

ANNUALREPORT

1999





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The Supporting Pillars For Mission PT BANK CENTRAL ASIA Tbk.

MISSION

Through implementation of professional management, Bank BCA participates in building the Indonesian economy by providing a wide range of quality banking services that are targeted mainly to retail and commercial customers, using its extensive network of branches that are spread throughout the country, and achieves the Return on Asset at a rate that exceeds the average for the national banking industry.

POLICIES

This corporate policies for accomplishing the Bank's mission are as follows:

- Company growth should always be accomplished with adherence to the principle of prudence
- Every banking activity should comply with all government regulations, particularly those issued by Bank Indonesia, and it should be efficiently executed.
- Advancements in technology should be optimally utilized.
- Human resources should be managed based on the principles of transparency and equality. Due appreciation should be given to professionals with strong motivation and dedication in delivering high quality services, both internally and externally.

Strategies

Targets

To reinforce Bank BCA's position as the leading payment settlement agency by:

- Expanding its distribution network and its reach to customers
- Expanding the range of its payment service products for customers, and
- Investing in technologies that will support the expansion of the distribution network and payment service products for customers

- Fee-based revenues
- Low-cost funds
- Large customer base

To Increase Bank BCA's most profitable earning assets by:

- Increasing corporate and retail loans
- Developing consumer loan products to supplement existing corporate and retail credits
- Acquiring the loans portfolio already restructured by IBRA

- Increase in profit and market share
- Limited credit risk

To continue building Bank BCA into a leading banking institution by:

- Securing technical assistance from international institutions with expertise in banking organization and risk management
- Reorganizing the Bank to ensure that an integrated system for risk control is functioning effectively
- Establishing a good corporate governance and credit culture

- Customer-focused organization
- Effective management of risk
- Good corporate governance

A Solid and Transparent Management

- Separation of the management function from ownership
- Optimization of the organizational function
- Improvement of the quality of HR and professionalism

Highlights of 1999 Performance

Total assets grew to Rp 96.45 trillion and net profit rose to Rp 641 billion.



The total amount of public funds grew to Rp 86.80 trillion with the following composition: Time deposits, 49%; saving accounts, 36%, and demand deposit accounts, 15%. At year end 1999, Bank BCA ranked first in terms of mobilization of public funds through its savings accounts, accounting for 25.36% of total amount of savings at national banks. Bank BCA also had a share of 13.32% of the total funds at national banks.

Subordinated loans, loans capital and temporary capital investment of Rp 1,445 billion was converted into paid up capital in December 1999.

In addition, the State of the Republic of Indonesia, represented by IBRA, placed a temporary capital amounting Rp 24.48 trillion.

CAR stood at 42.90% on December 31, 1999.

In the effort to turn Bank BCA into a leading Payment Settlement Agency in Indonesia, the bank launched a program to develop the infrastructure, which consisted of:

- 795 branch offices throughout Indonesia;
- 1,858 Automated Teller Machines (ATM) terminal;
- 9,418 Electronic Data Capture (EDC) terminals for Credit Card transactions and 4,965 EDC terminals for Debit Card transactions;
- 5.2 million BCA ATM/Debit Card and 258,000 BCA Credit Card, and
- 41 merchants and service providers and 25,968 merchants that accept Credit Cards and Debit Cards.

Bank BCA allied with more than 1,400 correspondent banks in 79 countries.

The Shareholders

Bank BCA's Shareholders As of December 31, 1999

Shareholder	Percentage of Ownership %
The State of the Republic of Indonesia, represented by IBRA	92.799
Anthony Salim	2.894
Soedono Salim	2.147
Andree Halim	2.147
Albert Halim	0.005
Liliana Dewijanti Kurniawan	0.004
Lilani	0.002
Soerjantini	0.001
Agustini	0.001
Total	100.000

Summary of Important Financial Data 1995 - 1999

At or for the Year Ended December 31,

	1995 (1) (Audited)	1996 (1) (Audited)	1997 (1) (Audited)	1998 (1) (Audited)	1999 (Audited)
(Rp. Billions, except per share amounts, net income (loss) per share and percentages)					
Income statement data					
Total interest and investment income	2,999	4,454	6,410	16,096	14,098
Total interest and other financing charges	2,533	3,731	5,489	31,023	18,311
Net interest income (expense)	466	723	921	(14,927)	(4,213)
Other operating income	265	322	512	437	6,071
Total income	731	1,045	1,433	(14,490)	1,858
Other operating expense (excluding provision for possible losses)	579	679	867	4,971	1,206
Income (expense) from operations before provision for possible losses	152	366	566	(19,461)	652
Provision for possible losses	4	136	355	9,980	382
Income (loss) from operations	148	230	211	(29,441)	270
Net non-operating income (expense)	54	21	15	(213)	(36)
Provision for income tax					
Current	(82)	(75)	(74)	-	-
Deferred	20	1	(2)	1,251	407
Minority interest in net income of consolidated subsidiary	(4)	(6)	-	-	-
Net income (loss)	136	171	150	(28,403)	641
Net income (loss) per share (2)	67,772	85,398	74,742	(14,201,758)	313
Balance sheet data					
Cash, current account and placement with other banks (net)	3,042	4,450	5,963	9,711	19,418
Trading account securities held and bill (net)	4,827	6,013	4,758	3,904	7,060
Government bonds	-	-	-	-	60,877
Loans (net of allowance)	16,115	22,641	39,167	39,798	3,781
All other assets	2,383	2,721	3,027	14,515	5,314
Total assets	26,367	35,825	52,915	67,928	96,450
Deposits	22,330	31,098	43,989	57,604	86,803
Funds borrowings	835	1,041	2,982	31,895	3,055
All other liabilities	1,663	1,967	3,959	3,953	1,471
Total liabilities	24,828	34,106	50,930	93,452	91,329
Minority interest in consolidated subsidiary	27	32	-	-	-
Shareholder's equity (capital deficiency)	1,512	1,687	1,985	(25,524)	5,121
Selected ratios					
Return on average total asset (3)	0.60%	0.56%	0.36%	(39.82%)	0.80%
Return on average total equity (4)	10.32%	10.54%	8.44%	n.m.% (9)	n.m.% (9)
Net interest margin (5)	2.29%	2.65%	2.53%	(23.07%)	(6.24%)
Other operating income to total income	36.25%	30.81%	35.73%	(3.02%)	326.75%
Other operating expenses to total income	79.21%	64.98%	60.50%	(34.31%)	64.91%
Regulatory loan to deposits ratio (6)	61.55%	68.61%	83.75%	84.81%	4.10%
Total liabilities to shareholder's equity (times)	16.42	20.22	25.66	(3.66)	17.83
Total liabilities to total assets (times)	0.94	0.95	0.96	1.38	0.95
Risk adjusted capital					
Tier capital	1,443	1,599	1,835	(25,524)	3,772
Total capital	2,070	2,710	3,670	(25,524)	5,151
Total risk adjusted assets	24,785	31,938	48,796	65,900	12,006
Total risk adjusted capital adequacy ratio	5.82%	5.01%	3.76%	(38.73%)	31.42%
	8.35%	8.49%	7.52%	(38.73%)	42.90%
Credit quality					
Non-performing loans (7)	200	195	371	42,210	366
Allowance for possible loan losses (8)	219	359	773	10,158	320
Non-performing loans to total loans	1.22%	0.85%	0.93%	84.49%	8.92%
Non performing loans to shareholder's equity	13.23%	11.56%	18.69%	n.m.% (9)	7.15%
Allowance for possible loan to	1.34%	1.56%	1.94%	20.33%	7.80%
Non performing loans to shareholder's equity	109.50%	184.10%	208.36%	24.07%	87.43%
Provision for possible loan losses to total loans	0.02%	0.58%	0.89%	18.87%	6.85%

(1) As restated

(2) Calculated by dividing net income (loss) by weighted average total shares outstanding during the period, which was 2,049,139,997 shares for 1999 and 2 million shares for each of 1998, 1997, 1996 and 1995

(3) Calculated by dividing net income (loss) by daily average total assets, except for 1995 which was based on year-end balances

(4) Calculated by dividing net income (loss) by daily average shareholder's equity, except 1995 which was based on year-end balances

(5) Calculated by dividing net interest income by daily average interest-earning assets (consisting of current accounts with other banks, placements with other banks, trading account securities held and bills, Government Bonds and loans)

(6) Parent Company only. Calculated by dividing weekly average gross loans by weekly average third party funds and shareholder's equity

Board of Commissioners and Board of Directors

BOARD OF COMMISSIONERS

President Commissioner



Mr. M. Djoeana Koesoemahardja (76 years)

Has been President Commissioner of the Bank since December 29, 1999. Prior to joining the Bank, Mr. Koesoemahardja held various managerial positions at Bank Indonesia, was managing partner of SGV Utomo / Arthur Andersen and served as a director or commissioner of a number of Indonesian companies. Mr. Koesoemahardja holds a degree in Law from Gajah Mada University.



Mr. Djunaedi Hadisumarto (61 years)

Has been Commissioner of the Bank since December 29, 1999. Mr. Hadisumarto has held various advisory and managerial positions in the private and public sector. He has served as a commissioner of PT. Bapindo (from 1992), including President Commissioner (since 1998), and as Deputy Head of the National Development Planning Board (since 1999). Mr. Hadisumarto holds a bachelors degree in Economics from the University of Indonesia, a masters degree in Public Administration from the University of California Berkeley in the United States, and a doctorate in Public Administration from the University of Southern California.

BOARD OF COMMISSIONERS



Mr. Sumantri Slamet Iman Santoso (45 years)

Has been Commissioner of the Bank since December 29, 1999. Prior to joining the Bank, Mr. Santoso held various academic positions, worked as a technology consultant to banks and served as president director of a securities depository. Since 1998, he has been Deputy Chairman of IBRA. Mr. Santoso holds a doctorate in Computer Science from the University of Illinois in the United States.



Mr. Mardi Sutanto (36 years)

Has been Commissioner of the Bank since December 29, 1999. Prior to joining the Bank, Mr. Sutanto was a vice president at Citibank and a director of PT. Matahari Putra Prima. Since 1998, he has been Senior Vice President of IBRA. Mr. Sutanto holds a masters degree in Business Administration from the University of Pittsburgh in the United States.

Board of Commissioners and Board of Directors



President Director

Mr. Djohan Emir Setijoso (58 years)

Has been proxy President Director of the Bank since June 1, 1998 and President Director since December 29, 1999. Mr. Setijoso is responsible for general coordination, as well as oversight of, the Internal Audit Division, the Human Resources, the Legal Division, Logistics Divisions and the Corporate Secretariat. Prior to joining the Bank, Mr. Setijoso held various managerial positions, including Managing Director, at Bank Rakyat Indonesia (1965-1998), and was President Commissioner and General Manager of Inter Pacific Bank (1993-1998). Mr. Setijoso holds a degree in Agriculture from Institut Pertanian Bogor.



Mr. Suyono Sudirun (57 years)

Has been a proxy Director of the Bank since June 1, 1998 and Director since December 29, 1999. Mr. Sudirun is the Bank's Compliance Director and oversees the Risk Management & Compliance Division and the Corporate Planning Division. Prior to joining the Bank, he was the President Director of BKS (1998-1999), a pension fund subsidiary company in the Bank Rakyat Indonesia Group, and held various managerial positions, including Chief Auditor, at Bank Rakyat Indonesia (1964-1998). Mr. Sudirun holds an MBA diploma in Financial Management from Greenwich University in the United States. He also holds a Qualified Internal Auditor (QIA) Certificate from the QIA Certification Board of Indonesia.



Mr. I Dewa Gde Suthapa (51 years)

Has been a proxy Director of the Bank since June 1, 1998 and a Director since December 29, 1999. Mr. Suthapa is the Bank's Credit Director and oversees the Corporate Banking Division, the Retail Banking Division and the Loan Recovery Division. Prior to joining the Bank, he held various managerial positions at Bank Negara Indonesia (1979-1998). Mr. Suthapa is a graduate of the Pancasila University and holds a masters degree from the University of Dubuque in the United States.

BOARD OF DIRECTORS



Mr. Fero Poerbonegoro (44 years)

Has been a proxy Director of the Bank since June 1, 1998 and Director since December 29, 1999. Mr. Poerbonegoro is the Bank's Treasury and International Director and oversees the Treasury Division, the Payment Products Center, the international Banking Division and the Bank's overseas offices and subsidiary. Prior to joining the Bank, he held various managerial positions at Bank Negara Indonesia (1981-1998). Mr. Poerbongoro holds a degree in Finance from Brawijaya University.



Mr. Aswin Wirjadi (51 years)

Has been a proxy Director of the Bank since April 30, 1999 and Director since December 29, 1999. Mr. Wirjadi is the Bank's Operations and Consumer Banking Director and oversees the Consumer Banking Division, the Credit Card Center and the Bank's information technology and systems. He has served in various managerial capacities within the Bank since 1990. Prior to joining the Bank, he served as a Director of Indomobil Niaga International (1989-1990) and as Vice President of The Chase Manhattan Bank, N.A. (1977-1989). Mr. Wirjadi holds a degree in Mechanical Engineering from the Catholic University of Atmajaya.



Mr. Jahja Setiaatmadja (44 years)

Has been a proxy Director of the Bank since April 30, 1999 and a Director since December 29, 1999. Mr. Setiaatmadja is the Finance Director of the Bank and oversees the Finance Division and regional development. He has served in various managerial capacities within the Bank since 1990. Prior to joining the Bank, he was a Director of Indomobil (1989-1990) and a Director at Kalbe Farma (1982-1989). Mr. Setiaatmadja holds a degree in Accounting from the University of Indonesia

Address from Chairman of the Board



(Sitting)

M. Djoeana Koesoemahardja

(Stand up from left to right)

Djunaedi Hadisumarto

Mardi Henko Sutanto

Sumantri Slamet I.S

Having gone through more than two years of the devastating crisis, the Indonesian economy began to show positive signs in 1999. The GDP, which suffered a deep contraction in 1998, recorded a positive growth of 0.23 percent. The turnaround was driven by the 0.83 percent growth in the agricultural sector and the 2.19 percent growth in the processing industry. The contribution of these two sectors was made possible by the rise in the government and public consumption, which, in turn, was spurred by the restoration of confidence and the decline in interest rates.

Other sectors that contributed substantially to the GDP, such as trade and financial, still showed a downward trend due to lingering problems in the security and law enforcement. Meanwhile, Indonesian exports still failed to show any significant increase.

A largely controlled and low inflation rate, in addition to improvement in rupiah's exchange rates, was very conducive and supportive to the country's economic conditions throughout 1999. This development provided room for a steady decline in domestic interest rates. In addition, smooth flows of supply and distribution of basic staples, the drop in the prices of imported basic items in the international market and the stable exchange rate of rupiah, all contributed to stabilizing prices. Collectively, these trends allowed the annual inflation rate to fall drastically from 77.60 percent in 1998 to 2.01 percent in 1999.

The sharply declining inflation rates, accompanied by the strengthening rupiah, had provided a space for the movement of domestic interest rates. The drop in the interest rate of Bank Indonesia Certificates from 38.40 percent in 1998 to 11.93 percent in 1999 was followed by the drop in inter-bank rates as well as the loan interest rates offered by local banks.

In 1999, Indonesia's balance of payment recorded a surplus of US\$ 3.4 billion, raising the country's foreign exchange reserves to US\$ 16.1 billion at the end of the year.

All the aforementioned progress were evidently still inadequate to optimally push the economy. The recovery process moved very slowly due to the numerous obstacles still to be overcome, such as the huge foreign debt burden, uncompleted restructuring of the banking system, security problems and issues in law enforcement. In addition, a series of government policies, including the increases in the fuel price, electricity, public transportation and the rise in salaries of civil servants have adverse impact on the recovery process of Indonesia's economy.

Despite the prevailing conditions, Bank BCA still managed to remain a profitable bank. As one of the largest banks in the country, the Bank continued to expand while it consistently applied the principle of prudence. The bank's commitment to providing better services to its customers throughout Indonesia, in addition to becoming an even stronger banking institution, is a commitment that deserves a lot of commendation.

The Board of Commissioners would like to extend its deepest appreciation to the Board of Directors and all Bank BCA's employees, who have all worked very hard to advance the company despite the unfavorable economic and socio-political conditions described above.

The presence of Bank BCA, both on the national and international levels, with the supports provided by its wide network of correspondents, superior infrastructure, a strong capital base and a pool of highly experienced human resources, will contribute substantially to the effort in accelerating the recovery of Indonesia's economy, and Bank BCA will become a bank that the Indonesian public can trust and be proud of.



M. Djoeana Koesoemahardja

M. Djoeana Koesoemahardja
Chairman

Message from the President



(Sit from left to right)
D.E. Setijoso
Suyono Sudirun

(Stand up from left to right)
Jahja Setiaatmadja
I Dewa Gde Suthapa
Fero Poerbonegoro
Aswin Wirjadi

Despite the challenges in the ongoing economic recovery, Bank BCA has survived the worst days with extraordinary results. Clearly, the success would not have been possible without the support of the government in the form of banking recapitalization, as well as the confidence that public has in the bank.

The bank's accomplishments were also the result of the professionalism of the management, along with the hard work by all its employees.

On the financial side, 1999 was an encouraging year for Bank BCA. Total assets grew by 42 percent to Rp 96.45 trillion and net profit stood at Rp 641 billion - as opposed to a loss of Rp 28.40 trillion in 1998.

In the meantime, Bank BCA has had no difficulty in mobilizing third party funds, thanks to its reputation and the mobilization strategy that it had started to implement prior to the crisis. Third party funds rose by 50.69 percent. With a total amount of Rp 86.80 trillion, which accounted for 13.32 percent of all banking funds at the end of 1999, Bank BCA no longer faces any liquidity problem.

At the end of 1999, Bank BCA's Capital Adequacy Ratio/CAR had exceeded Bank Indonesia's requirement. Based on its audited financial report, the bank's equity stood at Rp 5.12

trillion, putting its CAR at 42.90 percent. Being in such favorable condition, Bank BCA is currently in the position to take on new challenges including the tougher competition in the banking industry, both at the national and international levels.

Such an impressive report card has given Bank BCA the confidence to embark on a strategic move by launching its IPO and entering the capital market.

Needless to say, all these outstanding accomplishments have been the results of the support and trust from the bank's customers, who held 8.1 million accounts by the end of 1999. More than 400,000 of these accounts were opened during the year alone. Today, Bank BCA's operation is supported by 795 local branches, overseas branches in New York and Nassau, representative offices in Hong Kong and Singapore, and a subsidiary in Hong Kong.

Bank BCA continues to expand its ATM network, which currently consists of 1,858 service points-146 of them were installed in 1999 alone. Its international banking services are supported by more than 1400 correspondent banks in 79 countries.

As part of its ongoing restructuring program, all of Bank's BCA's 21,435 employees will receive continuous training and education in various training centers, both within the bank and outside. The training and education have been one of the bank's top priorities due to the fact that the banking sector, both in Indonesia and in the world, will continue to change and therefore the bank will always require human resources with the ability to better anticipate the future.

For all of these accomplishments, the management would like to express its deepest gratitude to Bank Indonesia and the Indonesian Banking Restructuring Agency (IBRA), who have been providing invaluable guidance and direction to Bank BCA. Most sincere appreciation also goes to the public, particularly the customers who have fully entrusted their banking needs to Bank BCA.



D.E. Setijoso

D. E. Setijoso
President

Subsidiaries

As of the December 31, 1999, Bank BCA owned shares in a number of companies located in Indonesia and one company located overseas;

Name of Company	Percentage of Ownership in 1999
BCA Finance Ltd	99.99
PT Bank Multicor *)	64.24
PT Central Sari Finance Corporation **)	35.30
PT Bank Risjad Salim International	26.67
PT Sarana Riau Ventura	18.00
PT Sarana Yogya Ventura	11.65

Notes :

- *) Dilution of the Bank's Percentage of Ownership in PT Bank Multicor (Multicor)
Based on the extraordinary general meeting of Multicor's shareholder which was notarized by notarial deed of Budiarti Karnadi, S.H. Dated January 14, 2000, Multicor issued 16,272,000 new shares with a par value of Rp 5,600 per share. Although issued at a lower per value, these shares have the same rights as the existing shares. The foreign stockholder of Multicor, The Royal Bank of Scotland plc., fully paid the new shares amounting to Rp 91,123,200 (thousand) by converting its Escrow Account previously placed in Multicor to paid-up capital. This additional capital paid by the foreign stockholder resulted in the dilution of the Bank's percentage of ownership in Multicor to 10%.
- ***) The Increase of the Bank's Investment in PT Central Sari Finance Corporation (CSFC)
Based on the annual general meeting of CSFC's shareholders which was notarized by notarial deed of Hendra Karyadi, S.H. No. 39 dated March 24, 2000, these shareholders, among others, agreed to sell all shares owned by The Long-Term Credit Bank of Japan Ltd. (LTCB) and Nippon Asset Management, Inc. (NAM) in CSFC with the percentage of ownership of 64.70% to the Bank at 63.70% and another party at 1%, thereby the total ownership of the Bank in CSFC became 99%. This sale and purchase was notarized by notarial deed of Hendra Karyadi, S.H. No. 40 on the same date, wherein LTCB and NAM agreed to sell all their shares totalling 1,617,550 shares at the price of two Japanese Yen.



Overview of Activities

1. Financial Restructuring

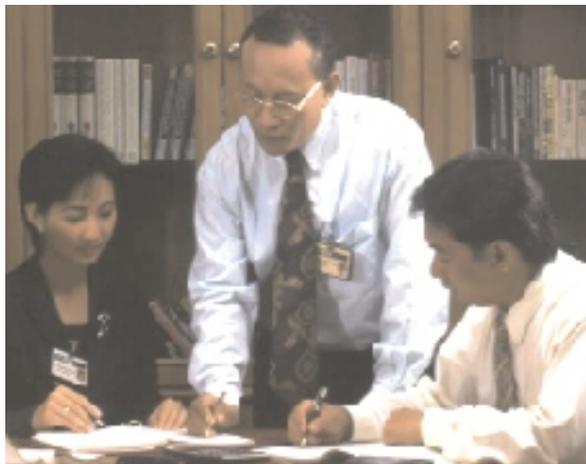
A

As the economic crisis swept Indonesia, liquidity, non-performing loans and exorbitantly high interest rates became the major problems that the country's banks were plagued with. It is commonly claimed that the crisis has virtually destroyed the country's banking industry.

