



MASA HADAPAN BERMULA HARI INI

THE FUTURE IS TODAY

LAPORAN TAHUNAN BERSEPADU
2021
INTEGRATED ANNUAL REPORT

Sekilas Pandangan

At a Glance



Ditubuhkan pada
Established in

2005

Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) merupakan Institusi Kewangan Pembangunan (IKP) ke arah perbankan Islam terkemuka yang dimiliki oleh Kementerian Kewangan, dikawal selia oleh Bank Negara Malaysia (BNM) dan di bawah pengawasan Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP).

Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) is a Development Financial Institution (DFI) that's heading towards Islamic banking. It is owned by the Ministry of Finance, regulated by Bank Negara Malaysia (BNM) and is under the supervision of the Ministry of Entrepreneur Development and Cooperatives (KUSKOP).



Nilai-Nilai Kami
Our Values

S

Kerja Berpasukan dan Berintegriti
Strong Teamwork and Integrity

M

Pengurusan Berhemah Pihak Berkepentingan
Managing Stakeholders

I

Inovasi melalui Teknologi
Innovation via Technology

L

Kepimpinan dan Kemajuan
Leadership and Growth

E

Kecekapan dan Produktiviti
Efficiency and Productivity (Lean)



Kami menyampaikan visi dan misi kami kepada semua pihak berkepentingan supaya mereka sentiasa dalam hala tuju yang sama serta memahami cara dan bagaimana kami akan mencapai kedua-duanya.

We communicate our vision and mission to all stakeholders to unite everyone towards a shared journey and understand what and how we will accomplish them.

MISI/Mission

Peneraju dalam Penciptaan Nilai Ekosistem PKS yang Melangkaui Perkhidmatan Pembiayaan

Leader in SME Ecosystem Value Creation Beyond Financial Services

VISI/Vision

Menjadi Pusat Kecemerlangan bagi Memacu Agenda Pembangunan Usahawan Negara

To be the Centre of Excellence (COE) for SME Development



Memacu pertumbuhan PKS melalui pendigitalan
Accelerating SME growth through digitalisation



Dan Tonggak Kami

9 Ahli Lembaga Pengarah, 5 Ahli Jawatankuasa Syariah dan 12 anggota Pengurusan Kanan.

Hubungan kukuh antara pengarah yang menetapkan visi dan matlamat jangka panjang kami dan pihak pengurusan yang komited terhadap perjalanan operasi Bank telah melonjakkan kami ke tahap yang lebih tinggi.

And Our Pillars

9 members of the Board of Directors, 5 members of Shariah Committee and 12 members of the Senior Management.

The strong relationship between the directors who set our vision and long-term goals and the management team who commits to the operational running of the Bank, propel us to greater heights.

Fungsi Korporat

Bahagian: Perniagaan • Kredit • Audit Kumpulan • Pematuhan Kumpulan • Strategik Korporat Kumpulan • Transformasi Digital & Teknologi Kumpulan • Pengurusan Kewangan Kumpulan • Pengurusan Modal Insan Kumpulan • Undang-undang, Kesetiausahaan & RAM Kumpulan • Risiko Kumpulan • Syariah Kumpulan • Operasi

Jabatan: 40 • Seksyen: 107 • Unit: 157

Subsidiari:

- Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)
- SMEB Asset Management Sdn. Bhd. (SAM)

Corporate Functions

Division: Business • Credit • Group Audit • Group Compliance • Group Corporate Strategy • Group Digital & Technology Transformation • Group Financial Management • Group Human Capital Management • Group Legal, Secretarial & RAM • Group Risk • Group Shariah • Operations

Department: 40 • Section: 107 • Unit: 157

Subsidiaries:

- Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)
- SMEB Asset Management Sdn. Bhd. (SAM)



21

Platform Digital
Digital Platforms

9

Ahli Lembaga Pengarah
Board of Directors

5

Ahli Jawatankuasa Syariah
Shariah Committee

12

Pengurusan Kanan
Senior Management

1,068

Kakitangan di seluruh negara
Employees nationwide

7

Pusat Wilayah
Regional Centres

18

Pusat Enterpris
Enterprise Centres

1

Pusat Perniagaan
Business Centre

Aspirasi Kami

Memacu pertumbuhan PKS melalui pendigitalan. Kami merangka sebuah persekitaran kompetitif baharu sambil meneruskan usaha pendigitalan yang membolehkan kami meningkatkan capaian kepada asas pelanggan yang lebih luas dan memacu pertumbuhan strategik PKS.

Our Aspiration

Accelerating SME growth through digitalisation. We chart a new competitive landscape as we continue with our digitalisation journey which extends our reach to a broader customer base in the market, and accelerate SME's strategic growth.

Kakitangan Kami

1,068 kakitangan di seluruh negara. Aset kami paling bernilai dan merupakan penyumbang utama kepada pencapaian kami; yang tekun bekerja bagi merealisasikan visi dan misi kami dengan mengamalkan nilai-nilai teras kami.

Our People

1,068 employees nationwide. Our greatest asset who are the major contributors to our achievement, working diligently to serve the vision and mission by living our core values.

Rangkaian Kami

7 Pusat Wilayah, 18 Pusat Enterpris dan sebuah Pusat Perniagaan di seluruh Malaysia. Melalui keteguhan rangkaian 26 cawangan, kami sentiasa berusaha mengukuhkan kemampuan penyediaan perkhidmatan kami bagi menyokong pertumbuhan dan pembangunan mampan PKS.

Our Network

7 Regional Centres, 18 Enterprise Centres and one Business Centre throughout Malaysia. Through a strong network of 26 branches, we continuously strengthen our delivery capabilities to support sustainable growth and development of SMEs.

Platform Digital Kami

21 platform digital bagi pelanggan dalaman dan luar. Hasil daripada kecekapan tinggi yang dicapai, ekosistem digital yang kami bina berjaya menghubungkan komuniti pelanggan yang besar dan kakitangan kami serta membolehkan tahap kerjasama yang lebih tinggi antara kami dan perniagaan daripada pelbagai sektor industri.

Our Digital Platforms

21 digital platforms for external and internal customers. The digital ecosystem we have built brings together vast communities of customers and our own people, as it creates enormous efficiency and enables new levels of collaboration between us and the businesses from different industry sectors.

MASA HADAPAN BERMULA HARI INI

THE FUTURE IS TODAY

Mengatasi cabaran lalu, masa hadapan bermula hari ini.

Di SME Bank, kami bersedia pada hari ini untuk membina hari esok yang berdaya tahan menerusi usaha pendigitalan dan kemampanan.

- Asas pendigitalan yang lebih kukuh kini tersedia, menerusi usaha transformasi yang bermula empat tahun dahulu untuk menjadi sebuah Institusi Kewangan Pembangunan (IKP) yang lebih tertumpu kepada pelanggan dan usaha digitalisasi. Hari ini, kami sedang mencipta semula cara bagaimana teknologi boleh merubah perniagaan agar pelanggan kami boleh berkembang dalam persekitaran pasca-pandemik.
- Kami sedang membina masa hadapan yang Mampan dengan Pertimbangan-pertimbangan ESG di seluruh ekosistem perniagaan kami menerusi Pelan Hala Tuju Kemampanan 3-tahun berdasarkan tiga tonggak iaitu Perbankan Bertanggungjawab, Amalan Perniagaan Bertanggungjawab dan Mencipta Impak Sosial. Dalam usaha kami mempercepatkan aspirasi untuk mengubah industri PKS secara positif, kami akan terus melabur ke arah memperkukuhkan tonggak-tonggak ini demi penciptaan nilai jangka panjang.

Overcoming the challenges of yesterday, the new future is here today.

At SME Bank we are preparing today to build resilient tomorrows through digitalisation and sustainability.

- A stronger digitalisation foundation is in place, through transformation efforts that we started four years ago to be a more digital and customer-centric Development Financial Institution (DFI). Today, we are reimagining how technology can transform businesses, so our customers can thrive in a post-pandemic environment.
- We are building a Sustainable Future with ESG Considerations across our business ecosystem through a 3-year Sustainability Roadmap based on the three pillars of Responsible Banking, Responsible Business Practices and Creating Social Impact. As we accelerate our aspiration to positively evolve the SME industry, we will continue to invest in strengthening these pillars for long term value creation.

ISI KANDUNGAN

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204 Takwim Peristiwa Calendar of Events



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MENGENAI LAPORAN INI

Laporan Tahunan Bersepadu 2021 ini menyediakan maklumat dan data prestasi mengenai operasi SME Bank pada tahun berakhir 31 Disember 2021. Pada masa yang sama, ia membutirkan perjalanan pendigitalan kami semasa menyampaikan penyelesaian mampan bagi memesatkan pertumbuhan perusahaan kecil dan sederhana (PKS).

Seksyen laporan korporat disedia berasaskan kepada prinsip panduan menurut Kod Tadbir Urus Korporat Malaysia yang terkini, sementara seksyen kemampan dipandu oleh kriteria laporan dan standard Inisiatif Pelaporan Global (GRI). Laporan bersepadu ini juga meliputi penyata kewangan lengkap serta direktori kumpulan Bank.

Penyata Masa Depan

Laporan ini mengandungi penyata masa depan prestasi perniagaan dan kewangan SME Bank termasuk strategi, pelan, tujuan dan matlamatnya yang menyediakan peluang kepada pihak-pihak berkepentingan kami memahami kepercayaan dan pandangan pengurusan mengenai masa depan.

Penyata masa depan yang terkandung dalam laporan ini dibuat berasaskan kepada andaian berpatutan mengikut kepercayaan pengurusan Bank. Ia tidak menjamin ketepatan yang boleh dibuktikan kerana hasil sebenar dan peristiwa masa depan mungkin berbeza dengan ketara daripada apa yang dijangka dalam penyata berkenaan.

Prestasi dan keputusan kewangan sebenar pada tempoh akan datang tertakluk kepada risiko dan ketidakpastian yang diketahui dan tidak diketahui, dan dengan demikian boleh dan mungkin berbeza dengan ketara daripada sebarang unjuran prestasi atau keputusan yang dinyatakan atau dibayangkan dalam penyata masa depan tersebut.

Rujukan dan Garis Panduan

- Rangka Kerja Laporan Kemampanan GRI G4
- Panduan Laporan Kemampanan Bursa Malaysia
- Organisasi Antarabangsa bagi Piawaian (ISO) 26000: Panduan tentang Tanggungjawab Sosial
- Kod Tadbir Urus Korporat Malaysia
- Akta Institusi Kewangan Pembangunan (Pindaan) 2015 di bawah Seksyen 78

Laporan Atas Talian

Laporan ini boleh didapati di atas talian melalui <https://www.smebank.com.my>

Maklumat Lanjut

Laman Web	www.smebank.com.my
No. Tel.	+603 2615 2020
No. Faks.	+603 2698 1748
Pusat Khidmat Pelanggan	+603 2603 7700

ABOUT THIS REPORT

The 2021 Integrated Annual Report provides information and performance data on the operations of SME Bank during the calendar year ended 31 December 2021, while detailing our digitalisation journey as we deliver sustainable solutions to accelerate the growth of the small and medium enterprises (SMEs).

The corporate reporting section is based on the guiding principles in accordance with the latest Malaysian Code on Corporate Governance while the sustainability section has been guided by Global Reporting Initiative (GRI) standards and reporting criteria. This integrated report also includes the complete financial statements and the Bank's group directory.

Forward-Looking Statements

This report contains forward-looking statements with respect to the business and financial performance of SME Bank including its strategies, plans, goals and objectives to provide our stakeholders with the opportunity to understand management's beliefs and opinions in respect of the future.

The forward-looking statements contained herein are based upon what management of the Bank believes are reasonable assumptions. There is no assurance on their proven accuracy, as actual results and future events could differ materially from those anticipated in such statements.

The actual performance and financial results in future periods will be subject to known and unknown risks and uncertainties, and therefore can and may differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

References and Guidelines

- GRI G4 Sustainability Reporting Framework
- Bursa Malaysia's Sustainability Reporting Guide
- International Organisation for Standardisation (ISO) 26000: Guidance on Social Responsibility
- Malaysian Code on Corporate Governance
- Development Financial Institutions (Amendment) Act 2015 under Section 78

Online Report

The report is available online at <https://www.smebank.com.my>

Find Out More

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Contact Centre	+603 2603 7700

MEMACU KECEMERLANGAN SETIAP HARI

EMERGING EXCELLENCE EVERYDAY



Pencapaian Achievements **2021**



Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Anugerah Merit bagi Projek Pembangunan PKS
- Program Keusahawanan Asnaf (ISHRAF)
Anugerah Merit bagi Projek Tanggungjawab Sosial Korporat
- Program Penjana Komuniti@SME Bank

Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH)

Anugerah MSOSH 2021: Perak



Malaysian Rating Corporation Berhad

Anugerah Kemampanan 2021



The Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021

Anugerah Sukuk Kemampanan Terbaik



Islamic Finance News

Anugerah SRI & ESG Deal of the Year



Lang International Corporate Titan Awards 2021 (LICTA)

Agensi Terbaik bagi Pembangunan PKS - Sijil Kepujian



Alpha South East Asia, Hong Kong

Anugerah Sukuk SRI Hijau ASEAN Terbaik
Anugerah Sukuk SRI Terbaik



LinkedIn Talents Awards 2021

Best Employer Brand

ANUGERAH DAN PENGIKTIRAFAN AWARDS AND ACCOLADES

Pencapaian Achievements

2020

Kementerian Tenaga dan Sumber Asli

Anugerah Khas bagi Pembiayaan Tenaga Mampam untuk Kategori IKP

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Pemenang Anugerah bagi Projek Pembangunan Teknologi: Platform Digital PKS Kebangsaan (NSDP)

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Pemenang Anugerah bagi Projek Pembangunan PKS: Bumiputera Exporters Program (BEST Exporters)

Pencapaian Achievements

2019

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Anugerah Khas bagi Laman Sesawang Terbaik:

Laporan Kemampunan Terbaik 2019:

Anugerah Merit bagi Projek Pembangunan Cemerlang – Tanggungjawab Sosial Korporat:

Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Anugerah Pengiktirafan Khas bagi Mempromosikan Skim Jaminan Kerajaan

Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH)

Anugerah Keselamatan & Kesihatan Pekerjaan MSOSH - Gold Class 2

Pencapaian Achievements

2018

Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH)

Anugerah Keselamatan & Kesihatan Pekerjaan MSOSH - Pemenang Perak

The BrandLaureate SMEs Best Brand Awards

Anugerah Rakan Niaga Strategik PKS The BrandLaureate 2017-2018

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Laporan Kemampunan Terbaik

Pemenang bagi Projek Pembangunan PKS: Program TV SUKSES

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Anugerah Prestasi Terbaik

Pencapaian Achievements

2017

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Bank Sokongan Terbaik bagi Skim Jaminan Kerajaan

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Anugerah Khas bagi Laman Sesawang Terbaik

Pemenang bagi Kategori Pembangunan Perdagangan: Program Best Exporter

Anugerah Merit bagi Projek Pembangunan Cemerlang (Kategori 1 – Pembangunan Modal Insan):
Projek Pembinaan Keupayaan Kakitangan

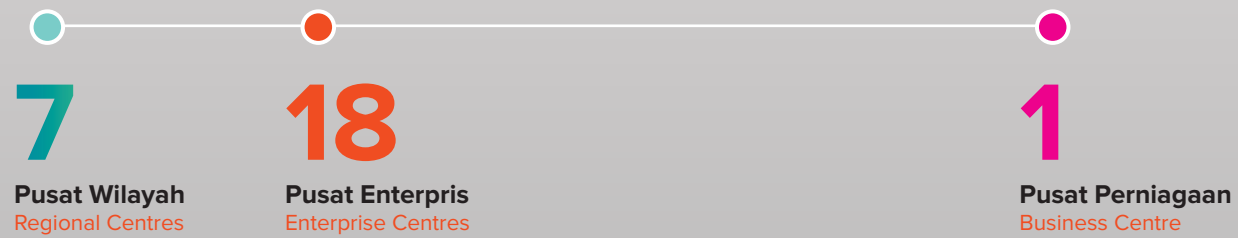


KEHADIRAN KAMI
OUR PRESENCE



12

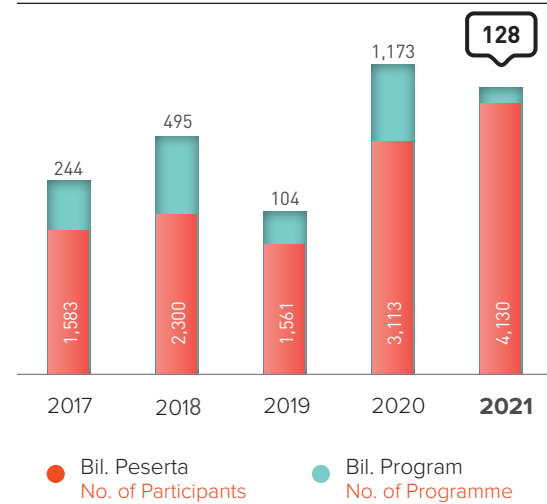
13



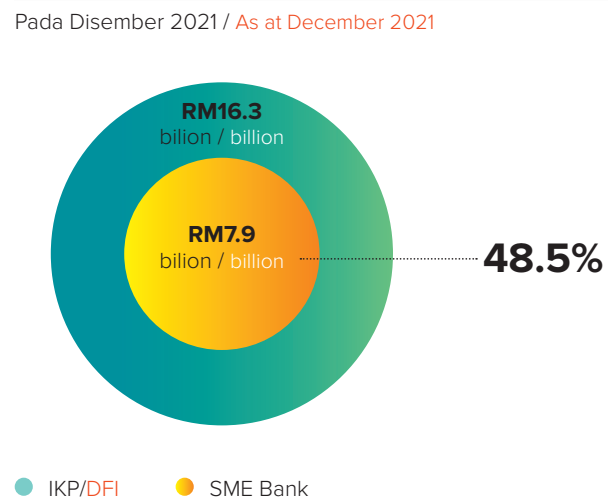
SOROTAN KEWANGAN
FINANCIAL HIGHLIGHTS



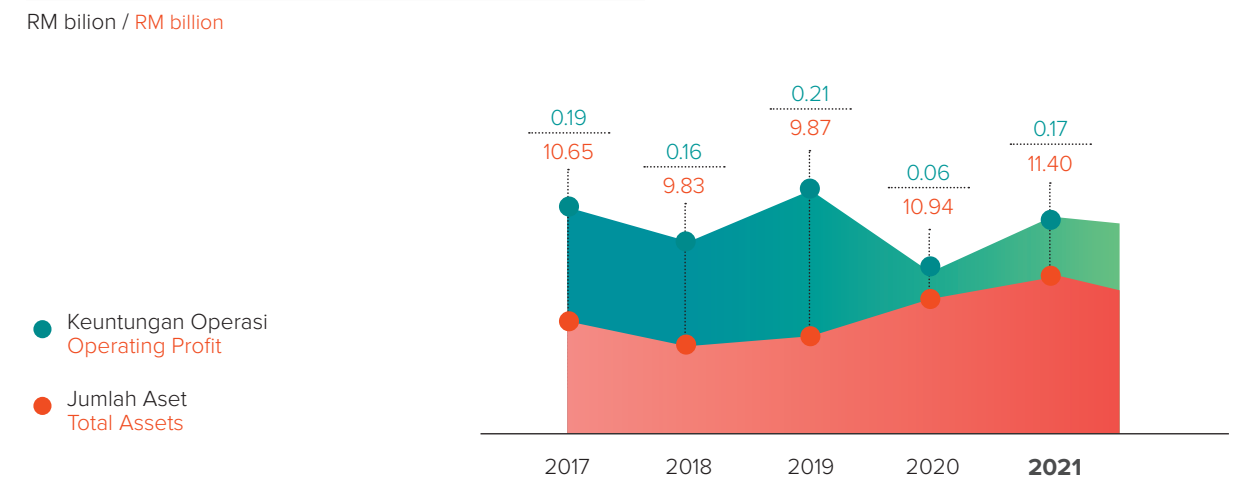
Program Berasaskan Yuran
Fee-Based Programme



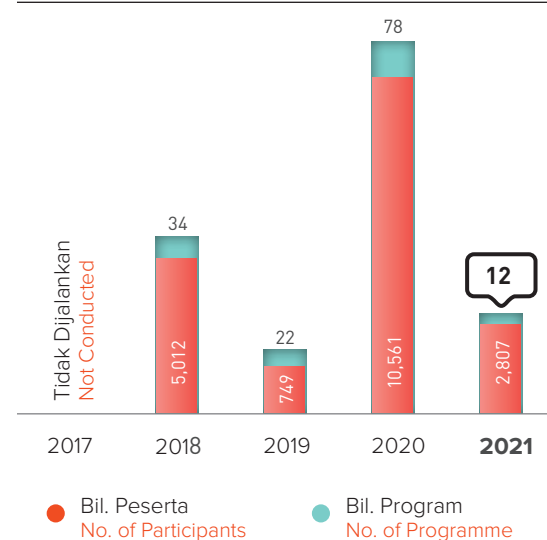
Bahagian Pasaran SME Bank Berbanding IKP
SME Bank Market Share vs DFIs



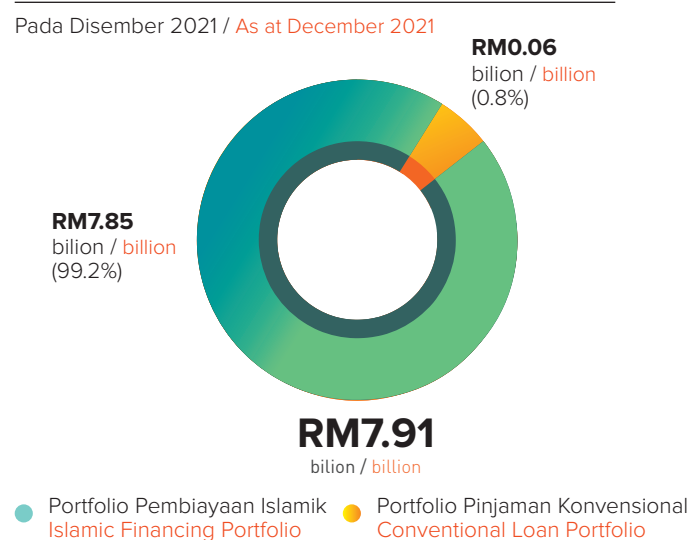
Keuntungan Operasi & Jumlah Aset
Operating Profit & Total Assets



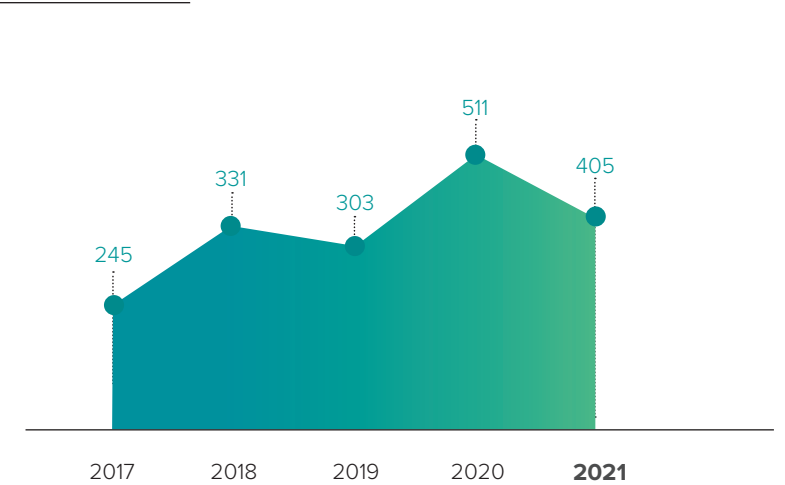
Program Bukan Berasaskan Yuran
Non Fee-Based Programme



Komposisi Pembiayaan
Financing Composition



Pencapaian Program 'Upward Migration'
Upward Migration Programme Achievement



SOROTAN KORPORAT

CORPORATE HIGHLIGHTS

Di sebalik cabaran pada 2021, SME Bank terus menjadi pemain utama dalam Ekosistem PKS, menjana nilai untuk pihak berkepentingan dan menjadi wadah kepada prestasi perniagaan yang cemerlang melalui pelbagai aktiviti korporat yang bersasar.

Despite the hurdles presented throughout 2021, SME Bank has continued to be a leading player in the SME Ecosystem, generating value for stakeholders and showcasing exceptional business performance through purpose-driven corporate activities.



2 Mac
March

Majlis Menandatangani Memorandum Persefahaman (MOU) di antara Agensi KUSKOP dan Perbadanan Usahawan Nasional Berhad (PUNB) di Hotel Everly Putrajaya oleh YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Menteri KUSKOP & YB Tan Sri Noh Haji Omar, Pengerusi PUNB

Signing Ceremony of Memorandum of Understanding (MOU) between KUSKOP Agency and Perbadanan Usahawan Nasional Berhad (PUNB) at the Everly Putrajaya Hotel by YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Minister of KUSKOP & YB Tan Sri Noh Haji Omar, Chairman of PUNB

19 Mac
March

Majlis Penghargaan Pelanggan Cemerlang Program Intervensi SME Bank di Hotel Thistle Johor Bahru bersama YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Menteri KUSKOP
Outstanding Customer Appreciation Ceremony for SME Bank Intervention Programme at the Thistle Hotel Johor Bahru with YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Minister of KUSKOP



20 Mac
March

Majlis Makan Malam bersama Agensi KUSKOP dan Penyerahan Surat Moratorium kepada Usahawan SME Bank 2021 di Hotel Hatten Melaka oleh YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Menteri KUSKOP

Dinner with the KUSKOP Agency and Submission of Moratorium Letter for SME Bank 2021 Entrepreneurs at Hatten Hotel, Melaka by YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Minister of KUSKOP



7 Julai
July

Sesi Pembentangan Pelabur Berkelompok - Sukuk Wakalah SME Bank secara maya bersama YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Menteri KUSKOP & YBhg. Dato' Suriani Dato' Ahmad, Ketua Setiausaha KUSKOP

Virtual Group Investor Presentation Session on SME Bank's Sukuk Wakalah with YB Dato' Sri Dr. Hj. Wan Junaidi Tuanku Jaafar, Minister of KUSKOP & YBhg. Dato' Suriani Dato' Ahmad, Secretary General of KUSKOP



7 April
April

Majlis Pelancaran Skim Pembiayaan Lestari Bumi dan acara Menandatangani Memorandum Persefahaman di Hotel The Majestic Kuala Lumpur oleh YB Datuk Wira Hajah Mas Ermieyati Haji Samsudin, Timbalan Menteri KUSKOP

Launching Ceremony of Lestari Bumi Financing Scheme and the Signing of Memorandum of Understanding at The Majestic Hotel Kuala Lumpur by YB Datuk Wira Hajah Mas Ermieyati Haji Samsudin, Deputy Minister of KUSKOP

26 Julai
July



Majlis Pelancaran SME Bank XCESS 2021 oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP secara maya

Virtual Launch Ceremony of SME Bank XCESS 2021 by YB Tan Sri Noh Haji Omar, Minister of KUSKOP

SOROTAN KORPORAT
CORPORATE HIGHLIGHTS

6 September
September

Majlis Menandatangani Memorandum Persefahaman (MOU) antara SME Bank & Sabah Development Bank Berhad (SDB) dan Penyerahan Surat Niat (LOI) antara SME Bank & Majlis Ugama Islam Sabah (MUIS) di Pusat Pentadbiran Negeri Sabah dihadiri oleh YAB Datuk Seri Panglima Haji Hajiji Mohd Noor, Ketua Menteri Sabah, YB Datuk Seri Panglima Masidi Manjun, Menteri Kewangan II Sabah & YB Datuk Seri Panglima Sr. Haji Safar Untong, Setiausaha Kerajaan Negeri Sabah

Memorandum of Understanding Signing Ceremony (MOU) between SME Bank & Sabah Development Bank Berhad (SDB), and Delivery of Letter of Intent (LOI) between SME Bank & Sabah Islamic Religious Council (MUIS) at the Sabah State Administration Centre attended by YAB Datuk Seri Panglima Haji Hajiji Mohd Noor, Chief Minister of Sabah; YB Datuk Seri Panglima Masidi Manjun, Minister of Finance II Sabah & YB Datuk Seri Panglima Sr. Haji Safar Untong, Sabah State Secretary.



7 September
September

Sesi Taklimat Dialog Polisi APEC tentang PKS & Keusahawanan secara maya di Menara SME Bank

APEC Dialogue Policy Briefing Session on SME & Entrepreneurship via online at Menara SME Bank

20 Oktober
October

Majlis Penyerahan Surat Penerimaan SRP PEMULIH Fasa 2 SME Bank 2021 di Hotel Zenith Putrajaya oleh YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Menteri Kewangan; YB Dato Sri Hajah Nancy Shukri, Menteri Pelancongan, Seni & Budaya, & YB Tan Sri Noh Haji Omar, Menteri KUSKOP

SRP PEMULIH Phase 2 Acceptance Letter Presentation Ceremony at Zenith Putrajaya Hotel by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Finance; YB Dato Sri Hajah Nancy Shukri, Minister of Tourism, Arts & Culture, & YB Tan Sri Noh Haji Omar, Minister of KUSKOP



23 September
September

Majlis Pelancaran Program Jom XCESS SME Bank 2021 (Peringkat Wilayah Selangor dan KL) & Business Exports Program (BEP) di Hotel InterContinental Kuala Lumpur oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP

SME Bank Jom XCESS 2021 Programme (Selangor and KL Regional Level) & Business Exports Program (BEP) Launching Ceremony at the InterContinental Kuala Lumpur Hotel by YB Tan Sri Noh Haji Omar, Minister of KUSKOP



5 November
November

Program Jom XCESS SME Bank 2021 Peringkat Wilayah Selatan di Hotel Thistle, Johor Bahru oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP

SME Bank Jom XCESS 2021 Programme for Southern Regional Level at Thistle Hotel, Johor Bahru by YB Tan Sri Noh Haji Omar, Minister of KUSKOP

26 Ogos
August

Majlis Pelancaran Bersama Program Pembiayaan Dana Rantaian Bekalan Bumiputera (BSC) di Unit Peneraju Agenda Bumiputera (TERAJU), Petaling Jaya, Selangor

Launching Ceremony together with the Bumiputera Supply Chain (BSC) Fund Financing Programme at TERAJU Unit, Petaling Jaya, Selangor

SOROTAN KORPORAT
CORPORATE HIGHLIGHTS



25 November
November

Majlis Pelancaran Program ISHRAF 2.0 SME Bank 2021 di World Trade Centre Kuala Lumpur oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP & YB Senator Tuan Haji Idris Haji Ahmad, Menteri di Jabatan Perdana Menteri, Hal Ehwal Agama

Launching Ceremony of SME Bank's 2021 ISHRAF 2.0 Programme at the World Trade Centre Kuala Lumpur by YB Tan Sri Noh Haji Omar, Minister of KUSKOP & YB Senator Tuan Haji Idris Haji Ahmad, Minister in the Prime Minister's Department of Religious Affairs



SME Bank dianugerahkan Anugerah Perak oleh Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH) kerana mempamerkan Pencapaian OSH yang Baik pada 2021

SME Bank was awarded the Silver Award by the Malaysian Society for Occupational Safety and Health (MSOSH) for displaying a Good OSH Achievement in 2021



4 Disember
December

Program Jom XCESS SME Bank 2021 Peringkat Wilayah Utara di The Westin Langkawi Resort & Spa oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP

SME Bank Jom XCESS 2021 Programme for Northern Regional Level at The Westin Langkawi Resort & Spa by YB Tan Sri Noh Haji Omar, Minister of KUSKOP



4 Disember
December

Sesi Menandatangani Memorandum Persefahaman (MOU) di antara SME Bank dan Biforst Logistics Sdn. Bhd. di Westin Langkawi Resort & Spa disaksikan oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP

Signing of Memorandum of Understanding (MOU) between SME Bank and Biforst Logistics Sdn. Bhd. at the Westin Langkawi Resort & Spa witnessed by YB Tan Sri Noh Haji Omar, Minister of KUSKOP

9 Disember
December

Majlis Menandatangani Memorandum Persefahaman (MOU) secara maya di antara SME Bank dan Sarawak Energy Berhad

Virtual Signing Ceremony of Memorandum of Understanding (MOU) between SME Bank and Sarawak Energy Berhad



16 Disember
December

Majlis Pelancaran Pelan Antirasuah Organisasi SME Bank 2021 di World Trade Centre Kuala Lumpur oleh YB Tan Sri Noh Haji Omar, Menteri KUSKOP

Launching of SME Bank's 2021 Anti-Corruption Organisation Plan Ceremony at the World Trade Centre Kuala Lumpur by YB Tan Sri Noh Haji Omar, Minister of KUSKOP

MENCIPTA PENYELESAIAN HARI ESOK PADA HARI INI

DELIVERING TOMORROW'S
SOLUTIONS TODAY

The logo for ScoreXcess, featuring the word "SCORE" in a bold, sans-serif font, a large stylized "X" in the center, and the word "CESS" in a smaller, bold, sans-serif font to the right. The logo is set against a white circular background with a blue and orange ring around it.

ScoreXcess merupakan penyelesaian digital 'semua dalam satu' untuk usahawan mikro dan kecil memohon pembiayaan mikro secara mudah, lancar, pantas dan selamat. Platform ini memanfaatkan Kecerdasan Buatan (AI) termaju dan bersepadu, pembelajaran mesin (ML) dan pemarkahan kredit alternatif yang membolehkan pra-penyaringan bagi mempercepatkan proses permohonan. Pemohon hanya perlu memasukkan butiran peribadi mereka dan memohon pembiayaan. Mereka juga boleh memantau status permohonan pembiayaan pada masa nyata menerusi portal ScoreXcess dan melalui aplikasi mudah alih. Pada 2021, sebanyak 122 permohonan telah diproses berjumlah RM28.36 juta.

ScoreXcess is an all-in-one digital solution for micro and small entrepreneurs to apply for microfinancing simply, seamlessly, speedily and securely. The platform leverages integrated advanced Artificial Intelligence (AI), machine learning (ML) and alternate credit scoring that enables pre-screening of applicants to speed up the application process. Applicants just need to key in their personal details only once and apply for several financing. They can also monitor the status of their financing application in real-time via the ScoreXcess portal and mobile app. In 2021, 122 applications were done amounting to RM28.36 million.

Enterprise Lifecycle Scoring Assessment (ELSA) merupakan alat penilaian digital bagi membantu para perantara, seperti agensi PMKS dan pengamal sokongan, dalam mengenalpasti jurang dan program pembangunan perniagaan berstruktur berkaitan PMKS yang menyokong setiap tahap kitaran perniagaan mereka. ELSA memanfaatkan keupayaan pembelajaran mesin dan menggunakan saranan preskriptif untuk penambahbaikan perniagaan. Aspek pembelajaran boleh diakses dengan mudah secara digital oleh para usahawan, lantas dengan mudah dapat memartabatkan perniagaan mereka.

The Enterprise Lifecycle Scoring Assessment (ELSA) is a digital assessment tool to help intermediaries, such as MSME promotion agencies and support practitioners, to identify gaps and structure relevant business developmental programmes for MSMEs that supports every stage of their business lifecycle. ELSA leverages machine learning capabilities and utilises prescriptive recommendations for business improvements. The learning aspects are easily and digitally accessible by entrepreneurs, making it convenient for them to elevate their businesses even further.

The logo for ELSA, featuring the word "ELSA" in a bold, sans-serif font, centered within a white circle. The circle is surrounded by a thick, multi-colored ring (red, orange, yellow, green, blue) that is partially broken, giving it a dynamic, circular feel.The logo for ODELA, featuring a stylized circular icon with three segments in red, yellow, and blue, followed by the word "ODELA" in a bold, sans-serif font and the tagline "A Click To Pick" in a smaller font below it.

ODELA merupakan platform e-dagang perniagaan-ke-perniagaan yang membolehkan usahawan berurusan di kalangan mereka merentasi ekosistem digital PKS. Mereka boleh menjalankan urusan perniagaan, memudahkan pertukaran serta merangsang peluang kerjasama dan rangkaian di antara rakan usahawan. Mereka juga boleh menerima sokongan perniagaan dalam bentuk pengurusan kewangan, rekod jualan dan pembelian, rekod pembekal, selain dapat mengakses program pembangunan keusahawanan. Pada 2021, ODELA telah menerima seramai 1,114 ahli baharu.

ODELA is a business-to-business e-commerce platform that allows entrepreneurs to trade among themselves across the SME digital ecosystem. They are able to perform business transactions, facilitate exchange and boost partnership and networking opportunities with fellow entrepreneurs. They can also receive business support in the form of financial management, sales and purchase records, supplier records and have access to entrepreneurship development training programmes. In 2021, ODELA onboarded 1,114 new members.

PERUTUSAN Pengerusi CHAIRMAN'S MESSAGE



Di tahun yang menyaksikan ketidakpastian global ekoran pandemik COVID-19, matlamat SME Bank terus kekal kukuh dengan tumpuan yang lebih jelas. Ini merupakan tempoh yang mencabar untuk semua, dengan kesan pandemik yang menjejaskan kehidupan dan sumber pendapatan.

In a year that was defined mainly by the ongoing uncertainty of the global COVID-19 pandemic, SME Bank's sense of purpose has never been stronger and our focus even clearer. It has continued to be a challenging time for many, as the pandemic affected lives and livelihoods.

DATO' SERI NAZIR ARIFF
Pengerusi/Chairman

Bagaimanapun, kadar vaksinasi yang tinggi serta pembukaan semula ekonomi kini membawa sinar baharu. Kami terus beriltizam untuk membantu pelanggan-pelanggan PKS kami dalam menghadapi cabaran-cabaran mendatang menerusi pelbagai sokongan kewangan dan khidmat nasihat agar mereka lebih berdaya tahan dalam memastikan kebolehsendirian perniagaan mereka. Justeru, kami terus menitikberatkan tanggungjawab kami terhadap warga kerja dan komuniti kami, serta terus memenuhi mandat kami kepada negara. Di sebalik kesemua cabaran ini, SME Bank dengan sukacita melaporkan prestasi yang membanggakan pada tahun kewangan 2021 hasil disiplin kewangannya yang kukuh, pendekatan pengurusan risiko yang mantap, serta kedudukan modal yang teguh dan memberi asas kukuh untuk pertumbuhan pada masa ini dan masa hadapan.

Nevertheless, the rising rates of vaccination and the eventual reopening of the economy have seen a renewed sense of optimism. We remained steadfast in our efforts to help our customers weather the challenges through a range of financial and advisory support so that they would be better poised in building greater resilience and sustain their businesses. In doing this, we have also been mindful of our responsibilities and obligations to our people and our communities, and of continuing to deliver our mandate to the country. Despite these challenges, SME Bank is pleased to report a commendable performance for the financial year 2021 contributed by our sound financial discipline, robust risk management approach, and strong capital position that has provided a solid foundation for growth today and into the future.

Lanskap Operasi yang Mencabar

Tahun 2021 sememangnya satu lagi tahun yang mencabar untuk ekonomi Malaysia, dengan kemunculan varian-varian baharu COVID-19, pelaksanaan semula perintah kawalan pergerakan, dan keadaan darurat sementara. Lebih memburukkan keadaan apabila banjir besar melanda beberapa negeri-negeri di Malaysia pada penghujung tahun. Kerajaan telah melaksanakan pelbagai langkah-langkah pembendungan dan bantuan bagi melindungi nyawa dan mata pencarian, mengurangkan beban ke atas sistem kesihatan awam, selain memastikan kesejahteraan rakyat.

Walaupun dibebani impak pandemik yang berterusan, kekuatan Malaysia terletak pada kadar vaksinasi yang tinggi yang membolehkan pembukaan semula ekonomi dan pelonggaran langkah-langkah pembendungan secara berperingkat pada penghujung tahun. Inisiatif vaksinasi di bawah Program Imunisasi COVID-19 Kebangsaan (PICK) menyaksikan hampir 98.0% populasi negara menerima vaksin lengkap pada penghujung 2021. Walaupun dengan kemunculan varian Omicron, gejala yang lebih ringan di kalangan mereka yang telah divaksin serta kapasiti penjagaan kesihatan yang mencukupi membolehkan pembukaan ekonomi diteruskan pada beberapa bulan terakhir tahun pembiayaan.

Challenging Operating Landscape

It has undoubtedly been another challenging year for Malaysia's economy in 2021, marked by the influx of COVID-19 variants, renewed movement control orders, and a temporary state of emergency. Compounding the concerns of the pandemic were the devastating floods that struck many states in Malaysia towards the end of the year. The Government instituted various containment and relief measures to safeguard lives and livelihoods, ease the pressure on the country's public health system and ensure the *rakyat's* well-being.

Although battered by the prolonged pandemic, Malaysia's strength lay in the high vaccination rate which saw a gradual reopening of the economy and easing of containment measures towards the end of the year. The vaccination initiative, run under Malaysia's National COVID-19 Immunisation Programme (*Program Imunisasi COVID-19 Kebangsaan*, or PICK), saw close to 98.0% of the population fully vaccinated as of the end of 2021. Although there was an emergence of the Omicron variant, the milder symptoms for those inoculated and the adequate healthcare capacity available allowed for the economy to be kept relatively open towards the last few months of the year.

PERUTUSAN Pengerusi

CHAIRMAN'S MESSAGE



RM252.6

billion/billion

Lebih Perdagangan Malaysia

Malaysian Trade Surplus



RM1.2

Trillion/Trillion

Nilai Eksport Malaysia

Malaysia's Export Value

Dengan strategi keluar yang jelas menerusi Pelan Pemulihan Kebangsaan (NRP), Malaysia berjaya menuju fasa pemulihan pada penghujung tahun. Perjalanan rentas negeri dibenarkan semula selain pelaksanaan semula aktiviti-aktiviti perniagaan. Ini telah memberi kesan positif ke atas ekonomi selain pertumbuhan pekerjaan yang lebih kukuh pada suku terakhir 2021. Nilai eksport Malaysia tumbuh 26.0% dan melonjak kepada RM1.2 trilion, manakala lebihan dagangan meningkat kepada RM252.6 bilion, yakni 37.7% lebih tinggi berbanding RM183.3 bilion pada tahun sebelumnya yang juga merupakan lebihan dagangan tertinggi pernah direkodkan. Aliran masuk pelaburan langsung asing (FDI) bersih telah mencapai lebih RM50.0 bilion pada 2021, iaitu lebih tinggi berbanding sebelum berlakunya pandemik COVID-19.

Sejajar dengan usaha kerajaan negara-negara lain dalam mengurangkan impak pandemik ini menerusi pelancaran program vaksinasi, rangsangan fiskal dan sokongan dasar, pemulihan yang berhati-hati dapat dirasai dengan jangkaan Keluaran Dalam Negeri Kasar (KDNK) untuk 2021 pada sekitar 6.1% berbanding 3.1% pada 2020. Ekonomi Malaysia juga bertumbuh 3.1% pada 2021 setelah menguncup 5.6% pada tahun sebelumnya apabila aktiviti-aktiviti ekonomi dibenarkan semula, berserta pemulihan dalam pasaran buruh dan sokongan dasar yang berterusan. Purata inflasi utama pada 2021 adalah 2.5% berbanding deflasi 1.2% pada 2020. Bank Negara Malaysia (BNM) mengekalkan Kadar Dasar Semalaman (OPR) pada 1.75% sejak Julai 2020. Walaupun kebanyakan penunjuk ini menunjukkan bahawa negara sedang menuju ke arah pemulihan ekonomi, kita masih belum pulih daripada tahap pra-pandemik.

Dalam hal ini, saya memberi komitmen tertinggi kami bahawa Bank akan terus menjadi saluran Kerajaan yang berkesan dalam mempercepatkan pemulihan PKS di Malaysia pasca-pandemik. Kami akan terus bekerjasama dengan pihak Kerajaan bagi memudahcara pelbagai program-program afirmatif dan bantuan pada masa hadapan sebagai sebahagian daripada mandat kami untuk berkhidmat sebagai pusat kecemerlangan pembangunan usahawan sehati.

With a clear exit strategy in place via the National Recovery Plan (NRP), Malaysia had been able to navigate towards recovery by the end of the year. Interstate travel resumed along with a revitalisation of business activities. We saw a favourable impact on the economy together with healthier employment growth which trended upwards in the last quarter of 2021. Malaysia's export value grew 26.0% to a record high of RM1.2 trillion, while the trade surplus increased to RM252.6 billion, 37.7% higher than the preceding year of RM183.3 billion and the highest trade surplus ever recorded. Malaysia's net foreign direct investment (FDI) inflows reached more than RM50.0 billion for 2021, which was higher than before the COVID-19 pandemic struck.

Together with various nations' Governments, immense efforts to mitigate the impact of the pandemic were implemented, primarily through vaccine rollouts, fiscal stimulus and policy support. As a result, cautious recovery has been felt, with the growth of global gross domestic product (GDP) for 2021 at 6.1%, an improvement from its decline of 3.1% recorded in 2020. Malaysia's economy, too, grew 3.1% in 2021 from a contraction of 5.6% in the previous year as economic activities resumed, together with a recovery in the labour market amid continued policy support. The average headline inflation recorded for 2021 was 2.5% compared to a deflation of 1.2% in 2020. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 1.75% since July 2020. While many of these indicators show that the country has moved towards a positive economic direction, we have still not recovered to pre-pandemic levels.

In this respect, I give our utmost commitment that the Bank will continue to be an effective Government's conduit to accelerate the recovery of Malaysian SMEs post pandemic. We will continue to work together alongside the Government to facilitate various affirmative and relief programmes moving forward as part of our mandate to serve as a one-stop financing and entrepreneur development centre of excellence.



Mencapai Prestasi Berorientasikan Matlamat secara Lestari

Setelah beroperasi sepanjang tahun dalam persekitaran yang tidak menentu, matlamat kami untuk memupuk dan menyokong PKS serta membantu mereka berkembang maju kini menjadi semakin mustahak dan relevan. Pandemik ini menjadi peringatan tentang semangat dan komitmen teguh kakitangan kami sepanjang membantu para pelanggan. Saya amat bangga dengan cara kakitangan pantas menyesuaikan diri dengan cara bekerja yang baharu dan berbeza, mengoptimalkan mod penyampaian perkhidmatan, menghubungkan kami dengan pelanggan serta sesama kakitangan. Justeru, saya dengan sukacita melaporkan bahawa prestasi keseluruhan Bank mencerminkan komitmen ini dengan keputusan kewangan yang membanggakan. Kami berjaya mencapai Keuntungan Sebelum Cukai dan Zakat (PBTZ) sebanyak RM55.3 juta pada 2021, yakni kekal untung di sebalik lanskap yang mencabar.

Melangkah ke hadapan, kemampuan akan menjadi asas kukuh masa hadapan SME Bank di mana kami telah membangunkan Pelan Hala Tuju Kemampuan 3-tahun 2021-2023, iaitu satu langkah ke arah memperkukuhkan dan mendalami visi dan misi SME Bank, dengan integrasi prinsip-prinsip ESG di sepanjang rantaian nilai selain meningkatkan kesedaran di kalangan masyarakat

Delivering Purpose-Driven Performance in a Sustainable Way

As we completed the year of operating in a volatile environment, our purpose - to nurture and support SMEs and help them prosper - has never been more crucial and more relevant. The pandemic has been a reminder of the spirit of resilience and commitment that our employees have shown throughout in supporting our customers. I am proud and gratified in witnessing how members of SME Bank have been quick and agile in adapting to new and diverse ways of working, optimising service delivery modes, strengthen our engagement with customers and also among ourselves. To that end, I am pleased to report that the Bank's overall performance demonstrated this commitment with a commendable financial result. We achieved a Profit Before Tax and Zakat (PBTZ) of RM55.3 million in 2021, maintaining our profitability amidst the challenging landscape.

Moving forward, sustainability will be the bedrock of SME Bank's future endeavours where we established our 3-year Sustainability Roadmap 2021-2023; a step towards reaffirming and deepening SME Bank's vision and mission, integrating ESG consideration along our value



3.1%

Pertumbuhan Ekonomi Malaysia untuk 2021

Malaysian Economic Growth for 2021

PERUTUSAN Pengerusi

CHAIRMAN'S MESSAGE



Disiplin kewangan SME Bank yang mantap, budaya pengurusan risiko yang proaktif, pematuhan teguh terhadap tadbir urus korporat, dan kedudukan modal yang kukuh menyediakan asas yang mantap untuk prestasi kami di sebalik pelbagai ketidaktentuan pada 2021.

SME Bank's rigorous financial discipline, proactive risk management culture, strong adherence to corporate governance, and a sound capital position provided a solid foundation for our performance against the volatility of 2021.



tentang kepentingan pembangunan mampan iaitu pembangunan yang memenuhi keperluan masa kini tanpa menjejaskan kebolehan generasi masa hadapan untuk memenuhi keperluan mereka. Kami akan fokus kepada kemampuan untuk semua keputusan perniagaan bagi menguruskan kesemua risiko dan merebut peluang untuk mencipta nilai untuk semua pihak berkepentingan kami. Ini termasuk, antara lain, mengurangkan impak operasi perniagaan ke atas alam sekitar dengan memaksimumkan pendigitalan dan mencipta impak sosial yang positif menerusi amalan perbankan yang bertanggungjawab. Saya amat bersemangat untuk melaksanakan usaha kemampuan ini; kejayaan pelancaran Program Kemampuan Sukuk Wakalah kami berjumlah RM3.0 bilion dengan terbitan awal sebanyak RM500 juta pada 2021 menjadi bukti sokongan kukuh SME Bank terhadap pemulihan ekonomi Malaysia, dan pada masa sama menyokong pertumbuhan ekonomi sirkular di Malaysia, iaitu langkah ke arah menjadi sebuah organisasi yang mampan.

Berpaksikan Tadbir Urus yang Kukuh

Disiplin kewangan SME Bank yang mantap, budaya pengurusan risiko yang proaktif, pematuhan teguh terhadap tadbir urus korporat, dan kedudukan modal yang kukuh menyediakan asas yang mantap untuk prestasi kami di sebalik pelbagai ketidaktentuan pada 2021. Para pelanggan, kakitangan dan pihak berkepentingan boleh bersandar kepada komitmen teguh kami dalam mendokong amalan-amalan tadbir urus yang baik – lebih-lebih lagi dalam persekitaran yang dipenuhi pergolakan dan perubahan besar – yang mana penting untuk membina dan mengekalkan kepercayaan serta keyakinan mereka terhadap kami. Lembaga Pengarah bertanggungjawab memantau dan memastikan tadbir urus korporat yang mantap, dan kami terus menyemak dasar-dasar Bank bagi memastikan amalan-amalan tadbir urus terbaik digunakan.

chain and raising awareness among the community about the importance of sustainable development i.e. the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We will focus on sustainability in all our business decisions in order to manage its risks and seize opportunities to create value for all our stakeholders. This includes, among others, reducing the environmental impact of our business operations by maximising digitalisation and creating positive social impact through responsible banking. I am very passionate about the whole sustainability journey and the success of the launching of our award winning RM3.0 billion Sustainability Sukuk Wakalah Programme with the inaugural RM500 million issuance in 2021 is a testament of SME Bank's utmost support on Malaysia's economic recovery, and at the same time supporting the growth of circular economy in Malaysia; a step towards becoming a sustainable organisation.

Grounded in Strong Governance

SME Bank's rigorous financial discipline, proactive risk management culture, strong adherence to corporate governance, and a sound capital position provided a solid foundation for our performance against the volatility of 2021. Our customers, employees and stakeholders can count on our unwavering commitment in upholding good governance practices - more so in a time of great upheaval and change - which are vital in building and maintaining their trust and confidence in us. The Board is responsible for overseeing and ensuring sound corporate governance and we continuously review the Bank's policies to ensure best governance practices are in place.

Dengan kerjasama Institut Integriti Malaysia, kami telah membangunkan dan melancarkan Pelan Anti Rasuah Organisasi SME Bank 2020-2024 (OACP SME Bank). Inisiatif ini menyokong agenda pencegahan rasuah Kerajaan menerusi Pelan Anti Rasuah Nasional (NACP) dan Pelan Anti Rasuah Organisasi Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP). Kami mengambil pendekatan tidak bertolak ansur terhadap penyelewengan dan rasuah. OACP SME Bank mencerminkan komitmen kami dalam membanteras rasuah dan salah laku integriti.

Kami telah mewujudkan dasar pemberi maklumat yang kukuh bagi menyediakan landasan untuk semua kakitangan melaporkan dan mendedahkan sebarang tatalaku tidak beretika, menyalahi undang-undang dan ketidakpatuhan dan pada masa sama melindungi anonimiti mereka. Usaha ini juga menekankan budaya tadbir urus dan integriti yang dipupuk di SME Bank. Ahli-ahli SME Bank diperkasakan untuk memberi maklumbalas mengenai pasukan mereka, pihak atasan dan budaya kerja, antara lainnya, bagi memastikan bahawa suara mereka didengari selain membolehkan Bank membuat penambahbaikan berterusan.

Together with the Malaysian Institute of Integrity, we developed and launched the SME Bank Organisational Anti-Corruption Plan 2020-2024 (SME Bank OACP). This initiative supports the Government's anti-corruption agenda through the National Anti-Corruption Plan (NACP) and the Ministry of Entrepreneur Development and Cooperatives (KUSKOP) Organisational Anti-Corruption Plan. We take an uncompromising view of corruption and bribery and SME Bank OACP demonstrates our commitment to fighting corruption and misconduct of integrity.

We have in place a robust whistleblowing policy that provides an avenue for members of SME Bank to report and disclose any unethical, unlawful and non-compliance conduct and simultaneously protects their anonymity. This further reiterates the culture of governance and integrity that we foster at SME Bank. Members of SME Bank are empowered to give their feedback concerning their team, superiors and working culture, among others, to ensure that voices are heard and allow the Bank to make continuous improvements.



PERUTUSAN Pengerusi

CHAIRMAN'S MESSAGE

Menyokong Komuniti Kami

Peranan kami sebagai IKP adalah untuk menyokong perkembangan PKS, kami juga mempunyai tanggungjawab yang lebih meluas untuk menyumbang kepada pembangunan sosio-ekonomi dan berkhidmat untuk komuniti terpinggir. Antara usaha sokongan komuniti kami pada 2021 adalah saluran bantuan kewangan segera kepada golongan yang terjejas akibat banjir dengan kerjasama KUSKOP dan Islamic Relief Malaysia (IRM).

Nilai terbaik kemanusiaan menyerlah semasa tempoh-tempoh sukar. Kami telah menjalankan satu eksperimen sosial yang dinamakan *Kemanisan Memberi* pada bulan Ramadan yang membuktikan bahawa rakyat Malaysia sememangnya prihatin ketika keadaan memerlukan. Menerusi eksperimen sosial ini, kami terkesan apabila menyaksikan rakyat Malaysia terutamanya golongan usahawan Asnaf, di mana mereka sendiri memerlukan bantuan, berbesar hati berkongsi rezeki dengan golongan yang lebih memerlukan. Saya sering diingatkan bahawa kehidupan kita lebih bermakna apabila kita lebih banyak memberi. Saya terharu melihat tindakan masyarakat kita terutamanya dalam tempoh-tempoh sukar.

Sebagai sebahagian daripada usaha kami memperkukuhkan penggunaan bahasa kebangsaan, kami telah bekerjasama dengan Malay Language and Culture Society of Manchester (MALECS) dan Dewan Bahasa dan Pustaka (DBP) dalam menganjurkan satu pertandingan puisi dalam talian berbentuk video pendek, *Tinta Sutradara*. Para peserta dikehendaki menulis dan menyampaikan puisi mereka berdasarkan tema *Keusahawanan Nadi Ekonomi Negara* iaitu tanda penghormatan untuk peranan penting PKS selaku tulang belakang ekonomi negara.

Supporting Our Communities

While our role as a DFI is to help support the SME communities to thrive, we also have a broader obligation to contribute to socio-economic development and serve the disadvantaged and underserved communities. Among our efforts to support our communities in 2021 was to channel immediate assistance to those affected by the flood, in collaboration with KUSKOP and Islamic Relief Malaysia (IRM).

In times of struggle, the very best of humanity rises to the fore. A social experiment called *Kemanisan Memberi* was conducted in conjunction with Ramadan which was heartfelt and reinforced the notion that Malaysians truly step up for one another when called for. Through it, we were humbled to witness the Malaysian community, especially Asnaf entrepreneurs who themselves require assistance, were willing to share what little they have or what little they can do for others who need it more. I am always reminded that we make a life by what we give, and I am truly heartened to see this in action in our community, especially in a time of ordeals.

As part of our pride in strengthening the use of the national language, we collaborated with the Malay Language and Culture Society of Manchester (MALECS) and Dewan Bahasa dan Pustaka (DBP) to organise an online poetry competition in the form of a short video, *Tinta Sutradara*. Participants wrote and delivered their poetry based on the theme *Keusahawanan Nadi Ekonomi Negara* in a nod to the crucial role SMEs play as the country's economic backbone.



kami juga mempunyai tanggungjawab yang lebih meluas untuk menyumbang kepada pembangunan sosio-ekonomi dan berkhidmat untuk komuniti terpinggir. Antara usaha sokongan komuniti kami pada 2021 adalah saluran bantuan kewangan segera kepada golongan yang terjejas akibat banjir dengan kerjasama KUSKOP dan Islamic Relief Malaysia (IRM).

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Melindungi Warga Kerja Kami

Warga kerja kami adalah kekuatan kami. Kami menghargai sumbangan mereka dan bermatlamat menyediakan satu persekitaran yang membantu pertumbuhan dan kemajuan mereka. Di sebalik pelbagai cabaran terkini ekoran perubahan mod bekerja dan berinteraksi, warga kerja kami telah menunjukkan kebingkasan dan komitmen teguh dalam memastikan Bank boleh memenuhi tanggungjawabnya terhadap para pelanggan, komuniti dan pihak berkepentingan.

Pada 2021, situasi pandemik dan Perintah Kawalan Pergerakan telah menyebabkan arahan bekerja dari rumah dan secara hibrid yang diperkenalkan pada 2020 perlu diteruskan. Kami terus mengutamakan aspek kesihatan dan keselamatan kakitangan kami dan menggalakkan mereka bekerja dari rumah sebagai pilihan pertama bagi melindungi diri mereka. Kesemua kakitangan kami dilengkapi dengan alatan yang diperlukan untuk bekerja dari rumah. Memandangkan kami perlu memenuhi keperluan kewangan para pelanggan, terutamanya dalam tempoh-tempoh yang mendesak, sebilangan kakitangan kami masih perlu datang ke pejabat bagi menyelesaikan tugas mereka. Bagi yang bekerja di pejabat, kami memastikan amalan sanitasi yang kerap untuk kawalan kebersihan, dan menyediakan kit ujian sendiri serta pembersih tangan di setiap tingkat bangunan. Kami juga memaklumkan kakitangan dan para pelanggan secara kerap mengenai situasi terkini pandemik serta garis panduan yang dikeluarkan oleh Kerajaan.

Perjalanan Seterusnya

Persekitaran operasi di masa hadapan akan terus dilanda pelbagai cabaran melihat kepada ekonomi global yang tidak menentu serta momentum pemulihan yang tidak seimbang. KDNK global dijangka menurun 3.6% pada 2022 disebabkan impak ekonomi berikutan konflik Russia-Ukraine, ketidakpastian dan kemunculan varian-varian baharu COVID-19, peningkatan kos tenaga, serta gangguan bekalan.

Pertumbuhan KDNK Malaysia dijangka berada di antara 5.3% dan 6.3% pada 2022, dipacu terutamanya oleh projek-projek pelaburan Belanjawan 2022 dan langkah-langkah dasar akomodatif, normalisasi aktiviti-aktiviti ekonomi dan sosial berikutan kadar vaksinasi yang tinggi dan peralihan negara ke fasa endemik, pembukaan semula sempadan antarabangsa, penyambungan semula projek-projek dengan kesan pengganda tinggi, serta pengembangan berterusan dalam permintaan luar.

