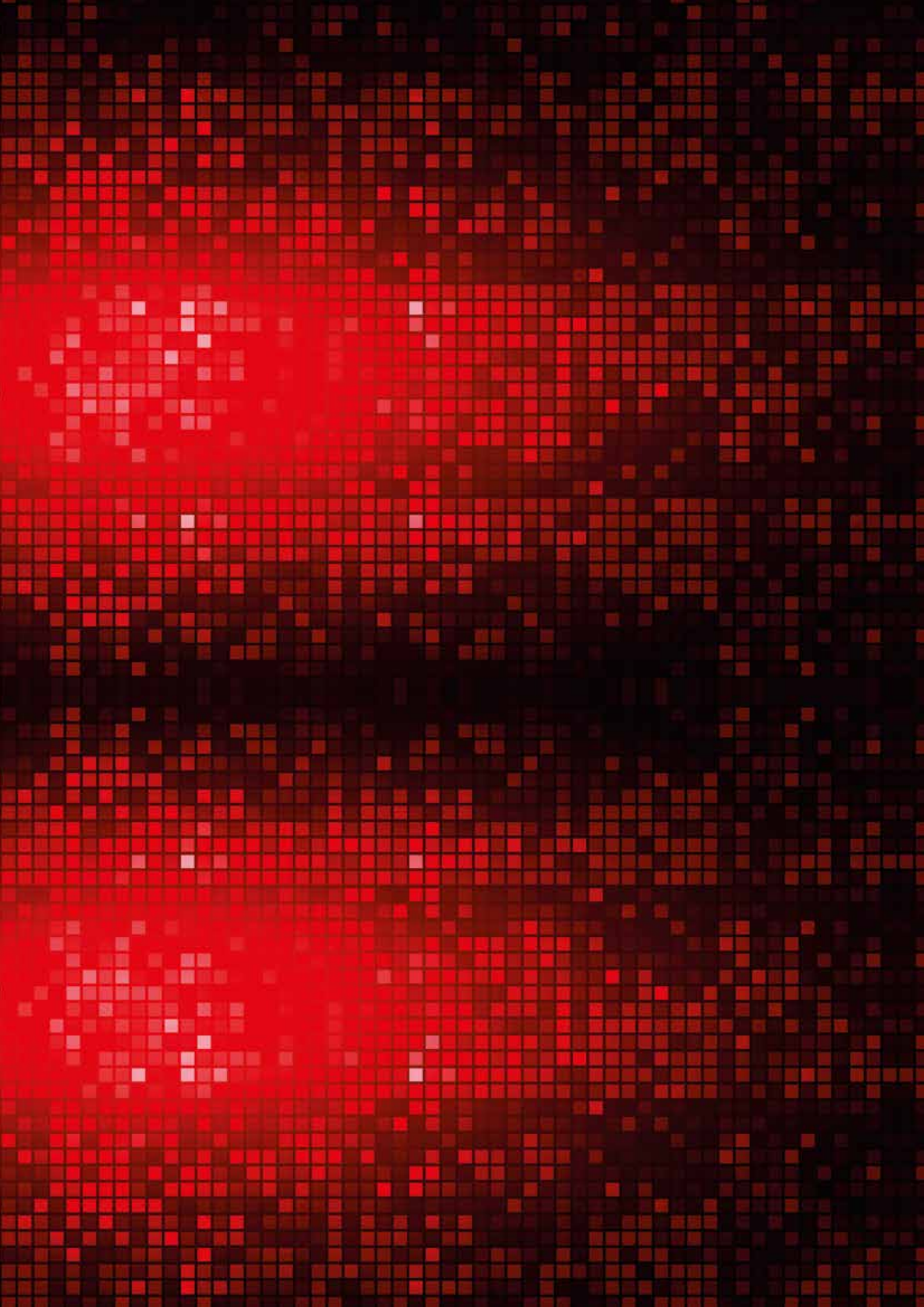


Sustainability Report

2018

FORWARD YOUR DREAMS
Shaping The Future







FORWARD YOUR DREAMS SHAPING THE FUTURE

The theme “Forward Your Dreams, Shaping The Future” is a commitment from CIMB Niaga to continuously inspire every generation to reach their dreams. Continuing the “Forward” brand promise with the spirit of “Kejar Mimpi,” CIMB Niaga is committed to always providing comprehensive innovative banking solutions and to position itself as a partner in every stage of life for existing and potential customers to reach their dreams.





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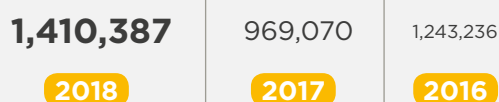
Sustainability Overview



PROSPERITY - ECONOMY

Benefit Distribution to the Indonesian Economy (Rp million)

Payments to investors (interest on loans and dividends)



Market Presence (unit)

Total Office Networks



Conventional branch offices

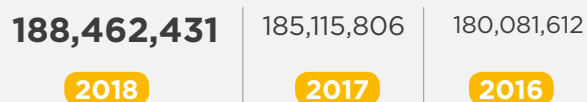


Sharia branch offices

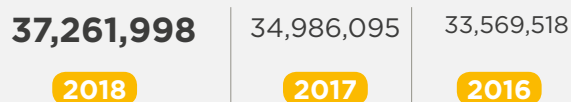


Financial Performance (Rp million)

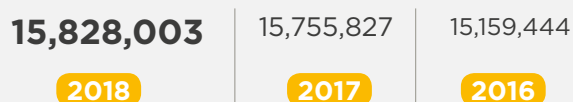
Loans



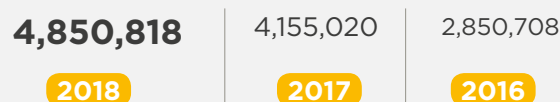
Micro Small and Medium Enterprises Loans (MSME)



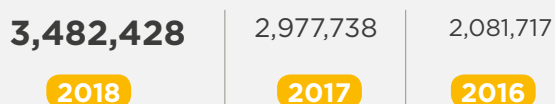
Total Operating Income



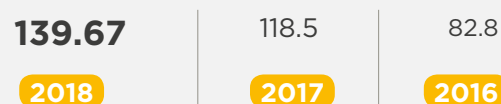
Profit before tax



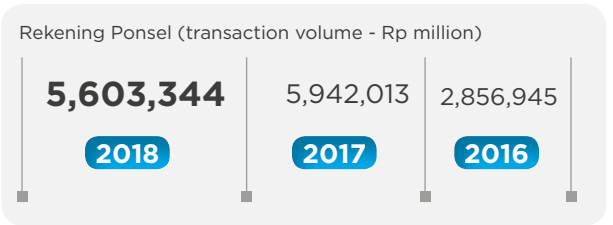
Net Profit



Earnings per Share (Rp)



PARTNERSHIP - FINANCIAL TECHNOLOGY



PEOPLE - SOCIAL

Employee Diversity



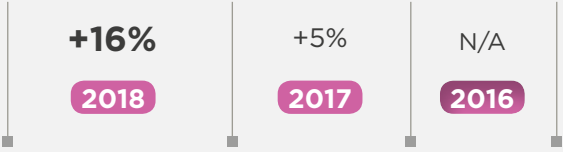
Community Investment



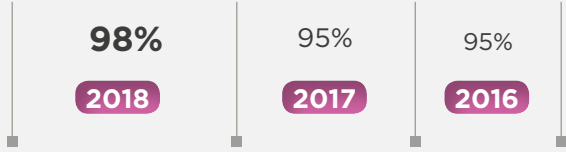
Sustainability Overview

PEACE - TOGETHER

Customer satisfaction level - Net promoter score (NPS)



Customer complaints settlement rate



CIMB Niaga Employee Engagement Survey (EES) Results



Percentage of WB reports which have been investigated from total WB reports received



¹ EES is conducted every two years

PLANET - ENVIRONMENT

Energy

Electricity Consumption (KWh)

4,702,403	6,336,355	N/A
2018	2017	2016

Emissions (tCO₂)

4,108.94	5,493.82	N/A
2018	2017	2016

Paper (Head Office)

Paper Volume (Reams)

35,095	33,355	29,320
2018	2017	2016

Tree planting

3,700	10,000	There were no planting activities
2018	2017	2016

Event Highlights

25 06 May June

Safari Ramadhan 1439 H

CIMB Niaga conducted Safari Ramadhan in 9 cities in Indonesia: Jakarta, Tangerang, Bandung, Semarang, Surabaya, Malang, Medan, Banjarmasin, Yogyakarta, and Padang from 25 May to 6 June 2018. Safari Ramadhan became media communication between CIMB Niaga Management and all employees in every areas.

This event was also a sharing moment with orphanage children.



11 August

The launching of the 2018 Community Link Program was held at Airlangga University Surabaya on 11 August 2018 and attended by Dato 'Mohd Shukri Hussin (CIMB Foundation Board of Trustees), Fransiska Oei (CIMB Niaga Compliance, Corporate Affairs and Legal Director) and around 500 students from Airlangga University.



16 September ▶

The Color Run Presented By CIMB Niaga

The Color Run presented by CIMB Niaga 2018 was held on 16 September 2018 at Gelora Bung Karno, Senayan, Jakarta and was attended by 13,000 runners from all over Indonesia who enjoy various rides like Fun Zone, Food Zone, KejarMimpi Booth and product promotion. This year will be the fifth.

In addition to promoting happy and healthy lifestyle, CIMB Niaga in collaboration with CIMB Group conducted CSR activities by giving donation of Rp125 million to Yayasan Thalassaemia Indonesia and donation of Rp150 million through Red Cross for earthquake victims in Lombok.



26 September ▲

Donation of CIMB Niaga Double Decker Bus

As part of celebrating its 63rd Anniversary, CIMB Niaga donated a fourth Double Decker Bus to the Semarang Government on 26 September 2018 in Major Office of Semarang, Central

Java, with the handover conducted by Tigor M. Siahaan, CEO CIMB Niaga to Hendrar Prihadi, Semarang Mayor.



Event Highlights

13 December ▼

On 13 December 2018, CIMB Niaga held the Inauguration Ceremony of the CIMB Niaga Scholarship Program for the period of 2018 - 2020 at Graha CIMB Niaga Jakarta. The event was attended by 19 representative students from Jabodetabek and Bandung regions.



19 December ▼

Year End Celebration 2018

CIMB Niaga Year End and Christmas Celebration 2018 conducted on 19 December 2018 at Ritz Carlton Hotel Pacific Place, Jakarta that was attended by 1,504 invitees, consisting of the BOC, BMC, Committee and employees of CIMB Niaga and CNAF, and also the Management of CPAM and CGS-CIMB Securities Indonesia.

This event was also a right moment for increasing our caring to the needy communities



Awards Related to Corporate Social Responsibility



Indonesia CSR Award 2018

The Big 7: The Best of the Best CSR of The Year 2018
Economic Review

Sustainability Awards 2018

"Commendation for Best Disclosure on CIMB Niaga Peduli"
Category

National Center for Sustainability Reporting (NCSR)

Asia Sustainability Reporting Rating 2018

"Gold Rank"

National Center for Sustainability Reporting (NCSR)

Global CSR Award 2018

Category Excellent in Education & Financial Literacy
The Pinnacle Group International

Indonesia Green Awards 2018

Category Keanekaragaman Hayati
The Latofi School

CSR Indonesia Awards 2018

Category Didaktika Unggul
CSR Indonesia Magazine

About This Report

The PT Bank CIMB Niaga Tbk (CIMB Niaga/Bank) 2018 Sustainability Report is the eighth report since it was first published in 2011. The 2017 report was published in March 2018. There are no changes to the period, cycle date, and report contact from the previous report. Through this report, the Bank delivers information related to the environmental, social and economic impact from its operational activities.

[102-50][102-51][102-52]

This report was prepared based on the Financial Services Authority Regulation (POJK) No. 51/POJK.03/2017 concerning the Sustainable Finance Implementation by Financial Service Institutions, Issuers and Public Companies. In addition, the report was prepared using the Global Reporting Initiative (GRI) Standard reference: "Core" option, with supplementary Financial Services Sector (FS) indicators also issued by GRI. Reference to achieving the sustainable development goals (SDGs) is presented in this report. [102-54]

The 2018 Sustainability Report includes a restatement of significant data that was submitted in the previous report. This restatement includes information on economic performance, number of outlets, and number of customer complaints. The restatement of information presented is due to changes in the calculation methods. [102-48]

To increase the credibility and reliability of the report, an independent party has verified it using an assurance process. The selection of an independent party was approved by the Bank's Board of Directors to ensure there was no conflict of interest with any party. SR Asia carried out the verification process through visits to the Bank for interviews, document checking and confirmation. After the verification process, the report was adjusted and corrected in line with the findings. As such, all the information in this sustainability report can be reliably trusted. [102-56]

To receive more information or to provide advice on this Report, please contact: [102-53]

Corporate Secretary

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Jakarta 12190, Indonesia
email : corporate.secretary@cimbniaga.co.id
Tel. (62-21) 250 5252, 250 5353
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Reporting Scope

The report covers the period 1 January to 31 December 2018 and contains information and data originating from CIMB Niaga Head Office and its operational activities throughout Indonesia. The consolidated audited financial statements covers the CIMB Niaga work units, and its subsidiary, PT CIMB Niaga Auto Finance (CNAF). In addition, information related to employees and electricity usage is delivered covering CIMB Niaga work units throughout Indonesia. [102-45]

Report Content and Quality Determination [102-46]

Material topics and their impact limitation for determining the report contents refers to the stakeholder involvement principle, the sustainability context, materiality, and completeness. In addition, the reporting quality takes into account the principles of balance, comparability, accuracy, timeliness, clarity, and reliability.

The sustainability report contents are determined through four stages:

1. Identification
The banking industry characteristics, the concept of sustainable finance, and its influence on

stakeholders are the bases used to identify the relevant sustainability context to be presented in this report.

2. Topics prioritization [102-43]

CIMB Niaga determined the priorities for relevant sustainability topics to be delivered in the 2018 Sustainability Report through focus group discussions (FGD). The FGD were conducted on 19 December 2018, through conference calls and stakeholder surveys. The surveys were conducted after distributing questionnaires on 19, 20, and 21 December 2018. A total of 94 respondents provided answers on the priority sustainability topics. They included:

Stakeholders	External	Internal
Customers	16	
Local Communities	17	
Regulator	11	
Employees		27
Investor	14	
Labor Union		2
Vendors/Business Partners	7	
Sub Total	65	29
TOTAL	94	

3. Validation

All material topics obtained through input from stakeholders, both internal and external, were validated and approved by the Board of Directors, to be the priority information presented in this report.

4. Overview

The final stage for determining the report contents involves noting and receiving suggestions, input from stakeholders, through feedback sheets or e-mail. These suggestions were used as input for preparing future sustainability reports. It can be assumed therefore that the information conveyed in this sustainability report meets the stakeholder information needs.

To ensure stakeholder involvement, this four-stage process for determining the report contents, has become the CIMB Niaga reporting cycle.

About **This Report**

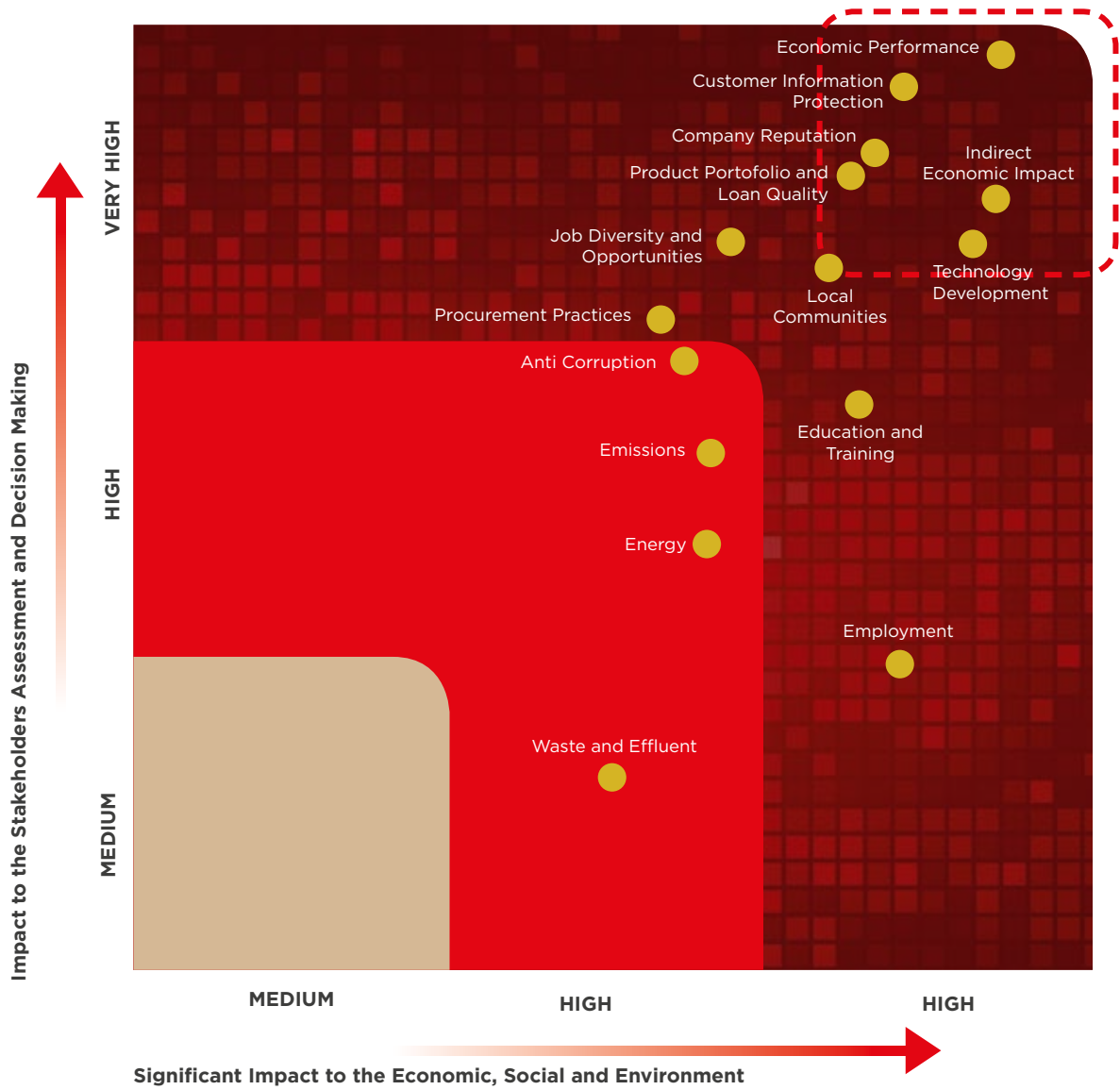
MATERIAL TOPIC PRIORITY

CIMB Niaga has adjusted and added material topics in the 2018 sustainability report compared to last year. The adjustments to the sustainable finance concepts that need to be conveyed in the report have been made, CIMB Niaga hopes that the report contents for the priority material topics will be more relevant and useful for stakeholders.





The material topic changes are as follows: [\[102-49\]](#)



Material Topic Matrix



About **This Report**

Material Topic Impact Limitation [102-47]		Impact on Stakeholders	
Topic	GRI and Financial Services Sector (FS) and Sustainability Issues Material Topic Standard	Internal	External
Economy 	<ul style="list-style-type: none"> Economic performance Product Portfolio and Loan Quality Procurement Practices Technology Development [FS1] Policies with specific environmental and social components applied to business lines. [FS6] Percentage of the portfolio for business lines by banking sector. 	<ul style="list-style-type: none"> Shareholders 	<ul style="list-style-type: none"> Customers Regulators Investors
Environment 	<ul style="list-style-type: none"> Energy Emissions Waste and effluent [FS8] Monetary value of products and services designed to deliver environmental sustainability. 	<ul style="list-style-type: none"> Shareholders Employees Unions 	<ul style="list-style-type: none"> Regulators Investors
Social 	<ul style="list-style-type: none"> Employment Diversity and Job Opportunities Education and Trainings Local Communities Protection of Customer Information [FS7] Monetary value of products and services designed to deliver a specific social benefit. [FS4] Process(es) for improving staff competency to implement the environmental and social policies and procedures in banking business activities. [FS13] Access points in low-populated or economically disadvantaged areas which need banking supports [FS14] Initiatives to improve access to financial services for disadvantaged people. 	<ul style="list-style-type: none"> Shareholders Employees Unions 	<ul style="list-style-type: none"> Communities Investors Regulators
Governance 	<ul style="list-style-type: none"> Protection of customer information Anti Corruption [FS9] Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures. 	<ul style="list-style-type: none"> Shareholders Employees Unions 	<ul style="list-style-type: none"> Customers Regulators Investors

Para Pemangku Kepentingan





Message from the President Director [102-14]

“CIMB Niaga is continuing its aspiration to grow and to realize sustainable finance by integrating economic, social, environmental, governance, and risk management aspects”

Dear Respected Stakeholders,

Following the previous Roadmap of Indonesian Sustainable Finance issued by the Financial Services Authority (OJK), in 2017 OJK issued Regulation No. 51/POJK.03/2017 that outlined the requirement for a Sustainable Finance Action Plan (SFAP).

In 2018, we began formerly preparing our SFAP and started some implementations related to sustainable finance. The SFAP will be our guide for carrying out the Bank's business activities related to the environmental, social and governance (ESG) aspects, and for supporting sustainable development goals (SDG) achievement.

As the second largest private bank in Indonesia, CIMB Niaga has complied with the OJK Regulation No. 51/POJK.03/2017 (POJK No.51/2017) concerning the Implementation of Sustainable Finance for Financial Service Institutions, Issuers, and Publicly Listed Companies, and has also taken into account the results from the Climate Change Conference in Katowice, Poland, that took place between the 2nd and 14th December 2018.

We are aware that climate change is the responsibility of us all, and it requires real active roles to be played to reduce the negative impact of banking activities. For this reason, CIMB Niaga's Board of Directors, in response to POJK No. 51/2017 and the Climate Change Conference results, agree that our business processes must support the sustainable finance principles. As an initial step, a Sustainable Finance Task Force was formed, which is responsible for assisting the Board of Directors in overseeing and ensuring the sustainable finance implementation process at the Bank.

Reaching Aspiration for the Future

We are committed to implementing sustainable finance principles for our future generations. The aspiration is for a better life, which we need to realize together, and CIMB Niaga believes that the steps the Bank takes today will have a major influence on future sustainability.

CIMB Niaga is helping to realize the future generations' aspiration by running a responsible banking business that supports environmental sustainability. Using the sustainable finance principles, the Bank has developed a Sustainable Finance Vision and Mission that was approved by the Board of Directors and the Board of Commissioners. This vision and mission will be the foundation for CIMB Niaga moving forward as a leader in sustainable banking in ASEAN.

