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Report of **The Board of Directors**



Lani Darmawan

President Director

As a form of support for MSMEs and sustainability, CIMB Niaga's Directors and Commissioners wear clothing by ByBinzu (excluding scarves) made from environmentally friendly materials and natural dyes.



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DEAR RESPECTED SHAREHOLDERS AND STAKEHOLDERS, 

With an eye on the nation's economic recovery and its subsequently expansive path, we have continued to capture every opportunity so as to meet the Bank's objectives and aspirations. We have also responded to emerging changes by efficiently making quick adjustments.

In 2022, CIMB Niaga made repeatedly proud achievements as we became more committed to delivering the best banking experience to our customers. We have accomplished this by improving the quality of our services, products, digital technology, and innovations, which has enabled us to bring to life CIMB Niaga's aspiration of becoming the preferred bank of the Indonesian people and businesses.

While our key focus is on how to grow the business, we have also prioritized the sustainability of our business as we integrate environmental, economic, social, and governance aspects into the operational banking process. With a passion for this year's **Anda#YangUtama** approach, we have always worked to deliver the best for our customers.

MACROECONOMIC DEVELOPMENT

In global macroeconomic terms, 2022 remained a challenging year as certain countries struggled for political, defense, and economic domination, which was made even more challenging by aggressive monetary policy tightening that led to a global economic slowdown. In its January 2023 World Economic Outlook report, the International Monetary Fund (IMF) announced global growth of 3.2% in 2022. The agency also envisions around 3.4% global growth in 2023. Adding to the economic burden was the recent increase in the benchmark rate of the world's central banks to tame inflationary pressures in the aftermath of the Russia-Ukraine war.

Domestically, Indonesia saw its economy moving on a path to recovery in 2022. The domestic economy showed robust growth and seemed to have nearly

the level of its pre-pandemic years, in line with people's restored mobility that put the economic wheels back in motion. The Central Statistics Agency (BPS) recorded domestic economic growth of 5.31% from 3.70% in the prior year. Another driver of this growth was strong export and improved household consumption and non-building investment.

Household consumption grew higher in line with the restoration of mobility after the abolition of the Community Activities Restrictions (PPKM) policy. Investment also increased, driven by an improved outlook for businesses, larger inflows of Foreign Investment (PMA), and the continuation of the National Strategic Program (PSN) towards completion. Consumer Price Index (CPI) integrating at the end of 2022 was recorded at 5.51%, much lower than the economist consensus of 6.5% after the government adjusted the price of subsidized fuel in September 2022.

Liquidity in both the economy and banking industry remained loose, thus supporting the state budget's distribution of loan and financing. Loose liquidity was driven by accommodative monetary policies supporting the national economic recovery from the COVID-19 pandemic.

To maintain stability while mitigating the global aftermaths of normalization policies affected by the more developed nations, in 2022, Bank Indonesia normalized its monetary policy by gradually absorbing excess liquidity. Liquidity, among other measures, was normalized by earmarking a larger amount of Rupiah Minimum Statutory Reserves (GWM) while continuing to support the ability of banks to channel loan and purchase SBN on the

primary market for APBN financing. During 2022, Bank Indonesia raised its benchmark rate, the BI 7 Days Reverse Repo Rate 5 times with a total increase of 200 bps reaching 5.5% at the end of the year.

The banking Liquid Assets to Third Party Funds (AL/DPK) stood at 31.2% in 2022, with ample liquidity to support loan growth. This ratio appeared higher than the pre-pandemic average LA/DPK ratio at around 20.7%. This achievement aligns with Bank Indonesia's efforts to normalize monetary policy by gradually absorbing excess liquidity.

Banking industry loan growth in December 2022 was recorded at 11.35% yoy, supported by an increase in the entire loans portfolio while working capital loans in all economic sectors grew at a high 12.17%, while investment loans and consumption loans grew respectively at 12.00% and 9.42%. Recovery was also seen in the intermediary function of sharia banking, with a growth of 20.15% in financing in December 2022.

Banking capital remained robust, with a sustained capital adequacy ratio (CAR) at 25.63% in December 2022, in line with the increasing capital component of accumulated profits and risk-weighted assets (RWA). Along with strong capital, credit risk remained under control, as reflected in the non-performing loans (NPL) ratio in December 2022 at a relatively low 2.44% (gross) and 0.71% (net).

