

# **Bank CIMB Niaga**

## **Merger Process and Achievement Report**

January 2009

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## Preface

On 1st November 2008, Bank CIMB Niaga (previously Bank Niaga) and Bank Lippo, two of the leading banking institutions in the country, have joined forces and merged to become Bank CIMB Niaga. The merger represents the best option chosen by the respective Shareholders of the two banks in the interest of all stakeholders in order to comply with the banking sector policies of the central bank, Bank Indonesia, and especially with regard to the Single Presence Policy (SPP).

Pursuant to the shareholders' approval of the merger at the Extraordinary General Meeting of Shareholders of the respective banks on July 18, 2008, both Bank CIMB Niaga and Bank Lippo partook in an integration process, involving various legal, operational and organizational aspects. Among others, these include Products and Services, Business Unit, Sales and Distribution, Human Resources, IT and Operations, and Corporate Office.

I have only the highest of confidence that we can quickly step up to the next stage in implementing this merger in building a new banking entity – a more solid and progressive banking institution, and to be the preferred bank of customers.

As we enter the implementation stage, I would like to share with you here in this document some pertinent information concerning key and strategic achievements that we have realized to date in the successful execution of the integration planning phase.

Warm regards,

Pada 1 November 2008, Bank CIMB Niaga (dahulu Bank Niaga) dan Bank Lippo, dua entitas bank terkemuka di Indonesia, telah bergabung menjadi Bank CIMB Niaga. Penggabungan kedua bank tersebut merupakan opsi terbaik bagi seluruh pemangku kepentingan (stakeholder) yang diambil oleh Pemegang Saham dalam rangka mematuhi kebijakan Bank Indonesia (BI) khususnya mengenai Kebijakan Kepemilikan Tunggal atau Single Present Policy (SPP).

Setelah Pemegang Saham kedua bank menyetujui rencana penggabungan merger sesuai hasil Rapat Umum Pemegang Saham Luar Biasa tanggal 18 Juli 2008, Bank CIMB Niaga dan Bank Lippo memasuki tahap integrasi, yang meliputi berbagai aspek legal, operasional dan organisasi, diantaranya termasuk Produk dan Layanan, Business Unit, Sales and Distribution, Human Resources, IT and Operations, dan Corporate Office.

Saya sangat yakin, bahwa kita dapat segera melangkah ke tahapan implementasi berikutnya dengan lancar dalam membangun entitas bank baru hasil integrasi yang lebih kokoh dan maju, serta yang menjadi bank pilihan utama nasabah.

Setelah kita memasuki tahap implementasi berikutnya, saya ingin menyampaikan beberapa informasi penting mengenai berbagai pencapaian utama dan hasil-hasil strategis yang telah dicapai hingga saat ini dalam keberhasilan eksekusi dari tahap perencanaan integrasi ini.

Salam hangat,

**Dato' Sri Nazir Razak**

CEO CIMB Group

January 2009

## Preface

Bank CIMB Niaga is here to continue in the finest traditions of its legacy banks, Bank Niaga and Bank Lippo, two of the leading banks in Indonesia. These banks have had a long and excellent history of providing quality service to their respective customers all over Indonesia, and this will stand in good stead in strengthening Bank CIMB Niaga's position within the banking landscape in the country.

I am sure that all stakeholders concerned can truly appreciate the arrival of Bank CIMB Niaga, as it provides an opportunity to synergize the respective strengths of two of the most respected private commercial banks in Indonesia. Ultimately, this will benefit the national economy, facilitating the emergence of new entrepreneurs in the country, as well as improving the level of service to customers through better, more efficient, and more varied products and services.

In terms of business and operations at Bank CIMB Niaga, the integration process is now approaching the next phase, known as the Single Platform Day 1 (SPD1). However, it is business as usual at the Bank. Our employees continue to provide the best of services, and customers continue to enjoy the convenience of our banking facilities.

That the merger process has gone smoothly up till now is the result of our consistent and dedicated efforts, with the full commitment and support of the shareholders. Also worthy of note is the full-hearted support from our employees, those of them who have elected to join the merged Bank, and this serves to bolster our shared confidence that Bank CIMB Niaga is poised for stronger growth in future years.

In presenting this Merger Process and Results Report, I am also confident that the merger of Bank CIMB Niaga will constitute a milestone in the history of the banking sector in Indonesia.

All our fine achievements to date should serve as a solid foundation towards more successes in the next phases of the merger process.

Warm regards,

Bank CIMB Niaga hadir untuk terus melanjutkan tradisi dan legacy terbaik dari dua bank besar dan terkemuka di Indonesia, Bank Niaga dan Bank Lippo. Kedua bank tersebut memiliki pengalaman yang panjang dalam memberikan layanan prima bagi para nasabahnya di seluruh tanah air, sehingga semakin memperkuat posisi Bank CIMB Niaga dalam lansekap industri perbankan di tanah air.

Fenomena lahirnya kekuatan baru Bank CIMB Niaga, patut disyukuri bersama oleh semua pihak, karena hal ini berarti telah lahir sebuah sinergi dari dua kekuatan bank swasta nasional yang memiliki reputasi yang baik, untuk turut mendukung perekonomian di Indonesia, mempercepat lahirnya wirausaha baru di tanah air, serta memperkuat layanan kepada nasabah, dengan lebih baik, lebih efisien, dan lebih beragam produk dan layanannya.

Secara bisnis dan operasional, Bank CIMB Niaga masih menunggu tahapan integrasi berikutnya, atau dikenal dengan istilah *Single Platform Day 1 (SPD1)*. Namun kegiatan bisnis perbankan tetap berjalan seperti biasanya. Karyawan tetap memberikan layanan terbaik dan para nasabah akan terus memperoleh berbagai kemudahan dan fasilitas jasa perbankan.

Proses merger yang telah berjalan baik ini, menjadi bukti sekaligus momentum bahwa apa yang telah menjadi komitmen dan dukungan Pemegang Saham telah dijalankan dengan secara baik dan konsisten. Dukungan karyawan yang besar untuk turut bergabung dalam bank hasil merger ini, tentunya semakin memperkuat keyakinan kita bahwa bank ini akan tumbuh lebih besar lagi di masa mendatang.

Melalui Laporan Proses dan Pencapaian Merger ini, saya yakin bahwa keberhasilan merger Bank CIMB Niaga saat ini patut dicatat dalam sejarah perbankan nasional di Indonesia.

Semoga prestasi yang telah diraih selama ini dapat menjadi pijakan yang kokoh untuk meraih sukses di tahap selanjutnya.

Salam hangat,

**Arwin Rasyid**  
CEO CIMB Niaga  
January 2009

# The CIMB Niaga Story

The merger involves two of Indonesia’s leading banking institutions, Bank CIMB Niaga (herein after referred to as Bank Niaga) and Bank Lippo. The merged bank carries the name Bank CIMB Niaga. As a direct result of the Single Presence Policy of Bank Indonesia, the majority shareholders of Bank Niaga and Bank Lippo opted for the merger as the best course of action taking into account the best interest of all stakeholders.

The merger will form the sixth largest bank in Indonesia in terms of assets. By combining the strengths of both banks, the merger will result in a bank well-positioned to compete and grow in the increasingly competitive Indonesian banking environment. For CIMB Group, the merger will strengthen its position as a leading South East Asian franchise and enhance its earnings complexion and growth prospects.

During the planning phase of the merger, several notable events occurred in the Indonesian financial sector:

Proses merger melibatkan dua institusi perbankan terkemuka di Indonesia yaitu Bank CIMB Niaga (selanjutnya disebut Bank Niaga) dan Bank Lippo, menjadi Bank CIMB Niaga. Merger ini berawal dari kebijakan BI mengenai kepemilikan tunggal di Indonesia, dimana pemegang saham mayoritas dari Bank Niaga maupun Bank Lippo memilih merger sebagai opsi terbaik demi kepentingan seluruh stakeholder.

Merger ini membentuk bank keenam terbesar di Indonesia berdasarkan aset. Perpaduan keunggulan kedua bank menciptakan sebuah bank yang lebih baik dan bersaing serta tumbuh di tengah makin ketatnya persaingan sektor perbankan Indonesia. Bagi CIMB Group, merger ini akan memperkokoh posisi dan meningkatkan prospek pertumbuhannya sebagai kelompok bisnis terkemuka di Asia Tenggara.

Selama tahap perencanaan merger, terjadi beberapa peristiwa penting di sektor industri keuangan di Indonesia:

29 July 2008	Approval for Maybank acquisition of BII retracted
17 September 2008	Approval for Maybank acquisition of BII reinstated subject to conditions
30 September 2008	Maybank acquired 56% of BII
6 to 8 (half day) October 2008	20% drop in the Stock Exchange of Indonesia
8 (half day) to 10 October 2008	Suspension of the Stock Exchange of Indonesia
9 October 2008	Minimum reserve requirement for banks decrease from 9.08% to 7.5% (aimed to boost liquidity in the banking sector)
13 October 2008	Maximum guaranteed deposits at banks increased by 20-fold (aimed to revive investor confidence in banks)

Notwithstanding the above, Bank CIMB Niaga retains a firm footing in becoming a trusted bank alongside its peers in a very competitive Indonesian banking landscape. The immediate challenge is to operationally merge our businesses to realize the huge potential synergy values of our combined businesses, amongst Bank Niaga, Bank Lippo and CIMB Group. We remain committed to transforming Bank CIMB Niaga into an Indonesian universal bank.

### **Background of Bank Niaga**

Bank Niaga was established on 26 September 1955. It is currently the seventh largest bank in Indonesia by assets, and has the second largest position in mortgage lending with around 9 - 10% market share. The majority of the Bank's equity has been held by Bumiputra-Commerce Holdings Berhad (BCHB) since 25 November 2002 and on 16 August 2007 was transferred to CIMB Group, a wholly owned subsidiary of BCHB. As the first local bank to introduce ATM services in 1987 and also an on-line banking system in 1991, Bank Niaga is well regarded as one of the most innovative banks in Indonesia. It offers a comprehensive suite of conventional and Islamic banking products and services, from 256 branches in 48 cities in Indonesia. Bank Niaga has over 6,000 employees.

Over the years, Bank Niaga has been well regarded for its track record in customer service excellence and corporate governance, and also one of the sources of high quality bankers in Indonesia. Through the extensive branch offices and ATM network, as well as its wide range of sophisticated electronic channels, Bank Niaga offers a highly personalised banking experience to its customers. Amongst its accolades, in 2007 Bank Niaga was ranked 1st for Performance Management and Training and Development in The HR Excellence Award 2007 and also awarded Best Bank by the Investor Magazine. In 2006 it was awarded "The Most Consistent Bank in Service Excellence" by the Marketing Research Indonesia. For five consecutive years, since 2003 – 2007, Bank Niaga had been awarded The Best Annual Report in category Private Financial Listed Companies.

Sekalipun demikian, Bank CIMB Niaga tetap memiliki pijakan kokoh untuk menjadi sebuah bank terpercaya yang diperhitungkan di sektor perbankan Indonesia yang sangat kompetitif. Tantangan saat ini adalah bagaimana kami dapat melakukan integrasi operasional kedua bank untuk menggalang potensi sinergi di antara Bank Niaga, Bank Lippo dan CIMB Group. Kami telah bertekad untuk mewujudkan Bank CIMB Niaga sebagai bank universal di Indonesia.

### **Sekilas Bank Niaga**

Bank Niaga didirikan pada 26 September 1955, dan saat ini merupakan bank ke-7 terbesar di Indonesia berdasarkan aset serta ke-2 terbesar di segmen Kredit Kepemilikan Rumah dengan pangsa pasar sekitar 9-10%. Bumiputra-Commerce Holdings Berhad (BCHB) memegang kepemilikan mayoritas sejak 25 November 2002, kemudian dialihkan kepada CIMB Group, anak perusahaan yang dimiliki sepenuhnya oleh BCHB, pada 16 Agustus 2007. Sebagai salah satu bank paling inovatif di Indonesia, Bank Niaga memperkenalkan layanan ATM pada tahun 1987 dan menerapkan sistem perbankan on-line pada tahun 1991. Dengan lebih dari 6.000 karyawan, Bank Niaga menawarkan rangkaian lengkap produk dan jasa perbankan, baik konvensional maupun Syariah melalui 256 kantor cabang di 48 kota di Indonesia.

Bank Niaga memiliki reputasi yang sangat baik di bidang pelayanan nasabah dan tata kelola perusahaan, serta telah melahirkan banyak bankir handal di Indonesia. Melalui jaringan kantor cabang dan ATM yang luas serta keberagaman jalur distribusi perbankan elektronik, Bank Niaga menghadirkan layanan perbankan yang dikemas sesuai selera nasabahnya. Diantara berbagai penghargaan pernah diterima diantaranya peringkat pertama untuk Performance Management and Training and Development pada ajang HR Excellence Award 2007, dinobatkan sebagai Bank Terbaik oleh Majalah Investor, serta predikat 'The Most Consistent Bank in Service Excellence' oleh Marketing Research Indonesia pada tahun 2006. Selama lima tahun berturut-turut antara 2003-2007, Bank Niaga memperoleh penghargaan Laporan Tahunan Terbaik untuk kategori perusahaan swasta publik sektor keuangan dalam Annual Report Award.

### **Background of Bank Lippo**

Bank Lippo's journey started in March 1948. After a successful merger with PT Bank Umum Asia, Bank Lippo went public and was listed on the Stock Exchange in November 1989. The Government of Indonesia acquired a majority shareholding in Bank Lippo after the recapitalisation programme was executed on 28 May 1999. On 30 September 2005, having obtained approval from Bank Indonesia, Khazanah Nasional Berhad acquired majority ownership in the bank.

Since then, Bank Lippo has moved quickly to design and implement a new road-map. The road-map provides Bank Lippo with the tools to meet the rigours of a world-class bank. Bank Lippo is now a leading private bank in Indonesia, providing quality services and products. Staffed by almost 5,000 employees, it has 401 branches and offices and 722 ATMs across Indonesia. It provides services in more than 120 cities in Indonesia. Bank Lippo pioneered E-Banking services in Indonesia.





### **Sekilas Bank Lippo**

Bank Lippo didirikan pada bulan Maret 1948. Menyusul merger dengan PT Bank Umum Asia, Bank Lippo mencatatkan sahamnya di Bursa Efek pada November 1989. Pemerintah RI menjadi pemegang saham mayoritas di Bank Lippo melalui program rekapitalisasi yang dilaksanakan pada 28 Mei 1999. Pada tanggal 30 September 2005, setelah memperoleh persetujuan Bank Indonesia, Khazanah Nasional Berhad mengakuisisi kepemilikan mayoritas di Bank Lippo.

Sejak saat itu, Bank Lippo bergerak cepat menerapkan strategi pertumbuhan yang baru, yang dirancang untuk membawa Bank Lippo setara dengan bank kelas-dunia. Bank Lippo mempelopori layanan E-Banking di Indonesia. Saat ini, Bank Lippo merupakan salah satu bank terkemuka di Indonesia dengan hampir 5.000 karyawan, yang menghadirkan produk dan layanan perbankan berkualitas melalui 401 kantor cabang dan 722 ATM untuk melayani nasabah di lebih dari 120 kota di seluruh Indonesia.

## Surveying the Indonesian banking landscape

Figure 1: Indonesia bank universe, ranked by assets

	Assets (US\$bn)	Distribution Branch/ATMs	ROE <sup>1</sup> (%)	NPL <sup>2</sup> (%)	Comments
 mandiri	33.79	930/2,800	18.1	4.42	Largest bank in Indonesia; focused on corporate banking; two secondary share sell-downs in 2003
 BCA	24.19	791/5,042	24.9	0.60	Most widely recognized Indonesian bank; strong franchise; controlled by Farallon Consortium
<b>BRI</b>	23.29	585/674	28.2	2.90	Indonesia's leading micro-finance credit agency; industry's highest margins; privatized in 2003
 BNI <small>Melayani Segala Keinginan Bangsa</small>	19.05	976/2,325	6.9	6.53	Oldest bank in Indonesia; extensive distribution platform; completed rights issue & secondary offering as part of Government's privatization program in Aug 2007
 Danamon	10.97	419/754	21.6	2.08	Leading consumer/SME banking franchise in Indonesia; majority controlled by Temasek Holdings/Deutsche Bank
 bii <small>Anda Inspirasi Kami</small>	6.15	276/700	9.9	2.77	Strong credit card franchise; majority controlled by Temasek Holdings/Kookmin Bank
<b>Panin</b>	6.73	213/232	11.5	3.42	Acknowledged player in the consumer/SME market; strong capital position; ANZ a 30% strategic shareholder
 BANK NIAGA	6.42	240/395	14.5	2.99	Leading corporate lending bank in Indonesia; expanding into the consumer business; majority-controlled by CIMB Group
 PermataBank <small>Mewujudkan Hidup Lebih Berharga</small>	5.01	288/581	12.8	3.20	<ul style="list-style-type: none"> <li>• Leading consumer franchise owing to its heritage Bank Bali platform</li> <li>• Principal shareholders: Standard Chartered and Astra Int'l</li> </ul>
 LippoBank	4.14	398/687	13.1	0.84	<ul style="list-style-type: none"> <li>• Strength in retail/trading SME segment</li> <li>• Majority-controlled by Khazanah</li> </ul>

**Note:** Balance sheet data and ratios as of September 2008, distribution as of June 2008; exchange rate of Rp9,430/US\$ as of September 30, 2008

<sup>1</sup> ROE are based on International standards and defined as [Net Income/((Beginning equity + Ending equity)/2)]

<sup>2</sup> Gross NPL

**Source:** Company reports, news articles, company websites (consolidated)

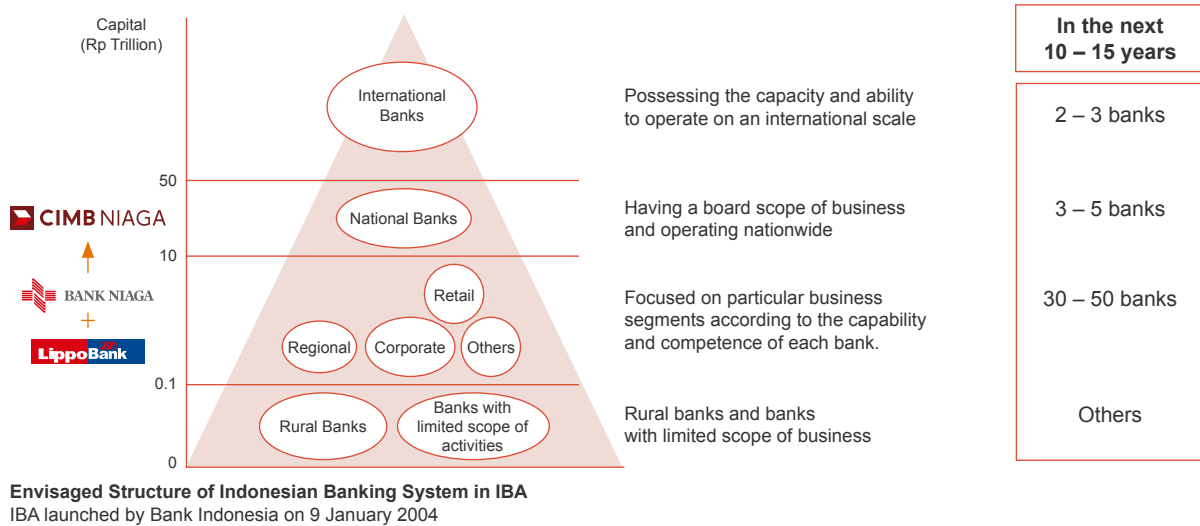
There are over 126 banks in Indonesia. In order to attain a sound and strong Indonesian banking structure, it is necessary to consolidate. To expedite the consolidation process, Bank Indonesia (BI) believes that it is necessary to restructure bank ownership through the application of a single presence policy (SPP) for Indonesian Banks. Pursuant to the SPP Regulations, a party can only become the Controlling Shareholder in one bank.

Dengan 126 bank di sektor perbankan di Indonesia, maka dipandang perlu untuk melakukan langkah konsolidasi untuk mewujudkan struktur industri perbankan yang lebih kokoh dan sehat. Untuk memfasilitasi konsolidasi tersebut, Bank Indonesia (BI) melakukan restrukturisasi kepemilikan bank melalui apa yang disebut Kebijakan Kepemilikan Tunggal bagi Bank. Sesuai dengan kebijakan ini, sebuah entitas hanya diperbolehkan menjadi pemegang saham pengendali di satu bank saja.



## Indonesian Banking Architecture & Single Presence Policy

Figure 2: Indonesian Banking Architecture



Khazanah is the Controlling Shareholder of Bank Niaga and Bank Lippo. As a long term strategic investor, Khazanah has continued to convey its intention and commitment to actively participate and contribute to the long-term economic development of the Republic of Indonesia, particularly in the financial and banking sector.

Furthermore both Bank Niaga, as a part of CIMB Group, and Bank Lippo have each resolved and stated on various occasions, the vision and mission to be one of the top 5 banks in Indonesia and to achieve various growth and profitability milestones by 2010. To achieve this goal, both banks have individually and aggressively focused on innovating new product lines and penetrating untapped customer segments for organic business expansion, while simultaneously seeking potential merger and acquisition opportunities as part of an inorganic growth strategy.

Consequently, the BOD and BOC of Bank Niaga and Bank Lippo after considering the welfare and interest of employees and all stakeholders have decided to merger as it is beneficial to all parties.

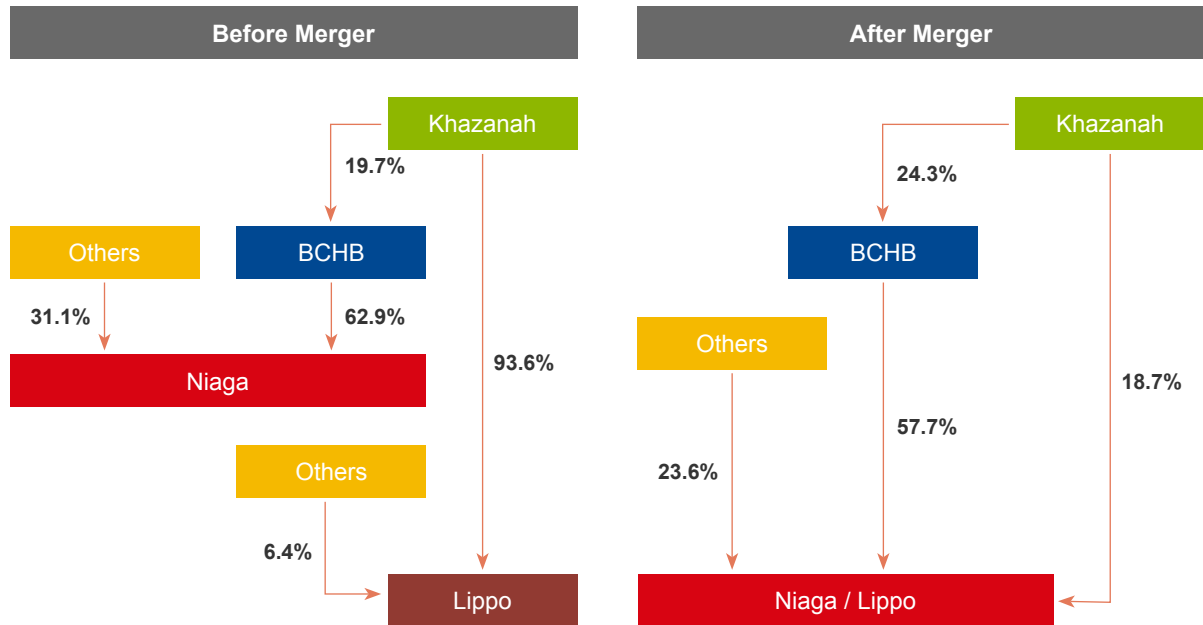
Khazanah saat ini merupakan pemegang saham pengendali baik di Bank Niaga maupun Bank Lippo. Sebagai investor strategis jangka-panjang, Khazanah memiliki komitmen untuk berpartisipasi aktif dan berkontribusi dalam pembangunan ekonomi Indonesia jangka panjang, khususnya di sektor keuangan dan perbankan.

Selanjutnya, Bank Niaga maupun Bank Lippo dalam berbagai kesempatan telah mencanangkan visi dan misi perusahaan untuk menjadi salah satu dari 5 bank peringkat teratas di Indonesia, lengkap dengan target pencapaian pertumbuhan maupun profitabilitas yang ingin dicapai sampai dengan tahun 2010. Untuk itu, kedua bank tersebut secara terpisah telah menjalankan strategi pertumbuhan organik yang agresif melalui inovasi produk perbankan dan penetrasi ke segmen pasar baru, sementara terus mencari peluang merger dan akuisisi sebagai strategi pertumbuhan inorganik.

Dengan mempertimbangkan kesejahteraan dan kepentingan karyawan dan stakeholder, Direksi dan Dewan Komisaris Bank Niaga dan Bank Lippo mengambil langkah merger untuk memberikan manfaat bagi semua pihak yang terlibat.

## The merger is driven by the single presence policy (SPP)

Figure 3: Shareholding Structure



- The merger is in compliance with the Government's preferred route and consistent with Khazanah's investment track record and long-term commitment to Indonesia.
- Post merger, Khazanah will remain as the controlling shareholder of Bank CIMB Niaga (the surviving entity of the Bank Niaga and Bank Lippo merger).
- Khazanah's shareholding in Bank CIMB Niaga will be held directly and via its subsidiary BCHB/CIMB Group.
- This creates a complementary tri-partite merger for growth – scale, limited duplication and significant synergies.
- Bank CIMB Niaga combines the best of Bank Niaga and Bank Lippo, enhanced by scale synergies and CIMB Group's regional platform.

- Langkah merger merupakan opsi yang sesuai dengan preferensi Pemerintah Indonesia, serta konsisten dengan kebijakan maupun komitmen investasi jangka panjang Khazanah di Indonesia.
- Paska merger, Khazanah tetap menjadi pemegang saham di Bank CIMB Niaga.
- Di Bank CIMB Niaga, Khazanah memiliki kepemilikan saham secara langsung dan tidak langsung melalui anak perusahaan BCHB/CIMB Group.
- Langkah merger menciptakan penggabungan tiga kekuatan yang komplementer untuk bertumbuh dalam skala usaha, dengan duplikasi minimal dan potensi sinergi yang signifikan.
- Bank CIMB Niaga menggabungkan keunggulan Bank Niaga dan Bank Lippo, didukung oleh sinergi dari skala bisnis yang lebih besar serta jaringan regional CIMB Group.

## CIMB Group

### Background & Profile

- CIMB is the second largest banking group in Malaysia, and fifth largest in South East Asia by total assets
- Core strengths of CIMB are in investment banking, asset management, Islamic investment banking and consumer banking
- Vision “To Be South East Asia’s Most Valued Universal Banking”
- Broad objectives and targets
  - Top 3 bank in SEA by assets
  - Integrated ASEAN universal bank
- Universal banking proposition in place in Malaysia, Indonesia, and Singapore

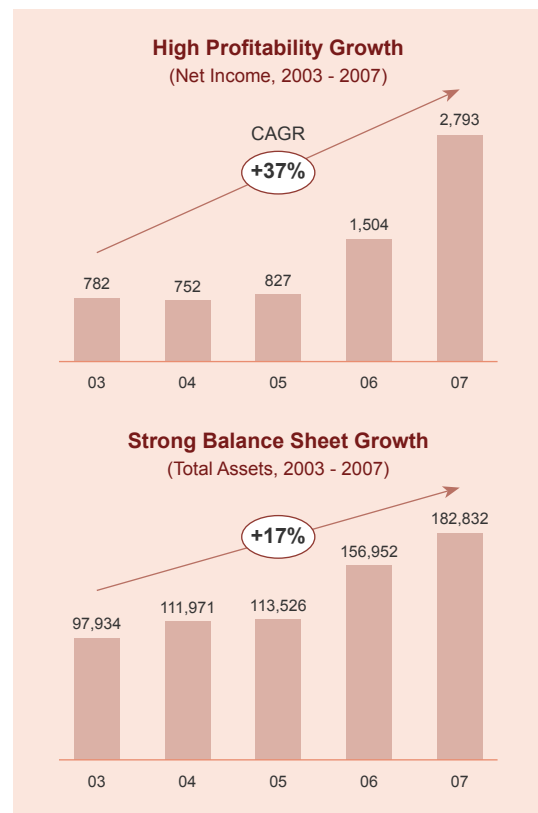


Figure 4: A Complementary Merger



### “A Complementary Merger for Growth”

The merger presents a compelling value proposition for all shareholders, the management and employees, as well as the overall banking industry in Indonesia. Bank Niaga and Bank Lippo represent two unique franchises and when combined, represent one of the more exciting banking sector propositions for the country. The merger takes advantage of Bank Niaga’s strong corporate presence and mortgage niche together with Bank Lippo’s leadership in SME loan and payment processing system. By combining the strengths of both banks, the merger will result in a bank well positioned to compete and grow in the increasingly competitive Indonesian banking environment.