The Sustainable Finance Vision and Mission was followed up with adjustments to our organizational governance, namely the appointment of Directors responsible for the sustainable finance implementation, and the establishment of Sustainability Committees and work unit. Moving forward, this governance will continually be strengthened through education and training on the principles of sustainable finance. CIMB Niaga believes that the execution of banking processes that follow the principles of sustainable finance will become the basis for supporting the SDGs' achievement.

Furthermore, CIMB Niaga considers that the application of sustainable finance values has helped the Bank safeguard its loan risk, and at the same time take advantage of this opportunity to improve sustainable business performance. Through the sustainability

Message from the **President Director**

concept approach, we want to ensure that the Bank’s operations and employees consistently apply the applicable rules and policies. In addition, the Bank is committed to taking a proactive approach in integrating economic, environmental and social risk assessments in its main activities, such as financing, investments and others.

Achieving Performance as Our Aspiration

During 2018, to support the sustainable finance implementation, CIMB Niaga introduced several technology innovations. We continued to develop the CIMB Niaga Digital Lounge and Go Mobile that provide a digital banking experience for retail customers, and launched “API Banking”, an application that connects banking services with third-party applications, especially those from Tech start-ups and Fintech. Through these steps, CIMB Niaga hopes to provide more user-friendly banking services that are in line with the development of our current banking customer needs.

Developing national sustainability is also an aspiration that we can pass on to future generations. To support this, CIMB Niaga provides loans to debtors in various productive business groups, including financing to micro, small and medium enterprises (MSMEs), up to Corporate Banking. In 2018, loans disbursed was amounted to Rp188,462.43 billion, an increase of 1.81% compared to Rp185,115.81 billion in 2017.

Thanks to all our stakeholders, CIMB Niaga achieved a consolidated net profit of Rp3,482.43 billion at the end of December 2018, an increase of 16.95% compared to 2017, mainly due to other operating income. In addition, the Bank’s Capital Adequacy Ratio (CAR) improved and reached 19.66%, while the Net Interest Margin (NIM) ratio stood at 5.12% at the end of 2018. This financial performance includes interest income from loans that are channelled based on the Bank’s Credit Policy that includes social and environmental aspects.

CIMB Niaga believes that the implementation of sustainable finance will generate a large business opportunity for the Bank, with the potential for growth. By integrating the sustainable finance implementation with the Bank’s business strategy, CIMB Niaga hopes to take advantage of existing business opportunities and prospects. As a first step, in September 2018, we invested in green SUKUK, which are environmentally

sound bond products. In 2019, we will begin to identify green portfolios, in an effort to increase the green financing portfolio. To develop an internal sustainability culture, we will continue to embody our green offices. For all these steps, we call on all our stakeholders to support our efforts as a joint step to realizing the aspiration of a better life.

Establishing Sustainable Social Performance

CIMB Niaga always cares about sustainability and community welfare, and this commitment has been proven, among others, through its activities in the financial inclusion and literacy programs. This is in line with the Bank’s sustainable finance implementation that aims at increasing inclusive and sustainable economic growth.

The financial literacy and education activities are the implementation of policies of Bank Indonesia and the Financial Services Authority, in order to provide a good understanding of banking for the public. CIMB Niaga embodied these policies in the following activities: Let’s Save and Share Program (Ayo Menabung dan Berbagi), Tour de Bank, Mini Banking Laboratory, and Bourse Game Laboratory. Directly, CIMB Niaga also supported the FSA movement by participating in the SimPel Day campaign.

CIMB Niaga’s real demonstration to maintaining harmony between operational performance and social performance is through its corporate social responsibility (CSR) activities. In line with CSR policies and strategies, and in accordance with the Sustainable Finance Vision and Mission, CIMB Niaga has developed four CSR pillars, namely education, development and community empowerment, philanthropy and the environment. When conducting its activities, the Bank hopes to contribute to supporting gender equality and human rights through empowering women and people with disabilities.

Establishing Environmental Performance

The process of change towards sustainable banking requires time. Although it is still the first step, as one of the leading financial services institutions in Indonesia, CIMB Niaga is committed to supporting sustainable finance programs by providing funding that helps preserve nature. The Bank’s Credit Policy ensures that the Bank pays close attention to fulfilment of the

Environmental Impact Analysis (AMDAL) requirements, and the PROPER ranking when lending to debtors. To finance palm oil plantations, the Bank shall consider the Indonesian Sustainable Palm Oil (ISPO) or the Roundtable on Sustainable Palm Oil (RSPO) certifications owned by the debtors.

Furthermore, together with the increasing public awareness on the importance of minimizing the effects of climate change, opportunities to finance clean energy and renewable energy projects are expected to increase. With this in mind, CIMB Niaga is preparing itself to begin identifying and opening up opportunities for green funding to prospective debtors who meet the financing requirements.

Internally, CIMB Niaga has begun a green office policy implementation that applies an environmentally friendly lifestyle and work culture through a Smart Spending Policy for all CIMB Niaga people. Throughout 2018, we continued to use paper efficiently, reduced emissions, and saved energy, for example by reducing electricity consumption. By the end of 2018, electricity consumption in 90% of the Jakarta area offices, and 30% of the offices outside Jakarta helped reduce carbon emissions by 25.21%, or 1,384.88 tCO₂ from 4,108.94 tCO₂ in 2017.

Establishing Sustainable Governance

Good Corporate Governance (GCG) is the basis for the sustainable finance implementation. CIMB Niaga strictly executes the GCG principles, supported by other policies such as CIMB Niaga's Code of Ethics and Conduct, and the Corporate Policy Manual. We expressly do not tolerate any code of ethics violations, and to support this we provide a violation reporting system through a whistleblowing channel (WBS) that can be accessed by external and internal parties. To facilitate the complaint process and settlement, an independent party assists and ensures the confidentiality and settlement of complaints in accordance with applicable laws and regulations.

CIMB Niaga will continue its endeavours to improve the implementation of good governance and follow the principle of beyond compliance. As a result, CIMB Niaga will be able to attain high competitiveness, and provide optimal added value for stakeholders, so as to maintain our trusted reputation. We believe that with good governance, stakeholder trust will continue to increase.

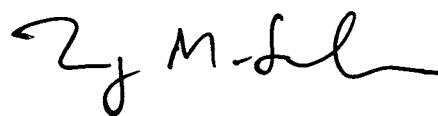
Challenges and Expectations in Reaching our Aspiration

The dynamic changes and challenges resulting from implementing sustainable finance have become opportunities for CIMB Niaga to continue its change for the better. We also recognize that change requires understanding and support from all stakeholders. The application of banking digital technology, for example, requires infrastructure support and high human resource competencies. Sustainable finance implementation also requires Government policy support and continuous understanding by all debtors and prospective debtors. We, ourselves, in CIMB Niaga try to embed every change with a positive understanding. This is a long journey we need to take with the hope of realizing our aspiration together.

Finally, allow us on behalf of CIMB Niaga's management and employees, to express our appreciation and gratitude for the stakeholders' support and cooperation throughout 2018.

Let's continue our journey together, pursuing our aspiration.

Jakarta, 15 March 2019

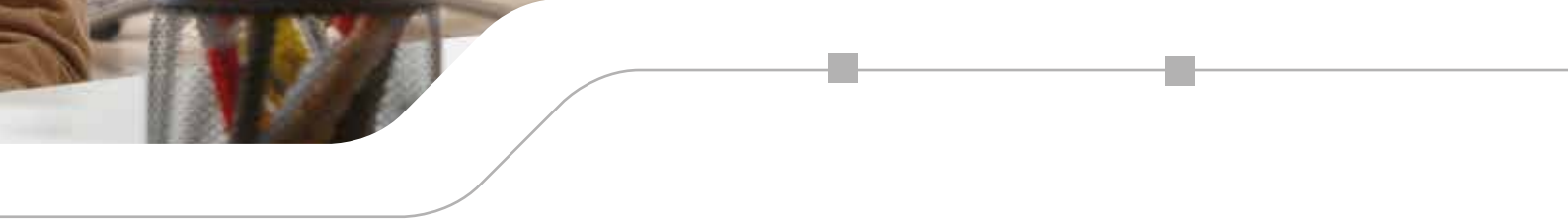


Tigor M. Siahaan
President Director



**A synchronized
vision to reach your
dreams**







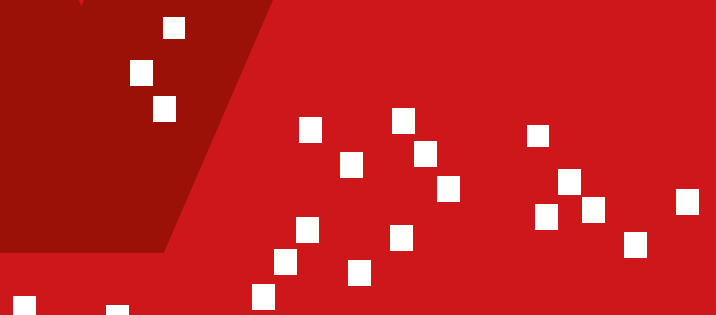
VISION

[102-16]

VISION FOR SUSTAINABLE FINANCE

To be
the Leading
ASEAN
Company

To be the Leading
ASEAN Company
that embrace
the harmony of
economic, social
and environmental
aspects



MISSION



[102-16]

- To provide universal banking services in Indonesia as a high-performing, institutionalized and integrated company located in ASEAN and key markets beyond, and to champion the acceleration of ASEAN integration and the region's links to the rest of the world

CIMB Niaga's Vision, Mission and Core Values have been effective since 1 January 2015 based on the Board of Directors' approval dated 14 October 2014 and the Board of Commissioners' approval dated 31 October 2014. The last review of CIMB Niaga's Vision, Mission and Core Values was conducted by Management on 18 October 2018

MISSION FOR SUSTAINABLE FINANCE

Conduct sustainable business activities that result in continuous and integrated growth

CIMB Niaga has also developed a Vision and Mission for Sustainable Finance that was approved by the Board of Directors on 4 September 2018 and the Board of Commissioners on 21 November 2018. This Vision and Mission will be reviewed periodically, to be in line with the Bank's developments and current conditions.

Corporate **Culture** [102-16]



A BETTER CIMB NIAGA

3 MAIN BEHAVIOURS



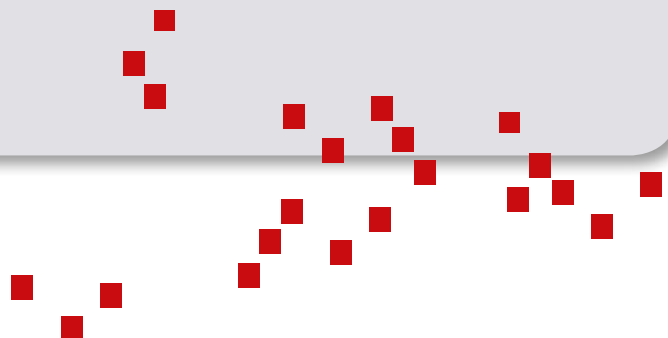
Go the extra-mile to delight customers



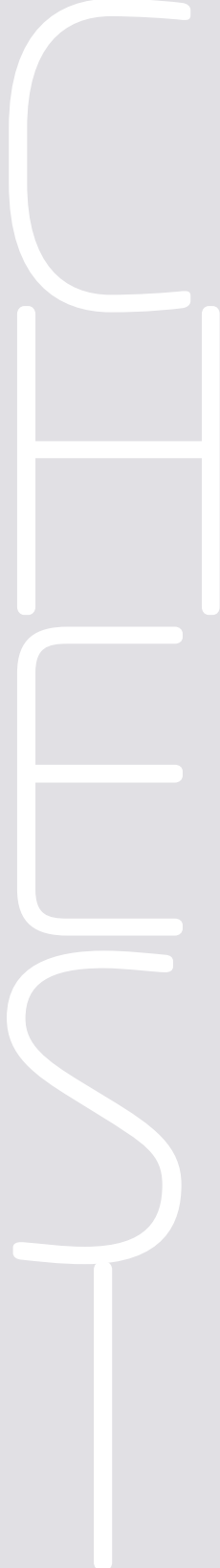
Respect each other, engage openly and work together



Recognise each other's efforts and always back each other up



Core Values [102-16]



Customer-centric

We exist to serve our customers and we sell products and services that our customers understand and value,

High Performance

We work hard and we work strategically for our customers, staff and other stakeholders,

Enabling People

We encourage our people to think big and look wide and ensure that they are appropriately empowered to deliver value,

Strength in Diversity

We have respect for different cultures, we value varied perspectives and we recognise diversity as a source of strength,

Integrity

We are honest, respectful and professional in everything we do because integrity is the founding value of CIMB Niaga.

CIMB NIAGA at a Glance

Company Name [102-1]

PT Bank CIMB Niaga Tbk

Date and Year of Establishment

26 September 1955

Legal Basis of Establishment

Deed of Establishment No. 90 by Raden Meester Sowewandi, Notary in Jakarta, on 26 September 1955, amended by virtue of Deed No. 9 dated 4 November 1955. Deed of Establishment is endorsed with Decision of Justice Minister of the Republic of Indonesia (now Minister of Justice and Human Rights) No. J.A.5/110/15 dated 1 December 1955, State Gazette No. 71 dated 4 September 1956, State Gazette Supplement No. 729/1956.

Operating Area [102-4][102-10]

As of 31 December 2018, CIMB Niaga had 503 branch offices consisting of conventional, sharia, and mobile cash. The branch addresses can be found in the Branch Network List section in the CIMB Niaga 2018 Annual Report.

Ownership and Legal Entity [102-5]

Limited Liability Company
Registered on the Indonesia Stock Exchange (IDX) on 29 November 1989

Shares and Bonds Code: BNGA

2018 Share Ownership:

- CIMB Group Sdn. Bhd: 91.48%
- PT Commerce Kapital: 1.02%
- Other Public Shareholders <5%: 7.50%

Head Office [102-3]

Graha CIMB Niaga

Jl. Jend Sudirman Kav. 58

Jakarta 12190, Indonesia

Tel: (+62-21) 250 5252, 250 5353

Fax: (+62-21) 250 5205

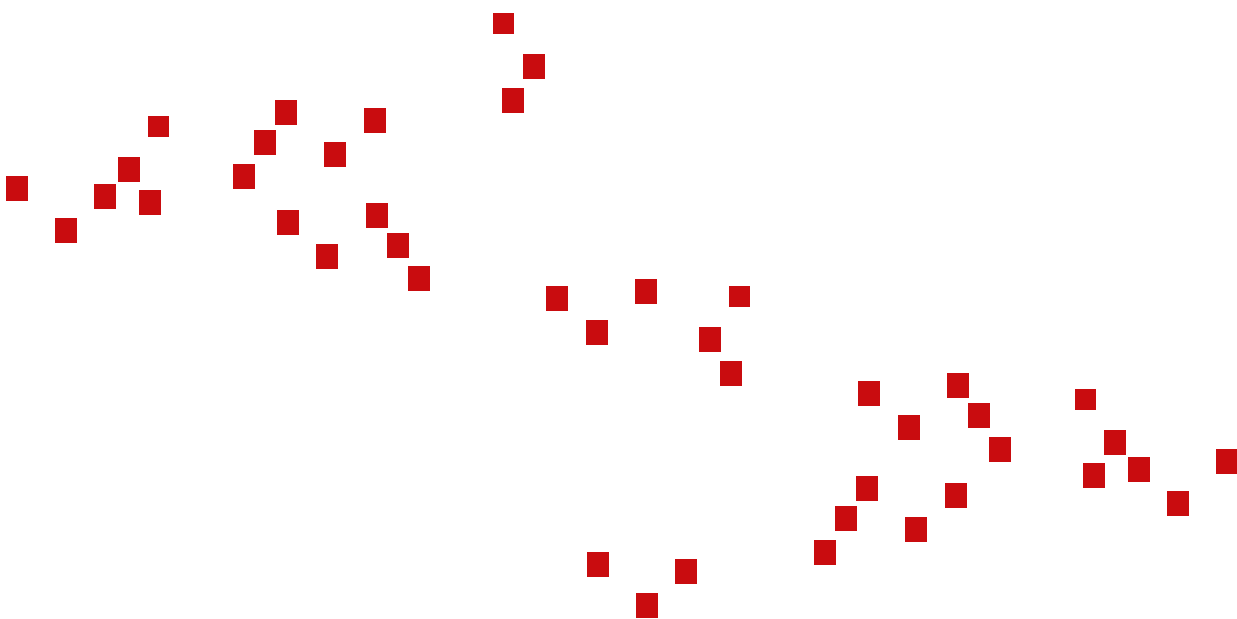
Website : www.cimbniaga.com

Corporate Secretary :

corporate.secretary@cimbniaga.co.id

Investor Relations :

Investor.relations@cimbniaga.co.id





CIMB Niaga was established on 26 September 1955 under the name of Bank Niaga, with the main focus to build core values and professionalism in the banking sector.

The Bank obtained a business license as a commercial bank, foreign exchange bank, and bank that carried out activities based on Sharia principles, based on the Republic of Indonesia Ministry of Finance Decree No. 249544/U.M.II dated 11 November 1955, the Governor of Bank Indonesia Decision No. 7/116/Kep/Dir/UD dated 22 November 1974, and the Governor of Bank Indonesia No. 6/71/KEP.GBI.2004 dated 16 September 2004. On 29 November 1989, Bank Niaga became a publicly listed company and listed its shares on the Indonesia Stock Exchange (formerly the Jakarta Stock Exchange and Surabaya Stock Exchange).

Following the Asian financial crisis in 1998, the Republic of Indonesia Government, through the Indonesian Bank Restructuring Agency (IBRA), had for sometimes become the majority shareholder of Bank Niaga. Then in 2002, CIMB Group Holdings Berhad (CIMB Group

Holdings) acquired a majority stake in Bank Niaga from IBRA. In a separate transaction, Khazanah, the majority shareholder in CIMB Group Holdings Berhad, acquired the majority ownership of LippoBank on 30 September 2005. In 2007, the shares changed ownership to the CIMB Group as part of an internal reorganization to consolidate the activities of all CIMB Group subsidiaries. As a result, a majority of the Bank's shares or 92.5% are owned directly and indirectly by CIMB Group Sdn Bhd.

As the controlling shareholder of Bank Niaga (through CIMB Group) and LippoBank since 2007, Khazanah decided to merge the entities to comply with the Single Presence Policy (SPP) set by Bank Indonesia. This was the first SPP-related policy merger in Indonesia. Then in 2008, Bank Niaga's name was changed to CIMB Niaga. In 2017, CIMB Niaga was included in the Commercial Business Activities (BUKU) 4 ranking with a minimum core capital of Rp30 trillion.

CIMB Niaga at a Glance

Sectors and types of markets served: [102-2] [102-46]

CIMB Niaga offers its customers comprehensive banking services in Indonesia ranging from consumer banking, Micro, Small and Medium Enterprises (MSME) banking, commercial banking, to corporate banking, all supported by treasury capabilities as well as a qualified Transaction Banking and branch less banking network. CIMB Niaga also offers sharia products and services through the CIMB Niaga Sharia Business Unit. The Bank

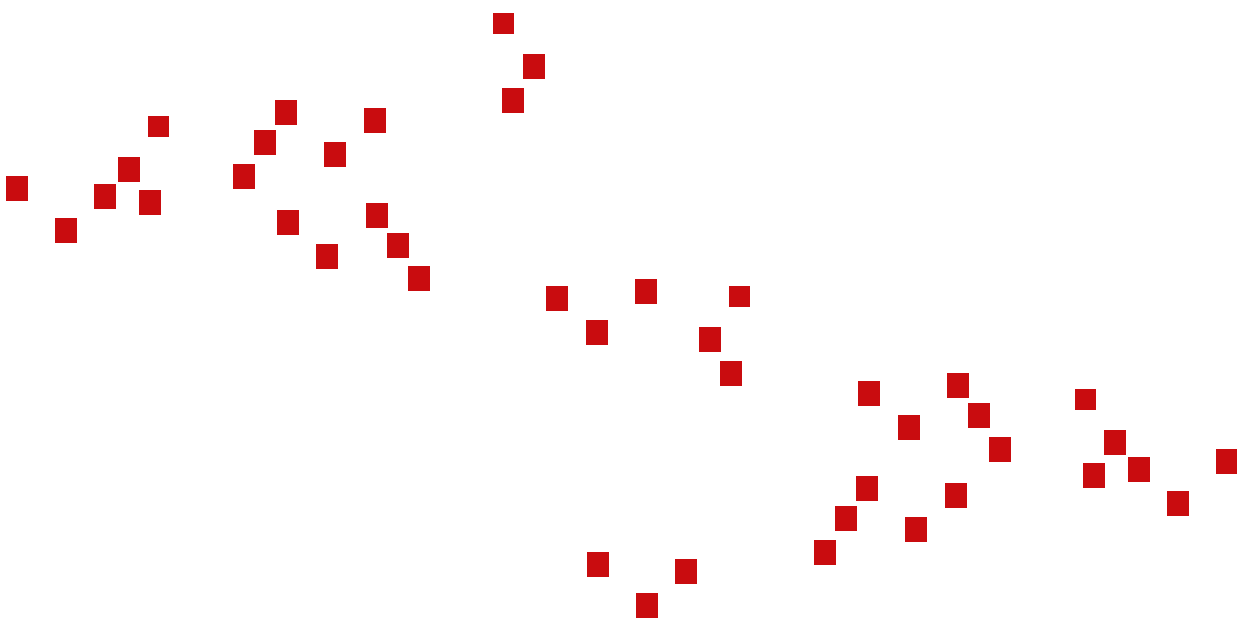
is having an investment in 2 (two) subsidiaries, namely PT CIMB Niaga Auto Finance (CNAF), which engaged in vehicle financing service and PT CIMB Niaga Sekuritas (CNS), a securities company.

During 2018 there were no significant changes in the Bank's locations and operations, and there were no significant changes to the Bank's ownership structure.