BANK PERFORMANCE ANALYSIS 2022

STRATEGIES AND POLICIES

With an eye on the nation's economic recovery and its subsequently expansive path, we continued to capture every opportunity to meet the Bank's business targets. We also responded to emerging changes by efficiently making quick adjustments. Having analyzed various challenges and opportunities, we continued to employ our 5-Pillar Strategy in 2022 as the basis for our strategy and policies, including 1) Playing to Our Strengths, 2) Expanding the CASA Franchise, 3) Discipline in Cost Management, 4) Preservation of Capital and Balanced Risk Culture, and 5) Leverage Information Technology.

1. Playing to Our Strengths

We are focusing on sectors and targeting markets where we have earned broad recognition and where our presence is strongest. The consumer and Emerging Business Banking (EBB) segments have been our main focus for growth, not only because these two segments constitute the Bank's main strengths but also because both offer future growth prospects with sizable growth opportunities. These

two segments also offer relatively more attractive Risk-Adjusted Return on Capital (RAROC) than others.

Consumer Banking continued to focus on Mortgages (KPR) and Auto Loans (KPM). As a result, consumer loans grew 11.77% in 2022 to reach Rp67.2 trillion from Rp60.1 trillion in the previous year, driven by strong growth in Mortgages and Auto Loans.

In order to accelerate growth in the EBB segment, CIMB Niaga has strengthened digitalization, streamlined the credit process, developed the digital ecosystem, and continues to offer competitive interest rates. The Bank utilizes its internal customer base in Corporate and Commercial Banking as well as externally through collaboration with Fintech and Digital Ecosystems to deepen business penetration in terms of funding and financing. In 2022, EBB recorded loans of Rp23.1 trillion, an increase of 9.17% from Rp21.1 trillion in the previous year.

2. Expanding the CASA Franchise

In 2022, CIMB Niaga continued to record a higher CASA ratio reaching 63.57%, higher than the previous 61.34%. This achievement also lowered the cost of funds thus providing a competitive advantage for the Bank.

We achieved this thanks to our various initiatives and programs in the retail and non-retail segments, especially our successful digital strategy that we have developed innovatively to improve customer experience. The Bank will continue to develop digital services and meet our customer needs with high-security features.

3. Discipline in Cost Management

In 2022, we consistently undertook various initiatives to pursue efficiency, streamline work processes, optimize operational costs, prioritize capital expenditures, review branch office operations, and employ other initiatives.

Eventually, we were able to sustain the growth in operational costs to a moderate 5.12%. Disciplined initiatives and strategies in cost management are also evidenced by the reduced cost-to-income ratio from 45.88% to 44.91%. In addition, we also continued to develop our digital banking network by investing in aspects that drive business growth to increase the Bank's productivity.



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4. Preservation of Capital and Balanced Risk Culture

In 2022, CIMB Niaga recorded a Minimum Capital Adequacy Ratio (CAR) of 22.19%, well above the minimum limit in force. CAR in the previous year was recorded at 22.68%.

We consistently implement Enterprise Wide Risk Management as a guide in conducting business activities and making decisions. The Bank's strategy to achieve an ideal balance in the loan portfolio is carried out by recalibrating the loan risk weight by applying the Risk-Adjusted Return On Capital (RAROC) framework. We also disseminate risk awareness by strengthening the role of the Risk Control Unit (RCU) and quality assurance in every function within the organization. At the same time, CIMB Niaga is also trying to instill a culture of risk inherent in every CIMB Niaga employee.

Sustainable improvement in asset quality was one of our key focus areas in 2022. The positive results in asset quality initiatives was evidenced by the non-performing loans (gross NPL) which fell by 67 bps to 2.80% at the end of 2022.

5. Leverage Information Technology

The increasingly advanced information technology in digital banking greatly assists various banking transactions and activities. We continue to look for opportunities by maximizing information technology, which also plays an important role in supporting the Bank's business. IT usage is expected to further facilitate business processes to help the Bank focus more on the customer servicing aspect.

We continue to innovate and digitize business processes to remain relevant to customer needs. CIMB Niaga has recorded that more than 97% of banking transactions are carried out through the branchless banking network, including digital channels.