In the midst of the difficult situation, Bank BCA experienced a major rush following the riots in May of 1998, when customers withdrew their funds from the bank in large amounts. As the result of the action, Bank BCA's account at Bank Indonesia continued to be depleted, which eventually led to the Bank Indonesia Liquidity Assistance. Under such circumstances, Bank BCA met the criteria for participation in the bank rehabilitation program as stipulated in the decree of the Bank Indonesia's Board of Directors, No. 30/199/KEP/DIR dated February 12, 1998, on the Inclusion of Commercial Banks in the Rehabilitation Program.

Based on the bank restructuring program, Bank BCA has transferred all of its affiliated loans and non-performing loans to IBRA. The agency then placed a temporary capital totaling Rp 28.48 trillion in Bank BCA. In connection with the transfer of the loans and the recapitalization, the Bank Indonesia Liquidity Assistance program was also completed, and Bank BCA currently holds Rp 60.87 trillion worth of the state bonds.

According to its audited financial report, Bank BCA's equity stood at Rp 5.12 trillion at the end of December 1999, putting the Bank's CAR at 42.90 percent.



Truly reliable human resources are an essential prerequisite in ensuring the success of the Bank's operational restructuring program

Overview of Activities

2. Operational Restructuring



Bank BCA's operational restructuring was implemented with the assistance from several international consultants, namely:

- PriceWaterhouseCoopers, to help Bank BCA in designing its Business Plan, provides a Quarterly Performance Review, assists in organizing and developing the Bank's risk management system, and helps improve overall operational efficiency.
- Ernst & Young, to provide guidance in improving the automated system of the treasury unit to maximize risk control and efficiency.
- Bank of America, to assist the bank in developing consumer products.
- Hay Management, to act as Bank BCA's partner in the development of a system of job evaluation and the performance management.

Risk management has received special attention and has led to the institutionalization of the Operational Risk Management, Credit Risk Management and Treasury Risk management functions. To complement the effort, the independence of the Internal Audit function has also been entrenched.

A reassessment of the organizational structure, as part of the effort to apply the "customer focused" approach, in addition to the operational procedures better suited to the corporate strategy, have enabled Bank BCA to operate efficiently and effectively, and this has made it possible for the Bank to survive the critical period and win the competition.

To support and ensure the success of the operational restructuring program well-trained human resources are an absolute requirement. Therefore, specific training programs have been conducted to enable the employees to optimally translate the operational restructuring plan into practice. In this connection, the bank has been providing a series of multi-skill development programs aimed at equipping its employees with the high level of flexibility that might be needed should they be subjected to a rotation program or a transfer to a new post as required by the new organizational structure.

Overview of Activities

3. Asset Quality Improvement

B

BCA has established a *Loan Recovery Division* to handle non-performing loans as well as to maintain and improve the quality of the bank's earning assets- both the current loans and the loans to be disbursed in the future. In executing the credit restructuring process, the Loan Recovery Division will always maintain its professionalism and independence, especially in cases involving loans for particular related parties or debtors. This will be achieved through consultation with independent consultants or evaluators.

The Loan Recovery Division has also enhanced the credit system in order to facilitate monitoring of the debtor's activities. With its ability to detect potential bad loans, it will also provide an early warning mechanism.

During the period from its establishment in January 1999 to December 1999, the Loan Recovery Division managed to restructure or settle approximately Rp 505 billion of principals involving 52 debtors.

Overview of Activities

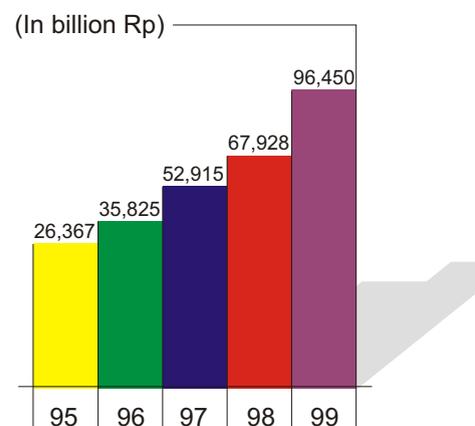
4. Financial Performance

4.1 Total Assets

At the end of December 1999, BCA's total assets rose by 42 percent from Rp 67.93 trillion in December 1998 to Rp 96.45 trillion. The increase in the total assets was caused by the growth in the third party or public funds, which rose by 50.69 percent from Rp 57.60 trillion at the end of 1998 to Rp 86.8 trillion by the end of 1999.

4.2 Public funds

The public funds mobilized by the Bank have experienced a rapid growth. At the end of 1999, Bank BCA ranked the second in terms of mobilization of public funds, accounting for 13.32 percent of total public funds placed at national banks. This can be viewed as a clear indication of how the public's trust for BCA has recovered. The management's resolution to continue improving the Bank's performance, the employees' dedication in providing the best services to the customers, the support from the large number of its branches and the ATM network that is available in numerous strategic locations, as well as the online system that facilitates transactions, and the increasing popularity of the new BCA Debit Card product, are the factors that have contributed significantly to rebuilding the public confidence in BCA.

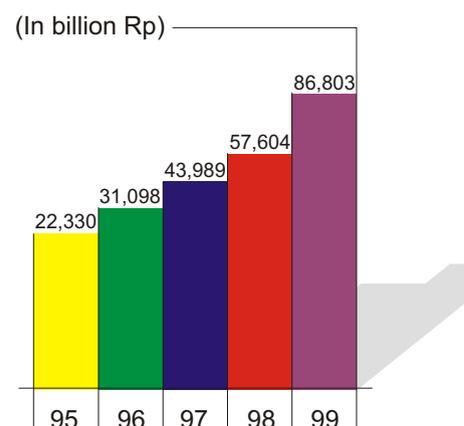


Public Funds

(in billion Rp)

Types of public funds	1999	1998	Increase/(Decrease)	
Demand deposit accounts	13,448	6,602	6,846	103.7%
Time deposit	42,170	38,197	3,973	10.14%
Savings accounts	31,185	12,805	18,380	143.54%
Total	86,803	57,604	29,199	50.69%

As shown in the above table, a large proportion of the public funds are in the form of time deposits and savings accounts. Savings experienced the strongest growth, followed by demand deposit accounts. The increase in the latter indicates a shift from expensive funds (time deposits) to less expensive funds (demand deposits and savings). The relatively low cost of funds has provided BCA with another competitive advantage, as it allows the Bank to offer a variety of asset products to its customers at competitive rates.



Overview of Activities

4. Financial Performance

4.3 Disbursed Loans

Following the transfer of Bank BCA's earning assets to IBRA in April 1999, the total amount of Bank BCA's outstanding loans at the end of December 1999, which stood at Rp 3.78 trillion, showed a sharp decline of 90.50 percent from the total amount of loans at the end of December 1998, which stood at Rp 39.80 trillion.

The Bank's strategy calls for prioritizing the quality of credit by leveraging its advantages, namely, competitive pricing and expansive business network, in order to deliver better services to its debtors and customers.

4.4 Other Productive Assets

At the end of 1999, the balance of Bank BCA's trading account securities was as follows :

Description	(in billion Rp)	
	As of December 31, 1999	
	Total	%
Certificates of Bank Indonesia	5,718	80.61
Investments in mutual fund units	603	8.50
Bonds	503	7.10
Money market commercial paper	210	2.96
Bills	59	0.83
Shares	-	-
Total	7,093	100.00

In addition to holding Rp 5.72 trillion worth of Bank Indonesia Certificates, accounting for 80.61 percent of its total promissory notes, Bank BCA also has a cash reserve and demand deposit at Bank Indonesia with a total amount of Rp 7.11 trillion. With a total reserve of Rp 12.83 trillion, Bank BCA has a strong liquidity.

Beside the above types of promissory notes, Bank BCA is also in the possession of the bonds issued by the State of the Republic of Indonesia in the amount of Rp 60.87 trillion. As much as Rp 58.12 trillion of the bonds carry a three-month floating rate, while the remaining Rp 2.75 trillion have a fixed interest rate. This guarantees a low-risk and stable interest revenue for Bank BCA.

Overview of Activities

4. Financial Performance

4.5 Earnings

Net earnings throughout 1999 totaled Rp 641 billion, while in 1998 Bank BCA suffered a loss of Rp 28.40 trillion. Most of the business profits were the result of Bank BCA's successful shift from time deposits to savings and demand deposit accounts in the composition of its funds. By lowering the cost of funds, the Bank was able to boost its net profits.

A growing portion of the profits also came from the Bank's fee-based income, which included:

- Monthly administration fee for savings and demand deposit accounts
- Disbursed loans / credits
- Debit and credit card services
- Import and export transactions
- Fund transfer



The Bank periodically reviews its existing loans portfolio to ensure equal distribution of loans to different business segments.

Overview Activities

4. Financial Performance

4.6 Equity

As stated in its audited financial report, as of December 31, 1999, Bank BCA's equity stood at Rp 5.12 trillion, which represented an increase of 120.06 percent from the figure for December 31, 1998. The growth was mainly driven by the addition of deposited capital originating from the placement of temporary capital by the State of the Republic of Indonesia, represented by IBRA, with the amount of Rp 28.48 trillion. The increase in the equity was also the result of a difference of Rp 1.04 trillion found during the revaluation of fixed asset. With such a solid capital structure, the Bank has fulfilled Bank Indonesia's CAR requirement, as its CAR stood at 42.90 percent at the end of December 1999.

5. Initial Public Offering

*B*ased on the fact that BCA is already on the way to recovery and its performance continues to improve, as well as prompted by the government's plan to divest its ownership of the Bank, IBRA ruled that the Bank would launch its Initial Public Offering (IPO) and will be listed in the bourses on May 31, 2000.

Through the IPO, the public will be offered an opportunity to own shares in the Bank, at the same time the right to monitor and track its progress in order to achieve transparency. In the end, this will help enforce professionalism and openness in the management of the Bank.

Overview Activities

4. Risk-Management, Compliance and Internal Audit

A

A well-planned and integrated risk management is a must in an increasingly complex banking business. Every bank must also observe all the government rules and regulations. In order to ensure full compliance, Bank BCA has appointed Director of Compliance and has created a Compliance Task Force. The task force is in charge of business risk control and observance of prudence in the management of the bank.

The job of the Compliance Task Force, among others, is to assist the Compliance Director in the monitoring compliance with the laws, agreements and other commitments that the Bank has entered into with Bank Indonesia, with the objective of ensuring adherence to the principle of prudence.

To enable proper management of risk, Bank BCA, with the assistance from PriceWaterhouseCoopers as the consultant, has designed a concept that will be applied in the three main bank activities, *i.e.*, credit, treasury and operational.

To ensure more effective functioning in accordance with the Bank Internal Audit Function Implementation Standard, Bank BCA's Internal Audit also acquired the assistance from the Public Accountant Siddharta, Siddharta and Harsono to assess the quality of the Bank's existing audit function. The result of their evaluation confirmed that the Bank's internal Audit Function already met the requirements of the standard. Meanwhile, to raise the quality of its Internal Audit to match the Best Practice, a series of improvements have been made, which include centralization of the internal audit function and application of the risk-based audit approach.

The audit function at the regional offices is centralized under the Internal Audit Division at the head office, so that the independence of the function can be better protected. In line with the Bank's commitment to application of proper risk management and compliance, the effectiveness of the internal audit function is further

increased by the use of the risk-based audit approach, which focuses on high-risk activities and exposures. At the same time, ensuring more extensive auditing and compliance with the procedures and regulations at the branches becomes the responsibility of the Branch Internal Control (BIC) and the Branch Credit Monitoring Division.

The team
of the
Compliance
Task Force



Overview Activities

7. Quality and Convenience of Services

It has been widely recognized that BCA has the most extensive and the most comprehensive banking network nationwide. Complemented by quality services and the most sophisticated technology in the Indonesian banking industry, the bank provides business as well as the public with easy access to a comprehensive array of high-quality and professional banking services.

BCA's domestic network consists of 795 branches and 1,858 ATM units. In addition to an overseas branch in New York and Nassau, representative office in Hong Kong and Singapore, its international operation is also supported by a network more than 1,400 correspondent bank in 79 countries. BCA continues to enhance the



quality of its services by offering a wide range of products aimed at facilitating customer's banking transactions.

With such strong competitive advantages, particularly its large customer base, its an expansive business network, utilization of advanced technology and the high quality of its services, BCA has developed a strategy to become the main payment settlement agency (PSA) in Indonesia. Through its marketing activities and innovative products, the Bank will continue to expand its customer base and the business volumes that will, in turn, boost its fee-based income.

As a major PSA in Indonesia, bank BCA is offering a wide range of facilities aimed at making it easy for the customers to make their banking transactions through its ATM terminals, including making payment for their credit card, cellphone, pager and utility bills, purchasing refill vouchers for their pre-paid cell-phones, and so on. *Kartu* BCA (BCA Card) has been enhanced with new functions. Currently the Bank has worked together with more than 40 businesses in enabling customers to remit payments through its ATM network. One of the features included in the BCA ATM card that is constantly being upgraded at the moment is the BCA Debit Card, which already enables

Overview Activities



the Bank's customers to make online payments in more than 2,300 merchants as well as 3,800 outlets-using 4,965 Electronic Data Captures (EDC) machines throughout Indonesia.

Current plan includes installation of additional ATM terminals that will raise the total number from 1,858 today to 2,200 by the end of 2000, in line with the Bank's commitment to enhancing service convenience for its customers. BCA will continue to enhance the

convenience of its service to its customers, both local and international. While it has successfully forged an alliance with *Visa International*, the Bank has also formed a similar cooperation with *MasterCard/Cirrus* that integrates its existing ATM network into MasterCard/Cirrus' network of ATMs. Today, the Bank's ATM terminals can also be used by *Visa/Plus* and MasterCard/Cirrus card holders from all over the world to withdraw cash and check their balances. In addition, since September 1999, it has been possible for ATM *Paspor* card holders to complete transactions at any ATM machine or merchant with the *Cirrus* or *Maestro* logo anywhere in the world.

In the meantime, BCA Card Center also continues to expand its business by offering credit card to Tahapan customers as well as improving its service through addition of new merchants. By the end of 1999, the Center had connected 23,570 merchants with more than 9,000 EDC terminals.

As one of the top three players in the credit card business in Indonesia, BCA Card Center had a customer base of 258,504 card holders, with a total amount of transaction reaching Rp 4.58 trillion in 1999. In the acquiring business, Bank BCA became the largest processing bank for merchant sales drafts (MSDs).

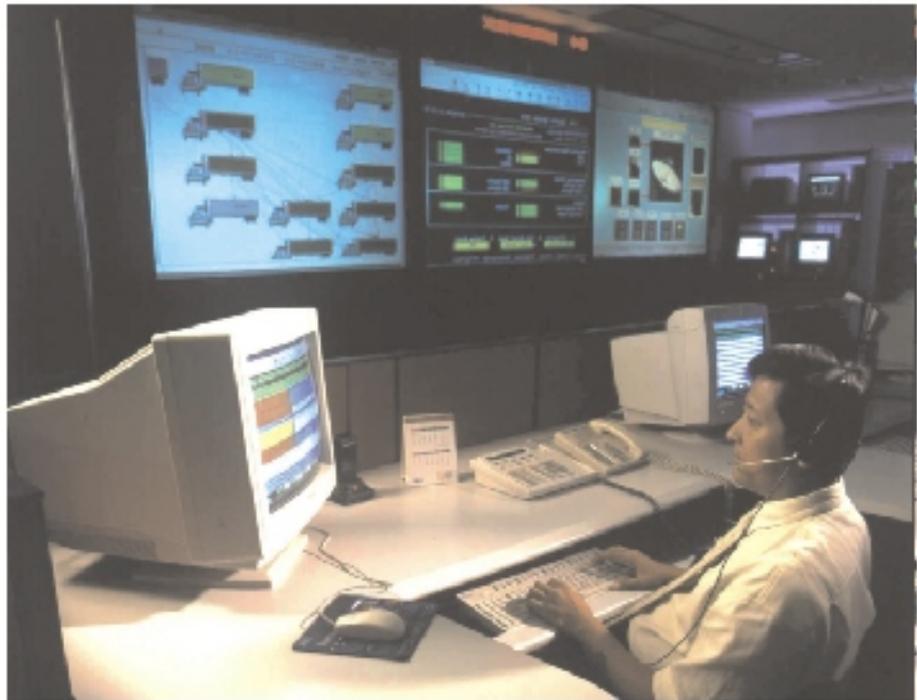
The Bank is in the process of developing new types of services, including banking-by-phone and payments for corporate customers through its offering of Cash Management Services. Meanwhile, the quality special services for key customers will continue to be enhanced through *BCA Prioritas*.

As technology advances, and as the Bank anticipates tougher competition in the banking industry in the future, BCA is currently preparing its Internet Banking services. With just one click, a customer can conduct various transactions, such as checking balances, the most up-to-date exchange rates as well as effective interest rates, settlement of bills, transfer funds between BCA accounts, *etc.* The convenient facilities offered by the Internet Banking services will become available to the customers in August 2000. It is also expected that, starting June 2001, customers can take advantage of BCA's B2B (business-to-business) and B2C (Business to Customer) e-commerce facilities, in addition to free e-mail accounts.

Overview Activities

8. Adoption of New Technologies

The use of leading-edge technology is a crucial part in the effort to improve service quality. By capitalizing on advanced banking information and communication technologies, the Bank has been able to accommodate the rapid growth in the number of transaction as well as the number of its customers. Therefore, the Bank periodically evaluates capability and capacity of its mainframe computers, and expansion is implemented whenever the need arises.



New technologies are constantly applied based on new product development plants.



Development of new computer applications is always underway, with the objective of supporting the plans for new product developments. This enables BCA to bring out a wider variety of banking product offerings to its customers. In addition, applications in management information system continue to be developed to support efficient and effective management processes as well as to meet the needs of various work units.

After the Y2K project, which successfully took Bank BCA safely through the transition into the year 2000, the Bank has also completed the construction of its Disaster Recovery Center/ DRC, which will provide backup equipment and data in case a disaster ever strikes and the operation of the main system is disrupted. With the DRC completed, the bank's database will not be lost and business continuation can be guaranteed.

Overview Activities

9. Human Resources

A

As is the case in all businesses today, human resources have played a crucial role in Bank BCA's. All its past and present achievements have been the result of its reliable and professional human resources. Therefore, to continue training the quality of its human resources the Bank's management has set up a clear recruitment system and designed a career plan-which involves preparation and rotation programs, and a revision of remuneration



packages are now tied more closely to the performance of each individual employee.

Bank BCA regularly provides series of training programs for its employees, which include training in credit and treasury risk

management with the objective of enabling the entire staff and personnel to implement the operational restructuring program as outlined in the company's business plan. Other management training programs include self-development and career preparation, training for management development, training for supervisors, training for mid-level and senior managers. Courses in accounting are offered all through the year.

Finally, as part of its effort to improve the skills and abilities of its frontliners, BCA has been working together with *Service Quality Center Indonesia* in providing training in services to the customers through programs such as the *Service Quality Training Program (SQTP)*, *Sigap Menarik Antusias Ramah Teliti (SMART)*, or 'Quick Pleasant Enthusiatic Friendly Through', *Service Interaction Plus (SIP)*, and *SQ Team*.



The Bank continues to improve the reliability and professionalism of its employees through series of training programs.

Overview of Activities

10. Corporate Governance

*I*n order to build a solid and transparent management as well as good corporate governance, shareholders have appointed members of the Board of Commissioners and Board of Directors, based on existing rules, through a fit and proper selection process conducted by Bank Indonesia. A management that comprises professional and highly experienced bankers will certainly have the capability to further increase Bank BCA's overall performance.

The Board of Commissioners and the Board of Directors are determined to continue managing the corporation in a completely transparent way, making sure that financial administration and accounting follow the international standard, and maintaining full compliance with regulations issued by the government and Bank Indonesia.

Changes in the banking industry also necessitate adjustment of the Bank's corporate culture and work ethos. Taking into account the urgent need for transparency, fair treatment, equal opportunity and loyalty to the company, bank BCA will require a corporate culture characterized by strong achievement and professionalism. Such a corporate culture continues to be fostered among the employees in order to secure commitment supports from all levels of the Bank's employees.

Overview of Activities

11. Charitable Activities

B

BCA has never forgotten the social obligation in doing business and therefore it has been increasing its involvement in assisting people from all walks of life. Charitable activities by the employees include regular blood donation programs. Between November 1990 and December 1999, the Bank organized 29 blood donation events, and each time hundreds of BCA's employees would enthusiastically participate by donating their blood. This clearly demonstrated their strong solidarity and social concern.

Other charitable programs include giving donations on specific religious days, such as the Christmas and the Muslim's *Idul Fitri*. BCA has also been active in supporting social and religious institutions, such as orphanages, foster homes and nurseries. It regularly pays tithes and other donations as called for by the religion. The Bank has also been giving donations to victims of natural disasters, in addition to providing scholarship through its cooperation with several leading universities in Indonesia.



The Blood Donor Events represent the Bank's strong dedication to the community

PRASETIO, UTOMO & CO.
REGISTERED PUBLIC ACCOUNTANTS

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
AND
INDEPENDENT AUDITORS' REPORT**

INDONESIAN CURRENCY

INDEPENDENT AUDITORS' REPORT

Report No. 33893S

The Stockholders and the Board of Directors
PT Bank Central Asia Tbk

We have audited the consolidated balance sheets and statements of commitments and contingencies of PT Bank Central Asia Tbk and Subsidiary as of December 31, 1999, 1998 and 1997, and the consolidated statements of income, changes in stockholders' equity (capital deficiency) and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of PT Bank Central Asia Tbk and Subsidiary and their commitments and contingencies as of December 31, 1999, 1998 and 1997, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

As discussed in Note 35 to the consolidated financial statements, the Bank changed its calculation method for income tax since January 1, 1999 in accordance with Statement of Financial Accounting Standards (PSAK) No. 46, "Accounting for Income Taxes". For comparability purposes, the 1998 and 1997 consolidated financial statements have been restated.