Safeguarding Our People

Our people have always been our strength. We value their contributions and aim to provide them with a conducive environment to grow and thrive. At a time of immense challenges posed by the changing modes of working and interacting, our people demonstrated agility and commitment in ensuring the Bank could deliver on our obligations to our customers, community, and stakeholders.

In 2021, the pandemic and the ensuing Movement Control Orders necessitated a continuation of the remote and hybrid work arrangements that we introduced in 2020. We ensured that the health and safety of our employees remained our top priority and encouraged them to work from home as their first option to safeguard their health. All our employees were equipped with the necessary tools to work remotely. Given that our obligation is to serve the financial needs of our customers, especially in such dire times, there were employees who needed to come into the office to complete their work. For those working in the offices, we ensured frequent and regular sanitisation was undertaken to maintain proper hygiene controls, provided self-test kits and made available hand sanitisers on every floor. We also kept our employees and our customers updated continuously on the unfolding situation of the pandemic and the guidance provided by the Government.

The Road Ahead

The operating environment ahead will continue to be challenging against an uncertain global economic outlook and uneven recovery momentum. Global GDP is expected to decelerate to 3.6% in 2022 on the back of the economic impact of the Russia-Ukraine conflict, the uncertain and continuing emergence of new COVID-19 variants, rising energy prices, and supply disruptions.

Malaysia's GDP growth is expected to chart between 5.3% to 6.3% in 2022, driven primarily by Budget 2022 investment projects and accommodative policy measures, normalisation of economic and social activities following the high vaccination rate and the country's move into the endemic phase, reopening of international borders, resumption of projects with high multiplier effects, and continued expansion in external demands.



PERUTUSAN Pengerusi

CHAIRMAN'S MESSAGE

Walaupun kita mengharapkan keadaan yang lebih baik pada 2022, risiko-risiko kelihatan cenderung sebaliknya. Gangguan rantaian bekalan mendorong inflasi yang meluas. Inflasi keseluruhan dijangka sederhana pada lewat tahun ini apabila kesesakan penghantaran mula reda dan kadar faedah meningkat di ekonomi-ekonomi maju dan serantau bagi mengatasi inflasi.

Kami terus komited menyokong pemulihan ekonomi dengan menyediakan bantuan yang diperlukan kepada PKS dan membolehkan mereka membina semula perniagaan mereka. Kami akan terus memacu inisiatif keusahawanan dan membantu pertumbuhan PKS menerusi sokongan kewangan dan pengetahuan, termasuk dalam usaha peralihan dan pengoptimuman teknologi moden serta platform-platform pendigitalan sambil menerima norma baharu dalam menjalankan perniagaan dan menyokong perubahan tingkah laku.

Dalam usaha menjajarkan matlamat dengan prestasi, kami akan menggandakan usaha untuk mencapai kelestarian dan keterangkuman kewangan. Kami akan terus mendorong penggunaan dan integrasi dasar-dasar ESG kepada PKS agar mereka juga boleh membina semula perniagaan mereka dengan lebih baik untuk jangka panjang.

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Penghargaan

Saya dan Lembaga Pengarah ingin menzahirkan penghargaan kami kepada pihak Kerajaan, terutamanya Kementerian Kewangan serta Kementerian Pembangunan Usahawan dan Koperasi untuk sokongan padu dan bimbingan berharga mereka dalam bekerjasama membantu PKS kami membina semula dan memulihkan perniagaan mereka. Penghargaan khusus diberikan kepada Bank Negara Malaysia, kementerian-kementerian dan agensi-agensi Kerajaan, dewan-dewan perniagaan, persatuan-persatuan perniagaan dan perdagangan, serta pihak-pihak berkepentingan utama yang telah memberikan sokongan dan komitmen mereka.

Saya ingin mengucapkan terima kasih kepada rakan-rakan Pengarah dalam Lembaga Pengarah untuk sokongan dan nasihat yang diberikan, dan kepada semua ahli Jawatankuasa Syariah untuk bimbingan mereka dalam memacu aspirasi kewangan Islamik kami. Saya juga mengalu-alukan kehadiran tiga pengarah baharu – Encik Wan Abdul Rahman Wan Abu Bakar, Puan Suharti Mohd Ali dan Dato' Sharkawi Alis – yang menyertai Lembaga Pengarah pada 2021. Saya mengalu-alukan sumbangan berharga mereka dalam usaha kami memperkukuhkan persekitaran PKS pada tahun-tahun akan datang.

Although we remain hopeful for a better outlook in 2022, risks remain skewed to the downside. Supply-chain disruptions are spurring more broad-based inflation. Headline inflation is expected to moderate later in the year as shipping bottlenecks ease and interest rates rise in major advanced and regional economies to combat inflation.

We remain committed in supporting economic recovery by providing the necessary assistance to our SMEs and enabling them to rebuild with greater resiliency. In embracing the new normal of doing business and adopting enlightened behavioural changes, we will continue to drive entrepreneurship and facilitate the growth of SMEs through financial assistance and capacity building support, including transitioning and optimising modern technologies and digitalisation platforms.

As we align our purpose with performance, we will ramp up our journey toward greater sustainability and financial inclusion. We will continue to advocate the adoption and integration of ESG tenets to SMEs so that they, too, can prosper sustainably in the long term.

In Appreciation

The Board of Directors joins me in expressing our sincere gratitude to the Government, especially KUSKOP as our supervisory ministry and our shareholder, the Ministry of Finance, for their strong support and insightful guidance in collaboratively aiding our SMEs to rebuild and recover. A special appreciation goes to Bank Negara Malaysia, ministries and Government agencies, chambers of commerce, business and trade associations, and key stakeholders who continuously extended their support and commitment.

I would like to extend my gratitude to my fellow Directors on the Board for their invaluable support and counsel, and to all members of the Shariah Committee for their guidance in driving our Islamic finance aspirations. It is also not too late to welcome three new Directors – Encik Wan Abdul Rahman Wan Abu Bakar, Puan Suharti Mohd Ali and Dato' Sharkawi Alis - who joined the Board in 2021. I look forward to their insights as we embark on strengthening the SME environment in the coming years.

Kesemua pencapaian kami pada tahun tinjauan tidak mungkin tercapai tanpa visi dan sikap dedikasi pucuk pimpinan kami, yang diterajui oleh Presiden Kumpulan/Ketua Pegawai Eksekutif, (Dr.) Aria Putera Ismail, ahli-ahli EXCO dan kakitangan SME Bank. Akhir sekali tetapi tidak kurang pentingnya, ucapan terima kasih kepada semua pelanggan, rakan-rakan niaga dan vendor kami untuk kepercayaan dan sokongan berterusan mereka. Dengan strategi yang kukuh dan warga kerja profesional yang bersemangat tinggi, saya yakin bahawa kami berada pada kedudukan yang baik untuk menyokong PKS dalam usaha mereka memulihkan dan membina semula perniagaan agar lebih berdaya tahan dan mampan.

Our accomplishments for the year could not have been possible without the vision and dedication demonstrated by our leadership team, the EXCO members which is led by the Group President/Chief Executive Officer, (Dr.) Aria Putera Ismail, and SME Bank employees. Last but certainly not least, our appreciation goes to all our customers, business partners and vendors for their continuous trust and support. With a sound strategy and motivated professionals in place, I believe we are in a good position to support our SMEs along their path to recovery and build toward business resilience and sustainability.



DATO' SERI NAZIR ARIFF

Pengerusi/Chairman



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ULASAN PRESIDEN KUMPULAN/KETUA PEGAWAI EKSEKUTIF
GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER'S REVIEW



SME Bank terus berkembang pada 2021 dan mempamerkan kapasiti yang luar biasa dalam mengurus sumber-sumber dan modal insan bagi memenuhi keperluan segera pelanggan.

SME Bank continued to thrive in 2021 and demonstrated its capacity to deploy its exceptional resources and human capital to respond to our customers' immediate needs.

(DR.) ARIA PUTERA ISMAIL
 Presiden Kumpulan/Ketua Pegawai Eksekutif
 Group President/Chief Executive Officer



PBTZ
 PBTZ of

RM55.3

juta/million

melangkaui sasaran
 exceeded target of

RM28.4

juta/million



Jumlah aset
 Total assets

RM11.4

bilion/billion

Di sebalik salah satu krisis global paling meruncing yang pernah dialami oleh masyarakat secara umum, SME Bank terus mendepani cabaran-cabaran kesihatan awam, sosial dan ekonomi ekoran pandemik COVID-19. Dalam situasi ini, kami memanfaatkan apa yang telah dipelajari dan membangunkan kaedah-kaedah baharu dalam menyesuaikan diri dengan keadaan agar dapat terus menyokong pelanggan kami iaitu perusahaan-perusahaan kecil dan sederhana (PKS) secara konsisten.

Disokong oleh Kerajaan, kami memperkenalkan pelan-pelan pemulihan dan melakar laluan baharu ke arah pertumbuhan. Kami mengambil langkah-langkah penting bagi membantu mereka iaitu dengan mempertingkatkan program-program dan manfaat-manfaat bagi menyokong mereka secara peribadi dan profesional.

Bagi kami, 2021 melakar objektif yang jelas untuk melanjutkan sokongan ini, walaupun berhadapan pelbagai cabaran. Merenung kembali, cabaran-cabaran ini membuktikan bahawa kami telah membuat keputusan pelaburan yang tepat dalam usaha pendigitalan perniagaan kami. Platform digital Bank telah memberikan pengalaman yang lebih lancar dan cekap untuk pelanggan dan kakitangan kami, serta menyediakan pelbagai peluang baharu untuk berinovasi dan berkembang.

Kakitangan kami yang berdedikasi dalam semua aspek perniagaan telah berjaya mempercepatkan pelaksanaan beberapa teknologi, produk dan perkhidmatan inovatif, dan kerana mereka juga, SME Bank mampu mencipta daya saing dalam semua aspek utama operasi kami. Mereka mencipta impak dalam usaha merealisasikan visi kami untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS melangkaui perkhidmatan pembiayaan.

Amidst one of the most profound global crises ever experienced by the community at large, the Bank faced the public health, social and economic challenges posed by the COVID-19 pandemic head-on. Under these conditions, we leveraged what we learned and developed new ways of adapting to consistently support our customers, namely the small and medium enterprises (SMEs).

Backed by the Government, we designed recovery plans and charted a new path toward growth. We made important strides to help them by enhancing programmes and benefits to support them personally and professionally.

For us, 2021 was marked by the clear objective to further this support, irrespective of the many challenges. In hindsight, these challenges did attest to the right decision of our investments in the digitalisation of our business. The Bank's digital platforms have created a more seamless and efficient experience for our customers and employees, as well as presented new ways for the former to innovate and expand.

Our dedicated people in all business areas have been successful in stepping up a number of innovative technologies, products and services, and it is owed to them that SME Bank was able to create a competitive edge in all the key areas in which we serve. They all create impact in our endeavour to realise our vision to be the leader in SME ecosystem value creation beyond financial services.

ULASAN PRESIDEN KUMPULAN/KETUA PEGAWAI EKSEKUTIF GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER'S REVIEW

Pengekalan Prestasi

Persekitaran operasi yang mencabar pada 2021 tidak menjejaskan prestasi kewangan kami. Bank mencatat keuntungan sebelum cukai dan zakat (PBTZ) sebanyak RM55.3 juta pada 2021, walaupun turun 58.9% berbanding tahun sebelumnya. Keuntungan yang dicatatkan melangkaui sasaran 2021 kami iaitu RM28.4 juta.

Keuntungan yang berterusan ini disumbang oleh fokus berterusan kami dalam mempertingkatkan pengalaman pelanggan, melaksanakan pembolehan digital, dan mencapai kecemerlangan operasi. Prestasi memberangsangkan ini juga adalah hasil dari asas kukuh dan pengurusan berhemah kualiti aset kami. Pada 2021, jumlah aset Bank berdiri pada RM11.4 bilion.

Berlatarkan pencapaian ini, Bank telah meluluskan pembiayaan berjumlah RM3.5 bilion yang memanfaatkan 1,825 PKS. Daripada jumlah pembiayaan yang diluluskan, 46.4% adalah untuk perniagaan kecil manakala 35.2% adalah untuk perniagaan bersaiz sederhana. Baki 8.4% dan 10.0% masing-masing adalah untuk perusahaan mikro dan besar.

Bank mencatat peningkatan 8.3% dalam portfolio pembiayaan kasar pada tahun sebelum ini kepada RM8.0 bilion. Pembiayaan untuk perniagaan kecil membentuk sebahagian besar daripada portfolio tersebut iaitu 44.0%, diikuti oleh perniagaan bersaiz sederhana pada 36.0%. Perusahaan mikro dan besar masing-masing membentuk 10.8% dan 9.2%. Tiga sektor teratas yang menerima pembiayaan adalah Dagangan Runcit dan Borong, serta sektor Restoran dan Hotel iaitu 27.5%; manakala sektor Pembinaan dan Pembuatan masing-masing pada kadar 17.0%.

Sustained Performance

The challenging operating environment in 2021 has not compromised our financial performance. The Bank recorded a profit before tax and zakat (PBTZ) of RM55.3 million in 2021, albeit lower by 58.9% than the previous year. The profit recorded exceeded our 2021 target of RM28.4 million.

This uninterrupted profit is contributed by our continuous focus on enriching customers' experience, digital enablement, and operational excellence. Our healthy performance is also the result of the strong fundamentals and prudent management of our asset quality. In 2021, the Bank's total assets stood at RM11.4 billion.

Against this backdrop, the Bank approved a total of RM3.5 billion in financing, which benefitted 1,825 SMEs. Out of the total financing approved, 46.4% was for small sized businesses and 35.2% was for medium sized businesses. The remaining balance which made up 8.4% and 10.0% was for micro enterprises and large enterprises, respectively.

The Bank recorded an increase of 8.3% in gross financing portfolio from the previous year to RM8.0 billion. Financing to small sized businesses made up the majority of the portfolio at 44.0%, followed by medium sized businesses at 36.0%. Micro enterprises and large enterprises took up 10.8% and 9.2%, respectively. The top three sectors that received financing were the Wholesale and Retail Trade, and Restaurants and Hotels sector at 27.5%; while the Construction and Manufacturing sectors were both at 17.0% each.



Portfolio pembiayaan kasar Gross financing portfolio

8.3%



Daripada jumlah pembiayaan yang diluluskan Out of the total financing:

46.4%

Untuk perniagaan bersaiz kecil For small sized businesses

For small sized businesses

35.2%

Untuk perniagaan bersaiz sederhana For medium sized businesses

For medium sized businesses

8.4%

Untuk perusahaan mikro For micro enterprises

For micro enterprises

10.0%

Untuk perusahaan besar For large enterprises

For large enterprises



Penyediaan Penyelesaian Pembiayaan

Bagi membantu pelanggan mengharungi pelbagai cabaran ekoran situasi pandemik dan membantu mereka dalam membuat keputusan yang bijak, kami menggunakan pemahaman mendalam untuk menyediakan penyelesaian-penyelesaian pembiayaan untuk mereka.

Dengan kombinasi kecekapan dan portfolio produk-produk pembiayaan yang menyeluruh, kami berada pada kedudukan yang ideal untuk merebut peluang-peluang ini. Strategi kami disokong oleh mandat yang diberikan kepada kami untuk memupuk dan mengembangkan sektor PKS negara.

Pembiayaan bernilai RM3.5 bilion yang kami luluskan semasa tahun tinjauan merangkumi lebih daripada RM400.0 juta kelulusan pembiayaan di bawah pelbagai inisiatif Kerajaan termasuk Skim SME Go, Geran Padanan PEMERKASA (PMG), Pembiayaan Pelancongan PENJANA (PTF), Kemudahan Bantuan dan Pemulihan Bersasar (TRRF), Kemudahan Agrofood (AF) dan Kemudahan Semua Sektor Ekonomi (AES).

Dalam pada kami membantu memajukan perniagaan-perniagaan, saya dengan sukacita menyampaikan sorotan kemudahan pembiayaan yang ditawarkan oleh Bank.

Kami menyediakan **Pembiayaan Lestari Bumi (LBF)** menerusi peruntukan RM300.0 juta oleh Kerajaan bagi membangunkan perusahaan mikro dan kecil. LBF akan membolehkan mereka meningkatkan kapasiti pengeluaran, memperluaskan akses pasaran, dan memastikan keselamatan perniagaan. Pada 2021, sejumlah 175 usahawan telah menerima kelulusan pembiayaan berjumlah RM63.3 juta.

Melangkaui pembiayaan, usahawan juga menerima bantuan yang lebih berstruktur bergantung kepada keperluan perniagaan mereka selain mendapat akses kepada program-program latihan dan bimbingan yang lebih efektif daripada anak syarikat milik penuh Bank, Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR).

Dutifully Providing Financing Solutions

To help our customers ride the storm caused mostly by the pandemic and to assist them to make smart decisions, we draw on our deep insights to provide them with financing solutions.

With our strong combination of competence and a growing portfolio of financing products, we are ideally positioned to capture these opportunities. Our strategy is underpinned by the mandate entrusted upon us to nurture and grow the country's SME sector.

The RM3.5 billion total financing we approved during the year comprised more than RM400.0 million financing approvals under the various Government initiatives which include the SME Go Scheme, PEMERKASA Matching Grant (PMG), PENJANA Tourism Financing (PTF), Targeted Relief and Recovery Facility (TRRF), Agrofood Facility (AF) and All Economic Sector (AES) Facility.

As we commit to dutifully helping businesses advance, I am pleased to highlight some of the many financing facilities the Bank offers.

We provide the **Lestari Bumi Financing (LBF)** through an allocation of RM300.0 million by the Government to develop the micro and small entrepreneurs. LBF will enable them to increase production capacity, expand market access, and ensure business sustainability. In 2021, a total of 175 entrepreneurs received approval for the financing which totalled RM63.3 million.

Beyond financing, entrepreneurs also receive more structured assistance according to their business needs as well as gain access to more effective and organised training and coaching programmes from the Bank's wholly-owned subsidiary, Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR).

ULASAN PRESIDEN KUMPULAN/KETUA PEGAWAI EKSEKUTIF GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER'S REVIEW



Skim Pembiayaan SME Go SME Go Financing Scheme

RM27.9
juta/million

Diluluskan untuk **38**
syarikat

Approved to **38** companies

Kami telah meluluskan pembiayaan berjumlah RM27.9 juta di bawah skim pembiayaan **SME Go** untuk 38 syarikat semasa tahun tinjauan. SME Go merupakan sebahagian daripada pakej rangsangan ekonomi Kerajaan. Dana sebanyak RM300.0 juta tersebut adalah untuk tujuan modal kerja dengan had pembiayaan sehingga RM1.0 juta.

Objektif utamanya adalah untuk memperkasakan kontraktor G2 hingga G4 dengan status PKS, yang telah dianugerahkan kontrak oleh Kerajaan Persekutuan dan Negeri, Kementerian-kementerian, Jabatan-jabatan atau Agensi-agensi. SME Bank akan membiayai kontrak tersebut menerusi MySMEBina untuk kontrak-kontrak pembinaan atau infrastruktur dan/atau MySMEBekal untuk kontrak-kontrak bekalan atau penyelenggaraan.

Di bawah skim pembiayaan **Jaguh Serantau**, Kerajaan telah memperuntukkan dana berjumlah RM300.0 juta untuk tempoh dua tahun dari 2020 hingga 2021 bagi membantu PKS Bumiputera yang berpotensi untuk menjadi juara serantau. Bank telah meluluskan pembiayaan berjumlah RM87.8 juta kepada tujuh usahawan semasa tahun tinjauan. Menyedari potensinya dalam membangunkan usahawan yang berpotensi, Kerajaan telah meluluskan pelanjutan Jaguh Serantau sehingga 31 Disember 2022.

Dana Transformasi Teknologi PKS (STTF) menyediakan bantuan pembiayaan sehingga RM3 juta untuk PKS tempatan. Kemudahan pembiayaan ini disasarkan untuk membantu PKS menerima pendigitalan dan automasi dalam memenuhi keperluan gunapakai dan transformasi tersebut dalam perniagaan mereka. Semasa tahun tinjauan, 91 PKS telah menerima kelulusan pembiayaan di bawah STTF berjumlah RM96.2 juta.

Khas untuk usahawan wanita, kami menawarkan **MySMELady**, yang memberi tumpuan membina sebuah komuniti berfungsi yang memperkasakan wanita dalam membangunkan perniagaan mereka. Jumlah peruntukan dana oleh Kerajaan adalah RM200.0 juta. Semasa tahun tinjauan, kami telah meluluskan RM8.0 juta untuk 12 usahawan wanita.

We approved a total of RM27.9 million in financing under the **SME Go** financing scheme to 38 companies during the year. SME Go is part of the Government's economic stimulus package. The RM300.0 million fund is for working capital purposes with a financing limit of up to RM1.0 million.

Its main objective is to empower the G2 to G4 contractors with SME status, who have been awarded a contract from Federal or State Governments, Ministries, Departments or Agencies. SME Bank will finance the contract financing via its MySMEBina for construction or infrastructure contracts and/or MySMEBekal for supply or maintenance contracts.

Under the **Jaguh Serantau** financing scheme, the Government allocated RM300.0 million total funding for a period of two years from 2020 to 2021 to help potential Bumiputera SMEs to become regional champions. The Bank approved a total financing of RM87.8 million to seven entrepreneurs during the year. Recognising its potential in growing potential entrepreneurs, the Government has approved an extension of Jaguh Serantau until 31 December 2022.

The **SME Technology Transformation Fund (STTF)** provides financing assistance of up to RM3 million to local SMEs. The financing facility is aimed at helping these SMEs embrace digitalisation and automation while meeting the needs for the adoption and transformation of their businesses. During the year, 91 SMEs received approval for financing under STTF, totalling RM96.2 million.

Dedicated to female entrepreneurs, we continue to offer **MySMELady**, which aims at building a functional community that empowers women in developing their businesses. The total fund allocation by the Government is RM200.0 million. During the year, we approved RM8.0 million to 12 female entrepreneurs.

Selain program-program bantuan kewangan sedia ada, kami juga menawarkan **Program Pembangunan Kapasiti dan Kebolehan Vendor (PPKV)**. Vendor yang layak akan menerima geran sehingga 90% daripada kos keseluruhan atau maksimum RM200,000, yang mana lebih rendah. Objektifnya adalah untuk membantu vendor Bumiputera meningkatkan kecekapan dan kemahiran mereka untuk menjadi lebih cekap, produktif dan berorientasikan teknologi. Ini akan membolehkan mereka mendapat akreditasi dan pensijilan antarabangsa yang akan memperkukuhkan lagi kedudukan mereka di pasaran domestik serta memasuki pasaran global.

Menawarkan Bantuan Kewangan

Aktiviti ekonomi dan pergerakan fizikal yang disekat ekoran pandemik COVID-19 secara langsung telah menjejaskan ekonomi dan masyarakat. Walaupun kegawatan ekonomi dijangka beransur pulih dengan pemberian vaksin, Bank tetap berhati-hati dalam memenuhi keperluan pelanggan kami iaitu PKS. Kami ingin melakukan yang terbaik bagi memastikan sebarang impak negatif yang menimpa mereka tidak menjadi sesuatu yang tidak boleh dipulihkan sebahagiannya atau sepenuhnya.

SME Bank percaya bahawa usaha menangani impak pandemik dan menyokong pembangunan jangka panjang bukanlah sesuatu yang saling eksklusif. Tindakbalas COVID-19 kami yang berkesan telah menjadi asas untuk langkah-langkah inklusif dan berdaya tahan bagi membantu kebolehamandirian dan pertumbuhan PKS yang merangkumi 97.0% perniagaan di Malaysia.

Justeru, dengan kesedaran yang tinggi kami menawarkan pelbagai program bantuan bagi membantu sektor PKS yang sememangnya diiktiraf sebagai tulang belakang ekonomi Malaysia. Ini dilakukan menerusi pelbagai pakej rangsangan Kerajaan termasuk Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan (PEMERKASA+) serta program-program bantuan Bank sendiri.

Program Bantuan SME Bank (SRP), pelan bantuan pembayaran bersasar merupakan usaha berterusan kami dalam menyediakan bantuan untuk pelanggan yang terjejas semasa Perintah Kawalan Pergerakan 3.0. Semasa tahun tinjauan, kami telah melancarkan fasa kedua program ini yang dinamakan SRP 2.0 sebagai usaha proaktif menangani cabaran-cabaran yang dihadapi oleh PKS dengan menyasarkan sektor pelancongan dan pengangkutan. Dengan tempoh yang dilanjutkan sehingga 30 September 2021, kami berjaya membantu 311 pelanggan yang layak dengan nilai pembiayaan RM248.0 juta.

Selain itu, menerusi SRP PEMULIH, kami juga menawarkan bantuan moratorium sehingga enam bulan serta lanjutan tempoh pembayaran sehingga 12 bulan berkuatkuasa Julai 2021. Langkah ini telah memanfaatkan 2,751 pelanggan, melibatkan baki pembiayaan berjumlah RM4.37 bilion.

In addition to the various existing financial assistance programmes, we offer **Vendor Capacity and Capability Development Programme (PPKV)**. Eligible vendors will receive grants up to 90% of the total cost or maximum of RM200,000, whichever is lower. The objective is to assist Bumiputera vendors increase their proficiency and skills for them to become more efficient, productive and technology-driven. This will enable them to obtain international accreditation and certification which can further strengthen their footing in the domestic market and venture into global markets.

Conscientiously Offering Financial Relief

The constrained economic activity and physical movement due to the COVID-19 pandemic directly impacted the economy and society. While the downturn in the economy is expected to subside with the rollout of vaccines, the Bank has been meticulous in addressing the needs of our customers namely the SMEs. We wanted to do our best to make sure that whatever adverse impact that befell them did not in part or in whole become irreversible.

SME Bank firmly believes that addressing the impacts of the pandemic and supporting long-term development are not mutually exclusive. Our sustained COVID-19 response has laid the foundations for inclusive and resilient measures to help the survivability and growth of SMEs which make up 97.0% of the overall businesses in Malaysia.

Thus, we have been instrumental in conscientiously offering various relief programmes to help the SME sector which has long been recognised as the backbone of the Malaysian economy. This is made possible through the Government's various stimulus packages including the Program Strategik Memperkasa Rakyat dan Ekonomi Tambahan (PEMERKASA+) as well as the Bank's own relief programmes.

The **SME Bank Relief Programme (SRP)**, a targeted payment assistance plan is our continuous effort in providing assistance to affected customers in fronting the challenges during the Movement Control Order 3.0. During the year, we launched the second phase of the programme, called SRP 2.0 as a proactive effort to address the economic challenges of targeted SMEs from the tourism and transportation sectors. With the period extended until 30 September 2021, we have been able to assist 311 eligible customers with a financing value of RM248.0 million.

Additionally, through the SRP PEMULIH, we also offered moratorium assistance for up to six months as well as an extension of payment period for up to 12 months effective July 2021. This has benefitted 2,751 customers, involving total outstanding financing valued at RM4.37 billion.

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Kami berjaya menggunakan sepenuhnya peruntukan untuk **Kemudahan Bantuan & Pemulihan Bersasar (TRRF)** di bawah Bank Negara Malaysia, setelah meluluskan pembiayaan berjumlah RM150 juta sejak ia diperkenalkan pada 2020. Bagi membolehkan kami terus menyediakan bantuan kepada PKS di sektor perkhidmatan (tidak termasuk pelancongan dan pembuatan) yang menjadi sasaran TRRF, kami telah menyerahkan permohonan kepada BNM untuk dana tambahan berjumlah RM200 juta.

Bagi membantu usahawan dari sektor 3D (kotor, bahaya dan sukar) yang masih terjejas akibat pandemik COVID-19, terutamanya dalam sektor pembuatan, perkhidmatan, pertanian dan pembinaan, kami menawarkan mereka **Pembiayaan Geran Sepadan PEMERKASA**. Dengan peruntukan dana berjumlah RM200 juta, kemudahan ini membolehkan usahawan mendapatkan pembiayaan sehingga RM1 juta untuk tempoh maksimum 10 tahun dengan kadar keuntungan mampu milik di antara 4% dan 5% setahun. Sebanyak 18 syarikat telah menerima kelulusan berjumlah RM13.1 juta semasa tahun tinjauan.

Selain inisiatif-inisiatif di atas, kami juga telah menyalurkan pelbagai pakej rangsangan Kerajaan bagi membantu usahawan PKS, ini termasuk Kemudahan Semua Sektor Ekonomi (AES) bernilai RM24.3 juta, Kemudahan Agrofood (AF) berjumlah RM5.7 juta dan Dana Pelancongan PENJANA (PTF) berjumlah RM4.6 juta.

Bagi membantu pelanggan yang merupakan penyewa Kompleks Premis Usahawan (EPC) SME Bank, Bank menawarkan mereka diskaun dan penundaan bayaran sewa. Sejumlah 251 penyewa menikmati 50.0% diskaun sewa dari Januari hingga Mac 2021 dan 100.0% penepian sewa dari Jun hingga Disember 2021. Selama tempoh setahun, penepian dan diskaun yang diberikan kepada semua penyewa berjumlah RM7.7 juta.

Kepakaran dalam Sokongan Melangkaui Pembiayaan

Kepakaran SME Bank dalam sokongan melangkaui pembiayaan adalah luas dan mendalam. Kami membantu pelanggan memanfaatkan keluasan dan kedalaman akumen perniagaan dengan perkhidmatan tambah nilai. Matlamat perkhidmatan tambah nilai ini adalah untuk membantu para pelanggan kami iaitu PKS untuk memaksimumkan hasil perniagaan mereka.

Ini juga sejajar dengan matlamat Dasar Keusahawanan Nasional (DKN 2030) bagi membangunkan ekosistem keusahawanan di Malaysia yang akan mempertingkatkan daya saing negara di peringkat ekonomi global di sebalik persaingan yang semakin sengit dan cabaran Industri 4.0.

We successfully utilised the total allocation for the **Targeted Relief & Recovery Facility (TRRF)** under Bank Negara Malaysia, having approved financing worth RM150 million since it was first introduced in 2020. To enable us to continue providing assistance to SMEs in service sectors (excluding tourism and manufacturing) for whom TRRF is targeted, we have submitted an application to BNM for an additional fund of RM200 million.

To assist entrepreneurs from the 3D (dirty, dangerous and difficult) sector still affected by the COVID-19 pandemic, particularly in the manufacturing, services, agriculture and construction business, we offered them the **PEMERKASA Matching Grant Financing**. With the fund allocation of RM200 million, this facility would enable entrepreneurs to obtain up to RM1 million in financing for a maximum period of 10 years with an affordable profit rate between 4% and 5% per annum. Eighteen companies received approval totalling RM13.1 million during the year.

In addition to the above initiatives, we have also channelled various Government stimulus packages to assist SME entrepreneurs, including the All Economic Sectors Facility (AES) of RM24.3 million, Agrofood Facility (AF) of RM5.7 million and PENJANA Tourism Fund (PTF) of RM4.6 million.

To help our customers who are tenants of SME Bank's Entrepreneur Premises Complex (EPC), the Bank offered them discounts and deferment of rental payments. A total of 251 tenants enjoyed 50.0% rental discount from January to March 2021 and 100.0% rental waiver from June to December 2021. Over the one-year period, the waiver and discounts we gave out to all tenants amounted to RM7.7 million.

Expertise in Beyond Financing Support

SME Bank's expertise in beyond financing support is vast and deep. Increasingly, we are helping our customers harness the breadth and depth of business acumen with value added services. The goal of these value-added services is to help customers namely the SMEs maximise their own business outcomes.

This is also in line with the goal of the *Dasar Keusahawanan Nasional (DKN 2030)* to develop an entrepreneurial ecosystem in Malaysia that will enhance the country's competitiveness in the global economy amidst increasing competition and challenges emerging from Industry 4.0.

Sokongan melangkaui pembiayaan kami sebahagian besarnya berada di bawah bidang kuasa anak syarikat milik penuh Bank, CEDAR. Di sepanjang tahun, CEDAR terus menyediakan program-program pembangunan dan bimbingan usahawan yang unik dan berkesan kepada PKS. Kami menawarkan program-program bimbingan ini sebagai sebahagian daripada pakej pembiayaan, manakala selebihnya adalah program tunggal yang boleh mereka sertai. Objektif utama adalah untuk mendedahkan PKS kepada ilmu dan maklumat baharu, dan untuk bertindak di luar kelaziman.

Antaranya, program-program ini membolehkan mereka menerima konsep automasi dan pendigitalan serta memahami di mana ada permintaan baharu serta sektor-sektor dengan peluang terbaik pada masa kini. Mereka perlu menyedari bahawa maklumat terbentang luas untuk mereka yang bijak memanfaatkannya. Pada 2021, kami telah melaksanakan 140 program bimbingan dan latihan untuk 6,937 usahawan.

Di bawah program intervensi Bank sendiri, sebanyak 626 syarikat telah berjaya menjalani migrasi menaik pada 2021. Ini merangkumi usahawan yang mencatat pertumbuhan dalam aspek keuntungan, perolehan, bilangan kakitangan, digital dan transformasi serta perluasan ke pasaran eksport.

Pelanggan kami juga mendapat manfaat daripada Program Premis Usahawan (EPP) iaitu satu program khas yang membantu menyediakan ruang kilang mampu milik dan kompetitif untuk disewa. Sejumlah 454 lot kilang di 26 Kompleks Premis Usahawan (EPC) kami tersedia untuk mereka di lokasi-lokasi strategik seluruh negara. Kadar penyewaan meningkat dari 80.3% pada tahun sebelumnya kepada 87.2% pada 2021.

Our beyond financing support mainly falls under the purview of the Bank's wholly-owned subsidiary, CEDAR. Throughout the year, CEDAR continued to provide unique effective entrepreneur development and coaching programmes to SMEs. We offer these handholding approach programmes as part of the financing packages, while some others are stand-alone programmes which they can enrol to join. The main objective is to expose SMEs to new knowledge and information, and to look beyond their conventional way of doing things.

Among others, the programmes are to enable them to embrace automation and digitalisation and to understand where the new demand will be, and what sectors have better opportunities now. We want them to know that there is a wealth of information available to those savvy enough to take advantage of it. In 2021, we conducted 140 coaching and training programmes for a total of 6,937 entrepreneurs.

Under the Bank's own intervention programme, a substantial number of 626 companies successfully migrated upward in 2021. These are entrepreneurs who have recorded growth in their profit, revenue, number of employees, digital and transformation as well as expansion to the export market.

Our customers also benefit from the Entrepreneur Premises Programme (EPP), a special programme which helps provide affordable and competitive factory spaces for rental. A total of 454 factory lots at our 26 Entrepreneur Premises Complex (EPC) strategically located nationwide are available for them. The occupancy rate saw an increase from 80.3% in the previous year to 87.2% in 2021.



CEDAR terus menyediakan program-program pembangunan dan bimbingan usahawan yang unik dan berkesan kepada PKS. Pada 2021, kami telah melaksanakan 140 program bimbingan dan latihan untuk 6,937 usahawan.

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Penyelesaian Digital yang Mantap

Kami menyedari bahawa kombinasi teknologi digital dan perubahan sosial sedang berkembang pesat. Evolusi ini membawa kepada transformasi mendalam bagi kesemua model perniagaan di kebanyakan industri dan syarikat.

Inovasi digital yang tertumpu kepada pengalaman pelanggan memberi impak mendalam dan mencipta nilai jangka panjang untuk pelanggan dan pihak berkepentingan Bank. Justeru, kami menumpukan perhatian ke atas usaha mempertingkatkan pengalaman pelanggan menerusi pendigitalan.

Di sebalik cabaran yang melanda, tahun ini juga telah membuka peluang untuk Bank dan pelanggan kami. Ia mengajar kami bahawa peningkatan operasi digital adalah penting untuk kesinambungan perniagaan, kebolehmandirian dan pertumbuhan. Saya yakin bahawa ini adalah titik kekuatan SME Bank apabila strategi proaktif kami melaksanakan transformasi digital membuahkan hasil. Kami telah melancarkan beberapa platform digital lama sebelum pandemik ini melanda dunia.

Tawaran digital terpenting kami adalah ScoreXcess dan ODELA. ScoreXcess adalah platform sehenti dalam talian menggunakan Kecerdasan Buatan (AI) bagi membantu usahawan mikro dan kecil mengakses pembiayaan. Pada penghujung 2021, sejumlah 122 permohonan bernilai RM28.4 juta dibuat menerusi ScoreXcess.

Manakala ODELA adalah platform e-pasaran perniagaan-ke-perniagaan (B2B) yang memenuhi keperluan komuniti perniagaan. Sejumlah 972 Unit Simpanan Stok (SKUs) disenaraikan dalam platform ini semasa tahun tinjauan. Jumlah Nilai Barangan Kasar (GMV) yang dicatat adalah RM9.0 juta.

Dalam menyokong usaha PKS menyertai industri Halal, kami juga melancarkan HalalXcess, satu platform digital sehenti untuk proses mendapatkan pensijilan Halal daripada Jabatan Kemajuan Islam Malaysia (JAKIM). HalalXcess membantu usahawan membangunkan sistem pengurusan kualiti Halal dengan perkhidmatan rundingan yang komprehensif dan mudah diurus yang disesuaikan dengan matlamat perniagaan, belanjawan dan garis masa tertentu.

Vigorous Digital Solutions

We recognise that the combination of digital technologies and social changes is exponentially evolving. Such an evolution leads to the profound transformation of entire business models in many industries and companies.

Digital innovations centred around customer journeys are truly impactful and create long lasting value for customers and the Bank's stakeholders. Therefore, we focus on enhancing customer experience via digitalisation.

Despite the challenges, the tumultuous year also presented an opportunity for both the Bank and our customers the SMEs. It has taught us that maturing our digital operations is crucial to business continuity and survivability and growth. I believe this is where SME Bank scores when our proactive strategy for digital transformation pays off. It is through this that we have emplaced several digital platforms way before the world saw the coming of the pandemic.

Our two most prominent digital offerings are ScoreXcess and ODELA. ScoreXcess is a one-stop online platform using Artificial Intelligence (AI) to facilitate micro and small entrepreneurs with access to financing. As at end 2021, a total of 122 applications valued at RM28.4 million were made via ScoreXcess.

ODELA, on the other hand, is a business-to-business (B2B) e-marketplace platform to serve the needs of business community. A total 972 Stock-Keeping Units (SKUs) were listed on its platform during the year. The total Gross Merchandise Value (GMV) recorded was RM9.0 million.

In supporting SMEs' venture into the Halal industry, we also launched HalalXcess, a one-stop digital platform for entrepreneurs' Halal certification process with the Department of Islamic Development Malaysia (JAKIM). HalalXcess helps entrepreneurs develop a Halal quality management system with a comprehensive and easy-to-manage consultation service that is customised to specific business goals, budgets and timelines.



Asas untuk Peluang Pertumbuhan Perniagaan

Kami menyedari kepentingan menyediakan peluang-peluang yang relevan untuk PKS bagi membangunkan asas pertumbuhan mereka. Bagi menyediakan laluan kepada peluang-peluang tersebut, Bank mengambil beberapa inisiatif selain menggalakkan penyertaan PKS dalam program-program tersebut.

Program Jom XCESS Bank membolehkan kami mendekati usahawan secara langsung dengan menyediakan akses pembiayaan untuk PKS yang terlibat. Program ini juga menyediakan mereka dengan peluang untuk mengambil bahagian dalam program-program pembangunan anjuran CEDAR, agensi-agensi Kerajaan dan rakan-rakan niaga lain, selain padanan rangkaian dan perniagaan.

Pada 2021, kami melaksanakan program ini secara maya dan menerima penyertaan 2,878 usahawan serta mencatatkan kelulusan pembiayaan berjumlah RM43.2 juta.

Bagi menyokong inisiatif Kerajaan mempertingkatkan pertumbuhan eksport PKS, kami meneruskan *Business Exports Program (BEP) 2.0* – Misi Eksport Dipercepatkan (EAM). Pada 2020/2021, kami telah menerima 39 syarikat yang dijangka menamatkan program ini menjelang 2023/2024. Setakat Mac 2022, lapan daripada syarikat-syarikat ini telah meneroka kemungkinan mengeksport produk-produk dan perkhidmatan mereka ke 12 negara baharu.

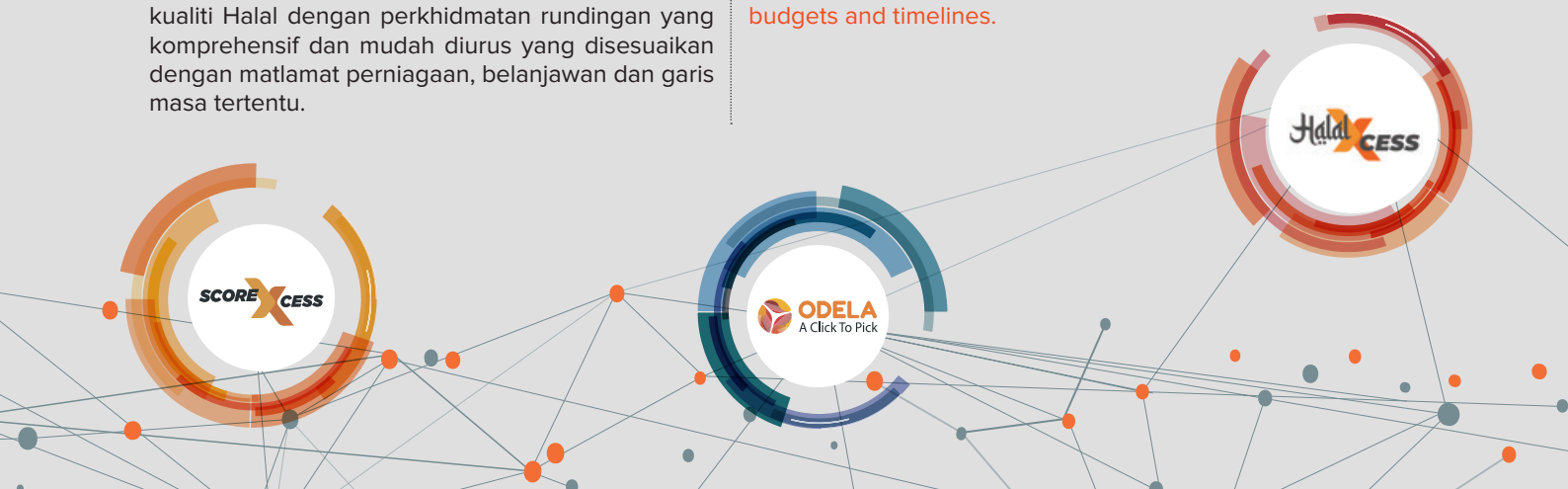
Foundation for Business Growth Opportunities

We recognise the importance of providing relevant opportunities to SMEs which will help establish a foundation for their growth. To provide pathways for such opportunities, the Bank undertook several initiatives while at the same time encourage SME participation in the programmes.

The Bank's Jom XCESS programme enables us to reach out to entrepreneurs directly by providing participating SMEs access to financing. The programme also provides them with the opportunities to take part in developmental programmes provided by CEDAR, Government agencies and other partners, as well as networking and business matching.

In 2021, we carried out the programme virtually and recorded a participation of 2,878 entrepreneurs and financing approvals of RM43.2 million.

In support of the Government's initiative to enhance the export growth of SMEs, we continued with the Business Exports Program (BEP) 2.0 – Export Accelerated Mission (EAM). In 2020/2021, we onboarded 39 companies that are expected to complete the programme by 2023/2024. As at March 2022, eight of these companies have explored the possibility of exporting their products and services to 12 new countries.



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Kerjasama Kolaboratif

SME Bank terus bekerjasama rapat dengan rakan-rakan strategik yang berkongsi aspirasi yang sama dalam membangunkan komuniti PKS di Malaysia. Justeru, kami mengamalkan kerjasama kolaboratif untuk manfaat bersama ke arah mencapai matlamat yang sama.

Kami telah menandatangani Memorandum Persefahaman (MOU) dengan TEKUN Nasional dan Amanah Ikhtiar Malaysia (AIM) bagi menyokong agenda Kerajaan untuk membina ekosistem keusahawanan yang holistik dan kondusif pasca-pandemik COVID-19. Kolaborasi ini membolehkan kami mengenalpasti bantuan pembiayaan dan keperluan latihan keusahawanan yang relevan untuk kumpulan-kumpulan sasaran yang berbeza.

Bagi memacu pertumbuhan perniagaan dan menyokong usahawan di Malaysia Timur, kami telah menandatangani dua MOU dengan Sarawak Economic Development Corporation (SEDC) dan Sarawak Energy Berhad (SEB). MOU dengan SEDC menawarkan usahawan Sarawak dengan program-program pembiayaan dan pembangunan usahawan yang relevan. MOU dengan SEB membantu meningkatkan akses kontraktor di Sarawak kepada kemudahan pembiayaan.

Collaborative Partnerships

SME Bank is continuously working closely with identified strategic partners who share the same aspiration in developing the SME community in Malaysia. To that end, we embrace collaborative partnership on a mutually beneficial basis toward shared goals.

We signed Memorandums of Understanding (MOU) with TEKUN Nasional and Amanah Ikhtiar Malaysia (AIM) to support the Government's agenda of building a holistic and conducive entrepreneurial ecosystem post COVID-19 pandemic. The collaboration would enable us to identify relevant financing assistance and entrepreneurship training needs of the different target groups.

To spur business growth and support entrepreneurs in East Malaysia, we signed two MOUs with Sarawak Economic Development Corporation (SEDC) and Sarawak Energy Berhad (SEB). The MOU with SEDC is to provide Sarawak entrepreneurs with relevant financing and entrepreneur development programmes. The MOU with SEB is to help increase Sarawak contractors' access to financing facilities.

Satu lagi MOU ialah dengan Sabah Development Bank (SDB) yang menyediakan usahawan di Sabah dengan pelbagai pakej pembiayaan dan program-program pembangunan bernilai RM150.0 juta.

Kami juga telah bertukar Surat Niat dengan Majlis Ugama Islam Sabah (MUIS) bagi menyokong usahawan dari golongan Asnaf menerusi program pembangunan ISHRAF 2.0.

Pertumbuhan pesat dagangan dalam talian telah menyaksikan pertumbuhan industri logistik. Ini menghasilkan penciptaan pekerjaan selain peluang-peluang ekonomi berganda untuk perusahaan mikro, kecil dan sederhana. Menyedari peranan kami dalam membantu mereka mencapai kemakmuran, SME Bank menandatangani satu MOU dengan Biforst Logistics Sdn. Bhd., syarikat logistik terbesar di Malaysia. Di bawah perjanjian ini, kedua-dua pihak akan bekerjasama membangunkan pakej-pakej pembiayaan komprehensif untuk usahawan PKS dalam sektor logistik.

Memperkasakan Usahawan Asnaf dan B40

Kami komited memperkasakan golongan Asnaf dan B40 agar lebih berdikari menerusi keusahawanan. Program-program pembangunan Bank iaitu Penjana Komuniti@SME Bank dan ISHRAF adalah khusus untuk kumpulan-kumpulan ini. Kedua-dua program ini adalah sebahagian daripada inisiatif Tanggungjawab Sosial Korporat (CSR) kami bagi membantu golongan Asnaf dan B40 membangunkan perniagaan mikro mereka dengan lebih berkesan.

Kejayaan program ini terbukti menerusi perolehan jualan sebanyak RM5.15 juta yang dijana oleh para peserta kedua-dua program. Selain itu, kedua-dua program juga telah menerima pengiktirafan antarabangsa setelah memenangi Anugerah Merit untuk Projek Pembangunan Terbaik untuk ISHRAF dan Projek Tanggungjawab Sosial Korporat Terbaik untuk Penjana Komuniti@SME Bank daripada *Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)*.

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank bermatlamat membantu usahawan mikro dan kecil membangunkan perniagaan mereka dan memperluaskan jangkauan pasaran secara digital menerusi program-program latihan dan bimbingan berstruktur.

Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP) telah memperuntukkan RM3.0 juta bagi menyokong program Penjana Komuniti@SME Bank pada 2021.

Seramai 137 peserta berjaya mencatat pendapatan terkumpul sebanyak RM4.03 juta, peningkatan ketara 73.52% berbanding tahun sebelumnya. Pencapaian lain termasuk 220 peserta yang berjaya memiliki domain perniagaan the.biz.my, 150 peserta yang berjaya menyiapkan laman sesawang perniagaan mereka dan 178 peserta yang beralih kepada sistem perakaunan digital.

Another MOU was with Sabah Development Bank (SDB) to provide entrepreneurs in Sabah with various financing packages and development programmes worth RM150.0 million.

We also exchanged a Letter of Intent with Majlis Ugama Islam Sabah (MUIS) to support Asnaf entrepreneurs through the ISHRAF 2.0 development programme.

The acceleration of online commerce has seen the growth of the logistics industry. This translates into job creation as well as more economic multiplier opportunities for micro, small and medium enterprises. Recognising our role in helping them prosper, SME Bank inked a MOU with Biforst Logistics Sdn. Bhd., the largest logistics company in Malaysia. Under this agreement, both parties will work together in developing comprehensive financing packages for SME entrepreneurs in the logistics sector.

Empowering Asnaf and B40 Entrepreneurs

We are committed to empowering the Asnaf and the B40 income group to be self-sustaining through entrepreneurship. The Bank's development programmes, namely Penjana Komuniti@SME Bank and ISHRAF are mainly dedicated to these groups. Both programmes are part of our Corporate Social Responsibility (CSR) initiatives to help Asnaf and B40s develop their micro businesses more effectively.

The success is evident from the RM5.15 million sales revenue generated by the participants of both programmes. In addition, both programmes also gained international recognition upon winning the Merit Awards for Best Development Project for ISHRAF and Best Corporate Social Responsibility Project for Penjana Komuniti@SME Bank from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank aims at assisting micro and small entrepreneurs to grow their businesses and expand their market reach digitally through a structured training and coaching programmes.

The Ministry of Entrepreneur Development and Cooperatives (KUSKOP) has allocated RM3.0 million to support the Penjana Komuniti@SME Bank programme in 2021.

The 137 participants successfully recorded a total accumulated income of RM4.03 million, a significant increase of 73.52% from the previous year. Other achievements were seen in the number of 220 participants who already owned the.biz.my business domain, 150 participants who successfully completed their business websites and 178 participants who switched to a digital accounting system.

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ISHRAF

Dengan penyebaran COVID-19 dan impak bencana alam ke atas mangsa-mangsa terlibat, ISHRAF dilihat sebagai talian hayat untuk kesinambungan dan kebolehmandirian perniagaan mereka, yang juga selari dengan mandat kami untuk memupuk dan membangunkan PKS tempatan. Program ini telah membuahkan hasil positif dengan 20 peserta terbabit mencatat jualan terkumpul sebanyak RM1.35 juta bagi tempoh September 2020 sehingga Oktober 2021.

Selain itu, kami telah menerbitkan 10 episod eksperimen media sosial dengan penyertaan lapan usahawan Asnaf yang menyertai program ISHRAF. Ia memaparkan reaksi spontan usahawan-usahawan ini apabila mereka secara tiba-tiba diminta membantu individu dalam kesusahan. Usahawan-usahawan terpilih didatangi oleh pelakon dan situasi tersebut dirakam menerusi kamera tersembunyi. Setiap episod memaparkan seorang usahawan dengan jalan cerita yang berbeza termasuk membantu anak yatim, graduan menganggur dan banyak lagi. Penonton telah memberi maklumbalas menggalakkan dengan pelbagai komen-komen yang menyentuh hati.

Kejayaan ISHRAF 1.0 membawa kepada ISHRAF 2.0 dengan kerjasama Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) pada 2022. Kami telah memperuntukkan RM600,000 daripada dana zakat kami dengan tambahan RM190,000 daripada SME Corporation Malaysia (SME Corp. Malaysia) bagi melaksanakan ISHRAF 2.0. Seramai 79 usahawan Asnaf dari Perlis, Kedah, Negeri Sembilan, Melaka, Sabah dan Kuala Lumpur mengambil bahagian dalam ISHRAF 2.0. Kami yakin bahawa ISHRAF 2.0 akan mencatat pencapaian yang serupa atau lebih baik daripada ISHRAF 1.0.

ISHRAF adalah cara unik kami menyokong golongan miskin dan tidak berkemampuan khususnya usahawan Asnaf bagi membantu mereka menjana pendapatan yang mampan. Apabila kehidupan mereka bertambah baik, kami boleh mencapai matlamat utama untuk merubah mereka daripada menjadi penerima zakat kepada pembayar zakat.



Program ISHRAF 1.0:
ISHRAF 1.0 programme:

20

peserta terbabit mencatat jualan terkumpul sebanyak

participants registering accumulated sales of

RM1.35

juta/million

ISHRAF

With the spread of COVID-19 as well as the effects of natural disasters faced by those involved, ISHRAF is seen as a lifeline for their business continuity and survivability, which is also in line with the mandate for us to nurture and develop local SMEs. The outcome of this programme has been positive with the 20 participants registering accumulated sales of RM1.35 million for the period of September 2020 until October 2021.

Above and beyond this, we produced 10 episodes of social media experiment with the participation of eight Asnaf entrepreneurs who participated in the ISHRAF programme. It featured the spontaneous reactions of these entrepreneurs when they were asked to help individuals in distress in a spur of the moment. The selected entrepreneurs were approached by actors and the situations were recorded through a hidden camera. Each episode features an entrepreneur with different storylines including helping orphans, unemployed graduates and many more. The response from viewers has been overwhelming and generated many touching and encouraging comments.

The success of ISHRAF 1.0 has led us to continue with ISHRAF 2.0 in collaboration with Malaysia Islamic Economic Development Foundation (YaPEIM) in 2022. We have allocated RM600,000 of our zakat fund with an additional RM190,000 from SME Corporation Malaysia (SME Corp. Malaysia) to undertake ISHRAF 2.0. Seventy nine Asnaf entrepreneurs from Perlis, Kedah, Negeri Sembilan, Melaka, Sabah and Kuala Lumpur are participating in ISHRAF 2.0. We believe ISHRAF 2.0 will yield similar achievements or even surpass what ISHRAF 1.0 has accomplished.

ISHRAF is our unique way of supporting the poor and vulnerable group of society namely Asnaf entrepreneurs to help them generate sustainable income. As they improve their livelihood, we ultimately will be able to achieve the main goal of transforming them from being zakat recipients to zakat payers.



Peruntukan ISHRAF 2.0:
ISHRAF 2.0 allocation:

RM600,000

daripada dana zakat SME Bank
of SME Bank's zakat fund

RM190,000

daripada SME Corp. Malaysia
from SME Corp. Malaysia



Mendorong Usahawan Muda

Pada 2021, kami terus memupuk dan membentuk usahawan muda menerusi program-program khusus. Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge merupakan program utama kami sejak 2012, yang bermatlamat mendorong minat ke arah keusahawanan dan menyediakan peluang untuk para pelajar meneroka daya kreativiti dan inovasi mereka.

Walaupun ditunda beberapa kali ekoran pandemik COVID-19, edisi ke-enam Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge telah mencatat kejayaan. Bilangan sekolah yang mendaftar untuk program ini meningkat 34.0% berbanding edisi sebelumnya.

Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge juga mendapat pengiktirafan antarabangsa menerusi Anugerah Plaque of Merit di bawah kategori CSR daripada *Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)* pada 2013 dan 2019.

Satu lagi program kami adalah Program Usahawan Muda SME Bank 90-Days Biz Challenge, dengan kerjasama Kementerian Pendidikan dan Kementerian Pendidikan Tinggi. Pertandingan ini direka untuk memupuk semangat keusahawanan di kalangan Komuniti Kolej dan pelajar Politeknik selain pelajar-pelajar sekolah menengah.

Untuk usahawan muda yang baru memulakan perusahaannya, sememangnya terdapat pelbagai cabaran dan pengajaran. Perjalanan mereka dirakam di dalam pertandingan keusahawanan SME Bank berformatkan realiti TV iaitu, SUKSES 4.0.

Promoting Young Entrepreneurs

In 2021, we continued to nurture and groom young entrepreneurs through dedicated programmes. Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge has been our signature programme since 2012, and aims at raising interest in entrepreneurship and providing an opportunity for students to explore their creativity and innovativeness.

Despite it being rescheduled several times due to the COVID-19 pandemic, the sixth edition of the Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge has been successful. The number of schools that registered for the programme increased by 34.0% from the previous edition.

The Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge also gained international recognition when it received the Plaque of Merit awards under the CSR category from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) in 2013 and 2019.

Another programme we held was Program Usahawan Muda SME Bank 90-Days Biz Challenge, in collaboration with the Ministry of Education and the Ministry of Higher Education. This competition is designed to foster entrepreneurship amongst Community College and Polytechnic students as well as secondary school students.

For young entrepreneurs who just embarked on their entrepreneurship journey, there are undoubtedly many challenges faced and many lessons learned. This journey is captured in SME Bank reality TV format entrepreneurship competition called SUKSES 4.0.

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Objektif strategik kami melangkaui prestasi kewangan dan operasi. Kami memahami peranan penting SME Bank dalam masyarakat umum. Dalam usaha mencapai matlamat mengembangkan sektor PKS, kami peka akan keperluan masyarakat.

Our strategic objectives go beyond financial and operational performance. We understand the important role SME Bank plays within wider society. As we deliver on our goal of growing the SME sector, we are mindful of the needs of the people and society.

Matlamat SUKSES 4.0 adalah untuk memupuk usahawan muda yang celik digital dalam menghadapi cabaran perniagaan hari ini. Seramai 10 peserta dengan perniagaan pemula dan mikro dipilih untuk menyertai program ini. Semasa pertandingan, setiap peserta diberi dua tugas; tugas pertama menguji kemahiran keusahawanan mereka dan bagaimana mereka mengaplikasikan ilmu daripada mentor mereka. Tugas kedua berkaitan penggunaan media sosial untuk perniagaan di mana mereka perlu memuatnaik tugas tersebut ke platform media sosial masing-masing dan mengaplikasikan teknik pemasaran digital yang dipelajari.

Bagi memastikan para peserta dilengkapi dengan ilmu keusahawanan dan memiliki ciri-ciri usahawan berjaya, mereka diberi peluang menghadiri latihan keusahawanan dan perniagaan digital yang komprehensif.

Program-program di bawah Belanjawan Negara 2022

Seperti yang diumumkan dalam Belanjawan Negara 2022, SME Bank terus diberi kepercayaan untuk menguruskan dan menawarkan dana-dana dan program-program baharu yang menyokong pemulihan dan pertumbuhan ekonomi negara.

Dana Usahawan Muda 2.0 (YEF 2.0) adalah inisiatif bagi membantu dan menyokong usahawan muda dalam mengembangkan perniagaan mereka ke tahap yang lebih tinggi serta kekal berdaya maju pasca-pandemik. Sejumlah RM100.0 juta telah diperuntukkan untuk kegunaan modal kerja dan pemerolehan aset perniagaan mereka.

Bagi menyokong PKS dalam industri Sistem Bangunan Berindustri (IBS), dana berjumlah RM200.0 juta diperuntukkan di bawah **Program Promosi Sistem Bangunan Berindustri 2.0 (IBS 2.0)** untuk kontraktor yang layak sehingga kategori G7, pengilang dan penghimpun. Dengan cabaran-cabaran yang dihadapi oleh industri pembinaan akibat pandemik, IBS 2.0 akan membantu PKS dengan keperluan modal kerja, pemerolehan peralatan, dan ubahsuai kilang.

The objective of SUKSES 4.0 is to nurture these young entrepreneurs who are digital savvy to face business challenges today. Ten participants from start-ups and micro businesses were selected to compete in the programme. During the competition, each participant is given two tasks; the first will test the participants' entrepreneurial skills and how they apply the knowledge gained from the mentors into their respective businesses. The second task is related to social media for business where participants have to upload the task on their respective social media platforms and apply the digital marketing techniques learned.