### “A New Beginning”

Merger ini memberikan peningkatan nilai yang menarik bagi seluruh pemegang saham, manajemen dan karyawan dari kedua bank, serta bagi industri perbankan Indonesia pada umumnya. Bank Niaga dan Bank Lippo merupakan dua bisnis yang unik dan penggabungan keduanya memberikan salah satu peluang pertumbuhan yang sangat menarik di sektor perbankan Indonesia, dengan memadukan kekuatan Bank Niaga di segmen perbankan korporasi, dan KPR, bersama keunggulan Bank Lippo di segmen kredit UKM dan infrastruktur transaksi pembayaran. Bank hasil merger akan memiliki posisi yang sangat baik untuk bersaing dan tumbuh dalam peta persaingan industri perbankan Indonesia yang semakin ketat.

## The Niaga-Lippo merger is grounded on a strong strategic rationale

Figure 5: Rationale for Niaga-Lippo – in summary

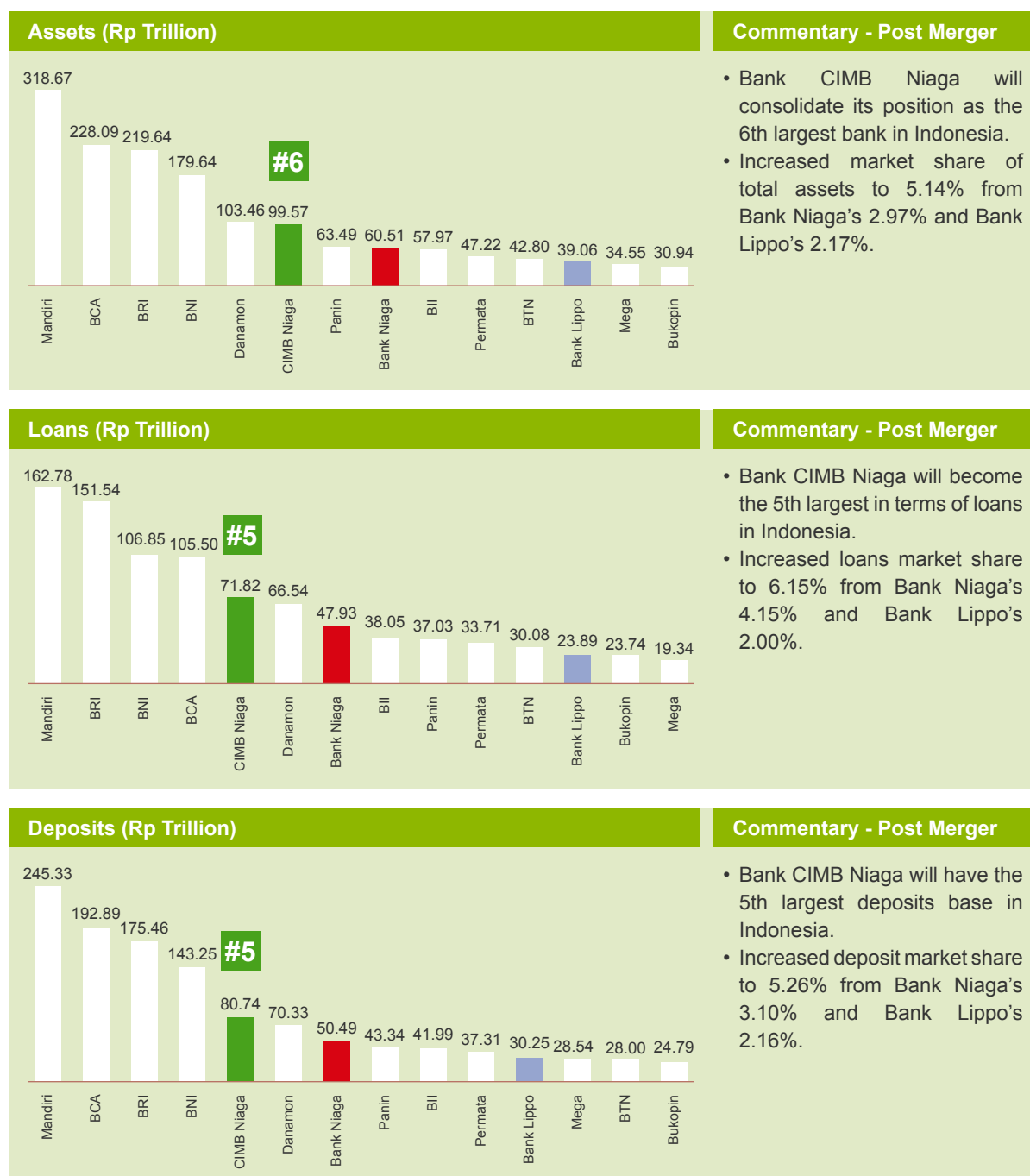
<b>Financial Scalability</b>		<b>Niaga</b>	<b>Lippo</b>	<b>Merged Entity</b>	<ul style="list-style-type: none"> <li>• The merger creates the 6th largest bank in Indonesia</li> <li>• Total Assets of Rp99.57 tto, Total Loans of Rp71.82 tto, Total Customer Deposits of Rp80.740 tto, Total Active Customer Base of &gt; 3 Million &gt;see figure 6</li> </ul>
	Assets	No. 7	No. 11	No. 6	
	Loans	No. 6	No. 11	No. 5	
	Deposit	No. 6	No. 10	No. 5	
<b>A Wider Distribution Network</b>		<b>Niaga</b>	<b>Lippo</b>	<b>Merged Entity</b>	<ul style="list-style-type: none"> <li>• The merged bank will have a significant larger geographic footprint, 4th largest distribution network in Indonesia.</li> <li>• Complementary distribution network due to different target markets; wider reach across Indonesia &gt;see figure 9</li> </ul>
	Branches	257	408	665	
	ATMs	483	741	1,224	
<b>Complementary Products and Capabilities</b>	<b>Niaga</b>	<b>Lippo</b>	<b>Synergy with CIMB Group</b>		
	<ul style="list-style-type: none"> <li>• Mortgage (#2 by market share)</li> <li>• Credit Card (Issuance)</li> <li>• Corporate Banking (intermediation with capital markets through CIMB-GK Jakarta &amp; CIMB KL)</li> <li>• Treasury structured products (Star Choice MLD, Dynamic Duo Star MLD)</li> </ul>	<ul style="list-style-type: none"> <li>• SME Banking (funding, lending, cash management)</li> <li>• Credit Card (Merchant Acquisition)</li> <li>• Deposits (low cost of funds)</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Markets / Investment Banking through PT CIMB-GK Securities Indonesia &amp; CIMB Malaysia</li> <li>• Asset Management through PT CIMB-Principal (onshore) and CIMB-Principal Malaysia (offshore)</li> </ul>		

## Financial Scalability

Bank CIMB Niaga will be bigger and stronger in total assets, loans, and customers' deposits. The resulting economies of scale will enable us to serve our customers better with superior products, prices and service standards.

Bank CIMB Niaga akan menjadi bank yang lebih besar dan kokoh. Dengan skala ekonomi yang lebih besar, Bank CIMB Niaga akan mampu melayani nasabah dengan produk, harga dan kualitas layanan yang lebih baik.

Figure 6: Financial Scalability



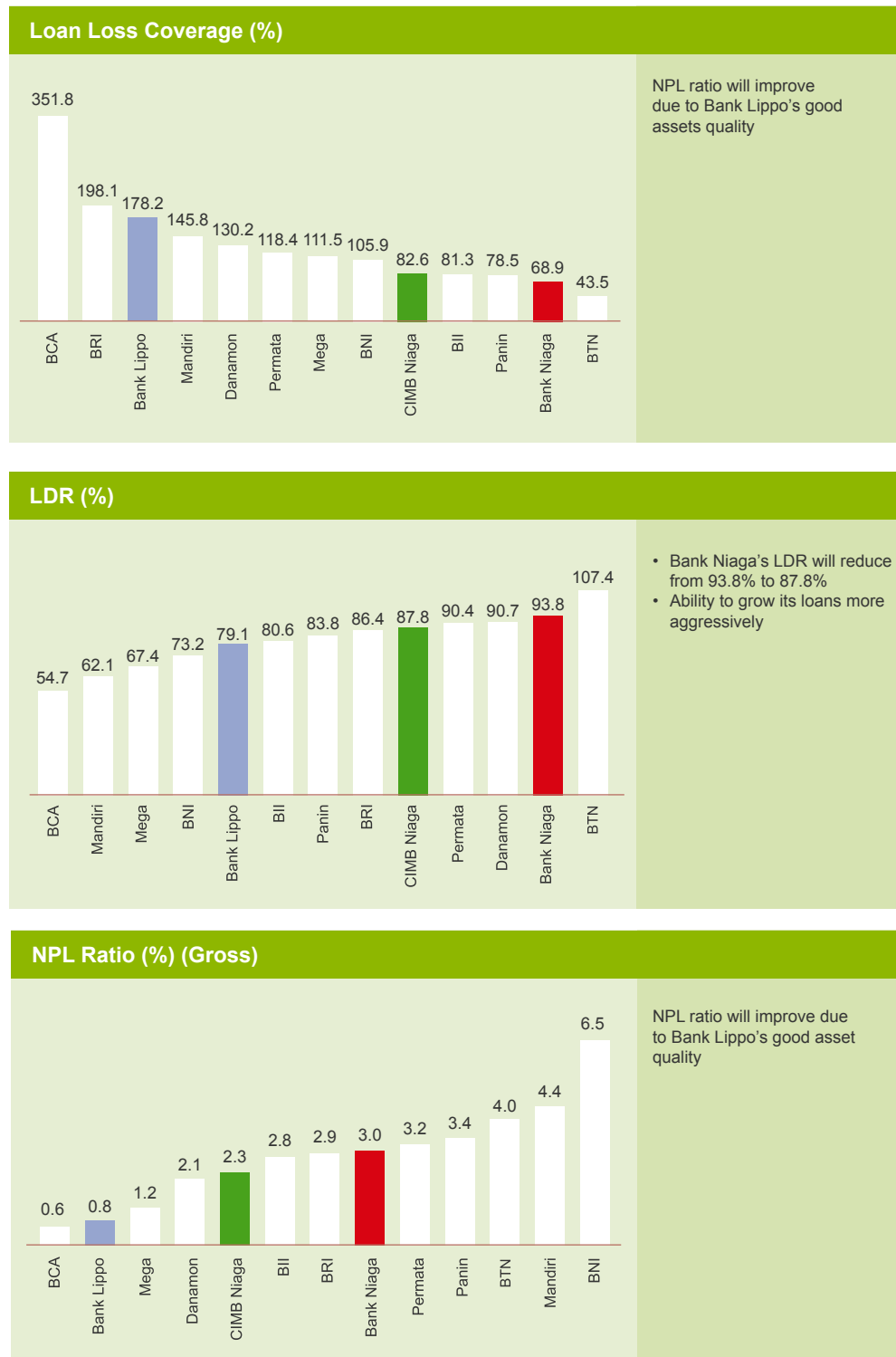
Source: Company reports as at 30 September 2008. Total assets, total loans and total deposits for Indonesian Banking Industry: Rp2,125 trillion, Rp1,246 trillion and Rp1,609 trillion respectively. Rankings above are based on group level. (sourced from Bank of Indonesia website as at 30 September 2008 Bank only).

## Rationale

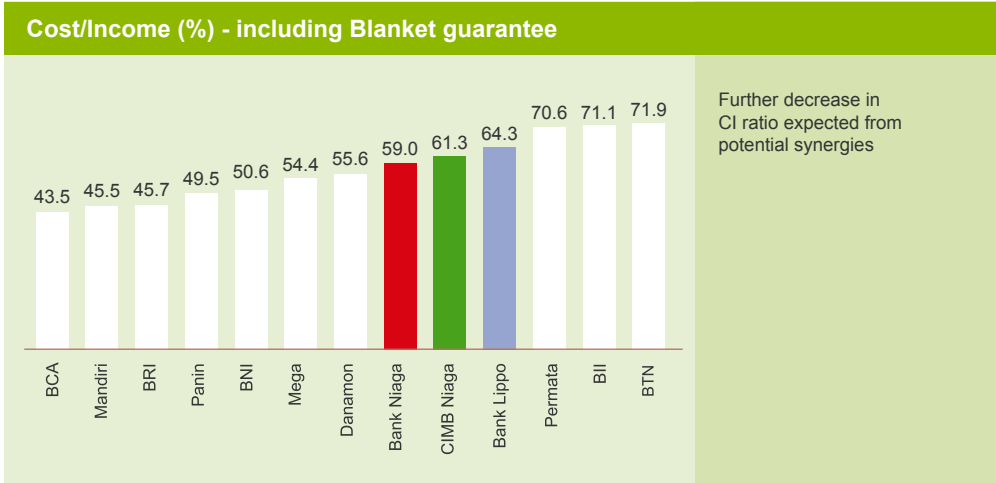
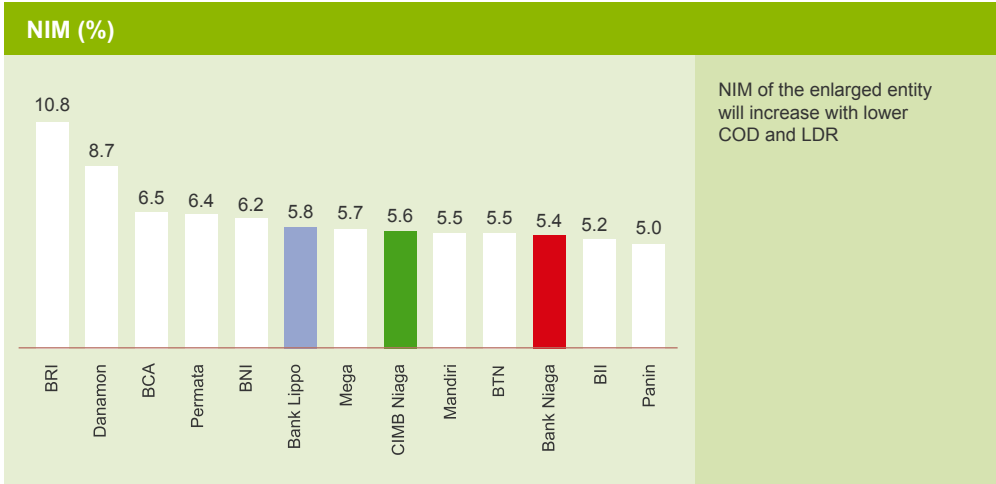
We intend to take advantage of our larger size after the merger to improve our performance gradually.

Sebagai bank yang lebih besar paska merger, Bank CIMB Niaga akan lebih mampu meningkatkan performa secara bertahap.

Figure 7: Banks' performance ratios



# Rationale



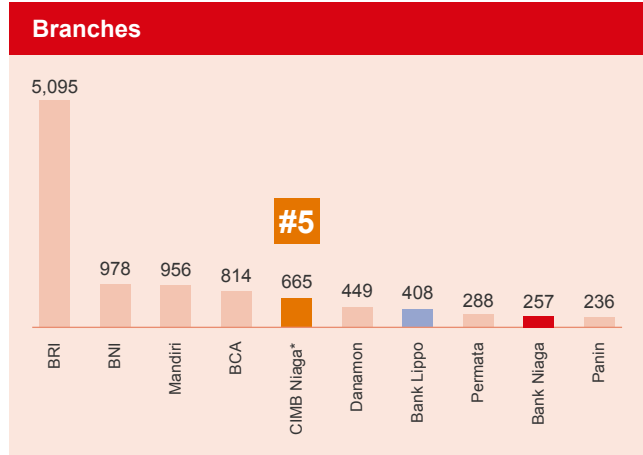
Source: Company reports (consolidated), websites and research reports (as at 30 September 2008)

# Rationale

## Wider Distribution Network

Our distribution network will expand giving us access to more customers.

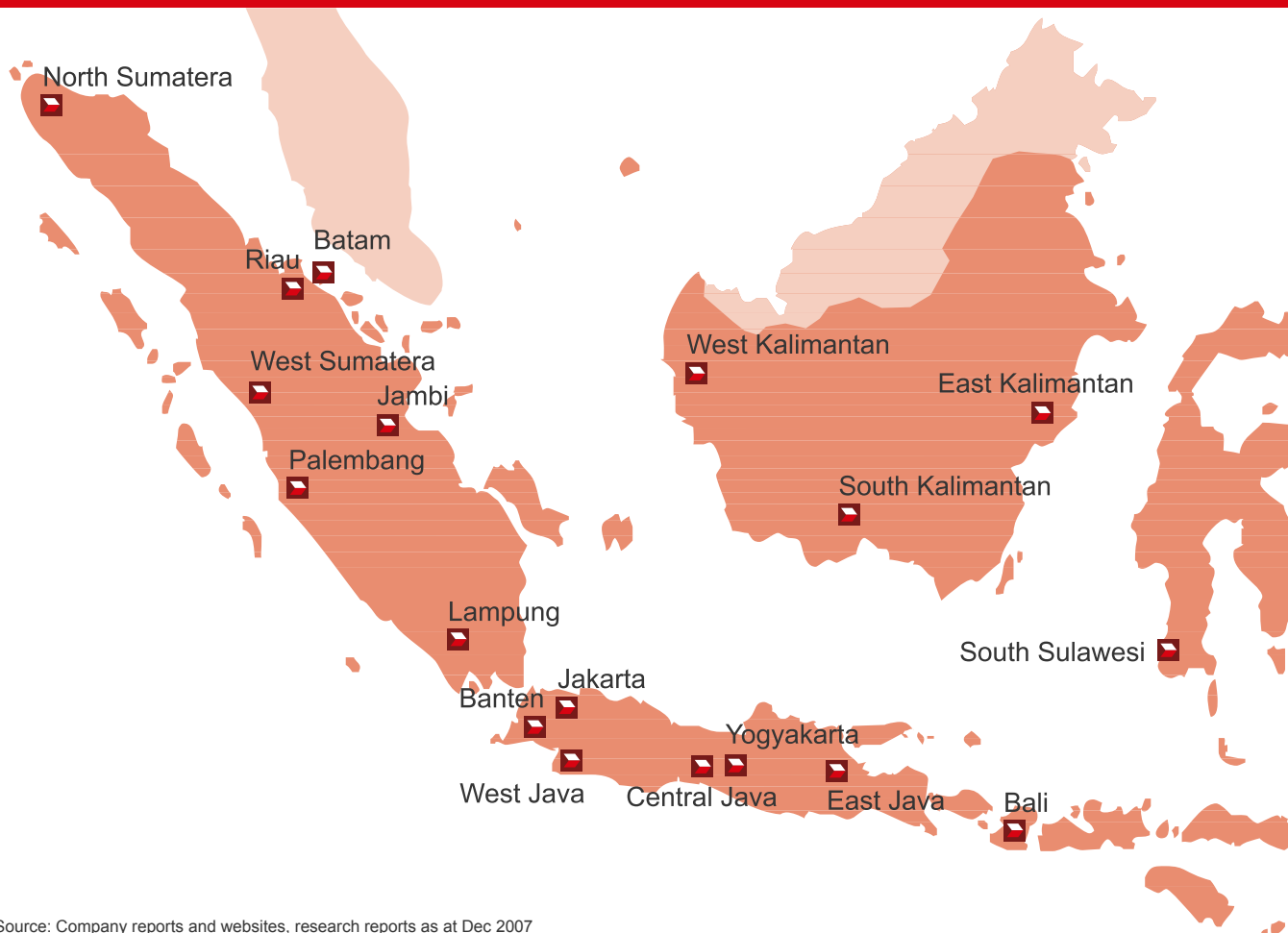
Figure 8: A wider Distribution Network in terms of branches and ATMs (As of June 2008)



\* As at 30 September 2008

Bank CIMB Niaga will be the 5th largest bank in Indonesia in terms of its branch network and ATM channels.

## Branch Network

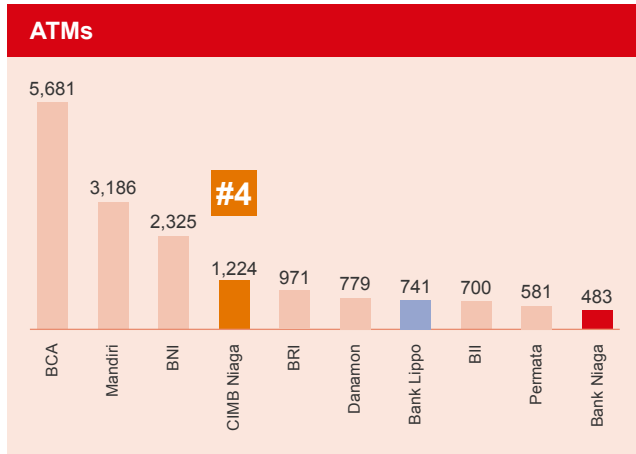


Source: Company reports and websites, research reports as at Dec 2007



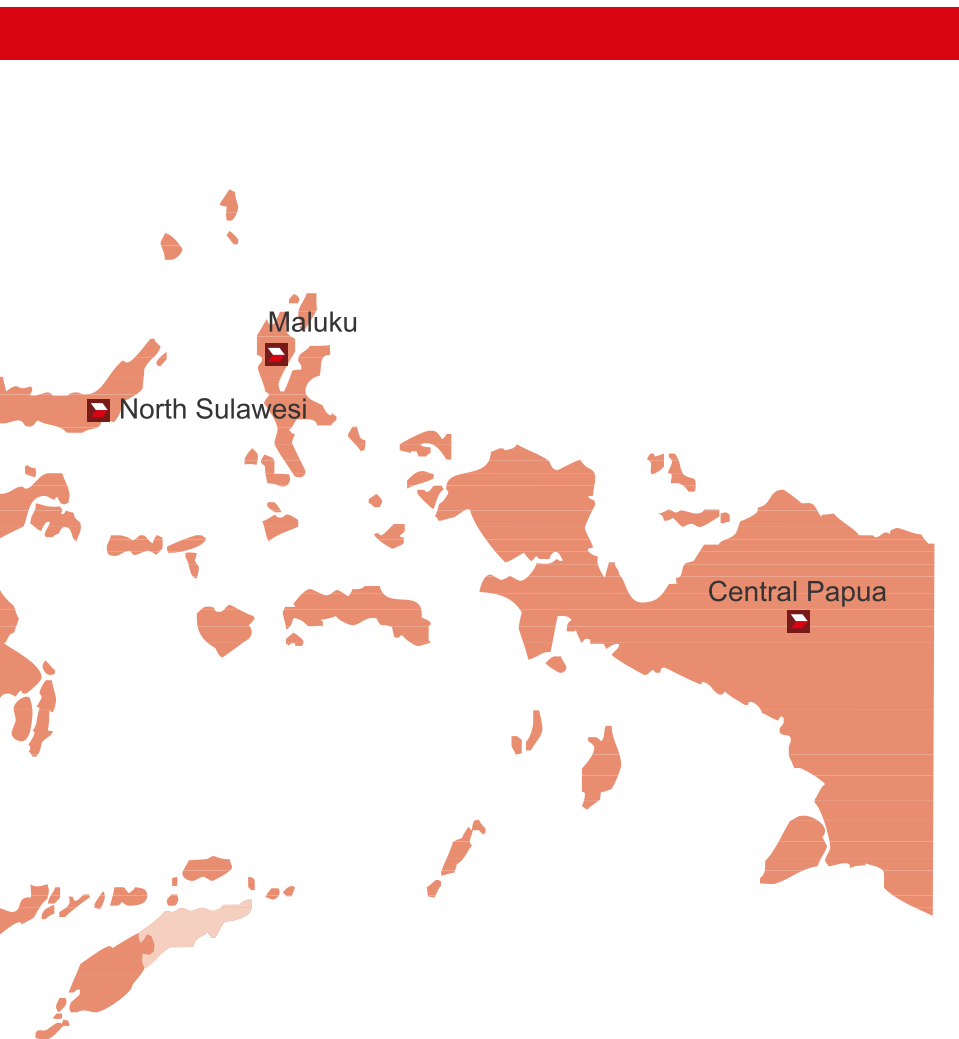
# Rationale

(As of June 2008)



\* As at 30 September 2008

Figure 9: Branch Network Map



Sumatera		Jakarta	
Niaga	26	Niaga	91
Lippo	39	Lippo	169
Combined	65	Combined	260

Kalimantan		Jawa Barat	
Niaga	5	Niaga	40
Lippo	11	Lippo	29
Combined	16	Combined	69

Sulawesi		Jawa Tengah	
Niaga	9	Niaga	30
Lippo	8	Lippo	80
Combined	17	Combined	110

Ambon		Jawa Timur	
Lippo	2	Niaga	43
		Lippo	54
		Combined	97

Papua	
Niaga	5

Bali	
Niaga	6
Lippo	8
Combined	14

## Number of Branches and Market Share

There is a positive correlation between number of branches and deposit and loan shares.

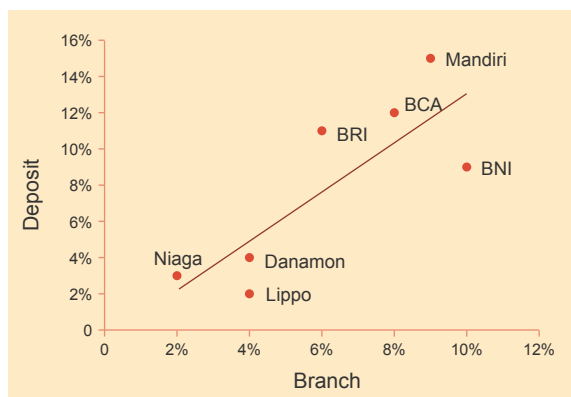


Figure 10: Deposit Share

We plan to leverage on our wider distribution network to improve our market share.

Ada korelasi positif antara jumlah kantor cabang dan penguasaan pangsa pasar untuk kredit dan simpanan nasabah.

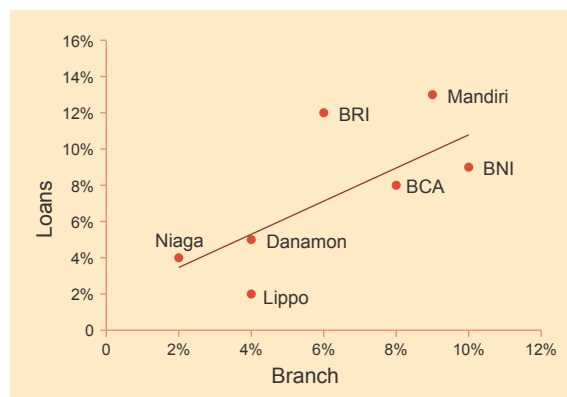


Figure 11: Loan Share

Jaringan distribusi yang lebih luas akan memungkinkan kami untuk memperbesar perolehan pangsa pasar.

## Complementary Products and Capabilities

Particulars	Bank Lippo	Bank Niaga
<b>Core strength</b>	<ul style="list-style-type: none"> <li>Transaction banking, SME banking and retail commercial loans</li> </ul>	<ul style="list-style-type: none"> <li>Corporate &amp; Mortgage Loans</li> </ul>
<b>Customer profile</b>	<ul style="list-style-type: none"> <li>Mainly retail, general commerce, consumer sectors</li> </ul>	<ul style="list-style-type: none"> <li>Corporate customers, retail mortgages</li> </ul>
<b>Consumer niche</b>	<ul style="list-style-type: none"> <li>Credit cards (issuer and merchants)</li> </ul>	<ul style="list-style-type: none"> <li>Housing mortgages (2<sup>nd</sup> largest player with 9.64% market share), car financing</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>Wide retail deposit base through the payments platform, high proportion of CASA</li> </ul>	<ul style="list-style-type: none"> <li>Higher cost of funds—mainly from corporate, affluent and mass affluent customers</li> </ul>
<b>Branches</b>	<ul style="list-style-type: none"> <li>Strong branch/ATM presence in smaller cities</li> </ul>	<ul style="list-style-type: none"> <li>Smaller network focused mainly on major cities</li> </ul>

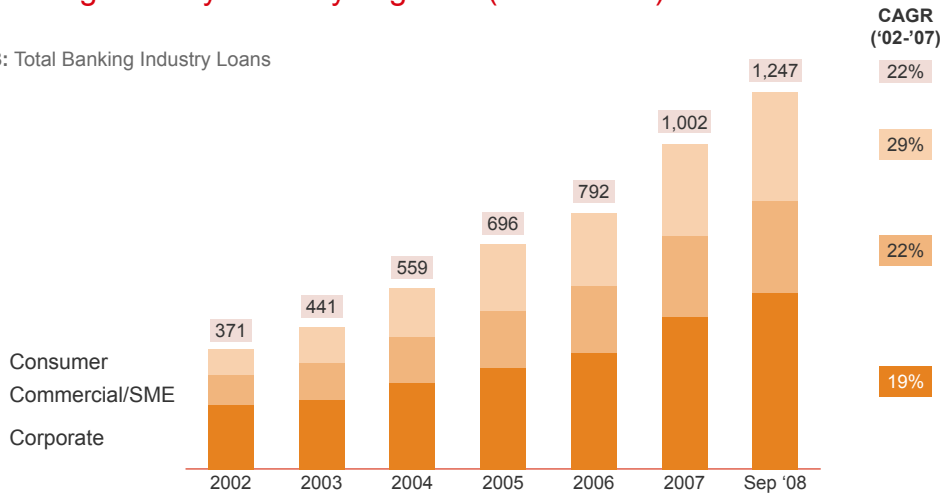
Figure 12: Complementary Products and Capabilities

The merger enables us to broaden and strengthen our product range. Bank CIMB Niaga will combine Bank Niaga's strong corporate lending presence, and mortgage niche together with Bank Lippo's leadership in SME loans and the payment processing system which offers attractive growth opportunities.

