fluctuations of the base rates and interest rates offered by other banks for similar products. The interest rates on a deposit may vary, depends on maturity and size of the deposit. The interest rates for saving and current account are floating in nature and will be reviewed periodically based on market condition, while the interest rate for time deposit is fixed and depends on the maturity period. The interest rate for credit is determined by adding a certain margin on the Bank's cost of funds (including the cost of Minimum Reserve Requirements).

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. Bank has exposure to the volatility in market interest rates both to the fair value risk and cash flows risk. To mitigate this risk, Board of Directors have set VaR limits for trading book, which are monitored by the Risk Management Unit on a daily basis.

The table below summarizes the Bank and Subsidiaries' non-trading portfolios at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates:

	31 December 2013						
	Floating interest rate		Fixed interest rate			Non-interest bearing	Total
	Less than 3 months	3 months - 1 year	Less than 3 months	3 months - 1 year	More than 1 years		
<b>Financial assets</b>							
Current accounts with Bank Indonesia	11,680,215	-	-	-	-	23,588,862	35,269,077
Current accounts with other banks	3,447,290	-	-	-	-	-	3,447,290
Placements with Bank Indonesia and other banks	-	-	12,254,043	-	-	-	12,254,043
Acceptance receivables - net	-	-	1,248,100	443,519	-	4,742,757	6,434,376
Bills receivable - net	-	-	2,632,832	-	-	-	2,632,832
Securities purchased under agreements to resell	-	-	41,056,171	-	-	-	41,056,171
Loans receivable - net	218,314,918	22,761,879	-	-	65,602,335	-	306,679,132
Consumer financing receivables - net	-	-	706,391	1,751,630	2,771,317	-	5,229,338
Investment in finance leases - net	-	-	182,544	-	-	-	182,544
Investment securities - net	8,200,746	-	5,930,007	7,595,083	26,513,953	167,549	48,407,338
Total - carry forward	241,643,169	22,761,879	64,010,088	9,790,232	94,887,605	28,499,168	461,592,141

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### e. Market risk management (continued)

##### ii. Interest rate risk (continued)

	31 December 2013						
	Floating interest rate		Fixed interest rate			Non-interest bearing	Total
	Less than 3 months	3 months - 1 year	Less than 3 months	3 months - 1 year	More than 1 years		
<b>Financial assets (continued)</b>							
Total - carried forward	241,643,169	22,761,879	64,010,088	9,790,232	94,887,605	28,499,168	461,592,141
<b>Financial liabilities</b>							
Deposits from customers	(322,894,397)	-	(78,771,356)	(7,820,010)	-	-	(409,485,763)
Deposits from other banks	(3,263,144)	-	(17,795)	(20,100)	-	-	(3,301,039)
Acceptance payables	-	-	-	-	-	(4,539,442)	(4,539,442)
Debt securities issued	-	-	(100,000)	(1,150,000)	(1,882,847)	-	(3,132,847)
Borrowings	-	-	(500,952)	-	-	-	(500,952)
Total	(326,157,541)	-	(79,390,103)	(8,990,110)	(1,882,847)	(4,539,442)	(420,960,043)
Interest rate re-pricing gap	(84,514,372)	22,761,879	(15,380,015)	800,182	93,004,758	23,959,726	40,632,098

	31 December 2012						
	Floating interest rate		Fixed interest rate			Non-interest bearing	Total
	Less than 3 months	3 months - 1 year	Less than 3 months	3 months - 1 year	More than 1 years		
<b>Financial assets</b>							
Current accounts with Bank Indonesia	11,489,159	-	-	-	-	22,358,841	33,848,000
Current accounts with other banks	4,483,354	-	-	-	-	-	4,483,354
Placements with Bank Indonesia and other banks	-	-	28,455,130	347,000	-	-	28,802,130
Acceptance receivables - net	-	-	1,095,182	793,812	-	5,826,377	7,715,371
Bills receivable - net	-	-	1,946,793	-	-	-	1,946,793
Securities purchased under agreements to resell	-	-	34,448,535	-	-	-	34,448,535
Loans receivable - net	184,546,308	20,047,277	-	-	48,166,872	-	252,760,457
Consumer financing receivables - net	-	-	623,632	1,558,279	2,305,641	-	4,487,552
Investment in finance leases - net	-	-	104,246	-	-	-	104,246
Investment securities - net	8,545,215	2,152,257	1,726,310	3,822,892	30,883,904	179,793	47,310,371
Total - carry forward	209,064,036	22,199,534	68,399,828	6,521,983	81,356,417	28,365,011	415,906,809

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### e. Market risk management (continued)

##### ii. Interest rate risk (continued)

	31 December 2012						
	Floating interest rate		Fixed interest rate			Non-interest bearing	Total
	Less than 3 months	3 months - 1 year	Less than 3 months	3 months - 1 year	More than 1 years		
<b>Financial assets (continued)</b>							
Total - carried forward	209,064,036	22,199,534	68,399,828	6,521,983	81,356,417	28,365,011	415,906,809
<b>Financial liabilities</b>							
Deposits from customers	(297,258,030)	-	(57,035,649)	(15,980,520)	-	-	(370,274,199)
Deposits from other banks	(2,260,860)	-	(69,435)	-	-	-	(2,330,295)
Acceptance payables	-	-	-	-	-	(5,839,495)	(5,839,495)
Debt securities issued	-	-	(99,679)	(877,175)	(1,545,023)	-	(2,521,877)
Borrowings	-	-	(128,018)	-	-	-	(128,018)
Total	(299,518,890)	-	(57,332,781)	(16,857,695)	(1,545,023)	(5,839,495)	(381,093,884)
Interest rate re-pricing gap	(90,454,854)	22,199,534	11,067,047	(10,335,712)	79,811,394	22,525,516	34,812,925

#### Sensitivity analysis

Based on the re-pricing gap report, the Bank analyzes the sensitivity to 1% (one percent) parallel interest rate movement (increase or decrease), with the following assumptions:

- The movement in interest rate for assets is the same with the movement in interest rate for liabilities; and
- The movement is the same for every maturity period in the yield curve (parallel yield curve movement).

This sensitivity analysis is performed regularly at a monthly basis for ALCO purposes. The following table describes the sensitivity of a reasonably possible change in market interest rate, with all other variables held constant, to the net interest income:

	Year ended 31 December	
	2013	2012
Decrease in interest income due to 1% parallel increase in interest rate	(762,220)	(731,251)
Increase in interest income due to 1% parallel decrease in interest rate	762,220	731,251

#### Value at Risk ("VaR") analysis

The Bank uses Historical Simulation approach (prior to June 2012, the Bank used Variance Covariance approach) in calculating VaR. The change was intended to anticipate the needs of new products in the future. In the Historical Simulation approach, the simulation requires historical and current market data. By considering last year full year market data and observed relationships between different markets and prices, this approach generates a wide range of plausible future scenarios of market price movement. VaR is defined as the worst possibility of losses at 99% (ninety nine percent) confidence level.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### e. Market risk management (continued)

##### Value at Risk ("VaR") analysis (continued)

The Bank uses VaR limits to monitor overall market risk and certain foreign exchange and interest rate risks. The VaR limits are subject to review and approval by management. VaR limits are allocated to trading portfolios. VaR is measured at least once a day. Daily reports of utilization of VaR limits are submitted to related business unit and Risk Management Unit, while the summary is submitted to management.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- A 10 (ten) days holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for certain highly illiquid assets or in situations in which there is severe general market illiquidity.
- A 99% (ninety nine percent) confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Bank's position and the volatility of market prices. The VaR of an unchanged position reduces if market price volatility declines and vice versa.

The Bank validates the accuracy of VAR model by performing back-testing on the hypothetical profit or loss.

VaR positions during 2013 and 2012 were as follows:

	31 December			
	2013		2012	
	Foreign exchange	Interest rate	Foreign exchange	Interest rate
Average	28,165.30	8,355.18	21,187.05	10,757.12
Maximum	69,952.16	28,894.00	74,746.86	27,908.97
Minimum	350.04	3,785.73	2,657.49	3,045.95
As of 31 December	770.93	4,555.34	20,229.94	5,327.66

The limitations of the VaR methodology are recognized by supplementing VaR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading assets portfolio. In addition, the Bank uses stress testing to model the financial impact of a variety of exceptional market scenarios, such as non-parallel yield curves shifting and interest rates volatility.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### e. Market risk management (continued)

##### Value at Risk (“VaR”) analysis (continued)

The Bank monitors the sensitivity of fair value of available-for-sale securities to various standard and non-standard market scenarios, which was tested quarterly, covering parallel increase and decrease of 400 (four hundred) basis points (bps) in all yield curves. The table below describes the sensitivity of fair value of available-for-sale securities to these movements as of 31 December 2013 and 2012, and its impact to equity (in billions of Rupiah):

	31 December	
	2013	2012
Increase in fair value from securities due to 400 bps parallel decrease in yield curve	3,089	3,601
Decrease in fair value from securities due to 400 bps parallel increase in yield curve	(2,604)	(3,002)

#### f. Operational risk management

##### Risk and Control Self Assessment (“RCSA”)

Basel Accord II requires Bank to include operational risk as one of the components in the calculation of the Bank’s capital adequacy ratio. In accordance with Basel Accord II, in 2002, the Bank has started to implement Risk Self Assessment (“RSA”) to all regional offices and branches, and all divisions in Head Office. One of the objectives of RSA is to disseminate the risk culture and to increase risk awareness which are the main conditions in managing those risks. By improving the risk culture, it is expected that the employees’ risk control culture in their daily activities will increase.

In its implementation, RSA is continuously being improved with an aim to increase risk awareness in all business units. In 2006, the RSA was supplemented with control factors, and therefore its name was changed into RCSA. From 2007 to 2010, RCSA was implemented using sampling method based on certain criteria, especially for working units that are significantly exposed to operational risk.

Starting 2011, RCSA has been implemented in all business units in branches and Head Office that are significantly exposed to operational risk. The scale of impact and probability of event in RCSA have been reviewed and re-validated in 2012 to provide the Bank with more accurate risk levels appropriate for the business activity and current risk profile of each working unit and the Bank as a whole. For the year 2013, the validation and review results of the impact and incurred possibility have been approved by management. The implementation of RCSA is on progress in all branches and regional offices and working units in Head Office that have significant operational risks.

##### Loss Event Database (“LED”)

Bank has a database of cases or losses related to operational risks occurred in every working unit which is called Loss Event Database (“LED”). The objective of LED is to facilitate the Bank in recording and analyzing cases or problems faced by the Bank, thus preventive and corrective actions can be made for similar cases. The main purpose of LED is to minimize the Bank’s potential losses from operational risks.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 3. FINANCIAL RISK MANAGEMENT (Continued)

#### f. Operational risk management (continued)

##### Loss Event Database (“LED”) (continued)

Further, LED is also used as a tool to summarize the loss data related to operational risks, which is used by Bank to allocate capital charge and to continuously monitor events that can give rise to Bank’s operational losses. Currently, LED has been implemented in all regional offices, branches and working units in Head Office.

##### Key Risk Indicator (“KRI”)

KRI is a method used to give indications (early warning sign) of the possibility of increasing operational risks in certain business unit. By the end of 2008, almost all branches had implemented the KRI method. In the early 2009, Bank enhanced KRI methodology by adding 7 (seven) new indicators. This enhancement is used to increase the risk awareness. Since mid 2009, all regional offices and branches have implemented the KRI methodology. In 2013, by considering the development of Bank’s operational activities and to monitor the operational transactions effectively, therefore KRI was improved by using 6 (six) indicators in monitoring the operational risks.

##### Operational Risk Management Information System (“ORMIS”)

ORMIS is a supporting application used in implementing RCSA, LED and KRI. Currently, all working units of the Bank have used the ORMIS in implementing RCSA, LED and KRI.

### 4. USE OF ESTIMATES AND JUDGMENT

This disclosure supplement the commentary on risk management (see Note 3).

#### a. Key sources of estimation uncertainty

##### a.1. Allowance for impairment losses of financial assets

Financial assets accounted for at amortized cost are evaluated for impairment on a basis described in Note 2v.

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 realizable 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.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 4. USE OF ESTIMATES AND JUDGMENT (Continued)

##### a. Key sources of estimation uncertainty (continued)

###### a.1. Allowance for impairment losses of financial assets (continued)

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. 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

In determining the fair value of financial assets and liabilities for which there is no observable market price, the Bank and Subsidiaries must use the valuation techniques as described in Note 2i.6. 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 affecting the specific instrument.

##### b. Critical accounting judgments in applying the Bank and Subsidiaries' accounting policy

Critical accounting judgments made in applying the Bank and Subsidiaries' accounting policies include:

###### b.1. Valuation of financial instruments

The Bank and Subsidiaries' accounting policies on fair value measurements are discussed in Note 2i.6. The Bank and Subsidiaries measure fair values using the following hierarchy of methods:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect difference between the instruments.

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 4. USE OF ESTIMATES AND JUDGMENT (Continued)

##### b. Critical accounting judgments in applying the Bank and Subsidiaries' accounting policy (continued)

###### b.1. Valuation of financial instruments (continued)

Valuation techniques include net present value and discounted cash flow models and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, 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 these valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The table below analyzes financial instruments measured at fair value by its level in the fair value hierarchy.

		31 December 2013		
		Level 1	Level 2	Total
<b>Financial assets</b>				
Held for trading				
Financial assets held for trading		1,021,964	191,000	1,212,964
Derivative assets		-	25,600	25,600
		<u>1,021,964</u>	<u>216,600</u>	<u>1,238,564</u>
Available-for-sale				
Investment securities		30,364,851	1,960,991	32,325,842
		<u>31,386,815</u>	<u>2,177,591</u>	<u>33,564,406</u>
<b>Financial liabilities</b>				
Held for trading				
Derivatives liabilities		-	113,516	113,516
		<u>-</u>	<u>113,516</u>	<u>113,516</u>
		31 December 2012		
		Level 1	Level 2	Total
<b>Financial assets</b>				
Held for trading				
Financial assets held for trading		1,417,191	-	1,417,191
Derivative assets		-	24,534	24,534
		<u>1,417,191</u>	<u>24,534</u>	<u>1,441,725</u>
Available-for-sale				
Investment securities		26,443,683	1,288,169	27,731,852
		<u>27,860,874</u>	<u>1,312,703</u>	<u>29,173,577</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 4. USE OF ESTIMATES AND JUDGMENT (Continued)

##### b. Critical accounting judgments in applying the Bank and Subsidiaries' accounting policy (continued)

###### b.1. Valuation of financial instruments (continued)

	31 December 2012		
	Level 1	Level 2	Total
<b>Financial liabilities</b>			
Held for trading			
Derivatives liabilities	-	48,474	48,474

As of 31 December 2013 and 2012, the Bank and Subsidiaries did not have any financial assets and liabilities measured at fair value, which should be valued at fair value hierarchy level 3.

###### b.2. Financial asset and liability classification

The Bank and Subsidiaries' accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

- In classifying financial assets and financial liabilities as "trading", the Bank and Subsidiaries have determined that it meets the description of trading assets as set out in Note 2i.1.
- In classifying financial assets as "held-to maturity", the Bank and Subsidiaries have determined that the Bank and Subsidiaries have both the positive intention and ability to hold the assets until their maturity date as required (Note 2i.1).

#### 5. CASH

	31 December	
	2013	2012
Rupiah	15,506,347	10,478,988
Foreign currencies	777,795	575,220
	<u>16,284,142</u>	<u>11,054,208</u>

The balance of cash in Rupiah includes cash in ATMs (Automatic Teller Machines) amounting to Rp 7,716,103 and Rp 6,028,454 as of 31 December 2013 and 2012, respectively.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 6. CURRENT ACCOUNTS WITH BANK INDONESIA

	31 December	
	2013	2012
Rupiah	31,228,637	30,696,537
Foreign currencies	4,040,440	3,151,463
	<u>35,269,077</u>	<u>33,848,000</u>

Weighted average effective interest rates per annum of current accounts with Bank Indonesia denominated in Rupiah as of 31 December 2013 and 2012 were 1.62% and 1.57%, respectively.

The balance of current accounts with Bank Indonesia is maintained to fulfill the Minimum Reserve Requirement from Bank Indonesia.

As of 31 December 2013 and 2012, Primary Minimum Reserve Requirement, including Minimum Reserve Requirement on Loan-to-Deposit Ratio ("LDR"), was 8.30% and 9.03% for Rupiah currency, and 8.54% and 8.29% for foreign currencies, respectively. Secondary Minimum Reserve Requirement was 20.45% and 21.42% in form of Certificates of Bank Indonesia, government securities, sharia government securities and excess funds above the Minimum Reserve Requirement (excess reserve).

As of 31 December 2013 and 2012, the Bank had fulfilled Bank Indonesia's regulation regarding the Statutory Reserve Requirement of Commercial Banks.

Information with regard to the classification and fair value of current accounts with Bank Indonesia is disclosed in Note 32. Information with regards to the maturity of current accounts with Bank Indonesia is disclosed in Note 37.

#### 7. CURRENT ACCOUNTS WITH OTHER BANKS

	31 December	
	2013	2012
Rupiah	2,217	12,666
Foreign currencies	3,445,073	4,470,688
	<u>3,447,290</u>	<u>4,483,354</u>

Details of current accounts with other banks by counterparty as of 31 December 2013 and 2012 were as follows:

	31 December	
	2013	2012
Wells Fargo Bank, N.A.	618,616	2,928,078
The Bank of New York Mellon Corporation	352,940	296,374
Standard Chartered Bank	321,366	77,457
JP Morgan Chase Bank	278,386	265,399
Royal Bank of Scotland	227,099	9,207
Barclays Bank	213,647	63,237
DBS Bank	187,457	11,280
Bank of China	178,355	149,001
Oversea-Chinese Banking Corp. Ltd	178,011	17,941
United Overseas Bank Limited Co.	139,573	28,852
Citibank, N.A.	137,959	233,934
Bank of America, N.A.	127,767	38,814
Others	486,114	363,780
	<u>3,447,290</u>	<u>4,483,354</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 7. CURRENT ACCOUNTS WITH OTHER BANKS (Continued)

As of 31 December 2013 and 2012, the Bank did not have any balances of current accounts with other banks from related party.

Current accounts with foreign banks are placed in many countries.

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

	Year ended 31 December	
	2013	2012
Rupiah	0.82%	0.36%
Foreign currencies	0.16%	0.13%

Management believes that the impairment losses of current accounts with other banks as of 31 December 2013 and 2012 were not required.

Information with regard to the classification and fair value of current accounts with other banks is disclosed in Note 32. Information with regards to the maturity of current accounts with other banks is disclosed in Note 37.

#### 8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS

Details of placements with Bank Indonesia and other banks by type and contractual period based on initial placement as of 31 December 2013 and 2012 were as follows:

	31 December 2013				Total
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	
Bank Indonesia:					
Rupiah	3,007,260	-	-	-	3,007,260
Foreign currency	5,476,500	-	-	-	5,476,500
Call money:					
Rupiah	2,715,000	-	-	-	2,715,000
Foreign currencies	359,010	43,816	-	-	402,826
Time deposits:					
Rupiah	332,000	168,000	73,300	8,000	581,300
Foreign currencies	54,215	-	16,925	-	71,140
Others:					
Foreign currency	17	-	-	-	17
	<u>11,944,002</u>	<u>211,816</u>	<u>90,225</u>	<u>8,000</u>	<u>12,254,043</u>



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (Continued)

	31 December 2012				Total
	Up to 1 month	> 1 - 3 months	> 3 - 6 months	> 6 - 12 months	
Bank Indonesia:					
Rupiah	16,075,539	5,582,845	344,970	898,852	22,902,206
Foreign currency	1,011,938	-	-	-	1,011,938
Call money:					
Rupiah	1,795,000	1,143,000	-	-	2,938,000
Foreign currencies	1,420,419	205,123	-	-	1,625,542
Time deposits:					
Rupiah	50,000	215,000	-	-	265,000
Foreign currencies	3,855	6,259	36,822	12,446	59,382
Others:					
Foreign currency	62	-	-	-	62
	<u>20,356,813</u>	<u>7,152,227</u>	<u>381,792</u>	<u>911,298</u>	<u>28,802,130</u>

Details of placements with Bank Indonesia and other banks by counterparty as of 31 December 2013 and 2012 were as follows:

	31 December	
	2013	2012
Bank Indonesia	8,483,760	23,914,143
PT Bank Pan Indonesia Tbk	650,000	496,375
Standard Chartered Bank	400,000	100,000
PT Bank Bukopin Tbk	350,000	200,000
PT Bank Mandiri (Persero) Tbk	350,000	75,000
PT Bank Pembangunan Daerah Riau Kepri	220,000	100,000
Commonwealth Bank - Singapore	184,546	-
PT Bank Pembangunan Daerah Jawa Barat & Banten Tbk	150,000	100,000
Royal Bank of Scotland	150,000	-
PT Bank Pembangunan Daerah Jawa Tengah	100,000	100,000
The Hongkong Shanghai Banking Corporation Ltd	100,000	62
PT Bank Danamon Indonesia Tbk	30,000	130,000
PT Bank ANZ Indonesia	11,300	483,000
PT Bank Rabobank Internasional Indonesia	10,000	290,000
The Bank of Tokyo Mitsubishi-UFJ, Ltd	-	596,403
Citibank, N.A.	-	400,000
JP Morgan Chase Bank, N.A.	-	400,000
Sumitomo Mitsui Banking Corporation - Singapore	-	350,620
PT Bank Sumitomo Mitsui Indonesia	-	225,000
Others	1,064,437	841,527
	<u>12,254,043</u>	<u>28,802,130</u>

As of 31 December 2013 and 2012, the Bank did not have any balances of placements with other banks from related party.