To ensure that the participants are equipped with entrepreneurial knowledge and have the characteristics of successful entrepreneurs, they are given the opportunity to attend comprehensive entrepreneurship and digital business training.

Programmes under the National Budget 2022

As announced in the National Budget 2022, SME Bank continues to be entrusted with managing and offering new funds and programmes that support the nation's economic recovery and growth.

The Young Entrepreneur Fund 2.0 (YEF 2.0) is an initiative to assist and support young entrepreneurs in elevating their businesses to a higher level and to remain viable post-pandemic. A sum of RM100.0 million has been allocated for their working capital requirements and business asset acquisition.

In support of SMEs in the Industrialised Building System (IBS) industry, RM200.0 million fund has been allocated under the **Industrialised Building System Promotion Programme 2.0 (IBS 2.0)** for eligible contractors up to the G7 category, manufacturers and assemblers. Given the challenges the construction industry faced following the pandemic, IBS 2.0 will assist SMEs with working capital requirements, equipment procurement, and factory renovations.

Bagi membantu syarikat yang menghadapi isu pengedaran atau manfaat untuk mendapatkan dana menerusi suntikan ekuiti dan separa ekuiti, kami bekerjasama dengan Unit Pemandu Agenda Bumiputera (TERAJU) dan Bank Simpanan Nasional bagi menawarkan **Dana Pemodalan Semula SME**. Dana berjumlah RM600.0 juta telah diperuntukkan untuk tujuan ini, di mana SME Bank diberi kepercayaan untuk menguruskannya.

Kami komited untuk memenuhi mandat terbaru oleh Kerajaan ini dan kami yakin bahawa inisiatif-inisiatif ini akan terus menyediakan anjakan untuk pertumbuhan.

Menangani Keperluan Sosial secara Bertanggungjawab

Objektif strategik kami melangkaui prestasi kewangan dan operasi. Kami memahami peranan penting SME Bank dalam masyarakat umum. Dalam usaha mencapai matlamat mengembangkan sektor PKS, kami turut peka akan keperluan masyarakat.

Selain kesan buruk pandemik COVID-19, kita juga diuji dengan bencana alam di sepanjang tahun. Banjir luar biasa yang melanda beberapa negeri telah menjejaskan kehidupan, kediaman dan punca pendapatan. Sebagai tindakbalas segera, Bank mengumumkan bantuan moratorium enam bulan di bawah Program Bantuan Banjir SME Bank untuk 59 pelanggan yang menjadi mangsa banjir, merangkumi pembiayaan bernilai RM146.0 juta.

Kami menawarkan penepian sewa 100.0% kepada 41 unit kilang di EPC kami di Shah Alam, Selangor. Di bawah Dana Bantuan Bencana Banjir (DRF), 28 pelanggan yang terjejas menerima kelulusan pembiayaan berjumlah RM13.5 juta.

Selain itu, kami memperluaskan sokongan kemanusiaan dengan menghantar kakitangan sukarela bagi membantu komuniti yang terjejas serta mengedarkan bantuan kewangan dan bekalan kepada mangsa-mangsa terlibat.

Bagi membantu perniagaan yang terjejas untuk pulih daripada impak banjir, CEDAR menyediakan khidmat nasihat dan sokongan kepada pelanggan yang terlibat. Bimbingan yang betul mampu membantu mereka menstruktur semula pelan perniagaan mereka.

Memacu Tadbir Urus yang Baik

SME Bank komited dalam melindungi kepentingan pihak berkepentingan. Lembaga Pengarah bertanggungjawab memastikan amalan-amalan tadbir urus korporat yang terbaik didokong di SME Bank pada setiap masa.

Kami tidak bertolak-ansur terhadap kelakuan tidak beretika seperti penyelewengan dan rasuah. Bagi mendokong integriti, kami telah mewujudkan Pelan Pencegahan Rasuah Organisasi SME Bank 2020-2024 (OACP) dengan kerjasama Institut Integriti Malaysia. Pelan lima tahun ini mengandungi 22 pelan tindakan yang merangkumi lima aspek utama iaitu pemerolehan, pentadbiran, operasi, integriti, dan tadbir urus.

OACP ini adalah sejajar dengan Pelan Pencegahan Rasuah Nasional (NACP) Kerajaan dan Pelan Pencegahan Rasuah Organisasi KUSKOP. Kami juga melaksanakan inisiatif-inisiatif bagi mendapatkan pensijilan MS ISO 37001:2016 Sistem Pengurusan Pencegahan Rasuah (ABMS) menjelang 2022.

To assist companies facing gearing or leverage issues to obtain funding through equity and quasi-equity injection, we collaborated with the Bumiputera Agenda Steering Unit (TERAJU) and Bank Simpanan Nasional to offer the **SME Recapitalisation Fund**. A total fund of RM600.0 million has been allocated for this, for which SME Bank is entrusted to manage.

We are committed to diligently fulfil this latest mandate by the Government and we believe these initiatives will continue to provide impetus for growth.

Responsibly Addressing Social Needs

Our strategic objectives go beyond financial and operational performance. We understand the important role SME Bank plays within wider society. As we deliver on our goal of growing the SME sector, we are mindful of the needs of the people and society.

Adding to the calamities caused by the Covid-19 pandemic, we experienced some natural disasters throughout the year. The unusual floods have caused major damage and devastation to lives, homes and livelihoods in several states. Swiftly responding to this, the Bank announced six-month automatic moratorium assistance under the SME Bank Flood Relief Programme to all 59 customers affected by the flood, involving a financing value of RM146.0 million.

We offered 100.0% rental waiver on 41 factory units at our EPC in Shah Alam, Selangor. Under the Disaster Flood Relief Fund (DRF), 28 affected customers received approval for financing which totals to RM13.5 million.

In addition, we extended philanthropic support by deploying our staff who volunteered to help the affected communities and distributed provisions and financial assistance to the victims.

For the affected businesses to recover from the impact of the floods, CEDAR provided advisory and support services to the affected customers. This would help them with proper guidance on restructuring their business plans.

Anchoring Good Governance

SME Bank is committed to safeguarding the interests of our stakeholders. The Board of Directors is tasked with ensuring that best corporate governance practices are upheld at SME Bank at all times.

We do not tolerate any unethical behaviour such as corruption and bribery. Committed to upholding integrity, we established the SME Bank Organisational Anti-Corruption Plan 2020-2024 (OACP) in collaboration with the Malaysian Institute of Integrity. This five-year plan contains 22 action plans covering five priority areas of procurement, administration, operation, integrity and governance.

The OACP is in line with the Government's National Anti-Corruption Plan (NACP) and KUSKOP's Organisational Anti-Corruption Plan. We also carried out initiatives to attain the MS ISO 37001:2016 Anti-Corruption Management System (ABMS) certification by 2022.

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Memacu Agenda Kemampanan

Rasa kebertanggungjawaban sentiasa menjadi nilai pemandu yang kukuh di SME Bank. Secara peribadi, saya percaya bahawa setiap perniagaan memegang satu tanggungjawab tertentu ke atas masyarakat, kesihatan dan kemampanan planet yang dikongsi bersama. Justeru, kami memandang serius tanggungjawab kami terhadap pihak berkepentingan, serta tugas kami dalam membina perniagaan yang kukuh, berkeuntungan dan mampan.

Agenda kemampanan kami selari dengan Rangka Kerja Pengukuran Prestasi BNM yang menekankan kepentingan Institusi-institusi Kewangan Pembangunan (IKP) dalam merangkumkan penambahan sebagai sebahagian daripada operasi perniagaan bagi mendorong hasil pembangunan yang lebih baik selain memperkukuhkan akauntabiliti mereka sebagai institusi awam.

Pada 2021, kami memperhebatkan lagi pendekatan kami ke arah mencapai kemampanan dengan menerapkan subjek ini sebagai tonggak utama dalam strategi kami. Kami mewujudkan Pelan Hala Tuju Kemampanan 3-tahun 2021-2023 yang membentangkan sasaran-sasaran jelas ke arah mencapai kemampanan menerusi pertimbangan-pertimbangan ESG yang sesuai di dalam strategi perniagaan kami.

Tumpuan adalah ke atas pengukuhan peranan utama kami dalam menyokong pertumbuhan PKS, justeru memastikan penciptaan nilai yang mampan. Pelan hala tuju ini membentangkan pendekatan Bank ke arah mencapai kemampanan berdasarkan tiga tonggak utama iaitu Perbankan Bertanggungjawab, Amalan Perniagaan Bertanggungjawab dan Mencipta Impak Sosial.

Fasa Permulaan pelan hala tuju ini bermula pada 2021 apabila kami mengenalpasti dan memperkemas tumpuan perniagaan kami. Ia merangkumi aliran pendanaan yang dipacu ke arah kemampanan kewangan dan impak sosial. Menerusi pendekatan ini, kami berhasrat menyeimbangkan impak ESG dalam keputusan perniagaan kami. Dalam fasa pertama ini, kami juga mewujudkan **Rangka Kerja Sukuk Kemampanan** dan menubuhkan jawatankuasa-jawatankuasa kerja yang relevan.

Bagi memacu agenda kemampanan kami, kami telah mewujudkan Rangka Kerja Sukuk Kemampanan yang bertindak sebagai garis panduan untuk semua terbitan Sukuk Kemampanan kami.

Rangka kerja ini selari dengan Matlamat Pembangunan Mampan Pertubuhan Bangsa-bangsa Bersatu (UN SDGs). Ia juga sejajar dengan garis panduan dan piawaian berikut:

- Rangka Kerja Sukuk Pelaburan Bertanggungjawab oleh Suruhanjaya Sekuriti Malaysia (SC);
- Piawaian Bon Kemampanan ASEAN, Piawaian Bon Hijau ASEAN, dan Piawaian Bon Sosial ASEAN oleh Forum Pasaran Modal ASEAN (ACMF); dan
- Garis Panduan Bon Kemampanan, Prinsip Bon Hijau, dan Prinsip Bon Sosial oleh Persatuan Pasaran Modal Antarabangsa (ICMA).

Driving Sustainability Agenda Forward

Responsibility has always been a strong, guiding value at SME Bank. Personally, I believe that businesses hold a particular responsibility towards the communities and towards the health and sustainability of the planet we all share. Naturally, we take very seriously our responsibility to our stakeholders, and our duty to build a strong, profitable and sustainable business.

Our sustainability agenda is in line with BNM's Performance Measurement Framework, which emphasises the importance of Development Financial Institutions (DFIs) to incorporate additionalities as part of their business operations to promote greater development outcomes and strengthen their accountability as public institutions.

In 2021, we advanced our approach to sustainability by further embedding this subject as a central pillar within our strategy. We established a 3-year Sustainability Roadmap 2021-2023 which sets out clear targets to achieve sustainability through appropriate ESG considerations in our business strategies.

The focus is on strengthening our primary role in supporting SME growth, thus ensuring sustainable value creation. The roadmap sets out the Bank's approach to sustainability which is based on the three pillars of Responsible Banking, Responsible Business Practices and Creating Social Impact.

The initiation stage of the roadmap began in 2021 when we identified and streamlined our business focus. It included the funding stream geared towards financial sustainability and social impact. Through this approach, we aim to balance the ESG impact in our business decisions. In this first stage, we also established the Sustainability Sukuk Framework and set up relevant working committees.

To drive our sustainability agenda, we developed the **Sustainability Sukuk Framework** to serve as a guideline for all our Sustainability Sukuk issuances.

The framework is aligned with United Nations' Sustainable Development Goals (UN SDGs). It is also aligned with the following guidelines and standards:

- Sustainable and Responsible Investment Sukuk Framework, issued by the Securities Commission Malaysia (SC);
- ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards and ASEAN Social Bond Standards, issued by the ASEAN Capital Markets Forum (ACMF); and
- Sustainability Bond Guidelines, Green Bond Principles, Social Bond Principles, issued by the International Capital Market Association (ICMA).

SME Bank adalah IKP pertama di Malaysia yang menerbitkan Sukuk Kemampanan. Terbitan pertama berjumlah RM500.0 juta, pada kadar kompetitif 3.10% setahun, telah menerima maklumbalas menggalakkan, dengan catatan pesanan akhir RM1.8 bilion iaitu melebihi langganan sebanyak 3.56 kali. Langganan terlebih ini menunjukkan keyakinan kukuh pelabur bukan sahaja dari kalangan pelabur institusi tempatan, tetapi juga dari kalangan pengurus aset asing.

Dengan hasil kutipan daripada terbitan Sukuk Kemampanan ini, kami mampu menawarkan penyelesaian-penyelesaian pembiayaan yang lebih inovatif kepada PKS untuk projek-projek hijau dan sosial yang menyokong 11 daripada 17 UN SDG ke arah membina sebuah planet yang lebih baik dan mampan.

Terbitan Sukuk Kemampanan ini merupakan fasa pertama dalam usaha ESG kami untuk mencipta kesedaran menerusi kemudahan pembiayaan untuk projek-projek yang memenuhi kehendak-kehendak ESG. Fasa kedua melibatkan pelaksanaan beberapa siri pertemuan bagi mendidik usahawan PKS bukan sahaja tentang cara menggunakan pembiayaan untuk memenuhi keperluan ESG mereka, tetapi juga tentang aplikasi elemen-elemen ESG di dalam operasi perniagaan mereka.

Dalam usaha kami merealisasikan aspirasi ini, saya dengan sukacita melaporkan pengiktirafan yang telah kami terima untuk inisiatif Sukuk Kemampanan pertama kami.

- **Anugerah Kemampanan 2021** oleh Malaysian Rating Corporation Berhad (MARC)
- **Anugerah Sukuk Kemampanan Terbaik** oleh Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021
- **Anugerah SRI & ESG Deal of the Year** oleh Islamic Finance News (IFN)
- **Anugerah Sukuk Pelaburan Mampan dan Bertanggungjawab (SRI) Hijau ASEAN Terbaik** oleh Alpha South East Asia, penerbitan pelaburan institusi yang berpusat di Hong Kong
- **Anugerah Sukuk SRI Terbaik** oleh Alpha South East Asia, penerbitan pelaburan institusi yang berpusat di Hong Kong



SME Bank is the first DFI in Malaysia to issue Sustainability Sukuk. Its first issuance of RM500.0 million, priced at a competitive rate of 3.10% p.a., received an overwhelming response, registering a final order of RM1.8 billion which translated to an oversubscription of 3.56 times. The oversubscription denotes strong investor confidence not only from domestic institutional investors but also from foreign asset managers.

With the proceeds raised from the issuance of the Sustainability Sukuk, we are poised to offer SMEs more innovative financing solutions related to the green and social-related projects that support 11 of the 17 UN SDGs towards building a better and more sustainable planet.

The Sustainability Sukuk issuance is the first phase in our ESG journey to create awareness through financing facilities for projects that meet the ESG requirements. The second phase is to conduct a series of engagements to educate SME entrepreneurs not only to use financing to meet their ESG needs, but also to apply the ESG elements in their business operations.

As we put in all efforts to realise this aspiration, I am happy to report on the recognitions that we have thus far received for our maiden Sustainability Sukuk.

- **Sustainability Award 2021** by Malaysian Rating Corporation Berhad (MARC)
- **Best Sustainability Sukuk Award** by the Asset Triple A Sustainable Capital Markets Country & Regional Awards 2021
- **SRI & ESG Deal of the Year Award** by Islamic Finance News (IFN)
- **Best ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk** by Alpha South East Asia, a Hong Kong-based institutional investment publication
- **Best SRI Sukuk Award** by Alpha South East Asia, a Hong Kong-based institutional investment publication

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Kelulusan pembiayaan berkaitan ESG

ESG-related financing approvals

Sasaran

Target

RM1

billion/billion

pada 2022

in 2022

ESG untuk Masa Hadapan yang Mampan

SME Bank telah melangkah jauh sejak penubuhannya. Pelaksanaan reformasi dan dasar pandang ke hadapan, pelaksanaan strategi proaktif, penerapan pendekatan berorientasikan pelanggan, serta pelaksanaan sistem-sistem yang inovatif telah membolehkan kami untuk terus menyampaikan nilai dan impak kepada semua pihak berkepentingan terutamanya PKS dan masyarakat.

Kami menyedari bahawa Alam Sekitar, Sosial dan Tadbir Urus (ESG) berfungsi sebagai rangka kerja bagi menilai tiga faktor utama dalam mengukur struktur mampan, tanggungjawab, dan etika di dalam organisasi kami.

Setelah memperkemas fokus perniagaan kami pada 2021, kami perlu memulakan fasa kedua pelan hala tuju kemampanan yang merangkumi pelaksanaan dan pengemasan ESG bagi aspek-aspek tumpuan bukan perniagaan. Ini termasuk inisiatif bagi membolehkan kakitangan kami menghayati prinsip-prinsip ESG sebagai sebahagian daripada operasi harian Bank.

Kami akan terus mempromosikan gunapakai ESG menerusi pembiayaan kepada sektor-sektor berkaitan ESG. Kami menasaskan kelulusan pembiayaan berkaitan ESG berjumlah RM1.0 bilion pada 2022, dengan matlamat agar pelanggan sedia ada dan baharu menggunakan pegangan-pegangan ESG di dalam perniagaan mereka.

Bagi memperbaiki pendekatan mampan kami, kami akan membangunkan satu Rangka Kerja Matlamat Pembangunan Mampan (Rangka Kerja SDG) yang komprehensif merangkumi impak alam sekitar daripada aktiviti-aktiviti kewangan dan bukan kewangan.



ESG for a Sustainable Future

SME Bank has come a long way since its inception. The implementation of forward-looking reforms and policies, the execution of proactive strategies, an engrained customer centric approach, and the setting-up of innovative systems have made it possible for us to continue delivering value and impact to all stakeholders especially the SMEs and the communities.

We are fully aware that Environmental, Social and Governance (ESG) serve as a framework to assess the three central factors in measuring the sustainable, responsible and ethical structure of our organisation.

Having streamlined our business focus in 2021, we shall embark on the second phase of the sustainability roadmap which involves the ESG implementation and streamlining of non-business focus areas. This includes initiatives for our employees to be able to internalise ESG principles as part and parcel of the Bank's day-to-day operations.

We shall continue to promote further adoption of ESG through financing to ESG related sectors. We target ESG-related financing approvals of RM1.0 billion in 2022, with the aim of having our existing and new customers embrace ESG tenets in their businesses.

To improve our sustainability approach, we will develop a comprehensive Sustainable Development Goal Framework (SDG Framework) covering the environmental impact of financial and non-financial activities.

Penghargaan

Sebagai penutup, saya ingin menyampaikan ucapan penghargaan kepada semua pihak berkepentingan kami di seluruh negara. Sokongan daripada Kementerian Kewangan, Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP), dan Bank Negara Malaysia (BNM) serta rakan-rakan strategik dan pelanggan kami adalah sangat luar biasa.

Terima kasih tidak terhingga kepada semua warga kerja di SME Bank yang telah menunjukkan daya tahan dan komitmen teguh sebagai satu pasukan. Akhir sekali, setinggi-tinggi penghargaan diucapkan kepada Lembaga Pengarah dan rakan-rakan saya dalam pasukan Pengurusan Kanan untuk bimbingan dan sokongan yang diberikan.

SME Bank sentiasa dipacu oleh matlamat murni untuk memakmurkan ekonomi negara menerusi pertumbuhan perusahaan-perusahaan kecil dan sederhana. Melangkah ke tahun fiskal 2022 dan dalam mencapai matlamat masa hadapan kami, saya amat teruja memikirkan nilai yang bakal kami sumbangkan untuk negara, pelanggan, dan komuniti kita.

(DR.) ARIA PUTERA ISMAIL

Presiden Kumpulan/Ketua Pegawai Eksekutif
Group President/Chief Executive Officer

Acknowledgement

In closing, I would like to express my gratitude to all our stakeholders throughout the nation. The support from the Ministry of Finance, Ministry of Entrepreneur Development and Cooperatives, and Bank Negara Malaysia as well as our strategic partners and customers has been phenomenal.

My heartfelt thanks to all our people at SME Bank who have demonstrated resilience and shown great commitment to working together as a team. And last but not least, my deepest gratitude to our Board of Directors and my colleagues in the Senior Management team for their guidance and support.

SME Bank has always been a company driven by a noble purpose to prosper the country's economy through the growth of small and medium enterprises. As I look ahead to the fiscal year 2022 and our ambitious goals for the future, I am extremely excited about the value we can bring to the country, our customers, and to our community.



Setelah memperkemas fokus perniagaan kami pada 2021, kami perlu memulakan fasa kedua pelan hala tuju kemampanan yang merangkumi pelaksanaan dan pengemasan ESG bagi aspek-aspek tumpuan bukan perniagaan. Ini termasuk inisiatif bagi membolehkan kakitangan kami menghayati prinsip-prinsip ESG sebagai sebahagian daripada operasi harian Bank.

Having streamlined our business focus in 2021, we shall embark on the second phase of the sustainability roadmap which involves the ESG implementation and streamlining of non-business focus areas. This includes initiatives for our employees to be able to internalise ESG principles as part and parcel of the Bank's day-to-day operations.



MENCIPTA TAJUK UTAMA UNTUK HARI ESOK YANG LEBIH BAIK

MAKING HEADLINES
FOR A BETTER TOMORROW



SME Bank group president and chief executive officer Aria Putera Ismail says proceeds from sukuk will address the issue of insufficient financing for green and social-related projects.

SUSTAINABLE PRODUCT

SME Bank prices RM500m green sukuk

KUALA LUMPUR: SME Bank has successfully priced and issued RM500 million of green sukuk, its first in the market, on Tuesday.

Bantuan bersasar SME Bank pulihkan 3,084 PKS



SUSTAINABILITY SUKUK

SME Bank issues RM3b sukuk wakalah

KUALA LUMPUR: SME Bank, an issuer of sukuk, said it has issued a RM3 billion wakalah sukuk, its first in the market, on Tuesday. Nazir Ariff said the AAA-IS rating accorded by Malaysian Rating Corporation Bhd for the sukuk was a testament to its strength and commitment in upholding its reputation.

SME Bank posts profit despite difficult pandemic-hit year

The bank launched SRP 2.0 in March 2021 where the targeted financing relief has been extended until September

by SHAHEERA AZNAM SHAH

SMALL Medium Enterprise Development Bank Malaysia Bhd (SME Bank) has recorded a profit before tax of RM134.8 million in 2020, 37% lower compared to the RM213.9 million profit it made in 2019 as the SME business community braced the Covid-19 pandemic headwinds. SME Bank chairman Datuk Seri Nazir Ariff said despite the challenges, SME Bank has managed to deliver on its financial targets, having approved RM2.8 billion of financing to 3,020 SMEs last year.



Lestari Bumi計劃助開拓市場 3億融資微小企業

(吉隆坡7日讯) 中小型企业银行 (SME Bank) 推介 Lestari Bumi计划, 借由3亿令吉融资资金分配, 进一步协助小型及微型企业提高产量、开拓市场、让他们的业务更具持续性及竞争力。企业及合作社发展部副部长拿督玛丝艾米雅蒂在主持推介礼上强调, 此计划正合时宜, 因为我国有很多小型及微型企业严重受到冠病的冲击。



DEFERMENTS ON PAYMENTS
SME BANK EXTENDS AID TO BUSINESSES

Phase 2 of SRP Pemulihan focuses on tourism and public transport operators

FARAH ADILLA
KUALA LUMPUR
fahad@nsd.com.my

SME Bank has offered the SME Relief Programme (SRP Pemulihan) with its Phase 2 focusing on small and medium enterprises (SMEs) from the tourism and public transport sectors. The bank, an agency under the Entrepreneur Development under the Cooperatives Ministry, said the SRP Pemulihan started from July and would end in December, benefiting 4,142 customers with a financing value of RM5.8 billion. Phase 2, which started this month, extended the original financing period to up to 36 months. SME Bank said the assistance was in the form of deferrals on principal payments and financing profit rates. Entrepreneur Development Minister Tan Sri Noh Omar said SME Bank had previously offered the SME Relief Programme (SRP 1.0) after the six-month automatic moratorium period ended last year. A total of 3,084 customers with a financing value of RM4.1 billion received the assistance. "Following that, SME Bank offered SRP 2.0 from October 2020 to September 2021 as an ongoing support for its customers. This targeted assistance has benefited 311 customers from the retail, services, food and beverage and public transport sectors with a financing value of RM248 million. This has enabled entrepreneurs to focus on redeveloping their businesses without burdening their cash flow," he said. Noh said in line with the government's initiatives to assist SME businesses, it had approved financing under the Special Relief Fund amounting to RM506.3 million, the Penjana Tourism and the Targeted Relief and Recovery Facility Financing with RM255.7 million. "These efforts have assisted 1,798 entrepreneurs of SMEs," he said. SME Bank had offered a six-month automatic moratorium by SRP 2.0 from Oct

LEMBAGA PENGARAH
BOARD OF DIRECTORS



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Datuk Ahmad Hizzad Baharuddin

Dato' Muslim Hussain

Dato' Seri Nazir Ariff
Pengerusi/**Chairman**

Mohd Sakeri Abdul Kadir

Zulkiflee Hashim

Suharti Mohd Ali

Dato' Mohammad Radhi Abdul Razak

Wan Abdul Rahman Wan Abu Bakar

Dato' Sharkawi Alis

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

Umur/Age:
76

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
18 Oktober 2019/18 October 2019

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

14/14



DATO' SERI NAZIR ARIFF
Pengerusi Bukan Eksekutif
Non-Executive Chairman

KELAYAKAN

- Association of Certified and Corporate Accountants, United Kingdom
- Ahli Felo, British Institute of Management
- Program Pembangunan Pengurusan, Ashridge Management College
- Program Pembangunan Pengurusan, Asian Institute of Management

PENGALAMAN

- Pengasas Bersama & Timbalan Eksekutif Pengerusi, Aspen (Group) Holdings Limited (a Singapore Public Listed Company) dari 2019 hingga sekarang
- Kumpulan Pengarah Eksekutif, Aspen (Group) Holdings Limited dari 2013 hingga 2019
- Timbalan Pengerusi/Pengarah Eksekutif, Ivory Properties Group Berhad dari 2006 hingga 2013
- Pengarah Urusan, Datuk Keramat Group of Companies dari 1988 hingga 1998
- Pengarah Urusan, Datuk Keramat Smelting Sdn. Bhd dari 1987 hingga 1988
- Timbalan Pengarah Urusan, Datuk Keramat Smelting Sdn. Bhd. dari 1984 hingga 1987
- Pengurus Komersial, Datuk Keramat Smelting Sdn. Bhd. dari 1978 hingga 1984
- Pengurus Operasi Pembelian, Datuk Keramat Smelting Sdn. Bhd. dari 1975 hingga 1978
- Eksekutif Komersial, Syarikat Eastern Smelting Sdn. Bhd. dari 1974 hingga 1975

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, Texchem Resources Berhad
- Presiden, Children's Protection Society
- Ahli Jawatankuasa, Penang Future Foundation
- Pengarah, Wawasan Education Foundation

Terdahulu:

Lain-lain Syarikat/Badan

- Presiden, Jawi Peranakan Heritage Society
- Pengerusi, Malaysian International Chamber of Commerce and Industry (Cawangan Utara)
- Ahli Lembaga, Kuala Lumpur Commodities Exchange
- Pengarah, PBA Holdings Berhad
- Ahli Lembaga Pengasas dan Pengerusi, Kuala Lumpur Tin Market
- Presiden, Majlis Dato-Dato Negeri Pulau Pinang

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Audit (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Imbuhan (Ahli)
- Jawatankuasa Lembaga Teknologi Maklumat (Ahli)

Pegangan Saham Dalam SME Bank:

Tiada

QUALIFICATION

- Association of Certified and Corporate Accountants, United Kingdom
- Fellow of British Institute of Management
- Management Development Programme, Ashridge Management College
- Management Development Programme, Asian Institute of Management

WORKING EXPERIENCE

- Co-founder & Executive Deputy Chairman of the Aspen (Group) Holdings Limited (a Singapore Public Listed Company) from 2019 to present
- Group Executive Director of the Aspen (Group) Holdings Limited from 2013 to 2019
- Deputy Chairman/ Executive Director at the Ivory Properties Group Berhad from 2006 until 2013
- Managing Director Datuk Keramat Group of Companies from 1988 to 1998
- Managing Director Datuk Keramat Smelting Sdn. Bhd from 1987 to 1988
- Deputy Managing Director Datuk Keramat Smelting Sdn. Bhd. from 1984 to 1987
- Commercial Manager Datuk Keramat Smelting Sdn. Bhd. from 1978 to 1984
- Purchasing Operations Manager Datuk Keramat Smelting Sdn. Bhd. from 1975 to 1978
- Commercial Executive Syarikat Eastern Smelting Sdn. Bhd. from 1974 to 1975

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of Texchem Resources Berhad
- President of Children's Protection Society
- Committee member of Penang Future Foundation
- Director of Wawasan Education Foundation

Past:

Other Companies/Bodies

- President of Jawi Peranakan Heritage Society
- Chairman of the Malaysian International Chamber of Commerce and Industry (Northern Branch)
- Board member of the Kuala Lumpur Commodities Exchange
- Director of PBA Holdings Berhad
- Founding Board member and Chairman of the Kuala Lumpur Tin Market
- President of Majlis Dato-Dato Negeri Pulau Pinang

Membership of Board Committees in SME Bank:

- Board Audit Committee (Member)
- Board Nomination and Compensation Committee (Member)
- Board Information Technology Committee (Member)

Shareholding in SME Bank:

Nil

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

Umur/Age:
66

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of
Appointment:
1 September 2018/1 September
2018

Kehadiran Mesyuarat Lembaga
2021 /Board Meeting Attendance
2021:

14/14



DATO' MUSLIM HUSSAIN
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

KELAYAKAN

- Ijazah Sarjana Muda, Universiti Malaya
- Sijil Polis High Law, Maktab Polis Diraja Malaysia
- Diploma, Teaching English as Second Language (TESL)

PENGALAMAN

- Ketua Pegawai Risiko, Agrobank dari 2011 hingga 2017
- Malayan Banking Berhad dari 1984 hingga 2011 (memegang pelbagai Jawatan antara lain Pegawai Kredit, Pegawai Kelulusan Kredit, Ketua Amalan Kredit & Risiko Kredit Pengurusan Portfolio dan Naib Presiden Eksekutif & Ketua Risiko Operasi Maybank Group)

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengerusi, Jawatankuasa Pengurusan Risiko Dana Peladang Kebangsaan ("DPK")/NAFAS
- Ahli, Jawatankuasa Pemandu DPK/NAFAS.

Terdahulu:

Lain-lain Syarikat/Badan

Tiada

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Pengurusan Risiko (Pengerusi)
- Jawatankuasa Lembaga Audit (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Imbuhan (Ahli)
- Jawatankuasa Lembaga Teknologi Maklumat (Ahli)

Pegangan Saham Dalam SME Bank:

Tiada

QUALIFICATION

- B.A (Hons), University of Malaya
- Certificate in Police High Law, Royal Malaysian Police College
- Diploma in Teaching English as Second Language (TESL)

WORKING EXPERIENCE

- Chief Risk Officer of Agrobank from 2011 to 2017
- Malayan Banking Berhad from 1984 to 2011 (held various positions among others Credit Officer, Credit Approval Officer, Head Credit Policy & Portfolio Management Credit Risk and Executive Vice President & Head of Maybank Group Operational Risk)

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Chairman of Risk Management Committee of Dana Peladang Kebangsaan ("DPK")/NAFAS
- Member of the Steering Committee of DPK/NAFAS.

Past:

Other Companies/Bodies

Nil

Membership of Board Committees in SME Bank:

- Board Risk Management Committee (Chairman)
- Board Audit Committee (Member)
- Board Financing and Investment Committee (Member)
- Board Information Technology Committee (Member)

Shareholding in SME Bank

Nil

Umur/Age:
59

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of
Appointment:
6 Mac 2019/6 March 2019

Kehadiran Mesyuarat Lembaga
2021 /Board Meeting Attendance
2021:

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DATUK AHMAD HIZZAD BAHARUDDIN
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

KELAYAKAN

- Ijazah Sarjana Pentadbiran Perniagaan, St. Louis University, Missouri Unites States of America
- Ijazah Sarjana Muda dalam Pengajian Perniagaan, Eastern Illinois University, Illinois United States of America

PENGALAMAN

- Penolong Gabenor, Bank Negara Malaysia dari 2015 hingga 2018
- Ketua Pengarah, Labuan Financial Services Authority dari 2011 hingga 2017
- Pengarah, Bahagian Islamic Banking & Takaful, Bank Negara Malaysia dari 2009 hingga 2011
- Pengarah, Jabatan Pembangunan Sektor Kewangan, Bank Negara Malaysia dari 2005 hingga 2009
- Pengarah, Bahagian Sistem Pembayaran, Bank Negara Malaysia dari 2000 hingga 2005

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengerusi, Payment Network Malaysia Sdn. Bhd. (Paynet)

Terdahulu:

Lain-lain Syarikat/Badan

- Pengerusi, Mizuho Bank (Malaysia) Berhad
- Pengarah, Bina Bicara Sdn. Bhd.

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Pencalonan dan Imbuhan (Pengerusi)
- Jawatankuasa Lembaga Pengurusan Risiko (Ahli)
- Jawatankuasa Lembaga Audit (Ahli)
- Jawatankuasa Lembaga Teknologi Maklumat (Ahli)

Pegangan Saham Dalam SME Bank:

Tiada

QUALIFICATION

- Master of Business Administration, St. Louis University, Missouri Unites States of America
- Bachelor in Business Studies, Eastern Illinois University, Illinois United States of America

WORKING EXPERIENCE

- Assistant Governor, Bank Negara Malaysia from 2015 to 2018
- Director General, Labuan Financial Services Authority from 2011 to 2017
- Director, Islamic Banking & Takaful Department, Bank Negara Malaysia from 2009 to 2011
- Director, Financial Sector Development Department, Bank Negara Malaysia from 2005 to 2009
- Director, Payment Systems Department, Bank Negara Malaysia from 2000 to 2005

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Chairman of Payment Network Malaysia Sdn. Bhd. (Paynet)

Past:

Other Companies/Bodies

- Chairman of Mizuho Bank (Malaysia) Berhad
- Director of Bina Bicara Sdn. Bhd.

Membership of Board Committees in SME Bank:

- Board Nomination and Compensation Committee (Chairman)
- Board Risk Management Committee (Member)
- Board Audit Committee (Member)
- Board Information Technology Committee (Member)

Shareholding in SME Bank

Nil

PROFIL LEMBAGA PENGARAH

BOARD OF DIRECTORS PROFILE

Umur/Age:
64

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
6 Mac 2019/6 March 2019

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

14/14



ZULKIFLEE HASHIM

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

KELAYAKAN

- Diploma dalam Pengurusan Kredit, Institut Teknologi MARA (kini dikenali sebagai Universiti Teknologi MARA).

PENGALAMAN

- Ketua Pegawai Operasi Sokongan Strategik Kumpulan, Hong Leong Bank Berhad dari 2011 hingga 2015
- Pengarah Eksekutif, Hong Leong Bank Berhad dari 1998 hingga 2011
- Timbalan Pengarah Urusan, Deutsche Bank (Malaysia) Berhad dari 1991 hingga 1997
- Pelbagai Jawatan Kanan, jawatan terakhir sebagai Naib Presiden, Citibank dari 1979 hingga 1991

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, GuocoLand (Malaysia) Berhad
- Pengarah, Hong Leong MSIG Takaful Berhad
- Pengarah, Al Rajhi Banking & Investment Corporation (Malaysia) Bhd

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, Hong Leong Bank Berhad

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Audit (Pengerusi)
- Jawatankuasa Lembaga Pembiayaan & Pelaburan (Pengerusi)
- Jawatankuasa Lembaga Pengurusan Risiko (Ahli)
- Jawatankuasa Lembaga Teknologi Maklumat (Ahli)

Pegangan Saham Dalam SME Bank:
Tiada

QUALIFICATION

- Diploma in Credit Management, Institut Teknologi MARA (now known as Universiti Teknologi MARA).

WORKING EXPERIENCE

- Chief Operating Officer Group Strategic Support, Hong Leong Bank Berhad from 2011 to 2015
- Executive Director, Hong Leong Bank Berhad from 1998 to 2011
- Deputy Managing Director, Deutsche Bank (Malaysia) Berhad from 1991 to 1997
- Various senior positions with last position as Vice President, Citibank from 1979 to 1991

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of GuocoLand (Malaysia) Berhad
- Director of Hong Leong MSIG Takaful Berhad
- Director of Al Rajhi Banking & Investment Corporation (Malaysia) Bhd

Past:

Other Companies/Bodies

- Director of Hong Leong Bank Berhad

Membership of Board Committees in SME Bank:

- Board Audit Committee (Chairman)
- Board Financing and Investment Committee (Chairman)
- Board Risk Management Committee (Member)
- Board Information Technology Committee (Member)

Shareholding in SME Bank

Nil

Umur/Age:
60

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
9 Oktober 2020/9 October 2020

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

10/14



DATO' MOHAMMAD RADHI ABDUL RAZAK

Pengarah Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

KELAYAKAN

- Ijazah Sarjana dalam Kewangan Pembangunan, Hiroshima University, Japan
- Ijazah Sarjana Muda dalam Ekonomi (Kepujian), University Malaya, Kuala Lumpur

PENGALAMAN

- Timbalan Setiausaha Agung (Dasar & Pemantauan), Kementerian Pembangunan Usahawan & Koperasi dari 2020 hingga sekarang
- Pengarah Belanjawan Pembangunan, Unit Perancangan Ekonomi, Kementerian Hal Ehwal Ekonomi dari 2019 hingga 2020
- Timbalan Pengarah, Unit Perancangan Ekonomi, Kementerian Hal Ehwal Ekonomi dari 2015 hingga 2019
- Pegawai Tadbir & Diplomatik, Kementerian Perdagangan Antarabangsa & Industri dari 2001 hingga 2015
- Penolong Setiausaha, Bahagian Analisis Cukai, Kementerian Kewangan dari 1992 hingga 1997

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, Malaysia Co-Operative Societies Commission
- Pengarah, Co-operative Institute of Malaysia.

Terdahulu:

Lain-lain Syarikat/Badan

- Tiada

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Pembiayaan & Pelaburan (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Imbuhan (Ahli)

Pegangan Saham Dalam SME

Bank:
Tiada

QUALIFICATION

- Master Degree in Development Finance, Hiroshima University, Japan
- Bachelor Degree in Economics (Hons), University Malaya, Kuala Lumpur

WORKING EXPERIENCE

- Deputy Secretary General (Policy & Monitoring), Ministry of Entrepreneur Development & Cooperatives from 2020 to present
- Director of Development Budget, Economic Planning Unit, Ministry of Economic Affairs from 2019 to 2020
- Deputy Director, Economic Planning Unit, Ministry of Economic Affairs from 2015 to 2019
- Administrative & Diplomatic Officer, Ministry of International Trade & Industry from 2001 to 2015
- Assistant Secretary, Tax Analysis Division, Ministry of Finance from 1992 to 1997

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of Malaysia Co-Operative Societies Commission
- Director of Co-operative Institute of Malaysia.

Past:

Other Companies/Bodies

- Nil

Membership of Board Committees in SME Bank:

- Board Financing and Investment Committee (Member)
- Board Nomination and Compensation Committee (Member)

Shareholding in SME Bank

- Nil

PROFIL LEMBAGA PENGARAH

BOARD OF DIRECTORS PROFILE

Umur/Age:
53

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
28 Februari 2019/28 February 2019

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

14/14



MOHD SAKERI ABDUL KADIR
Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

KELAYAKAN

- Ijazah Sarjana dalam Ekonomi, Universiti Putra Malaysia
- Ijazah Sarjana Muda dalam Ekonomi Matematik, Temple University, United States of America
- Diploma Lulusan Ijazah dalam Pentadbiran Awam, National Institute of Public Administration (INTAN)

PENGALAMAN

- Setiausaha Bahagian, Bahagian Kawalan Kewangan Strategik dan Korporat, Kementerian Kewangan dari 2021 hingga sekarang
- Setiausaha Bahagian, Bahagian Pengurusan Strategik Badan Berkanun, Kementerian Kewangan dari 2019 hingga 2021
- Timbalan Setiausaha Bahagian, Bahagian Cukai, Kementerian Kewangan dari 2018 hingga 2019
- Timbalan Pengarah, Pejabat Belanjawan Negara, Kementerian Kewangan dari 2014 hingga 2018
- Timbalan Ketua, Pasukan Project OBB, Kementerian Kewangan dari 2010 hingga 2014
- Pegawai Penyemakan Belanjawan Kanan, Bahagian Pengurusan Belanjawan dari 2006 hingga 2010
- Pejabat Ketua Setiausaha Sulit, Kementerian Pengajian Tinggi dari 2004 hingga 2006
- Pejabat Ketua Setiausaha Sulit, Timbalan Kementerian Kewangan dari 2000 hingga 2004
- Pembantu Setiausaha, Bahagian Ekonomi dan Dalaman, Kementerian Kewangan dari 1995 hingga 2000

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, Companies Commission of Malaysia
- Pengarah, State Development Corporation, Negeri Sembilan
- Pengarah, Perbadanan Kemajuan Pertanian Negeri Pahang
- Pengarah, Majlis Amanah Rakyat (MARA)
- Pengarah, Universiti Malaysia Pahang

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, Malaysia External Trade Development Corporation (MATRADE)
- Pengarah, Universiti Teknologi MARA (UiTM) Holdings Sdn. Bhd.
- Pengarah, Universiti Teknologi MARA (UiTM)
- Pengarah, Islamic Economic Development Foundation (YAPEIM)

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Pengurusan Risiko (Ahli)
- Jawatankuasa Lembaga Teknologi Maklumat (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Imbuhan (Ahli)

Pegangan Saham Dalam SME Bank:

Tiada

QUALIFICATION

- Master in Economics, Universiti Putra Malaysia
- Bachelor of Arts in Mathematical Economics, Temple University, United States of America
- Post Graduate Diploma in Public Administration, National Institute of Public Administration (INTAN)

WORKING EXPERIENCE

- Undersecretary, Strategic Financial Control and Corporate Division, Ministry of Finance from 2021 to present
- Undersecretary, Statutory Body Strategic Management Division, Ministry of Finance from 2019 to 2021
- Deputy Undersecretary, Tax Division, Ministry of Finance from 2018 to 2019
- Deputy Director, National Budget Office, Ministry of Finance from 2014 to 2018
- Deputy Head, OBB Project Team, Ministry of Finance from 2010 to 2014
- Senior Budget Review Officer, Budget Management Division from 2006 to 2010
- Principle Private Secretary Office, Ministry of Higher Education from 2004 to 2006
- Principle Private Secretary Office, Deputy Ministry of Finance from 2000 to 2004
- Assistant Secretary Economics and Internal Division, Ministry of Finance from 1995 to 2000

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of Companies Commission of Malaysia
- Director of State Development Corporation, Negeri Sembilan
- Director of Perbadanan Kemajuan Pertanian Negeri Pahang
- Director of Majlis Amanah Rakyat (MARA)
- Director of Universiti Malaysia Pahang

Past:

Other Companies/Bodies

- Director of Malaysia External Trade Development Corporation (MATRADE)
- Director of Universiti Teknologi MARA (UiTM) Holdings Sdn. Bhd.
- Director of Universiti Teknologi MARA (UiTM)
- Director of Islamic Economic Development Foundation (YAPEIM)

Membership of Board Committees in SME Bank:

- Board Risk Management Committee (Member)
- Board Information Technology Committee (Member)
- Board Nomination and Compensation Committee (Member)

Shareholding in SME Bank

Nil

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

Umur/Age:
68

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
11 Januari 2021/11 January 2021

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

14/14



WAN ABDUL RAHMAN WAN ABU BAKAR

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

KELAYAKAN

- Ijazah Sarjana Muda dalam Pengurusan Perniagaan, University of Sunderland, United Kingdom
- Diploma dalam Pengajian Perbankan, MARA University of Technology (UiTM)
- BMP Managerial Process and Practice, Asian Institute of Management Manila Philippines
- Ahli, Asian Institute of Chartered Banker ("AICB")

PENGALAMAN

- Naib Presiden & Ketua, Perbankan Perniagaan Serantau & SME, Bank Muamalat Malaysia Berhad dari 2011 hingga 2013
- Naib Presiden & Ketua, Bahagian Perbankan Korporat, Asian Finance Bank Berhad dari 2010 hingga 2011
- Ketua Wilayah & Pengarah Bersekutu Perbankan Korporat Malaysia Timur, CIMB Investment Bank dari 2007 hingga 2009
- Pengurus Kanan & Ketua Wilayah Perbankan Korporat Malaysia Timur, CIMB Bank Berhad dari 2006
- Pengurus Pusat Perniagaan Sarawak, CIMB Bank Berhad dari 2001 hingga 2006

JAWATAN PENGARAH

Semasa:
Lain-lain Syarikat/Badan

- Ahli Jawatankuasa Kumpulan Wang dan Insurans, Perbadanan Tabung Pengajian Tinggi Nasional ("PTPTN") dari Julai 2021.

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Audit (Ahli)
- Jawatankuasa Lembaga Pengurusan Risiko (Ahli)
- Jawatankuasa Lembaga Pembiayaan & Pelaburan (Pengerusi)

Pegangan Saham Dalam SME Bank:

- Tiada

QUALIFICATION

- Bachelor of Art in Business Management from University of Sunderland, United Kingdom
- Diploma in Banking Studies from MARA University of Technology (UiTM)
- BMP Managerial Process and Practice at Asian Institute of Management Manila Philippines
- Member of Asian Institute of Chartered Banker ("AICB")

WORKING EXPERIENCE

- Vice President & Head Regional Business Banking & SME, Bank Muamalat Malaysia Berhad from 2011 to 2013.
- Vice President & Head Corporate Banking Division, Asian Finance Bank Berhad from 2010 to 2011
- Regional Head & Associate Director Corporate Banking, East Malaysia, CIMB Investment Bank from 2007 to 2009
- Senior Manager & Regional Head Corporate Banking East Malaysia, CIMB Bank Berhad from 2006
- Business Centre Manager Sarawak, CIMB Bank Berhad from 2001 to 2006

DIRECTORSHIPS

Present:
Other Companies/Bodies

- Member of Fund and Insurance Committee of Perbadanan Tabung Pengajian Tinggi Nasional ("PTPTN") from July 2021.

Membership of Board Committees in SME Bank:

- Board Audit Committee (Member)
- Board Risk Management Committee (Member)
- Board Financing and Investment Committee (Member)

Shareholding in SME Bank

- Nil

Umur/Age:
68

Jantina/Gender:
Perempuan/Female

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
1 Mac 2021/1 March 2021

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

12/12



SUHARTI MOHD ALI

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

KELAYAKAN

- Ijazah Sarjana dalam Pentadbiran Perniagaan (MBA), Universiti Utara Malaysia
- Diploma dalam Pentadbiran Awam (Inggeris), Institut Teknologi MARA (UiTM)

PENGALAMAN

- Pengarah Terjemahan IT, Celcom Axiata dari 2012 hingga 2016
- Pelbagai Jawatan di Telekom Malaysia, dengan kedudukan terakhir sebagai Pengurus Besar untuk The Nova Project dari 1980 hingga 2012.
- Pengurus Sumber Manusia, Karyaneka (dikenali sebagai Batik Malaysia) dari 1979 hingga 1980

JAWATAN PENGARAH

Semasa:
Lain-lain Syarikat/Badan
Tiada

Terdahulu:
Lain-lain Syarikat/Badan

- Pengarah, CEIL Sdn. Bhd.

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Teknologi Maklumat (Pengerusi)
- Jawatankuasa Lembaga Pengurusan Risiko (Ahli)
- Jawatankuasa Lembaga Pembiayaan & Pelaburan (Ahli)
- Jawatankuasa Lembaga Pencilonan dan Imbuhan (Ahli)

Pegangan Saham Dalam SME Bank:

- Tiada

QUALIFICATION

- Master of Business Administration (MBA) from Universiti Utara Malaysia
- Diploma in Public Administration (English) from MARA Institute of Technology (UiTM)

WORKING EXPERIENCE

- Director of IT Transformation, Celcom Axiata from 2012 to 2016
- Various Position Telekom Malaysia with the last position as General Manager of The Nova Project from 1980 to 2012
- Human Resources Officer, Karyaneka (then known as Batik Malaysia) from 1979 to 1980

DIRECTORSHIPS

Present:
Other Companies/Bodies
Nil

Past:
Other Companies/Bodies

- Director of CEIL Sdn. Bhd.

Membership of Board Committees in SME Bank:

- Board Information Technology Committee (Chairman)
- Board Risk Management Committee (Member)
- Board Financing and Investment Committee (Member)
- Board Nomination and Compensation Committee (Member)

Shareholding in SME Bank

- Nil

PROFIL LEMBAGA PENGARAH

BOARD OF DIRECTORS PROFILE

Umur/Age:
75

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
1 April 2021/1 April 2021

Kehadiran Mesyuarat Lembaga 2021 /Board Meeting Attendance 2021:

11/11

DATO' SHARKAWI ALIS
Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

KELAYAKAN

- Peguamcara, Middle Temple, London
- Peguambela & Peguamcara, High Court of Malaya

PENGALAMAN

- Pengarah Bahagian Sumber Korporat, Suruhanjaya Sekuriti Malaysia dari 2000 hingga 2003
- Pengarah Bahagian Penyeliaan Pasaran, Suruhanjaya Sekuriti Malaysia dari 1997 hingga 1999
- Penasihat Undang-undang Kumpulan, Malaysia Mining Corporation Berhad dari 1982 hingga 1996
- Pelbagai Jawatan, Perkhidmatan Judisiari & Perundangan, Kerajaan Malaysia dari 1971 hingga 1982

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, Permodalan Satok Berhad
- Pengarah, Yayasan Hartanah Bumiputera Sarawak.

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, Development Bank of Sarawak (DBOS) dari 2017 hingga 2020
- Pengerusi, Takaful Ikhlas Berhad dari 2008 hingga 2019
- Pengarah, Malaysian Industrial Development Finance Berhad ("MIDF") dari 2007 hingga 2016
- Pengarah, Malaysian Reinsurance Berhad dari 2005 hingga 2007
- Pengerusi/Pengarah, MNRB Holdings Berhad dari 2005 hingga 2019
- Pengerusi, Malaysian RE (Dubai) Ltd dari 2007 hingga 2019
- Pengerusi, Labuan Reinsurance (L) Ltd dari 2007 hingga 2019
- Pengarah, MIDF Investment Bank Berhad dari 2007 hingga 2016

Keahlian Jawatankuasa Lembaga di SME Bank:

- Jawatankuasa Lembaga Audit (Ahli)
- Jawatankuasa Lembaga Pembiayaan & Pelaburan (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Imbuhan (Ahli)

Pegangan Saham Dalam SME Bank:

- Tiada

QUALIFICATION

- Barrister-at-Law, Middle Temple, London
- An Advocate & Solicitor, High Court of Malaya

WORKING EXPERIENCE

- Director of Corporate Resources Division, Securities Commission Malaysia from 2000 to 2003
- Director of Market Supervision Division, Securities Commission Malaysia from 1997 to 1999
- Group Legal Adviser of Malaysia Mining Corporation Berhad from 1982 to 1996
- Various Position in Judicial & Legal Service, Government of Malaysia from 1971 to 1982

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of Permodalan Satok Berhad
- Director of Yayasan Hartanah Bumiputera Sarawak.

Past

Other Companies/Bodies

- Director of Development Bank of Sarawak (DBOS) from 2017 to 2020
- Chairman of Takaful Ikhlas Berhad from 2008 to 2019
- Director of Malaysian Industrial Development Finance Berhad ("MIDF") from 2007 to 2016
- Director of Malaysian Reinsurance Berhad from 2005 to 2007
- Chairman/ Director of MNRB Holdings Berhad from 2005 to 2019
- Chairman of Malaysian RE (Dubai) Ltd from 2007 to 2019
- Chairman of Labuan Reinsurance (L) Ltd from 2007 to 2019
- Director of MIDF Investment Bank Berhad from 2007 to 2016

Membership of Board Committees in SME Bank:

- Board Audit Committee (Member)
- Board Financing and Investment Committee (Member)
- Board Nomination and Compensation Committee (Member)

Shareholding in SME Bank

- Nil



JAWATANKUASA SYARIAH
SHARIAH COMMITTEES'



PROFIL JAWATANKUASA SYARIAH
SHARIAH COMMITTEES' PROFILE

Umur/Age:
40

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
1 Mei 2020/1 May 2020

DR. AZRUL AZLAN ISKANDAR MIRZA

Pengerusi
Chairman

Dr. Azrul Azlan Iskandar Mirza telah dilantik sebagai Ahli Jawatankuasa Syariah SME Bank pada 1 Mei 2020 dan telah dilantik sebagai Pengerusi Jawatankuasa Syariah SME Bank pada 1 Julai 2021.

Beliau berkelulusan Ijazah Sarjana Muda Perundangan Islam dari Universiti Al-Azhar, Mesir. Beliau kemudian memperoleh Ijazah Sarjana dalam Pengurusan dari Universiti Islam Antarabangsa Malaysia dan PhD dalam Kewangan Islam dari Pusat Antarabangsa Pendidikan Kewangan Islam.

Dr. Azrul Azlan merupakan Penasihat Syariah berdaftar Suruhanjaya Sekuriti Malaysia serta Ahli Persatuan Fintech Malaysia, Institut Profesional Kewangan Islam Bertauliah dan Persatuan Penasihat Syariah dalam Kewangan Islam.

Kini beliau merupakan Timbalan Pengarah Syariah, Pembangunan Pasaran Modal Islam, Suruhanjaya Sekuriti Malaysia.

* Meletak jawatan pada 28 Februari 2022

Dr. Azrul Azlan Iskandar Mirza was appointed as the member of SME Bank Shariah Committee on 1 May 2020 and subsequently was appointed as the Chairman of SME Bank Shariah Committee on 1 July 2021.

He is a graduate from Al-Azhar University of Egypt with a Bachelor of Islamic Jurisprudence. He later obtained a Master's Degree in Management from International Islamic University of Malaysia and a PhD in Islamic Finance from the International Centre for Education in Islamic Finance.

Dr. Azrul Azlan is a registered Shariah Advisor for Securities Commissions Malaysia, as well as a member of Fintech Association of Malaysia, Chartered Institute of Islamic Finance Professional and Association of Shariah Advisors in Islamic Finance.

Currently, he is the Deputy Director Shariah, Islamic Capital Markets Development of Securities Commission Malaysia.

* Resigned on 28 February 2022



Prof. Madya.
Dr. Asmak Ab
Rahman

Dr. Shamsiah
Mohamad

Dr. Azrul Azlan
Iskandar Mirza
Pengerusi/Chairman

Dr. Ahmad Sufian
Che Abdullah

Prof. Dr. Amir
Shaharuddin

PROFIL JAWATANKUASA SYARIAH

SHARIAH COMMITTEES' PROFILE

Umur/Age:
47

Jantina/Gender:
Perempuan/Female

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
10 Mei 2010/10 May 2010

PROF. MADYA. DR. ASMAK AB RAHMAN

Ahli
Member

Prof. Madya Dr. Asmak Abdul Rahman dilantik sebagai Ahli Jawatankuasa Syariah SME Bank pada 10 Mei 2010.

Beliau merupakan graduan Ijazah Sarjana Muda Syariah, Ijazah Sarjana dan PhD dalam Ekonomi Islam dari Universiti Malaya.

Beliau adalah Penasihat Syariah berdaftar Suruhanjaya Sekuriti Malaysia dan ahli Persatuan Penasihat Syariah dalam Kewangan Islam serta 'International Council of Islamic Finance Educators'.

Prof. Madya Dr. Asmak kini merupakan Ketua Jabatan Syariah dan Ekonomi, Akademi Pengajian Islam, Universiti Malaya dan ahli Jawatankuasa Tabung Zakat Universiti Malaya. Beliau juga adalah ahli Jawatankuasa Syariah, Ambank Islamic Berhad, Hong Leong MSIG Takaful, Lembaga Tabung Haji, Perbadanan Usahawan Nasional Berhad dan BIMB Investment Management Berhad.

Assoc. Prof. Dr. Asmak Abdul Rahman was appointed as a member of the Shariah Committee of SME Bank on 10 May 2010.

She graduated from University of Malaya with a Degree in Shariah, Master's Degree and PhD in Islamic Economics.

She is a registered Shariah Advisor of Securities Commission Malaysia, and a member of the Association of Shariah Advisors in Islamic Finance, and the International Council of Islamic Finance Educators.

Assoc. Prof. Dr. Asmak is currently Head of Department of Shariah and Economics, Academy of Islamic Studies, University of Malaya and a committee member of Jawatankuasa Tabung Zakat University of Malaya. She is also a Shariah Committee member of Ambank Islamic Berhad, Hong Leong MSIG Takaful, Lembaga Tabung Haji, Perbadanan Usahawan Nasional Berhad and BIMB Investment Management Berhad.

Umur/Age:
54

Jantina/Gender:
Perempuan/Female

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
1 Mei 2020/1 May 2020

DR. SHAMSIAH MOHAMAD

Ahli
Member

Dr. Shamsiah Mohamad dilantik sebagai Ahli Jawatankuasa Syariah SME Bank pada 1 Mei 2020.

Beliau merupakan lulusan Universiti Malaya dengan Ijazah Sarjana Muda Syariah (Kepujian Kelas Pertama) dan Ijazah Sarjana Syariah. Beliau kemudian memperoleh PhD dalam Asas Perundangan (Fiqh dan Usul Fiqh) dari 'University of Jordan'.

Dr. Shamsiah Mohamad adalah ahli Majlis Penasihat Syariah Suruhanjaya Sekuriti Malaysia dan Bursa Malaysia. Beliau turut berkhidmat sebagai ahli Jawatankuasa Penasihat Syariah, Persatuan Institusi Perbankan dan Kewangan Islam Malaysia (AIBIM) serta Majlis Pengawasan Syariah, Bank Islam Malaysia Berhad.

Dr. Shamsiah Mohamad was appointed as a member of the Shariah Committee of SME Bank on 1 May 2020.

She graduated from University of Malaya with a Bachelor of Shariah (First Class Honours) and Master of Shariah. She received her PhD in Foundation of Jurisprudence (Fiqh and Usul Fiqh) from University of Jordan.

She is a member of the Shariah Advisory Council of Securities Commission Malaysia and Bursa Malaysia. She also serves as member of the Shariah Advisory Committee, Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) as well as Shariah Supervisory Council, Bank Islam Malaysia Berhad.



PROFIL JAWATANKUASA SYARIAH

SHARIAH COMMITTEES' PROFILE

Umur/Age:
42

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
1 Januari 2021/1 January 2021

DR. AHMAD SUFIAN CHE ABDULLAH

Ahli
Member

Dr. Ahmad Sufian Che Abdullah dilantik sebagai Ahli Jawatankuasa Syariah SME Bank pada 1 Januari 2021.

Beliau berkelulusan Ijazah Sarjana Muda Syariah dan Pengurusan serta Ijazah Sarjana Syariah (Kewangan Islam) dari Universiti Malaya. Beliau kemudian memperoleh PhD dalam Ekonomi dan Perbankan Islam dari 'University of Yarmouk', Jordan.

Dr. Ahmad Sufian adalah Pensyarah Kanan di Jabatan Syariah dan Pengurusan, Akademi Pengajian Islam, Universiti Malaya. Beliau turut berkhidmat sebagai ahli dalam Jawatankuasa Syariah CIMB Islamic, Lembaga Penasihat Syariah, Syarikat Takaful Malaysia Berhad; Jawatankuasa Wakaf Majlis Agama Islam Kelantan, Jawatankuasa Fatwa, Jabatan Fatwa Negeri Perlis dan Jawatankuasa Perundangan Hukum Syarak dalam Majlis Agama Islam Wilayah Persekutuan. Beliau juga merupakan Penasihat Syariah, Persatuan Penasihat Syariah Kewangan Islam Malaysia.