As discussed in Note 32 to the consolidated financial statements, the economic conditions in Indonesia since the middle of 1997 which have been characterized by highly volatile foreign currency exchange rates, high interest rates, tight liquidity and the extreme lack of public confidence in the country's banking system, have significantly affected the operations of the Bank and other sectors of economy. These economic conditions have also caused uncertainty with respect to the ability of the Bank's customers to fulfill their obligations when they mature, thereby significantly increasing the credit risks in the Bank's lending portfolio. Furthermore, the economic conditions have also affected the Bank's cost of funds. Starting in the middle of 1999, the economic conditions in Indonesia have shown signs of improvements as indicated by, among others, the decrease in the interest rate on Certificates of Bank Indonesia and inflation rate. However, the economic conditions in Indonesia will still be affected by the political stability, the success of ongoing banking recapitalization and debt restructuring. In 1999, the banks engaged in minimal lending activities. The Bank and Subsidiary recorded provisions for losses on earning assets and others of Rp 382 billion in 1999 and Rp 9,980 billion in 1998, and negative interest margin of Rp 4,213 billion in 1999 and Rp 14,927 billion in 1998. As discussed in Note 1 to consolidated financial statements, under the joint decrees dated February 8, 1999 and March 26, 1999 of the Ministry of Finance

and Governor of Bank Indonesia (BI) regarding the recapitalization program for commercial banks, the Government, among others, implemented the recapitalization program for commercial banks which are Taken-Over Banks (BTO) including the Bank. As part of the recapitalization program, the Bank transferred and assigned all its rights and ownership in non-performing earning assets to the Indonesian Bank Restructuring Agency (IBRA) under the Transfer of Rights on Receivables Agreement dated April 27, 1999. In addition, based on the decision letter of IBRA dated May 27, 1999, the Republic of Indonesia placed temporary capital investment in the Bank amounting to Rp 28.48 trillion. On May 28, 1999, the Bank repaid all its borrowings from IBRA which were previously converted from BI's liquidity support. Upon the recapitalization, the Bank has fulfilled the minimum Capital Adequacy Ratio as required by BI. Also the Bank's provision for losses on earning assets has been significantly reduced due to the abovementioned transfer of non-performing earning assets to IBRA and interest expenses decreased upon the repayment of borrowings from IBRA. The accompanying consolidated financial statements include the effects of the economic conditions to the extent they can be determined and estimated. Recovery of the adverse economic conditions depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government, actions which are beyond the Bank's control. It is not possible to determine the future effects of the adverse economic conditions on the Bank's earnings and realization of its earning assets, including the effects from its customers, creditors and stockholders.

On March 23, 2000, we have issued our report No. 33527S on the consolidated financial statements of PT Bank Central Asia Tbk and Subsidiary for the years ended December 31, 1999, 1998 and 1997. In connection with the Bank's plan for initial public offering, the Bank has reissued the consolidated financial statements by including several modifications and additional disclosures in the notes to consolidated financial statements.

PRASETIO, UTOMO & CO.
License No. 98.2.0024



Drs. Ruddy Koesnadi
License No. 98.1.0063

May 3, 2000

NOTICE TO READERS

The accompanying consolidated financial statements are intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Indonesia and not those of any other jurisdiction. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah, Except Share Data)

A S S E T S

	Notes	(As Restated, See Note 35)		
		1999	1998	1997
CASH		Rp 2,572,685,686	Rp 1,451,313,388	Rp 936,743,817
CURRENT ACCOUNTS WITH BANK INDONESIA	3	4,540,530,516	5,095,622,427	1,304,535,478
CURRENT ACCOUNTS WITH OTHER BANKS		253,843,929	70,819,405	92,553,089
PLACEMENTS WITH OTHER BANKS - Net of unamortized interest of Rp 3,623,851 in 1999 and Rp 1,963,581 in 1997	2c,2f,2h, 4,6j,30a			
Related parties		4,260,000	2,424,941,650	2,105,625,600
Third parties		12,133,441,856	767,424,686	1,523,231,674
Allowance for losses		(86,743,850)	(99,316,279)	-
Net		12,050,958,006	3,093,050,057	3,628,857,274
TRADING ACCOUNT SECURITIES HELD AND BILLS	2d,2f,2h,4,5, 16b,30a			
Related parties		-	2,902,711,958	2,290,550,000
Third parties		7,093,347,340	1,361,861,407	2,467,902,311
Allowance for losses		(32,998,827)	(360,218,214)	-
Net		7,060,348,513	3,904,355,151	4,758,452,311
LOANS	2e,2f,2h,6, 7,11,12,13, 16b,30a,30b, 34e,34f			
Related parties		2,000,000	36,027,093,620	26,687,870,070
Third parties		4,099,163,697	13,928,910,943	13,252,006,254
Allowance for losses		(319,675,803)	(10,158,372,915)	(773,126,261)
Net		3,781,487,894	39,797,631,648	39,166,750,063
GOVERNMENT BONDS	2g,6j,7,30b	60,877,000,000	-	-
DEFERRED TAX ASSETS	2s,15,35	1,653,007,546	1,246,001,446	-
INVESTMENTS IN SHARES OF STOCK - Net of allowance for losses of Rp 1,594,840 in 1999 and Rp 3,730,531 in 1998	2b,2h,6j, 8,16b,34a, 34b,34c,35	115,272,022	777,978,247	914,983,935
EXCESS OF COST OF INVESTMENTS OVER EQUITY IN NET ASSETS OF SUBSIDIARY - Net of accumulated amortization Rp 5,878,288 in 1999, Rp 4,072,525 in 1998 and Rp 2,266,761 in 1997	2b,2i	30,246,536	32,052,299	33,858,063
PREMISES AND EQUIPMENT	2j,9,16b			
Carrying value		2,462,869,097	1,498,174,728	1,386,880,180
Accumulated depreciation		(608,881,958)	(611,935,929)	(526,818,433)
Net Book Value		1,853,987,139	886,238,799	860,061,747
OTHER ASSETS	2f,2k,2l, 4,6j,10,30a			
Related parties		346,104,171	6,262,753,375	50,000,000
Third parties		1,367,076,108	5,360,198,134	1,168,270,461
Allowance for losses		(52,163,104)	(50,000,000)	-
Net		1,661,017,175	11,572,951,509	1,218,270,461
TOTAL ASSETS		Rp 96,450,384,962	Rp 67,928,014,376	Rp 52,915,066,238

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah, Except Share Data)

LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)

		(As Restated, See Note 35)		
Notes	1999	1998	1997	
LIABILITIES				
DEPOSITS				
Demand	2f,6a,6j, 11,30a	Rp 1,120,378,246	Rp 103,336,540	Rp 1,879,384,719
Related parties		12,327,199,826	6,498,363,247	7,508,141,042
Third parties		13,447,578,072	6,601,699,787	9,387,525,761
Total Demand Deposits				
Savings	2f,6a,12 30a	940,220	5,592,230	3,730,280
Related parties		31,184,118,997	12,800,004,117	15,589,245,961
Third parties		31,185,059,217	12,805,596,347	15,592,976,241
Total Savings Deposits				
Time	2f,6a,13, 30a	1,931,633	724,888,292	1,769,362,853
Related parties		42,151,605,529	37,426,028,082	17,200,142,975
Third parties		42,153,537,162	38,150,916,374	18,969,505,828
Total Time Deposits				
Certificates - net of unamortized prepaid interest of Rp 928,577 in 1999, Rp 1,638,290 in 1998 and Rp 1,153,734 in 1997	2m	16,804,063	45,736,349	38,725,123
Total Deposits		86,802,978,514	57,603,948,857	43,988,732,953
TRADING ACCOUNT SECURITIES ISSUED - Net of unamortized prepaid interest of Rp 3,180,471 in 1997	2n,14,16d	-	1,203,750,000	1,484,819,529
TAXES PAYABLE	2s,15	122,722,775	285,332,996	118,777,154
DEFERRED TAX LIABILITIES - NET	2s,15,35	-	-	5,336,521
FUND BORROWINGS	5,6,8,9,14,16, 18,19,20,21	3,055,466,841	31,895,002,057	2,981,808,559
OTHER LIABILITIES	2h,17	1,323,186,095	1,413,579,921	1,300,398,209
SUBORDINATED LOANS	2f,16b,18, 20,21,30a	25,000,000	550,000,000	550,000,000
LOAN CAPITAL	2f,16b,19, 20,21,30a	-	500,000,000	500,000,000
Total Liabilities		91,329,354,225	93,451,613,831	50,929,872,925
STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)				
Capital stock - Rp 500 par value per share in 1999 and Rp 500,000 per share in 1998 and 1997				
Authorized - 11,000,000,000 shares in 1999 and 3,000,000 shares in 1998 and 1997				
Subscribed and fully paid - 2,943,986,000 shares in 1999 and 2,000,000 shares in 1998 and 1997	16b,20,21	1,471,993,000	1,000,000,000	1,000,000,000
Additional paid-in capital	16b,20,21,30b	29,453,007,000	445,000,000	-
Revaluation increment on premises and equipment	9	1,043,469,693	-	-
Difference in foreign currency translation	2b,23	88,829,593	608,961,455	159,237,536
Retained earnings (deficit)				
Appropriated for general reserve		5,000,000	5,000,000	5,000,000
Unappropriated	22	(26,941,268,549)	(27,582,560,910)	820,955,777
Stockholders' Equity (Capital Deficiency) - Net		5,121,030,737	(25,523,599,455)	1,985,193,313
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)		Rp 96,450,384,962	Rp 67,928,014,376	Rp 52,915,066,238

*See accompanying Notes to Consolidated Financial Statements which
are an integral part of the consolidated financial statements.*

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMMITMENTS AND CONTINGENCIES
DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah)

		(As Restated, See Note 35)		
	Notes	1999	1998	1997
COMMITMENTS				
Commitment Receivables				
Forward foreign currency bought	2q,24	Rp 355,000,000	Rp 3,613,846,032	Rp 4,011,813,498
Unrealized spot foreign currency bought	2q	6,851,584	7,142,573	499,416,413
Others		-	-	15,989,321
Total Commitment Receivables		361,851,584	3,620,988,605	4,527,219,232
Commitment Payables				
Unused loan facilities granted		1,200,634,009	1,447,141,542	4,154,926,000
Forward foreign currency sold	2q,24	367,522,471	8,859,648,388	7,523,086,558
Outstanding irrevocable letters of credit		127,030,621	253,422,917	1,253,654,475
Import draft acceptances		27,175,525	18,780,825	1,510,138,071
Unrealized spot foreign currency sold	2q	6,844,448	6,969,625	61,149,538
Obligations to repurchase assets sold under repurchase agreements		-	-	290,000,000
Others		-	41,560	41,967,785
Total Commitment Payables		1,729,207,074	10,586,004,857	14,834,922,427
Commitment Payables – Net		(1,367,355,490)	(6,965,016,252)	(10,307,703,195)
CONTINGENCIES				
Contingent Receivables				
Interest receivable on non-performing loans	2o	289,679,990	1,147,487,927	15,050,453
Foreign currency option bought	2q	-	208,650,000	630,075,000
Guarantees received from other banks in the form of risk sharing		-	-	12,813,442
Others		-	-	39,525,000
Total Contingent Receivables		289,679,990	1,356,137,927	697,463,895
Contingent Payables				
Guarantees issued in the form of:				
Bank guarantees		306,752,494	251,569,804	485,873,793
Standby letters of credit		46,746,883	186,567,956	197,827,717
Others		6,975,002	6,139,159	5,288,676
Outstanding acceptances or endorsements		1,389,132	2,852,953	6,491,210
Foreign currency option sold	2q	-	208,650,000	513,825,000
Others		3,630,726	3,999	12,961,319
Total Contingent Payables		365,494,237	655,783,871	1,222,267,715
Contingent Receivables (Payables) - Net		(75,814,247)	700,354,056	(524,803,820)
COMMITMENT AND CONTINGENT PAYABLES - Net		(Rp 1,443,169,737)	(Rp 6,264,662,196)	(Rp 10,832,507,015)

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

**PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah, Except Net Income (Loss) per Share)**

		(As Restated, See Note 35)		
	Notes	1999	1998	1997
INCOME AND EXPENSES FROM OPERATIONS				
Interest and Investment Income	2f,2o, 2p,30a			
Interests and investments	25	Rp 13,932,542,969	Rp 15,932,773,262	Rp 6,285,213,909
Fees and commissions		165,918,201	163,108,504	125,405,597
Total Interest and Investment Income		14,098,461,170	16,095,881,766	6,410,619,506
Interest Expense and Other Financing Charges	2f,2o, 2p,30a			
Interests	26	18,055,835,759	30,805,387,270	5,456,443,467
Other financing charges		255,454,463	217,724,514	32,933,662
Total Interest Expense and Other Financing Charges		18,311,290,222	31,023,111,784	5,489,377,129
Interest Income (Expense) - Net		(4,212,829,052)	(14,927,230,018)	921,242,377
Other Operating Income				
Gain on foreign exchange - net	2q,6j	5,572,301,892	-	275,326,742
Other fees and commissions		107,507,290	150,459,140	89,855,978
Others		391,404,757	286,112,924	146,527,710
Total Other Operating Income		6,071,213,939	436,572,064	511,710,430
Other Operating Expenses				
General and administrative	27,29,30d, 30f,30g	628,327,058	602,487,196	413,048,104
Salaries and employees' benefits	2r,28	508,378,779	431,883,857	407,336,722
Provision for losses on earning assets and others	2h,4,5,6,8,17	382,163,280	9,980,263,569	355,372,749
Loss on foreign exchange - net	2q,16b	-	3,866,462,019	-
Others		69,723,197	69,956,756	46,291,748
Total Other Operating Expenses		1,588,592,314	14,951,053,397	1,222,049,323
Other Operating Income (Expenses) - Net		4,482,621,625	(14,514,481,333)	(710,338,893)
INCOME (LOSS) FROM OPERATIONS		269,792,573	(29,441,711,351)	210,903,484
NON-OPERATING INCOME (EXPENSE) - Net		(35,506,312)	(213,143,303)	14,727,097
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX		234,286,261	(29,654,854,654)	225,630,581
PROVISION FOR INCOME TAX	2s,15			
Current		-	-	(73,962,256)
Deferred		407,006,100	1,251,337,967	(2,185,089)
NET INCOME (LOSS)		Rp 641,292,361	(Rp 28,403,516,687)	Rp 149,483,236
NET INCOME (LOSS) PER SHARE	2t	Rp 313	(Rp 14,201,758)	Rp 74,742

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(CAPITAL DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah)

	Notes	Capital Stock	Additional Paid-in Capital	Appropriated Retained Earnings for General Reserve
Balance as of January 1, 1997, as previously reported		Rp 1,000,000,000	Rp -	Rp -
Adjustment due to adoption of new accounting standard on income tax		-	-	-
Balance as of January 1, 1997, as restated		1,000,000,000	-	-
Increase during the year	23	-	-	-
Appropriation for general reserve	22	-	-	5,000,000
Net income during the year		-	-	-
Balance as of December 31, 1997		1,000,000,000	-	5,000,000
Increase during the year	21,23	-	445,000,000	-
Net loss during the year		-	-	-
Balance as of December 31, 1998		1,000,000,000	445,000,000	5,000,000
Changes of stock ownership and and recapitalization of the Bank	20,21	471,993,000	29,008,007,000	-
Revaluation of premises and equipment	9	-	-	-
Decrease during the year	23	-	-	-
Net income during the year		-	-	-
Balance as of December 31, 1999		Rp 1,471,993,000	Rp 29,453,007,000	Rp 5,000,000

*See accompanying Notes to Consolidated Financial Statements which
are an integral part of the consolidated financial statements.*

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(CAPITAL DEFICIENCY)
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah)

Unappropriated Retained Earnings (Deficit) (As Restated - See Note 35)	Revaluation Increment on Premises and Equipment	Difference in Foreign Currency Translation	Stockholders' Equity (Capital Deficiency) - Net (As Restated - See Note 35)
Rp 679,623,973	Rp -	Rp 8,074,628	Rp 1,687,698,601
(3,151,432)	-	-	(3,151,432)
676,472,541	-	8,074,628	1,684,547,169
-	-	151,162,908	151,162,908
(5,000,000)	-	-	-
149,483,236	-	-	149,483,236
820,955,777	-	159,237,536	1,985,193,313
-	-	449,723,919	894,723,919
(28,403,516,687)	-	-	(28,403,516,687)
(27,582,560,910)	-	608,961,455	(25,523,599,455)
-	-	-	29,480,000,000
-	1,043,469,693	-	1,043,469,693
-	-	(520,131,862)	(520,131,862)
641,292,361	-	-	641,292,361
(Rp 26,941,268,549)	Rp 1,043,469,693	Rp 88,829,593	Rp 5,121,030,737

*See accompanying Notes to Consolidated Financial Statements which
are an integral part of the consolidated financial statements.*

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

**PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997
(In Thousands of Rupiah)**

(As Restated, See Note 35)

	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Interests, investment income, fees and commissions received	Rp 21,283,053,247	Rp 8,721,823,756	Rp 6,012,207,325
Interests and other financing charges paid	(18,820,065,671)	(30,421,187,691)	(5,324,229,146)
Other operating income	391,404,757	286,112,924	141,998,984
Gain (loss) on foreign exchange - net	4,811,448,491	(9,667,349,544)	(820,094,459)
Salaries and employees' benefits	(508,378,779)	(431,883,857)	(407,336,722)
General and administrative expenses	(563,135,642)	(536,642,054)	(340,810,835)
Non-operating income (expense) - net	37,495,670	(23,485,082)	2,626,840
Income (expense) before changes in operating assets and liabilities	6,631,822,073	(32,072,611,548)	(735,638,013)
Changes in operating assets and liabilities, net of effects of sale of PT Swadharma Indotama Finance:			
Decrease (increase) in operating assets:			
Placements with other banks	2,281,789,247	(2,992,084,168)	659,801,162
Trading account securities held and bills	2,463,026,958	302,987,002	(2,115,575,471)
Loans	35,584,581,171	(836,345,437)	(9,954,637,587)
Net investment in direct financing leases	-	-	(43,115,585)
Consumer finance receivables	-	-	63,318,935
Other assets	2,585,233,199	(1,398,063,255)	(208,848,594)
Increase (decrease) in operating liabilities:			
Deposits			
Demand	7,352,142,747	(3,706,217,620)	2,211,177,444
Savings	18,379,462,870	(2,787,379,894)	3,364,524,811
Time	4,407,478,139	17,189,860,150	1,999,365,124
Certificates	(28,932,286)	7,011,226	(17,237,613)
Taxes payable	(162,610,221)	170,846,181	52,582,508
Other liabilities	443,602,806	(409,008,306)	506,972,206
Difference in foreign currency translation	(501,630,528)	376,960,225	101,224,944
Others	-	-	(1,937,605)
Net cash provided by (used in) operating activities before payments for income taxes	79,435,966,175	(26,154,045,444)	(4,118,023,334)
Income taxes paid	-	(4,290,339)	(87,052,891)
Net Cash Provided by (Used in) Operating Activities	79,435,966,175	(26,158,335,783)	(4,205,076,225)
CASH FLOWS FROM INVESTING ACTIVITIES			
Government bonds	(60,877,000,000)	-	-
Decrease (increase) in investments in shares of stock	594,230,900	(10,000)	(50,205,000)
Increase (decrease) in trading account securities held-to-maturity	328,323,760	(63,010,000)	2,627,220,753
Acquisitions of premises and equipment	(79,490,429)	(149,983,967)	(247,045,104)
Proceeds from sale of premises and equipment	3,378,223	19,855,653	9,036,241
Proceeds from sale of PT Swadharma Indotama Finance - net of cash disposed	-	-	57,400,000
Dividend income from investments accounted for under the equity method	-	-	1,684,420
Net Cash Provided by (Used in) Investing Activities	(60,030,557,546)	(193,148,314)	2,398,091,310

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

**PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999, 1998 AND 1997 (Continued)
(In Thousands of Rupiah)**

(As Restated, See Note 35)

	1999	1998	1997
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in fund borrowings	(Rp 28,839,535,216)	Rp 28,913,193,498	Rp 2,049,519,647
Proceeds from the Republic of Indonesia's temporary capital investment	28,480,000,000	-	-
Increase (decrease) in trading account securities issued	(1,203,750,000)	(787,319,529)	718,780,830
Decrease in subordinated loans	(25,000,000)	-	-
Proceeds from deposits for future stock subscription	-	445,000,000	-
Proceeds from loan capital	-	-	500,000,000
Net Cash Provided by (Used in) Financing Activities	(1,588,285,216)	28,570,873,969	3,268,300,477
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,817,123,413	2,219,389,872	1,461,315,562
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	7,170,811,768	4,951,421,896	3,490,106,334
CASH AND CASH EQUIVALENTS AT END OF YEAR	Rp 24,987,935,181	Rp 7,170,811,768	Rp 4,951,421,896
Cash and cash equivalents are as follows:			
Cash	Rp 2,572,685,686	Rp 1,451,313,388	Rp 936,743,817
Current accounts with Bank Indonesia	4,540,530,516	5,095,622,427	1,304,535,478
Current accounts with other banks	253,843,929	70,819,405	92,553,089
Placements with other banks	11,880,125,050	553,056,548	2,456,881,654
Trading account securities held and bills	5,740,750,000	-	160,707,858
Total	Rp 24,987,935,181	Rp 7,170,811,768	Rp 4,951,421,896

See accompanying Notes to Consolidated Financial Statements which are an integral part of the consolidated financial statements.

These Consolidated Financial Statements are Originally Issued in Indonesian Language.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

1. GENERAL

PT Bank Central Asia (the Bank) was established in the Republic of Indonesia on August 10, 1955 based on notarial deed No. 38 of Raden Mas Soeprapto with the name “NV Perseroan Dagang Dan Industrie Semarang Knitting Factory”. The deed of the establishment was approved by the Ministry of Justice (currently Ministry of Law and Legislation) in its decision letter No. J.A.5/89/19 dated October 10, 1955 and was published in the State Gazette No. 62, Supplement No. 595 dated August 3, 1956. The name of the Bank was changed several times, the last changing the name to PT Bank Central Asia based on notarial deed No. 144 of Wargio Suhardjo, S.H. dated May 21, 1974. The articles of association have been amended from time to time, most recently by notarial deed No. 62 of Hendra Karyadi, S.H. dated December 29, 1999, concerning among others, the change in the Bank’s authorized capital, the approval of initial public offering of the Bank’s shares and the change in the Bank’s status from a Limited Liability Company to a Publicly-Listed Company (Tbk). The last amendment has been approved by the Ministry of Justice (currently Ministry of Law and Legislation) in its decision letter No. C-21020.HT.01.04.TH.99 dated December 31, 1999 (see Note 20).