Placements with foreign banks are placed in many countries.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 8. PLACEMENTS WITH BANK INDONESIA AND OTHER BANKS (Continued)

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

	Year ended 31 December	
	2013	2012
Bank Indonesia and call money:		
Rupiah	4.73%	4.42%
Foreign currencies	0.42%	0.74%
Time deposits:		
Rupiah	4.19%	4.27%
Foreign currencies	1.48%	0.93%

The ranges of contractual interest rates of time deposits owned by the Bank in foreign currencies were 0.01% - 3.20% and 0.01% - 3.10%, respectively, during the years ended 31 December 2013 and 2012, while the ranges of contractual interest rates of time deposits owned by the Bank in Rupiah currency were 3.75% - 11.00% and 6.00% - 6.25%, respectively, during the years ended 31 December 2013 and 2012.

As of 31 December 2013, there were no placements with Bank Indonesia and other banks used as collaterals, while as of 31 December 2012, there was placement with The Bank of New York Mellon Corporation (including in Others) in relation with guarantee for Visa and Mastercard services, amounted to Rp 3,855.

Management believes that the impairment losses of placements with Bank Indonesia and other banks as of 31 December 2013 and 2012 were not required.

Information with regard to the classification and fair value of placements with Bank Indonesia and other banks is disclosed in Note 32. Information with regard to the maturity of placements with Bank Indonesia and other banks is disclosed in Note 37.

## 9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Financial assets and liabilities held for trading consist of:

	31 December			
	2013		2012	
	Par value	Fair value	Par value	Fair value
<b>Financial assets:</b>				
<b>Securities</b>				
Government bonds	55,985	55,644	49,852	51,874
Certificates of Bank Indonesia	985,718	954,763	1,350,000	1,324,049
Corporate bonds	191,000	191,000	-	-
Others	-	11,557	-	41,268
	<u>1,232,703</u>	<u>1,212,964</u>	<u>1,399,852</u>	<u>1,417,191</u>
<b>Derivative assets</b>				
Forward		14,482		1,825
Currency swap		10,730		22,476
Spot		388		233
		<u>25,600</u>		<u>24,534</u>
		<u>1,238,564</u>		<u>1,441,725</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (Continued)

	31 December			
	2013		2012	
	Par value	Fair value	Par value	Fair value
<b>Financial liabilities:</b>				
<b>Derivative liabilities</b>				
Forward		32,643		37,954
Currency swap		79,268		9,240
Spot		1,605		1,280
		<u>113,516</u>		<u>48,474</u>

As of 31 December 2013 and 2012, the Bank and Subsidiaries did not have any balances of financial assets and liabilities held for trading from and to related party.

During 2013 and 2012, there was no reclassification of financial instruments held for trading.

Information with regard to classification and fair value of financial assets and liabilities held for trading is disclosed in Note 32. Information with regard to the maturity of financial assets and liabilities held for trading is disclosed in Note 37.

#### 10. ACCEPTANCE RECEIVABLES AND PAYABLES

##### a. The details of acceptance receivables

	31 December	
	2013	2012
<b>Rupiah</b>		
Non-bank debtors	587,568	463,786
Others banks	66,935	37,217
	<u>654,503</u>	<u>501,003</u>
Less:		
Allowance for impairment losses	(3,821)	(3,014)
	<u>650,682</u>	<u>497,989</u>
<b>Foreign currencies</b>		
Non-bank debtors	5,645,220	6,594,172
Others banks	224,393	682,020
	<u>5,869,613</u>	<u>7,276,192</u>
Less:		
Allowance for impairment losses	(85,919)	(58,810)
	<u>5,783,694</u>	<u>7,217,382</u>
Total acceptance receivables - net	<u>6,434,376</u>	<u>7,715,371</u>

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 10. ACCEPTANCE RECEIVABLES AND PAYABLES (Continued)

#### b. The details of acceptance payables

	31 December	
	2013	2012
<u>Rupiah</u>		
Non-bank debtors	100,694	83,893
Others banks	59,113	197,797
	<u>159,807</u>	<u>281,690</u>
<u>Foreign currencies</u>		
Non-bank debtors	277,658	714,140
Others banks	4,101,977	4,843,665
	<u>4,379,635</u>	<u>5,557,805</u>
Total acceptance payables	<u>4,539,442</u>	<u>5,839,495</u>

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

	Year ended 31 December 2013		
	Collective impairment losses		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(3,014)	(58,810)	(61,824)
Additional of allowance during the year	(807)	(26,744)	(27,551)
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	(365)	(365)
Balance, end of year	<u>(3,821)</u>	<u>(85,919)</u>	<u>(89,740)</u>

  

	Year ended 31 December 2012		
	Collective impairment losses		
	Rupiah	Foreign currencies	Total
Balance, beginning of year	(177,555)	(72,303)	(249,858)
Reversal of allowance during the year	174,541	14,924	189,465
Exchange rate difference arising from allowance for impairment losses denominated in foreign currencies	-	(1,431)	(1,431)
Balance, end of year	<u>(3,014)</u>	<u>(58,810)</u>	<u>(61,824)</u>

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

As of 31 December 2013 and 2012, the Bank did not have any balances of acceptance receivables and payables from and to related party.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 10. ACCEPTANCE RECEIVABLES AND PAYABLES (Continued)

Information with regard to the classification and fair value of acceptance receivables and payables is disclosed in Note 32. Information with regard to the maturity of acceptance receivables and payables is disclosed in Note 37.

#### 11. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

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

31 December 2013					
	Range of purchase date	Range of sale date	Resell price	Deferred interest income	Carrying value
Transactions with Bank Indonesia:					
Government bonds	10 Dec 13 - 30 Dec 13	2 Jan 14 - 21 Jan 14	38,921,796	(39,572)	38,882,224
Transactions with other banks:					
Government bonds	18 Dec 13 - 24 Dec 13	2 Jan 14 - 17 Jan 14	680,528	(1,668)	678,860
Republic of Indonesia bonds	30 Dec 13	6 Jan 14 - 8 Jan 14	615,128	(748)	614,380
Certificate of Bank Indonesia	19 Dec 13 - 30 Dec 13	6 Jan 14 - 20 Jan 14	882,074	(1,367)	880,707
			2,177,730	(3,783)	2,173,947
			41,099,526	(43,355)	41,056,171
31 December 2012					
	Range of purchase date	Range of sale date	Resell price	Deferred interest income	Carrying value
Transactions with Bank Indonesia:					
Government bonds	28 Agt 12 - 28 Dec 12	2 Jan 13 - 22 Mar 13	31,745,604	(173,860)	31,571,744
Republic of Indonesia bonds	23 Nov 12 - 11 Dec 12	4 Jan 13 - 8 Feb 13	1,030,065	(2,052)	1,028,013
Indonesia treasury bills	4 Dec 12 - 5 Dec 12	5 Feb 13 - 8 Feb 13	924,740	(4,153)	920,587
			33,700,409	(180,065)	33,520,344
Transactions with other banks:					
Government bonds	13 Dec 12 - 18 Dec 12	14 Jan 13 - 18 Jan 13	929,895	(1,704)	928,191
			929,895	(1,704)	928,191
			34,630,304	(181,769)	34,448,535

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 11. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Continued)

All securities purchased under agreements to resell as of 31 December 2013 and 2012 were government bonds with investment grade ratings denominated in Rupiah currency.

As of 31 December 2013 and 2012, the Bank did not have any balances of securities purchased under agreements to resell from related party.

Management believes that the allowance for impairment losses of securities purchased under agreements to resell as of 31 December 2013 and 2012 were not required.

Weighted average effective interest rates per annum of securities purchased under agreements to resell for the years ended 31 December 2013 and 2012 were 5.33% and 4.26%.

Information with regard to the classification and fair value of securities purchased under agreements to resell is disclosed in Note 32. Information with regard to the maturity of securities purchased under agreements to resell is disclosed in Note 37.

#### 12. LOANS RECEIVABLE

Loans receivable at amortized cost consisted of:

a. By type and currency

	31 December	
	2013	2012
<u>Rupiah</u>		
Related parties:		
Working capital	451,188	527,995
Investment	810	538
Consumer	23,708	21,034
	<u>475,706</u>	<u>549,567</u>
Third parties:		
Working capital	128,128,719	108,845,077
Investment	76,836,753	61,835,535
Consumer	79,554,845	62,473,925
Credit card	7,405,228	6,431,261
Employee loans	1,597,561	1,311,994
	<u>293,523,106</u>	<u>240,897,792</u>
	<u>293,998,812</u>	<u>241,447,359</u>
<u>Foreign currencies</u>		
Third parties:		
Working capital	11,359,931	9,364,987
Investment	6,931,645	5,965,519
	<u>18,291,576</u>	<u>15,330,506</u>
Total loans receivable	312,290,388	256,777,865
Less: Allowance for impairment losses		
Rupiah	(5,374,366)	(3,811,772)
Foreign currencies	(236,890)	(205,636)
	<u>(5,611,256)</u>	<u>(4,017,408)</u>
Total loans receivable - net	<u>306,679,132</u>	<u>252,760,457</u>

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 12. LOANS RECEIVABLE (Continued)

#### b. By economic sector and Bank Indonesia's collectibility

	31 December 2013						
	Pass	Special mention	Sub-standard	Doubtful	Loss	Allowance for impairment losses	Total
<b>Rupiah</b>							
Manufacturing	52,282,886	82,489	20,995	12,096	57,849	(1,191,659)	51,264,656
Business services	26,166,761	107,453	809	12,448	27,003	(222,552)	26,091,922
Trading, restaurants and hotels	77,473,052	383,478	47,783	137,948	300,835	(2,011,193)	76,331,903
Agriculture and agricultural facilities	12,047,972	16,499	1,476	600	7,905	(172,294)	11,902,158
Construction	5,379,317	418,909	1,763	1,220	30,050	(228,410)	5,602,849
Transportation, warehousing and communications	17,418,465	40,698	50,415	2,908	72,162	(250,344)	17,334,304
Social/public services	4,985,924	23,646	1,502	-	3,190	(104,188)	4,910,074
Mining	1,119,851	2,413	1,756	100	71	(33,868)	1,090,323
Electricity, gas and water	6,127,778	19	-	-	28,528	(31,039)	6,125,286
Others	86,109,263	2,439,179	116,010	133,425	301,913	(1,128,819)	87,970,971
	<u>289,111,269</u>	<u>3,514,783</u>	<u>242,509</u>	<u>300,745</u>	<u>829,506</u>	<u>(5,374,366)</u>	<u>288,624,446</u>
<b>Foreign currencies</b>							
Manufacturing	10,446,923	2,077	-	-	-	(96,925)	10,352,075
Business services	272,300	-	-	-	-	(2,227)	270,073
Trading, restaurants and hotels	3,543,908	82,402	-	-	-	(73,462)	3,552,848
Agriculture and agricultural facilities	1,555,158	-	-	-	-	(654)	1,554,504
Construction	22,548	-	-	-	-	(208)	22,340
Transportation, warehousing and communications	1,650,769	-	-	-	-	(37,129)	1,613,640
Social/public services	133,541	-	-	-	-	(2,290)	131,251
Mining	581,950	-	-	-	-	(23,995)	557,955
	<u>18,207,097</u>	<u>84,479</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,890)</u>	<u>18,054,686</u>
<b>Total</b>	<u>307,318,366</u>	<u>3,599,262</u>	<u>242,509</u>	<u>300,745</u>	<u>829,506</u>	<u>(5,611,256)</u>	<u>306,679,132</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 12. LOANS RECEIVABLE (Continued)

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

	31 December 2012						
	Pass	Special mention	Sub-standard	Doubtful	Loss	Allowance for impairment losses	Total
<u>Rupiah</u>							
Manufacturing	45,878,252	143,621	2,184	20,177	51,528	(826,380)	45,269,382
Business services	21,217,772	110,728	3,568	-	7,775	(166,035)	21,173,808
Trading, restaurants and hotels	61,666,801	495,786	61,616	33,545	191,682	(1,531,723)	60,917,707
Agriculture and agricultural facilities	10,461,431	20,037	2,238	529	2,828	(117,204)	10,369,859
Construction	5,565,073	36,169	1,239	248	33,984	(77,352)	5,559,361
Transportation, warehousing and communications	13,944,834	48,603	52,032	115	50,852	(224,598)	13,871,838
Social/public services	3,900,235	18,462	34	390	3,024	(83,465)	3,838,680
Mining	1,088,251	4,608	-	-	2,491	(26,832)	1,068,518
Electricity, gas and water	4,120,871	5,627	-	-	661	(16,479)	4,110,680
Others	69,465,895	2,283,023	90,250	124,123	234,167	(741,704)	71,455,754
	<u>237,309,415</u>	<u>3,166,664</u>	<u>213,161</u>	<u>179,127</u>	<u>578,992</u>	<u>(3,811,772)</u>	<u>237,635,587</u>
<u>Foreign currencies</u>							
Manufacturing	7,759,017	-	-	-	-	(84,006)	7,675,011
Business services	717,859	-	-	-	-	(3,621)	714,238
Trading, restaurants and hotels	2,562,499	80,248	-	-	12,048	(71,583)	2,583,212
Agriculture and agricultural facilities	1,205,108	-	-	-	-	(563)	1,204,545
Construction	19,659	-	-	-	-	(218)	19,441
Transportation, warehousing and communications	1,428,135	-	-	-	-	(19,357)	1,408,778
Social/public services	279,091	-	-	-	-	(2,061)	277,030
Mining	1,266,842	-	-	-	-	(24,227)	1,242,615
	<u>15,238,210</u>	<u>80,248</u>	<u>-</u>	<u>-</u>	<u>12,048</u>	<u>(205,636)</u>	<u>15,124,870</u>
Total	<u>252,547,625</u>	<u>3,246,912</u>	<u>213,161</u>	<u>179,127</u>	<u>591,040</u>	<u>(4,017,408)</u>	<u>252,760,457</u>



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 12. LOANS RECEIVABLE (Continued)

### c. By maturity

Loans receivable by maturity period based on loan agreements:

	31 December	
	2013	2012
<u>Rupiah</u>		
Up to 1 year	110,977,105	87,667,001
> 1 - 5 years	68,846,497	66,912,392
> 5 years	114,677,466	87,284,081
	<u>294,501,068</u>	<u>241,863,474</u>
<u>Foreign currencies</u>		
Up to 1 year	10,164,436	7,949,670
> 1 - 5 years	2,412,735	2,122,532
> 5 years	5,720,783	5,266,040
	<u>18,297,954</u>	<u>15,338,242</u>
Total loans receivable	<u>312,799,022</u>	<u>257,201,716</u>
Less:		
Deferred provision and commission income <sup>*)</sup>	(508,634)	(423,851)
Allowance for impairment losses	(5,611,256)	(4,017,408)
Total loans receivable - net	<u>306,679,132</u>	<u>252,760,457</u>

<sup>\*)</sup> Deferred provision and commission income represent all provision, commissions and other fees received by the Bank on loan agreement, which are integral part of effective interest rate.

### 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:

	31 December	
	2013	2012
Bank's participation as participant, ranged between 2.97% - 36.36% and 13.33% - 34.41%, respectively, for the years ended 31 December 2013 and 2012, with outstanding balance of Rp 5,940,709 dan USD 62,022,450 as of 31 December 2013 (2012: Rp 4,688,239 and USD 10,677,778)	6,695,522	4,791,146
Bank's participation as arranger, ranged between 10.48% - 42.86% and 2.97% - 50.00%, respectively, for the years ended 31 December 2013 and 2012, with outstanding balance of Rp 2,340,596 dan USD 43,840,771 as of 31 December 2013 (2012: Rp 1,901,151 and USD 58,027,632)	2,874,138	2,460,392
	<u>9,569,660</u>	<u>7,251,538</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 12. LOANS RECEIVABLE (Continued)

### e. Restructured loans

During the years ended 31 December 2013 and 2012, loan restructuring was conducted through modification of terms, reduction or extinguishment of a portion of loan balance and/or a combination of both. For restructured loans, the Bank did not have commitment to give additional loan facility.

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

	Year ended 31 December 2013						
	Collective impairment losses			Individual impairment losses			Total
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	
Balance, beginning of year	(3,667,149)	(193,588)	(3,860,737)	(144,623)	(12,048)	(156,671)	(4,017,408)
(Additional) reversal of allowance during the year <sup>*)</sup>	(1,703,538)	32,807	(1,670,731)	(199,530)	14,369	(185,161)	(1,855,892)
Loans written-off during the year	384,517	-	384,517	1,995	-	1,995	386,512
Recoveries on loans previously written-off	(45,912)	-	(45,912)	(126)	(1,394)	(1,520)	(47,432)
Exchange rate differences	-	(76,109)	(76,109)	-	(927)	(927)	(77,036)
Balance, end of year	<u>(5,032,082)</u>	<u>(236,890)</u>	<u>(5,268,972)</u>	<u>(342,284)</u>	<u>-</u>	<u>(342,284)</u>	<u>(5,611,256)</u>

  

	Year ended 31 December 2012						
	Collective impairment losses			Individual impairment losses			Total
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	
Balance, beginning of year	(3,302,212)	(196,401)	(3,498,613)	(228,386)	(87,574)	(315,960)	(3,814,573)
(Additional) reversal of allowance during the year <sup>*)</sup>	(724,594)	28,115	(696,479)	47,308	77,445	124,753	(571,726)
Loans written-off during the year	383,596	-	383,596	49,285	6,525	55,810	439,406
Recoveries on loans previously written-off	(23,939)	-	(23,939)	(12,830)	(7,304)	(20,134)	(44,073)
Exchange rate differences	-	(25,302)	(25,302)	-	(1,140)	(1,140)	(26,442)
Balance, end of year	<u>(3,667,149)</u>	<u>(193,588)</u>	<u>(3,860,737)</u>	<u>(144,623)</u>	<u>(12,048)</u>	<u>(156,671)</u>	<u>(4,017,408)</u>

<sup>\*)</sup> Including reversal of discounted effect of allowance for impairment losses on financial assets for the years ended 31 December 2013 and 2012 amounting to Rp 1,647 and Rp 698, respectively (see Note 23).

Management believes that allowance for impairment losses provided was adequate to cover possible losses on uncollectible loans receivable. As of 31 December 2013 and 2012, allowance for collective impairment losses on loans receivable to related parties amounted to Rp 147 and Rp 117, respectively.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 12. LOANS RECEIVABLE (Continued)

### g. Joint financing

The Bank entered into joint financing agreements with several multi-finance companies for financing the purchase of vehicles. All risks from the loss arising from this joint financing facilities will be borne proportionally by both parties based on respective financing participation (without recourse). The outstanding balances of joint financing facilities as of 31 December 2013 and 2012 were Rp 32,809,708 and Rp 26,022,853, respectively.

### h. Other significant information relating to loans receivable

As of 31 December 2013 and 2012, the Bank had no loans receivable which were pledged as collaterals.

Demand deposits, saving deposits and time deposits pledged as collateral for loans receivable amounted to Rp 9,786,254 and Rp 9,339,988, respectively as of 31 December 2013 and 2012 (see Note 16).

As of 31 December 2013 and 2012, the Bank, at individual level and at consolidated level, complied with Legal Lending Limit (LLL) requirements for both related parties and third parties.

