



Merger Closing Report

November 2009

CONTENTS

CIMB Niaga One Bank, One Vision	1
Preface	3
A Merger for Growth	3
Merger Success Story	5
The Power of Teamwork	5
Overview	7
Branch Network	12
Vision & Values	13
Management	14
Merger Architecture	16
SPD1	18
Training Sessions	30
IT Command Center	32
SPD1 Events	34
Merger Synergy	36
Branding	44
Internal Communications	53
Strategy	54
Financial Review	56
CIMB Niaga Fact Sheet	58
Report by Various Functions	59



One Bank, One Vision

The merger of LippoBank into CIMB Niaga represents the single greatest leap forward to occur in Southeast Asia's banking sector in recent times. Through the hard work of management and employees, the steadfast support of shareholders and the diligent cooperation of Indonesian regulating bodies, CIMB Niaga has successfully integrated all of its Banking Systems and Operations.

CIMB Niaga now offers its customers the most comprehensive portfolio of universal banking services in Indonesia combining its strengths in retail, SME and corporate banking, as well as payment services. The merger makes CIMB Niaga the 5th largest bank by branch and ATM network. As a result of the merger, CIMB Niaga proudly serves its customers at over 650 branch offices and near 1,300 ATMs. With the full support of CIMB Group—CIMB Niaga's majority shareholder—CIMB Niaga will continue to develop innovative products and services for customers' ease of banking transactions.

CIMB Niaga's merger for growth is a critical part of its continuing aim to achieve the Bank's vision: "To be the most trusted Indonesian Bank that is part of Southeast Asia's leading Universal Bank by understanding our customers' needs, providing the right comprehensive financial solutions and building lifetime relationships."

Through its commitment to Integrity, perseverance to always place Customers first and passion for Excellence, CIMB Niaga will continue to leverage its strengths to fully realize all of the synergies which the merger has to offer. These are the core values of CIMB Niaga and they are its obligations for the dynamic and promising road ahead.



A Merger for Growth



The merger of Bank Niaga and LippoBank is a significant milestone for CIMB Group as it was a major step in realising our regionalisation agenda. Initially conceived to comply with Bank Indonesia's Single Presence Policy, the merger's strong commercial and business rational soon became the overriding objective.

A methodical merger plan was formulated and its implementation was overseen by a strong governance framework comprising representatives from all parties. The teams went to work together immediately executing Indonesia's first major banking merger. The merger's first milestone i.e. Legal Day 1 was achieved on 1 November 2008 as planned and work then focused on the more complex integration process. The next milestone was the challenge of executing Southeast Asia's largest "big bang" business and IT integration exercise, entailing the reconciliation of more than 1.4 million customers or approximately 1.7 million accounts and training more than 8,000 staff within 10 months. I am delighted that this was achieved on 18 May 2009, four months ahead of schedule, where Bank Niaga and LippoBank were successfully integrated and began operating as "one bank." The team's meticulous planning and careful execution resulted in the 99.997% success rate; an outstanding achievement considering the accelerated time line.

In hindsight, the progress that we've made over the past 15 months has been truly remarkable, given the enormity of the task, and the complexities of the challenges that were laid before us. But what excites me even more is the road ahead – if we take the levels of cooperation, dedication and passion which we have seen over this relatively short period as an indication of things to come, I am confident that the future of CIMB Niaga, and of CIMB Group will be most promising indeed.

On behalf of CIMB Group, I would like to congratulate and thank the management and staff of CIMB Niaga and all those involved for their steely determination and tenacity in making this merger a success. They have performed admirably – overcoming the myriad challenges and enduring the punishing deadlines. I hope that this Merger Closing Report will give you a sense of the team's journey over the past year, their many achievements and their goals moving forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Nazir Razak". The signature is fluid and cursive.

Dato' Sri Nazir Razak

Group Chief Executive, CIMB Group
September 2009

Merger Success Story

- ▶ CIMB Niaga is the first bank in Southeast Asia to achieve full integration of all IT and operation platform functions using a single “big bang” business and IT integration approach.
- ▶ The vast majority of employees supported the merger. Continuous workshops, well conceived communication resources as well as a range of socialization programs to embrace employees from all levels resulted in 97% of the bank’s employees opting to join with the merged bank.
- ▶ All banking systems and operations were fully integrated within 10 months; just over 4 months ahead of schedule.
- ▶ The majority of customers have stayed with the merged bank conforming to target patterns set by the CIMB Niaga anti-attribution team during early merger planning. Customers now have better access through the expanded distribution network. Additionally, they have a broader range of products and services to choose from. The merger has greatly enhanced the Bank’s financial scale, widening opportunities for all stakeholders.
- ▶ The merger has been steadfastly supported by both Indonesian and Malaysian regulatory bodies.

The Power of Teamwork



Both CIMB Niaga (formerly Bank Niaga), as a part of the CIMB Group and LippoBank have long resolved to be among of the top five banks in Indonesia. Each bank has individually pursued this vision by aggressively focusing on innovating new product lines and penetrating untapped customer segments for organic business expansion. The successful merger between the two banks represents a step forward in making the vision a reality in the form of the merged entity CIMB Niaga.

As of June 2009, CIMB Niaga is the 5th largest Indonesian bank by assets and also by the scale of its loans and deposits. Its 655 branch outlets and 1,261 ATMs spread throughout the Indonesian archipelago provide it with the 5th largest distribution network. Through the merger, CIMB Niaga has greatly enhanced the range of products and services which it is able to provide. CIMB Niaga is dedicated to delivering the highest quality of excellence for its products and services with a passion to always puts the customer first. This is a reflection of the core values of CIMB Niaga.

The Merger Closing Report provides insight as to the manner in which CIMB Niaga's human, physical and financial resources were mobilised to make the merger a reality. The merger was initially led by the Integration Governance Committee (IGC) and later (after Legal Day 1) was replaced by the Integration Steering Committee (ISC) and the Integration Program Office (IPO).

On the front lines, 34 Integration Task Force (ITF) teams were established to carry out the merger. Among them were 9 business ITF teams, which were responsible for front end services to CIMB Niaga's clients, making sure that the merger transpired in seamless fashion, maintaining business as usual to the broader public. These teams were in turn supported by 9 cross functional support teams that were accountable to address all matters relating to the alignment of support functions that facilitate the operating models of the business units in the combined bank. Finally there were 16 Information Technology Teams who worked under intense pressure to ensure that the entire system went live without any disruption to the work of their counterparts. Together the ISC, IPO and the 34 ITF teams collaborated with a single focus of mission to establish the Target Operating Model (TOM) upon which CIMB Niaga could continue to deliver its service excellence.

Apart from the ITF teams, HR also played a vital role during the integration processes. Through various HR and internal communication channels and events, HR continuously socialized the merger phases and achievements to all employees. As a result, there was strong support from all employees throughout the integration process. Along the road to full integration CIMB Niaga maintained an exemplary track record for achieving key strategic

PREFACE

milestones. Very early in the process came a series of quick wins. These included the integration of our Treasury and Custody work streams, the co-location of the Bank's Call Center, 14041, and the synchronization of all Credit Card applications. These victories were all achieved in advance of Single Platform Day 1 (SPD1), allowing the merger integration teams and management to focus all available resources on core banking applications when the cut over date arrived. Owing to CIMB Niaga's decision to pursue a 'big bang' approach, SPD1 was successfully achieved on 18 May 2009, nearly 4 months ahead of schedule at a cost lower than initially forecast.

Following on the momentum provided by the successful integration of our systems onto a Single Platform, the Bank has been able to strategically launch new product offerings for its customers. Among others, these include: Tabungan X-Tra for savings, Depo X-Tra for time deposits; X-Tra Fixed Rate for Market Linked Deposits; as well as KPR X-Tra Dinamis, a bundled mortgage and savings product. Additionally CIMB Niaga has identified 27 new product enhancements directly resulting from the merger. As a key success factor of the system integration, customer attrition has always been one of our top priorities. We are grateful that CIMB Niaga has been able to maintain its close relationship with its customers, which has resulted in the low rate of customer attrition.

Going forward, the Bank will continue to explore the full range of synergies offered by its increased scalability, economies of scale and expanded sales and distribution network. This will include continuing opportunities to leverage the Universal Banking platform provided through CIMB Group. For the next 3 years until 2011, the Bank has targeted total merger synergy values of approximately Rp1.5 trillion Profit Before Tax. These are mainly to be derived from the retail and corporate segment customers. Up to August 2009 YTD, the actual synergy achievements is encouraging at 56%. We are optimistic that the synergy values from the merger will be achieved along with the accelerated strengths of the combined resources of the two banks plus the support from CIMB Group.

I wish to thank all of CIMB Niaga's employees for the dedication which they have demonstrated during the merger process. Also I wish to thank the shareholders for their continuing support of the leadership demonstrated by CIMB Niaga Management. Special gratitude also needs to be expressed to the Indonesian regulatory bodies - Bank Indonesia, the Indonesia Capital Market and Financial Institution Supervisory Board (BAPEPAM – LK) and the Director General of Taxation. Finally I wish to thank all of CIMB Niaga's customers for their continued patronage of the Bank. Together we will continue to excel, and reach our goals.

Sincerely,



Arwin Rasyid
CEO CIMB Niaga
September 2009

Combined Strength

The merger which made CIMB Niaga the 5th largest Indonesian bank by assets as of June 2009, involved two of the most respected financial institutions in the country, both with a long history of trusted service.

Bank Niaga was established on 26 September 1955. Over the years it has built its core values and developed respected professionalism in banking. As the first local bank to introduce ATM services in 1987 and also an on-line banking system in 1991, Bank Niaga became regarded as one of the most innovative banks in Indonesia. Bank Niaga was listed on the Jakarta and Surabaya Stock Exchange (now the Indonesia Stock Exchange – IDX) on 29 November 1989.

LippoBank was established in March 1948. After a merger with PT Bank Umum Asia, LippoBank went public and was listed on the local Stock Exchange in November 1988. The Government of Indonesia would temporarily secure a majority share holding in both banks in the wake of Asian Financial Crisis, which affected the region in the late '90s. The government's divestiture of the two assets would sow the seeds of the merger, which was later to be achieved.

In November 2002 Commerce Asset-Holding Berhad (CAHB), now known as CIMB Group Holdings Berhad (CIMB Group Holdings), acquired majority control of

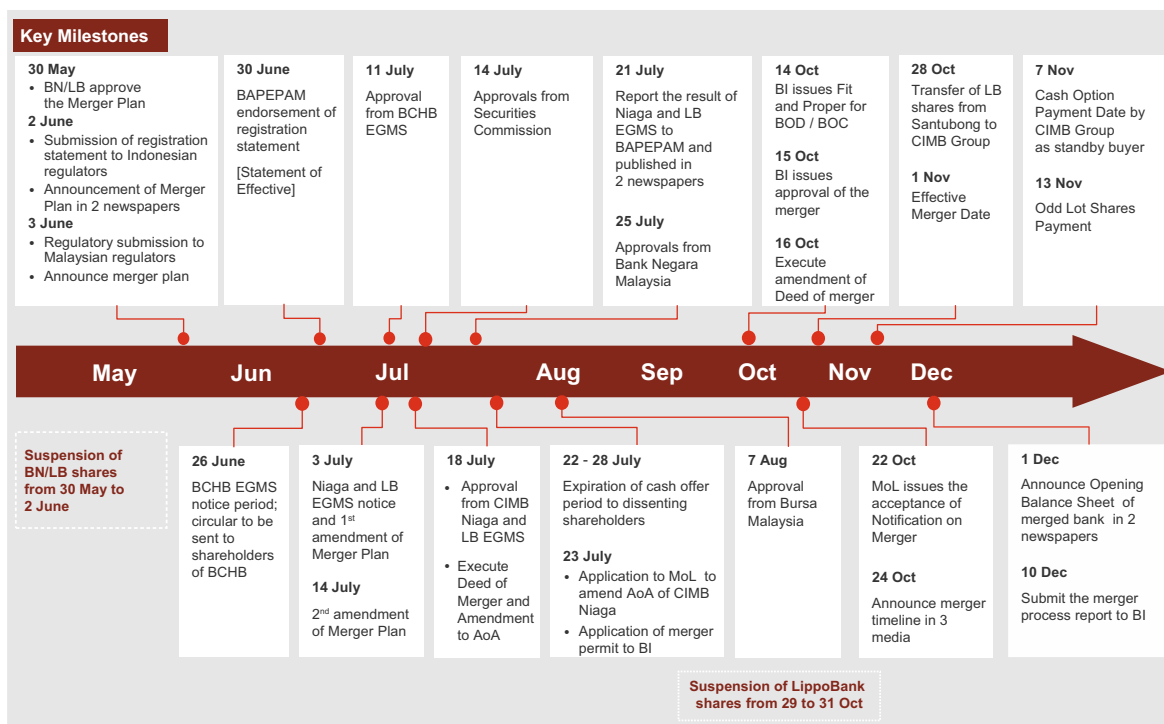
Bank Niaga from the Indonesian Bank Restructuring Agency (IBRA).

In an entirely separate transaction, Khazanah, the majority shareholder of CIMB Group Holdings (formerly known as Bumiputra Commerce Holdings Berhad) acquired majority ownership of LippoBank on 30 September 2005. It would subsequently go on to transfer its shares to CIMB Group on 28 October 2008 as part of an internal reorganization to consolidate all its operating subsidiaries under CIMB Group, the universal banking platform.

Khazanah as the ultimate shareholder of Bank Niaga (via CIMB Group) and of LippoBank is a strategic investor in the Indonesian banking sector. Since 2007 Khazanah had envisaged the merger as a means to secure the majority shareholders' obligations toward Bank Indonesia's Single Presence Policy. The union is the first merger to specifically fulfill these conditions.

In May 2008, Bank Niaga changed its name to CIMB Niaga as approved by an Extraordinary General Meeting of Shareholders. CIMB Niaga's and LippoBank's Merger Plan Agreement was signed on 18 July 2008. Pursuant to the shareholders' approval of the merger, both CIMB Niaga and LippoBank began to initiate an integration process, involving

Fig. 1: The Merger Deal Timeline



OVERVIEW

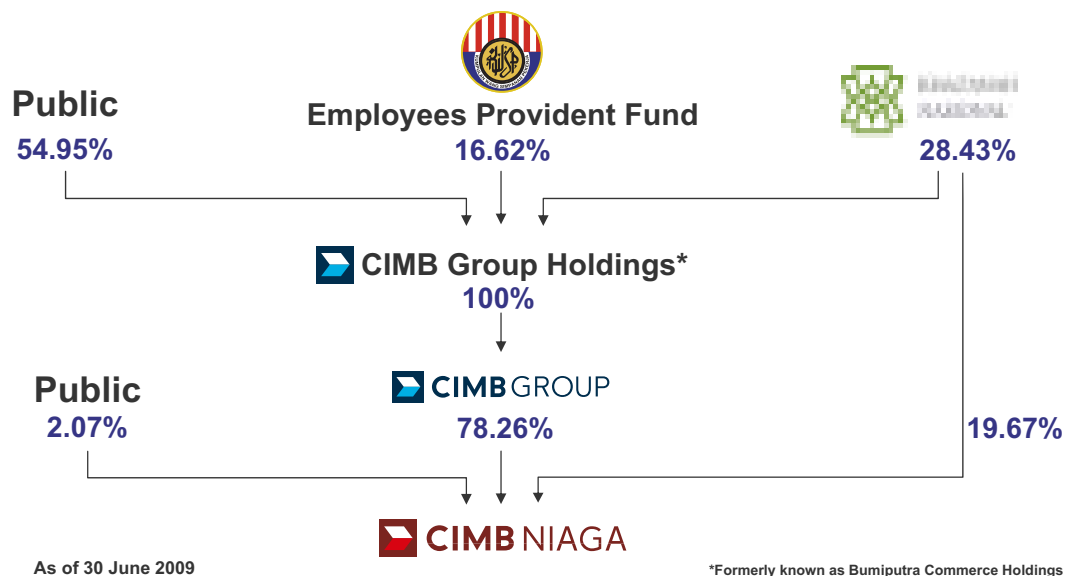
various legal, operational and organizational aspects. Among others, these included Products and Services, Business Units, Sales & Distribution, Syariah Banking, Risk Management, Human Resources, Compliance, Finance, Communications, IT and Operations and Corporate Affairs.

Subsequent to receiving Merger Plan Approval from Bank Indonesia, the Merger Notification's Acceptance Letter from the Ministry of Justice and Human Rights was officially issued in October 2008. LippoBank officially merged into CIMB Niaga on 1 November 2008 and launched the new logo in recognition of the

merger. The latter date is hence referred to as Legal Day 1 (LD1).

From LD1 onwards, all of ex-LippoBank's pre-existing legal obligations - including its corporate, business and customer relationships - have been transferred to, and assumed by CIMB Niaga. Khazanah continues to maintain a share holding in CIMB Niaga. It directly holds 19.67% of CIMB Niaga shares. The remainder of its interest in the Bank is held indirectly through its ownership of 28.43% of the shares of CIMB Group Holdings, which is 100% owner of CIMB Group, the majority shareholder (78.26%) of CIMB Niaga.

Fig. 2: CIMB Niaga Shareholders



Financial Scalability

Serving our customers better

After the merger, CIMB Niaga solidified its position as the 5th largest bank in Indonesia as of June 2009, with total assets over Rp100 trillion, total loans over Rp72 trillion and total customer deposits of around Rp82 trillion. This will enable CIMB Niaga to serve customers with better products, prices and services.

Merger Rational - CIMB Niaga Today

Beyond the need to comply with the Indonesian regulatory environment through compliance with the Single Presence Policy, the merger has been driven by a profound commercial logic, which fully recognizes the enormous potential for growth and synergy presented by the union.

The rational for the merger going into LD1 was expanded upon in great detail in the January 2009: "Merger Process and Achievement Report." While the current report shares a similar theme of "A Complementary Merger for Growth," there is a greater emphasis on the post-merger synergies which have been achieved. Readers of this report are therefore encouraged to read the previous report as a reference.

The merger of CIMB Niaga with ex-LippoBank has created added-value for all shareholders, management and employees as well as for the overall banking industry in Indonesia. CIMB Niaga and LippoBank had each resolved and stated on various occasions the same vision and mission to be one of the top five banks in Indonesia and to achieve various growth and profitability milestones by 2010. In targeting these goals, both banks had individually and aggressively focused on innovating new product lines and penetrating untapped customer segments for organic business expansion.

Each of the two parties to the merger has therefore enriched the union by adding their own unique strengths. While the merger takes advantage of CIMB Niaga's strong corporate presence, mortgage niche (2nd in Indonesia, comprising around 10% market share) and established position in car finance; LippoBank also makes a strong contribution through its leadership in payment processing systems. The expanded customer base, increased scalability of loans and deposits and the extension of distribution channels provides the Bank with extensive opportunities for expanded interest and fee based income. Additionally, the improved efficiency, elimination of redundancy and overall reorganization of the Bank has created substantial cost savings.

Now, that CIMB Niaga has successfully integrated its IT and Operations onto a single platform, it will continue to focus on realizing all potential synergies provided by the merger. CIMB Niaga now occupies a

unique position in the Indonesian banking landscape. Its strengths in terms of asset size, deposits and loans and the enhancement of its distribution network are explored in Figures 3 to 8 on the following pages. Further in this report, synergies relevant to each of CIMB Niaga's business units are explored.



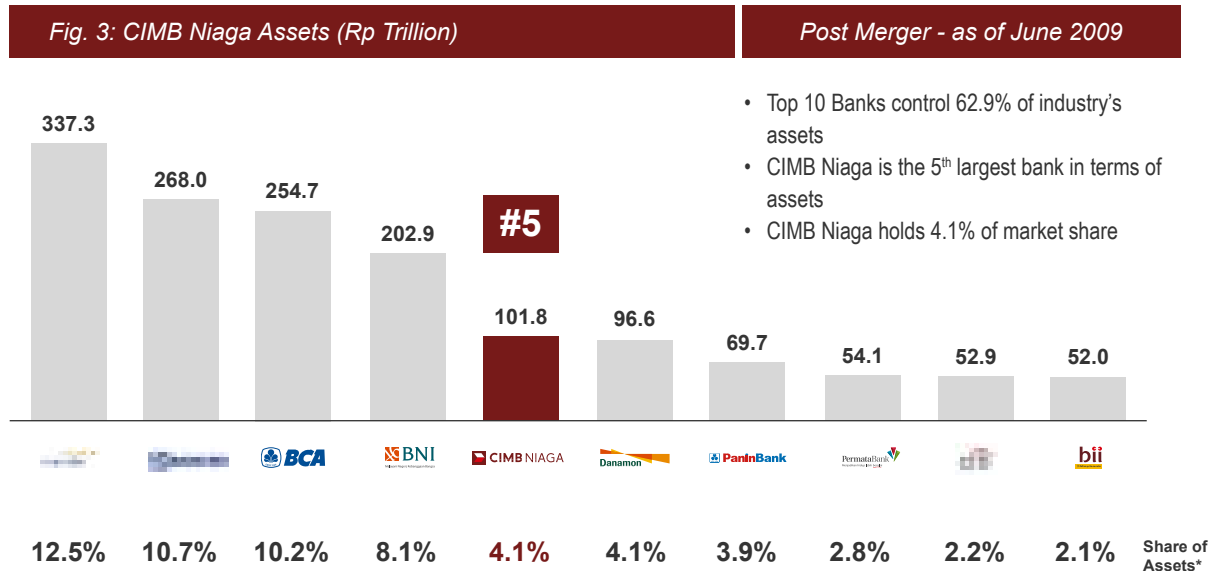
Products & Capabilities

Broadening our range of products

Through the merger, CIMB Niaga provides a comprehensive product portfolio with combined strengths of corporate lending, mortgages, SME loans, and payment processing system that offers attractive growth opportunities.

MERGER ATTRIBUTES

Prior to the merger ex-Niaga was placed number 6 in terms of assets, and ex-LippoBank was 11. In Indonesia, the top 10 banks control 62.9% of industry assets. As a result of the merger (as of June 2009) CIMB Niaga becomes the 5th largest bank in terms of assets (2nd largest private bank next to BCA) with a market share of 4.1%.



*Bank Only
Source: Indonesia Banking Statistics June 2009

CIMB Niaga is now the 5th largest bank in terms of lending. In Indonesia, the top 10 banks control 63.3% of bank lending nationwide. This includes corporate and business lending as well as consumer lending (mortgage & auto finance). CIMB Niaga now accounts for a 5.4% market share of the nation's lending.