The use of digital platforms remains our focus to provide the best customer experience and security in banking transactions. We have also digitized internal processes to speed up processes and facilitate our Relationship Managers in rendering the best service to customers.

Sustainably, CIMB Niaga establishes synergy with the CIMB Group through the digital transformation program and continuous innovation in various digital services. With this synergy, the Bank can continue providing customers with the best service and increase the Bank's business growth opportunities.

THE ROLE OF THE BOARD OF DIRECTORS IN STRATEGY AND POLICY FORMULATION

The Bank's 2022 strategy and strategic policies have been formulated in line with the mandate set out in the Board of Directors' Charter. As part of our duties and responsibilities, we have taken a leading role in formulating strategies and strategic policies. We kept the strategies and policies in line with the Bank's Vision and Mission as stipulated in the Bank's Business Plan after having been approved by the Board of Commissioners prior to implementation.

PROCESSES CONDUCTED TO ENSURE THE IMPLEMENTATION OF STRATEGIES AND POLICIES

In order to ensure that the Bank's strategy and policies were implemented as planned, we have made various efforts e.g., providing the necessary elaboration we had outlined in the Bank's 2022 Business Plan to make them easier to apply. We also played an active role in ensuring that all of the Bank's organizational bodies and units understood and consistently implemented the strategies.

We were directly involved in overseeing strategy implementation and ensuring that all parts of the organization were given equal opportunities to present their ideas and make innovations to help the Bank achieve its objectives. As we involved ourselves in this process, we were assisted by committees who work under us and other supporting organs in periodically overseeing the execution of strategies and policies to ensure we kept on the right track.

2022 PERFORMANCE ACHIEVEMENT AND COMPARISON WITH THE TARGET

With the Bank's strong capital and liquidity position coupled with the right and consistently executed strategies and policies, we achieved the financial targets we had set for 2022. Regarding the financial position, CIMB Niaga recorded total assets of Rp306.8 trillion compared to Rp310.8 trillion the previous year. The Bank successfully disbursed total loans of Rp196.6 trillion, up 8.26% from Rp181.6 trillion the previous year.

The Bank delivered a solid performance with an increase of 7.39% in operating income, mainly contributed by Non-Interest Income (NolI) and Net Interest Income (NII) as the two grew 20.34% and 2.96%, respectively. Net Interest Margin (NIM) slightly declined to 4.69% from 4.86% in the same period last year. Meanwhile, Loan Loss Coverage (LLC) was recorded at 242.75%, supported by improved asset quality.



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We delivered Rp6.6 trillion in consolidated profit before tax, an increase of 23.26% from Rp5.3 trillion in the previous year. Meanwhile, consolidated net profit reached Rp5.0 trillion, up 19.63% (2021 profit excludes exceptional items) from the previous Rp4.2 trillion. This resulted in earnings per share of Rp202.21. The improved financial performance in 2022 corresponds to robust business growth, controlled costs, and a better trend in underlying asset quality.

With a sustained focus on growing low-cost funds as one of the pillars of the strategy, we have again managed to increase our low-cost funding ratio (CASA ratio) to 63.57% from the previous 61.34%. This increase was mainly driven by the Rp144.4 trillion in CASA and a decrease in time deposits to Rp82.7 trillion from Rp93.3 trillion in the previous year. Total customer deposits reached Rp227.2 trillion, from Rp241.3 trillion in the previous year, allowing us to maintain the Bank's liquidity position. We have also increased operational efficiency, as indicated by the lower Cost to Income (CIR) ratio of 44.91% compared to 45.88% in the previous year.

With a consistent improvement in fundamental performance, CIMB Niaga managed to improve returns generated to our shareholders in the form of return on asset (ROA) and return on equity (ROE). ROA and ROE increased to 2.16% and 12.59%, respectively in 2022, from 1.88% and 10.73%, respectively in 2021.

Overall, CIMB Niaga delivered on its performance targets. Regarding intermediary functions, we disbursed higher-than-target loans as of December 31, 2022. Overall, with everything that CIMB Niaga achieved in 2022, we have become even more encouraged to continue to provide added value to shareholders.

OBSTACLES FACED AND ANTICIPATION INCREASED

CIMB Niaga has offered customers a constant stream of relevant financing solutions and services while upholding the principle of prudence to respond to pandemic-induced challenges. We have been supporting our debtors' businesses with the right initiatives to help them seamlessly run their respective businesses.