Weighted average effective interest rates per annum of loans receivable as of 31 December 2013 and 2012 were as follows:

	Year ended 31 December	
	2013	2012
Rupiah	9.57%	9.58%
Foreign currencies	4.62%	4.31%

Ratio of small business credits to loans receivable as of 31 December 2013 and 2012 was 0.79%.

The Bank's non-performing loans (classified as sub-standard, doubtful and loss) as of 31 December 2013 and 2012 amounted to Rp 1,372,760 and Rp 983,328, respectively.

As of 31 December 2013, the percentage of non-performing loan ("NPL") - gross and NPL - net was 0.44% and 0.19%, respectively, (2012: 0.38% and 0.22%), which was calculated based on prevailing Bank Indonesia Regulations.

Information with regard to the classification and fair value of loans receivable is disclosed in Note 32. Information with regard to the maturity of loan receivables is disclosed in Note 37. Information with regard to the details of loans receivable by geographic region is disclosed in Note 36.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 13. CONSUMER FINANCING RECEIVABLES

The Subsidiary's consumer financing receivables were as follows:

	31 December	
	2013	2012
Consumer financing receivables		
- Self-financing	4,420,514	3,824,671
- Share in joint financing with related party without recourse	3,471,083	2,582,275
Unamortized transaction (income) cost - net	(717,200)	(487,653)
Unrecognized consumer financing income	(1,865,386)	(1,355,340)
Consumer financing receivables, before allowance for impairment losses	5,309,011	4,563,953
Less:		
Allowance for impairment losses	(79,673)	(76,401)
Total - net	5,229,338	4,487,552

Contractual interest rates per annum for consumer financing during 2013 and 2012 were 7.04% - 24.00% and 7.77% - 24.00%, respectively.

Included in consumer financing receivables are receivables from collateral vehicles reinforced as of 31 December 2013 and 2012 amounted to Rp 812 and Rp 1,344, respectively.

The Subsidiary extends consumer financing contracts with terms ranging 1 year to 6 years.

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

	Year ended 31 December	
	2013	2012
Balance, beginning of year	(76,401)	(39,992)
Addition of allowance during the year	(18,848)	(44,036)
Written-off during the year	15,576	7,627
Balance, end of year	(79,673)	(76,401)

The collection of consumer financing receivables previously written-off amounted to Rp 2,803 and Rp 4,612 in 2013 and 2012, respectively.

As of 31 December 2013 and 2012 consumer financing receivables, before deduction of unearned income, amounted to Rp 2,303,375 and Rp 1,847,337 were pledged as collateral to short-term loans and overdraft, and debt securities issued.

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

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 13. CONSUMER FINANCING RECEIVABLES (Continued)

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

Information with regard to the classification and fair value of consumer financing receivables is disclosed in 32. Information with regard to the maturity of consumer financing receivables is disclosed in Note 37.

#### 14. INVESTMENT SECURITIES

The details of investment securities by type and currency as of 31 December 2013 and 2012 were as follows:

	31 December 2013				
Description	Nominal amount	Unamortized premium (discount)	Unrealized gain (loss)	Allowance for impairment losses	Total
<u>Rupiah</u>					
Held-to-maturity:					
Government bonds					
- Recapitalization	4,277,978	(3,413)	-	-	4,274,565
- Non-recapitalization	5,539,138	66,418	-	-	5,605,556
Corporate bonds	4,204,000	5,469	-	(297,825)	3,911,644
Available-for-sale:					
Certificates of Bank Indonesia	4,777,897	(111,154)	(2,919)	-	4,663,824
Indonesia treasury bills	748,500	(3,191)	384	-	745,693
Government bonds					
- Recapitalization	1,520,000	13	(12,043)	-	1,507,970
- Non-recapitalization	17,693,470	438,881	(1,107,631)	-	17,024,720
Mutual fund units	1,713,250	-	523,155	-	2,236,405
Corporate bonds	2,135,000	2,149	(82,795)	(93,363)	1,960,991
Investment in shares	180,814	-	-	(13,265)	167,549
	42,790,047	395,172	(681,849)	(404,453)	42,098,917
<u>Foreign currencies</u>					
Held-to-maturity:					
Government bonds, non-recapitalization	2,068,916	4,918	-	-	2,073,834
Medium term notes	292,085	(2,136)	-	(241,601)	48,348
Available-for-sale:					
Government bonds, non-recapitalization	3,766,737	(22,673)	59,066	-	3,803,130
Corporate bonds	389,440	(1,887)	(15,391)	-	372,162
Medium term notes	109,530	2,420	-	(101,003)	10,947
	6,626,708	(19,358)	43,675	(342,604)	6,308,421
Total investment securities	49,416,755	375,814	(638,174)	(747,057)	48,407,338

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 14. INVESTMENT SECURITIES (Continued)

	31 December 2012				
Description	Nominal amount	Unamortized premium (discount)	Unrealized gain (loss)	Allowance for impairment losses	Total
<u>Rupiah</u>					
Held-to-maturity:					
Government bonds					
- Recapitalization	6,223,978	74,082	-	-	6,298,060
- Non-recapitalization	6,938,039	92,531	-	-	7,030,570
Medium term notes	150,000	(23)	-	(587)	149,390
Corporate bonds	4,526,000	4,059	-	(293,237)	4,236,822
Available-for-sale:					
Certificates of Bank Indonesia	2,438,348	(48,855)	269	-	2,389,762
Government bonds					
- Recapitalization	2,125,700	11,634	5,018	-	2,142,352
- Non-recapitalization	16,105,178	585,595	389,304	-	17,080,077
Mutual fund units	1,834,890	-	495,549	-	2,330,439
Corporate bonds	1,048,000	1,886	(3,319)	(81,993)	964,574
Zero coupon bonds	36,500	(2,380)	(107)	-	34,013
Investment in shares	179,793	-	-	(11,823)	167,970
	<u>41,606,426</u>	<u>718,529</u>	<u>886,714</u>	<u>(387,640)</u>	<u>42,824,029</u>
<u>Foreign currencies</u>					
Held-to-maturity:					
Government bonds, non-recapitalization	1,638,371	9,360	-	-	1,647,731
Medium term notes	231,299	(10,692)	-	(172,631)	47,976
Available-for-sale:					
Government bonds, non-recapitalization	2,250,356	8,319	242,378	-	2,501,053
Corporate bonds	260,212	(1,273)	13,668	-	272,607
Medium term notes	86,738	(536)	-	(69,227)	16,975
	<u>4,466,976</u>	<u>5,178</u>	<u>256,046</u>	<u>(241,858)</u>	<u>4,486,342</u>
Total investment securities	46,073,402	723,707	1,142,760	(629,498)	47,310,371

As of 31 December 2013 and 2012, the Bank did not have any investment securities pledged as collateral.

During the years ended 31 December 2013 and 2012, the Bank reclassified certain held-to-maturity investment securities to available-for-sale amounted to Rp 3,374,010 and Rp 6,464,034, respectively. Such reclassifications were made for investment closed to its maturity date (will be matured in less than six months) in accordance with reclassification requirements in SFAS No. 55 (2011 Revision). 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 2013 and 2012 was Rp 826,534 and Rp 594,758, respectively.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 14. INVESTMENT SECURITIES (Continued)

The details of government recapitalization bonds owned by the Bank as of 31 December 2013 and 2012 were as follows:

31 December 2013					
	Nominal amount	Fair value	Maturity date	Frequency of interest payment	Carrying value
Held-to-maturity:					
VR0019 series	1,947,978	1,932,511	25 Dec 2014	3 months	1,947,459
VR0020 series	70,000	69,486	25 Apr 2015	3 months	69,885
VR0021 series	1,110,000	1,101,331	25 Nov 2015	3 months	1,108,108
VR0023 series	1,050,000	1,043,732	25 Oct 2016	3 months	1,050,388
VR0026 series	100,000	99,657	25 Jan 2018	3 months	98,725
	<u>4,277,978</u>	<u>4,246,717</u>			<u>4,274,565</u>
Available-for-sale:					
VR0019 series	1,500,000	1,488,090	25 Dec 2014	3 months	1,488,090
VR0023 series	20,000	19,880	25 Oct 2016	3 months	19,880
	<u>1,520,000</u>	<u>1,507,970</u>			<u>1,507,970</u>
31 December 2012					
	Nominal amount	Fair value	Maturity date	Frequency of interest payment	Carrying value
Held-to-maturity:					
FR0020 series	1,946,000	2,122,347	15 Dec 2013	6 months	2,028,868
VR0019 series	1,947,978	1,931,537	25 Dec 2014	3 months	1,943,865
VR0020 series	70,000	69,425	25 Apr 2015	3 months	69,812
VR0021 series	1,110,000	1,106,282	25 Nov 2015	3 months	1,107,197
VR0023 series	1,050,000	1,045,811	25 Oct 2016	3 months	1,049,630
VR0026 series	100,000	99,398	25 Jan 2018	3 months	98,688
	<u>6,223,978</u>	<u>6,374,800</u>			<u>6,298,060</u>
Available-for-sale:					
FR0019 series	560,000	585,251	15 Jun 2013	6 months	585,251
FR0020 series	45,700	49,841	15 Dec 2013	6 months	49,841
VR0019 series	1,500,000	1,487,340	25 Dec 2014	3 months	1,487,340
VR0023 series	20,000	19,920	25 Oct 2016	3 months	19,920
	<u>2,125,700</u>	<u>2,142,352</u>			<u>2,142,352</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 14. INVESTMENT SECURITIES (Continued)

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

	Year ended 31 December			
	2013		2012	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Held-to-maturity:				
Government bonds	7.48	7.73	8.29	7.41
Corporate bonds	9.69	-	9.96	-
Medium term notes	-	8.80	10.72	5.03
Available-for-sale:				
Certificates of Bank Indonesia	5.39	-	5.63	-
Indonesia treasury bills	6.93	-	-	-
Government bonds	6.19	6.40	6.22	5.67
Corporate bonds	7.73	5.86	8.39	5.83
Zero coupon bonds	8.72	-	8.35	-
Medium term notes	-	5.80	-	5.34

The movement of allowance for impairment losses of investment securities for the years ended 31 December 2013 and 2012 were as follows:

	Year ended 31 December 2013						
	Collective impairment losses			Individual impairment losses			Total
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	
Balance, beginning of year	(33,410)	(63)	(33,473)	(354,230)	(241,795)	(596,025)	(629,498)
(Addition) reversal of allowance during the year <sup>*)</sup>	12,099	103	12,202	(28,912)	(90,598)	(119,510)	(107,308)
Exchange rate difference	-	(120)	(120)	-	(10,131)	(10,131)	(10,251)
Balance, end of year	(21,311)	(80)	(21,391)	(383,142)	(342,524)	(725,666)	(747,057)

  

	Year ended 31 December 2012						
	Collective impairment losses			Individual impairment losses			Total
	Rupiah	Foreign currencies	Sub-total	Rupiah	Foreign currencies	Sub-total	
Balance, beginning of year	(252,067)	(106,409)	(358,476)	(99,989)	(91,195)	(191,184)	(549,660)
(Addition) reversal of allowance during the year <sup>*)</sup>	218,657	106,049	324,706	(254,241)	(143,431)	(397,672)	(72,966)
Exchange rate difference	-	297	297	-	(7,169)	(7,169)	(6,872)
Balance, end of year	(33,410)	(63)	(33,473)	(354,230)	(241,795)	(596,025)	(629,498)

<sup>\*)</sup> Including the reversal from effect of discounting of impaired financial assets for the year ended 31 December 2013 and 2012 amounted to Rp 9,594 and Rp 10,587 (see Note 23).

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



# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 14. INVESTMENT SECURITIES (Continued)

The movement of unrealized gain (loss) from the change in fair value of available-for-sale investment securities were as follows:

	Year ended 31 December 2013		
	Rupiah	Foreign currencies	Total
Balance, beginning of year before deferred income tax	886,714	256,046	1,142,760
Addition of unrealized loss during the year - net	(1,489,261)	(228,868)	(1,718,129)
Realized gain from sale during the year - net	(79,302)	-	(79,302)
Exchange rate difference	-	16,497	16,497
Total before deferred tax	<u>(681,849)</u>	<u>43,675</u>	<u>(638,174)</u>
Deferred income tax (Note 17g)			<u>159,543</u>
<b>Balance, end of year - net</b>			<u><b>(478,631)</b></u>

	Year ended 31 December 2012		
	Rupiah	Foreign currencies	Total
Balance, beginning of year before deferred income tax	743,462	183,754	927,216
Addition of unrealized gain during the year - net	256,281	59,642	315,923
Realized gain from sale during the year - net	(113,029)	-	(113,029)
Exchange rate difference	-	12,650	12,650
Total before deferred tax	<u>886,714</u>	<u>256,046</u>	<u>1,142,760</u>
Deferred income tax (Note 17g)			<u>(285,690)</u>
<b>Balance, end of year - net</b>			<u><b>857,070</b></u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 14. INVESTMENT SECURITIES (Continued)

The following table represents the summary of ratings and credit rating companies of Bank's investment securities as of 31 December 2013 and 2012:

	31 December			
	2013		2012	
	Rating	Rated by	Rating	Rated by
Government of the Republic of Indonesia	BBB-	Fitch	BBB-	Fitch
Perum Pegadaian	AA+	Pefindo	AA+	Pefindo
PT Arpeni Ocean Line Tbk	D	Pefindo	D	Pefindo
PT Aneka Tambang Tbk	AA-	Pefindo	AA	Pefindo
PT Bank CIMB Niaga Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Internasional Indonesia Tbk	AAA	Pefindo	AAA	Pefindo
PT Bank Jabar Banten Tbk	AA-	Pefindo	AA-	Pefindo
PT Bank Pan Indonesia Tbk	AA	Pefindo	AA	Pefindo
PT BPD Riau Kepri	A	Fitch	A	Fitch
PT Bank Tabungan Negara (Persero) Tbk	AA	Pefindo	AA	Pefindo
PT Bank Tabungan Pensiunan Nasional Tbk	AA-	Fitch	AA-	Fitch
PT Berlian Laju Tanker Tbk	D	Pefindo	D	Pefindo
PT Fastfood Indonesia Tbk	AA	Pefindo	AA	Pefindo
PT Indofood Sukses Makmur Tbk	AA+	Pefindo	AA+	Pefindo
PT Indosat Tbk	AA+	Pefindo	AA+	Pefindo
PT Japfa Comfeed Indonesia Tbk	A+	Pefindo	A	Pefindo
PT Jasa Marga (Persero) Tbk	AA	Pefindo	AA	Pefindo
PT Lautan Luas Tbk	A-	Pefindo	A-	Pefindo
PT Medco Energi International Tbk	AA-	Pefindo	AA-	Pefindo
PT Oto Multiartha	AA	Pefindo	AA	Pefindo
PT Pertamina (Persero)	BB+	Pefindo	BB+	Pefindo
PT Perusahaan Listrik Negara	AAA	Pefindo	AA+	Pefindo
PT Telekomunikasi Indonesia (Persero) Tbk	AAA	Pefindo	AAA	Pefindo
PT OCBC NISP Tbk	AAA	Pefindo	-	-
PT Bank Rakyat Indonesia (Persero) Tbk	BBB-	Fitch	-	-
PT Astra Sedaya Finance	AA+	Pefindo	-	-
PT Bank Permata Tbk	AA+	Pefindo	-	-
PT Nippon Indosari Corpindo	AA-	Pefindo	-	-

Information with regard to the classification and fair value of investment securities is disclosed in Note 32. Information with regard to the maturity of investment securities is disclosed in Note 37.

#### 15. FIXED ASSETS

Fixed assets consisted of:

	31 December 2013				
	Beginning balance <sup>*)</sup>	Additions	Deductions	Reclassifications	Ending balance
<u>Acquisition cost/revaluation amount</u>					
Direct ownership					
Land <sup>*)</sup>	2,354,674	96,472	(5,560)	54,465	2,500,051
Buildings <sup>*)</sup>	2,242,346	287,030	(9,282)	232,390	2,752,484
Office furniture, fixture and equipment <sup>*)</sup>	4,774,714	1,173,371	(240,518)	841	5,708,408
Motor vehicles	29,557	11,283	(2,041)	-	38,799
Construction in progress	1,195,970	1,369,671	(903,186)	(287,696)	1,374,759
Leased assets	28,653	1,329	(1,470)	-	28,512
Carry forward	10,625,914	2,939,156	(1,162,057)	-	12,403,013

<sup>\*)</sup> Revalued in 1998 and 2000.

<sup>\*\*)</sup> Included in the beginning balance of fixed assets is the beginning balance of fixed assets from acquired subsidiary (at cost of Rp 5,549 and accumulated depreciation of Rp 2,512).

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 15. FIXED ASSETS (Continued)

	31 December 2013				
	Beginning balance <sup>*)</sup>	Additions	Deductions	Reclassifications	Ending balance
<u>Acquisition</u> <u>cost/revaluation</u> <u>amount</u>					
Carried forward	10,625,914	2,939,156	(1,162,057)	-	12,403,013
<u>Accumulated depreciation</u>					
Direct ownership					
Buildings	(795,371)	(122,440)	6,436	-	(911,375)
Office furniture, fixture and equipment	(3,399,138)	(855,274)	237,226	-	(4,017,186)
Motor vehicles	(11,409)	(5,776)	1,598	-	(15,587)
Leased assets	(10,334)	(9,983)	1,469	-	(18,848)
	(4,216,252)	(993,473)	246,729	-	(4,962,996)
Net book value	6,409,662				7,440,017
	31 December 2012				
	Beginning balance	Additions	Deductions	Reclassifications	Ending balance
<u>Acquisition</u> <u>cost/revaluation</u> <u>amount</u>					
Direct ownership					
Land <sup>*)</sup>	1,307,447	918,830	(2,274)	130,671	2,354,674
Buildings <sup>*)</sup>	1,946,458	122,570	(7,854)	181,172	2,242,346
Office furniture, fixture and equipment <sup>*)</sup>	4,076,003	956,594	(263,336)	-	4,769,261
Motor vehicles	20,130	12,697	(3,366)	-	29,461
Construction in progress	442,153	1,240,651	(174,991)	(311,843)	1,195,970
Leased assets	26,205	4,598	(2,150)	-	28,653
	7,818,396	3,255,940	(453,971)	-	10,620,365
<u>Accumulated depreciation</u>					
Direct ownership					
Buildings	(698,949)	(100,594)	4,172	-	(795,371)
Office furniture, fixture and equipment	(2,961,537)	(693,035)	257,882	-	(3,396,690)
Motor vehicles	(11,204)	(2,629)	2,488	-	(11,345)
Leased assets	(2,047)	(9,879)	1,592	-	(10,334)
	(3,673,737)	(806,137)	266,134	-	(4,213,740)
Net book value	4,144,659				6,406,625

<sup>\*)</sup> Revalued in 1998 and 2000.

<sup>\*\*)</sup> Included in the beginning balance of fixed assets is the beginning balance of fixed assets from acquired subsidiary (at cost of Rp 5,549 and accumulated depreciation of Rp 2,512).

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 15. FIXED ASSETS (Continued)

##### Revaluation of fixed assets

In accordance with Decree of Minister of Finance No. 384/KMK/04/1998 dated 14 August 1998, the Bank has revalued certain fixed assets on 31 December 1998. The revaluation of fixed assets was based on the appraisal report from PT Ujatek Baru dated 24 March 1999 which was determined using market data approach and resulted in fixed asset revaluation difference of Rp 1,043,470. Such fixed asset revaluation difference has been approved by the Jakarta Tamansari Tax Office with its letter No. KEP-2111/WPJ.05/KP.09/1999 dated 3 October 1999.

On 31 October 2000, the Bank revalued certain fixed assets amounted to Rp 141,127 in relation to the Bank's quasi-reorganization. The revaluation of fixed assets was based on the appraisal report from PT Ujatek Baru dated 20 December 2000 which was determined using market data approach.

The fixed asset revaluation difference in 2000 amounted to Rp 141,127 was approved by Listed Company Tax Office with its letter No. KEP-04/WPJ.06/KP.0404/2001 dated 15 June 2001. The fixed asset revaluation difference was allocated to additional paid-in capital due to quasi-reorganization amounted to Rp 124,690.

In 2008, the Bank and Subsidiaries chose the cost method as their accounting policy for fixed assets in accordance with SFAS No. 16 (2007 Revision), "Fixed Assets", and reclassified all remaining fixed asset revaluation difference of Rp 1,059,907 which was presented as part of equity in the consolidated statement of financial position to the consolidated retained earnings.