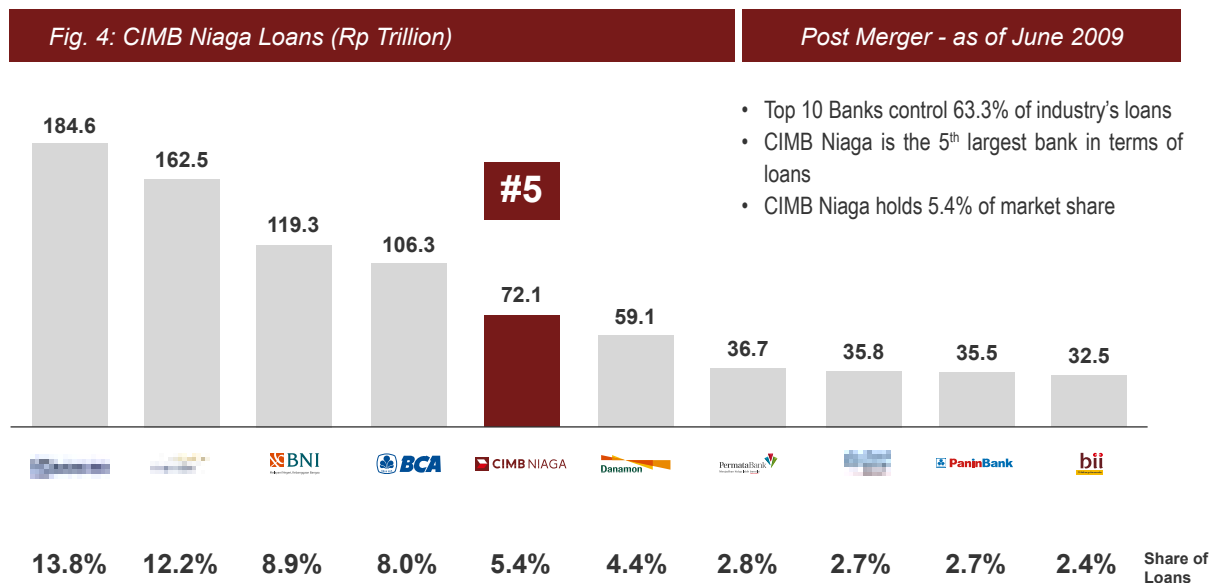
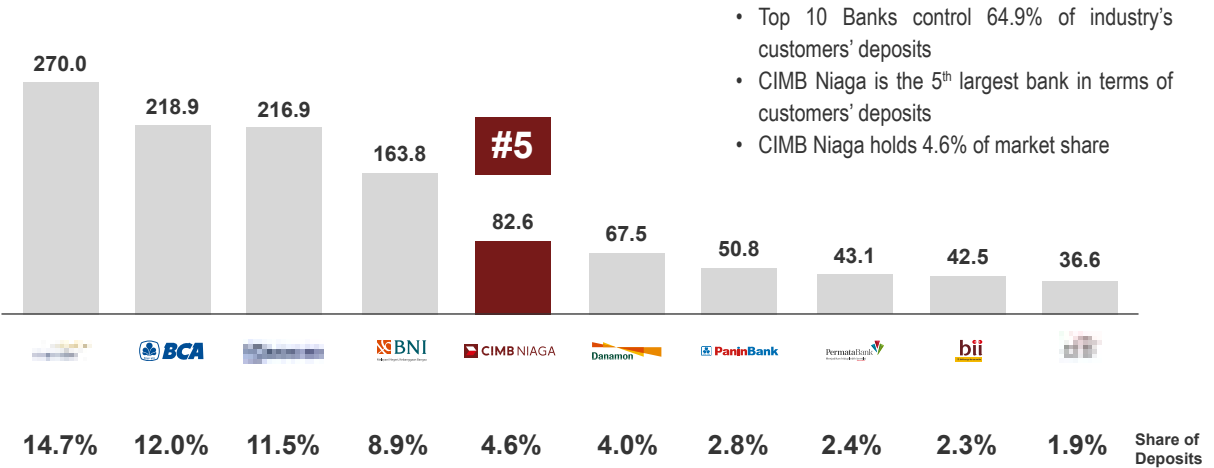


Fig. 5: CIMB Niaga Deposits (Rp Trillion) **Post Merger - as of June 2009**



- Top 10 Banks control 64.9% of industry's customers' deposits
- CIMB Niaga is the 5th largest bank in terms of customers' deposits
- CIMB Niaga holds 4.6% of market share

*Bank Only
Source: Indonesia Banking Statistics June 2009

The merger makes CIMB Niaga the 5th largest in terms of deposits. In Indonesia the top 10 banks account for 64.9% of the bank deposits nationwide. CIMB Niaga now accounts for a 4.6% share of the nation's deposits.



Wider Distribution Network Providing customers with better access to CIMB Niaga branches

Through the merger, CIMB Niaga is now the 5th largest bank in Indonesia in terms of branch network and ATM channels. This will expand us to reach out to customers better.

BRANCH NETWORK

Fig. 6: 5th Largest Branch Network

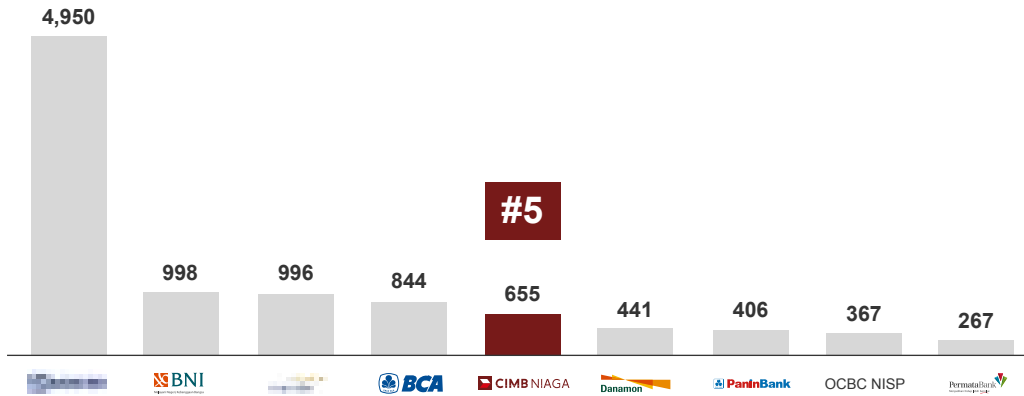


Fig. 7: 5th Largest ATM Network

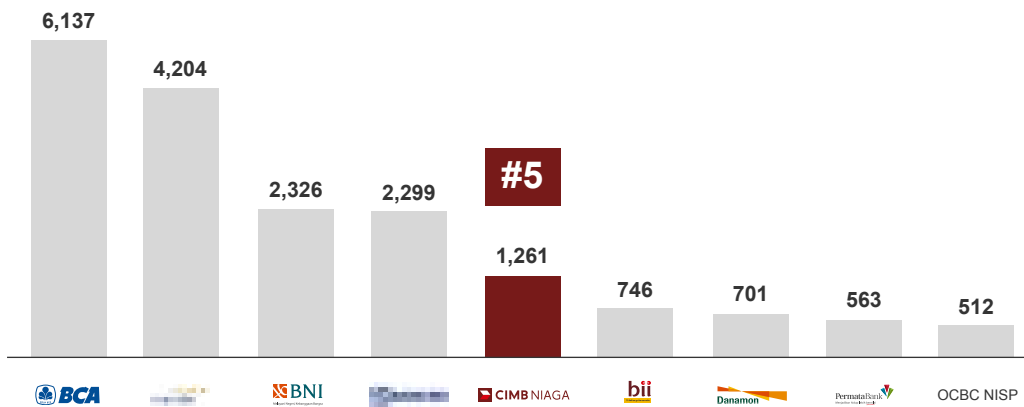
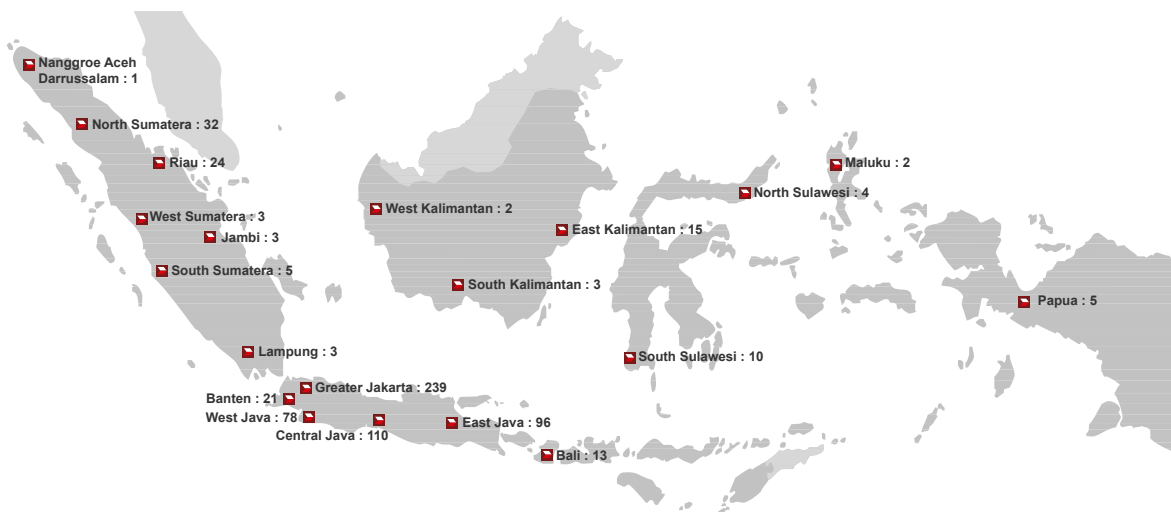


Fig. 8: Nationwide Branch Network



VISION & VALUES

Fig. 9: The CIMB Niaga Vision

The Bank's Vision



VISION

To be the most trusted Indonesian Bank that is part of Southeast Asia's leading Universal Bank by understanding our customers' needs, providing the right comprehensive financial solutions and building lifetime relationships

CIMB NIAGA

Fig. 10: CIMB Niaga Core Values

Integrity is Everything

Always Put **C**ustomers First

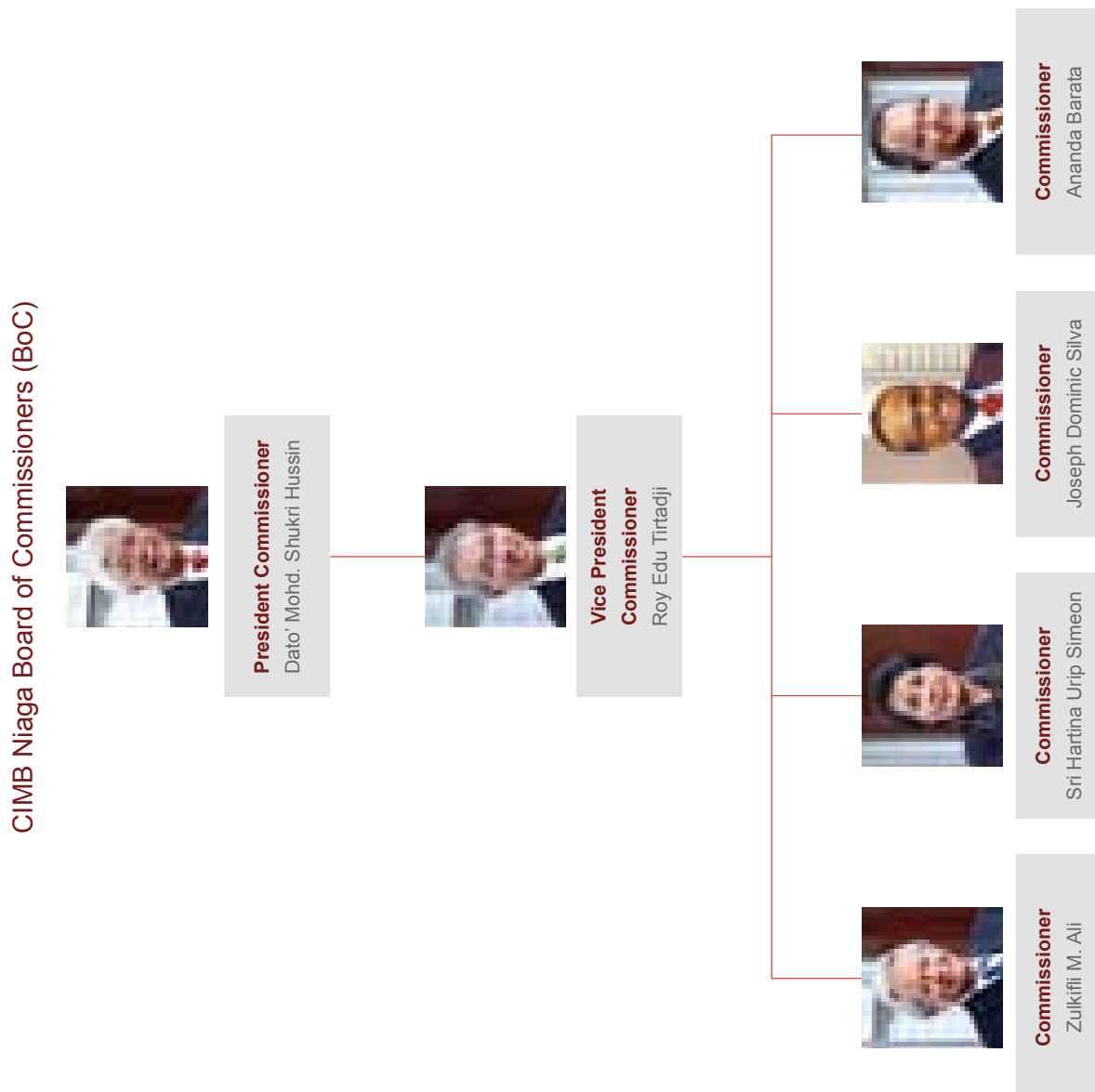
Passion for **E**xcellence

Fig. 11: Key Behavior

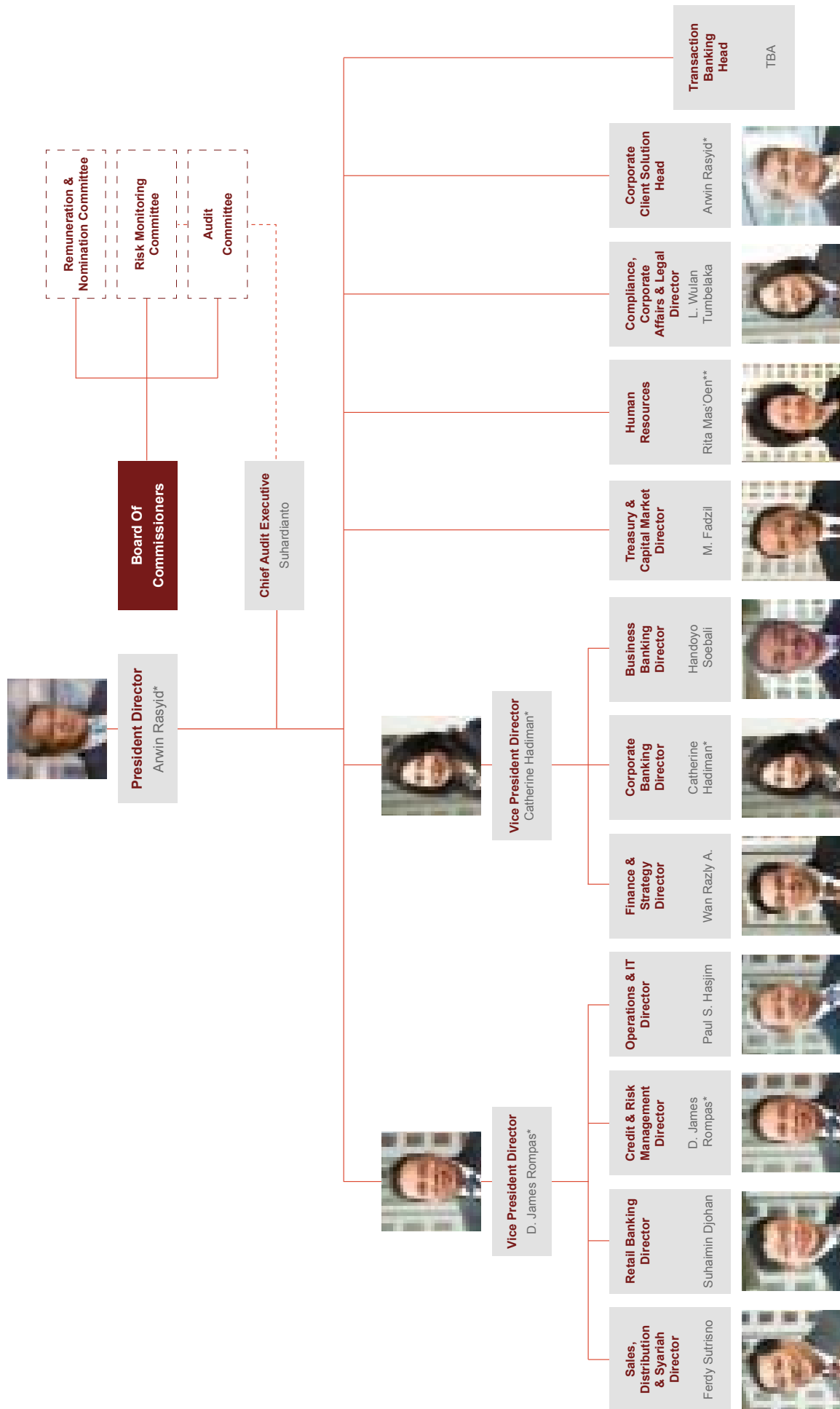
Value	Key Behavior
Integrity is Everything	<ul style="list-style-type: none"> We speak and act honestly and sincerely. We are reliable in all our dealings with a sense of professionalism.
Always Put C ustomer First	<ul style="list-style-type: none"> We must have a desire to help and to serve others, to meet and to anticipate stakeholders' needs. We strive in creating value and solutions to exceed customers' expectation. We enable our people and support them to unleash their true potential.
Passion for E xcellence	<ul style="list-style-type: none"> We are passionate in delivering the best quality in our product, service and process. We develop open leadership, empower people, and have ownership for our decisions. We acknowledge our interdependence and work together with a winning spirit, trust and strive for healthy competitive environment.

Introducing CIMB Niaga’s Management

The Integration Governance Committee (IGC) and the Integration Steering Committee (ISC) were formalized upon the signing of the Merger Deed on 18 July 2008. The IGC was responsible for reviewing the overall deal and integration process, reviewing and recommending merger investments and budgets, setting overall strategic direction and finally, assessing and recommending key appointments including CIMB Niaga’s Board of Commissioners (BoC) and Board of Directors (BOD). The IGC was dissolved on Legal Day 1 (LD1) leaving the ISC and the newly appointed CIMB Niaga BOC and BOD members to guide the merger activities to completion.



CIMB Niaga Board of Directors (BoD)



*) Concurrent Positions
 **) Subject to BI approval

The ISC and the IPO

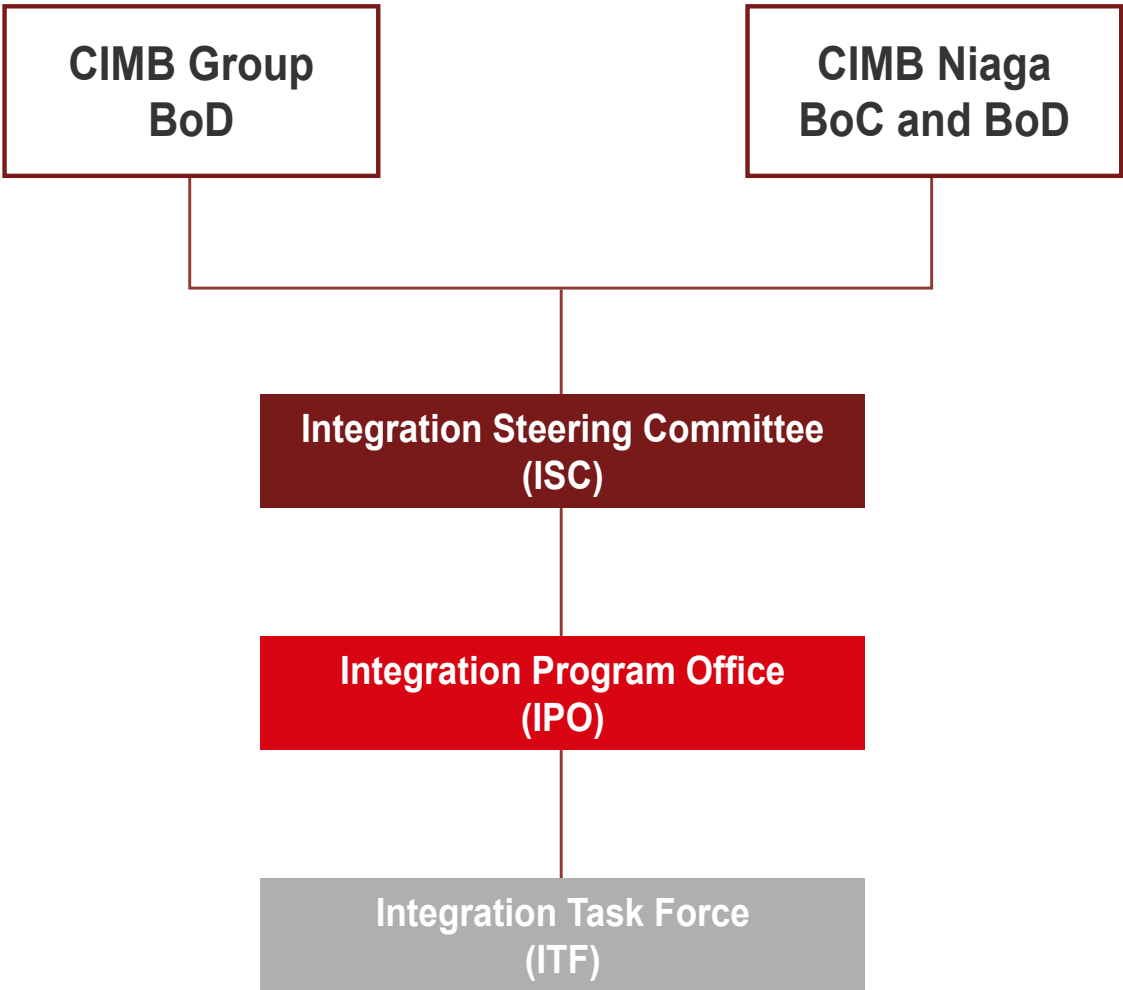
The ISC's terms of reference are as follows:

- To review all decisions on business continuity and integration planning
- To monitor the base business budget approval
- To monitor the integration progress and provide updates to the IGC
- To dissolve post SPD1 stabilization.

The IPO's terms of reference are as follows:

- To share methodology, approach and templates with ITF teams
- To work with ITF teams to define the Target Operating Model (TOM) and synergy realization
- To manage inter-dependencies and issue resolution across teams
- To be responsible for tracking and ensuring that merger milestones are met and that the overall quality of work meets expectations
- To provide bi-weekly status reporting to the ISC.

Fig. 12: Post LD1 Merger Architecture



The Big Bang Approach – Working towards SPD1

The 34 Integrated Task Force (ITF) teams were assembled according to three broad categories: Business Teams, Support Teams and IT Teams. A total of 9 Business teams were responsible for front end services to CIMB Niaga clients, making sure that the merger transpired in a seamless fashion while maintaining business as usual. These teams were in turn supported by 9 cross-functional Support teams that were accountable to address all matters relating to the alignment of support functions that facilitate the operating models of the business units in the combined bank. These included the alignment of supporting policies and procedures, alignment of committees, addressing the alignment of compensation and benefits of the combined staff force, bankwide floor stacking activities, branch rationalization etc. Finally there were 16 Information Technology teams who worked under intense pressure to ensure that the entire system went live without major disruption to the work of their counterparts.