The Bank started its commercial operations engaging in banking activities on October 12, 1956. According to article 3 of the amended articles of association, the Bank’s objective is to function as a commercial bank. Aside from the normal banking activities, the Bank also engages in custodianship, trusteeship and management of pension funds of financial institutions. The Bank has obtained a license to conduct the above activities under the decision letter No. 42855/U.M.II of the Ministry of Finance dated March 14, 1957. The Bank also has obtained a license to engage in foreign exchange activities under the decision letter No. 9/110/Kep/Dir/UD of the Directors of Bank Indonesia dated March 28, 1977.

The Bank is domiciled in Jakarta and as of December 31, 1999 has the following branches and representative offices:

Domestic Branches	795
Overseas Branches	2
Overseas Representative Offices	2
Total	<u>799</u>

Based on the letter of Bank Indonesia No. 2/135A/DPIP/Prz dated February 29, 2000, a domestic branch located in Dili was closed, effective since the date of this letter.

The overseas branches are located in New York, U.S.A. and Nassau (the Bahamas).

The New York branch has an international banking facility (IBF) established pursuant to regulations promulgated by the Federal Reserve Board and the State of New York. Such regulations provide, among others, relief from certain reserve requirements and interest rate ceilings and exemption from New York State and New York City income tax. The IBF is not a separate entity, but rather a segregation of certain asset and liability accounts on the books and records of the New York branch.

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

The accounts of the IBF are consolidated in the New York branch accounts for financial reporting purposes.

The Nassau branch is registered as a foreign entity under the laws of the Bahamas. In accordance with the relevant laws of the Bahamas, the Nassau branch is exempted from all types of taxes. Instead, the net income of the Nassau branch is consolidated with the Bank and subjected to the applicable tax rates of the Republic of Indonesia.

The overseas representative offices are located in Hong Kong and Singapore.

Based on the decision letter of the Chairman of Indonesian Bank Restructuring Agency (IBRA) No. 19/BPPN/1998 dated May 28, 1998, the operations of the Bank were taken over by IBRA to improve the Bank's soundness and resolve its financial difficulties (see Note 16b). Accordingly, the Bank's status was changed into a government Taken-Over Bank (BTO).

Further, based on its decision letter No. 29/BPPN/1998 dated June 20, 1998 which was retroactively applied since June 1, 1998, IBRA formed a team, "Proxy Directors", to manage and supervise the Bank's operations.

Based on the extraordinary general meeting of stockholders which was notarized by notarial deed No. 60 of Hendra Karyadi, S.H. dated December 29, 1999, the Proxy Directors were replaced by the following current Boards of Commissioners and Directors:

Board of Commissioners

President Commissioner : Muhammad Djoeana Koesoemahardja

Commissioners : Sumantri Slamet Iman Santoso
Mardy Henko Sutanto
Djunaedi Hadisumarto

Board of Directors

President Director : Djohan Emir Setijoso

Directors

: Suyono Sudirun
I Dewa Gde Suthapa
Fero Poerbonegoro
Aswin Wirjadi
Jahja Setiaatmadja

Under the joint decrees No. 53/KMK.017/1999 / No. 31/12/KEP/GBI dated February 8, 1999 and No. 117/KMK.017/1999 / No. 31/15/KEP/GBI dated March 26, 1999 of the Ministry of Finance and Governor of Bank Indonesia regarding the recapitalization program for commercial banks, the Government, among others, implemented the recapitalization program for commercial banks covering all state-owned banks, regional administration-owned banks (BPD) and commercial banks with the status of Taken-Over Banks (BTO) including the Bank.

As of December 31, 1999, the Bank's employees totalled 21,435 (unaudited).

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements

The consolidated financial statements have been prepared on the historical cost basis of accounting, except for certain trading account securities held which are stated at fair value, certain investments in shares of stock which are accounted for under the equity method, and certain premises and equipment which are stated at revalued amounts.

The financial statements of the Bank have been prepared principally in accordance with Statement of Financial Accounting Standards (PSAK) No. 31, "Accounting for the Banking Industry" issued by the Indonesian Institute of Accountants.

The Bank presents the consolidated statements of changes in stockholders' equity (capital deficiency) in accordance with PSAK No. 1 (Revision 1998), "Financial Statements Presentation", which is effective since January 1, 1999.

The consolidated statements of cash flows are prepared using the direct method which present receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. Cash and cash equivalents consist of cash, current accounts with Bank Indonesia, current accounts with other banks, placements with other banks and trading account securities held and bills which have maturities of three months or less at the time of placement or purchase.

b. Principles of Consolidation

The consolidated financial statements include the accounts of the Bank and a directly and 99.99% owned foreign Subsidiary, BCA Finance Limited, Hong Kong. The minority interest in net assets of Subsidiary is not calculated since the amount is not material.

In consolidating the accounts of the Bank's foreign branches and Subsidiary, the assets and liabilities as well as commitments and contingencies denominated in foreign currencies are translated into Rupiah by using the prevailing rate of exchange at balance sheet date as published by Bank Indonesia. The statements of income for the year are derived from the accumulation of the monthly income statement balances which are translated into Rupiah by using the average exchange rate for the month. The resulting net difference in foreign currency translation is presented as Difference in Foreign Currency Translation under the Stockholders' Equity (Capital Deficiency) section in the consolidated balance sheets.

All significant intercompany accounts and transactions have been eliminated.

Investments in which the Bank or the Subsidiary have ownership interest of at least 20% but not exceeding 50% are accounted for under the equity method whereby the cost of investment is increased or decreased by the Bank's or Subsidiary's share in the net earnings (losses) of the associated companies since the date of acquisition and reduced by cash dividends received. Equity in net earnings (losses) is being adjusted for the straight-line amortization, over a 20-year period, of the excess of cost of such investments over the Bank's or Subsidiary's proportionate share of the equity in net assets at the date of acquisition (see accounting policy for Excess of Cost of Investments over Equity in Net Assets of Subsidiary).

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

Investments in which the Bank or the Subsidiary have ownership interest of less than 20% are accounted for under the cost method.

PSAK No. 48, "Impairment in Asset Value", was issued on June 19, 1998 and effective starting January 1, 2000. PSAK No. 48 requires the review of the asset value for any impairment and writedown to fair value whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Bank and its Subsidiary are currently evaluating the effect of this new PSAK on the consolidated financial statements and the Bank's and Subsidiary's management believe that its adoption will not have a material effect on their consolidated financial position and results of operations.

c. Placements with Other Banks

Placements with other banks are stated at their outstanding balance reduced by allowance for losses and unamortized interest.

d. Trading Account Securities Held and Bills

Trading account securities held consist of commercial paper and Certificates of Bank Indonesia traded in the money market, shares of stock and bonds listed and unlisted in the stock exchanges, and investments in mutual fund units. Money market securities and Certificates of Bank Indonesia are presented at nominal amount, net of unamortized interest. Investments in mutual fund units are stated at market value representing the net asset value of the mutual fund at balance sheet date. Income from investments in mutual fund units, includes dividends received from mutual funds, realized gains arising from redemption of the units and unrealized gains or losses due to the changes in net asset value of such units. Prior to 1999, shares of stock are stated at the lower of aggregate cost or market value at balance sheet date, while bonds are stated at cost adjusted for the amortization of discount or premium. Gains or losses arising from the difference between the acquisition cost and market value are reflected in income for the year.

Starting January 1, 1999, in accordance with PSAK No. 50, "Accounting for Certain Investments in Securities", the trading account securities held for trading purposes are reported at fair value. Unrealized gains or losses resulting from the increase/decrease in fair value of trading account securities held for trading purposes are recognized in income for the year. Trading account securities held-to-maturity are stated at cost adjusted for the amortization of discount or premium. The adoption of this PSAK did not result in a material adjustment in the consolidated financial statements.

The trading account securities held are reduced by the allowances for losses. The cost of securities sold is computed using the weighted-average method.

Bills consist of export and import bills receivable from customers arising from advance payments made by the Bank and Subsidiary to their customers and correspondent banks in connection with the export and import transactions of the customers. Bills are stated at their outstanding balance.

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

e. Loans

Loans are stated at their outstanding gross balance reduced by allowance for losses.

f. Transactions with Related Parties

The Bank and Subsidiary have transactions with certain parties which have related party relationships. In accordance with PSAK No. 7, "Related Party Disclosures", related parties are defined as follows:

- (1) enterprises that, through one or more intermediaries, control or are controlled by, or are under common control with, the reporting enterprise (including holding companies, subsidiaries and fellow subsidiaries);
- (2) associated companies;
- (3) individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them significant influence over the enterprise, and close members of the family of any such individuals (close members of a family are defined as those members who are able to exercise influence or can be influenced by such individuals, in conjunction with their transactions with the reporting enterprise);
- (4) key management personnel, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the reporting enterprise, including commissioners, directors and managers of the enterprise and close members of the families of such individuals;
- (5) enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by any person described in (3) or (4), above or over which such a person is able to exercise significant influence. This definition includes enterprises owned by the commissioners, directors or major stockholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise.

All transactions with related parties, whether or not conducted under the normal conditions and requirements as those with third parties, are disclosed in the notes to consolidated financial statements. Transactions of the Bank with stated-owned/controlled entities and entities related to IBRA due to the banks and corporates restructuring, are not disclosed as transactions with related parties.

g. Government Bonds

Bonds issued by the Government of the Republic of Indonesia are stated at nominal value, except for bonds intended to be traded which are stated at fair value.

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

h. Allowance for Losses on Earning Assets

Allowance for losses on earning assets is provided based on a review and evaluation of the collectibility and realizability of the individual accounts at the end of the year. In determining the aggregate allowance for losses on earning assets, the Bank uses the Bank Indonesia requirements regarding the Provision for Losses on Earning Assets as reference.

Guidelines for provision for losses on earning assets in 1997 are as follows:

<u>Classification</u>	<u>Rate</u>
Current	0.5%
Substandard	10.0
Doubtful	50.0
Loss	100.0

Guidelines for provision for losses on earning assets in 1998 and 1999 are as follows:

1. General reserve at a minimum of 1% of earning assets classified as pass (earning assets consist of Placements with Other Banks, Trading Account Securities Held and Bills, Loans, Investments in Shares of Stock, and Commitments and Contingencies).
2. Special reserves for earning assets:

<u>Classification</u>	<u>Rate</u>
Special mention	5%
Substandard	15
Doubtful	50
Loss	100

Special reserves for earning assets are classified as substandard, doubtful and loss after reduction by the respective collateral.

Earning assets are written off against the respective allowances for losses when these are determined by management as definitely uncollectible or unrealizable. The recovery of earning assets previously written-off is recorded as addition to the respective allowances for losses during the year.

i. Excess of Cost of Investments Over Equity in Net Assets of Subsidiary

The excess of cost of investments over the equity in the net assets of the Subsidiary is amortized over 20 years by using the straight-line method. Management believes that the Subsidiary, in general, has long-term expected future economic benefits.

PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

j. Premises and Equipment

Premises and equipment are stated at cost, except for certain premises and equipment of the Bank which were revalued in accordance with government regulation, less accumulated depreciation.

The Bank adopts the straight-line method in computing the depreciation of buildings over the estimated useful life of 20 years and the double-declining balance method for other premises and equipment over their estimated useful lives ranging from 4 to 8 years. Landrights are not depreciated since January 1, 1983. In accordance with PSAK No. 47, "Accounting for Land", the related costs incurred in the acquisitions or renewals of landrights are deferred and amortized during the period of the rights or their economic life, whichever is shorter. For the assets of the Bank's overseas branch, depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years.

Depreciation of the Subsidiary's premises and equipment is computed on the straight-line method over their estimated useful lives ranging from 3 to 50 years.

The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. When premises and equipment are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the year.

Construction in progress is stated at cost. The accumulated costs will be reclassified to the appropriate premises and equipment account when the construction is substantially completed and the assets are ready for their intended use.

k. Real and Chattel Properties

Real and chattel properties acquired in settlement of loans (included as part of Other Assets) are recorded at the lower of market value or agreed price. Any excess of the loan balance over the lower of the market value or agreed price, which is not recoverable from the borrower is written off against the allowance for losses. Holding costs incurred subsequent to the foreclosure or repossession of the properties are charged to operations as incurred. The resulting gains or losses from the disposal of the real and chattel properties are reflected in income for the year.

l. Prepaid Expenses

Prepaid expenses (included as part of Other Assets) are charged over the periods benefited.

m. Certificates of Deposit

Certificates of deposit are stated at their nominal amount net of unamortized prepaid interest.

n. Trading Account Securities Issued

Trading account securities issued are stated at their nominal amount net of unamortized prepaid interest

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o. Interest Income and Expense

The Bank recognizes interest income and expense on the accrual basis. Interest income on non-performing earning assets is not recognized in the accounts except to the extent of cash collections received. Interest receivable on non-performing earning assets is reported in the consolidated statements of commitments and contingencies. The interest receivable on non-performing earning assets of the Bank is reported at a certain percentage as determined by the management.

Loans and other earning assets are classified as non-performing when the principal and/or interest is past due for more than three months; or when, in the opinion of management, the collection of principal and/or interest is doubtful.

p. Fees and Commissions

Significant fees and commissions of the Bank which are directly related to the granting of loans or for specified periods are deferred and amortized using the straight-line method over the respective periods of the loans. The balances of fees and commissions relating to loans settled prior to maturity are recognized as revenue or expense upon settlement. Fees and commissions which are not directly related to the granting of loans and not for specified periods are recognized upon execution of the transactions.

q. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing at the time the transactions are made. At balance sheet date, monetary assets and liabilities denominated in foreign currencies as well as all foreign exchange contracts, are adjusted to Rupiah to reflect the prevailing rate of exchange at such date as published by Bank Indonesia (such as, Rp 7,100, Rp 8,025 and Rp 4,650 to US\$ 1 as of December 31, 1999, 1998 and 1997, respectively). The resulting gains or losses, including the foreign currency transactions which relate directly to customers and correspondent banks, are credited or charged to operations of the current year.

Premiums or discounts incurred in entering into forward and swap transactions of the Bank for funding purposes are amortized over the periods covered by the contracts. The respective amortization is credited or charged to interest.

r. Retirement Benefits

The Bank has a defined contributory retirement plan covering substantially all of its qualified permanent employees. Contributions are funded and consist of the Bank's contribution at 5% and the employees' contribution at 3% of the employees' annual salaries.

s. Provision for Income Tax

Prior to 1999, the provision for income tax of the Bank is determined on the basis of estimated taxable income for the year and no deferred tax is provided for the temporary differences in the recognition of income and expenses for financial reporting and income tax purposes.

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The Subsidiary adopts the deferred income tax method wherein the Subsidiary recognized the tax effects of temporary differences in the recognition of income and expenses for financial reporting and income tax purposes.

Effective January 1, 1999, the Bank adopted PSAK No. 46, "Accounting for Income Taxes", which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between tax bases and financial reporting bases. The adoption of PSAK No. 46 in the 1999 consolidated financial statements resulted in the recognition of deferred tax assets and deferred tax provision. The 1998 and 1997 consolidated financial statements have been restated to conform with the presentation of the 1999 consolidated financial statements (see Note 35).

t. Net Income (Loss) Per Share

Net income (loss) per share is calculated by dividing net income (loss) with the total weighted-average number of outstanding shares during the year, which is 2,049,139,997 shares for 1999, and 2,000,000 shares each for 1998 and 1997.

3. CURRENT ACCOUNTS WITH BANK INDONESIA

Current accounts with Bank Indonesia consist of the following:

	1999	1998	1997
Rupiah	Rp 4,321,495,516	Rp 4,824,337,302	Rp 863,250,478
US Dollars	219,035,000	271,285,125	441,285,000
Total	Rp 4,540,530,516	Rp 5,095,622,427	Rp 1,304,535,478

4. PLACEMENTS WITH OTHER BANKS

This account consists of the following:

	1999	1998	1997
Rupiah			
Money market placements	Rp 4,010,000,000	Rp 431,683,651	Rp 763,350,000
Deposits	-	-	177,700,000
	4,010,000,000	431,683,651	941,050,000
Foreign currencies			
Money market placements	7,974,623,592	2,709,727,026	1,561,166,655
Deposits	156,702,115	50,955,659	1,128,604,200
	8,131,325,707	2,760,682,685	2,689,770,855
Total	12,141,325,707	3,192,366,336	3,630,820,855
Less:			
Allowance for losses	86,743,850	99,316,279	-
Unamortized interests	3,623,851	-	1,963,581
Net	Rp 12,050,958,006	Rp 3,093,050,057	Rp 3,628,857,274

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Money market placements represent interbank call money placed with other banks with terms ranging from 1 day to 3 months.

Placements with related parties amounted to Rp 4,260,000, Rp 2,424,941,650 and Rp 2,105,625,600 as of December 31, 1999, 1998 and 1997, respectively.

As of December 31, 1997, the Bank had placements with 4 foreign banks totalling Rp 883,500,000 (US\$ 190,000) for the purpose of back-to-back lending to a related party of the Bank. In 1998, these placements totalling Rp 1,524,750,000 (US\$ 190,000) were offset by such banks against loans to the related party. As a result, the Bank has receivables from the related party which were presented in Other Assets. These receivables were also included in Affiliate Loans which were transferred to IBRA based on the Transfer of Contract Agreement dated April 26, 1999 (see Note 6j). Thus, as of December 31, 1998, no allowance for losses was provided on these receivables.

As of December 31, 1998, the Bank had money market placements with PT Bank Yakin Makmur (Yama), a related party, totalling Rp 4,902,702,585, which were recorded in Placements with Other Banks amounting to Rp 2,158,570,627 and Trading Account Securities Held and Bills amounting to Rp 2,744,131,958. On February 5, 2000, the money market placements amounting to Rp 4,365,246,599 and their respective accrued interests of Rp 69,135,614 were offset against the proportionate share of Yama's participation in the loans granted to debtors including its portion of accrued interests. On February 11, 1999, the balance of outstanding money market placements after the abovementioned offset amounting to Rp 537,455,986 and their respective interests of Rp 26,679,014 were bought by certain stockholders of the Bank. The receivables arising from this transaction amounting to Rp 564,135,000 were also included in Affiliate Loans which were transferred to IBRA based on the Transfer of Contract Agreement dated April 26, 1999 (see Note 6j). Accordingly, as of December 31, 1998, no allowance for losses was provided on these money market placements.

The average annual interest rates earned during the year were 12.25% in 1999, 29.25% in 1998 and 11.77% in 1997 for placements in Rupiah, and 5.31% in 1999, 7.43% in 1998 and 7.23% in 1997 for placements in foreign currencies.

Based on the review and evaluation of the management, the placements with other banks are classified as current with respect to the collectibility as of December 31, 1999. The Bank's and Subsidiary's management believe that the above allowance for losses is adequate to cover any possible losses on uncollectible accounts.

5. TRADING ACCOUNT SECURITIES HELD AND BILLS

This account consists of the following:

	1999	1998	1997
Certificates of Bank Indonesia - net of unamortized interest of Rp 22,634,846 in 1999 and Rp 235,584 in 1997	Rp 5,718,115,154	Rp -	Rp 40,864,416

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	1999	1998	1997
Bonds - net of unamortized discount of Rp 595,528 in 1999, Rp 3,287,534 in 1998 and Rp 2,189,771 in 1997	Rp 502,640,712	Rp 828,272,466	Rp 766,360,229
Investments in mutual fund units	603,443,641	396,028,303	551,839,915
Money market commercial paper - net of unamortized interest of Rp 77,203 in 1999, Rp 796,187 in 1998 and Rp 4,299,172 in 1997	209,670,578	2,988,156,012	3,000,170,203
Bills	59,308,936	51,797,562	398,791,203
Shares of stock	168,319	319,022	426,345
Total	7,093,347,340	4,264,573,365	4,758,452,311
Less:			
Allowance for losses	32,998,827	360,218,214	-
Net	Rp 7,060,348,513	Rp 3,904,355,151	Rp 4,758,452,311

The Bank's management classifies bonds as held-to-maturity and other trading account securities held as securities for trading purposes.

The following is the schedule of the maturity of bonds:

	1999	1998	1997
Less than 1 year	Rp 252,080,739	Rp 127,510,924	Rp 108,074,056
1 - 5 years	233,059,973	500,877,944	515,784,854
5 - 10 years	17,500,000	199,883,598	142,501,319
Total	Rp 502,640,712	Rp 828,272,466	Rp 766,360,229

The following are the details of the bonds issuer:

	1999	1998	1997
PT Bank Tabungan Negara	Rp 238,000,000	Rp 238,000,000	Rp 257,000,000
PT Sinar Mas Multifinance	86,500,000	86,500,000	86,500,000
Perum Listrik Negara (Persero)	71,350,000	71,350,000	71,000,000
PT Bank DKI	44,000,000	44,000,000	49,500,000
PT Duta Pertiwi Tbk	22,500,000	22,500,000	20,500,000
Kalfarm Finance Ltd.	21,686,240	27,285,000	18,600,000
PT Pabrik Kertas Tjiwi Kimia Tbk	14,700,000	16,550,000	9,800,000
PT Bank Internasional Indonesia Tbk	2,500,000	2,500,000	2,500,000
PT Citra Marga Nusaphala Persada Tbk	2,000,000	2,000,000	2,000,000
PT Datakom Asia	-	136,425,000	79,050,000
PT Astra International Tbk	-	91,200,000	64,200,000
PT Semen Cibinong Tbk	-	80,250,000	46,500,000
PT Bank Pembangunan Daerah Jawa Barat	-	10,000,000	10,000,000
PT Pakuwon Jati	-	3,000,000	-
PT Bank Pembangunan Indonesia	-	-	23,500,000

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	1999	1998	1997
PT Unibank	Rp -	Rp -	Rp 13,950,000
PT Indah Kiat Pulp & Paper Tbk	-	-	13,950,000
Total	503,236,240	831,560,000	768,550,000
Less:			
Unamortized discount	595,528	3,287,534	2,189,771
Net	Rp 502,640,712	Rp 828,272,466	Rp 766,360,229

Money market commercial paper purchased from related parties amounted to Rp 2,766,286,958 and Rp 2,211,500,000 as of December 31, 1998 and 1997, respectively. Bonds purchased from related parties amounted to Rp 136,425,000 and Rp 79,050,000 as of December 31, 1998 and 1997, respectively.