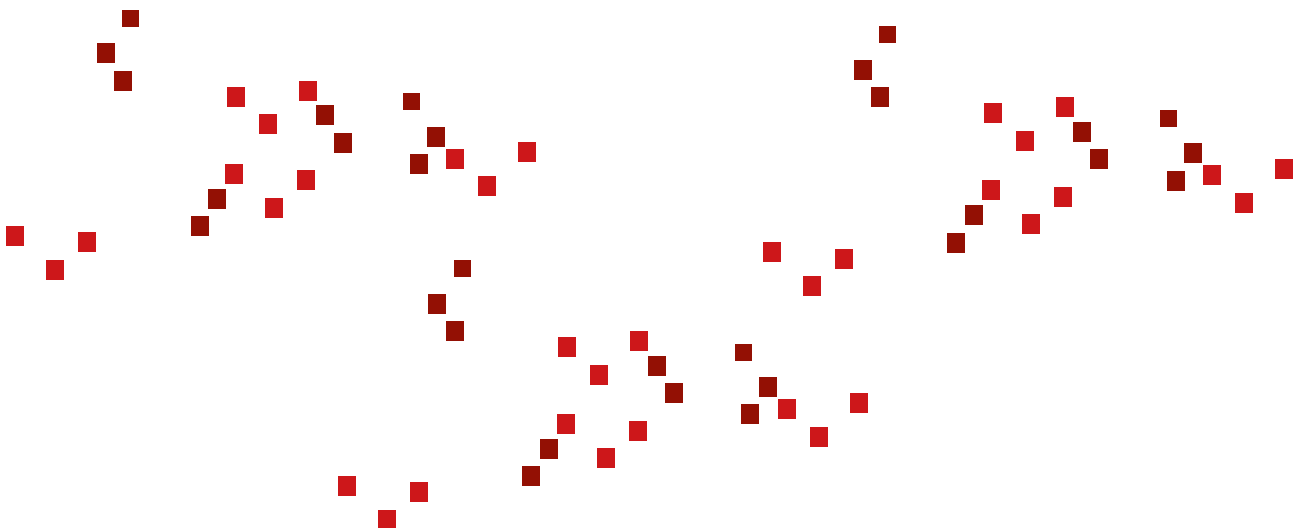
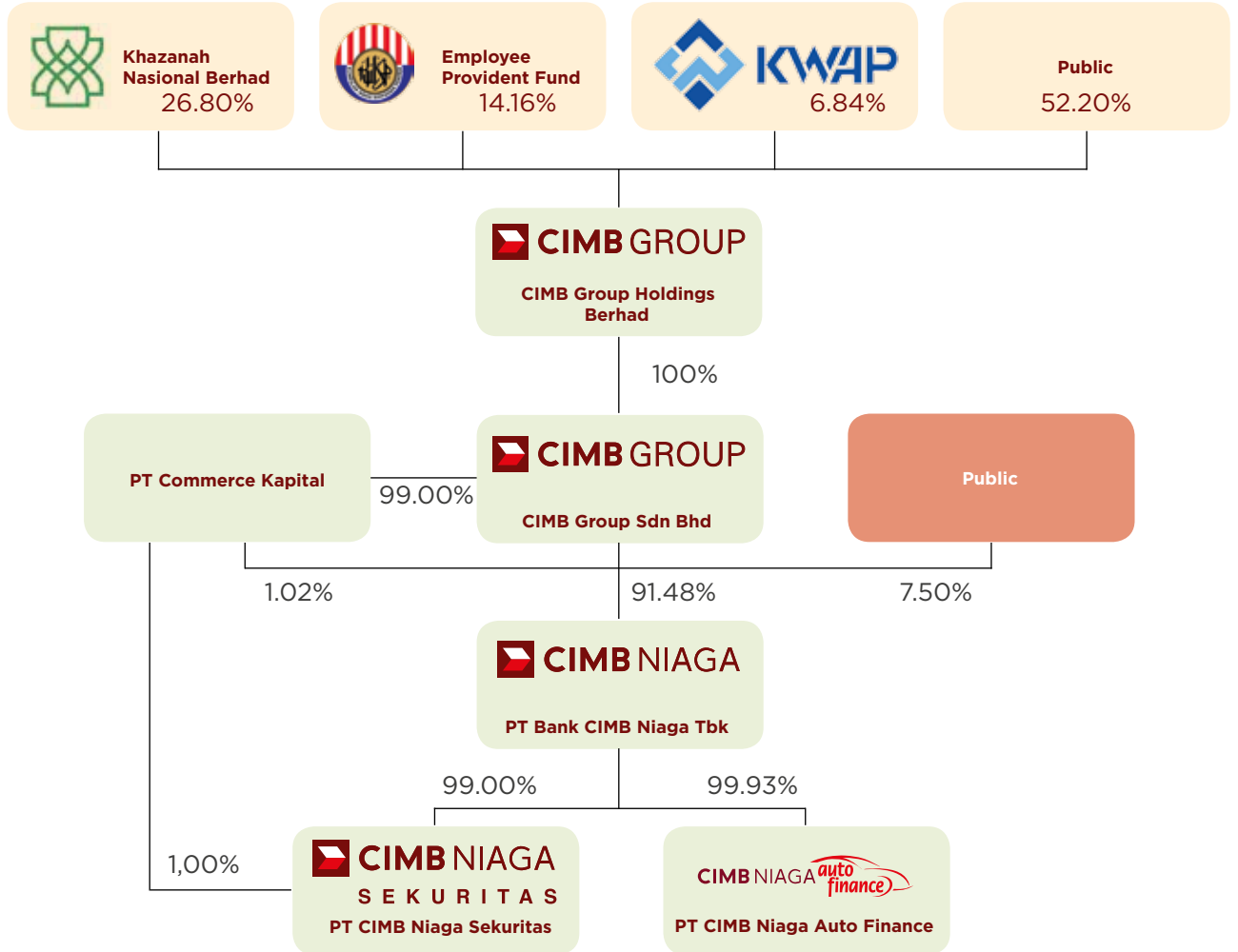
[102-10]

Company Share Ownership [102-5]

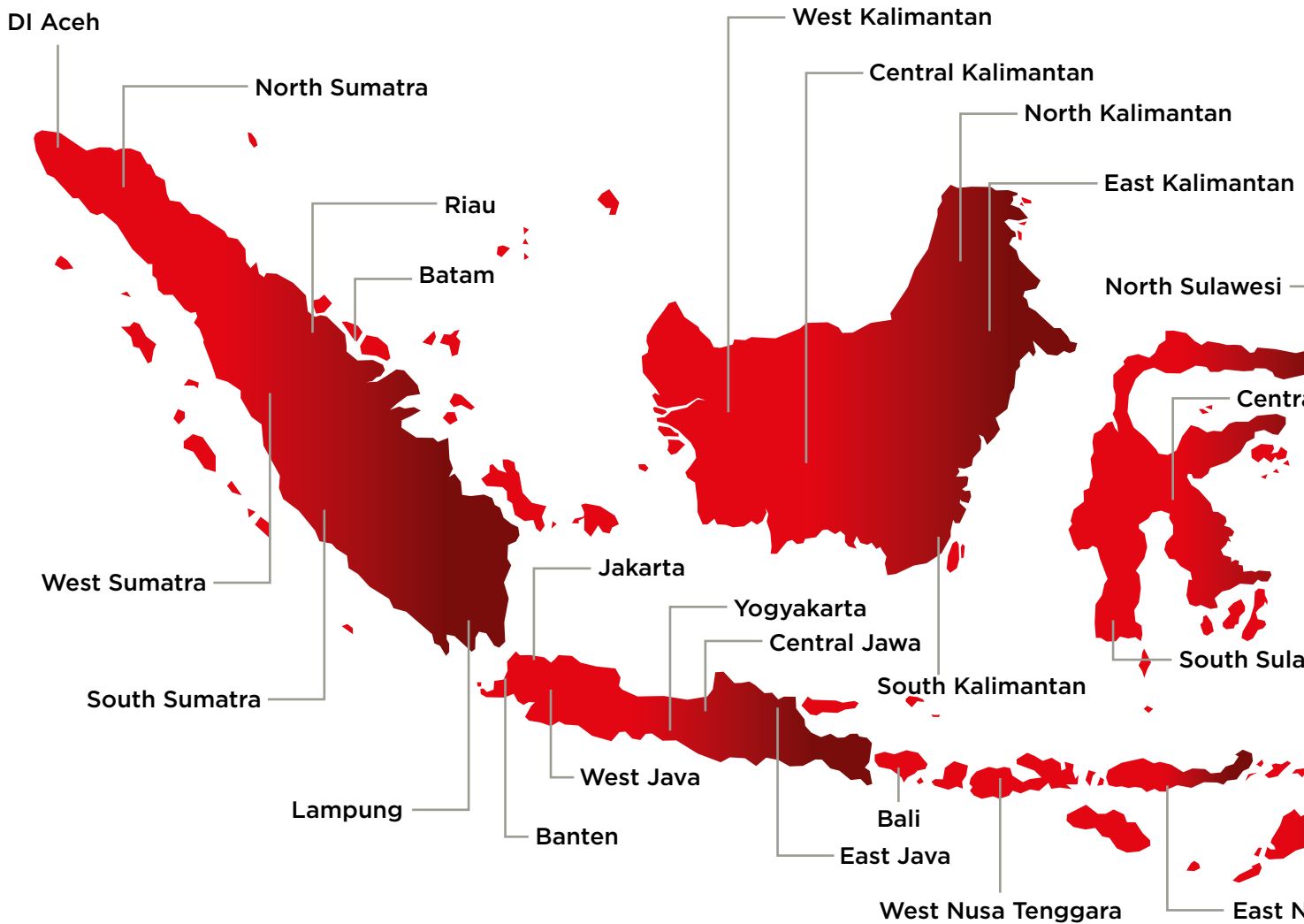
No	Description	2018		
		Number of Shares	Nominal Amount	%
1	CIMB Group Sdn Bhd	22,991,336,581	1,149,566,829,050	91.48%
2	PT Commerce Kapital	255,399,748	12,769,987,400	1.02%
3	Other public shareholders <5%	1,884,870,514	449,920,508,900	7.50%
	Total Paid-up Capital	25,131,606,843	1,612,257,325,350	100%



Company Group Structure

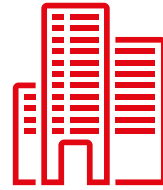


Market Share and Operational Areas [102-6]



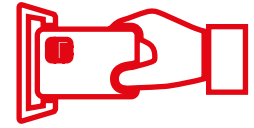
Location of Operations [102-4]

Sumatra: 62 54 Conventional Offices 8 Sharia Offices	DKI Jakarta: 134 131 Conventional Offices 3 Sharia Offices	West Java & Banten: 94 88 Conventional Offices 6 Sharia Offices	Central Java: 52 50 Conventional Offices 2 Sharia Offices
DI Yogyakarta: 11 10 Conventional Offices 1 Sharia Offices	East Java: 70 68 Conventional Offices 2 Sharia Offices	Bali & Nusa Tenggara: 16 14 Conventional Offices 2 Sharia Offices	Kalimantan: 18 16 Conventional Offices 2 Sharia Offices
Sulawesi: 12 11 Conventional Offices 1 Sharia Offices	Maluku & Papua: 7 7 Conventional Offices		



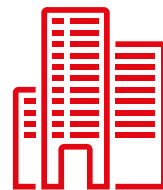
Conventional Branch Offices

449



ATMs

4,500



Sharia Branch Offices

27



Cash Deposit & Recycle Machine

954



Mobile Cash Outlets

27



Multi Function Device

161

Detailed information about the products, services and sectors served can be found in the 2018 CIMB Niaga Annual Report.

Phone Banking

14041

Preferred Phone

1 500 800



Company Scale [102-7]

Total Employees (people)

12,461	12,782	13,185
2018	2017	2016

Net Income (Rp million)

3,482,428	2,977,738	2,081,717
2018	2017	2016

Operating Income (million)

15,828,003	15,755,827	15,159,444
2018	2017	2016

Total Assets (Rp million)

266,781,498	266,305,445	241,571,728
2018	2017	2016

Loans (Rp million)

188,462,431	185,115,806	180,081,612
2018	2017	2016

Total Third Party Funds (Rp million)

190,750.218	189,317,196	180,571,134
2018	2017	2016

Current Accounts (Rp million)

45,857,151	49,281,023	44,597,980
2018	2017	2016

Saving Deposits (Rp million)

54,495,883	50,214,272	47,210,624
2018	2017	2016

Deposits (Rp million)

90,397,184	89,821,901	88,762,530
2018	2017	2016

Total Capitalization

Payables/Liabilities (Rp million)

227,200,919	229,354,449	207,364,106
2018	2017	2016

Equity (Rp million)

39,580,579	36,950,996	34,207,622
2018	2017	2016

Number of products and services

209	143	143
2018	2017	2016

CIMB Niaga **Employees**

At the end of 2018, CIMB Niaga employed 11,281 permanent and 1,180 contract staff. All employees are protected by the Bank's Collective Labor Agreement (PKB) as a guideline for maintaining labour relations and industrial relations. [102-8, 102-41]

Employee Composition by Employment Status [102-8]

Status	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Permanent	5,241	6,040	5,280	6,195	5,549	6,313
Contract	690	490	744	563	800	523
Total	5,931	6,530	6,024	6,758	6,349	6,836
	12,461		12,782		13,185	

Employee Composition by Region [102-8]

Region	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Jakarta Region	3,595	3,610	3,549	3,643	3,551	3,666
Sumatra Region	540	668	583	725	671	725
West Java Region	373	439	387	481	424	499
Central Java and DIY Region	482	678	515	742	595	750
East Java Region, Bali and Nusa Tenggara	654	814	670	836	756	855
Eastern Indonesia Region	287	321	320	331	352	341
Total	5,931	6,530	6,024	6,758	6,349	6,836
	12,461		12,782		13,185	

Employee Composition by Gender and Organisation Level [102-8]

Organisation Level	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Senior Management	124	74	120	64	115	62
Middle Management	858	574	829	549	850	535
Junior Management	3,444	3,726	3,411	3,790	3,535	3,741
Non Management	1,505	2,156	1,664	2,355	1,849	2,498
Total	5,931	6,530	6,024	6,758	6,349	6,836
	12,461		12,782		13,185	

Employee Composition by Age [102-8]

Age	2018	2017	2016
< 25 years	771	934	991
> 25-30 years	2,863	2,985	3,032
> 30-35 years	2,697	2,771	3,088
> 35-40 years	2,446	2,401	2,327
> 40 years	3,684	3,691	3,747
Total	12,461	12,782	13,185

CIMB Niaga **Employees**

Employee Composition by Education Level [102-8]

Education Level	2018	2017	2016
Up to High School	956	1,030	1,086
Diploma 1	36	46	47
Diploma 2	15	19	21
Diploma 3	1,889	2,033	2,211
Diploma 4	9	6	8
S1/Bachelor's degree	9,045	9,156	9,334
S2/Master's degree	509	490	476
S3/PhD	2	2	2
Total	12,461	12,782	13,185

Management and Employee Composition by Nationality [102-8]

Organisation Level	2018	2017	2016
	Indonesia	Non-Indonesia	Total
Board of Commissioners	4	3	7
Board of Directors	10	1	11
Senior Management	197	1	198
Middle Management	1,429	3	1,432
Junior Management	7,170	-	7,170
Non-Management	3,661	-	3,661
Total	12,471	8	12,479

Prudential **Principles**

When conducting its business activities, CIMB Niaga always prioritizes the prudential principle, both in the collection and distribution of public funds. The prudential principle ensures the Bank always complies with the applicable legal banking provisions and norms, including performing sustainable finance [102-11]

The disclosure of information regarding CIMB Niaga's external initiatives and certifications up to the end of 2018 has been included in the Annual Report. [102-12]

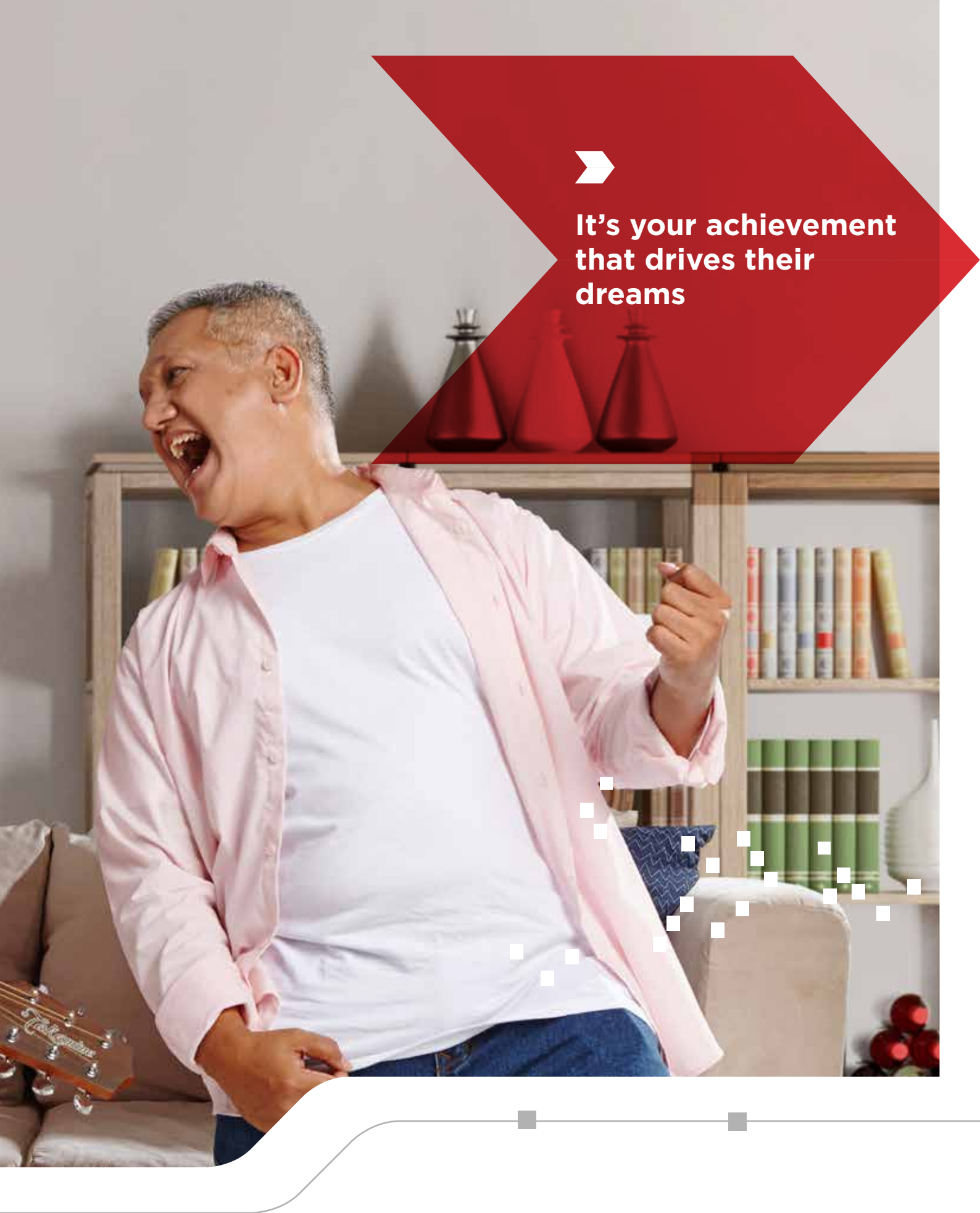
Association **Membership** [102-13]

CIMB Niaga has strategic memberships in organizations/associations, enabling the Bank to follow the latest banking developments, and also to contribute to the knowledge and experience of other members of the organizations/associations. CIMB Niaga does not contribute financially, other than the regular membership fees, and does not make any political contributions.



Organisation Name	Purpose	Position
AEI (Association of Indonesian Issuers)	Stock Issuers Association	Member
KSEI (Indonesian Central Securities Depository)	Mandatory, for processing dividends and bonds payments to shareholders listed on the Exchange	Member
Perbanas (National Private Bank Association)	Mandatory, National Private Banks Association	Member
LAPSPI (Indonesia Banking Alternative Dispute Resolution Institute)	Mandatory, settlement of banking related disputes	Member
ICSA (Indonesian Corporate Secretary Association)	Corporate Secretary Association	Director of Compliance, Corporate Affairs & Legal as a member
FKDKP (Banking Compliance Director Communication Forum)	Compliance Directors Association	Director of Compliance, Corporate Affairs & Legal as a member
KADIN (Indonesian Chamber of Commerce)	Vehicle for communication, information, representation, consultation, facilitation and advocacy for Indonesian business people.	Member
APINDO (Indonesian Employers' Association)	Bridging the difference by pioneering bipartite agreements between employees and employers.	Member





**It's your achievement
that drives their
dreams**



Sustainable Governance



The Company's reputation plays an important role in the success of the business and is one of the intangible assets owned by CIMB Niaga as a company engaged in banking financial services. To maintain and build its reputation, CIMB Niaga always carefully considers its performance and behaviours that will have an impact on the stakeholders' trust.

Governance Practices and Stakeholders

CIMB Niaga is committed to following the beyond compliance principle when applying good governance. By following good corporate governance, CIMB Niaga has transformed into a professional and highly competitive company that adds maximum value for stakeholders.

Company Reputation

The Company's reputation plays an important role in the success of the business and is one of the intangible assets owned by CIMB Niaga as a company engaged in banking financial services. To maintain and build its reputation, CIMB Niaga always carefully considers its performance and behaviours that will have an impact on the stakeholders' trust.

For CIMB Niaga, to improve its business prospects and performance, customer trust is an important point, which supported by the development of technology-based customer information protection and customer complaint handling systems. In addition, using the latest developments, CIMB Niaga has implemented a corporate management system, and provides digitalized products and services that are suitable for millennial users. CIMB Niaga regularly conducts systems evaluations to maintain its reputation.

Corporate Governance

When applying good corporate governance, CIMB Niaga refers to four governance pillars, namely governance commitment, governance structure, governance process, and governance outcome, as the form of Bank's responsibilities to its stakeholders. The consistent application of these four pillars of governance principles has benefited CIMB Niaga to:

1. Create a foundation for the Bank to develop for the long term.
2. Raise the Banks' image.

3. Increase Bank's competitiveness.
4. Increase investors confidence in the Bank.
5. Increase the Bank's share value .

CIMB Niaga believes that good and sustainable performance in the long term can be achieved by consistently implementing good corporate governance principles. Therefore, CIMB Niaga is committed to following the beyond compliance principle when applying good governance, and has established it as the main foundation when conducting business to maximize benefits and added value for stakeholders.

CIMB Niaga's Corporate Governance Guidelines are regulated in the Corporate Policy Manual version 01 of 2016, which is the highest policy at CIMB Niaga. The Corporate Policy manual is implemented with reference to the corporate governance principles.