Despite the broad differences in roles of the 34 ITFs, each team shared similar management structures to facilitate oversight, communication and implementation. The designated positions and roles within the teams were as follows:

Project Leads/Deputy Project Leads:

- Provide overall guidance and direction to Team Leads in defining the TOM and synergy realization.
- Proactively lead and manage merger progress as well as resolution of issues. Ensure that merger

milestones are met, resources are provided and overall quality of work meets expectations.

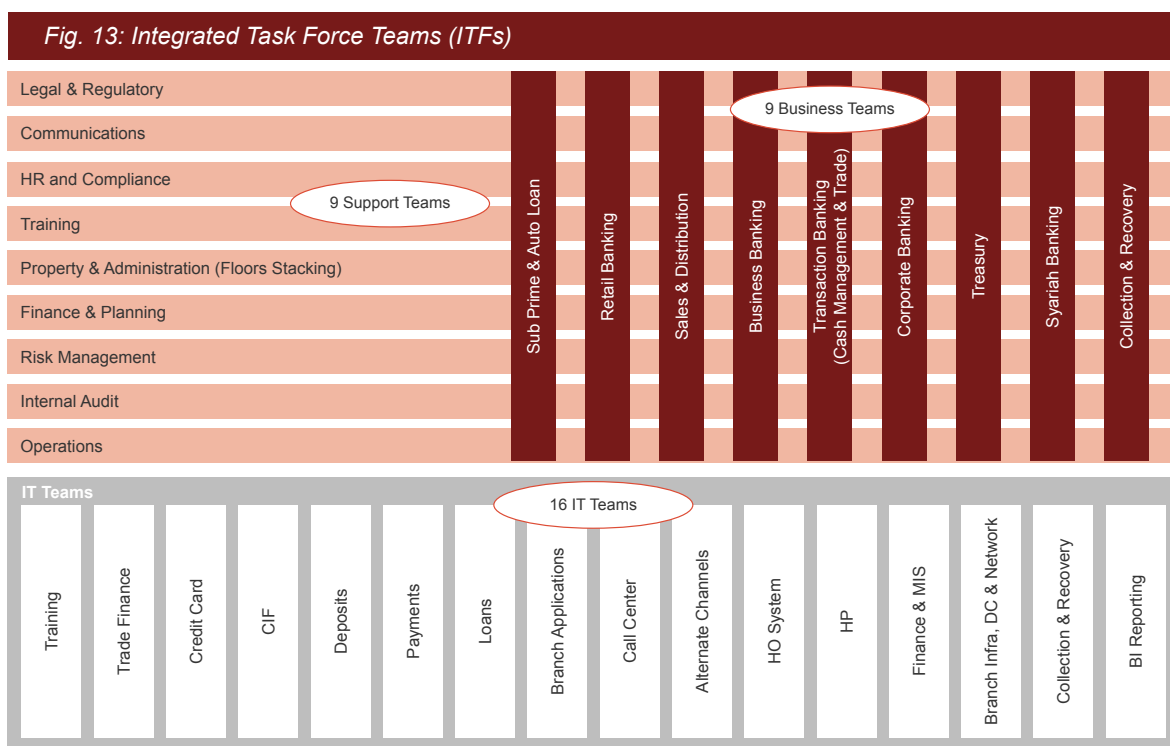
- Attend meetings with the ISC for updates or resolution of issues as and when necessary.
- Liaise with IPO on merger related issues (to be escalated to the ISC during the merger integration process).
- Make decisions on the end-state operating model of the merged entity.

Team Leads:

- Manage the respective team members (across ex-Niaga and ex-LippoBank) in developing the TOM and synergy realization, guided by the integration principles.
- Agree and confirm recommendations in their respective areas based on the guiding principle and merger direction. Obtain management endorsement and sign-off.
- Define and obtain resolution for issues and where applicable, make decisions on matters and issues related to the merger with discretion.
- Provide weekly status reports to Project Leads/ Deputy Project Leads and IPO.

Team Members:

- Analyze both entities propositions and develop the TOM and synergy realization guided by the integration principles and time line.
- Discuss proposed recommendations/options for the merged entity to Team Leads or other management members.



IT & Operations Merger Single Platform Day 1 (SPD1)

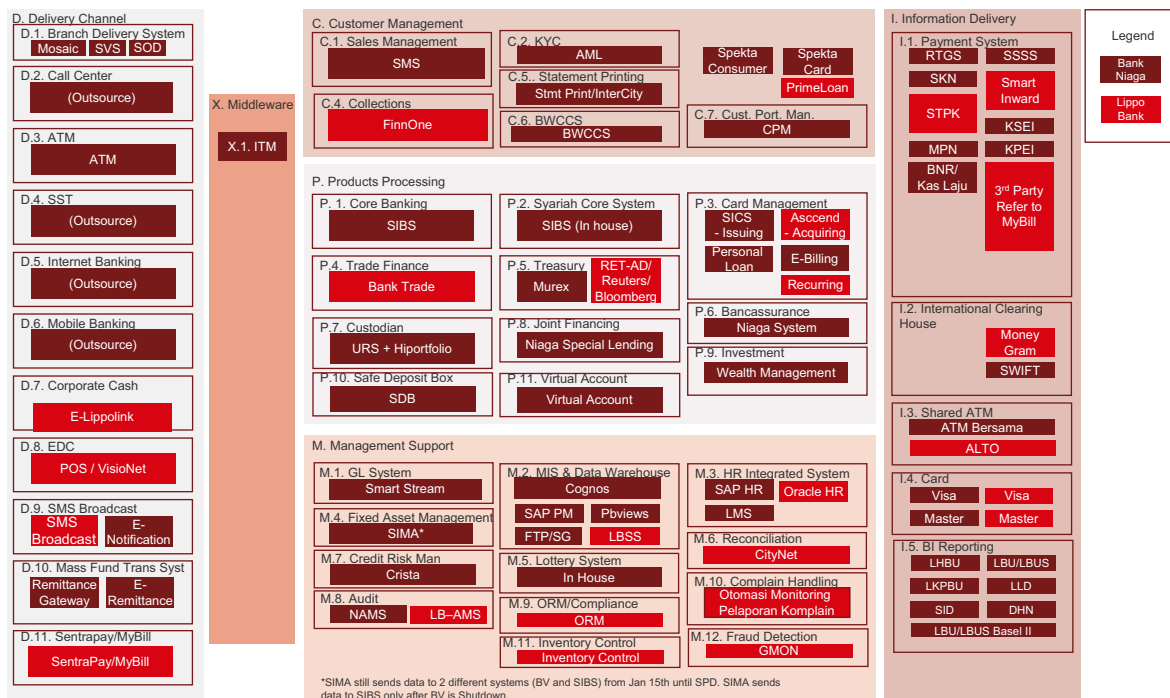
Full integration of IT & Operations occurred 4 months ahead of schedule on 18 May 2009. The entire process, including all associated procurement, training and logistics was achieved at a cost significantly lower than initially budgeted. Data records of 1.7 million accounts for 1.4 million customers were successfully migrated. In one swift and near seamless transition, 404 ex-LippoBank branches and 57 city processing centers and their respective business units were transferred to the CIMB Niaga System, while 22 branches were simultaneously rationalized in the process. The transition from the two independently operating IT systems to one Single Platform occurred smoothly, without any major interruptions to business operations. The merger represents the single largest 'big bang' system conversion in comparison to past banking mergers that had been undertaken in Southeast Asia.

To fully understand the significance of this accomplishment, it is necessary to examine the considerable planning and coordination which was required to make this rapid transition a reality. It began with the formulation of the IT & Operations

Target Operating Model (TOM), the robust network of interdependent IT applications required to support all business functions across CIMB Niaga. This would include the identification and definition of Target Operating Models for 18 Business Units and Support Functions.

A total of 73 applications were targeted for the new system. While the ex-Niaga system tended to dominate the selection of applications to be adopted under the TOM, many functions would also adopt ex-LippoBank applications. The final list of target applications were hybrid mix of ex-Niaga and ex-LippoBank applications. The chart below provides an outline of the complex set of selections which were made when defining the TOM. Maroon boxes represent the adoption of ex-Niaga applications, while red boxes represent ex-LippoBank applications. For some functions, there are both a red and maroon boxes present, signifying that a hybrid application had been selected. Of the 73 applications for the TOM, 53 were integrated while the balance (20) were comprised of newly implemented applications.

Fig. 14: IT Application Target Operating Model

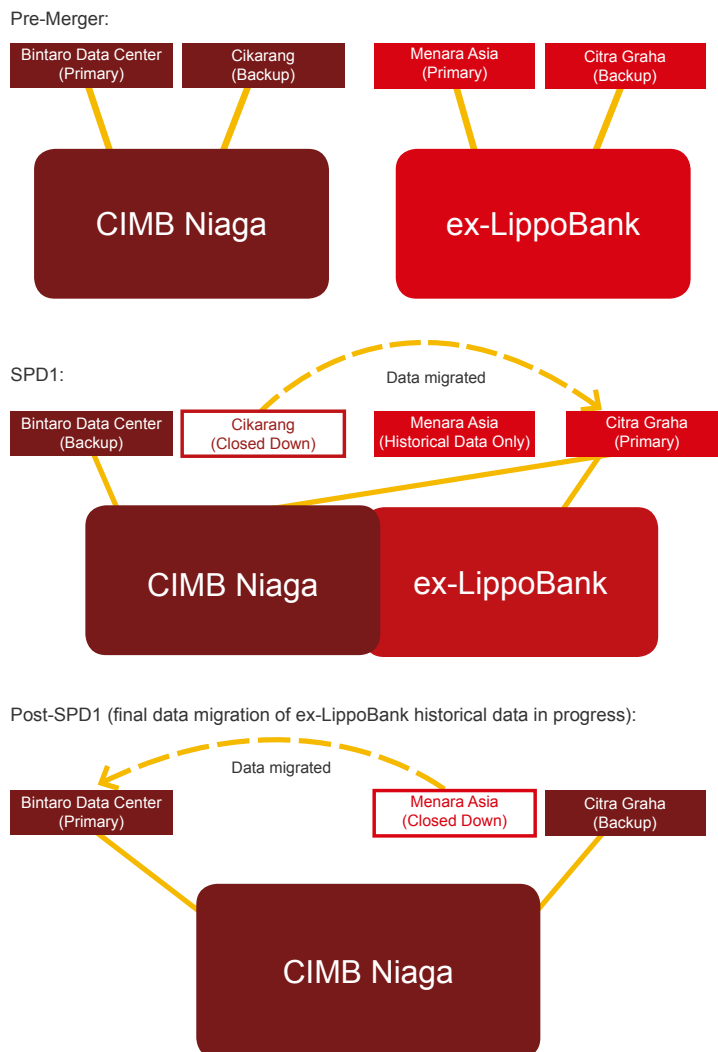


With the TOM formulated, the IT and Operations team set to the task of implementing system enhancements to the IT infrastructure and applications. Under Bank Indonesia regulations, all banks are required to have two data Centers – one primary and one backup. The newly merged bank would therefore inherit a legacy system with 4 data Centers. These were Bintaro (Primary) and Cikarang (Backup) from CIMB Niaga and Menara Asia (Primary) and Citra Graha (Backup) from ex-LippoBank.

Obviously a rationalization of the servers would be necessary in order to return to a two data Center model, however the existing systems did not meet the core requirements for the new bank. The combined infrastructure of both banks was deemed insufficient to cater for the growth rates of the combined bank in time to come. Investments in new mainframe servers were therefore required. Intuitively, the timing for the

upgrades fitted well with the Bank’s long term IT plan as its existing servers were fast already approaching the end of their 5 year lifespan. Furthermore the lease for CIMB Niaga’s tenancy in the building which housed its backup data center in Cikarang was nearing its end. This made Cikarang the logical choice to be the first data center to close down. The plan for SPD1 therefore would be to migrate all CIMB Niaga data from Cikarang over to the Citra Graha new mainframe server, which would then act as the backup server from SPD1 onward with the Bintaro new mainframe serving as the primary mainframe. The data center at Menara Asia would continue to stay open temporarily, mainly to store historical data from ex-LippoBank servers. Eventually the latter will also be closed with the historical data being transferred to the remaining two data centers at Bintaro and Citra Graha.

Fig. 15: Data Center Migration



Stress Test



A team comprising 3 of CIMB Niaga’s finest IT personnel travelled all the way to IBM headquarters in Rochester, Minnesota, USA in search of the best new computer mainframes. Packed in their luggage would be approximately 200lbs of magnetic tape containing the reams of data they would use to “stress test” the new system. Looking at the specifications on available equipment, the team set its sights on the latest I-Series 570 Power 6 mainframes. With a capacity to hold up to 8.2 million accounts the team determined that at a growth rate of 12% per annum, the machines would be able to accommodate the Bank’s needs for 4 to 5 years.

The stress test would involve populating IBM’s test equipment with the Indonesian account data and then subjecting the mainframes to millions of transactions that the equipment would be likely to experience over the course of regular business functions. The equipment performed well under the most rigorous conditions and so the team gave its approval to sign the deal with IBM.

SPD1

With the TOM agreed to and all new computer hardware in place, the IT and Operations teams, including the 16 IT Integrated Task Force (ITF) teams were rapidly moving into the implementation phase, executing all planning required in the lead up to SPD1. By March 2009, the Merger Command Center had moved from the Dynaplast building at Lippo Karawaci to Bintaro, South Jakarta. Over the course of the next 3 months the new Command Center would house over 600 CIMB Niaga staff, all with the sole intent of advancing towards the 18 May 2009 cut over period. Figure 16 provides a timeline and an outline of some of the major events which were unfolding during this preparation phase.

Some early day success stories were achieved in the IT & Operations integration process, in the form

of application integration quick wins. As early as mid-January, the IT team had managed to fully integrate all systems relevant to the Treasury and Custody work streams. Several other applications would follow in the pre-SPD1 period, which would considerably free up resources so that the IT teams would be able to focus on the Core Banking applications when the cut over point arrived. One key quick win, which was achieved in February was the co-location of the Bank's Call Center. This helped to create synergies and promote cost savings – 14041 would be fully integrated by SPD1. Later in April the integration of all Credit Card applications was achieved. This would involve the migration of data on over 150,000 customers, over 250,000 accounts and almost 6.5 million transaction records. Figure 17 provides details of the IT team's pre-SPD1 application quick wins.

Fig. 16: SPD1 Master Schedule

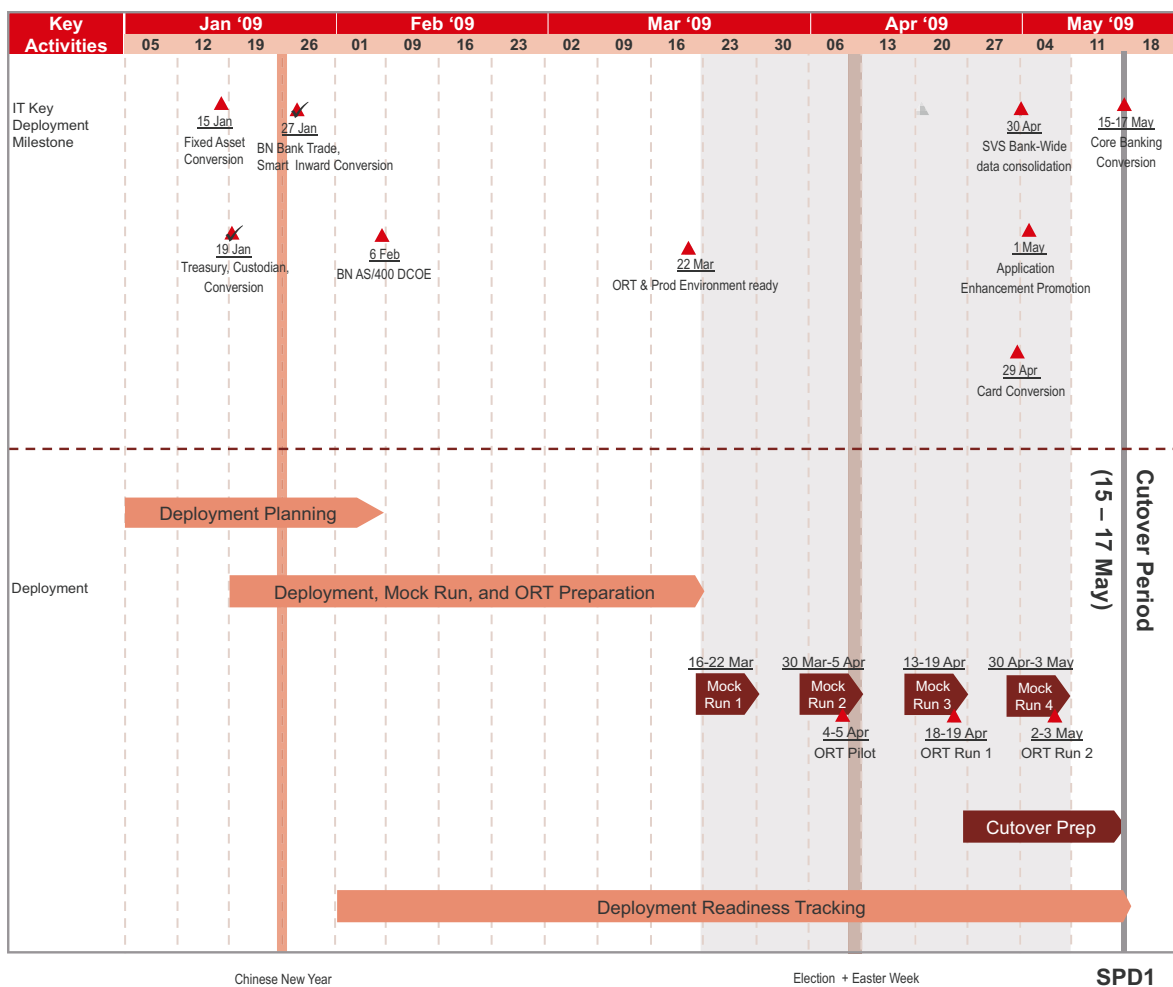


Fig. 17: SPD1 Application Quick Wins

	Application Name	Go-Live Date	Estimated No. of people involved	Accounts and Transaction Migrated	Remarks
✓	Custody	19 Jan 2009	15	4901	
✓	Treasury	19 Jan 2009	50	+/- 1600	1200 transactions and 350 static data
✓	SIMA	19 Jan 2009	15	+/- 16,000	<ul style="list-style-type: none"> 133 branches live, pending 19 branches (caused by duplicate barcode) On the 19th Feb all pending ex-BN fixed assets data have been uploaded completely to SIMA application IDR 649 Bio
✓	Bank Trade	27 Jan 2009	50	459	
✓	Smart Inward & Central Payment Collocation	27 Jan 2009	35	N/A	<ul style="list-style-type: none"> Approx 1500 Friday's transactions are executed by using Smart Inward.
✓	SMS Broadcast	28 Jan 2009	5	N/A	
✓	Call Center Co-location	4 Feb 2009	30	N/A	
✓	ASI/400 Upgrade	6 Feb 2009	120	N/A	Bintaro cutover 14 th Feb. Citra Graha – 6 March.
✓	CityNet Reconciliation & LHBU	15 Mar 2009	25	N/A	
✓	Credit Card	29 Mar 2009	40	150,366 Customers 252,503 Accounts 321,083 Cards 6,435,055 transaction records	
✓	Ex-BN BAU Production Migration	1 May 2009	40	N/A	

In tandem with all of this activity was a considerable array of training for end users of the TOM. One key point that needs to be clarified is that for ex-Niaga end users, the systems, processes and procedures required under the post-SPD1 TOM were very similar to the CIMB Niaga system prior to SPD1. Therefore the greater challenge in terms of training was really to ensure that ex-LippoBank operations staff were able to adapt to the new front end and back end systems. Training would therefore need to be provided to all Front Office and Back Office staff from all ex-LippoBank branches (404 branches). For some functions, training would need to be provided at all branches. While IT staff would play a role in compiling and reviewing the materials for the various training modules, it would be the Bank's Learning and Knowledge Management Group (LKMG) working together with the Human Resources department that would take the lead in facing this challenge. By SPD1 over 3,000 CIMB Niaga employees had received some form of SPD1 related training. In order to support the success of the merger process, LKMG had conducted several activities to determine which

training program should be prioritized. In this case, LKMG was inviting all groups or units in CIMB Niaga to assess what program they urgently required to help them through this merger process.

Basically, the assessment process was based on the TOM post SPD1 and also the number of participants/employees required.

The following are some examples of training programs which were conducted based on criteria mentioned above:

1. Branch System Program (BSP); which was the system training for all ex-LippoBank employees
2. Credit Process training including SPEKTA
3. Service training, such as: Enhancing Service Leadership
4. Syariah training

Most of the programs relied on internal resources; such as instructors, training materials, training facilities, etc. For service training, where required, external resources were engaged to provide assistance.