Bank CIMB Niaga akan memiliki portofolio produk yang lebih komprehensif, memadukan kekuatan Bank Niaga di segmen korporasi dan KPR yang memberikan margin menguntungkan, serta keunggulan Bank Lippo di bidang kredit UKM dan sistem transaksi pembayaran yang memberikan peluang pertumbuhan yang menarik.

## Total banking industry loans by segment (IDR Trillion)

Figure 13: Total Banking Industry Loans



Over the years Consumer and SME segments have driven a strong growth in lending activities. After the merger, Bank CIMB Niaga will also leverage on its strength in these areas to grow its business.

Selama bertahun-tahun, segmen Konsumer dan UKM telah memacu pertumbuhan kredit. Setelah merger, Bank CIMB Niaga akan memberdayakan kekuatan pada area tersebut untuk pertumbuhan bisnis.

## Valuation of Banks

Figure 14: Price to Book Valuation

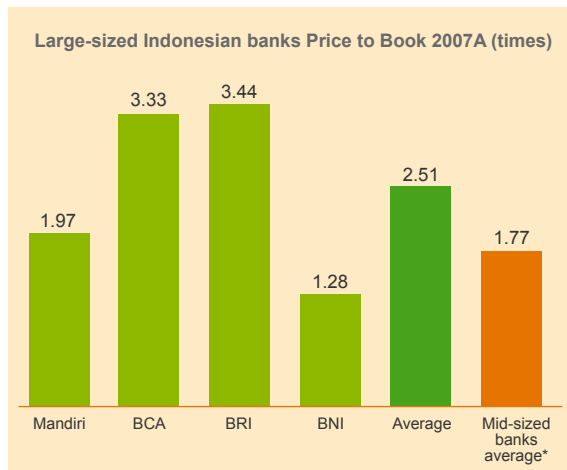
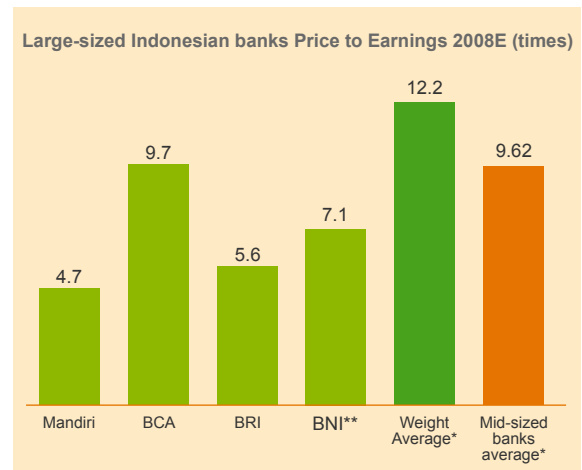


Figure 15: Price to Earnings Valuation



\* Source: Macquarie Research Report, 29 October 2008

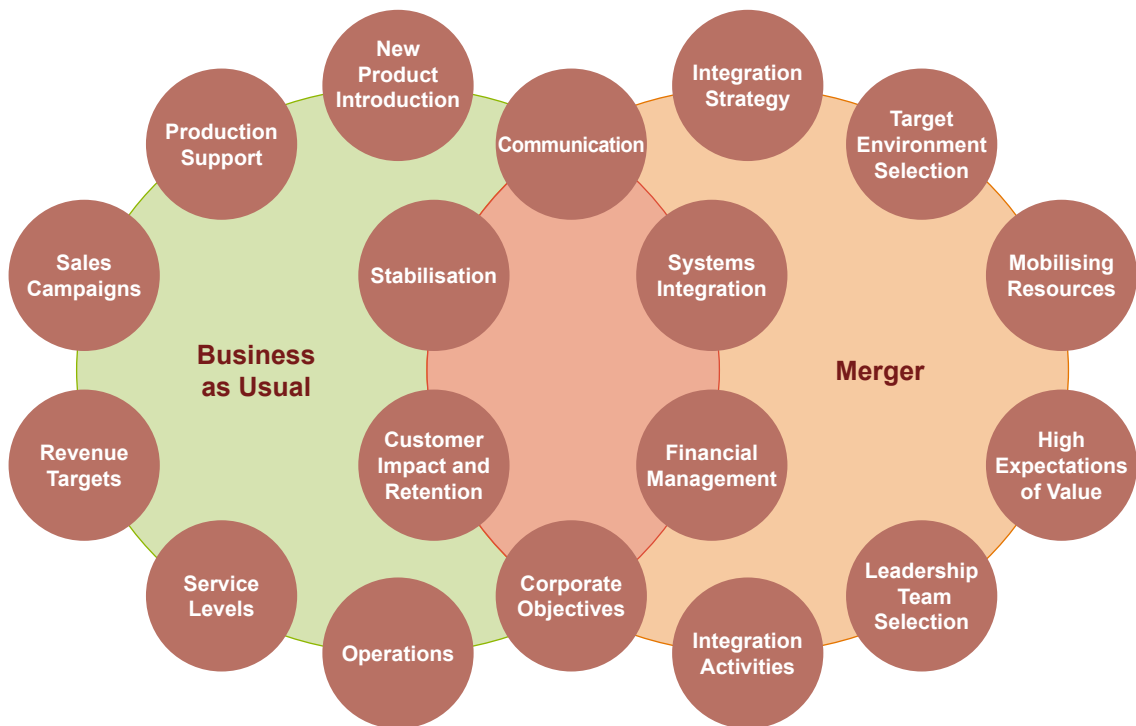
\*\* Source: Mandiri Sekuritas, November 2008

In the Indonesian banking sector where larger banks are generally valued at a premium to smaller banks, Bank CIMB Niaga by diversifying our income from multiple products, and spreading exposures across client-groups will create a more stable, safer and ultimately a more valuable institution for its stakeholders and consumers.

Di sektor perbankan Indonesia, bank-bank yang besar secara umum memiliki nilai lebih dibanding yang lebih kecil. Bank CIMB Niaga melalui diversifikasi pendapatan dari varian produk yang lebih lengkap serta sebaran paparan risiko pada lebih banyak segmen pasar, akan menjadi bank yang lebih kokoh, aman dan bernilai lebih bagi para stakeholder dan nasabah.

## Merger adds complexity to existing business operations

Figure 16: Business-As-Usual vis-à-vis Merger Priorities



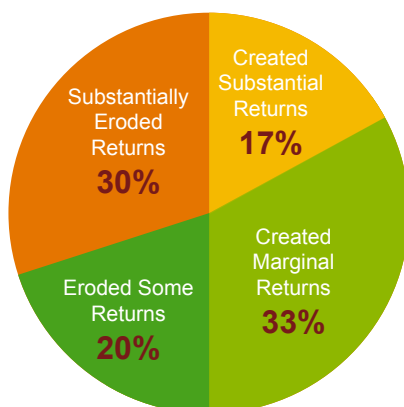
We are further cognizant that most mergers fail to live up to expectations – we must not fall into this category. Understanding why many have failed is a good start.

Kebanyakan proses merger gagal untuk mencapai tujuan yang diharapkan. Memahami kasus-kasus mengenai gagalnya merger merupakan langkah awal untuk mencegah hal itu terjadi pada kami.

## Merger Can Be Successful

Figure 17: Merger results

### Quantitative Results



Source: Accenture M&A survey of 150 deals over \$500 million in the 1990s

### Reasons for failure

- Management structure unclear and fosters ambiguity in the merged entity
- Lack of comprehensive communications strategy – lose hearts and minds of employees
- Focus on the merger causes organisations to take their eye off the ball from day to day operations
- No proper up front planning and transition management – lack of a “Master Plan”
- No prioritised ongoing focus on the levers and framework to realise savings
- IT integration issues not adequately addressed
- Nothing changes operationally day to day – still two distinct entities post merger

## Merger Integration Approach

Hence exploiting every source of value in a merger is no easy task. It requires a robust merger architecture to be put in place – tools, merger execution milestone status reports and proven approaches.

We have adopted a merger integration approach that accelerates the speed at which we capture value.

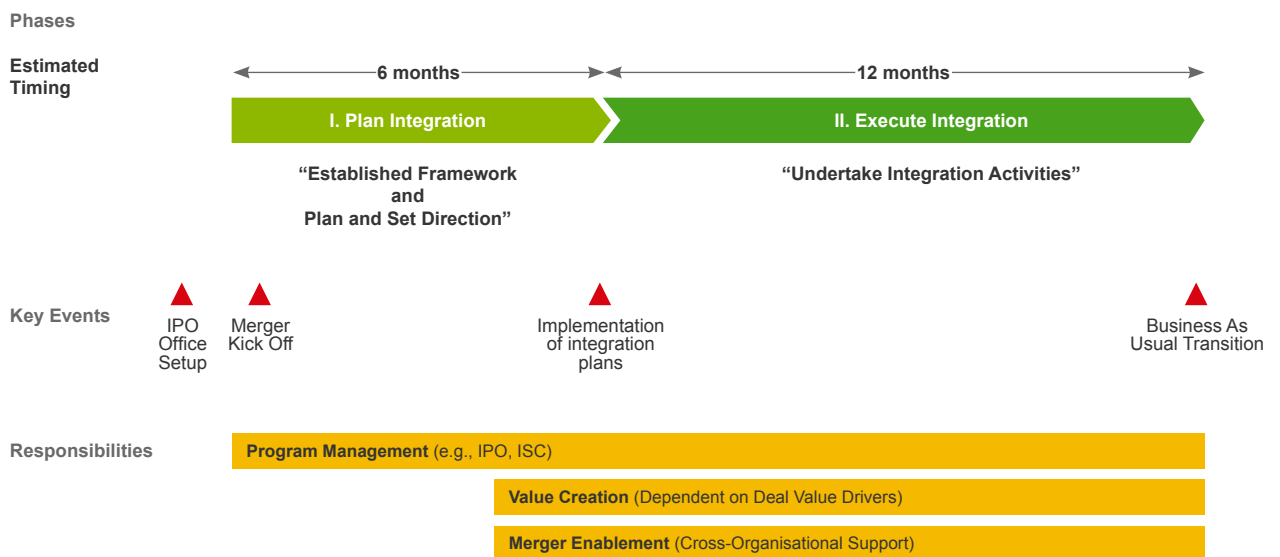
Early on we set about defining the management and merger governance process. The governance follows a structured approach, as we are implementing a complex and accelerated merger while at the same time ensuring we continue to run an efficient banking services for our customers. During the merger process we must avoid degradation in customer service – our customers are our *raison d'être*.

Memaksimalkan setiap peluang peningkatan nilai pada sebuah merger bukanlah upaya yang mudah,. Hal ini membutuhkan suatu arsitektur merger yang handal – perangkat bantu (tools), laporan status proses merger, dan metoda pendekatan yang teruji.

Kami memakai suatu metoda pendekatan yang dapat mempercepat tercapainya nilai atau tujuan yang diharapkan dari merger itu sendiri.

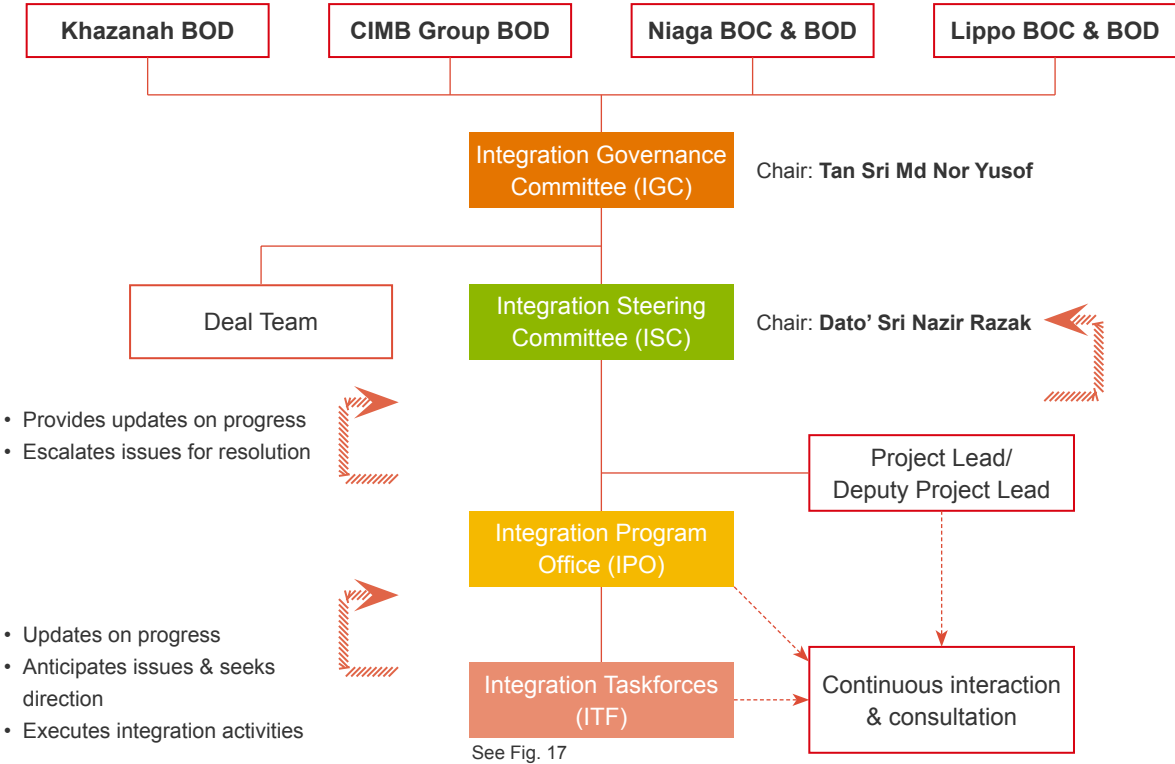
Kami mulai dengan merumuskan tata kelola proses merger dengan suatu pendekatan yang terstruktur. Hal ini diperlukan karena kompleksitas proses merger serta ketatnya jadwal waktu, sementara kami harus memastikan bahwa operasional perbankan terus berlangsung secara efisien. Kami harus mempertahankan kualitas layanan nasabah selama proses merger.

Figure 18: Merger Integration Approach

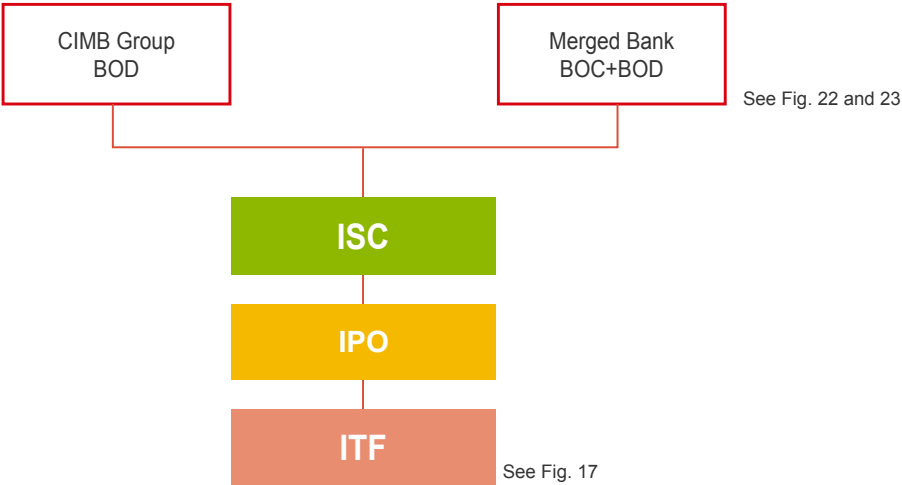


# The Merger adopts the following Integration Governance Structure

Figure 19: Integration Governance Structure

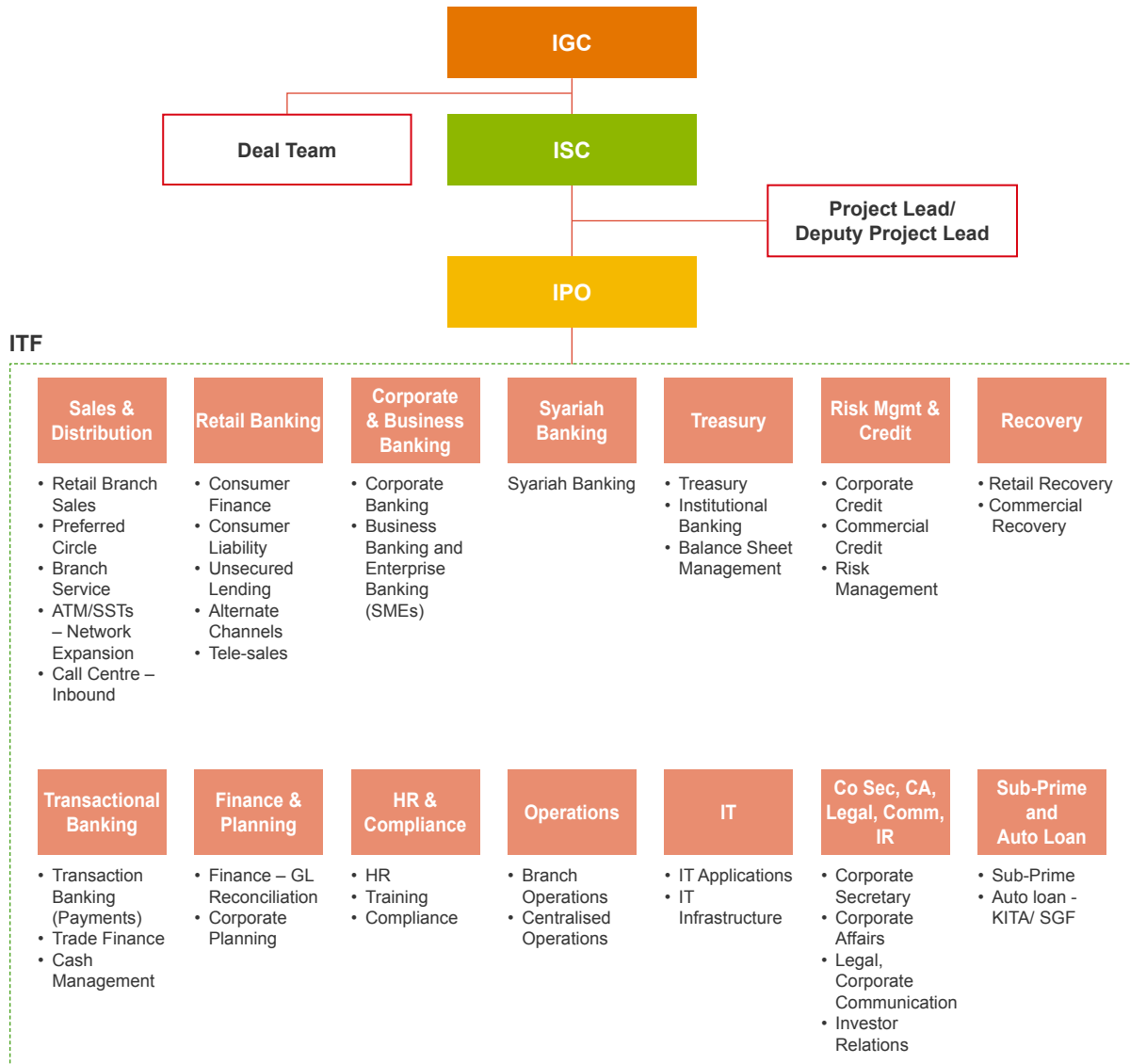


After Legal Day 1  
The Governance Structure is simplified



## Integration Taskforces

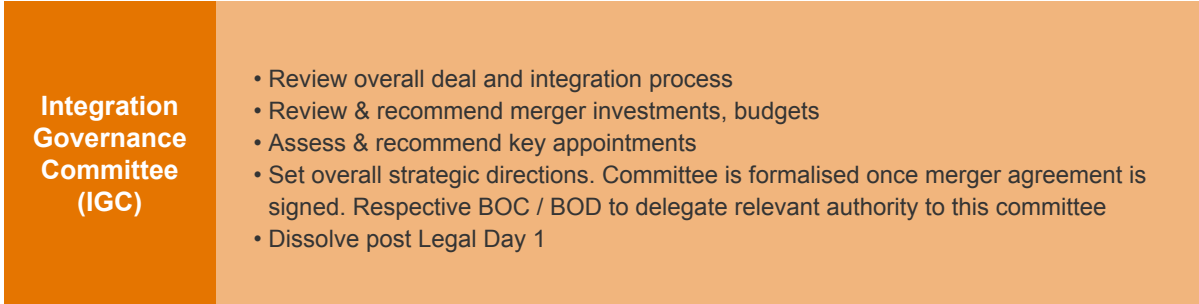
Figure 20: Integration Taskforces



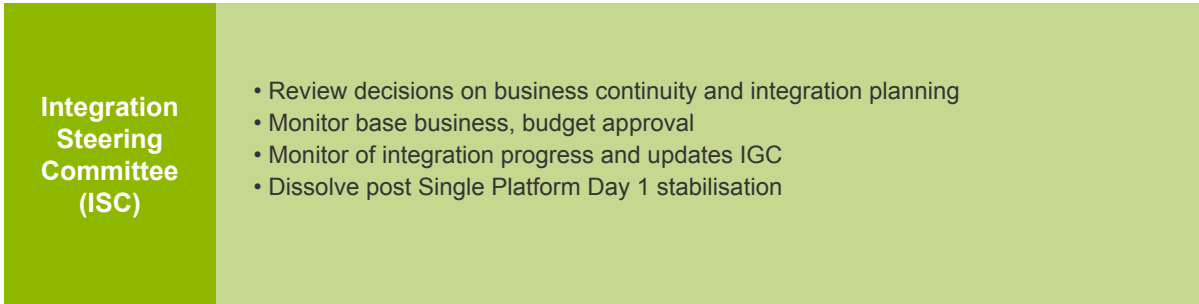
^ Integration Taskforces consist of team leads from the banks and are facilitated by IPO representatives

# Integration Committee and its Scope and Functions

**Figure 21:** Integration Governance Committee (IGC) - Scope and Functions



**Figure 22:** Integration Steering Committee (ISC) - Scope and Functions



IGC Members	
• Chairman Exec Committee	- Tan Sri Md Nor Yusof Khazanah
• Chairman Niaga	- Dato' Mohd Shukri Hussin
• Chairman Lippo	- Md Ali Md Dewal
• Shareholder rep CIMBG	- Dato' Sri Nazir Razak
• Shareholder rep Khazanah	- Abdul Farid Alias
• Indonesia rep	- Roy Edu Tirtadji
• Indonesia rep	- Abdulgani
• Deputy Chair of ISC	- Glenn Yusuf

ISC Members - pre LD1	
• Chairman	- Dato' Sri Nazir Razak
• Deputy Chair	- Glenn Yusuf
• CIMBG representative	- Kenny Kim
• Niaga representative	- James Rompas
• Lippo representative	- Hendrik Gezienus Mulder
• Lippo representative	- Lim Eng Khim

ISC Members - post LD1	
• Chairman	- Dato' Sri Nazir Razak
• Deputy Chair	- Glenn Yusuf
• CIMBG representative	- Kenny Kim
• CIMB Niaga representative	- Arwin Rasyid
• CIMB Niaga representative	- James Rompas
• CIMB Niaga representative	- Hendrik Gezienus Mulder



Figure 23: Integration Program Office (IPO) - Scope and Functions

<b>Integration Program Office (IPO)</b>	<ul style="list-style-type: none"> <li>• Sharing of methodology, approach and deliverable templates with Integration Teams</li> <li>• Work with Integration Workstream Teams to define Target Operating Model (TOM) and synergy realisation</li> <li>• Manage inter-dependencies and issue resolution across Integration Workstream Teams</li> <li>• Responsible for tracking and ensuring that merger milestones are met and overall quality of work meets expectations</li> <li>• Provide bi-weekly status reporting to ISC</li> </ul>
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Figure 24: ITF - Scope and Functions

<b>Project Leads/ Deputy Project Leads</b>	<ul style="list-style-type: none"> <li>• Provide overall guidance and direction to Team Leads in defining the TOM and synergy realisation. Proactively lead and manage merger progress and manage resolution of issues to ensure that merger milestones are met, resources are provided and overall quality of work meets expectations</li> <li>• Attends meetings with Integration Steering Committee (ISC) for updates or resolution of issues as and when necessary</li> <li>• Liaises with IPO on merger-related issues (to be escalated to the ISC) during the merger integration process</li> <li>• Agrees to the end-state operating model of the merged entity</li> </ul>
<b>Team Leads</b>	<ul style="list-style-type: none"> <li>• Manage the respective team members (across Niaga and Lippo) in developing the TOM and synergy realisation, guided by the integration principles</li> <li>• Agree and confirm recommendations in their respective areas based on the guiding principle and merger direction. Obtain management endorsement and sign-off</li> <li>• Define and obtain resolution for issues and where applicable, make decisions on matters and issues related to the merger with discretion</li> <li>• Provide bi-weekly status reporting to Project Leads/Deputy Project Leads and IPO</li> </ul>
<b>Team Members</b>	<ul style="list-style-type: none"> <li>• Analyze both entities propositions and develop the TOM and synergy realization, guided by the integration principles and timeline</li> <li>• Discuss proposed recommendations/options for the merged entity to Team Leads or other management members</li> </ul>

# Our new leaders who will chart the course of CIMB Niaga

Figure 25: Bank CIMB Niaga BOC Structure



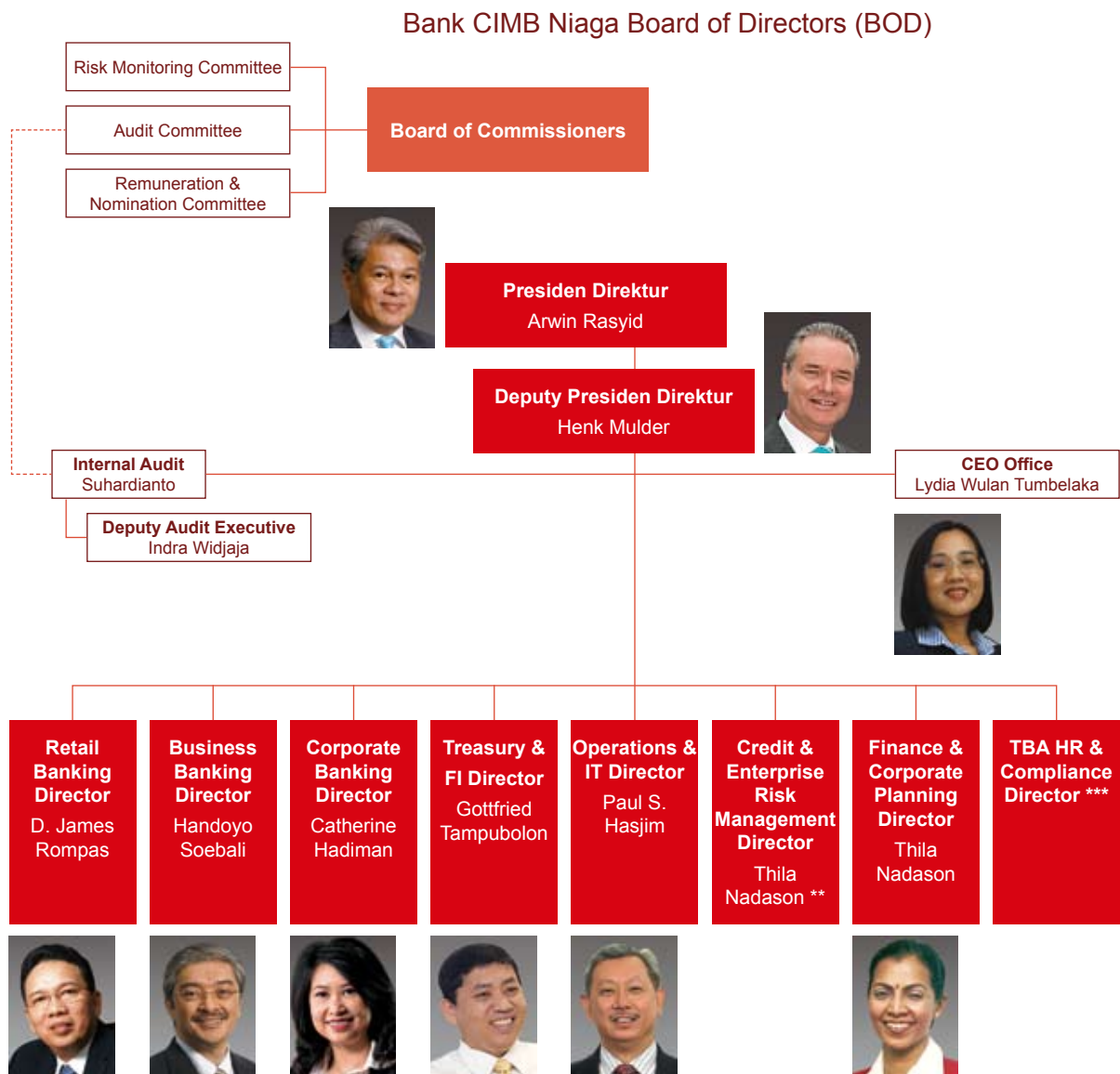
Key posts of Board of Commissioners and Board of Directors in Bank CIMB Niaga were determined early with roles in the new leadership structure clarified as much as realistically possible in order to minimize confusion and friction during the integration process.