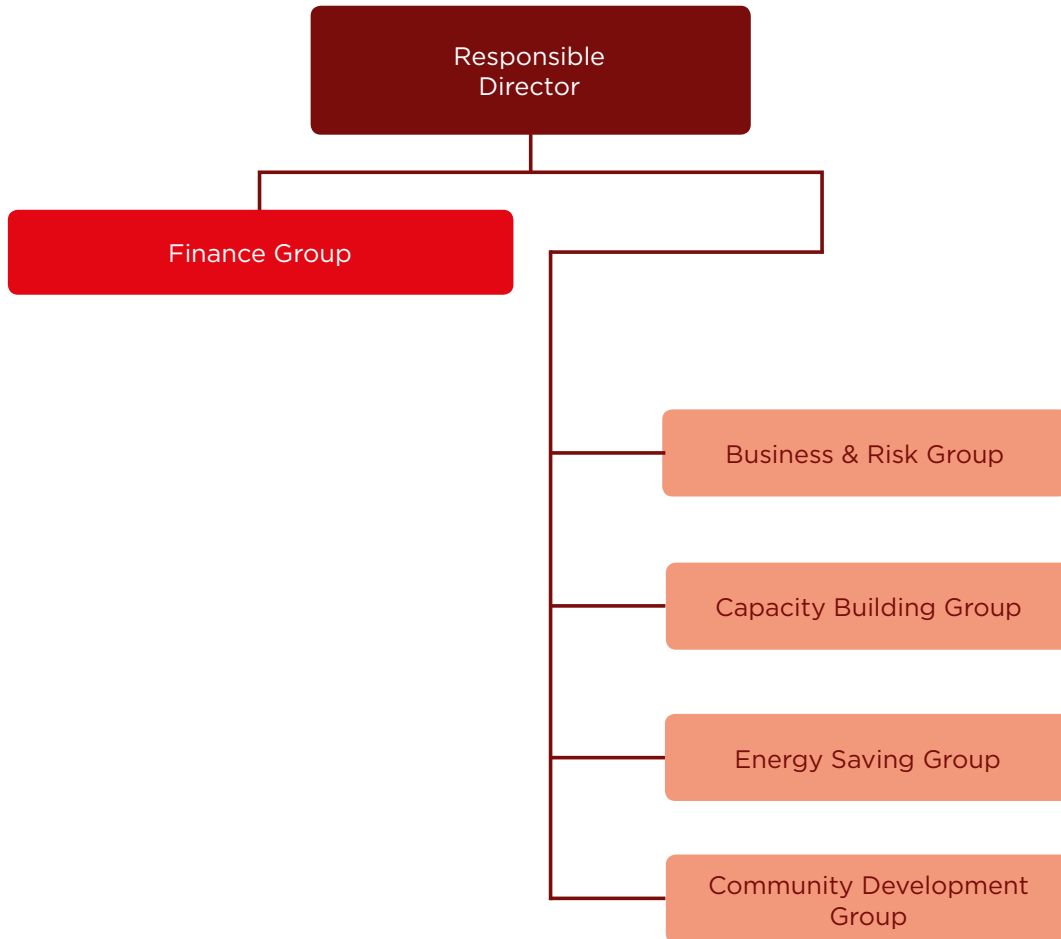
Sustainability Governance

The General Meeting of Shareholders (GMS) is the highest body in the CIMB Niaga governance structure, followed by the Board of Commissioners and Board of Directors. The supporting bodies comprise the Board of Commissioners Level Committees, Board of Directors Level Committees, Corporate Secretary, Business Units/Work Units, and Independent Units.

In the governance structure, the Compliance, Corporate Affairs and Legal Director is responsible for the implementation of sustainable finance action plan (SFAP), eventhough SFAP is the responsibility of the entire Board of Directors. At the end of 2018, the Bank was preparing itself to implement Sustainable Finance, including the SFAP preparation. For the SFAP preparation, the Bank formed a Sustainable Finance Task Force made up the following groups: Finance, Business and Risk, Capacity Building, Energy Saving, and Community Development.

Governance Practices and Governance

Sustainable Finance Governance Structure [102-18]





A full description and disclosure of information regarding the duties, responsibilities and authorities of the GMS, the Board of Directors and the Board of Commissioners, can be found in the CIMB Niaga 2018 Annual Report which is complementary but prepared separately to this Report.

Stakeholder Approach

Stakeholder involvement is identified by the proximity and the power they have to influence and be influenced by the Bank. [102-42]

Identification of Stakeholder Needs and Approaches [102-40] [102-43][102-44] [102-48]

 Customers			
Topic	Method of Engagement	Frequency of Approach	Company Response
<ul style="list-style-type: none"> • Security of banking financial transactions. • Clear and transparent socialization and information on banking products and services. • Banking facilities and ease of access. • Customer complaints settlement in accordance with the Service Level Agreement (SLA) 	<ul style="list-style-type: none"> • Call Center, branch offices, phone banking, websites, social media (facebook, instagram and twitter) • Customer and internal satisfaction surveys • External assessments on customer satisfaction • Website & frontliner information 	<ul style="list-style-type: none"> • Any time • Once a year by the Customer Experience Unit • Once a year by each surveyor • As needed 	<ul style="list-style-type: none"> • Receiving customer grievances/complaints • Identifying customer satisfaction and the necessary improvement aspects • External parties' assessment related to customer satisfaction performance • Banking financial education related to banking products
 Shareholders/investors			
Topic	Method of Engagement	Frequency of Approach	Company Response
<ul style="list-style-type: none"> • Financial and non-financial performance updates • Important activities/corporate events (CSR activities and events) 	<ul style="list-style-type: none"> • Performance reporting • Analyst Meetings • Public Expose • Reporting to the Indonesia Stock Exchange (IDX) 	<ul style="list-style-type: none"> • Quaterly • At least once a year • In accordance with Stock Exchange provisions 	<ul style="list-style-type: none"> • Delivering company organization performance • Reporting year-end performance
<ul style="list-style-type: none"> • Submission of year-end financial and non-financial performance • Appointment of the Public Accounting Firm • Use of company profits • Changes in the Board of Commissioners, Board of Directors and Sharia Supervisory Board composition • Determination of salary or honorarium, bonuses and other benefits for the Board of Commissioners, Board of Directors, and Sharia Supervisory Board 	<ul style="list-style-type: none"> • General Meeting of Shareholders 	<ul style="list-style-type: none"> • At least once a year 	

Governance Practices and Governance



Regulator

Topic

- Compliance with applicable laws and regulations
- The prudential principle in the conventional and sharia banking operations and services

Method of Engagement

- Submission of the Bank Business Plan (RBB) and RBB Realization Report to Bank Indonesia and OJK
- Submission of SFAP to OJK
- Sharia compliance report to the National Sharia Board
- Other reports in accordance with applicable regulations to the regulators

Frequency of Approach

In accordance with OJK provisions

Company Response

- Reporting the Company's plans and achievements in accordance with the applicable laws and regulations
- Reporting the level of compliance with sharia principles



Suppliers

Topic

- Mutually beneficial relationships with suppliers
- The fair and transparent process of procuring goods and services

Method of Engagement

- Policy socialization (gatherings)

Frequency of Approach

- At least once a year

Company Response

- Developing cooperation with CIMB Niaga business partners for the procurement of goods and services to the Company



Employees

Topic

- Employee rights
- Equal career development opportunities
- Recruitment process
- Company performance update
- A valuable and enjoyable working experience

Method of Engagement

- Internal media (HR Info, CIMB Net, E-Manual)
- Town Halls

- Employee engagement surveys (EES)

Frequency of Approach

- When policy changes occur

- Every 2 years

Company Response

- Socializing employment policies and strategies
- Identifying employee satisfaction and expectations

Union

Topic	Method of Engagement	Frequency of Approach	Company Response
<ul style="list-style-type: none"> • Company policies related to employee management • Problems related to employees that have been submitted to the Union as the employees' representative organization • Implementation of the Company's industrial relations • Preparations for negotiating a Collective Labor Agreement (CLA) • Union management input and proposals to the Management regarding the Employees' and the Company's rights and obligations 	<p>Meetings and discussions</p>	<ul style="list-style-type: none"> • As needed • For 2018 there were 8 meetings with Union: 11 January, 7 February, 14 March, 25 April, 21 May, 26 July, 27 September and 14 November. 	<ul style="list-style-type: none"> • Accommodating and identifying proposals and input from Union • Conducting a communication to resolve industrial relations disputes • Adopting a formal and informal approach, and creating a concept of good cooperation between Management and Union to create harmonious industrial relations

Local Communities

Topic	Method of Engagement	Frequency of Approach	Company Response
<ul style="list-style-type: none"> • Executing the CSR program • Developing and Empowering communities to provide added value to the community • Measuring the activities' impact on the beneficiaries 	<ul style="list-style-type: none"> • Discussions with beneficiaries • Meetings and discussions with Foundations or Consultants acting as community development partners 	<ul style="list-style-type: none"> • Performed during initiation, implementation and supervision of any program • AdHoc if there is an urgent need that needs to be communicated 	<ul style="list-style-type: none"> • Providing solutions to issues that arise • Conducting field visits to community program beneficiaries

Partnership Synergy for Sustainability

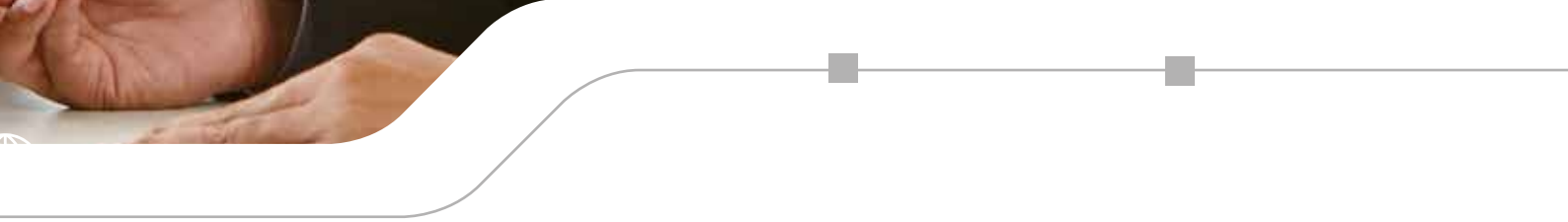
During 2018, all employees at working units were responsible for implementing all programs that supported sustainability by collaborating with other parties, including partnerships with experts, such as the International Finance Corporation (IFC), the Ministry for the Environment and Forestry, KEHATI Foundation, Mitra Netra and/or Thisable.

In addition, as part of the CIMB Group, CIMB Niaga coordinates and shares knowledge on sustainable finance. Through this good coordination, CIMB Niaga ensures that the sustainable finance strategies and implementation are aligned with CIMB Group's sustainable finance strategy, while adheres to the prevailing regulations in Indonesia, as well as follows international best practices.



**Pursue your dreams;
expand your horizons
with the latest
innovations**





Creating Sustainable Banking



“CIMB Niaga is the second largest private bank in Indonesia in term of total assets. CIMB Niaga provides banking services, both to individual and corporate customers, and is seeking to become ASEAN’s sustainable leader in the banking industry”

Sustainability **Supply Chain**

Supply Chain and Procurement Practices

[102-9]

To support the Bank’s operational activities, CIMB Niaga involves local companies in the procurement of its goods and services. This involvement is a form of indirect economic benefit felt by the surrounding communities.

The Bank has an E.03.01 policy related to its goods and services procurement. This policy serves as a guideline to ensure the procurement of goods and services is managed correctly, can be accounted for, and is carried out with due regard to the principles of good corporate governance. The procurement is carried out through bidding or tender processes, taking into account the principle of openness, avoiding conflicts of interest, and follows the highest ethical standards, while focusing

on acquiring the goods or services needed by the Bank at the right price and with the optimal quality, through comparisons of quality and prices offered by the vendors.

The Strategic Procurement & Admin Property Management (SPAPM) unit under the Strategy & Finance Directorate is responsible for goods and services procurement. To ensure the governance process runs to the best standards, other units are involved in the procurement process including Legal, Finance, Internal Audit and Operational Risk Management.

At the end of 2018, there were 426 registered vendors in the CIMB Niaga supply chain. These partners included: security services, sales and promotion services, debt collector services, cleaning services, transportation, and others.

Total CIMB Niaga Vendors [102-9]



The Bank also evaluates vendors/suppliers when it first intends to use their services, and conducts regular reviews during the cooperation period. The evaluation includes:

- ensuring the completeness of vendors’ licences in accordance with applicable regulations
- visiting the vendor’s business locations
- cross-checking the references given
- screening the vendors using Bank Indonesia’s Blacklist application, Anti Money Laundering application and Financial Information Service System Application

Building Sustainable Finance Initiatives [FS-1]

CIMB Niaga runs a sustainable banking business and applies the principles of sustainable finance as contained in CIMB Niaga's Sustainability Policy. At the end of 2018, this policy is still in the preparation stage. CIMB Niaga's commitment to supporting the realization of sustainable development goals (SDGs) is presented in its Sustainable Finance Action Plan (SFAP).

CIMB Niaga's SFAP contains a short and long term activity plan for implementing sustainable finance, which takes into account the fulfilment of environmental,

social and governance (ESG) aspects, as well as the implementation of banking prudential principles and risk management.

CIMB Niaga's sustainable finance implementation in 2019 will start with the development of sustainable finance products and/or services, capacity building through training and socialization to CIMB Niaga employees, and internal adjustments to the organization, policies, and others.

CIMB Niaga Sustainable Finance Action Plan Objectives

1 To increase awareness at every level of CIMB Niaga to run a culture that supports sustainability

2 To support CIMB Niaga's Sustainable Finance vision and mission realization

3 To increase CIMB Niaga's durability and competitiveness

4 To increase chances or opportunities by creating environmentally friendly products

5 To support the Nation's economic movements

6 To contribute to the Nation's commitment to address global warming

7 To support the implementation of the Nation's Sustainable Finance

8 To support the sustainable development goals (SDGs) realization

SUSTAINABLE FINANCE CHALLENGES

The challenges faced by CIMB Niaga in applying the Sustainable Finance principles, include:

1. Increasing HR's understanding and competence regarding Sustainable Finance
2. Improving the debtors' understanding regarding the business activities that support the SDG objectives
3. Debtors' constraints for implementing Government policies, including economic conditions, capacity, or other technical constraints
4. Some Government policies are not yet mandatory, so the debtors' fulfilment/compliance is still weak
5. Changes to regulations issued by Regulators and/or Government
6. Lack of support from other Ministries for regulations that support sustainable finance
7. Green financing that is still rare in Indonesia

Some of these efforts have been completed, and others will follow, enabling CIMB Niaga to increase its Sustainable Finance capacity building, including:

1. Conducting internal training to improve the understanding of Sustainable Finance at all organizational levels
2. Disseminating information on Sustainable Finance to customers and vendors
3. Conducting internal training on implementing Sustainable Finance in the Bank's focus industrial sectors
4. Disseminating information on digitization platforms at the Bank's internal levels
5. Educating customers about electronic transactions

Economic Performance and Financial Inclusion

Management Approach [103-1, 103-2, 103-3]

As a BUKU 4 bank, the Bank has an important role to play in the national banking sector, which in turn will influence the community's economic system sustainability. The Bank's economic performance achievement will be a benchmark for stakeholder trust and will form the basis for investors to make investment decisions.

The Bank's sustainable finance strategy has led to the digitalization of financial services products. Through the economic performance improvement strategy, CIMB Niaga supports the national non-cash movement agenda launched by the Government.

CIMB Niaga's financial performance is the responsibility of the Board of Directors, specifically the Strategy and Finance Director, and is supervised by the Board of Commissioners.

In 2018, CIMB Niaga's loans amounted to Rp188,462,431 million, an increase of 1.81% compared to Rp185,115,806 million in 2017. As a result, CIMB Niaga's total assets reached Rp266,781,498 million in 2018. The loan growth was supported by a growth strategy that set asset quality as a top priority, in this competitive market conditions.

The Bank's Third Party Funds (TPF) amounted to Rp190,750,218 million in 2018, an increase of Rp1,433,022 million compared to Rp189,317,196 million in 2017.

CIMB Niaga recorded net profit before tax of Rp4,850,818 million in 2018, an increase of 16.75% compared to Rp4,155,020 million in 2017, due mainly to other operating income. The Bank's Capital Adequacy Ratio (CAR) has improved annually and reached 19.66% in 2018, while the Net Interest Margin (NIM) ratio stood at 5.12% at the end of 2018.

Economic Value Received and Distributed [201-1]

CIMB Niaga's financial products and services, are part of CIMB Niaga's efforts to improve the quality of life for the community, provide convenience for the community in carrying out their financial activities, and to create a positive impact for stakeholders.

A share of CIMB Niaga's business income is distributed to stakeholders, includes payment of income tax. In 2018 CIMB Niaga paid income tax amounting to Rp1,368,390 million, an increase of 16.23% compared to Rp1,177,282 million in 2017.

Economic Performance and Financial Inclusion

Economic Value Distribution (Rp million) [201-1]

Description	Reporting Period		
	2018	2017	2016
I. Direct Economic Value Received			
Interest and Sharia Income	20,293,247	20,403,384	21,324,648
Other Operating Income	2,151,855	2,134,817	2,113,360
Total direct economic value received	22,445,102	22,538,201	23,438,008
II. Total Direct Economic Value Distributed			
Interest and Sharia Expense	8,281,516	8,000,005	9,230,618
Other operating expenses (personnel expenses and general & administrative expenses)	7,710,291	7,391,480	7,406,454
Payment to shareholders (dividend payments)	595,420	-	-
Payments to the Government (taxes, levies and others)	1,368,390	1,177,282	768,991
Total direct economic value distributed	17,955,257	16,568,767	17,406,063
III. Economic Value Detained			
Economic Value Detained	4,489,845	5,969,434	6,031,945

*[102-48] data that differs from the previous year is due to different in calculation methods.

2018 Financial Performance Summary



LOAN PORTFOLIO AND QUALITY

Management Approach [103-1][103-2][103-3]

CIMB Niaga's business portfolio includes loans and deposits activities. Portfolio growth and loan quality maintenance is an important basis for CIMB Niaga's business development. To achieve this, CIMB Niaga has implemented strategies and policies for facing the challenges in the banking industry, as well as for providing the best banking services. The loan performance and asset quality evaluation is the responsibility of the related work units including the business units, credit units, and risk management units. Each work unit is responsible to the CIMB Niaga Board of Directors.

Loan Portfolio by Sector and Category [FS6]

CIMB Niaga supports the achievement of the national development goals by providing productive loans to debtors in various business segments and economic sectors. Loan distribution for non-individual debtors starts with the Micro, Small and Medium Enterprises (MSME) segment up to the Corporate level, which is one of the focuses of CIMB Niaga's services. The long-term value of the loan distribution services is to pursue sustainable loan growth in the CIMB Niaga's main segments.

Loan Distribution Based on Economic Sector (Rp million)

Sector	2018	2017	2016	Growth (%)	
				2018-2017	2017-2016
Manufacturing	38,465,326	38,981,482	36,737,599	(1.32)	6.11
Trading, restaurants, hotels and administration	38,274,705	38,824,630	36,404,737	(1.42)	6.65
Housing	28,213,382	25,428,713	23,349,265	10.95	8.91
Business services	22,721,851	26,475,802	29,118,292	(14.18)	(9.08)
Consumer	19,098,102	19,312,552	21,832,872	(1.11)	(11.54)
Agriculture	16,551,605	15,863,929	13,330,488	4.33	19.00
Others	25,137,460	20,228,698	19,308,359	24.27	4.77
Total	188,462,431	185,115,806	180,081,612	1.81	2.80

Loan Distribution Based on Geographic Location (Rp million)

Location	2018	2017	2016
Jakarta	129,100,095	121,136,145	116,237,834
East Java	14,442,628	17,033,434	18,234,362
Sumatra	14,149,489	15,534,140	14,535,737
Central Java	12,787,195	12,802,912	10,479,831
West Java	8,273,611	8,923,134	8,184,760
East Indonesia	7,509,613	5,975,957	5,915,167
Others	2,199,800	3,710,084	6,493,921
Total	188,462,431	185,115,806	180,081,612

Loan Distribution Based on Business Segment (Rp million)

Segment	2018	2017	2016
Corporate	37.15	37.59	35.87
Commercial	17.03	17.24	16.57
MSME	19.77	18.90	18.63
Consumer	26.05	26.27	28.93

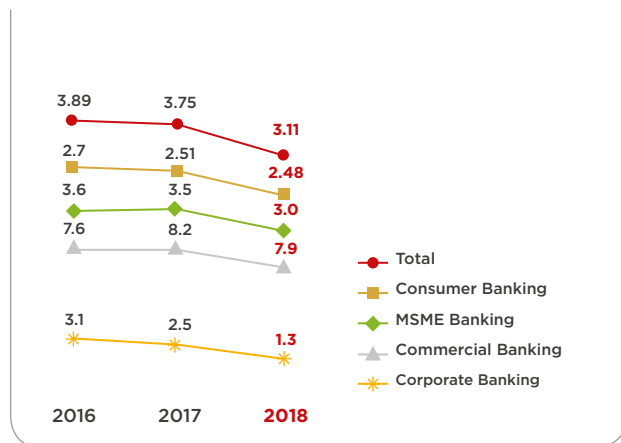
Economic Performance and **Financial Inclusion**

Based on business segment, the corporate segment loan portfolio has the largest portion at 37.15% of the Bank's total loan portfolio in 2018. This was balanced with a strategy that prioritized the prudential principle in managing asset quality, and by monitoring the quality of loan portfolios more tightly and periodically.

Non Performing Loans (NPL)

At the end of December 2018, all CIMB Niaga business segment NPL ratios showed improvements, with Consumer banking at 2.48%; MSME banking at 3.0%, Commercial banking at 7.9%, and Corporate banking at 1.3%.

NPL gross Ratio per segment (%)



By economic sector, the trading, restaurants, hotels and administration; manufacturing; and housing sectors, contributed the most to non-performing loans.

IMPACT OF INDIRECT ECONOMIC VALUE

Management Approach [103-1][103-2][103-3]

CIMB Niaga always care about the community's sustainability and welfare, which has been shown through its social responsibility activities for financial inclusion and literacy. This is also in line with the Bank's sustainable finance implementation aimed at increasing inclusive and sustainable economic growth.

Some of the leading financial inclusion and literacy programs launched by CIMB Niaga included, Let's Save and Share (AMDB), Tour De Bank, and LeadersCamp. In addition, the Bank also supports OJK's financial inclusion program by offering SimPel savings products.