Fig. 18: SPD1 Application Quick Wins

No	Scope / Content	Function
1	Overview New Business Process (TOM)	All Branch Staff
2	E-Banking Product Knowledge	All Branch Staff
3	User ID Creation (Host & BDS)	Business Manager (BM), Service Manager (SM), Service Officer (SO)
4	System Logon	All Branch Staff
5	Branch Code & Version Validation	All Branch Staff
6	Transactions <ul style="list-style-type: none"> • CIF • Account Opening (CASA,TD) • Account Maintenance • Deposits (Cash / Cheque / Bulk) • Withdrawals • Transfers • Remittance • ATM Card Issuance / Replacement • Collection Services • SIs / Direct Debit • Payroll • Cash Advance • Account Closing • MPN (Tax Payment) • Statement on Demand 	All SOs Tailored By Function for: <ul style="list-style-type: none"> • Head Teller • Teller • Customer Service (CS) • BO
7	Closing and Balancing <ul style="list-style-type: none"> • Cash • Branch • Exceptions 	All except Teller & CS
8	Reports	All except Teller & CS
9	Card Center (System and Product Knowledge)	All Branch Staff
10	E-Banking (System)	All Branch Staff

Fig. 19: Activities & checkpoints prior to commencement of Branch System Program for end users

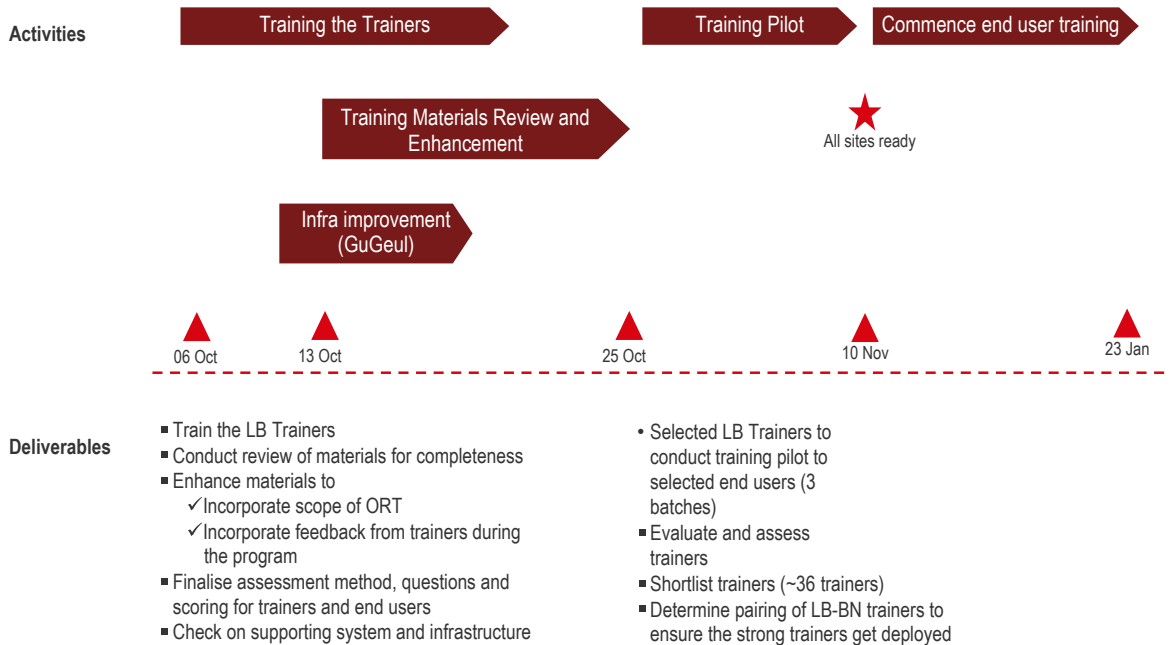
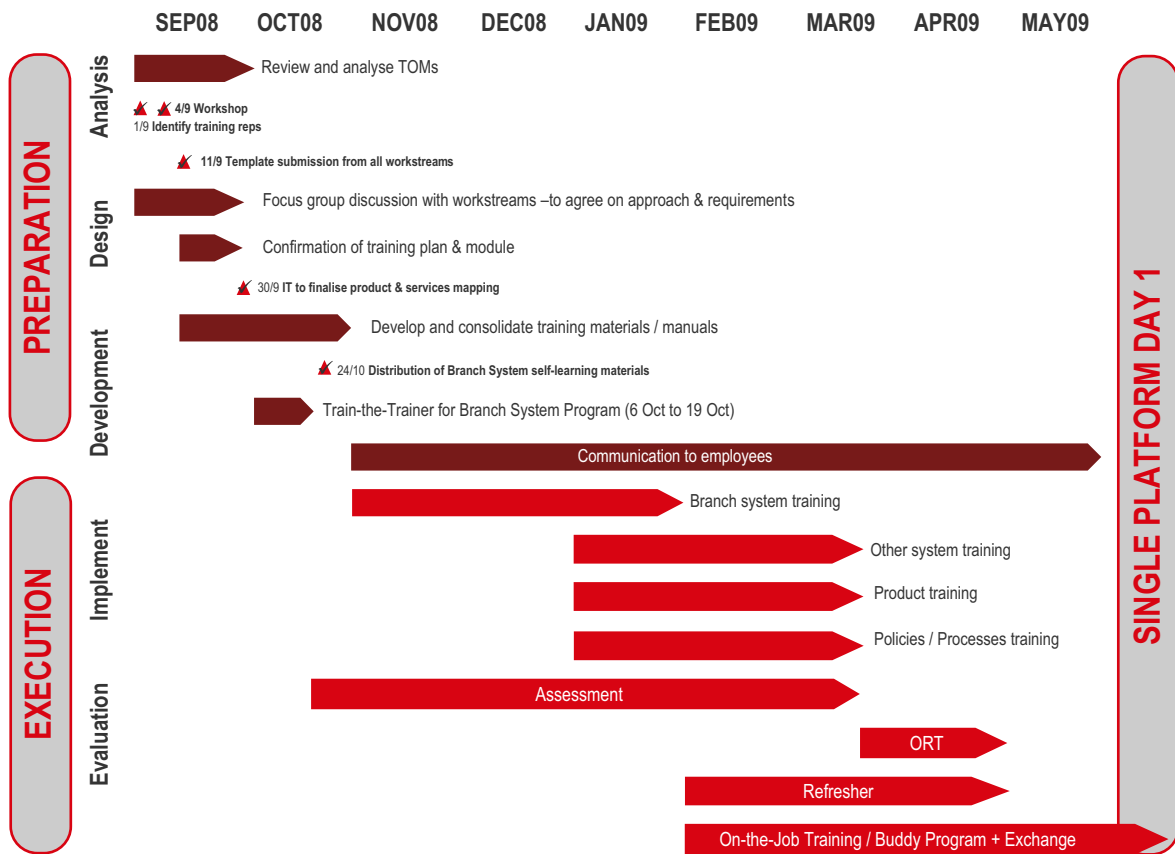


Fig. 20: High Level Merger Integration Training Timeline

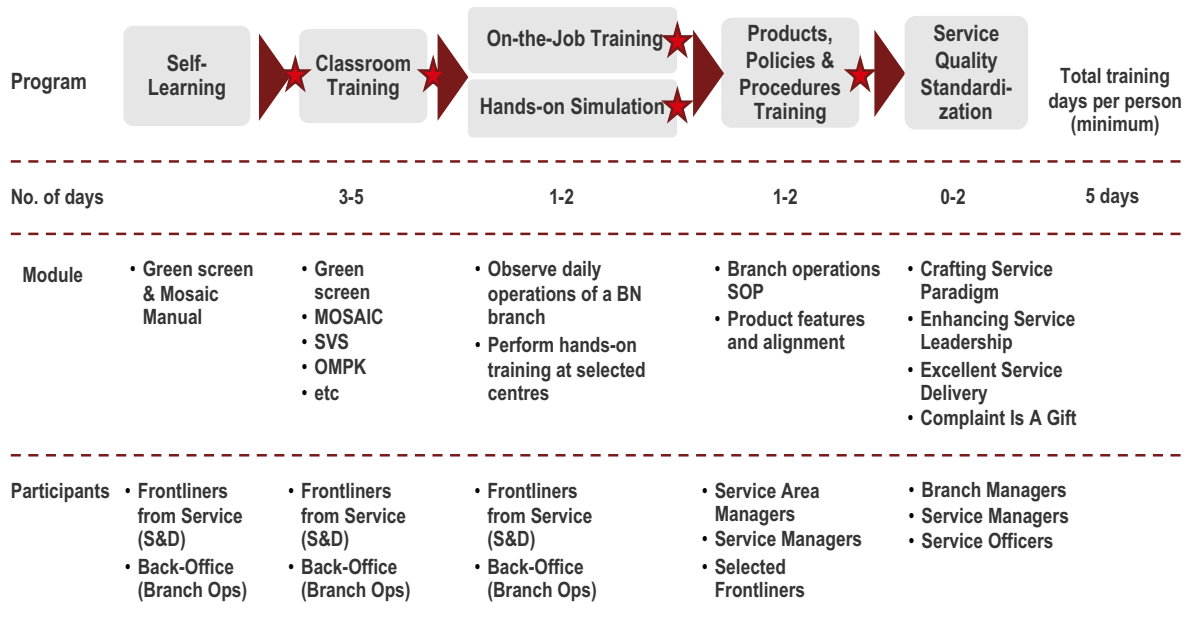


The primary methodology used to educate staff was a Training of Trainers (ToT) approach. Thirty ex-Niaga staff provided training to 30 ex-LippoBank staff to assemble a core of 60 trainers. These trainers would then either provide the training in Bintaro, or they would travel to the designated regions and provide the training at the branches.

In addition to the above regime, CIMB Niaga also implemented other training methodologies including On the Job Training (OJT), the Buddy Program and Cross Exchange. For OJT ex-LippoBank staff who

had already completed their classroom training would be sent to work in ex-Niaga branches in order to practice what they had learned. For the Buddy Program, experienced ex-Niaga staff would be placed in ex-LippoBank branches to help their colleagues to adapt. This was primarily used in the post SPD1 period. Since then, the Bank has focused more on Cross Exchange which involves assigning ex-LippoBank staff to ex-Niaga branches and vice-versa on a rotation basis in order to provide staff members with hands-on exposure to the various customer segments that the combined bank now serves.

Fig. 21: Branch Training Program



★ Assessment checkpoints

The Command Center & Helpdesk

The Command Center & Helpdesk served as the central nervous system for the SPD1 cutover through which any problems could be monitored and resolved. The branch merger helpdesk was divided into 5 separate teams organized according to the geographical location of the branches they served. Staff working on the branch merger helpdesk would handle incoming calls from branches according to a predetermined 'escalation process' (see figure 22). The main role of the branch merger helpdesk staff was to determine the nature of the call, collate the issues into the issue log (which would be analyzed daily during the end-of-day status reporting sessions) and forward it to the relevant department.

IT related problems were channeled to the IT Command Center, while Business related inquiries were dealt with by the Business Command Center. Each of the latter two Command Centers would channel calls to the appropriate authority within their own structure. The Command Center also maintained a Crisis Coordination Team in the event that some form of major disruption to services occurred. Fortunately no such incidents were reported and the Crisis Coordination team was able to provide regular auxiliary support to the Command Center ensuring smooth operations and dislodging any bottlenecks at the helpdesk. Finally the Command Center was responsible for coordinating staff throughout the Bank, communicating instructions at regular intervals.

Fig. 22: Command Center & Helpdesk - Business (Post Cutover)

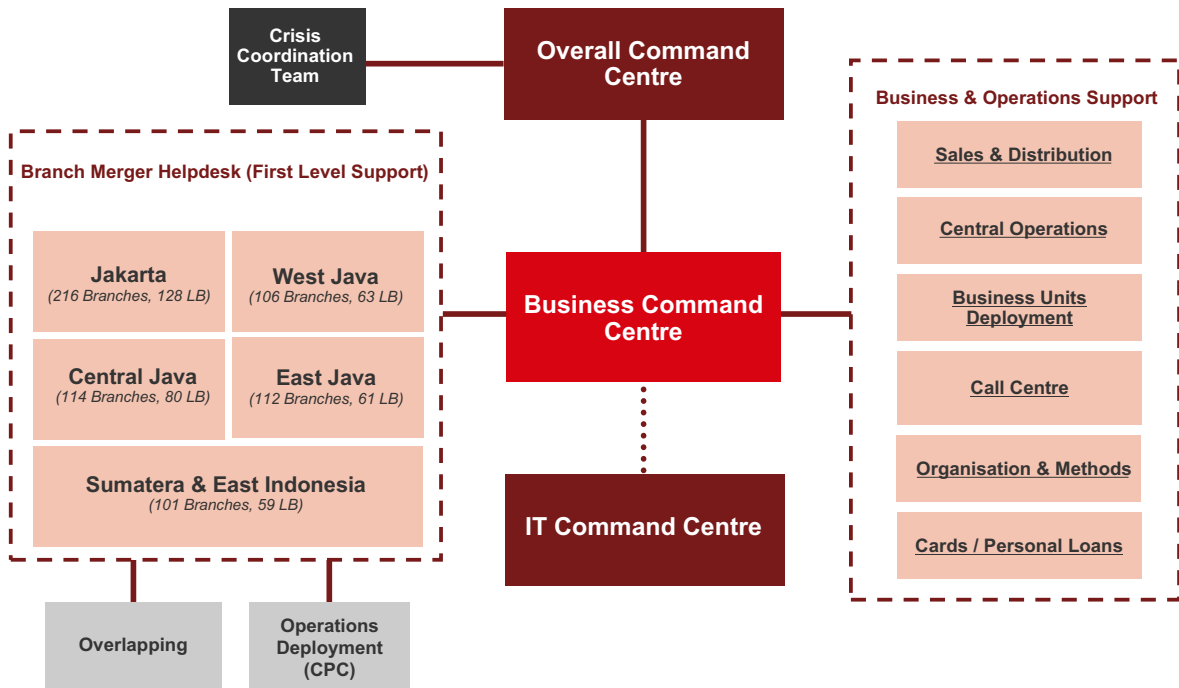
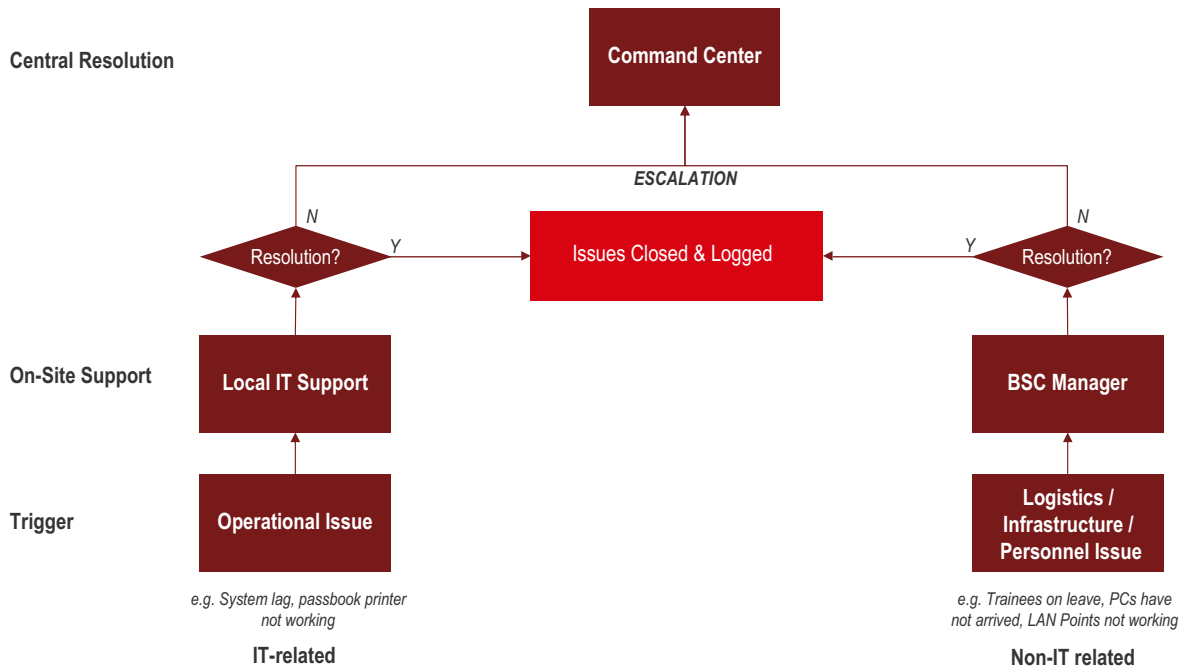


Fig. 23: Escalation Process



Mock Runs & Operational Readiness Tests

Four (4) Conversion Mock Runs were scheduled to occur at regular intervals over a period of 6 weeks from 16 March to 3 May. Each Mock Run was conducted over a one week period. During each Mock Run a simulation of the cut over activities in terms of system conversion were carried out. This included data migration, reconciliation, and the data migration from the two prior systems of applications to the targeted applications. The process would involve a check list of activities including scheduling of “How To” training events for core IT staff. Each of the 4 Mock Runs would have different objectives with a varying scope of coverage. The last of the tests would be the most rigorous, with test results achieving near 100% success conversion rates for most IT applications. Figure 24 provides a rundown of the basic objectives and scope for each of the four conversion Mock Runs.

Operational Readiness Tests (ORTs) were preformed in conjunction with the latter three Mock Runs. The purpose of the ORTs was to expand simulation activities beyond the testing of computer hardware and software acceptance to interface with end users. Each of the ORTs were run on weekends using data snapshots from closing 8 days prior. With the Mock Run having just been completed a fully functional simulation system for the ORT was available. Staff from participating branches would be required to input data (transaction requests) from test scripts distributed to them prior to the test. In addition to providing staff

with a practice run and testing the system integrity, the ORTs also allowed for a practice run of the SPD1 command center; therefore if any difficulties were encountered over the course of the ORT, enquiries and requests for assistance would be channeled through the Command Center & Help Desk which would use the standard escalation process to address and resolve problems. The IT teams fondly referred to the ORTs as “human stress tests.”

The objectives of the ORTs were therefore as follows:

- Testing of key business process flows and systems deployed at ex-LippoBank branches
- Familiarization of users with latest procedures and new interactions across business units
- Assessing people readiness in the new operating environment and proactively determining the additional supplementary initiatives/support required for SPD1, and
- Ironing out the technical intricacies in preparation for the SPD1 cutover weekend.

Three (3) ORT runs were executed:

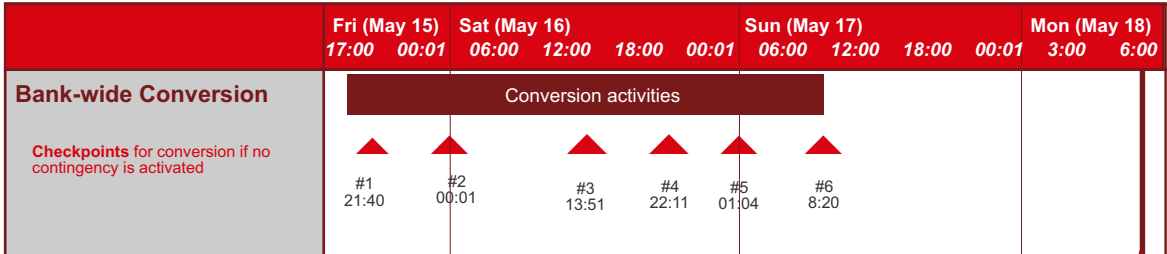
- ORT Pilot (30 March – 5 April) of a limited scope involving 22 ex-LippoBank branches;
- ORT Run 1 (13 – 19 April) all ex- LippoBank branches with test scripts;
- ORT Run 2 (30 April – 3 May) all ex-LippoBank branches and ex-Niaga Merging branches with detailed test scripts.

Fig. 24: Cutover Mock Run and ORT Multi Run Coverage

	Mock Run 1	Mock Run 2	ORT Pilot	Mock Run 3	ORT Run 1	Mock Run 4	ORT Run 2
Primary Objectives	<ul style="list-style-type: none"> • Stabilize Mock Run and ORT environment • Test Core Banking Conversion • Test ATM Swing Over (selected) ATMs for Sizing estimates) • Evaluate timing to get more estimates accuracy 	<ul style="list-style-type: none"> • Fine tune execution of cutover activities • Test IT Operations readiness • Test Helpdesk Readiness • Test absolutely critical transaction capabilities 		<ul style="list-style-type: none"> • Validate fine-tuned execution of cutover activities • Test all critical business activities 		<ul style="list-style-type: none"> • Fine tune execution of cutover activities • Test IT Operations readiness • Test Helpdesk Readiness • Test absolutely critical transaction capabilities 	
Coverage	<ul style="list-style-type: none"> • IT Command Center 	<ul style="list-style-type: none"> • Overall Command Centers • Branch clusters will be selected: <ul style="list-style-type: none"> • Branch location (at least one for each type in each areas) • Branches with low transaction volume (low risk) • Branches which represent different network topologies 		<ul style="list-style-type: none"> • Overall Command Centers • All LB branches • All BN retaining branches (for overlapping/ merged branches) • All BN CPC, Credam Sites, Trade Desk 		<ul style="list-style-type: none"> • Overall Command Centers • All LB branches • All BN retaining branches (for overlapping/ merged branches) • All BN CPC, Credam Sites, Trade Desk 	

Fig. 25: Cutover Weekend Timeline

Legal Day One (LD1) was on 1st November 2008. SPD1 was achieved on 17 May 2009 (6.5 months from LD1 with operations day one on 18 May 2009) wherein 650 branches were cut over to a single platform. The Single Platform weekend activities commenced at 5 pm, Friday 15 May 2009 up to 8.50 am Sunday 17 May 2009.



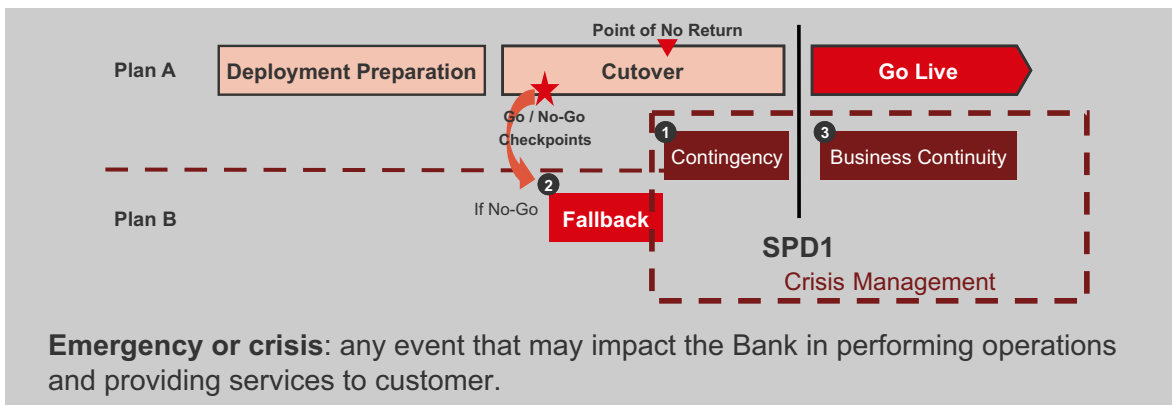
- Ex-BN and Ex-LB branches were closed on Saturday and Sunday during conversion weekend.
- The BOD called it a go at 8.50am after conversion activities concluded. ATMs and other channels were then reactivated across Indonesia.
- On Sunday, ex-LB and overlapping branches and business units (impacted with system change) came in to perform a shakedown after conversion had completed.
 - Branch: 10am Sun, 17th May
 - Business Units: 12pm Sun, 17th May



With all hardware and software having been selected and cleared through User Acceptance Tests (UATs), staff trained; and practice runs in the form of Mock Runs and ORTs completed; the IT and Operations staff and indeed all employees and management of

CIMB Niaga were prepared to advance to the final stages of the IT & Operations merger which would bring all systems onto a single platform. The Cutover weekend officially began on Friday 15 May 2009 at 5:00pm.

Fig. 26: High Level Deployment Approach



No	Tasks	Task Description
1	Contingency	Execution of contingency activities in the event that issues/failures occur for some areas within identified tolerable levels.
2	Fallback	Execution of a full rollback plan in the even that cutover for critical applications are unsuccessful. The fallback plan will be applicable only before the "Point of No Return".
3	Business continuity	Business continuity procedures in the event of critical post SPD1 business impact issues (part of BAU).