##### Other informations

As of 31 December 2013 and 2012, the Bank did not have any fixed assets pledged as collateral.

Depreciation charged to general and administrative expenses for the years ended 31 December 2013 and 2012 amounted to Rp 993,473 and Rp 806,137, respectively.

Gain on sale of fixed assets recognized as part of non-operating income - net, for the years ended 31 December 2013 and 2012, amounted to Rp 14,016 and Rp 4,461, 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 4,525,887 and USD 331,396,788.00 as of 31 December 2013, and Rp 3,551,322 and USD 297,312,012.71 as of 31 December 2012. Management believes that the insurance coverage is adequate to cover possible losses from such risks.

As of 31 December 2013 and 2012, the cost of fully depreciated fixed assets that are still in used amounted to Rp 2,040,468 and Rp 2,245,080, respectively.

No impairment losses on fixed assets existed during 2013 and 2012.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 16. DEPOSITS FROM CUSTOMERS AND OTHER BANKS

### a. Deposits from customers

	31 December					
	2013			2012		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
<u>Demand deposits:</u>						
Related parties	742,958	100,775	843,733	1,274,064	63,910	1,337,974
Third parties	85,573,482	16,739,591	102,313,073	81,929,916	13,187,950	95,117,866
	<u>86,316,440</u>	<u>16,840,366</u>	<u>103,156,806</u>	<u>83,203,980</u>	<u>13,251,860</u>	<u>96,455,840</u>
<u>Savings:</u>						
Related parties	19,424	14,375	33,799	29,925	9,249	39,174
Third parties:						
Tahapan	198,073,387	-	198,073,387	182,033,094	-	182,033,094
Tapres	7,867,172	-	7,867,172	8,133,191	-	8,133,191
Tabunganku	620,481	-	620,481	433,805	-	433,805
Tahapan Xpresi	40,385	-	40,385	15,083	-	15,083
BCA Dollar	-	13,102,367	13,102,367	-	10,147,843	10,147,843
	<u>206,620,849</u>	<u>13,116,742</u>	<u>219,737,591</u>	<u>190,645,098</u>	<u>10,157,092</u>	<u>200,802,190</u>
<u>Time deposits:</u>						
Related parties	104,120	6,208	110,328	102,831	4,766	107,597
Third parties	78,487,318	7,993,720	86,481,038	66,152,755	6,755,817	72,908,572
	<u>78,591,438</u>	<u>7,999,928</u>	<u>86,591,366</u>	<u>66,255,586</u>	<u>6,760,583</u>	<u>73,016,169</u>
Total deposits from customers	<u>371,528,727</u>	<u>37,957,036</u>	<u>409,485,763</u>	<u>340,104,664</u>	<u>30,169,535</u>	<u>370,274,199</u>

### b. Deposits from other banks

	31 December					
	2013			2012		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Demand deposits	1,714,281	1,548,863	3,263,144	1,546,451	714,409	2,260,860
Time deposits	37,895	-	37,895	69,435	-	69,435
Total deposits from other banks	<u>1,752,176</u>	<u>1,548,863</u>	<u>3,301,039</u>	<u>1,615,886</u>	<u>714,409</u>	<u>2,330,295</u>

As of 31 December 2013 and 2012, the Bank did not have any balances of deposits from other banks from related party.

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

	Year ended 31 December			
	2013		2012	
	Rupiah (%)	Foreign currencies (%)	Rupiah (%)	Foreign currencies (%)
Deposits from customers:				
Demand deposits	1.22	0.13	1.33	0.14
Savings	1.24	0.25	1.43	0.23
Time deposits	4.73	0.53	4.55	0.54
Deposits from other banks:				
Demand deposits	0.61	0.01	0.59	-
Time deposits	3.54	-	4.28	-

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 16. DEPOSITS FROM CUSTOMERS AND OTHER BANKS (Continued)

### d. Time deposits based on maturity period

	31 December					
	2013			2012		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
1 month	61,471,955	6,457,178	67,929,133	33,952,639	5,243,964	39,196,603
3 months	7,470,732	545,738	8,016,470	11,378,770	569,284	11,948,054
6 months	3,930,320	225,441	4,155,761	7,809,676	228,945	8,038,621
12 months	5,756,326	771,571	6,527,897	13,183,936	718,390	13,902,326
	<u>78,629,333</u>	<u>7,999,928</u>	<u>86,629,261</u>	<u>66,325,021</u>	<u>6,760,583</u>	<u>73,085,604</u>

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

	31 December					
	2013			2012		
	Rupiah	Foreign currencies	Total	Rupiah	Foreign currencies	Total
Up to 1 month	64,517,547	6,693,044	71,210,591	39,731,120	5,542,992	45,274,112
> 1 - 3 months	7,830,258	604,226	8,434,484	11,373,915	454,957	11,828,872
> 3 - 6 months	3,186,426	237,636	3,424,062	6,924,907	249,145	7,174,052
> 6 - 12 months	3,095,102	465,022	3,560,124	8,295,079	513,489	8,808,568
	<u>78,629,333</u>	<u>7,999,928</u>	<u>86,629,261</u>	<u>66,325,021</u>	<u>6,760,583</u>	<u>73,085,604</u>

### f. Deposits pledged as collateral to loans granted by the Bank as of 31 December 2013 and 2012 (see Note 12) were as follows:

	31 December	
	2013	2012
Demand deposits	537,992	617,043
Savings	742,268	693,716
Time deposits	8,505,994	8,029,229
	<u>9,786,254</u>	<u>9,339,988</u>

Information with regard to the classification and fair value of deposit from customers and other banks is disclosed in Note 32. Information with regard to the maturity of deposits from customers and other banks is disclosed in Note 37.

## 17. INCOME TAX

### a. Current tax liabilities

	31 December	
	2013	2012
Bank	238,960	183,620
Subsidiaries	37,057	32,994
	<u>276,017</u>	<u>216,614</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 17. INCOME TAX (Continued)

##### b. Tax expenses

	Year ended 31 December	
	2013	2012
Current tax:		
During the year		
Bank	3,658,727	2,890,110
Subsidiaries	314,551	251,592
	<u>3,973,278</u>	<u>3,141,702</u>
Deferred tax:		
Origination and reversal of temporary differences		
Bank	(399,542)	(158,637)
Subsidiaries	(14,369)	(15,479)
	<u>(413,911)</u>	<u>(174,116)</u>
	<u>3,559,367</u>	<u>2,967,586</u>

- c. In accordance with Article 2 of Government Regulation No. 77/2013 regarding the Guidelines on the Implementation and Supervision on the Tariff Reduction for Domestic Tax Payers in the form of Public Companies, signed by President of Republic Indonesia on 21 November 2013, 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 fulfilled 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 8 January 2014 and 2 January 2013, the Bank received a declaration letter from the Securities Administration Agency for the fulfillment of the above criteria for fiscal year 2013 and 2012.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 17. INCOME TAX (Continued)

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

	Year ended 31 December	
	2013	2012
Consolidated accounting income before tax	17,815,606	14,686,046
Eliminations	1,083,182	974,474
Before eliminations	18,898,788	15,660,520
Subsidiaries' income before income tax	(1,270,296)	(954,629)
Accounting income before tax - Bank	17,628,492	14,705,891
Permanent differences:		
Employees' welfare	89,219	114,279
Rent income	(10,720)	(12,264)
Dividends from Subsidiaries	(1,070,581)	(970,448)
Other expenses (income) which can not be added/deducted for tax calculation purposes - net	59,057	(21,457)
	(933,025)	(889,890)
Temporary differences:		
Obligation for post-employment benefits	665,149	601,840
Additional (reversal) of impairment losses on financial assets	1,000,900	(123,404)
(Reversal) additional of impairment losses on non-financial assets	(96,416)	59,219
Net loss on valuation of trading and available-for-sale investment securities	7,971	58,902
Accrued employees' benefits	20,563	37,990
	1,598,167	634,547
Taxable income	18,293,634	14,450,548

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

	Year ended 31 December	
	2013	2012
Consolidated accounting income before tax	17,815,606	14,686,046
Maximum tax rate	25%	25%
	4,453,902	3,671,512
Permanent differences at 25% - Bank	(233,256)	(222,472)
Income tax expense - Bank	4,220,646	3,449,040
Income tax expenses - Subsidiaries	253,403	241,074
	4,474,049	3,690,114
Adjustment of corporate income tax rate - Bank (Note 17c)	(914,682)	(722,528)
Tax expense - consolidated	3,559,367	2,967,586



# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 17. INCOME TAX (Continued)

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

	2013	2012
Taxable income:		
Bank	18,293,634	14,450,548
Subsidiaries	1,258,204	1,006,368
	<u>19,551,838</u>	<u>15,456,916</u>
Current tax:		
Bank	3,658,727	2,890,110
Subsidiaries	314,551	251,592
	<u>3,973,278</u>	<u>3,141,702</u>
Prepaid taxes:		
Bank	(3,419,767)	(2,706,490)
Subsidiaries	(277,494)	(218,598)
	<u>(3,697,261)</u>	<u>(2,925,088)</u>
Income tax payable:		
Bank	238,960	183,620
Subsidiaries	37,057	32,994
	<u>276,017</u>	<u>216,614</u>

The calculation for 2013 corporate income tax is the calculation which will be reported when the Bank submits its 2013 annual corporate income tax return. The corporate income tax calculation for 2012 agreed with the 2012 Bank's annual tax return.

g. The items that gave rise to significant portion of deferred tax assets and liabilities as of 31 December 2013 and 2012 were as follows:

	31 December 2012	Recognized in current year profit or loss	Recognized in current year other comprehensive income	31 December 2013
Parent entity - Bank				
Deferred tax assets:				
Obligation for post-employment benefits	709,751	166,287	-	876,038
Allowance for impairment losses of financial assets	426,414	226,248	-	652,662
Allowance for impairment losses of non-financial assets	212	(127)	-	85
Accrued employees' benefits	35,482	5,141	-	40,623
Unrealized loss on available-for-sale investment securities	-	-	154,729	154,729
	<u>1,171,859</u>	<u>397,549</u>	<u>154,729</u>	<u>1,724,137</u>
Deferred tax liability:				
Unrealized gain on available-for-sale investment securities	(289,317)	-	289,317	-
Unrealized gain on trading securities	(5,100)	1,993	-	(3,107)
	<u>(294,417)</u>	<u>1,993</u>	<u>289,317</u>	<u>(3,107)</u>
Deferred tax assets - net - carry forward	<u>877,442</u>	<u>399,542</u>	<u>444,046</u>	<u>1,721,030</u>

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 17. INCOME TAX (Continued)

	31 December 2012	Recognized in current year profit or loss	Recognized in current year other comprehensive income	31 December 2013
Parent entity - Bank (continued)				
Deferred tax assets - net - carried forward	877,442	399,542	444,046	1,721,030
Subsidiaries:				
BCA Finance Limited	8,815	2,329	-	11,144
PT BCA Finance	21,261	(779)	-	20,482
PT BCA Sekuritas	5,732	375	-	6,107
PT BCA Syariah	6,552	(3,869)	4,814	7,497
PT Asuransi Umum BCA	-	13,232	-	13,232
Deferred tax assets - net	42,360	11,288	4,814	58,462
Total deferred tax assets - net	919,802	410,830	448,860	1,779,492
	31 December 2011	Recognized in profit or loss	Recognized in other comprehensive income	31 December 2012
Parent entity - Bank				
Deferred tax assets:				
Obligation for post-employment benefits	559,291	150,460	-	709,751
Allowance for impairment losses of financial assets	442,464	(16,050)	-	426,414
Allowance for impairment losses of non-financial assets	209	3	-	212
Accrued employees' benefits	25,985	9,497	-	35,482
	1,027,949	143,910	-	1,171,859
Deferred tax liability:				
Unrealized gain on available-for-sale investment securities	(231,804)	-	(57,513)	(289,317)
Unrealized gain on trading securities	(19,826)	14,726	-	(5,100)
	(251,630)	14,726	(57,513)	(294,417)
Deferred tax assets - net	776,319	158,636	(57,513)	877,442
Subsidiaries:				
BCA Finance Limited	990	7,825	-	8,815
PT BCA Finance	16,234	5,027	-	21,261
PT BCA Sekuritas	3,628	2,104	-	5,732
PT BCA Syariah	1,211	1,714	3,627	6,552
Deferred tax assets - net	22,063	16,670	3,627	42,360
Total deferred tax assets - net	798,382	175,306	(53,886)	919,802

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 17. INCOME TAX (Continued)

Included in total deferred tax asset and liability of the Bank and Subsidiaries was deferred tax asset and liability arising from unrealized (loss) gain from change in fair value of available-for-sale investment securities (see Note 14) amounted to Rp (154,729) and Rp (4,814) as of 31 December 2013, and Rp 289,317 and Rp (3,627) as of 31 December 2012.

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

- h. Under the taxation laws of Indonesia, the Bank and its Subsidiaries in Indonesia calculate and submit/pay 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.
- i. The Bank's taxes for 2008 have been audited by tax authorities which resulted in tax underpayment of Rp 136,949. The Bank has paid the tax underpayment and filed an objection letter for certain part of tax audit result with an amount of Rp 120,170. On 9 and 10 September 2013, Directorate General of Tax (DGT) approved parts of the objection for Value Added Tax ("VAT") and corporate income tax amounted to Rp 15,482, and has been transferred to the Bank on 24 October 2013. In relation with the objection result, the Bank submitted an appeal for the remaining amount of Rp 104,033 to the tax court.

#### 18. DEBT SECURITIES ISSUED

Debt securities issued by PT BCA Finance, Subsidiary, were as follows:

	31 December	
	2013	2012
Bonds payable	2,839,428	2,521,877
Medium term notes	293,419	-
	<u>3,132,847</u>	<u>2,521,877</u>

##### a. Bonds payable

As of 31 December 2013 and 2012, the outstanding balance of bonds payable related to bonds issued was as follows:

	31 December	
	2013	2012
Nominal value:		
BCA Finance Bonds III	100,000	200,000
BCA Finance Subordinated Bonds I	100,000	100,000
BCA Finance Bonds IV	300,000	530,000
BCA Finance Continuous Bonds I Batch I	1,050,000	1,700,000
BCA Finance Continuous Bonds I Batch II	1,297,000	-
Total - carry forward	<u>2,847,000</u>	<u>2,530,000</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 18. DEBT SECURITIES ISSUED (Continued)

##### a. Bonds payable (continued)

	31 December	
	2013	2012
Total - carried forward	2,847,000	2,530,000
Less:		
Unamortized bonds issuance cost - net	(7,572)	(8,123)
Total - net	2,839,428	2,521,877
Amortization of costs charged to consolidated statement of comprehensive income	6,029	5,868

The bonds which will due within 12 months amounted to Rp 1,250,000 and Rp 980,000 as of 31 December 2013 and 2012, respectively.

##### **BCA Finance Bonds III ("Bonds III") Year 2010**

Bonds III were offered at nominal value and listed in Indonesia Stock Exchange. Bonds III consist of Series A, B, C and D which mature on 23 June 2011, 23 March 2012, 23 March 2013 and 23 March 2014, respectively, with a fixed interest rate per annum at 8.65% - 10.95%. Interest will be paid on a quarterly basis based on interest rate at payment due date. The first interest payment was made on 23 June 2010 and the final payment will be due at the same time with the repayment of principal of each series of bonds.

Bonds III Series A, Series B and Series C were fully repaid on 23 June 2011, 23 March 2012 and 23 March 2013, respectively.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk for Bonds III Year 2010 based on the Trusteeship Agreement No. 31 dated 16 December 2009 which was made before Fathiah Helmi, S.H., notary in Jakarta. This agreement was amended as covered by Amendment I No. 11 dated 25 January 2010 and Amendment II No. 2 dated 4 March 2010.

As of 31 December 2013, Bonds III was rated at idAA+ by PT Pemeringkat Efek Indonesia ("Pefindo") and AAA(idn) by PT Fitch Ratings Indonesia ("Fitch") (2012: idAA+ by Pefindo and AA+(idn) by Fitch).

##### **BCA Finance Subordinated Bonds I ("Subordinated Bonds I") Year 2010**

Subordinated Bonds I were offered at nominal value and listed in Indonesia Stock Exchange. Subordinated Bonds I will mature on 23 March 2015 with a fixed interest rate per annum at 11.20%. Interest will be paid on a quarterly basis based on interest rate at payment due date. The first interest payment was made on 23 June 2010 and the final payment will be due at the same time with the repayment of principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk for Subordinated Bonds I Year 2010 based on the Trusteeship Agreement No. 34 dated 16 December 2009 which was made before Fathiah Helmi, S.H., notary in Jakarta. This agreement was amended as covered by Amendment I No. 13 dated 25 January 2010 and Amendment II No. 5 dated 4 March 2010.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 18. DEBT SECURITIES ISSUED (Continued)

### a. Bonds payable (continued)

#### **BCA Finance Subordinated Bonds I (“Subordinated Bonds I”) Year 2010 (continued)**

As at 31 December 2013 and 2012, Subordinated Bonds I was rated at idAA by Pefindo and AA-(idn) by Fitch, respectively.

#### **BCA Finance Bonds IV (“Bonds IV”) Year 2011**

Bonds IV were offered at nominal value and listed in Indonesia Stock Exchange. Bonds IV consist of Series A, B, C, D and E which mature on 26 June 2012, 22 September 2012, 22 June 2013, 22 June 2014 and 22 June 2015, respectively, with a fixed interest rate per annum at 7.90 - 9.00%. Interest will be paid on a quarterly basis based on interest rate at payment due date. The first interest payment was made on 22 September 2011 and the final payment will be due at the same time with the repayment of principal of each series of bonds.

Bonds IV Series A, Series B and Series C were fully repaid on 26 June 2012, 22 September 2012 and 22 June 2013, respectively.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk for Bonds IV Year 2011 based on the Trusteeship Agreement No. 10 dated 2 March 2011 which was made before Fathiah Helmi, S.H., notary in Jakarta. This agreement was amended as covered by Amendment I No. 52 dated 19 April 2011 and Amendment II No. 24 dated 9 June 2011.

As of 31 December 2013, Bonds IV was rated at idAA+ by Pefindo and AAA(idn) by Fitch (2012: idAA+ by Pefindo and AA+(idn) by Fitch).

#### **BCA Finance Continuous Bonds I Batch I (“Continuous Bonds I Batch I”) Year 2012**

Continuous Bonds I Batch I are offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds I Batch I consist of series A, B, C and D, which mature on 14 May 2013, 9 May 2014, 9 May 2015 and 9 May 2016, respectively, with a fixed interest rate per annum at 6.35% - 7.70%. Interest will be paid on a quarterly basis based on interest rate at payment due date. The first interest payment was made on 9 August 2012 and the final payment will be due at the same time with the repayment of principal of each series of bonds.

Continuous Bonds I Batch I Series A were fully repaid on 14 May 2013.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk for Continuous Bonds I Batch I Year 2012 based on the Trusteeship Agreement No. 14 dated 5 March 2012 which was made before Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn., notary in Jakarta. This agreement was amended as covered by Amendment I No. 71 dated 28 March 2012 and Amendment II No. 66 dated 25 April 2012.

As of 31 December 2013, Continuous Bonds I Batch I was rated at idAA+ by Pefindo and AAA(idn) by Fitch (2012: idAA+ by Pefindo and AA+(idn) by Fitch).

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 18. DEBT SECURITIES ISSUED (Continued)

### a. Bonds payable (continued)

#### **BCA Finance Continuous Bonds I Batch II (“Continuous Bonds I Batch II”) Year 2013**

Continuous Bonds I Batch II are offered at nominal value and listed in the Indonesia Stock Exchange. Continuous Bonds I Batch II consist of series A, B and C, which mature on 24 June 2014, 14 June 2016 and 14 June 2017, respectively, with a fixed interest rate per annum at 6.50% - 7.60%. Interest will be paid on quarterly basis based on interest rate at payment due date. The first interest payment was made on 14 September 2013 and the final payment will be due at the same time with the repayment of principal of each series of bonds.

The Subsidiary entered into a Trusteeship Agreement with PT Bank Mega Tbk for Continuous Bonds I Batch II Year 2013 based on the Trusteeship Agreement No.128 dated 23 May 2013 which was made before Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn, notary in Jakarta. This agreement was amended as covered by Amendment I No. 40 dated 7 June 2013.