Target organization structure to be effective as at Legal Day 1 has been approved in the EGM on 18 July 2008 as per the requirements of the Indonesian merger regulations.

Personil di jajaran Dewan Komisaris dan Direksi di Bank CIMB Niaga telah ditetapkan diawal (sebelum pengumuman transaksi merger), dengan masing-masing fungsi dan tanggung jawab yang jelas dalam rangka meminimalkan friksi dan ketidakjelasan selamam proses merger.

Target struktur organisasi makro yang akan berlaku pada Legal Day 1 telah dimintakan persetujuan dalam RUPSLB pada 18 Juli 2008 sesuai ketentuan regulasi merger di Indonesia.

Figure 26: Bank CIMB Niaga BOD Structure



**Notes:**

\*\* Thila Nadason serves temporarily as Acting Director in charge of Credit & Enterprise Risk Management

\*\*\* D. James Rompas serves temporarily as Acting Director in charge of Compliance, pending approval of Bank Indonesia

## Merger Architecture

Detailed merger activities are championed by the business and support teams. These teams are responsible for the planning, execution and implementation of the integration plans. The IPO monitors team progress, assists in resolving cross business/ support team issues, and coordinates the overall merger program to ensure an orderly and optimal integration process. The IPO interacts periodically with the ISC by providing updates on the progress of the merger integration.

The IPO reports fortnightly to the ISC, which review decisions on business continuity and integration planning. The ISC is also responsible for resolving macro issues to ensure timely achievements of global objectives. The ISC updates the IGC monthly on the progress of the merger integration. The IGC sets the overall program direction and expected outcomes and makes key strategic decisions pertaining to the merger. The IGC was dissolved after LD1.

All merger plans have been drawn up to ensure minimal disruption within the core business. It is essential that business divisions at both Bank Niaga and Bank Lippo continue to focus on business-as-usual whilst undertaking merger activities. While dedicated and qualified staff are involved to ensure that the merger process is properly implemented, most staff continue to focus on running business as usual.

The internal communication process ensures that staff are regularly updated on all merger happenings. Communication media include the Neptune intranet portal, road shows, newsletter, emails and focus groups. Neptune portal serves as a key platform in disseminating merger-related information to all staff members. We actively update the Neptune portal with contests, FAQs etc.



Management team from both Bank Niaga and Bank Lippo have completed nationwide HR roadshows to explain the merger rationale to staff and encourage their continued participation and support for new bank.

Tim manajemen dari Bank Niaga dan Bank Lippo telah menyelesaikan roadshow SDM untuk menjelaskan alasan penggabungan kepada seluruh karyawan dan memberikan semangat atas partisipasi dan dukungan terhadap bank yang baru.

Rincian aktivitas merger dilaksanakan oleh tim-tim ITF (Integration Task Force) bisnis dan pendukung, yang bertanggung jawab untuk perencanaan dan pelaksanaan rencana merger. IPO memonitor kemajuan tiap-tiap tim, membantu menyelesaikan permasalahan antar-tim yang timbul, dan mengkoordinir program merger keseluruhan untuk memastikan proses merger yang tertib dan optimal. Dari waktu ke waktu secara berkala, IPO melaporkan perkembangan kepada ISC (Integration Steering Committee) proses merger.

IGC menetapkan arah program merger dan tujuan yang ingin dicapai, serta membuat berbagai keputusan strategis terkait merger. ISC bertanggung jawab menyelesaikan masalah-masalah di tingkat makro yang terkait dengan pencapaian tujuan-tujuan di lingkup global. Secara berkala, ISC melaporkan kemajuan proses merger kepada IGC (Integration Governance Committee). IGC dibubarkan setelah LD1.

Seluruh rencana merger dibuat untuk meminimalkan gangguan terhadap bisnis inti, dimana seluruh divisi bisnis di Bank Niaga maupun Bank Lippo tetap berfokus kepada aktivitas normal sehari-hari sementara berlangsungnya aktivitas merger. Sebagian staf yang berkompeten ditunjuk untuk memastikan berlangsungnya proses merger, sementara staf lainnya tetap fokus pada aktivitas kerja normal.

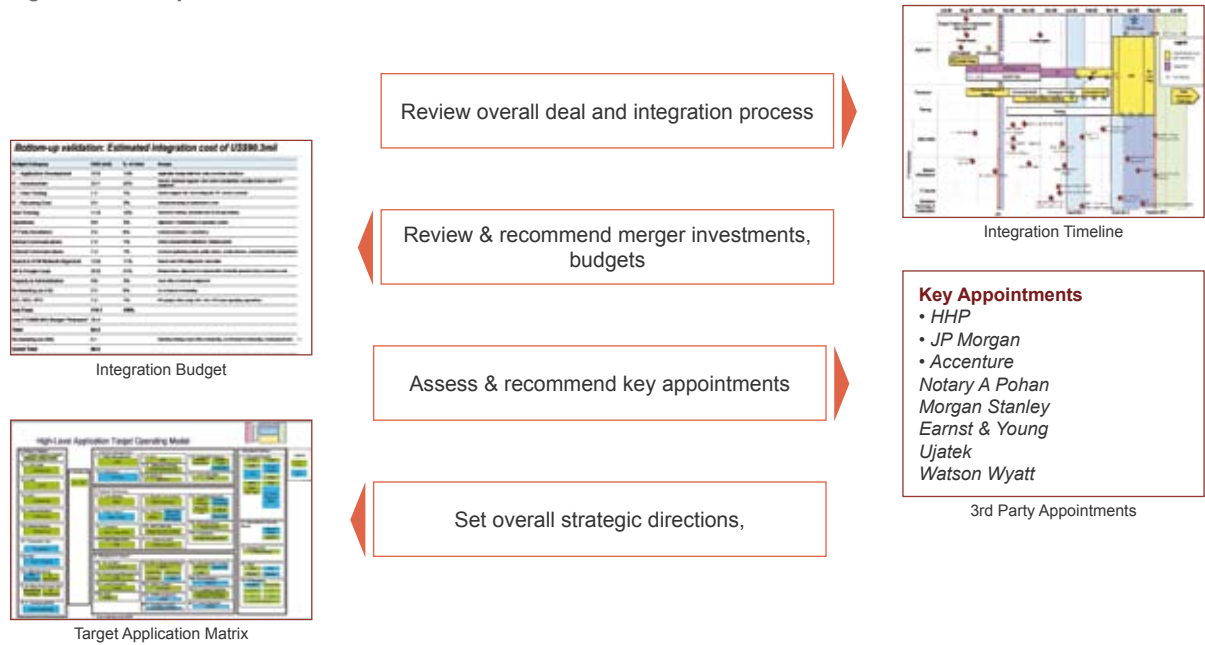
Seluruh staf secara berkala memperoleh informasi mengenai aktivitas merger melalui berbagai jalur komunikasi internal, termasuk portal intranet Neptune, road show, newsletter, e-mail dan diskusi kelompok. Portal intranet Neptune menjadi platform utama untuk penyebaran informasi merger kepada karyawan, dan senantiasa diperbarui isinya termasuk melalui berbagai kontes, kolom tanya-jawab, dan lain-lain.



## IGC Achievements

The following are the key achievements and decisions endorsed by IGC since 3<sup>rd</sup> March '08

Figure 27: IGC Key Achievements



## Key Challenges

Through the merger governance process, the IPO is cognizant of the following key challenges.

- Balancing the aggressive scope and pace of the project from impeding the ability of staff members to manage business as usual matters and the on-time completion of the merger.  
*To address this the IPO defined the viable implementation strategies as critical components and deferred non essential components*
  - Address the possibility of unknown or known dependencies adversely impacting the project  
*The IPO established a program management office to identify and monitor the critical path dependencies and escalated key issues that needed to be resolved*
  - Ensure that required knowledge transfer occurred within the desired timeframe  
*Developed a comprehensive training program*
  - Make timely decisions to avoid delays  
*Established a critical path project calendar to coordinate ISC meetings to ensure that key decisions were made at critical points*
  - Communicating effectively  
*Integrated communications channel for ITF teams and senior management sessions with business unit and branches and operate Neptune Portal.*
  - Pre-planning and team members  
*ITF teams and team members were identified from both organizations in putting the transaction together to work on issues related to each of the major functional and operational areas, and cross-entity ITF teams- work began as soon as the transaction had been announced.*
  - Integrating a large number of branches 665 spread over a wide geographical area as part of the merger process. The complexity involved is further compounded by the large disparity in branch system infrastructure between Bank Niaga and Bank Lippo.  
*We significantly increase our effort for planning and execution of branch integration*
  - Capacity requirements (systems, channels, operations), for the merged bank will almost double as this involves the integration of 2 similarly sized banks.  
*Extensive planning, robust sizing and extensive stress testing are performed to ensure a smooth cutover to SPD1.*
- Terkait dengan proses tata kelola merger, IPO telah mengidentifikasi berbagai aspek yang menjadi tantangan utama sebagai berikut:
- Menjaga keseimbangan antara kompleksitas dan jadwal waktu proses merger yang ketat serta kemampuan para staf untuk melaksanakan aktivitas normal sehari-hari dan menyelesaikan proses merger secara tepat waktu.  
*IPO telah merumuskan strategi implementasi merger yang membedakan antara komponen vital yang perlu segera dilakukan dan komponen non-vital yang dapat ditunda kemudian.*
  - Menjaga terhadap kemungkinan terganggunya kelancaran proses akibat faktor ketergantungan (dependency).  
*IPO menerapkan fungsi manajemen program untuk mengidentifikasi dan memonitor faktor ketergantungan yang kritis serta penyelesaian permasalahan yang diperlukan.*
  - Memastikan berlangsungnya proses alih-pengetahuan sesuai jadwal.  
*IPO telah mengembangkan program pelatihan yang komprehensif.*
  - Pengambilan keputusan tepat-waktu untuk menghindari penundaan.  
*IPO telah menyusun agenda proyek untuk proses-proses kritis sehingga ISC dapat membuat keputusan yang diperlukan pada saat diperlukan.*
  - Komunikasi yang efektif.  
*Menggunakan jalur komunikasi terpadu untuk team-team ITF, komunikasi antara manajemen puncak dan unit bisnis serta cabang, dan portal intranet Neptune.*
  - Pra-perencanaan serta pembentukan team.  
*Team-team ITF beserta personilnya dibentuk di kedua organisasi dalam pelaksanaan transaksi merger untuk menangani masalah-masalah terkait dengan masing-masing bidang fungsional maupun operasional yang utama. Team-team ITF antar-organisasi mulai bekerja segera setelah pengumuman transaksi merger.*
  - Integrasi sekitar 655 kantor cabang yang tersebar di wilayah geografis yang luas, yang semakin dipersulit karena adanya perbedaan besar dalam infrastruktur cabang antara Bank Niaga dan Bank Lippo.  
*IPO telah meningkatkan upaya yang dilakukan dalam perencanaan dan pelaksanaan integrasi jaringan kantor cabang.*
  - Peningkatan kapasitas (sistem, jalur distribusi, operasional) hampir dua kali lipat akibat penggabungan dua bank yang berukuran sama.  
*IPO melakukan perencanaan, pengukuran dan pengujian yang ekstensif untuk memastikan kelancaran proses cut-over pada SPD1 (Single Platform Day – One).*

## Progress and Outcomes

We have had a good start to the merger! We have passed our planning phase and completed the merger transaction. In this short timeframe, we have achieved tremendous progress in the following areas:

Figure 28: Merger Activities

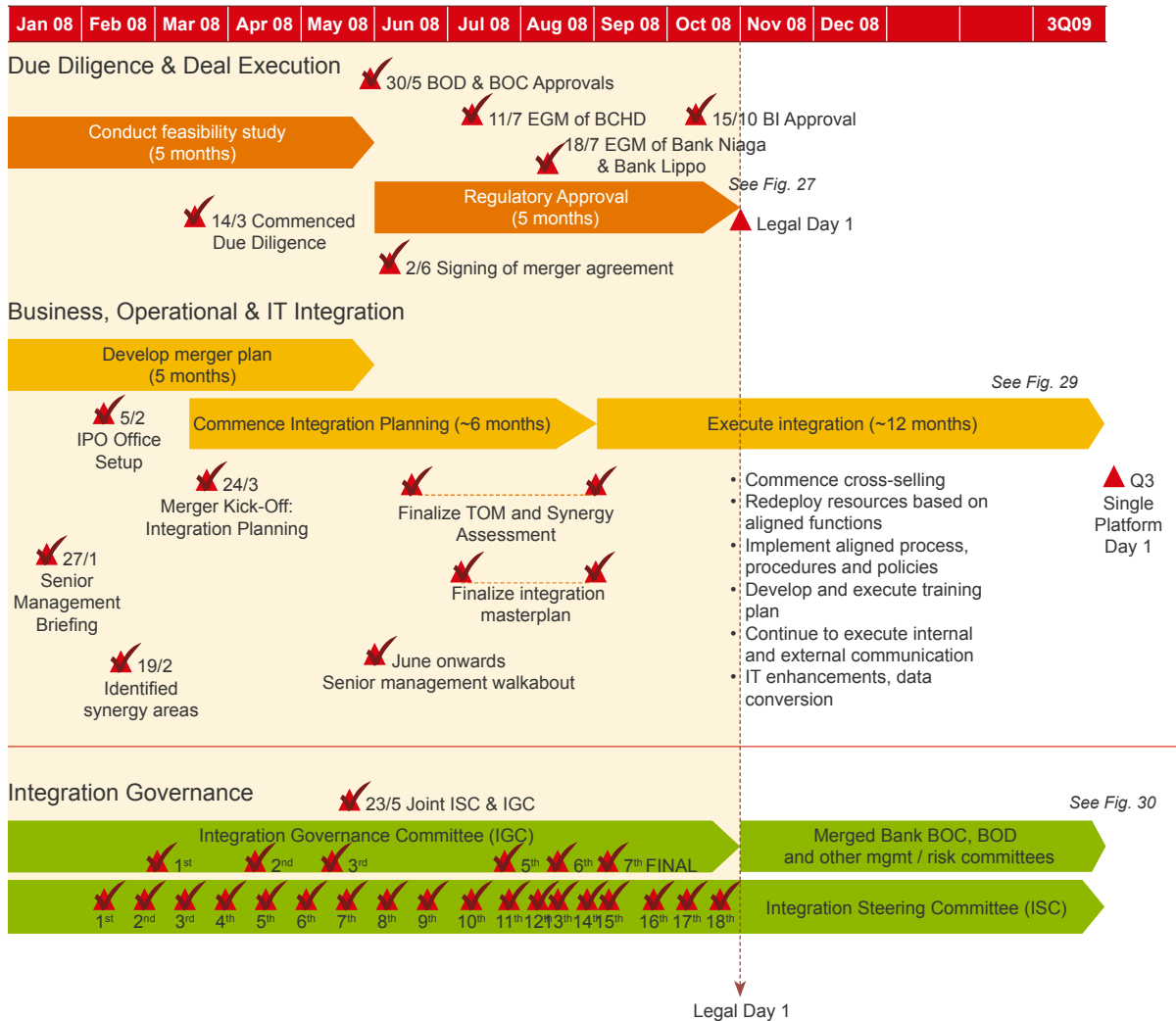
	Description	Major achievements
Due Diligence and Deal Execution	The financial as well as the legal and regulatory aspects of the merger transaction	Signing of the S&P Received all regulatory approvals required for the merger Completion of the merger transaction
Business, Operation and IT Integration	Involving business and support units within the bank. Work-out methods, processes, requirements and products alignment for the merged bank	Defined TOMs for all business and support functions Define merger integration cost and synergies
Integration Governance	Drives the merger process and ensures it is carried out in a highly disciplined way. Also ensures that integrity is preserved in decision-making.	Conducted various meetings and made key decisions on the merger. Endorsed TOMs proposed by business units.

Effective program management is critical to ensure that the merger integration effort is planned properly and that progress is effectively monitored. An Integration Program Office (IPO) was set up to undertake this role – issue management, tracking of key milestones, decision management, risk management and synergy management. The IPO also coordinates the activities of the 3 integration areas above.

Fungsi manajemen program yang efektif mutlak diperlukan untuk memastikan bahwa proses integrasi direncanakan dengan cermat dan kemajuannya dimonitor secara semestinya. Untuk itu, fungsi Integration Program Office (IPO) dibentuk untuk menangani aspek-aspek manajemen permasalahan, manajemen keputusan, manajemen risiko, manajemen sinergi, dan pemantauan kemajuan proses. IPO juga mengkoordinasikan berbagai kegiatan pada ketiga area integrasi di atas.

# Overview: Merger integration timeline

Figure 29: Merger Integration Timeline



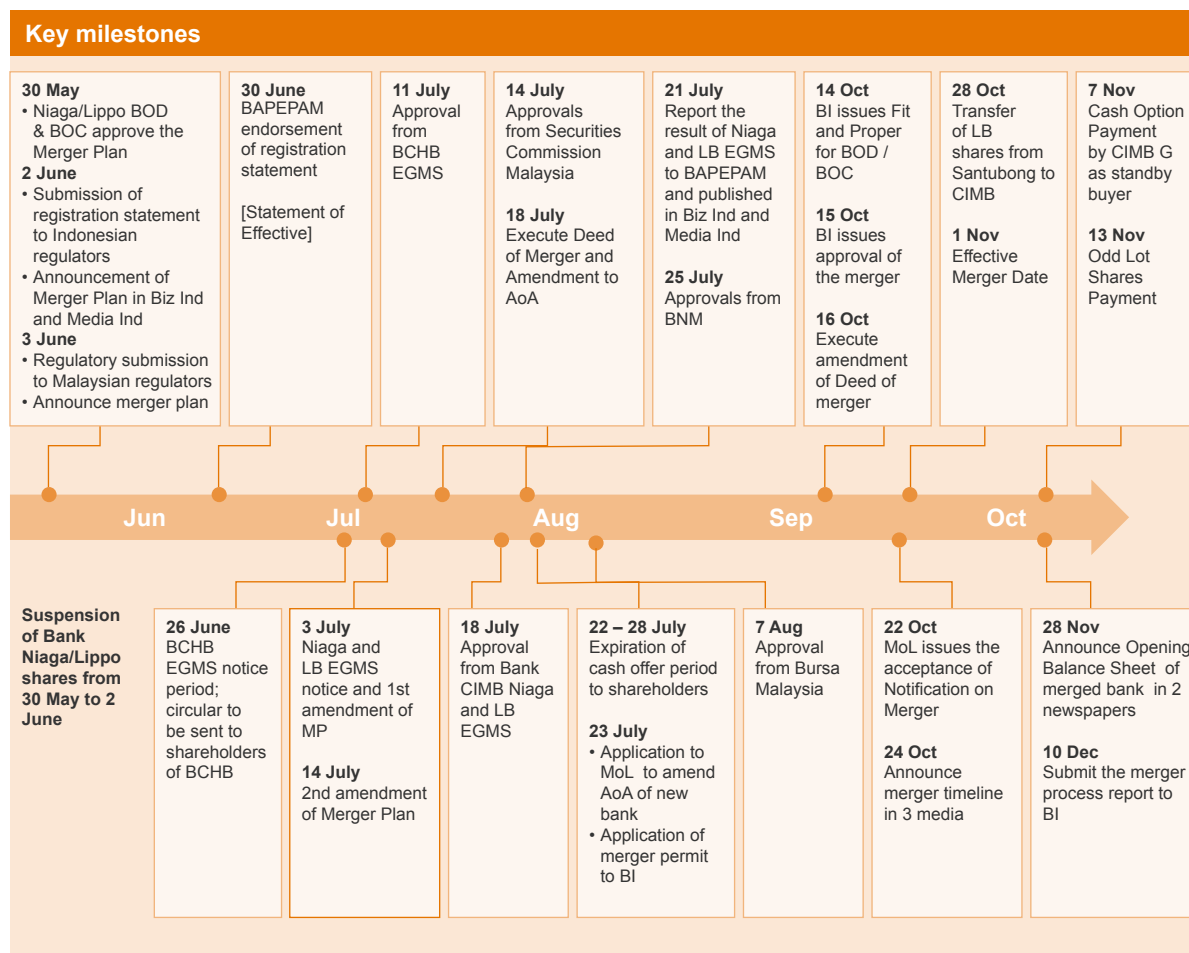
Unlike the traditional merger approach wherein the integration process commenced after the deal is consummated, we undertook the integration process concurrently with the deal execution. While aggressive, this approach allowed us to avoid delay and friction that might otherwise diminish the benefits of the merger.

Berbeda dengan pendekatan tradisional dimana proses penggabungan dimulai setelah transaksi merger ditandatangani, kami memulai proses integrasi sebelum dan seiring dengan berlangsungnya transaksi merger. Meskipun agresif, pendekatan ini mampu mengatasi adanya penundaan maupun friksi yang dapat mengurangi manfaat positif dari merger tersebut.



## Deal Execution

Figure 30: Deal Execution Timeline



The Deal Team is represented by members from Bank Niaga, Bank Lippo and CIMB Group. The Deal Team is responsible for a broad range of tasks including managing the merger transaction, reviewing work done by taskforces, and rigorous progress tracking. In ensuring that the merger complies with the prevailing rules and regulations, the Deal Team is supported by our Financial Advisor, Public Accountant, Legal Consultant and the Independent Valuer.

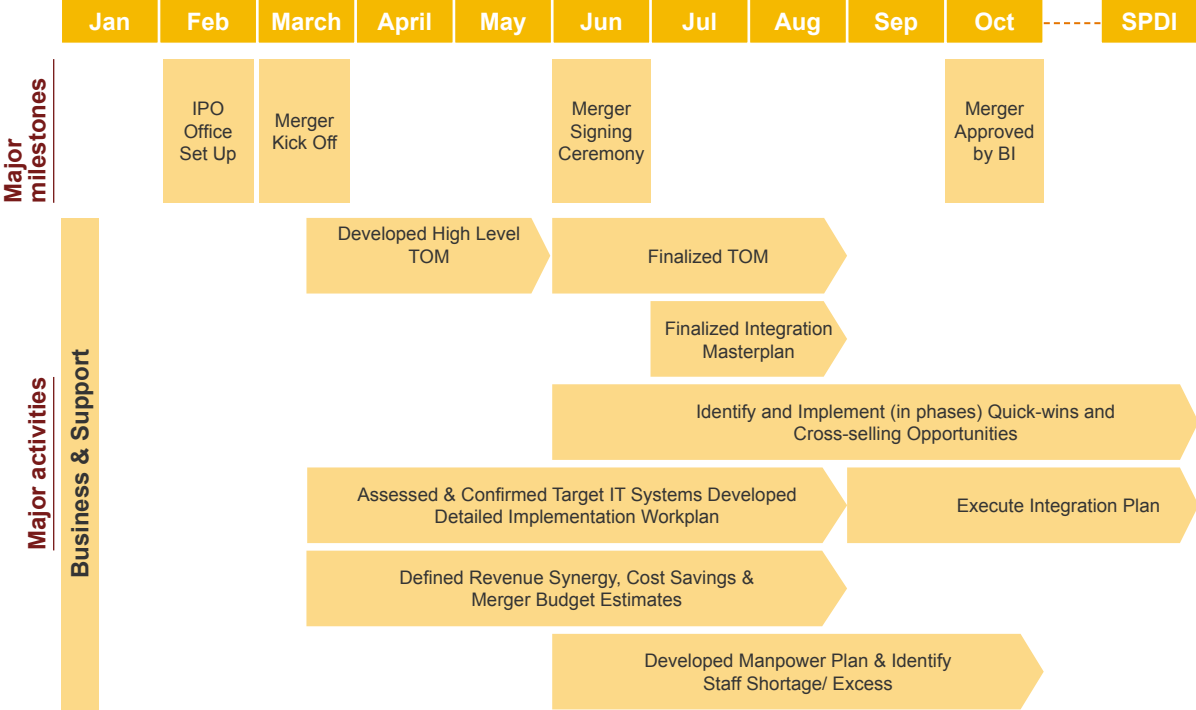
## The merger requires the approval of regulators from Indonesia and Malaysia

Figure 31: Regulators' Approval

Indonesian approvals obtained:		Malaysian approvals obtained:	
• Bapepam-LK	30 June 2008	• Shareholders at EGM	11 July 2008
• Shareholders at EGM	18 July 2008	• Securities Commission	14 July 2008
• Bank Indonesia	15 October 2008	• Bank Negara Malaysia	25 July 2008
• Minister of Law	22 October 2008	• Bursa Malaysia Securities Berhad	7 October 2008
• Director General of Tax	To be obtained		

# Business, Operation and IT Integration

Figure 32: Business, Operation and IT Integration Timeline



**Key Business outcomes:**

- Defined overall merger integration costs
- Defined value synergies and cost savings targets
- Conducted joint marketing calls on valued customers
- Defined TOM for 18 business and support functions – outlining the integration approach, product/ service mapping, key areas of alignment (people, organization, process, infrastructure), risks and mitigants;
- Identified and implemented quick-wins and cross selling
- Identified training and communication requirements
- Developed detailed implementation workplan; and
- Defined manpower plan

**Key IT outcomes:**

- Confirmed target systems
- Developed conversion and testing approach
- Undertaken capacity planning
- Defined IT requirements – network, infrastructure, application enhancements; and
- Developed detailed implementation workplan.

**Realisasi aspek Bisnis:**

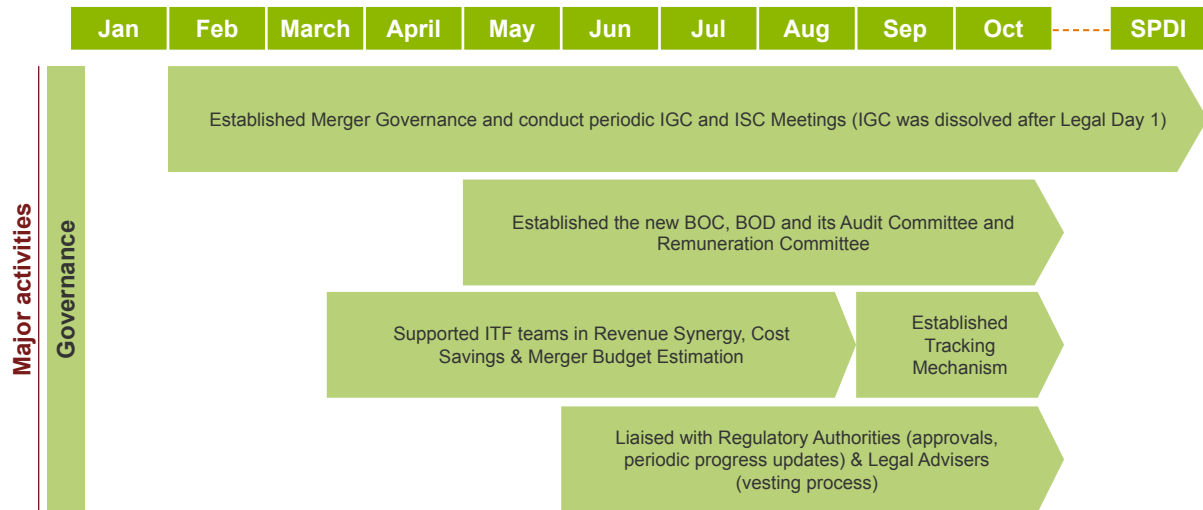
- Menentukan biaya keseluruhan proses integrasi
- Menentukan sasaran sinergi nilai-nilai dan penghematan biaya
- Melaksanakan pendekatan pemasaran bersama kepada nasabah utama
- Menentukan TOM untuk 18 fungsi bisnis dan pendukung, termasuk penjabaran pendekatan merger, pemetaan produk dan jasa, penyesuaian di aspek-aspek utama (SDM, organisasi, proses, infrastruktur), risiko dan upaya pengendaliannya
- Melakukan identifikasi dan implementasi program-program quick-win dan penjualan-silang
- Melakukan identifikasi kebutuhan untuk pelatihan dan komunikasi
- Menyusun detail rencana kerja, serta
- Membuat perencanaan kepegawaian.

**Realisasi aspek Teknologi Informasi (TI):**

- Menentukan sistem sasaran
- Mengembangkan pendekatan untuk pengujian dan konversi sistem
- Melakukan perencanaan kapasitas
- Menentukan kebutuhan TI, termasuk jaringan, infrastruktur, peningkatan sistem aplikasi, serta
- Menyusun detail rencana kerja.