CIMB Niaga Financial Inclusion and Literacy Products/Program [203-1][FS14][FS16]

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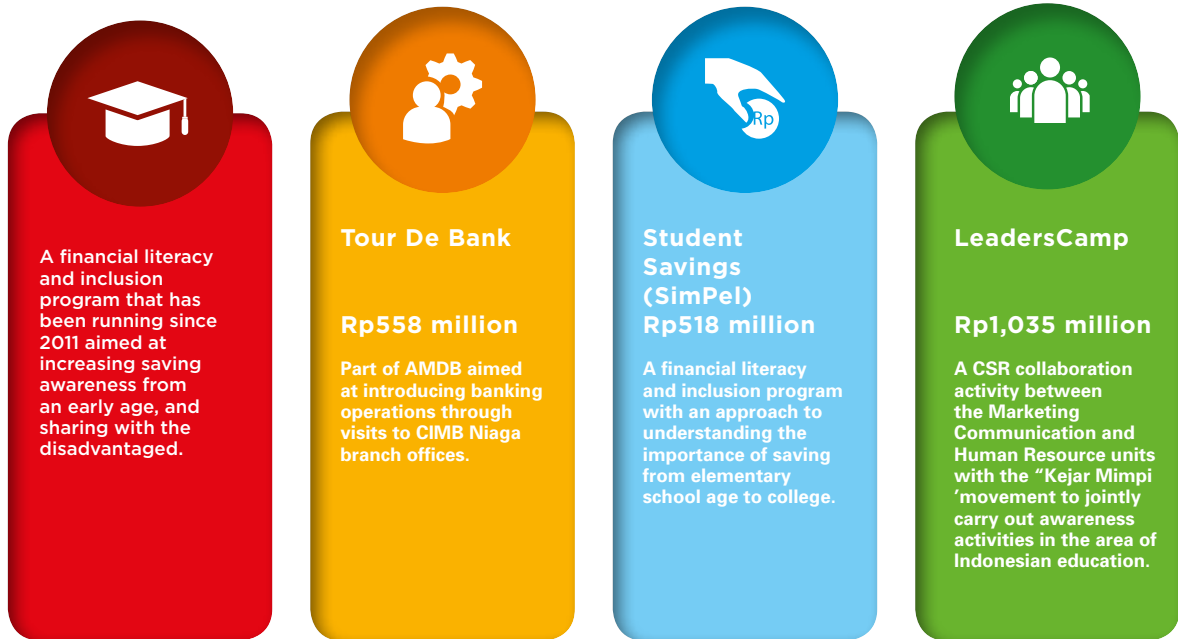
In line with the financial inclusion program, as one form of sustainable finance, launched by the Government, CIMB Niaga runs the “Ayo Menabung dan Berbagi” (AMDB), Tour De Bank, and LeadersCamp activities.

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The financial inclusion program is a Financial Services Authority (OJK) policy in the form of financial service deepening aimed at the bottom of the pyramid, making use of formal financial products and services, as a means of saving money safely, sending money (transfers), saving or loans and insurance.

CIMB Niaga continually runs inclusion and financial literacy products/programs as a form of commitment to supporting the Government's financial inclusion and literacy programs.

Realization of Funds for Financial Inclusion and Literacy Program Activities in 2018



Student Savings (SimPel) [FS7][FS13][FS14]

CIMB Niaga participated in a SimPel Day campaign organized by OJK in October 2018, as a pilot project involving regular visits by branch employees to schools that work with CIMB Niaga in the context of financial inclusion. Since its initial launch in 2017, SimPel products activities have been carried out in several provinces in Indonesia, namely DKI Jakarta, West Java, Central Java, East Java, Banten, DIY, NTT, NTB, Central Kalimantan, East Kalimantan, South Kalimantan, West Kalimantan, South Sulawesi, North Sumatra, Kepri Riau, NAD, Bandar Lampung, Bali, and Bangka Belitung.

By the end of 2018, the Bank had 24,112 SimPel savings accounts with total deposits amounting to Rp5,331million. SimPel savings reaches out to the remote parts of the country including disadvantaged, frontier and outermost areas (3T). [FS7]

Environmental and Social Loan Portfolio

Following the PROPER, ISPO and RSPO evaluation results, CIMB Niaga ensures that debtors and prospective debtors in the palm oil business sector adhere to human rights, and occupational health and safety provisions, support biodiversity, and the cultural heritage sites determined by the Government.

CIMB Niaga is committed to applying sustainable finance principles when providing loan to the debtors and in compliance with the applicable ESG provisions. In line with sustainable finance principle implementation, CIMB Niaga has policies which regulate loan disbursement by taking into consideration the social and environmental aspects. [FS10] [FS11]

Economic Performance and **Financial Inclusion**

As stated in the 2019-2023 Sustainable Finance Action Plan, CIMB Niaga has established priority lending sectors from a social and environmental perspective, which includes: [FS8]

1. palm oil,
2. infrastructure - public transportation (LRT and others),
3. infrastructure - toll roads
4. healthcare sector - hospitals and pharmaceutical
5. electronic transactions
6. MSME financing through channelling
7. financing clean energy and/or renewable energy projects

Together with a greater public awareness of the importance of preserving the environment to prevent or minimize the impact of climate change, the opportunities for financing clean energy and/or renewable energy and green estate/project will increase. To that end, CIMB Niaga has begun to identify and open up opportunities for green loan (green estates/projects) for debtors who already have the required environmental assessment status. [FS8]

CIMB Niaga requires the Environmental Impact Analysis (AMDAL) or UPL/UKL documents and up-to-date Environmental performance rating (PROPER), especially to large-scale debtors in certain business fields. If existing debtors and latest PROPER result become Red or Black, the Bank will ask for remedial action plan. In this situation, The Bank will put them in the Watchlist for closed monitoring and not immediately exit the relationship. Only if the debtor do not improve or implement the remedial action plan, the Bank will exit the relationship. For prospect debtors, the Bank may only consider if the prospect debtors have complied with all the environmental regulations, including AMDAL or UPL/UKL. By complying with the environmental regulations, prospect debtors assure that they have treated their waste properly. [FS1][FS2]

At the end of 2018, CIMB Niaga was in the sustainability policy development stage, looking at the first step to implementing sustainable finance more deeply, especially for green lending. This step began with the preparation of SFAP, which included a plan of activities,

including the identification and monitoring of debtors and potential debtors in the palm oil plantations, as one of the priority lending sectors for CIMB Niaga. Green portfolio identification will be carried out for companies that have the results from the PROPER, Indonesia Sustainable Palm Oil (ISPO) and the Roundtable on Sustainable Palm Oil (RSPO) evaluations.

[FS12]

Financing MSMEs

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In providing banking services to the MSME sector, CIMB Niaga uses two approaches, namely direct and indirect, which are implemented through two of MSME banking sub-segments, namely SME and Micro Linkage banking..

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MSME loan financing will have a positive impact on job creation, poverty reduction and equitable development, and so, as one of the financial services institutions in Indonesia responsible for implementing sustainable finance, CIMB Niaga also supports the distribution of MSME loan through its digital-based product development innovation to expand CIMB Niaga's network to serve the community. In 2018, CIMB Niaga's MSME banking took a strategic step by promoting bundling programs with the aim of creating attractive products that are in accordance with the needs of the MSME segment customers.

CIMB Niaga MSME banking strategies and policies

- 1 Strengthening a potential and qualified customer base through collaboration between CIMB Niaga business units with referrals and cross-selling programs
- 2 Optimizing and improving the value chain and trade finance products
- 3 Increasing growth both in terms of assets and Third Party Funds (TPF).



SME Banking

through a lending plafond approach for business development of customers with a good business track record, financial services for certain communities can be provided in accordance with their needs.



Mikro Linkage

a form of service where CIMB Niaga distributes loans through Village Unit Cooperatives, plasma nucleus plantations, Regional Development Banks (BPD) and Rurals Banks (BPR) as well as various other types of financial institutions.

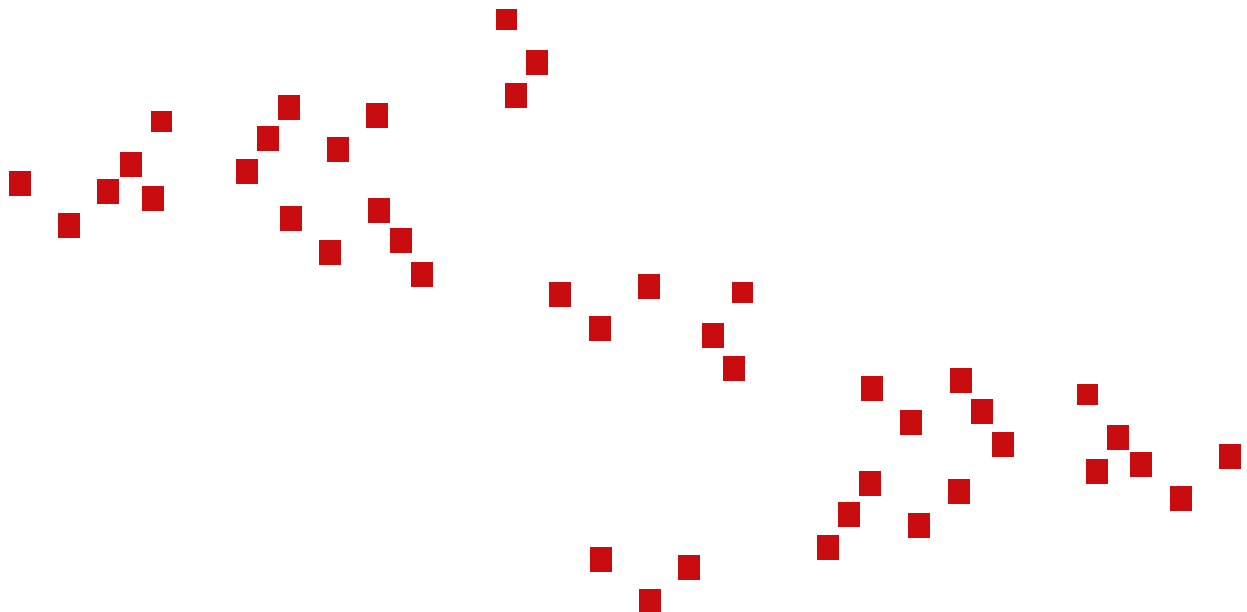
In 2018, MSME banking recorded loan growth of 6.51% to reach Rp37.3 trillion. MSME lending includes two types of services, Mikro Linkage and SME.

The highest increases in MSME loan growth was mainly in the wholesale and retail trade sector, and the agriculture, hunting and forestry sector, with growth of 8.85% (yoy) and 11.87% (yoy) respectively. Majority loan disbursement was in SME service amounted to Rp29.6 trillion, this improvement was due to various efforts performed by CIMB Niaga .

MSME Loan Distribution (Rp million)

Type of Service	2018	2017	2016
SME	29.6	27.3	24.6
Mikro Linkage	7.7	7.7	8.3

The MSME loan growth is followed by comprehensive monitoring of loan quality, starting from the debtor' condition evaluation, which includes predictive tools, supervision of arrears, and settlement of non-performing loans. This monitoring process is carried out by the Early Detection Team and Asset Quality Management Team. The team also monitor loan quality in a portfolio and overall manner, and includes an escalation mechanism for non-performing loans. This mechanism is carried out jointly through collaboration between the related work units under the strict supervision of the Board of Directors, and is reported regularly to the Board of Commissioners, through the Audit Committee and Board of Commissioners' Meetings.



Anti Corruption

Policies and Strategies [205-1]

Management Approach [103-1][103-2][103-3]

Banking financial services are very closely related to financial transactions, meaning that anti-fraud/anti-corruption commitments will have a significant effect on the Bank's sustainability. Diverse financial products and services are very vulnerable to the possibility of money laundering and terrorism financing.

Policies and strategies for managing banking services and products must be implemented to avoid money laundering, terrorism funding and corruption/fraud. The banking business prioritizes the trust of stakeholders, and strong service and banking products activities performed by human resources with the integrity to prevent fraud. CIMB Niaga has an Anti-Fraud policy that cannot be separated from other Bank's policies, which also regulates fraud mitigation and prevention inherent in each business activity and operation.

Anti Money Laundering & Prevention of Terrorism Funding Programs (AML and PTF)

The implementation of the AML and PTF program is a commitment by CIMB Niaga's Board of Commissioners and Board of Directors to build an adequate risk culture at all organization levels, and to prevent its products, services and e-channels from being used as a medium for money laundering and terrorism financing. The Bank's AML and PTF program refers to the applicable provisions and legislation and is based on international best practices

In the framework of the AML and PTF program implementation, the Bank applies 3 (three) lines of defence, as follows:

1. **First Line of Defence**, followed by the Bank's Business, Control and Operations Units that conduct daily activities as the front line of the organization.

2. **Second Line of Defence**, a monitoring function to ensure the first line of defence has performed its functions properly.
3. **Third Line of Defence**, a monitoring function of the AML and CFT Program carried out by the first and second lines of defence. This function is carried out by internal auditors, external auditors and the Board of Commissioners to ensure that the first-line and second-line defence functions were effective.

The AML and CFT program implementation has been strictly implemented and monitored by CIMB Niaga's Board of Directors and Board of Commissioners, and covers the implementation of AML and CFT policies and procedures, the establishment of an Anti Money Laundering (AML) Group, AML and CFT training for employees, evaluation and effectiveness by internal parties, and reporting to Regulators regarding the AML and CFT implementation. The Bank has also implemented a Know Your Employee (KYE) concept as part of its efforts to prevent AML and CFT and fraud.

Anti Fraud Strategy

CIMB Niaga has a zero-tolerance attitude towards all types of fraud and crime. In addition, CIMB Niaga believes that having an anti-fraud and compliance culture in the work environment is an important step towards attaining a culture of sustainability behaviour, together with an anti-fraud risk awareness and the application of clear, firm sanctions that are expected to foster value and integrity.

Based on Bank Indonesia Circular No.13/28/DPNP year 2011 concerning the Implementation of Anti-Fraud Strategies for Commercial Banks, the Bank has established a special Anti-Fraud Management (AFM) unit to carry out the function of implementing the anti-fraud strategies.

4 pillars of Anti Fraud



CIMB Niaga’s anti-fraud program is not only directed at CIMB Niaga employees, but also at CIMB Niaga business partners, and has been communicated to them through anti-fraud and anti-corruption statements contained in the Cooperation Agreement (SA), Work Order (WO), whistleblowing site, electronic mail sent to all vendors, and through banners and posters in the banking areas.

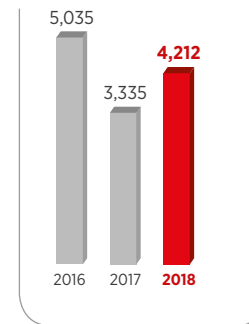
In addition, the Bank also held mandatory Anti Fraud Awareness training for all employees, aimed at increasing employee knowledge about the prevention and consequences of fraud. By the end of 2018, 33.80% of CIMB Niaga’s employees had participated in the Anti-Fraud training: [205-2]



In an effort to improve the fraud risk culture, in 2018 the Bank held several activities related to Anti Fraud Awareness including Leaders Round Table, Morning Briefing Series and Campaign on Speak Up Culture.



Total Anti Fraud Training



Anti Fraud training is carried out through face to face, e-learning media and Learning on the Go (LoG) applications. These training and education activities significantly reduced fraud cases in 2018. Several fraud cases in 2018 are the follow up from whistleblowing reports.

Number of Fraud Cases*

Internal Fraud Cases	Perpetrator					
	Board of Commissioners and Board of Directors		Permanent Employees		Non-Permanent Employees	
	2018	2017	2018	2017	2018	2017
Completed	-	-	3	11	-	-
In the Bank’s internal settlement process	-	-	2	-	-	-
Not yet Completed	-	-	-	-	-	-
Followed Up Through a Legal Processes	-	-	1	-	-	-
Total Fraud	-	-	6	11	-	-

*This data constitutes a fraud with a nominal value exceeding Rp100 million.

Number of Follow-Ups for Alleged Fraud by CIMB Niaga Employees* [205-3]

Description	2018	2017	2016
Total and proven fraud incidents	24	27	25
Total proven fraud incidents that resulted in termination of employment, or through disciplinary action against employees	24	27	25
Total legal cases related to fraud against the organizations or employees during the reporting period	1	5	4

* This data constitutes a fraud with a nominal value exceeding Rp100 million and does not take into account the recovery obtained in an effort to save Bank assets.

Anti Corruption **Policies and Strategies**

Whistleblowing system (WBS) [FS9]

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Since 2017, CIMB Niaga has appointed independent and professional third party to manage whistleblowing reporting, whereby reporters can more conveniently and openly report violations or indications of fraud.

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As a concrete manifestation of its internal control efforts, CIMB Niaga has prepared and implemented policies, as well as a whistleblowing system (WBS) since 2011. The Bank has also improved this reporting system in stages, both in the reporting mechanism and the reporting media socialization. The WBS policy refers to Bank Indonesia Regulation (PBI) No.5/8/PBI/2003 amended by PBI No. 11/23/PBI/2009 and Bank Indonesia Circular Letter Number 13/28/DPNP concerning Anti-Fraud Policy.

Violation Reporting Mechanism

Internal and external parties can report any violations to CIMB Niaga through the following communication channels:

Communication channels managed by CIMB Niaga internally

Phone or SMS: 0878 296 52767
(0878 AYO LAPOR)

email: ayo.lapor@cimbniaga.co.id

Communication channels managed by independent parties

Website: <https://ayolapor.tipoffs.info>

Email: ayolapor@tipoffs.info

Phone: 14031

SMS & WA: +62 822 113563636

Facsimile : +62 21 2856 5231

Letter: Ayo Lapor PO BOX 3331 JKP 10033

Complaint Handling Mechanism

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The Compliance Director is responsible for the Bank's whistleblowing service, with the responsibility of overseeing the whistleblowing report handling process, and ensuring that all processes are carried out in accordance with the relevant procedures and regulations.

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The Bank ensures the protection, and guarantees the confidentiality of those reporting in good faith. Any information submitted by the reporting party will be treated as confidential information and only be known to the designated whistleblowing officer. The Whistleblowing officer will contact the reporter confidentially to request additional information, or will request PT. Deloitte Konsultan Indonesia, as an independent party, to communicate with the reporter if there is any information required by the Bank.

The Whistleblowing officers, In the context of their supervision, including the complaints investigation process, must report the violation results periodically to the Director in charge of the whistleblowing service, namely the Director in charge of Compliance, with copies to the Director in charge of Risk Management, the Directors in charge of Human Resources, Chief Audit Executive and all members of the Whistleblowing Committee. Furthermore, this whistleblowing report shall be submitted on a quarterly basis to the Board of Commissioners level committee, namely the Audit Committee.

228 complaints were received through the WB in 2018, an increased from 98 complaints in 2017. Of these, 83 cases are being investigated. The increased number of complaints is a reflection of the successful implementation of the Speak Up culture through the WBS socialization program.

Number of WB Reports and Status

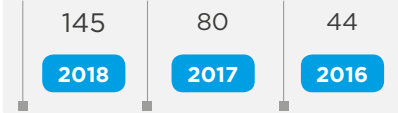
Number of WB reports received



WB reports investigated



WB Reports not investigated (pre- closed)



WB Reports investigated and concluded (closed)



WB reports under on going investigating (open)



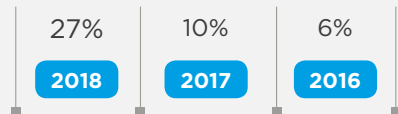
WB Reports related to fraud proven based on investigation



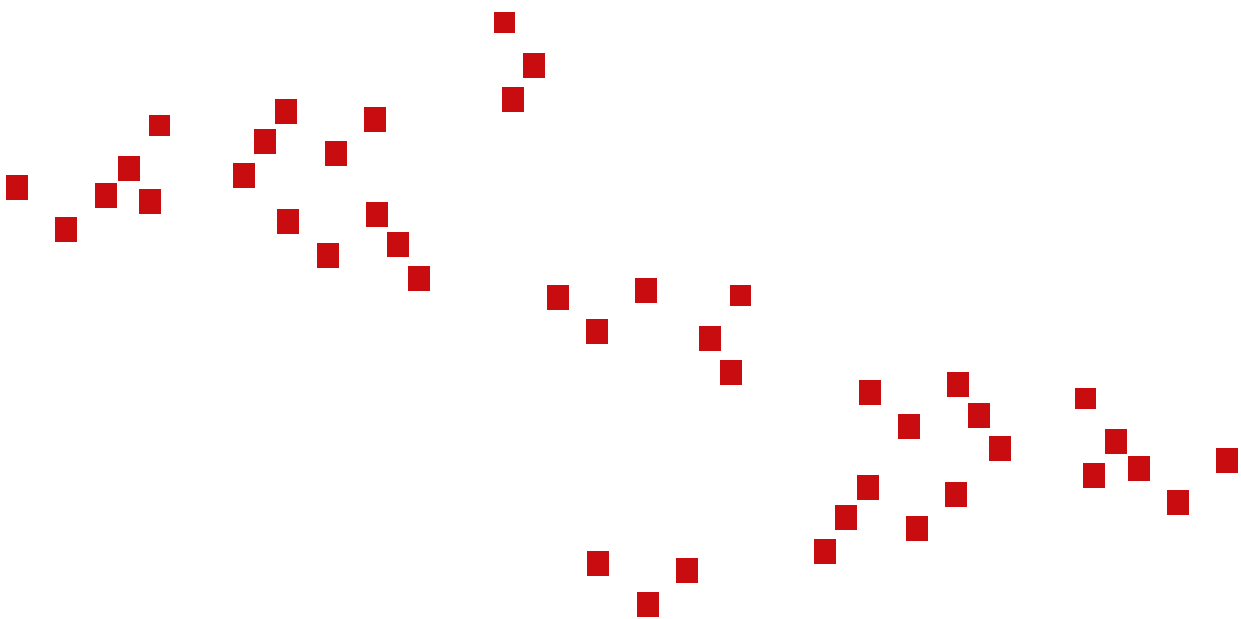
WB Reports proven based on investigation



Percentage of WB Report investigated from total reports received *



* In addition to the investigated WB reports, there were also WB reports received that can not be investigated due to no violation indication, insufficient evidence, etc.



Digitalization for Sustainable Finance

Management Approach [103-1][103-2][103-3]

CIMB Niaga is continuing to develop digital-based products to complement its services and to meet market needs. The digital community development must be balanced with banking technology development to play an important role in socio-economic life. Digitalization also indirectly supports sustainable finance implementation as it reduces costs through paper savings, and emissions through reduced transportation use.

Millennials and the urban lifestyle seek ease, speed and efficiency. With increasingly sophisticated technology, transaction patterns are shifting towards a cashless system, and this has created a good momentum for the banking business. CIMB Niaga continues to improve its use and development of technology and innovations, and its performance is the responsibility of the Director of Operations and Information Technology. By increasing its electronic transactions, CIMB Niaga is integrating the Bank's business strategies with the sustainable finance implementation. Technology development is evaluated regularly or at any time necessary.