Nevertheless, the Bank was also faced with a number of external and internal challenges in 2022. The world's central banks responded to the higher, war-triggered inflation with a common policy of making upward adjustments to their interest rates. The Fed decided to increase its federal funds rate (FFR). Bank Indonesia then used this Fed policy on US inflation to raise its benchmark interest rate and the yield on government bonds (SUN). This BI policy prompted banks to follow suit, leading to a higher cost of funds.

CIMB Niaga responded by adjusting loan and deposit rates and strengthening CASA. In maintaining CASA as the backbone in the cost of funds, among other activities we continued strengthening our digital innovation, improving cash management, and increasing operating account penetration.

We have been hard at work managing our loan portfolio, especially in sectors where the pandemic impacts were still felt, to maintain the quality of the Bank's earning assets. We also continued to identify and classify portfolios early, apply thematic stress tests, and/or conduct reviews of our affected portfolios.

Even knowing the pandemic was not over, we anticipated the various operational challenges the pandemic would leave us with. We encouraged employees to remain productive by working with our hybrid model (hybrid working and happy working) from home and at the office. This was one of our innovations in internal processes in the field of Human Resources (HR) as we involved every aspect of the Bank to adapt to the challenges brought about by the pandemic, allowing employees to prepare for the economic recovery that is yet to come.

In 2022, we also saw regulatory changes in the banking industry. The Personal Data Protection Draft Bill was passed into law (UU) as the legal foundation of the provisions on Personal Data Protection (PDP) in Indonesia. This newly passed law protects owners of personal data from cyber-attacks that can lead to data leakage, as well as unauthorized processing/use of personal data. Other regulatory changes related to Bank activities and products were also made, which included foreign exchange transactions, strengthening of consumer protection provisions, and regulations on investment activities by banks. Finally, a national economic stimulus policy for debtors affected by COVID-19 was issued by OJK and Bank Indonesia to help debtors recover. In general, all changes or issuance of regulations during 2022 did not significantly impact the Bank's operational performance and financial statements.

We noticed the existing challenges and even closely observed them as we consistently implemented the 5-Pillars Strategy. As a result, we again managed to maximize the Bank's strengths and drive sustainable growth and value creation, strengthen digital capabilities and innovation, and affirm our position as the leader in digital banking services.



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ORGANIZATIONAL STRUCTURE

Organizational development and dynamic business changes have made the Bank's organizational structure play an important role in achieving the Bank's goals. As illustrated in the Company Profile Section of this Annual Report, we continued to strengthen the Bank's organizational structure by identifying successors and providing them with development programs. CIMB Niaga conducts continuous studies on the organization to increase effectiveness and efficiency while ensuring the sustainability of the Bank's organization.

MAIN ACTIVITIES AND TYPES OF PRODUCTS AND SERVICES OFFERED

CIMB Niaga conducts business activities in banking services by collecting and providing public funds and offers competitive interest rates to customers. The products and services offered, including lending to small and medium business debtors, can be seen and described in the Company Profile chapter under the discussion section on CIMB Niaga Products and Services.

INTEREST RATE OF FUNDING AND FINANCING

Given below is information regarding CIMB Niaga's interest rates for customer deposits and loans in Rupiah:

Period	Prime Lending Rate based on Loan Segmentation				Interest Rate for rupiah-denominated Deposits
	Loan		Personal Loan		
	Corporation	Retail	Mortgage	Non-Mortgage	
March	8.00%	8.75%	7.25%	8.50%	2.38%
June	8.00%	8.75%	7.25%	8.50%	2.35%
September	8.00%	8.75%	7.25%	8.50%	2.32%
December	8.00%	8.75%	7.25%	8.50%	2.47%

NUMBER, TYPE, AND LOCATION OF OFFICE

In 2022, CIMB Niaga offered a variety of banking products and services through 417 branches and networks (includes Sharia Branch, Digital Lounge, Mobile Cash, and Kiosk), 3,278 ATM units, 925 Cash Recycle Machines (CRM), and 4 Multi Denom Machines (MDM) as well as 10,936 employees with offices across Indonesia. We also continued synergizing business units with the CIMB Group to sustain growth with maximum results.