## Integration Governance

Figure 33: Integration Governance Timeline



**Key outcomes:**

- Conducted IGC update meetings involving active participation from Business Division Heads
- Conducted ISC update meetings involving active participation from Business Division Heads
- Established revenue synergy and cost saving targets arising from the merger
- Established merger integration budget baseline
- Developed merger implementation master plan
- Provide merger support infrastructure with Corporate Resources Division to coordinate proper processes from a HR perspective, internal communications to staff and customers, training plan for system integration and relocation efforts
- Obtained approval for Legal Day 1

**Realisasi aspek tata kelola merger:**

- Menyelenggarakan rapat IGC, yang juga dihadiri oleh para Kepala Divisi Bisnis
- Menyelenggarakan rapat ISC, yang juga dihadiri oleh para Kepala Divisi
- Menentukan sasaran sinergi pendapatan dan penghematan biaya
- Menentukan batasan anggaran proses merger
- Menyusun rencana induk implementasi proses merger
- Menyediakan infrastruktur pendukung bersama Divisi Corporate Resources untuk mengkoordinir kebutuhan aspek SDM, komunikasi internal kepada karyawan dan nasabah, perencanaan pelatihan bagi integrasi sistem, serta upaya relokasi pegawai
- Mengupayakan persetujuan untuk LD1 (Legal Day – One).

### Events Highlights



24 Mar '08

#### MERGER KICK OFF BANK NIAGA & BANK LIPPO 24 MARCH 2008

The merger between Bank Niaga and Bank Lippo was officially launched in a merger kick off ceremony on 24 March 2008 at the Financial Hall, Graha Niaga, Jakarta. Attending the ceremony were Chairman of the Integration Steering Committee (ISC), Dato' Sri Nazir Razak (Group CEO of CIMB Group), and members of ISC comprising Glenn Yusuf, Hendrik G. Mulder (President Director of Bank Lippo), Daniel James Rompas (Vice President Director of Bank Niaga), Lim Eng Khim (Director of Bank Lippo), and Kenny Kim (CIMB Group), as well as Directors and senior executives of Bank Niaga and Bank Lippo.

Pada tanggal 24 Maret 2008, bertempat di Financial Hall, Graha Niaga Jakarta, telah dilaksanakan acara merger kick off Bank Niaga dan Bank Lippo dengan tema 'Combined Strength'. Acara tersebut dihadiri oleh anggota Integration Steering Committee (ISC) yang diketuai oleh Dato' Sri Nazir Razak, Group CEO CIMB dan beranggotakan Bp. Glenn Yusuf, Mr. Hendrik G. Mulder, Presiden Direktur Bank Lippo, Bp. Daniel James Rompas, Wakil Presiden Direktur Bank Niaga, Bp. Lim Eng Khim, Direktur Bank Lippo dan Bp. Kenny Kim dari CIMB Group serta Direksi dan Senior Officer dari kedua bank



30 May '08

#### SENIOR MANAGEMENT BRIEFING 30 MAY 2008

A Senior Management Briefing was held on 30 May 2008 at the Financial Hall, Graha Niaga 2nd Floor, Jakarta, attended by Dato' Sri Nazir Razak, the BODs of Bank Niaga and Bank Lippo, the BoSE of Bank Niaga, and senior executives of both Bank Niaga and Bank Lippo. In the briefing, Dato' Sri Nazir Razak presented the latest progress in the merger process of Bank Niaga and Bank Lippo, and announced the merger plan signing ceremony to be held on Monday, 2 June 2008. The post-merger bank will be known as PT Bank CIMB Niaga Tbk.

Pada tanggal 30 Mei 2008, bertempat di Financial Hall Graha Niaga Lantai 2, dilaksanakan Acara Senior Management Briefing yang dihadiri oleh Dato' Sri Nazir Razak, BOD Bank Niaga dan Bank Lippo, BoSE Bank Niaga, dan seluruh karyawan pimpinan dari Bank Niaga dan Bank Lippo. Acara diisi dengan presentasi dari Dato' Sri Nazir Razak - Group Chief Executive Officer CIMB Group mengenai perkembangan terbaru proses merger antara Bank Niaga dan Bank Lippo dan merger plan launching yang akan diadakan pada Senin tanggal 2 Juni 2008. Nama baru bank hasil merger adalah PT Bank CIMB Niaga Tbk.

## Progress and Outcomes



2 Jun '08

### MERGER PLAN SIGNING 02 JUNE 2008

The Merger Plan for Bank Niaga and Bank Lippo was signed in a ceremony held on 2 June 2008 at the Ballroom, Shangri-La Hotel, Jakarta. In the signing ceremony, representatives from Bank Negara, Bank Niaga and Bank Lippo were present. Dato' Sri Mohd. Najib Tun Razak (Deputy Prime Minister of Malaysia) witness the signing of the Merger Plan. A series of other events were held in conjunction with the Merger Plan signing ceremony, including a Luncheon attended by H.M. Yusuf Kalla, Vice President of the Republic of Indonesia, a press conference in which Dato' Sri Nazir Razak presented the feasibility review of the merger between Bank Niaga and Bank Lippo, and an Analyst Briefing attended by stock analysts of both banks.

Pada tanggal 02 Juni 2008 bertempat di Ballroom Shangri-La hotel, telah dilaksanakan penandatanganan rancangan merger Bank Niaga dan Bank Lippo. Pada kesempatan penandatanganan rencana merger ini yang disaksikan oleh Dato' Sri Mohd Najib Tun Razak, Wakil Perdana Menteri Malaysia, hadir wakil-wakil dari Bank Negara, Bank Niaga, dan Bank Lippo. Acara penandatanganan rancangan merger Bank Niaga dan Bank Lippo dibarengi dengan beberapa rangkaian kegiatan diantaranya acara jamuan makan siang yang turut dihadiri oleh Wakil Presiden Republik Indonesia H. M. Yusuf Kalla dan dilanjutkan juga dengan konferensi pers diisi presentasi dari Dato' Sri Nazir Razak tentang hasil kelayakan merger Bank Niaga dengan Bank Lippo. Rangkaian kegiatan acara diakhiri dengan Analyst Meeting, yang turut mengundang para analyst dari kedua bank.



18 Jul '08

### EGM MERGER PLAN BANK NIAGA & BANK LIPPO 18 JULY 2008

The shareholders of PT Bank Niaga Tbk and PT Bank Lippo Tbk, in their respective Extraordinary General Meeting of Shareholders (EGMS) on 18 July 2008, gave their approval to the merger of the two banks, following the official announcement of the merger plan made earlier on 2 June 2008.

Pemegang saham PT Bank Niaga Tbk dan PT Bank Lippo Tbk menyetujui resolusi tentang penggabungan usaha (merger) kedua bank dalam Rapat Umum Pemegang Saham Luar Biasa (RUPS-Bank Lippo) yang diadakan hari ini. Mereka menyetujui rencana penggabungan usaha yang telah diumumkan pada 2 Juni 2008

### Events for Employees

Integration is a fast-paced, high-pressure activity which to a greater or lesser extent will affect all our employees. Bearing in mind that qualified, experienced employees add value to our business, we actively sought their endorsement for the merger. Other than regularly updating them on merger activities via the Neptune portal and newsletters, we have also organized various events to encourage them to 'buy-in' to the idea of the merger.

1. We organized introduction and 'ice-breaker' sessions for ex-Niaga and ex-Lippo employees in similar divisions in the merged bank. During these sessions, the employees were also presented with the target operating model of the division.
2. We also conducted larger bank-wide events for employees. Each division presented their target operating model to other divisions highlighting areas which will have a bank-wide impact. These events are also aimed at building motivation and cooperation between divisions.
3. A friendly golf tournament between Lippo Bank and Bank Niaga was organized on March 15, 2008 at the Imperial Golf Club, with the objective of promoting rapport between both parties. This friendly tournament was attended by both banks' management and employees, as well as partners from CIMB Group.
4. Client facing employees were invited to a brand socialization event. The purpose of this event was to educate them on the new brand. Amongst others they were informed on the brand values, the design chosen, appropriate application of the new logo and the brand message to be presented to customers in their line of service.

Proses integrasi yang berlangsung cepat dan penuh tekanan sedikit banyak akan berdampak kepada para karyawan. Mengingat pentingnya keberadaan karyawan yang berpengalaman dan kompeten, kami aktif memastikan dukungan mereka terhadap merger. Kemajuan proses merger dari waktu ke waktu disebarluaskan melalui portal Neptune dan publikasi internal. Kami juga menyelenggarakan berbagai kegiatan untuk menggalang dukungan terhadap merger.

1. Sesi-sesi perkenalan bagi karyawan eks-Niaga dan Lippo yang akan bekerja pada divisi yang sama di bank hasil merger. Target Operating Model (TOM) pada divisi yang bersangkutan juga dipresentasikan dalam kesempatan ini.
2. Sesi perkenalan yang melibatkan berbagai divisi, dimana setiap divisi mempresentasikan TOM masing-masing dengan penekanan kepada bidang-bidang yang akan berdampak kepada divisi-divisi lain. Sesi-sesi ini juga dimaksudkan untuk menggalang motivasi dan kerja sama antar divisi.
3. Penyelenggaraan turnamen golf persahabatan pada tanggal 15 Maret 2008 di Imperial Golf Club, dalam rangka mempererat kebersamaan sehubungan dengan merger. Selain oleh para eksekutif dan staf dari Bank Niaga dan Lippo Bank, turnamen ini juga diikuti oleh mitra dari CIMB Group.
4. Sesi sosialisasi brand bagi karyawan front-line yang berhubungan langsung dengan nasabah. Disini, para karyawan tersebut memperoleh informasi mengenai berbagai aspek dari brand yang baru, termasuk desain logo, simbolisme dan arti logo, aplikasi logo serta kesan dan pesan yang harus diteruskan kepada nasabah.



## Key Outcomes for Execution Phase

Moving forward in the implementation phase, we will continue to uphold the optimal balance between the speed of integration while minimising service disruptions to our customers.

Memasuki tahap implementasi, kami akan terus mengupayakan keseimbangan optimum antara kemajuan proses integrasi dan meminimalkan terganggunya pelayanan kepada nasabah.

Figure 34: Implementation Phase



### Key Outcomes - IT

1. Design and Build Enhancements to Applications and Conversion Programs
2. Test enhancements and conversion programs - systems test and integration test
3. Undertake User Acceptance Test
4. Undertake conversion Mock Runs and Operations Readiness Test

### Key Outcomes - Business & Support

1. Implement aligned policies, procedures, forms and delegated authorities
2. Implement new organization structure and teams
3. Implement staff training, communication and transfer
4. Implement customer retention and communication activities
5. Implement readiness of physical infrastructure, coordinate logistics of people and file movements

★  
SPD1

- One bank operations
- Products & services harmonised
- One set of policies & procedures
- Common IT platform
- Customers able to transact at both ex-Niaga and ex-Lippo branches

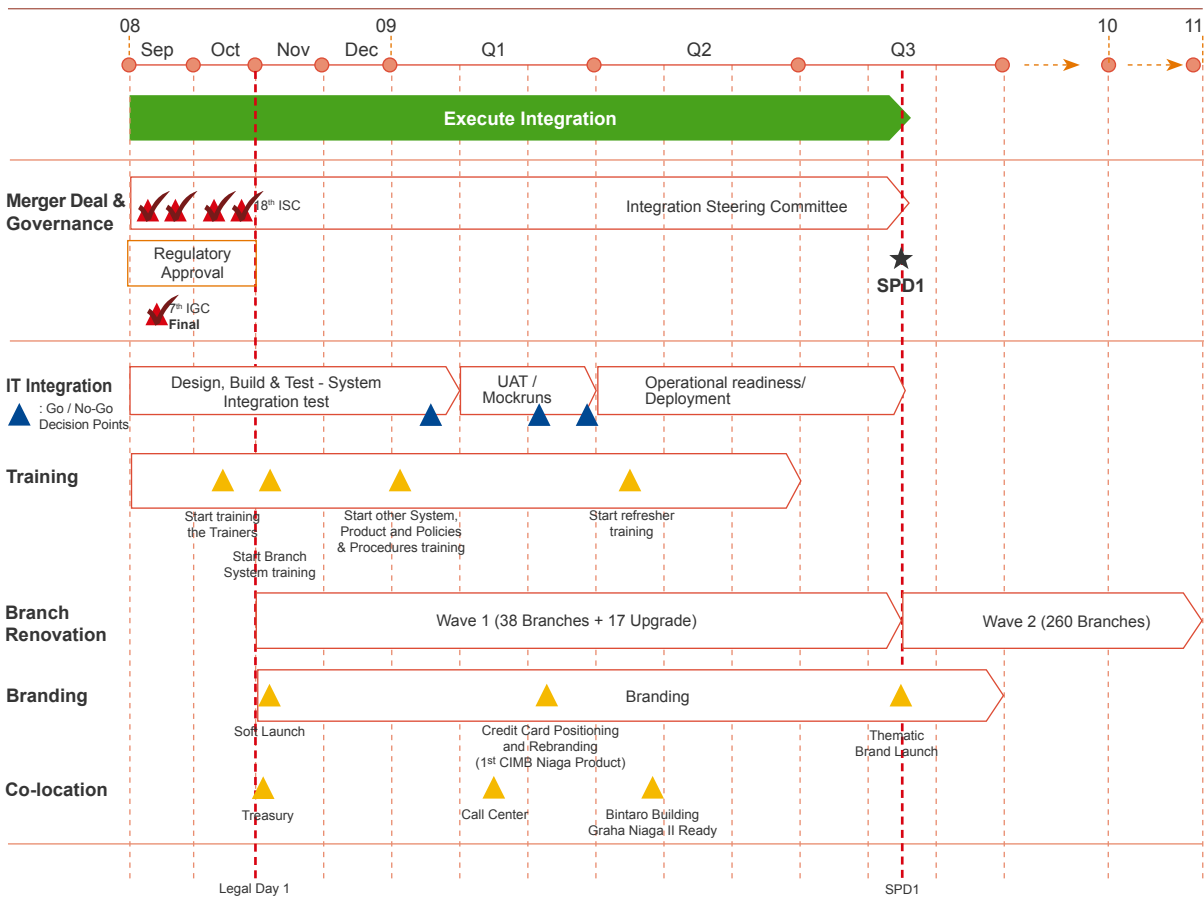
1. Undertake Operational Readiness
2. Undertake Conversion/ cutover
3. Implement cutover and post cutover support

## Merger Execution Phase Timeline

The merger adopts a logical sequence with divisions having been selected for integration priority based on the functions they perform, the complexity of the integration and their dependencies on other divisions. For example, Treasury will be one of the first to be integrated (February 2009) to reap benefits from lower cost of funds within Bank Niaga and Bank Lippo, to prevent arbitrage between treasuries and also for the 'merged' Bank to meet various regulatory requirements. Corporate Banking will also be integrated earlier to preserve customer relationships.

Integrasi dari divisi-divisi yang ada akan berlangsung menurut suatu urutan prioritas yang didasarkan kepada fungsi divisi yang bersangkutan, kompleksitas proses integrasi, dan faktor ketergantungan kepada divisi-divisi lain. Sebagai contoh, integrasi fungsi Treasury akan merupakan salah satu yang pertama dilakukan (Februari 2009) untuk mengupayakan biaya pendanaan yang lebih rendah di Bank Niaga dan Bank Lippo, mencegah kemungkinan arbitrase antara kedua fungsi treasury, serta memenuhi berbagai persyaratan yang ada di aspek regulasi. Demikian juga dengan divisi Corporate Banking, mengingat kepentingan yang terkait dengan Customer Relationship Management.

Figure 35: Implementation Phase Breakdown



We target to achieve “Single Platform Day 1” (SPD1), where Bank CIMB Niaga can operate as ‘one Bank’ enabled by a single IT platform, by the third quarter of 2009. SPD1 signifies a key milestone in the overall merger journey where we achieve:

- ‘One Bank’ operations - seamless cross-servicing between branches;
- Harmonisation of products and services;
- One set of policies and procedures;
- Common IT platform; and
- Single view of customers

Target untuk mencapai ‘Single Platform Day 1’ (SPD1), dimana Bank CIMB Niaga dapat beroperasi sebagai ‘satu bank’ pada platform TI tunggal, telah ditetapkan untuk triwulan ketiga 2009. SPD1 akan merupakan salah satu tonggak pencapaian penting dalam proses merger, dengan adanya:

- Operasional ‘Satu Bank’ dengan kemampuan cross-servicing terpadu antara kantor cabang
- Penyesuaian rangkaian produk dan jasa perbankan
- Perangkat kebijakan dan prosedur yang sama
- Platform teknologi perbankan yang sama, dan
- Cara pandang yang sama terhadap nasabah.



## Implementation Phase Overview of IPO Team Organization Structure

In transitioning into the implementation phase, we have assessed and realigned the merger resources into 34 ITF teams to better reflect the 'execution' mode of this phase.

This comprises of:

- 9 Business ITF Teams;
- 9 Support Function ITF Teams; and
- 16 IT ITF Teams

34 teams will work concurrently on implementation activities.

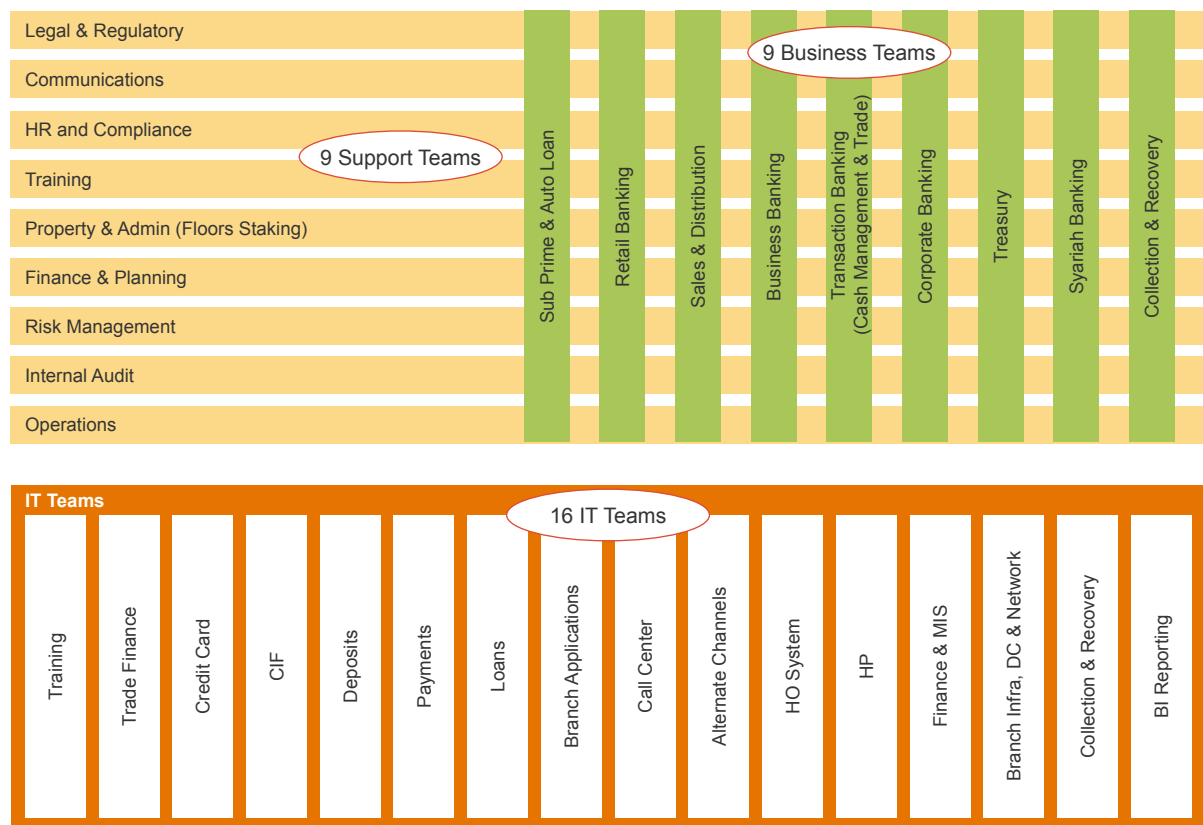
Memasuki tahap implementasi proses integrasi, kami telah mengkaji-ulang dan menelaraskan kembali seluruh sumber daya proses merger ke dalam 34 team ITF sesuai eksekusi pada tahap ini.

Hal ini terdiri dari:

- 9 team Business ITF
- 9 team Support Function ITF, dan
- 16 team IT ITF

34 tim ITF akan bekerjasama dalam berbagai aktivitas implementasi proses integrasi.

Figure 36: Implementation Phase Overview

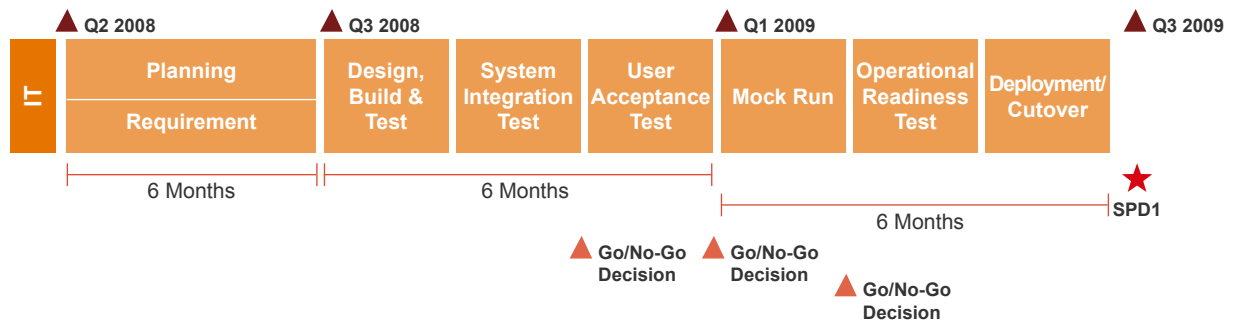


# Moving Forward

The Business and Support Function ITF teams will execute specific implementation activities to complement the systems related implementation activities carried out by the IT ITF teams - this is critical to ensure that the merger delivers the intended business outcomes.

Team Business dan Support Function ITF akan mengimplementasikan serangkaian aktivitas integrasi yang spesifik untuk melengkapi integrasi terkait sistem TI yang dilakukan oleh team TI ITF. Hal ini untuk memastikan bahwa proses integrasi dapat mencapai sasaran usaha yang ditetapkan.

Figure 37: Implementation Phase – Key Activities



Business & Support Function	<b>Processes</b>	<ul style="list-style-type: none"> <li>• Policies</li> <li>• Procedure &amp; Manuals</li> <li>• Delegated Authority</li> </ul>
	<b>Organisation</b>	<ul style="list-style-type: none"> <li>• Organization Structure</li> <li>• Staffing – Positions &amp; Numbers</li> </ul>
	<b>People</b>	<ul style="list-style-type: none"> <li>• People Retention</li> <li>• Staff Migration</li> <li>• Training</li> <li>• Communication</li> </ul>
	<b>Customer / 3rd Parties</b>	<ul style="list-style-type: none"> <li>• Cross- Selling</li> <li>• Joint Campaigns</li> <li>• Customer Retention</li> <li>• Relationship &amp; Accounts</li> <li>• Communications</li> </ul>
	<b>Physical Infra</b>	<ul style="list-style-type: none"> <li>• Workstations, Office equipment</li> <li>• Collaterals, Forms, Stationeries</li> <li>• Co-location</li> <li>• Logistic (People movement, files, security doc.)</li> </ul>
	<b>Branch Transformation</b>	<ul style="list-style-type: none"> <li>• Service Quality Standardisation</li> <li>• Physical Branch Model Alignment</li> <li>• Renovation</li> <li>• High Performance Culture Training</li> </ul>

## Creating Value Synergy from the Merger

As more financial institutions opt to supplement organic growth with mergers and acquisitions, the earlier stages of M&A transactions are becoming relatively mature, commoditised processes. Differentiated performance and, ultimately, successful mergers will increasingly depend on the later stages of M&A transactions. This is particularly true of merger integration, where the relentless and accelerated pursuit of value creation is still underappreciated and under practiced.

We have adopted a value synergy framework that provides a structured process to identify benefit components, capture and report actual benefits realised.

Dengan semakin banyaknya institusi keuangan yang memilih melakukan Merger dan Akuisisi (M&A) sebagai strategi pelengkap bagi pertumbuhan organik, maka tahap-tahap awal suatu transaksi M&A telah menjadi proses yang relatif matang dan rutin. Dengan demikian, tingkat kinerja serta keberhasilan suatu proses merger menjadi semakin bergantung kepada sukses-tidaknya tahap-tahap akhir dari transaksi M&A, terutama tahap integrasi, mengingat masih kurangnya pemahaman dan pembelajaran mengenai penciptaan nilai dari suatu merger.

Kami mengadopsi suatu kerangka sinergi yang memberikan suatu struktur untuk mengidentifikasi potensi manfaat, menangkap peluang tersebut, serta memantau manfaat yang telah direalisasi.

Figure 38: Value Realisation Framework



### Actions

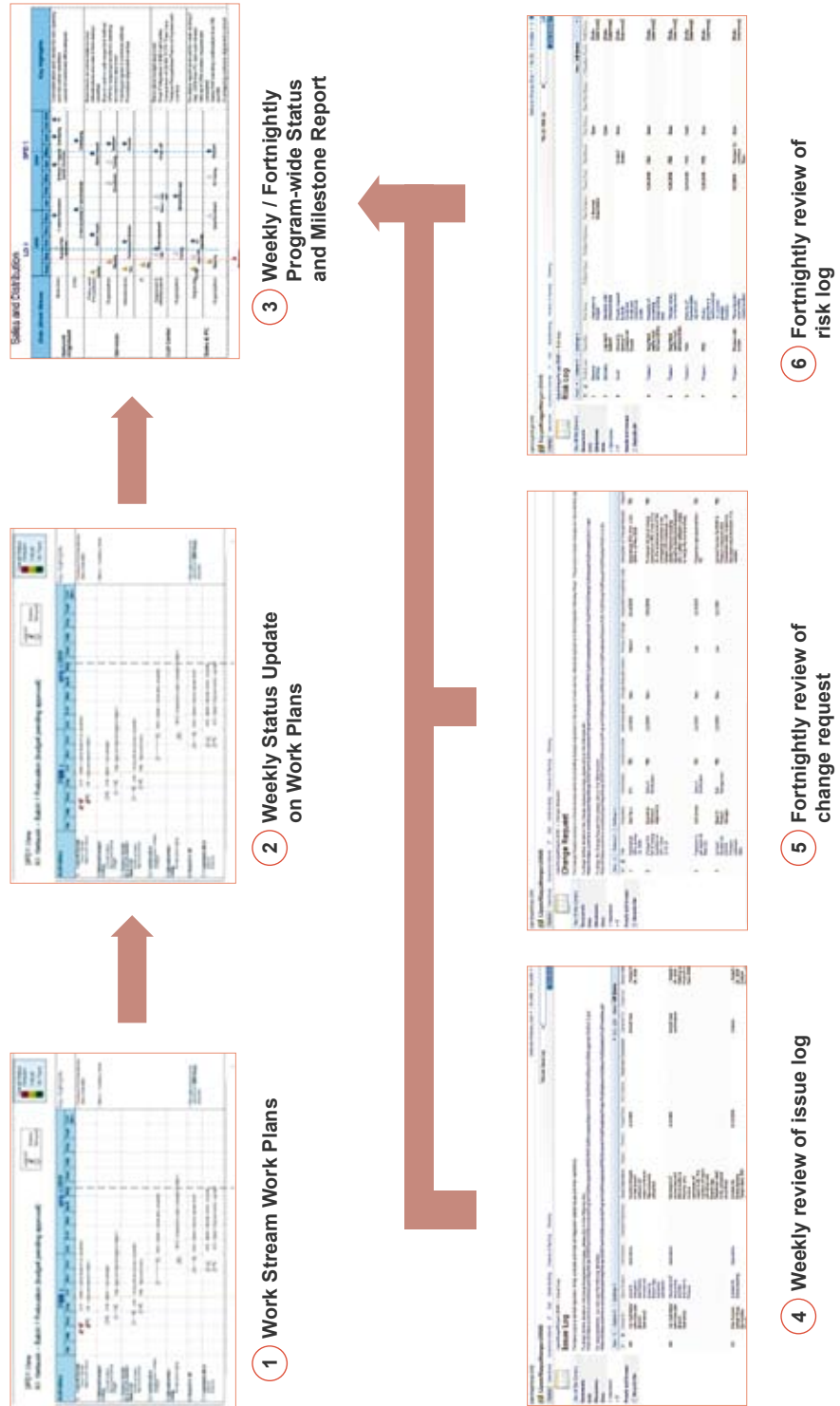
<input checked="" type="checkbox"/> Confirm value areas for both Niaga and Lippo	<input checked="" type="checkbox"/> Establish ownership to manage the efforts to realise value from merged entity	<input checked="" type="checkbox"/> Identify data requirements	<input checked="" type="checkbox"/> Determine frequency of reporting	} On going
<input checked="" type="checkbox"/> Establish a common base for quantifying value		<input checked="" type="checkbox"/> Collect data	<input type="checkbox"/> Report results	
		<input checked="" type="checkbox"/> Quantify value	<input type="checkbox"/> Take corrective actions where needed	

### Deliverables

<input checked="" type="checkbox"/> Value realisation framework	<input checked="" type="checkbox"/> Owners of values to be realised ( <i>Proposed preliminary owners</i> )	<input checked="" type="checkbox"/> Identify value in specific value areas	<input checked="" type="checkbox"/> Tracking approach	} On going
			<input type="checkbox"/> Periodic reports	

# Tracking Mechanism

Figure 39: Tracking Mechanism



## Merger Synergy

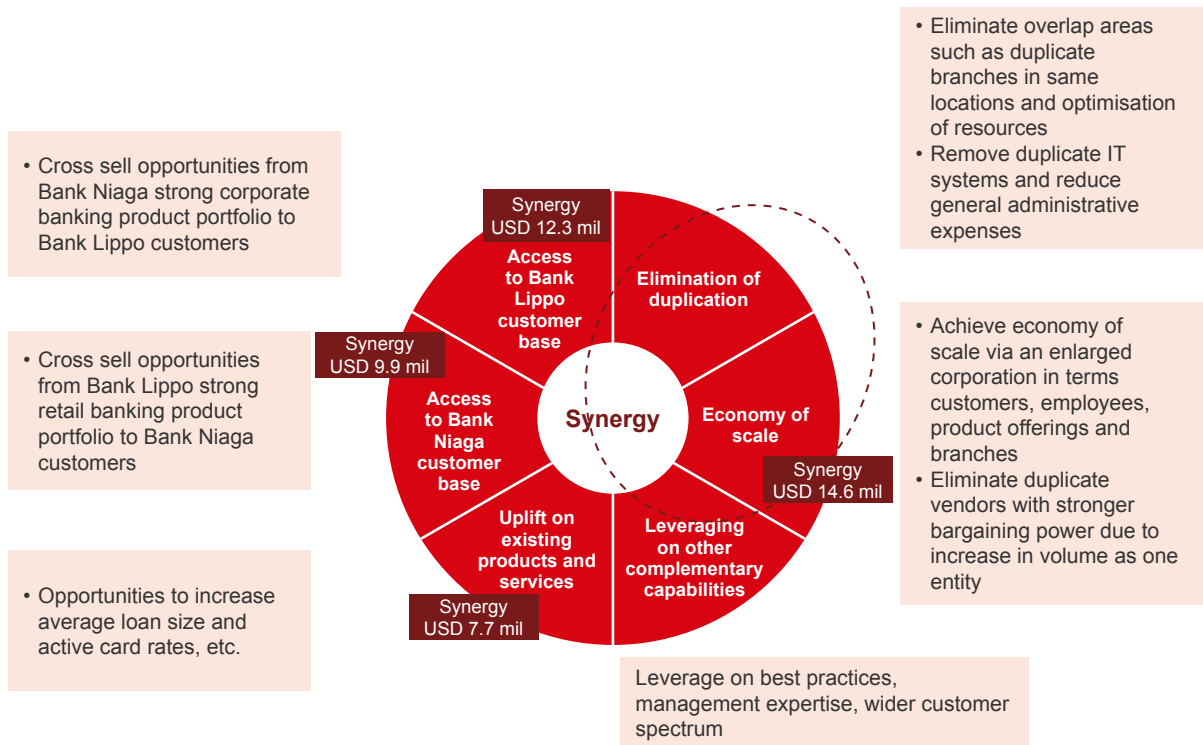
The opportunity to cross-sell into the 'merged' Bank's combined customer base forms the most significant source of value synergy. Estimated total potential synergies at a 3 year average is USD 49.5 million PBT per annum - of which 60 percent is derived from revenue synergies and 40 percent from cost savings.