Fig. 27: Key SPD1 Achievements

Application	Total # of Records	% Conversion	Application	Total # of Records	% Conversion
P.1.a Core Banking CIF	1,902,050	100.00	P.9 Investment Wealth Management	8,107	96.34
P.1.b Core Banking Deposits	1,319,159	99.99	P.10 Safe Deposit Box	14,410	100.00
P.2 Syariah Core Banking – Deposit	10,372	100.00	D.5 Internet Banking (User ID & Password)	51,671	100.00
P.4 Bank Trade	1,500	100.00	D.7 Corporate Cash Terminal (Account Data)	14,980	100.00
P.6 Bancassurance	29,818	100.00	D.1.b SVS	58,513	99.99
P.1.c Core Banking Loans	15,811	100.00	C.3.a LOS SPEKTA - Personal Loan	93,679	100.00
P.2 Syariah Core Banking – Financing	84	100.00	I.5 Daftar Hitam Nasional (DHN)	6,330	100.00
P.3 Personal Loan	8,305	100.00	X.1 ITM (ATM- Balance)	749	100.00
P.8 Join Finance Loan Acquisition	269,260	99.99	X.1 ITM (CMS)	840,845	100.00

Systems Conversion

GL CONVERSION

Accounted Variances

- Off Balance Sheet: IDR 91,468,275.49
- On Balance Sheet: IDR 3,299,902.61

Unaccounted Variances

- Off Balance Sheet - None
- On Balance Sheet - None

IT Infrastructure

IT INFRASTRUCTURE

- Swing over of **743 ex-LB ATMs** and **404 ex-LB branch** network connections
- Signature deployment to **55 scanning centers** and **650 branches (472 branch servers)**
- Mosaic deployment to **404 ex-LB branches** and **250 ex-BN branches**
- **Upgrade of AS400** to support merged bank data and transactions

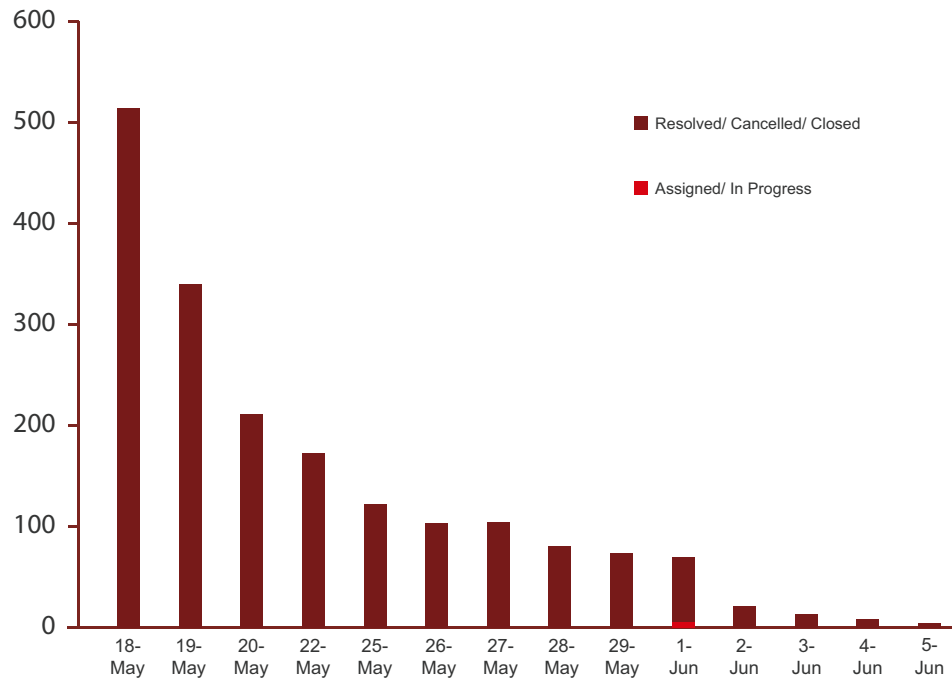
* Excludes conversion statistics for systems with Pre SPD1 cutover, e.g. Bank Trade, Credit Cards, etc

Over the course of the cutover weekend, a total of 4.6 million data records were successfully converted. The cutover weekend began on Friday evening at 5:00pm and continued over a course of 2½ days up till the following Monday at 8:00am when the Bank opened its doors to customers on SPD1. As can be expected for an exercise of this scale, which would bring the 655 branches and the 1261 ATMs on line, there were, in the first few days many inquiries and requests for assistance fielded by the Merger Helpdesk. A total of 514 incidents requiring assistance were recorded on SPD1. As the days progressed, and all staff assimilated to the change in systems, the volume of

calls to the Branch Merger Helpdesk precipitously declined. While the IT and Operations staff had initially planned for a stabilization period of one month post-SPD1, the number of calls fielded by the final days of the 3rd week averaged less than 5 per day. The Operations & IT management were therefore able to dissolve the Branch Merger Helpdesk thus reaping considerable savings for the merger implementation. Due to the hard work and commitment of all staff, CIMB Niaga's 'big bang' SPD1 cutover was achieved 4 months earlier resulting in total costs which were considerably lower than initially forecasted.

Fig. 28: Consolidated issue log from Branch Merger Helpdesk

Daily Issues

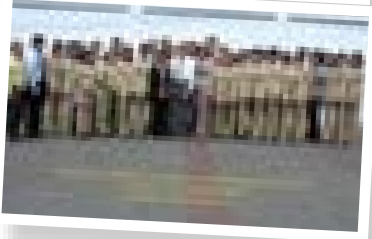


Total Incidents

Status	Consolidated incidents up to 5 June
Assign/In Progress	21
Resolved/Cancelled/Closed	2398
Grand Total	2419

TRAINING SESSIONS

Training was conducted throughout CIMB Niaga's branch network as well as at the Gunung Geulis Learning Center. Topics for training included: branch systems, new business processes, transaction systems and e-banking systems.



Over the course of the merger integration process, several workshops were conducted for middle management, which aimed to provide a clearer understanding of the full range of synergies and benefits for all staff. The main theme for these sessions was "Change." External speaker Rhenald Kasali, PhD served as the presenter.

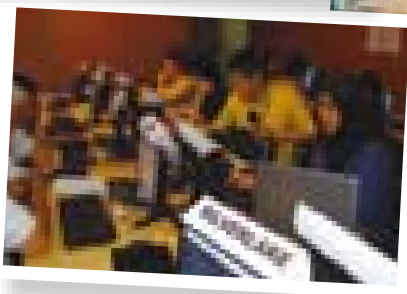
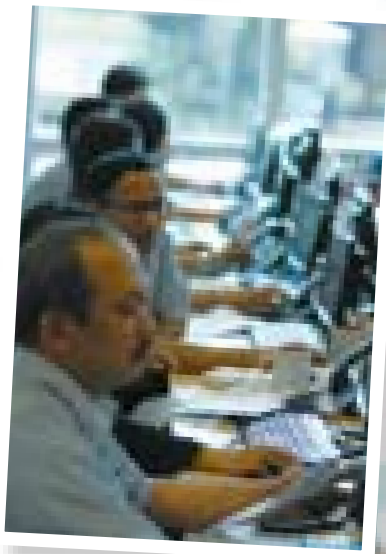


IT COMMAND CENTER

Activities in preparation for SPD1 were centralized at the IT Command Center located at Griya Niaga 1, Bintaro, Tangerang.



An upbeat working environment at the Branch Merger Helpdesk at Griya Niaga 1, Bintaro, Tangerang.



SPD1

Early on Sunday 17 May 2009, management and Operations & IT team leaders signed the SPD1 approval documents to effectively green light the integration of Operations and IT systems for all CIMB Niaga branches.



Senior Management Walkabout and CEO Visit

A Senior Management Walkabout was conducted in several areas to socialize integration process achievements. Inclusive of these events were visits by CIMB Niaga CEO, Mr. Arwin Rasyid to the IT Command Center & Helpdesk.



Merger Costs & Achievements

The merger between CIMB Niaga and ex-LippoBank was accomplished on-schedule; and to date, associated costs of the merger were below initially forecasted levels. The majority of cost savings came as a result of the Bank's decision to pursue a 'big-bang' transition to a single platform for IT and Operations 4 (four) months ahead of schedule.

In terms of Actual Synergy Achievement; as of August 2009, CIMB Niaga had secured an increase in the Profit Before Tax (PBT) of Rp198.2 billion. This represents a 60% increase above the Rp328 billion targeted for year-end 2009. Details of the merger costs and achievements are presented in figures 29 and 30 respectively:

Fig. 29: Merger Integration Costs

Rp Billion

Category	2008	Aug 2009 YTD	TOTAL
Branch remodeling	14	23	37
IT System	45	142	187
Professional Fee/Legal Fees	69	27	96
HR	160	11	171
Other Costs	28	3	31
Total	316	206	522

Fig. 30: Actual Synergy Achievement as at August 2009

IDR Billion

Synergy Areas	Target FY 2009	Target Up to Agt 09	PBT Achieved up to Agt 09	% Achieved YTD	% Achieved (Actual Agt vs Target Agt)
Cross sell BN customer Base	66.4	30.6	6.1	9%	20%
Cross sell LB customer base	78.2	45.3	18.6	24%	41%
Up Lift	36.6	20.8	30.9	84%	149%
Cost Savings	146.8	97.9	142.6	97%	146%
Total	328.0	194.5	198.2	60%	102%

Areas of Synergy

Areas of synergy between CIMB Niaga and ex-LippoBank are divided between opportunities for Cost Savings and Enhanced Income. While to date the majority of realized synergies have arisen from the substantial Cost Savings achieved through elimination of overlaps and redundancies, considerable inroads have also been made in pursuit of the numerous

opportunities to cross sell the expanded portfolio of products and services made possible by the merger. The latter include both avenues for increasing interest income and fee based income. Six (6) specific areas of Merger Synergy have been identified.

Fig. 31: There were 6 sources of Merger Synergies Identified

The merger synergy values for the next years is estimated to average at IDR495 Bio Profit Before Tax (PBT) per annum, mainly derived from the retail and corporate segment customer segments.

Revenue synergies		Cost savings synergies	
(1) Cross sell: Access to LippoBank customer base	<ul style="list-style-type: none"> ▪ Cross sell opportunities from CIMB Niaga strong corporate and retail banking product portfolio to LippoBank customers 	(4) Elimination of duplication	<ul style="list-style-type: none"> ▪ Eliminate overlapping areas such as duplicate branches in same locations and optimisation of resources ▪ Remove duplicate IT systems and reduce G&A expenses
(2) Cross sell: Access to CIMB Niaga customer base	<ul style="list-style-type: none"> ▪ Cross sell opportunities from LippoBank strong payment services to CIMB Niaga customers 	(5) Economy of scale	<ul style="list-style-type: none"> ▪ Achieve economies of scale via enlarged corporate in terms of customers, employees, product offering and branches ▪ Eliminate duplicate vendors with stronger bargaining power due to increased scalability
(3) Uplift: Uplift on existing products and services	<ul style="list-style-type: none"> ▪ Opportunities to increase average loan size and active card rates etc. 	(6) Leverage on other complementary capabilities	Leverage on best practices, management expertise, wider customer spectrum

Product & Service Synergies

The integration of all systems onto a single platform has successfully harmonized business lines and processes across all business units. CIMB Niaga has identified approximately 27 key products and services enhancements which have occurred as a direct result of the operations integration onto a single platform. The majority of these enhancements were made possible by the streamlining of back office functions onto a

single-platform. These achievements would not have been possible using the disparate systems of CIMB Niaga and ex-LippoBank. As a result of the merger, customers are now offered a complete portfolio of products and services. Additionally customers' access to these facilities has also been greatly improved by the expansion of the Sales & Distribution network.

Fig. 32: Key Business Achievements

CIMB Niaga is now effectively operating as a single bank across all business units

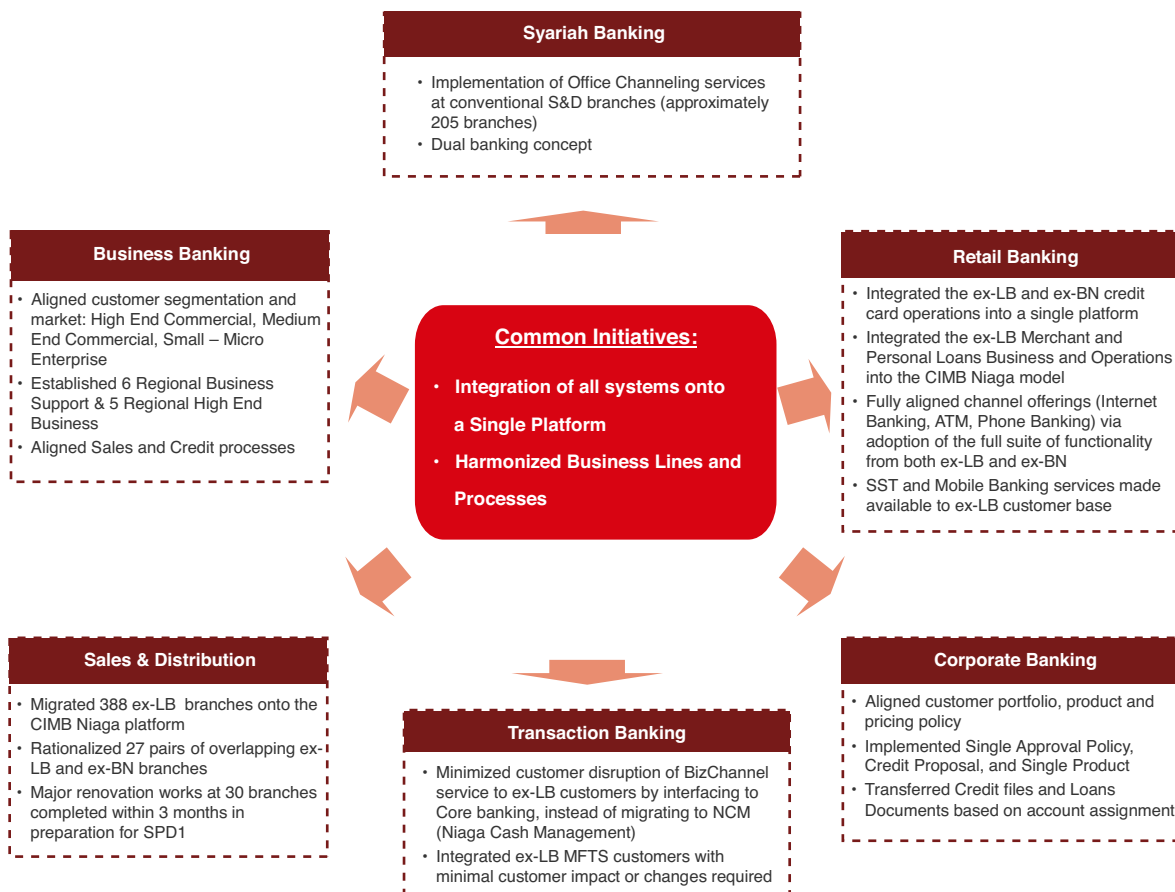


Fig. 33: Key Products & Service Enhancements

As part of SPD1, at least 27 key products & services enhancements were implemented, thereby strengthening CIMB Niaga's offering to customers

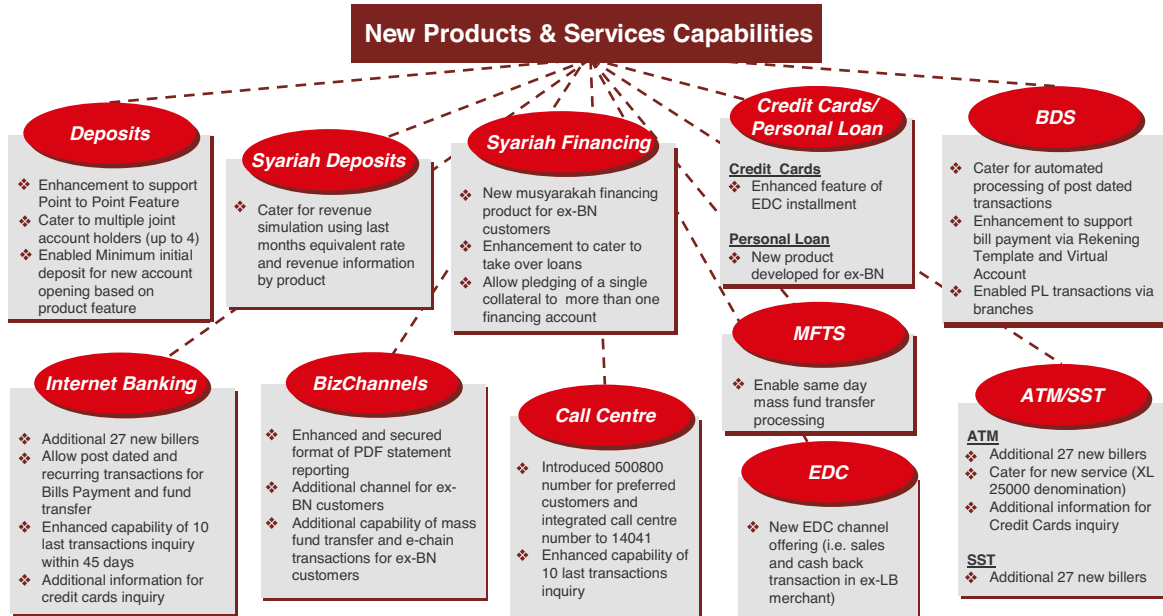
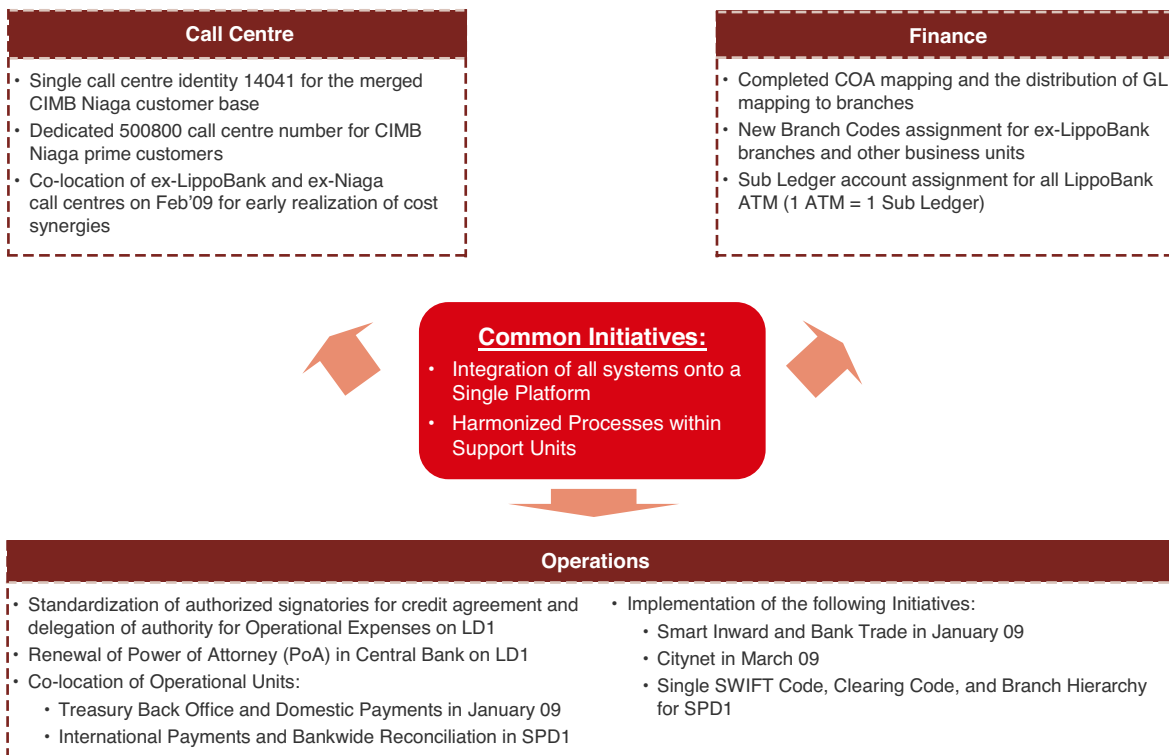


Fig. 34: Key Support Function Achievements

Similarly, the back-office and support functions are now operationally integrated



Sales & Distribution

As of June 2009, Bank Niaga became the 5th largest bank by branch network (655 branches) and ATM/SST network (1,261 units). Graphical representation of the figures along with a map of the current branch network are provided in Figures 6-8 on page 8 of the current report.

The extensive distribution network and client base achieved as a result of the merger may appropriately be described as the key foundation for the Bank to build upon. Economies of scale combined with rationalization of overlaps and redundancies have proven to be critical in contributing to cost savings and may have contributed significantly to the year's increase in PBT levels. The significant opportunities for cross-selling of the newly unified portfolio of products and services remains a strategic focus for all business units moving forward.

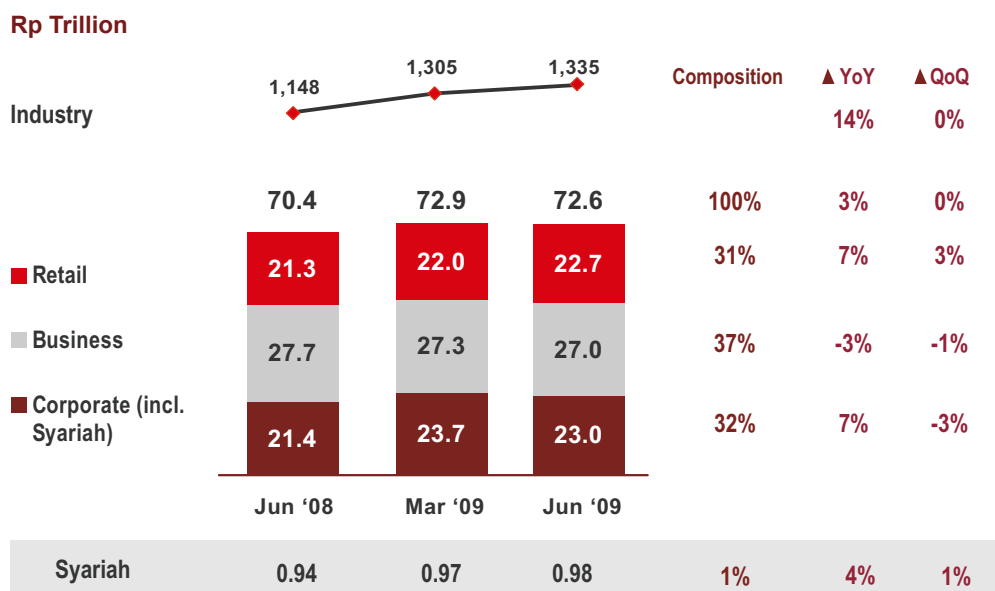
The thousands of CIMB Niaga employees who work under the Sales and Distribution (S&D) business unit take great pride in the enlarged footprint of CIMB Niaga's presence in the marketplace. Branches throughout the nation now provide a comprehensive range of financial products and services capable of meeting the needs of all clients be they consumer, merchant, business or corporate.

Since the merger S&D has been organized into 14 areas, defined geographically and under the supervision of 14 Area Managers. These managers oversee activities over the network of conventional, Syariah and CIMB Preferred outlets. Branches are assisted by Retail Banking (Product Support) and Business Banking (Regional Business Centers).

Moving forward S&D completed the branding and renovation of its existing branches as at year end 2009. It will then set to the task of expanding the present network further. S&D plans to open 65 CIMB Preferred branch outlets by year end 2010. In tandem with these expansions S&D intends to offer dual banking services - in the term of the availability of Syariah banking at conventional branches.

Close coordination with Retail and Corporate Banking in conjunction with LKMG and HR will ensure that all branch staff are fully knowledgeable of all products and appropriately trained in effective sales management techniques.

