

DECLARATION OF ANTI-MONEY LAUNDERING, COUNTER-FINANCING TERRORISM & COUNTER PROLIFERATION FINANCING OF WEAPONS MASS DESTRUCTION PROGRAM
(AML, CFT & CPFWMD)
PT BANK CIMB NIAGA TBK

In accordance with the regulation of the Law on the Prevention and Eradication of the Crime of Money Laundering no. 8 of 2010, Law on the Prevention and Eradication of the Financing of Terrorism No. 9 of 2013, POJK No. 8 of 2023 concerning the Implementation of Anti-Money Laundering Programs, Prevention of Terrorism Financing, and Counter Proliferation Financing of Weapon of Mass Destruction in the Financial Services Sector (AML, CFT & CPFWMD), SEOJK No. 32/SEOJK.03/2017 concerning Implementation of Anti-Money Laundering & Prevention of Terrorism Financing Programs in the Banking Sector and SEOJK No. 47/SEOJK.04/2017 concerning the Implementation of the Anti-Money Laundering Program and the Prevention of the Financing of Terrorism in the Capital Markets Sector, SEOJK No.29/SEOJK.01/2019 Guidelines for Immediate Blocking of Customer Funds in the Financial Services Sector Whose Identities Are Listed in the Listed as Suspected Terrorists and Terrorist Organization, SEOJK No.31/SEOJK.01/2019 Guidelines for Immediate Blocking of Customer Funds in the Financial Services Sector Whose Identities Are Listed in the List of Funding for the Proliferation of Weapons of Mass Destruction, as well as the PPAK regulations. The management of PT Bank CIMB Niaga Tbk (Bank) is fully committed to continuously implementing the Anti-Money Laundering, Prevention of Terrorism Financing and Counter Proliferation Financing of Weapon of Mass Destruction programs as regulated in Law no. 8 of 2010 and other provisions. The implementation of the AML, CFT & CPFWMD program that is determined and actively supervised by the Board of Directors and Board of Commissioners of Bank is as follows:

1. Supervision of the Board of Directors on the implementation of the AML, CFT & CPFWMD Program

Management and mitigation of the risk of Money Laundering, Terrorism Financing and Funding for the Proliferation of Weapons of Mass Destruction is one of the concerns of the Board of Directors so that it is stated in the determination of the Bank's AML, CFT & CPFWMD policies and requires that all existing policies and procedures at the Bank are in accordance with the implementation of the AML, CFT & CPFWMD Program. The Board of Directors obtains the latest information regarding the implementation of the compliance function and the implementation of the AML, CFT & CPFWMD program on a regular basis and also reports this periodically to the Audit Committee, the Risk Oversight Committee and the Operational Risk Committee.

2. Supervision of the Board of Commissioners on the implementation of the AML, CFT & CPFWMD Program

In order to carry out the supervision, management and mitigation of the risk of Money Laundering, Terrorism Financing and Funding for the Proliferation of Weapons of Mass Destruction, the Board of Commissioners participate in giving approval to the AML, CFT & CPFWMD policies as well as evaluating the implementation of the AML, CFT & CPFWMD program on an ongoing basis. Reports on the implementation of the compliance function and the implementation of the AML, CFT & CPFWMD program are submitted periodically to the Board of Directors, the Audit Committee, the Risk Oversight Committee and the Operational Risk Committee.

3. Risk-based AML, CFT & CPFWMD policies and procedures of, in accordance with the complexity of the Bank's business, involving the followings relevant provisions:

- a. Customer Due Diligence (CDD) in the context of Customer Identification and Customer Data Update, including the classification method for determining customer risk against potential money laundering, terrorism financing and funding proliferation of weapons mass destruction, identification of Beneficial Owners and screening of customer data against the Anti Money Laundering Watch-list (AML Screening) database.
- b. Measurement of AML, CFT & CPFWMD risk is carried out using indicators/parameters of the Risk Based Approach (RBA), which includes the Customer Risk Rating and Bank AML Risk Rating.
- c. AML, CFT & CPFWMD Risk Control and Management carried out through the implementation of the Customer Due Diligence (CDD) or Enhanced Due Diligence (EDD) process to determine the customer profile and analysis of the suitability of transactions with the Customer/WIC profile as well as dissemination of policies and procedures, training to all Bank employees, evaluation of the implementation of AML, CFT & CPFWMD in Branch Offices through Risk Control Self-Assessment (RCSA).
- d. Continuous monitoring and analysis to identify conformity between customer transactions and customer profiles, including closure of business relationships and rejection of transactions in the context of implementing AML and CFT.
- e. Identification and evaluation of the risk of potential money laundering and terrorism financing through the Bank's products, services and e-channel deliveries.
- f. Identification and Reporting of Suspicious Financial Transactions (LTKM), Cash Financial Transactions (LTKT), Financial Transactions for Transfers of Funds From and To Overseas (LTKL), the Integrated Service User System (SIPESAT) Information System for Suspected Terrorism Financing (SIPENDAR) to PPATK.
- g. Procedure for screening new employees and monitoring of employee's financial transaction as part on implementing the Know Your Employee (KYE).
- h. The administration of CDD document and other documents related to AML, CFT & CPFWMD.
- i. Follow-up on results of evaluation and the reporting on AML, CFT & CPFWMD risk exposures to senior management, committee and regulator.
- j. Internal Control, include:
 - 1) Preparing the process and control as guidelines for business units to ensure compliance and understanding of the AML, CFT & CPFWMD program. The controls are described in AML, CFT & CPFWMD policies and procedures (SOPs) .
 - 2) Testing and quality assurance process to ensure that Branch Office and Business Unit have implemented AML, CFT & CPFWMD in line with prevailing Policies and Procedures.
 - 3) Evaluation on risk indicators based on appropriate risk considerations and methodology as well as the documentation.

4. Internal Control to Evaluate the Adequacy and Effectiveness of the AML, CFT & CPFWMD Program

To ensure that the implementation of the AML, CFT & CPFWMD program is in accordance with predetermined policies, a self-assessment procedure is applied at branch offices and business units which are then validated by the AML unit. In addition, the continuous process of validation and inspection of the implementation of the AML, CFT & CPFWMD program is carried out by the AML Unit & Internal Audit Unit.

5. Management Information System in the Implementation of AML, CFT & CPFWMD

For the purposes of monitoring customer profiles and transactions, Bank has an application system that can identify and determine customer risk levels, analyze, monitor and provide reports on the characteristics of transactions made by customers, including identification of suspicious financial transactions. This application is able to carry out comprehensive monitoring of all customer transactions at the Bank, including credit card products, wealth management and custody. This application is equipped with parameters and thresholds, which are continuously evaluated in accordance with the involvement in the modus operandi of money laundering, terrorism financing and Funding for the Proliferation of Weapons of Mass Destruction. This application also has a function for the implementation of the screening process for the watch-list and reporting of LTKM, LTKT, LTKL, Sipesat & Sipendar. The Bank also continuously makes improvements to the applications used to add various functions in order to increase the effectiveness and efficiency of the system.

6. Training (Certification) of AML, CFT & CPFWMD for Employees

Training on AML, CFT & CPFWMD are mandatory for all employees on a regular basis. The training method is carried out both in class training and through e-learning.

7. Establishment of a special organization, the Anti Money Laundering (AML) Unit, to implement the AML, CFT & CPFWMD program

In carrying out its function, the AML unit reports and is directly responsible to the Compliance Director. The staffs of AML unit possess adequate banking knowledge and experience on the evaluation and mitigation of risks related to the implementation of the AML, CFT & CPFWMD program. All of the staffs have participated in training and certification programs on compliance. In addition, considering the large scale of the Bank, each Business Unit and Branch Office has RCU/DCORO and the AML Local Team that also ensures the implementation of AML, CFT & CPFWMD in the area concerned and is responsible for accessing and monitoring customer transactions. RCU is an independent party under the Business Unit that performs risk mitigation and performs Control Effectiveness Testing (CET) on operational, compliance and AML, CFT & CPFWMD risks. Meanwhile, DCORO and the AML Local Team are the officials and Business officers concerned who have been appointed to fulfill the responsibility for implementing the AML, CFT & CPFWMD program in the area concerned.