Salah satu sinergi nilai yang paling signifikan berasal dari peluang penjualan-silang kepada gabungan basis nasabah kedua bank. Rata-rata nilai potensi sinergi selama 3-tahun adalah sebesar USD 49,5 juta PBT per tahun, dimana 60% berasal dari sinergi sumber pendapatan dan 40% dari biaya yang dapat dihemat.

The basis adopted for computing the synergies is over and above steady state business-as-usual.

Perhitungan sinergi didasarkan di atas basis aktivitas bisnis normal yang stabil.

Figure 40: Estimated Synergy

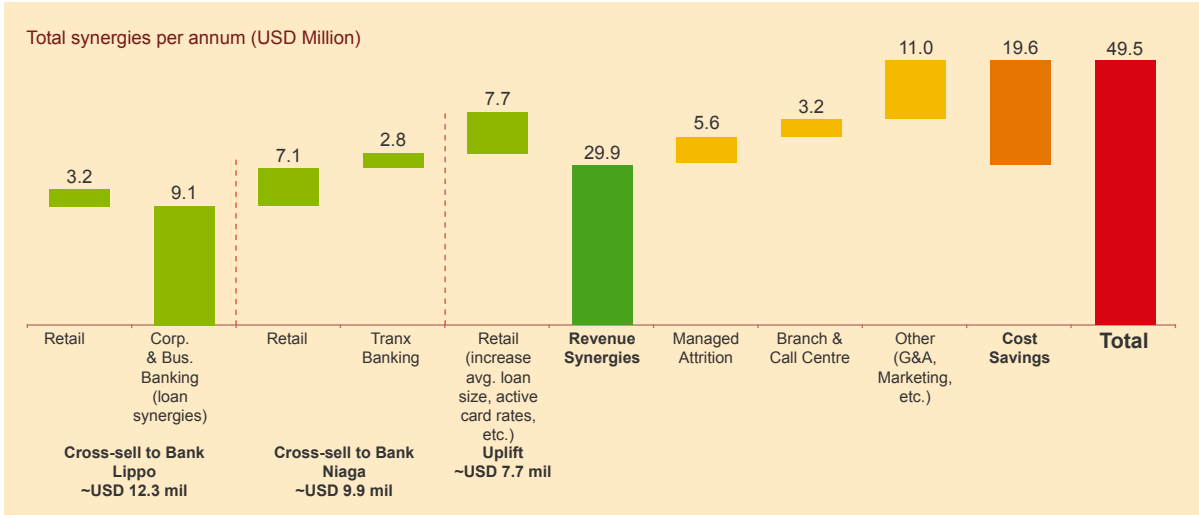


# Synergy and Integration Cost

The estimated revenue synergies are mainly from the retail customer segment - from cross-selling credit cards, personal loans and wealth management products.

Sinergi sumber pendapatan diperkirakan sebagian besar akan berasal dari segmen nasabah ritel, yaitu dari peluang penjualan-silang di produk kartu kredit, kredit personal, dan produk Wealth Management.

Figure 41 : Breakdown of Synergies



## Merger Integration Cost

Preliminary estimate of the overall merger cost is USD 90 million which will mostly be utilised by SPD1 next year.

Perkiraan awal bagi total biaya proses integrasi adalah sebesar USD 90 juta, yang sebagian besar akan digunakan sebelum SPD1 tahun depan.

Figure 42 : Merger integration cost

	USD Million
Branch remodelling	13
IT systems [migration/ write-offs]	44
Professional/ legal fees	8
HR	25
Other costs *	35
	<b>126</b>
Reprioritized BAU	<b>(36)</b>
	<b>90</b>

\* Includes relocation costs, communications & customer retention programmes costs, rebranding costs and training costs.

# Streamlining IT Systems for the Merged bank

In any integration, IT rationalization is unavoidable as part of providing a seamless banking experience to the customer and substantial operational efficiency. In addition to this majority of the effort will be focused in consolidation of hardware, merging of network communications, transformation of data and leveraging of IT services.

Part of the key challenge is the streamlining of IT systems as it supports the various businesses in the bank. As we rationalise the IT systems, we will be retaining and integrating some of Bank Lippo's superior systems to strengthen Bank Niaga's own IT capabilities and broaden the product & services offerings to customers. Key examples include, trade finance system, merchant card system and fixed asset management.

A key achievement in IT integration is the SPD1 (Single Platform Day 1) where most of the systems will be rationalised, and the combined bank operates fully on a single platform operationally allowing seamless banking under one name, CIMB Niaga. The main challenge is to minimize customer and service disruption in this complex integration exercise.

Rasionalisasi sistem TI dalam suatu proses merger diperlukan agar dapat menghadirkan layanan perbankan terpadu kepada nasabah dan mencapai efisiensi operasional. Selain itu, kita juga akan fokus pada upaya konsolidasi perangkat keras, integrasi jaringan komunikasi, transformasi data, dan pendayagunaan layanan TI.

Salah satu tantangan utama adalah perampingan sistem TI yang mendukung berbagai proses bisnis di Bank CIMB Niaga. Dalam rasionalisasi sistem TI ini, kita akan mempertahankan dan mengintegrasikan sebagian sistem TI Lippo yang lebih superior untuk memperkuat kapabilitas TI Bank Niaga dan memperbanyak jumlah produk dan layanan yang ditawarkan pada nasabah. Ini termasuk misalnya sistem trade finance, sistem untuk merchant card, dan manajemen aktiva tetap.

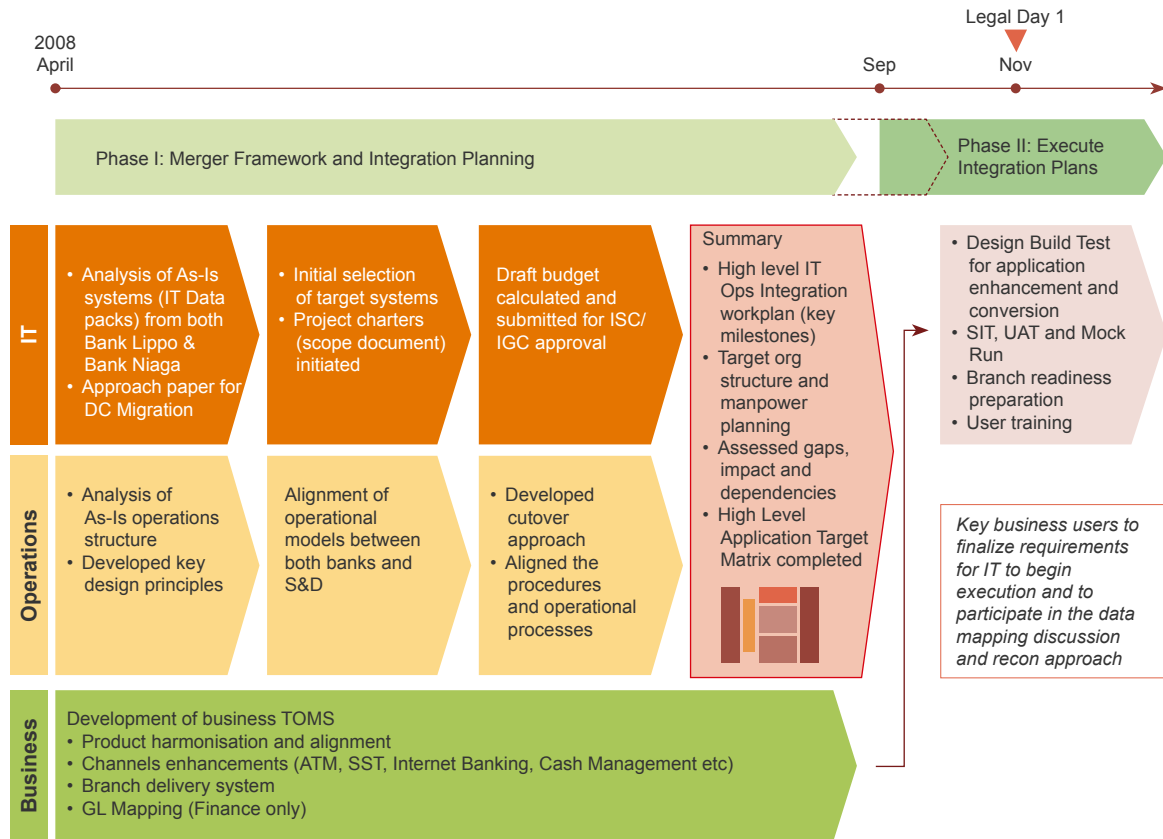
Salah satu tonggak pencapaian dari integrasi TI ini adalah SPD1 (Single Platform Day 1) dimana sebagian besar sistem akan dirasionalisasikan, dan bank hasil merger akan beroperasi sepenuhnya menggunakan platform TI tunggal. Tantangannya adalah bagaimana meminimalkan ketidak-nyamanan yang mungkin dirasakan nasabah dan gangguan pada layanan selama proses ini berlangsung.

## Journey so Far

The following displays the respective roadmap for the IT and Operations workstream towards achieving the final TOM.

Berikut ini adalah skema integrasi alur kerja fungsi IT & Operations menuju TOM (Target Operation Model) yang dikehendaki.

Figure 44: IT and Operations Workstream





## Migration of the Merger Team to Dynaplast Karawaci

An IT & Operations kick off was conducted on the 17th of September to officiate the start of the implementation phase to achieve Single Platform Day 1. A total of 300 staff from both Bank Lippo and Bank Niaga were invited to attend the session. The main objectives of the kick off was to provide an overview of the Integration Program Office structure (respective IT, Operations and User teams), framework, merger guiding principles and also key roles and responsibilities of the respective teams.

Firm structures and processes were put into practice (due to the size of the integration, narrow timeline and vast geographical boundaries) in order to ensure the communication was clear and accurate snapshots of the progress were obtained. All teams were briefed and informed of the standardized processes to obtain statuses, identify issues and risks.

Due to the intensity and complexity of the merger, a team of 62 users have been assigned to the IPO (full time) out of their regular business as usual activities to assist in the merger. These pooled expertise act as representatives to the business teams and participate in the respective testing cycles (enhancements and data migration) for SPD1. All users were relocated to a development and testing site situated in Dynaplast which accommodates the merger development and project teams. The centralized location of individuals is mainly aimed to provide a conducive, focused and collaborative environment for the merger teams to ensure progress is made and issues are well resolved.

Mengawali tahap implementasi menuju SPD1 (Single Platform Day 1), acara kick-off proses integrasi bidang IT & Operations dilakukan pada tanggal 17 September 2008 yang dihadiri oleh 300 staf Bank Niaga dan LippoBank. Dalam acara ini dipresentasikan tinjauan umum dari kerangka dan struktur IPO (Integration Program Office) untuk masing-masing tim IT, Operations dan *User team*, prinsip acuan untuk merger, serta peran dan tanggung jawab masing-masing tim.

Untuk mengakomodasi luasnya skala merger dan lingkup geografis serta ketatnya jadwal waktu, kerangka dan proses kerja dirumuskan dengan jelas untuk memastikan kelancaran arus komunikasi dan identifikasi kemajuan proses merger, melalui proses-proses standar bagi setiap tim terkait pelaporan status serta identifikasi masalah dan risiko.

Mengingat kompleksitas proses integrasi, sebuah tim yang terdiri dari 62 user telah ditugaskan berkonsentrasi pada pelaksanaan integrasi sepenuhnya di luar tugas normal sehari-hari. Mereka mewakili masing-masing unit bisnis terkait dan berpartisipasi pada siklus pengujian (penyempurnaan dan migrasi data) menuju SPD1. Tim ini ditempatkan di lokasi pengembangan dan pengujian terpusat di Dynaplast yang juga akan ditempati oleh tim-tim pengembangan dan proyek integrasi. Lokasi terpusat ini diharapkan berdampak pada lingkungan kerja yang lebih fokus dan kondusif bagi tim-tim merger yang terkait untuk memastikan efisiensi proses dan efektivitas penanganan masalah merger.



Dynaplast



Working environment in Dynaplast

# Managing Our Talent

The reality of execution is that banks are comprised of employees who generally view such organizational changes as a period of insecurity (turbulence). Perceptions are generally centered upon anxieties:

- Uncertainty about the future organizational direction;
- Feelings of loss of previous organizational culture;
- Uncertainty about personal job security;
- Perceptions of lack of leadership credibility

Consequently, employees begin to contemplate “jumping ship”. However, during the merger process, it is essential to keep the employee turnover low for three significant reasons:

1. Business continuity is key to realizing the benefits of merger
2. There can be large financial implications from the cost of hiring new employees, the lost of knowledge/intellectual capital, and the loss of client relationships
3. The loss of skillsets that are build over the years in system knowledge and operational efficiency

Therefore, management proactively work to maintain employee trust and to keep the intellectual capital they represent “on board”. There are tangible steps taken including the merger welcome bonus, management road shows, providing sufficient access to information about organizational changes, face-to-face communication, and continuing to have the opportunities for professional development and ongoing learning.

One of the fundamental priorities for the merger is talent management – placing the right staff with the right competency in the right job. The current staff strength for Bank Niaga and Bank Lippo exceeds 11,000 employees across levels. In alignment to the TOM and enhanced reporting structure, HR has finalized the staff gap analysis and migration plan with respective ITF teams.

As in most mergers, the pool of right skillsets remain a key challenge at all pivotal points of the execution phase in areas such as trainers, deployment, cutover day when the right skillsets are matched to the activities. This merger like in all others, involves the participation of employees from the various disciplines to make up the resource count required wherever and whichever divisions they reside in.

Dalam pelaksanaannya, proses merger melibatkan karyawan bank yang umumnya memandang perubahan tersebut sebagai suatu ketidakpastian. Persepsi yang ada antara lain adalah:

- Ketidakpastian mengenai masa depan organisasi
- Kehilangan identitas dan budaya perusahaan
- Kekhawatiran mengenai kelangsungan pekerjaan yang selama ini dilakukan
- Keraguan mengenai kredibilitas kepemimpinan manajemen puncak

Oleh karenanya, karyawan dapat mulai mempertimbangkan untuk ‘pindah sekoci’. Di lain pihak, terdapat tiga alasan penting untuk menekan tingkat keluar-masuk karyawan selama proses merger, yaitu:

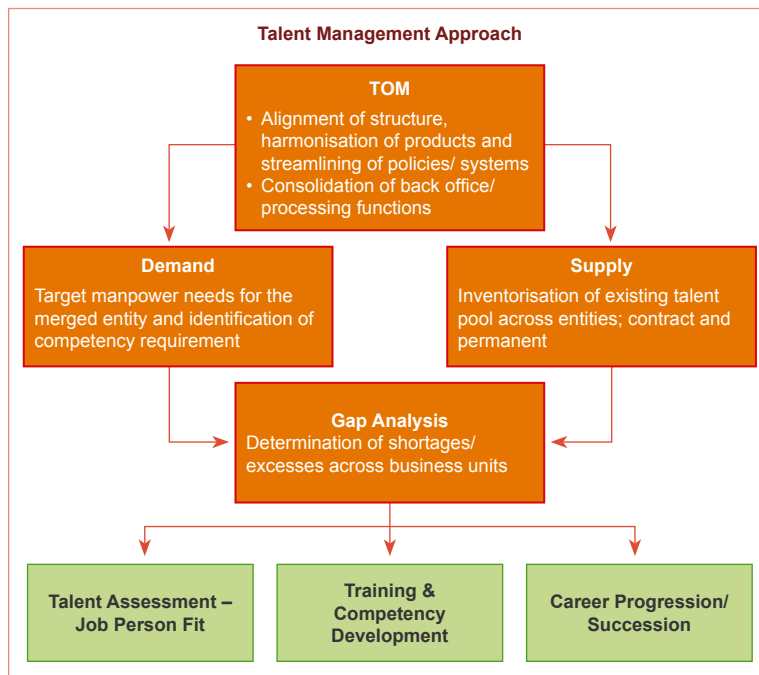
1. Kelangsungan usaha merupakan faktor kunci untuk merealisasikan manfaat dari suatu merger
2. Terdapat implikasi keuangan yang signifikan dari kebutuhan untuk merekrut karyawan baru, kehilangan modal intelektual/kompetensi, dan kehilangan hubungan nasabah
3. Kehilangan kompetensi yang dibangun bertahun-tahun menyangkut sistem dan efisiensi operasional

Manajemen secara proaktif berupaya untuk mempertahankan kepercayaan karyawan dan modal intelektual yang ada. Langkah-langkah konkrit yang dilakukan termasuk pembagian bonus merger, road show oleh manajemen, akses terhadap informasi mengenai merger, mengadakan komunikasi tatap-muka, dan memastikan terus tersedianya peluang bagi pengembangan profesional dan pembelajaran bagi karyawan.

Mengelola talenta merupakan salah satu prioritas utama dalam proses merger ini, yaitu bagaimana untuk menempatkan orang yang tepat dengan kompetensi yang tepat pada posisi yang tepat. Total karyawan Bank Niaga dan Bank Lippo di seluruh tingkatan adalah sekitar 11.000 orang. Sesuai dengan TOM dan garis tanggung jawab yang ada, Divisi Human Resources bekerja sama dengan team ITF terkait tengah menyelesaikan analisis kebutuhan karyawan dan perencanaan migrasi karyawan.

Tantangannya adalah bagaimana menyediakan kompetensi yang dibutuhkan pada titik-titik penting proses integrasi terkait dengan kebutuhan akan pelatihan dan penempatan karyawan. Proses merger ini membutuhkan partisipasi penuh dari karyawan dari berbagai disiplin keahlian untuk mampu mengisi posisi dimana mereka akan ditempatkan.

Figure 45: Talent management approach



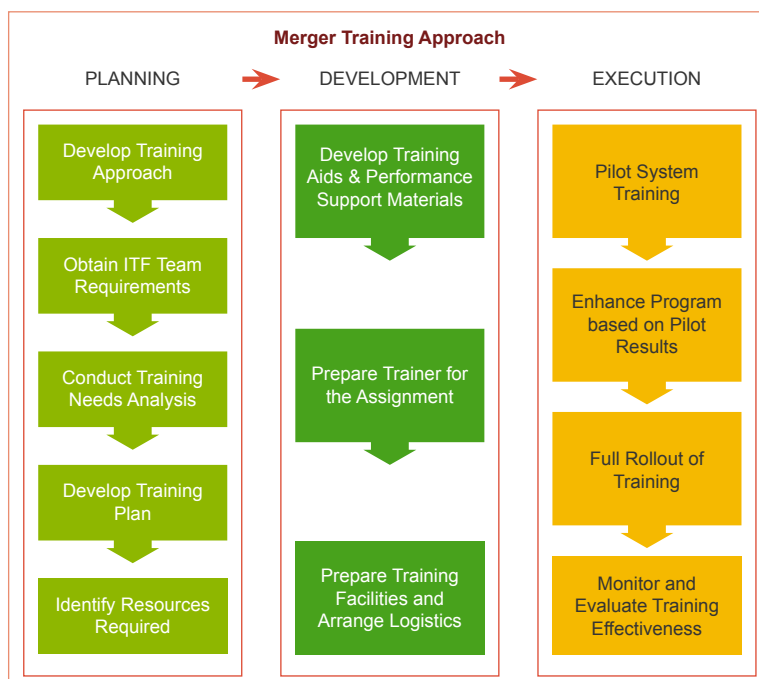
### Staff Deployment Guiding Principles

- Minimal movement – deploy between 'twin/paired' departments, wherever possible
- Deploy/ recruit the right staff for the right job
- Vacancies available will be first filled internally through redeployment of staff identified within the banks or via promotion (for eligible candidates)
- Decision on staff identification to be discussed between the receiver and giver parties – endorsed by the respective Business Heads
- Where no suitable internal staff with the right skills/ knowledge can be identified, candidates will be recruited externally
- An Employee Selection Committee has been established to assess leadership positions. Candidates will be scanned through an assessment centre process (e.g. profiling, interview)

Several quick-wins have been achieved to date to better fulfill critical business needs and ensure a smooth transition of staff across entities – secondment of staff to familiarize with the target systems and policies, training conducted for respective business units and development of blended training program for the branch delivery network.

Beberapa program quick-wins telah dilaksanakan sampai dengan saat ini untuk mengakomodasi kebutuhan proses bisnis yang kritikal dan memastikan kelancaran proses transisi staf antar entitas, termasuk penugasan karyawan untuk mempelajari sistem dan kebijakan yang menjadi sasaran, pelatihan bagi masing-masing unit bisnis, serta pengembangan program pelatihan bersama untuk personil jaringan kantor cabang.

Figure 46: Merger training approach



### Training Guiding Principles

- Training initiatives must be designed to match job needs, in alignment to the TOM
- Prioritization of training will be dependent on the scale, magnitude of training requirements and critical milestones across the merger exercise
- For more complex training needs, the training program should employ blended learning approach (a combination of instructional methods, i.e. self study package/ material, face-to-face classroom/ hands-on-training, attachment and buddy support system and learning aids – quick reference guide) to maximize efficiency and learning effectiveness. Knowledge retention will be promoted through tests and assessment of assignments.
- Training sessions should be conducted in such a way that it does not affect the day-to-day business and service delivery

## Contribution analysis of Niaga and Lippo

Figure 47: Contribution analysis

Contribution analysis (IDR billion)					
	Niaga	Lippo	Pro forma	Contribution	
				Niaga	Lippo
<b>Valuation range</b>	<b>14,812</b>	<b>11,635</b>	<b>26,447</b>	<b>56.0%</b>	<b>44.0%</b>
<b>Market capitalization</b>	<b>9,279</b>	<b>7,636</b>	<b>16,914</b>	<b>54.9%</b>	<b>45.1%</b>
Assets	60,512	39,059	99,571	60.8%	39.2%
Loans	47,930	23,889	71,819	66.7%	33.3%
Deposits	50,493	30,247	80,740	62.5%	37.5%
Equity	5,645	3,794	9,439	59.8%	40.2%
<b>Median balance sheet</b>				<b>58.4%</b>	<b>40.7%</b>
Net interest income	2,103	1,496	3,599	53.4%	41.6%
Non interest income *	378	330	708	43.9%	46.6%
PBT	842	525	1,367	61.6%	38.4%
Net income	590	377	967	61.0%	39.0%
<b>Median income statement</b>				<b>53.6%</b>	<b>46.4%</b>

Source: Company reports as of September 2008

\* Including MTM Results in Portfolio

## Integration of Branches

The merger will eventually culminate in the integration of 665 branches spread over the whole of Indonesia.

Less than 5% of these branches are overlapping and will be closed down.

The remaining branches will be renovated in stages.

The conversion of all Bank Niaga and Bank Lippo branches to Bank CIMB Niaga will take place gradually over a period of approximately 10 months. Furthermore, the renovations of all the branches in old condition will be completed by 2011 in 2 waves.

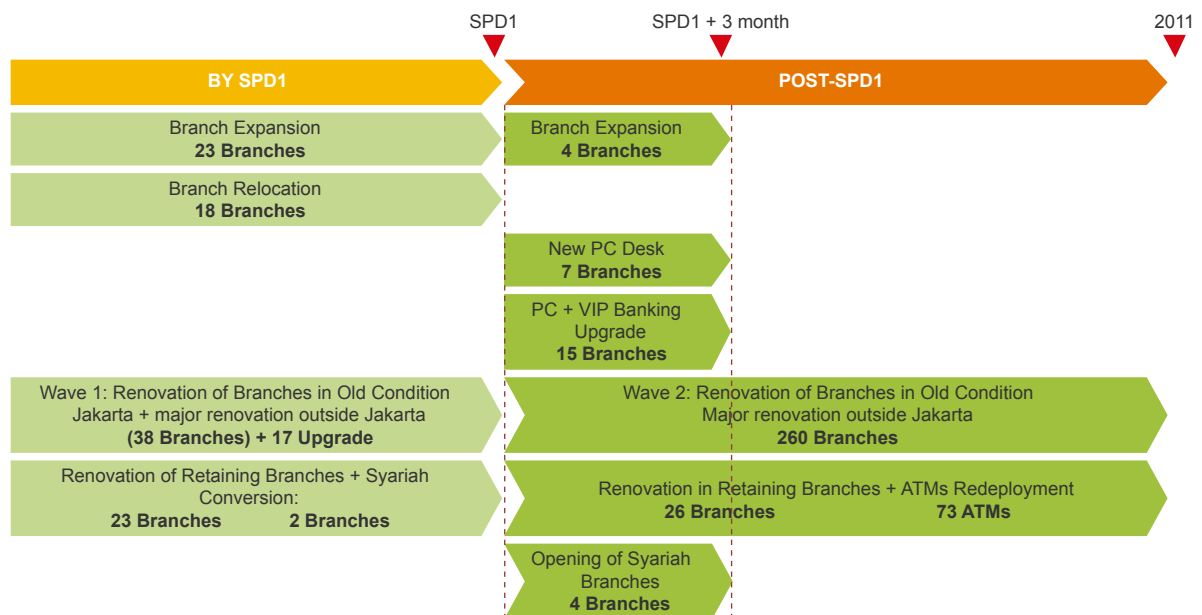
Proses merger pada akhirnya akan berujung pada integrasi lebih dari 665 kantor cabang yang tersebar di seluruh wilayah Indonesia.

Kurang dari 5% merupakan kantor cabang yang akan ditutup karena wilayah kerja yang tumpang-tindih.

Kantor cabang selebihnya akan direnovasi secara bertahap.