Digital Banking Services

CIMB Niaga is focused on technology innovations in the banking industry to help it further strengthen its position as the leading digital bank in Indonesia. To provide an excellent customer experience to customers, numerous digital-based banking services have been launched, including CIMB Clicks, Go Mobile, Rekening Ponsel, CIMB Niaga Phone Banking 14041, Automated Teller Machines (ATM), Electronic Data Capture (EDC), Cash Deposit Machines (CDM), Cash Recycle Machines (CRM), Digital Lounge, and BizChannel.

In 2018, CIMB Niaga continued its digital banking innovations to provide retail customers with ease-of-access for their transactions, including launching the latest features in Go Mobile. One of the innovations is

QR Code, facilitating transfers to fellow Go Mobile users, and for shopping at leading online e-commerce. QR payments can be made at more than 100 CIMB Niaga partner merchants. In addition, CIMB Niaga is working with Indosat Ooredoo to launch the CIMB Niaga Indosat Ooredoo Card that has excellent features suitable for the urban community.

The Bank also offers Bizchannel@CIMB as a safe and convenient internet banking solution for banking transactions for non-retail customers. In addition, the Bank has also launched the mobile e-Salaam apps, an innovative application to help customers pay zakat and wakaf to Amil Zakat Institutions and Waqf institutions. This innovation involves the implementation of a strategy planned since the beginning of the year to get closer to the customer.

In addition to innovating its digital banking, CIMB Niaga is continuing to optimize its branch office network by looking at its deployment, as well as moving banking transactions to branchless banking channels. The network optimization has involved Digital Lounges, Mobile Cash, and ATMs for withdrawals and deposits, to facilitate customer transaction needs.

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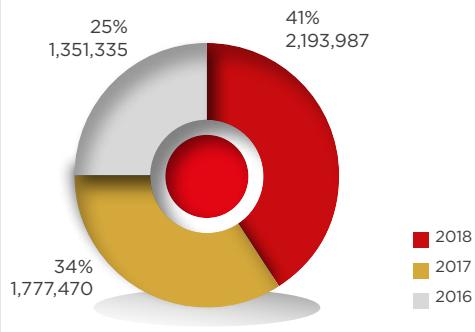
One of CIMB Niaga's technological innovations is through CIMB Niaga Digital Lounges to provide a digital banking experience for retail customers. During 2018, the Bank added new Digital Lounge services in Semarang, Atmajaya Jakarta Campus, Makassar, and Surabaya, thus increasing the total Digital lounges to 26 units.

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Number of Digital Platform Users

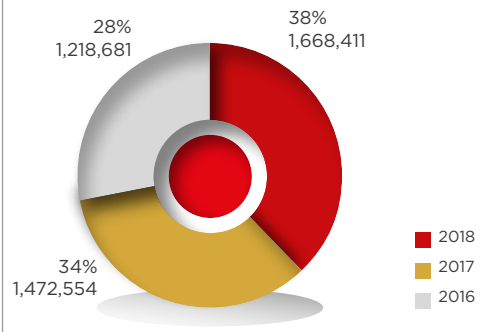
Go Mobile

(User)



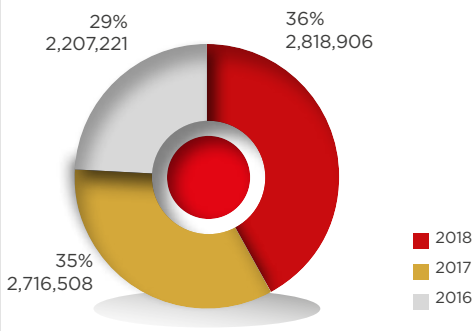
CIMB Clicks

(User)



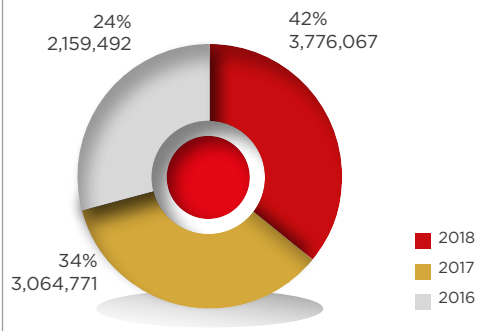
ATM and SST

(User)



Rekening Ponsel

(User)

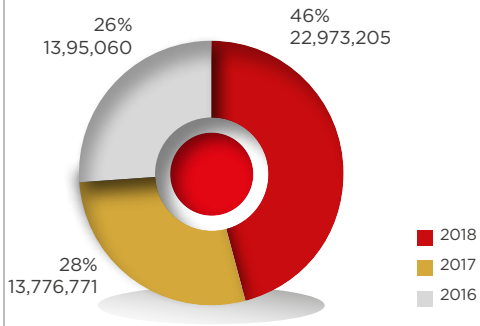


Digitalization for Sustainable Finance

Total Digital Platform Transactions

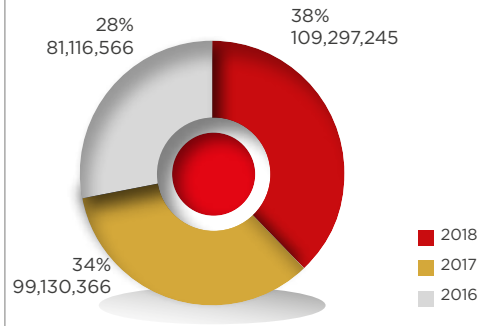
Go Mobile

(Rp million)



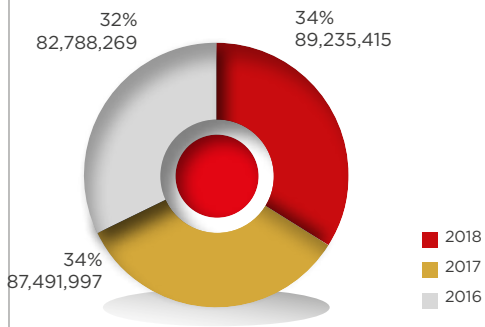
CIMB Clicks

(Rp million)



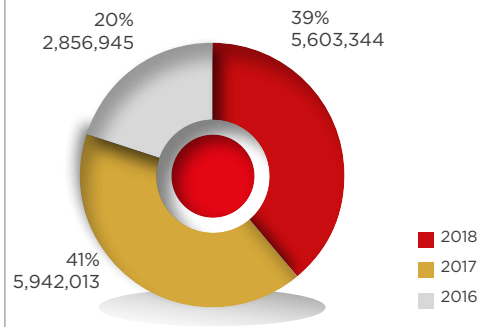
ATM and SST

(Rp million)



Rekening Ponsel

(Rp million)



Digital BizChannel Platform Performance

Digital Platform	2018	2017	2016
Number of Users	33,765	30,194	27,256
Number of Transactions (in million)	91.27	69.26	32.43

CIMB Niaga also launched “API Banking”, an application that helps connect CIMB Niaga’s banking services with third-party applications, especially those from Tech start-ups and Fintech. With this service, CIMB Niaga hopes to deliver banking services benefits through user-friendly Fintech or Start-up applications.

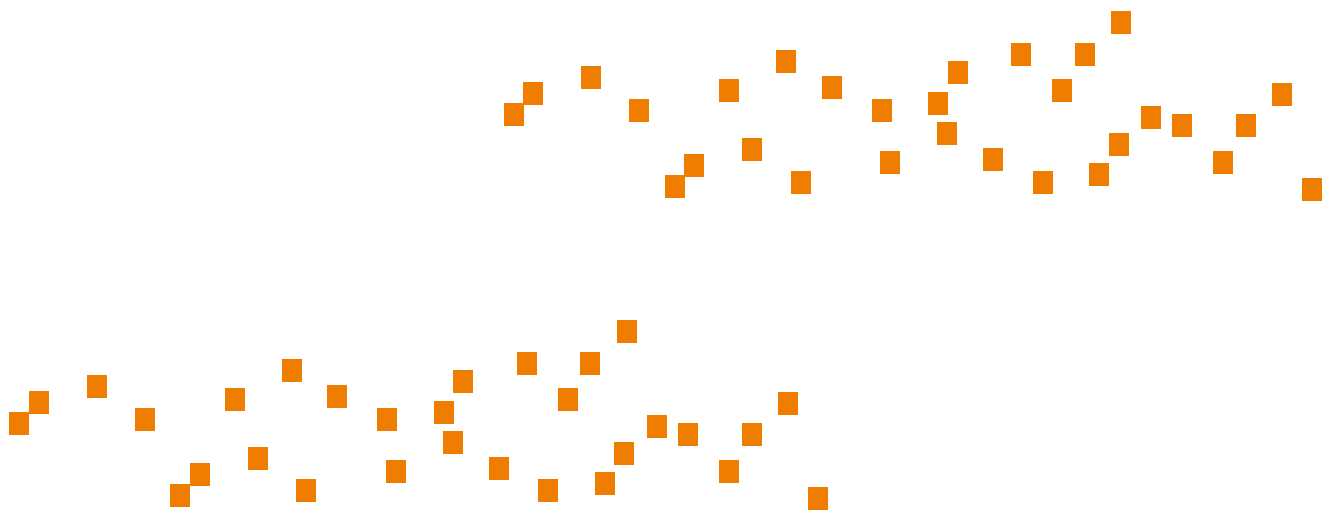
Financing Overview [FS3, FS5]

To ensure loan quality and mitigate loan risk, CIMB Niaga supervises and periodically reviews loan facilities provided by the Bank to the debtors. This supervision is regulated in the Bank’s credit policies, including the Principal Credit Policy and the Bank’s Commercial Credit Policy of the Bank.

Loan reviews consist of:

- Annual reviews conducted on revolving loan facilities with a maturity of one year
- Term loan reviews conducted for non-revolving loan facilities with a maturity of more than one year.
- Early warning/indicative reviews to determine the condition of debtors if there is a potential that may impact the loan quality. The process is carried out periodically and incidentally based on the condition of the debtors.

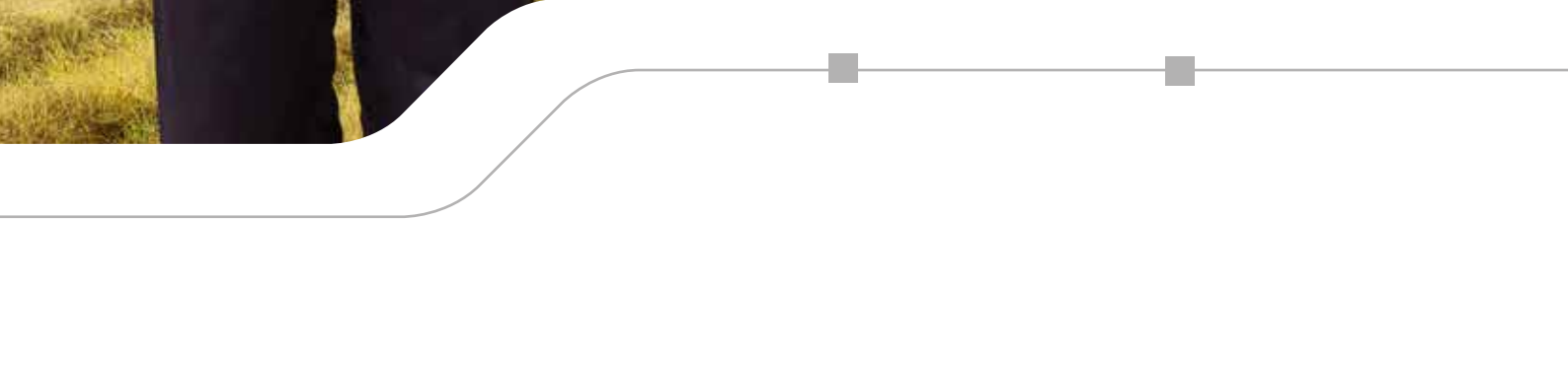
Loan reviews are conducted by the Post Mortem Review Unit and are based on three parameters, namely: Business Prospects, Debtor Performance and Paying Capability. This process is also applied to loans disbursed after reviewing the debtor’s commitment and background for compliance with ESG. The loan review results are submitted to the credit approver based on the limits of authority set by the Bank.





**Work hard and full
heartedly to reach
your dreams**





Community Development with CIMB Niaga



“Change, dreams and aspirations to become real, so that CIMB Niaga helps build and contribute to the communities progress and development in line with the Sustainable Development Goals (SDGs)”

Supporting Sustainable Development Goals

The sustainable development goals is an initiative initiated by the United Nations (UN) that aims at creating a better life for future generations. There are 17 goals, and each country can ratify these according to their conditions. Indonesia, as one of the countries that ratified the Climate Change Framework Convention (UNFCCC) and the Kyoto Protocol, has been active in supporting the achievement of these SDGs.

Support For SDGs

Through the Bank's activities, including its social responsibility program, CIMB Niaga has shown a commitment to supporting the achievement targets of these SDGs.

CIMB Niaga Support for Achieving Sustainable Development Goals (SDGs)

SDGs	Support
<p>No Poverty</p> 	<p>The Bank supports activities that increase the number of people with disabilities who are trained and the number of empowered bamboo farmers. With training and empowerment, it is expected that people with disabilities and bamboo farmers can improve their welfare.</p>
<p>Good Health and Well-being</p> 	<p>The Bank supports the provision of loans for health facilities and services so as to increase the number of patients who receive health services and reduce maternal and infant mortality rates.</p>
<p>Quality Education</p> 	<p>The Bank supports education improvements through financial literacy and inclusion activities to reach people in the 3T areas.</p>
<p>Gender Equality</p> 	<p>The Bank supports the provision of loans that will increase the empowerment of women</p>
<p>Decent work and economic growth</p> 	<p>The Bank supports employment opportunities and provides equal opportunities and a professional recruitment process to obtain reliable quality human resources. Through employment and a decent working environment, it is hoped that the unemployment rate will decline and economic growth will rise.</p>

SDGs	Support
<p>Industry, innovation and infrastructure</p> 	<p>The Bank supports the reduction of CO₂ emissions and combats global warming through environmentally sound loan disbursements, and the use of environmentally friendly technologies.</p>
<p>Sustainable cities and communities</p> 	<p>The Bank supports an increase in the number of users of public transportation modes and the development of rail transport systems through the provision of credit for public transportation and highways.</p>
<p>Life on land</p> 	<p>The Bank supports improvements to conservation areas and/or degraded land through environmentally sound loan disbursements and social responsibility activities aimed at preserving the environment.</p>

Moving forward, CIMB Niaga's efforts to support the SDGs will continue by increasing the number of electronic transactions; saving paper, energy and reducing emissions; lending to MSMEs through channelling; and increasing the financing portfolio in line with the ESG concept.

To realize the CSR policies and strategies in line with the Sustainable Finance Vision and Mission, CIMB Niaga develops synergies between internal and external parties. The synergies through CSR activity cooperation ensure that the CSR activities can be more effective, reach a wider network, and have a stronger positive impact. [\[103-1\]](#)[\[103-2\]](#)[\[103-3\]](#)

Contributing to **Communities** [413-1]

Management Approach [103-1][103-2][103-3]

In carrying out its business activities, CIMB Niaga wants to grow with the community and the environment. The commitments realized through the implementation of Corporate Social Responsibility (CSR). The CSR activities aim is to provide broad benefits to the communities, to preserve the environment, and to minimize negative impacts for all stakeholders.

The CSR activities conducted by CSR unit at the Head Office, under the Corporate Secretary Sub-Directorate. This unit is responsible for the Bank's CSR strategies and implementation, as well as for ensuring the CSR activities comply with the applicable policies or regulations.

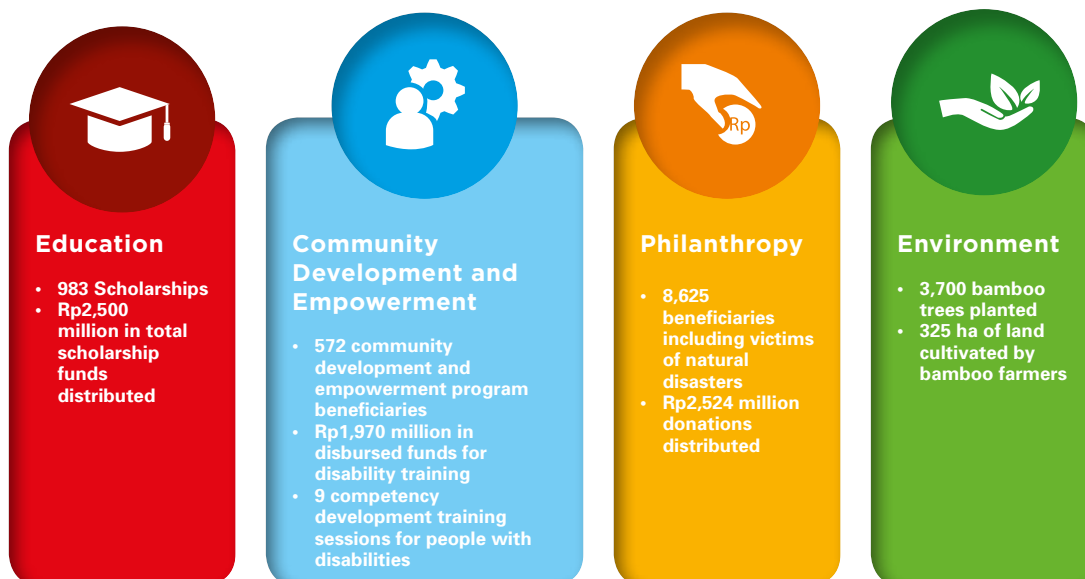
Social Responsibility Activities (CSR)

CIMB Niaga's CSR is carried out with reference to the four pillars, or the key activity focus, which are then mapped in four areas, namely: [103-2]

4 CSR Implementation Pillars



In 2018, CIMB Niaga's CSR activities were in line with the four pillars and in accordance with the Bank's strategy. [FS7]



Funds for CSR Activities

In 2018, CIMB Niaga channelled funds amounting to Rp33.92 billion for the four activity pillars

Realization of Funds for CSR Activities

(Rp million)

Type of Activity	2018	2017	2016
■ Environment	307	30	534
■ Employment Practices, Occupational Health and Safety	1,970	1,690	-
■ Disabled Employees	1,970	1,690	-
■ Social and Community Development	28,588	28,454	27,751
■ Education	8,980	10,470	7,166
■ Community Development and Empowerment	2,252	3,048	260
■ Philanthropy	2,524	8,236	1,207
■ Qardhul Hasan Funds	14,832	6,700	19,118
■ Others	3,056	727	324
Total	33,921	30,901	28,609

CIMB Niaga Employees and Customers Synergy ^[413-1]

In 2018, CIMB Niaga launched the ‘Community Link’ program aimed at enhancing collaboration in the social responsibility activities between the Bank, customers, employees and the community. This program invites active customers and Bank employee involvement to convey ideas for CSR activities that could provide added value to the communities around the Bank’s branch offices. This program is categorized in 2 (two):

- #JadiNyata, namely selected ideas from customers, and
- #JadiPeduli, namely selected ideas from employees.

During 2018, 52 branches, or 10.33% of all CIMB Niaga operational units, participated in the #JadiPeduli category, and 200 customers participated in the #JadiNyata category.

Realizing the Nation’s Generations Dream Through CIMB Niaga Scholarships

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Between 2006 and 2018, CIMB Niaga provided 983 student scholarship programs at the high school, undergraduate, to postgraduate levels, both local and abroad.

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Education is the main focus of CIMB Niaga’s social responsibility activities, as the Bank believes that education is the foundation for the nation to lead a better life. CIMB Niaga’s social responsibility for education is realized through the Scholarship Program. The awarding of scholarships is in line with CIMB Niaga’s brand promise, “Forward”, with the aspiration to forward your dream.

Since its start in 2006 until 2018, scholarships have been given to 983 students at high schools, bachelor and master’s degree levels, both local and abroad. In 2018, CIMB Niaga provided scholarships to 75 students

Contributing to **Communities**

at 14 universities in Indonesia, namely Universitas Gadjah Mada, Institut Teknologi Bandung, Universitas Padjadjaran, Universitas Brawijaya, Universitas Indonesia, Universitas Atma Jaya Jakarta, Universitas Atma Jaya Yogyakarta, Universitas Airlangga, Institut Teknologi Nasional Malang, Universitas Diponegoro, Universitas Telkom, Universitas Bina Nusantara, Universitas Al-Azhar Indonesia, and Institut Pertanian Bogor.

Providing scholarships is a form of support for outstanding students to increase their academic and non-academic potential as future leaders.

CIMB Niaga Peduli

For CIMB Niaga's philanthropic activities, CIMB Niaga provided assistance in the form of donations to support community welfare improvements. Some of the Bank's philanthropic activities carried out during 2018 included:

1. Ramadhan and Ramadan Safari activities in branch offices

To welcome the arrival of the holy month of Ramadhan 1439 H, CIMB Niaga and CIMB Niaga Sharia in collaboration with the Amal Zakat Institute, Nurul Hayat Madiun, invited 100 orphans to shop together at Carrefour Madiun, East Java. During this event, CIMB Niaga shared not only its happiness with orphans from the areas around the CIMB Niaga Madiun branch, but also shared the importance of saving and managing simple finances for children. CIMB Niaga held similar Ramadhan Safaris in 9 cities, which were attended by CIMB Niaga's Senior Management.

2. Assistance for Natural Disaster Victims in Lombok and Patients with Thalassemia

During "The Color Run 2018", CIMB Niaga provided assistance to earthquake victims in Lombok through the Indonesian Red Cross (PMI), to help restore post-earthquake conditions in Lombok. At the same time, CIMB Niaga also provided assistance to children with Thalassemia through the Thalassemia Indonesia Foundation. This assistance was used to buy blood pumps that are much needed by people with Thalassemia.

3. Assistance for Natural Disaster Victims in Palu and Donggala

CIMB Niaga concern for the tsunami disaster victims in Palu and Donggala was realized through the Aksi Cepat Tanggap Foundation (ACT) in December 2018, with the main objective of fulfilling their needs after the disasters. In addition, CIMB Niaga Sharia Business Units distributed assistance through: the Ministry of Villages, Disadvantaged Areas Development, and Transmigration; OJK; Darul Qur'an; and Daarut Tauhid.

4. Christmas 2018

During the Christmas event, CIMB Niaga provided assistance through three foundations, namely: Mega Kasih Bangsa Foundation, Lembaga Pelayanan Anak-anak Indonesia Foundation, and Bala Keselamatan Foundation. This assistance is expected to improve the children's education and welfare in areas affected by natural disasters in the Palu area.

