

PT Bank Niaga Tbk

Fifty Years of Providing First-Rate Services and Quality Solutions Bank Niaga in Five Decades

It has been half a century since Bank Niaga was established here in Indonesia. Fifty years not only marks our period of existence; it is a proof that the integrity and quality that we have built and maintained from the first day we went into operation – and various breakthroughs in providing solutions and product and service innovations – are factors that helped Bank Niaga to be a leading bank with Quality Services. Today, Bank Niaga is committed and ready to face challenges and take advantage of future opportunities. The following are five decades' history of our Bank Niaga.

Decade #1 (1955 - 1965)

The Decade of Building Integrity

The first decade of Bank Niaga was one full of dedication and hard work needed to be a good, sound and trusted national private bank. From the very beginning we have been aware of the significance of integrity and quality.

BUILDING PEOPLE'S TRUST IN BANK NIAGA

Founders of Bank Niaga realized that we had to have and maintain customers' and people's trust. "Our primary concern is to gain trust..." (Source: 1956 Annual Report).

TECHNOLOGY FOR SPEEDY AND SATISFACTORY SERVICES

We acknowledged that technology application was crucial to excellent service – long before "information technology" was introduced to the banking industry. Standards of good service included speed and satisfaction. "From the start, we have made every effort to have all bank's administration work done mechanically..." (Source: 1956 Annual Report). "We seek to complete our tasks satisfactorily. For instance, checking account holders will have daily calculation of their accounts so that information on any changes will be available the next working day at the latest." (Source: 1957 Annual Report).

COMPLIANCE WITH REGULATIONS

Long before the concept of Good Corporate Governance was introduced, we had already applied one of its core elements: compliance. "The management will always see to it that the bank runs its business according to regulations that Bank Indonesia from time to time issues." (Source: 1960 Annual Report).

EMPLOYEES AS A PRIMARY ASSET

We have determined that employees of high integrity and dedication are our primary asset. "With regard to employment policy, continuous adjustments have always been made for employee remunerations to meet steadily increasing costs of living... our reward for all our employees' performance in maintaining the quality of services provided to the customers." (Source: 1965 Annual Report). Decade #2 (1966 - 1975)

The Decade of Being a Bank with Trusted Services

To ensure rapid business growth and greater public trust, in the second decade we developed future-oriented system, organization, management and human resources.

ONE OF TRUSTED NASIONAL PRIVATE BANKS

In 1969 when crisis hit the private banking sector, Bank Niaga managed to survive as one of few sound private banks. "... our company, with 3 other private banks, has been authorized to offer BI-guaranteed prized savings account... meaning that we are among the reasonably sound nasional banks eligible for Bank Indonesia's guarantee." (Source: 1969 Annual Report).

PRINCIPLE OF PRUDENTIAL BANKING

We always regard highly the prudential banking principle. "... many debtors requested bank overdrafts with no prior agreements, the request of which we certainly had to turn down." (Source: 1970 Annual Report).

FULL SERVICE BANK

To meet customers' growing demands, we changed our business course and became a full service bank in November 1974.

MANAGEMENT INVESTMENT FOR THE FUTURE

"In order to have an adequate supply of managers of all levels, a number of management trainees have completed their education programs. This human investment will certainly be beneficial to the bank's development because it provides a supply of trained line managers capable of giving banking services required by the general public." (Source: 1975 Annual Report). Decade #3 (1976 - 1985)

The Decade of Building a Modern Bank Supported by Information Technology

At Bank Niaga, we recognize the significance of sound and sustainable development. In the third decade, we quickly made a number of full-scale basic changes in all areas. One of the outcomes was Bank Niaga's image as a bank with

high integrity.

ONE OF INDONESIAN BANKS TO APPLY ON-LINE BANKING SYSTEM

Within the period of 1981-1982, Bank Niaga applied an on-line banking system, networking its branch offices, and became the first bank in Indonesia to have the technology. "With regard to operation, there is one exceptional step we have taken i.e. upgrading the computer system for all Bank Niaga's branches in Jakarta and Surabaya. With this system upgrade, a customer of any of our branch offices in Jakarta may be able to make a deposit or withdraw cash, or even clear a check at all our branch offices in Greater Jakarta." (Source: 1983 Annual Report).

STRENGTHENING WORK CULTURE

Work culture at Bank Niaga was strengthened, requiring the bank's founders, shareholders and management to work with stakeholders' interests and concerns as the highest priority. This is the essence of Good Corporate Governance.

PRODUCT AND SERVICE INNOVATIONS

We created a variety of new products and services to meet customers' demands. "... We opened the Kebayoran Sub-branch. In a short time it managed to collect funds and offer Professional Loan Program (PLP), a program of loan provision to professionals such as doctors, engineers, etc." (Source: 1976 Annual Report). "... addition of authorized money changer network; Jakarta-Kota, Hasanuddin, Cirebon and Ujung Pandang branch offices; operation of Mobile Cash Units at a number of campuses; and launching of new banking products." (Source: 1985 Annual Report).