Dr. Ahmad Sufian Che Abdullah was appointed as a member of the Shariah Committee of SME Bank on 1 January 2021.

He graduated from University of Malaya with a Bachelor's Degree in Shariah and Management, and Master's Degree in Shariah (Islamic Finance). He then obtained a PhD in Islamic Economy and Banking from University of Yarmouk, Jordan.

Dr. Ahmad Sufian is Senior Lecturer at the Department of Shariah and Management, Academy of Islamic Studies, University of Malaya. He is a member of Shariah Committee of CIMB Islamic, Shariah Advisory Board of Syarikat Takaful Malaysia Berhad, Wakaf Committee of Majlis Agama Islam Kelantan, Fatwa Committee of Jabatan Fatwa Negeri Perlis, and Islamic Legal Consultative Committee of Majlis Agama Islam Wilayah Persekutuan. He is also a Shariah Advisor, Association of Shariah Advisors in Islamic Finance Malaysia.



Umur/Age:
43

Jantina/Gender:
Lelaki/Male

Warganegara/Nationality:
Malaysia/Malaysian

Tarikh Pelantikan/ Date of Appointment:
1 Mei 2021/1 May 2021

PROF. DR. AMIR SHAHARUDDIN

Ahli
Member

Prof. Dr. Amir Shaharuddin dilantik sebagai Ahli Jawatankuasa Syariah SME Bank pada 1 Mei 2021.

Beliau berkelulusan Ijazah Sarjana Muda Kepujian dalam Syariah dari Universiti Al-Azhar, Mesir dan Ijazah Sarjana Pentadbiran Perniagaan dari Universiti Islam Antarabangsa Malaysia. Beliau kemudian memperoleh PhD dalam Pengajian Arab dan Islam dari 'University of Exeter', United Kingdom.

Prof. Dr. Amir Shaharuddin kini menyandang jawatan Ketua Pengarah Eksekutif, Yayasan Waqaf Malaysia dan berkhidmat sebagai Profesor di Universiti Sains Islam Malaysia. Beliau juga merupakan Pengerusi Jawatankuasa Syariah di Hong Leong MSIG Takaful, Ahli Jawatankuasa Syariah Hong Leong Islamic Bank, ahli Panel Pakar Syariah di Jabatan Kemajuan Islam Malaysia.

Prof. Dr. Amir Shaharuddin was appointed as a member of the Shariah Committee of SME Bank on 1 May 2021.

He received his Bachelor Honours Degree in Shariah from Al-Azhar University of Egypt and a Master's Degree in Business Administration from International Islamic University Malaysia. He later obtained a PhD in Arab and Islamic Studies from University of Exeter, United Kingdom.

Currently, he is Chief Executive Director of Malaysian Awqaf Foundation, and a Professor at Universiti Sains Islam Malaysia. He is also Chairman of the Shariah Committee of Hong Leong MSIG Takaful, member of Shariah Committee of Hong Leong Islamic Bank, member of Shariah Panel Experts of Department of Islamic Development Malaysia.



PENGURUSAN KANAN
SENIOR MANAGEMENT



76

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Hadapan, dari kiri:
Front, from left:

NURBAYU KASIM CHANG
Ketua Pegawai
Perniagaan
Chief Business Officer

(DR.) ARIA PUTERA ISMAIL
Presiden Kumpulan/
Ketua Pegawai Eksekutif
Group President/
Chief Executive Officer

DATUK DR. MOHAMMAD HARDEE S.N. IBRAHIM
Ketua Pegawai Strategi
Korporat Kumpulan
Group Chief Corporate
Strategy Officer

SAMAD MAJID ZAIN ABDUL MAJID
Ketua Pegawai
Kewangan Kumpulan
Group Chief
Financial Officer

HAIRIL IZWAR ABD RAHMAN
Ketua Pegawai
Digital & Teknologi Kumpulan
Group Chief Digital
& Technology Officer

SHUHAIBAHTULASLAMIAH HURMUZAN
Ketua Pegawai Modal Insan
Kumpulan
Group Chief Human Capital Officer

MOHAMMAD AZAM AHMAD
Ketua Pegawai
Risiko Kumpulan
Group Chief Risk Officer

Belakang, dari kiri:
Back, from left:

MOHD FIKRI ABD GHAPAR
Penasihat Undang-undang Kumpulan
Group Legal Counsel

ZARINA NOR ISMAIL
Ketua Pegawai Operasi
Chief Operating Officer

HASRUL FARID HASNAN
Ketua Juruaudit
Dalaman Kumpulan
Group Chief Internal Auditor

NORSRAH MOHD ISA
Ketua Pegawai
Pematuhan Kumpulan
Group Chief
Compliance Officer

JUMADI KADIR
Ketua Pegawai Syariah Kumpulan
Group Chief Shariah Officer

MENCIPTA STRATEGI UNTUK PERJALANAN HARI ESOK

STRATEGISING
OUR JOURNEY AHEAD



2023 FASA 3
PHASE 3

GUNAPAKAI / ADOPTION

Gunakai ESG & Peningkatan Berterusan ke arah Kemampanan
ESG Adoption & Continuous Improvements Towards Sustainability

Fokus Pelanggan
Customer Focus

i) Merangkumkan ESG ke dalam Pengurusan Pelanggan Emulate ESG into Customer Management

- Latihan Berstruktur/khusus kepada pelanggan
Structured/customised training to customers

Pemantauan/Impak
Monitoring/Impact

i) Gunakai ESG & Peningkatan Berterusan ke arah Kemampanan ESG Adoption & Continuous Improvements towards Sustainability

- Pemantauan & Penilaian Impak
Monitoring & Impact Assessment



2022 FASA 2
PHASE 2

PELAKSANAAN / IMPLEMENTATION

Pelaksanaan & Pengemasan ESG Fokus Bukan Perniagaan
ESG Implementation & Streamlining Non-Business Focus

Aktiviti Bukan Pembiayaan
Non-Financing Activities

i) Penginstitutan ESG di seluruh Bank ESG Institutionalisation across the Bank

- Kesedaran Kakitangan
Staff Awareness
- Kempen/Inisiatif Kemampanan Dalaman
Internal Sustainability Campaign/Initiatives

ii) Sesi Kesedaran ESG Pelanggan Customer ESG Awareness Session

iii) Penciptaan Impak Sosial Creation of Social Impact

iv) Penubuhan Rangka Kerja SDG Establishment of SDG Framework

- Ujian Materialiti
Materiality Test
- Gap Analisis
Gap Analysis
- Penyelarasan Strategi
Strategy Alignment



2021 FASA 1
PHASE 1

PERMULAAN / INITIATION

Permulaan ESG & Pengemasan Fokus Perniagaan (termasuk pendanaan)
ESG Initiation & Streamlining Business Focus (including funding)

Aktiviti Pembiayaan
Financing Activities

- Penubuhan Rangka Kerja ESG (Kertas Konsep)
Establishment of ESG Framework (Conceptual Paper)
- Penubuhan Rangka Kerja Sukuk Kemampanan SME Bank (sejajar dengan ICMA & ACMF)
Establishment of SME Bank's Sustainability Sukuk Framework (Aligned with ICMA & ACMF)
- Penubuhan Sukuk Kemampanan RM3B IMTN & ICP
Establishment of RM3B Sustainability Sukuk IMTN & ICP
- Penubuhan Pelan Hala Tuju Kemampanan 3-tahun Kumpulan SME Bank
Establishment of SME Bank Group's 3-Year Sustainability Roadmap
- Penubuhan Jawatankuasa Kerja Sukuk Kemampanan (SSWC)
Establishment of Sustainability Sukuk Working Committee (SSWC)
- Terbitan Sukuk Kemampanan (Trans Pertama – RM500 juta)
Issuance of Sustainability Sukuk (1st Tranche – RM500m)
- Penubuhan Jawatankuasa Kerja ESG (Suku ke-4)
Establishment of ESG Working Committee (Q4)



Bab ini merangkumi pendekatan menyeluruh SME Bank ke atas aspek Kemampanan Korporat.

This chapter on Corporate Sustainability encapsulates SME Bank's overarching approach to sustainability.

KOMITMEN KAMI TERHADAP KEMAMPANAN
OUR COMMITMENT TO SUSTAINABILITY



Peranan penting PKS dalam menyumbang kepada ekonomi negara amat dihargai. Sebagai sebuah IKP yang berpacuan matlamat dan dimandatkan untuk membimbing dan membangunkan PKS di Malaysia, SME Bank komited untuk memajukan PKS bukan hanya menerusi bantuan pembiayaan tetapi juga menerusi khidmat nasihat dan pembangunan kemahiran, lantas membolehkan mereka terus maju dan berkembang pesat.



There is a great appreciation of the essential role that SMEs play in making a diverse contribution to the nation's economy. As a purpose-driven DFI mandated to nurture and develop SMEs in Malaysia, SME Bank is committed to progressing our SMEs not just through financing assistance but also through advisory and skills development, allowing them to advanced and growing rapidly.

Ketika Malaysia bangkit daripada kegawatan akibat pandemik dan ekonomi kembali mendapat momentumnya, kepentingan kemampanan kini menjadi tumpuan utama. Dalam aspek ini, kami juga memainkan peranan dalam memacu perubahan penting dalam landskap PKS ke arah penggunaan prinsip kemampanan yang lebih baik - menerapkan Alam Sekitar, Sosial dan Tadbir Urus (ESG) dalam strategi perniagaan dan pertimbangan keputusan agar kita secara kolektifnya dapat membangunkan penciptaan nilai untuk negara.

As Malaysia emerges from the turmoils of the pandemic and as the economy regains its momentum, the importance of sustainability has been brought into sharp focus. In this regard, we also play a role in driving essential change within the SME landscape towards greater adoption of sustainability tenets – embedding Environmental, Social and Governance (ESG) in business strategies and decision considerations so that collectively, we can advance value creation for the nation.

Tumpuan yang lebih besar ke atas ESG ini menggariskan matlamat Rancangan Malaysia ke-12 untuk merencanakan semula pembangunan sosioekonomi, dengan kemampanan dan kemakmuran jangka panjang sebagai asas bagi meningkatkan kesejahteraan masyarakat. Antara aspek tumpuan penting untuk PKS adalah:

- Mempromosikan lebih banyak gunapakai inovasi dan teknologi oleh PKS;
- Memastikan PKS mempunyai akses kepada pembiayaan untuk modal kerja dan pelaburan;
- Meningkatkan pembangunan modal insan dan keusahawanan di kalangan PKS; dan
- Memperluaskan akses pasaran untuk produk-produk dan perkhidmatan yang dikeluarkan oleh PKS.

This heightened focus on ESG underpins the goal of the 12th Malaysia Plan to revitalise socioeconomic development, with long-term sustainability and prosperity serving as the foundation for improving the people's wellbeing. Noteworthy areas of focus for SMEs continue to be in:

- promoting greater innovation and technology adoption by SMEs;
- ensuring SMEs have access to financing for working capital and investment;
- enhancing human capital and entrepreneurship development among SMEs; and
- expanding market access for goods and services produced by SMEs.

Dasar Kemampanan
Policy on Sustainability



Environmental



Social



Governance

PENGURUSAN KEMAMPAHAN SUSTAINABILITY MANAGEMENT



Pendekatan Pelaporan Kami

Laporan Kemampuhan SME Bank menggariskan usaha dan komitmen kami dalam memacu kemampuhan di keseluruhan operasi perniagaan kami. Kami berusaha meningkatkan dan memajukan pendekatan serta gunapakai kemampuhan bagi menyemai budaya kemampuhan di SME Bank. Kemajuan dan usaha dalam perjalanan kemampuhan kami dibentangkan di dalam laporan ini sebagai satu tinjauan ke atas prestasi kami dan cara kami menguruskan tiga tonggak kemampuhan iaitu Alam Sekitar, Sosial dan Tadbir Urus (ESG) dalam konteks persekitaran operasi pada tahun ini.

Di sebalik tempoh dua tahun yang luar biasa ini, kami telah memperkukuhkan pendekatan kemampuhan kami bagi memastikan ia kekal relevan dalam persekitaran operasi hari ini yang sering berubah serta terus selaras dengan Matlamat SME Bank.

Piawaian dan Prinsip

Pelaporan kemampuhan dalam Laporan Tahunan Bersepadu ini telah disediakan sejajar dengan Garis Panduan Pelaporan Kemampuhan Inisiatif Pelaporan Global (GRI). SME Bank secara telus mendedahkan dan melaporkan kesemua maklumat dan data yang boleh disahkan serta relevan dari sudut pandang pengurusan.

Proses pelaporan membentuk sebahagian daripada strategi kemampuhan kami dan membantu kami untuk menyemak secara analitik tahap amalan-amalan dan usaha kemampuhan yang telah dirangkumkan serta mengandungi keputusan kualitatif dan/atau kuantitatif untuk semua penunjuk yang dibentangkan.

Maklumat berkaitan kemampuhan yang didedahkan dalam laporan ini tidak dijamin secara luaran. Unit-unit perniagaan dan sokongan Bank menyemak data dan maklumat berkenaan bagi memastikan ketepatannya.

Laporan Kemampuhan ini telah diluluskan oleh Lembaga Pengarah SME Bank.

Our Reporting Approach

The SME Bank Sustainability Report outlines our efforts and commitment to drive sustainability efforts throughout our business operations. We strive to improve and progress our approach and adoption of sustainability to inculcate a culture of sustainability at SME Bank. We disclose the progress and efforts undertaken in our sustainability journey in this report which aims to provide an overview of our performance and how we manage the three sustainability pillars of Environmental, Social and Governance (ESG) in the context of the year's operating environment.

In the wake of the extraordinary times of the past two years, we have strengthened our sustainability approach to ensure that they are relevant in today's changing operating environment and continue to be aligned with SME Bank's Purpose.

Standards and Principles

The sustainability reporting of this Integrated Annual Report has been prepared in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines. SME Bank transparently discloses and reports all information and data that are ascertainable and relevant from a management perspective.

The reporting process forms part of our sustainability strategy and helps us to analytically review the degree of sustainability practices and efforts that have been integrated and contains qualitative and/or quantitative results for all indicators presented.

The sustainability-related information disclosed in this report is not externally assured. The respective business and support units of the Bank reviewed the data and information to ensure its accuracy.

This Sustainability Report is approved by the SME Bank Board of Directors.

Kepimpinan Tadbir Urus

Kami menetapkan langkah yang betul dari peringkat teratas dalam struktur tadbir urus kemampuhan kami. Tadbir urus kemampuhan SME Bank diterajui oleh Ahli Lembaga Pengarah yang memegang tanggungjawab keseluruhan mempromosikan pertumbuhan mampan dan kekukuhan kewangan SME Bank dalam memenuhi mandatnya. Ahli Lembaga Pengarah disokong oleh Jawatankuasa Pengurusan Risiko dan Pengurusan Kanan dalam menyelia, mengenalpasti risiko-risiko utama dan strategi-strategi kemampuhan, serta memastikan pelaksanaan dan prestasi.

Governance Stewardship

We adopt setting the right tone from the top in our sustainability governance structure. SME Bank's sustainability governance is led by the Board of Directors, who have the overall responsibility for promoting the sustainable growth and financial soundness of SME Bank in fulfilling its mandate. The Board of Directors is supported by the Risk Management Committee and Senior Management in overseeing, identifying principal risks and sustainability strategies, and ensuring its implementation and performance.



PENDEKATAN KEMAMPANAN BERTERASKAN MATLAMAT

A PURPOSE-DRIVEN SUSTAINABILITY APPROACH


Kami adalah sebuah organisasi berteraskan matlamat dengan fokus teras dalam menyokong dan menyemai pertumbuhan dan pembangunan PKS menerusi penyediaan perkhidmatan pembiayaan dan nilai melangkaui pembiayaan, termasuk khidmat nasihat, terutamanya untuk PKS dalam sektor pembuatan, perkhidmatan dan pembinaan; ke arah membina ekosistem PKS yang berjaya; serta mencipta nilai mampan untuk semua pihak berkepentingan. Matlamat memacu penyampaian usaha kami secara bertanggungjawab dari aspek alam sekitar, sosial dan kewangan bagi mencipta kemampanan.

We are a purpose-driven organisation with a core focus on supporting and nurturing the growth and development of SMEs by providing financing services and beyond financing value, including advisory services, in particular, to those in the manufacturing, services and construction sectors; building toward a successful SME ecosystem; and creating sustainable value for all stakeholders. Purpose is what drives us to deliver our efforts in an environmentally, socially and financially responsible manner to build sustainability.



Hasrat ini termaktub dalam cogankata kemampanan rasmi kami yang mengingatkan dan mendorong kami agar sentiasa Berfikir Secara Mampan dan Bertindak Secara Bertanggungjawab

This intent is captured in our official sustainability tagline that reminds and drives us to always Think Sustainably and Act Responsibly

 <p>Tujuan Purpose</p>	<ul style="list-style-type: none"> Membangunkan dan menyemai pembangunan dan pertumbuhan PKS Menyokong dan memangkin ekosistem PKS yang saling berhubung Menstruktur dan menyediakan akses kepada penyelesaian kewangan yang khusus Menyediakan sokongan sampingan menerusi khidmat nasihat dan program pembangunan <ul style="list-style-type: none"> Develop and nurture SME development and growth Support and catalyse connected SME ecosystem Structure and provide access to specialised financial solutions Provide ancillary support through advisory services and developmental programmes 	<p>Memperkuatkan PKS di Malaysia serta ekosistemnya bagi menyumbang kepada pembangunan ekonomi negara</p> <p>Strengthen Malaysia's SMEs and the ecosystem to contribute to the country's economic development</p>
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Pada 2021, kami membangunkan perspektif kemampanan kami dengan mengambil pendekatan berdisiplin dan analitikal dengan mentakrif strategi-strategi, keutamaan-keutamaan dan inisiatif-inisiatif kami. Usaha ini bermula dengan pemahaman mengenai pemacu utama pembangunan ekonomi serta faktor perubahan pada hari ini yang menyediakan peluang-peluang dan cabaran-cabaran ke arah mencapai matlamat kami pada masa kini dan masa hadapan. Keupayaan kami menguruskan hal-hal berkaitan ESG adalah penting bagi membolehkan kami mencapai tujuan iaitu untuk membantu PKS berkembang dan komuniti kami mencapai kemakmuran, justeru mencipta nilai yang bermakna untuk pihak-pihak berkepentingan kami. Kami mengenalpasti faktor-faktor ESG yang paling utama untuk pihak berkepentingan dan perniagaan kami, dan merancang untuk merangkumkan faktor-faktor tersebut di dalam perniagaan dan operasi kami.

In 2021, we developed our sustainability perspective by taking a disciplined and analytical approach to defining our strategies, priorities and initiatives. It starts with understanding the key drivers of economic development and the forces of change today that present opportunities and challenges to achieving our purpose, now and in the future. Our ability to manage ESG matters is important to enable us to deliver on our purpose which is to help our SMEs thrive and our communities to prosper, thereby creating meaningful value for our stakeholders. We identified the ESG factors that matter most to our stakeholders and our business, and look to integrate them within our business and operations.

More importantly, our sustainability efforts are rooted in our Core Values and enabled by the SME Bankers who are deeply committed to building and integrating a purpose-led culture toward advancing value creation.




Lebih penting lagi, usaha kemampanan kami termaktub dalam Nilai-nilai Teras kami dan dipacu oleh Jurubank PKS yang sangat komited dalam membina dan merangkumkan budaya berteraskan matlamat ke arah memajukan penciptaan nilai.



Nilai-Nilai Kami Our Values



Memacu pertimbangan-pertimbangan ESG

 <p>Alam Sekitar</p> <p>Mempertingkatkan gunapakai operasi-operasi perniagaan mampan dan hijau dengan mempromosikan pembiayaan mampan/hijau menerusi hasil Sukuk Kemampanan yang akan diagihkan untuk pembiayaan dan pembiayaan semula yang memenuhi kriteria kelayakan. SME Bank juga menyokong dan menawarkan program pembangunan untuk PKS mengadaptasi amalan perniagaan hijau dan mampan dalam operasi perniagaan mereka.</p>	 <p>Sosial</p> <p>Kami komited dalam memajukan dan memperkasakan komuniti kami menerusi pembangunan ekosistem yang inklusif, dengan tumpuan untuk menyokong golongan Asnaf dan B40 bagi mempertingkatkan status sosioekonomi dan kualiti hidup mereka.</p> <p>Maklumat lanjut boleh didapati di mukasurat 110 hingga 124.</p>	 <p>Tadbir Urus</p> <p>Tadbir urus yang baik adalah penting dalam penyampaian tujuan kami dan menjadi asas dalam semua amalan-amalan perniagaan kami. Rangka kerja dan dasar-dasar risiko dan tadbir urus kami memastikan bahawa kami mematuhi tadbir urus korporat yang kukuh dan tindakan yang beretika.</p> <p>Maklumat lanjut mengenai Penyata Tadbir Urus Korporat boleh didapati di mukasurat 164 hingga 175.</p>
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Penerapan ESG dalam operasi kami

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| <ul style="list-style-type: none"> Pewujudan Rangka Kerja ESG (Kertas Konsep) Pelancaran Rangka Kerja Kemampanan Sukuk (Sejajar dengan ICMA & ACMF) Pewujudan Kemampanan Sukuk RM3B IMTN & ICP Pewujudan Pelan Hala Tuju Kemampanan 3-Tahun Kumpulan SME Bank Pewujudan Dasar ESG untuk Aktiviti-aktiviti Pembiayaan dan Perbendaharaan Penubuhan Jawatankuasa Kerja Sukuk Kemampanan (SSWC) Terbitan Sukuk Kemampanan (Trans Pertama – RM500 juta) Penubuhan Jawatankuasa ESG Kelulusan pembiayaan untuk sektor-sektor ESG Menyokong pelanggan sedia ada dan baharu untuk menerima ESG | <ul style="list-style-type: none"> RM5.15 juta jualan oleh komuniti Asnaf/B40 di bawah program ISHRAF dan Penjana Komuniti@ SME Bank, melibatkan 240 peserta RM386,528 disalurkan kepada organisasi-organisasi amal berkaitan hal-hal sosial 13,585 individu dibantu menerusi program-program sosial 50% daripada wanita dalam tenaga kerja – memperjuangkan kepelbagaian jantina Tinjauan Keterlibatan Kakitangan setiap dua tahun Program Kesedaran ESG untuk kakitangan SME Bank <ul style="list-style-type: none"> 100% kakitangan terlibat dalam sesi kesedaran ESG 100% Kelulusan dalam Pasca Ujian (Markah lulus : > 70%) Program Kesedaran ESG para pelanggan SME Bank <ul style="list-style-type: none"> ≥50% kakitangan terlibat dalam inisiatif-inisiatif kesedaran ESG (berdasarkan jumlah pelanggan setakat 31 Disember 2021) ≥50% daripada pelanggan kami sanggup menerapkan ESG dalam perniagaan mereka (dicerminkan dalam keputusan tinjauan) Program ISHRAF 2.0 <ul style="list-style-type: none"> Bilangan usahawan dibimbing: 79 Peningkatan 10% dalam jumlah jualan oleh usahawan yang dibimbing Program “Zero-to-Hero” <ul style="list-style-type: none"> Bilangan peserta dilatih: 30 70% daripada peserta yang mendapat pekerjaan (penciptaan kerja) | <ul style="list-style-type: none"> Melancarkan Pelan Anti Rasuah Organisasi SME Bank 2020-2024 (OACP) Melaksanakan inisiatif untuk mencapai pensijilan Sistem Pengurusan Anti Rasuah (ABMS) MS ISO 37001:2016 Dasar-dasar dan prosedur-prosedur anti rasuah yang efektif, termasuk Proses Pemerolehan yang dipertingkatkan selain menubuhkan Jawatankuasa Pemerolehan sebagai Jawatankuasa Semakan Bebas |
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PENDEKATAN KEMAMPANAN BERTERASKAN MATLAMAT

A PURPOSE-DRIVEN SUSTAINABILITY APPROACH

Driving ESG considerations


 <p>Environment</p> <p>Driving towards greater adoption of green and environmentally sustainable business operations through advocating sustainable/green financing via Sustainability Sukuk proceeds which will be allocated towards financing or refinancing that meets green and sustainable eligibility criteria. SME Bank also advocates and offers development programmes for SMEs to adopt green and sustainable business practices in their operations.</p>	 <p>Social</p> <p>We are committed to advancing and empowering our communities through the development of an inclusive ecosystem, focused on supporting the Asnaf and B40 communities to improve their socioeconomic status and enhance their quality of life.</p> <p><i>More details are outlined on pages 110 to 124.</i></p>	 <p>Governance</p> <p>Good governance is vital to delivering on our purpose and underscores everything that we do in our business practices. Our risk and governance framework and policies ensure that we abide by strong corporate governance and ethical actions.</p> <p><i>More details are outlined in the Statement on Corporate Governance on pages 164 to 175.</i></p>
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How we embed ESG in our operations

- Establishment of ESG Framework (Conceptual Paper)
- Launched Sustainability Sukuk Framework (Aligned with ICMA & ACMF)
- Establishment of RM3.0 billion Sustainability Sukuk IMTN & ICP
- Establishment of SME Bank Group's 3-Year Sustainability Roadmap
- Establishment of ESG Policy for Financing and Treasury Related Activities
- Establishment of Sustainability Sukuk Working Committee (SSWC)
- Issuance of Sustainability Sukuk (1st Tranch – RM500 million)
- Establishment of ESG Working Committee
- Financing approval to ESG sectors
- Supporting existing and new customers to embrace ESG
- RM5.15 million sales recorded by Asnaf/B40 community under ISHRAF and *Penjana Komuniti@SME Bank* programme, involving 240 participants
- RM386,528 channelled to charitable organisations related to social concerns
- 13,585 people were helped through social programmes
- 50.4% women in workforce – advocating gender diversity
- Employee Engagement Survey conducted every two years
- ESG Awareness programme for SME Bank employees
 - o 100% of staff engaged in ESG awareness session
 - o 100% Passing the Post Test (Passing marks : > 70%)
- ESG Awareness programmes for SME Bank customers
 - o ≥50% of clients engaged in ESG awareness initiatives (Based on total customers as of 31 December 2021)
 - o ≥50% of our customers are willing to embrace ESG in their business (reflected by survey results)
- ISHRAF 2.0 Programme
 - o No. of entrepreneur coached: 79
 - o 10% increase in sales recorded by coached entrepreneurs
- Zero-to-Hero Programme
 - o No. of participants trained: 30
 - o 70% of participants to obtain employment (job creation)
- Launched the SME Bank Organisational Anti-Corruption Plan 2020-2024 (OACP)
- Undertaking initiatives to achieve the MS ISO 37001:2016 Anti-Corruption Management System (ABMS) certification
- Effective anti-bribery policies and procedures, including enhanced Procurement Process and established Procurement Committee as an Independent Review Committee

Keperluan ESG mendorong kami untuk menyumbang secara bermakna kepada tujuan kami. Untuk impak maksimum, kami memberi tumpuan kepada tiga tonggak yang dikenal pasti iaitu: Perbankan Bertanggungjawab, Amalan Perniagaan Bertanggungjawab dan Mencipta Impak Sosial.

Our ESG imperatives drive our focus on where we have the social license to contribute meaningfully to our purpose. For maximum impact, we place focus on three identified pillars which are: Responsible Banking, Responsible Business Practices and Creating Social Impact.

 <p>Perbankan Bertanggungjawab Responsible Banking</p> <p>Bagaimana kami menjana keuntungan perniagaan secara bertanggungjawab serta membantu dan mendorong para pelanggan dalam usaha keamanan mereka?</p> <p><i>How do we generate business profits in a responsible manner and assist and encourage customers on their own sustainability journey?</i></p> <p>▼</p> <p>Menyampaikan produk-produk dan perkhidmatan yang menggalakkan pembangunan mampan selain menjalankan perniagaan secara adil dan bertanggungjawab.</p> <p><i>Delivering products and services that promote sustainable development and conducting business in a fair and responsible manner</i></p>	 <p>Amalan Perniagaan Bertanggungjawab Responsible Business Practices</p> <p>Bagaimana kami menerapkan prinsip-prinsip keamanan dalam semua operasi dan proses perniagaan kami?</p> <p><i>How do we embed sustainability principles in all our business operations and processes?</i></p> <p>▼</p> <p>Mengambil tindakan yang sewajarnya berkaitan kakitangan dan mengambil kira pertimbangan-pertimbangan alam sekitar dan sosial dalam operasi perniagaan harian.</p> <p><i>Doing the right thing by employees and taking into account environmental and societal considerations in day-to-day business operations.</i></p>	 <p>Mencipta Impak Sosial Creating Social Impact</p> <p>Bagaimana kami menggunakan sebahagian keuntungan kami untuk menyumbang ke arah impak kemampuan?</p> <p><i>How do we use a portion of our profits to contribute toward sustainable impact?</i></p> <p>▼</p> <p>Berusaha ke arah Kebaikan (Force for Good) dengan menawarkan penyelesaian-penyelesaian selain menjadi rakan penyokong bagi memastikan kejayaan PKS dan menjadi jentera pertumbuhan negara – menyumbang secara positif kepada ekonomi, mencipta pekerjaan, dan memberi kesan sampingan positif kepada masyarakat.</p> <p><i>Being a Force for Good by offering innovative financing solutions as well as intervening as a supportive partner to ensure SMEs' success and becoming the nation's engine of growth – contribute positively to the economy, creating employment and ultimately positive spillover to society.</i></p>
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Agenda kemampuan SME Bank adalah sejajar dengan Rangka Kerja Pengukuran Prestasi BNM, yang menekankan kepentingan untuk IKP merangkumkan peningkatan sebagai sebahagian daripada operasi perniagaan mereka bagi mempromosikan hasil pembangunan yang lebih besar dan memperkukuhkan akauntabiliti mereka sebagai institusi-institusi awam.

SME Bank's sustainability agenda is in line with BNM's Performance Measurement Framework, which emphasises the importance of DFIs to incorporate additionalities as part of their business operations to promote greater development outcomes and strengthen their accountability as public institutions.

Pendekatan kemampuan kami adalah sejajar dengan selera risiko perusahaan kami, serta cara kami mengenalpasti, memahami dan bertindakbalas terhadap faktor-faktor ESG yang dianggap penting oleh pihak-pihak berkepentingan kami.

Our sustainability approach is aligned with our enterprise risk appetite, and how we identify, understand and respond to ESG factors that matter to our stakeholders.

PENDEKATAN KEMAMPANAN BERTERASKAN MATLAMAT A PURPOSE-DRIVEN SUSTAINABILITY APPROACH



Risiko dan Tadbir Urus Risk and Governance

Bagaimana kami mentadbir urus dan melaporkan risiko-risiko kemampunan di SME Bank termasuk menetapkan sasaran dan tahap toleransi?

How do we govern and report sustainability risks at SME Bank, including setting targets and tolerance levels?



Keutamaan-keutamaan ESG kami yang dikenalpasti adalah sejajar dengan selera risiko perusahaan kami bagi memastikan kami mengenalpasti dan menguruskan risiko-risiko utama dan baharu timbul, serta merangkumkan risiko-risiko tersebut ke dalam proses-proses pengurusan risiko sedia ada kami.

Our identified ESG priorities are aligned with our enterprise risk appetite to ensure we identify and manage the top and emerging risks, and incorporate them into our existing risk management processes.

Pelan Hala Tuju Kemampunan 3-Tahun SME Bank

Kami telah memperkenalkan pelan hala tuju 3-tahun yang menggariskan rancangan kemampunan untuk jangka sederhana dari 2021 ke 2023. Pelan hala tuju ini membentangkan komposisi untuk memperkukuh usaha kami dalam mengambil peranan kepimpinan dalam membangunkan penciptaan nilai ekosistem PKS melangkaui khidmat kewangan. Pelan hala tuju ini terbina berdasarkan aspirasi dan inisiatif usaha berterusan kami dan akan meneruskan momentum yang telah kami tetapkan ke arah membina kemampunan yang lebih mantap.

Pelan hala tuju 3-tahun kami menggunakan pendekatan progresif dalam mengenalpasti dan merangkumkan pertimbangan-pertimbangan kemampunan dan memperkukuhkan dasar-dasar, rangka kerja, dan penyelarasan perkhidmatan. Usaha ini telah dijalankan pada Fasa 1 peringkat Permulaan pada 2021, di mana pertimbangan-pertimbangan ESG dalam Tumpuan Perniagaan perkhidmatan kami akan dikenalpasti dan diperkemas. Aspek ini merangkumi pembiayaan, aktiviti-aktiviti berkaitan perbendaharaan dan aspek pendanaan, termasuk usaha kami ke atas sukuk kemampunan.

Fasa 2 bermula dengan pelaksanaan ESG dan usaha-usaha untuk memperkemas pendekatan bukan Tumpuan Perniagaan, termasuk penginstituan ESG di keseluruhan operasi kami, penghayatan usaha-usaha kemampunan kami menerusi kesedaran kakitangan dan pelanggan, serta pelaksanaan penilaian kepentingan dan jurang bagi mencapai penyelarasan dengan strategi Bank. Pada masa laporan ini dibuat, aspek-aspek fasa kedua ini telah bermula.



Penglibatan Pihak Berkepentingan Stakeholder Engagement

Bagaimana kami mendorong penglibatan pihak-pihak berkepentingan menerusi kolaborasi dengan pemain-pemain pasaran global?

How do we champion stakeholders' engagement via collaboration with global market players?



Kami bertemu dan berinteraksi dengan pihak-pihak yang berminat dengan cara kami menjalankan perniagaan kami serta berkongsi matlamat yang sama dalam memajukan pembangunan PKS.

We engage and interact with parties who have an interest in the way we conduct our business and share the same goals of advancing SME development.

SME Bank 3-Year Sustainability Roadmap

We introduced a 3-year roadmap that outlines our sustainability plan for the medium-term from 2021 to 2023. This roadmap lays out the building blocks for strengthening our efforts in achieving our Vision: to be the Leader in SME Ecosystem Value Creation Beyond Financial Services and Mission: to be the Centre of Excellence (CoE) for SME Development. This roadmap builds upon the aspirations and initiatives of our ongoing efforts and sets to continue the momentum we have placed towards building greater sustainability.

Our 3-year roadmap takes a progressive approach to identifying and integrating sustainability considerations and strengthening policies, frameworks and alignment of services. This has been undertaken in Phase 1 of the Initiation stage in 2021, where ESG considerations in the Business Focus of our services will be identified and streamlined. This aspect includes financing, treasury-related activities and the funding aspect, including our efforts on sustainability sukuk.

Phase 2 rolls out the implementation of ESG and efforts to streamline the non-Business Focus approach, which includes institutionalising ESG across our operations, internalising our sustainability efforts through awareness for our employees and our customers, and conducting materiality and gap assessment for greater alignment with the Bank's strategy. At the time of developing this report, aspects of this second phase have commenced.

Pada Fasa 3, kami menjangka untuk melaksanakan penggunaan ESG selain mencapai kemajuan berterusan dan peningkatan ke arah kemampunan. Fasa ini yang dijangka bermula pada tahun 2023 akan lebih tertumpu kepada pelanggan dengan inisiatif-inisiatif untuk memperjuangkan emulasi prinsip-prinsip ESG oleh pelanggan kami menerusi latihan dan sesi pertemuan khusus. Kami juga menjangka untuk memperhalusi pemantauan dan penilaian impak usaha kemampunan kami bagi memastikan penciptaan nilai berterusan dapat dicapai.

In Phase 3, we expect to start rolling out the adoption of ESG and make continuous progress and improvement towards sustainability. This phase, which is expected to commence in 2023, will be more customer-focused with initiatives to advocate emulation of ESG tenets by our customers through structured and customised training and engagement sessions. We also expect to fine-tune our monitoring and impact assessment of our sustainability efforts to ensure ongoing value creation is achieved.



Aktiviti-aktiviti Pembiayaan

- Pewujudan Rangka Kerja ESG (Kertas Konsep)
- Pewujudan Rangka Kerja Sukuk Kemampunan SME Bank (sejajar dengan ICMA & ACMF)
- Pewujudan Pelan Hala Tuju Kemampunan 3-tahun Kumpulan SME Bank
- Pewujudan Dasar ESG untuk Aktiviti-aktiviti berkaitan Pembiayaan dan Perbendaharaan
- Penubuhan Jawatankuasa Kerja Sukuk Kemampunan (SSWC)
- Penerbitan Sukuk Kemampunan (Trans Pertama – RM500 juta)
- Penubuhan Jawatankuasa Kerja ESG

Financing Activities

- Establishment of ESG Framework (Conceptual Paper)
- Establishment of SME Bank's Sustainability Sukuk Framework (Aligned with ICMA & ACMF)
- Establishment of SME Bank Group's 3-year Sustainability Roadmap
- Establishment of ESG Policy for Financing and Treasury related activities
- Establishment of Sustainability Sukuk Working Committee (SSWC)
- Issuance of Sustainability Sukuk (1st Tranch - RM500 million)
- Establishment of ESG Working Committee

Aktiviti-aktiviti Bukan Perniagaan

- Penginstituan ESG di keseluruhan Bank
 - o Kesedaran Pelanggan
 - o Kempen/Inisiatif Kemampunan Dalaman
- Sesi Kesedaran ESG Pelanggan
- Penciptaan Impak Sosial
- Pewujudan Rangka Kerja SDG
 - o Ujian Kepentingan
 - o Gap Analisis
 - o Penjajaran Strategi

Non-Financing Activities

- ESG Institutionalisation across the Bank
 - o Staff Awareness
 - o Internal Sustainability Campaign/ Initiatives
- Customer ESG Awareness Session
- Creation of Social impact
- Establishment of SDG Framework
 - o Materiality Test
 - o Gap Analysis
 - o Strategy Alignment

Fokus Pelanggan

- Menerapkan ESG ke dalam Pengurusan Pelanggan
 - o Menstruktur/mengkhususkan latihan pelanggan
- **Pemantauan/Impak**
 - Gunapakai dan Peningkatan Berterusan ESG ke arah Kemampunan
 - o Pemantauan dan Penilaian Impak

Customer Focus

- Emulate ESG into Customer Management
 - o Structured/Customised training to customers

Monitoring/Impact

- ESG/ Adoption and Continuous Improvements towards Sustainability
 - o Monitoring and Impact Assessment

PENDEKATAN KEMAMPAHAN BERTERASKAN MATLAMAT

A PURPOSE-DRIVEN SUSTAINABILITY APPROACH

Digitalisasi sebagai Pemboleh Teras

SME Bank kekal teguh dalam membina dan mencipta nilai jangka panjang yang mampan untuk pihak-pihak berkepentingan kami. Justeru, pelaksanaan strategi digital menjadi pemboleh teras untuk kemampanan perniagaan kami, serta untuk pihak-pihak berkepentingan utama kami – komuniti PKS. Kami sentiasa berusaha membangunkan strategi-strategi yang boleh meningkatkan interaksi dan penyampaian perkhidmatan kami kepada pelanggan menerusi kaedah-kaedah digital dan lazim.

Pada 2019, kami telah melancarkan Program Pemecutan Dua tahun dengan matlamat merangkumkan dan memajukan gunapakai teknologi dan digital di dalam Bank selain mempromosikan tawaran-tawaran digital kepada pelanggan kami. Program Dipercepatkan ini termasuk inisiatif Kerajaan iaitu Platform Digital SME Nasional yang sejajar dengan Dasar Keusahawanan Nasional 2030 bagi memperkasakan adaptasi inovasi dan teknologi oleh PKS.

Program Pemecutan Dua tahun ini sebagai pemboleh digital adalah tepat pada masanya kerana kami berada pada kedudukan kukuh untuk memanfaatkan inisiatif digital kami bagi menyokong pelanggan ketika pandemik melanda dunia pada awal 2020. Kami terus memanfaatkan kelebihan strategi digital kami pada 2021 ketika pandemik dan halangan-halangan ekornya terus dirasai di seluruh negara.

Digitalisation as a Core Enabler

SME Bank remains steadfast in building and creating long-term, sustainable value for our stakeholders. In this respect, the implementation of a digital strategy is a key enabler for the sustainability of our business, as well as for our main stakeholders – the SME community. We constantly look to develop strategies that would improve our interaction and service delivery to our customers via both digital and conventional means.

In 2019, we launched our two-year Accelerated Programme strategy that aimed to integrate and advance technology and digital adoption within the Bank and promote digital offerings to our customers. The Accelerated Programme includes the Government's initiative i.e. National SME Digital Platform which is in line with the National Entrepreneurship Policy 2030 to empower the adoption of innovation and technology by SMEs.

The implementation of the Accelerated Programme for digital enablement was well-timed as we were in a position of strength to leverage our digital initiatives to support our customers when the global pandemic hit us in early 2020. We continued to capitalise on the benefits of our digital strategy well into 2021 as the pandemic and its various restrictions continued to be felt across the country.

Pandemik telah mempercepatkan kadar gunapakai digital, dan kami telah membantu ramai pelanggan untuk beralih kepada adaptasi digital secara lancar menggunakan platform digital SME Bank. Persediaan awal kami pada 2019 ke arah transformasi digital telah membolehkan kami mengekalkan momentum pertumbuhan, menyokong pertumbuhan data dan keperluan komunikasi bagi PMKS, selain melindungi kakitangan, pelanggan dan infrastruktur Pusat Data kami.

Bagi menyokong pelanggan pada semua tahap kitaran hidup perniagaan mereka, kami bergantung kepada inovasi dan integrasi bagi memudahkan interaksi mereka dengan Bank. Kami memanfaatkan keupayaan kecerdasan buatan (AI) dan pembelajaran mesin (ML) bagi membangunkan penyelesaian-penyelesaian berasaskan digital dan pelanggan seperti ScoreXcess, ODELA, ELSA, HalalXcess, MySMEBank dan Book Your Banker.

Maklumat lanjut boleh didapati di mukasurat 140: 'Menyokong Pelanggan Menerusi Kaedah Digital'

Kami juga beriltizam menjadikan pelanggan celik digital agar mereka kekal relevan dalam lanskap perniagaan hari ini. Sebagai sebahagian daripada inisiatif Melangkaui Pembiayaan kami, Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) anak syarikat milik penuh SME Bank telah menstruktur program-program pembangunan selain menjalankan bimbingan perniagaan termasuk aspek penting merangkumkan kaedah digital ke dalam perniagaan mereka bagi mencapai kejayaan yang lebih besar.

Maklumat lanjut boleh didapati di mukasurat 128: 'CEDAR Memperkasakan PKS dengan Sokongan Asas untuk Berjaya'

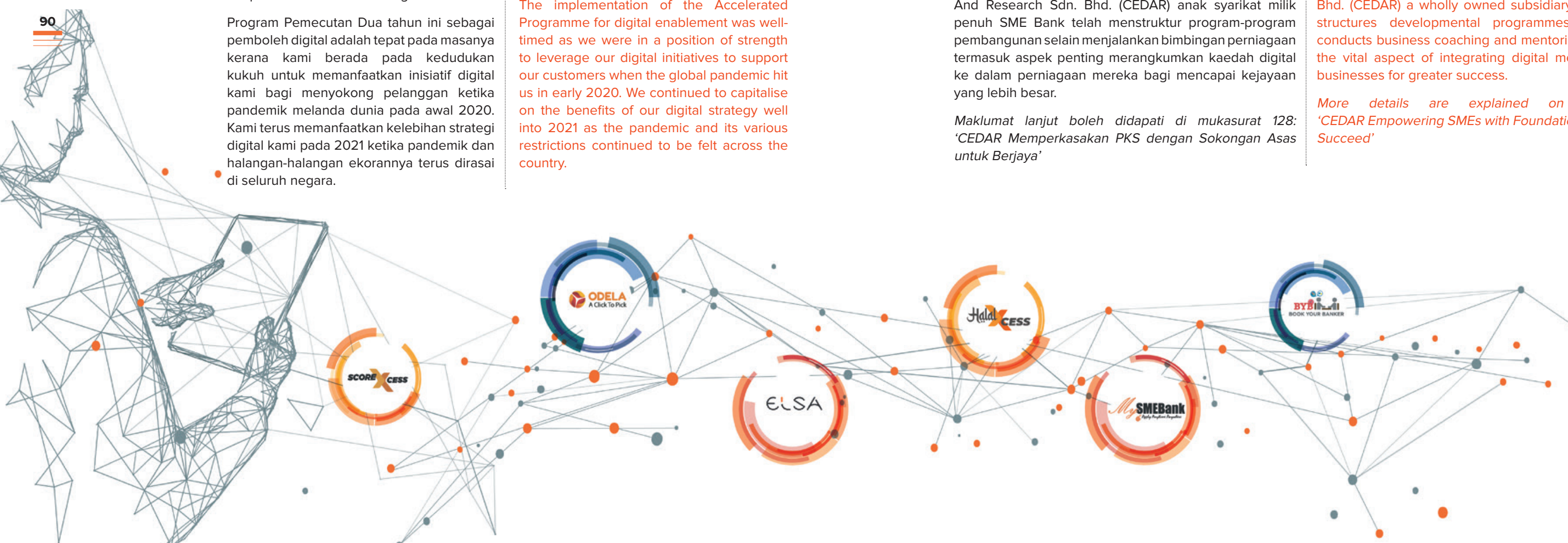
The pandemic had accelerated the pace of digital adoption, and we facilitated many of our customers to pivot to digital adoption themselves, seamlessly utilising SME Bank's digital platforms for greater ease and convenience. Our advanced preparation in 2019 for digital transformation has allowed us to maintain our growth momentum, supporting the rapidly expanding data and communication needs of the MSMEs, while effectively safeguarding our employees, customers and Data Centre infrastructure.

To support our customers at all stages of their business lifecycle, we look to innovation and integration to simplify their interactions with the Bank. We harness the capabilities of artificial intelligence (AI) and machine learning (ML) to develop digitally enabled, client-centric solutions such as ScoreXcess, ODELA, ELSA, HalalXcess, MySMEBank and Book Your Banker.

More details are explained on page 141: 'Supporting Customers Through Digital Means'

We also focus on ensuring our customers are digitally enabled to be relevant in today's business landscape. As part of our Beyond Financing initiatives, the Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) a wholly owned subsidiary of SME Bank structures developmental programmes as well as conducts business coaching and mentoring that include the vital aspect of integrating digital means into their businesses for greater success.

More details are explained on page 128: 'CEDAR Empowering SMEs with Foundational Support to Succeed'



PENDEKATAN KEMAMPAHAN BERTERASKAN MATLAMAT A PURPOSE-DRIVEN SUSTAINABILITY APPROACH



Pada 2021, kami berjaya menyempurnakan pelaksanaan lokasi bersama Pusat Data sebagai sebahagian daripada pelan tindakan transformasi digital dan IT kami. Usaha ini membolehkan kami menerapkan ketangkasan dan kecekapan yang lebih tinggi dalam mengendalikan operasi IT, mempermudah proses peruntukan, dan mengoptimalkan komponen kos utama seperti penggunaan tenaga yang akan menghasilkan penjimatan besar. Keupayaan infrastruktur baharu ini telah menyaksikan peningkatan dari segi kesinambungan perniagaan, pengoptimuman pengurusan perkhidmatan, pematuhan kepada peraturan kawal selia industri, dan automasi proses operasi tanpa menjejaskan keselamatan. Pelaksanaan lokasi bersama ini dibuat sejajar dengan Pematuhan Pengurusan Risiko dalam Teknologi (RMIT). Ia memberikan daya tahan, ketersediaan dan kebolehskalaan, serta automasi proses, selain mendokong keselamatan sebagai faktor utama Bank serta kepentingan perniagaan dan operasinya.

Transformasi digital akan menjadi bahagian penting dalam strategi SME Bank melangkah ke hadapan. Kami akan meneruskan usaha pendigitalan yang akan mengoptimalkan serta merangkumkan kecekapan-kecekapan serta proses-proses teknologi dan digital, bagi meningkatkan pengalaman perbankan pelanggan dan mengekalkan momentum pertumbuhan masa hadapan.

In 2021, we successfully completed a Data Centre co-location exercise as part of our digital and IT transformation blueprint. This effort allows us to embed greater agility and efficiency in running IT operations, simplifying the allocation process, and optimising key cost components such as energy usage which will result in major savings. The capabilities of the new infrastructure have seen an improvement in business continuity, optimising service management, adhering to compliance with industry regulations, and automating the operation processes without compromising security. This co-location exercise is done in accordance with the Risk Management in Technology (RMIT) Compliance standard. It provides better resiliency, availability and scalability, and process automation, while upholding security as a key factor for the Bank and its business criticality and operations.

Digital transformation will be an inherent part of SME Bank's strategy moving forward. We will continue with ongoing digitisation efforts that will optimise and integrate technology and digital competencies and processes, to enhance the overall customer banking experience and sustain future growth momentum.

PENGLIBATAN PIHAK BERKEPENTINGAN STAKEHOLDER ENGAGEMENT

Penglibatan Berterusan dengan Pihak Berkepentingan

Kami komited dalam membentuk industri PKS dan mempromosikan peluang-peluang pertumbuhan dan pembangunan untuk usahawan kami. Kami mentakrif pihak berkepentingan sebagai mereka yang menerima impak daripada aktiviti-aktiviti, produk-produk dan perkhidmatan SME Bank. Penglibatan yang kerap dengan pihak berkepentingan bagi memajukan aspirasi ini adalah penting dalam usaha kami mencipta nilai. Ia juga membolehkan kami mengenalpasti dan menangani isu-isu serta kebimbangan utama yang memberi impak kepada mereka.

Oleh kerana keutamaan pihak berkepentingan sentiasa berubah, kami menyediakan saluran komunikasi tetap bagi mendapatkan input yang relevan dan menggambarkan trend semasa. Pada 2021, kami terus bekerjasama rapat dengan badan-badan pengawal selia iaitu Bank Negara Malaysia dan kementerian seperti Kementerian Kewangan, Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP), Kementerian Pembangunan Luar Bandar dan Kementerian Sains, Teknologi dan Inovasi (MOSTI); agensi-agensi Kerajaan seperti SME Corp. Malaysia, TEKUN, Malaysia Digital Economy Corporation (MDEC) dan TERAJU; badan-badan industri seperti dewan perniagaan dan industri; serta jenama-jenama dan syarikat-syarikat tersohor.

Kami juga telah mengambil bahagian secara aktif dalam pelbagai forum dan majlis perkongsian ilmu dengan badan-badan industri tentang cara memanfaatkan peluang-peluang pembiayaan dan kolaborasi untuk sokongan keusahawanan, selain mendorong pemahaman mengenai amalan ESG. Ekoran masih berada dalam tempoh pergolakan pandemik COVID-19, kami mengekalkan mod hibrid digital dan fizikal untuk berhubung dengan pihak-pihak berkepentingan.

Kami akan terus berhubung dengan pihak-pihak berkepentingan utama termasuk para pelanggan, rakan-rakan niaga, pelabur, komuniti dan organisasi-organisasi bukan kerajaan bagi memastikan bahawa kami memenuhi jangkaan mereka yang sering berubah serta kekal maklum tentang perkembangan industri.

Continuously Engaging our Stakeholders

We are committed to shaping the SME industry and promoting more growth and development opportunities for our entrepreneurs. We define our stakeholders as those who are impacted by SME Bank's activities, products and services. Close and regular engagement with our stakeholders to advance this aspiration is essential in our efforts to create value. It also allows us to identify and address issues and concerns that are most significant and have an impact on them.

As our stakeholders' priorities are constantly shifting, we maintain regular channels of communication in order to capture input which is relevant and reflective of current trends. In 2021, we continued to work closely with our regulators, Bank Negara Malaysia and ministries such as the Ministry of Finance, Ministry of Entrepreneur Development and Cooperatives (KUSKOP), Ministry of Rural Development and Ministry of Science, Technology and Innovation (MOSTI); Government agencies such as SME Corp. Malaysia, TEKUN, Malaysia Digital Economy Corporation (MDEC) and TERAJU; industry bodies such as chambers of commerce and industry; as well as renowned brands and companies.




We also actively participated in forums and engagements for knowledge exchange with industry bodies on how to better harness financing and collaborative opportunities for entrepreneurship support, as well as to advocate understanding of ESG practices. Given that the year was still under the COVID-19 pandemic upheaval, we maintained the hybrid mode which is a combination of digital and physical engagements with our stakeholders.

We will continue to engage with other key stakeholders, including our customers, colleagues, investors, community and non-governmental organisations, to ensure that we meet evolving expectations and remain abreast of industry developments.