BANKING FINANCIAL LITERACY AND EDUCATION

Implementation of Banking Financial Literacy and Education is in line with Bank Indonesia and the OJK policies to provide a better understanding of banking to the public. CIMB Niaga has embodied these policies through several activities, namely: Ayo Menabung Dan Berbagi (AMDB) Program, Tour de Bank, various Financial Literacy Programs, Mini Banking Laboratory, and the Bourse Game Laboratory. CIMB Niaga also directly supported the OJK movement by participating in the SimPel Day campaign.

In 2018, 117 branches, or 23.26% of the total CIMB Niaga office network, have participated in the banking financial literacy and education activities. These programmes have reached 14 cities, 6,388 students, and 60 schools throughout Indonesia. Students following the financial inclusion activities have opened a total of 2,217 SimPel savings accounts. In 2018, through the AMDB and Tour de Bank Programs, the participated branches recorded income of Rp244.8 billion. The survey results for the benefits of financial literacy activities showed that CIMB Niaga received a score of 4.38 (out of a total scale of 5), showing that the beneficiaries were satisfied.

Ayo Menabung dan Berbagi (AMDB) Program

- Involving 5,452 students
- 10 major cities in Indonesia
- 40 Schools from elementary-high school/ vocational school level

Tour de Bank

- Involving 936 students
- 4 major cities in Indonesia
- 20 Elementary Schools

Empowerment Education

CIMB Niaga has also supported the implementation of quality education that included providing educational support facilities and infrastructures in several regions in Indonesia. During 2018, CIMB Niaga’s education support activities included:

- The One Million Books Program in Mataram and the Selayar Island.
- The One Million Books Program in the LeadersCamp in Medan, Surabaya, Malang and Bandung.
- The One Million Books Program in the Tour de Bank in Bogor.

CIMB Niaga also provided facilities to support banking education by building a Mini Banking Laboratory in the Vocational Program at Universitas Indonesia (UI), and a Bourse Game Laboratory at Magister Manajemen Universitas Indonesia (MMUI).

Empowering People with Disabilities [FS14]

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CIMB Niaga together with its partners, provides training, debriefing and empowerment for people with disabilities so that they can become part of the workforce

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The training, debriefing and empowerment for people with disabilities as part of the workforce is a program designed by CIMB Niaga, in collaboration with designated partners. CIMB Niaga hopes that through this training, people with disabilities can become more independent and be confident in working or carrying out business.

CIMB Niaga recruits people with disabilities as outsourced employees. By the end of 2018, 25 people worked as Telesales Funding Officers and 4 people as Social Media Personal Banking Officers (PBOs). CIMB Niaga has never employed underage workers and does not use forced labour.

Number of Employees with Disabilities

Type of disabilities	Total	Work	Location
 Impaired sight	25	Telesales Funding Officer	CIMB Niaga Gajah Mada
 Impaired hearing	4	PBO Social Media	CIMB Niaga Yogyakarta

CIMB Niaga for **Customers**

Customer Information Protection [103-1][103-2][103-3]

CIMB Niaga is committed to maintaining customer privacy and information subject to the applicable regulations. Customer information is a form of confidentiality that cannot be shared with other parties, except when called for by applicable laws and regulations. Indirectly, maintaining customer information is a form of trust that affects the Bank's reputation and this is regulated in policy E.04 concerning the Customer Protection Policy. During 2018, there were no material complaints regarding violations of customer's secrecy involving other organizations and regulatory bodies. [418-1]

As part of its service quality, CIMB Niaga ensures that it handles any complaints reported by customers to the Bank. The development of this service quality is the responsibility of the Segment, Decision Management & Customer Experience Sub Directorate. Periodically, CIMB Niaga evaluates customer protection through customer satisfaction surveys.

PRODUCT RESPONSIBILITY [FS15]

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CIMB Niaga provides the best professional services for products and/or financial services to all customers, and takes into account the provisions of consumer protection in the financial services sector while maintaining the confidentiality of customer data

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CIMB Niaga ensures that every banking product and/or service marketed by the Bank is equipped with provisions and/or submission of information for customers that is accurate, honest, clear and not misleading. This is achieved by providing a written summary of information for products and/or services outlining the benefits, risks, costs of products and/or services, and the terms and conditions that apply. The Bank is also obliged to provide an understanding to customers of their rights and obligations regarding the selected products and/or services.

During 2018, projects implemented were aimed at accelerating the service process, ease of access, as well as convenience and security of transactions, and involved the Lean Six Sigma Method and the Customer Journey Mapping that are focused on eliminating customer pain points when designing the projects.

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One of the projects that added the most value in providing a positive banking experience for customers was the robotic speech analytic application and automation technology at the Contact Centre.

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CIMB Niaga provides various service channels through Branches, Digital Lounges, 24/7 Contact Centres, websites, email 14041@cimbniaga.co.id, Live Chat, or social media accounts such as CIMB Niaga's Facebook, Twitter and Instagram.

CIMB Niaga provides services for financial products and/or services for customers in a professional manner. During 2018, there were 61,628 complaints related to financial products and/or services, a decrease of 35.19%, or around 33,464 complaints compared to 2017. During 2018, there were no recalled products for any reasons. With the Customer Care work units' active role that involves the participation of all middle/back office units, the level of customer complaint handling reached more than 90%.

Number of Complaints and Settlement Percentage

Year	Number of Complaints	Complaints Settled	Settlement Percentage
2018	61,628	60,470	98%
2017	95,092	90,431	95%
2016	52,365	49,710	95%

Type and Number of Complaints and Settlement

Type of Complaint	2018		2017		2016	
	Number of Complaints	Complaints Settled	Number of Complaints	Complaints Settled	Number of Complaints	Complaints Settled
Finance	48,790	48,426	78,254	74,552	41,190	39,101
Non-financial	12,838	12,044	16,838	15,879	11,175	10,609
Service Quality	300	168	529	505	601	571
Others	12,538	11,876	16,309	15,374	10,574	10,038
Total	61,628	60,470	95,092	90,431	52,365	49,710

In accordance with OJK Circular (SEOJK) No. 17/SEOJK.07/2018 concerning Guidelines for the Implementation of Consumer Complaint Services in the Financial Services Sector, in 2018 CIMB Niaga began reporting the types and number of complaints, as well as their settlement by following the SEOJK guidelines.

Complaint Handling in 2018

Types of Financial Transaction	Settled		In Process		Number of Complaints
	Number	%	Number	%	
Bancassurance	82	100%	-	0%	82
Time Deposit	9	100%	-	0%	9
Direct Debit	2,076	99%	17	1%	2,093
Electronic Banking	18,225	99%	170	1%	18,395
ATM Card/Debit/Machine	31,377	99%	170	1%	31,547
Credit Card	1,454	92%	129	8%	1,583
Transfer/Remittance	155	100%	-	0%	155
Unsecured Loan	26	100%	-	0%	26
Motor Vehicle Loans/Financing	210	97%	7	3%	217
Working Capital Loans/Financing	14	100%	-	0%	14
Home/Apartment Ownership Loans/Financing	991	95%	57	5%	1,048
Other Funds Raising	161	94%	11	6%	172
Other Funds Distribution	2	100%	-	0%	2
Savings	5,685	90%	597	10%	6,282
Trade Finance/Letter of Credit	3	100%	-	0%	3
Total	60,470	98%	1,158	2%	61,628

Customer Satisfaction on Products

Improving the quality of service to customers is a top priority and an integral part of CIMB Niaga's policies, and so CIMB Niaga periodically carries out customer satisfaction surveys to determine the level of customer satisfaction, and customer service quality, so that the Bank can make appropriate repairs and improvements.

As a commitment to improving service quality to customers, CIMB Niaga listens to the Voice of Customer (VoC) through annual surveys, using the Net Promoter Score (NPS) measurement, a method for measuring

the level of their recommendations for CIMB Niaga products and services.

Based on a survey conducted by DEKA Marketing Research with CIMB Niaga customers, the 2018 NPS results were + 16%, an increase of 11% compared to the 2017 NPS. The average customer satisfaction level was 8.25 and customer loyalty was 8.33 (on a scale of 10). Both of these indicators show an increase in performance compared to 2017. This achievement shows that CIMB Niaga's real work has consistently improved the service quality to customers.

Cimb Niaga for **Customers**

Net Promoter Score (NPS) Value

Year	NPS Score Increase
2018	+16%
2017	+5%

Customers with Disabilities

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Services provided by CIMB Niaga are not limited to customers in general, but include people with disabilities.

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Since 2013, CIMB Niaga has implemented disabled-friendly services, as an application of OJK Regulation No.1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, which requires financial service industry players to provide special facilities for people with disabilities. CIMB Niaga branch offices are equipped with facilities for customers who have disabilities, including toilets and facilities for the disabled.



Nauval Nabilah

(Collage student of Gadjah Mada University, Yogyakarta - Beneficiary of CIMB Niaga Scholarship 2018-2020)

First of all, I would like thanks to God and CIMB Niaga for trusting and choosing me as one of CIMB Niaga scholarship beneficiaries. This scholarship will help my collage process until I graduate. Becoming one of beneficiaries will encourage me to get better achievement on my academic and non-academic performance. Thank you CIMB Niaga.

Employment and **Employee Equality**

Management Approach [103-1][103-2][103-3]

For CIMB Niaga, human resources are an asset and the Bank’s top priority. One of the Bank’s main principles for achieving its sustainable vision, mission and business growth is to maintain a well being when working and a harmonious working relationship between the Bank and its employees. When hiring employees, CIMB Niaga does not consider gender, age, ethnicity, religion, race or other discriminatory matters.

CIMB Niaga’s human resources strategy and management is constantly being adjusted to the Bank’s long-term strategy, as well as market developments occurring now and in the future. The Bank ensures that all employees have the competence, expertise and commitment, and are agile in accordance with the Bank’s Core Values and Culture.

Employee involvement in creating a decent and safe work environment is also realized through employee satisfaction surveys, so that the Bank can respond to the satisfaction levels, and the employees’ attachment to the Bank.

Employee Recruitment

In 2018, CIMB Niaga ran a pilot digital recruitment system, with an updated methodology and used assessment tools in the recruitment process. These changes were aimed at getting more accurate results for competency identification. Each prospective employee goes through a number of evaluation processes, such as background checks, education history, work history, history of financial conditions (through checks on the Debtor Information System (SID) & Anti Money Laundering database owned by the Bank), social media and health conditions.

The Bank’s internal recruitment follows an internal employee rotation with a “2 + 3 + 3 policy “. This policy provides an opportunity for employees to work in other work units as an effort to improve the employees’ experience and career development, so long as the employees meet the required terms and qualifications.

During 2018, CIMB Niaga recruited 2,079 new employees, consisting of 1,162 men and 917 women. This was an increase from the 1,995 new employees recruited in 2017. [401-1]

At the end of 2018, CIMB Niaga employed 12,461 people, down from 12,782 people in 2017. The decline was in line with the Bank’s strategy to increase productivity through automation, process improvements and digitalization.

New Employee Acceptance Path Based on Gender [401-1]

Acceptance Path	2018			2017			2016		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Number of Staff Development Programs (PPS)	136	223	359	148	263	411	115	265	380
Number of Marketers, & Frontliners	468	447	915	376	360	736	384	341	725
Others	558	247	805	527	321	484	502	355	857
Total	1,162	917	2,079	1,051	944	1,995	1,001	961	1,962

Employment and **Employee Equality**

New Employee Placement Location by Region [401-1]

Region	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Jakarta Region	713	542	631	522	579	549
Sumatra Region	112	81	107	134	114	106
West Java Region	93	62	81	64	69	83
Central Java and DIY Region	71	54	66	90	59	68
East Java Region	115	107	100	90	122	97
Eastern Indonesia and Central Indonesia Region	58	71	66	44	58	58
Total	1,162	917	1,051	944	1,001	961
	2,079		1,995		1,962	

New Employee Composition Based on Age Group [401-1]

Age Group/years	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
< 31	693	685	689	741	730	797
31-40	409	206	319	169	239	141
41-50	58	26	42	34	30	22
> 50	2	—	1	—	2	1
Total	1,162	917	1,051	944	1,001	961
	2,079		1,995		1,962	

Funds For Employees' Competency Development

The employee competency development budget in 2018 was Rp150.8 billion, a decrease of 10.77% compared to Rp168.8 billion in 2017.

Employee Competency Development Expenses (Rp million)

Type of Development (Rp million)	2018	2017	2016
Organizing Education	94.067	94.744	93.192
Domestic Seminars & External Courses	4.128	4.697	6.553
Overseas Seminars & Internal Courses	363	303	373
Training Center	8.061	16.322	19.865
Operational Training	40.746	51.825	49.100
Corporate Culture	3.386	927	329
Total	150.751	168.818	169.412

EMPLOYEE TURNOVER

In line with the Bank's business plan to increase productivity through automation, process improvement and digitalization, the employee turnover rate has increased by 0.51% compared to 2017.

Employee Turnover Rate [401-1]

Employee Turnover	2018	2017	2016
Employees Joining	2,079	1,995	1,962
Employees Leaving	2,401	2,398	2,354
Total Employees at the end of the year	12,461	12,782	13,185
Employee Turnover Ratio	19.27%	18.76%	17.85%

Employee Turnover Rate by Region [401-1]

Region	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Jakarta Region	666	582	612	541	682	571
Sumatra Region	154	133	204	131	153	118
West Java Region	108	105	120	79	118	73
Central Java and DIY Region	103	117	151	100	115	85
East Java Region	133	128	194	115	169	133
Eastern Indonesia and Central Indonesia Region	91	81	96	55	66	71
Total	1,255	1,146	1,377	1,021	1,303	1,051
	2,401		2,398		2,354	

In 2018, 2,401 employees were resigned, slightly increase from 2,398 employees in 2017.

Number and Reason for Employees Resignation [401-1]

Reason	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Normal Pension	71	58	81	51	77	40
Early Retirement due to Health Reasons	25	36	23	28	226	176
Resigned	582	650	575	635	525	608
Passed Away	11	3	9	5	10	4
Others	566	399	689	302	465	223
Total	1,255	1,146	1,377	1,021	1,303	1,051
	2,401		2,398		2,354	

Guaranteeing Employee Welfare

Employee welfare is one of CIMB Niaga's top priorities, and the Bank has an employee remuneration and benefit policy that is adjusted to comply with statutory provisions, including the provincial minimum wage provisions (UMP). CIMB Niaga has meritocracy and risk-based remuneration based on employee performance and OJK regulations. In addition, CIMB

Niaga communicates its Wage Structure & Scale (SUSU) in accordance with applicable regulations and regularly reviews it, regardless of gender. CIMB Niaga provides remuneration and benefits to all employees, both permanent and non-permanent employees that includes components such as Salaries, Allowances, Leave and Insurance.

Employment and **Employee Equality**

Building Professional People [FS4]

CIMB Niaga provides equal opportunities for all employees to develop in accordance with their potential, expertise and the opportunities available at the Bank. One of the focuses for CIMB Niaga employees' competency development is through education and training programs. These programs are carried out through internal and external programs and are prepared by taking into account the effectiveness, efficiency, impact and learning objectives to be achieved.

Throughout 2018, CIMB Niaga organized education and training programs for 183,675 employees (includes education program participants and employees who resigned by the end of December 2018), where an employee may participate in several training programs. The average number of training hours in 2018 reached 7.2 hours per employee. The education and training included public courses, in-class learning and e-learning. [404-1]

Total Hours and Participants of Training * [404-1]

Description	2018	2017	2016
Total participants	183,675	101,403	87,957
Total Education/Training Hours	1,314,736	736,321	832,202
Average	7.2	7.3	9.5

*includes employees who resigned and where one employee can participate in several learning modules

Total Training Participants by Gender * [404-1]

Description	2018	2017	2016
Male	81,955	47,102	38,030
Female	101,720	54,301	49,927
Total	183,675	101,403	87,957

*includes employees who resigned and where one employee can participate in several learning modules

Total Training Participants by Position Level and Gender * [404-1]

Description	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Senior Management	1,636	1,103	794	461	783	551
Middle Management	12,853	9,152	6,381	4,171	6,019	3,841
Junior Management	48,841	59,437	28,140	31,722	23,049	29,081
Non Management	18,625	32,028	11,787	17,947	8,179	16,454
Total	81,955	101,720	47,102	54,301	38,030	49,927

*includes employees who resigned and where one employee can participate in several learning modules

Total Participants Training Hours by Position Level * [404-1]

Position Level	Total training hours	Number of individuals	Average training hours
Senior Management	13,036	217	60,08
Middle Management	110,751	1,566	70,72
Junior Management	977,194	8,727	111,97
Non Management	213,755	4,195	50,95

*includes employees who resigned

Total Training Hours by Type of Training * [404-1]

Description	2018	2017	2016
Managerial Leadership & Personal Development	442,402	265,576	258,184
Credit Management	41,328	22,066	53,369
Risk Management Certification Program	12,912	20,760	41,584
Sales	69,173	51,456	89,908
Service	115,876	123,114	80,744
Operation & IT	92,087	85,413	84,158
Others	540,959	167,936	224,255
Total	1,314,736	736,321	832,202

*includes employees who resigned and where one employee can participate in several learning modules

Total Participants by Type of Training * [404-1]

Description	2018	2017	2016
Managerial Leadership & Personal Development	3,878	2,147	4,900
Credit Management	1,296	1,834	4,691
Risk Management Certification Program	1,193	1,666	14,247
Sales	10,104	4,996	10,696
Service	13,398	21,625	8,260
Operation & IT	18,208	17,921	6,697
Others	135,598	51,214	38,466
Total	183,675	101,403	87,957

*includes employees who resigned and where one employee can participate in several learning modules

In addition to employees, CIMB Niaga also provides work opportunities for the surrounding community, to jointly improve community welfare through prioritizing the use of local labour. At the end of 2018, 99.9% of CIMB Niaga employees were registered as local employees from the point of hire at the time they were employed.

Increased Sustainable Finance Competence

CIMB Niaga conducts activities for the Board of Directors and employees to improve their understanding of Sustainable Finance, in accordance with POJK No. 51/POJK.03/2017. During 2018, 81 employees received sustainable finance training.

Employment and **Employee Equality**



EMPLOYEE PERFORMANCE APPRAISAL

[404-3]

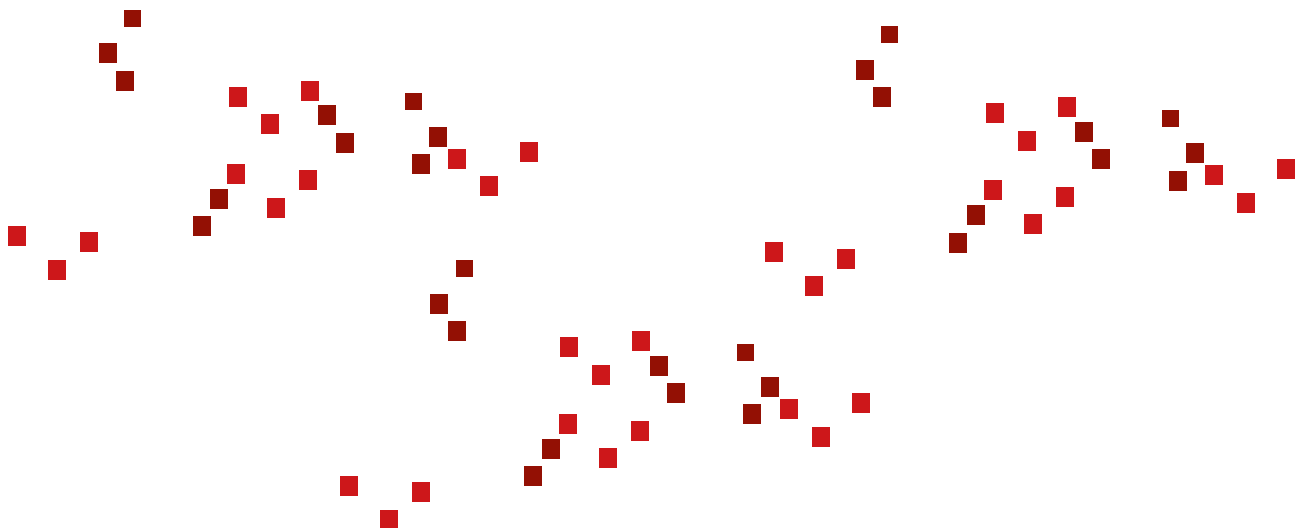
CIMB Niaga shows its appreciation to employees who excel through promotion or career development regardless of gender, age, ethnicity, religion, race or other discriminatory matters. Performance appraisals are carried out using the Key Performance Indicators (KPI) approach, and are prepared based on the Bank's performance targets, related unit performance targets, and individual performance targets in line with the Bank's goals and strategies. [406-1]



By the end of 2018, the number of employees at the highest position level is balanced between men and women.

Management Composition by Gender and Age Group in 2018 [102-8][404-1]

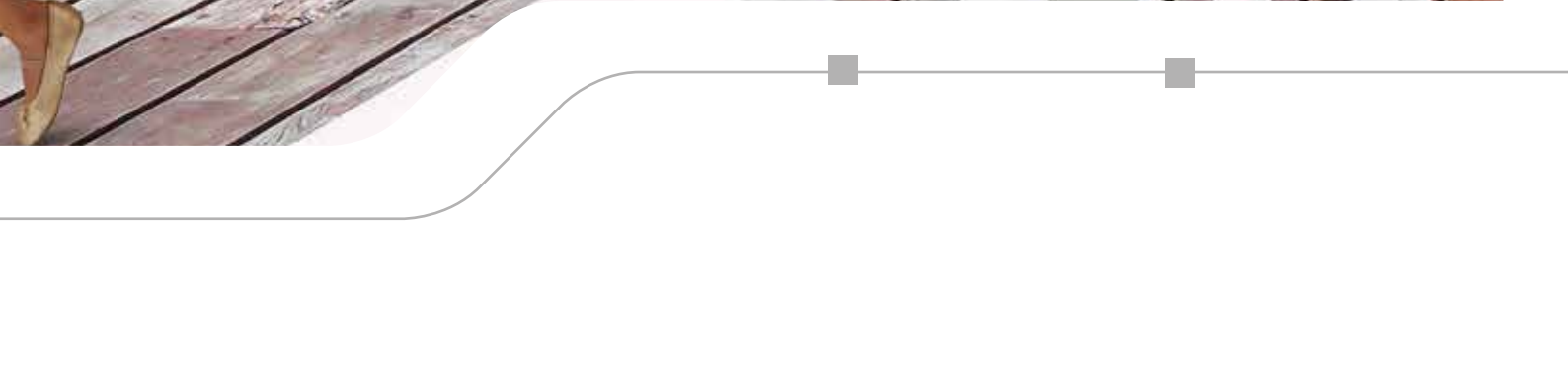
Position Group	Gender		Age Group			
	Male	Female	<30	31-40	41-50	>50
Senior Executive Vice President	15	1	-	2	10	4
Executive Vice President	70	57	-	22	77	28
Vice President	39	16	-	4	31	20
Assistant Vice President	297	190	2	153	256	76
Senior Manager	561	384	29	446	372	98
Manager	508	390	103	444	280	71
Total Management	644	548	263	583	285	61
Assistant Manager	997	1,069	551	994	444	77
Officer	1,295	1,719	1,022	1,245	605	142
Staff	1,363	2,155	2,224	1,033	224	37
Non Staff	142	1	-	-	94	49
Total Non Management	3,797	4,944	3,797	3,272	1,367	305
Total Employee	5,931	6,530	4,194	4,926	2,678	663





**One small step
to make all your
dreams come true**





Creating Environmental Caring Banking



“CIMB Niaga helps to preserve the environment by carrying out banking activities that minimizing the negative impact of business operations”

Establishing **Green Banking**



As part of CIMB Niaga’s efforts to be part of the green banking industry, the Bank applies a green banking concept through environmentally friendly operational activities, and through lending to environmentally and socially aware debtors who guard their business governance.