Konversi kantor cabang Bank Niaga dan LippoBank menjadi Bank CIMB Niaga dilakukan bertahap selama jangka waktu sekitar 10 bulan. Selain itu, renovasi kantor cabang akan dilaksanakan dalam 2 gelombang sampai dengan tahun 2011.

Figure 48: S&D Network Summary



## Branded Spaces

Figure 49: Branded Spaces Conceptual Design



As we roll out the new branch concept and lay the foundation for the new brand, CIMB Niaga branded spaces will continue to be introduced in the premises of unconverted branches. These designated areas are effectively sections within the branch that carry CIMB Niaga brand imagery, which serve to facilitate several objectives:

- to smoothen the transition to the new brand by familiarizing customers with our new image and logo
- to establish presence and maximise brand visibility while branch conversion activities are still ongoing
- to act as information centres with regard to the merger and new brand;

The CIMB Niaga branded spaces concept was designed to manage brand perception during the transition period. By implementing a tangible brand identity in our branches, we are able to actively reach out and communicate to our customers even before branch conversion is completed. It is an effective approach to stay one step ahead in establishing brand equity, and would ease familiarity when we complete our conversion and initiate our thematic brand launch in Q3 2009.

Selama periode dimana konsep kantor cabang dan brand yang baru mulai diperkenalkan dan diterapkan secara bertahap, kantor-kantor cabang yang belum dikonversi akan dilengkapi dengan tempat-tempat khusus yang mengusung perangkat dan brand CIMB Niaga, dengan tujuan untuk:

- memperlancar proses transisi menuju brand baru melalui sosialisasi citra dan logo baru kepada para nasabah;
- memaksimalkan tampilan dan keberadaan brand yang baru selama konversi kantor cabang;
- berfungsi sebagai pusat informasi mengenai merger dan brand yang baru;

Konsep 'branded spaces' ini dirancang untuk mengelola aspek citra brand selama periode transisi. Penerapan visual identitas brand yang nyata akan memungkinkan komunikasi aktif terhadap nasabah bahkan sebelum selesainya proses konversi kantor cabang. Pendekatan ini menjadikan kami selangkah di depan dalam membangun kesadaran brand, dan akan mempermudah proses pengenalan saat selesainya proses konversi dan peluncuran brand yang baru pada Triwulan 3 tahun 2009.

## Type of Branches

After the merger there will be 3 types of branches A, B and C.

Setelah selesainya proses integrasi, terdapat 3 jenis kantor cabang, yaitu kantor cabang A, B dan C.

Figure 50: Type of Branches

Branch Type	Geographical	Funding & Lending Portfolio (IDR Bio)	Branch Characteristic	Estimated by SPD1	Head Of Branch
<b>A</b>	Mostly Located in major cities.	≥ 750	Hub Branch <ul style="list-style-type: none"> <li>• Sell all consumer and commercial products</li> <li>• Service all customer segments</li> <li>• Oversee sales/service of spoke branches</li> </ul>	48	Senior Branch Manager
<b>B</b>	Mostly Located in scattered area.	200 ≤ B < 750	Standalone Branch Hub Branch -selected areas <ul style="list-style-type: none"> <li>• Focus more on consumer (mass market) and commercial</li> <li>• Service all customer segments</li> </ul>	112	Branch Manager
<b>C</b>	Located across major cities and scattered area	< 200	Spoke Branch <ul style="list-style-type: none"> <li>• Focus more on selling/cross selling funding &amp; simple lending products</li> <li>• Service all customer segments</li> </ul>	493	Service Officer
<b>Total</b>				<b>653</b>	

# Our New Logo

Figure 51: Bank CIMB Niaga Logo



- The logo for Bank CIMB Niaga represents our focus on value creation through forward thinking, shared by all members of CIMB Group across the region and beyond
- The logomark of an abstract arrow within a square symbolises our philosophy of forward thinking
- The logomark shows us being dynamic and never stationary- yet rooted in stability, dependability and commitment.
- The custom font represents clarity and solidity.
- The colour red was chosen because of its ability differentiate in the local market as well as to tie into our universal banking franchise in Southeast Asia.
- Logo Bank CIMB Niaga mengandung makna fokus kepada penciptaan nilai melalui cara berpikir yang maju dari seluruh anggota kelompok perusahaan CIMB Group.
- Simbol logo berupa bentuk abstrak mata panah di dalam kotak persegi empat melambangkan kemampuan berpikir maju.
- Simbol logo juga mencerminkan dinamika dan pergerakan konstan, namun selalu berakar pada stabilitas, dapat dipercaya dan komitmen.
- Huruf logo mencerminkan kejelasan dan kekokohan.
- Warna merah dipilih sebagai faktor pembeda di pasar domestik, sekaligus mencerminkan keterkaitan dengan jaringan perbankan CIMB di Asia Tenggara.

## Why CIMB Niaga?

### The Name – CIMB Niaga

- The merger is a combination of Bank Niaga, a 53 year old bank operating in the precincts of many years of credit history in Indonesia. Similarly Bank Lippo complements the equation with its rich tapestry of retail banking as seen from its expansive branch reach and deposit franchise. From the onset, realizing that the name of Bank Lippo resounds with the many activities of Lippo Group, a well known conglomerate in Indonesia, the management deliberated the name of the new merged bank on its quest to build a new identity akin to a start of a new chapter as part of the CIMB Group family. Post many rounds of discussions that ensued we finally settled on CIMB Niaga as the name of the merged entity to mark its new beginnings.

### Pemilihan nama CIMB Niaga

- Merger ini merupakan penggabungan dari Bank Niaga, yang selama 53 tahun telah mengukir namanya dalam sejarah kredit bank di Indonesia, dan Bank Lippo yang memiliki posisi di segmen ritel melalui jaringan cabang yang luas dan produk pendanaan yang terkenal. Dari awal, kami menyadari bahwa nama Bank Lippo memiliki keterkaitan yang erat dengan aktivitas kelompok perusahaan Lippo Group, sementara kami lebih menginginkan membangun suatu identitas yang sama sekali baru sebagai bagian dari CIMB Group. Setelah melalui diskusi berkepanjangan, kami memilih menggunakan nama CIMB Niaga, menandai dimulainya suatu babak perjalanan yang baru bagi bank hasil merger.



### Bank CIMB Niaga Brands



- CIMB Niaga is the master brand for PT Bank CIMB Niaga Tbk – this logo represents the main point of interaction and will be carried on most collateral and signage.
- In addition there are two sub-brands catering to different market segments.
- CIMB Niaga adalah brand utama dari PT Bank CIMB Niaga Tbk, dan logo CIMB Niaga tampil mewakili entitas tersebut pada kebanyakan materi komunikasi dan signage.
- Selain itu, terdapat dua sub-brand masing-masing untuk segmen pasar yang berbeda.



- CIMB Niaga Preferred Circle consolidates Bank Niaga Preferred Circle and Bank Lippo VIP Banking which will continue to serve the mass affluent segments
- CIMB Niaga Preferred Circle menggabungkan layanan Preferred Circle (dari Bank Niaga) dan VIP Banking (dari Bank Lippo) yang ditujukan untuk segmen pasar mass affluent.



- CIMB Niaga Private Banking is the new brand name for Bank Niaga Private Banking which will continue to serve high net worth individuals
- CIMB Niaga Private Banking adalah nama baru bagi layanan Bank Niaga Private Banking yang ditujukan pada segmen high net worth individual.

# Key Strategic Imperatives for Bank CIMB Niaga

Moving forward a key strategic imperative for Bank CIMB Niaga is the segregation of Product Groups from Sales & Distribution to drive customer centricity, enhance cross-sell to all customer segments and improve utilisation and efficiency of sales force.

Product Group dipisahkan dari struktur Sales & Distribution untuk mempertajam fokus pada nasabah, meningkatkan peluang penjualan-silang ke seluruh segmen nasabah, dan meningkatkan efisiensi dan pendayagunaan personil Sales.

Figure 52: Bank CIMB Niaga key strategy

Product Groups	Sales & Distribution	Client Groups
Retail Banking	Branches	Consumer (Mass Market)
Business Banking	Corporate Banking RM	Consumer (Priority)
Corporate Banking	Alternate Banking	Business
Treasury & FI		Corporate
Transactional Banking		Financial Institutions
Syariah Banking		

# Key Strategic Imperatives for Bank CIMB Niaga

- Retail Banking**
  - Focus on product innovation & bundling for consumer segment – consumer finance, cards & personal loans (monoline), consumer liability & wealth management; direct & tele-sales
  - Leverage on branch network for distribution
- Business Banking**
  - Focus on product innovation & bundling for SME and programmed lending
  - Enhance distribution reach by leveraging on branch network
- Corporate Banking**
  - Focus on product innovation, bundling and distribution for loan syndication, project financing, bilateral and structured lending
  - Drive “universal banking” proposition through collaboration with CIMB GK and CIMB Group
  - Relationship Managers tailor and cross-sell full suite of products
- Treasury & FI**
  - Treasury will play an active role in debt capital markets & syndication, cross market trading, FX sales, derivatives, structured products and balance sheet management – leverage on CIMB’s pioneering track record to develop IDR bond market
  - Financial Institution (FI) focuses on international banking (including structured trade), clearing & settlement, securities services & clearing and FI domestic network services
- Transactional Banking**
  - Focus on product innovation & bundling for cash management and trade covering end-to-end value chain
  - Leverage on branch network, Corporate Banking RMs, FI and alternate channels for distribution
  - Key to sustaining low cost of funds and funding customers “stickiness”
- Syariah Banking**
  - Adopt “full leveraged” model – leveraging on capabilities of conventional bank to accelerate product innovation & bundling and minimise duplication
  - Leverage on branch network for distribution – “dual banking” concept
  - Leverage on CIMB Islamic’s capabilities as a global leading Islamic investment bank
- Branches**
  - 665 branches with good coverage nationwide – from Sumatera to Irian Jaya (5th largest in Indonesia)
  - Serves consumer (mass market & priority) and business customer segments
  - Supports “dual banking” concept to accelerate Syariah Banking growth
- Corporate Banking RM**
  - Single point to offer complete “universal banking” solutions to corporate customers – tapping on Bank CIMB Niaga, CIMB GK and CIMB Group offerings
- Alternate Channels**
  - Over 1,200 ATMs (4th largest in Indonesia) and 7,500 EDCs
  - Award-winning call center
  - Consumer and corporate internet banking portals
  - SST and mobile banking

## Bank CIMB Niaga Fact Sheet

<b>Call Center</b>	Bank Niaga - 14041 Bank Lippo - 14042
<b>Website</b>	Bank Niaga - <a href="http://www.cimbniaga.com">www.cimbniaga.com</a> Bank Lippo - <a href="http://www.lippobank.co.id">www.lippobank.co.id</a>
<b>Total Customers</b>	Over 3 million
<b>Numbers of ATM</b>	Bank Niaga - 483 Bank Lippo - 741
<b>ATM Services</b>	<p>Bank Niaga</p> <ul style="list-style-type: none"> <li>- Cash withdrawal</li> <li>- Balance Information</li> <li>- Fund Transfer</li> <li>- Bills Payment</li> <li>- Registration (Niaga Ponsel Access/NPA facilities)</li> <li>- Purchasing (Prepaid mobile phone voucher)</li> </ul> <p>Bank Lippo</p> <ul style="list-style-type: none"> <li>- Cash withdrawal</li> <li>- Balance Information</li> <li>- Fund Transfer</li> <li>- Bills Payment</li> <li>- Registration (Instant Refill and LippoNetBank)</li> </ul>
<b>Conversion of Bank Niaga &amp; Bank Lippo Branches to Bank CIMB Niaga</b>	<p>653 branches by SPD1:</p> <p>Type A: 48 full fledge branches (located in major cities)</p> <p>Type B: 112 full fledge and standalone branches (located in scattered area)</p> <p>Type C: 493 spoke branches (located across major cities and scattered area)</p>
<b>Internet Banking</b>	<p>Bank Niaga - Niaga Global @ccess/NG@ - <a href="https://secure.bank2home.com/ib-niaga/login.html">https://secure.bank2home.com/ib-niaga/login.html</a></p> <p>Bank Lippo - Bank Lippo NetBank - <a href="https://ebanking.Bank Lippo.co.id/Retail/login_ret_user.jsp">https://ebanking.Bank Lippo.co.id/Retail/login_ret_user.jsp</a></p>
<b>Internet Banking Services</b>	<p>Bank Niaga</p> <ul style="list-style-type: none"> <li>- Account Portfolio</li> <li>- Fund Transfer</li> <li>- Bills Payment</li> <li>- Opening Account (Saving, Time Deposits, Credit Card)</li> <li>- Simulation (Time Deposits &amp; Loan)</li> <li>- Purchasing (Prepaid mobile phone voucher)</li> <li>- CINTA point Inquiry and Redeem</li> <li>- Cheque book Order</li> </ul> <p>Bank Lippo</p> <ul style="list-style-type: none"> <li>- Account Portfolio</li> <li>- Fund Transfer</li> <li>- Bills Payment</li> <li>- Consolidated Bills Presentment</li> <li>- Loan Application</li> <li>- Cheque Function</li> <li>- Notification</li> </ul>

# Appendices

### Scope of Business/ Merger activities

Spearhead the alignment of Branch Sales and Service model and network size of combined 665 Bank Niaga and Bank Lippo branches and over 1,200 ATMs. Oversee the model and network alignment based on identified criteria to minimize overlaps, promote greater synergies and enable further cost savings.

### Major achievement for merger

- Determined Branch sales and service model, functions/ roles, policies and procedures and regional offices for Bank CIMB Niaga.
- Completed Sales and Distribution Head Office organization structure, roles and responsibilities segregation with other business unit.
- Completed manpower requirements across Bank Niaga and Bank Lippo for Sales and Service staff (upon realignment of branch model)
- Completed alignment Call Center for both banks and migration plan.
- Identified and completed alignment of 23 pairs of branches to be aligned by SPD1.
- Produced detailed branch plan involving 23 expansions, 18 relocations and 80 renovations to be completed by SPD1.
- Completed transition plan to ensure smooth migration to the new branch model.

### Challenges

- To manage staff morale throughout the merger process including internal redeployment and change of branch model
- To manage customer retention, especially for the closing branches
- To balance between the integration efforts and ongoing business operations

### Lingkup Aktivitas

Memulai langkah penyesuaian/perubahan model operasional jaringan distribusi Sales & Service meliputi sekitar 665 kantor cabang eks Bank Niaga dan Bank Lippo serta lebih dari 1.200 unit ATM. Mengawasi proses penyesuaian/perubahan model operasional jaringan berdasarkan kriteria yang telah ditentukan untuk meminimalkan tumpang-tindih, mengoptimalkan sinergi, serta memaksimalkan penghematan biaya.

### Hasil-hasil yang telah dicapai

- Menentukan model operasional, fungsi dan peranan, serta kebijakan dan prosedur Sales & Service kantor cabang dan regional di Bank CIMB Niaga.
- Menuntaskan struktur organisasi Sales & Distribution di tingkat Kantor Pusat, serta pemisahan fungsi dan tanggung jawab dari unit-unit bisnis lainnya.
- Menuntaskan kajian kebutuhan personal Sales & Service di Bank Niaga dan Bank Lippo (dengan model operasional kantor cabang yang telah disesuaikan).
- Menyelesaikan penyesuaian operasional Call Center di kedua bank serta rencana migrasi yang diperlukan.
- Menyelesaikan penyesuaian operasional 23 pemasangan kantor cabang untuk beroperasi pada SPD1.
- Membuat detail rencana integrasi cabang menuju SPD1, meliputi perluasan 23 cabang, relokasi 18 cabang, serta renovasi 80 cabang.
- Menyelesaikan rencana transisi untuk bermigrasi ke model operasional kantor cabang yang baru.

### Tantangan yang dihadapi

- Menjaga terpeliharanya moril karyawan selama proses merger, termasuk menghadapi perubahan model operasional dan penugasan internal.
- Mengelola proses retensi nasabah, terutama pada cabang-cabang yang akan ditutup.
- Menjaga keseimbangan antara aktivitas integrasi dan operasional normal sehari-hari.

## Scope of Business/ Merger activities

- Responsible for Retail Banking's P&L (for Consumer Liabilities, Consumer Finance, Unsecured Lending, Alternate Channels)
- Introduce strategies and design business plans to foster the expansion and profitability of Retail Banking business
- Enhance and introduce innovative products tailored for the retail market
- Develop and deploy alternate channel strategies
- Design retail customer acquisition approaches utilizing segmentation strategies
- Undertake sales processing, credit & collection functions under the unsecured lending monoline.

## Major achievement for merger

- Completed the TOM
- Harmonized Bank Niaga and Bank Lippo retail products
- Re-branding of 7 key products under CIMB Niaga brand. 4 products are currently on-going.
- Re-branding of the e-channels to CIMB Niaga
- Introducing various marketing campaigns to create awareness for new CIMB Niaga brand within the retail segment
- Synchronizing rates and fees for Bank Lippo and Bank Niaga customers utilizing alternate channels banking
- Launching of new CIMB Niaga credit cards, and Introducing Bank Niaga's Corporate MasterCard to Bank Lippo's corporate clients
- Piloting the sales of Personal Loans products to Bank Niaga's customers
- Offering key Bancassurance and investment products to Bank Niaga's retail segment

## Challenges

- Accelerate merger synergy realization via cross bank leverage (customer base, offerings, systems and capabilities)
- Streamline processes to create further efficiencies
- Integration to a common technological platform

## Lingkup aktivitas

- Bertanggung jawab atas proses P&L untuk Retail Banking (simpanan nasabah, kredit konsumen, kredit tanpa agunan, jalur distribusi alternatif)
- Merumuskan strategi dan rencana bisnis untuk mengembangkan dan meningkatkan profitabilitas bisnis Retail Banking
- Melakukan inovasi produk untuk segmen nasabah ritel
- Mengembangkan strategi jalur distribusi alternatif
- Merancang pendekatan bagi akuisisi nasabah melalui strategi segmentasi pasar
- Melaksanakan fungsi pemrosesan penjualan, kredit serta penagihan untuk kredit tanpa agunan dalam sistem monoline

## Hasil-hasil yang telah dicapai

- Merumuskan model operasional yang diinginkan
- Menyelaraskan produk-produk ritel dari Bank Niaga dan Bank Lippo
- Melakukan re-branding terhadap tujuh produk unggulan menggunakan brand CIMB Niaga. Empat produk saat ini masih dalam proses.
- Melakukan re-branding pada jalur distribusi & elektronik menggunakan brand CIMB Niaga.
- Melakukan program-program pemasaran untuk membangun citra brand CIMB Niaga di segmen pasar ritel
- Sinkronisasi tarif layanan jalur distribusi alternatif untuk nasabah Bank Niaga dan Bank Lippo
- Meluncurkan produk kartu kredit baru di bawah brand CIMB Niaga, serta memasarkan produk Corporate MasterCard Bank Niaga kepada nasabah korporasi Bank Lippo
- Menguji-coba penjualan produk-produk Personal Loan bagi nasabah Bank Niaga
- Menawarkan produk investasi dan bancassurance kepada nasabah ritel Bank Niaga

## Tantangan yang dihadapi

- Memfasilitasi penciptaan sinergi dari merger dengan memanfaatkan sumber daya kedua bank (basis nasabah, produk dan jasa, sistem serta kapabilitas)
- Perampingan proses untuk efisiensi sinergi
- Integrasi ke platform teknologi tunggal

## Scope of Business/ Merger activities

Transaction Banking is a new line of business of PT Bank CIMB Niaga Tbk with its main focus in delivering integrated Cash Management and Trade solutions for business owners and corporate clients. Such solutions include account services, payment, collection as well as trade related services e.g. bank guarantee, export and import.

Transaction Banking is a product unit which adopts a business model deriving synergy from a strong collaboration with client-facing, processing and supporting units, supported by an extended reach of branch network as well as through electronic channels e.g. ATM, SST, Internet banking, Mobile banking, Call center, etc.

As a result of the merger between PT Bank Niaga Tbk and PT Bank Lippo Tbk, the new Bank CIMB Niaga offers a large variety of products and services with a larger client base thus creating more opportunities to grow the Transaction Banking business in the future.

Being a member of CIMB Group with strong regional footprints and capability, we are confident that Bank CIMB Niaga's long establishment in the local market from both legacy banks will create a unique opportunity of becoming a leading Transaction Banking solutions provider in Indonesia.

## Major achievements for merger

- Raised awareness on the importance of transaction banking in achieving a balanced funding mix for the bank and optimum revenue from borrowing clients.
- Aligned product offering, features, fees and charges from both organizations.
- Some quick wins on cross selling and harmonization of pricing.

## Challenges

- Ensure a clear understanding of Transaction Banking scope, role and function to all relevant stakeholders.
- Fulfilling man power requirements and building the expertise
- Implementation of the business model with a mirroring revenue concept between client owners and product units.

## Lingkup aktivitas

Transaction Banking merupakan lini bisnis baru di PT Bank CIMB Niaga Tbk, dengan fokus pada penyediaan solusi Cash Management dan Trade Services bagi nasabah korporasi dan pengusaha. Layanan ini mencakup account services, pembayaran dan penagihan, serta produk garansi bank dan dukungan lain bagi kegiatan ekspor-impor.

Divisi Transaction Banking mengadopsi model bisnis yang menggalang sinergi dari kolaborasi erat antara unit-unit yang berinteraksi dengan nasabah, menangani pemrosesan serta unit-unit pendukung, dengan memanfaatkan jaringan kantor cabang serta jalur distribusi elektronik yang ekstensif termasuk ATM, SST (Self-Service Terminal), Internet banking, Mobile banking, Call Center dan lain-lain.

Penggabungan PT Bank Niaga Tbk dan PT Bank Lippo Tbk menjadi Bank CIMB Niaga berdampak pada adanya jajaran produk dan layanan yang lebih bervariasi dan basis nasabah yang lebih besar, sehingga melahirkan peluang pertumbuhan yang baik ke depan bagi bisnis Transaction Banking.

Sebagai bagian dari CIMB Group yang memiliki kapabilitas dan operasional regional yang kokoh, kehadiran yang telah mengakar kuat di pasar domestik dari kedua bank yang dimerger (legacy banks) akan menciptakan peluang bagi CIMB Bank untuk menjadi penyedia solusi Transaction Banking yang unggul di Indonesia.

## Hasil-hasil yang telah dicapai

- Meningkatkan kesadaran akan pentingnya aktivitas Transaction Banking untuk menghasilkan keseimbangan bauran pendanaan serta pendapatan yang optimal dari nasabah debitur.
- Sinkronisasi jajaran produk, fitur layanan, serta struktur tarif layanan antara kedua bank
- Tercapainya beberapa quick-win dari upaya penjualan-silang dan sinkronisasi struktur harga (pricing)

## Tantangan yang dihadapi

- Memastikan adanya pemahaman yang benar mengenai peran, fungsi dan lingkup aktivitas Transaction Banking di kalangan pihak-pihak berkepentingan yang terkait
- Memenuhi kebutuhan aspek Sumber Daya Manusia maupun kompetensi yang diperlukan.
- Penerapan model bisnis dengan konsep 'revenue mirroring' antara unit-unit client-owner dan product-owner.



## Scope of Business/ Merger activities

Main objective of Business Banking is to provide banking products and services to middle market and smaller retail business customers with a special emphasis on the small and medium enterprises (SME) sector by leveraging the Sales & Distribution (S&D) group as a delivery channel.

Development and formulating customer acquisition strategies; and to deploy products based on the needs of different business sectors.

## Major achievements for merger

- Completed the TOM of Business Banking
- Determined the organization structure with 4 groups under Business Banking, 2 groups will be in charge for the growth of sub-segmen high end commercial, 1 group will focus on small medium enterprises and special lending business, and 1 group will focus on product development and business support.
- Completed customer alignment and sub-segmentation mapping, account transfer process to S&D and Commercial Banking is currently in progress.
- Defined extensive customer communication and inter staff communication plans. Several activities are already in progress including Customer Gathering, Joint Visits, acknowledgement letter, and employee gathering.
- Introduced Centralized Credit Proposal System for loan size of IDR 5 billion to IDR 25 billion through regional business banking in areas with S&D's presence, sales force for new account acquisitions, and credit quality monitoring
- Cross-selling ability with a wider range of products & services

## Challenges

- Ensuring a smooth transition of TOM implementation, staff and customer movements
- Ensuring a smooth transition of credit models specifically for Business Banking Bank Niaga's branch that currently utilise model monoline system
- Continuous staff skill & competencies up grading
- Ensuring smooth implementation of KPI sharing between S&D and Transactional Banking to be able to fairly appraise the performance of each group.

## Lingkup aktivitas

Fungsi utama Business Banking adalah untuk menyediakan produk dan jasa perbankan bagi segmen nasabah usaha komersial menengah dan kecil, dengan fokus pada sektor Usaha Kecil dan Menengah (UKM), memanfaatkan sumber daya Sales & Distribution (S&D) Group sebagai jalur distribusi.

Merumuskan dan mengembangkan strategi akuisisi nasabah, serta mendistribusikan produk sesuai kebutuhan yang berbeda dari tiap sektor usaha.

## Hasil-hasil yang telah dicapai

- Finalisasi TOM dari Business Banking.
- Finalisasi struktur organisasi dengan 4 group di bawah Business banking, dimana 2 group akan menangani sub-segmen komersial high-end, 1 group untuk menangani UKM dan kredit khusus, dan 1 group untuk pengembangan produk dan dukungan bisnis.
- Menuntaskan proses sinkronisasi nasabah dan pemetaan segmen, sementara melanjutkan dengan proses pengalihan account ke divisi S&D dan Commercial Banking.
- Merumuskan dan melaksanakan program komunikasi kepada nasabah dan antar-staf, termasuk acara Temu Nasabah, kunjungan bersama, acknowledgement letter, dan Temu Karyawan.
- Peluncuran Centralized Credit Proposal System untuk kredit dengan platform antara IDR 5 miliar sampai IDR 25 miliar melalui kantor Business Banking regional dimana terdapat jaringan S&D, personil sales untuk akuisisi nasabah baru, dan pemantauan kualitas kredit.
- Program penjualan-silang yang melibatkan lebih banyak ragam produk dan jasa.

## Tantangan yang dihadapi

- Memastikan kelancaran proses transisi terkait implementasi TOM serta pengalihan staf dan rekening nasabah.
- Memastikan kelancaran transisi model kredit terutama untuk Business Banking di cabang Bank Niaga yang saat ini menggunakan sistem monoline.
- Meningkatkan keterampilan dan kompetensi staf secara berkesinambungan.
- Memastikan kelancaran implementasi KPI yang terkait dengan fungsi S&D dan Transactional Banking menuju pengukuran kinerja yang efektif di masing-masing fungsi.

### Scope of Business/ Merger activities

The vision of Corporate Banking (CB) is to be a leading local player with regional capacity in corporate and investment banking by leveraging on group strength.

Main priority of CB in the merger process is to manage a combined portfolio of about 400 CB customers with outstanding loan portfolio of over than IDR 20 trillion as of June 2008. The main business strategy will emphasize profitability and fee base income through Inventory Mode Corporate Loans, Investment Banking Products, Transaction Banking, Trade Finance, Treasury Product, while maintaining prudent banking practices and minimizing long term loan portfolios in the balance sheet through asset sales or structuring the loan with an exit strategy through the capital markets.

### Major achievements for merger

- Completed the TOM for CB through alignment and enhancement of both operating models that are currently in both banks. The TOM includes the alignment of lending & funding products of both banks, widening of the current product range & service varieties, enhance cross selling activities for Banking products and Capital Market products.
- Finalizing the organization structure with 5 groups under CB comprising of 130 headcount; transferring Payment Bank Division (unit rendering service for capital market payments) and Security Services Division to Financial Institutions Group.
- Re-assigning account assignment/exchange to a single relationship manager for corporate customers that have existing facilities in both banks to provide better service.
- Progress to establish CB Singapore Desk through cooperation with CIMB Singapore Branch to obtain trade finance & Indonesian funding business for corporate customers that conduct transactions in Singapore.
- Focus on promoting and growing CB Syariah's product and service range.
- Retention of key talents staff.
- Achieve a high level of customer retention through leveraging on the Group's competitive regional platform.

### Lingkup aktivitas

Corporate Banking (CB) memiliki visi untuk menjadi pemain lokal berkemampuan regional di bisnis Corporate Banking dan Investment Banking dengan memanfaatkan sumber daya CIMB Group.

Prioritas utama CB selama proses merger ini adalah untuk mengelola gabungan portofolio sekitar 400 rekening nasabah CB kedua bank dengan total fasilitas kredit lebih dari Rp 20 triliun per Juni 2008. Strategi yang dijalankan menekankan pada peningkatan profitabilitas dan pendapatan imbal-jasa melalui 'inventory mode' untuk kredit korporasi, Transaction Banking, Trade Finance dan Treasury, sementara tetap mempertahankan praktik kehati-hatian perbankan serta upaya untuk meminimalkan portofolio kredit jangka panjang melalui penjualan asset atau restrukturisasi kredit di pasar modal.