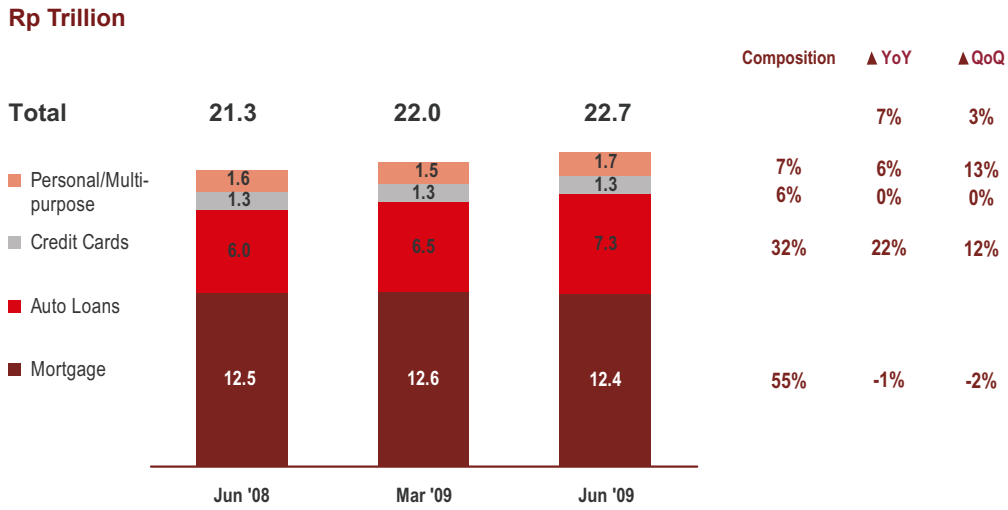
*Fig. 35: Loans Breakdown by Business Segments**



* Bank Only

Source: Indonesia Banking Statistics Jun 2009

Fig. 36: Retail Loans by Segments



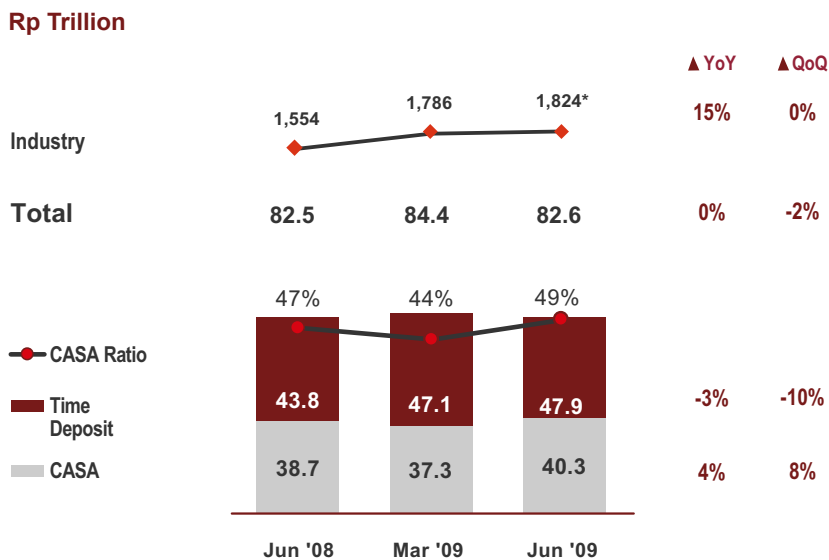
* Bank Only

Retail Banking

The Retail Banking division occupies a strategic niche within the overall Corporate Structure of CIMB Niaga. Its primary functions include product development, marketing and customer segmentation. While it is responsible for managing the portfolio of its products at the national level, by nature of its activities it needs to coordinate closely with Sales and Distribution (S&D).

In propagating the sales and promotion of its products in the market, Retail Banking Business works closely with S&D to manage product life cycles. Key products which Retail Banking presently manages include: Credit Cards and Merchants, Individual Demand Deposits, Savings, Time Deposits, Tabungan X-Tra, Mortgage, and Auto-finance.

Fig. 37: Customer Deposits (Bankwide)*



* Consolidated

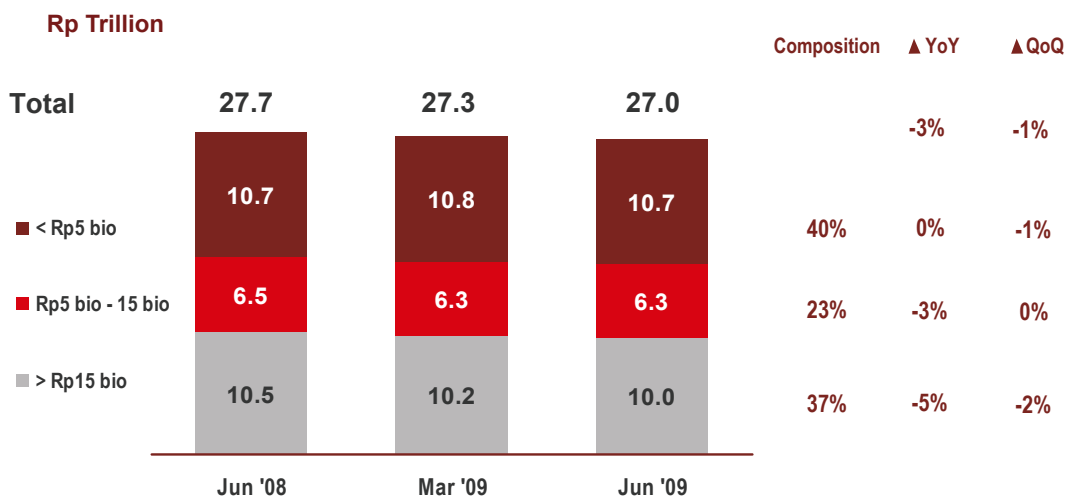
**Source: Indonesia Banking Statistics June 2009

Business Banking

The successful implementation of the TOM has permitted an optimization of the skill sets of both the relationship managers and product teams in expanded customer segments. The Business Banking team continues to provide its High-end customers - those with annual turnover of below Rp.500 billion and seeking loans in the range of Rp.25-100 billion - with monoline service. This means that in addition to initiating loan business, the Business Banking team will also handle Customer Relationship Management (CRM). Meanwhile for mid-range clientele – those with an annual turnover of Rp200 billion seeking loans of under Rp25 billion - CIMB Niaga will adopt a program lending approach. This means that while the Business Banking teams will continue to initiate business, secured loans will be booked to individual branches, which will be responsible for CRM. The latter arrangement will make full use of the Sales &

Distribution network bringing account managers closer to the clients. To support this segment the Business Banking Unit has already established 5 Regional Business Support (RBS) centers, which will be able to respond to branch requests for assistance in the field. The new arrangement combined with the expanded portfolio of loan products with alternative credit terms is expected to greatly enhance business for the Bank. Finally for the Small- and Micro-sized enterprise, Business Banking is continuing to forge relationships with intermediary institutions including local BPR who assist in serving this market. Additionally, in the coming year Business Banking intends to have a renewed focus on merchant clients particularly ex-Lippobank customers (those with existing POS outlets) to cross-sell CIMB Niaga products.

Fig. 38: Business Loans by Tiering



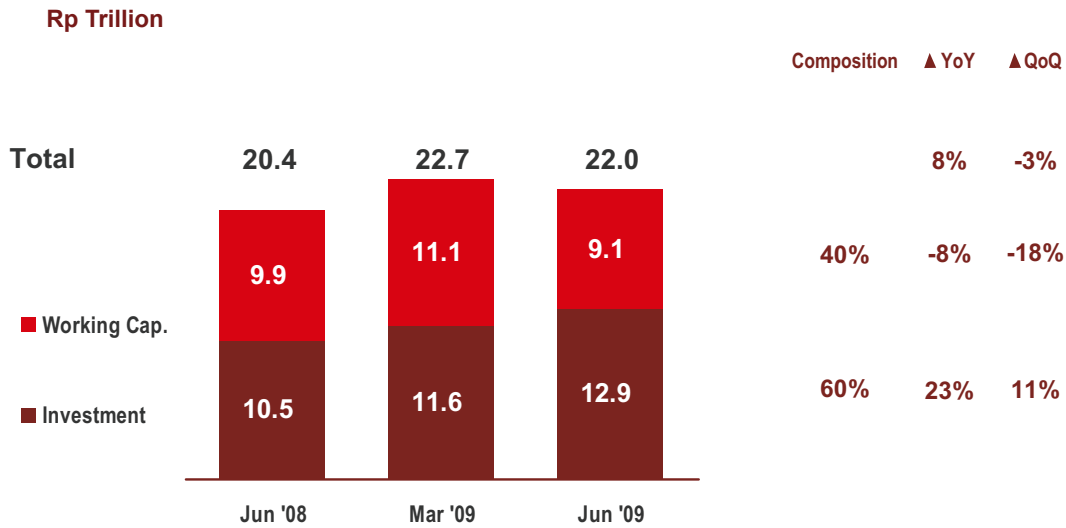
* Bank Only

Corporate Banking

Over the course of the merger Corporate Banking has successfully integrated the combined portfolio of approximately 400 corporate clients. Furthermore CIMB Niaga's leverage of the CIMB regional platform has proven instrumental in maximizing customer retention levels. Going forward, Corporate Banking will continue to increase synergy with CIMB Group business units through a variety of measures aimed at penetrating new and untapped value-chains. With cooperation from CIMB Singapore, CIMB Niaga has recently established an Indonesian desk thus expanding access for trade finance activities to Indonesian clientele in Singapore and other regional

clients. Corporate Banking will continue to enhance its transactional banking business (cash management and trade finance). Initiatives to increase fee-based income will include a renewed focus on product innovation and bundling as well as distribution for loan syndication, project financing, bilateral and structural lending, fee base products including treasury products. Concurrently, Corporate Banking will continue to widen its portfolio of product & service capabilities, enhancing cross-selling activities for Business Banking, Retail Banking and Syariah Banking as well as Capital Market products.

Fig. 39: Corporate Loans by Product*



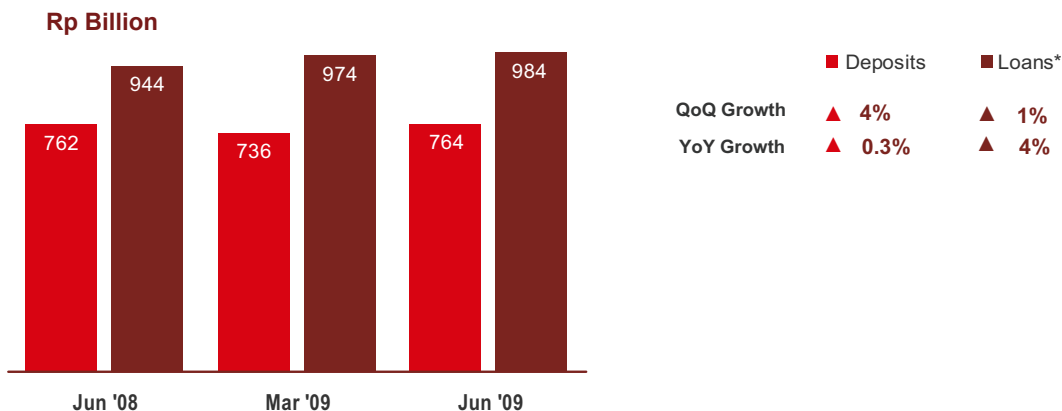
* Bank Only

Syariah Banking

The merger consolidated CIMB Niaga's Syariah unit with ex-LBSalam creating Indonesia's 3rd largest Islamic financial institution. The exceptional growth and enormous potential for this market makes CIMB Niaga Syariah one of the most exciting business opportunities presented by the merger. To increase customer access to our branches, CIMB Niaga Syariah is presently pursuing a dual banking concept. As of year end 2009, a total of 500 conventional CIMB Branches will also have Syariah windows.

Branch conversion will continue to be implemented with the aim of achieving universal dual banking at all CIMB Niaga branches. According to Bank Indonesia regulation, banks which implement the dual banking concept must have at least one Syariah full service branch in designated jurisdictions. Presently CIMB Niaga maintains 9 Syariah full service branches. It plans to expand the network by an additional 14 branches by year-end 2010.

Fig. 40: Syariah Banking



* Loans consist of Mudharabah, Murabahah, Musyarakah and Other Financing

Branding – External & Internal

CIMB Niaga recognizes branding as a critical component of the overall merger process. A strong brand presence in the marketplace for corporate, business and retail banking represents a key strategic asset moving forward. The CIMB Niaga brand increases the overall net worth of the Bank.

Specifically under the circumstances of a post-merger environment, branding is not only an exercise in attracting external clientele to the Bank, but plays an integral role in unifying the newly consolidated staff. By building a strong internal brand, CIMB Niaga fosters a collective aspiration among its employees, which equates to the mutual prosperity of the Bank and its shareholders. CIMB Niaga recognizes that it is ultimately the quality of its people that brings value to its brand. Careful and meticulous effort - with a core emphasis on timing - is therefore being taken to methodically groom employee attitude and position the brand in the marketplace for strategic advantage.

One of the first attributes to its branding strategy was the development of the Bank's logo:



CIMB Niaga's logo is derived from the logo of CIMB Group. The association with the regional bank is a source of great pride for CIMB Niaga and adds value to the perception of the Bank as a leading financial institution. The color red ties in with CIMB Group's universal banking franchise in Southeast Asia as part of CIMB Group's regional brand recognition initiatives.

The logo mark of an abstract arrow with a square symbolizes the philosophy of forward thinking. It conveys an image of dynamism, never stationary, yet rooted in stability, dependability and commitment. The custom font represents clarity and solidity, values which represent a shared focus toward value creation, a priority which is shared by all stakeholders.

The CIMB Niaga logo also forms the overriding image for the Bank's three other logos. Our new value proposition to affluent individuals, CIMB Preferred, consolidates Bank Niaga's Preferred Circle and LippoBank's VIP Banking and will continue to serve the mass affluent segment with a new cross-border focus. Through CIMB Preferred customers will be able to enjoy seamless banking across Southeast Asia, in terms of access to facilities and benefits.



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 Syariah is the Bank's brand for Islamic finance. It has been formed by the merger between Bank Niaga Syariah and LBSalam, the Syariah banking unit of ex-LippoBank. Post-merger, CIMB Niaga Syariah is already positioned as the number 3 Islamic financial institution in Indonesia. The dual-banking model which combines Syariah banking into conventional branch settings is expected to be a major driver in increasing the Bank's market share of the growing Islamic finance sector.

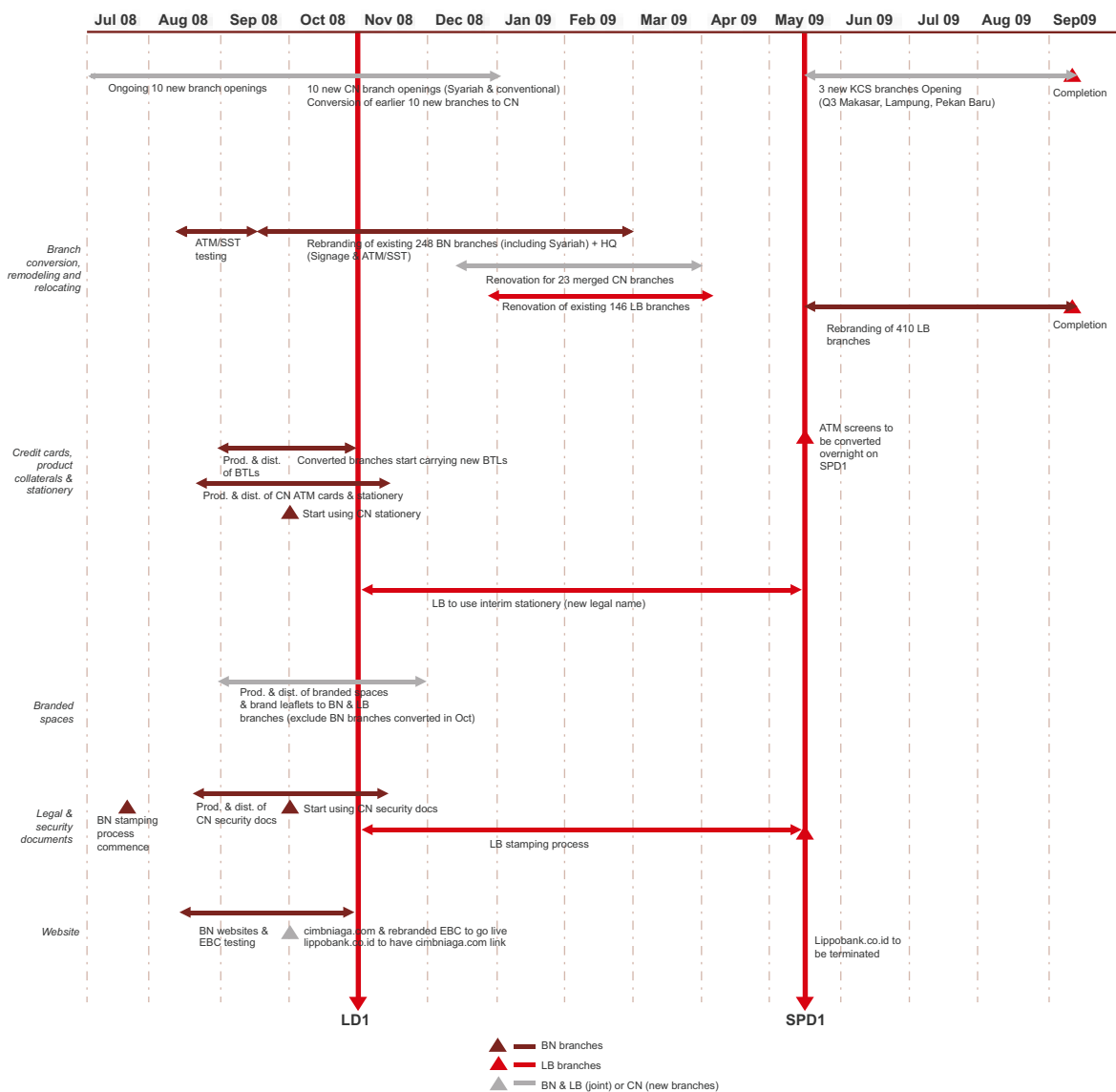


External Branding

CIMB Niaga's Corporate Communication Group works closely with Sales and Distribution, the Learning and Knowledge Management (LKMG) division as well as external vendors to design and implement the Bank's marketing and branding efforts.

The extensive range of new products and services combined with the vastly expanded distribution network provided by the Merger has opened a universe of fresh opportunities for CIMB Niaga's marketing team.

Fig. 41: Master Re-Branding Timeline



BRANDING

The conversion of branch outlets began immediately following LD1 with the majority of conversions of ex-Niaga branches in Greater Jakarta being completed by year-end 2008. Conversion of ex-LippoBank branches began from SPD1 and by 9 September 2009 (09-09-09) all 655 branches had officially assumed the CIMB Niaga branding to their entrances. This includes rebranding of all ATM and SST terminals in each of the branches.



Concurrent to conducting branch conversions, CIMB Niaga has also redesigned all of its stationery items. This includes all forms for bank transaction processes, passbooks and credit cards, all of which now feature the CIMB Niaga logo. Also all front line staffs have now been issued new uniforms which have been redesigned to reflect the Bank's brand image.



CIMB Niaga is currently in the preparation phase to launch a mass campaign in support of its rebranding efforts and to position itself strongly in the market. The new campaign is expected to be launched by year-end 2009, contingent to reaching key internal milestones for product development across all business units.



In the meantime CIMB Niaga has maintained its brand presence in the marketplace with a particular emphasis on print and display advertising of its Champion Products: Tabungan X-Tra (Saving's Accounts); KPR X-Tra-Dinamis (Newly Launched Savings and Mortgage bundling) and CIMB Niaga Credit Cards.



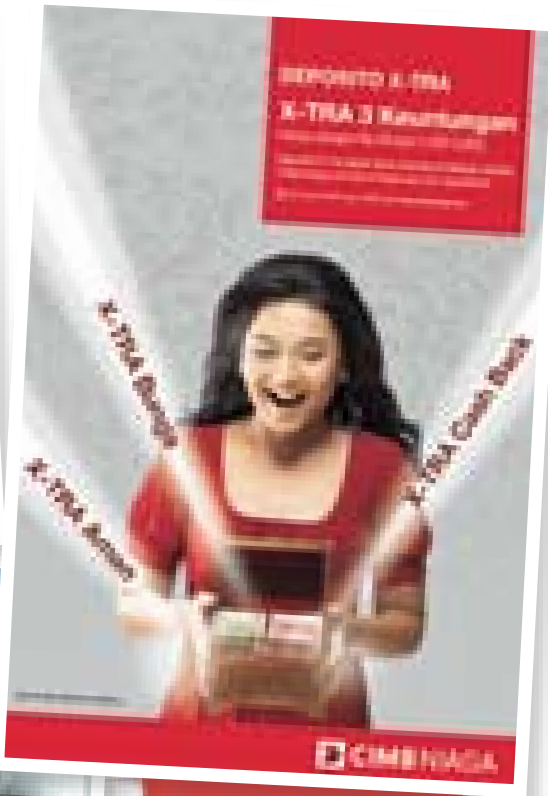


Since LD1, CIMB Niaga's Corporate Affairs team has conducted a complete overhaul of the Bank's external website www.cimbniaga.com. In addition to extensive information on the full range of the products and services offered by each of the Bank's business units, the website features: updates on ongoing promotions including special discounts available to CIMB Niaga credit card holders; investment information including stock updates and foreign exchange rates; as well as a host of other interactive features including the Bank's secured portal for internet banking.



BRANDING

Print and display advertising used since the merger have included promotion of CIMB Niaga's champion products: Tabungan X-Tra, Deposito X-Tra, Tabungan Mapan, Tabungan Junior, and Market Linked Deposit.



Below are several advertorial and promotional materials of CIMB Niaga. All these carry the similar branding standards and Corporate Identity of CIMB Niaga.



BRANDING

The Bank's signage, posters, billboards, and product brochures have all featured CIMB Niaga's logo.



The launch of CIMB Niaga's Champion Products – Tabungan X-Tra (Saving Account) and KPR X-Tra Dinamis, a newly launched Savings and Mortgage product.



Internal Branding

In association with a global public relations consultant, CIMB Niaga has produced a Strategic Communication Blueprint which will be used to support the Public Relations business initiatives of CIMB Niaga. Although the primary focus for this blueprint is on external communications, internal communications are also intrinsic to the plan reflecting the importance of consistent message delivery to internal audiences in order to support their execution of external communications. The blueprint will be implemented in-house by CIMB Niaga, which will receive regular action plan updates from the external consultant for a period of 12 months.

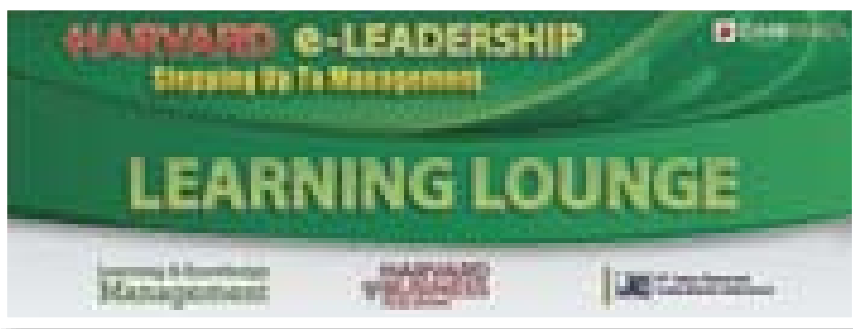
Key internal branding efforts which have been implemented to date include:

- CIMBNiaga.net, an internal news and information intranet portal, which has been set up with the objective of providing an internal channel for all CIMB Niaga personnel to gain information on the merger's progress.
- CIMB Niaga News, a monthly publication providing news and information on merger progress was first launched on LD1. CIMB Niaga News is now being published on a quarterly basis.
- Daily News e-mail updates were sent to all staff each morning containing relevant updates on merger progress. Information from the Daily News email were regularly posted to CIMBNiaga.net.
- CEO Message; On an intermittent basis CIMB Niaga's CEO office communicates directly to all staff through a corporate e-mail.
- Senior Management Walkabouts. Members of the

BOD have already visited a significant number of branches in Indonesia's largest cities to socialize merger developments. Visits to tier-2 cities have already commenced and will continue to be a focus for the Bank's directors.