NETWORK AND BUSINESS PARTNERS

The Bank's network in the form of branch offices is an essential part of the operational and intermediary functions while also functioning as the leading channel for selling banking products. CIMB Niaga continuously collaborates with business partners at home and overseas to become more resilient, competitive, and efficient. During 2022, CIMB Niaga collaborated with various business partners in providing financial product services and various access choices to the best transactions for customers, including cooperation in bancassurance products, wealth management, and other products by utilizing the Bank's network and customers as the target market.

OWNERSHIP OF DIRECTORS, BOARD OF COMMISSIONERS, AND SHAREHOLDERS IN THE BANK BUSINESS GROUP

Share ownership (direct and indirect) of members of the incumbent or just recently appointed Board of Commissioners and Directors, both at CIMB Niaga and the CIMB Group, is in accordance with the information given in the Company Profile Chapter of this Annual Report. None of the Board of Commissioners members owned shares in the Bank's Subsidiaries.

IMPORTANT CHANGES TO THE BANK AND THE BANK BUSINESS GROUP

Throughout 2022, there were no important changes to the Bank or the Bank Business Group.

BUSINESS PROSPECTS, ECONOMIC DEVELOPMENT, AND TARGET MARKET

We expect to see prolonged uncertainty in the global economy in 2023. Recently, the International Monetary Fund (IMF) estimated a 2.9% global economic growth in 2023 and 3.1% in the following 2024. The global macroeconomic battle against inflation and Russia's war in Ukraine will likely persist in 2023. Downward revision in economic growth projections have been made for the United States (US), Europe, and Latin America.



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Domestically, the government's recent abolition of the community activities restrictions is expected to positively impact economic growth and the banking industry. Overall, Bank Indonesia estimates that economic growth in 2023 will remain strong, albeit slowing slightly to the midpoint of the 4.5-5.3% range, before returning to 4.7-5.5% in 2024.

The nation's economic growth in 2023 will be supported by increased private consumption and investment, persistently strong exports, and sustained people's purchasing power amidst soaring inflation. BI's last survey gives various indicators of the ongoing recovery process of the domestic economy, such as Consumer Confidence Index, Retail Sales Index, and the Manufacturing Purchasing Managers' Index (PMI).

The banking industry is expected to remain resilient in the future. This can be seen in the Systemic Risk Survey conducted by Bank Indonesia on respondents from various financial institutions, corporations, economic observers, and academia in October 2022, which showed a high level of confidence toward financial system stability for some years to come.

Along with the end of the COVID-19 restructuring in March 2023, total COVID restructured loans balance has decreased. The only segment where The Financial Services Authority (OJK) applied extension is the MSME segment which covers all sectors: accommodation and food and beverage sector, and several industries that provide large employment opportunities, from the textile and textile product industry (TPT) to the footwear industry. As for the public sector, the COVID-19 loan restructuring relaxation policy will remain in effect until March 2023.

In line with this, CIMB Niaga's total COVID-19 restructuring has also shrunk to Rp4.8 trillion (2.4% of total loans) in December 2022 compared to Rp8.6 trillion (4.7% of total loans) in the previous year. We remain optimistic about the bank's brighter prospects and stronger future growth. We have set realistic figures as the 2023 targeted performance aligns with projected developments in the banking industry.

IMPORTANT THINGS IN THE FUTURE

Looking ahead, we predict several likely occurrences in the future that will require us to make further adjustments to CIMB Niaga, including the post-pandemic policy response to COVID-19, as well as global macroeconomic uncertainty as a result of price volatility, in addition to prolonged uncertainty in the global supply chain.

Another prevailing issue the banking industry will see is sustainability. Needless to say, sustainability has been part of CIMB Niaga's priorities in running its business by synergizing economic, environmental, social, and governance aspects into banking business and processes. This is a testament to the Bank's commitment not only in earning profit but also in contributing to the preservation of the environment and the earth for future generations.

Another challenge is related to how to best apply the latest technology, in line with its rapid development, with the readiness in our people processes and others. We will optimize the digital ecosystem to reach out to untapped new customers in terms of financing and eventually increase financial inclusion in Indonesia according to the government's and regulators' directions.

