



Responsible Financing

The largest area of financing is in the Non-MSME Sustainable Business Finance (KKUB) category, and relates to Sustainable Natural Resources and Land Use Management. The process for providing loans to this sector is in accordance with BCA's policy to ensure environmental protection and preservation, and no deforestation.

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BCA's loan financing portfolio in 2020 fell by around 2.1% compared to last year and overall. BCA's economic performance was quite solid, despite being in a pandemic condition.

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COMPANY PERFORMANCE AND BUSINESS CONTINUITY

Achievement of Performance against Target

BCA recorded a good financial performance in 2020, despite the challenging of the COVID-19 pandemic. Operating income, which consists of net interest income and other operating income, increased by 4.9% to Rp75.2 trillion as of December 31, 2020, compared to Rp71.6 trillion in the previous year. Net profit reached Rp27.1 trillion, a decrease of 5.0% compared to Rp28.6 trillion in 2019.

The pandemic and the large-scale social restrictions (PSBB) during 2020 greatly affected the wheels of the economy. By understanding this situation, BCA continued to support its banking activities by increasing digital transaction limits to help customers conduct their transactions more easily. By the end of 2020, third party funds collected reached 108.4% of the target, an increase of 19.4% YoY. During the same period, current and savings accounts (CASA) reached Rp642.1 trillion, an increase of 21.0% YoY.

Financial Performance (Rp billion)

Description	2020	2019	2018
Financial Performance			
Loans Disbursed - Gross	574,590	586,940	538,100
Third Party Funds	834,284	698,980	629,812
Operating Income	75,165	71,623	63,034
Operating Expenses	(29,969)	(30,742)	(27,651)
Net Income	27,147	28,570	25,852
Ratio (%)			
Minimum Capital Adequacy Ratio (MCAR)	25.8	23.8	23.4
Non-Performing Earning Assets and Non-Earning Assets to Total Earning Assets and Non-Earning Assets	0.9	0.9	0.9
Allowance for Impairment Losses (CKPN) on Financial Assets against Earning Assets	2.8	1.9	1.9
Gross NPL	1.8	1.3	1.4
Net NPL	0.7	0.5	0.4
Return on Assets (ROA)	3.3	4.0	4.0
Return on Equity (ROE)	16.5	18.0	18.8
Net Interest Margin (NIM)	5.7	6.2	6.1
Efficiency ratio (BOPO)	63.5	59.1	58.2
Loan to Deposit Ratio (LDR)	65.8	80.5	81.6
Liquidity Coverage Ratio (LCR)	379.2	276.3	278.2

On the other side, the loan portfolio reached Rp574.6 trillion, a decrease of 2.1% YoY, reaching 98.4% of the target set of Rp583.9 trillion. Corporate lending is still the major part of the credit pillar, and this grew by 7.6% to Rp256.6 trillion. However, commercial lending and small and medium enterprises (SMEs) lending decreased 7.6% to Rp197.9 trillion. Housing Loans (KPR) decreased by 4.3% to Rp78.6 trillion. Motor Vehicle Loans (KKB) decreased by 22.2% to Rp28.4 trillion.

An explanation of the overall loan portfolio divided by business sector and segment (corporate, commercial & SME, and consumer) can be found in the 2020 Annual Report. [FN-CB-410a.1] [FN-CB-000.B]

In the face of the conditions in 2020, BCA continued to respond positively to the dynamic business environment with its global and sustainability issues, including the environmental and social issues. We maintained a healthy capital liquidity enabling us to survive during the pandemic conditions.

Climate Change-Related Disclosures [102-11]

As a financial services provider, climate change presents both risks and opportunities for BCA. We follow to the international standards and the guidelines laid down by the Task Force on Climate-related Financial Disclosures (TCFD) when we analyze and carry out our activities as our responsibility to participate in reducing global warming and protecting our business continuity from the negative impacts of climate change.

BCA has adjusted its lending policies, particularly for environmental, social and governance (ESG) oriented financing. Loan requirements at BCA contain a checklist pertaining to the ESG aspects as part of the sustainable finance governance implementation that listed in the Approval Letter of Credit (SPPK).

Financial Implications of Climate Change [201-2]

The current climate change has resulted in shifting seasons, with higher rainfall and drastically increasing temperatures. The extreme weather in early 2020 caused flooding throughout Indonesia and resulted in the closure of several BCA branch offices. These closures disrupted banking operations, although most were resolved through digital banking. As a result of the flooding, 25 BCA main branch offices in Jabodetabek were closed for 1 day. The flooding also caused damage to a number of BCA ATMs and resulted in a potential loss of around Rp5.2 billion.

The negative impact of climate change also affected our debtors whose business is in clove plantations. They experiences a disruption of operational activities due to high rainfall and pest attacks from changing temperature in Dompu, Nusa Tenggara. As a result, there is a potential loss due to crop failure, which may result in delays to loan repayments for their business loans from BCA.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated comes from interest income, other operating income and other comprehensive income. The total economic value generated in 2020, was Rp90.3 trillion, an increase of 3.1% from last year. Meanwhile, the economic value distributed related to operational expenses and to stakeholders, such as paying taxes to the Government, paying employee remuneration, and carrying out social and environmental responsibility activities. [201-4]

During the current year, the sources of funds that we used were derived from BCA assets and liabilities, and we did not receive any financial assistance from the Government. However, during the pandemic, BCA supported the Government policies and utilized Government facilities to assist its debtors. BCA participates in a credit guarantee program for debtors whose businesses are affected by COVID-19. In addition, BCA supported many other debtors affected by COVID-19, through loan restructuring and interest subsidies. [201-4]