As of 31 December 2013, Continuous Bonds I Batch II was rated at idAA+ by PT Pemeringkat Efek Indonesia (“Pefindo”) and AAA(idn) by PT Fitch Ratings Indonesia (“Fitch”).

All bonds, except Subordinated Bonds I, issued by the Subsidiary are collateralized by the fiduciary transfer of consumer financing receivables amounted to Rp 1,387,211 and Rp 1,235,240 as of 31 December 2013 and 2012. During the year that the bond principals are still outstanding, the Subsidiary is not allowed to, among others, transfer, pledge and/or mortgage any of the present or future assets of the Subsidiary, merge and/or consolidate business, take over business, make changes in the Articles of Association regarding the changes of the purpose and objective of the business and grant any credits to or make investments in other parties other than in the ordinary courses of the business.

As of 31 December 2013 and 2012, the Subsidiary had made the payment of the bonds interest on schedule for each bonds payable, complied will all aforementioned covenants in relation to the bonds agreement and complied with all the requirements mentioned in trustee agreement.

### b. Medium Term Notes (“MTN”)

As of 31 December 2013, the outstanding balance of MTN issued by PT BCA Finance, Subsidiary, was as follows:

Nominal value:	
Medium Term Notes III	300,000
Less:	
Unamortized MTN issuance cost	(6,581)
Total - net	293,419

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 18. DEBT SECURITIES ISSUED (Continued)

### b. Medium Term Notes ("MTN") (continued)

#### Medium Term Notes III BCA Finance ("MTN III") Year 2013

On 4 December 2013, the Subsidiary issued debt notes of MTN III with nominal value of Rp 300,000 which will mature on 4 December 2016 with fixed interest rate per annum at 8.20%.

The Subsidiary assigned PT Nikko Securities Indonesia as monitoring, custodian and payment agent for the MTN III, as stated in the Notarial Deed No. 2 and 3, dated 2 December 2013 of Satria Amiputra A., S.E., Ak., S.H., M.Ak., M.H., M.Kn. The notarial deed provides several negative covenants to the Subsidiary, among other, collateral with fiduciary transfer of consumer financing receivables amounted to Rp150,075 as of 31 December 2013.

As of 31 December 2013, the Subsidiary had complied with all the requirements mentioned in trusteeship agreement.

As of 31 December 2013, the amortized issuance cost charged to the consolidated statement of comprehensive income amounted to Rp 150, while the unamortized portion amounted to Rp 6,581 was deducted from the total nominal value of MTN III.

Information with regard to the classification and fair value of debt securities issued is disclosed in Note 32. Information with regard to the maturity of debt securities issued is disclosed in Note 37.

## 19. BORROWINGS

	31 December	
	2013	2012
(1) Liquidity loans from Bank Indonesia, Rupiah:		
Agriculture loans ("Kredit Usaha Tani"/"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 Sumitomo Mitsui Indonesia	290,000	50,000
PT Bank Victoria International Tbk	100,000	75,000
The Hongkong and Shanghai Banking Corporation Ltd		
- Indonesia branch	50,000	-
PT Bank Pan Indonesia Tbk	30,000	-
PT Bank QNB Kesawan Tbk	30,000	-
	500,000	125,000
(3) Two-step loans, Rupiah:		
Loan from Japan Bank for International Cooperation	-	2,124
(4) Others, foreign currencies	375	317
	500,952	128,018

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 19. BORROWINGS (Continued)

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

	Year ended 31 December	
	2013	2012
Rupiah	4.53%	3.95%
Foreign currencies	-	1.70%

As of 31 December 2013 and 2012, there was no borrowings from related party.

##### (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 PT BCA Finance. The details of borrowing facilities received as of 31 December 2013 and 2012 were as follows:

Banks	Total facility	Maturity date of facility
Rupiah:		
PT Bank Sumitomo Mitsui Indonesia	500,000	30 June 2014
PT Bank Buana Indonesia	250,000	8 September 2014
PT Bank Victoria International Tbk	225,000	17 December 2014
PT Bank Pan Indonesia Tbk	200,000	21 November 2014
PT Bank Hana	180,000	21 March 2014
PT Bank QNB Kesawan Tbk	100,000	27 March 2014
PT Bank DBS Indonesia	100,000	10 March 2014
PT Bank Permata Tbk	75,000	17 February 2014
Foreign currency (full amount):		
The Hongkong and Shanghai Banking Corporation Ltd - Indonesia branch	USD 30,000,000	9 July 2014
Standard Chartered Bank - Indonesia branch	USD 20,000,000	30 September 2014
The Bank of Tokyo Mitsubishi-UFJ, Ltd. - Indonesia branch	USD 12,000,000	14 September 2014

As of 31 December 2013 and 2012, these bank loans were secured by consumer financing receivables amounted to Rp 766,089 and Rp 612,097 (see Note 13).

All loan agreements 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.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 19. BORROWINGS (Continued)

### (3) Two-step loans

Two-step loans represent loan facilities which were originally granted to Government of Indonesia, which were then distributed to qualified debtors through Indonesian banks.

The loan facilities given to the Bank were from Overseas Economic Cooperation Fund (“OECF-AJDF”), now Japan Bank for International Cooperation:

- SSI (Small Scale Industry) Program, for financing small scale industry.
- PAE (Pollution Abatement Equipment) Program, for financing companies that intend to acquire pollution prevention equipment.

Projects involved in refinancing, general and administration, tax and duties, compensation and land acquisition are not eligible to receive loans from these programs.

The requirement of these loan facilities are as follows:

Loan facilities			Facility available since
Overseas Economic Cooperation Fund (OECF-AJDF), now Japan Bank for International Cooperation:			
SSI	JPY	435,322,797	1993
PAE	JPY	3,710,000,000	1993

In channelling the two-step loans to debtors, the Bank is required to supervise that the financed projects:

- consider the public and national interest; and
- protect and conserve the environment.

The loan facilities will mature within 20 (twenty) years with a maximum of 5 (five) years grace period, computed since the date of first loan drawdown, and to be paid in 30 (thirty) semi-annual installments starting from the first installment due date.

Although the loan facilities are stated in foreign currencies, based on loan agreements, the outstanding loans of the Bank to Bank Indonesia/Government of Indonesia for these loan facilities will be paid in Rupiah (at the Rupiah equivalent amount from the amount of loan drawdown using the exchange rate on the loan drawdown date).

The interest rates for the above facilities were calculated based on the average interest rate of three-month Certificates of Bank Indonesia during the last six-month periods with a certain adjustment, which should not be lower than the borrowing interest rate received by the Bank plus 1.75%.

These loan facilities were settled on 15 February 2013.

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

	Year ended 31 December	
	2013	2012
Rupiah	5.50% - 9.75%	5.23% - 9.00%

Information with regard to the classification and fair value of borrowings is disclosed in Note 32. Information with regard to the maturity of borrowings is disclosed in Note 37.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 20. SHARE CAPITAL

The compositions of the Bank's share capital as of 31 December 2013 and 2012 (after stock split, see Note 1c) were as follows:

	31 December 2013		31 December 2012	
	Number of shares	Total par value	Number of shares	Total par value
Authorized 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)
Issued and fully paid	24,655,010,000	1,540,938	24,655,010,000	1,540,938
Treasury stock <sup>*)</sup>	-	-	(198,781,000)	(12,424)
Outstanding shares	24,655,010,000	1,540,938	24,456,229,000	1,528,514

<sup>\*)</sup> Acquisition cost of treasury stock amounted to Rp 617,589 as of 31 December 2012 (see Note 1c).

The composition of shareholders as of 31 December 2013 and 2012 was as follows:

	31 December 2013		
	Number of shares	Total par value	%
FarIndo Investments (Mauritius) Ltd. qualitate qua (qq) Mr. Robert Budi Hartono and Mr. Bambang Hartono <sup>**)</sup>	11,625,990,000	726,624	47.15
Anthony Salim	434,079,976	27,130	1.76
Commissioners:			
Djohan Emir Setijoso	25,388,418	1,587	0.10
Tonny Kusnadi	168,123	11	0.00
Raden Pardede	168,123	11	0.00
Sigit Pramono	168,123	11	0.00
Directors:			
Jahja Setiaatmadja	9,539,703	596	0.04
Eugene Keith Galbraith	711,983	44	0.00
Anthony Brent Elam	8,191,278	512	0.03
Dhalia Mansor Ariotedjo	6,259,986	391	0.03
Suwignyo Budiman	6,659,288	416	0.03
Subur Tan	4,587,364	287	0.02
Renaldo Hector Barros	332,967	21	0.00
Erwan Yuris Ang	1,017,525	64	0.01
Henry Koenafi	329,050	21	0.00
Armand W. Hartono	325,137	20	0.00
Public shareholders <sup>****)</sup>	12,531,092,956	783,192	50.83
	24,655,010,000	1,540,938	100.00

<sup>\*\*) In accordance with Letter of Bank Indonesia No. 12/21/DPB3/TPB3-7 dated 25 February 2010.</sup>

<sup>\*\*\*) Acquisition cost of treasury stocks amounted to Rp 617,589 (see Note 1c).</sup>

<sup>\*\*\*\*) In the public shareholders composition, there were 2.45% shares owned by parties affiliated with ultimate shareholders, 0.02% owned by Robert Budi Hartono and 0.02% owned by Bambang Hartono.</sup>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 20. SHARE CAPITAL (Continued)

	31 December 2012		
	Number of shares	Total par value	%
FarIndo Investments (Mauritius) Ltd. qualitate qua (qq) Mr. Robert Budi Hartono and Mr. Bambang Hartono **)	11,625,990,000	726,624	47.15
Anthony Salim	434,079,976	27,130	1.76
Commissioners:			
Djohan Emir Setijoso	25,299,234	1,581	0.10
Tonny Kusnadi	96,776	6	0.00
Raden Pardede	96,776	6	0.00
Cyrrillus Harinowo	96,776	6	0.00
Sigit Pramono	96,776	6	0.00
Directors:			
Jahja Setiaatmadja	10,205,362	638	0.04
Eugene Keith Galbraith	344,075	22	0.00
Anthony Brent Elam	8,039,489	502	0.03
Dhalia Mansor Ariotedjo	6,403,404	400	0.03
Suwigno Budiman	6,518,151	407	0.03
Subur Tan	5,864,575	367	0.02
Renaldo Hector Barros	191,830	12	0.00
Erwan Yuris Ang	1,090,299	68	0.01
Henry Koenai	187,915	12	0.00
Armand W. Hartono	184,000	12	0.00
Public shareholders ****)	12,331,443,586	770,715	50.02
	24,456,229,000	1,528,514	99.19
Treasury stock ***)	198,781,000	12,424	0.81
	24,655,010,000	1,540,938	100.00

\*\*) In accordance with Letter of Bank Indonesia No. 12/21/DPB3/TPB3-7 dated 25 February 2010.

\*\*\*) Acquisition cost of treasury stocks amounted to Rp 617,589 (see Note 1c).

\*\*\*\*) In the public shareholders composition, there were 2.45% shares owned by parties affiliated with ultimate shareholders, 0.02% owned by Robert Budi Hartono and 0.02% owned by Bambang Hartono.

## 21. ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital as of 31 December 2013 and 2012 consist of:

	31 December	
	2013	2012
Additional paid-in capital from share capital payments	29,453,007	29,453,007
Elimination of accumulated loss through quasi-reorganization 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	500,496
Difference in values from business combination transaction of entities under common control (Note 2d)	(146,816)	-
	5,564,552	4,396,429

\*) On 31 October 2000, the Bank adopted SFAS No. 51, "Accounting for Quasi-Reorganization" 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-reorganization, the Bank's accumulated losses as of 31 October 2000 amounted to Rp 25,853,162 has been eliminated against the additional paid-in capital. The implementation of quasi-reorganization has 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 Hendra Karyadi, S.H., in Notary Deed No. 25).

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 22. COMMITMENTS AND CONTINGENCIES

As of 31 December 2013 and 2012, the Bank and Subsidiaries' commitments and contingencies were as follows:

		31 December			
		2013		2012	
	Type of currency	Amount in foreign currencies <sup>*)</sup>	Rupiah equivalent	Amount in foreign currencies <sup>*)</sup>	Rupiah equivalent
<b>Commitments</b>					
<u>Committed receivables:</u>					
Borrowing facilities received and unused	Rupiah	-	910,000	-	1,005,000
	USD	57,891,537	704,540	52,000,000	501,150
			<u>1,614,540</u>		<u>1,506,150</u>
<u>Committed liabilities:</u>					
Unused credit facilities to customers - committed	Rupiah	-	104,237,610	-	101,761,484
	USD	780,125,822	9,494,131	512,961,942	4,943,671
	Others, USD equivalent	22,606,242	275,118	20,920,402	201,620
			<u>114,006,859</u>		<u>106,906,775</u>
Unused credit facilities to other banks - committed	Rupiah	-	642,741	-	797,117
	USD	10,000,000	121,700	15,000,000	144,563
			<u>764,441</u>		<u>941,680</u>
Letters of Credit facilities granted to customers	Rupiah	-	777,653	-	675,546
	USD	575,763,758	7,007,045	652,432,766	6,287,821
	Others, USD equivalent	76,514,752	931,185	52,732,004	508,204
			<u>8,715,883</u>		<u>7,471,571</u>
			<u>123,487,183</u>		<u>115,320,026</u>
<b>Contingencies</b>					
<u>Contingent receivables:</u>					
Bank guarantees received	Rupiah	-	11,254	-	11,347
	USD	608,289	7,403	4,145,378	39,951
	Others, USD equivalent	336,391	4,094	-	-
			<u>22,751</u>		<u>51,298</u>
Interest receivables on non-performing loans	Rupiah	-	131,356	-	86,386
	USD	11,486	140	3,071	30
			<u>131,496</u>		<u>86,416</u>
			<u>154,247</u>		<u>137,714</u>
<u>Contingent liabilities:</u>					
Bank guarantees issued to customers	Rupiah	-	7,078,916	-	5,723,072
	USD	287,357,224	3,497,137	279,416,795	2,692,880
	Others, USD equivalent	8,875,852	108,019	1,474,056	14,206
			<u>10,684,072</u>		<u>8,430,158</u>

<sup>\*)</sup> In full amount

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 22. COMMITMENTS AND CONTINGENCIES (Continued)

### Additional information

As of 31 December 2013, the Bank had unused credit facilities to customers - uncommitted amounted to Rp 10,754,092 (2012: Rp 7,494,282).

As of 31 December 2013, notional amount of purchases and sales of derivatives amounted to equivalent Rp 3,191,236 (2012: equivalent Rp 6,040,810) and equivalent Rp 5,003,382 (2012: equivalent Rp 7,810,482), 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 41.

## 23. INTEREST AND SHARIA INCOME

Interest and sharia income consist of:

	Year ended 31 December	
	2013	2012
Loans receivable	26,149,451	20,564,025
Placements with Bank Indonesia and other banks	1,052,570	1,494,452
Investment securities	3,201,670	3,679,900
Securities purchased under agreements to resell	1,668,908	1,263,158
Consumer financing and investment in finance lease	1,674,306	1,413,539
Sharia revenue sharing	156,566	127,650
Others	373,678	342,566
	<u>34,277,149</u>	<u>28,885,290</u>

Included in interest income from loans receivable and investment securities were interest from discounting of impaired financial assets for the year ended 31 December 2013 amounted to Rp 1,647 and Rp 9,594, respectively (2012: Rp 698 and Rp 10,587, respectively).

Interest income from loans receivable to related parties is disclosed in Note 41.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 24. INTEREST AND SHARIA EXPENSES

Interest and sharia expenses consist of:

	Year ended 31 December	
	2013	2012
Deposits from customers	6,766,714	6,663,608
Deposits from other banks	10,305	7,689
Government guarantee premium	771,568	706,354
Debt securities issued	206,844	184,712
Borrowings	19,540	24,109
Interbank call money	-	8,339
Sharia	77,038	52,356
	<u>7,852,009</u>	<u>7,647,167</u>

Interest and sharia expenses for deposits from related parties are disclosed in Note 41.

## 25. FEE AND COMMISSION INCOME - NET

Represent fee and commission income related to:

	Year ended 31 December	
	2013	2012
Deposits from customers	2,116,195	1,777,095
Loans receivable	925,642	755,249
Payment settlement	1,172,794	1,055,170
Credit cards	1,349,112	1,201,810
Remittance, clearing and collections	367,029	320,933
Others	379,102	344,837
Total	<u>6,309,874</u>	<u>5,455,094</u>
Fee and commission expenses	<u>(11)</u>	<u>(1,770)</u>
Fee and commission income - net	<u>6,309,863</u>	<u>5,453,324</u>

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.

## 26. NET TRADING INCOME

Net trading income consists of:

	Year ended 31 December	
	2013	2012
Interest income from financial assets held for trading	13,417	7,288
Decrease in fair value of financial assets held for trading - net	(74,308)	(116,756)
Gain on sale of financial assets held for trading - net	105,603	272,315
Gain on spot and derivative transactions - net	475,152	441,889
	<u>519,864</u>	<u>604,736</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

#### 27. ADDITION OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS - NET

	Year ended 31 December	
	2013	2012
Acceptance receivables	27,551	(189,465)
Loans receivable	1,855,892	571,726
Consumer financing receivables	16,045	39,423
Sharia financing	7,816	3,502
Investment securities	107,308	72,966
Others	1,066	518
	<u>2,015,678</u>	<u>498,670</u>

#### 28. PERSONNEL EXPENSES

	Year ended 31 December	
	2013	2012
Salaries and wages	3,252,221	2,842,958
Employees' benefits and compensations	2,366,625	2,167,979
Post-employment benefits	904,718	831,392
Training	216,744	201,186
Pension plan contribution	124,306	111,451
	<u>6,864,614</u>	<u>6,154,966</u>

#### 29. GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2013	2012
Office supplies	2,239,958	1,840,568
Rental	1,115,934	967,194
Depreciation of fixed assets and amortization of intangible assets	1,075,336	864,567
Promotion	787,685	830,201
Repair and maintenance	771,285	729,092
Communication	394,167	277,402
Water, electricity and fuel	229,172	188,992
Professional fees	215,866	241,238
Security	160,096	156,895
Computer and software	137,982	94,502
Transportation	53,400	44,380
Research and development	32,103	24,776
Tax	29,203	50,156
Insurance	21,784	18,518
Others	122,289	121,723
	<u>7,386,260</u>	<u>6,450,204</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 30. 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:

	Year ended 31 December	
	2013	2012
Net income attributable to equity holder of the parent entity	14,253,831	11,721,717
Weighted average number of shares outstanding	24,634,859,597	24,401,786,557
Basic and diluted earnings per share attributable to equity holder of the parent entity (full amount of Rupiah)	579	480

As of 31 December 2013 and 2012, there were no instruments which can potentially be converted into common shares. Therefore, diluted earnings per share is equivalent to basic earnings per share.

### 31. APPROPRIATION OF NET INCOME

The Bank's Annual General Meeting of Shareholders on 6 May 2013 (the minutes was prepared by Notary Dr. Irawan Soerodjo, S.H., MSi., with Notary Deed No. 61) resolved the appropriation of 2012 net income, as follows:

- Allocate 1% (one percent) of 2012 net income for general reserve amounted to Rp 117,217.
- Distribute cash dividends amounted to Rp 2,814,352 (Rp 114.5 (full amount) per share), with estimated shares issued by the Bank (excluding treasury stocks) of 24,456,229,000 shares; the actual cash dividends paid was Rp 1,750,506 (interim dividend for the year 2012 had been paid on 20 December 2012 amounted to Rp 1,063,846).
- Determine tantiem for members of Board of Commissioners and Board of Directors on duty in the year 2012 with maximum amount of Rp 175,826 from the net income for the year 2012. The actual amount of tantiem paid was Rp 175,815.
- Determine the remaining 2012 net income after dividends as unappropriated retained earnings.

The Bank's Annual General Meeting of Shareholders on 6 May 2013 also resolved the granting of power and authority to the Bank's Directors to pay interim dividend for the year 2013, where possible, by considering the financial condition of the Bank.