REMAIN CAUTIOUS IN COMPETITION

With credit ceiling no longer applicable and cut down on Bank Indonesia's credit of liquidity (the 1 June 1983 Policy), Bank Niaga realized that the current trend of banking business is heading towards competition to win the market. Therefore, although financial indicators allow expansion, Bank Niaga opted for more conservative and cautious operational policy, with emphasis on service improvement, training and organizational consolidation. Bank Niaga's operational policy seemed appropriate for the sluggish economic growth in the mid 80's, which resulted from the decline in developed industrial countries economies starting in 1980." (Source: "40 Years of Bank Niaga"). Decade #4 (1986 - 1995)

The Decade of Customers and Quality

During the fourth decade, we made other major breakthroughs in our efforts to know and get close to our customers. 1987 was our Quality Year while the period of 1994-1998 was our Customer Years.

TRANSFORMING CORPORATE IMAGE THROUGH A NEW LOGO

"We are aware that it is important to implement the corporate image building program consistently and in line with Bank Niaga's development. One way to achieve this is by changing the bank's logo. The idea of logo change first came up in early 1980's. With help from an overseas advertising agency, Bank Niaga finally had a new logo: a letter N braced by four 'legs' with red and gray colors. The management of Bank Niaga chose this new logo because it was simple yet reasonably artistic." (Source: "40 Years of Bank Niaga").

MORE ORIENTED TOWARDS CUSTOMER SATISFACTION

We kept directing our work towards customer satisfaction and quality services. "This is the year of our commitment to provide services exceeding customer's expectation. To achieve this, we proceed with our Quality Service Program which started last year. Internal and external customer surveys will be conducted and Bank Niaga has reached a consensus on its vision of service: IT'S ALL ABOUT CUSTOMER'S SATISFACTION." (Source: 1994 Annual Report).

THE FIRST BANK TO INTRODUCE ATM

Among national banks, Bank Niaga was the first to provide ATM services in 1987. "ATM (Automated Teller Machine) services, which we call "Niaga Cash" have shown remarkable progress. With on-line computer system, customers may be able to withdraw cash at any Niaga ATM 24 hours a day." (Source: 1988 Annual Report).

GOING PUBLIC

In June 1989, we made an initial public offering (IPO) at the Jakarta Stock Exchange. "At the end of the offering period, we found that a total of 20.9 million Bank Niaga's shares had been subscribed for - four times the number of issued shares (5 million)... it showed that Bank Niaga's stock attracted many investors and the public. The bank's positive image, cautious management and convincing financial performance indicators made possible the successful public offering." (Source: "40 Years of Bank Niaga")

RESPONSIBLE GOOD CORPORATE CITIZEN

"... Bank Niaga will always be conscious of its social commitments as a corporate citizen of Indonesia, a responsibility held as an extension and part of our business responsibility to our shareholders and our clients." (Source: 1992 Annual Report).

Decade #5 (1996 - 2005)

The Decade of Looking Beyond the Future

This fifth decade is one full of great challenges for Bank Niaga. Bank Niaga was capable of coping with the national economic and banking crisis which started in 1997 in Indonesia. Yet it managed to keep its position on the list of 10 best banks for service quality category. With full support from its majority shareholder, Commerce Asset-Holding Berhad, a leading Malaysian financial institution, Bank Niaga is ready to accomplish its mission of being one of the five largest banks in Indonesia.

COPING WITH INDONESIAN ECONOMIC CRISIS

"In 1999, Bank Niaga was put under the supervision of the Indonesian Bank Restructuring Agency. Unlike other banks taken over by the agency, bank Niaga has never been involved in corrupt practices of BI's liquidity credit or violated the maximum credit limit set for affiliate groups. Bank Niaga's take-over by IBRA in April 1999 was due to its shareholders' inability to provide 20% of the recapitalization fund requirement. (Source: 1999 Annual Report).

DEVELOPING CONSUMER BANKING

Considering market conditions, in 1998 Bank Niaga started to expand its consumer banking market and extend a solid and loyal basis of upper-middle class customers, adding to it the middle class group. We have created various superior products providing effective solutions to give customers greater satisfaction.

A LEAP OF INFORMATION TECHNOLOGY

In 2001 Bank Niaga replaced its information technology with an improved and more advanced new system. Investment in the technology aims at making our services a solution to the customers which they can access easily, safely and quickly, any time and anywhere.

GOOD CORPORATE GOVERNANCE

"A number of principles of good corporate governance and their implementation are nothing new at Bank Niaga. Starting from the mid 1980's, all employees are required to uphold the Standards of Ethic and Conduct, which include arrangements of issues relating to conflicts of interests. Bank Niaga has a tradition of strictly separating roles and personal relation backgrounds between members of the Board of Commissioners and the Board of Directors... the bank firmly states that it is important to adhere to the principles of independence, transparency, fairness, responsibility, accountability and compliance in daily business conduct and behaviors." (Source: 2000 Annual Report).

COMMERCE ASSET-HOLDING BERHAD

With Commerce Asset-Holding Berhad as its majority shareholders when they acquired its shares in November 2002, Bank Niaga has the opportunity to expand its market to the region.

NIAGA VISION

To be a top five bank in Indonesia.