8. Screening of the Watch-List

The Bank screens every account opening and customer business relationship against the watch-list issued by the competent authorities as well as the watch-list commonly used in international best practice (among others The Office of Foreign Assets Control (OFAC) List, United Nation (UN) List, List Suspected Terrorists and Terrorist Organizations (DTTOT) and the Proliferation List, the list of Politically Exposed Persons (PEP) and adverse news. The Bank has subscribed to the watch-list database from Thomson Reuters-Worldcheck. The Bank also re-screens all existing customers every time there is an update/addition of a watch-list.

9. AML, CFT & CPFWMD Risk Assessment

The Bank has developed a risk-based approach to measure AML, CFT & CPFWMD risks at the customer level (customer risk rating) and bank-wide (Bank AML risk rating):

- a. **Customer AML Risk Rating (CRR)**, which is a measurement of the AML, CFT & CPFWMD risk inherent in each customer using indicators that include customer identity/profile, geographic/country and business factors, products/services/channels used by customers and the type of business entity, which classified into Low, Medium, and High.

- b. **Bank AML Risk Rating (BARR)**, is the result of an assessment of the AML, CFT & CPFWMD risk measurement at the Bank which is determined based on the inherent risk as well as the level of risk control and AML, CFT & CPFWMD control at the Bank.

10. Compliance Test and Advisory related to AML, CFT & PFPWMD

The AML Unit reviews policies, procedures, products/activities/channels to ensure compliance with applicable laws and regulations related to AML, CFT & PFPWMD. In addition, the AML Unit provides opinions to the business and other working units regarding various questions and issues related to the implementation of AML, CFT & PFPWMD.

11. Reporting and Fulfilling Data Request to Regulator/Law Enforcement

Reports to regulators for the implementation of AML, CFT & CPFWMD are carried out by the AML unit, including the provision of data to law enforcement officers.

12. Implementation of AML, CFT & CPFWMD Program in Financial Conglomerate

Bank as the Main Entity in the Financial Conglomerate ensures that the implementation of the AML, CFT & CPFWMD Program in all subsidiaries is in line with the implementation of the AML, CFT & CPFWMD Program at the Bank (Main Entity).

13. In implementing the AML, CFT & CPFWMD programs, the Bank has set up 3 (three) lines of defense, as follows :

a) First Line of Defense

The first line of defense is carried out by the Business Unit/Branch Office that operates the Bank's daily business activities as the front-liners. In every Business Unit/Branch Office, there is someone who is responsible for the AML, CFT & CPFWMD programs, designated as the Local AML. He or she is also given access to the information system used in the management of AML, CFT & CPFWMD.

b) Second Line of Defense

The second line of defense is an oversight function that ensures the first line of defense has carried out its functions properly. The AML, CFT & CPFWMD Unit that acts as the second line of defense, prepares the strategy and steps to be taken, and the system that will be used to strengthen the implementation of the AML, CFT & CPFWMD programs.

c) Third Line of Defense

The third line of defense is an oversight function on implementation of the AML, CFT & CPFWMD programs by the first and second lines of defense. The internal auditors, external auditors and the Board of Commissioners carry out this function to ensure that the first two lines of defense are working effectively.

Other than the started above Bank has committed to take part in FATCA & CRS program and successfully registered as member of FATCA in IRS with member ID GIIN 03K4KB.99999.SL.360.

For further information about the Bank's AML, CFT & CPFWMD program, please deliver your inquiry to aml.ho@cimbniaga.co.id