PENGLIBATAN PIHAK BERKEPENTINGAN

STAKEHOLDER ENGAGEMENT

Pihak Berkepentingan	Mod Pertemuan	Aspek Tumpuan	Nilai Dicipta	Aktiviti pada 2021
 Kakitangan	<ul style="list-style-type: none"> Mesyuarat/panggilan Sesi Townhall Tinjauan dan maklumbalas kerap Emel dan Surat Berita Penerbitan Komunikasi Intranet Komunikasi berterusan menerusi dasar/budaya pintu terbuka Perutusan GP/CEO Aktiviti-aktiviti sosial Program-program latihan dan pembangunan Semakan prestasi dan ganjaran kakitangan Anugerah pengiktirafan 	<ul style="list-style-type: none"> Kesejahteraan kakitangan Keseimbangan kerja-hidup Latihan dan pembangunan kerjaya Pampasan Pelan Perniagaan/Makluman terkini operasi Perkara-perkara berkaitan integriti dan tadbir urus 	<ul style="list-style-type: none"> Persekitaran kerja yang kondusif Semakan prestasi yang telus dan pelan pembangunan kerjaya Meningkatkan pengetahuan dan kecekapan pembelajaran kakitangan Meningkatkan pemahaman mengenai matlamat Bank dan sentiasa mengikut maklumat terkini mengenai SME Bank 	<ul style="list-style-type: none"> Menjalankan program-program kesihatan seperti Program Kesihatan Digital MIND untuk kesejahteraan dan sokongan kesihatan mental Sokongan peningkatan kemahiran profesional menerusi tajaan Program Sarjana Pentadbiran Perniagaan (MBA) Menjalankan sesi dialog bersama ahli pengurusan kanan Menjalankan sesi dewan bandar setiap suku tahun dan khusus Menerbitkan surat berita suku tahun yang melaporkan perkembangan Bank, dan membolehkan semua kakitangan mendapat maklumat terkini Menyediakan maklumat terkini dan bimbingan mengenai pandemik COVID-19. Mengadakan bengkel dan sesi latihan Menyampaikan keputusan dan pengumuman prestasi tahunan
 Pelanggan	<ul style="list-style-type: none"> Pertemuan berhadapan, mesyuarat dan panggilan Tinjauan dan maklumbalas kerap Acara-acara dan persidangan Penerbitan Komunikasi digital Talian khusus 	<ul style="list-style-type: none"> Pelbagai perkhidmatan untuk sokongan dan pembangunan usahawan Platform maya SME Bank seperti Portal Jom XCESS 	<ul style="list-style-type: none"> Mencipta kesedaran dan penyertaan usahawan PKS dalam sokongan pembangunan perniagaan serta menjadi penyumbang ekonomi Penglibatan terus dengan bank berkaitan keperluan kewangan semasa pandemik (PKP/penjarakan sosial) Mempertingkatkan peluang perniagaan dan pengembangan untuk para pelanggan kami 	<ul style="list-style-type: none"> Interaksi bersemuka secara maya dengan para pelanggan dalam mendapatkan pembiayaan dan melangkaui sokongan pembiayaan Menyertai persidangan/seminar/jelajah jalanan/ceramah yang berkaitan untuk berinteraksi dengan pelanggan Menganjurkan promosi jenama/produk/perkhidmatan bagi mencipta kesedaran jenama dan memasarkan produk-produk/perkhidmatan Menjalankan program-program kesedaran jenama/produk/perkhidmatan, yang mana relevan Menerbitkan surat berita SME News yang memaparkan berita korporat dan aktiviti-aktiviti Bank, majalah InFront yang memaparkan cerita kejayaan pelanggan, serta ruangan BizPulse yang memaparkan maklumat umum dan relevan mengenai sektor PKS dan lain-lain maklumat berkaitan mengenai Bank dan tawaran-tawarannya
 Komuniti Tempatan	<ul style="list-style-type: none"> Penglibatan sukarela Acara-acara amal/komuniti Peluang-peluang pekerjaan/latihan amali tempatan 	<ul style="list-style-type: none"> Pembinaan komuniti Pendidikan usahawan Pembangunan usahawan dan pembinaan kapasiti 	<ul style="list-style-type: none"> Membina hubungan positif dengan komuniti Menyokong usaha Kerajaan memangkin PKS negara menerusi program pendidikan untuk golongan terpinggir 	<ul style="list-style-type: none"> Menjalankan Program ISHRAF 2.0 Sumbangan zakat SME Bank Menganjurkan projek komuniti tempatan di Malaysia menerusi program tanggungjawab sosial korporat Menyertai aktiviti sukarela kakitangan untuk inisiatif strategik komuniti Terlibat secara aktif dalam program dermawan di Malaysia Terus berhubung dengan organisasi bukan kerajaan (NGO), membincangkan topik-topik berkaitan Bekerjasama dengan kumpulan advokasi utama dan NGO dalam menangani cabaran sosial




PENGLIBATAN PIHAK BERKEPENTINGAN

STAKEHOLDER ENGAGEMENT

Pihak Berkepentingan	Mod Pertemuan	Aspek Tumpuan	Nilai Dicipta	Aktiviti pada 2021
 Kerajaan dan Pengawal Selia	<ul style="list-style-type: none"> Mesyuarat lazim, mesyuarat pemudahcara, bengkel strategik, forum/dialog Rundingan perkara-perkara berkaitan kawal selia dan pematuhan Emel dan surat Maklumbalas kerap 	<ul style="list-style-type: none"> Sokongan relevan kepada usahawan serta membina ekosistem kebimbangan, peluang dan idea kolaborasi Halatuju perniagaan Memastikan daya maju perniagaan dan perkhidmatan Etika dan integriti 	<ul style="list-style-type: none"> Mencipta hubungan kukuh dengan Kerajaan dan pengawal selia, bagi menyokong industri PKS secara kolektif, selain mematuhi kehendak-kehendak /kawal selia terkini 	<ul style="list-style-type: none"> Terlibat dalam sokongan kewangan untuk usahawan yang terkesan dengan gangguan ekonomi ekoran pandemik seperti SRP PEMULIH, Pembiayaan SME Go, Dana Pelancongan PENJANA, Dana Bantuan Khas (SRF), Dana Bantuan Sasaran dan Pemulihan (TRRF) Menjalin kerjasama untuk pembangunan usahawan menerusi MOU dengan TEKUN Nasional, Amanah Ikhtiar Malaysia, Sarawak Economic Development Corporation, SABAH Development Bank dan MDEC Terlibat secara aktif dalam program-program kementerian seperti e-EKSPLO TVET@KPLB, Karnival Usahawan Koperasi 2021, 100 Hari Aspirasi Keluarga Malaysia dan banyak lagi Menerbitkan laporan dan kemaskini berkala Terlibat secara aktif dan menyumbang kepada industri serta kumpulan bekerja pengawal selia
 Rakan-rakan Rantaian Bekalan	<ul style="list-style-type: none"> Mesyuarat dan panggilan Maklumbalas Penerbitan Komunikasi digital Talian khas Platform tender dan pemerolehan 	<ul style="list-style-type: none"> Pengurusan rantaian bekalan Dasar, amalan dan sistem pemerolehan Ketelusan dan tadbir urus Penilaian ke atas pembekal dan sub-kontraktor 	<ul style="list-style-type: none"> Proses pemerolehan yang telus yang mencipta hubungan menang-menang dengan vendor/pembekal kami Memantau prestasi dan mempertingkatkan kecekapan di keseluruhan rantaian bekalan 	<ul style="list-style-type: none"> Berkongsi dasar dan prosedur pemerolehan Bank Menjalankan audit pembekal, bila dan apabila perlu Menjalankan lawatan tapak ke fasiliti, bila perlu Mendorong pemahaman mengenai dasar dan tadbir urus Bank, dan lain-lain
 Komuniti Pelabur	<ul style="list-style-type: none"> Mesyuarat dan panggilan Mesyuarat Agung Tahunan Acara dan persidangan Penerbitan Komunikasi digital 	<ul style="list-style-type: none"> Strategi perniagaan dan kemampanan Kestabilan kewangan Penciptaan nilai pihak berkepentingan 	<ul style="list-style-type: none"> Penyertaan dalam platform dana hijau dan mampan - sukuk kemampanan Memahami dan menyokong strategi-strategi kemampanan dan ESG Bank 	<ul style="list-style-type: none"> Melancarkan Rangka Kerja Sukuk Kemampanan Melancarkan program Sukuk Kemampanan Mengadakan mesyuarat agung tahunan sejajar dengan kehendak berkanun Berkongsi secara kerap dengan para peserta pasaran keputusan-keputusan strategi dan kewangan Bank Menerbitkan maklumat syarikat, pengumuman, pembentangan, keputusan kewangan dan laporan bukan kewangan secara bertulis di laman sesawang Bank Menerbitkan pengumuman media yang relevan
 Media	<ul style="list-style-type: none"> Siaran Media Sidang Akhbar Temuramah 	<ul style="list-style-type: none"> Strategi perniagaan dan kemampanan Tanggungjawab korporat Akses dan kesedaran pembiayaan dan perkhidmatan melangkaui pembiayaan untuk usahawan Pengurusan dan komunikasi isu-isu 	<ul style="list-style-type: none"> Kesedaran yang lebih tinggi mengenai sokongan yang tersedia untuk pembangunan PKS Mod komunikasi untuk aktiviti-aktiviti perniagaan dan kemampanan Bank 	<ul style="list-style-type: none"> Siaran akhbar, pengumuman dan penglibatan media seperti yang dilaporkan oleh media Laporan Tahunan Bersepadu
 Persatuan Industri dan rakan-rakan sealiran	<ul style="list-style-type: none"> Kerjasama strategik, MOU dan kolaborasi 	<ul style="list-style-type: none"> Sokongan relevan kepada usahawan dan pembinaan ekosistem, peluang dan idea kolaborasi 	<ul style="list-style-type: none"> Mencipta hubungan kukuh dengan pemain industri untuk menyokong secara kolektif pembangunan industri PKS 	<ul style="list-style-type: none"> Bekerjasama dengan badan-badan industri termasuk Biforst Logistics, Sarawak Energy Berhad, Invest Selangor, Chambers of Commerce and Academia, antara lainnya Bekerjasama dengan peneraju industri seperti Ramly, Chatime, Ayamas, Bateriku.com bagi menyediakan peluang-peluang perniagaan untuk PKS menerusi Pembiayaan <i>Umbrella</i> (Umbrella Financing)






PENGLIBATAN PIHAK BERKEPENTINGAN

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Mode	Areas of Interest	Value Created	Activities in 2021
 Employees	<ul style="list-style-type: none"> Meetings/calls Townhall Surveys and regular feedback Emails and newsletter Publications Intranet communication Ongoing communication via open-door policy/culture GP/CEO messages Social activities Training and development programmes Employee performance review and rewards Recognition awards 	<ul style="list-style-type: none"> Employee wellbeing Work-life balance Training and career development Compensation Business Plan/Operational updates Integrity and governance matters 	<ul style="list-style-type: none"> Conducive working environment Transparent performance review and career development plan Enhancing and upskilling employees' knowledge and learning competencies Improve understanding of the Bank's goals and keep up-to-date on SME Bank information 	<ul style="list-style-type: none"> Conducted wellness programmes e.g. MIND Digital Wellness Programmes for wellbeing and mental health support Professional upskilling support through sponsorship of Master in Business Administration Programme (MBA) Conducted dialogue sessions with senior management member(s) Conducted quarterly and special town hall sessions Published the quarterly newsletter which reports on developments in the Bank, and enables all employees to keep abreast with information Providing ongoing updates and guidance on the COVID-19 pandemic Conducted workshop and training sessions Delivered annual performance results and announcements
 Customers	<ul style="list-style-type: none"> Face-to-face, meetings and calls Surveys and regular feedback Events and conference Publications Digital communication Hotline 	<ul style="list-style-type: none"> Range of services for entrepreneur support and development SME Bank virtual platform such as Jom XCESS Portal 	<ul style="list-style-type: none"> Create awareness and participation of SME entrepreneurs in business development support and become economic contributors Direct engagement with the Bank on financial needs in the face of pandemic outbreak (MCO/social distancing) Enhanced business opportunities and expansion for our customers 	<ul style="list-style-type: none"> Virtual and face-to-face interactions with customers in securing financing and beyond financing support Participated in relevant conferences/seminars/ roadshows/talks to interact with customers Organised brand/product/service promotion to create brand awareness and market products/services Conducted brand/product/service awareness programmes, as relevant Published SME News newsletter which features corporate news and the Bank's activities, InFront magazine which features clients' success stories and BizPulse section covering general and relevant information about the SME sector and other related information about the Bank and its offerings
 Local Communities	<ul style="list-style-type: none"> Volunteering engagements Charity/community events Local employment/internship opportunities 	<ul style="list-style-type: none"> Community building Entrepreneur education Entrepreneur development and capacity building 	<ul style="list-style-type: none"> Build positive relationships with the community Support the Government's effort to catalyse the country's SMEs through educational programmes for marginalised communities 	<ul style="list-style-type: none"> Conducted ISHRAF 2.0 Programme SME Bank's Zakat contribution Organised local community projects in Malaysia through corporate social responsibility programmes Participated in employee volunteerism activities in strategic community initiatives Actively engaged in philanthropic programmes in Malaysia Continuously engaged with non-government organisations (NGO), discussing related topics Partnerships with key advocacy groups and NGOs to tackle societal challenges

PENGLIBATAN PIHAK BERKEPENTINGAN

STAKEHOLDER ENGAGEMENT

Stakeholders	Engagement Mode	Areas of Interest	Value Created	Activities in 2021
 Government and Regulators	<ul style="list-style-type: none"> Regular meetings, facilitation meetings, strategic workshops, forums/dialogues Consultation on regulatory and compliance matters Emails and letters Regular feedback 	<ul style="list-style-type: none"> Relevant support to entrepreneurs, building ecosystem, developing opportunities and collaboration ideas Business direction Ensuring business and service viability Ethics and integrity 	<ul style="list-style-type: none"> Create strong rapport with Government and regulators, to collectively support the SME industry, and be on par with current requirements / regulations 	<ul style="list-style-type: none"> Engaged in issuance of financial support for affected entrepreneurs during the pandemic economic disruption such as SRP PEMULIH, SME Go Financing, PENJANA Tourism Fund, Special Relief Fund (SRF), Targeted Relief and Recovery Fund (TRRF) Fostered cooperation for entrepreneur development via MOUs with TEKUN Nasional, Amanah Ikhtiar Malaysia, Sarawak Economic Development Corporation, SABAH Development Bank and MDEC Actively participated in ministries programme such e-EKSP0 TVET@KPLB, Karnival Usahawan Koperasi 2021, 100 Hari Aspirasi Keluarga Malaysia and many more Issued reports and periodic updates Actively participated in and contributed to the industry and regulatory working groups
 Supply chain partners	<ul style="list-style-type: none"> Meetings and calls Regular feedback Publications Digital communication Hotline Tendering and procurement platforms 	<ul style="list-style-type: none"> Supply chain management Procurement policy, practices and system Transparency and governance Suppliers and sub-contractors' evaluation 	<ul style="list-style-type: none"> A transparent procurement process that creates a win-win relationship with our vendors/suppliers Performance monitoring and improving efficiency throughout supply chain 	<ul style="list-style-type: none"> Shared the Bank's procurement policies and procedures Conducted supplier audits, as and when required Conducted site visits to facilities, as necessary Promoted understanding of the Bank's policy, governance and so forth
 Investment Community	<ul style="list-style-type: none"> Meetings and calls Annual General Meeting Events and conference Publications Digital communication 	<ul style="list-style-type: none"> Business and sustainability strategies Financial stability Stakeholder value creation 	<ul style="list-style-type: none"> Participation in green and sustainability funding platforms i.e. sustainability sukuk Understanding and supporting of Bank's sustainability and ESG strategies 	<ul style="list-style-type: none"> Launched Sustainability Sukuk Framework Launched Sustainability Sukuk programme Conducted annual general meeting as per statutory requirements Exchanging regularly with market participants on the Bank's strategy and financial results Published company information, announcements, presentations, financial results and non-financial reports in print and on the Bank's website Published relevant announcements in the media
 Media	<ul style="list-style-type: none"> Media Release Press Conference Interviews 	<ul style="list-style-type: none"> Business and sustainability strategies Corporate responsibility Accessibility and awareness of financing and beyond financing services for entrepreneurs Managing and communicating on issues 	<ul style="list-style-type: none"> Greater awareness of support available for SME development Mode of communication of Bank's business and sustainability activities 	<ul style="list-style-type: none"> Press releases, announcements and media engagement as reported in media Integrated Annual Report
 Industry Associations and likeminded partners	<ul style="list-style-type: none"> Strategic partnership, MOUs and collaborations 	<ul style="list-style-type: none"> Relevant support to entrepreneurs, building ecosystem, developing opportunities and collaboration ideas 	<ul style="list-style-type: none"> Create strong rapport with industry players to collectively support SME industry development 	<ul style="list-style-type: none"> Collaborated with industry bodies including Biforst Logistics, Sarawak Energy Berhad, Invest Selangor, Chambers of Commerce and Academia, among others Partnered with industry leaders e.g. Ramly, Chatime, Ayamas, Bateriku.com to provide business opportunities for SMEs via Umbrella Financing

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Dalam memajukan usaha kemampanan kami, adalah penting bagi kami untuk melaksanakan aktiviti-aktiviti perniagaan dan operasi yang memberi impak positif ke atas individu, masyarakat, alam sekitar dan negara. Bagi memastikan kami mencipta impak menerusi kemampanan, kami akan dibimbing oleh dan mematuhi pegangan perbankan bertanggungjawab, amalan perniagaan bertanggungjawab, dan mencipta impak sosial dalam pendekatan kami.

Kami menganggap kriteria ESG sebagai piawaian yang memandu tingkah laku dan tindakan kami. Pendekatan alam sekitar kami merangkumi kaedah-kaedah memperjuangkan perbankan dan pembiayaan bertanggungjawab yang melindungi alam sekitar. Pendekatan sosial kami merangkumi cara kami mengutamakan dan menguruskan kesejahteraan kakitangan, pembekal, dan komuniti kami. Dari segi pendekatan tadbir urus, kami memastikan bahawa dasar-dasar dan rangka kerja korporat kami menyokong tingkah laku kami ke arah mencapai tadbir urus korporat, etika dan integriti yang baik.

As we go forward in our journey of sustainability, it is important to us that we consciously undertake and implement business activities and operations in a manner that impacts positively on people, communities, environment and the nation. To ensure that we create impact through sustainability, we will be guided by and will adhere to the tenets of responsible banking, responsible business practices and social impact creation in our approach.

We take ESG criteria as standards that guide our behaviour and actions. Our environmental approach considers how we look at ways to advocate responsible banking and financing that safeguards the environment. Our social approach pertains to how we prioritise and manage the well-being of our employees, our customers, our suppliers and our communities. On the governance approach, we seek to ensure corporate policies and framework support our integral behaviour towards good corporate governance, ethics and integrity.



Impak Alam Sekitar/Environmental Impact

1) Pendanaan dan Pembiayaan Mampan

Kami terus menyaksikan peningkatan dalam bilangan pelabur, di peringkat global dan di Malaysia, dengan peningkatan dalam penerimaan kewangan mampan sebagai pertimbangan kritikal di dalam portfolio pelaburan mereka. Sebagai sebahagian daripada Belanjawan 2022, Kerajaan telah mengumumkan pelbagai inisiatif kemampanan bagi memacu reformasi pembangunan mampan jangka panjang bagi menjadikan Malaysia sebuah negara neutral karbon menjelang 2050.

Antara inisiatif yang mengukuhkan hasrat ini adalah pelancaran Pasaran Karbon Sukarela di bawah Bursa Malaysia, memadankan geran-geran bagi menggalakkan semua PKS untuk menggunakan amalan-amalan mampan dan karbon rendah seperti penggunaan bahan-bahan mentah mampan dan tenaga boleh diperbaharui menerusi Fasiliti Peralihan Karbon Rendah BNM, serta penerbitan Sukuk Mampan dalam Ringgit Malaysia bernilai sehingga RM10 bilion untuk disalurkan kepada projek-projek sosial dan alam sekitar yang layak.

Di SME Bank, kami berusaha mengumpul dana berdasarkan pegangan kemampanan serta memperluaskan pembiayaan bagi merangkumi syarikat-syarikat yang mempromosikan gunapakai prinsip-prinsip ESG.

a) Rangka Kerja Sukuk Kemampanan

Kami memainkan peranan kami dalam usaha mengarusperdanakan agenda kemampanan ke arah membangunkan Rangka Kerja Sukuk Kemampanan SME Bank, yang menyelaraskan pengumpulan dana kami dan bagaimana hasil kutipannya akan digunakan selaras dengan aspirasi hijau dan mampan kami. Rangka Kerja Sukuk Kemampanan kami berfungsi sebagai garis panduan untuk semua terbitan Sukuk Kemampanan kami serta sejajar dengan garis-garis panduan dan piawaian-piawaian berikut:

1. Rangka Kerja Sukuk Pelaburan Mampan dan Bertanggungjawab, diterbitkan oleh Suruhanjaya Sekuriti Malaysia (SC) ;
2. Piawaian Bon Kemampanan ASEAN, Piawaian Bon Hijau ASEAN dan Piawaian Bon Sosial ASEAN, diterbitkan oleh Fourm Pasaran Modal ASEAN (ACMF) ; dan

1) Sustainable Funding and Financing

We continue to see a rise in investment players, both globally and in Malaysia, increasing their adoption of sustainable finance as a critical consideration in their investment portfolios. As part of Budget 2022, the Government announced various sustainability initiatives to drive long-term sustainable development reforms to make Malaysia a carbon-neutral country by 2050.

Among the initiatives that cement this intent is the launch of the Voluntary Carbon Market under Bursa Malaysia, matching grants to encourage SMEs to adopt sustainable and low-carbon practices such as the usage of sustainable raw materials and renewable energy through BNM's Low Carbon Transition Facility, and the issuance of Sustainable Sukuk in Ringgit Malaysia valued up to RM10 billion to be channelled to eligible social or environmental-friendly projects.

At SME Bank, we seek to raise funds based on sustainability tenets and extend financing to include companies that promote the adoption of ESG principles.

a) Sustainability Sukuk Framework

We play our part in mainstreaming the sustainability agenda in the development of SME Bank's Sustainability Sukuk Framework, which aligns our fundraising and how the proceeds will be utilised according to our green and sustainable aspirations. Our Sustainability Sukuk Framework serves as the guideline for all our Sustainability Sukuk issuances and is aligned with the following guidelines and standards:

1. Sustainable and Responsible Investment Sukuk Framework, issued by the Securities Commission Malaysia (SC);
2. ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards and ASEAN Social Bond Standards, issued by the ASEAN Capital Markets Forum (ACMF); and

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3. Garis Panduan Bon Kemampanan, Prinsip Bon Hijau, Prinsip Bon Sosial, diterbitkan oleh Persatuan Pasaran Modal Antarabangsa (ICMA).

Hasil kutipan Sukuk Kemampanan yang diterbitkan di bawah Rangka Kerja Kemampanan ini akan digunakan untuk pembiayaan dan/atau pembiayaan semula, sebahagian atau kesemua, aset-aset baharu atau sedia ada, perniagaan dan/atau projek-projek yang menyokong secara langsung 11 daripada 17 Matlamat Pembangunan Mampan (SDG) Pertubuhan Bangsa-bangsa Bersatu yang menunjukkan komitmen kami ke arah mencipta impak positif untuk masyarakat dan alam sekitar.

3. Sustainability Bond Guidelines, Green Bond Principles, Social Bond Principles, issued by the International Capital Market Association (ICMA).

The proceeds of the Sustainability Sukuk issued under the Sustainability Framework will be used to finance and/or refinance, in part or in whole, new or existing assets, businesses and/or projects that directly support 11 of the 17 United Nations Sustainable Development Goals (SDGs) which demonstrates our commitment to creating positive impacts on society and the environment.



b) Terbitan Program Sukuk Kemampanan

SME Bank berjaya menerbitkan Sukuk Kemampanan pertamanya pada 2021, yang mengumpul RM500 juta menerusi penerbitan Nota-nota Islamik Kemampanan Jangka Sederhana (IMTNs) bertempoh 5 tahun. Nota-nota tersebut diterbitkan di bawah Program Sukuk Wakalah SME Bank bernilai RM3 bilion yang dilancarkan pada Julai 2021. Program ini merangkumi satu Program IMTN bernilai sehingga RM3.0 bilion, termasuk Sukuk Kemampanan tersebut, serta Program Kertas-kertas Komersil Islamik (ICP) bernilai sehingga RM1.0 bilion, dengan had gabungan dalam nilai nominal sehingga RM3.0 bilion.

Hasil kutipan daripada terbitan Sukuk Kemampanan ini membuka peluang untuk PKS mengakses pembiayaan untuk projek-projek hijau dan sosial. Usaha oleh PKS untuk menerapkan pertimbangan-pertimbangan hijau dan ESG akan sebahagian besar menyokong aspirasi negara untuk mencapai tahap kemampanan yang lebih tinggi.

b) Sustainability Sukuk Programme Issuance

SME Bank successfully issued its inaugural Sustainability Sukuk in 2021, raising RM500 million through issuance of 5-year Sustainability Islamic Medium-Term Notes (IMTNs). The notes were issued under SME Bank's RM3 billion Sukuk Wakalah Programme launched in July 2021. The Programme comprises an IMTN Programme of up to RM3.0 billion, including the Sustainability Sukuk, and the Islamic Commercial Papers (ICP) Programme of up to RM1.0 billion, with a combined limit in nominal value of up to RM3.0 billion.

The proceeds from the issuance of the Sustainability Sukuk open up opportunities for SMEs to access financing for green and social-related projects. Efforts by SMEs to inculcate green and ESG considerations will largely support the nation's aspiration toward greater sustainability.

c) Pembiayaan Teknologi Hijau

Sejak 2012, SME Bank telah memperluaskan pembiayaan kepada perniagaan-perniagaan dan projek-projek yang berkaitan dengan teknologi hijau dan tenaga boleh diperbaharui. Ini merupakan pendekatan kami ke arah menyokong aspirasi ekonomi hijau negara dan memupuk semangat keusahawanan hijau yang lebih tinggi di kalangan PKS dengan matlamat mempertimbangkan dan memelihara daya maju jangka panjang alam sekitar dengan pertumbuhan ekonomi.

Pelbagai syarikat dengan projek-projek hijau dan mesra alam telah mendapat manfaat daripada sokongan pembiayaan yang diberikan menerusi Skim Pembiayaan Teknologi Hijau oleh Kerajaan.

Jenis-jenis perniagaan dan projek yang menjadi penerima pembiayaan hijau termasuk syarikat-syarikat yang terlibat dalam projek solar.

2) Menghijaukan Operasi Kami

a) Inisiatif Penjimatan Tenaga

Bagi memelihara tenaga, kami berhasrat memadamkan inisiatif-inisiatif penjimatan tenaga yang boleh mengurangkan penggunaan sumber dan meningkatkan kecekapan operasi. Operasi kami sejajar dengan Sistem Pengurusan Alam Sekitar (ISO 14001) dan Sistem Pengurusan Tenaga yang telah kami gunakan.

Pada 2021, kami telah menyiapkan pemasangan mentol LED jimat tenaga di keseluruhan bangunan kami. Penggunaan mentol LED bukan sahaja menjimatkan tenaga, tetapi juga tidak mengandungi elemen-elemen toksik serta mempunyai jangka hayat yang lebih panjang. Ini juga sejajar dengan sumbangan kami ke arah mengurangkan pelepasan karbon kerana jangka hayat panjang mentol LED tersebut, iaitu enam kali lebih panjang berbanding lampu biasa, mengurangkan kekerapan penukaran dan kos.

Kami juga mendidik kakitangan kami untuk menggunakan tenaga secara konservatif, mengingatkan mereka untuk mematikan elektrik apabila tidak diperlukan. Menerusi usaha ini, kami berjaya mengurangkan penggunaan elektrik sehingga 65% iaitu 1,198,447 kWh pada 2021 berbanding 3,479,654 kWh pada 2020. Ini diterjemahkan sebagai penjimatan tenaga sebanyak 71,626.51kWh.

c) Green Technology Financing

Since 2012, SME Bank has been extending financing for businesses and projects involved in green technology and renewable energy projects. This is our approach to support the country's green economy aspirations and foster greater green entrepreneurship among SMEs with a view to considering and preserving the long-term viability of the environment with economic growth.

Many companies with green and environmentally-friendly projects have benefitted from the financing support given through the Government's Green Technology Financing Scheme.

Types of businesses and projects that are recipients of green financing include companies involved in solar projects.

2) Greening Our Operations

a) Energy Savings Initiatives

To conserve energy, we look to incorporate energy-saving initiatives that can reduce resource consumption and increase operational efficiency. Our operations are aligned with the Environmental Management System (ISO 14001) and the Energy Management System that we adopt.

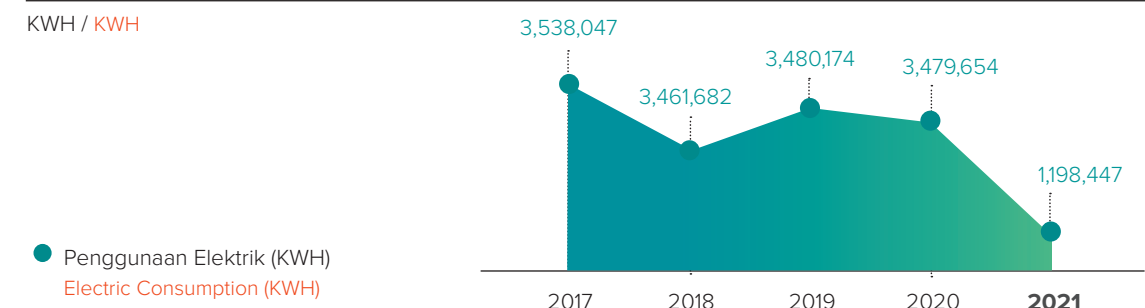
In 2021, we completed the installation of energy-saving LED bulbs across all our buildings. The use of LED bulbs not only saves on energy but does not contain toxic elements and has a longer lifespan. This also aligns with our contribution toward reducing carbon emissions as the longer lifespan of LED bulbs, which last six times longer than conventional lights, reduces replacement frequency and costs.

We also educated our people to use energy conservatively, reminding them to turn off electrical power when not in use. Through these efforts, we reduced electricity consumption by a whopping 65% at 1,198,447 kWh in 2021 compared to 3,479,654 kWh in 2020. This translates to energy savings of 71,626.51kWh.

Penggunaan Elektrik

Electric Consumption

KWH / KWH



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CREATING IMPACT THROUGH SUSTAINABILITY

b) Penggunaan Air yang Mampan

Penggunaan air menjadi satu aspek yang semakin penting untuk Bank di dalam usahanya untuk menerapkan set minda berasaskan kemampanan. Kami terus melaksanakan kempen-kempen kesedaran untuk kakitangan kami mengenai kepentingan memelihara sumber asli.

Hasil pemasangan peranti penjimatan air sejak beberapa tahun kebelakangan ini termasuk paip dan pili pancuran jimat air, serta sistem tandas rendah siram atau dwi-siram, kami menyaksikan hasil yang memberangsangkan ke arah penjimatan air. Kami juga melaksanakan penyelenggaraan pencegahan dan pembaikan segera bagi mengurangkan pembaziran.

Penggunaan air kami pada 2021 berkurang 6.7% kepada 20,822 meter padu berbanding 22,317 meter padu pada 2020.

b) Sustainable Water Consumption

Water consumption is an increasingly important aspect that the Bank looks to address as part of embedding a sustainability mindset. We continuously conduct awareness campaigns on the importance of conserving natural resources to our employees.

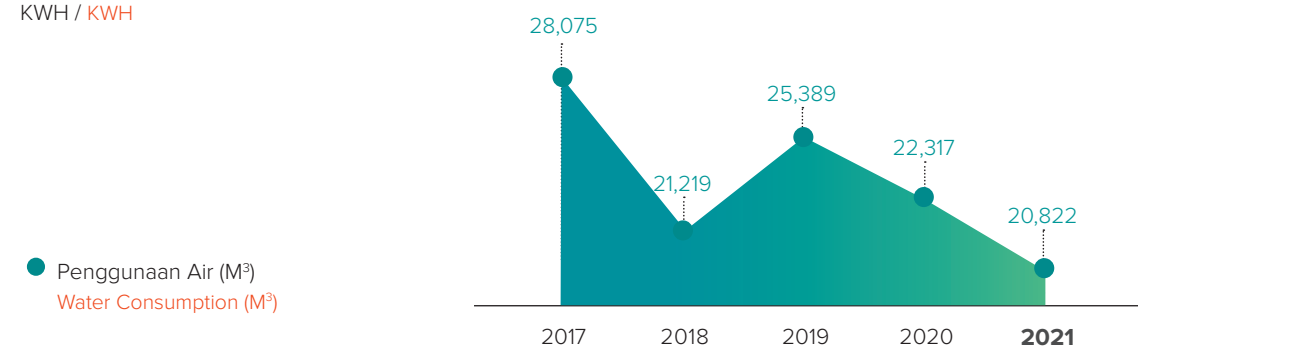
As a result of having installed water-saving devices over the past few years which include water-saving taps and showerheads, as well as low-flush or dual-flush systems in our toilets, we have seen encouraging inroads toward water consumption. We also conduct preventive maintenance and prompt repairs to minimise wastage.

Our water consumption in 2021 reduced by 6.7% to 20,822 cubic meters compared to 22,317 cubic meters recorded in 2020.

Penggunaan Air (M³)

Water Consumption (M³)

KWH / KWH



c) Memupuk Persekitaran Kerja yang Lebih Bersih dan Selamat

Kami menggunakan Sistem Pengurusan Tenaga Bangunan (BEMS) yang dipasang di Menara SME Bank, yang menjalankan pemantauan berkala ke atas pelbagai parameter seperti pengawal dingin, aliran udara, suhu bilik, kelembapan, pencahayaan dan karbon dioksida bagi memastikan kualiti udara dalaman yang lebih baik. Sistem ini juga mengawal pencahayaan, pemanasan, pengudaraan dan penghawa dingin (HVAC) bangunan secara berpusat bagi menguruskan penggunaan tenaga.

BEMS menyediakan data tenaga yang membolehkan pengurus bangunan kami memperoleh maklumat terperinci mengenai penggunaan tenaga bangunan tersebut. Di luar waktu bekerja dan waktu puncak, keperluan pencahayaan dan HVAC kami diuruskan menerusi satu mekanisme pemasa yang dipasang bagi memastikan tenaga digunakan secara berhemah. Permintaan Maksimum (MD) kW kami, iaitu tahap jangkaan tertinggi permintaan tenaga elektrik yang dipantau, dianggarkan pada 1,400 kW tetapi penggunaan purata adalah lebih rendah pada 970kW setahun ekoran langkah-langkah yang kami ambil dalam mengawal dan mematuhi jadual penukaran cekap tenaga yang dirancang.

c) Fostering a More Hygienic, Cleaner and Safer Work Environment

We utilise the computer-based Building Energy Management System (BEMS) installed in Menara SME Bank, which conducts periodic monitoring of various parameters such as air conditioning, airflow, room temperature, humidity, lighting and carbon dioxide to ensure better quality indoor air. The system also centrally controls the building's lighting, as well as the heating, ventilation and air conditioning (HVAC) to manage energy consumption.

The BEMS provides energy data that allow our building managers to gain greater insight into energy usage for the building. Outside of work and peak hours, our lighting and HVAC requirements are managed through an installed timer mechanism to ensure energy is used reservedly. Our Maximum Demand (MD) kW, which is the anticipated highest level of electrical demand monitored for use, was budgeted at 1,400 kW but our average use is lower at 970kW per year due to the measures we take to control and adhere to energy-efficient planned switching schedules.

Kami juga telah menyediakan penyelenggaraan mampan untuk fasiliti-fasiliti bagi mencipta persekitaran kerja yang lebih bersih dan selamat, termasuk penyelenggaraan HVAC, mekanikal dan elektrik (M&E) berjadual, serta penyelenggaraan pencegahan yang kerap bagi mengenalpasti ketirisan tenaga. Penyelenggaraan mampan dijalankan bagi memastikan peralatan berfungsi dengan baik bagi mengelakkan pembaziran tenaga dan kemudaratan alam sekitar.

d) Mengurangkan, Mengguna Semula, Mengitar Semula

Dalam usaha kami mengurangkan penggunaan sumber seperti kertas, kami mencadangkan Sistem Parkir Tanpa Tunai (CPS) pada 2021, yang dilaksanakan pada 2022. CPS adalah sistem pembayaran parkir tanpa kertas di mana tiada resit dikeluarkan. Selain itu, dakwat yang lazimnya digunakan untuk resit mungkin mengandungi bahan-bahan kimia yang berbahaya dan toksik. Justeru, pelaksanaan CPS akan membantu bank mengurangkan bukan sahaja jejak karbonnya tetapi juga pembaziran kertas.

Kerja kami memerlukan penggunaan kertas yang banyak serta kartrij cetak dan toner. Bagi mengimbangkan penggunaan kertas dan kartrij cetak dengan perlindungan alam sekitar, kami mengamalkan pengitaran semula terutamanya bagi pelupusan kartrij dakwat dan toner yang mengandungi bahan-bahan kimia. Bahan-bahan kimia ini boleh mengakibatkan pencemaran jika tidak dilupuskan dengan betul. Kami menyediakan tong kitar semula di setiap tingkat bangunan bagi memudahkan pengasingan bahan dan pengitaran semula.

Dalam memperkukuhkan dan meluaskan usaha digitalisasi kami, kami menyediakan sebanyak mungkin perkhidmatan dalam talian dan permohonan menerusi e-Borang bagi mengurangkan pembaziran kertas serta keperluan untuk datang ke Bank. Antara usaha terpenting adalah platform ScoreXcess untuk usahawan kecil dan mikro mendapatkan pembiayaan dengan lebih pantas dan cekap; serta ODELA, platform e-dagang perniagaan-ke-perniagaan (B2B). Kedua-dua platform ini memudahkan usahawan melengkapkan urusniaga, membantu pertukaran, serta memupuk inovasi dan kerjasama.

Kebanyakan usaha promosi kami juga tersedia di platform dalam talian Bank serta saluran-saluran media sosial, justeru mengurangkan pencetakan risalah dan poster seperti tahun-tahun sebelum ini. Secara dalaman, kami juga telah mula memupuk pembangunan, suntungan dan kolaborasi dokumentasi hujung-ke-hujung secara dalam talian dan menerusi peranti dan peralatan bagi mengurangkan penggunaan kertas dalam setiap proses.

e) Bangunan Hijau

SME Bank berjaya mendapatkan pensijilan reka bentuk Indeks Bangunan Hijau (GBI) pada 2018 dan sejak itu telah mengekalkan dan mempertingkatkan proses-proses mesra alam pintar dan cekap sumber. Komitmen kami dalam mencapai kemampanan terbukti seawal 2014 menerusi penerapan ciri-ciri bangunan hijau di Menara SME Bank. Konsep dan reka bentuk bangunan pejabat hijau kami merangkumi enam aspek tumpuan: kualiti persekitaran dalaman, perancangan dan pengurusan tapak yang mampan, inovasi, kecekapan air, bahan-bahan dan sumber-sumber, serta kecekapan tenaga.

We have also implemented sustainable maintenance of facilities to create a cleaner and safer working environment, including scheduled HVAC, mechanical and electrical (M&E) maintenance, and regular preventive maintenance to identify energy leaks. We conduct sustainable maintenance to ensure equipment can function properly to avoid wastage of energy and environmental harm.

d) Reduce, Reuse, Recycle

In our bid to reduce resources such as paper, we proposed the Cashless Parking System (CPS) in 2021, which has been implemented in 2022. The CPS implementation is a paperless-based parking payment system where no receipts are issued. Furthermore, the ink that is typically used on receipts may contain harmful and polluting toxic chemicals. In this regard, implementing the CPS will help the Bank reduce not only its carbon footprint but also paper waste.

In the course of our work, we use a lot of paper and go through print cartridges and toners. To balance the usage of paper and print cartridges with environmental protection, we ensure proper recycling, especially in the disposal of ink cartridges and toners containing chemicals. These chemicals could cause contamination if not disposed of properly. We provide recycling bins on each floor of the building to facilitate waste material segregation and recycling.

As we further strengthen and expand our digitalisation efforts, we move to provide as many of the Bank's services online and applications via e-Forms, to minimise the unnecessary use of paper as well as the need to visit the Bank in person. In particular, we introduced ScoreXcess our online platform for micro and small entrepreneurs to obtain financing faster and more efficiently; and ODELA, a business-to-business (B2B) e-commerce platform allowing members to complete transactions, facilitate exchange, and foster innovation and partnership.

Many of our promotional efforts are also available on the Bank's online platforms and social media channels, thereby reducing the number of brochures and posters we would have had to print as we did in the past years. Internally, we have also begun fostering end-to-end documentation development, editing, and collaboration online and via devices and tools to reduce paper usage for each process.









e) Green Building

SME Bank successfully obtained the Green Building Index (GBI) design certification in 2018 and has since maintained and enhanced the smart environmental-friendly and resource-efficient processes. We demonstrated our intent toward sustainability as early as 2014 when we started incorporating green building features in Menara SME Bank. Our green office building concept and design cover six focus areas: indoor environmental quality, sustainable site planning and management, innovation, water efficiency, materials and resources, and energy efficiency.









MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

Pelaksanaan Ciri-ciri Pintar di Menara SME Bank

 <p>Zon Pencahayaan</p>	<ul style="list-style-type: none"> Kawalan pencahayaan yang fleksibel bagi memaksimumkan penjimatan tenaga Suis berasingan untuk semua ruang perseorangan atau tertutup Pencahayaan kawalan pemasa dengan strategi siang hari untuk semua zon perimeter dan kawasan pencahayaan siang
 <p>Sub-meter Elektrik</p>	<ul style="list-style-type: none"> Sub-meter untuk semua penggunaan tenaga yang lebih daripada atau setara dengan 100kVa
 <p>Pentauliahan yang Dipertingkatkan</p>	<ul style="list-style-type: none"> Penambahbaikan bagi memastikan sistem utama penggunaan tenaga dibaiki, digunakan dan diselenggara secara efektif bagi mengoptimalkan prestasi tenaga Memastikan peralatan penggunaan tinggi seperti Penyejuk untuk penghawa dingin berpusat bangunan beroperasi tepat pada masanya bagi mengelakkan peralatan bekerja pada waktu puncak yang mana akan menjejaskan kos Permintaan Maksimum Pelan pentauliahan untuk sistem utama penggunaan tenaga bangunan Mengawal faktor tenaga melebihi 0.85 kekuatan tertinggal Latihan pengurusan bagi meningkatkan kesedaran dan kemahiran berkaitan topik-topik pengoperasian bangunan mampan seperti kecekapan tenaga serta pengoperasian dan penyelenggaraan bangunan, peralatan dan sistem Pelan pengoperasian bangunan yang dikemaskini bagi mencerminkan sebarang perubahan di dalam jadual penghunian, jadual masa penggunaan peralatan, mata set reka bentuk dan tahap pencahayaan
 <p>Tenaga Boleh Diperbaharui</p>	<ul style="list-style-type: none"> Sejajar dengan inisiatif ESG kami, pemasangan panel solar di salah sebuah EPC dirancang pada penghujung 2022, yang juga sebahagian usaha berterusan Bank bagi meningkatkan proses-proses pintar, mesra alam dan cekap tenaga
 <p>Kawalan Asap Tembakau Persekitaran (ETS)</p>	<ul style="list-style-type: none"> Merokok dilarang di dalam bangunan dan kawasan khas untuk merokok disediakan jauh daripada pintu-pintu masuk, laluan kemasukan udara luar, dan tingkap-tingkap yang boleh dibuka
 <p>Keselesaan Suhu: Reka Bentuk & Kawalan Sistem</p>	<ul style="list-style-type: none"> Kawalan keselesaan individu untuk 50% penghuni bangunan yang membolehkan pelarasan kepada tugas dan keutamaan individu
 <p>Kecekapan Pertukaran Udara</p>	<ul style="list-style-type: none"> Penyampaian udara bersih yang efektif dengan mengurangkan pencemaran dalaman bagi mendorong persekitaran dalaman yang sihat Karbon Dioksida (CO₂) dikawal oleh sistem BEMS bagi memastikan CO₂ di dalam bangunan kekal di bawah 1,000 bahagian per juta (ppm) parameter tahap bacaan seperti kehendak piawai OSHA
 <p>Tahap Bunyi Dalaman</p>	<p>Tahap bunyi dalaman dikekalkan pada tahap selamat dengan memastikan bahawa 90% daripada bunyi tidak melebihi tahap-tahap bunyi ambien dalaman:</p> <ul style="list-style-type: none"> Dalam keseluruhan ruang pejabat umum bangunan, bunyi daripada khidmat bangunan tidak melebihi 40dBAeq Dalam ruang pejabat bangunan asas, tahap bunyi tidak melebihi 45dBAeq untuk pelan terbuka atau 40dBAeq untuk pejabat tertutup

Smart Features Implemented at Menara SME Bank

 <p>Lighting Zoning</p>	<ul style="list-style-type: none"> Flexible lighting controls to maximise energy savings Individual switches for all individual or enclosed spaces Timer-controlled lighting with a daylighting strategy for all perimeter zones and daylight area
 <p>Electrical Sub-metering</p>	<ul style="list-style-type: none"> Sub-metering for all energy usage more than or equivalent to 100kVa
 <p>Enhanced Commissioning</p>	<ul style="list-style-type: none"> Improvements to ensure the building's major energy-using systems are repaired, operated and maintained effectively to optimise energy performance To ensure high consumption equipment such as Chiller for the building's centralised air-conditioning to be operated on time as per schedule to avoid equipment running on peak hours which will impact on Maximum Demand cost Commissioning plan for the building's major energy-using systems To control power factor above 0.85 lagging capacitance Management training to raise awareness and improve skills on a broad range of sustainable building operation topics such as energy efficiency as well as building, equipment and systems operations and maintenance An updated building operating plan to reflect any changes in the occupancy schedule, equipment run-time schedule, design set points and lighting levels
 <p>Renewable Energy</p>	<ul style="list-style-type: none"> In line with our ESG initiative, solar panel installation at one of the EPC is planned for the end of 2022, which is also part of the Bank's ongoing efforts to improve smart, environmentally friendly and resource-efficient processes
 <p>Environmental Tobacco Smoke (ETS) Control</p>	<ul style="list-style-type: none"> Smoking is prohibited in the building and exterior designated smoking areas are located away from entries, outdoor air intakes and operable windows
 <p>Thermal Comfort: Design & Controllability of Systems</p>	<ul style="list-style-type: none"> Individual comfort controls for 50% of the building's occupants that allow adjustments to suit individual tasks and preferences
 <p>Air Change Effectiveness</p>	<ul style="list-style-type: none"> Effective delivery of clean air through reduced mixing with indoor pollutants to promote a healthy indoor environment Carbon Dioxide (CO₂) is controlled by the BEMS system to ensure CO₂ in the building is always below 1,000 parts per million (ppm) parameter reading level as per OSHA standard requirement
 <p>Internal Noise Levels</p>	<p>Internal noise levels are maintained at a safe level that ensures 90% of noise levels do not exceed the following ambient internal noise levels:</p> <ul style="list-style-type: none"> Within the entire baseline building general office space, noise from the building services does not exceed 40dBAeq Within the baseline building office space, the sound level does not exceed 45dBAeq for open plan or 40dBAeq for closed offices

MENCIPTA IMPAK MENERUSI KEMAMPAHAN
CREATING IMPACT THROUGH SUSTAINABILITY



1) Kesejahteraan Kakitangan

Kekuatan SME Bank datang daripada kakitangannya. Kejayaan terhasil dengan memastikan kakitangan terus berhubung dan rasa dihargai. Kami sedang berusaha menerapkan kesedaran mengenai kemampuhan dalam keseluruhan tenaga kerja dalam usaha kami untuk Berfikir Secara Mampan, Bertindak Secara Bertanggungjawab. Kami berusaha mewujudkan pengalaman persekitaran kerja yang terangkum dan positif agar kakitangan kami mampu membina kerjaya yang bermakna di SME Bank dan menyumbang secara positif kepada mandat Bank.

Usaha kami dalam menguruskan kakitangan telah diiktiraf oleh LinkedIn Talent Award 2021 di mana kami dianugerahkan sebagai Jenama Majikan Terbaik 2021 di LinkedIn. Kemenangan ini merupakan satu pengiktirafan untuk SME Bank sebagai sebuah syarikat yang berusaha membina jenama majikan yang kukuh dengan melibatkan khalayaknya secara bermakna.

1) Wellbeing of Our Employees

The strength of SME Bank comes from its people. Our success depends on ensuring that our people remain engaged and valued. We are embarking on embedding awareness of sustainability in the overall workforce in our bid to Think Sustainably, Act Responsibly. We strive to build an engaged and positive workplace experience to ensure our employees are able to build meaningful careers at SME Bank and contribute positively to the Bank's mandate.

Our efforts in managing our employees have been recognised by the LinkedIn Talent Award 2021 where we were awarded the 2021 Best Employer Brand on LinkedIn. Winning this category is recognition for SME Bank as a company focused on building a strong employer brand by engaging its audience in a meaningful way.



Kami menerima anugerah Jenama Majikan Terbaik 2021 di LinkedIn

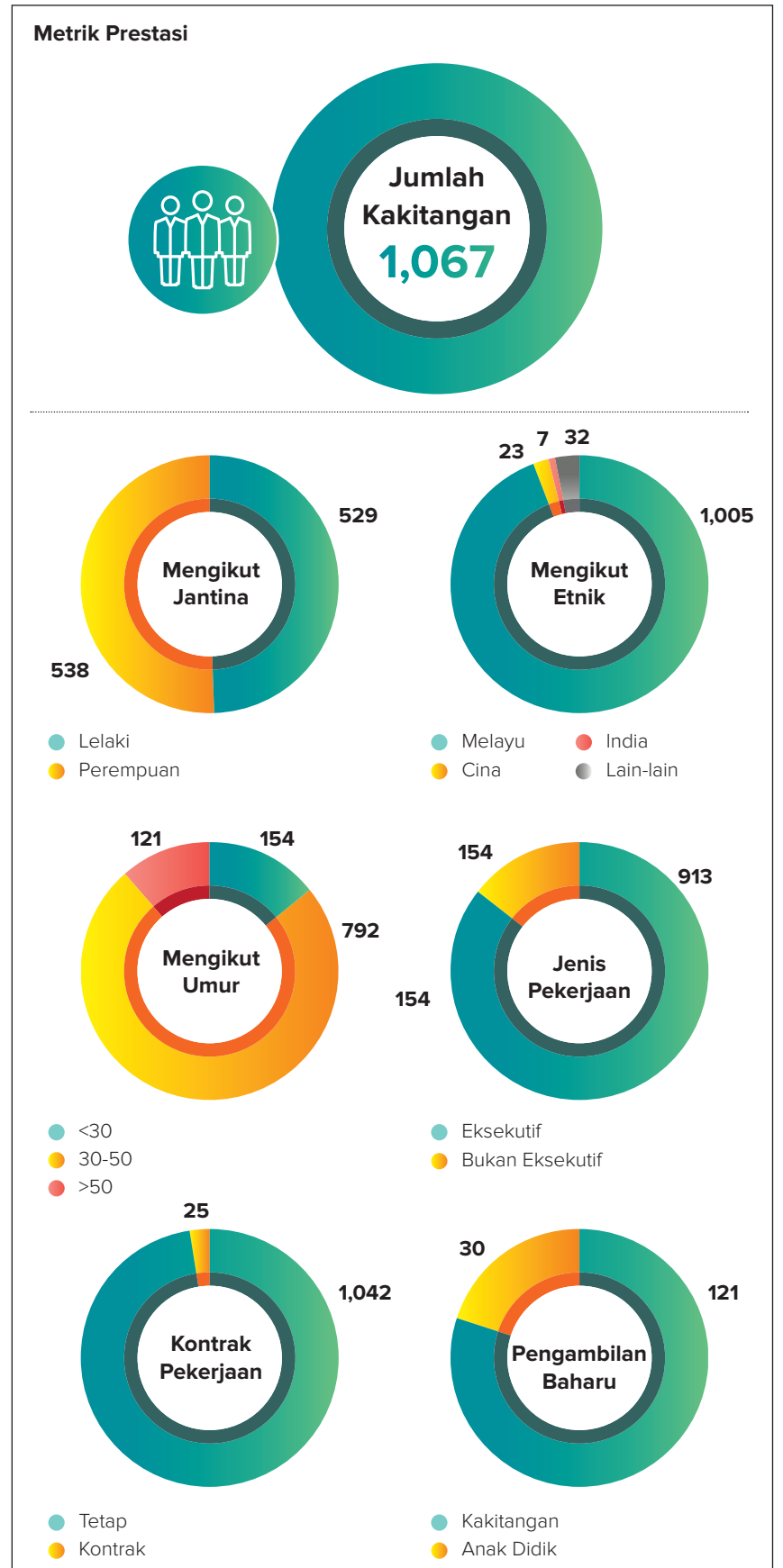
We were awarded the 2021 Best Employer Brand on LinkedIn

a) Komitmen terhadap kepelbagaian, ekuiti dan keterangkuman

Kami percaya bahawa kakitangan dengan latar belakang yang pelbagai adalah penting dalam membina tenaga kerja yang inklusif yang boleh menyumbang bakat, kemahiran dan pengalaman mereka bagi mencapai mandat Bank. SME Bank mengamalkan pemberian peluang saksama dan komunikasi terbuka bagi mempromosikan budaya kerja di mana setiap kakitangan menghargai mandat yang diberikan serta menyumbang berdasarkan merit bagi menyokong para pelanggan dan pihak-pihak berkepentingan kami.

Kami mengambil pekerja dan menaikkan pangkat berdasarkan merit dan prestasi. Proses pemilihan kami, termasuk temu duga, tidak melibatkan soalan-soalan yang tiada kaitan dengan kebolehan atau kesesuaian pemohon seperti agama, bangsa atau jantina. Selain itu, kakitangan yang mengendalikan temu duga telah menerima latihan bagi memastikan proses saringan yang adil. Kami menerima permohonan daripada graduan baharu dan pemohon pertengahan kerjaya, tanpa mengira pengalaman kerja lampau mereka. Kami menyediakan peluang permohonan yang luas dalam usaha kami mengambil bakat yang pelbagai, daripada iklan dalam talian di portal-portal carian pekerjaan, media sosial dan LinkedIn, serta menerusi pameran kerjaya, agensi-agensi pengambilan pekerja untuk calon-calon peringkat kanan, serta program-program jangkauan menerusi akademik.

Pada 2021, dalam usaha memudahkan pengurusan tenaga kerja dan pengambilan pekerja disebalik cabaran-cabaran ekoran pandemik, kami telah mewujudkan Permintaan Tenaga Kerja Digital. Platform digital ini membantu pengurus menempatkan kakitangan mereka dan membolehkan pemohon memeriksa status permohonan mereka. Satu platform Portal Kerja khusus juga diperkenalkan bagi menonjolkan peluang kerjaya di SME Bank. Portal tersebut merupakan perantara hujung-ke-hujung bagi menguruskan permohonan kerja, penilaian calon, dan pengambilan kakitangan baharu.



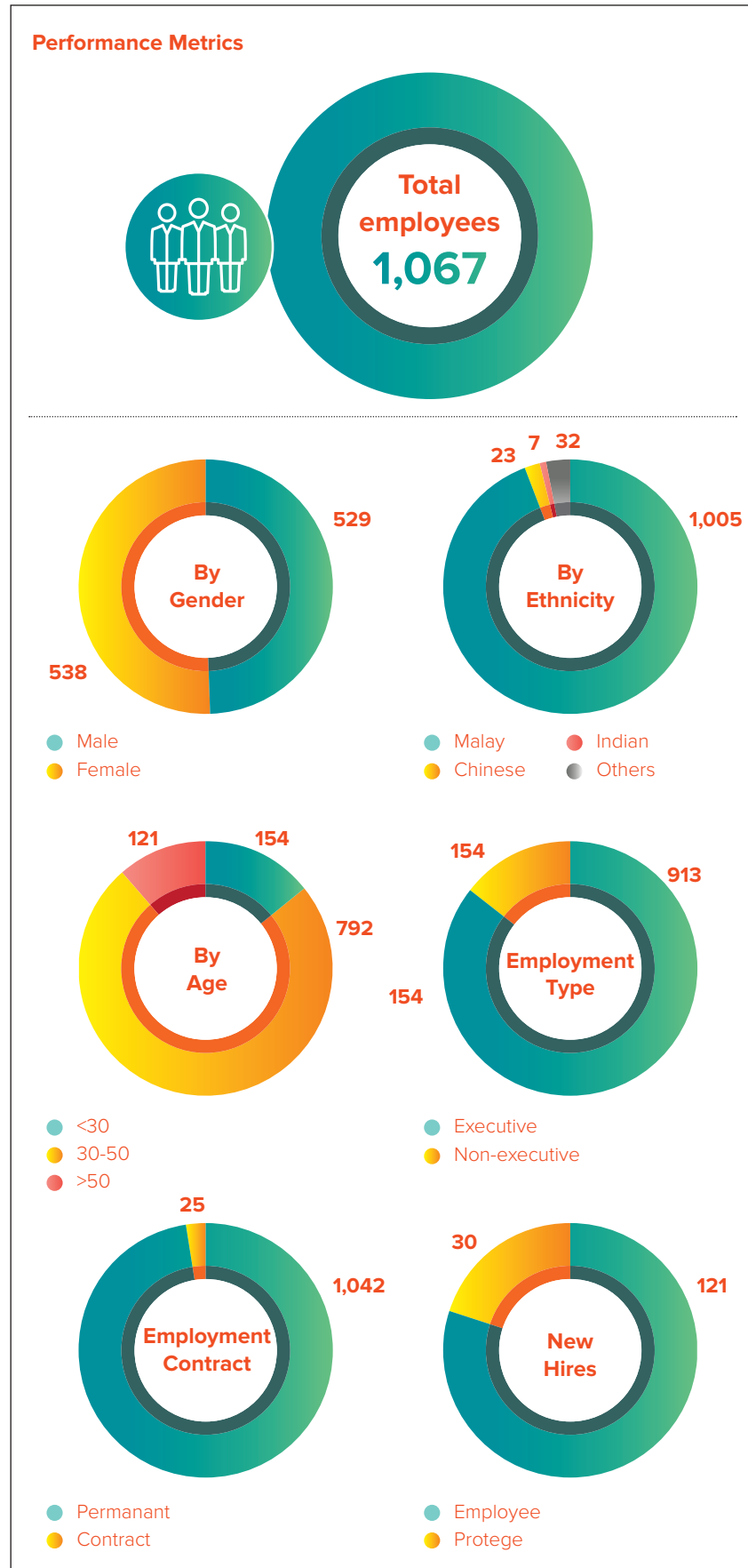
MENCIPTA IMPAK MENERUSI KEMAMAPAN
CREATING IMPACT THROUGH SUSTAINABILITY

a) Commitment to Diversity, Equity and Inclusion

We believe having employees who come from diverse backgrounds is essential to building an inclusive workforce who can contribute their talents, skillsets and experiences to achieve the Bank's mandate. SME Bank practices equal opportunities and open communications to promote a strong work culture where everyone appreciates the mandate entrusted to them and contributes on merit to support our customers and stakeholders.

We hire and promote based on merit and performance. Our selection processes, including interviews, include no questions that are irrelevant to applicants' abilities or suitability, such as religion, race or gender. Furthermore, staff who conduct interviews receive training to ensure fair employment screening processes for applicants. We accept applications from new graduates and mid-career applicants, regardless of their previous work experience. We provide a wide range of application opportunities in our bid to recruit diverse talents, from online advertisements on job portals, our social media and LinkedIn platforms, as well as through career fairs, recruitment agencies for senior-level candidates, and outreach programmes through academia.

In 2021, to make workforce management and recruitment easier amid the challenges posed by the pandemic, we implemented a Digital Manpower Request. This is a digital platform that makes it efficient for the hiring manager to put in their employee and enable the requestor to view their application status. A personalised Job Portal platform was also introduced to highlight career opportunities at SME Bank. The portal is an end-to-end medium for managing job applications, candidate evaluations, and new employee onboarding.



b) Menyokong Pemerkasaan Wanita

Kami komited dalam merangkumkan kepelbagaian dan kesetaraan jantina di tempat kerja. Pekerja wanita merangkumi separuh daripada jumlah kakitangan kami pada penghujung 2021. Wanita merangkumi 10.4% daripada kepimpinan kanan pada tahap pengurusan atas dan pertengahan.

Bersempena dengan Hari Wanita Antarabangsa, Bank telah menganjurkan satu ceramah maya mengenai Pemerkasaan Wanita yang telah menerima maklumbalas menggalakkan dari kakitangan. Inisiatif seperti ini memperkukuhkan lagi komitmen kami dalam menyokong dan memperkasakan wanita di tempat kerja.

b) Supporting Women Empowerment

We are committed to diverse and equal gender participation in the workplace. Women account for half of our employees at the end of 2021. Women make up 10.4% of senior leadership at the top and middle management levels.

In conjunction with International Women's Day, the Bank organised a virtual talk on Women's Empowerment which received a strong response and was well attended by our employees. Initiatives such as this further reinforce our commitment to supporting and empowering women in the workplace.



c) Membina Keupayaan dan Memupuk Bakat

Kami percaya dalam membangunkan tenaga kerja bagi membolehkan mereka mengasah kemahiran agar sesuai dengan peranan masa hadapan di kala lanskap kewangan berubah seiring dengan pengetahuan, pengalaman dan set kemahiran menerusi program-program latihan. Kami memastikan bahawa senarai program-program latihan dan kemahiran yang dinamik tersedia sepanjang tahun untuk kakitangan kami bagi menyokong peluang-peluang pembelajaran berterusan. Pendekatan pembelajaran kami juga termasuk penyesuaian program-program pembangunan dengan keperluan-keperluan khusus selain program-program peranan khusus.

Bakat-bakat kami juga berpeluang mendapatkan kelayakan pendidikan tinggi menerusi Program Pentadbiran Perniagaan (MBA) tajaan SME Bank, yang diperkenalkan pada 2021, sebagai sebahagian daripada strategi pengekalan bakat kami. Pada 2021, 15 bakat berjaya mengikuti program MBA di Universiti Utara Malaysia (UUM). Kesemua 15 bakat tersebut dikenalpasti daripada kumpulan bakat pemimpin berpotensi dan dijangka tamat pengajian dalam tempoh dua tahun.

c) Building Capabilities and Nurturing Talent

We believe in developing our workforce and enabling them to upskill and be fit-for-future roles as the financial landscape evolves with knowledge, experience and skillsets through training programmes. We ensure a dynamic roster of training and upskilling programmes available throughout the year for our employees to support continuous learning opportunities. Our learning approach also includes tailoring developmental programmes to suit specific needs as well as role-specific programmes.

Our talents also have the opportunity to pursue higher educational credentials through the SME Bank-sponsored Business Administration Programmes (MBA), introduced in 2021, as part of our talent retention strategy. In 2021, 15 talents successfully enrolled to pursue an MBA programme at University Utara Malaysia (UUM). The 15 talents are identified from our potential leaders' talent pool and are expected to complete and graduate within two years.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

Dua Jurubank PKS juga berjaya mengikuti program pensijilan Jurubank Bertauliah menerusi Pengalaman (CBBE) pada 2021. Program ini melengkapkan para pemimpin kami dengan kelayakan bertaraf dunia yang akan membantu mereka mencapai dan mengekalkan piawai kecemerlangan dan profesionalisme. Kelayakan ini diiktiraf di dalam dan luar negara, disokong oleh organisasi-organisasi perbankan dan kewangan utama.

We also made it possible for two of our SME Bankers to enrol in the Chartered Banker by Experience (CBBE) certification programme in 2021. The programme equips our leaders with world-class qualifications that will help them achieve and maintain standards of excellence and professionalism. This qualification is recognised locally and internationally at the same time, supported by major banking and finance organisations

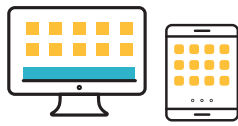
Bil No	Kategori Category	Program Programmes	Kumpulan Sasaran Target Group	Bilangan Peserta No. of Participants
1.		Program Bakat Graduan (GTP) Kohort 1 – Penamatan dan Graduasi Graduate Talent Programme (GTP) Cohort 1 – Completion and Graduation	Bakat Graduan Graduate Talent	9
2.		12 Siri Webinar Kepimpinan Dalam Talian (Webinar bulanan selama 30 minit) 12 Online Leadership Webinar Series (Monthly 30-minutes webinar)	Eksekutif – Naib Presiden Eksekutif Executives – Executive Vice President	200
3.	 Pembangunan Pengetahuan Knowledge Development	Pembelajaran Kendiri Dalam Talian menerusi NECOLE (Program pembelajaran dalam talian bertempoh satu tahun) Online Self Learning via NECOLE (One-year online learning programme)	Kumpulan Bakat Talent Pool	245
4.		Program Sarjana Pentadbiran Perniagaan (MBA) SME BANK SME BANK Master in Business Administration Programme (MBA)	Kumpulan Bakat Talent Pool	15
5.		Jurubank Bertauliah berdasarkan Pengalaman (CBBE) – program pensijilan 12 minggu Chartered Banker by Experience (CBBE) – 12-week certification programme	Kepimpinan Kanan Senior Leadership	2
6.		Program Bakat Graduan (GTP) Kohort 2 - Pemilihan, Pengambilan, F-STEP Graduate Talent Programme (GTP) Cohort 2 - Selection, Onboarding, F-STEP	Bakat Graduan Graduate Talent	10
7.		Minggu Pembelajaran Kakitangan Maya Sepenuhnya Bertempoh 1 Minggu 1-Week Fully Virtual Employee Learning Week	Terbuka untuk Semua Open to All	Semua kakitangan All employees

Bil No	Kategori Category	Program Programmes	Kumpulan Sasaran Target Group	Bilangan Peserta No. of Participants
8.		Persidangan Pemimpin SME Bank 2021 SME Bank Leader's Conference 2021	• C-Suites • Pasukan Kepimpinan Kanan • C-Suites • Senior Leadership Team	67
9.		Program Bimbingan Eksekutif Pasukan Kepimpinan Kanan Kumpulan Senior Leadership Team Group Executive Coaching Programme	• C-Suites • Pasukan Kepimpinan Kanan • C-Suites • Senior Leadership Team	12
10.	 Pembangunan Kepimpinan Leadership Development	Program Pemimpin Baharu untuk Ketua Pegawai Perniagaan Emerging Leaders Programme for Chief Business Officer	C-Suites C-Suites	1
11.		Program Pengurusan Tengah: Membina Pasukan Berprestasi Tinggi Middle Management Programme: Building High Performing Team	• Pengurus Kanan • Pengurus • Senior Manager • Manager	135
12.		Program Pendidikan Eksekutif SLT SLT Executive Education Programme	• GPCEO • C-Suites • GPCEO • C-Suites	3
13.		Program Pembangunan Kumpulan Bakat (Berpotensi Tinggi & Bakat) Talent Pool Development Programme (High Potential & Talent)	Kumpulan Bakat Talent Pool	235
14.		Program Pembangunan Pengganti : Program Pemimpin Baharu Successors Development Programme: Emerging Leaders Programme	Pengganti R-0 R-0 Successors	6
15.		Pelaksanaan Kecekapan Kepimpinan Leadership Competencies Exercise	Tahap eksekutif dan ke atas Executive-level and above	N/A

Kami telah melabur RM4.65 juta bagi mempertingkatkan pengetahuan dan pembangunan kakitangan kami, dengan purata 33 jam latihan untuk setiap kakitangan pada 2021. Ekoran masih berada pada fasa pandemik, kami menjalankan latihan menerusi saluran-saluran dalam talian, di mana 90% latihan dijalankan menerusi platform digital dan sidang video.