We are optimistic that we can continue to grow our businesses and targeting a better financial performance, with a priority placed still on the principle of prudence. We will continue to strengthen the Bank's 5-Pillar Strategy in order to deliver stronger operational and financial performances. We will capitalize on the momentum of national economic recovery, as we expect it to continue in the future, by optimizing the bank's digital services, with the hope and belief that the efforts made will be able to provide convenience and ease of transactions for customers.

SUSTAINABLE FINANCE INITIATIVES AND ESG IMPLEMENTATION

CIMB Niaga carries out sustainable financial initiatives that are integrated into Environmental, Social, and Governance (ESG) aspects with the Bank's risk management, business strategy, and operations. This effort is expected to positively impact stakeholders in the long term. In addition, CIMB Niaga is also aware of the importance of the support and role of financial institutions in carrying out sustainable business activities to support the realization of a low carbon economy, climate change mitigation, and adaptation actions, Nationally Determined Contribution (NDC), and Sustainable Development Goals (SDGs) in Indonesia.

In 2022, sustainable finance was implemented according to the Bank's Sustainable Finance Action Plan (RAKB). Amongst our predetermined targets achieved was the integration of Human Rights (HAM) policies and a commitment to support the best practice of sustainability No Deforestation, No Peat, and No Exploitation (NDPE) as part of Sustainability Due Diligence (SDD) process and has been adopted in several Bank sector guidances.



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Regarding sustainability products and services, the Bank launched Sustainability Market Linked Deposits and Giro Kartini, which support female entrepreneurs, and continued the Sustainability-Linked Loan/Financing (SLL/F) and Sustainable Finance (SF) programs for wholesale banking customers. In terms of the financing portfolio, this year, the Bank was appointed by the OJK to join a pilot project related to reporting based on the Indonesian Green Taxonomy (THI). The results of the identification and reporting of THI in December 2022 for the November 2022 YTD financing portfolio showed that 36% of our top 350 debtors fell under the green or yellow category, or equivalent to Rp28.35 trillion. Conversely, as of December 2022, the Bank's sustainable finance portfolio classified by the Sustainable Business Finance Category (KKUB) reached 26% of the Bank's total loan portfolio.

HUMAN RESOURCE DEVELOPMENT

Human Resources (HR) development strategies and policies are directed at efforts to respond to challenges in the banking industry. Therefore, we have implemented a strategic plan that focuses on 5 (five) pillars of HR development which are Strategic Talent Acquisition and be a Talent Magnet, Cultivate Talent & Leadership Brand, Future Proof Organization, High Performing Organization linkage to Performance and Contribution Based Rewards, and Operational Excellence for Seamless Employee Experience.

The Bank encourages employees to gain knowledge and build their skills in Digital & Data, such as agile methodologies, coding, data analysis, design thinking, etc. At the Middle Management and Senior Management levels, the Bank ran the Digital Leadership 2022 program to improve capabilities and leadership in digital transformation by using the latest technology.

Running parallel, the development of Society 5.0 focuses on the role of humans in the era of technological disruption by integrating physical and cyber spaces. Realizing this, we implemented Rebranding Hybrid Working (HyWork) as a new work style for CIMB Niaga employees to work in the office or at home, supported by an internal application that employees can access. The pillars of HyWork are HySpace, HyLearn, HyTalks, HyTeam, HyLink & HyFit. One of the special achievements in 2022 was the launch of SHINE (Sport, Hobbies, Interest & Enlightenment) on the HyFit pillar as a forum for employee interaction and community.

In 2022, CIMB Niaga launched a new work culture, namely EPICC (Enabling Talent, Passion, Integrity & Accountability, Collaboration, Customer Centricity), an energy source for the performance of all CIMB Niaga employees that they can even apply to their daily lives. In order to internalize the EPICC values, CIMB Niaga

runs a feedback system in the performance appraisal process, which is aligned with the main behavior of each EPICC value. Thus, each employee is expected to live up to EPICC behavior in their daily work to support CIMB Niaga's goals and aspirations.

The Bank has also released several training modules in Learning on the Go (LoG) related to leadership, including some that were also incorporated into the EPICC module, which give insights into how to implement key EPICC behaviors as leaders. E-Learning & LoG learning has been attended by 268,577 participants. The Bank is expanding learning modules and materials using VR (Virtual Reality) Learning technology by adding 11 modules and submodules in 2022, so currently, CIMB Niaga has 16 modules. In 2022, CIMB Niaga received appreciation from the Indonesian Record Museum (MURI) as the first bank in Indonesia to implement VR Learning.