Trading account securities held amounting to Rp 1,189,754,922 as of December 31, 1998 were pledged as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

In 1999, money market commercial paper purchased from Yama, a related party, totalling Rp 2,744,131,958 were settled (see Note 4).

Based on the review and evaluation of the management, the trading account securities held and bills are classified as current with respect to collectibility as of December 31, 1999. The Bank's and Subsidiary's management believe that the above allowance for losses is adequate to cover any possible losses on uncollectible accounts.

6. LOANS

Loans consist of the following:

1) Type of loans

	1999	1998	1997
Rupiah			
Working capital	Rp 1,792,864,258	Rp 25,800,950,123	Rp 23,259,646,613
Investment	628,739,288	1,016,001,384	1,073,827,382
Consumer	202,747,555	313,516,092	433,482,126
Credit cards	163,644,506	150,388,151	166,933,846
Loans to officers and employees	72,412,393	88,051,937	100,041,895
Subordinated loan	50,000,000	50,000,000	50,000,000
Small-scale loans	24,219,101	46,848,904	66,155,017
Export	13,125,000	64,402,123	56,987,540
Syndicated	-	489,249,742	450,532,529
Trust receipts	-	15,673,580	73,936,034
	2,947,752,101	28,035,082,036	25,731,542,982

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	1999	1998	1997
Foreign currencies			
Investment	Rp 557,172,304	Rp 5,538,852,043	Rp 2,986,042,141
Working capital	434,894,892	13,507,708,646	9,595,875,402
Syndicated	80,499,861	1,860,694,197	1,125,728,427
Consumer	21,025,120	91,274,517	74,413,776
Export	18,134,173	129,592,778	176,708,242
Trust receipts	17,212,303	712,154,885	219,263,296
Small-scale loans	7,712,235	28,275,116	-
Subordinated loan	-	51,552,600	29,871,600
Others	16,760,708	817,745	430,458
	1,153,411,596	21,920,922,527	14,208,333,342
Total	4,101,163,697	49,956,004,563	39,939,876,324
Less allowance for losses	319,675,803	10,158,372,915	773,126,261
Net	Rp 3,781,487,894	Rp 39,797,631,648	Rp 39,166,750,063

2) Economic sector

	1999	1998	1997
Rupiah			
Manufacturing	Rp 976,507,034	Rp 5,554,771,809	Rp 4,794,265,556
Trading, distribution and general merchandise	963,297,033	6,196,424,787	8,973,806,040
Real estate, housing and other consumer loans	97,482,003	1,949,070,933	1,705,937,198
Construction	54,144,002	1,576,914,946	1,380,506,160
Business and social services	41,588,001	1,232,907,958	866,099,100
Agriculture and mining	33,698,001	8,049,815,723	5,128,300,594
Utilities, transportation and communication	18,513,001	2,753,322,905	1,924,878,223
Others	762,523,026	721,852,975	957,750,111
	2,947,752,101	28,035,082,036	25,731,542,982
Foreign currencies			
Manufacturing	892,025,958	5,744,762,814	3,339,442,452
Trading, distribution and general merchandise	155,879,890	8,926,970,583	5,305,431,250
Utilities, transportation and communication	51,192,997	212,188,015	539,742,897
Real estate, housing and other consumer loans	44,735,768	2,577,371,223	1,124,603,302
Agriculture and mining	8,063,999	1,604,291,112	2,016,802,616
Business and social services	374,000	2,211,224,154	1,357,677,742
Construction	-	136,561,009	224,862,957
Others	1,138,984	507,553,617	299,770,126
	1,153,411,596	21,920,922,527	14,208,333,342
Total	4,101,163,697	49,956,004,563	39,939,876,324
Less allowance for losses	319,675,803	10,158,372,915	773,126,261
Net	Rp 3,781,487,894	Rp 39,797,631,648	Rp 39,166,750,063

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3) Loan periods (original terms based on loan agreements)

	1999	1998	1997
Rupiah			
Less than 1 year	Rp 895,318,030	Rp 6,504,768,777	Rp 4,291,233,497
1 - 2 years	809,376,028	19,599,141,326	19,157,950,220
2 - 5 years	1,041,802,036	1,386,792,952	1,758,735,204
Over 5 years	201,256,007	544,378,981	523,624,061
	2,947,752,101	28,035,082,036	25,731,542,982
Foreign currencies			
Less than 1 year	55,638,588	2,472,439,943	963,834,304
1 - 2 years	318,424,524	10,814,678,903	8,200,098,378
2 - 5 years	367,041,023	2,833,016,628	1,608,895,162
Over 5 years	412,307,461	5,800,787,053	3,435,505,498
	1,153,411,596	21,920,922,527	14,208,333,342
Total	4,101,163,697	49,956,004,563	39,939,876,324
Less allowance for losses	319,675,803	10,158,372,915	773,126,261
Net	Rp 3,781,487,894	Rp 39,797,631,648	Rp 39,166,750,063

4) Loan collectibility

	1999	1998	1997
Rupiah			
Pass	Rp 2,299,304,053	Rp 3,361,631,252	Rp 25,513,196,981
Special mention	416,662,047	597,688,995	-
Substandard	19,011,000	235,489,998	53,305,000
Doubtful	101,223,001	982,639,991	113,109,001
Loss	111,552,000	22,857,631,800	51,932,000
	2,947,752,101	28,035,082,036	25,731,542,982
Foreign currencies			
Pass	972,036,623	2,705,808,695	14,056,507,341
Special mention	47,281,580	1,080,771,991	-
Substandard	79,313,282	3,519,139,969	60,189,000
Doubtful	54,668,111	2,642,187,977	83,592,001
Loss	112,000	11,973,013,895	8,045,000
	1,153,411,596	21,920,922,527	14,208,333,342
Total	4,101,163,697	49,956,004,563	39,939,876,324
Less allowance for losses	319,675,803	10,158,372,915	773,126,261
Net	Rp 3,781,487,894	Rp 39,797,631,648	Rp 39,166,750,063

The following are the significant information relating to the above loans:

- a. Most loans are collateralized by registered mortgages or by powers of attorney to mortgage or sell, or are supported by other guarantees acceptable to the Bank and Subsidiary.

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Demand deposits, savings deposits and time deposits pledged as collateral to these loans totalled Rp 1,306,968,915, Rp 1,071,765,058 and Rp 1,971,745,455 as of December 31, 1999, 1998 and 1997, respectively (see Notes 11, 12 and 13).

- b. Loans with principal amounts of above Rp 2 billion totalling approximately Rp 48.56 trillion as of December 31, 1998 were pledged as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).
- c. These loans were granted to individuals and companies at average annual interest rates during the year of 34.01% in 1999, 33.33% in 1998 and 21.69% in 1997 for loans in Rupiah, and 25.42% in 1999, 13.88% in 1998 and 11.57% in 1997 for loans in foreign currencies.
- d. The working capital loans consist of time loans, installment loans, current accounts and overdraft.
- e. The consumer loans consist of housing, car and other personal loans.
- f. The syndicated loans represent loans provided to customers under syndication agreements with other banks. The Bank's share in syndicated loans wherein it acts as the lead manager ranged from 8.62% to 94.42% of each syndicated loan facility in 1998 and from 5.19% to 93.62% of each syndicated loan facility in 1997. The participation of the Bank in syndicated loans is at 10.98% of the syndicated loan facility in 1999, ranged from 1.62% to 60.00% of each syndicated loan facility in 1998 and from 2.36% to 54.55% of each syndicated loan facility in 1997.
- g. Loans granted to direct related parties, as reported by the Bank, totalled Rp 2,000,000, Rp 3,789,296,500 and Rp 474,379,630 as of December 31, 1999, 1998 and 1997, respectively. While loans granted to parties indirectly related to the Bank totalled Rp 32,237,797,120 and Rp 26,213,490,440 as of December 31, 1998 and 1997, respectively. On April 26, 1999, a significant portion of these loans totalling Rp 34,170,072,100 were included in Affiliate Loans which were subsequently transferred to IBRA based on the Transfer of Contract Agreement (see Note 6j). Therefore, the Bank did not provide any allowance for losses on such loans as of December 31, 1998.

Loans above Rp 1 billion granted to the related parties excluding the State-Owned Entities comprise 1 debtor totalling Rp 2,000,000 as of December 31, 1999, 179 debtors totalling Rp 36,020,199,130 as of December 31, 1998 and 185 debtors totalling Rp 26,615,652,700 as of December 31, 1997.

- h. The Bank's report to Bank Indonesia (unaudited) stated that its Legal Lending Limit (LLL) as of December 31, 1999 was not in compliance with the LLL requirement for the non-related party borrowers, which exceeded the Bank Indonesia requirement by 5.6% of the Bank's capital.
- i. The changes in the allowance for losses are as follows:

	1999	1998	1997
Beginning balance	Rp 10,158,372,915	Rp 773,126,261	Rp 359,302,996
Provisions during the year	281,294,170	9,424,543,419	355,372,749
Loans written off during the year	(10,274,469,811)	(8,394,961)	(27,727,161)

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	1999	1998	1997
Recovery of loans written-off	Rp 1,149,988	Rp 924,771	Rp 9,533,795
Difference in foreign currency translation	153,328,541	(31,826,575)	76,643,882
Ending balance	Rp 319,675,803	Rp 10,158,372,915	Rp773,126,261

As discussed in Note 2h, the allowance for losses on loans is provided based on a review and evaluation of the collectibility and realizability of each loan account at the end of the year. In determining the aggregate allowance for losses on loans, the Bank uses the Bank Indonesia requirements regarding the Provision for Losses on Earning Assets as reference.

The Bank's and Subsidiary's management believe that the above allowance for losses is adequate to cover any possible losses on uncollectible accounts.

- j. Based on the Transfer of Contract Agreement dated April 26, 1999 by and among the Bank, the former majority shareholders (Soedono Salim, Anthony Salim and Andree Halim) and IBRA, the Bank has assigned and transferred to IBRA without any recourse, the rights, benefits, title, interests, obligations and duties in and under each of the loans made by the Bank to the former majority shareholders and their related parties (Affiliate Loans) as stated in the agreement, effective September 21, 1998 totalling Rp 47,751,102,000 and effective April 26, 1999 totalling Rp 4,975,473,000 (including Affiliate Loans extended by PT Bank Risjad Salim Internasional, a related party, totalling Rp 1,115,910,000). The Affiliate Loans denominated in foreign currency were translated into Rupiah using the exchange rates on the respective effective dates of transfer, at Rp 11,075 to US\$ 1 on September 21, 1998 and Rp 8,584 to US\$ 1 on April 26, 1999. Gain resulting from the exchange rate difference between the exchange rates in the above agreement and exchange rate prevailing on the date of transfer, represented 73.15% of Gain on Foreign Exchange in the 1999 Consolidated Statement of Income.

In accordance with the above agreements, the Bank's management did not provide any allowance for losses on the Affiliate Loans amounting to Rp 51,610,665,000 which were recorded in the Bank's consolidated financial statements as of December 31, 1998.

- k. In accordance with Article 10 of the joint decree No.117/KMK.017/1999 / No. 31/15/KEP/GBI dated March 26, 1999 of the Ministry of Finance and Governor of Bank Indonesia regarding the realization of the recapitalization program for Taken-Over Banks (BTO), the Bank transferred and assigned all its rights and ownership in non-performing earning assets to IBRA under the Transfer of Rights on Receivables Agreement dated April 27, 1999 which was notarized by notarial deed No. 22 of Asmara Noer, S.H. The non-performing earning assets transferred amounting to Rp 11.8 trillion, were fully provided with allowance for losses and transferred at the amount of nil.
- l. Based on the Bank's report to Bank Indonesia (unaudited), during the year ended December 31, 1999, the Bank has completed the restructuring of loans totalling approximately Rp 545 billion, while based on the Bank's report to IBRA (unaudited), loans totalling approximately Rp 263 billion are still in the process of restructuring as of December 31, 1999.

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- m. The loans to the Bank's officers and employees consist of special interest-bearing loans intended for acquisitions of motor vehicles, houses and other personal properties, maturing within 1 to 20 years. The loans are collected through monthly payroll deductions.

7. GOVERNMENT BONDS

On May 28, 1999, the Bank received the Statement of Account from BI representing the bonds issued by the Government of the Republic of Indonesia at a nominal value totalling Rp 60.88 trillion, which consist of:

Bonds with floating interest rate	Rp 58,124,684,000
Bonds with fixed interest rate	2,752,316,000
	<hr/>
Total	Rp 60,877,000,000
	<hr/> <hr/>

Based on the letter of IBRA No. PB-436/BPPN/0699 dated July 1, 1999 which was amended by the letter No. PB-479/BPPN/0899 dated August 9, 1999, the above amount was calculated by adding a and b then deducting c as follows:

- a. Affiliate Loans of the Bank amounting to Rp 47.75 trillion and Rp 4.98 trillion which had been transferred to IBRA based on the Transfer of Contract Agreement dated April 26, 1999 (see Note 6j).
- b. Interests on the Affiliate Loans accrued from the effective transfer dates up to April 30, 1999 at an annual interest rate of 30%, totalling Rp 8.77 trillion.
- c. Balance of borrowings from IBRA amounting to Rp 0.62 trillion representing the borrowings after deducting the amount of recapitalization from the Government amounting to Rp 28.48 trillion.

Bonds with floating interest rate earn annual interest rates based on Certificates of Bank Indonesia with three months maturity, wherein the annual interest rates ranged from 13.05% to 23.33% in 1999. These bonds will mature on various dates from July 25, 2002 to July 25, 2009.

Bonds with fixed interest rate earn annual interest rates at 12% and 14%. These bonds will mature on September 15, 2004 and June 15, 2009.

The Bank was not allowed to trade these bonds up to January 31, 2000. The Bank plans to trade its bonds with floating interest rate amounting to Rp 150 billion and has obtained the approval from Bank Indonesia on January 31, 2000. As of December 31, 1999, there was no available market value for these Government Bonds. On February 21, 2000, the Bank sold the Government Bonds totalling Rp 6 billion to PT Bank Buana Indonesia at a price of 96% of their nominal value.

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8. INVESTMENTS IN SHARES OF STOCK

The following are the details of investments in shares of stock:

Investee Companies	1999		
	Type of Business	Percentage of Ownership	Carrying Value
Equity Method			
Fujian Asia Bank Limited, People's Republic of China	Banking	50.00%	Rp 102,092,580
PT Central Sari Finance Corporation	Leasing	35.30	11,799,282
PT Bank Multicor	Banking	64.24	-
PT Bank Dana Asia	Banking	50.00	-
PT Bank Risjad Salim Internasional	Banking	26.67	-
PT Bank LTCB Central Asia	Banking	25.00	-
PT Bank Yakin Makmur	Banking	25.00	-
			113,891,862
Cost Method			
PT Sarana Riau Ventura	Venture Capital	18.00	1,000,000
PT Sarana Yogya Ventura	Venture Capital	11.65	500,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	5.63	375,000
PT Sarana Maluku Ventura	Venture Capital	6.54	210,000
PT Sarana Irian Jaya Ventura	Venture Capital	6.67	200,000
PT Sarana Kalbar Ventura	Venture Capital	6.49	200,000
PT Sarana Sumut Ventura	Venture Capital	2.92	110,000
PT Sarana Kalsel Ventura	Venture Capital	3.32	100,000
PT Sarana Sumatera Barat Ventura	Venture Capital	2.44	100,000
PT Sarana Surakarta Ventura	Venture Capital	1.90	100,000
PT Aplikanusa Lintasarta	Communications	0.20	80,000
			2,975,000
Total			116,866,862
Less allowance for losses			1,594,840
Net			Rp 115,272,022

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Investee Companies	1998		
	Type of Business	Percentage of Ownership	Carrying Value
Equity Method			
PT Buanacitra Alam Semesta	Investment	50.00%	Rp 650,000,000
Fujian Asia Bank Limited, People's Republic of China	Banking	50.00	114,242,101
PT Central Sari Finance Corporation	Leasing	35.30	13,087,177
PT Bank Multicor	Banking	64.24	-
PT Bank Dana Asia	Banking	50.00	-
PT Bank Risjad Salim Internasional	Banking	26.67	-
PT Bank LTCB Central Asia	Banking	25.00	-
PT Bank Yakin Makmur	Banking	25.00	-
			777,329,278
Cost Method			
PT Multicor Securities	Securities	10.00	1,100,000
PT Sarana Riau Ventura	Venture Capital	18.00	1,000,000
PT Sarana Yogya Ventura	Venture Capital	13.20	500,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	5.63	375,000
PT Capital Securities Indonesia	Securities	15.00	304,500
PT Sarana Maluku Ventura	Venture Capital	6.54	210,000
PT Sarana Irian Jaya Ventura	Venture Capital	6.67	200,000
PT Sarana Kalbar Ventura	Venture Capital	6.49	200,000
PT Sarana Sumut Ventura	Venture Capital	2.92	110,000
PT Sarana Kalsel Ventura	Venture Capital	3.30	100,000
PT Sarana Sumatera Barat Ventura	Venture Capital	2.44	100,000
PT Sarana Surakarta Ventura	Venture Capital	1.90	100,000
PT Aplikanusa Lintasarta	Communications	0.20	80,000
			4,379,500
Total			781,708,778
Less allowance for losses			3,730,531
Net			Rp 777,978,247

Investee Companies	1997		
	Type of Business	Percentage of Ownership	Carrying Value
Equity Method			
PT Buanacitra Alam Semesta	Investment	50.00%	Rp 650,000,000
Fujian Asia Bank Limited, People's Republic of China	Banking	50.00	65,618,902

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Investee Companies	1997		
	Type of Business	Percentage of Ownership	Carrying Value
PT Bank Multicor	Banking	64.24%	Rp 56,583,019
PT Bank Dana Asia	Banking	50.00	33,076,382
PT Bank LTCB Central Asia	Banking	25.00	26,640,950
PT Bank Risjad Salim Internasional	Banking	26.67	15,557,625
PT Central Sari Finance Corporation	Leasing	35.30	13,042,557
			860,519,435
Cost Method			
PT Bank Yakin Makmur	Banking	25.00	50,095,000
PT Multicor Securities	Securities	10.00	1,100,000
PT Sarana Riau Ventura	Venture Capital	19.92	1,000,000
PT Sarana Yogya Ventura	Venture Capital	13.20	500,000
PT Sarana Bersama Pembiayaan Indonesia	Investment	5.63	375,000
PT Capital Securities Indonesia	Securities	15.00	304,500
PT Sarana Maluku Ventura	Venture Capital	6.54	210,000
PT Sarana Irian Jaya Ventura	Venture Capital	6.67	200,000
PT Sarana Kalbar Ventura	Venture Capital	6.49	200,000
PT Sarana Kalsel Ventura	Venture Capital	3.32	100,000
PT Sarana Sumut Ventura	Venture Capital	2.92	100,000
PT Sarana Sumatera Barat Ventura	Venture Capital	2.44	100,000
PT Sarana Surakarta Ventura	Venture Capital	1.90	100,000
PT Aplikanusa Lintasarta	Communications	0.20	80,000
			54,464,500
Total			Rp 914,983,935

For the years ended December 31, 1999 and 1998, PT Bank Multicor, PT Bank Dana Asia, PT Bank Risjad Salim Internasional, PT Bank LTCB Central Asia and PT Bank Yakin Makmur incurred significant losses. The Bank recorded its equity in their net losses to the extent of the carrying value of these investments.

As provided under PSAK No. 15, "Accounting for Investments in Associates", the investment in PT Bank Yakin Makmur acquired in 1997 was not accounted for under the equity method in 1997 since the associated company operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Bank. Starting on January 1, 1998, the Bank, in order to reflect a more appropriate presentation of the accounting for investments in associates, has accounted for this investment under the equity method. However, the prior year's balance of this investment has not been restated to apply equity method considering the effects are not material to the consolidated financial statements.

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Based on notarial deed No. 223 dated October 20, 1998 of H.M. Afdal Gazali, S.H., the stockholders of PT Multicor Securities agreed to liquidate the company. On February 19 and March 1, 1999, the Bank obtained the repayment of its investment at cost.

On March 13, 1999, PT Bank Dana Asia and PT Bank Yakin Makmur's operations were suspended by the Government of the Republic of Indonesia and the banks were classified as "Bank Beku Kegiatan Usaha" (BBKU). Up to May 3, 2000, the transfer of the banks, assets and settlement of due to/from IBRA are still in process.

Based on the letter of IBRA dated April 21, 1999, IBRA stated that the Bank will not participate in the recapitalization of PT Bank Multicor (Multicor), while on the same date, the foreign stockholder of Multicor, The Royal Bank of Scotland plc., agreed to contribute additional capital by placing an Escrow Account in Multicor. Subsequently, based on the extraordinary general meeting of Multicor's stockholders which was notarized by notarial deed of Budiarti Karnadi, S.H. dated January 14, 2000, Multicor issued new shares and the foreign stockholder fully paid the new shares by converting its Escrow Account in Multicor. This additional capital resulted in the dilution of the Bank's percentage of ownership in Multicor to 10%. Accordingly, as of December 31, 1999 and 1998, the Bank did not consolidate the financial statements of Multicor in the Bank's financial statements and recorded its equity in Multicor's net loss to the extent of the carrying value of investment. For comparability purposes, the 1997 consolidated financial statements have been restated (see Notes 34b and 35).

The investment in PT Buanacitra Alam Semesta was included in the Affiliate Loans which were transferred to IBRA based on the Transfer of Contract Agreement dated April 26, 1999 (see Note 6j).

Based on the extraordinary general meeting of stockholders dated August 20, 1999, the stockholders of PT Bank LTCB Central Asia (LTCB) agreed to liquidate LTCB. The liquidation has been approved by Bank Indonesia in its decision letter No. 1/18/KEP.GBI/1999 dated September 14, 1999 regarding the termination of LTCB's license. Up to May 3, 2000, the liquidation is still in process.

Based on circular resolution of shareholders dated December 15, 1999, the shareholders of PT Capital Securities Indonesia (CSI) agreed to terminate shareholders' agreement and cease operation of CSI. On December 29, 1999, the Bank obtained the remaining value of CSI amounting to Rp 125,194 and the difference between carrying value of investment and cash receipt amounting to Rp 179,306 was charged to non-operating expense as loss on disposal of investments of the current year.