We invested RM4.65 million in enhancing and upskilling knowledge and development of our people, with an average of 33 training hours per employee in 2021. As we were still operating in a pandemic phase, we conducted trainings predominantly through online channels, with 90% of the training done via digital and video conferencing platforms.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN
CREATING IMPACT THROUGH SUSTAINABILITY



Platform Pembangunan Pembelajaran dan Pengetahuan Dalam Talian NECOLE

Memperkenalkan platform pembangunan pengetahuan dan pembelajaran sendiri berasaskan langganan iaitu NECOLE, yang dilancarkan di bawah program Be A Leader (BAL). Dilancarkan pada 2021, platform ini merupakan Pengalaman Pembelajaran Digital pertama menerusi Pembelajaran Peribadi Pengetahuan Cloud dijana oleh Kecerdasan Buatan (AI) yang menyediakan modul-modul pembelajaran bersasar untuk Kumpulan Bakat Bank dan Kakitangan Pengganti SME Bank. Seramai 123 bakat mengikuti program ini pada 2021.

NECOLE Online Learning and Knowledge Development Platform

Introduced a subscription-based online self-learning and knowledge development platform called NECOLE, which was launched under the Be A Leader (BAL) programme. Launched in 2021, this platform is the first Digital Learning Experience via an Artificial Intelligence (AI) Powered Knowledge Cloud of Personalised Learning that provides targeted learning modules to the Bank's Talent Pool group and SME Bank Successors. A total of 123 talents were onboarded to the programme in 2021.

d) Memperkukuhkan Barisan Bakat Kepimpinan

Kami membekalkan bakat-bakat berpotensi dengan set kemahiran yang betul agar mereka boleh membangun dan menyumbang kepada peranan kanan dan kepimpinan di dalam Bank. Pada 2021, kami telah melaksanakan Penilaian 360° yang disasarkan kepada calon-calon berpotensi yang tidak dikenalpasti di bawah Kumpulan Bakat terkini. Kumpulan Bakat kami merujuk kepada barisan kakitangan Bank yang dikenalpasti untuk mengikuti pembelajaran dan pembangunan dipercepatkan ke arah menjadi pemimpin masa hadapan. Penilaian 360° membolehkan kami memperkukuhkan barisan bakat di peringkat pengurusan pertengahan dan ke atas, selain memiliki pelan penggantian yang proaktif.

Kategori Category	Tahap Level	Bilangan Number	Jantina Gender
Bakat Talent	Pengurus dan Ke Atas Managers and Above	143	Lelaki/Male: 90 Perempuan/ Female: 53
Berpotensi Tinggi	Associate – Eksekutif Kanan Associate – Senior Executive	95	Lelaki/Male: 40 Perempuan/ Female: 53

Kakitangan yang dikenalpasti di bawah kategori Kumpulan Bakat menunjukkan potensi tinggi untuk menjadi penyumbang bermakna serta pemimpin masa hadapan Bank. Dari kalangan kakitangan yang dikenalpasti dalam Kumpulan Bakat, 43 dinaikkan pangkat pada 2021 berdasarkan prestasi kerja cemerlang mereka.

d) Strengthening Leadership Talent Pipeline

We believe in equipping promising talents with the right skill sets so that they can develop and contribute to senior and leadership roles within the Bank. In 2021, we conducted a 360° Assessment targeted at promising candidates that were not identified under our current Talent Pool. Our Talent Pool refers to a pipeline of employees who have been identified within the Bank for an accelerated learning and development journey to be future leaders. The 360° Assessment allows us to strengthen the talent pipeline at the middle management and above, and have a proactive succession plan in place.

The employees identified under the Talent Pool category have shown high potential to be meaningful contributors and future leaders of the Bank. Of the employees identified in the Talent Pool, 43 of them were promoted in 2021 following their exceptional work performance.

Kami telah melaksanakan Penilaian Bakat yang disasarkan kepada 134 calon bakat tersebut, dari Pengurus hingga Naib Presiden, bagi menilai samada bakat-bakat tersebut mampu memimpin dengan berkesan dan menunjukkan nilai-nilai, kecekapan, dan tingkah laku yang betul bagi mencapai matlamat Bank.

Kami juga melaksanakan Penilaian Kesediaan Pengganti yang menilai kesediaan calon untuk memegang jawatan yang dikenalpasti. Menerusi penilaian tersebut, pelan pembangunan individu dihasilkan berdasarkan kehendak-kehendak pembangunan khusus bagi menangani jurang dan menyokong pembangunan lanjut mereka.

e) Keterlibatan Kakitangan Kami

Kami sentiasa berhubung dengan kakitangan kami bagi membina pemerksaan dan ketelusan di seluruh organisasi. Semasa tahun tinjauan, Bank telah menjalankan beberapa inisiatif penglibatan kakitangan bagi memupuk tenaga kerja terangkum dan mendorong produktiviti yang lebih tinggi.

Kakitangan kami disediakan maklumat terkini menerusi beberapa format, yang mana telah berubah sejak dua tahun lepas bagi merangkumkan lebih banyak kaedah dalam talian. Pertemuan kerap dengan kakitangan kami adalah penting agar mereka sentiasa maklum mengenai perkembangan di dalam organisasi serta keadaan semasa pandemik.

Mod perhubungan dengan kakitangan
Modes of engagement with employees



f) Tinjauan Penglibatan Kakitangan

Kami mengadakan Tinjauan Penglibatan Kakitangan (EES) sekali setiap dua tahun bagi mendapatkan maklumbalas daripada kakitangan di semua peringkat di seluruh organisasi. Maklumbalas ini membolehkan kami menentukan tahap kepuasan tenaga kerja, dan mengenalpasti serta mempertingkatkan sokongan kepada kakitangan kami. Pada 2020, EES mencatat pencapaian menggalakkan pada 96%. Kami akan terus memperkukuhkan usaha membina tenaga kerja yang terangkum dan inklusif dengan semangat kekitaan yang kuat.

We rolled out a Talent Assessment targeted to the nominated 134 talents, from Managers to Vice Presidents, to assess that the identified talents were able to lead effectively and demonstrated the right values, competencies, and behaviours to achieve the Bank's goals.

We also put in place the Successor Readiness Assessment which assesses the identified candidate's role-fit readiness to step into identified positions. With the assessment, individual development plans are produced based on the specific development requirements needed to address gaps and support their development further.

e) Engaging our Employees

We constantly engage with our employees to build more empowerment and transparency across the organisation. During the year, the Bank carried out several employee engagement initiatives to foster an engaged workforce and promote higher productivity.

We keep our employees updated through several formats, which have changed over the past two years to include more online methods. Constant engagement with our people is crucial to keep them updated on developments in the organisation as well as on the state of the pandemic.

f) Employee Engagement Survey

We conduct an annual Employee Engagement Survey (EES) once every two years to gather feedback from employees of all levels across the organisation. The feedback allows us to ascertain workforce satisfaction levels, and identify and improve to support our employees. In 2020, our EES was recorded at an encouraging 96%. We will continue to strengthen our efforts to build an engaged and inclusive workforce with a strong sense of belonging.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN CREATING IMPACT THROUGH SUSTAINABILITY

SME BANK POLICY STATEMENT ON SAFETY AND HEALTH

SME Bank is committed in providing a safe, healthy and secured workplace to all employees, contractors, visitors and customers. Our commitment to the effective implementation of the Safety and Health Policy will be integrated into our daily activities.

SME Bank will meet its commitment to safety and health by:

- Complying with all requirements of legislative related to safety and health as stated in the Occupational Safety and Health Act 1994, as well as other approved regulations and code of practices.
- All levels of Management are accountable for the safety and health of employees under their leadership.
- Establishing an Occupational Safety and Health Management System in ensuring continuous and organized safety and health policy that is in accordance with laws and regulations.
- Create safe and healthy working environment and provide appropriate safety equipment.
- Providing information, training, instruction and supervision to all to ensure they have the required skills and competencies for their roles.
- Carrying out investigation of all accidents, illness, injuries, poisoning and/ or dangerous occurrences and take steps to ensure that such incidents do not recur.
- Promoting awareness on occupational safety and health to all staff so that it could be part of their common working practice.
- Provide basic welfare facilities for all employees.
- Review and revise the policy when necessary.



ARIA PUTERA ISMAIL
Chief Executive Officer
3rd September 2018



www.smebank.com.my

For business. For growth. For life.

*Kenyataan Polisi SME Bank
mengenai Keselamatan dan
Kesihatan*

*SME Bank Policy Statement on
Safety and Health*

Kami juga mematuhi Akta Keselamatan dan Kesihatan Pekerjaan (OSHA) serta kehendak-kehendak Jabatan Keselamatan dan Kesihatan Pekerjaan (DOSH). Menara SME Bank ditarafkan dengan Gred "A" dalam Audit DOSH yang terkini.

Jawatankuasa Keselamatan dan Kesihatan Bank ditugaskan untuk memastikan pengenalpastian dan penilaian potensi-potensi bahaya, mencadangkan tindakan-tindakan pembetulan, pelaksanaan, pemantauan, tinjauan dan peningkatan perkara-perkara berkaitan keselamatan dan kesihatan di seluruh organisasi. Tanggungjawab Jawatankuasa Keselamatan dan Kesihatan dipandu oleh Akta Keselamatan dan Kesihatan Pekerjaan, 1994.

Jawatankuasa ini bermesyuarat sekurang-kurangnya sekali setiap suku tahun atau seperti dikehendaki oleh Akta Keselamatan dan Kesihatan Pekerjaan, 1994. Kehadiran ke mesyuarat ini adalah wajib dan diminitkan bagi memastikan cadangan tindakan-tindakan pembetulan dilaksanakan bagi menangani isu-isu terbabit dengan sewajarnya. Ahli-ahli jawatankuasa yang tidak menghadiri mesyuarat berulang kali akan dikeluarkan daripada jawatankuasa.

Komitmen kami dalam membina budaya keselamatan yang kukuh diterapkan menerusi komunikasi kerap menerusi pelbagai saluran bagi melibatkan kakitangan dan vendor kami agar mereka lebih memahami dan mematuhi dasar-dasar keselamatan kami. Langkah-langkah kesihatan dan keselamatan organisasi disampaikan menerusi risalah, induksi keselamatan untuk kakitangan baharu, tayangan video pemindahan keselamatan semasa acara-acara dan program-program, selain penyediaan peralatan ergonomik untuk kakitangan yang memerlukannya. Kakitangan digalakkan untuk melaporkan semua perkara-perkara berkaitan kesihatan dan keselamatan agar tindakan sewajarnya boleh diambil bagi mencipta tempat kerja yang lebih sihat dan selamat untuk semua.

Kami telah menganjurkan pelbagai program dan aktiviti berkaitan topik-topik kesihatan dan keselamatan pekerjaan yang mengandungi maklumat mengenai amalan-amalan keselamatan dan trend industri. Ekoran situasi pandemik, kami memastikan bahawa kakitangan kami mempunyai akses kepada pengetahuan dan maklumat berkaitan kesihatan mental. Semasa tahun tinjauan, kami telah menganjurkan Program Kesihatan Digital SME Bank MIND, satu program kesihatan digital yang tertumpu kepada kesihatan fizikal, mental dan emosi kakitangan. Sempena Hari Kegembiraan Antarabangsa, kami telah mengedarkan Vitamin C dan Multivitamin kepada semua kakitangan sebagai peringatan agar mereka menjaga kesihatan yang kemudian akan menentukan kegembiraan mereka.

We also comply with the Occupational Safety and Health Act (OSHA) and the Department of Occupational Safety and Health's (DOSH) requirements. Menara SME Bank was rated Grade "A" in the recent DOSH Audit.

The Bank's Safety and Health Committee is tasked to ensure the identification and evaluation of potential hazards, recommend corrective actions, implementation, monitoring, review and improvement of safety and health matters across the organisation. The responsibilities of the Safety and Health Committee are guided by the Occupational Safety and Health Act, 1994.

The Committee meets at least once every quarter or as required by the Occupational Safety and Health Act, 1994. The meetings require compulsory attendance and are minuted to ensure corrective actions proposed are implemented to address issues in a timely manner. Committee members who repeatedly miss meetings are removed from the committee.

Our commitment to building a strong safety culture is inculcated through regular communications via multiple channels to engage our employees and vendors to better understand and adhere to our safety policies. The organisation's health and safety measures are communicated via brochures, safety induction for new employees, screening of safety evacuation videos during events and programmes, as well as the provision of ergonomic equipment for employees who need such tools. Employees are encouraged to report all health and safety matters so that we can take the appropriate actions to create a healthier and safer workplace for all.

We organised programmes and activities related to occupational health and safety topics, which share information on safety practices and industry trends. Given the backdrop of the pandemic, we ensured that our employees had access to knowledge and information on mental health. During the year, we organised the SME Bank MIND Digital Wellness Programme that focuses on employees' physical well-being, mental health and emotional support. In conjunction with International Happiness Day, we distributed Vitamin C and Multivitamins to all employees as a reminder to take care of their health which leads to happiness.

h) Keutamaan Keselamatan dan Kesihatan Kakitangan di Tempat Kerja

Kami komited dalam menyediakan persekitaran kerja yang selamat dan sihat untuk kakitangan kami pada setiap masa. Kami memiliki dasar-dasar dan amalan-amalan mantap bagi memastikan persekitaran kerja yang selamat. Dasar keselamatan dan kesihatan kami menunjukkan komitmen ini ketika kami berusaha menggunapakai amalan piawaian keselamatan terbaik dalam organisasi kami.

Kami dibimbing oleh piawaian-piawaian antarabangsa seperti Siri Penilaian Kesihatan dan Keselamatan Pekerjaan (OHSAS) 18001 untuk kesihatan dan keselamatan, di mana kami menubuhkan sistem OHS kami sendiri yang dilaksanakan di seluruh pejabat kami, bagi memantau insiden-insiden kesihatan dan keselamatan berkaitan kerja secara rapat.

h) Prioritising Workplace Safety and Health of our Employees

We are committed to providing a safe and healthy work environment for our people to work in comfort at all times. We have in place robust policies and practices to ensure a safe working environment. Our health and safety policy demonstrates this commitment as we strive to adopt best in practice safety standards in our organisation.

We take guidance from international standards such as Occupational Health and Safety Assessment Series (OHSAS) 18001 for health and safety, from which we established our own OHS system which is implemented across all our offices, to monitor work-related health and safety incidents closely.

MENCIPTA IMPAK MENERUSI KEMAMPMAN
CREATING IMPACT THROUGH SUSTAINABILITY



Sumbangan PPE kepada Hospital Shah Alam
PPE Donation to Hospital Shah Alam



Penilaian Pemantauan Pendedahan Bunyi
Noise Exposure Monitoring Assessment



Larian Maya SME Bank sempena Hari Sukan Negara
SME Bank Virtual Run in conjunction with Hari Sukan Negara



Perkongsian Maklumat Bulanan HSE
Monthly HSE Info Sharing

Komitmen teguh kami terhadap aspek Kesihatan, Keselamatan dan Alam Sekitar telah diiktiraf dengan Anugerah Perak oleh Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH) berikutan Pencapaian OSH yang Baik.

Our strong commitment to Health, Safety and the Environment has been recognised with the Silver Award by the Malaysia Society for Occupational Safety and Health (MSOSH) for displaying a Good OSH Achievement.

Keselamatan Tenaga Kerja Kami semasa Pandemi COVID-19

Fokus kami sepanjang dua tahun ini juga telah beralih kepada perkara-perkara berkaitan kesihatan dan keselamatan di sebalik situasi pandemik COVID-19. Kami meneruskan dengan usaha yang dilaksanakan pada 2020 ketika permulaan pandemik termasuk kekerapan menyahkuman tempat kerja dan menyediakan pembersih tangan, pelitup muka serta kit ujian COVID-19 untuk kakitangan. Kami juga menganjurkan program vaksinasi untuk kakitangan kami di Lembah Klang.

Dengan peranan kami menyokong PKS yang terjejas semasa pandemik, kumpulan teras kakitangan yang memegang peranan kritikal dan barisan hadapan terus bekerja di pejabat bagi menyediakan perkhidmatan perbankan asas. Ketika sekatan mula dilonggarkan dan mod kerja hibrid dilaksanakan, kami menyokong kakitangan kami yang bekerja dari rumah dan pejabat.

Safety of our Workforce During the COVID-19 Pandemic

Our focus over the past two years has also shifted to a greater degree on health and safety matters against the background of the COVID-19 pandemic. We continued with efforts put in place in 2020 at the onset of the pandemic which included heightened frequency of sanitising the workplace and providing hand sanitisers, masks and COVID-19 test kits to our employees. We also organised a vaccination programme for our employees in the Klang Valley.

Given our role in supporting affected SMEs during the pandemic, a core group of employees in critical and customer-facing roles continued to work in the office to provide essential banking services. As restrictions started to ease and a hybrid mode of work was implemented, we supported our staff in both the work-from-home and work-from-office modes.

Pemerolehan pelitup muka pada tahun 2021
Face mask procured in 2021
12,700 unit/unit

Pemerolehan Kit Ujian diri pada 2021
Self-test kit procured in 2021
19,700 unit/unit

Bilangan kakitangan yang divaksin di bawah program vaksinasi bank
Number of staffs vaccinated under Bank's vaccination programme
240

Nisbah mod kerja hibrid - sehingga 30% di pejabat, 70% di rumah
Hybrid mode of work ratio - up to 30% office, 70% Home

2) Menjaga Pelanggan Kami

Pelanggan kami, yang terdiri daripada PKS dan perusahaan mikro, merupakan teras perniagaan kami serta pemangkin penting pembangunan ekonomi. Kami menyediakan sokongan pembiayaan dan melangkaui pembiayaan bagi menyokong pembangunan perniagaan dan aspirasi keusahawanan mereka, termasuk peluang-peluang pendidikan dan keupayaan. Kami berada pada kedudukan unik untuk mencipta nilai jangka panjang untuk pelanggan kami menerusi perkhidmatan bersasar yang akan memberi impak ke atas kemakmuran dan kesejahteraan perniagaan mereka.

Kami berhubung secara aktif dengan pelanggan kami bagi mendengar dan memahami keperluan mereka agar kami boleh menstruktur produk-produk dan perkhidmatan kami dan dapat berkhidmat dengan lebih baik untuk mereka. Dengan usaha pendigitalan yang dipercepatkan ekoran pandemik, kami berhubung dengan pelanggan menerusi saluran dalam talian dan lain-lain platform dalam pendekatan pelbagai saluran kami. Kami juga memanfaatkan teknologi dan data bagi mendapatkan pemahaman mendalam agar kami dapat membangunkan penyelesaian yang memenuhi keperluan mereka.

2) Taking Care of Our Customers

Our customers, who are made up of micro and SMEs, are at the core of our business and an important catalyst for economic development. We provide support from financing to beyond financing to support their business development and entrepreneur aspirations, including education and enablement opportunities. We are uniquely positioned to create long-term value for our customers through our targeted services that will have an impact on their business prosperity and well-being.

We actively engage with our customers to listen and understand their needs so that we can structure our products and services to serve them better. With the adoption of digital technology that was accelerated due to the pandemic, we engage with our customers via online channels as well as other platforms in our omnichannel approach. We also leverage technology and data to gather meaningful insights so that we can develop solutions that are catered to their needs.


Kelulusan
Approved
RM3.5
billion/billion
untuk pembiayaan
in financing


Pembiayaan diluluskan untuk
Approved financing to
1,825
pelanggan
customers


6,937

usahawan mengambil bahagian dalam program-program CEDAR
entrepreneurs participated in CEDAR programmes

MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

a) Program-program Pembangunan Pembiayaan Berterusan dan Melangkaui Pembiayaan PKS

Kami berhasrat memenuhi keperluan pelanggan kami dalam dua cara: pertama, dengan menyediakan sokongan kewangan yang perlu bagi membantu mereka membangunkan dan melindungi perniagaan mereka; dan kedua, dengan menyediakan sokongan melangkaui pembiayaan menerusi peluang-peluang pendidikan dan rangkaian perniagaan bagi meningkatkan kemahiran mereka sebagai usahawan selain mencari jalan untuk mengembangkan dan berkolaborasi dalam perniagaan mereka.

a) On-going Financing and Beyond Financing SME Development Programmes

We look to fulfil the needs of our customers in two ways: the first is by providing the necessary financial support to help them establish, grow and protect their businesses; and the second is by providing beyond financing support by means of educative and business network opportunities to upskill themselves as entrepreneurs and find new avenues to collaborate and expand on their businesses.

Sokongan untuk Pembangunan dan Pertumbuhan Perniagaan pada 2021

Program	Penerangan	Impak Dicipta pada Penghujung 2021
RM300 juta di bawah Skim Pembiayaan Lestari Bumi (LBF)	• Untuk membantu perusahaan kecil dan mikro Bumiputera membangunkan perniagaan mereka ke tahap lebih tinggi dari segi kapasiti pengeluaran, penembusan pasaran dan persaingan	• Meluluskan pembiayaan sebanyak RM63.3 juta kepada 175 syarikat
RM100 juta di bawah Rangkaian Bekalan TERAJU Bumiputera untuk Sektor Borong dan Runcit (BSC)	• Untuk menyediakan pembiayaan dan geran bayaran balik kepada keseluruhan rangkaian bekalan, termasuk pengilang, pemborong dan peruncit.	• Meluluskan pembiayaan sebanyak RM12.6 juta kepada 4 syarikat
RM300 juta di bawah Skim Pembiayaan Jaguh Serantau (dilanjutkan sehingga hujung 2022)	• Untuk membiaya juara serantau bagi mengembangkan perniagaan	• Meluluskan pembiayaan sebanyak RM87.8 juta kepada 7 syarikat
Dana Transformasi Teknologi (STTF)	• Untuk menyediakan bantuan kewangan kepada PKS dalam menggunakan pendigitalan dan/atau automasi dalam operasi perniagaan mereka bagi mencapai produktiviti yang lebih tinggi, kecekapan proses, pengurusan kos yang cekap, dan penembusan pasaran yang lebih meluas.	• Meluluskan pembiayaan sebanyak RM103.2 juta kepada 96 syarikat
MySMELady	• Menyokong usahawan wanita	• Meluluskan RM8.0 juta kepada 12 usahawan wanita

Support for Business Development and Growth in 2021

Programme	Description	Impact Created end-2021
RM300 million under Lestari Bumi Financing Scheme (LBF)	• To assist Bumiputera micro and small enterprises to elevate their businesses to higher levels in terms of production capacity, market penetration and competitiveness	• Approved financing of RM63.3 million to 175 companies
RM100 million under TERAJU Bumiputera Supply Chain for Wholesale and Retail Sector (BSC)	• To provide financing and reimbursement grant to the whole supply chain, including manufacturers, wholesalers and retailers.	• Approved financing of RM12.6 million to 4 companies
RM300 million under Jaguh Serantau Financing Scheme (extended until end-2022)	• To fund regional champions to expand businesses	• Approved financing of RM87.8 million to 7 companies
SME Technology Transformation Fund (STTF)	• To provide financial assistance to SMEs to adopt digitalisation and/or automation in their business operations in achieving higher productivity, process efficiency, efficient cost management and greater market penetration.	• Approved financing of RM103.2 million to 96 companies
MySMELady	• Support women entrepreneurship	• Approved RM8.0 million to 12 women entrepreneurs

Sokongan Pembangunan Melangkaui Pembiayaan

Program	Penerangan	Impak Dicipta pada Hujung 2021
Program Let's dan Jom XCESS SME Bank	<ul style="list-style-type: none"> Menyediakan akses kepada pembiayaan dan program-program pembangunan usahawan menerusi CEDAR Syarikat-syarikat besar atau peneraju menawarkan peluang sebagai francais atau peserta dalam program perniagaan mereka 	<ul style="list-style-type: none"> 2,878 pendaftaran 25 sesi bicara saku dihadiri 1,144 peserta secara maya RM43.24 juta pembiayaan diluluskan
Business Exports Program (BEP)	<ul style="list-style-type: none"> Memupuk dan membangunkan usahawan Bumiputera PKS menerusi peruntukan dana berjumlah RM30 juta oleh KUSKOP untuk lima tahun dari 2020 -2025 Latihan komprehensif menerusi CEDAR dalam memperkasakan usahawan menerusi aktiviti-aktiviti intervensi berstruktur menggunakan enam parameter: pengeluaran/teknikal, kewangan, buruh, kehendak eksport, pemasaran serta piawaian dan kawal selia Penyertaan BEP dalam misi dagang 	<ul style="list-style-type: none"> Mengambil 47 syarikat bagi melengkapkan BEP menjelang 2023/2024 29 syarikat mengeksport produk-produk perkhidmatan mereka ke 12 negara baharu Penyertaan PKS dalam misi dagang <ul style="list-style-type: none"> 7 PKS dalam MIHAS 2021 9 PKS dalam E-Biz Match dengan usahawan Uganda 2 PKS dalam Misi Pengecapan Eksport di Bangkok 11 PKS dengan EAM sempena Ekspo Dubai 2020
Program Intervensi Upward Migration	• Menyokong dan memantau pembangunan PKS menerusi CEDAR untuk pencapaian lebih baik diukur berbanding peningkatan jualan dan perolehan, bilangan kakitangan, perolehan eksport dan adaptasi teknologi	• 21% peningkatan dari 626 dalam penunjuk perniagaan yang dikenalpasti
Program TITAN	• Platform pencepat perniagaan yang komprehensif bagi menyokong usahawan membina syarikat pada skala	• 11 syarikat terpilih
Program Pembangunan Kapasiti dan Kemampuan Vendor (PPKV)	• Membantu vendor Bumiputera menjadi cekap, produktif dan dipacu teknologi dengan akreditasi dan pensijilan antarabangsa bagi menembusi pasaran domestik dan memasuki pasaran global.	• Oleh kerana program ini baru sahaja dilaksanakan pada 2021, hasilnya hanya akan tersedia pada 2022.
SUKSES 4.0	• Pertandingan usahawan dalam format realiti TV dengan matlamat memupuk usahawan muda celik digital bagi menghadapi cabaran-cabaran dalam lanskap perniagaan baharu	• 10 peserta dari syarikat baru mula hingga mikro menerima bimbingan daripada mentor yang juga pelanggan SME Bank yang berjaya
Kompleks Premis Usahawan	• 454 lot digunakan sebagai premis kilang dan disewakan pada kadar mampu milik di 26 lokasi seluruh negara	• 87.2% lot kilang disewakan

MENCIPTA IMPAK MENERUSI KEMAMAPANAN CREATING IMPACT THROUGH SUSTAINABILITY

Developmental Support Beyond Financing

Programme	Description	Impact Created end-2021
Let's and Jom XCESS SME Bank Engagement Programme	<ul style="list-style-type: none"> Provide access to financing and entrepreneur development programmes via CEDAR Large or anchor companies offer opportunities as franchisees or participants in their business programmes 	<ul style="list-style-type: none"> 2,878 registrations 25 Pocket Talk sessions attended by 1,144 participants virtually RM43.24 million approved financing
Business Exports Program (BEP)	<ul style="list-style-type: none"> Nurture and develop Bumiputera SME entrepreneurs through a fund allocation of RM30 million by KUSKOP for five years from 2020 -2025 Comprehensive training via CEDAR on empowering entrepreneurs through structured intervention activities using six parameters: production / technical, financial, labour, export requirements, marketing as well as standards and regulations BEP participation in trade missions 	<ul style="list-style-type: none"> Onboarded 47 companies to complete BEP by 2023/2024 29 companies explored their products & services to 12 new countries SME participation in trade missions <ul style="list-style-type: none"> 7 SMEs in MIHAS 2021 9 SMEs in E-Biz Match with Ugandan entrepreneurs 2 SMEs in Export Acceleration Mission Bangkok 11 SMEs with EAM in conjunction with Dubai Expo 2020
Upward Migration Intervention Programme	<ul style="list-style-type: none"> Monitoring and supporting SME development via CEDAR for better performance measured on increase in sales and revenue, number of employees, export revenue and technology adaptation 	<ul style="list-style-type: none"> 21% increase from 626 in the identified business indicators
TITAN Programme	<ul style="list-style-type: none"> Comprehensive business accelerator platform to support entrepreneurs to build companies at scale 	<ul style="list-style-type: none"> 11 companies selected
Vendor Capacity and Capability Development Programme (PPKV)	<ul style="list-style-type: none"> Assist Bumiputera vendors become efficient, productive and technology-driven with international accreditation and certification to penetrate the domestic market further and venture into global markets. 	<ul style="list-style-type: none"> As the programme was just implemented in 2021, the results will only be available in 2022
SUKSES 4.0	<ul style="list-style-type: none"> Reality TV format entrepreneurship competition aimed to nurture digital-savvy young entrepreneurs to face challenges in the new business landscape 	<ul style="list-style-type: none"> 10 participants from start-up companies to micro-level received guidance from mentors who are also SME Bank's successful customers
Entrepreneur Premises Complex	<ul style="list-style-type: none"> 454 lots to be used as factory premises and rented out at affordable rates at 26 locations nationwide 	<ul style="list-style-type: none"> 87.2% of factory lots rented out



b) Menggalakkan PKS Menggunakan Pegangan ESG

Sebagai sebuah IKP, kami menyedari tanggungjawab kami membantu PKS untuk maju dan beralih kepada amalan-amalan perniagaan yang mampan dengan menggunakan dan menerapkan pertimbangan ESG. Mendorong PKS mengambil bahagian secara aktif dan merangkumkan ESG dalam perniagaan mereka akan memberi kesan besar dan positif ke atas persekitaran ekosistem PKS untuk jangka panjang. Program pembangunan CEDAR merangkumi modul-modul ESG sebagai sebahagian daripada usaha pendidikan kami bagi menerapkan pegangan-pegangan ESG di dalam operasi kami.

c) Menyokong Pelanggan di Masa-masa Mencabar

Kami komited dalam menyokong pelanggan menghadapi turun naik kitaran ekonomi, membantu mereka membina perniagaan yang mampan dan berdaya tahan untuk jangka panjang. Sepanjang pandemik, kami terus menyokong PKS dengan menyediakan bantuan agar mereka mampu menghadapi tempoh mencabar ini dan bersedia untuk fasa pemulihan.

b) Advocating SMEs to adopt ESG Tenets

As a DFI, we are cognisant of our responsibilities to help SMEs progress and move to more sustainable business practices by adopting and embedding ESG considerations. Getting SMEs to participate actively and integrate ESG within their businesses will go a long way toward impacting the SME ecosystem positively in the long term. CEDAR has included ESG modules as part of our educative efforts to inculcate further ESG tenets into their operations.

c) Supporting Customers In Challenging Times

We are committed to supporting our customers through the ups and downs of economic cycles, helping them build sustainable, resilient businesses in the long term. Throughout the pandemic, we have been dedicated to supporting SMEs by providing relief assistance thus enabling them to get through the challenging period and be ready for recovery.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

Bantuan Kewangan Ekoran Impak Pandemik dan Banjir



Program	Impak Dicipta
Kemudahan Pembiayaan Bantuan dan Pemulihan Bersasar (TRRF)	<ul style="list-style-type: none"> RM297.7 juta pembiayaan diluluskan
Dana Pelancongan PENJANA (PTF)	<ul style="list-style-type: none"> RM4.6 juta pembiayaan diluluskan
Kemudahan Agrofood (AF)	<ul style="list-style-type: none"> RM5.7 juta
Kemudahan Semua Sektor Ekonomi (AES)	<ul style="list-style-type: none"> RM24.3 juta
Dana Bantuan Khas (SRF)	<ul style="list-style-type: none"> 506.3 juta pembiayaan diluluskan
Program Bantuan SME (SRP) 2.0 (Oktober 2020-September 2021)	<ul style="list-style-type: none"> 311 pelanggan dari sektor runcit, perkhidmatan, makanan dan minuman, dan pengangkutan awam menerima pembiayaan berjumlah RM248 juta
Program Bantuan SME PEMULIH (SRP PEMULIH) Julai-Disember 2021	<ul style="list-style-type: none"> Menawarkan 4,142 pelanggan pembiayaan berjumlah RM5.8 bilion PKS dari sektor pelancongan dan pengangkutan menerima lanjutan moratorium 12 bulan dari Oktober 2021 hingga September 2022, dan lanjutan 36 bulan daripada tempoh pembiayaan asal Menyediakan tundaan untuk bayaran pokok dan kadar pembiayaan
Langkah Bantuan Kompleks Premis Usahawan SME Bank	<ul style="list-style-type: none"> Penangguhan dan pengurangan sewa bernilai RM6.1 juta untuk penyewa dari April 2020 hingga Mac 2021 Melanjutkan 100% pelepasan sewa untuk tujuh bulan dari Jun 2021 hingga Disember 2021 untuk 251 penyewa 373 lot kilang Penyewa jimat RM6.6 juta dalam bayaran sewa Pelepasan sewa untuk 41 lot di Shah Alam ekoran banjir, penyewa jimat RM230,000 dalam bayaran sewa untuk dua bulan
Pembiayaan Geran Sepadan PEMERKASA	<ul style="list-style-type: none"> RM200 juta untuk membantu usahawan dari sektor 3D (<i>dirty, dangerous dan difficult</i>), terutamanya dalam sektor pembuatan, perkhidmatan, pertanian dan pembinaan. Usahawan boleh mendapat pembiayaan sehingga RM1 juta untuk tempoh maksimum 10 tahun dengan kadar keuntungan di antara 4% hingga 5% setahun Kementerian Kewangan menyediakan geran sepadan maksimum sehingga 20% jumlah diluluskan Kemudahan pembiayaan layak menerima jaminan sehingga 80% daripada Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Penyertaan program bimbingan dan pembinaan kapasiti usahawan anjuran CEDAR secara percuma Meluluskan RM13.1 juta untuk 18 syarikat untuk pembelian jentera dan peralatan
Skim Pembiayaan PEMERKASA+ SME Go	<ul style="list-style-type: none"> Modal kerja dengan had pembiayaan sehingga RM1.0 juta Untuk kontraktor (G2-G4) yang ditawarkan kontrak oleh Kerajaan Persekutuan atau Negeri, Kementerian, Jabatan-jabatan atau Agensi-agensi Pembiayaan kontrak oleh SME Bank menerusi MySMEBina untuk kontrak pembinaan atau infrastruktur dan/atau MySMEBekal untuk kontrak bekalan atau penyelenggaraan
Program Bantuan Banjir SME Bank	<ul style="list-style-type: none"> Penangguhan bayaran enam bulan hingga Mac 2022 59 pelanggan mengambil tawaran pembiayaan RM146 juta

Financial Relief from Pandemic's and Flood's Impact on Economy



Programme	Impact Created
Targeted Relief and Recovery Facility Financing (TRRF)	<ul style="list-style-type: none"> RM297.7 million approved financing
PENJANA Tourism Fund (PTF)	<ul style="list-style-type: none"> RM4.6 million approved financing
Agrofood Facility (AF)	<ul style="list-style-type: none"> RM5.7 million
All Economic Sectors Facility (AES)	<ul style="list-style-type: none"> RM24.3 million
Special Relief Fund (SRF)	<ul style="list-style-type: none"> 506.3 million approved financing
SME Relief Programme (SRP) 2.0 (October 2020-September 2021)	<ul style="list-style-type: none"> 311 customers from retail, services, food and beverage, and public transport sectors received total financing value of RM248 million
SME Relief Programme PEMULIH (SRP PEMULIH) July-December 2021	<ul style="list-style-type: none"> Offered 4,142 customer financing worth RM5.8 billion SMEs from tourism and public transport sectors received 12-months moratorium extension from October 2021 to September 2022, and an extension of 36-months from the original financing period Provided deferment on principal payments and financing profit rates
SME Bank's Entrepreneur Premises Complex Relief Measures	<ul style="list-style-type: none"> Deferments and rental deductions worth RM6.1 million given to the tenants from April 2020 to March 2021 Extended 100% rental exemption for another seven months from June 2021 to December 2021 to 251 tenants for 373 factory lots Tenants saved RM6.6 million in rent Waived rental on 41 lots in Shah Alam due to floods, saving tenants RM230,000 rent for two months
PEMERKASA Matching Grant Financing	<ul style="list-style-type: none"> RM200 million allocated to assist entrepreneurs from the 3D sector (<i>dirty, dangerous and difficult</i>), especially in manufacturing, services, agriculture and construction business. Entrepreneurs can obtain financing up to RM1 million for a maximum period of 10 years with profit rate between 4% to 5% per annum Ministry of Finance will provide a matching grant maximum of up to 20% of the approved amount Financing facility is eligible for guarantee up to 80% from the Syarikat Jaminan Pembiayaan Perniagaan (SJPP) Participate in CEDAR's entrepreneurship coaching and capacity building programmes for free Approved a total of RM13.1 million to 18 companies for machinery and equipment purchase
PEMERKASA+ SME Go Financing Scheme	<ul style="list-style-type: none"> Working capital purposes with a financing limit of up to RM1.0 million For contractors (G2-G4) who have been offered contracts by Federal or State Governments, Ministries, Departments or Agencies Contract financing will be funded by SME Bank through MySMEBina for construction or infrastructure contracts and/or MySMEBekal for supply or maintenance contracts
SME Bank Flood Relief Programme	<ul style="list-style-type: none"> Six-month payment deferment until March 2022 59 customers took financing offer worth RM146 million

MENCIPTA IMPAK MENERUSI KEMAMPAHAN CREATING IMPACT THROUGH SUSTAINABILITY

d) CEDAR Memperkasakan PKS dengan Sokongan Asas untuk Berjaya

Dalam usaha memacu PKS kami untuk berjaya, kami berusaha memperkukuhkan pengetahuan dan kehebatan perniagaan mereka melangkaui pembiayaan. Kami satu-satunya IKP Malaysia dengan anak syarikat khusus untuk membangunkan kebolehan usahawan mengekalkan pertumbuhan mereka dan menyumbang kepada ekonomi negara. Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) adalah anak syarikat milik penuh SME Bank yang ditubuhkan pada 2013 bagi menyokong dan melengkapkan peranan pembangunan SME Bank.

Menerusi CEDAR, PKS yang terlibat boleh memanfaatkan perkhidmatan pembangunan dan intervensi termasuk bimbingan, bantuan, tunjuk ajar, nasihat, latihan dan rundingan. Kesemua perkhidmatan ini bertujuan membantu PKS mengasah kebolehan pengurusan dan pembinaan kapasiti mereka. Kami membimbing mereka sepanjang program dan memantau kemajuan mereka dalam masa nyata bagi membantu mereka menguruskan cabaran-cabaran perniagaan secara lebih perkasa. Kesemua program ini dipacu keputusan di mana kami mengukur nilai dan impak yang tercipta menerusi intervensi pembangunan. Ini adalah aspek penting peranan kami demi melihat PKS kami berjaya dan beralih ke arah migrasi menaik.

Pembelajaran Kolaboratif

CEDAR bekerjasama rapat dengan kementerian, agensi-agensi kerajaan, entiti awam dan swasta bagi memupuk pembelajaran kolaboratif dengan rakan-rakan sealiran yang mempunyai matlamat sama untuk memacu pembangunan PKS. Para peserta CEDAR didedahkan kepada pengamal industri dan memperoleh pemahaman mendalam bagi memanfaatkan sokongan yang disediakan oleh agensi-agensi kerajaan dan rakan-rakannya.

Bimbingan dan tunjuk ajar juga disediakan oleh ahli profesional CEDAR selain kapten industri termasuk pemimpin syarikat dan pelanggan SME Bank yang telah berjaya. Pembimbing dan mentor perniagaan membawa perspektif segar dan berkongsi cabaran-cabaran serta penyelesaian dalam kehidupan sebenar yang boleh diaplikasikan oleh peserta

d) CEDAR Empowering SMEs with Foundational Support to Succeed

In spurring our SMEs to succeed, we look to helping them strengthen their knowledge and business prowess beyond financing. We are the only Malaysian DFI with a subsidiary dedicated to developing the capability of entrepreneurs to sustain their growth and contribute to the nation's economy. The Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) was established in 2013 to support and complement the developmental role of SME Bank.

Through CEDAR, participating SMEs can benefit from developmental and intervention services including coaching, facilitating, mentoring, advising, training, and consulting services. These services are geared to help SMEs upskill their management acumen and capacity building capabilities. We closely mentor and handhold them throughout their programmes and monitor their progress in real-time to help them manage business challenges in a more empowered manner. The programmes are outcome-based as we measure the value and impact created through developmental intervention. This is an important aspect of our role as we want our SMEs to succeed in their business and move toward an upward migration.

Collaborative Learning

CEDAR works in close alliance with ministries, Government agencies, public and private entities to foster collaborative learning with like-minded partners who share the same goal to spur SME development. CEDAR participants are exposed to industry practitioners and can gain deeper insights into leveraging support that is available and provided by Government agencies and partners.

Coaching and mentoring are conducted by CEDAR professionals as well as industry captains including eminent company leaders and successful SME Bank customers. Business Coaches and mentors can bring a fresh perspective and share real-life challenges and solutions that can be applied by CEDAR participants in the course of their own

CEDAR dalam perniagaan mereka. Pembimbing dan mentor CEDAR juga memberi intervensi berasaskan keputusan, nasihat dan bimbingan yang jelas bagi mencapai imperatif perniagaan yang nyata.

businesses. CEDAR coaches and mentors also ensure outcome-based interventions, giving clear counsel and guidance to achieve real business imperatives.






MENCIPTA IMPAK MENERUSI KEMAMAPANAN

CREATING IMPACT THROUGH SUSTAINABILITY

Program Pembangunan CEDAR SME

Pada 2021, CEDAR menganjurkan 140 program pembolehan dan pembangunan melangkaui pembiayaan melibatkan 6,937 peserta. Sesi berlangsung secara fizikal dan dalam talian.

Program	Penerangan Program	Pihak Kerjasama	Impak Dicipta	
 Program Bimbingan	Program Duopharma Biotech Halal Pharmapreneur Kumpulan 04-2020/21	Duopharma Biotech Berhad	Latihan dan bimbingan dalam talian untuk 24 peserta untuk 6 sesi	
	Program N-Gen/ <i>New Gen Entrepreneur Online Bootcamp</i> – Sesi Bimbingan dan Pemantauan	Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP)	2,095 peserta untuk dua sesi sepanjang tahun	
	Sesi Bimbingan dan Susulan Program Penjana Komuniti@ SME Bank 2021	Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP)	Latihan dan bimbingan dalam talian untuk 440 peserta untuk 87 sesi	
	PKS: Latihan Perniagaan Dalam Talian	Lembaga Zakat Selangor	Latihan dan bimbingan dalam talian untuk 30 peserta untuk satu sesi	
	Ekspo Dubai 2020 : Program Pembangunan – Sesi Bimbingan	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Latihan dan bimbingan dalam talian untuk 17 peserta untuk satu sesi	
 Program Latihan	Program Penjana Komuniti@ SME Bank 2021	Kementerian Pembangunan Usahawan Dan Koperasi (KUSKOP)	Latihan dan bimbingan dalam talian untuk 227 peserta untuk 11 sesi	
	Program N-Gen/ <i>New Gen Entrepreneur Online Bootcamp</i>	Kementerian Pembangunan Usahawan Dan Koperasi (KUSKOP)	Latihan dan bimbingan dalam talian untuk 1,069 peserta untuk 8 sesi	
	Program Pembangunan Produk - Univerisiti Malaysia Terengganu	Universiti Malaysia Terengganu	Latihan dan bimbingan dalam talian untuk 55 peserta untuk satu sesi	
	Program Pengurusan Perniagaan Dan Keusahawanan - ISHRAF 2.0	Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)	Latihan luar talian untuk 79 peserta untuk tiga sesi	
	Program Penjana Usahawan E-Dagang (Giatmara)	Majlis Amanah Rakyat (MARA)	Latihan dan bimbingan dalam dan luar talian untuk 60 peserta untuk empat sesi	
	Program Pembangunan Lestari Bumi	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Latihan dan bimbingan dalam talian untuk 19 peserta untuk satu sesi	
	Program Pembangunan Ekspo Dubai 2020	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Latihan dan bimbingan dalam talian untuk 16 peserta untuk satu sesi	
	 Program Awam	Bengkel Pengkayaan PKS (SEW)	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Latihan dan bimbingan untuk 2,807 peserta untuk 12 sesi

CEDAR SME-Developmental Programmes

In 2021, CEDAR conducted 140 beyond financing developmental and enablement programmes involving 6,937 participants. Sessions were held both physically and through online channels.

Programme	Programme Description	Collaborators	Impact Created
 Coaching Programme	Duopharma Biotech Halal Pharmapreneur Programme Batch 04-2020/21	Duopharma Biotech Berhad	Online training and coaching for 24 participants over 6 sessions
	N-Gen New Gen Entrepreneur Online Bootcamp Programme - Coaching and Monitoring Session	Kementerian Pembangunan Usahawan Dan Koperasi (KUSKOP)	2,095 participants engaged over two sessions throughout the year
	Coaching and Follow Up of Penjana Komuniti@ SME Bank 2021 Programme	Kementerian Pembangunan Usahawan Dan Koperasi (KUSKOP)	Online training and coaching for 440 participants over 87 sessions
	SMEs: Online Business Training	Lembaga Zakat Selangor	Online training and coaching for 30 participants in one session
	Dubai Expo 2020 (Expo Dubai) Development Programme - Coaching Session	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Online training and coaching for 17 participants in one session
	Penjana Komuniti@SME Bank 2021 Programme	Kementerian Pembangunan Usahawan Dan Koperasi (KUSKOP)	Online training and coaching for 227 participants over 11 sessions
	N-Gen/ <i>New Gen Entrepreneur Online Bootcamp</i> Programme	Kementerian Pembangunan Usahawan Dan Koperasi (KUSKOP)	Online training and coaching for 1,069 participants over 8 sessions
	Product Development Programme - Univerisiti Malaysia Terengganu	Universiti Malaysia Terengganu	Online training for 55 participants in one session
	Program Pengurusan Perniagaan Dan Keusahawanan - ISHRAF 2.0	Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM)	Offline training for 79 participants over three sessions
	Program Penjana Usahawan E-Dagang (Giatmara)	Majlis Amanah Rakyat (Mara)	Online and offline training and coaching for 60 participants over four sessions
 Public Programme	Lestari Bumi Development Programme	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Online training and coaching for 19 participants in one session
	Dubai Expo 2020 (Expo Dubai) Development Programme	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Online training and coaching for 16 participants in one session
	SMEs Enrichment Workshop (SEW)	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)	Online training and coaching for 2,807 participants over 12 sessions

MENCIPTA IMPAK MENERUSI KEMAMPAHAN CREATING IMPACT THROUGH SUSTAINABILITY

Program Migrasi Menaik

Program Migrasi Menaik merupakan fungsi pembangunan strategik oleh CEDAR yang menggunakan kaedah berstruktur dan peralatan khusus sebagai pemboleh yang membantu PKS mencapai kecemerlangan prestasi perniagaan, pada tahap dan dalam jangka masa tertentu. Program ini yang dimulakan pada 2017 tertumpu kepada penyediaan sokongan untuk para pelanggan Bank bagi mencapai sasaran G.E.T.X.NG iaitu Growth, Employment, Technology, Eksport dan New Growth. Pembimbing Perniagaan CEDAR menggunakan kaedah dan peralatan berstruktur bagi membimbing PKS dalam mencapai pertumbuhan sasaran mereka dari segi jualan, keuntungan, perolehan eksport, pekerjaan dan peningkatan.

Kitaran intervensi Migrasi Menaik bermula dengan mendapatkan persetujuan daripada syarikat terpilih untuk disertakan dalam program Migrasi Menaik dan pemahaman mereka mengenai ciri-ciri program ini. Kemudian, Penunjuk Prestasi Utama (KPI) ditetapkan mengikut garis dasar syarikat dan tahap sasaran mereka berdasarkan parameter G.E.T.X.NG, lazimnya dilakukan pada suku pertama tahun. Proses bimbingan dan pemantauan dijalankan secara berterusan sehingga penghujung tahun.

Upward Migration Programme

The Upward Migration Programme is a strategic developmental function carried out by CEDAR that employs structured methodologies and specific tools as enablers to help SMEs achieve business performance excellence, at a defined and specified level, within a set time frame. This programme, established in 2017, focuses on supporting the Bank's customers to achieve targets based on the G.E.T.X.NG which stands for Growth, Employment, Technology, Exports and New Growth. CEDAR Business Coaches focus on the structured methodologies and tools to guide SMEs to achieve their targeted growth in areas such as increase in sales, profitability, export revenue, employment and technology adoption and enhancement.

The intervention cycle of the Upward Migration Programme starts by getting the consent of the selected companies to be included in the Upward Migration Programme and their buy-in on the nature of the programme. Following that, Key Performance Indicators (KPI) will be set according to the baseline of the company and the levels they aim to achieve based on the G.E.T.X.NG parameters, typically done in the first quarter of the year. Coaching and monitoring process will be conducted on an ongoing basis until the end of the year.

Dalam situasi di mana syarikat menjadi delinkuen atau terjejas ekoran prestasi perniagaan yang lemah, pembimbing CEDAR akan bekerjasama dengan Pengurus Hubungan (RM) syarikat tersebut bagi membantu mereka menstruktur semula pembiayaan atau pusingan, jika boleh. Pertemuan dengan syarikat tersebut diadakan secara berkala, dan bimbingan diadakan setiap suku tahun atau apabila perlu, mengikut keperluan mereka.

Pada penghujung 2021, CEDAR berjaya memenuhi sasarannya untuk parameter G.E.T.X.NG.

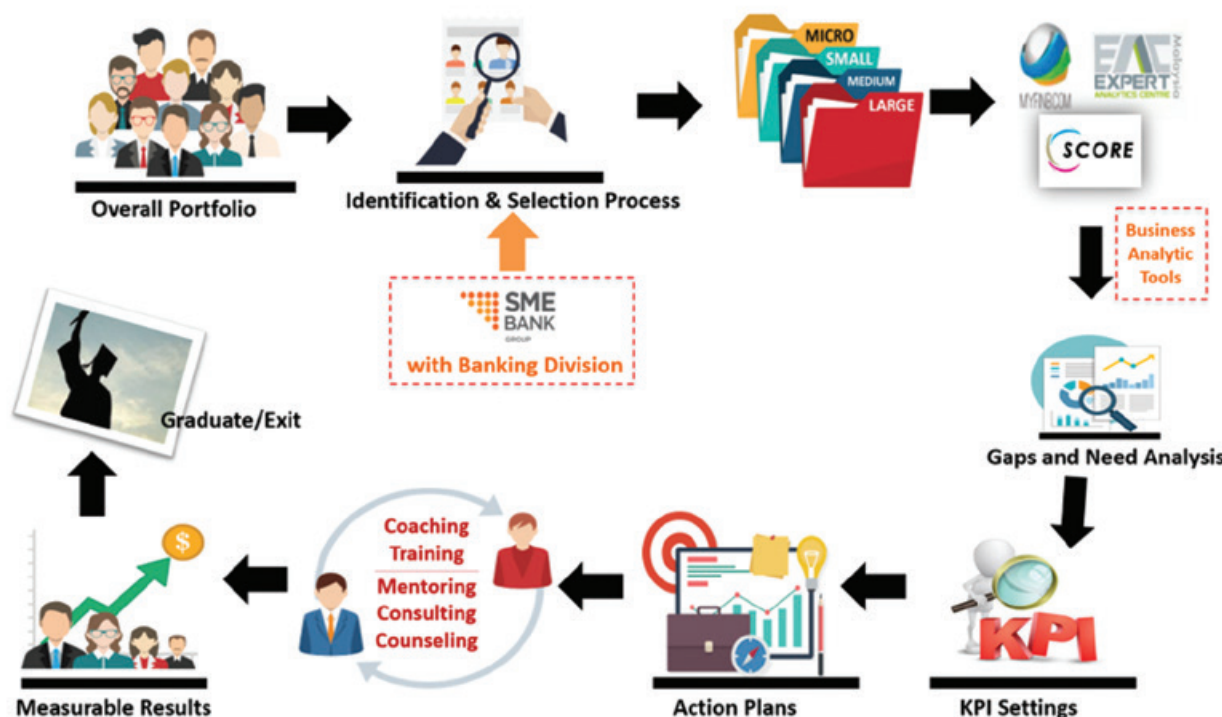
In situations where the companies become delinquent or impaired due to poor business performance, CEDAR's business coaches will work alongside the company's Relationship Managers (RM) in helping them to either restructure their financing or turnaround, if possible. The companies are engaged periodically, and the coaching is conducted every quarter or when needed, based on their requirements.

As at the end of 2021, CEDAR had met its stretched targets for the G.E.T.X.NG parameters.

Penunjuk Indicators	Wajaran Weightage	Sasaran 2021 Target 2021	Regangan Stretch	Pencapaian Achievement
Sumbangan kepada Ekonomi: Meningkatkan Skala Pertumbuhan PKS Contribution to Economy: Scaling Up SMEs Growth				
Syarikat terlibat yang mencapai pertumbuhan jualan (G) Companies engaged that have attained growth in sales (G)	20.00%	100	120	156
Syarikat terlibat yang mencapai peningkatan dalam pengambilan pekerja (E) Companies engaged that have attained increase in employment (E)				
Syarikat terlibat yang melaksanakan transformasi digital/jentera atau inovasi (T) Companies engaged that have embark on digital transformation/machineries or innovation (T)				
Syarikat terlibat yang akan memasuki/berkembang ke pasaran eksport (X) Companies engaged that are going/expanding for export market (X)	20.00%	200	240	249
Syarikat terlibat yang berjaya mengekalkan kakitangan (E) Companies engaged that have maintained staff retention (E)				
Syarikat terlibat yang akan memasuki/berkembang ke aspek pertumbuhan/asas pelanggan baharu (NG) Companies engaged that are going/expanding into new growth area/customer base (NG)				
JUMLAH TOTAL		300	360	405

Pencapaian 156 syarikat dalam migrasi menaik bagi sasaran mereka yang tercapai dalam parameter G terhasil daripada kumpulan pelanggan yang menyertai Migrasi Menaik pada awal 2021. Di bawah kesemua parameter E.T.X.NG, bilangan syarikat yang mencapai sasaran adalah 249. Daripada bilangan ini, 236 pencapaian terhasil daripada pelanggan yang menjadi peserta pada awal 2021, dan 13 lagi dari Kem Dalam Talian Usahawan Generasi Baharu (NGENE) anjuran KUSKOP.

The 156 companies' achievements of migrating upwards in their achieved targets in the G parameter came from the pool of customers who joined the Upward Migration programme at the beginning of 2021. Under the collective E.T.X.NG parameters, the number of companies which achieved their targets total at 249. Of this, 236 companies' achievements came from customers who signed up at the beginning of 2021, while the other 13 were from the New Generation Entrepreneur (NGENE) Online Bootcamp with KUSKOP.



MENCIPTA IMPAK MENERUSI KEMAMPAHAN CREATING IMPACT THROUGH SUSTAINABILITY

Kem Dalam Talian Usahawan Generasi Baharu (N-Gene)

Di bawah Program Strategik Kerajaan bagi Memperkasakan Warga dan Ekonomi (PEMERKASA), Kem Dalam Talian Usahawan Generasi Baharu (N-GENE) CEDAR telah dikenalpasti sebagai salah satu inisiatif memulihkan ekonomi negara pasca-pandemik dengan meningkatkan bilangan usahawan baharu di kalangan belia dan graduan.

N-GENE adalah program latihan keusahawanan dan bimbingan perniagaan hujung-ke-hujung dalam talian bagi membantu graduan dan belia memulakan perniagaan risiko rendah, termasuk menyediakan bimbingan dan peluang sepadan untuk perniagaan francais dan pra-français. Mereka juga akan menerima geran pemulaan berjumlah RM3,000 seorang.

Program ini diterajui oleh unit PROTÉGÉ KUSKOP dengan kerjasama CEDAR SME Bank, Perbadanan Nasional Berhad (PERNAS), Institut Keusahawanan Negara (INSKEN) dan TEKUN Nasional. Pada 2021, 2,776 peserta menyertai program N-GENE dan 1,030 berjaya menyelesaikan modul-modul latihan dan bimbingan.

New Generation Entrepreneurship Online Bootcamp (N-Gene)

Under the Government's Program Strategik *Memperkasakan Rakyat dan Ekonomi* (PEMERKASA), CEDAR's New Generation Entrepreneurs Online Bootcamp (N-GENE) has been identified as one of the initiatives to rejuvenate the country's economy post the COVID-19 pandemic by increasing the number of new entrepreneurs among youths and graduates.

N-GENE is an online entrepreneurship training and end-to-end business coaching programme to help graduates and youths to start low-risk businesses, including providing guidance and matching opportunities on franchise and pre-franchise businesses. They will also receive a start-up grant of RM3,000 per person.

This programme is led by KUSKOP's PROTÉGÉ unit, in collaboration with SME Bank's CEDAR, Perbadanan Nasional Berhad (PERNAS), Institut Keusahawanan Negara (INSKEN) and also TEKUN Nasional. In 2021, 2,776 participants joined the N-GENE programme and 1,030 completed the programme until the end of both, the training and coaching modules.

Bengkel Pengayaan PKS (SEW)

Pada 2021, CEDAR memperkenalkan Bengkel Pengayaan SME (SEW) iaitu inisiatif pendidikan awam bagi menyediakan akses untuk PKS, yang tidak semestinya pelanggan SME Bank, kepada kursus-kursus dan aktiviti-aktiviti latihan. Program ini bertujuan meningkatkan kemahiran dan pengetahuan PKS bagi membantu memperbaiki prestasi perniagaan mereka. SEW adalah program latihan beryuran yang bertindak sebagai platform pengenalan kepada pengetahuan dan pembelajaran dengan asas pengurusan perniagaan dan kewangan.

Antara liputan topik adalah modul berkaitan Perakaunan untuk Pemilik Perniagaan, Pengurusan Aliran Tunai untuk Perniagaan Kecil, Belanjawan Perniagaan, Strategi Mendapatkan Kredit, serta Kepentingan dan Prosedur Pendaftaran Harta Inteltek. Bengkel ini diadakan sekali setiap dua bulan secara dalam talian dan distrim secara langsung menerusi platform media sosial CEDAR. Jurulatih SEW dalah dari kalangan Pembimbing Perniagaan CEDAR. Pada 2021, 12 sesi telah diadakan sepanjang tahun dan dihadiri oleh 2,807 peserta.

SME Enrichment Workshops (SEW)

In 2021, CEDAR introduced the SME Enrichment Workshops (SEW) which is a public educative initiative to provide access to SMEs, who may not necessarily be a customer of SME Bank, financial training courses and activities. The programme aims to enhance SMEs' skillset and knowledge to help them improve their business performance. The SEW is a non-fee based training programme which serves as an introductory knowledge and learning platform to equip participants with the foundation in financial and business management.

Among the topics covered are modules on Accounting for Business Owners, Cash Flow Management for Small Businesses, Business Budgeting, Credit Securing Strategy, as well as Importance and Procedures of Intellectual Property Registration. The workshops were held once every two months, and were conducted online as well as live-streamed via CEDAR's social media platforms. The trainers for SEW came from CEDAR's Business Coaches. In 2021, 12 sessions were held throughout the year, which was attended by 2,807 participants.