The Bank's various efforts in HR practices in 2022 garnered awards from numerous reputable institutions, both locally and regionally. In terms of the Organizational Health Index (OHI), CIMB Niaga was named amongst the Top Quartile of the ASEAN Financial Institution.

It is expected that in the future, the Bank will continue to maximize the added value of HR to support the Bank's business growth in facing the global economy. Therefore, CIMB Niaga has designed a strategic plan that focuses on digital innovation, optimizing Hybrid Working, as well as continuing organizational development, internalizing a new work culture (EPICC), and fulfilling adequate HR capabilities to support business processes.

INFORMATION TECHNOLOGY OPTIMIZATION

Technology continues to advance. This impacts every aspect of human life, including the banking industry. We continue to innovate to improve the banking experience for all customers, including the management and development of Information Technology (IT) that is directed and effective. This effort is made to support banking services in accordance with the standard expectations and needs of customers.

IT optimization can provide customers with speed, accuracy, convenience, and security in banking transactions. Other than continuous IT development, protecting customers is supported by the Bank's risk-robust, effective, and comprehensive management system.

During 2022, we ran a series of IT programs. Among the programs, we continued to develop software for process automation that would allow for more systematic and monitored workflow in each operational unit. We also continued to fulfill IT application development in



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accordance with directions from regulators as well as in fulfilling risk mitigation elements and ensure stable service availability by monitoring infrastructure capacity in an integrated manner.

As one of the important issues in the banking industry, we continue to strengthen the capability and capacity of Cyber Security to make it more proactive in improving IT security in anticipating virus and malware threats and mitigating digital risks by updating the incident management platform and automating security testing on applications. We simplified the work process, especially in development (IT-related projects), and made functional /organizational changes to better support business development.

BANK GOVERNANCE IMPLEMENTATION

We bring continuous improvement to how we implement governance according to all regulatory provisions and in adherence to national and international best practices. We can see the results of the Bank's commitment to implementing and improving Governance (GCG) in the Bank's positive achievements and strong growth in 2022.

The application of GCG principles is one of the important elements of the success of the Bank in running its banking business. We implement GCG not only to comply with the provisions of the regulator but also to meet the Bank's short-term and long-term targets.

CIMB Niaga always applies a conducive corporate culture in implementing GCG within the Bank. In 2022, CIMB Niaga brought improvement to GCG implementation by issuing the CIMB Niaga Human Rights Policy, implementing Anti-Bribery Management System (SMAP), and changing the term of office for the Board of Commissioners, the Sharia Supervisory Board, and the Board of Directors to three years to fit into ACGS criteria. In addition, the Bank made improvements to the Anti-Bribery and Corruption Policy and Vendor's Code of Ethics which also serves as the Vendor's Integrity Pact.

For its consistency in implementing and improving GCG, in 2022, CIMB Niaga received recognition in the 2021 ASEAN Corporate Governance Scorecard Award as one of the ASEAN Top 20 PLCs, an achievement that made the Bank the only representative of Indonesia to earn that position. At this event, the Bank was recognized as an ASEAN Asset Class PLC and Indonesia Top 3 PLC (highest score).

Appreciation for GCG implementation at CIMB Niaga was also shown by the awards the Bank garnered for four years in a row at the TOP GRC Award 2022 for the highest category, #5Stars. CIMB Niaga's President Director, Ms. Lani Darmawan, was crowned The

Most Committed GRC Leader 2022, while its Board of Commissioners was named The High Performing Board of Commissioners on GRC 2022.

At the 2022 GRC & Performance Excellence Award, CIMB Niaga won the award for The Best Overall for Corporate Governance & Performance (Foreign Banking), Commissioner of the Bank Mr. Jeffrey Kairupan was crowned The Best Commissioner of the Year, Director of the Bank Mrs. Fransiska Oei was crowned The Best Chief Compliance Officer of the Year, and Director of the Bank Mr. Henky Sulistyo was also crowned The Best Chief Risk Management Officer of the Year.

CIMB Niaga is determined to become "the Leading ASEAN company" and achieve its stated long-term goals, including improving and implementing GCG, referring to GCG guidelines and standards that apply nationally and internationally.