The Bank's and Subsidiary's equity in net losses of associated companies totalled Rp 70,611,016 (including difference in foreign currency translation amounting to Rp 13,452,043) and Rp 133,285,158 (net of difference in foreign currency translation amounting to Rp 46,098,560) for the years ended December 31, 1999 and 1998, respectively, and equity in net earnings of associated companies totalled Rp 47,681,486 (including difference in foreign currency translation amounting to Rp 31,295,053) for the year ended December 31, 1997, while accumulated equity in net losses of associated companies totalled Rp 110,775,165 and Rp 40,164,149 as of December 31, 1999 and 1998 and accumulated equity in net earnings of associated companies totalled Rp 93,121,009 as of December 31, 1997.

Investments in shares of stock amounting to Rp 14,187,177 as December 31, 1998 were pledged as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

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Based on the review and evaluation of the management, the investments in shares of stock are classified as current with respect to collectibility as of December 31, 1999, except for the investment in PT Sarana Bersama Pembiayaan Indonesia which is classified as loss. The Bank's and Subsidiary's management believe that the above allowance for losses is adequate to cover any possible losses on uncollectible accounts.

9. PREMISES AND EQUIPMENT

The following are the details of premises and equipment:

1999	Beginning Balance	Additions	Deductions	Ending Balance
Carrying Value				
Direct Ownership				
Landrights	Rp 265,599,542	Rp 452,964,718	Rp 2,167,553	Rp 716,396,707
Buildings	452,639,662	517,837,043	17,125,192	953,351,513
Office machinery and equipment	685,821,572	68,574,122	28,801,079	725,594,615
Transportation equipment	58,643,923	2,635,003	3,806,321	57,472,605
Leasehold improvements	8,025,442	70,106	5,810,156	2,285,392
Library	594,430	7,150	11,663	589,917
Total	1,471,324,571	1,042,088,142	57,721,964	2,455,690,749
Construction in progress				
Buildings	26,850,157	2,201,188	21,872,997	7,178,348
Total Carrying Value	1,498,174,728	1,044,289,330	79,594,961	2,462,869,097
Accumulated Depreciation				
Landrights	376,441	-	323,503	52,938
Buildings	115,986,960	45,952,761	104,167,312	57,772,409
Office machinery and equipment	453,393,520	78,138,997	23,290,640	508,241,877
Transportation equipment	37,089,932	5,990,186	2,607,388	40,472,730
Leasehold improvements	4,524,035	2,640,875	5,400,937	1,763,973
Library	565,041	24,203	11,213	578,031
Total Accumulated Depreciation	611,935,929	132,747,022	135,800,993	608,881,958
Net Book Value	Rp 886,238,799			Rp 1,853,987,139

1998	Beginning Balance	Additions	Deductions	Ending Balance
Carrying Value				
Direct Ownership				
Landrights	Rp 259,579,418	Rp 11,573,893	Rp 5,553,769	Rp 265,599,542
Buildings	406,607,368	56,934,532	10,902,238	452,639,662
Office machinery and equipment	632,671,995	109,718,570	56,568,993	685,821,572
Transportation equipment	53,814,491	6,445,098	1,615,666	58,643,923
Leasehold improvements	4,540,981	3,484,461	-	8,025,442
Library	576,570	17,860	-	594,430
Total	1,357,790,823	188,174,414	74,640,666	1,471,324,571
Construction in progress				
Buildings	29,089,357	17,679,783	19,918,983	26,850,157
Total Carrying Value	1,386,880,180	205,854,197	94,559,649	1,498,174,728

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1998 Ending Balance	Beginning Balance		Additions	Deductions
Accumulated Depreciation				
Landrights	Rp 376,441	Rp -	Rp -	Rp 376,441
Buildings	92,347,002	24,244,211	604,253	115,986,960
Office machinery and equipment	401,044,988	96,775,593	44,427,061	453,393,520
Transportation equipment	30,313,111	8,032,320	1,255,499	37,089,932
Leasehold improvements	2,214,918	2,309,117	-	4,524,035
Library	521,973	43,068	-	565,041
Total Accumulated Depreciation	526,818,433	131,404,309	46,286,813	611,935,929
Net Book Value	<u>Rp 860,061,747</u>			<u>Rp 886,238,799</u>
1997	Beginning Balance	Additions	Deductions	Ending Balance
Carrying Value				
Direct Ownership				
Landrights	Rp 223,559,425	Rp 37,155,448	Rp 1,135,455	Rp 259,579,418
Buildings	338,729,530	73,756,205	5,878,367	406,607,368
Office machinery and equipment	471,238,442	169,184,685	7,751,132	632,671,995
Transportation equipment	40,961,961	18,038,240	5,185,710	53,814,491
Leasehold improvements	2,812,795	2,672,449	944,263	4,540,981
Library	546,213	32,567	2,210	576,570
Total	1,077,848,366	300,839,594	20,897,137	1,357,790,823
Construction in progress				
Buildings	56,609,237	36,945,695	64,465,575	29,089,357
Total Carrying Value	<u>1,134,457,603</u>	<u>337,785,289</u>	<u>85,362,712</u>	<u>1,386,880,180</u>
Accumulated Depreciation				
Landrights	376,441	-	-	376,441
Buildings	72,166,272	21,462,176	1,281,446	92,347,002
Office machinery and equipment	322,792,068	84,894,327	6,641,407	401,044,988
Transportation equipment	25,485,824	8,930,179	4,102,892	30,313,111
Leasehold improvements	1,343,170	1,816,011	944,263	2,214,918
Library	469,541	54,597	2,165	521,973
Total Accumulated Depreciation	<u>422,633,316</u>	<u>117,157,290</u>	<u>12,972,173</u>	<u>526,818,433</u>
Net Book Value	<u>Rp 711,824,287</u>			<u>Rp 860,061,747</u>

The purchase of assets and betterments capitalized totalled Rp 79,490,429, Rp 149,983,967 and Rp 247,045,104 in 1999, 1998 and 1997, respectively. Additions to the carrying value of premises and equipment excluding the purchase and capitalization consist of the revaluation increment of premises and equipment, reclassification from construction in progress and difference in foreign currency translation.

Based on the Decision Letter No. 384/KMK/04/1998 dated August 14, 1998 of the Ministry of Finance and the Circular Letter of the Director General of Taxes No. SE-29/PJ.42/1998 dated September 17, 1998 regarding the revaluation increment on premises and equipment, the Bank revalued its landrights and buildings as of December 31, 1998. The revaluation was based on the market data approach based on the appraisal report of PT Ujatek Baru dated March 24, 1999

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The revaluation increment on premises and equipment based on the tax office approval in its decision letter No. Kep-2111/WPJ.05/KP.09/1999 dated October 3, 1999 is as follows:

Market value or fair value	Rp	1,542,029,745
Net book value		498,560,052
		<hr/>
Revaluation increment on premises and equipment	Rp	1,043,469,693
		<hr/> <hr/>

The Bank did not pay any taxes on the revaluation increment on premises and equipment, because this revaluation increment was compensated with the tax loss in 1998.

This revaluation was approved and authorized in the extraordinary general meeting of stockholders which was notarized by notarial deed No. 61 dated December 29, 1999 of Hendra Karyadi, S.H. and had been reported to Bank Indonesia by the Bank in its letter No. 636/TKD/1999 dated November 18, 1999.

Depreciation charged to operations amounted to Rp 132,747,022 in 1999, Rp 122,118,196 in 1998 and Rp 109,525,590 in 1997.

The transfer of the title of landrights totalling approximately 43,518 square meters to the Bank's name is currently in process, while the landrights with approximately 824 square meters have not been processed for transfer to the Bank's name. Most of these landrights were rights of building and the rest were rights of ownerships and rights of land use. The remaining useful life of rights were ranging from 1 year to 29 years.

Landrights and buildings of the Bank totalling Rp 523,157,665 as of December 31, 1998 were pledged as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

The premises and equipment, except for landrights, are covered by insurance against losses by fire and other risks under blanket policies which in the Bank and Subsidiary management's opinion is adequate to cover possible losses arising from such risks.

From the financial point of view, the completion percentage of the buildings in progress is approximately 95% as of December 31, 1999.

10. OTHER ASSETS

The following are the details of this account:

	1999	1998	1997
	Rp	Rp	Rp
Accrued interests receivable	885,979,879	8,210,517,909	728,650,116
Due from related parties	346,096,716	2,166,333,000	-
Advances	171,224,771	201,850,125	313,307,107
Prepaid expenses	64,523,712	64,285,867	56,233,350
Refundable deposits	55,427,850	58,719,444	48,912,585

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	1999	1998	1997
Receivables on sales of payment products	Rp 5,937,270	Rp 12,377,188	Rp 39,915,967
Unrealized gain on foreign currency transactions - net	3,311,966	739,395,258	-
Real and chattel properties	40,500	28,719,108	25,138,905
Others	180,637,615	140,753,610	6,112,431
Total	1,713,180,279	11,622,951,509	1,218,270,461
Less allowance for losses	52,163,104	50,000,000	-
Net	Rp 1,661,017,175	Rp 11,572,951,509	Rp 1,218,270,461

Accrued Interests Receivable on the Affiliate Loans of approximately Rp 4 trillion and Due from Related Parties of approximately Rp 2 trillion as of December 31, 1998, were transferred to IBRA based on the Transfer of Contract Agreement dated April 26, 1999 (see Note 6j).

As of December 31, 1999, Due from Related Parties represents the receivable from a related party arising from the settlement of forward transactions, wherein the related party, in its letter dated April 5, 1999, agreed to repay its liabilities to the Bank amounting to US\$ 60,932 in six quarterly installments up to December 2000. The first and second installments totalling US\$ 12,187 had been received by the Bank on September 30, 1999 and December 29, 1999, respectively.

As of December 31, 1998, Due from Related Parties include receivables from a related party totalling Rp 1,524,750,000 (US\$ 190,000), arising from the settlement of placements with four foreign banks which provided back-to-back lending arrangement to the related party (see Note 4).

Other assets – related parties balances consist of Due from Related Parties and portion of Advances and Accrued Interests Receivable.

The Bank's and Subsidiary's management believe that the above allowance for losses is adequate to cover any possible losses on uncollectible accounts.

11. DEMAND DEPOSITS

Demand deposits consist of the following:

	1999	1998	1997
Rupiah	Rp 9,561,656,254	Rp 4,413,212,984	Rp 5,971,068,885
Foreign currencies			
US Dollars	3,716,804,093	2,049,600,774	3,101,730,764
Singapore Dollars	113,663,243	96,604,729	282,890,960
Japanese Yen	36,623,010	5,869,336	14,174,520
German Deutschemark	9,902,112	29,060,656	5,432,322
Australian Dollars	3,973,392	2,378,827	5,434,023

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	1999	1998	1997
British Poundsterling	Rp 3,782,666	Rp 2,893,807	Rp 710,056
Hong Kong Dollars	630,479	2,078,674	4,175,857
Others	542,823	-	1,908,374
Total	<u>Rp 13,447,578,072</u>	<u>Rp 6,601,699,787</u>	<u>Rp 9,387,525,761</u>

Demand deposits amounting to Rp 38,993,799, Rp 17,783,953 and Rp 213,188,318 as of December 31, 1999, 1998 and 1997, respectively, were pledged as collateral to the credit facilities granted by the Bank (see Note 6a).

The average annual interest rates during the year were 9.76% in 1999, 27.09% in 1998 and 10.82% in 1997 for demand deposits in Rupiah, and 4.78% in 1999, 6.74% in 1998 and 5.54% in 1997 for demand deposits in foreign currencies.

Demand deposits from related parties totalled Rp 1,120,378,246, Rp 103,336,540 and Rp 1,879,384,719 as of December 31, 1999, 1998 and 1997, respectively.

As of December 31, 1999, the demand deposits in Rupiah include the account of PT Bank Risjad Salim Internasional, a related party, due to the assignment and transfer of its Affiliate Loans to IBRA amounting to Rp 1,115,910,000 through the Bank (see Note 6j). This demand deposit bears annual interest rates equal to the interest rates on the Government Bonds (see Note 7).

12. SAVINGS DEPOSITS

The following are the details of this account:

	1999	1998	1997
Rupiah			
Tahapan	Rp 25,251,233,055	Rp 9,137,651,594	Rp 12,753,763,421
Tapres	4,962,985,605	1,956,670,826	2,815,278,434
BCA Extra	956,368,361	1,699,264,085	-
Tabanas BCA	13,999,491	11,156,775	22,848,696
Tabanas Umum	132,130	183,922	219,550
US Dollars	340,575	669,145	866,140
Total	<u>Rp 31,185,059,217</u>	<u>Rp 12,805,596,347</u>	<u>Rp 15,592,976,241</u>

Savings deposits amounting to Rp 61,384,902, Rp 10,872,691 and Rp 24,883,607 as of December 31, 1999, 1998 and 1997, respectively, were pledged as collateral to the credit facilities granted by the Bank (see Note 6a).

The average annual interest rates during the year were 15.81% in 1999, 29.71% in 1998 and 16.41% in 1997 for savings deposits in Rupiah, and 2.70% in 1999, 4.41% in 1998 and 4.39% in 1997 for savings deposits in US Dollars.

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Savings deposits from related parties totalled Rp 940,220, Rp 5,592,230 and Rp 3,730,280 as of December 31, 1999, 1998 and 1997, respectively.

13. TIME DEPOSITS

Time deposits consist of the following:

1) Type of time deposits

	1999	1998	1997
Rupiah	Rp 39,045,983,442	Rp 33,415,452,099	Rp 11,447,523,432
Foreign currencies			
US Dollars	2,967,771,856	4,562,337,670	7,169,515,787
Singapore Dollars	88,530,234	108,475,868	194,683,146
German Deutschemark	22,903,598	20,239,756	34,270,869
Hong Kong Dollars	11,377,049	16,804,699	31,758,094
Australian Dollars	9,278,734	12,205,748	27,642,634
British Poundsterling	5,492,001	4,038,112	29,442,562
Japanese Yen	2,200,248	11,362,422	32,089,954
Others	-	-	2,579,350
Total	Rp 42,153,537,162	Rp 38,150,916,374	Rp 18,969,505,828

2) Time deposit maturities

	1999	1998	1997
Rupiah			
1 month	Rp 36,483,534,400	Rp 28,347,387,159	Rp 8,038,545,672
3 months	2,161,968,521	4,628,651,415	2,535,348,775
6 months	201,611,016	139,205,632	376,255,551
12 months	198,869,505	300,207,893	497,373,434
	39,045,983,442	33,415,452,099	11,447,523,432
Foreign currencies			
1 month	2,735,316,594	4,045,350,950	4,774,371,484
3 months	219,038,701	355,674,779	1,622,102,341
6 months	59,158,103	192,666,407	708,954,452
12 months	94,040,322	141,772,139	416,554,119
	3,107,553,720	4,735,464,275	7,521,982,396
Total	Rp 42,153,537,162	Rp 38,150,916,374	Rp 18,969,505,828

Time deposits amounting to Rp 1,206,590,214, Rp 1,043,108,414 and Rp 1,733,673,530 as of December 31, 1999, 1998 and 1997, respectively, were pledged as collateral to the credit facilities granted by the Bank and Subsidiary (see Note 6a).

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The average annual interest rates during the year were 24.68% in 1999, 51.56% in 1998 and 20.57% in 1997 for time deposits in Rupiah, and 8.36% in 1999, 12.83% in 1998 and 7.59% in 1997 for time deposits in foreign currencies.

Time deposits from related parties totalled Rp 1,931,633, Rp 724,888,292 and Rp 1,769,362,853 as of December 31, 1999, 1998 and 1997, respectively.

14. TRADING ACCOUNT SECURITIES ISSUED

This account consists of the following:

	1999	1998	1997
Negotiable Floating Rate Certificates of Deposits (FRCD)	Rp -	Rp 1,203,750,000	Rp 1,023,000,000
Notes payable - net of unamortized prepaid interest of Rp 3,180,471 in 1997	-	-	461,819,529
Total	Rp -	Rp 1,203,750,000	Rp 1,484,819,529

The FRCD issued by the Bank (through its Nassau branch) to several banks and financial institutions totalling US\$ 220,000 consist of US\$ 70,000 which bear annual interest rate at 0.700% above LIBOR, and US\$ 150,000 which bear annual interest rate at 0.625% above LIBOR.

In 1998, the FRCD amounting to US\$ 70,000 had matured in July 1998 and was converted to new loans based on the exchange offer agreement through and guaranteed by Bank Indonesia (see Note 16d).

In 1999, FRCD amounting to US\$ 139,000 was converted to new loans based on the exchange offer agreement through and guaranteed by Bank Indonesia (see Note 16d), whereas the FRCD amounting to US\$ 11,000 had matured and had been paid by the Bank on October 14, 1999.

In February 1997, the Bank issued notes payable totalling US\$ 100,000, consisting of US\$ 50,000 to PT Bank Rakyat Indonesia (Persero) and US\$ 50,000 to PT Bank Tabungan Negara (Persero), which cover a period of one year and bear annual interest rates at 6.63% and 6.41%, respectively. These notes payable had been fully paid on January 26 and February 26, 1998, respectively.

15. TAXES PAYABLE

Taxes payable consist of the following:

	1999	1998	1997
Income taxes			
Article 21	Rp 15,056,229	Rp 7,994,340	Rp 19,383,918
Article 23	106,910,592	276,371,514	94,499,814

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	1999	1998	1997
Article 25	Rp -	Rp -	Rp 3,590,271
Article 26	755,954	967,142	603,083
Article 29	-	-	700,068
Total	Rp 122,722,775	Rp 285,332,996	Rp 118,777,154

The following is a reconciliation between income (loss) before provision for income tax per consolidated statements of income and estimated taxable income (tax loss) for the years ended December 31, 1999, 1998 and 1997:

	1999	1998	1997
Income (loss) before provision for income tax per consolidated statements of income	Rp 234,286,261	(Rp 29,654,854,654)	Rp 225,630,581
Deduct income before provision for income tax of Subsidiary	(4,361,213)	(2,485,821)	(9,244,120)
Eliminating transactions relating to Subsidiary	4,361,213	2,485,821	9,244,110
Income (loss) before provision for income tax attributable to the Bank	234,286,261	(29,654,854,654)	225,630,571
Temporary differences:			
Provision for losses on earning assets	(27,012,510)	(310,708,573)	(260,446,948)
Reversal of allowance for losses on earning assets	125,254,350	594,258,007	259,253,336
Equity in net losses (earnings) of investees - net	55,906,045	181,228,299	(20,554,774)
Insurance premium and other prepaid expenses	1,957,277	(2,870,792)	(3,179,849)
Depreciation	392,176	173,979	144,333
Amortization on long-term prepaid rental expenses and intangible assets	(251,783)	2,769,675	(4,197,187)
Provision for decline in market value	328	30,823	36,099
Loss on sale of subsidiary	-	-	8,261,102
Others	115,337	144,438	1,106,587
Permanent differences:			
Losses (income) on investments in mutual fund units	(217,313,605)	68,975,612	31,739,805
Provision for losses on credit cards	6,639,372	-	-
Salaries and employees' benefits	3,883,473	3,220,726	3,256,750
Rent income already subjected to final tax	(2,101,824)	(1,834,159)	(2,118,710)
Donations	2,040,721	8,757,537	7,857,901
General and administrative expenses	1,637,600	1,121,142	2,824,594
Dividends received	(198,574)	(48,037)	(42,454)
Others	920,043	964,452	42,527
Estimated taxable income (tax loss) of the Bank	Rp 186,154,687	(Rp 29,108,671,525)	Rp 249,613,683

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The amounts of taxable income (tax loss) for 1999, 1998 and 1997 as stated above conform with the amounts shown in the respective Tax Returns.

The following is the computation of provision for income tax and estimated income tax payable (claims for tax refund):

	1999	1998	1997
Provision for income tax-current year:			
Bank	Rp -	Rp -	Rp 73,962,246
Subsidiary	-	-	10
Total provision for income tax-current year	-	-	73,962,256
Prepayments of income taxes			
Bank			
Article 25	10,295,155	10,218,484	73,262,178
Subsidiary	-	-	10
Total prepayments of income taxes	10,295,155	10,218,484	73,262,188
Income tax payable (claims for tax refund)	(Rp 10,295,155)	(Rp 10,218,484)	Rp 700,068

The Bank and Subsidiary did not record provision for income tax for the years ended December 31, 1999 and 1998 because they still have accumulated tax loss carryforward of the year 1998.

The effects of temporary differences between commercial and tax purposes are as follows:

	1999	1998	1997
Deferred Tax Assets			
Accumulated tax loss carryforwards	Rp 1,573,204,800	Rp 1,166,198,700	Rp -
Placements with other banks	29,794,884	29,794,884	-
Trading account securities held and bills	26,403,379	26,403,379	-
Investments in shares of stock	1,119,159	1,119,159	-
Premises and equipment	263,187	263,187	213,982
Other assets	9,485,600	9,485,600	-
Other liabilities	12,736,537	12,736,537	-
Total	1,653,007,546	1,246,001,446	213,982
Deferred Tax Liabilities			
Trading account securities held and bills	-	-	66,438
Premises and equipment	-	-	-
Other assets	-	-	5,484,065
Total	-	-	5,550,503
Deferred Tax Assets (Liabilities) - Net	Rp 1,653,007,546	Rp 1,246,001,446	(Rp 5,336,521)

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The tax loss carry forwards which are included in the calculation of deferred tax assets represent the estimated amount deductible from the taxable income for a period of 5 years since the tax loss has been incurred.

In 1999, the Bank evaluated the deferred tax assets which have not been recognized in prior year. Based on the Bank management's opinion on the availability of future taxable income to realize the deferred tax assets, the Bank adjusted for the additional deferred tax assets amounting to Rp 468,764,100.

16. FUND BORROWINGS

The following are the details of fund borrowings:

	1999	1998	1997
Rupiah			
(a) Two-step loans	Rp 160,203,818	Rp 180,871,338	Rp 196,958,012
(b) Bank Indonesia	11,723,879	29,290,490,394	15,505,162
(c) Placements by other banks	-	-	935,750,000
	171,927,697	29,471,361,732	1,148,213,174
(d) Long-term debt	2,753,510,558	726,811,555	-
(c) Placements by other banks	130,028,586	452,953,770	1,066,345,385
(b) Bank Indonesia	-	1,243,875,000	767,250,000
	2,883,539,144	2,423,640,325	1,833,595,385
Total	Rp 3,055,466,841	Rp 31,895,002,057	Rp 2,981,808,559

(a) Two-Step Loans

This account consists of the following:

	1999	1998	1997
(1) Asean Japan Development Fund - Overseas Economic Cooperation Fund	Rp 77,827,500	Rp 83,592,500	Rp 85,005,353
(2) Export-Import Bank of Japan	38,853,262	46,874,614	54,895,967
(3) Asian Development Bank	17,391,000	20,553,000	23,715,000
(4) Asean Japan Development Fund - Export-Import Bank of Japan	15,238,000	16,842,000	18,446,000
(5) International Bank for Reconstruction and Development	10,894,056	13,009,224	14,895,692
Total	Rp 160,203,818	Rp 180,871,338	Rp 196,958,012

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(1) Asean Japan Development Fund - Overseas Economic Cooperation Fund (AJDF-OECF)

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of ¥ 4,145,333 from OECF. This loan which covers a period of 20 years must be drawn down not later than November 30, 1997 and is repayable in semi-annual installments (after a five-year grace period) commencing on August 15, 1998.