Program Pembangunan Lestari Bumi

Sebagai sebahagian daripada usaha bantuan kewangan dengan sokongan pembangunan, SME Bank menerusi CEDAR menjalankan program pembangunan kapasiti untuk 120 pelanggan pembiayaan di bawah skim Pembiayaan Lestari Bumi. Program Pembangunan Lestari Bumi merangkumi modul-modul yang dilaksanakan menerusi sesi-sesi latihan dan bimbingan perniagaan dalam talian.

Lestari Bumi Development Programme

As part of complementing financing assistance with development support, SME Bank engaged CEDAR to conduct a capacity developmental programme for its 120 financing clients of the Lestari Bumi Financing scheme. The Lestari Bumi Development Programme comprises modules that are conducted through training and business coaching sessions online.

Dikenalpasti sebagai salah satu inisiatif bagi merencanakan kembali ekonomi negara, N-GENE merupakan program latihan keusahawanan dan bimbingan perniagaan hujung-ke-hujung dalam talian.

Identified as one of the initiatives to rejuvenate the country's economy, N-GENE is an online entrepreneurship training and end-to-end business coaching programme.



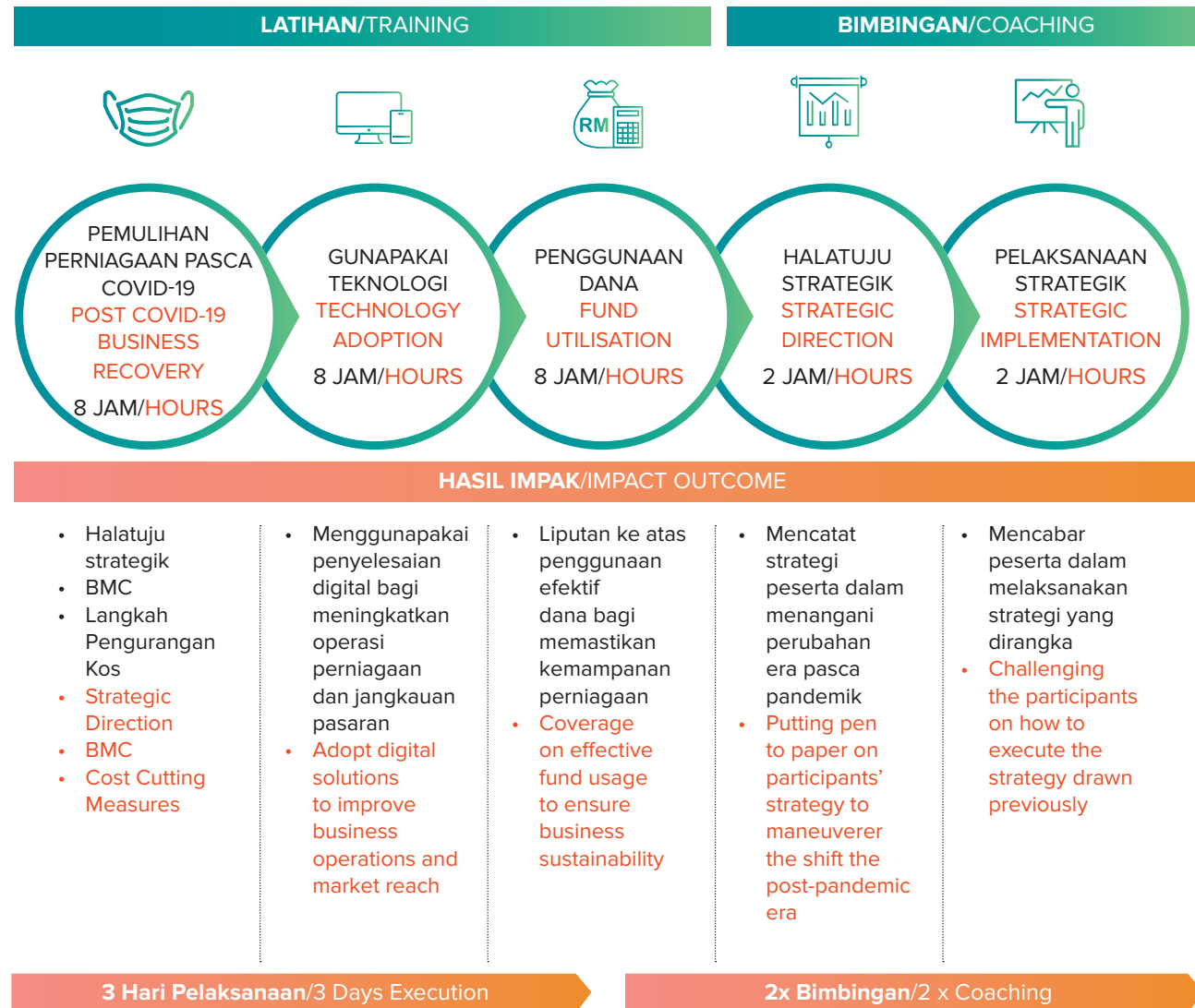
MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

MODUL PROGRAM

PROGRAMME MODULES

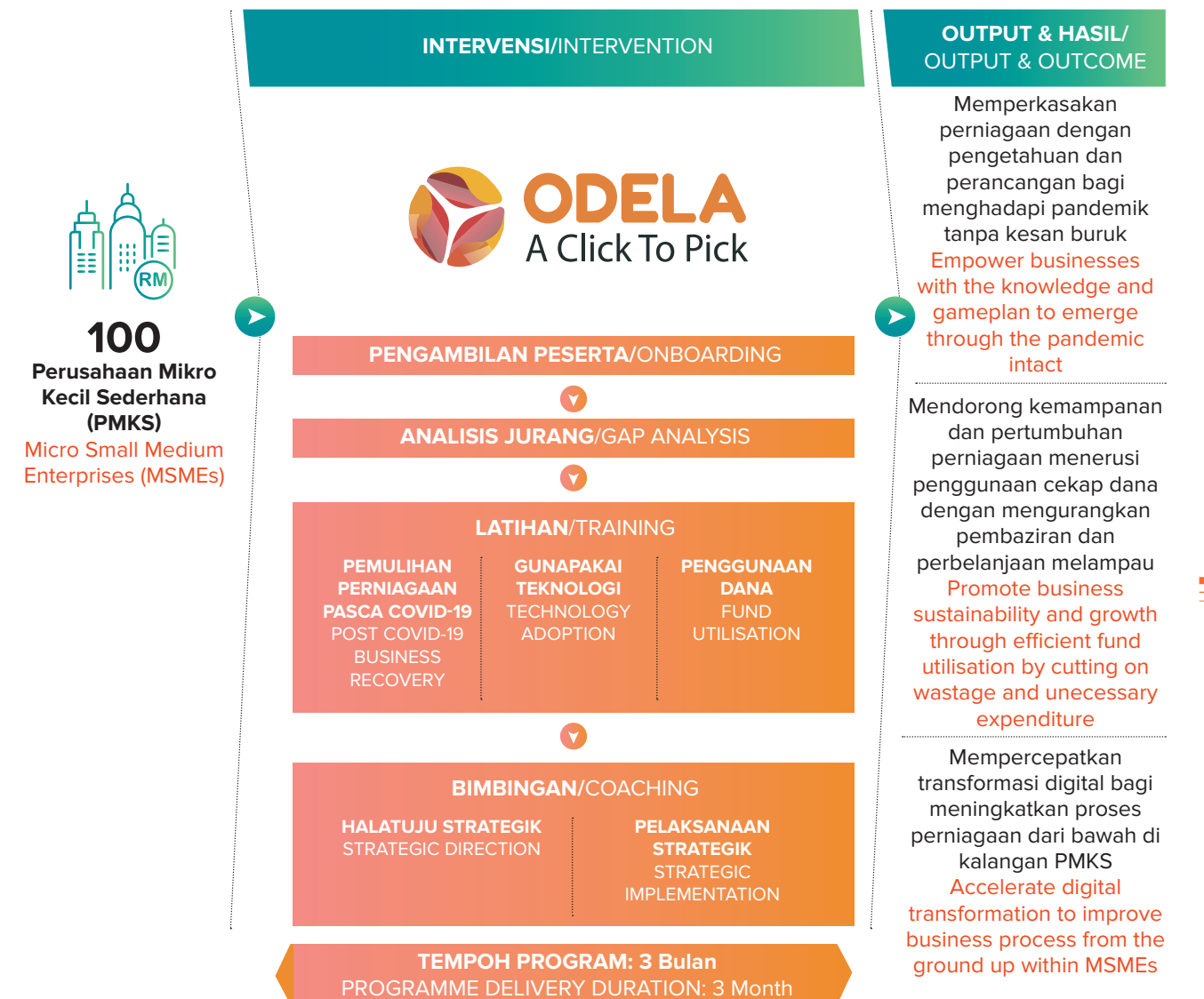
Sesi-sesi Latihan & Bimbingan Berstruktur “Step-Up, Top-Down”
Step-Up, Top-Down Structured Training & Coaching Sessions



RANGKA KERJA PROGRAM

PROGRAMME FRAMEWORK

Memperkasakan pelanggan SME Bank dengan pengetahuan dan strategi terkini dalam menempuh tempoh sukar ekoran pandemik
Empowering SME Bank clients with up-to-date knowledge and strategies to navigate the pandemic induced difficult period



MENCIPTA IMPAK MENERUSI KEMAMPAHAN CREATING IMPACT THROUGH SUSTAINABILITY

TITAN

TITAN adalah program pembangunan usahawan SME Bank yang bermatlamat menghasilkan syarikat-syarikat Berskala Besar yang akan menjadi pemimpin industri tempatan, meningkatkan kemampuan perniagaan menerusi pertumbuhan organik dan bukan organik, meningkatkan kapasiti pengumpulan dana, dan memperbaiki proses tadbir urus korporat bagi mengurangkan halangan-halangan pertumbuhan. Program ini bertujuan membangunkan ekosistem PKS bagi menyokong pembentukan negara keusahawanan seperti yang termaktub dalam Dasar Keusahawanan Nasional 2030. Ia juga bermatlamat mendorong syarikat-syarikat untuk bertumbuh melangkaui sempadan.

SME Bank memulakan proses menilai syarikat-syarikat berpotensi untuk disertakan dalam program TITAN pada 2020, dan pada November 2021, Bank telah memilih 11 syarikat dari sektor produk dan perkhidmatan Penjagaan Kesihatan, perkhidmatan Minyak & Gas, Logistik, Teknologi serta Makanan & Minuman. Setiap syarikat dalam program TITAN diselia oleh CEDAR.

Bersama CEDAR, rakan-rakan strategik dalam program ini termasuk: Export-Import Bank of Malaysia Berhad (EXIM Bank), Pelaburan Mara Berhad (PMB), Kumpulan Modal Perdana Sdn. Bhd. (KMP), Malaysia Venture Capital Management Berhad (MAVCAP), Malaysian Institute of Economic Research (MIER), Malaysian Debt Ventures Berhad (MDV), dan Malaysia Export Academy (MEXA), Ekuiti Nasional Berhad (Ekuinas).

TITAN

TITAN is an SME Bank entrepreneur development programme that aims to produce more large-scale companies that will be leaders in the local industry, enhance business sustainability through organic and inorganic growth, increase fund-raising capacity, and improve corporate governance processes to ensure companies have fewer barriers to growth. The programme aims to develop the SME ecosystem to support the formation of an entrepreneurial nation as enshrined in the National Entrepreneurship Policy 2030. It also aims to foster companies to grow beyond borders.

SME Bank began the process of evaluating potential companies to be included in the TITAN programme in 2020, and in November 2021, the Bank selected 11 companies from the Healthcare products and services, Oil & Gas services, Logistics, Technology and Food & Beverage sectors. Each company in the TITAN programme will be overseen by CEDAR.

Together with CEDAR, the strategic partners in this programme include: Export-Import Bank of Malaysia Berhad (EXIM Bank), Mara Investment Berhad (PMB), Kumpulan Modal Perdana Sdn. Bhd. (KMP), Malaysia Venture Capital Management Berhad (MAVCAP), Malaysian Institute of Economic Research (MIER), Malaysian Debt Ventures Berhad (MDV), and Malaysia Export Academy (MEXA), Ekuiti Nasional Berhad (Ekuinas).

Bil. No.	Nama Syarikat Name of Company	Sektor Sector
1.	Sumisaujana Sdn. Bhd.	Minyak dan Gas Oil and Gas
2.	Meditech Gloves Sdn. Bhd.	Pembuat Sarung Tangan Berkualiti Tinggi High-quality Rubber Glove Maker
3.	ChaTime Malaysia Sdn. Bhd.	Makanan dan Minuman (Pemberi Francais Utama ChaTime) Food and Beverage (ChaTime Lead Franchisor)
4.	Foresight Industries Sdn. Bhd.	Pembuatan (Produk Kesihatan) Manufacturing (Health Goods)
5.	The BIT Group of Companies	Komunikasi Communication
6.	Shamawar Sdn. Bhd.	Pembuatan Manufacturing
7.	Bina Mekar Sdn. Bhd.	Pembinaan Construction
8.	HRSB Holdings Sdn. Bhd.	Minyak dan Gas Oil and Gas
9.	Shaziman Transport Sdn. Bhd.	Pengangkutan Transportation
10.	Innate Synergy Sdn. Bhd.	Minyak dan Gas Oil and Gas
11.	Biforst Logistics	Pengangkutan Transportation



ECOTHON Malaysia

ECOTHON adalah pertandingan pemula perniagaan seperti maraton untuk para usahawan-eko yang berpotensi yang memiliki idea-idea perniagaan inovatif berkaitan SDG 12: Penggunaan dan Pengeluaran Mampan (SCP). Pertandingan ini bertujuan menyokong usahawan dalam mentransformasikan idea inovatif berkaitan SCP menjadi model perniagaan yang berdaya maju.

Pada 2021, acara ini diadakan secara maya di Kemboja, Republik Demokratik Rakyat Laos, Indonesia, Malaysia, dan Filipina. CEDAR berpeluang bekerjasama dengan Kementerian PKS dan Pemula Republik Korea dalam program ECOTHON. Edisi Malaysia ECOTHON diadakan pada Oktober 2021 dengan penyertaan 43 peserta dari 12 pasukan yang bertanding dalam menonjolkan semangat mereka membina perniagaan mampan di Malaysia.

Lima daripada pembimbing CEDAR dan penyedia perkhidmatan luar yang dikenali sebagai Rangkaian Penasihat & Pembimbing Perniagaan (BEACON) dilantik sebagai pembimbing dalam program ini.

ECOTHON Malaysia

ECOTHON is a business starter marathon-like competition for promising eco-entrepreneurs with innovative business ideas related to SDG 12: Sustainable Consumption and Production (SCP) to compete and show their skills. The competition aims to support entrepreneurs in transforming an innovative SCP-related business idea into a feasible business model.

In 2021, the event was held virtually in Cambodia, Lao PDR, Indonesia, Malaysia, and the Philippines. CEDAR had the privilege of partnering with the Ministry of SMEs and Startups of the Republic of Korea in the ECOTHON programme. The Malaysia edition of ECOTHON was held in October 2021 and saw 43 participants from 12 teams joining to show their enthusiasm for building sustainable businesses in Malaysia.

Five of CEDAR's business coaches and our external service providers known as Business Advisory & Coaching Network (BEACON), were appointed as the coaches for the programme.



Pasukan Pemenang 2021 2021 Winning Teams

Tempat Pertama: Materials In Works

First Prize: Materials In Works

- Program Simbiosis Perindustrian
- mengitar semula dan saling bertukar produk-produk sampingan syarikat
- mencapai kecekapan sumber yang lebih baik
- mengurangkan sisa buangan dan impak negatif alam sekitar
- Industrial Symbiosis Programme
- up-cycling and exchanging companies' by-products
- achieve higher resource efficiency
- reduce waste and negative environmental impact

Tempat Kedua: Geomax Rubber Innovative Products

Second Prize: Geomax Rubber Innovative Products

- memanfaatkan ekonomi bulat
- mengitar semula sarung tangan getah bagi menghasilkan kasut mesra alam, sedang menanti paten teknologi hijau
- leveraging circular economy
- up-cycling rubber gloves to produce eco-footwear pending green technology patent

Tempat Ketiga: Moopt.com

Third Prize: Moopt.com



- platform awan untuk membantu Industri Kritisikal kecil membina sistem automasi perindustrian yang dikhususkan
- 200x lebih pantas, dengan 1000+ templat pra-bina
- cloud platform to help smaller Critical Industries, to build a custom industrial automation system
- 200x faster, with 1000+ pre-built templates

MENCIPTA IMPAK MENERUSI KEMAMPANAN CREATING IMPACT THROUGH SUSTAINABILITY

e) Menyokong Pelanggan Menerusi Kaedah Digital

Di kala komunikasi digital semakin menjadi pilihan dalam dunia hari ini yang pantas berubah, kami komited dalam memastikan pelanggan kami mendapat pengalaman yang lancar dan cekap menerusi pendigitalan. Usaha pendigitalan dalam beberapa tahun kebelakangan ini telah mula menunjukkan asas kukuh untuk platform perhubungan dengan pelanggan dan pihak berkepentingan kami. Kami terus memperkukuhkan usaha perjalanan pelanggan kami menerusi platform digital bagi membolehkan kami menyokong mereka dengan cekap dan pantas.

Beberapa tahun sejak pelaksanaan strategi digital kami, kami telah memperkenalkan platform-platform digital secara progresif untuk kemudahan para pelanggan kami.

Platform Digital	Penerangan	Pencapaian 2021
	Platform digital semua-dalam-satu yang membolehkan usahawan mikro dan kecil memohon pembiayaan mikro. ScoreXcess memanfaatkan AI, ML dan skor kredit gantian bagi menyaring pemohon untuk proses permohonan yang lebih pantas. Pemohon boleh memantau status permohonan pinjaman mereka dalam masa nyata.	<ul style="list-style-type: none"> Jumlah permohonan: 122 bernilai RM28.36 juta Jumlah semua permohonan diluluskan: 3 bernilai RM0.87 juta
	Platform untuk usahawan berdagang menerusi platform e-dagang perniagaan-ke-perniagaan, melakukan urusan, membantu pertukaran dan membangunkan kerjasama serta peluang rangkaian, selain menyediakan peralatan perniagaan untuk pengurusan kewangan, rekod jualan dan pembelian, rekod pembekal, dan akses kepada program-program latihan pembangunan keusahawanan.	<ul style="list-style-type: none"> Pengambilan 1,114 ahli baharu 1,359 perniagaan didaftarkan sehingga kini 772 didaftarkan sebagai Ahli 587 didaftarkan sebagai Peniaga Nilai urusan: RM4.38 juta Perolehan OCR: RM81,300

Platform Digital	Penerangan
	Alat penilaian digital menggunakan ML dikenali sebagai Penilaian Skor Kitaran Hidup Perusahaan (ELSA) untuk agensi-agensi promosi dan pengamal sokongan bagi membantu PMKS dengan program-program pembangunan dan sokongan perniagaan untuk setiap peringkat kitaran hidup perniagaan mereka.
	Platform digital sehenti bagi menyediakan usahawan untuk Pensijilan Halal JAKIM. Membantu usahawan membangunkan Sistem Pengurusan Kualiti Halal dengan khidmat rundingan komprehensif dan mudah diurus yang direka khusus untuk belanjawan, tempoh masa dan matlamat perniagaan tertentu.
	Sistem permohonan mudah dan boleh akses pada bila-bila masa untuk usahawan yang ingin memohon pembiayaan perniagaan.
	Aplikasi untuk usahawan mendapatkan tarikh untuk berjumpa pegawai SME Bank di cawangan pilihan mereka pada masa yang sesuai untuk mereka.

e) Supporting Customers Through Digital Means

As digital communications become more entrenched as the preferred mode of engagement in today's rapidly changed world, we are committed to ensuring that our customers experience a smooth and efficient journey through digitalisation. Our efforts toward digitalisation over the past few years have already seen a sound foundation of engagement platforms with our customers and stakeholders. We continue to strengthen the customer journey on our digital platforms to enable us to support our customers efficiently and expediently.

Over the past few years since the implementation of our digital strategy, we have been progressively introducing digital platforms for the ease and convenience of our customers.

Digital Platform	Description	2021 Achievements
	All-in-one digital platform that enables micro and small entrepreneurs to apply for microfinancing. ScoreXcess leverages AI, ML and alternate credit scoring to pre-screen applicants for a faster application process. Applicants can monitor the status of their financing applications in real-time.	<ul style="list-style-type: none"> Total applications submitted: 122 amounting to RM28.36 million Total all applications approved: 3 amounting to RM0.87 million
	Platform for entrepreneurs to trade via a business-to-business e-commerce platform, perform business transactions, facilitate exchange and develop partnership and networking opportunities, as well as business tools for financial management, sales and purchase records, supplier records, and access to entrepreneurship development training programmes.	<ul style="list-style-type: none"> Onboarded 1,114 new members 1,359 businesses registered to date 772 registered as Members 587 registered as Merchants Transaction value: RM4.38 million OCR Revenue: RM81,300

Digital Platform	Description
	Digital assessment tool using ML called Enterprise Lifecycle Scoring Assessment (ELSA) for promotion agencies and support practitioners to help MSMEs with business support and development programmes for every stage of their business lifecycle.
	One-stop digital platform for entrepreneurs to get ready for JAKIM Halal Certification. Helps entrepreneurs develop Halal Quality Management System with comprehensive and easy-to-manage consultation service that is tailor-made to specific business budgets, timelines, and goals.
	A simplified online application system for entrepreneurs looking to apply for business financing which is accessible anytime and anywhere.
	Application for entrepreneurs to secure an appointment to meet SME Bank officers at the branch of their choice and at the time that is convenient for them.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN
CREATING IMPACT THROUGH SUSTAINABILITY

f) Mengukuhkan Kecemerlangan Perkhidmatan Pelanggan

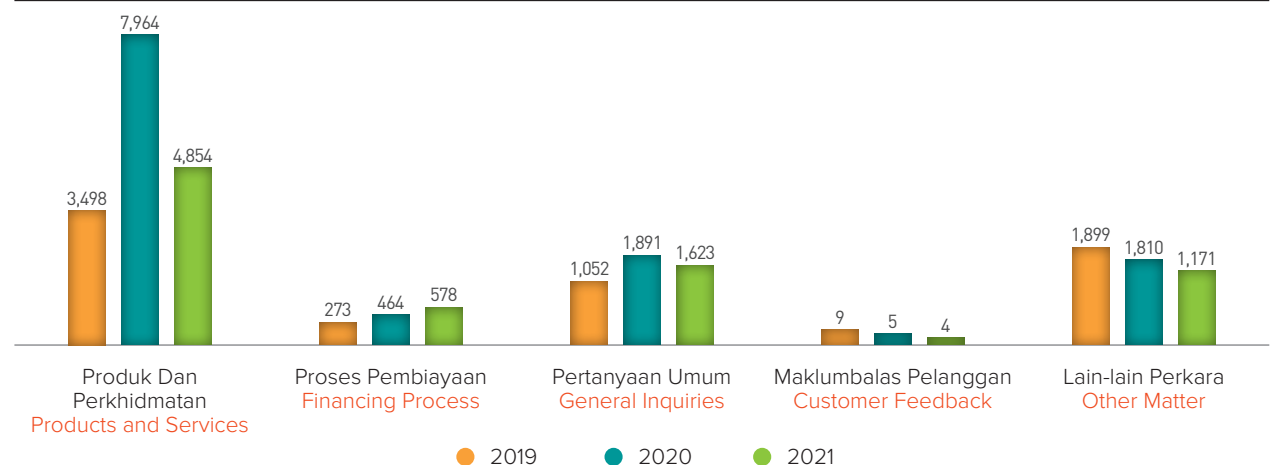
Berhubung dengan pelanggan adalah penting bagi kami untuk memahami kehendak dan keperluan mereka yang sentiasa berubah. Kami berhasrat memperkukuhkan hubungan dengan pelanggan kami dan menjadi IKP pilihan untuk penyelesaian-penyelesaian berkaitan PKS yang disokong oleh khidmat pelanggan yang cemerlang dan boleh dipercayai. Khidmat pelanggan yang sentiasa cemerlang merupakan aspek pengurusan yang penting sejajar dengan janji jenama kami iaitu 'Kami komited untuk mencapai kecemerlangan' bagi memacu keunikan dalam semua aktiviti kami.

Kami menggunakan strategi 'Pelanggan Diutamakan' sebagai sebahagian daripada aspirasi kami untuk menjadi IKP berorientasikan pelanggan yang memahami dan memenuhi kehendak. Peningkatan berterusan pengalaman pelanggan dengan mempertingkatkan kecekapan penyampaian perkhidmatan dan mengumpul maklumbalas pelanggan secara kerap dan sistematik merupakan aspek penting strategi ini. Bagi melaksanakannya, kami menumpukan perhatian dalam mengekalkan kualiti produk, proses perniagaan dan hubungan pelanggan di kesemua titik sentuhan pelanggan.

Khidmat Pelanggan terus menjadi titik hubungan utama dalam mengurus pertanyaan pelanggan mengenai produk-produk dan perkhidmatan kami. Kami komited memberi maklumbalas kepada pertanyaan, aduan dan maklumbalas pelanggan dalam tempoh masa yang wajar. Kami menyediakan pelbagai titik sentuh pelanggan termasuk platform digital seperti Sistem Pengurusan Maklumbalas, emel, panggilan telefon serta perjumpaan bersemuka. Kami mengambil pendekatan 'resolusi panggilan pertama' di mana kami berusaha menyelesaikan permasalahan pelanggan dengan segera pada interaksi pertama bersama mereka.

Jumlah Panggilan Diterima Melalui Pusat Panggilan Setakat Pada 31 Disember 2022 berbanding Tahun 2020 and 2019

Number of Calls Received Through Contact Centre as at 31 December 2021 vs Year 2020 and 2019



f) Strengthening Customer Service Excellence

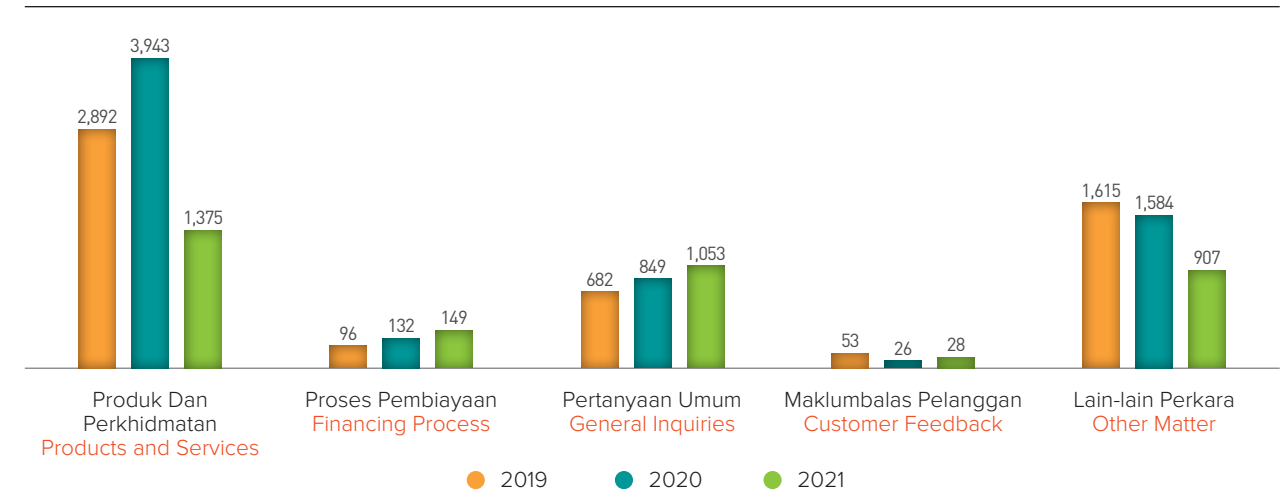
Engaging with our customers is important for us to keep abreast with their requirements and understand their evolving needs. We aim to strengthen our relationships with customers and become the DFI of choice for SME-based solutions underscored by excellent and dependable customer service. Maintaining and excelling at customer service is a crucial management deliverable and aligns with our brand promise, 'We are Committed to Excellence' to drive standards of distinction in everything we do.

We adopt a 'Customers First' strategy as part of our aspiration to be a customer-centric DFI that understands and meets our customers' requirements. Continuously improving customers' experience by enhancing the efficiency of service delivery and regularly gathering customer feedback systematically is an important aspect of our customer-centricity strategy. To execute this strategy, we focus on sustaining the quality of products, business processes and customer relationships across all the touchpoints in our customers' journey.

Customer Service continues to be one of the primary contact points in assisting our customers with their enquiries on our products and services. We are committed to responding to our customers' queries, complaints and feedback within a reasonable time frame. We provide multiple touchpoints for them to reach us including through digital platforms such as the Feedback Management System, emails, telephone calls as well as face-to-face engagement. We take a 'first call resolution' approach which means that we try and solve our customers' questions immediately within the first interaction with them.

Jumlah Emel Diterima Melalui Pusat Panggilan Setakat Pada 31 Disember 2022 berbanding Tahun 2020 and 2019

Number of Email Received Through Contact Centre as at 31 December 2021 vs Year 2020 and 2019



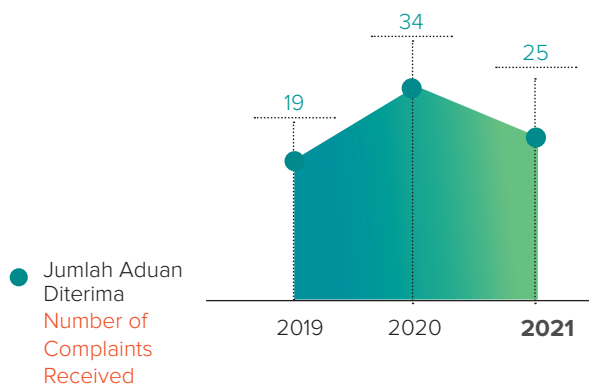
Panggilan dan emel yang kami terima pada 2021 sebahagian besarnya adalah berkaitan bantuan kewangan dan penyelesaian sokongan untuk PKS, termasuk pertanyaan dan penjelasan mengenai status pembiayaan mereka, pengumuman Kerajaan mengenai moratorium, pakej rangsangan ekonomi, dan bantuan bayaran semula SME Bank. Jumlah panggilan-panggilan ini adalah jauh lebih rendah berbanding yang diterima pada 2020 ketika pandemik baru bermula di mana para pelanggan sememangnya memerlukan penjelasan mengenai pelbagai bantuan yang ditawarkan.

The calls and emails we received in 2021 were predominantly on the financial relief assistance and support solutions for SMEs, which include queries and clarification on their financing status, Government's announcement on moratorium, economic stimulus packages and SME Bank repayment assistance. These calls were considerably lower compared to 2020 at the onset of the pandemic when customers, understandably, wanted more clarity on the various relief assistance on offer.

Jumlah Aduan Diterima

Number of Complaints Received

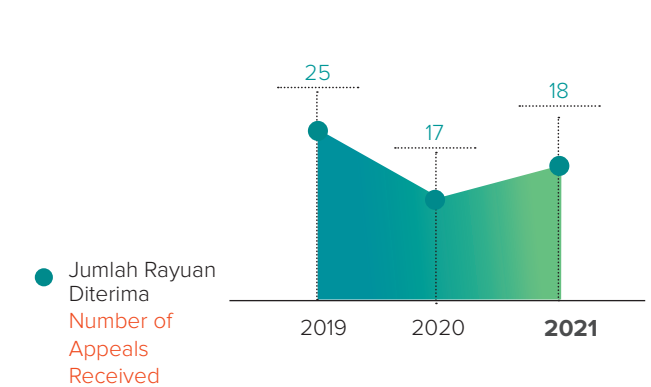
Jumlah Aduan/Total of Complaints



Jumlah Rayuan Diterima

Number of Appeals Received

Jumlah Rayuan/Total of Appeals



MENCIPTA IMPAK MENERUSI KEMAMPMANAN

CREATING IMPACT THROUGH SUSTAINABILITY

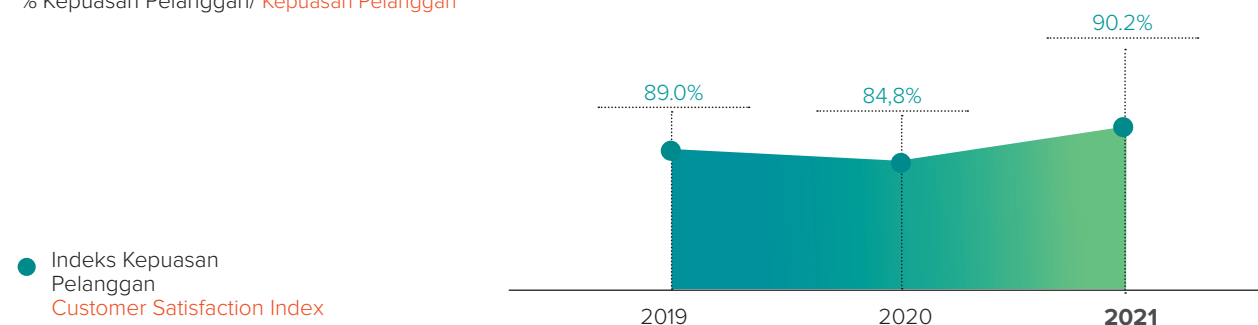
Sebagai sebahagian daripada komitmen kami untuk terus mempertingkatkan kecemerlangan perkhidmatan kami, kami memandang serius semua aduan yang diterima dan menggunakan maklumbalas ini secara positif bagi mengenalpasti jurang yang ada serta mengambil langkah-langkah penambahbaikan yang relevan. Pada 2021, Pusat Khidmat Pelanggan telah menerima 25 aduan dan 18 kes rayuan, yang mana kesemuanya berjaya diselesaikan dalam tempoh yang ditetapkan seperti yang terkandung dalam Perjanjian Tahap Perkhidmatan (SLA) kami.

As part of our commitment to continuously improve our service excellence, we take complaints very seriously to ensure we use the constructive feedback positively to identify gaps and put in remedial measures, if relevant. In 2021, the Customer Service Centre received 25 complaints and 18 appeal cases, all successfully addressed within the stipulated timeframes set out in our Service Level Agreements (SLA).

Indeks Kepuasan Pelanggan

Customer Satisfaction Index

% Kepuasan Pelanggan/ Kepuasan Pelanggan



Tinjauan itu dilakukan melalui Survey Monkey dan temu bual telefon oleh Pusat Khidmat Pelanggan di antara 21/12/2021 sehingga 5/1/2022, dengan bilangan responden seramai 359 orang.

This survey was performed through on-line Survey Monkey and a telephone interview by Contact Center Agent, between the 21/12/2021 and 5/1/2022, with a number of respondents of 359.

Kami menjalankan tinjauan kepuasan pelanggan pada setiap tahun bagi memahami keperluan dan motivasi pelanggan, dan bagi memperbaiki aspek-aspek tertentu bagi memenuhi jangkaan mereka. Kami mencatat peningkatan dalam Indeks Kepuasan Pelanggan pada 2021 iaitu 90.2% berbanding 84.8% pada 2020. Keputusan skor yang dihasilkan adalah 90.2% bagi tahun 2021 dalam index kepuasan pelanggan yang menandakan tahap perkhidmatan pelanggan kami masih melepasi petunjuk prestasi utama iaitu 80%. Bank terus berusaha memperbaiki dan mempertingkatkan produk-produk dan perkhidmatannya bagi memenuhi keperluan pelanggan.

We carry out the annual customer satisfaction survey as a means of understanding our customers' needs and motivations, and look at areas to improve upon to meet their expectations. We recorded an increase in the Customer Satisfaction Index in 2021 at 90.2% compared to 84.8% recorded in 2020. The resulting score of 90.2% in the 2021 Customer Satisfaction Index indicates that our service level surpassed the key performance indicator target of 80%. The Bank continuously looks to improve and enhance its products and services to meet customers' needs.

Kami terus berusaha untuk menambahbaik, mengambil maklumbalas pelanggan demi peningkatan terutama dalam aspek perhubungan menerusi media sosial, mempercepatkan proses permohonan pembiayaan, mempercepatkan pengeluaran pembayaran, dan menambah saluran perhubungan digital. Justeru, kami merancang untuk melaksanakan dan memperkenalkan satu saluran komunikasi digital baharu pada 2022, yang merupakan sebahagian daripada pelan transformasi digital dan teknologi kami.

As we strive to continuously improve, we take cognisance of our customers' feedback for improvement which are in the areas of greater engagement via social media, strengthening speed and customer experience in financing application, speed of disbursement, and the need for more digital engagement channels. In this regard, we have plans to implement and introduce a new digital communication channel in 2022, which is part of our digital and technology transformation plan.

3) Kepengurusan Komuniti

Kami menyedari kepentingan peranan kami, bukan sahaja sebagai IKP PKS negara, tetapi juga sebagai warga korporat dan tanggungjawab kami dalam menangani cabaran-cabaran sosial. Memperkayakan kehidupan dan memperkukuhkan pembangunan sosial komuniti di mana kami beroperasi adalah penting dalam peranan tanggungjawab sosial kami. Kami percaya bahawa dengan menjadi warga korporat yang baik, mampu memajukan pembangunan masyarakat.

Justeru, kami telah memperhalusi pendekatan kami terhadap pelaburan dan sokongan komuniti, dengan memberi tumpuan khusus ke atas sokongan kepada golongan Asnaf dan B40 menerusi pendekatan bersasar, komprehensif dan selaras yang memanfaatkan sumber-sumber dan kemampuan SME Bank. Kami membangunkan program-program pembangunan usahawan Asnaf dan B40 SME Bank iaitu *Penjana Komuniti@SME Bank* dan Program Keusahawanan Asnaf (ISHRAF), yang berjaya menyokong komuniti sasaran dalam perniagaan mereka apabila mereka mencatat perolehan jualan sebanyak RM5.15 juta pada 2021. Kedua-dua program ini menerima pengiktirafan antarabangsa daripada Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) apabila SME Bank memenangi Anugerah Projek Pembangunan Terbaik untuk program ISHRAF dan Projek Tanggungjawab Sosial Korporat Terbaik untuk program *Penjana Komuniti@SME Bank*.

Program *Penjana Komuniti@SME Bank* dan ISHRAF telah membantu 240 peserta memperkukuhkan kebingkasan mereka dan mengurangkan tekanan operasi perniagaan ekoran penutupan aktiviti ekonomi yang disebabkan oleh pandemik COVID-19. Program-program ini menekankan penggunaan kaedah digital bagi mengembangkan perniagaan para peserta dan memberi mereka talian hidup untuk terus mengembangkan perniagaan mereka.

a) *Penjana Komuniti@SME Bank*

Program *Penjana Komuniti@SME Bank* membolehkan golongan Asnaf dan B40 yakni usahawan mikro dan tidak formal yang terdiri daripada golongan kurang upaya, ibu tunggal dan berpendapatan rendah untuk meningkatkan tahap perniagaan mereka menerusi latihan dan bimbingan, dengan memanfaatkan platform dalam talian dan media sosial secara berstruktur dan cekap. CEDAR menyediakan latihan amali tentang cara menggunakan platform seperti Facebook Ads, Instagram Advertising dan Website & Google Ads sebagai alat jualan.

3) Community Stewardship

We recognise the important role we play, not just as the nation's SME DFI, but also as a corporate citizen and the responsibility we have in addressing societal challenges. Enriching lives and strengthening social development of the communities we operate in are important for us in our social responsibility role. We believe in good corporate citizenship to progress the development of our society.

Accordingly, we refined our community investment and support approach, placing special focus on enabling our Asnaf and B40 income group to be supported meaningfully through a targeted, comprehensive and coordinated approach that leverages SME Bank's resources and capabilities. We developed the Asnaf and B40 SME Bank entrepreneur development programmes, namely the *Penjana Komuniti@SME Bank* and the Asnaf Entrepreneurship Programme (ISHRAF), demonstrating success in supporting the targeted communities in their business endeavours when they collectively recorded sales revenue of RM5.15 million in 2021. The two programmes received international recognition from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) when SME Bank won the Best Development Project Award for the ISHRAF programme and the Best Corporate Social Responsibility Project for the *Penjana Komuniti@SME Bank* programme.

The *Penjana Komuniti@SME Bank* and the ISHRAF programmes have helped the 240 participants to strengthen their resilience and ease business operating pressures from the closure of economic activities due to the pandemic. The programmes emphasised the use of digital technology to expand the participants' businesses and gave them a lifeline to continue to grow their businesses.

a) *Penjana Komuniti@SME Bank*

The *Penjana Komuniti@SME Bank* programme provides Asnaf and B40 informal and micro-entrepreneurs comprising the disabled, single mothers and the lower-income group to move to higher and advanced levels with training and guidance on how to grow their existing businesses, leveraging online and social media platforms in a more structured and efficient way. CEDAR provided hands-on training on how to use platforms such as Facebook Ads, Instagram Advertising and Website & Google Ads as sales tools.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN CREATING IMPACT THROUGH SUSTAINABILITY

Pada 2021, 220 peserta telah menyertai program ini dan menghadiri kelas-kelas pemasaran digital, e-dagang dan bimbingan penulisan untuk pemasaran dalam talian anjuran CEDAR serta menerima bantuan dana daripada KUSKOP berjumlah RM3 juta. Mereka telah melengkapkan sekurang-kurangnya 90% daripada tugas yang diberikan dan harus mendaftarkan syarikat mereka dengan Suruhanjaya Syarikat Malaysia. Peserta yang memenuhi semua syarat menerima geran berjumlah RM10,000 dan boleh menyertai kelas-kelas bimbingan dan pembangunan perniagaan. Pada penghujung program, kesemua peserta memiliki domain laman sesawang perniagaan mereka sendiri, manakala 150 peserta berjaya melancarkan laman sesawang perniagaan mereka. Selain itu, 178 peserta beralih kepada sistem perakaunan digital bagi mengadaptasi kecekapan digital dalam menjalankan perniagaan mereka.

Sebagai sebahagian daripada khidmat melangkaui pembiayaan yang ditawarkan oleh CEDAR, perbelanjaan wang geran mereka akan dipantau manakala bimbingan perniagaan disediakan bagi memastikan mereka mencapai sasaran penunjuk prestasi utama yang ditetapkan pada awal program.

b) Program ISHRAF

ISHRAF adalah program khas pembangunan usahawan untuk usahawan mikro dan kecil dari golongan Asnaf. Program ini membolehkan mereka mempertingkatkan kemahiran dan kebolehan mereka untuk maju, berkembang dan mengekalkan perniagaan mereka menerusi gunapakai teknologi digital, justeru meletakkan mereka dalam kedudukan yang lebih baik untuk keluar daripada kategori penerima zakat dan sebaliknya menjadi pembayar zakat.

Seramai 20 peniaga Asnaf di bawah naungan Lembaga Zakat Selangor telah dipilih untuk menjadi peserta dalam program pembangunan usahawan berstruktur yang dikendalikan oleh CEDAR dan mereka diberi modal kerja untuk mempertingkatkan prestasi perniagaan. Persediaan awal ini secara tidak langsung telah membantu para peserta menanganai impak pandemik COVID-19.

Program ISHRAF 1.0 telah memberi impak sosial yang positif di mana para peserta telah mencatat jualan terkumpul sebanyak RM1.35 juta dalam tempoh satu tahun program tersebut, dan pada masa sama memperbaiki kedudukan sosio-ekonomi mereka. Berdasarkan kejayaan program ini, SME Bank akan meneruskan program ISHRAF bagi memberi lebih manfaat kepada golongan ini. Program ISHRAF 2.0 melibatkan 79 usahawan Asnaf dari seluruh negara.

In 2021, 220 participants joined the programme and attended digital marketing, e-commerce and writing coaching classes for online marketing conducted by CEDAR and received funding assistance from KUSKOP amounting to RM3 million. They had to complete at least 90% of the assigned tasks and must register the company with the Companies Commission of Malaysia. Participants who met all the conditions received a grant worth RM10,000 each and could participate in business coaching and business development classes. By the end of the programme, all the participants owned their own business website domains, while 150 successfully completed launching their business websites. Additionally, 178 participants switched to a digital accounting system to adopt digital efficiencies in running their businesses.

CEDAR will continue to monitor the expenditure of the grant money and provide business coaching to ensure the entrepreneurs achieve the key performance indicators set at the beginning of the programme.

b) ISHRAF Programme

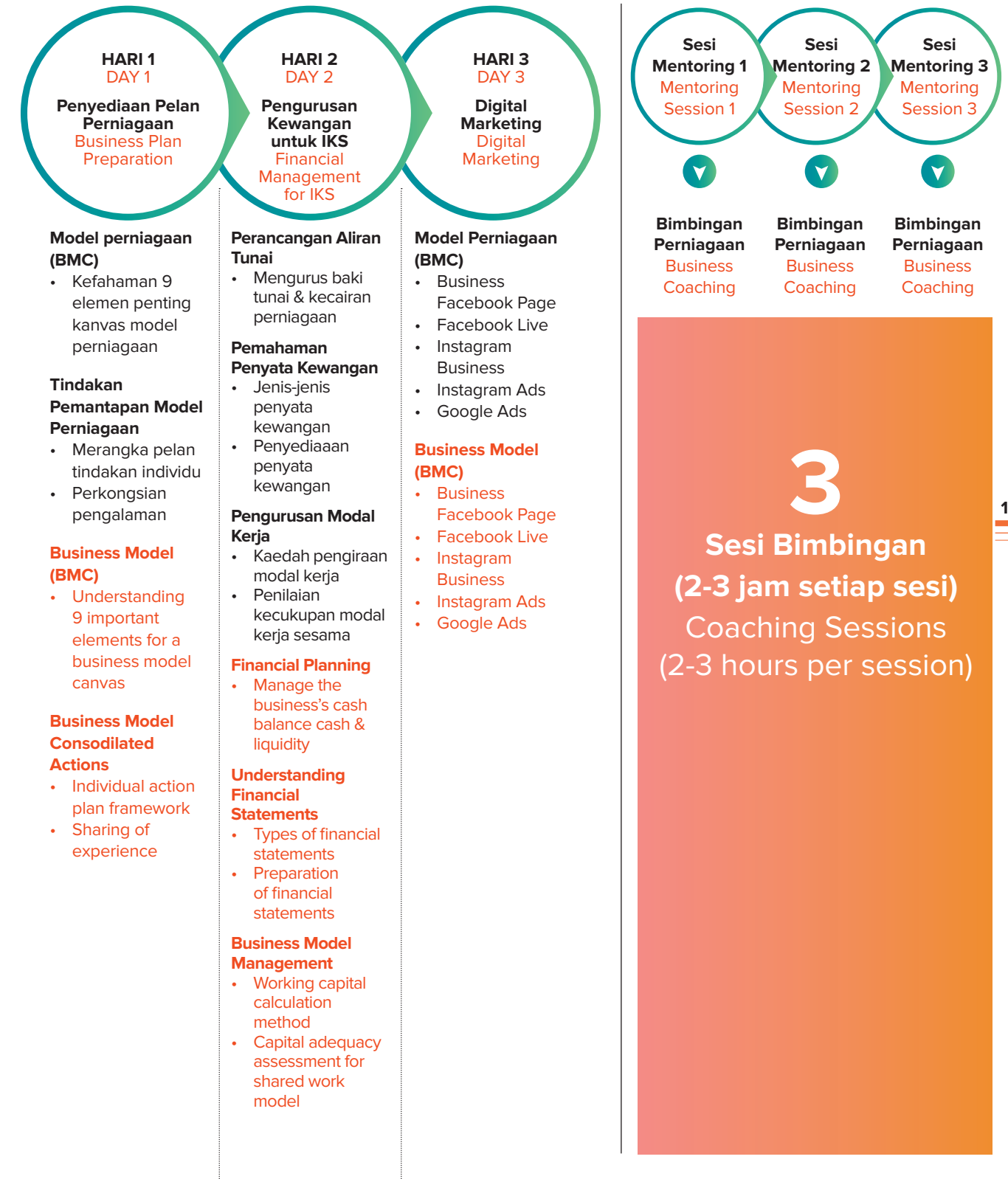
ISHRAF is a special entrepreneur development programme for the micro and small Asnaf entrepreneurs. This programme aims to enable them to improve their skills and abilities to grow, expand and sustain their businesses by adopting digital technology, thereby being in a better position to move out of from the zakat recipients' category to become zakat payers themselves.

20 Asnaf entrepreneurs under the auspices of the Lembaga Zakat Selangor, were selected to participate in a structured entrepreneur development programme conducted by CEDAR and given working capital to improve their business performance. The initial preparation indirectly helped the participants react with the impact of the COVID-19 pandemic.

The ISHRAF 1.0 programme made positive social impact where the participants recorded a total accumulated sales of RM1.35 million within one year on the programme which at the same time also improved their socio-economic position. Looking at the success of this programme, SME Bank will continue with further iterations of the ISHRAF programme to benefit more of this community. The ISHRAF 2.0 Programme involved 79 Asnaf entrepreneurs from all over the country.

PROGRAM ISHRAF ISHRAF PROGRAMME

Latihan Keusahawanan & Bimbingan Usahawan Asnaf
Entrepreneurship Asnaf Training & Guidance



MENCIPTA IMPAK MENERUSI KEMAMPUAN

CREATING IMPACT THROUGH SUSTAINABILITY

c) SUKSES 4.0

SUKSES 4.0 adalah pertandingan keusahawanan berformatkan realiti TV yang memaparkan bagaimana usahawan muda menguruskan cabaran-cabaran dalam persekitaran kerja dan perniagaan. Para peserta melaksanakan beberapa tugas dan dibimbing oleh mentor dan jurulatih dari CEDAR. Kesemua mentor ini juga merupakan pelanggan SME Bank yang telah mengharungi pelbagai cabaran untuk mencapai kejayaan dan kini membantu serta membimbing usahawan-usahawan muda tersebut. Sepuluh peserta bertanding untuk memenangi ganjaran tunai berjumlah RM100,000. Program 13 episod ini disiarkan di ASTRO Awani pada 11 Julai 2021 hingga 10 Oktober 2021.

Edisi keempat program realiti SUKSES tertumpu kepada pemerksaan usahawan yang celik digital dalam menghadapi lanskap digital pada hari ini. Nilai dan impak yang tercipta menerusi program ini memberi pemahaman kepada penonton tentang bagaimana para peserta menyelesaikan masalah dan menghargai bimbingan mentor dan jurulatih mereka. Penonton juga boleh melihat bagaimana para peserta menggunakan saluran digital dan media sosial untuk memperluaskan kesedaran dan jangkauan perniagaan mereka.

SUKSES 4.0, ia telah menerima komen-komen yang baik dan menggalakkan berkaitan ilmu keusahawanan yang telah dipelajari, selain memupuk perbincangan bernas mengenai isu-isu berkaitan PKS. Kami terus melihat kepada inisiatif-inisiatif serupa bagi memperluaskan kesedaran dan pendidikan dalam cara kreatif sebagai sebahagian daripada komitmen kami untuk menyokong Dasar Keusahawanan Nasional (DKN 2030) Kerajaan yang bertujuan mentransformasikan Malaysia menjadi negara usahawan cemerlang menjelang 2030.

d) Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge

Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge merupakan satu usaha tanggungjawab korporat bagi menggalakkan semangat keusahawanan di kalangan belia dan terbuka kepada pelajar-pelajar sekolah menengah di seluruh Malaysia. Program berbentuk pertandingan ini mula diperkenalkan pada 2012. Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge edisi 2020 tertumpu kepada usaha mendorong e-Usahawan muda untuk mempertimbangkan penggunaan platform e-dagang dan mendidik mereka untuk mengkomersilkan perniagaan mereka secara dalam talian menerusi media sosial.

c) SUKSES 4.0

SUKSES 4.0 is a reality TV format entrepreneurship competition aimed at showcasing how young entrepreneurs manage challenges in the work and business environment. The participants went through several tasks given, and were guided by selected mentors and coaches from CEDAR. These mentors are also customers of SME Bank who themselves have faced many challenges to achieve their success and are on hand to help and guide the entrepreneurs. Ten participants vied for cash rewards worth RM100,000. The 13-episode programme was aired on ASTRO Awani from 11 July 2021 to 10 October 2021.

SUKSES 4.0 reality programme focused on empowering digital-savvy entrepreneurs to face the digitally transformed landscape of business today. The impact and value created from this programme serves to give viewing entrepreneurs learning insights into how the participating competitors solve problems and appreciate the guidance given by the mentors and coaches. The viewers were also able to see how the competitors utilise digital and social media channels to further their business awareness and reach.

SUKSES 4.0 has received good reviews and encouraging comments on the entrepreneurship lessons learnt, as well as fostering robust discussions on SME-related issues. We continue to look at initiatives such as this to extend awareness and education in creative ways as part of our commitment to support the Government's *Dasar Keusahawanan Nasional (DKN 2030)* which aims to transform Malaysia into an outstanding entrepreneurial nation by 2030.

d) Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge

The Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge is a corporate responsibility effort to encourage and plant the seeds of entrepreneurship in youth and is opened to secondary schools students throughout Malaysia. This competition-type programme was first introduced in 2012. The Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge 2020 edition focused on getting young entrepreneurs to consider business propositions utilising e-commerce platforms and nurture them to commercialise their businesses online through social media.

Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge 2020 bermula pada 2020 dan tamat pada 2021. Edisi kali ini dijadualkan semula dan formatnya berubah kepada mod dalam talian ekoran pelbagai sekatan pergerakan yang disebabkan oleh pandemik COVID-19. Di sebalik cabaran-cabaran ini, Edisi 2020 diterima dengan baik dan mencatatkan peningkatan dalam pendaftaran sekolah sehingga 38% berbanding sasaran awal 20%, dengan 151 sekolah mengambil bahagian berbanding hanya 113 dalam edisi sebelumnya. Daripada 151 pendaftaran awal, 98 kertas cadangan projek telah diterima daripada sekolah-sekolah yang mengambil bahagian.

Penjurian awal diadakan pada April 2021 bagi memilih 20 projek yang mara ke peringkat separuh akhir. SME Bank menambah nilai dengan menganjurkan sesi *bootcamp* pada Jun 2021 untuk peserta peringkat separuh akhir menghadiri kelas-kelas bimbingan e-dagang dan pengurusan perniagaan. Mereka juga diberi wang modal berjumlah RM1,000 setiap sekolah bagi menyiapkan produk mereka.

Hingga kini, 673 sekolah menengah telah menyertai Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge, dengan penyertaan 2,767 pelajar.

The Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge 2020 began in 2020 and was completed in 2021. This edition of Y-Biz Challenge was rescheduled and its format changed to online mode to accommodate the various movement restrictions the country faced arising from the COVID-19 pandemic. Although faced with these obstacles, the 2020 Challenge was well-received and recorded an increase of 38% in registration of schools from the initial target of 20%, with 151 schools participating compared to only 113 in the previous edition. Of the 151 initial registrations, 98 project proposal papers were received from the participating schools.

Preliminary judging was held in April 2021 to select 20 projects to advance to the semi-finals. SME Bank added value by organising an online boot camp session in June 2021 for the semi-finalists. The students were exposed to e-commerce and effective business management modules during the boot camp. They were also given seed money worth RM1,000 each to complete their products.

To date, 673 secondary schools have joined the Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge and participated by 2,767 students.



Juara

Champion

- Pasukan Suchi Rangers dari Kolej Vokasional (Pertanian) Teluk Intan, Perak
- Menang untuk produk Cattapa, produk rawatan organik untuk sektor pertanian
- Memenangi wang tunai RM20 ribu, trofi cabaran, sijil penyertaan, dan hadiah khas bernilai RM25,000 untuk mengembangkan perniagaan mereka.
- Suchi Rangers Team from Kolej Vokasional (Pertanian) Teluk Intan, Perak
- Won for their product called Cattapa, an organic treatment product for the agriculture sector
- Won cash prize of RM20,000, a challenge trophy, certificates of participation and a special prize worth RM25,000 enabling them to expand their business

Tempat Kedua

First Runner Up

- Pasukan Green Box dari SMK St. Teresa, Sarawak
- Menang untuk produk Green Box, penjana lampu tanpa wayar
- Memenangi wang tunai RM15,000, trofi dan sijil penyertaan
- Green Box Team from SMK St. Teresa, Sarawak
- Won for their product, Green Box, a wireless light generator
- Won cash prize of RM15,000, a trophy and certificates of participation

Tempat Ketiga

Second runner up

- Pasukan Triumph Legacy dari SMK Kuala Nerang, Kedah
- Menang untuk produk MYCRISP, sejenis snek rangup diperbuat dari daun Moringa
- Memenangi wang tunai RM10,000, trofi dan sijil penyertaan
- Triumph Legacy Team from SMK Kuala Nerang, Kedah
- Won for their product MYCRISP, a type of crispy snack made from Moringa leaves
- Won cash prize of RM10,000, a trophy and certificates of participation

MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

e) Kesukarelawan Kakitangan dan Sokongan Komuniti

Kami menyokong komuniti setempat dengan menyumbang kepada isu-isu sosial yang membawa kesejahteraan dan pembangunan mereka. Pada 2021, kakitangan kami membantu mangsa banjir di beberapa negeri di Malaysia. Mereka secara sukarela membersihkan rumah beberapa kakitangan yang terjejas akibat banjir, serta membantu komuniti sekeliling. Dua pasukan warga SME Bank secara sukarela meluangkan masa dan tenaga membantu mangsa-mangsa di kawasan Hulu Langat.

Kami juga bekerjasama dengan Islamic Relief Malaysia (IRM) dengan menyumbang RM100,000 ke dalam dananya bagi membantu mangsa-mangsa banjir di Klang. Sumbangan tersebut termasuk bahan-bahan makanan asas, alat-alat mandian untuk orang dewasa dan kanak-kanak serta tuala wanita yang diedarkan kepada mangsa-mangsa banjir di Kg. Perigi Nenas Pulau Indah, Bandar Bukit Raja Klang, Johan Setia, Kapar, Kg. Jawa, Kg. Delek, Sg. Udang, dan beberapa lokasi lain di Klang.

4) Kerajaan dan Pengawal Selia

Kami bekerjasama rapat dengan pihak Kerajaan, Kementerian, Agensi-agensi Kerajaan, dan Pengawal Selia dalam hal-hal berkaitan industri PKS selain berkaitan perniagaan dan operasi kami. Pada 2021, kami terus menerima sokongan kukuh daripada Kerajaan dan Pengawal Selia dalam menangani keimbangan berterusan komuniti PKS ekoran kegawatan ekonomi yang diakibatkan oleh pandemik, selain memperkukuhkan industri untuk pemulihan, kebingkasan dan pertumbuhan. Ini termasuk bantuan berstruktur untuk usahawan yang terjejas dalam bentuk SRP PEMULIH, Pembiayaan SME Go, Dana Pelancongan PENJANA, Dana Bantuan Khusus (SRF), dan Dana Bantuan dan Pemulihan Bersasar (TRRF).

Kami berhubung secara kerap dengan pihak Kerajaan dan Pengawal Selia serta jabatan-jabatan dan agensi-agensi berkaitan untuk rundingan, makluman terkini dan arahan, dasar-dasar dan keputusan-keputusan kawal selia, selain untuk pelaksanaan efektif dasar-dasar, rangka kerja, bantuan dan lain-lain. Sebagai pemudahcara, kami membantu Kerajaan berdialog dengan syarikat-syarikat dan kesatuan sekerja mengenai perniagaan dan lain-lain topik berkaitan. Sebagai pejuang dan pakar dalam sektor PKS, kami memberi pemahaman kepada Kerajaan dan Pengawal Selia mengenai keperluan pembangunan PKS.

e) Employee Volunteerism and Community Support

We believe in supporting our communities by contributing to worthy social causes that progress their wellbeing and development. In 2021, our people stepped up to help those who were affected by the floods that impacted several states in Malaysia. They volunteered to clean the homes of staff who were affected by the floods, as well as to extend a lending hand to the neighbouring communities. Two teams of SME Bankers volunteered their time and efforts to those in the Hulu Langat area.