In addition to the above, Corporate Communications in association with CIMB Niaga's Learning and Knowledge Management Group (LKMG) have continued to organize a series of events which encourage participation from all staff as well as their families. Examples of these events include the CIMB Niaga Olympi 2009, a 3-week program of sports and game activities.

Training and learning activities represent another important element for CIMB Niaga's internal branding efforts. Among the training events, which the Bank has recently initiated is the Kubik Leadership program, a self management awareness program aimed at improving leadership results. Also a series of seminars by local management and lifestyle guru Rhenald Kasali have been conducted at select locations. As part of CIMB Niaga's commitment to encourage management excellence among its employees, the Bank has recently introduced the CIMB Niaga e-leadership Learning Lounge, an online management training program offered in conjunction with Harvard Business Publishing and PT John Clements Consultants Indonesia.



INTERNAL COMMUNICATIONS

Various internal communication channels have been used to socialize the progress and achievements of the merger process to all employees. Among others, these include: CIMB NiagaNet (intranet portal for all employees), CEO Message, which was sent out to all employees via email, and CIMB Niaga News Monthly Magazine publications.



Moving Forward Strategically

The success of the merger has greatly enhanced CIMB Niaga's position in the marketplace. As of June 2009, CIMB Niaga was the 5th largest Indonesian bank by assets providing it with enhanced scalability. It is the 5th largest bank by branch network and ATM outlets enabling all customer's greater access. Furthermore it is now the 3rd largest in terms of Syariah Financing, 5th in terms of third party financing and 2nd in terms of Mortgages in Indonesia. Additionally CIMB Niaga has the benefit of direct linkages to its parent the CIMB Group, Southeast Asia's 5th largest bank.

All of these strengths represent new avenues for growth. CIMB Niaga's strategy moving forward is therefore to fully leverage these attributes across its operations so that it may grow its business and achieve its vision: "To be the most trusted Indonesian bank that is part of Southeast Asia's leading universal bank by understanding our customers' needs, providing the right comprehensive financial solutions and building lifetime relationships".

In order to secure the sustainability of its growth, CIMB Niaga aims to provide "Lifetime Banking"; a customer loyalty program which ensures the continued retention of our present valued customers as well as the ability to attract new business. This will be achieved through: improved services, rejuvenated confidence, stable fee based income and new product developments.

Key strategic objectives of CIMB Niaga's strategy include the following:

1. To fully leverage the synergy opportunities with CIMB Group – the 5th largest bank in Southeast Asia. There are many opportunities that we can leverage from the group's banking and finance expertise.
2. To intensify the cross selling potential of our large customer base by channeling and selling multiple products, by bundling and offering total value propositions of add-ons or customer referrals.
3. To revitalize payment services/channels by extending our reach to branch networks and all electronic networks such as ATMs, SST (Self-

Service Terminals), internet banking, mobile banking, and call centers, thereby creating opportunities to grow the transaction banking business.

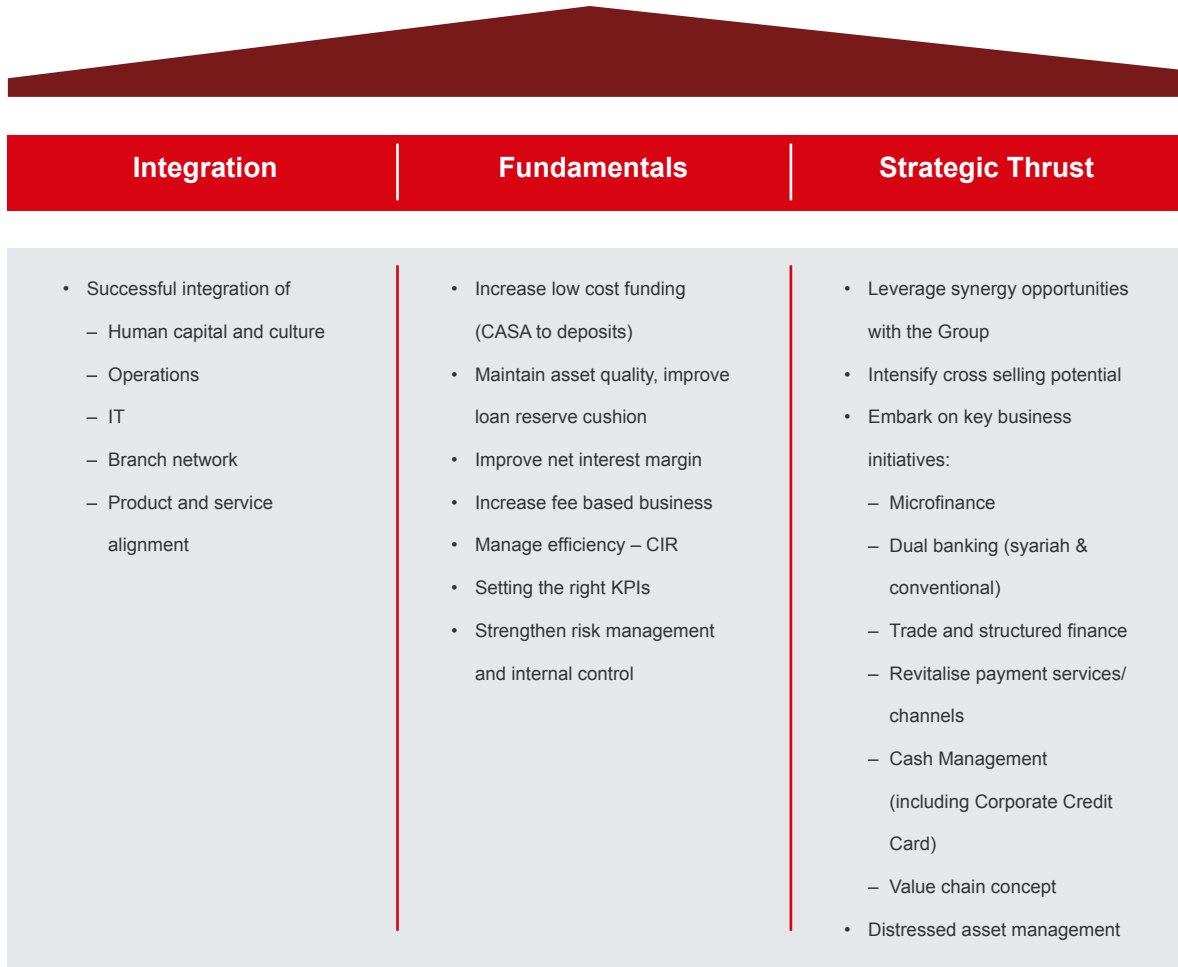
4. To embark on a dual banking concept (general banking and Syariah banking) by leveraging on CIMB's Islamic franchise and fully leveraged business model focusing on the retail and micro financing segment.
5. To expand our trade finance and structured finance services with the support of CIMB Group in alliance with our Corporate Banking and Business Banking directorates.
6. To provide loans focused on natural resources based industries, infrastructure, home ownership loan, Small Micro Enterprise (SME)'s and trade finance by continuing to practice the principle of prudence.

Post-merger, the Integration Program Office (IPO) identified the strategic focus areas for CIMB Niaga to maximize the momentum and capabilities of the merged entity:

- A. Accelerate synergies with CIMB Group in specific areas (front office transformation, regional payments, etc).
- B. Capitalize on the momentum and foundation created by the merger to accelerate growth.
- C. Strategically drive cost savings and efficiencies by transforming support functions.
- D. Industrialize IT and increase Business – IT alignment to support current needs and future growth.

Fig. 42: Strategic Blue Print

Vision : To be the most trusted Indonesian bank that is part of Southeast Asia's leading universal bank by understanding our customer's needs, providing the right comprehensive financial solutions, and building lifetime relationships



FINANCIAL REVIEW

Fig. 44: Net Profit Increased by 20% YoY

Excluding merger cost Net Profit increased by 57%
Consolidated

Rp Billion	1H'08	1H'09	YoY	1Q'09	2Q'09	QoQ
Net Interest Income	2,336	2,982	28%	1,369	1,613	18%
Net Non Loan Fees, Forex & Fixed Income	348	591	70%	249	342	37%
Operating Income	2,684	3,573	33%	1,618	1,955	21%
Overhead Expenses	(1,689)	(1,778)	5%	(840)	(938)	12%
Pre Provision Operating Profit	995	1,795	80%	778	1,017	31%
Provision Expense	(318)	(704)	121%	(327)	(377)	15%
Operating Profit	677	1,091	61%	451	640	42%
Non Operating Income (Loss)*	128	(112)	nm	(80)	(32)	nm
Merger Cost	-	(206)		(115)	(91)	
Profit Before Tax	805	979	22%	371	608	64%
Net Profit	578	696	20%	263	433	65%

*Including Merger Cost
nm: not meaningful

Fig. 45: Key Ratios

Consolidated

%	1H'08	1H'09	YoY	1Q'09	1H'09	QoQ
ROA	1.67	1.91	0.24	1.44	1.91	0.47
ROE	13.86	14.52	0.66	10.90	14.52	3.62
NIM	5.51	6.42	0.91	5.89	6.42	0.53
NIM*	5.40	6.30	0.90	5.90	6.30	0.40
Fee Income	12.98	16.53	3.55	15.41	16.53	1.12
Cost to Income	57.67	49.77	(7.90)	51.92	49.77	(2.15)
Loan to Deposit	84.71	87.24	2.53	85.77	87.24	1.47
Gross NPL*	2.31	2.68	0.37	2.85	2.68	(0.17)
Net NPL*	1.54	1.68	0.14	1.69	1.68	0.01
Loan Loss Coverage*	80.27	96.34	16.07	85.28	96.34	11.06
Provision to Mandatory Provision*	116.13	126.84	10.71	119.16	126.84	7.68
Net Open Position*	3.07	1.44	(1.63)	5.36	1.44	(3.92)
CAR (with Market Risk)*	15.49	15.30	-0.19	16.34	15.30	(1.04)
Basic Earning Per Share (Rp)	24.58	29.07	4.49	10.97	29.07	18.10

* Bank Only

Fig. 46: Net Interest Income Breakdown

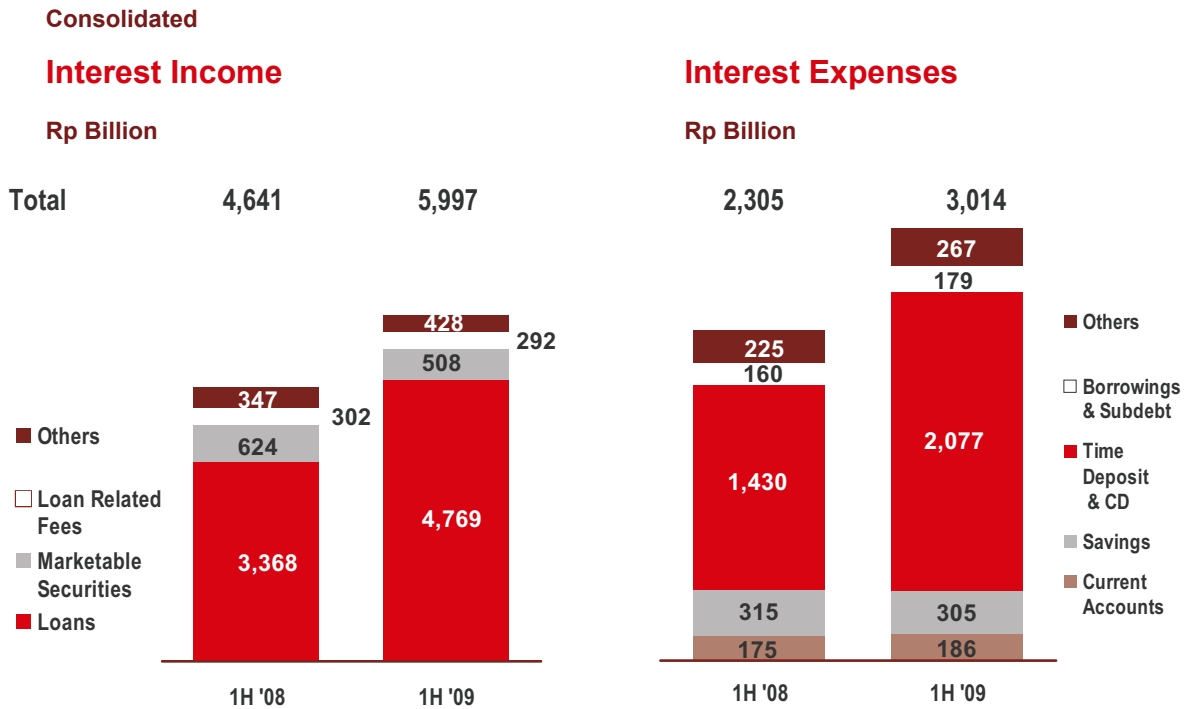
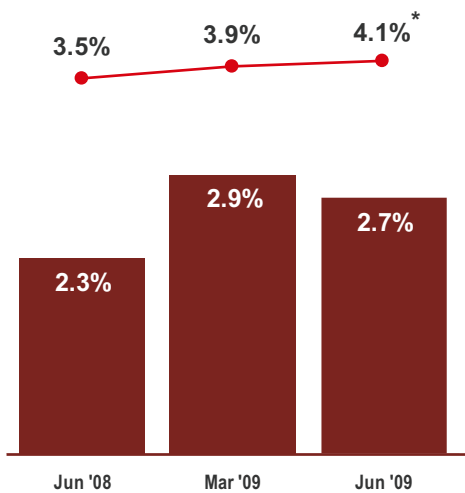


Fig. 47: NPL & Loan Loss Coverage Ratio

NPL decreased from 2.9% in Mar '09 to 2.7% in Jun '09
Bank Only

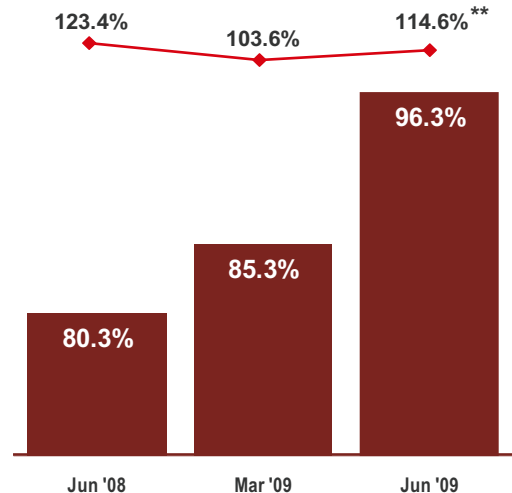
Gross NPL Ratio (%)

Industry Ratio



Loan Loss Coverage Ratio (%)

Average Top 10 Banks' Ratio



Industry source: Indonesia Banking Statistics May 2009

* As of May 2009

** As of Apr 2009

CIMB Niaga Fact Sheet

Call Center	14041
Website	www.cimbniaga.com
Total Customers	Over 3.5 million
Number of ATM	1,261
Number of SST	234
ATM Services	<ul style="list-style-type: none"> • Cash Withdrawal • Balance Information • Fund Transfer • Bills Payment • Registration (Mobile Banking) • Purchasing (Prepaid mobile phone vouchers, airlines ticket and entertainment)
Conversion of Bank Niaga & LippoBank Branches to CIMB Niaga	<p>653 branches by SPD1</p> <p>Type A: 48 full fledged branches (located in major cities)</p> <p>Type B: 112 full fledged and standalone branches (located in scattered area)</p> <p>Type C: 493 branches (located across major cities and rural areas)</p>
Internet Banking	www.cimbniaga.com
Internet Banking Services	<ul style="list-style-type: none"> • Account Balance Information • Fund Transfer (RTGS & SKN) • Mass Fund Transfer System • Bills Payment • Consolidated Payments • Post Dated & Recurring Transfer and Bills Payment • Registration (Mobile Banking) • Purchasing (Prepaid mobile phone vouchers, airlines ticket and entertainment) • Account Portfolio • Opening Account (Saving, Time Deposits, Credit Card) • Simulation (Interest, Time Deposit & Loan) • CINTA point Inquiry and Redeem • Cheque Book Order • Send and receive message to or from CIMB Niaga internet banking

Report by Various Functions

Sales, Distribution & Syariah

Sales & Distribution

Scope of Business:

- Under CIMB Niaga's new organizational structure effective 2 March 2009, the Sales & Distribution division encompasses Syariah Banking, Area Sales, Sales Performance and Management, Branch Strategy & Implementation, Alternative Channel Strategy & Implementation and Service Quality & Control.
- Sales & Distribution is responsible for spearheading the alignment of Branch Sales & Service. Furthermore it oversees the model and network alignment based on identified criteria to minimize overlaps, promote greater synergies and enable further cost savings.

Key Merger Achievements:

- Migrated 404 ex-LippoBank branches onto the CIMB Niaga platform.
- As of June 2009, CIMB Niaga is the 5th largest bank in Indonesia in terms of branch network (655 branches), and the fourth largest in ATM channels (1,261 ATMs).
- CIMB Niaga has rationalized 27 pairs of overlapping ex-Niaga and ex-LippoBank branches to accomplish significant cost savings. Less than 5% of post-merger banks are overlapping.
- Established a new branch model emphasizing customer service and executed a smooth transition to the new model.
- Completed major renovation works at all branches as at 9 September 2009 (09-09-09)
- Aligned the BDS systems, Forms and Collateral used in all branches (ex-Niaga and ex-LippoBank) to provide a common customer experience.
- Mass Training activities conducted for over 4000 frontline staff at approximately 400 locations.
- As part of SPD1, at least 27 key products & services enhancements were implemented thereby strengthening CIMB Niaga's offering to customers. The new offerings represent a consolidation and evolution towards an increasingly comprehensive product portfolio with combined strengths of corporate lending, mortgages, SME loans and payment processing systems.
- Consolidated access for all CIMB Niaga customers to the award winning Call Center (14041).

Overall Business Strategy & Focus Moving Forward:

- The remaining branches will be renovated in stages. The conversion of most ex-Niaga and LippoBank branches to CIMB Niaga continued to take place gradually over the 10 month period from SPD1, with renovation of all branches (old conditions) being completed by 2010. In addition to renovations CIMB Niaga's branch integration program includes branch expansion, branch relocation as well as branch Syariah conversion.
- Manage customer retention, especially for closing branches.
- Improve abandon call rate in Call Center by working with Infomedia to add more staff to handle call volume increases and upgrade of DRC for Call Center.
- Expand CIMB branch network by 85 branches by year end 2010 and another 265 up to 2012. Focus on expansion to the 11 (of 33) provinces where CIMB Niaga still lacks a branch presence. Build up in presence in provincial capitals, particularly in east Indonesia and open branches in any existing blank spots including new retail centers in major metropolitan areas.
- Focus on Syariah Banking in areas concerning the development of support systems, sales processes and delivery channels. This will include continued support for the "dual banking" concept to accelerate Syariah Banking growth. Open an additional 11 Syariah Branches by year end 2010. Ensure that dual banking concept is active in 500 of the existing 655 branches by year end 2009.
- Focus on Preferred Banking expanding current outlets to nearly twice their present reach of a total of 65 branch outlets by year end 2010.
- Expand ATM networks from 1,261 to about 1,500 by year end 2010.
- Continue to innovate with new product lines and penetrate untapped customer segments for organic business expansion.
- Continued promotion of CIMB Niaga's core retail, business and corporate banking products.
- Expand collaboration with Human Resources and Learning and Knowledge Management (LKMG) to promote specialist training on product portfolios for branch management staff.

Syariah

Scope of Business:

- CIMB Niaga Syariah Unit is managed under the supervision of the Sales, Distribution and Syariah Directorate. It comprises all ex-Niaga and ex-LippoBank Islamic banking business. Ex-Niaga Syariah commenced operations in October 2005 with its main focus in the commercial sector while the ex-LippoBank Syariah commenced operation in November 2007, focusing on the retail segment. Together, the merged entity offers greater synergy potential in terms of market penetration.
- Supporting CIMB Group's other businesses including PT CIMB Securities Indonesia and PT CIMB-Principal Asset Management in building an Islamic franchise for the Indonesian market.
- The vision of CIMB Niaga Syariah Banking is to be the most complete Islamic Financial Shop with the foremost support of a huge distribution network in Indonesia.

Key Merger Achievements:

- Successfully introduced the "full leveraged" model – leveraging on capabilities of conventional bank to accelerate product innovation & bundling and minimize duplication.
- Harmonized and aligned features, fees and charges for all ex-Niaga and ex-LippoBank Islamic banking clients; quick wins arising from the merger include cost savings from use of premises and sales promotion expenses.
- Accomplished a series of quick wins arising from cost savings from use of premises and sales promotion expenses.
- Expanded the number of CIMB Niaga Syariah by 12 new branches.
- Implementation of Office Channeling services at conventional S&D branches.
- Established multiple Kantor Cabang Syariah (Syariah Branch Office) to leverage on the promising growth of the Islamic Banking in Indonesia.
- Successfully introduced the leverage model into CIMB Niaga.
- Formulated master plan for HR development.

Overall Business Strategy & Focus Moving Forward:

- Leverage support of CIMB Group – a well known producer of Syariah Structured Products - to enhance the development of new Islamic finance products which more effectively meet Indonesian consumer needs while adhering to fatwa and regulatory issues; and effectively market those products thus accelerating sales and distribution.
- Leverage the Dual Banking Concept (general banking & Syariah banking) in all CIMB Niaga distribution channels through office channeling.
- Conduct training on Islamic products and services to all frontline staff.
- Optimize the integrated leverage model efficiently and effectively.
- Expand the number of Syariah branches to penetrate the entire market including the non-traditional (non-Muslim) market.
- Enhance products and services with innovative Syariah financial solutions that will appeal to customers and achieving loyalty and value added.
- Build brand and establish business values in the market with an effective marketing strategy, including joint promotions and product bundling.

Retail Banking

Scope of Business:

- The Retail Banking division is accountable for the overall strategy management and financial performance of the Bank's business for retail individual customers.
- Retail Banking encompasses Consumer Liability, Card & Merchant Business and Consumer Finance including mortgage business, auto-finance, personal loans, deposits, retail forex, wealth management as well as other transactional services.
- Key functions within Retail Banking include product development and marketing, customer segmentation and segmental product packaging, credit cycle management (sales processing, credit and collection functions under the unsecured lending monoline), alternate channels development (internet banking, mobile banking SST/ATM) as well as customer relationship management.