The Bank has implemented a green office policy that applies environmentally friendly lifestyles as a culture for CIMB Niaga employees. This policy aims at creating an environmentally friendly work environment so as to increase work productivity and smart spending for employees. The Green office policy is a form of CIMB Niaga’s concern for environmental preservation.

To realize a green office, the Bank has introduced efficiencies in the use of paper, electricity and fuel. The Bank also uses environmentally friendly materials and

energy, such as energy-saving lamps (LEDs). In addition, in several operational work unit locations, there are water management systems using water treatment plants, so that water can be recycled.

PAPER SAVING [306-2]

CIMB Niaga’s efforts to save paper, include:

1. Optimizing multi-function printer facilities for scanning and faxing, thereby reducing printing of large amounts of documents.
2. Optimizing the use of e-mail and internal websites, and company news magazine.
3. Optimizing the use of recycled paper.
4. Use of e-statements and e-billing (paperless).

By the end of 2018, the volume of paper used amounted to 35,095 reams, an increase of 5.21% compared to 2017. The increase was mainly due to the payment system (RODAN and E-NPB) that is currently being improved. CIMB Niaga has introduced a special policy for processing used waste paper, with paper waste management being left to third parties for further processing.

CIMB Niaga’s green banking policy refers to

- Republic of Indonesia Law No.10 - 1998 concerning Banking.
- Republic of Indonesia Law No. 32 - 2009 concerning Environmental Protection and Management
- MOU between the Ministry for the Environment and the Governor of Bank Indonesia on Increasing the Role of the Banking Sector to Support Environmental Management (No.B-07MENLH/09/2004/; No. 6/66/KEP. GBI/2004).
- Bank Indonesia Regulations.
- Indonesia’s National Climate Change Council Policy.
- United Nations Joint Framework on Climate Change (UNFCCC).
- United Nations Environment Program (UNEP).
- Equator Principles (EP).

Paper Usage Volumes and Procurement Expense

Description	Unit	2018	2017	2016
Volume of Paper Used	Reams	35,095	33,355	29,320
	Kg*	87,737	83,387	73,300
Paper Procurement Expenses	Rp Million	1,361.38	883.12	773.33

* conversion of reams of paper into kg, (1 ream = 2.5 kg)

Establishing **Green Banking**

Energy Saving [302-1]

In line with the Green Office policies contained in the Smart Spending Policy, CIMB Niaga is making efforts to save energy, including: [302-4]

1. Turning off electrical equipment after working hours
2. Using fuel-efficient vehicles
3. Using energy-saving electrical initiatives (type of lamps, zoning, and installation of lamp posts).

CIMB Niaga is also conducting socialization by distributing energy-saving movement posters and stickers in certain locations, as well as conducting energy saving movement campaigns.

During 2018, the total electricity consumption in CIMB Niaga (covered several branches in Jakarta and outside Jakarta) was 4,702,403 kWh, a reduction of 1,663,952 kWh, or 26.14%, compared to 6,366,355 kWh in 2017.

Energy Consumption Volume by Source [302-1]

Energy Sources	Unit	2018	2017	2016
Electricity	kWh	4.702.403	6.366.355	N/A

* calculated based on PLN electricity billing rates

CIMB Niaga uses water from the Regional Water Companies (PDAMs) for its operational activities. In 2018, the use of water for the Bank's operational could not be calculated. At the Head Office, water costs are paid as part of the building maintenance costs so there is no way of calculating the amount of water used.

EMISSION AND WASTE CONTROL



Since 2011, CIMB Niaga has planted 25,700 bamboo trees



CIMB Niaga's office network provides services to customers throughout Indonesia, so for certain purposes business travel is necessary. The Bank seeks to minimize business travel by using information

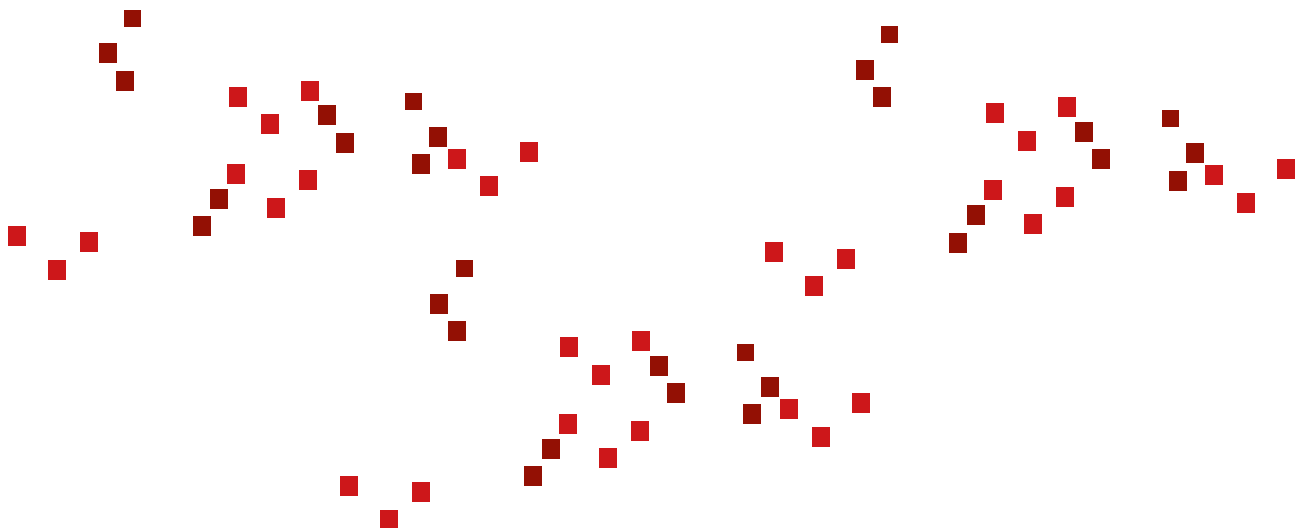
technology communication systems, for example teleconferencing and video conferencing. This effort is one form of controlling emissions through fuel savings, which in the future will be calculated as a performance measurement.

The calculation of carbon emissions started in 2017 by using a carbon calculator, and the method used is by multiplying the volume of electricity consumed with emission factors (from the Ministry of Energy and Mineral Resources) based on operational areas. The carbon emission calculation includes electricity consumption in 90% of the Jakarta offices and 30% of the offices outside Jakarta. By the end of 2018, CIMB Niaga succeeded in reducing its carbon emissions 25.21%, or by 1,384.88 tCO₂, to 4,108.94 tCO₂.

Total Emissions

Working Region	Total tCO2 emissions [305-4]	
	2018	2017
North Sumatra	78,58	90,69
West Sumatra	1,04	0,68
Palembang & Bangka Belitung	7,40	730,75
East Kalimantan	151,32	157,85
North and Southeast Sulawesi	55,51	54,43
Papua	26,33	25,01
East Java and Madura	313,06	329,76
Central Java	352,76	380,97
Bali	15,49	22,45
Jakarta	3.107,45	3.701,23
Total	4.108,94	5.493,82

In addition to emission control, CIMB Niaga also manages the waste generated by the Bank’s business support activities. Internally, the Bank has a policy for reusing used paper, technology waste management by third parties, and processing wastewater in several operational locations. Externally, CIMB Niaga provides funding to companies that have AMDAL documents, indicating they automatically comply with waste management, in accordance with Government Regulation Number 27 of 2012 concerning Environmental Permits.



Sustainability Initiatives on Environmental Conservation

During 2018, CIMB Niaga conducted sustainability initiatives through environmental conservation activities, and through providing loans to ESG-minded companies in line with the principles of sustainable finance.

BAMBOO CONSERVATION TO PRESERVE THE ENVIRONMENT

CIMB Niaga is working with the Keanekaragaman Hayati Foundation (KEHATI), as a partner in the Community-Based Tabah Bamboo Conservation Program in West Nusa Tenggara (NTB). Conservation activities are carried out by planting Tabah bamboo shoots, and by increasing the capacity of farmers who work on land in the Special Purpose Forest Area (KDHTK) that cover an area of 325 ha. With CIMB Niaga's support, by the end of 2018, 3,700 bamboo Tabah were planted.

CIMB Niaga's bamboo conservation program has ecological, social and economic impacts. The conservation of bamboo trees creates a positive ecological impact through increased quality water absorption, soil retention in the planting areas, and increased absorption of CO₂ gas, and the release of O₂. Starting in 2019, CIMB Niaga will calculate the carbon absorption from the bamboo planting conservation. On the other side, the social and economic impact from the bamboo conservation program is increasing the farmers' capacity to understand post-harvest cultivation and processing.

DISTRIBUTION OF ENVIRONMENTALLY FRIENDLY LOANS [FS8]

In line with the CIMB Niaga's sincerity to implement sustainable finance, CIMB Niaga complies with the internal policies that prohibit financing for companies involved in illegal activities, arms and munitions, casino and gaming, bribery, breaches of national labour laws and human trafficking laws, illegal logging or uncontrolled fire, activities impacting World Heritage Sites, terrorism, and smuggling.

To provide environmentally friendly loans, CIMB Niaga policies refer to Government Regulations, including

- Law No.7 - 1992 concerning Banking, as amended by Law Number 10 - 1998, related to Environmental Impact Analysis (EIA) for large-scale companies and / or high-risk companies.
- Law Number 23 - 1997 concerning Environmental Management
- Government Regulation No.27 - 1999 concerning EIA

Independent Assurance Statement



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Independent Assurance Statement The 2018 Sustainability Report of PT Bank CIMB Niaga Tbk

Number : 003/000-174/III/2019/SR-Asia/Indonesia

Type : 1

Level : Moderate

As part of CIMB Group, **PT Bank CIMB Niaga Tbk** (“the Reporting Organisation” or “the Company”) in Indonesia is a listed company operating in financial services industry sector. The Company has engaged **Social Responsibility Asia** (“SR Asia”) to assure and provide an independent assurance statement on its **2018 Sustainability Report** (“the Report”), in which the Report has been developed referring to:

- a) the Sustainability Reporting Standards of the Global Reporting Initiative (“the GRI standards”) and its Financial Services Sector Supplement (“FSSS”); and
- b) the Regulation of Indonesia Financial Services Authority No.51/POJK.03/2017 on the Implementation of Sustainable Finance for the Financial Services Organisations and the Listed and Public Companies (“POJK 51”).

Except for the areas included in the scope of assurance, SR Asia does NOT claim this independent assurance statement to indicate the Company’s overall sustainability performance. SR Asia responsibilities were providing assurance services to come up with recommendations and an independent assurance statement on the Report content. Presentation of the Report content is the sole responsibility of the Management¹. SR Asia does NOT accept or assume any responsibility for any other purpose or to any other person or organisation; thus any dependence including its consequences that third party has placed on the Report is entirely on its own risk.

Scope and Limitation of Assurance

1. Review, NOT to investigate or audit, the Report containing sustainability performance data, information, and disclosures for the period of 1st of January to 31st of December 2018.
2. Identify and trace back data, information, and disclosures to the supporting documents and evidence.
3. Review the six material topics that have been identified as relevant, significant, and priority by the Management against the reporting principles referred by the Company. They are economic performance, product portfolio, customer privacy, technology development, indirect economic impact, and organisation image.
4. SR Asia assumes that any data and information related to financial statements has been verified by the Company or audited by the independent parties or other parties associated to the Reporting Organisation. Therefore, presentation of financial data, information, and figures in the Report are NOT within the scope of our responsibility as per assurance procedure is taken.

¹ The Management refers to the management of the Reporting Organisation



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Exclusion in Assurance

1. Forward-looking statements including the claims, the expression of opinion, belief, expectation, advertisement, and the future planning of the Company, as described in the Report content.
2. Stakeholders' engagement, which may be involved in developing the Report, except for the engagement to identify material topics as discussed in the Report.
3. Data and information outside the reporting period, or in the public domain but not included in the Report.
4. Data and information from Company's documents other than those mentioned in the Report or not relevant to the discussions in the Report.
5. Analysis on the report content based on the standards and indicators other than those mentioned under the methodology section.

Type and Level of Assurance

1. Type 1 of assurance service focusing on the adherence of the Report content to reporting principles as indicated in the AA1000AS (2008) Assurance Standard and AA1000AP (2018) AccountAbility Principles.
2. A moderate level of assurance procedure on the Report content and evidence, where **the risk of information and conclusions of the Report being error is reduced to low, but not to very low and not zero.**

Methodology

SR Asia engaged its official partner in Indonesia to assign an Assurance Team and conduct the following assurance procedures and activities:

1. Initially, the Company submitted the Report document to the Assurance Team for preliminary assessment.
2. Visit the headquarter of the Reporting Organisation in Jakarta to discuss the results of preliminary assessment and the Report content with the Management's representatives from several divisions or functions; such as compliance, human resources development, and community development.
3. Review the evidence document and tracing back data to the sources.
4. Evaluate the adherence of Report content, disclosures, and presentation against the standards, principles, and indicators of AA1000AS (2008) and AA1000AP (2018) AccountAbility, GRI Standards and its FSSS, and POJK 51.
5. Evaluate the Company's system and process in developing the Report and in ensuring its compliance to the sustainability reporting principles, standards, and regulations.

Adherence to AA1000AP (2018) and GRI Standards

Inclusivity – The Report content in general has presented inclusivity of the Company's stakeholders sufficiently. The Reporting Organisation also has measured customer net promoter (CNP) score and employee satisfaction index, indicating the Company's stakeholder engagement is integrated in its operational practices. Moreover, its investor relations function of the Company has engaged with



external stakeholders and ensured transparency to public at large through corporate reporting practices. In addition, the Company has also maintained a number of initiatives for inclusive stakeholder engagement, such as call center, whistleblowing system, and trade union.

Materiality – In overall, material topics presented in the Report can describe the Company’s sustainability context as a commercial bank operating in financial services industry. However, the Company needs to consider using better and more reliable technique or methodology in defining and grading the material topics. For example, in the Report content, “emissions” has been identified as higher priority and ranking compared to that of anti-corruption. In fact, anti corruption policy has been regulated by the Indonesian Financial Services Authority (OJK) as one of requirements for the governance of listed companies, while on the other hand, there are no regulations and standards on emissions topic for financial services industry in Indonesia.

Responsiveness – In terms of responsiveness, the Company already has certain policies and standard operating procedures in responding the material topics, as the stakeholders are concerned, integrated in its operational processes. The Company also has maintained systems such as whistleblowing and multiple customer call center in responding the stakeholders’ concerned. As sustainable finance has been becoming an emerging issue in banking sector, the Company has provided information about its sustainable finance action plan in the Report content.

Impact – The Report, as per assurance procedures taken, presents adequate quantitative and qualitative data and information on the impacts of the Company’s decisions and activities. Emissions data is outstanding where the Company has been able to cover 90% and 30% of electricity use in Jakarta and outside Jakarta, respectively. In overall, narrative information presented in the Report can help the stakeholders to understand the impacts and the sustainability context of the Company.

In “Accordance” with Core Option – As per assurance work and the evidence and supporting documents have been well presented, the Assurance Team has concluded that **the Report content follows the core option of GRI Standards**. The Report presents minimum one disclosure or indicator for each material topic. When applicable, the Report presents sustainability performance data and information referring to FSSS as the specific GRI indicators for financial services industry sector.

GRI Standards Principles – The Report content has indicated properly its adherence to the Principles for Defining Report Content (stakeholder inclusiveness, sustainability context, materiality, and completeness) and the Principles for Defining Report Quality (balance, comparability, accuracy, timeliness, clarity, and reliability). When applicable, the Report also presents the disclosure of management approach (DMA) following the GRI Standards requirements. Nevertheless, the Assurance Team has seen that some materiality topics has relatively lower accuracy and reliability in terms of grading system among the material topics identified and rated by the Management.

Recommendation

The Assurance Team has performed the assurance procedures and suggested the following recommendations:

1. To perform material topics identification appropriately based on stakeholder engagement approach referring to AA1000 Stakeholder Engagement Standard.



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2. To improve the management approach, especially the performance target and its achievement compared to target, as a consequence of being a material topic.
3. To elaborate and present more data and information on sustainable finance as it will become mandatory to the Company in 2019.
4. To perform assessment or mapping of the disclosures of material topics and sustainability initiatives against SDGs objectives and indicators.
5. To keep maintaining and developing as well as continuity of data and information for future sustainability reporting.

Statement of Competency, Independency and Impartiality

SR Asia is comprised of respectable Asian professionals and organisations. Its main objective is to support the companies and other stakeholders in adopting sustainability and social responsibility principles, standards, and best practices through different activities; e.g. policy studies and advocacies, CSR studies, reporting developments, capacity building programs, researches, and assurance services.

SR Asia's Assurance Team members have experience in writing and reviewing sustainability reports and integrated reports of organisations from different industries. The experts are familiar with different reporting and assurance standards, such as GRI Standards, SASB reporting standard, International Integrated Reporting (IR) Framework, and AA1000 AccountAbility Standard series.

SR Asia ensures that adequate mechanism is well implemented in both SR Asia organisation and partner in order to make the Assurance Team members independent and free from bias. SR Asia also confirms that the applied assurance procedure is able to prevent the Company influencing the ability of the Assurance Team members to develop an objective and truthful assurance statement.

The assurance provider,

Jakarta, 7th of March 2019

Birendra Raturi
International Director, SR Asia



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POJK NO.51/POJK.03/2017 and GRI Standard Index References

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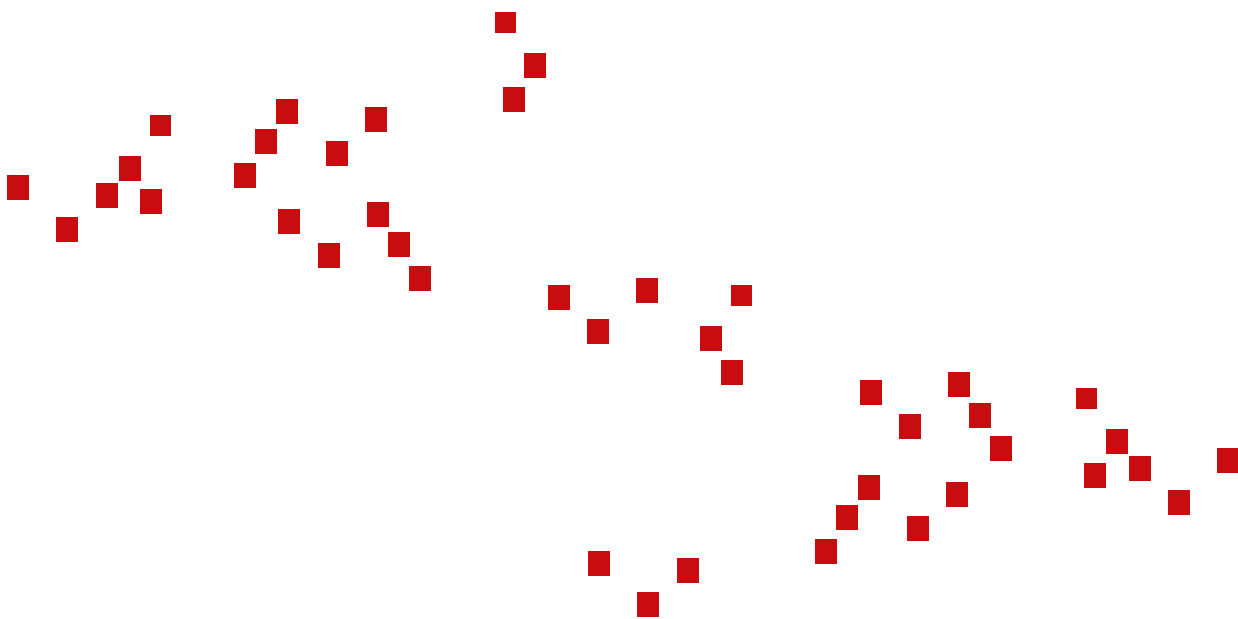
POJK N0.51/POJK.03/2017 and **GRI Standard Index References**

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	6.e.3.b	Efforts to conserve biodiversity	N/R
	6.e.4.a	Number and intensity of emissions	N/R
	6.e.5.a	The amount of waste and effluent	N/R
	6.e.5.b	Waste and effluent management mechanisms	N/R
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Note: Red text colours are references to POJK and GRI Standards



Feedback Form

PT Bank CIMB Niaga Tbk Sustainability Report 2017 provides an overview of financial and sustainability performance. We are looking forward to receive any inputs, critics and suggestions from you.

1. This report is comprehensible.

disagree neutral agree

2. The report has described positive and negative information of the Company.

disagree neutral agree

3. Material topic(s) which is(are) the most important to you. (score 1=most important up to 4 = Least important)

- Economic Performance ()
- Product Portfolio and Loan Quality ()
- Customer Information Protection ()
- Technology Development ()
- Indirect Economic Impact ()
- Company Reputation ()
- Education and Training ()
- Job Diversity and Opportunities ()
- Emissions ()
- Local Communities ()
- Anti Corruption ()
- Energy ()
- Procurement Practices ()
- Employment ()
- Waste and Effluent ()

4. Kindly provide your inputs/suggestions/comments about this report .

.....
.....
.....

Your Profile

Full Name :

Occupation :

Institution/Company's Name :

Stakeholder Group:

Investor Customer Employee Local Communities Regulator Others.....

Please return this feedback form to:

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Sustainability Report

2018

FORWARD YOUR DREAMS
Shaping The Future



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