In accordance with Board of Directors Decision Letter dated 7 November 2013 No. 149/SK/DIR/2013 regarding the Distribution of Interim Dividend for the year 2013, Board of Directors resolved that the Bank will pay interim dividends to shareholders from net income for the year 2013 amounted to Rp 45 (full amount) per share. The actual interim dividends paid amounted to Rp 1,109,475.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

### 31. APPROPRIATION OF NET INCOME (Continued)

The Bank's Annual General Meeting Shareholders on 16 May 2012 (the minutes of meeting was prepared by Notary Dr. Irawan Soerodjo, S.H., MSi., with Notary Deed No. 205) resolved the appropriation of 2011 net income, as follows:

- a. Allocate 1% (one percent) of 2011 net income for general reserve amounted to Rp 108,193.
- b. Distribute cash dividends amounted to Rp 2,765,455 (Rp 113.5 (full amount) per share), with estimated shares issued by the Bank (excluding treasury stock) of 24,365,243,000 shares; the actual cash dividends paid was Rp 1,705,567 (interim dividend for the year 2011 had been paid on 23 December 2011 amounted to Rp 1,059,888).
- c. Determine the tantiem for the members of Board of Commissioners and Board of Directors on duty in the year 2011. The actual amount of tantiem paid was Rp 162,261.
- d. Determine the remaining 2011 net income after dividends as unappropriated retained earnings.

The Bank's Annual General Meeting of Shareholders on 16 May 2012 also resolved the granting of power and authority to the Bank's Directors to pay interim dividend for the year 2012, where possible, by considering the financial condition of the Bank.

In accordance with Board of Directors Decision Letter dated 8 November 2012 No. 171/SK/DIR/2012 regarding the Distribution of Interim Dividend for the Year 2012, the Board of Directors resolved that the Bank will pay interim dividends to shareholders from net income for the year 2012 amounted to Rp 43.50 (full amount) per share. The actual interim dividends paid amounted to Rp 1,063,846.

### 32. FINANCIAL ASSETS AND LIABILITIES

Presented below is the comparison of the carrying amounts, as reported in the consolidated statement of financial position, and the fair value of all financial assets and liabilities.

In the following table, financial instruments have been allocated based on their classifications. The significant accounting policies in Note 2i.2 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 recognized.

Financial assets have been classified into trading, held-to-maturity, loans and receivables and available-for-sale financial assets. Financial liabilities have been classified into trading and other amortized cost financial liabilities.

The fair values are based on relevant information available as of the consolidated statement of financial position date and have not been updated to reflect changes in market condition after the date of consolidated statement of financial position.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise stated)

## 32. FINANCIAL ASSETS AND LIABILITIES (Continued)

The table below sets out the carrying amounts and fair values of the Bank and Subsidiaries' financial assets and liabilities as of 31 December 2013 and 2012:

	31 December 2013						Fair value
	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other amortized cost	Total carrying amount	
<b>Financial assets</b>							
Cash	-	-	-	16,284,142	-	16,284,142	16,284,142
Current accounts with Bank Indonesia	-	-	35,269,077	-	-	35,269,077	35,269,077
Current accounts with other banks	-	-	3,447,290	-	-	3,447,290	3,447,290
Placements with Bank Indonesia and other banks	-	-	12,254,043	-	-	12,254,043	12,254,043
Financial assets held for trading	1,238,564	-	-	-	-	1,238,564	1,238,564
Acceptance receivables	-	-	6,434,376	-	-	6,434,376	6,434,376
Bills receivable	-	-	2,632,832	-	-	2,632,832	2,632,832
Securities purchased under agreements to resell	-	-	41,056,171	-	-	41,056,171	41,056,171
Loans receivable	-	-	306,679,132	-	-	306,679,132	307,632,845
Consumer financing receivables	-	-	5,229,338	-	-	5,229,338	6,743,211
Investment in finance leases	-	-	182,544	-	-	182,544	180,316
Investment securities	-	15,913,947	-	32,493,391	-	48,407,338	47,960,442
	<u>1,238,564</u>	<u>15,913,947</u>	<u>413,184,803</u>	<u>48,777,533</u>	<u>-</u>	<u>479,114,847</u>	<u>481,133,309</u>
<b>Financial liabilities</b>							
Deposits from customers	-	-	-	-	409,485,763	409,485,763	409,485,763
Deposits from other banks	-	-	-	-	3,301,039	3,301,039	3,301,039
Financial liabilities held for trading	113,516	-	-	-	-	113,516	113,516
Acceptance payables	-	-	-	-	4,539,442	4,539,442	4,539,442
Debt issued securities	-	-	-	-	3,132,847	3,132,847	3,077,685
Borrowings	-	-	-	-	500,952	500,952	500,952
	<u>113,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,960,043</u>	<u>421,073,559</u>	<u>421,018,397</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 32. FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 December 2012						Fair value
	Held for trading	Held-to-maturity	Loans and receivables	Available-for-sale	Other amortized cost	Total carrying amount	
<b>Financial assets</b>							
Cash	-	-	-	11,054,208	-	11,054,208	11,054,208
Current accounts with Bank Indonesia	-	-	33,848,000	-	-	33,848,000	33,848,000
Current accounts with other banks	-	-	4,483,354	-	-	4,483,354	4,483,354
Placements with Bank Indonesia and other banks	-	-	28,802,130	-	-	28,802,130	28,802,130
Financial assets held for trading	1,441,725	-	-	-	-	1,441,725	1,441,725
Acceptance receivables	-	-	7,715,371	-	-	7,715,371	7,715,371
Bills receivable	-	-	1,946,793	-	-	1,946,793	1,946,793
Securities purchased under agreements to resell	-	-	34,448,535	-	-	34,448,535	34,448,535
Loans receivable	-	-	252,760,457	-	-	252,760,457	252,923,688
Consumer financing receivables	-	-	4,487,552	-	-	4,487,552	5,625,968
Investment in finance leases	-	-	104,246	-	-	104,246	105,498
Investment securities	-	19,410,549	-	27,899,822	-	47,310,371	47,937,233
	<u>1,441,725</u>	<u>19,410,549</u>	<u>368,596,438</u>	<u>38,954,030</u>	<u>-</u>	<u>428,402,742</u>	<u>430,332,503</u>
<b>Financial liabilities</b>							
Deposits from customers	-	-	-	-	370,274,199	370,274,199	370,274,199
Deposits from other banks	-	-	-	-	2,330,295	2,330,295	2,330,295
Financial liabilities held for trading	48,474	-	-	-	-	48,474	48,474
Acceptance payables	-	-	-	-	5,839,495	5,839,495	5,839,495
Debt issued securities	-	-	-	-	2,521,877	2,521,877	2,526,591
Borrowings	-	-	-	-	128,018	128,018	128,018
	<u>48,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,093,884</u>	<u>381,142,358</u>	<u>381,147,072</u>

The fair value of securities classified as held for trading was based on quoted market prices.

The fair value of investment securities was determined based on quoted market price or broker/dealer quoted price. If the information is not available, the fair value is estimated using quoted market price for securities which have similar credit characteristics, maturity and yield.

The fair value of investment in unquoted equity shares was assessed based on acquisition cost since the fair value was not available, while investment in quoted shares was valued based on quoted market price.

The fair value of loans receivable, consumer financing receivables and net investment in finance leases was determined by using discounted cash flows at current market interest rate.

The fair value of debt securities issued was based on quoted market price.

The fair value of financial assets and liabilities other than mentioned above approximates its carrying amount because significant amount of financial assets and liabilities are short-term in nature, and/or repriced frequently.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 33. POST-EMPLOYMENT BENEFITS

In accordance with Law of the Republic of Indonesia No. 13/2003 relating to labor regulations, 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.

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 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, and the contribution from employees and the Bank are 3% (three percent) and 5% (five percent), respectively. Based on the Labor Law, the Bank's accumulated contributions in such pension funds can be calculated as a deduction to its obligation for post-employment benefits.

Employment benefits provided by the Bank consist of pension, post-employment healthcare benefits and other long-term compensations. The obligation for post-employment benefits was calculated by PT Sentra Jasa Aktuaria (Biro Pusat Aktuaria) as the Bank's independent actuary, using the projected-unit-credit method. The main assumptions used by independent actuary were as follows:

	31 December	
	2013	2012
Economic assumptions:		
Annual discount rate	8.5%	6%
Annual basic salary growth rate	9%	8%
Healthcare cost rate	10%	10%

The Bank's obligation for post-employment benefits for the years ended 31 December 2013 and 2012 was in accordance with the independent actuary reports dated 29 January 2014 and 15 February 2013, respectively.

#### a. Obligation for post-employment benefits

The obligation for post-employment benefits as of 31 December 2013 and 2012 was as follows:

	31 December			
	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2013	2012	2013	2012
Present value of net obligation for post-employment benefits	5,545,079	5,476,672	138,092	174,521
Unrecognized actuarial losses	(1,851,829)	(2,366,354)	(1,535)	(55,906)
Unrecognized past service cost - non-vested	(311,021)	(372,460)	(14,633)	(17,469)
Net obligation for post employment benefits - Bank	3,382,229	2,737,858	121,924	101,146

The Subsidiaries' obligation for post-employment benefits as of 31 December 2013 and 2012 recorded in the consolidated statement of financial position amounted to Rp 21,681 and Rp 15,608, respectively.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 33. POST-EMPLOYMENT BENEFITS (Continued)

#### b. Post-employment benefits expenses

The post-employment benefits expenses recognized as part of personnel expenses in the consolidated statements of comprehensive income for the years ended 31 December 2013 and 2012 were as follows:

	Year ended 31 December			
	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2013	2012	2013	2012
Current service cost	293,071	299,821	7,731	10,363
Interest expenses	328,600	302,912	10,471	8,761
Net actuarial losses recognized in the current year	168,303	116,439	3,427	724
Amortization of past service cost non-vested	61,439	72,288	2,836	2,836
Loss from settlement and curtailment	17,866	9,086	-	-
Expense to be recognized in the current year - Bank	869,279	800,546	24,465	22,684

The Subsidiaries' post-employment benefits expenses for the years ended 31 December 2013 and 2012 recorded in the consolidated statements of comprehensive income amounted to Rp 10,974 and Rp 8,162, respectively.

#### c. Movement of obligation for post-employment benefits

	Year ended 31 December			
	Defined benefit pension plan and other long-term compensations		Post-employment healthcare benefits	
	2013	2012	2013	2012
Obligation for post-employment benefits, beginning of year - Bank	2,737,858	2,153,403	101,146	83,761
Post-employment benefits expenses for the year	869,279	800,546	24,465	22,684
Payment of employees' benefits during the year	(224,908)	(216,091)	(3,687)	(5,299)
Obligation for post-employment benefits, end of year - Bank	3,382,229	2,737,858	121,924	101,146

Total payment of employees' benefits by Subsidiaries for the years ended 31 December 2013 and 2012 amounted to Rp 5,598 and Rp 6,788, respectively.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 33. POST-EMPLOYMENT BENEFITS (Continued)

- d. The trend of healthcare cost rate is assumed to have significant impact to the amount recognized in the consolidated statement of comprehensive income. Changes in one point percentage of healthcare cost rate will have impacts as follows:

	31 December	
	2013	2012
Increase in one point percentage:		
Effect on current service cost and interest expenses	78	104
Effect on obligation for post-employment benefits	1,381	1,745
Decrease in one point percentage:		
Effect on current service cost and interest expenses	(78)	(104)
Effect on obligation for post-employment benefits	(1,381)	(1,745)

- e. Historical information - Bank:

	31 December				
	2013	2012	2011	2010	2009
<b>Defined benefit pension plan and other long-term compensation</b>					
Present value of defined obligation	5,545,079	5,476,672	4,327,317	3,225,305	2,374,279
Adjustment arising on plan liabilities	307,635	309,942	60,947	-	-
<b>Post-employment healthcare benefits</b>					
Present value of defined obligation	138,092	174,521	125,152	97,596	76,297
Adjustment arising on plan liabilities	(15,348)	17,279	-	-	-

- f. The Bank expects to pay Rp 136,836 in contribution to its defined contribution pension plan in 2014.

### 34. 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 2013 and 2012, assets administered by the Bank's Custodial Services Bureau consists of shares, bonds, time deposits, certificate of deposits, commercial papers and other money market instruments amounted to Rp 22,465,629 and Rp 20,147,809, respectively.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 35. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

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

	31 December			
	2013		2012	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
<b>Monetary assets</b>				
Cash				
US Dollar (USD)	38,711	471,115	35,994	346,889
Australian Dollar (AUD)	4,124	44,769	3,434	34,367
Singapore Dollar (SGD)	20,309	195,411	18,132	142,856
Hong Kong Dollar (HKD)	1,249	1,960	6,100	7,584
GB Poundsterling (GBP)	224	4,501	158	2,446
Japanese Yen (JPY)	109,006	12,617	85,037	9,505
Euro (EUR)	1,570	26,317	1,648	20,977
Others, USD equivalent	1,734	21,105	1,100	10,596
		<u>777,795</u>		<u>575,220</u>
Current accounts with Bank Indonesia				
US Dollar (USD)	332,000	4,040,440	327,000	3,151,463
Current accounts with other banks				
US Dollar (USD)	138,497	1,685,504	393,395	3,791,348
Australian Dollar (AUD)	2,929	31,796	2,136	21,375
Singapore Dollar (SGD)	48,623	467,852	7,054	55,578
Hong Kong Dollar (HKD)	20,726	32,531	18,336	22,833
GB Poundsterling (GBP)	1,889	37,996	1,007	15,617
Japanese Yen (JPY)	3,112,619	360,286	3,142,922	351,284
Euro (EUR)	39,656	664,610	8,615	109,678
Others, USD equivalent	13,517	164,498	10,685	102,975
		<u>3,445,073</u>		<u>4,470,688</u>
Placements with Bank Indonesia and other banks				
US Dollar (USD)	450,451	5,481,991	185,400	1,786,793
Australian Dollar (AUD)	32,500	352,809	23,500	235,167
Singapore Dollar (SGD)	-	-	21,000	165,451
Hong Kong Dollar (HKD)	73,705	115,683	65,644	81,613
GB Poundsterling (GBP)	-	-	500	7,757
Euro (EUR)	-	-	33,000	420,143
		<u>5,950,483</u>		<u>2,696,924</u>
Financial assets held for trading				
US Dollar (USD)	1	13	-	-
Japanese Yen (JPY)	-	-	136	15
		<u>13</u>		<u>15</u>
Acceptance receivables				
US Dollar (USD)	439,443	5,348,019	664,425	6,403,400
Australian Dollar (AUD)	-	-	38	366
Singapore Dollar (SGD)	169	1,623	271	2,134
GB Poundsterling (GBP)	91	1,834	46	718
Japanese Yen (JPY)	1,125,044	130,224	711,822	79,560
Euro (EUR)	15,436	258,702	12,729	162,057
Others, USD equivalent	3,557	43,292	59,056	569,147
		<u>5,783,694</u>		<u>7,217,382</u>

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 35. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (Continued)

	31 December			
	2013		2012	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
<b>Monetary assets (continued)</b>				
Bills receivable - net				
US Dollar (USD)	178,994	2,178,362	154,433	1,488,346
Singapore Dollar (SGD)	-	-	491	3,867
Hong Kong Dollar (HKD)	-	-	160	199
GB Poundsterling (GBP)	-	-	483	7,494
Japanese Yen (JPY)	3,579	415	79,144	8,847
Euro (EUR)	312	5,234	52	657
		<u>2,184,011</u>		<u>1,509,410</u>
Loans receivable - net				
US Dollar (USD)	1,389,089	16,905,211	1,460,035	14,071,088
Australian Dollar (AUD)	-	-	49	495
Singapore Dollar (SGD)	119,445	1,149,309	132,837	1,046,569
Euro (EUR)	10	166	531	6,718
		<u>18,054,686</u>		<u>15,124,870</u>
Investment securities - net				
US Dollar (USD)	494,469	6,017,691	441,039	4,250,517
Hong Kong Dollar (HKD)	185,233	290,730	189,681	235,825
		<u>6,308,421</u>		<u>4,486,342</u>
<b>Monetary liabilities</b>				
Deposits from customers				
US Dollar (USD)	2,829,878	34,439,616	2,843,491	27,404,145
Australian Dollar (AUD)	36,925	400,840	27,684	277,032
Singapore Dollar (SGD)	187,107	1,800,359	174,080	1,371,509
Hong Kong Dollar (HKD)	10,934	17,161	4,667	5,802
GB Poundsterling (GBP)	1,777	35,735	1,756	27,240
Japanese Yen (JPY)	3,140,891	363,558	3,590,262	401,284
Euro (EUR)	43,882	735,432	46,193	588,108
Others, USD equivalent	13,503	164,335	9,796	94,415
		<u>37,957,036</u>		<u>30,169,535</u>
Deposits from other banks				
US Dollar (USD)	126,810	1,543,280	74,124	714,370
Australian Dollar (AUD)	190	2,059	-	-
Singapore Dollar (SGD)	366	3,524	-	-
Hong Kong Dollar (HKD)	-	-	31	39
		<u>1,548,863</u>		<u>714,409</u>
Financial liabilities held for trading				
US Dollar (USD)	8	102	8	82
Singapore Dollar (SGD)	1	9	5	38
Hong Kong Dollar (HKD)	-	-	1	1
Japanese Yen (JPY)	814	94	1,782	199
Others, equivalent USD	24	292	5	44
		<u>497</u>		<u>364</u>



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 35. MONETARY ASSETS AND LIABILITIES IN FOREIGN CURRENCIES (Continued)

	31 December			
	2013		2012	
	Foreign currencies (in thousand)	Rupiah equivalent	Foreign currencies (in thousand)	Rupiah equivalent
<b>Monetary liabilities (continued)</b>				
Acceptance payables				
US Dollar (USD)	327,823	3,989,611	494,627	4,766,972
Australian Dollar (AUD)	-	-	38	378
Singapore Dollar (SGD)	170	1,632	230	1,814
GB Poundsterling (GBP)	91	1,840	46	718
Japanese Yen (JPY)	1,104,910	127,893	709,593	79,311
Euro (EUR)	13,123	219,928	11,030	140,429
Others, USD equivalent	3,182	38,731	58,956	568,183
		<u>4,379,635</u>		<u>5,557,805</u>
 Borrowings				
Others, USD equivalent	31	375	33	317

### 36. OPERATING SEGMENTS

The Bank and Subsidiaries disclosed the financial information based on the geographic segments:

	Year ended 31 December 2013					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Interest and sharia income	2,177,760	30,087,756	731,676	1,262,267	17,690	34,277,149
Interest and sharia expenses	(551,369)	(6,750,787)	(196,396)	(353,457)	-	(7,852,009)
Net interest and sharia income	1,626,391	23,336,969	535,280	908,810	17,690	26,425,140
Net fee and commission income	441,817	5,485,456	129,583	249,502	3,505	6,309,863
Net trading income	28,703	450,448	9,954	30,759	-	519,864
Other operating income	12,996	443,903	4,940	9,093	8	470,940
Total segment income	2,109,907	29,716,776	679,757	1,198,164	21,203	33,725,807
Depreciation and amortization	(20,314)	(1,033,239)	(7,740)	(13,421)	(622)	(1,075,336)
Other material non-cash elements:						
Impairment losses of financial assets	(44,145)	(1,936,851)	(8,667)	(16,486)	(9,529)	(2,015,678)
Other operating expenses	(746,237)	(12,146,005)	(221,153)	(421,674)	(21,057)	(13,556,126)
Operating income	1,299,211	14,600,681	442,197	746,583	(10,005)	17,078,667
Non-operating income - net	15,934	696,632	14,405	3,260	6,708	736,939
Income before tax - carry forward	1,315,145	15,297,313	456,602	749,843	(3,297)	17,815,606

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 36. OPERATING SEGMENTS (Continued)