### Hasil-hasil yang telah dicapai

- Menuntaskan TOM untuk CB melalui penyelarasan dan penyempurnaan modal operasi yang ada di kedua bank, termasuk aspek penyesuaian produk pinjaman dan pendanaan, perluasan ragam produk dan layanan, dan penjualan silang antara produk perbankan dan produk pasar modal.
- Menuntaskan struktur organisasi dengan 5 group di bawah CB dengan total personil sekitar 130 orang, serta mengalihkan unit Payment Bank (yang memberikan layanan pembayaran di pasar modal) dan Security Services ke Financial Institution Group.
- Melakukan pemindahan pengelolaan account nasabah korporasi yang memiliki rekening di kedua bank di bawah satu account relationship manager.
- Mencatat kemajuan dalam pembentukan Corporate Banking Singapore Desk bekerja sama dengan CIMB cabang Singapura untuk melayani kebutuhan transaksi Trade Finance dan pendanaan bagi nasabah korporasi yang bertransaksi di Singapura.
- Fokus pada pengembangan dan promosi produk dan layanan Syariah di bawah CB.
- Mempertahankan karyawan kunci.
- Mempertahankan nasabah yang ada dengan mendayagunakan platform regional CIMB Group sebagai keunggulan daya saing.

## Challenges

- Ensuring smooth transition of customer relationships between the relationship managers of both banks.
- Ensuring a smooth transition of credit models specifically for Bank Lippo's branch mode system booking to monoline system & the credit approval process.
- Change paradigm (paradigm shifting) from Balance Sheet target to fee base and account profitability.
- Continuous improvement of staff's skill & competencies.

## Tantangan yang dihadapi

- Memastikan kelancaran transisi fungsi customer relationship antara para relationship manager di kedua bank.
- Memastikan kelancaran transisi model operasional kredit, terutama di sisi Bank Lippo dari sistem booking kantor cabang menjadi proses dan sistem persetujuan kredit monoline.
- Perubahan paradigma dari target pada Neraca menjadi strategi pendapatan imbal-jasa dan *'account profitability'*.
- Perbaikan kemampuan staff secara terus menerus dan kompetensi.

## Scope of Business/ Merger activities

CIMB Niaga Syariah is a division of PT Bank CIMB Niaga Tbk, arising from a merger of the two banks (PT Bank Niaga Tbk and PT Bank Lippo Tbk). The former Niaga Syariah started business in October 2005 with its main focus in the commercial sector while the former Bank Lippo Syariah commenced operations in November 2007, focusing in the retail segment. Together, the merged entity formed an ideal synergy in terms of market penetration. CIMB Niaga Syariah is also committed to supporting the Group's other businesses such as PT CIMB GK Sekuritas and PT CIMB-Principal Asset Management in terms of building an Islamic franchise for the Indonesian market.

Similar to CIMB Islamic Group, CIMB Niaga Syariah operates a business model, leveraging fully on the infrastructure and resources of Bank CIMB Niaga for retail sales and distribution, product development and roll-out, IT, Operations and other support functions. Gradually this would also include corporate sales, origination and end-to-end financing (credit) functions.

Given the potential of Islamic finances in Indonesia, CIMB Niaga and the Group is presented with a unique opportunity of becoming an Islamic financial supermarket with a prospect of dominating the retail, wholesale and capital market.

## Major achievements for merger

- Harmonised and aligned features, fees and charges for all products from both organizations.
- Introduction of the leverage model into CIMB Niaga.
- Quick wins arising from cost savings from use of premises and sales promotion expenses.

## Challenges

- To manage the internal paradigm shift - business units to begin selling syariah products
- Product development intricacies from fatwa and regulatory issues
- Penetrating into the non traditional (non Muslim) market

## Lingkup aktivitas

CIMB Niaga Syariah merupakan salah satu divisi dari PT Bank CIMB Niaga Tbk yang lahir dari proses merger antara PT Bank Niaga Tbk dan PT Bank Lippo Tbk. Sebelumnya, Niaga Syariah mulai beroperasi pada Oktober 2005 dengan fokus pada sektor komersial, sementara Bank Lippo Syariah sebelumnya mulai beroperasi pada November 2007 dengan fokus pada sektor ritel. Dengan demikian, penggabungan kedua entitas memberikan sinergi dalam hal penetrasi segmen pasar. CIMB Niaga Syariah juga memiliki komitmen untuk mendukung unit-unit bisnis CIMB Group lainnya seperti PT CIMB GK Sekuritas dan PT CIMB-Principal Asset Management untuk mengembangkan produk dan layanan keuangan Islam di pasar Indonesia.

Seperti halnya unit lain dalam CIMB Islamic Group, CIMB Niaga Syariah mengoperasikan suatu model bisnis dengan memanfaatkan infrastruktur dan sumber daya Bank CIMB Niaga di aspek Retail Sales & Distribution, pengembangan produk dan product roll-out, TI, Operasi, dan lain-lain fungsi pendukung. Secara bertahap, ini akan mencakup juga fungsi Corporate Sales dan end-to-end Financing (Credit).

Melihat pada potensi pasar Syariah di Indonesia, Bank CIMB Niaga dan CIMB Group memiliki peluang yang sangat baik untuk menjadi suatu 'supermarket keuangan Syariah' yang dapat menguasai pangsa pasar di segmen ritel, wholesale dan pasar modal.

## Hasil-hasil yang telah dicapai

- Sinkronisasi fitur produk dan biaya-biaya produk dan layanan pada kedua organisasi.
- Pengenalan model bisnis 'leverage' pada Bank CIMB Niaga.
- Penghematan biaya langsung dari pemakaian lokasi/konter dan biaya promosi.

## Tantangan yang dihadapi

- Mengelola perubahan paradigma secara internal, dimana unit bisnis akan mulai menjual produk-produk Syariah.
- Kerumitan pengembangan produk terkait dengan berbagai fatwa maupun regulasi yang ada.
- Penetrasi ke segmen pasar non-Muslim.

## Scope of Business/ Merger activities

- To manage the bank's liquidity through interbank deposit taking/placing
- To generate revenue through its trading desk in FX, Fixed Income & Derivatives
- To provide pricing to customers for their needs in FX and interest rates requirements, i.e. hedging their FX risks to minimize the risks and investing their excess funds to generate higher returns through structured deposits

Moving forward, Treasury intends to expand its market making activity by offering a comprehensive product suite in foreign exchange, rates and credit markets through a total network of over 600 branches.

## Major achievements for merger

- To be the first business unit to have co-located (Graha Niaga) immediately after Legal Day 1
- Kept the "best talent" from both banks from merger announcement until now
- Positive and good cooperation between both banks' personnel during merger process
- Started to work earlier with Treasury HO in KL by assigning traders for short-term attachment
- In August 2008, successfully co-launched 3Y X-Tra Range Accrual Market Linked Deposit with total accumulated funds of + USD 65 mio
- In September 2008, conducted a successful regional Treasury offsite in Kuala Lumpur with participants from Kuala Lumpur, Singapore and Indonesia to discuss the merged bank's 3Y business plan (2009-2011)

## Challenges

- Treasury Front Office will temporarily run on 2 different systems (Kondor+ and Murex) until single bank wide platform installation by February 2009
- Single FTP implementation for the merged bank by January 2009
- Implementation of shadow accounting between product owners vs. business units and product owners vs. S&D
- KPI refinement for branch sales officers to boost more selling for Treasury products
- Treasury product training to branch sales officers for more confidence in selling
- In-house ability to do pricing for IDR derivatives structure, rather than outsourcing to on-shore foreign banks

## Lingkup aktivitas

- Mengelola likuiditas melalui penempatan dana di pasar uang antar-bank.
- Menghasilkan arus pendapatan melalui aktivitas 'market making' di instrument Valas, Pendapatan Tetap dan Derivatif.
- Menentukan struktur harga bagi kebutuhan transaksi valas dan suku bunga untuk kepentingan nasabah, misalnya dalam transaksi lindung-nilai valuta asing serta investasi dana melalui produk structured deposit.

Ke depan, Treasury akan berupaya meningkatkan aktivitas market-making dengan menawarkan rangkaian komprehensif produk valas, suku bunga dan pasar uang lainnya melalui jaringan 600 lebih kantor cabang.

## Hasil-hasil yang telah dicapai

- Merupakan unit bisnis pertama yang telah membuat rencana lokasi operasional tunggal (di Graha Niaga) segera setelah Legal Day 1.
- Mempertahankan keberadaan personil yang kompeten dari kedua bank dari saat pengumuman transaksi merger sampai sekarang.
- Menjalin kerja sama antar personil kedua bank selama proses merger.
- Mengawali kerja sama dengan unit Treasury Kantor Pusat di Kuala Lumpur melalui penugasan jangka pendek personil trader.
- Pada bulan Agustus 2008 berhasil meluncurkan produk X-Tra Range Accrual Market Linked Deposit berjangka 3-tahun dengan total dana yang dihimpun sekitar USD 65 juta.
- Pada bulan September 2008 menyelenggarakan pertemuan Treasury regional di Kuala Lumpur dengan peserta dari Kuala Lumpur, Singapura dan Indonesia untuk membahas rencana kerja 3-tahun (2009-2011) dari Bank CIMB Niaga.

## Tantangan yang dihadapi

- Pelaksanaan aktivitas Front Office fungsi Treasury pada dua sistem yang berbeda (Kondor+ dan Murex) sebelum instalasi platform tunggal pada Februari 2009.
- Penerapan FTP tunggal di Bank CIMB Niaga pada Januari 2009.
- Penerapan 'shadow accounting' antara unit product-owner dan unit bisnis serta antara unit product-owner dan Sales & Distribution.
- Menyempurnakan KPI untuk meningkatkan penjualan produk-produk Treasury.
- Pelatihan produk Treasury untuk meningkatkan kemampuan personil Sales di kantor cabang dalam memasarkan produk Treasury.
- Memperoleh kemampuan penentuan struktur harga untuk produk derivatif dalam mata uang Rupiah sehingga tidak perlu lagi melakukan outsourcing ke bank asing di Indonesia.

### Scope of Business/ Merger activities

The IT & Operations Group provides centralized information and service deliveries. It acts as a key strategic partner and value added contributor to Bank CIMB Niaga's vision, by adopting IT governance standard best practices. It also leverages the Group's synergies in terms of regional IT architecture and platform.

### Major achievements for merger

- Completed the TOM for 8 operations work streams with the following target achievements by SPD1 (specify date).
  - Consolidation of 2 centralised cheque processing centres
  - Harmonisation of back office personnel between both entities
  - Harmonisation of Trade Desks within the branches across Indonesia
  - Alignment of processes between the service and back office operations across all branches nationwide
- Completed target application selection across all Bank Lippo and Bank Niaga systems, targeting to achieve significant IT cost savings through reduced systems maintenance and support costs.
- Completed simulated stress test on the current infrastructure and architecture planning. This will enable the bank to plan and design a more robust IT enterprise environment to accommodate business demands, even after the merger.

### Challenges

- To manage cross team dependencies and gather system requirements from multiple businesses and support teams across both banks.
- To continuously act as business enablers throughout the whole period of the merger and having no impact to business in 2008 and 2009.

### Lingkup aktivitas

IT & Operations Group menyediakan dukungan distribusi informasi dan layanan secara tersentralisasi, dan berperan sebagai mitra strategis serta kontributor nilai-tambah bagi tercapainya visi Bank CIMB Niaga melalui penerapan standar praktik tata kelola Teknologi Informasi (TI) terbaik. IT & Operations juga menggalang sinergi di lingkungan CIMB Group melalui pendayagunaan platform dan arsitektur TI secara regional.

### Hasil-hasil yang telah dicapai

- Menyelesaikan TOM (Target Operation Model) untuk 8 alur kerja operasional dengan target pada SPD1 sebagai berikut:
  - integrasi 2 pusat pemrosesan cek tersentralisasi
  - penyelarasan personil back office di kedua organisasi
  - penyelarasan Trade Desk di kantor-kantor cabang di seluruh Indonesia
  - Penyelarasan proses operasional fungsi pelayanan dan back office di kantor-kantor cabang di seluruh Indonesia
- Menyelesaikan proses seleksi aplikasi di seluruh sistem yang ada di Bank Niaga dan Bank Lippo, sehingga dapat menghemat biaya pemeliharaan dan dukungan sistem.
- Menyelesaikan simulasi stress test pada infrastruktur TI yang ada, serta melakukan perencanaan arsitektur TI agar dapat merancang platform TI perbankan yang lebih kokoh untuk mengakomodasi perkembangan kebutuhan bisnis ke depan.

### Tantangan yang dihadapi

- Mengelola faktor ketergantungan antar-team, serta melakukan kompilasi kebutuhan sistem dari berbagai unit bisnis dan unit pendukung di kedua bank.
- Berperan sebagai 'business enabler' selama keseluruhan proses merger, tanpa mengganggu proses bisnis di tahun 2008 dan 2009.

## Scope of Business/ Merger activities

Assistance in the integration area of Finance

- Financial accounting for Bank CIMB Niaga that covers:
  - Conversion to Financial Management System
  - Reconciliation
  - Chart of Account (COA) Mapping
- Alignment and implementation of Accounting Policies
- Fixed Assets and Accounts Payable conversion
- Alignment and implementation of regulatory reporting process

## Major achievements for merger

- Completed the TOM for Finance
- Completed the alignment of key accounting policies
- Submitted the system related requirements to IT
- Defined the 4 level reconciliation approach

## Challenges

- Maintain compliance to regulatory requirements during the interim period
- Cross team management of requirements to cater for business needs
- Mapping and freezing of Chart of Accounts mapping into Islamic and Conventional banking
- Ensuring that level 1 reconciliation is properly conducted by non finance units for selected applications

## Lingkup aktivitas

Memfasilitasi proses integrasi aspek Finance, meliputi:

- Fungsi akuntansi keuangan di Bank CIMB Niaga, termasuk:
  - Proses konversi ke Financial Management System
  - Rekonsiliasi
  - Pemetaan akun (Chart of Accounts)
- Penyelarasan dan penerapan kebijakan akuntansi
- Konversi akun Fixed Assets dan Accounts Payable
- Penyelarasan dan penerapan proses pelaporan sesuai regulasi

## Hasil-hasil yang telah dicapai

- Menyelesaikan TOM (Target Operation Model) untuk Finance.
- Menyelesaikan sinkronisasi kebijakan akuntansi penting.
- Menyampaikan kebutuhan terkait sistem kepada TI.
- Merumuskan pendekatan rekonsiliasi 4-tingkat.

## Tantangan yang dihadapi

- Menjaga kepatuhan kepada regulasi yang relevan selama periode interim.
- Mengelola kebutuhan secara cross-team sesuai proses bisnis.
- Pemetaan dan finalisasi Chart of Account untuk perbankan Syariah dan konvensional.
- Memastikan bahwa rekonsiliasi tingkat-1 dilakukan dengan semestinya oleh unit-unit non-Finance untuk beberapa aplikasi tertentu.

## Scope of business/ Merger activities

“Enabler to the merger” – To focus on talent management and capability development in realizing the TOM. The intent is to ensure the right people with the right skills are deployed for the right jobs.

## Major achievements for merger

- Completed HR roadshows to entice > 11,000 staff to join the combined bank, with commendable success rate of 96% acceptance
- Finalized the Level 1 and 2 organization structure and talent placement (all ex-Group Heads and above).
- Started work on the remaining levels across all departments, 80% completed
- Formed branch manager selection committee
- Firm up HR workstream structure to drive the integration milestones moving forward
- Reviewed key alignment for compensation and benefits

## Challenges

- To carefully manage bankwide staff selection and deployment
- To maintain employee trust and to keep the intellectual capital they represent “on board”.

## Lingkup aktivitas

Sebagai ‘enabler to the merger’, HR berfokus kepada pengelolaan talenta serta pengembangan kapabilitas dalam rangka mewujudkan TOM (Target Operation Model), untuk memastikan bahwa personil yang tepat dengan kompetensi yang tepat telah ditempatkan pada pekerjaan yang tepat.

## Hasil-hasil yang telah dicapai

- Menyelesaikan rangkaian HR roadshow, dengan pencapaian sekitar 96% dari lebih dari 11.000 personil kedua bank memilih untuk bergabung dengan bank hasil merger
- Menuntaskan restrukturisasi organisasi dan penempatan personil Level 1 dan 2 (jabatan Group Head ke atas)
- Menyelesaikan 80% dari proses penempatan personil di tingkat-tingkat di bawah Group Head untuk seluruh divisi
- Membentuk komite penyeleksian manager kantor cabang
- Menyelaraskan struktur alur kerja HR untuk mendukung percepatan proses integrasi ke depan
- Mengkaji-ulang sinkronisasi struktur gaji dan tunjangan kerja

## Tantangan yang dihadapi

- Mengelola seleksi dan penempatan personil di seluruh tingkatan organisasi
- Menjaga kepercayaan karyawan dan mempertahankan kompetensi yang ada saat ini



### Scope of Business/ Merger activities

- Corporate Office is host to the BOD function to provide a number of strategic support and advisory services including secretarial services in terms of Corporate Affairs, Corporate Communications, Investor Relations and Legal. The Office manages strategic issues, information and knowledge of the organization to ensure the BOD strategic initiatives are well communicated and legally complied.
- Corporate Affairs manages Good Corporate Governance (GCG) implementation, maintains Government Relation and Licensing, Boards Administration and Management Support, manages Community Relation and Development, Shareholders General Meeting, including coordinating BOD & BOC agendas, BOD meetings and Secretariat, Boards Key Performance Indicators (KPI) and Resolution monitoring.
- Corporate Communications manages the relationship and the reputation of the bank through the optimization of various internal and external communication channel in a timely and accurate manner
- Investor Relations manages the relationship and the communication with local and international investors, including the holding company (CIMB Group), to present and promote the credibility of management, build the implementation track record of strategies, the prospects of the bank, and business fundamentals to meet the potential and existing investor's expectation.
- Legal comprises of Corporate Legal (CL) and Business Legal (BL). It manages all legal issues from policy to implementation of all business and process, in complying with all regulatory requirements. We pro-actively anticipate regulatory trends and risks timely and accurately. Legal also ensures the BOD strategic initiatives are complied and regularized to minimize any operational risks.

### Lingkup aktivitas

- Corporate Office merupakan fungsi di bawah Direksi yang menyediakan dukungan strategis terkait fungsi Corporate Affairs, Corporate Communications, Investor Relations, dan Legal. Corporate Office mengelola aspek informasi dan hukum di dalam organisasi untuk memastikan tercapainya sosialisasi prakarsa-prakarsa strategis Direksi maupun kepatuhan terhadap hukum.
- Fungsi Corporate Affairs menangani implementasi Tata Kelola Perusahaan (GCG), urusan Government Relations dan Perijinan, Board Administration dan Management Support, Community Relations dan Community Development, serta Rapat Umum Pemegang Saham (RUPS), termasuk mengkoordinasikan agenda kerja Dewan Komisaris dan Direksi, rapat Direksi dan Sekretariat Dewan, KPI (Key Performance Indicator) untuk Komisaris dan Direksi, serta memantau pelaksanaan keputusan RUPS.
- Fungsi Corporate Communications mengelola aspek hubungan masyarakat dan reputasi perusahaan dengan memastikan terpeliharanya arus penyampaian informasi internal maupun eksternal kepada pihak-pihak yang berkepentingan secara akurat dan tepat-waktu.
- Fungsi Investor Relations mengelola hubungan dan komunikasi dengan investor domestik maupun internasional, termasuk pihak perusahaan holding (CIMB Group), dalam menyampaikan informasi mengenai kredibilitas manajemen, pelaksanaan kebijakan strategis, prospek usaha, dan fundamental bisnis perusahaan, sesuai dengan ekspektasi investor saat ini maupun ke depan.
- Fungsi Legal terdiri dari unit Corporate Legal dan Business Legal, yang mengelola permasalahan dan aspek hukum pada seluruh proses dan aktivitas usaha mulai dari perumusan kebijakan sampai implementasinya agar sesuai dengan ketentuan hukum yang ada, serta secara pro-aktif melakukan langkah antisipasi terhadap risiko perubahan regulasi. Legal juga memastikan kepatuhan terhadap arahan strategis yang diambil oleh Direksi untuk meminimalkan risiko operasional.

### Major Achievements for Merger

- Completed integration and alignment of Corporate Office, work-streams and portfolio between both banks.
- Finalized the TOM for Corporate Office, forming a solid foundation to move forward to support the Board of Management of the merged-bank.
- Finalized the re-branding program to manage public perception, in a positive manner to customers and staff (branding socialization) to ensure smooth conversion of name, logo, and activities both internally and externally.
- Align communication SOP (Standard Operating Procedure) as a corporate communication procedures and policy of the new merged bank.
- Combined and synergized the corporate legal issues and aspects from the two banks into the merged bank, to complement each other.

### Challenges

- Building a new corporate culture and creating a synergy of the newly merged bank
- To minimize any operational risks by ensuring the business process of the two banks are not disrupted during integration.
- To ensure the staff morale is not affected
- To ensure third parties (all stakeholders): e.g. lawyers, valuers, strategic partners, financial institutions, employees, regulators, government, investors, analysts and customers are informed and updated as and when required.

### Hasil-hasil yang telah dicapai

- Menyelesaikan integrasi dan sinkronisasi fungsi, alur kerja dan portofolio Corporate Office antara kedua bank
- Menuntaskan TOM (Target Operation Model) untuk fungsi Corporate Office, dalam rangka memberikan dukungan strategis kepada Manajemen Bank CIMB Niaga paska-merger.
- Menuntaskan program re-branding untuk memelihara persepsi positif di masyarakat, nasabah dan karyawan, serta memfasilitasi proses perubahan nama, logo, dan aktivitas, baik untuk keperluan internal maupun eksternal.
- Menyelesaikan SOP (Standard Operating Procedure) untuk kebijakan dan prosedur komunikasi perusahaan di Bank CIMB Niaga.
- Melakukan sinkronisasi antara aspek dan permasalahan corporate legal dari kedua bank agar dapat bersinergi dan saling melengkapi di bank hasil merger.

### Tantangan yang dihadapi

- Mengembangkan suatu budaya perusahaan yang baru yang dapat menciptakan sinergi di bank hasil merger
- Meminimalkan risiko operasional dengan cara menghindari gangguan terhadap proses bisnis di kedua bank selama proses integrasi
- Menjaga moril karyawan untuk tetap baik dan positif
- Memastikan ketersediaan informasi yang akurat dan tepat-waktu bagi seluruh pihak yang berkepentingan (penasihat hukum, penilai, mitra strategis, institusi keuangan, karyawan, pihak regulator, pemerintah, investor, analis pasar modal, dan nasabah).

## Scope of Business/ Merger activities

Risk Management (RM) Group's main role is becoming the Center of Excellence for Enterprise Risk Management and Risk Analytics. RM is also in charge of managing the bankwide risks & return trade-offs and also a partner for all Business and Supporting units.

Credit Group's main function is to determine the Credit Underwriting & Approval Process across business segmentations and also to determine the Credit Reviewer's Organization as an independent credit evaluation party

## Major achievements for merger

- Completed the TOM for Credit and Enterprise Risk Management ("CERM")
- Finalized organization structure with 4 groups under CERM comprising Corporate Credit & Treasury, Commercial Credit, Enterprise Risk Management & Analysis, and Business Risk Management.
  - Corporate Credit and Treasury organization is accountable for Corporate Credit and High End Commercial Credit.
  - Commercial Credit organization focuses on medium to small enterprise, micro credit, and retail banking.
  - Enterprise Risk Management & Analysis organization deals with risk modeling, integrated risk monitoring and reporting (including balance sheet & liquidity risk monitoring)
  - Business Risk Management organization is accountable for policy and operational risk monitoring
- The basic risk policy alignment of both banks have been completed, including policy & main procedure developments that are related to credit, market & liquidity, operation & IT, and risk acceptance criteria.
- Executive Committee Alignment has been completed, the organization comprises Risk Executive Committee for Credit, Market, and Operations; and Non-Risk Executive Committee for IT, Asset & Liabilities, Business Development, HR, and implementation of Good Corporate Governance.
- Completion of credit approval models for all business segments (Corporate Banking, Business Banking & Retail Banking), including the alignment of Loan Origination System for Business Banking and Retail Banking.
- Delegation of Authority and Terms of Reference for all types of loans (current and restructured) on all bankwide segmentation have been developed, daily transaction (tellers, dealers, etc) & expenditure limits have also been developed.

## Lingkup aktivitas

Fungsi utama Risk Management (RM) Group adalah untuk menangani aspek Enterprise Risk Management serta Analisa Risiko. RM juga berperan mengelola keseimbangan risiko dan hasil di seluruh aktivitas bank serta menjadi mitra bagi unit bisnis dan pendukung.

Fungsi utama Credit Group adalah menangani Proses Penjaminan dan Persetujuan Kredit di seluruh segmen usaha, dan mengelola organisasi Credit Reviewer sebagai fungsi evaluasi kredit yang independen.

## Hasil-hasil yang telah dicapai

- Finalisasi TOM untuk Credit & Enterprise Risk Management (CERM)
- Finalisasi struktur organisasi CERM dengan 4 group yaitu Corporate Credit & Treasury, Commercial Credit, Enterprise Risk Management & Analysis, dan Business Risk Management.
  - Corporate Credit & Treasury menangani kredit korporat dan kredit komersial high-end
  - Commercial Credit menangani sektor UKM, kredit mikro dan perbankan ritel
  - Enterprise Risk Management & Analysis menangani pemodelan risiko, serta pemantauan dan pelaporan risiko yang terpadu (termasuk pemantauan risiko di neraca dan risiko likuiditas)
  - Business Risk Management menangani pemantauan kebijakan dan risiko operasional.
- Sinkronisasi kebijakan risiko di kedua bank, termasuk pengembangan kebijakan dan prosedur utama yang terkait dengan kredit, pasar dan likuiditas, IT & Operations, serta kriteria toleransi risiko
- Sinkronisasi di tingkat Executive Committee yang mencakup Risk Executive Committee untuk bidang Credit, Market dan Operations, serta Non-Risk Executive Committee untuk IT, Asset & Liabilities, Business Development, SDM, dan implementasi Tata Kelola Perusahaan (GCG).
- Finalisasi model persetujuan kredit untuk seluruh segmen (Corporate Banking, Business Banking dan Retail Banking), termasuk sinkronisasi Loan Origination System di Business Banking dan Retail Banking.
- Pendelegasian wewenang kredit dan TOR (Terms of Reference) untuk kredit lancar maupun yang telah direstrukturisasi di seluruh segmen usaha, termasuk batasan transaksi dan pengeluaran harian (untuk personil teller, dealer dan lain-lain).

## Challenges

- To comply with the combined bank reports to authorities within the stipulated timeframe.
- Implementation of changes in the risk policy & models will result in changes in procedures within the business & support units, therefore a wide and coordinated socialization across divisions is of high importance during the alignment of procedures that are directly related with business & support. Also to ensure a smooth transition from the current model to the target model
- To ensure that all staff morale is not affected and also to prepare a bank wide risk framework that accommodate Basel II compliance.

## Tantangan yang dihadapi

- Kepatuhan terhadap aspek pelaporan sesuai jadwal kepada otoritas terkait.
- Perubahan kebijakan dan pemodelan risiko berdampak kepada perubahan prosedur pada unit bisnis dan pendukung, sehingga diperlukan adanya proses sosialisasi antar-divisi yang terkoordinir pada saat sinkronisasi prosedur di unit-unit tersebut, selain juga untuk mendukung kelancaran transisi dari model yang ada saat ini ke TOM yang baru
- Meminimalkan dampak terhadap moril karyawan, dan mempersiapkan kerangka pengelolaan risiko bank sesuai ketentuan Basel II.

## Glossary

<b>Bank CIMB Niaga</b>	PT Bank CIMB Niaga Tbk (The merged entity)
<b>Bank Lippo</b>	PT Bank Lippo Tbk
<b>Bank Niaga</b>	PT Bank CIMB Niaga Tbk (Referring to pre-merger entity)
<b>BCHB</b>	Bumiputra-Commerce Holdings Berhad
<b>BI</b>	Bank Indonesia
<b>BOC</b>	Board of Commissioners
<b>BOD</b>	Board of Directors
<b>CIMB Group</b>	CIMB Group Sdn. Bhd.
<b>EGM</b>	Extraordinary General Meeting
<b>HR</b>	Human Resource
<b>IDR</b>	Indonesian Rupiah
<b>IGC</b>	Integration Governance Committee
<b>IPO</b>	Integration Program Office
<b>ISC</b>	Integration Steering Committee
<b>IT</b>	Information Technology
<b>ITF</b>	Integration Taskforces
<b>Khazanah</b>	Khazanah Nasional Berhad
<b>LD1</b>	Legal Day 1
<b>LDR</b>	Loan Deposit Ratio
<b>NIM</b>	Net Interest Margin
<b>NPL</b>	Non Performing Loan
<b>SIT</b>	System Integration Test
<b>SME</b>	Small Medium Enterprise
<b>SPD1</b>	Single Platform Day 1
<b>SPP</b>	Single Presence Policy
<b>TOM</b>	Target Operating Model
<b>UAT</b>	User Acceptance Test
<b>USD</b>	United States Dollars



