

Qualitative Disclosure on Capital Structure and Capital Adequacy

The Capital Structure of the Bank in 2019 as follows:

Modal	2021
Core Capital (Tier 1)	2,868.61
Supplementary Capital (Tier 2)	122.62
Total Capital	2,991.23
Risk Weighted Assets	
For Credit Risk	10,863.99
For Operational Risk	1,290.24
For Market Risk	369.36
Total Risk Weighted Assets	12,523.59
Capital Adequacy Ratio for	
Ratio CET 1	22.91%
Ratio Tier 1	22.91%
Ratio Tier 2	0.98%
Total Ratio	23.88%
Minimum Ratio Tier 1	8.45%
Minimum Ratio CET 1	8.45%
Minimum CAR Based on Risk Profile	9.43%
CET 1 for Buffer	14.45%
The Percentage of the Buffer that must be fulfilled by the Bank	
Capital Conservation Buffer	0.00%
Countercyclical Buffer	0.00%
Capital Surcharge for Domestic Systematically Important Bank	0.00%

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 KBMI 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 2021 was 23.88%, still above the Regulator requirement, also no indication of business activity that breached capital capacity to absorb loss.