

# BBRI NEWSLETTER

## Additional Information Disclosure on BRI's Plan for Shares Buyback

February 2022

On 21 January 2022, PT Bank Rakyat Indonesia (Persero) Tbk. announced its plans to buy back the Company's shares ("Buyback") that have been issued and listed on the Indonesia Stock Exchange ("IDX") in accordance with the Financial Services Authority ("FSA") Regulation No. 30/POJK.04/2017 dated June 21, 2017, concerning Buyback of Shares Issued by Public Companies ("FSA Regulation No. 30/2017").

The total nominal value of the Buyback shares is estimated to be Rp3,000,000,000,000.- (three trillion Rupiah) at the maximum. The Buyback shall be carried out on the IDX, whether in stages or in full, and shall be completed by no later than 18 months subsequent to the date of the 2022 Annual General Meeting of Shareholders ("AGMS"). The Buyback shall be carried out after obtaining the approval from the FSA, with due considerations to the Company's capital adequacy, liquidity, and the prevailing regulations.

### Applicable Regulations

The applied regulations regarding shares buyback:

- 1) Financial Services Authority Regulation (FSA Regulation) No. 30/POJK.04/2017 concerning Buyback of Shares Issued by Public Companies.
- 2) FSA Regulation No. 2/POJK.04/2013 concerning Buyback of Shares Issued by Issuers or Public Companies in a Significantly Fluctuating Market Condition in conjunction with FSA Circular Letter No. 22/SEOJK.04/2015 and FSA Circular Letter No. 3/SEOJK.04/2020 concerning Other Conditions constituting Significantly Fluctuating Market Conditions in Buyback.
- 3) FSA Regulation No. 11/POJK.03/2016 concerning the Minimum Capital Adequacy Requirement for Commercial Banks.

### Company's Previous Shares Buyback

In 2015 and 2020, the Company carried out Buybacks amounted of around 1.1 billion shares in accordance with FSA Regulation point 2) above that does not require GMS approval as follow:

Period	Applied Regulations	# Repurchased Shares	Avg. Repurchased Price
2015 – 2016	FSA Circular Letter No. 22/SEOJK.04/2015	1,108,590,000	IDR 2,182
2020	FSA Circular Letter No. 3/SEOJK.04/2020	16,400,000	IDR 2,881
<b>Total</b>		<b>1,124,990,000</b>	

Substantially as of December 31, 2021, almost all of the shares acquired from the Buybacks have been transferred by way of employee share ownership programs in accordance with FSA Regulation point 3) above, which stipulates that one of the specific purposes to repurchase shares which have been recognized as components of paid-in capital are as stock inventory for employee/management share ownership program.

### Employee's Share Ownership Program

BRI plans to buy back the Company's shares will become part of long term incentive strategy for employees and management that will be perform more regularly. The Share Ownership Program is expected to further increase engagement and sense of belonging to the Company with the following aims and objectives:

1. Provide motivation to contribute more optimally to improve performance in achieving the Company's targets in the future
2. Align the interests of Employees, members of the Board of Directors, and the Board of Commissioners with shareholders
3. Give awards for efforts to maintain and/or increase the value of shares in the long term, including in conditions that are less favorable for the Public Company

The shares ownership scheme and policies will refer to our previous Employee Stock Allocation Program, and Employee Stock Option Program carried out in 2019, 2020, and 2021. The long term incentive programs are granted to around 54 thousand permanent employees based on the company's performance and individual achievement, such as consistency to meet certain performance score threshold for three consecutive years, in addition to those based on specific criteria, considered top talent and value creator of the company.

We believed that these programs have successfully increased employee engagement, shown by the improvement in BRI employee engagement index (2019: 3.3, 2020: 3.39 and 2021: 3,46). BRI also able to maintain employee turn-over rate at 1,8%, significantly lower than industry average of ~6%.

### Repurchase Price, Limit And Impact

- **Repurchase Price:** The Buyback shall be carried out at a price deemed proper and fair by the Company, with due considerations to the prevailing regulations. In accordance with article 10, FSA regulation No. 30/2017 stipulate that **the offer price to repurchase shares must be lower or equal to the previous transaction price on the market (stock exchange).**
- **Repurchase Limit:** In accordance with FSA Regulation No. 30/2017, there are no limitation on number of shares repurchased. For this proposed buyback the maximum amount will be Rp3 Trillion and will be exercised in maximum 18 months. Assuming the exercise price is Rp4,430 (market price as of 23 Feb '21), the total number of repurchased shares is estimated around 677.2 million shares or only around 0.45% to total outstanding shares.
- **The share buyback will positively impact** the shareholder value by increasing Earnings per Share (EPS) and Dividend per Share (DPS), as the repurchased shares will be accounted as Treasury Stock excluded from EPS and DPS calculation. The repurchased shares (Treasury Stock) will then be transferred to the employee/management share ownership program according to FSA Regulation point 3) above, which will add back the number of floating shares and normalize the impact on EPS and DPS. We don't see any possibility of dilution coming from this proposed shares buyback and employees/management stock ownership program as there are no new shares issued.

Download the full disclosure of the company's plan for share buyback:

[https://www.ir-bri.com/newsroom/a760dfe359\\_385b2a0e04.pdf](https://www.ir-bri.com/newsroom/a760dfe359_385b2a0e04.pdf)