This loan bears average annual interest rates during the year of 20.03% in 1999, 15.85% in 1998 and 7.73% in 1997.

(2) Export-Import Bank of Japan (EIBJ)

The Bank (through Bank Indonesia) obtained credit facilities consisting of four tranches with a total maximum amount of ¥ 5,110,000 from EIBJ.

The loans are repayable in semi-annual installments (after a three-year grace period) commencing on April 1, 1993, January 15, 1994 and July 15, 1995 for the second, third and fourth tranches, respectively. These funding arrangements cover a period of 15 years except for the fifth tranche which covers a period of 11 years and is repayable in semi-annual installments (after a two-year grace period) commencing on September 15, 1994.

The loans bear average annual interest rates during the year of 26.00% in 1999, 20.43% in 1998 and 12.96% in 1997.

(3) Asian Development Bank (ADB)

The Bank (through Bank Indonesia) obtained a credit facility with a maximum amount of US\$ 20,000 from ADB. This loan which covers a period of 15 years is repayable in semi-annual installments (after a three-year grace period) commencing on July 15, 1993.

This loan bears average annual interest rates during the year of 29.66% in 1999, 23.46% in 1998 and 13.11% in 1997.

(4) Asean Japan Development Fund - Export-Import Bank of Japan (AJDF-EIBJ)

The Bank obtained a credit facility under the Asean Japan Development Fund through Bank Indonesia with a maximum amount of ¥ 905,000 from EIBJ. This facility covers a period of 15 years and is repayable in semi-annual installments (after a three-year grace period) commencing on December 15, 1997.

This loan bears average annual interest rates during the year of 25.13% in 1999, 19.90% in 1998 and 13.21% in 1997.

(5) International Bank for Reconstruction and Development (IBRD)

This investment loan represents long-term loan granted to the Bank's customers as funded by IBRD coursed through Bank Indonesia with a maximum amount of US\$ 10,000 and used to finance small and medium industries in Indonesia. This loan which covers a period of 15 years must be drawn down not later than June 30, 1995 and is repayable in semi-annual installments (after a three-year grace period) commencing on October 1, 1992.

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This loan bears average annual interest rates during the year of 29.71% in 1999, 22.62% in 1998 and 11.89% in 1997.

The Bank obtained another credit facility in accordance with the Agricultural Financing Project through Bank Indonesia with a maximum amount of US\$ 5,300. This facility covers a period of 12 years and is repayable in semi-annual installments (after a three-year grace period) commencing on September 30, 1998.

This loan bears average annual interest rates during the year of 25.13% in 1999, 17.13% in 1998 and 13.26% in 1997.

(b) Bank Indonesia

Following the civil unrest that occurred on May 13 to 15, 1998, the Bank experienced significant withdrawals of deposits by the Bank's customers which affected the Bank's liquidity. These significant withdrawals of deposits occurred during the period when the foreign currency exchange rate as compared to Rupiah was high, therefore the Bank realized the significant loss on foreign exchange in 1998. The significant withdrawals of deposits also resulted in the increase in the Bank's liability to Bank Indonesia and have significantly reduced the degree of the Bank's soundness and consequently, the Bank was placed under the management and supervision of the Indonesian Bank Restructuring Agency (IBRA).

The liability to Bank Indonesia bore average annual interest rate during 1998 at 64.94% and as of December 31, 1998, such liability totalled Rp 29,275,723,077 (net of unamortized prepaid interests of Rp 620,554,129).

Under IBRA's supervision, the Bank was obligated to formulate plans to settle the payment of its liability to Bank Indonesia including settlement through the recapitalization from the Government of the Republic of Indonesia (see Note 21).

Based on the Discounted Facilities agreement as covered by notarial deed No. 44 dated July 27, 1998 of Mudofir Hadi, S.H., these facilities were collateralized by certain trading account securities held, loans, shares of stock in associated companies, land and buildings of the Bank and related parties, certain stockholders' subordinated loans, loan capital, shares of stock and other paid-in capital in the Bank, and shares of stock owned by the Bank's major stockholders in several public and private companies (see Notes 5, 6, 8, 9, 18, 19, 20 and 21). Under the terms of the agreement, the Bank is required not to:

- engage in merger, consolidation, acquisition, sale or transfer of assets
- hold a general meeting of stockholders for changes in the Bank's articles of association, boards of directors and/or commissioners and stockholders
- pledge collateral to third parties, except in the normal course of its business
- obtain credit facilities in any form from other parties
- repay its obligations to the stockholders
- expand the credit facilities granted to customers
- expand the premises and equipment owned
- distribute dividends to stockholders.

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Based on the Joint Agreement between Bank Indonesia (BI) with the Government dated February 6, 1999 with regards to providing the legal and operational basis on the assignment of BI's rights over the commercial banks which are the recipients of BI's liquidity support to the Government, and the payment mechanism from the Government to BI which was notarized by notarial deed No. 26 of Mudofir Hadi, S.H. dated February 22, 1999 of the Assignment and Transfer of Rights "(Cessie)" between BI and the Government which was represented by IBRA, starting January 29, 1999 which effectively became valid since the signing date of this agreement, BI assigned and transferred its rights under the liquidity support for the Bank amounting to Rp 26,596,277,207 to the Government which was represented by IBRA.

This borrowing from IBRA which was converted from Discounted Facilities bore annual interest rate at 37.25% and had been fully paid on May 28, 1999.

The Bank also obtained other credit facilities from Bank Indonesia to be re-loaned to local customers in the following forms:

	1999	1998	1997
Consumer loans	Rp 6,555,872	Rp 7,130,836	Rp 7,340,342
Cooperative loans	3,695,993	6,933,710	6,685,522
Agricultural loans (KUT)	1,385,863	-	-
Small-scale investment loans (KIK)	86,151	143,585	369,104
Investment loans (KI)	-	559,186	1,110,194
Total	Rp 11,723,879	Rp 14,767,317	Rp 15,505,162

The loans bore average annual interest rates during the year of 5.83% in 1999, 4.63% in 1998 and 4.81% in 1997.

As of December 31, 1998 and 1997, the Bank received deposits from Bank Indonesia (through its Nassau branch) totalling Rp 1,243,875,000 (US\$ 155,000) and Rp 767,250,000 (US\$ 165,000), respectively, which bore average annual interest rates of 14.53% in 1998 and 7.61% in 1997.

(c) Placements by Other Banks

This account represents outstanding borrowings obtained from the money market. The average annual interest rates during the year were 26.96% in 1999, 57.26% in 1998 and 24.73% in 1997 for placements in Rupiah, and 2.50% in 1999, 9.62% in 1998 and 7.95% in 1997 for placements in foreign currencies.

(d) Long-term Debt

On August 18, 1998, the Bank entered into exchange offer agreement through and guaranteed by Bank Indonesia, in which the FRCD of US\$ 70,000 (see Note 14) and placements by other banks of US\$ 20,568 were exchanged to new loans divided into four (4) tranches with the following different final maturities:

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Tranche	Amount	Final Maturity
One-year	US\$ 13,500	August 25, 1999
Two-year	27,000	August 25, 2000
Three-year	39,718	August 25, 2001
Four-year	10,350	August 25, 2002

The interest for each tranche of new loans is repayable in semi-annual payments at the annual rate of 2.75%, 3.00%, 3.25% and 3.50% above six months LIBOR, for the One-year Tranche, Two-year Tranche, Three-year Tranche and Four-year Tranche, respectively.

On August 25, 1999, the Bank paid the first tranche amounting to US\$ 13,500.

On May 25, 1999, the Bank entered into an amended exchange offer agreement which included the additional placements by other banks of US\$ 171,750 which is included in the Three-year Tranche with final maturity on August 25, 2001, and the FRCD of US\$ 139,000 (see Note 14) was exchanged to new loans divided into three (3) tranches with the following different final maturities:

Tranche	Amount	Final Maturity
One-year	US\$ 13,900	June 1, 2002
Two-year	62,550	June 1, 2003
Three-year	62,550	June 1, 2004

The interest for each tranche of new loans is repayable in semi-annual payments at the annual rates of 2.250%, 2.375% and 2.500% above six months LIBOR, for the One-year Tranche, Two-year Tranche and Three-year Tranche, respectively.

17. OTHER LIABILITIES

The following are the details of this account:

	1999	1998	1997
Due to IBRA	Rp 492,112,333	Rp -	Rp -
Accrued expenses	298,350,204	806,968,861	295,106,402
Remittances and collections	190,512,572	198,447,438	154,529,608
Liabilities for sales of payment products	103,378,911	104,976,790	159,284,550
Liabilities on the Bank's services	91,397,413	96,163,404	466,898,080
Provisions for losses on certain commitments and contingencies	56,454,634	42,455,126	-
Unearned income	33,086,659	72,534,646	113,802,304
Marginal deposits	29,150,521	23,529,003	34,499,821
Others	28,742,848	68,504,653	76,277,444
Total	Rp 1,323,186,095	Rp 1,413,579,921	Rp 1,300,398,209

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Due to IBRA represents the excess funds received by the Bank from IBRA with regards to the payment to suspended banks' customers based on the Appointment of Payment Agent Agreement No. 77/BPPN/SP/1999 dated March 31, 1999 between IBRA and the Bank. Under this agreement, IBRA appointed the Bank to act as a payment agent of several suspended banks' guaranteed liabilities.

18. SUBORDINATED LOANS

In 1995, the Bank obtained a non-interest bearing subordinated loan amounting to Rp 150,000,000 from its former majority stockholders. In 1996, the Bank obtained an additional non-interest bearing subordinated loan amounting to Rp 350,000,000 from the same stockholders. These loans cover a period of 10 years and will be converted to capital stock of the Bank at the latest on the expiry date of the agreement. These loans were pledged by the stockholders as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

These subordinated loans were subsequently converted into capital stock and additional paid-in capital on September 21, 1999 and became effective on December 13, 1999 (see Notes 20 and 21).

The Bank also obtained the subordinated loans from Bank Indonesia amounting to Rp 50,000,000 which bear annual interest rate at 5% and are repayable in period of 20 years under the following schedule:

1st to 4th year	grace period
end of 5th year	Rp 25,000,000
6th to 10th year	Rp 420,663 per year
11th to 19th year	Rp 673,061 per year
20th year	Rp 16,839,136

These subordinated loans amounting to Rp 25,000,000 were paid on November 3, 1999.

19. LOAN CAPITAL

In 1997, the Bank obtained non-interest bearing loan capital by issuing "non-transferrable" promissory notes to the following stockholders:

Soedono Salim	Rp 166,700,000
Andree Halim	166,650,000
Anthony Salim	166,650,000
Total	<u>Rp 500,000,000</u>

This loan capital covers a period of five years which will expire in 2002. This loan may be converted into capital stock upon the completion of the process of additional capital infusion. However, under the loan agreements, the Bank does not guarantee the repayment of this loan if the conversion into capital stock is cancelled.

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This loan capital was pledged by the stockholders as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

This loan capital was subsequently converted into capital stock and additional paid-in capital on September 21, 1999 and became effective on December 13, 1999 (see Notes 20 and 21).

20. CAPITAL STOCK

The following are the details of share ownership:

Stockholders	1999		
	Number of Shares Subscribed and Fully Paid	Percentage of Ownership	Amount
Republic of Indonesia	2,731,988,269	92.80%	Rp 1,365,994,135
Anthony Salim	85,210,889	2.89	42,605,445
Soedono Salim	63,195,964	2.15	31,597,982
Andree Halim	63,195,817	2.15	31,597,908
Others	395,061	0.01	197,530
Total	2,943,986,000	100.00%	Rp 1,471,993,000

Stockholders	1998 and 1997		
	Number of Shares Subscribed and Fully Paid	Percentage of Ownership	Amount
Soedono Salim	463,081	23.16%	Rp 231,540,500
Andree Halim	463,077	23.15	231,538,500
Anthony Salim	463,077	23.15	231,538,500
Sigit Harjojudanto	319,999	16.00	159,999,500
Siti Hardiyanti Hastuti	279,999	14.00	139,999,500
Others	10,767	0.54	5,383,500
Total	2,000,000	100.00%	Rp 1,000,000,000

In 1998, the majority stockholders of the Bank had pledged their share ownership as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

Based on the agreement on donated shares on April 23, 1999, 319,999 shares owned by Sigit Harjojudanto and 279,999 shares owned by Siti Hardiyanti Hastuti, totalling 599,998 shares, were donated to Soedono Salim (200,000 shares), Andree Halim (199,999 shares) and Anthony Salim (199,999 shares). Then, on the same date, based on the succeeding agreement on donated shares, 200,000 shares owned by Soedono Salim and 199,999 shares owned by Andree Halim, totalling 399,999 shares, were donated to Anthony Salim.

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Based on the decision of the stockholders in their extraordinary general meeting held on September 21, 1999, whereby the minute was legalized by the deed No. LEG/7036/1999 of Hendra Karyadi, S.H. dated September 21, 1999, the donation and transfer of shares were approved and legalized.

Based on the same extraordinary general meeting of stockholders, whereby the minute was legalized by the deed No. LEG/7038/1999 of Hendra Karyadi, S.H. dated September 21, 1999 and included in the Amendment of the Articles of Association No. 18 dated September 22, 1999 of the same notary, the Bank's authorized capital was increased from Rp 1,500,000,000 which is divided into 3 million shares with a par value of Rp 500,000 per share to Rp 3,000,000,000 which is divided into 6 billion shares with a par value of Rp 500 per share.

Of the stockholders' paid-up capital as of September 21, 1999 amounting to Rp 1,000,000,000, the Bank provided Rp 963,308,093 in accordance with the appropriation for loss write-off, thereby the subscribed and fully paid capital amounted to Rp 36,691,907. At the same time, this subscribed and fully paid capital was increased to Rp 1,471,993,000 divided into 2,943,986,000 shares with a par value of Rp 500 per share, after adding the paid-up capital as a result of calculation and compensations of subordinated loans, loan capital, deposits for future stock subscription and temporary capital investment of the Republic of Indonesia (see Note 21).

The above changes in the capital stock were approved by the Ministry of Justice (currently Ministry of Law and Legislation) in its decision letter No.C-19944.HT.01.04-TH.99 dated December 13, 1999.

Based on the extraordinary general meeting of stockholders which was notarized by notarial deed No. 61 of Hendra Karyadi, S.H. and included in the Amendment of the Articles of Association No. 62 dated December 29, 1999 of the same notary, the stockholders approved, among others:

- (i) the increase in the Bank's authorized capital from Rp 3,000,000,000 divided into 6 billion shares with a par value of Rp 500 per share to Rp 5,500,000,000 divided into 11 billion shares with the same par value.
- (ii) the initial public offering of the Bank's shares, wherein the shares to be offered will consist of:
 - newly issued shares, at the maximum of 327,000,000 shares with the same par value, amounting to Rp 163,500,000, and
 - the Republic of Indonesia's shares, at the maximum of 2,731,988,269 shares with the same par value, amounting to Rp 1,365,994,135.
- (iii) the change in the Bank's status from a Limited Liability Company to a Publicly-Listed Company (Tbk).

The Amendment of the Articles of Association was approved by the Ministry of Justice (currently Ministry of Law and Legislation) in its decision letter No. C-21020.HT.01.04.TH.99 dated December 31, 1999.

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The Bank plans to implement a Management Stock Options Plan (MSOP) which offers incentives to the key management in the form of options to purchase the Bank's newly issued shares. Based on the extraordinary general meeting of stockholders which was notarized by notarial deed No. 61 dated December 29, 1999 of Hendra Karyadi, S.H., the stockholders agreed and granted the authority to the Board of Directors under the approval of the Board of Commissioners to prepare the procedures or mechanism of the MSOP.

21. ADDITIONAL PAID-IN CAPITAL

In 1998, in response to the significant depletion in the Bank's reserves, due to significant withdrawals of deposits by the Bank's customers, the majority stockholders of the Bank have made deposits amounting to Rp 445 billion for future stock subscription. These deposits are pledged by the stockholders as collateral to the Discounted Facilities granted by Bank Indonesia (see Note 16b).

In 1999, based on the decision letter of the Chairman of IBRA No. SK-201/BPPN/0599 dated May 27, 1999 and the Temporary Capital Investment Agreement between the Republic of Indonesia through IBRA with the Bank dated September 21, 1999, with regards to the recapitalization program for the Bank, the Government placed temporary capital investment in the Bank amounting to Rp 28.48 trillion. This temporary capital investment was used for repayment of the borrowing from IBRA.

On September 21, 1999, the abovementioned deposits for future stock subscription and temporary capital investment together with subordinated loans and loans capital were then converted into paid-up capital amounting to Rp 1,435,301,093 and additional paid-in capital amounting to Rp 28,489,698,907. These conversions became effective since the approval of the Ministry of Justice (currently Ministry of Law and Legislation) on December 13, 1999 (see Note 20).

As of December 31, 1999, additional paid-in capital also included appropriation for loss write-off amounting to Rp 963,308,093 which was provided from the paid-up capital (see Note 20).

22. RETAINED EARNINGS APPROPRIATED FOR GENERAL RESERVE

During their extraordinary general meeting held on December 15, 1997, the stockholders approved to transfer Rp 5,000,000 out of the Bank's unappropriated retained earnings in 1997 to appropriated for general reserve.

23. DIFFERENCE IN FOREIGN CURRENCY TRANSLATION

This account represents the exchange rate differentials resulting from the translation of the financial statements of BCA Finance Limited, Hong Kong, from Hong Kong Dollars to Indonesian Rupiah, and of PT Bank Central Asia New York and Nassau branches from United States Dollars to Indonesian Rupiah (see Note 2b). Assets and liabilities as well as commitments and contingencies denominated in foreign currencies are translated into Rupiah to reflect the prevailing rate of exchange at balance

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sheet date as published by Bank Indonesia (Rp 7,100, Rp 8,025 and Rp 4,650 to US\$ 1, and Rp 913.62, Rp 1,035.83 and Rp 600.20 to HK\$ 1 as of December 31, 1999, 1998 and 1997, respectively). The statements of income for the year are derived from the accumulation of the monthly income statement balances which are translated into Rupiah by using the average exchange rate for the month. Starting 1999, the profits and losses of Nassau branch are transferred on a monthly basis to PT Bank Central Asia Head Office, therefore there is no difference in foreign currency translation of the Nassau branch.

24. FORWARD FOREIGN CURRENCY TRANSACTIONS

The outstanding receivables and payables arising from forward foreign currency transactions consist of the following:

	Foreign Currencies	Equivalent Rupiah		
		1999	1998	1997
Receivables				
Forward foreign currency bought for funding				
	US Dollars	Rp 355,000,000	Rp 3,490,617,962	Rp 3,806,462,755
	Japanese Yen	-	123,228,070	100,261,850
	Australian Dollars	-	-	39,148,347
	German Deutschemark	-	-	38,266,321
	British Poundsterling	-	-	21,199,173
	Malaysian Ringgit	-	-	4,175,158
	Netherlands Guilder	-	-	925,101
	Swiss Franc	-	-	917,533
	Swedish Krone	-	-	457,260
Total		Rp 355,000,000	Rp 3,613,846,032	Rp 4,011,813,498
Payables				
Forward foreign currency sold for funding				
	US Dollars	Rp 340,800,000	Rp 8,683,595,462	Rp 7,204,074,310
	Hong Kong Dollars	26,722,471	5,185,306	49,196,823
	Japanese Yen	-	170,867,620	90,548,518
	Singapore Dollars	-	-	153,892,065
	Australian Dollars	-	-	9,119,820
	Belgium Franc	-	-	5,553,450
	British Poundsterling	-	-	5,010,714
	Swiss Franc	-	-	2,060,997
	German Deutschemark	-	-	1,558,662
	Italian Lira	-	-	1,150,941
	Swedish Krone	-	-	920,258
Total		Rp 367,522,471	Rp 8,859,648,388	Rp 7,523,086,558

The outstanding foreign exchange contracts as of December 31, 1999 have periods ranging from 4 days to 5 years and will mature on several dates up to September 26, 2002.

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25. INTEREST AND INVESTMENT INCOME

Interest and investment income were derived from:

	1999	1998	1997
Government bonds	Rp 6,293,331,416	Rp -	Rp -
Loans	6,062,612,736	13,090,629,321	5,253,762,994
Trading account securities held and bills	807,153,201	513,277,603	619,431,564
Placements with other banks	510,482,873	450,361,516	402,178,550
Current accounts with Bank Indonesia	124,559,985	878,748,798	-
Others	134,402,758	999,756,024	9,840,801
Total	Rp 13,932,542,969	Rp 15,932,773,262	Rp 6,285,213,909

26. INTEREST EXPENSE

Interest expense was incurred on:

	1999	1998	1997
Time and certificates of deposits	Rp 9,822,781,359	Rp 10,892,006,251	Rp 2,438,098,222
Savings deposits	3,689,892,957	3,569,387,656	2,199,585,093
Fund borrowings	3,658,423,835	13,921,838,116	125,076,134
Demand deposits	857,466,928	2,354,898,215	631,796,316
Trading account securities issued	27,005,447	67,001,219	59,409,123
Others	265,233	255,813	2,478,579
Total	Rp 18,055,835,759	Rp 30,805,387,270	Rp 5,456,443,467

27. GENERAL AND ADMINISTRATIVE EXPENSES

The following are the details of this account:

	1999	1998	1997
Depreciation	Rp 132,747,022	Rp 122,118,196	Rp 109,525,590
Repairs and maintenance	110,312,722	75,478,650	38,316,120
Rental	106,114,470	102,028,982	44,674,737
Communication	99,595,006	93,669,273	40,999,321
Office expense	54,761,748	54,839,696	42,336,618
Promotion and development	35,554,872	45,751,480	44,236,324
Water, electricity and fuel	24,511,394	25,100,413	21,073,259
Computer and software	20,477,199	39,178,714	30,596,126
Professional fees	18,076,374	23,112,350	11,619,498

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	1999		1998		1997
Training and education	Rp 8,115,641		Rp 5,861,857		Rp 17,331,751
Insurance	6,729,458		5,894,568		4,703,938
Transportation	5,891,422		5,718,382		4,842,535
Others	5,439,730		3,734,635		2,792,287
Total	Rp 628,327,058		Rp 602,487,196		Rp 413,048,104

28. RETIREMENT BENEFITS

The Bank has defined contributory retirement plan covering substantially all of its qualified permanent employees. The plan is administered by a duly appointed trustee, "Dana Pensiun Bank Central Asia" which has been approved by the Ministry of Finance in its decision letter No. KEP-020/KM.17/1995 dated January 25, 1995. Retirement benefits charged to operations totalled Rp 13,217,819, Rp 10,455,831 and Rp 8,606,076 in 1999, 1998 and 1997, respectively.