Key Merger Achievements:

- Successfully implemented the TOM.
- Integrated the ex-Niaga and ex-LippoBank credit card operations onto a single platform
- Integrated the ex-LippoBank merchant into the CIMB Niaga Model.
- Harmonized ex-Niaga and ex-LippoBank retail products.
- Fully aligned alternate channel offerings (internet banking, mobile banking, SST/ATM) via adoption of the full suite of functionality from both ex-Niaga and ex-LippoBank. Previously SST and mobile banking services were not available to ex-LippoBank clients.
- Identified opportunities for synergy from existing retail banking products (ex-Niaga & ex-LippoBank)
- Introduced various marketing campaigns to create awareness for new CIMB Niaga brand within the retail segment.
- Synchronized rates and fees to ensure that ex-Niaga & ex-LippoBank customers enjoy the same benefits
- A larger variety of products to be offered to customers to complement each customer segment including core treasury & investment, deposit, savings, loans, quick transfer, quick-payment, remittance, credit cards and bancassurance.
- Since the merger, wealth management under CIMB Preferred brand has doubled its customer base, and is now positioned at a number 4 ranking in Indonesia competing against both local and foreign banks.

Overall Business Strategy & Focus Moving Forward:

- Accelerate merger synergy realization via cross bank leverage (customer base offerings, systems and capabilities).
- Streamline processes to create further efficiencies.
- Continue integrating common technological platforms.
- Strengthen offerings and capabilities of delivery channels, especially for the mass affluent segments.
- Intensify product and service rollouts, particularly through CIMB Niaga's integrated alternate channels platform
- Focus on product innovation & bundling for consumer segment – consumer finance, credit cards, consumer liability & wealth management; direct & telesales.
- Leverage on branch network for distribution.
- Increase cross-selling by leveraging on enhanced CRM capabilities and infrastructure.
- Execute re-branding activities to create awareness of the CIMB Niaga brand. As a first step, key products such as credit cards have been re-branded to CIMB Niaga
- Continue to focus on the CIMB Preferred brand for professionals and entrepreneurs; maintaining the highest standards of human resources for efficient and effective CRM; Relationship Managers must be well educated and experienced; must develop financial solutions that meet customer needs; provide superb services; unparalleled access and exclusive facilities at various locations.

Credit & Risk Management

Scope of Business:

- Oversee all matters related to risk management and mitigation including the regularly convened meetings of the risk management committee.
- Ensure business sustainability of CIMB Niaga by managing Enterprise Risk Management and risk analysis to manage bank-wide risks and return trade-offs and to be a partner for all business and support units.
- Improve shareholder value through evaluation of risk-return portfolio in business activity.
- Define the implementation of appropriate internal control systems in the company.
- Determine compliance over all risk policies and limit allocations of the Risk Committee.
- Review the implementation of risk management, policies and procedures.

Key Merger Achievements:

- Finalization of the TOM for Credit and Enterprise Risk Management (CERM), finalization of CERM organization structure, synchronization of risks policies in CIMB Niaga.
- Development of policy and main procedures related to credit, market and liquidity, IT & Operations, as well as criteria of risk tolerance, synchronization at the level of the Executive Committees comprising Risk Executive Committee for Credit, Market and Operational risks, and Non-Risk Executive Committee for IT, Assets & Liabilities, Business Development, HR and implementation of Good Corporate Governance.
- Completion of credit approval models for all business segments.
- Successfully integrated risk management strategies of CIMB Niaga with those of ex-LippoBank. Agreed on a new risk management framework as defined in the TOM.
- Bank achieved an NPL ratio of 2.7%. The current bench trend in Indonesia is 4% and most banks aim to achieve less than 3%.

Overall Business Strategy & Focus Moving Forward:

- Continue with the socialization of the new paradigm of credit fostered by the TOM of paramount importance will be the bankwide compliance in aspects of CIMB Niaga's Risk Management regime.
These are:
 1. Procedure
 2. Delegation of Authority, and
 3. Business Direction
- Continue to exercise best practices for prudential supervision while actively supporting business growth for business units.

Operations & IT

Scope of Business:

- To provide centralized information and services for all business units and employees.
- To serve as a strategic partner and value added contributor to CIMB Niaga's vision by adopting IT governance standards and best practices.
- Leverage all potential synergies acquired through the merger by implementing the most stable and accessible IT architecture and platform.

Key Merger Achievements:

- Completed SPD1 4 months ahead of schedule resulting in a merger cost which was well below the budgeted costs.
- Successfully migrated data associated with 1.7 million accounts of 1.4 million customers.
- Full reconciliation on the conversion for over 4.6 million data records.
- Simultaneously rationalized 27 pairs of overlapping branches on SPD1.
- Integrated 53 applications and implemented 20 applications into one Single Platform.
- Aligned suite of services and products available to all CIMB Niaga and ex-LippoBank customers across 650 branches, 1507 ATM/SSTs, internet banking, mobile banking, phone banking and call center.
- Intentionally planned for and achieved a series of quick wins in the months prior to SPD-1 with the cutover of key functions thus freeing up resources to focus on Core Banking applications on the 'big bang' cutover date. A total of 11 applications achieved early cutover between January and April 2009 including Treasury and Credit Card Systems.
- Co-located Call Center in February to create synergies and promote cost savings (fully integrated to 14041) by SPD1.
- Identified, tested, procured and installed new data-center mainframes.
- Closed down the redundant data center at Cikarang post migrating all new data systems on SPD1.
- Integrated ex-LippoBank branches and business units into the CIMB network (i.e. hybrid network infrastructure model) in order to minimize the effort and complexities.

Overall Business Strategy & Focus Moving Forward:

- Continue to consolidate data centres with the transfer of all historical data from legacy Menara Asia servers to the active primary and backup data centers respectively at Bintaro and Graha Niaga.
- HRIS Integration.
- Conduct client survey of end-users and follow up on recommendations.

Finance & Strategy

Scope of Business:

- Assistance in the integration area of Finance
- Financial Accounting for CIMB Niaga that covers:
 - Conversion to Financial Management System
 - Reconciliation of General Ledger to sub systems
 - Chart of Account (COA) Mapping
 - Alignment and implementation of Accounting Policies.
 - Fixed Assets and Accounts Payable conversion
 - Alignment and implementation of regulatory reporting process

Key Merger Achievements:

- Completed the TOM for Finance
- Monitoring and tracking of synergy achievement and realization of Rp1.4 trillion (60% from Increased Revenue and 40% from Cost Savings).
- Completed the alignment of key accounting policies
- Implemented bankwide cost savings initiatives to reduce general administrative expenses.
- Achieved further cost savings through economies of scale by eliminating duplicate vendors and obtaining better terms with the remaining vendors.

Overall Business Strategy & Focus Moving Forward:

- Continue to expand the source of cheaper funds through strength of Current Account Savings Account (CASA).
- Ensure Implementation of Business Process Engineering (BPE) to Review Costs, and Improve Customer Experience.
- Maintain compliance to regulatory reporting requirements during the interim period.
- Establish cross team management of requirements to cater for business needs.
- Harmonized mapping of the Chart of Accounts mapping into Islamic and Conventional banking.
- Continue to ensure that all levels of reconciliation are properly conducted by non finance units for selected applications.
- Resolved GL Reconciliation issues to prevent outages, minimize fraud risks and remain in compliance with regulatory audit requirements.
- Continue to drive performance management via enhanced performance management tools and cost management strategies.
- Continue to drive bankwide cost saving initiation to reduce general administrative expenses.
- In conjunction with business unit's: Develop and execute bankwide and business unit specific business plans.

Corporate Banking

Scope of Business:

- The vision of Corporate Banking is to be a leading local player with regional capacity in corporate and investment banking by leveraging on group strength.
- Under CIMB Niaga's new organizational structure effective 2 March 2009, Corporate Banking encompasses Financial Institution and Securities Services and Transaction Services (see following section).
- Corporate Banking also comprises a Syndication Division and Corporate Advisory Division that provides a wide range of services encompassing project cashflow modelling, company valuation, strategic partner searches, debt restructuring to advising the customers in terms of negotiations with shareholders, financial advisors and authorities.

Key Merger Achievements:

- Finalization of the TOM and organization structure under Corporate Banking through the alignment and enhancement of ex-Niaga and ex-LippoBank operating models. The TOM includes the alignment of lending & funding products of both banks, widening of the current product range & services, enhancement of cross selling activities for Banking products and Capital Market products.
- Finalizing the organization structure with 5 groups under Corporate Banking comprising of 130 headcounts; transferring Payment Bank Division (unit rendering services for capital market payments) and Security Services Division to Financial Institutions Group.
- Re-assigned account assignment/exchange to a single relationship manager for corporate customers that have existing facilities in both banks to provide better service.

- Finalization of needs, locations and operational infrastructure
- Human resources integration
- Socialization programs for customers and employees conducted
- Reassigned account exchange to a single designated customer relationship manager
- Successfully integrated the combined portfolio of over 400 corporate clients (ex-Niaga / ex-LippoBank).
- Aligned customer portfolio, product and pricing policy.
- Implemented Single Approval Policy, Credit Proposal and Single Product
- Transferred credit files and loans documents based on account assignment
- Retention of key talent
- Achieved a high level of customer retention through leveraging on CIMB Group's regional platform
- Established an Indonesian desk through cooperation with CIMB Singapore Branch to expand coverage for corporate clients.



Overall Business Strategy & Focus Moving Forward:

- Continue enhanced focus on transactional banking (cash management and trade finance – see following section for further details).
- Continuous improvement of staffs' skill & competencies including cultivation of key talent assigned as relationship managers responsible for tailoring and cross-selling the full suite of corporate banking products.
- Increase fee based income, with greater income from assets through the following initiatives:
 - Focus on product innovation, bundling and distribution for loan syndication, project financing, bilateral and structured lending.
 - Provide advisory and funding support for corporate customers that have the potential to develop in the field of investment banking (syndication advisory and capital market).
 - Harness and optimize Group strengths in the growing regional market
 - Leverage the newly established Indonesian desk at CIMB Singapore to increase the range of services for Indonesian corporate clients.
- Increase synergy with CIMB Niaga and CIMB Group business units through cross selling activities including:
 - Penetrate various value chain opportunities
 - Maximize ability of Transaction Banking and Treasury.
 - Implement dual banking concept to finance Syariah to corporate customer.
 - Provide products and services currently provided by CIMB Group
- Drive “universal banking” proposition through collaboration with CIMB GK and CIMB Group
- Emphasize profitability and fee based income through ‘inventory mode’ for corporate loans, transactions banking, trade finance, and treasury, while maintaining prudent banking practices and minimizing long term loan portfolio in the balance sheets through asset sales or structuring loans with an exit strategy through the capital markets.

Business Banking

Scope of Business:

- Main objective of Business Banking is to provide banking products and services from high end market to middle and smaller retail business customers including the small and medium enterprises (SME) sector by leveraging the Sales & Distribution (S&D) group, SME centers, and Microfinance outlets as delivery channels.

Key Merger Achievements:

- Combined loans and deposits portfolio from ex 2 legacy banks into 1 platform under Business Banking Directorate.
- Reorganized and aligned the business structure and customer segmentation with TOM Business Banking, encompassing:
 1. High End Commercial – Focusing on customers with total sales of under Rp500 billion with loan requirements of Rp25 - 100 billion. This subsegment is responsible for selling all products and services to customers through a monoline system, which divides into 5 high end business areas covering 22 branches throughout Indonesia.
 2. Medium End Commercial – Focusing on customers with total sales of under Rp200 billion with loan requirements under Rp25 billion. Business Banking sells products and services through the S&D branch network throughout Indonesia. Business Banking is the product owner and is responsible for business support and development, and currently has 5 regional business support centres throughout Indonesia.
 3. Small and Micro Enterprise – Focusing on customers with total sales of under Rp2.5 billion and Rp100 million. Loan requirements for this sector vary. This subsegment is divided into:
 - Small and Micro Enterprise, which are executed through partnership schemes, financial institution linkage, and government credit program. The end users of Small and Micro are entrepreneurs, including traders, farmers, suppliers, distributors, sub-contractors, and franchise license holders.
 - Micro Finance, which is currently still in the early stages of development expects to launch in 2010.

- Commenced activities to compete in the Microfinance sector. Fifteen pilot outlets are ready to commence operations upon approval from authorities.
- Implemented Delegation of Authority (DOA) in line with the business model of Business Banking Directorate.
- Defined extensive customer communication and inter staff communication plans. Several activities are already in progress including Customer Gathering, Joint Visits, acknowledgement letter and employee gatherings.
- Conducted joint trainings, refreshment courses, and workshops with S&D in order to ensure the smooth execution of new business models.
- Increased cooperation with other directorates such as providing references for Retail Banking and Corporate Banking and identified potential areas to cross sell.
- Rahn, the activity of syariah pilot pawning, as part of the microfinance project has been commenced since August 2009 at Sidoarjo, before fully operated nationwide in 2010.

Overall Business Strategy & Focus Moving Forward:

- Enhance cooperation with S&D in order to boost synergies between both directorates, especially in the area of mid end commercial segments.
- Ensure implementation of KPI sharing between S&D and Transaction Banking to be able to fairly appraise the performance of each group.
- Increase focus on product innovation & bundling and business support for SME and programmed lending.
- Enhance distribution reach by leveraging the branch network.
- Maintain focus on sound credit quality, prudent credit lending growth and increasing low cost funding.
- Continue to support the development of micro scale businesses in providing working capital and investments, though Micro Finance Outlets including regional banks (BPR), Syariah Banking units and continue to support retired civil servants who have small and micro businesses.
- Continue to conduct training and refresher courses to all S&D staffs, especially regarding new products, credit processes, risk appetite, and loans quality.
- Roll-out SME500 to Business Banking Centers.

Treasury & Capital Market

Scope of Business:

- CIMB Niaga's treasury activities are subdivided into a Sales & Risk Analytics division and a Trading division.
- Treasury is responsible for managing the bank's liquidity through interbank deposit taking/placing. It generates revenue through its trading desk in FX, Fixed Income & Derivatives.
- The Treasury provides pricing to customers for their needs in FX and interest rate requirements, i.e hedging their FX risks to minimize the risks and investing their excess funds to generate higher returns through structured deposits.

Key Merger Achievements:

- Treasury was the first business unit to be immediately co-located after LD1.
- Initiated positive and good cooperation between ex-Niaga and ex-LippoBank personnel during the merger process.
- Successfully transitioned from 2 different systems (Kondor+ and Murex) to a single bankwide platform in January 2009.
- Implementation of shadow accounting between product owners vs business units and product owners vs. S&D.
- KPI refinement for all different section in treasury to reflect that of the Group.
- Treasury product training provided to branch sales officers to instill product transparency and product knowledge.
- Worked with Treasury Head Office by assigning traders for short-term attachments, exchange program.
- Successfully launched 3Y X-Tra Range Accrual Market Linked Deposit with total accumulated funds of USD 65 million.
- Conducted a successful regional treasury offsite in Kuala Lumpur with participants from Kuala Lumpur, Singapore and Indonesia to discuss the CIMB Niaga's 3 year business plan (2009-2011). CIMB Niaga Treasury's vision for 2011 is to be the best local player in three products, IDR FX transactions, Fixed Income and other hedged products.

Overall Business Strategy & Focus Moving Forward:

- Expand market making activity by offering a comprehensive product in foreign exchange rates and treasury markets; including in-house ability to perform pricing for IDR derivatives structure, market making for foreign exchange and interest rate products, which is customer driven and hedging.
- Create several new structured product options within the limitation of the local regulations.
- Maximize CIMB Group's expertise to support market making activities.
- Implement the best-practice standards for FTP balance sheet and bankwide (ALCO)
- Optimize the network (655 branches) to increase sales generated by CIMB Niaga's treasury product specialists across the region.
- Conduct cross-selling with other business units
- Treasury will plan an active role in debt capital markets & syndication, cross market trading, FX sales, derivatives, structured products and balance sheet management – leverage on CIMB Niaga'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.
- Continue to leverage on the enlarged sales and distribution channel of CIMB Niaga for new structured products.
- Continue to grow the Fixed Income, FX and Derivatives Market-making franchise in both local and regional markets.
- Intensify new product roll-outs (for both conventional and Islamic products and services)

Human Resources

Scope of Business:

- “Enabler to the merger” - to focus on talent management and capability development in order to ensure that the right people with the right skills are deployed for the right jobs.

Key Merger Achievements:

- Finalized the organization structure and talent placement across all departments.
- Anchored the branch manager selection committee
- Completed the integration milestones and key alignment areas for compensation and benefits for all employees.
- Developed integration programs to ensure the levels of knowledge and skills all employees are equal in serving customers.
- In conjunction with Learning and Knowledge Management (LKMG), trained over 8000 staff in less than 10 months.
- Completed HR road shows to encourage 11,674 staff to join the combined bank, with a commendable success rate of 97% acceptance.

Overall Business Strategy & Focus Moving Forward:

- Institutionalize a common corporate culture across the entire breadth of CIMB Niaga which shares our unifying vision: to be the most trusted Indonesian bank that is part of Southeast Asia’s leading universal bank.
- Continue to implement ISO 9001:2000 (Quality Management System) for CIMB Niaga Recruitment Services.
- Continue to carefully manage bankwide staff selection and to keep the intellectual capital they represent on board.
- Align policies regarding career development, remuneration, promotion including alignment to the CIMB Group Regional Human Resources Policies.
- Develop various initiatives to support successful business focus in organizational development, remuneration system, training recruitment and performance management.
- Continue to focus on building and development of Learning and Knowledge Management Group to ensure successful program delivery to all employees and to have regular access to professional development courses.
- Execute Recruitment Strategy to acquire and retain the best and most qualified employees and maintain staffing at levels required to meet CIMB Niaga’s business growth and network expansion requirements.

Compliance, Corporate Affairs & Legal

Scope of Business:

- The Compliance, Corporate Affairs & Legal is responsible for all Compliance, Corporate and Legal Affairs of the Bank.
- Ensures that all activities carried out by CIMB Niaga is in compliance with laws and directives of the Central Bank – Bank Indonesia as well as the Indonesia Capital Market and Financial Institutions Supervisory Board (BAPEPAM – LK) to minimize any operational risks.
- Plays a pivotal role for communications between the CEO and leadership of all CIMB Niaga business units.
- Manages corporate communications and investor relations particularly as they relate to corporate actions.
- Manage communications with CIMB Group and other strategic investors to present and promote the credibility of management, build the implementation track record of strategies, the prospects of the bank, and business fundamentals.

Key Merger Achievements:

- Completed integration and alignment of Corporate Office, work streams and portfolio between CIMB Niaga and ex-LippoBank.
- Finalized the TOM for Corporate Office in order to support the Board of Directors 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.
- Completed alignment of corporate communication procedures and policy of the newly merged bank.
- Aligned the corporate legal issues and aspects from the two banks into CIMB Niaga.

Overall Business Strategy & Focus Moving Forward:

- Building a new corporate culture.
- Minimize any operational risks by ensuring CIMB Niaga's business processes are fully integrated.
- Maintain the highest level of employee moral to retain and attract the best talent.
- Ensure that all third parties (external stakeholders) e.g. lawyers, analysts, strategic partners, financial institutions, employees, regulators, government, investors and customers are informed and updated as required.
- Ensure that CIMB Niaga's CSR framework continues to be a priority for the group by actively seeking opportunities for community engagement and ensuring that events and support for development initiatives are carried out with the highest level of professionalism and integrity.

Corporate Communications

Scope of Business:

- Corporate Communications is responsible for all events, communications, and branding initiative of CIMB Niaga.
- Oversees the implementation of integrated communications frame work aimed at enhancing the overall image of the Bank to both external and internal audience.
- Is responsible for managing all third parties involved in CIMB Niaga marketing and branding efforts (e.g. creative agencies, advertising firms, public relations firms, media vendors).

Key Merger Achievements:

- Completed 1st phase of CIMB Niaga rebranding efforts including branch conversions for all 655 branches, rebranding of stationary as well a corporate communications items (external and internal).
- Re-launched the external corporate website.
- Successfully managed internal portal (intranet) CIMBNiaga.net to maintain a continuously updated database of news and information relevant to the merger process.
- Streamlined internal communications channels including CIMB Niaga News magazine, daily news email and Message from the CEO.
- Planned and executed a regular itinerary of internal and external events to support merger initiatives.
- Closely engaged and managed relations with the media community to ensure that a consistent message on the benefits of the merger was delivered to the greater public.
- Maintained brand profile of CIMB Niaga products through execution of ongoing media campaign.
- Forged strategic agreements with advertising and public relations companies for cooperation on the pending brand re-launch to be executed in late 2009.

Overall Business Strategy & Focus Moving Forward:

- Execute Strategic Communications Framework recently acquired from external vendor and implement associated action plans
- Finalize all arrangements with creative agencies handling the CIMB Niaga brand re-launch and secure vendor contracts for communications channels to be used for the re-launch
- Continue to drive awareness of the Group's various businesses and propositions through accurate messaging look and feel.
- Continue to engage and maintain relationships with members of the media and press community both within Indonesia and abroad.

Transaction Banking

Scope of Business:

- The vision of Transaction Banking is to be the most comprehensive transactional solution provider to businesses and their value chain.
- A subdivision of CIMB Niaga's Corporate Banking, Transaction Banking is a new line of business of CIMB Niaga which primarily focuses on delivering integrated cash management and trade solutions for business owners and corporate clients.
- Key account services include payment & collection as well as trade related services (e.g. bank guarantee, export and import)
- The objective of Transaction Banking is essentially to increase float income from CASA accounts, time deposits and fee income by facilitating the day-to-day banking transactions of customers.

Key Merger Achievements:

- As a result of the merger, CIMB Niaga is able to offer a larger variety of products and service to its expanded client base, thus creating more growth opportunities
- Minimized BizChannel (ex e-Lippolink) customers disruption by interfacing to Core Banking instead of migrating to NCM (Niaga Cash Management).
- Integrated ex-LippoBank MFTS customers with minimal customer impact or changes required.
- Raised awareness on the importance of transaction banking in achieving a balance funding mix for the bank and optimum revenue from borrowing clients.
- Harmonized pricing.
- Aligned products offering features, fees and charges from both organizations.
- Implemented training programs to encourage cross selling

Overall Business Strategy & Focus Moving Forward:

- Focus on product innovation & bundling for cash management and trade covering end-to-end value chain with an emphasis on solutions linking the Bank's clients with their supplier, distributors and employees through the delivery channel of their choice.
- Focus to grow extensively by capturing optimal synergy through a regionalized transaction banking business.
- Leverage on branch network, Corporate Banking RMs, FI and alternate channels for distribution.
- Sustain low cost of funds, emphasizing retention of funding customers
- Explore opportunities with regional counterparts to identify areas where Trade Finance activities can leverage on CIMB Group's regional presence.
- Ensure the delivery of the synergy derived from the merger for the benefit of our customers – enabling them access to a more efficient and convenient way of managing their day-to-day banking needs.
- Continue to increase fee income from trade services
- Continue to increase payment volumes of CIMB Niaga's internet banking transactions.

Glossary

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



PT Bank CIMB Niaga Tbk

Corporate Secretary

Graha Niaga

Jl. Jend. Sudirman Kav. 58

Jakarta 12190, Indonesia

Tel. : (62-21) 250 5151, 250 5252, 250 5353

Fax. : (62-21) 250 5205

Email : corsec@cimbniaga.co.id

Website : www.cimbniaga.com