	Year ended 31 December 2013					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Income before tax - carried forward	1,315,145	15,297,313	456,602	749,843	(3,297)	17,815,606
Income tax expense	-	-	-	-	-	(3,559,367)
Net income for the year	1,315,145	15,297,313	456,602	749,843	(3,297)	14,256,239
Assets	35,088,364	429,663,052	12,193,620	18,917,643	441,894	496,304,573
Liabilities	35,088,364	364,686,940	12,193,711	18,917,643	7,335	430,893,993
Loans receivable - net	19,070,403	270,419,973	5,817,939	11,370,817	-	306,679,132
Deposits from customers	34,088,431	345,231,847	12,141,768	18,023,717	-	409,485,763
Sharia deposits	-	250,146	-	-	-	250,146
Temporary <i>syirkah</i> deposits	-	1,443,902	-	-	-	1,443,902
	Year ended 31 December 2012					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Interest and sharia income	1,967,457	25,169,661	663,010	1,069,114	16,048	28,885,290
Interest and sharia expenses	(577,613)	(6,552,345)	(201,669)	(315,540)	-	(7,647,167)
Net interest and sharia income	1,389,844	18,617,316	461,341	753,574	16,048	21,238,123
Net fee and commission income	370,185	4,757,393	111,146	211,256	3,344	5,453,324
Net trading income	23,988	534,647	16,566	29,535	-	604,736
Other operating income	11,669	293,968	4,159	7,460	517	317,773
Total segment income	1,795,686	24,203,324	593,212	1,001,825	19,909	27,613,956
Depreciation and amortization	(19,005)	(824,532)	(7,511)	(12,528)	(991)	(864,567)
Other material non-cash elements:						
Impairment losses of financial assets	(46,849)	(360,530)	(12,109)	(61,939)	(17,243)	(498,670)
Other operating expenses	(648,236)	(10,759,369)	(202,272)	(361,624)	(23,650)	(11,995,151)
Operating income	1,081,596	12,258,893	371,320	565,734	(21,975)	14,255,568
Non-operating income - net	2,251	422,801	(2,302)	5,755	1,973	430,478
Income before tax	1,083,847	12,681,694	369,018	571,489	(20,002)	14,686,046
Income tax expense	-	-	-	-	-	(2,967,586)
Net income for the year	1,083,847	12,681,694	369,018	571,489	(20,002)	11,718,460

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 36. OPERATING SEGMENTS (Continued)

	Year ended 31 December 2012					
	Sumatera	Java	Kalimantan	East Indonesia	Overseas operation	Total
Assets	33,332,496	381,583,099	11,095,133	16,635,258	348,211	442,994,197
Liabilities	33,331,320	329,001,597	11,095,135	16,635,260	3,932	390,067,244
Loans receivable - net	15,562,752	223,021,415	5,038,065	9,138,225	-	252,760,457
Deposits from customers	31,249,840	312,191,961	10,860,688	15,971,710	-	370,274,199
Sharia deposits	-	232,813	-	-	-	232,813
Temporary <i>syirkah</i> deposits	-	1,029,011	-	-	-	1,029,011

Reporting of financial information based on products:

	2013			
	Loans	Treasury	Others	Total
Assets	306,679,132	144,305,315	45,320,126	496,304,573
Loans receivable - net	306,679,132	-	-	306,679,132
Interest and sharia income	26,149,451	6,296,826	1,830,872	34,277,149
Fee-based income	2,006,997	34,062	4,739,755	6,780,814

  

	2012			
	Loans	Treasury	Others	Total
Assets	252,760,457	152,280,908	37,952,832	442,994,197
Loans receivable - net	252,760,457	-	-	252,760,457
Interest and sharia income	20,564,025	6,780,076	1,541,189	28,885,290
Fee-based income	1,828,695	24,829	5,334,469	7,187,993

### 37. MATURITY GAP OF FINANCIAL ASSETS AND LIABILITIES

The following table summarizes the maturity gap profile of the Bank's and Subsidiaries' financial assets and liabilities based on the remaining period until the contractual maturity date as of 31 December 2013 and 2012:

	31 December 2013					
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity
<b>Financial assets</b>						
Cash	-	-	-	-	-	16,284,142
Current accounts with Bank Indonesia	11,258,038	-	-	-	-	24,011,039
Current accounts with other banks	3,447,290	-	-	-	-	-
Placements with Bank Indonesia and other banks	12,037,141	172,977	43,925	-	-	-
Financial assets held for trading	35,050	185,324	773,626	244,564	-	-
Acceptance receivables - net	2,544,052	2,873,433	985,496	31,395	-	-
Bills receivable - net	724,052	1,469,515	171,807	267,458	-	-
Carry forward	30,045,623	4,701,249	1,974,854	543,417	-	40,295,181

# PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 37. MATURITY GAP OF FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 December 2013						Total
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	
<b>Financial assets</b>							
<b>(continued)</b>							
Carried forward	30,045,623	4,701,249	1,974,854	543,417	-	40,295,181	77,560,324
Securities purchased under agreements to resell	41,056,171	-	-	-	-	-	41,056,171
Loans receivable	20,888,868	27,950,184	87,080,159	111,949,909	64,929,902	-	312,799,022
Less:							
Allowance for impairment losses	-	-	-	-	-	-	(6,119,890)
Consumer financing receivables - net	8,147	44,951	621,939	4,343,965	210,336	-	5,229,338
Investment in finance leases - net	-	-	2,336	180,208	-	-	182,544
Investment securities - net	4,307,071	3,881,779	10,814,227	26,861,001	2,375,711	167,549	48,407,338
	<u>96,305,880</u>	<u>36,578,163</u>	<u>100,493,515</u>	<u>143,878,500</u>	<u>67,515,949</u>	<u>40,462,730</u>	<u>479,114,847</u>
<b>Financial liabilities</b>							
Deposits from customers	(394,094,693)	(8,406,984)	(6,984,086)	-	-	-	(409,485,763)
Deposits from other banks	(3,273,439)	(27,500)	(100)	-	-	-	(3,301,039)
Financial liabilities held for trading	(84,274)	(28,920)	(322)	-	-	-	(113,516)
Acceptance payables	(1,960,838)	(1,965,280)	(581,335)	(31,989)	-	-	(4,539,442)
Debt securities issued	-	-	(1,245,463)	(1,887,384)	-	-	(3,132,847)
Borrowings	(100,952)	(30,000)	(370,000)	-	-	-	(500,952)
	<u>(399,514,196)</u>	<u>(10,458,684)</u>	<u>(9,181,306)</u>	<u>(1,919,373)</u>	<u>-</u>	<u>-</u>	<u>(421,073,559)</u>
Net position	<u>(303,208,314)</u>	<u>26,119,479</u>	<u>91,312,209</u>	<u>141,959,127</u>	<u>67,515,949</u>	<u>40,462,730</u>	<u>58,041,288</u>
31 December 2012							
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	Total
<b>Financial assets</b>							
Cash	-	-	-	-	-	11,054,208	11,054,208
Current accounts with Bank Indonesia	10,178,657	-	-	-	-	23,669,343	33,848,000
Current accounts with other banks	4,483,354	-	-	-	-	-	4,483,354
Placements with Bank Indonesia and other banks	26,533,993	1,910,643	357,494	-	-	-	28,802,130
Financial assets held for trading	53,981	158,188	1,181,438	6,972	41,146	-	1,441,725
Acceptance receivables - net	3,034,655	3,219,160	1,416,716	44,840	-	-	7,715,371
Bills receivable - net	799,170	620,679	526,944	-	-	-	1,946,793
Securities purchased under agreements to resell	12,167,072	22,281,463	-	-	-	-	34,448,535
Loans receivable	17,055,724	20,543,958	78,088,063	89,868,242	51,645,729	-	257,201,716
Less:							
Allowance for impairment losses	-	-	-	-	-	-	(4,441,259)
Carry forward	<u>74,306,606</u>	<u>48,734,091</u>	<u>81,570,655</u>	<u>89,920,054</u>	<u>51,686,875</u>	<u>34,723,551</u>	<u>376,500,573</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 37. MATURITY GAP FINANCIAL ASSETS AND LIABILITIES (Continued)

	31 December 2012						Total
	Up to 1 month	> 1 - 3 months	> 3 months - 1 year	> 1 - 5 years	More than 5 years	No contractual maturity	
<b>Financial assets (continued)</b>							
Carried forward	74,306,606	48,734,091	81,570,655	89,920,054	51,686,875	34,723,551	376,500,573
Consumer financing receivables - net	7,776	46,101	691,019	3,720,449	22,207	-	4,487,552
Investment in finance leases - net	-	-	460	103,786	-	-	104,246
Investment securities - net	2,460,584	1,739,645	6,003,870	29,146,903	7,791,399	167,970	47,310,371
	<u>76,774,966</u>	<u>50,519,837</u>	<u>88,266,004</u>	<u>122,891,192</u>	<u>59,500,481</u>	<u>34,891,521</u>	<u>428,402,742</u>
<b>Financial liabilities</b>							
Deposits from customers	(342,509,807)	(11,783,873)	(15,980,519)	-	-	-	(370,274,199)
Deposits from other banks	(2,283,195)	(45,000)	(2,100)	-	-	-	(2,330,295)
Financial liabilities held for trading	(19,129)	(24,730)	(4,615)	-	-	-	(48,474)
Acceptance payables	(2,801,864)	(2,178,678)	(812,562)	(46,391)	-	-	(5,839,495)
Debt securities issued	-	-	(978,841)	(1,543,036)	-	-	(2,521,877)
Borrowings	(894)	(2,124)	(125,000)	-	-	-	(128,018)
	<u>(347,614,889)</u>	<u>(14,034,405)</u>	<u>(17,903,637)</u>	<u>(1,589,427)</u>	<u>-</u>	<u>-</u>	<u>(381,142,358)</u>
Net position	<u>(270,839,923)</u>	<u>36,485,432</u>	<u>70,362,367</u>	<u>121,301,765</u>	<u>59,500,481</u>	<u>34,891,521</u>	<u>47,260,384</u>

### 38. NET OPEN POSITION

The Bank's net foreign exchange positions (Net Open Position or "NOP") as of 31 December 2013 and 2012 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 statement of financial position NOP 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.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 38. NET OPEN POSITION (Continued)

The Bank's NOP as of 31 December 2013 and 2012 was as follows:

	31 December					
	2013			2012		
	Statement of financial position net foreign exchange position (net difference between assets and liabilities)	Net difference between receivables and liabilities in administrative accounts	Net foreign exchange position (absolute amount)	Statement of financial position net foreign exchange position (net difference between assets and liabilities)	Net difference between receivables and liabilities in administrative accounts	Net foreign exchange position (absolute amount)
USD	1,914,931	(1,826,622)	88,309	2,168,344	(1,835,105)	333,239
SGD	2,916	(4,134)	1,218	12,340	(18,314)	5,974
AUD	15,714	(9,770)	5,944	(1,800)	4,003	2,203
HKD	3,545	-	3,545	2,441	(964)	1,477
GBP	3,300	-	3,300	1,584	-	1,584
EUR	(11,744)	25,139	13,395	(24,683)	30,238	5,555
JPY	(4,291)	6,042	1,751	(45,479)	47,032	1,553
CAD	1,977	(239)	1,738	788	-	788
CHF	6,539	-	6,539	3,858	(1,378)	2,480
DKK	987	-	987	1,446	-	1,446
MYR	(375)	-	375	(317)	-	317
SAR	110	2,434	2,544	1,279	-	1,279
SEK	355	-	355	192	-	192
CNY	2,385	-	2,385	6,957	4,815	11,772
Others	6,537	(4,998)	1,539	1,588	-	1,588
Total	1,942,886		133,924	2,128,538		371,447
Total capital (Note 39)	56,211,433		56,211,433	43,900,410		43,900,410
Percentage of NOP to capital	3.46%		0.24%	4.85%		0.85%

### 39. 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 assessment 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. The Capital Plan is expected to ensure an adequate level of capital with an optimum capital structure.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 39. CAPITAL MANAGEMENT (Continued)

Bank Indonesia 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 calculating the Capital Adequacy Ratio (CAR) and must fulfill the capital adequacy ratio at a minimum of 8% (eight percent) by taking operational risk into account.

Bank Indonesia Regulation No. 8/6/PBI/2006 dated 30 January 2006 and Bank Indonesia 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 based on risks from consolidated financial statements as provided in the prevailing Bank Indonesia Regulations.

The Bank calculates its capital requirements based on prevailing Bank Indonesia Regulations where the regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes issued and fully paid-up capital, additional paid-in capital, general reserve, specific reserve, retained earnings and current year profit. Investment in shares (50%) and book value of goodwill is deducted from tier 1 capital.
- Tier 2 capital, which includes the revaluation of fixed assets and allowable general reserve for financial assets. Investment in shares (50%) is deducted from tier 2 capital.

The CARs as of 31 December 2013 and 2012 calculated in accordance with the prevailing Bank Indonesia Regulations with credit risk, market risk and operational risk were as follows:

#### The Bank's consolidated CAR

	31 December	
	2013	2012
<b>Core capital</b>		
Paid-up capital	1,540,938	1,528,514
Disclosed reserve		
Additional paid in capital - net	5,711,368	3,791,264
Specific reserve	770,311	653,094
Previous years income	39,636,841	31,069,911
Net income for the current year	6,921,115	5,773,800
Positive differences from financial statements translation	309,103	221,688
Regulatory allowance for losses of non-productive assets	(85,295)	(58,356)
Less:		
Goodwill	(93,885)	(93,885)
Investment in shares	(84,009)	(20,605)
Non-controlling interests	101,076	71,167
	<u>54,727,563</u>	<u>42,936,592</u>
<b>Supplementary capital</b>		
Upper tier 2		
Revaluation of fixed assets	476,958	476,958
General allowance for productive assets	3,484,253	2,911,240
Less:		
Investment in shares	(84,009)	(20,606)
	<u>3,877,202</u>	<u>3,367,592</u>
Total capital - carry forward	<u>58,604,765</u>	<u>46,304,184</u>

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

### 39. CAPITAL MANAGEMENT (Continued)

#### The Bank's consolidated CAR (continued)

	31 December	
	2013	2012
Total capital - carried forward	58,604,765	46,304,184
Risk Weighted Assets		
Credit risk	318,926,584	273,628,283
Market risk	846,188	995,162
Operational risk	45,737,501	40,500,286
Total Risk Weighted Assets	365,510,273	315,123,731
CAR	16.03%	14.69%

#### The Bank's CAR (parent entity only)

	31 December	
	2013	2012
<b>Core capital</b>		
Paid-up capital	1,540,938	1,528,514
Disclosed reserve		
Additional paid in capital - net	5,711,368	3,791,264
Specific reserve	770,311	653,094
Previous years income	38,516,218	29,677,634
Net income for the current year	6,984,883	5,907,891
Regulatory allowance for losses of non-productive assets	(85,295)	(58,356)
Less:		
Investment in shares	(556,864)	(464,614)
	52,881,559	41,035,427
<b>Supplementary capital</b>		
Upper tier 2		
Revaluation of fixed assets	476,958	476,958
General allowance for productive assets	3,409,779	2,852,638
Less:		
Investment in shares	(556,863)	(464,613)
	3,329,874	2,864,983
Total capital	56,211,433	43,900,410
Risk Weighted Assets		
Credit risk	314,381,804	268,800,914
Market risk	208,259	520,281
Operational risk	44,373,506	39,057,289
Total Risk Weighted Assets	358,963,569	308,378,484
CAR	15.66%	14.24%

In accordance with the above Bank Indonesia Regulation, CAR should be calculated without the impact of deferred tax.



## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 40. NON-CONTROLLING INTEREST

The movement of non-controlling interest in net assets of Subsidiaries was as follows:

	31 December	
	2013	2012
Balance, beginning of year	71,167	24,424
Additional paid-in capital of PT BCA Sekuritas (Note 1d)	27,500	50,000
Share of non-controlling interest in the net profit (loss) of a Subsidiary in the current year	2,408	(3,257)
Balance, end of year	101,075	71,167

#### 41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties	Nature of relationship	Nature of transaction
FarIndo Investments (Mauritius) Ltd	Shareholder	Deposits from customers
PT BCA Finance	Subsidiary	Loans receivable, deposits from customers, financial assets held for trading, accruals and other liabilities, joint financing
BCA Finance Limited	Subsidiary	Deposits from customers
PT Bank BCA Syariah	Subsidiary	Current accounts with other banks, deposits from customers
PT BCA Sekuritas	Subsidiary	Loans receivable, deposits from customers
PT Asuransi Umum BCA	Subsidiary	Current accounts with other banks, deposits from customers
PT Asuransi Jiwa BCA	Associated entity	Deposits from customers
PT Adiwisea Mandiri Building Product Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Arga Bareksa Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Angkasa Komunikasi Global Utama	Owned by the same ultimate shareholder	Deposits from customers
PT Bamboe Jaya Plantation	Owned by the same ultimate shareholder	Deposits from customers
PT Borneo Muria Plantation	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	Deposits from customers
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
Dana Pensiun BCA	Employer pension fund	Pension fund contribution
PT Dart Media Indonesia	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Daya Maju Lestari	Owned by the same ultimate shareholder	Deposits from customers

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of relationship	Nature of transaction
PT Daya Sumber Makmur	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Djarum	Owned by the same ultimate shareholder	Loans receivable, deposits from customers
PT Ecogreen Oleochemicals	Owned by the same ultimate shareholder	Guarantees issued, Letters of Credit, deposits from customers
PT Energi Batu Hitam	Owned by the same ultimate shareholder	Deposits from customers
PT Fajar Surya Perkasa	Owned by the same ultimate shareholder	Deposits from customers
PT Fajar Surya Swadaya	Owned by the same ultimate shareholder	Deposits from customers
PT Gemilang Sawit Kencana	Owned by the same ultimate shareholder	Deposits from customers
PT Global Digital Niaga	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, other assets, deposits from customers, guarantees issued, rent
PT Hartono Istana Teknologi	Owned by the same ultimate shareholder	Deposits from customers
PT Indo Paramita Sarana	Owned by the same ultimate shareholder	Deposits from customers
PT Innovisi Tesmak Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Intershop Prima Center	Owned by the same ultimate shareholder	Deposits from customers
PT Intertobacco Utama Industry	Owned by the same ultimate shareholder	Deposits from customers
PT Kapuas Rimba Sejahtera	Owned by the same ultimate shareholder	Deposits from customers
PT Kumparan Kencana Electrindo	Owned by the same ultimate shareholder	Deposits from customers
PT Lingkarindah Plantation	Owned by the same ultimate shareholder	Deposits from customers
PT Lingkarmulia Indah	Owned by the same ultimate shareholder	Deposits from customers
PT Maju Abadi Sigaret	Owned by the same ultimate shareholder	Deposits from customers
PT Marga Sadhya Swasti	Owned by the same ultimate shareholder	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 Muria Sigaret Industri	Owned by the same ultimate shareholder	Deposits from customers

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Related parties	Nature of relationship	Nature of transaction
PT Nagaraja Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Neka Boga Perisa	Owned by the same ultimate shareholder	Deposits from customers
PT Palma Asri Sejahtera	Owned by the same ultimate shareholder	Deposits from customers
PT Palma Megah Mulia	Owned by the same ultimate shareholder	Deposits from customers
PT Peniti Sungai Purun	Owned by the same ultimate shareholder	Deposits from customers
PT Poly Kapitalindo	Owned by the same ultimate shareholder	Deposits from customers
PT Polyvisi Rama Optik	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 Puri Dibya Property	Owned by the same ultimate shareholder	Deposits from customers
PT Roberta Prima Tobacco	Owned by the same ultimate shareholder	Deposits from customers
PT Sapta Utama Persada	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 Tbk	Owned by the same ultimate shareholder	Deposits from customers
PT Silva Rimba Lestari	Owned by the same ultimate shareholder	Deposits from customers
PT Stevania Ultra Tobacco	Owned by the same ultimate shareholder	Deposits from customers
PT Suarniaga Indonesia	Owned by the same ultimate shareholder	Deposits from customers
PT Sumber Cipta Multiniaga	Owned by the same ultimate shareholder	Deposits from customers
PT Supravisi Rama Optik Manufacturing	Owned by the same ultimate shareholder	Deposits from customers
PT Swarnadwipa Serdangdjaja	Owned by the same ultimate shareholder	Deposits from customers
PT Tanjung Indah Plantation	Owned by the same ultimate shareholder	Deposits from customers
PT Tricipta Mandhala Gumilang	Owned by the same ultimate shareholder	Deposits from customers
PT Trigana Putera Mandiri	Owned by the same ultimate shareholder	Deposits from customers
PT Victory Supra Sigaret	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

In the normal course of the 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.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The details of significant balances and transactions with related parties that were not consolidated as of 31 December 2013 and 2012, and for the years then ended were as follows:

	31 December			
	2013		2012	
	Amount	Percentage to total	Amount	Percentage to total
Loans receivable (Note 12)	475,706	0.15%	549,567	0.21%
Other assets <sup>*)</sup>	293,197	4.47%	305,685	4.88%
Deposits from customers (Note 16)	987,860	0.24%	1,484,745	0.40%
Unused credit facilities to customers (Note 22)	171,904	0.15%	90,329	0.08%
Letters of Credit facilities granted to customers (Note 22)	23,439	0.27%	13,063	0.17%
Bank guarantees issued to customers (Note 22)	50,700	0.47%	31,911	0.38%
Interest and sharia income (Note 23)	31,168	0.09%	59,930	0.21%
Interest and sharia expenses (Note 24)	19,221	0.24%	7,286	0.10%
Rental expenses (Note 29)	13,015	1.17%	13,015	1.35%
Contribution to pension plan (Note 28)	124,306	1.81%	111,451	1.81%

<sup>\*)</sup> Represent prepaid rental and security deposits to PT Grand Indonesia.