29. LEASES

As of December 31, 1999, PT Bank Central Asia, New York branch has obligations under operating leases for office space expiring through 2006, with the following approximate minimum annual rental commitments:

Year	Amount
2000	US\$ 412
2001	224
2002	166
Thereafter	620
Total future minimum rental payments	US\$ 1,422

Rent expense in 1999, 1998 and 1997 amounted to Rp 2,814,224, Rp 4,165,986 and Rp 1,133,835, respectively, and was included as part of general and administrative expenses in the consolidated statements of income.

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The Bank maintains balances and conducts business transactions with its related parties. These balances and transactions, which consist of paying and receiving, and lending and borrowing activities, were conducted in the ordinary course of its business. The following are the significant transactions with related parties:

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a. Lending and Borrowing Activities in the Ordinary Course of Business

The balances of lending activities with related parties are shown as part of placements with other banks, trading account securities held and bills, loans and other assets (see Notes 4, 5, 6 and 10) including their respective interests receivable and the balances of borrowings from related parties are shown as part of demand deposits, savings deposits, time deposits, subordinated loans and loan capital (see Notes 11, 12, 13, 18 and 19) including their respective interests payable.

b. Transactions with the Government of the Republic of Indonesia

In April 1999, the Bank had transferred and assigned its rights and ownership in the Affiliate Loans and non-performing earning assets to IBRA based on the Transfer of Contract Agreement and Transfer of Rights on Receivables Agreement, respectively (see Notes 6j and 6k).

In May 1999, the Government of the Republic of Indonesia implemented the recapitalization program for the Bank by placing temporary capital investment (see Note 21) and issuing Government Bonds (see Note 7).

c. Settlement of Due To and Due From the Former Majority Stockholders

Based on the Transfer of Contract Agreement dated April 26, 1999 by and among the Bank, the former majority shareholders and IBRA, the Bank has assigned and transferred the Affiliate Loans to IBRA (see Note 6j). Subsequent to the transfer, the Bank still received payments totalling Rp 164 billion as of November 30, 1999 on the aforementioned Affiliate Loans.

This amount was compensated by the Bank with the contingent interest receivable from the Affiliate. The settlement had been approved by the Affiliate and was reported to IBRA. The report stated that the settlement of the balance of the contingent interest receivable is still being negotiated.

d. Very Small Aperture Terminal (VSAT) Rental Agreement

On September 26, 1991, the Bank executed an agreement with PT Rintis Sejahtera (Rintis), a related party, on VSAT rental, which was amended for several times and the latest dated January 3, 2000, extending the term of the lease until January 3, 2001. Based on the conditions in that agreement, VSAT equipment will be installed when the Bank has paid the installation fees and security deposit amounting to US\$ 3 per VSAT, which is refundable to the Bank at the end of the rental period. Since the approval of the Ministry of Justice (currently Ministry of Law and Legislation) on December 13, 1999 on the changes of the Bank's capital stock ownership (see Note 20), Rintis is no longer a related party of the Bank.

Total communication expenses charged to operations amounted to Rp 70,401,059, Rp 29,178,394 and Rp 11,549,789 in 1999, 1998 and 1997, respectively.

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e. Sale and Purchase Computers Agreement

The Bank purchased computer hardware equipment from PT Intikom Berlian Mustika, a related party, with contract values amounting to US\$ 1,764, US\$ 4,251 and US\$ 12,467 in 1999, 1998 and 1997, respectively. The Bank also purchased computer software from the same company, with contract values amounting to US\$ 3,167, US\$ 586 and US\$ 7,380 in 1999, 1998 and 1997, respectively.

Since the approval of the Ministry of Justice (currently Ministry of Law and Legislation) on December 13, 1999 on the changes of the Bank's capital stock ownership (see Note 20), PT Intikom Berlian Mustika is no longer a related party of the Bank.

f. Technical Assistance and Banking Management Agreement

The Bank signed agreements with PT Bank Risjad Salim Internasional, an associated company, on September 26, 1997 and with PT Bank Multicor, an associated company, on November 24, 1997, in which the Bank agreed to provide technical assistance and banking management services to these associated companies for 5 years which was effective since the date of signing of the agreement. Based on the agreement, the scope of technical assistance and banking management covers:

- assistance in system procedures and banking information technology including assistance in facilities support to manage or process data (technology information system) of associated banks maintained by the Bank; and
- assistance in other areas in technical and banking management which are needed and requested by the associated companies, and also agreed by the Bank.

Upon rendering the services, the Bank received management fees from these associated companies. The amount of management fees and its calculation and also the payment were agreed and determined by both parties.

In addition to the fees, the associated companies are obliged to pay all reimbursements/out-of-pocket expenses spent by the Bank in connection with this assistance to the associated companies, which include, among others, meals, accommodation, transportation and allowance and/or other benefits for each team member based on the compensation package determined by the Bank.

Total management fees received by the Bank upon rendering of the services totalled Rp 1,524,875 and Rp 481,250 in 1999 and 1998, respectively.

g. Building Rental Agreement

On January 26, 1998, the Bank entered into a rental agreement with PT Bahana Dharma Utama, a related party, for the rental of the building located at Jalan Jenderal Sudirman Kav. 22-23 which has a rental period of 5 years commencing on January 1, 1998. Since the approval of the Ministry of Justice (currently Ministry of Law and Legislation) on December 13, 1999 on the changes of the Bank's capital stock ownership (see Note 20), PT Bahana Dharma Utama is no longer a related party of the Bank.

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Rental expense charged to operations totalled Rp 44,717,568, Rp 39,738,937 and Rp 13,649,003 in 1999, 1998 and 1997, respectively.

h. Insurance

Substantially all of the Bank's premises and equipment, including buildings, automobiles, cash accounts, computer equipment, telephone systems and ATMs are insured with PT Asuransi Central Asia (ACA), a related party. Since the approval of the Ministry of Justice (currently Ministry of Law and Legislation) on December 13, 1999 on the changes of the Bank's capital stock ownership (see Note 20), ACA is no longer a related party of the Bank.

31. NET OPEN POSITION

In 1999, based on the requirements of Bank Indonesia, during the transitional periods until June 30, 2000, the Bank should adjust its net open position (including all domestic and overseas branches) to fulfill the required maximum 20% of capital on a gradual basis. Net open position is the accumulation of absolute amounts of the net difference between assets and liabilities denominated in foreign currency, in the balance sheet and/or administrative accounts. In 1998 and 1997, based on the requirements of Bank Indonesia, the Bank is required to maintain its total net open position (all domestic branches only) at a maximum of 20% of capital. Net open position represents the net difference between assets and liabilities denominated in foreign currency in the balance sheet and/or administrative accounts.

The following is the net open position of the Bank:

	1999					
	Assets and Administrative Assets Accounts		Liabilities and Administrative Liabilities Accounts		Net Open Position	
US Dollars	Rp	13,981,358,670	Rp	13,910,497,119	Rp	70,861,551
Singapore Dollars		222,953,800		219,754,867		3,198,933
Japanese Yen		45,530,360		41,807,612		3,722,748
Euro		36,233,979		1,878,365		34,355,614
Australian Dollars		20,434,809		18,695,301		1,739,508
British Poundsterling		10,756,948		10,329,472		427,476
Hong Kong Dollars		6,281,128		6,326,498		45,370
German Deutschemark		2,539,558		34,838,405		32,298,847
Swiss Franc		1,136,037		555,211		580,826
Netherlands Guilder		1,073,363		176,806		896,557

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	1999					
	Assets and Administrative Assets Accounts		Liabilities and Administrative Liabilities Accounts	Net Open Position		
Franc Belgium	Rp	783,822	Rp	132	Rp	783,690
Malaysian Ringgit		442		240,180		239,738
Others		1,748,273		276,649		1,471,624
Total					Rp	150,622,482

	1998					
	Assets and Administrative Assets Accounts		Liabilities and Administrative Liabilities Accounts	Net Open Position		
US Dollars	Rp	25,635,403,910	Rp	14,681,089,925	Rp	10,954,313,985
Singapore Dollars		1,418,572,197		215,621,298		1,202,950,899
Japanese Yen		207,444,771		194,452,950		12,991,821
German Deutschemark		59,855,286		56,231,530		3,623,756
Australian Dollars		23,485,734		20,304,088		3,181,646
British Poundsterling		7,619,545		7,567,734		51,811
Hong Kong Dollars		7,348,105		6,543,266		804,839
Netherlands Guilder		3,988,063		360,170		3,627,893
Others		9,895,561		1,579,926		8,315,635
Total	Rp	27,373,613,172	Rp	15,183,750,887	Rp	12,189,862,285

	1997					
	Assets and Administrative Assets Accounts		Liabilities and Administrative Liabilities Accounts	Net Open Position		
US Dollars	Rp	21,095,799,630	Rp	20,582,220,119	Rp	513,579,511
Singapore Dollars		792,676,680		650,535,866		142,140,814
Japanese Yen		141,784,318		136,413,772		5,370,546
Australian Dollars		48,263,246		45,837,730		2,425,516
German Deutschemark		48,107,350		46,139,045		1,968,305
Hong Kong Dollars		41,298,747		37,753,406		3,545,341
British Poundsterling		30,948,986		30,647,724		301,262
Others		34,273,360		28,390,320		5,883,040
Total	Rp	22,233,152,317	Rp	21,557,937,982	Rp	675,214,335

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32. ADVERSE ECONOMIC CONDITIONS

Since the middle of 1997 up to the second half of 1999, many Asia Pacific countries, including Indonesia, have experienced adverse economic conditions, mainly resulting from currency depreciation in the region. In Indonesia, these economic conditions which have been characterized by highly volatile foreign currency exchange rates, high interest rates, tight liquidity and the extreme lack of public confidence in the country's banking system, have significantly affected the operations of the Bank and other sectors of economy. The conditions also involved declining prices in shares listed in the Indonesian stock exchanges, tightening of available credit and slowing down of economic activities. In addition, the liquidation of several banks in Indonesia gave a negative impact on the public confidence to the banking system, placing more pressure on the liquidity and survival of the banking sector.

To regain public confidence on the banking system, the Government has guaranteed certain obligations of domestic banks as discussed in Note 33.

These adverse economic conditions caused uncertainty with respect to the ability of the Bank's customers to fulfill their obligations when they mature, thereby significantly increasing credit risk inherent in the Bank's lending portfolio. Such economic conditions also affected the Bank's cost of funds as well as the potential for success of its future operations.

Starting in the middle of 1999, the economic conditions in Indonesia have shown signs of improvements as indicated by among others, the decrease in the interest rate on Certificates of Bank Indonesia and inflation rate. However, the economic conditions in Indonesia will still be affected by the political stability, the success of ongoing banking recapitalization and debt restructuring. In 1999, the banks engaged in minimal lending activities.

Following the civil unrest that occurred on May 13 to 15, 1998, the Bank experienced significant withdrawals of deposits by its customers which affected the Bank's liquidity. These significant withdrawals of deposits resulted in the increase in the Bank's liability to Bank Indonesia (BI) and had significantly reduced the degree of the Bank's soundness. Consequently, on May 28, 1998, the operations of the Bank were taken over by IBRA to improve the Bank's soundness and resolve its financial difficulties. Accordingly, the Bank's status was changed into a government Taken-Over Bank (BTO) (see Notes 1 and 16b). As of December 31, 1998, the Bank was not in compliance with the minimum capital adequacy ratio, net open position and legal lending limit requirements of BI.

In April 1999, the Bank had transferred and assigned its rights and ownership in the Affiliate Loans and non-performing earning assets to IBRA based on the Transfer of Contract Agreement and Transfer of Rights on Receivables Agreement, respectively (see Notes 6j and 6k).

In May 1999, the Government of the Republic of Indonesia implemented the recapitalization program for the Bank by placing temporary capital investment in the Bank amounting to Rp 28.48 trillion. Also, on May 28, 1999, the Bank repaid all its borrowings from IBRA which were previously converted from the BI's liquidity support. Upon the recapitalization, the Bank has fulfilled the minimum Capital Adequacy Ratio (CAR) of 4% as required by Bank Indonesia. Furthermore, the Bank significantly reduced its provision for losses on earning assets due to the transfer of non-performing earning assets to IBRA and interest expenses decreased upon the repayment of borrowings from IBRA (see Notes 16b and 21).

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The Bank and Subsidiary recorded provisions for losses on earning assets and others of Rp 382 billion in 1999 and Rp 9,980 billion in 1998, and negative interest spread of Rp 4,213 billion in 1999 and Rp 14,927 billion in 1998.

As of December 31, 1999, as reported to Bank Indonesia, the Bank was in compliance with BI's requirements on CAR and net open position, but was not in compliance with the legal lending limit for non-related party (unaudited).

The Bank's business plans for the year 2000 which were formulated by the Boards of Commissioners and Directors in 45 detailed work plans, with the objective to improve:

1. Profitability,
2. Quality of Earning Assets,
3. Compliance,
4. Risk Management and
5. Corporate Governance.

The consolidated financial statements include the effects of the economic conditions to the extent they can be determined and estimated. Recovery of the adverse economic conditions depends on the monetary, fiscal and other measures that have been and will be undertaken by the Indonesian Government, actions which are beyond the Bank's control. It is not possible to determine the future effects of the adverse economic conditions on the Bank's earnings and realization of its earning assets, including the effects from its customers, creditors and stockholders.

33. GOVERNMENT GUARANTEES ON THE OBLIGATIONS OF DOMESTIC BANKS

The Ministry of Finance in its decision letter No. 26/KMK.017/1998 dated January 28, 1998 issued government guarantees on domestic bank liabilities including demand deposits, savings deposits, time deposits and deposits on call, bonds, trading account securities issued, interbank call money, fund borrowings, swaps/hedges/futures, derivatives and other contingent liabilities which are bank guarantees, standby letters of credit, performance bonds and other liabilities except, subordinated loans and liabilities to directors, commissioners and related parties. The guarantee carries a term of two years starting on January 26, 1998 up to January 31, 2000. Based on the joint decrees No. 32/46/KEP/DIR and No. 181/BPPN/0599 of the Directors of Bank Indonesia and the Chairman of IBRA dated May 14, 1999, the term of guarantees has been automatically extended for six months, unless IBRA, within six months before the end of this term, announces that it will not extend the term.

34. SUBSEQUENT EVENTS

- a. Merger Plan of an Associated Company

On January 6, 2000, PT Bank Risjad Salim Internasional, a 26.67%-owned associated bank of the Bank, together with other seven BTO banks signed a Memorandum of Understanding, thereby agreeing to consolidate and integrate the business and operations of those banks with PT Bank Danamon Indonesia Tbk. Up to May 3, 2000, the merger is still in process

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b. Dilution of the Bank's Percentage of Ownership in PT Bank Multicor (Multicor)

Based on the extraordinary general meeting of Multicor's stockholders which was notarized by notarial deed of Budiarti Karnadi, S.H. dated January 14, 2000, Multicor issued 16,272,000 new shares with a par value of Rp 5,600 per share. Although issued at a lower par value, these shares have the same rights as the existing shares. The foreign stockholder of Multicor, The Royal Bank of Scotland plc., fully paid the new shares amounting to Rp 91,123,200 by converting its Escrow Account previously placed in Multicor to paid-up capital. This additional capital paid by the foreign stockholder resulted in the dilution of the Bank's percentage of ownership in Multicor to 10%.

c. The Increase of the Bank's Investment in PT Central Sari Finance Corporation (CSFC)

Based on the annual general meeting of CSFC's stockholders which was notarized by notarial deed of Hendra Karyadi, S.H. No. 39 dated March 24, 2000, these stockholders, among others, agreed to sell all shares owned by The Long-Term Credit Bank of Japan Ltd. (LTCB) and Nippon Asset Management, Inc. (NAM) in CSFC with the percentage of ownership of 64.70% to the Bank at 63.70% and another party at 1%, thereby the total ownership of the Bank in CSFC became 99%. This sale and purchase was notarized by notarial deed of Hendra Karyadi, S.H. No. 40 on the same date, wherein LTCB and NAM agreed to sell all their shares totalling 1,617,550 shares at the price of two Japanese Yen.

d. Net Open Position

The Bank's net open position as of March 31, 2000 (unaudited) is as follows:

	Assets and Administrative		Liabilities and Administrative		Net Open	
	Assets	Accounts	Liabilities	Accounts	Position	
US Dollars	Rp	13,776,100,236	Rp	13,786,742,829	Rp	10,642,593
Singapore Dollars		260,625,154		257,492,367		3,132,787
Euro		41,399,639		5,983,254		35,416,385
Japanese Yen		30,200,622		29,137,716		1,062,906
Australian Dollars		26,611,733		25,670,323		941,410
British Poundsterling		14,390,315		13,276,771		1,113,544
Hong Kong Dollars		8,976,227		8,043,596		932,631
German Deutschemark		1,377,661		34,957,600		33,579,939
Canadian Dollars		876,208		569,002		307,206
Swiss Franc		868,104		158,828		709,276
Franc Belgium		810,527		135		810,392
Netherlands Guilder		555,435		1,574,411		1,018,976
France Franc		280,636		75,782		204,854
Italian Lira		149,761		149,782		21
Malaysian Ringgit		58		264,024		263,966
Others		1,004,299		34,544		969,755
Total					Rp	91,106,641

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**PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
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The above net open position as reported by the Bank to Bank Indonesia represents 2% of the Bank's capital (unaudited) as of March 31, 2000 which is in compliance with Bank Indonesia's requirement.

e. Legal Lending Limit (LLL)

The Bank's report to Bank Indonesia (unaudited) stated that its LLL as of March 31, 2000 was in compliance with the LLL requirement for related party and non-related party borrowers.

f. Restructuring of Loans

Based on the Bank's report to Bank Indonesia (unaudited), during the three months ended March 31, 2000, the Bank has completed the restructuring of loans totalling approximately Rp 1.2 billion, while based on the Bank's report to IBRA (unaudited), loans totalling approximately Rp 123 billion are still in the process of restructuring as of March 31, 2000.

g. The Turnover of the Bank from IBRA to Bank Indonesia

Based on the decision letter of the Chairman of IBRA No. SK-501/BPPN/0400 dated April 25, 2000, PT Bank Central Asia Tbk was returned by IBRA to Bank Indonesia effective since April 25, 2000. To fulfill the requirements of Article 14 of Bank Indonesia Regulation No. 2/11/PBI/2000 dated March 31, 2000, Bank Indonesia has announced in the press release, Peng. No. 2/4/BGub dated April 28, 2000, that the supervision program including the restructuring of the Bank has been completed and the Bank was released by IBRA to Bank Indonesia. Accordingly, the Bank is no longer a Bank Under Recovery.

h. Registration Statement

Based on its letter No. 240/DIR/2000 dated March 31, 2000, the Bank has submitted its Registration Statement to the Capital Market Supervisory Agency (BAPEPAM) in connection with the Bank's plan for initial public offering which constitutes the divestment of shares owned by the Republic of Indonesia as represented by IBRA.

35. CHANGE IN ACCOUNTING POLICY, INVESTMENTS IN SHARES OF STOCK AND RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

Effective January 1, 1999, the Bank changed its accounting policy for income tax from liability method to deferred tax method in accordance with PSAK No. 46, "Accounting for Income Taxes" (see Note 2s). Due to the adoption of this PSAK, the 1998 and 1997 consolidated financial statements have been restated.

The additional capital of Multicor paid-up by its foreign stockholder resulted in the dilution of the Bank's percentage of ownership in Multicor to 10% (see Notes 8 and 34b). Accordingly, as of December 31, 1999 and 1998, the Bank did not include the financial statements of Multicor in its consolidated financial statements and recorded its equity in Multicor's net loss to the extent of the carrying value of the investment. For comparability purposes, the 1997 consolidated financial statements have been restated.

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PT BANK CENTRAL ASIA Tbk AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(In Thousands, Except for Number of Branches, Number of Employees,
Share Data and Foreign Exchange Rate)

The following are the effects of the changes in the prior years' consolidated financial statements:

	1998	
	As Restated	As Previously Reported
Net Loss	(Rp 28,403,516,687)	(Rp 29,654,854,654)
Provision for Income Tax	1,251,337,967	-
Total Assets	67,928,014,376	66,682,012,930
Deferred Tax Assets	1,246,001,446	-
Capital Deficiency - Net	(25,523,599,455)	(26,769,600,901)
Net Loss per Share	(14,201,758)	(14,827,427)
	1997	
	As Restated	As Previously Reported
Net Income	Rp 149,483,236	Rp 151,668,325
Provision for Income Tax	(2,185,089)	-
Total Liabilities	50,929,872,925	51,335,875,838
Deferred Tax Liabilities	5,336,521	-
Total Stockholders' Equity	1,985,193,313	1,990,529,834
Net Income per Share	74,742	75,834

36. RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 1998 and 1997 consolidated financial statements have been reclassified to conform with the presentation of accounts in the 1999 consolidated financial statements.

37. REISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS

The Bank has reissued its consolidated financial statements for the years ended December 31, 1999, 1998 and 1997, which had been audited by registered public accountants Prasetio, Utomo & Co. with their report No. 33527S dated March 23, 2000. In connection with the Bank's plan for initial public offering and to fulfill BAPEPAM's requirements, these consolidated financial statements have been reissued by including several modifications and additional disclosures on events occurring subsequent to the issuance of the financial statements.