

Qualitative Disclosure on Capital Structure and Capital Adequacy

The Capital Structure of the Bank in 2019 as follows:

| Capital | 2020 |
|--|-----------|
| Core Capital (Tier 1) | 2.900,07 |
| Supplementary Capital (Tier 2) | 107,21 |
| Total Capital | 3.007,28 |
| Risk Weighted Assets: | |
| For Credit Risk | 9.632,33 |
| For Operational Risk | 1.222,39 |
| For Market Risk | 706,24 |
| Total Risk Weighted Assets | 11.560,96 |
| Capital Adequacy Ratio for: | |
| Ratio CET 1 | 25,09% |
| Ratio Tier 1 | 25,09% |
| Ratio Tier 2 | 0,93% |
| Total Ratio | 26,01% |
| Minimum Ratio Tier 1 | 8,39% |
| Minimum Ratio CET 1 | 8,39% |
| Minimum CAR Based on Risk Profile | 9,32% |
| CET 1 for Buffer | 16,69% |
| The Percentage of the Buffer That Must be Fulfilled by the Bank | |
| Capital Conservation Buffer | 0% |
| Countercyclical Buffer | 0% |
| Capital Surcharge for Domestic Systematically Important Bank | 0% |

Otoritas Jasa Keuangan (“OJK”) sets and monitors capital requirements for banks. Banks are required to comply with prevailing regulations in respect of regulatory capital.

The Bank’s approach to capital management is driven by the Bank’s strategy and organizational requirements, taking into account the regulations, economic and commercial environment.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognized and the Bank also recognizes the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security level afforded by a strong capital position.

The Bank calculates its capital requirements in accordance with the prevailing OJK regulations where the Bank's capital is divided into two tiers as follows:

- a) Core capital (tier 1), consists of common equity tier 1 ("CET 1") and additional tier 1 capital.
- b) Supplementary capital (tier 2) consists of general reserve of allowance for losses on productive assets (PPAP) which shall be created (maximum 1.25% of Credit Risk Weighted Assets ("RWA")).

The Bank is not required to calculate a Capital Conservation Buffer because the Bank is included as a bank in BUKU 2. Bank Indonesia has determined the countercyclical buffer at 0% from range of 0% to 2.5% from Risk Weighted Asset. The details refer to ICAAP policy. The Bank is not required to calculate a Capital Surcharge as the Bank is not a Systemic Bank.

Bank's capital is very strong, Bank's Capital Adequacy Ratio (CAR) position as of December 2020 was 26.01%, still above the Regulator requirement, also no indication of business activity that breached capital capacity to absorb loss.