Compensations for key management personnel of the Bank were as follows:

	Year ended 31 December	
	2013	2012
Short-term employee benefits (including tantiem)	275,688	279,562
Long-term employee benefits	15,180	15,180
Total	290,868	294,742

#### 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 had been 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 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 is required to pay an advance on 5 December 2005 amounted to USD 3,244,092.50, including VAT and ten installments of USD 3,238,701.07, including VAT, for a period of 15 April 2006 to 31 December 2006.

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) amounted to USD 3,238,701.07, including VAT.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

##### Rental Agreement with PT Grand Indonesia (continued)

On 29 June 2007, the Bank paid the lease for additional space in the 28<sup>th</sup> and 29<sup>th</sup> floors of 3,264.80 sqm amounted to USD 4,129,972, including VAT.

This agreement was notarized by Notary Hendra Karyadi, S.H., under Deed No. 14 dated 11 April 2006.

Starting May 2008, the Bank has calculated the amortization for those prepaid rental expenses. As of 31 December 2013 and 2012, amortization of prepaid rental expenses was Rp 73,750 and Rp 60,736, respectively, such that the remaining prepaid rental payment to PT Grand Indonesia as of 31 December 2013 and 2012 was Rp 290,664 and Rp 303,678, respectively, which was recorded as other assets.

On 24 October 2008, the Bank paid security deposits for additional space on the 30<sup>th</sup> and 31<sup>st</sup> floors of 3,854.92 sqm amounted to USD 208,165.68. This agreement was notarized in Deed No. 110 dated 22 May 2008 of Notary Dr. Irawan Soerodjo, S.H., MSi.

Rental payment for the 30<sup>th</sup> and 31<sup>st</sup> floors was 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 payments on a quarterly basis until the lease expires.

#### 42. 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 Republic of Indonesia Law 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 2013 and 2012, the deposit amount guaranteed by LPS for every customer in a bank is at a maximum of Rp 2,000.

As of 31 December 2013 and 2012, the Bank was the participant of this guarantee scheme.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 43. NEW REGULATIONS ISSUED

A new regulation has been issued in 2013 which brings significant impact to the Bank's business operations starting year 2014 until 2019:

- PBI No. 15/12/PBI/2013 dated 12 December 2013 regarding the Capital Adequacy Ratio for Commercial Banks.

Bank Indonesia requires banks to meet the CAR with the required minimum percentage in stages, as follows:

##### 2014

- Common equity Tier 1 ratio at minimum of 4.50% from Risk Weighted Assets, both individually and at consolidated level.
- Core capital ratio at minimum of 6.00% from Risk Weighted Assets, both individually and at consolidated level.
- The minimum requirement for common equity Tier 1 and core capital ratios are still using components as stated in Bank Indonesia Regulation No. 14/18/PBI/2012 regarding the Capital Adequacy Ratio for Commercial Banks.

##### 2015

- Common equity Tier 1 ratio at minimum of 4.50% from Risk Weighted Assets, both individually and at consolidated level.
- Core capital ratio at minimum of 6.00% from Risk Weighted Assets, both individually and at consolidated level.
- The minimum requirement for common equity Tier 1 and core capital ratios are using components as stated in Bank Indonesia Regulation No. 15/12/PBI/2013 regarding the Capital Adequacy Ratio for Commercial Banks.

##### 2016

- Common equity Tier 1 ratio at minimum of 4.50% from Risk Weighted Assets, both individually and at consolidated level.
- Core capital ratio at minimum of 6.00% from Risk Weighted Assets, both individually and at consolidated level.
- Capital Conservation Buffer ratio of 0.625% from Risk Weighted Assets.
- Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from Risk Weighted Assets<sup>\*)</sup>.
- Capital Surcharge ratio for Domestic Systematically Important Bank (D-SIB) determined by authorized authority in the range of 1% - 2.50% from Risk Weighted Assets for banks which are determined as having systemic impacts<sup>\*\*)</sup>.

\*) Based on the development of Indonesia macroeconomic condition and Bank Indonesia assessment on this condition, Bank Indonesia could set:  
1. different range of Countercyclical Buffer percentage from 0% - 2.50%;  
2. implementation of Countercyclical Buffer which is earlier from the specified timeline.

\*\*) The Authority could set the percentage of Capital Surcharge percentage for Domestic Systematically Important Bank (D-SIB) in the higher range of 1% - 2.50%.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 43. NEW REGULATIONS ISSUED (Continued)

- PBI No. 15/12/PBI/2013 dated 12 December 2013 regarding the Capital Adequacy Ratio for Commercial Banks (continued).

##### 2017

- Common equity Tier 1 ratio at minimum of 4.50% from Risk Weighted Assets, both individually and at consolidated level.
- Core capital ratio at minimum of 6.00% from Risk Weighted Assets, both individually and at consolidated level.
- Capital Conservation Buffer ratio of 1.25% from Risk Weighted Assets.
- Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from Risk Weighted Assets<sup>\*)</sup>.
- Capital Surcharge ratio for Domestic Systematically Important Bank (D-SIB) determined by authorized authority in the range of 1% - 2.50% from Risk Weighted Assets for banks which are determined as having systemic impacts<sup>\*\*)</sup>.

##### 2018

- Common equity Tier 1 ratio at minimum of 4.50% from Risk Weighted Assets, both individually and at consolidated level.
- Core capital ratio at minimum of 6.00% from Risk Weighted Assets, both individually and at consolidated level.
- Capital Conservation Buffer ratio of 1.875% from Risk Weighted Assets.
- Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from Risk Weighted Assets<sup>\*)</sup>.
- Capital Surcharge ratio for Domestic Systematically Important Bank (D-SIB) determined by authorized authority in the range of 1% - 2.50% from Risk Weighted Assets for banks which are determined as having systemic impacts<sup>\*\*)</sup>.

##### 2019

- Common equity Tier 1 ratio at minimum of 4.50% from Risk Weighted Assets, both individually and at consolidated level.
- Core capital ratio at minimum of 6.00% from Risk Weighted Assets, both individually and at consolidated level.
- Capital Conservation Buffer ratio of 2.50% from Risk Weighted Assets.
- Countercyclical Buffer ratio determined by Bank Indonesia in the range of 0% - 2.50% from Risk Weighted Assets<sup>\*)</sup>.
- Capital Surcharge ratio for Domestic Systematically Important Bank (D-SIB) determined by authorized authority in the range of 1% - 2.50% from Risk Weighted Assets for banks which are determined as having systemic impacts<sup>\*\*)</sup>.

\*) Based on the development of Indonesia macroeconomic condition and Bank Indonesia assessment on this condition, Bank Indonesia could set:

1. different range of Countercyclical Buffer percentage from 0% - 2.50%;
2. implementation of Countercyclical Buffer which is earlier from the specified timeline.

\*\*) The Authority could set the percentage of Capital Surcharge percentage for Domestic Systematically Important Bank (D-SIB) in the higher range of 1% - 2.50%.

## PT BANK CENTRAL ASIA Tbk AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2013

(Expressed in millions of Rupiah, unless otherwise specified)

#### 43. NEW REGULATIONS ISSUED (Continued)

- PBI No. 15/12/PBI/2013 dated 12 December 2013 regarding the Capital Adequacy Ratio for Commercial Banks (continued).

CAR above is in accordance with risk profile, which is determined as minimum as follows:

- 8% of Risk Weighted Assets for banks with risk profile rating of 1 (one).
- 9% to less than 10% of Risk Weighted Assets for banks with risk profile rating of 2 (two).
- 10% to less than 11% of Risk Weighted Assets for banks with risk profile rating of 3 (three).
- 11% - 14% of Risk Weighted Assets for banks with risk profile rating of 4 (four) or 5 (five).

The Bank is still in the process of analyzing the impact from adopting this regulation.

#### 44. SUBSEQUENT EVENT

Based on the Sale and Purchase Agreement No. 10 dated 9 January 2014, the Bank signed a sale and purchase agreement with the owner of PT Central Santosa Finance to acquire 45% ownership of PT Central Santosa Finance with acquisition cost of Rp 70,110. The acquisition was approved by Bank Indonesia with its Letter No. 15/90/DPB3/PB 3-7/Rahasia on 27 December 2013.



**PT BANK CENTRAL ASIA Tbk****SUPPLEMENTARY INFORMATION****STATEMENT OF FINANCIAL POSITION (PARENT ENTITY ONLY)****31 DECEMBER 2013**

(Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	<b>31 December</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash	16,273,604	11,044,741
Current accounts with Bank Indonesia	35,187,679	33,789,219
Current accounts with other banks	3,430,762	4,458,754
Placements with Bank Indonesia and other banks	11,298,869	28,197,517
Financial assets held for trading	1,035,791	1,400,457
Acceptance receivables - net of allowance for impairment losses of Rp 89,740 and Rp 61,824 as of 31 December 2013 and 2012	6,434,376	7,715,371
Bills receivable - net of allowance for impairment losses of Rp 580 and Rp 336 as of 31 December 2013 and 2012	2,632,832	1,946,793
Securities purchased under agreements to resell	41,056,171	34,448,535
Loans receivable - net of allowance for impairment losses of Rp 5,610,545 and Rp 4,017,268 as of 31 December 2013 and 2012		
Related parties	674,447	590,750
Third parties	306,095,154	252,105,535
Investment securities - net of allowance for impairment losses of Rp 673,593 and Rp 575,038 as of 31 December 2013 and 2012	49,068,111	47,757,639
Fixed assets - net of accumulated depreciation of Rp 4,882,884 and Rp 4,147,119 as of 31 December 2013 and 2012	7,365,886	6,349,493
Deferred tax assets - net	1,721,031	877,442
Other assets - net of allowance for impairment losses of Rp 158 and Rp 290 as of 31 December 2013 and 2012	6,223,529	6,113,164
<b>TOTAL ASSETS</b>	<b>488,498,242</b>	<b>436,795,410</b>

**PT BANK CENTRAL ASIA Tbk****SUPPLEMENTARY INFORMATION****STATEMENT OF FINANCIAL POSITION (PARENT ENTITY ONLY) (Continued)****31 DECEMBER 2013****(Expressed in millions of Rupiah, unless otherwise stated)**

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	<b>31 December</b>	
	<b>2013</b>	<b>2012</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposits from customers		
Related parties	1,015,661	1,488,640
Third parties	408,497,903	368,789,454
Deposits from other banks	3,303,929	2,319,669
Financial liabilities held for trading	113,516	48,474
Acceptance payables	4,539,442	5,839,495
Income tax liabilities	238,959	183,620
Borrowings	952	3,018
Obligation for post-employment benefits	3,504,153	2,839,004
Accruals and other liabilities	4,613,106	4,723,129
<b>TOTAL LIABILITIES</b>	<b>425,827,621</b>	<b>386,234,503</b>
<b>EQUITY</b>		
Share capital - par value per share of Rp 62.50 (full amount)		
Authorized 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	4,396,429
Treasury stocks, at cost: 198,781,000 shares as of 31 December 2012	-	(617,589)
Unrealized (losses) gains on available-for-sale financial assets - net	(464,188)	867,952
Retained earnings		
Appropriated	770,311	653,094
Unappropriated	55,112,192	43,720,083
<b>TOTAL EQUITY</b>	<b>62,670,621</b>	<b>50,560,907</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>488,498,242</b>	<b>436,795,410</b>

**PT BANK CENTRAL ASIA Tbk**

**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF COMPREHENSIVE INCOME (PARENT ENTITY ONLY)**  
**YEAR ENDED 31 DECEMBER 2013**  
 (Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
<b>OPERATING INCOME AND EXPENSES</b>		
Interest income	32,386,076	27,296,016
Interest expense	(7,546,742)	(7,386,144)
<b>Net interest income</b>	<b>24,839,334</b>	<b>19,909,872</b>
Fee and commission income	6,236,680	5,405,401
Fee and commission expenses	(11)	(1,770)
<b>Net fee and commission income</b>	<b>6,236,669</b>	<b>5,403,631</b>
Net trading income	508,134	617,368
Other operating income	1,317,395	1,212,607
<b>Total operating income</b>	<b>32,901,532</b>	<b>27,143,478</b>
Impairment losses on financial assets	(1,981,430)	(436,143)
Other operating expenses		
Personnel expenses	(6,549,216)	(5,931,777)
General and administrative expenses	(7,112,797)	(6,177,704)
Others	(273,435)	(240,490)
	<b>(13,935,448)</b>	<b>(12,349,971)</b>
<b>Total operating expenses</b>	<b>(15,916,878)</b>	<b>(12,786,114)</b>
<b>NET OPERATING INCOME</b>	<b>16,984,654</b>	<b>14,357,364</b>
<b>NON-OPERATING INCOME - NET</b>	<b>643,838</b>	<b>348,527</b>
<b>INCOME BEFORE TAX</b>	<b>17,628,492</b>	<b>14,705,891</b>

**PT BANK CENTRAL ASIA Tbk****SUPPLEMENTARY INFORMATION****STATEMENT OF COMPREHENSIVE INCOME (PARENT ENTITY ONLY) (Continued)****YEAR ENDED 31 DECEMBER 2013****(Expressed in millions of Rupiah, unless otherwise stated)**

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
<b>INCOME BEFORE TAX</b>	17,628,492	14,705,891
<b>INCOME TAX EXPENSE</b>		
Current	(3,658,727)	(2,890,110)
Deferred	399,542	158,637
	(3,259,185)	(2,731,473)
<b>NET INCOME</b>	14,369,307	11,974,418
<b>OTHER COMPREHENSIVE INCOME</b>		
Available-for-sale financial assets:		
Change in fair value - net	(1,776,187)	230,053
Income tax relating to components of other comprehensive income	444,047	(57,513)
<b>OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>	(1,332,140)	172,540
<b>TOTAL COMPREHENSIVE INCOME</b>	13,037,167	12,146,958
<b>NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT ENTITY</b>	14,369,307	11,974,418
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT ENTITY</b>	13,037,167	12,146,958
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount of Rupiah)</b>	583	491

**PT BANK CENTRAL ASIA Tbk**
**STATEMENT OF CHANGES IN EQUITY (PARENT ENTITY ONLY)**  
**YEAR ENDED 31 DECEMBER 2013**  
 (Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December 2013					
	Issued and fully paid-up capital	Additional paid-in capital	Treasury stocks	Unrealized gains (losses) on available-for-sale financial assets - net	Retained earnings	
					Appropriated	Unappropriated
Balance, 31 December 2012	1,540,938	4,396,429	(617,589)	867,952	653,094	43,720,083
Net income for the year	-	-	-	-	-	14,369,307
Unrealized loss on available-for-sale financial assets - net	-	-	-	(1,332,140)	-	-
Total comprehensive income for the year	-	-	-	(1,332,140)	-	14,369,307
General reserve	-	-	-	-	117,217	(117,217)
Cash dividends	-	-	-	-	-	(2,859,981)
Additional paid-in capital from treasury stock transactions	-	1,314,939	617,589	-	-	-
Balance, 31 December 2013	<b>1,540,938</b>	<b>5,711,368</b>	<b>-</b>	<b>(464,188)</b>	<b>770,311</b>	<b>55,112,192</b>
						<b>62,670,621</b>

**PT BANK CENTRAL ASIA Tbk**

**STATEMENT OF CHANGES IN EQUITY (PARENT ENTITY ONLY) (Continued)**  
**YEAR ENDED 31 DECEMBER 2013**  
 (Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	Year ended 31 December 2012					
	Issued and fully paid-up capital	Additional paid-in capital	Treasury stocks	Unrealized gains (losses) on available-for-sale financial assets - net	Retained earnings	
					Appropriated	Unappropriated
Balance, 31 December 2011	1,540,938	3,895,933	(808,585)	695,412	544,901	34,623,271
Net income for the year	-	-	-	-	-	11,974,418
Unrealized gains on available-for-sale financial assets - net	-	-	-	172,540	-	-
Total comprehensive income for the year	-	-	-	172,540	-	11,974,418
General reserve	-	-	-	-	108,193	(108,193)
Cash dividends	-	-	-	-	-	(2,769,413)
Additional paid-in capital from treasury stock transactions	-	500,496	190,996	-	-	-
Balance, 31 December 2012	<b>1,540,938</b>	<b>4,396,429</b>	<b>(617,589)</b>	<b>867,952</b>	<b>653,094</b>	<b>43,720,083</b>
						<b>50,560,907</b>

**PT BANK CENTRAL ASIA Tbk**

**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF CASH FLOWS (PARENT ENTITY ONLY)**  
**YEAR ENDED 31 DECEMBER 2013**  
 (Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts of interest, fees and commissions	38,492,089	32,594,626
Other operating income	248,571	241,916
Payments of interest, fees and commissions	(7,486,787)	(7,431,323)
Payments of post-employment benefits	(228,595)	(221,389)
Loss from foreign exchange transactions - net	(11,231,961)	(1,557,209)
Other operating expenses	(12,117,599)	(10,803,864)
Non-operating (expense) income - net	(8,737)	111,154
Payment of tantiem to Board of Commissioners and Directors	(175,815)	(162,261)
Other increase/decrease affecting cash:		
Placements with Bank Indonesia and other banks - mature more than 3 months from the date of acquisition	1,243,822	37,332,394
Financial assets held for trading	437,458	1,148,969
Acceptance receivables	1,253,079	(2,184,483)
Bills receivable	(406,044)	(624,387)
Securities purchased under agreements to resell	(6,607,636)	(13,247,371)
Loans receivable	(52,284,094)	(54,054,454)
Other assets	1,346,617	(1,473,229)
Deposits from customers	47,134,242	48,573,476
Deposits from other banks	1,263,477	(1,089,715)
Acceptance payables	(1,300,053)	1,796,174
Accruals and other liabilities	(253,475)	1,558,139
<b>Net cash (used in) provided by operating activities before income tax</b>	<b>(681,441)</b>	<b>30,507,163</b>
Payment of income tax	(3,603,387)	(2,827,704)
<b>Net cash (used in) provided by operating activities</b>	<b>(4,284,828)</b>	<b>27,679,459</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment securities	(17,288,211)	(23,630,108)
Proceeds from investment securities that had matured during the year	15,480,338	28,876,712
Cash dividends received from investment in shares	1,071,602	971,339
Acquisition of fixed assets	(2,903,790)	(3,187,367)
Investment in shares	(102,000)	-
Proceeds from sale of fixed assets	22,850	12,030
<b>Net cash (used in) provided by investing activities</b>	<b>(3,719,211)</b>	<b>3,042,606</b>

**PT BANK CENTRAL ASIA Tbk**

**SUPPLEMENTARY INFORMATION**  
**STATEMENT OF CASH FLOWS (PARENT ENTITY ONLY) (Continued)**  
**YEAR ENDED 31 DECEMBER 2013**  
 (Expressed in millions of Rupiah, unless otherwise stated)

The following supplementary financial information of PT Bank Central Asia Tbk (Parent Entity only) which exclude the balances of Subsidiaries, have been prepared and presented using the accounting policies that are consistent with those applied to the consolidated financial statements of the Bank and Subsidiaries, except for investments in Subsidiaries, which have been presented at cost.

	<b>Year ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in borrowings - net	(2,066)	(234,820)
Additional share capital payment of a Subsidiary	(82,500)	(150,000)
Payment of cash dividends	(2,859,981)	(2,769,413)
Proceeds from sale of treasury stocks	1,932,528	691,492
<b>Net cash used in financing activities</b>	<b>(1,012,019)</b>	<b>(2,462,741)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,016,058)</b>	<b>28,259,324</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>76,246,409</b>	<b>48,738,519</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS</b>	<b>(1,039,437)</b>	<b>(751,434)</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>66,190,914</b>	<b>76,246,409</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	16,273,604	11,044,741
Current accounts with Bank Indonesia	35,187,679	33,789,219
Current accounts with other banks	3,430,762	4,458,754
Placements with Bank Indonesia and other banks - mature within 3 months or less from the date of acquisition	11,298,869	26,953,695
<b>Total cash and cash equivalents</b>	<b>66,190,914</b>	<b>76,246,409</b>