ASSESSMENT OF THE PERFORMANCE OF COMMITTEES UNDER THE DIRECTORS

In discharging its executive duties and responsibilities, the Board of Directors is assisted by 4 Executive Committees (EXCO), namely the Risk Management Committee, Assets & Liability Committee, IT Steering Committee, and Credit Policy Committee. In addition, the Board of Directors is also assisted by a Special Committee (SPECO), which is led by the respective Director in accordance with the needs of the Bank.

The committees have done their respective jobs well. We base this assessment on several things, such as meeting frequency; our presence; Service Level Agreement (SLA) Minutes of Meetings; Action Matters Arising; and Distribution of meeting invitations. In 2022, the presence of the Board of Directors at committee meetings, including decisions and recommendations made during the meeting discussion, was also used as a reference in evaluating the Committees' performance under the Board of Directors.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The success of the Bank's business is not only determined by management and operational performance since success for us is also about the support of our stakeholders and how we meet their diverse expectations. We are committed to building harmonious and mutually beneficial relationships with the environment, community, society, and all other stakeholders. We realize it through our Social and Environmental Responsibility (TJSL) programs.

The implementation of the Bank's TJSL also aims to develop a sustainable economy by closely observing the balance of Environmental, Social, and Governance



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(ESG) aspects. TJSL is a concrete manifestation of the Bank's commitment and policies to achieve the Vision and Mission of the Bank's Sustainable Finance and in line with Financial Services Authority Regulation No. 51/POJK.03/2017 concerning the Implementation of Sustainable Finance. We also carry out the TJSL program as a form of CIMB Niaga's support for UN resolutions on Sustainable Development Goals (SDGs).

CIMB Niaga's TJSL implementation has a clear objective: to give positive impacts and improve the socio-economic welfare of the people with whom the Bank has connections by gradually running the right programs with long-term impacts, then developing these programs on an ongoing basis. With these efforts, CIMB Niaga will be able to achieve its ideal, objective, and targeted TJSL implementation goals.

CIMB Niaga implemented TJSL activities through the implementation of the Scholarship Program, Ayo Menabung dan Berbagi (Let's Save and Share) Program (AMDB), Tour de Bank (TDB), Community Link Program, Bamboo Conservation Program, Blood Donation and Religious Donations as well as natural disaster relief. In 2022, CIMB Niaga expended a total TJSL fund of Rp24.2 billion distributed to the four pillars of the Bank's TJSL, covering Education, Health and Community Welfare, Economic Empowerment, and Climate and Environment. The Bank also organized other activities through the Qardhul Hasan program, with Rp5.2 billion expended.

CHANGES IN THE COMPOSITION OF MEMBERS OF THE BOARD OF DIRECTORS

The Annual General Meeting of Shareholders (AGM), held on 8 April 2022, approved to change the Company's Board of Directors Composition by appointing Noviadly Wahyudi as Director. The AGM also approved the reappointment of Lee Kai Kwong and John Simon, respectively as Directors.

We welcome the new director and wish him well in his new job. We hope our current composition of members at CIMB Niaga can continue to deliver

stronger performances. The composition of the Board of Directors as of the date of this Annual Report is as follows:

President Director	: Lani Darmawan*
Director	: Lee Kai Kwong
Director	: John Simon
Director concurrently:	Fransiska Oei
as Compliance	
Director	
Director	: Pandji P. Djajanegara
Director	: Tjioe Mei Tjuen
Director	: Henky Sulistyo*
Director	: Joni Raini*
Director	: Rusly Johannes**
Director	: Noviadly Wahyudi***

* Effective as of 9 March 2022.

** Effective as of 22 April 2022.

*** Effective as of 16 August 2022.

APPRECIATION AND CLOSING

In our closing remarks, I would like to express our highest appreciation and gratitude to my fellow directors and all employees for their consistent hard work and dedication throughout 2022. Our thanks and appreciation also go to our shareholders, customers, business partners, and all other stakeholders for their continued trust.

We mandate that all CIMB Niaga personnel consistently adhere to the existing standards and procedures and stay healthy, although the end of the pandemic seems already in sight. It would not be wise to be complacent about what we have achieved, and in fact, it is time for us to remain prudent and act responsibly in our daily operations. Those are the steps we should take to see the Bank grow sustainably in the future.

10 March 2023

Lani Darmawan

President Director