We also worked with Islamic Relief Malaysia (IRM) by contributing RM100,000 in its fund enabling the flood victims in Klang to receive relevant aid and assistance. The contributions, which included essential food items, toiletries for both adults and children as well as sanitary pads, were distributed to flood victims in Kg. Perigi Nenas Pulau Indah, Bandar Bukit Raja Klang, Johan Setia, Kapar, Kg. Jawa, Kg. Delek, Sg. Udang, and several other places in Klang.

4) Government and Regulators

We work very closely with the Government, Ministries, Government Agencies, and Regulators on matters that concern the SME industry as well as on our business and operations. In 2021, we continue to see the strong support of the Government and Regulators addressing the ongoing concerns of the SME communities affected by the economic hardships following the pandemic, as well as means of strengthening the industry for recovery, resilience and growth. These included the relief assistance structured for affected entrepreneurs in the forms of the SRP PEMULIH, SME Go Financing, PENJANA Tourism Fund, Special Relief Fund (SRF), and Targeted Relief and Recovery Fund (TRRF).

We regularly engage with the Government and Regulators and their respective departments and agencies on consultation, updates and directives, policies and regulatory decisions, as well as on effective implementation and execution of policies, frameworks, relief assistance and more. As facilitators, we assist the Government in engaging in dialogue with companies and trade unions on business and other related topics. As advocates and experts on SMEs, we provide insights to the Government and Regulators on SME developmental needs.

Bagi tahun tinjauan, kami memperkukuhkan kerjasama untuk pembangunan usahawan menerusi MOU dengan TEKUN Nasional, Amanah Ikhtiar Malaysia, Sarawak Economic Development Corporation (SEDC), dan Sabah Development Bank (SDB).

5) Pengurusan Pembekal secara Bertanggungjawab

Dalam operasi kami, kami berhubung dengan pelbagai rakan-rakan rantaian bekalan termasuk vendor, pembekal perkhidmatan, jururunding, kontraktor, pengedar dan ejen. Mereka merupakan pembekal pihak ketiga utama yang membantu dalam pelaksanaan tugas kami. Kami berusaha mengekalkan hubungan perniagaan yang baik dengan pembekal kami dan bekerjasama dengan mereka dalam mempromosikan dan mendokong piawai kemampuhan yang tinggi dalam pengurusan rantaian bekalan kami. Hubungan kami dengan pembekal pihak ketiga tertumpu kepada lima aspek integriti iaitu kepercayaan, komitmen, penyelarasan keputusan, penyelarasan insentif, dan perkongsian maklumat.

Kami komited terhadap amalan-amalan pemerolehan yang jelas dan adil di SME Bank. Kami telah mempertingkatkan proses pemerolehan pada 2021 dan menubuhkan Jawatankuasa Pemerolehan sebagai Jawatankuasa Semakan Bebas bagi meningkatkan kawalan dalam proses pemerolehan. Kesemua penambahbaikan ini disampaikan dengan jelas kepada pembekal menerusi pelbagai perjumpaan dengan mereka bagi memastikan mereka sedia maklum dan mematuhi kehendak-kehendak SME Bank.

Kami mempunyai Dasar dan Prosedur Pemerolehan bagi membimbing dan memastikan pematuhan terhadap kehendak-kehendak yang dinyatakan. Dasar dan prosedur kami menekankan pelaksanaan proses pemerolehan yang adil dan beretika, yang diselia oleh Jawatankuasa Pemerolehan. Kesemua pembekal wajib mematuhi dasar-dasar syarikat yang digariskan dalam Kod Etika, dan kami menekankan perkara ini dalam perjumpaan dan perbincangan 'onboarding' dengan mereka yang diadakan secara kerap.

Pemerolehan Mampan

Kami berusaha memperkukuhkan amalan-amalan pemerolehan mampan yang merangkumi faktor-faktor sosial, alam sekitar dan kewangan dalam membuat keputusan pemerolehan. Kami melihat lebih jauh daripada parameter ekonomi lazim serta membuat keputusan berdasarkan kos hidup keseluruhan, risiko berkaitan, ukuran kejayaan serta implikasi ke atas masyarakat dan alam sekitar.

Pemerolehan mampan membentuk sebahagian daripada program tanggungjawab korporat kami dan memastikan komitmen yang sama ditunjukkan di sepanjang rantaian nilai kami. Kami melihat pemerolehan mampan sebagai skop penting dalam mencapai pembangunan mampan secara keseluruhan.

For the year under review, we strengthened cooperation on entrepreneurs development via MOUs with TEKUN Nasional, Amanah Ikhtiar Malaysia, Sarawak Economic Development Corporation (SEDC), and Sabah Development Bank (SDB).

5) Responsible Supplier Management

In the work that we do, we engage with a diverse range of supply chain partners, namely vendors, service providers, consultants, contractors, distributors and agents. They are our essential third-party suppliers who help us in discharging our duties. We strive to maintain good business relationships with our suppliers and work with our suppliers to promote and uphold high sustainability standards in our supply chain management. Our engagement with our third-party suppliers centres on five integrity aspects of trust, commitment, decision synchronisation, incentive alignment and information sharing.

We are committed to clear and fair procurement practices at SME Bank. We enhanced our procurement process in 2021 and established a Procurement Committee as an Independent Review Committee to enhance control in the procurement process. These enhancements are clearly communicated to our suppliers in our many engagements with them to ensure that they keep abreast and are able to comply with SME Bank's requirements.

We have a Procurement Policy and Procedures in place to guide and ensure compliance with the established requirements. Our policy and procedures place heavy emphasis on fair and ethical procurement processes, which are overseen by the Procurement Committee. All suppliers are obliged to adhere to the policies of the Bank as outlined in the Code of Ethics, and we emphasise this in our engagements and onboarding discussions with them on regular basis.

Sustainable Procurement

We strive to strengthen sustainable procurement practices which consider social and environmental factors alongside financial factors in making procurement decisions. We look beyond the traditional economic parameters and make decisions based on the whole life cost, the associated risks, measures of success and implications for society and the environment.

Sustainable procurement forms part of our corporate responsibility programme and we expect the same commitment to be demonstrated throughout our value chain. We view sustainable procurement as an important scope for achieving an overall sustainable development.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

Kami menilai gunapakai langkah-langkah kemampuan oleh pembekal kami. Kami mengutamakan pembekal yang memiliki akreditasi piawaian tempatan dan antarabangsa seperti ISO dan SIRIM, dan menggalakkan mereka untuk menggunakan piawaian tertinggi dan berusaha ke arah mencapai peningkatan berterusan.

Ketelusan dalam Proses Tender

Ketelusan adalah prinsip teras dalam proses pemerolehan dan tender SME Bank. Kami percaya bahawa proses pemerolehan yang terbuka dan telus boleh meningkatkan persaingan dan kecekapan serta mengurangkan ancaman ketidakadilan atau rasuah.

6) Komuniti Pelaburan dan Kewangan

Kami berhubung dengan rakan-rakan industri kewangan dalam hal-hal berkaitan strategi perniagaan dan kemampuan, serta bagaimana kami sebagai sebuah institusi kewangan boleh meningkatkan penciptaan nilai pihak berkepentingan dan berusaha mencapai peningkatan di seluruh industri. Ini termasuk usaha menerapkan ESG ke dalam tawaran-tawaran kami.

Untuk tahun tinjauan, kami telah melancarkan Rangka Kerja Sukuk Kemampuan dan seterusnya mengeluarkan program-program Sukuk Kemampuan pertama yang menerima sokongan menggalakkan daripada komuniti kewangan. Hasil kutipan daripada terbitan Sukuk Kemampuan akan memberikan PKS lebih banyak saluran untuk mengakses pembiayaan untuk projek-projek hijau dan sosial.

7) Berhubung dengan Media

Kami berhubung secara aktif dengan pihak media bagi memastikan usaha sokongan SME Bank disampaikan dengan jelas kepada PKS. Ini dilakukan menerusi penerbitan berita yang juga diletakkan dalam laman sesawang kami, serta menerusi temuramah, sidang akhbar dan editorial. Kami juga menyokong malam anugerah Malaysian Press Institute (MPI) dan sambutan ulang tahun organisasi media.

8) Penyertaan Aktif dalam Persatuan Industri

Kami mengambil bahagian secara aktif dan menyumbang kepada perbincangan dengan persatuan-persatuan industri menerusi MOU, kumpulan kerja, mesyuarat, seminar dan persidangan bagi memperkukuhkan peluang-peluang kolaborasi yang akan memanfaatkan pembangunan PKS serta ekosistemnya. Pada 2021, kami bekerjasama dengan rakan-rakan sealiran termasuk antara lainnya Biforst Logistics, Sarawak Energy Berhad, MDEC, Invest Selangor, Chambers of Commerce and Academia.

We evaluate our suppliers' adoption of sustainability measures. We prioritise suppliers with local and international standards accreditation such as ISO and SIRIM, and encourage them to adopt our high standards and work towards continual improvement.

Transparency in Tender Process

Transparency is a core principle in SME Bank's procurement and tender process. We believe an open and transparent procurement process improves competition, increases efficiency and reduces the threat of unfairness or corruption.

6) Investment and Financial Community

We engage with our financial industry peers on matters pertaining to business and sustainability strategies, and how we, as a financial institution can raise stakeholder value creation and strive for industry-wide improvements. This includes efforts to embed ESG into our offerings.

For the year under review, we launched the Sustainability Sukuk Framework and consequently issued the first tranche of our Sustainability Sukuk programmes which received an overwhelming response from the financial community. The proceeds from the Sustainability Sukuk issuance will provide more SMEs avenues to access financing for green and social-related projects.

7) Engaging with the Media

We continuously engage with the media to ensure the supportive efforts under SME Bank can be well communicated and made aware to the SMEs and community as a whole. We do this through the issuance of news releases which are also posted on our website, as well as through interviews, media conferences and editorials. We also support media related activities such as the Malaysian Press Institute (MPI) awards and anniversary celebration of media houses.

8) Active Participation in Industry Associations

We actively participate and contribute to discussion with industry associations through MOUs, working groups, meetings, seminars and conferences to strengthen collaborative opportunities that will benefit SME development and strengthen the ecosystem further. In 2021, we collaborated with like-minded partners, including Biforst Logistics, Sarawak Energy Berhad, MDEC, Invest Selangor, Chambers of Commerce and Academia, among others.



Impak Tadbir Urus / Governance Impact

1) Meningkatkan Tadbir Urus

Tadbir urus korporat yang baik adalah penting dalam membina kemampuan, mencipta nilai dan menyampaikan matlamat kami untuk memupuk dan membangunkan sektor PKS. Kami komited dalam mendokong piawaian tadbir urus korporat, etika dan integriti tertinggi dalam semua tindakan kami.

SME Bank percaya bahawa tadbir urus korporat dan kemampuan adalah saling berkait dan bahawa akauntabiliti, etika perniagaan, ketelusan dan integriti adalah penting dalam memupuk pembangunan secara mampan. Kami berusaha menerapkan budaya akauntabiliti dan tanggungjawab di kalangan kakitangan dan cara kami bekerja. Kekuatan tadbir urus korporat kami bermula di peringkat atas dan dipupuk di keseluruhan organisasi menerusi satu sistem dasar, rangka kerja, garis panduan dan proses yang selaras dengan kehendak perundangan dan kawal selia serta amalan-amalan terbaik industri.

Pendedahan berkaitan boleh didapati pada Penyata Tadbir Urus Korporat Bank (mukasurat 164 hingga 175), Penyata Tadbir Urus Syariah (mukasurat 187 hingga 194), Penyata Pengurusan Risiko dan Kawalan Dalaman (mukasurat 176 hingga 185) yang terangkum dalam Laporan Bersepadu ini.

2) Pendekatan Kami

Pendekatan tadbir urus dan pematuhan kami adalah dengan mengamalkan tahap etika dan ketelusan tertinggi selain membina asas yang kukuh untuk organisasi agar ia menjadi sebuah IKP yang mampan. Kami memastikan piawaian etika dan pematuhan yang tinggi di kalangan kakitangan kami. Justeru, kami akan mendedahkan inisiatif-inisiatif ini secara aktif bagi memperoleh kepercayaan pihak berkepentingan. Seajar dengan transformasi digital, kami mengusahakan cara-cara baharu bagi mempertingkatkan tadbir urus menerusi pendekatan bersepadu dan berorientasikan masa hadapan, dengan mentakrifkan prinsip-prinsip panduan utama yang membina asas penciptaan strategi ke arah membina nilai mampan jangka panjang.

1) Enhancing Governance

Good corporate governance is vital to building sustainability, creating value and delivering on our purpose to nurture and develop the SME sector. We are committed to upholding the highest standards of corporate governance, ethics and integrity in everything that we do.

SME Bank believes that corporate governance and sustainability are intrinsically linked and that accountability, business ethics, transparency and integrity are essential to foster development in a sustainable manner. We strive to inculcate a culture of accountability and responsibility in our people and the way we work. The strength of our corporate governance starts at the top and is fostered throughout the organisation by a system of policies, frameworks, guidelines and processes that are aligned with laws and regulatory requirements and best industry practices.

Related disclosures can be found on the Bank's Statement on Corporate Governance (pages 164 to 175), Statement on Shariah Governance (pages 187 to 194), Statement on Risk Management and Internal Control (pages 176 to 185) which are included in this Integrated Report.

2) Our Approach

Our approach to governance and compliance is by adopting a high level of ethics and transparency while building a strong foundation for the organisation in order to be a sustainable DFI. We will ensure the high ethical standards and compliance of all employees. We will actively disclose our initiatives to this end, as it is important that we continue to earn our stakeholders' trust. In line with our digital transformation, we address new ways to enhance governance via an integrated and future-oriented approach, by defining key guiding principles that build the foundation for creating strategies intended to build sustainable and long-term value.

MENCIPTA IMPAK MENERUSI KEMAMPAHAN

CREATING IMPACT THROUGH SUSTAINABILITY

3) Mengekalkan Pematuhan

Reputasi SME Bank bergantung kepada pelaksanaan perniagaan yang bertanggungjawab. Kami komited dalam mematuhi semua undang-undang dan kawal selia yang berkaitan. Kami tidak bertolakansur terhadap rasuah, penyelewengan, penipuan, pelanggaran sekatan dagangan, pengubahan wang haram dan pembiayaan keganasan, atau lain-lain aktiviti haram dan tidak beretika dalam apa juga bentuk oleh sesiapa yang bekerja dengan atau bagi pihak Bank. Semua kakitangan dan mereka yang bekerja dengan atau bagi pihak SME Bank harus mematuhi dan bertindak mengikut Kod Tatalaku serta dasar-dasar dan prosedur dalaman Bank.

Kami memupuk budaya kepercayaan dan keadilan di mana sebarang isu ditangani secara terbuka, yang membolehkan kakitangan membuat keputusan yang tepat, dengan komitmen terhadap integriti pada semua peringkat. Komitmen ini adalah antara asas pencapaian kami dalam aspek ini. Kami berusaha mencapai peningkatan berterusan dalam menerapkan pematuhan sebagai aspek penting dalam proses perniagaan kami.

Lembaga Pengarah memantau pematuhan keseluruhan dan pengurusan risiko serta lain-lain perkara dari perspektif strategik dan operasi.

Pada 2021, Bahagian Pematuhan Kumpulan telah memulakan pelbagai strategi bagi memenuhi semua kehendak-kehendak kawal selia, operasi dan Syariah serta kehendak-kehendak di bawah Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan Keganasan dan Kutipan Hasil daripada Aktiviti-aktiviti Haram 2001 serta Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018).

4) Pendekatan Kami terhadap Pematuhan

Kami mendokong etos “Pematuhan Bermula Dengan Anda” dalam memacu budaya integriti dan pematuhan di kalangan kakitangan. Pendekatan pematuhan kami menyokong mereka yang komited dalam melakukan perkara yang betul, dan menghukum mereka yang tidak memenuhi tanggungjawab yang diberikan.

Komitmen kami terhadap pematuhan adalah dengan:

- Kekal konsisten, telus dan menyokong;
- Memberi tumpuan ke atas pengurangan risiko dan impak ke atas alam sekitar;
- Memenuhi jangkaan penggunaan mampan sumber-sumber semulajadi;
- Menggunakan pelbagai peralatan kawal selia bagi mencapai pematuhan; dan
- Menyampaikan usaha dan hasil pematuhan kami kepada awam.

3) Maintaining Compliance

SME Bank's reputation depends on its responsible business conduct. We are committed to complying with all applicable laws and regulations. We do not tolerate bribery, corruption, fraud, violations of trade sanctions, money laundering or terrorism financing, or any other illegal or unethical conduct in any form by anyone working for or on behalf of the Bank. All employees and those working for or on behalf of SME Bank must embrace and act in accordance with the Code of Conduct and the Bank's internal policies and procedures.

We foster a culture of trust and fairness where issues are openly addressed, which enables employees to make the right decisions, with commitment to integrity at all levels. This commitment is one of the foundations of our accomplishments in this area. We strive for continuous improvement in embedding compliance as an integral part of our business processes.

The Board of Directors has its oversight on the overall adherence to compliance and on managing risk and other related matters from a strategic and an operational perspective.

In 2021, our Group Compliance Division initiated various strategies to meet all regulatory, operational and Shariah requirements as well as the requirements under Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018).

4) Our Approach to Compliance

The ethos “Compliance Starts With You” is what we uphold as we promote a culture of integrity and compliance for all employees. Our compliance approach supports those committed to get things right, and take action on those unwilling to meet their obligations.

Our commitment towards compliance lies in:

- Being consistent, transparent and supportive;
- Focusing on reducing the risk and impact of environmental harm;
- Meeting expectations for the sustainable use of natural resources;
- Using a variety of regulatory tools to achieve compliance; and
- Communicating our compliance efforts and outcomes publicly.

Dalam memperkukuhkan budaya pematuhan di dalam Kumpulan, penyeliaan Lembaga Pengarah dan komitmen pihak pengurusan membantu memastikan pelaksanaan efektif program-program pematuhan selain pematuhan kakitangan terhadap piawaian-piawaian pematuhan dan etika yang berkaitan.

5) Mendokong Etika

Sejak penubuhan SME Bank, kami sentiasa percaya bahawa perniagaan yang berkeuntungan dan mampan tidak mungkin wujud tanpa etika dan integriti.

Kod Etika Perniagaan kami menyediakan asas kepada budaya etika kami. Ia merangkumi rasa hormat kami terhadap undang-undang dan individu, serta tanggungjawab kami terhadap pihak berkepentingan. Selain itu, kami telah melancarkan Pelan Pencegahan Rasuah Organisasi SME Bank 2020-2024 (OACP) pada Disember 2021, yang sejajar dengan agenda pencegahan rasuah Kerajaan menerusi Pelan Pencegahan Rasuah Nasional (NACP). OACP SME Bank bertempoh lima tahun ini merupakan bukti komitmen kami dalam membanteras rasuah dan mendokong integriti.

Kami menyokong Matlamat Pembangunan Mampan (SDG) Pertubuhan Bangsa-Bangsa Bersatu bagi merubah dunia dengan menamatkan kemiskinan, melindungi bumi, dan memastikan kemakmuran. Salah satu daripada 17 SDG iaitu Matlamat 16 adalah khusus kepada perjuangan keamanan dan masyarakat terangkum untuk pembangunan mampan, peruntukan akses kepada keadilan untuk semua, dan pembinaan institusi-institusi yang efektif dan bertanggungjawab di semua peringkat.

Menerusi matlamat khusus ini, kami mengenalpasti langkah-langkah tertentu membanteras rasuah. Kami komited dalam mematuhi piawaian etika tertinggi dan semua undang-undang pencegahan rasuah, yang juga sejajar dengan nilai-nilai teras kami, prinsip-prinsip perniagaan dan pelbagai dasar-dasar dalaman yang menekankan kelakuan beretika serta integriti sebagai komponen penting dalam operasi perniagaan kami. Dasar-dasar dalaman ini termasuk kod tatalaku formal, ikrar integriti korporat, dasar pemberian hadiah dan hiburan, serta dasar pemberi maklumat.

Kod Tatalaku

Kod tatalaku SME Bank telah diluluskan oleh Lembaga Pengarah, yang mencerminkan nilai-nilai asas serta integriti kami. Semua kakitangan dan mereka yang bekerja dengan atau bagi pihak SME Bank wajib mematuhi dan bertindak mengikut Kod Tatalaku Kakitangan serta dasar-dasar dan prosedur dalaman Bank.

In strengthening the compliance culture within the Group, the Board's oversight together with the management's commitment, help to ensure effective implementation of compliance programmes and staff adherence to the applicable compliance and ethical standards.

5) Upholding Ethics

Since SME Bank was established, we have always believed that a profitable and sustainable business cannot exist without sound ethics and integrity.

Our Code of Business Ethics provides the basis for our ethical culture. It encapsulates our respect for the law and for individuals, and responsibilities to our stakeholders. Additionally, we launched the SME Bank Organisational Anti-Corruption Plan 2020-2024 (OACP) in December 2021, which aligns with the Government's anti-corruption agenda through the National Anti-Corruption Plan (NACP). The five-year SME Bank OACP is a testimony of our commitment to combating corruption and upholding integrity.

We support the United Nation's Sustainable Development Goals (SDGs) to transform our world by ending poverty, protecting the planet and ensuring prosperity. One of SDG's 17 goals - Goal 16 - is dedicated to the promotion of peaceful and inclusive societies for sustainable development, the provision of access to justice for all, and building effective, accountable institutions at all levels.

Focusing on this specific goal, we identify specific measures for anti-corruption action. We commit to comply with the highest ethical standards and all applicable anti-corruption laws, which is also in line with our core values, business principles and various internal policies that advocate ethical behaviour and integrity as an integral component of our business operations. The internal policies we have in place to achieve this include a formalised code of conduct, corporate integrity pledge, gift and entertainment policy, and whistleblowing policy.

Code of Conduct

SME Bank has a code of conduct approved by the Board of Directors, which reflects our fundamental and sound integrity values. All employees and those working for or on behalf of SME Bank must embrace and act in accordance with the Employee Code of Conduct and the Bank's internal policies and procedures.

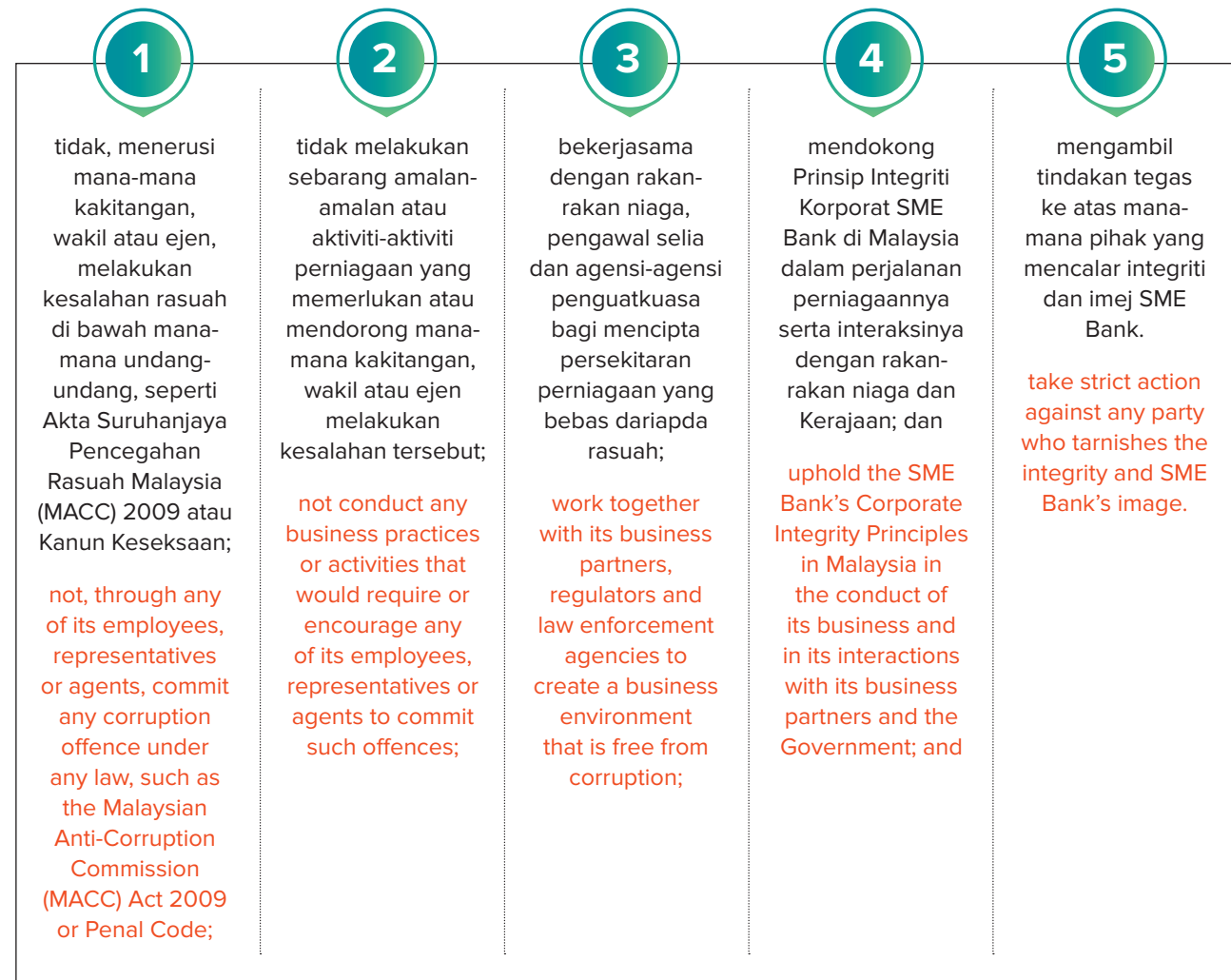
MENCIPTA IMPAK MENERUSI KEMAMPUAN
CREATING IMPACT THROUGH SUSTAINABILITY

6) Ikrar Integriti Korporat

Sejak Bank menandatangani Ikrar Integriti Korporat pada 2016 hingga hari ini, kami telah mendokong komitmen untuk mencipta persekitaran perniagaan yang bebas daripada rasuah dan amalan-amalan tidak beretika.

Jabatan Integriti dan Tadbir Urus di Bahagian Pematuhan Kumpulan memainkan peranan penting melaksanakan program-program yang perlu dan relevan di kala kami terus menerapkan budaya integriti di dalam Bank.

Di bawah Ikrar Integriti Korporat SME Bank, kami akan:



6) Corporate Integrity Pledge

From the time the Bank signed the Corporate Integrity Pledge in 2016 until today, we have been upholding the commitment to create a business environment that is free from corrupt and unethical practices.

The Integrity and Governance Department within the Group Compliance Division plays an important role to implement the necessary and relevant programmes as we continue to instil a culture of integrity within the Bank.

Under the SME Bank's Corporate Integrity Pledge, we shall:

7) Dasar Pemberian Hadiah dan Hiburan

Versi dipertingkatkan dasar pemberian hadiah dan hiburan Bank memberi garis panduan kepada kakitangan tentang kewajaran sesuatu hadiah, tawaran, iklan, anugerah atau tanda penghargaan daripada pelanggan sedia ada atau bakal pelanggan, vendor atau pembekal. Selain mentakrifkan kewajaran sesuatu hadiah dan hiburan, ia juga menyatakan tindakan-tindakan yang boleh diambil apabila berlaku pelanggaran dasar.

8) Pemberi Maklumat

SME Bank telah menubuhkan satu saluran pemberi maklumat di bawah penyeliaan Jawatankuasa Audit Lembaga Pengarah (BAC). Pengurusan Bank memastikan bahawa semua aduan yang diterima dikaji secara bebas manakala maklumat disampaikan hanya kepada pihak-pihak yang mengendalikan siasatan dan penyelesaian. Proses komunikasi adalah sulit sepenuhnya dengan jaminan komunikasi dirahsiakan.

9) Perlindungan Data Peribadi

Pada masa di mana teknologi digital telah menjadi sebahagian daripada kehidupan manusia dan menjana data dalam kuantiti besar, cabaran kesulitan dan keselamatan siber juga menjadi semakin besar. Kami menekankan tanggungjawab melindungi data peribadi dan maklumat hak milik pihak berkepentingan yang menjadi keutamaan terpenting kami.

Bagi melindungi dan memelihara maklumat sulit, kami telah mewujudkan dasar-dasar dan arahan-arahan di keseluruhan syarikat. Ini membantu kami mengekalkan kepercayaan yang telah diberikan kepada kami. Pada masa sama, kami memantau dan mematuhi undang-undang perlindungan privasi seperti Akta Perlindungan Data Peribadi 2010.

Usaha ini membuahkan hasil apabila pada 2021, kami tidak menerima sebarang aduan pelanggan atau kakitangan berkaitan kebocoran privasi dan kehilangan data peribadi.

7) Gift And Entertainment Policy

The Bank's improved version of its gift and entertainment policy provides guidance to employees about what is and what is not appropriate to accept as a present, offering, advertisement, award or token of appreciation from existing and potential customers, vendors or suppliers. In addition to specifying the permissible and prohibited gift and entertainment, it also spells out the actions that can be taken in the event of a violation of the policy.

8) Whistleblowing

SME Bank has established a whistleblowing channel under the supervision of the Board Audit Committee (BAC). The Bank's management ensures that all complaints received are independently analysed and information is communicated only to the people required for the investigation and resolution. The communication process is completely confidential with an assurance of the anonymity of the communication.

9) Protecting Personal Data

In the time when digital technologies become essential ingrained in people's lives, generating greater quantities of data, the twin challenges of privacy and cyber security loom even larger. We take great responsibility in protecting our stakeholders' personal data and proprietary information which is our utmost priority.

To protect and preserve confidential information, we established company-wide policies and directives. These help us to ensure the continuing confidence of those who entrust us with their personal information. At the same time, we carefully observe and vigilantly comply with privacy protection legislations such as the Personal Data Protection Act 2010.

These efforts paid off when in 2021, we received no customer or staff complaints regarding breach of privacy and loss of personal data.

INDEKS GRI

GRI INDEX

Indeks GRI berikut menunjukkan bagaimana pelaporan kami memenuhi piawaian GRI. Jadual di bawah menyenaraikan di mana laporan ini membentangkan topik-topik berkaitan kehendak-kehendak Inisiatif Pelaporan Global (GRI):

The following GRI index indicates how our reporting meets GRI standards. The table below lists where our reports address topics from the Global Reporting Initiative (GRI) requirements:

		Bahagian Section
Pendedahan Am General Disclosures		
102-1	Nama organisasi Name of the organisation	Sepintas lalu (muka surat 01 hingga 02) At a glance (pages 01 to 02)
102-2	Aktiviti, jenama, produk dan perkhidmatan Activities, brands, products, and services	Digital Offerings (muka surat 42) Digital Offerings (page 42) Purpose Driven Sustainability Approach (muka surat 84 hingga 92) Purpose Driven Sustainability Approach (pages 84 to 92) Creating Impact Through Sustainability (muka surat 102 hingga 157) Creating Impact Through Sustainability (pages 102 to 157)
102-3	Lokasi ibu pejabat Location of headquarters	Direktori korporat (muka surat 390) Corporate directory (page 390)
102-4	Lokasi operasi Location of operations	Kehadiran kami (muka surat 12 hingga 13) Our presence (pages 12 to 13)
102-5	Pemilikan dan perundangan Ownership and legal form	Sepintas lalu (muka surat 01 hingga 02) At a glance (pages 01 to 02)
102-6	Pasaran diberi perkhidmatan Markets served	Kehadiran kami (muka surat 12 hingga 13) Our presence (pages 12 to 13)
102-8	Maklumat kakitangan dan pekerja lain Information on employees and other workers	Sepintas lalu (muka surat 01 hingga 02) At a glance (pages 01 to 02) Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) Advancing Value Creation – Social Impact (pages 110 to 124)
102-9	Rantaian bekalan Supply chain	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) Advancing Value Creation – Social Impact (pages 110 to 124)
102-11	Prinsip atau pendekatan berjaga-jaga Precautionary principle or approach	Penyata Pengurusan Risiko dan Kawalan Dalaman (muka surat 176 hingga 185) Statement of Risk Management and Internal Control (pages 176 to 185)
102-14	Penyata daripada pembuat keputusan kanan Statement from senior decision-maker	Utusan Pengerusi (muka surat 24 hingga 33) Chairman’s Message (pages 24 to 33) Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif (muka surat 34 hingga 53) Group President/Chief Executive Officer’s review (pages 34 to 53) Penyata para Pengarah (muka surat 216) Statement by Directors (page 216)

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		Bahagian Section
102-15	Impak, risiko dan peluang utama Key impacts, risks, and opportunities	Penyata pengurusan risiko dan kawalan dalaman (muka surat 176 hingga 185) Statement on risk management and internal control (pages 176 to 185) Advancing Value Creation – Sustainability Management (muka surat 125 hingga 155) Advancing Value Creation – Sustainability Management (pages 125 to 155)
102-16	Nilai, prinsip, piawaian, dan norma tingkah laku Values, principles, standards, and norms of behaviour	Statement on Corporate Governance (muka surat 164 hingga 175) Statement on Corporate Governance (pages 164 to 175) Statement on Shariah Governance (muka surat 187 hingga 194) Statement on Shariah Governance (pages 187 to 194)
102-17	Kebimbangan mengenai etika Concerns about ethics	Advancing Value Creation – Sustainability Management (muka surat 125 hingga 155) Advancing Value Creation – Sustainability Management (pages 125 to 155)
102-18	Struktur tadbir urus Governance structure	Advancing Value Creation – Sustainability Management (muka surat 125 hingga 155) Advancing Value Creation – Sustainability Management (pages 125 to 155) Penyata Tadbir Urus Korporat (muka surat 164 hingga 175) Statement on Corporate Governance (pages 164 to 175) Statement on Shariah Governance (pages 187 hingga 194) Statement on Shariah Governance (pages 187 to 194)
102-19	Pengagihan kuasa Delegating authority	Jawatankuasa Lembaga (muka surat 56 hingga 69) Board committees (pages 56 to 69) Pengurusan Kanan (muka surat 76 hingga 77) Senior Management (pages 76 to 77)
102-22	Komposisi badan pentadbir tertinggi dan jawatankuasanya Composition of the highest governance body and its committees	Advancing Value Creation – Sustainability Management (muka surat 125 hingga 155) Advancing Value Creation – Sustainability Management (pages 125 to 155)
102-23	Pengerusi badan pentadbir tertinggi Chair of the highest governance body	Lembaga Pengarah (muka surat 56 hingga 69) Board of Directors (pages 56 to 69)
102-26	Peranan badan pentadbir tertinggi dalam menetapkan matlamat, nilai dan strategi Role of highest governance body in setting purpose, values and strategy	Statement on Corporate Governance (muka surat 164 hingga 175) Statement on Corporate Governance (pages 164 to 175) Advancing Value Creation – Sustainability Management (muka surat 125 hingga 155) Advancing Value Creation – Sustainability Management (pages 125 to 155)
102-35	Dasar-dasar imbuhan Remuneration policies	Penyata Tadbir Urus Korporat (muka surat 164 hingga 175) Statement on Corporate Governance (pages 164 to 175)
102-40	Senarai kumpulan pihak berkepentingan List of stakeholder groups	Advancing Value Creation – Stakeholder Engagement (muka surat 125 hingga 155) Advancing Value Creation – Stakeholder Engagement (pages 125 to 155)

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		Bahagian Section
102-42	Mengenalpasti dan memilih pihak berkepentingan <i>Identifying and selecting stakeholders</i>	Memajukan Penciptaan Nilai – Penglibatan Pihak Berkepentingan (muka surat 93 hingga 101) <i>Advancing Value Creation – Stakeholder Engagement (pages 93 to 101)</i>
102-43	Pendekatan perhubungan pihak berkepentingan <i>Approach to stakeholder engagement</i>	Memajukan Penciptaan Nilai – Penglibatan Pihak Berkepentingan (muka surat 93 hingga 101) <i>Advancing Value Creation – Stakeholder Engagement (pages 93 to 101)</i>
102-44	Topik-topik dan Perhatian utama yang diutarakan <i>Key topics and concerns raised</i>	Pendekatan Kemampanan Berasaskan Matlamat (muka surat 84 hingga 92) <i>Purpose Driven Sustainability Approach (pages 84 to 92)</i>
102-45	Entiti yang dirangkumkan dalam penyata kewangan digabungkan <i>Entities included in the consolidated financial statements</i>	Nota-nota kepada Penyata Kewangan (muka surat 230 hingga 389) <i>Notes to Financial Statements (pages 230 to 389)</i>
102-55	Indeks Piawaian GRI <i>GRI Standards Index</i>	Indeks Piawaian GRI (muka surat 158 hingga 163) <i>GRI Index (pages 158 to 163)</i>
Topik Penting: Ekonomi Material Topic: Economic		
201-1	Nilai ekonomi langsung yang dijana dan diagihkan <i>Direct economic value generated and distributed</i>	Pendekatan Kemampanan berasaskan Matlamat (muka surat 84 hingga 92) <i>Purpose Driven Sustainability Approach (pages 84 to 92)</i>
203-2	Impak ekonomi tidak langsung yang signifikan <i>Significant indirect economic impacts</i>	Menseimbangkan nilai ekonomi dan sosial (muka surat 82) <i>Balancing Economic and Social Value (page 82)</i>
204	Amalan-amalan pemerolehan <i>Procurement practices</i>	Mewujudkan Impak melalui Kemampanan (muka surat 102 hingga 157) <i>Creating Impact through Sustainability (pages 102 to 157)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
205	Pencegahan rasuah <i>Anti-corruption</i>	Pendekatan Kemampanan berasaskan Matlamat (muka surat 84 hingga 92) <i>Purpose Driven Sustainability Approach (pages 84 to 92)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	Memajukan Penciptaan Nilai – Impak Urus Tadbir (muka surat 153 hingga 157) <i>Advancing Value Creation – Governance Impact (pages 153 to 157)</i>
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	Penyata Pengurusan Risiko dan Kawalan Dalaman (muka surat 176 hingga 185) <i>Statement on Risk Management and Internal Controls (pages 176 to 185)</i>

		Bahagian Section
Topik Penting: Alam Sekitar Material Topic: Environment		
302	Tenaga <i>Energy</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
302-1	Penggunaan tenaga di dalam organisasi <i>Energy consumption within the organisation</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
302-4	Pengurangan penggunaan tenaga <i>Reduction of energy consumption</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
303	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
303-5	Penggunaan air <i>Water consumption</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
306	Efluen dan bahan buangan <i>Effluents and waste</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
306-2	Bahan buangan mengikut jenis dan kaedah pelupusan <i>Waste by type and disposal method</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>

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		Bahagian Section
307	Pematuhan alam sekitar <i>Environmental compliance</i>	Memajukan Penciptaan Nilai – Impak Alam Sekitar (muka surat 103 hingga 109) <i>Advancing Value Creation – Environmental Impact (pages 103 to 109)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
Topik Penting: Sosial Material Topic: Social		
401	Pekerjaan <i>Employment</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
401-1	Pengambilan kakitangan baharu dan pusing ganti kakitangan <i>New employee hires and employee turnover</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
402	Pengurusan/hubungan buruh <i>Labour management/relations</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
403	Kesihatan dan keselamatan pekerjaan <i>Occupational health and safety</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
403-1	Perwakilan pekerja dalam jawatankuasa formal bersama kesihatan dan keselamatan pengurusan-pekerja <i>Workers' representation in formal joint management-worker health and safety committees</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>

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		Bahagian Section
404	Latihan dan pendidikan <i>Training and education</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
404-1	Purata jam latihan setahun bagi setiap kakitangan <i>Average hours of training per year per employee</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
404-2	Program peningkatan kemahiran dan program bantuan peralihan kakitangan <i>Programmes for upgrading employee skills and transition assistance programmes</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
405	Kepelbagaian dan peluang setara <i>Diversity and equal opportunity</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
405-1	Kepelbagaian badan-badan tadbir urus dan kakitangan <i>Diversity of governance bodies and employees</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
406	Tanpa diskriminasi <i>Non-discrimination</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
413	Komuniti Tempatan <i>Local Communities</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>
	103-1 Penjelasan topik penting dan sempadannya <i>103-1 Explanation of the material topic and its boundary</i>	
	103-2 Pendekatan pengurusan dan komponennya <i>103-2 The management approach and its components</i>	
413-1	Operasi dengan komuniti tempatan, penilaian impak, dan program pembangunan <i>Operations with local community engagement, impact assessments, and development programmes</i>	Memajukan Penciptaan Nilai – Impak Sosial (muka surat 110 hingga 124) <i>Advancing Value Creation – Social Impact (pages 110 to 124)</i>

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PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Lembaga Pengarah (“Lembaga”) Small Medium Enterprise Development Bank Malaysia Berhad (“Bank”) komited kepada piawaian Tadbir Urus Korporat yang tinggi dan menerima pakai Dokumen Dasar Bank Negara Malaysia (“BNM”) berhubung Tadbir Urus Korporat dalam mencapai rangka kerja tadbir urus yang optimum dan memaksimumkan nilai pemegang saham.

A. LEMBAGA PENGARAH

Lembaga ditadbir oleh sembilan (9) orang ahli yang terdiri daripada seorang (1) Pengerusi Bukan Eksekutif, dua (2) orang Pengarah Bukan Bebas Bukan Eksekutif masing-masing mewakili Menteri Kewangan Diperbadankan (“MOF”) dan Kementerian Pembangunan Usahawan dan Koperasi (“KUSKOP”) serta enam (6) orang Pengarah Bebas.

Para Pengarah tersebut mempunyai latar belakang yang pelbagai, iaitu daripada bidang Pengurusan, Perbankan, Kewangan, Perakaunan, Pembangunan Usahawan, Teknologi Maklumat, Undang-undang, Pengurusan Risiko, Pentadbiran Perniagaan, Pengurusan Kredit, Perkhidmatan Kewangan Islam, Kewangan Pembangunan, Ekonomi, Pentadbiran Awam, Audit dan Perbendaharaan. Himpunan pengalaman yang mereka perolehi sepanjang perkhidmatan dalam sektor swasta dan awam ini membekalkan kepelbagaian kepakaran dan pengalaman yang diperlukan oleh Lembaga untuk melaksanakan fungsi-fungsinya secara berkesan.

Pengerusi dan semua Pengarah memiliki kepakaran dalam bidang masing-masing dan telah menyumbang dengan ketara dalam proses membuat keputusan Lembaga. Presiden Kumpulan/Ketua Pegawai Eksekutif (“GP/CEO”) berperanan melaksanakan dasar-dasar Lembaga dan mengurus hal ehwal harian Bank.

Lembaga bertanggungjawab memastikan keberkesanan operasi Bank. Ini meliputi tanggungjawab bagi menentukan hala tuju strategik keseluruhan Bank, meluluskan sasaran prestasi, memantau pencapaian pengurusan, memberi panduan dasar keseluruhan dan memastikan supaya dasar dan prosedur sistem kawalan dalaman serta perancangan penggantian telah disediakan.

Lembaga bermesyuarat 14 kali setahun bagi membincangkan, antara lain, perkara-perkara berkaitan dasar, strategi, prestasi, sumber, tatacara keseluruhan hal-hal perniagaan dan kewangan Bank serta memantau keseluruhan prestasi Bank.

Pelantikan Pengerusi dan semua Pengarah adalah menurut Dokumen Dasar BNM berhubung Tadbir Urus Korporat serta Memorandum dan Tataurus Pertubuhan Bank.

The Board of Directors (“Board”) of Small Medium Enterprise Development Bank Malaysia Berhad (“Bank”) is committed to high standards of Corporate Governance and subscribes to Bank Negara Malaysia (“BNM”)’s Policy Document on Corporate Governance in achieving an optimal governance framework and maximising the shareholders’ value.

A. BOARD OF DIRECTOR

The Board is governed by nine (9) members consisting of one (1) Non-Executive Chairman, two (2) Non-Independent Non-Executive Directors representing Ministry of Finance (“MOF”) and Ministry of Entrepreneur Development and Cooperatives (“KUSKOP”) respectively and six (6) Independent Directors.

The Directors’ background are diversified, ranging from the fields of Management, Banking, Finance, Accounting, Entrepreneur Development, Information Technology, Legal, Risk Management, Business Administration, Credit Management, Islamic Financial Services, Development Finance, Economy, Public Administration, Audit and Treasury. Their accumulated experiences while serving both in private and government sectors, brings to the Board the necessary range of expertise and experience required by the Board to effectively perform its functions.

The Chairman and all the Directors are experts in their respective field and have contributed significantly to the Board’s decision-making process. The Group President/Chief Executive Officer (“GP/CEO”) executes the policies of the Board and manages the day-to-day affairs of the Bank.

The Board is responsible to ensure the effectiveness of the Bank’s operations. This includes the responsibility of determining the Bank’s overall strategic direction, approval of performance targets, monitoring of management achievements, providing overall policy guidance and ensuring that policies and procedures for internal control system and succession planning are in place.

The Board meets 14 times during the year to discuss matters relating to policies, strategies, performance, resources, overall conduct of the Bank’s business and financial matters as well as to monitor the Bank’s overall performance, amongst others.

The appointment of the Chairman and all the Directors are in accordance to the BNM’s Policy Document on Corporate Governance and the Bank’s Memorandum and Articles of Association.

Berdasarkan penilaian yang dijalankan ke atas kewibawaan, integriti dan reputasi peribadi, daya saing dan kemampuan serta integriti kewangan, semua Pengarah layak dan sesuai untuk menyanggah jawatan Pengarah Bank.

Komposisi Lembaga pada tahun kewangan 2021 adalah seperti berikut:

Based on the assessment conducted on the probity, personal integrity and reputation, competence and capability and financial integrity, all Directors are fit and proper to hold the position as Directors of the Bank.

The composition of the Board during the year 2021 is as follows:

No.	Nama Pengarah Name of Director	Jawatan Designation
1.	Dato’ Seri Nazir Ariff bin Mushir Ariff	Pengerusi Bukan Eksekutif Non-Executive Chairman
2.	Encik Mohd Sakeri bin Abdul Kadir	Pengarah Bukan Bebas Bukan Eksekutif (Mewakili MOF) Non-Independent Non-Executive Director (Representing MOF)
3.	Dato’ Muslim bin Hussain	Pengarah Bebas Independent Director
4.	Datuk Ahmad Hizzad bin Baharuddin	Pengarah Bebas Independent Director
5.	Encik Zulkiflee bin Hashim	Pengarah Bebas Independent Director
6.	Dato’ Mohammad Radhi bin Abdul Razak	Pengarah Bukan Bebas Bukan Eksekutif (Mewakili KUSKOP) Non-Independent Non-Executive Director (Representing KUSKOP)
7.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Pengarah Bebas (Dilantik pada 11 Januari 2021) Independent Director (Appointed on 11 January 2021)
8.	Puan Suharti binti Mohd Ali	Pengarah Bebas (Dilantik pada 1 Mac 2021) Independent Director (Appointed on 1 March 2021)
9.	Dato’ Sharkawi bin Alis	Pengarah Bebas (Dilantik pada 1 April 2021) Independent Director (Appointed on 1 April 2021)

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

Rekod kehadiran mesyuarat Pengarah bagi tahun 2021 adalah seperti berikut:

The Directors' record of meeting attendance for 2021 is as follows:

No.	Nama Pengarah Name of Director	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Dato' Seri Nazir Ariff bin Mushir Ariff	14/14
2.	Encik Mohd Sakeri bin Abdul Kadir	14/14
3.	Dato' Muslim bin Hussain	14/14
4.	Datuk Ahmad Hizzad bin Baharuddin	14/14
5.	Encik Zulkiflee bin Hashim	14/14
6.	Dato' Mohammad Radhi bin Abdul Razak	10/14
7.	Encik Wan Abdul Rahman bin Wan Abu Bakar	14/14
8.	Puan Suharti binti Mohd Ali	12/12
9.	Dato' Sharkawi bin Alis	11/11

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

B. BEKALAN MAKLUMAT

Pengarah diberi notis berserta kertas Lembaga sebelum Mesyuarat Lembaga diadakan supaya mereka mempunyai masa yang mencukupi untuk mengkaji dan mempertimbangkan isu-isu yang dibangkitkan di mesyuarat.

Semua Pengarah mempunyai akses secara langsung kepada khidmat Setiausaha Syarikat dan Pengurusan Kanan. Khidmat nasihat profesional bebas juga disediakan kepada Pengarah jika diperlukan untuk melaksanakan tugas mereka.

C. LATIHAN PENGARAH

Program Induksi komprehensif telah disediakan bagi memudahkan peralihan para Pengarah baharu dalam melaksanakan peranan baharu mereka dan membantu mereka memahami sejarah, operasi dan prestasi kewangan Bank. Para Pengarah baharu dikehendaki menghadiri Program Induksi sebaik sahaja mereka dilantik dan mereka akan diberi taklimat dan dimaklumkan mengenai cabaran dan isu yang dihadapi oleh Bank.

Bank menggalakkan Pengarah menghadiri program latihan dan seminar untuk mendedahkan diri mereka kepada perkembangan mutakhir dalam persekitaran perniagaan.

Semua Pengarah Bank telah menghadiri Program Pendidikan Pengarah Institusi Kewangan mandatori anjuran Pusat Kepimpinan dan Tadbir Urus Iclif pada tahun 2021 manakala para Pengarah baharu telah mendaftar untuk menghadiri program tersebut pada 2022.

B. SUPPLY OF INFORMATION

Directors are provided with notices and Board papers prior to the Board Meetings to give ample time to review and deliberate on issues raised at meetings.

All Directors have direct access to the services of the Company Secretary and the Senior Management. Independent professional advice is also made available to Directors in furtherance of their duties in the event such services are required.

C. TRAINING OF DIRECTORS

A comprehensive Induction Program had been established to ease new Directors into their new role and to assist them in their understanding of the Bank's history, operations and financial performance. New Directors are required to attend Induction Program as soon as possible once they have been appointed and they will be briefed and updated on the challenges and issues faced by the Bank.

The Bank encourages Directors to attend training programs and seminars to update themselves on new developments in the business environment.

All the Directors of the Bank have attended the mandatory Financial Institutions Directors' Education Program organized by The Iclif Leadership and Governance Centre during the year 2021 whilst new Directors attended the course in 2022.

Dalam memenuhi tanggungjawabnya kepada SME Bank, Pengarah perlu sentiasa meningkatkan dan mengukuhkan pengetahuan serta pemahaman tentang kewangan Islam, serta mengikuti perkembangan terkini yang boleh memberi impak kepada perniagaan kewangan Islam. Bagi tujuan tersebut, semua Pengarah juga telah mengikuti atau mendaftar dengan program mandatori iaitu Program Kewangan Islam bagi Lembaga anjuran ISRA Consulting.

Di samping itu, pada tahun 2021, Bank juga telah menganjurkan Sesi-sesi Latihan dan Perkongsian Pengetahuan bagi Lembaga dalam bidang-bidang berikut:

- (i) Pandangan & Tinjauan Ekonomi - Pandemik, Dasar, Politik
- (ii) Program Lembaga Pengarah untuk Kewangan Islam (IF4BOD)
- (iii) Membangunkan Amalan Terbaik dalam Menguruskan Risiko Ketidapatuhan Syariah
- (iv) Matlamat Pembangunan Mampan
- (v) Lanskap Tenaga Boleh Diperbaharui di Malaysia
- (vi) Lanskap Risiko Sekuriti Siber

D. JAWATANKUASA LEMBAGA

Lima (5) Jawatankuasa Lembaga telah dibentuk untuk membantu Lembaga melaksanakan tugas dan tanggungjawabnya, iaitu Jawatankuasa Lembaga Pencalonan dan Pampasan, Jawatankuasa Lembaga Pengurusan Risiko, Jawatankuasa Lembaga Audit, Jawatankuasa Lembaga Pembiayaan dan Pelaburan, serta Jawatankuasa Lembaga Teknologi Maklumat.

Lembaga Pengarah dalam mesyuaratnya bertarikh 29 Jun 2021 telah meluluskan penubuhan Jawatankuasa Teknologi Maklumat Lembaga Pengarah dan pengemaskinian komposisi Jawatankuasa tersebut.

JAWATANKUASA LEMBAGA PENCALONAN DAN PAMPASAN

1. Objektif

Objektif utama Lembaga Pencalonan dan Pampasan ("BNCC") adalah untuk membantu Lembaga dalam perkara-perkara berikut:

- (i) Menetapkan prosedur telus bagi pelantikan Individu dengan Tanggungjawab Utama¹ dan menilai keberkesanan mereka serta keberkesanan Jawatankuasa-jawatankuasa Lembaga.

A Director must continuously develop and strengthen his knowledge and understanding on Islamic Finance, as well as keep abreast with developments that may impact Islamic finance business, to fulfil his responsibility to SME Bank. For this purpose, all the Directors have also attended or have registered for the mandatory Islamic Finance for Board Program organizes by ISRA Consulting.

In addition, during the year 2021, the Bank had organised Trainings and Knowledge Sharing Sessions for the Board in the following areas:

- (i) Economics Outlook & Lookout - Pandemic, Policy, Politics
- (ii) Islamic Finance For Board Program (IF4BOD)
- (iii) Developing Best Practice in Managing Shariah Non-Compliance Risk
- (iv) Sustainable Development Goals
- (v) Renewable Energy Landscape in Malaysia
- (vi) Cybersecurity Risk Landscape

D. BOARD COMMITTEES

There are five (5) Board Committees established to assist the Board in discharging its duties and responsibilities, namely the Board Nomination and Compensation Committee, Board Risk Management Committee, Board Audit Committee, Board Financing and Investment Committee and Board Information Technology Committee.

The Board had its meeting dated 29 June 2021 approved the establishment of Board Information Technology Committee and revision to the Board Committees' composition.

BOARD NOMINATION AND COMPENSATION COMMITTEE

1. Objective

The primary objectives of the Board Nomination and Compensation Committee ("BNCC") are to support the Board as follows:

- (i) To establish transparent procedure for the appointment of the Key Responsible Persons¹ and to assess the effectiveness of individual Key Responsible Persons and the various Board Committees.

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- (ii) Menetapkan prosedur telus bagi membangunkan dasar pampasan bagi Individu dengan Tanggungjawab Utama dan memastikan bahawa pampasan tersebut adalah kompetitif dan konsisten dengan budaya, objektif dan strategi Bank.
- (iii) Menjalankan penilaian tahunan dan mengesyorkan bagi kelulusan Lembaga, pelantikan dan pelantikan semula Pengarah, ahli Jawatankuasa Syariah, penyambungan dan penamatan jawatan Pengurusan Kanan.
- (iv) Mengesahkan hal-hal Modal Insan termasuk sebarang perubahan yang dianggap perlu kepada skim, terma perkhidmatan dan terma-terma baharu bagi kakitangan sebelum dikemukakan kepada Lembaga untuk kelulusan muktamad.

¹ Definisi Individu dengan Tanggungjawab Utama adalah menurut Kriteria Sesuai dan Betul BNM yang meliputi Pengerusi, Lembaga Pengarah, Ahli Jawatankuasa Syariah, Presiden Kumpulan/CEO, Setiausaha Syarikat dan Pengurusan Kanan.

2. Komposisi, Mesyuarat dan Kehadiran

BNCC mengadakan 10 mesyuarat pada tahun kewangan berakhir 31 Disember 2021. Komposisi dan rekod kehadiran BNCC pada tahun 2021 adalah seperti berikut:

No.	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Datuk Ahmad Hizzad bin Baharuddin	Pengerusi/Pengarah Bebas Chairman/Independent Director	10/10
2.	Dato' Seri Nazir Ariff bin Mushir Ariff	Ahli/Pengarah Bebas Member/Independent Director	10/10
3.	Encik Mohd Sakeri bin Abdul Kadir	Ahli/Pengarah Bukan Bebas Bukan Eksekutif Member/Non-Independent Non-Executive Director	10/10
4.	Dato' Mohammad Radhi bin Abdul Razak	Ahli/Pengarah Bukan Bebas Bukan Eksekutif Member/Non-Independent Non-Executive Director	9/10
5.	Puan Suharti binti Mohd Ali	Ahli/Pengarah Bebas (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 July 2021 until 31 December 2021)	4/4
6.	Dato' Sharkawi bin Alis	Ahli/Pengarah Bebas (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 July 2021 until 31 December 2021)	4/4
7.	Dato' Muslim bin Hussain	Ahli/Pengarah Bebas (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 January 2021 until 1 July 2021)	6/6

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

- (ii) To establish transparent procedure to develop compensation policy for Key Responsible Persons and to ensure that the compensation is competitive and consistent with the Bank's culture, objectives and strategy.
- (iii) To conduct annual assessment and recommend for the Board's approval, the appointment and reappointment of Directors, Shariah Committee members, the renewal and termination of Senior Management's employment.
- (iv) To endorse any Human Capital matters including any changes deemed necessary to the schemes, terms of services and new terms for the employees prior to submission to the Board for final approval.

¹ The Definition of Key Responsible Persons is as per the BNM's Fit and Proper Criteria which includes the Chairman, Board of Directors, Members of Shariah Committee, Group President/CEO, Company Secretary and Senior Management.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2021, BNCC held 10 meetings. The composition of BNCC during the year 2021 and record of attendance are as follows:

3. Peranan dan Tanggungjawab

Peranan dan tanggungjawab BNCC dikategorikan kepada tanggungjawab pencalonan dan imbuhan.

Tanggungjawab pencalonan, antara lain, meliputi perkara berikut:

- (i) Menetapkan keperluan minimum bagi Pengarah dan Presiden Kumpulan/Ketua Pegawai Eksekutif ("GP/CEO");
- (ii) Menilai calon-calon jawatan pengarah, keahlian Jawatankuasa Lembaga serta calon jawatan GP/CEO;
- (iii) Menetapkan mekanisma penilaian bagi menentukan keberkesanan Lembaga, Jawatankuasa Lembaga dan Individu dengan Tanggungjawab Utama.
- (iv) Mengawasi pelantikan dan pelantikan semula, perancangan penggantian pengurusan dan penilaian prestasi bagi Individu dengan Tanggungjawab Utama serta mengesyorkan pemecatan mereka jika didapati tidak berkesan, menyeleweng dan lalai dalam melaksanakan tanggungjawab.
- (v) Memastikan ahli Lembaga menerima program latihan yang sesuai dan berterusan supaya mereka didedahkan dengan perkembangan terkini dalam industri; dan
- (vi) Menilai status pembatalan kelayakan Lembaga dan GP/CEO menurut keperluan Seksyen 7 Akta Pembangunan Institusi Kewangan 2002.

Tanggungjawab imbuhan meliputi, antara lain, perkara-perkara berikut:

- (i) Mengesyorkan rangka kerja dan pakej imbuhan bagi Individu dengan Tanggungjawab Utama; dan
- (ii) Mengesahkan sebarang perubahan yang dianggap perlu kepada skim, terma perkhidmatan dan terma-terma baharu bagi kakitangan.

JAWATANKUASA LEMBAGA PENGURUSAN RISIKO

1. Objektif

Objektif utama Jawatankuasa Lembaga Pengurusan Risiko ("BRMC") adalah untuk membantu Lembaga mengawal selia bidang-bidang berisiko utama SME Bank dan Kumpulan serta memastikan supaya proses pengurusan risiko tersedia dan dilaksanakan dengan berkesan.

3. Roles and Responsibilities

The roles and responsibilities of BNCC are categorised into nomination and remuneration responsibilities

The nomination responsibilities include, amongst others, as follows:

- (i) Establishing the minimum requirements for Director and the Group President/Chief Executive Officer ("GP/CEO").
- (ii) Assessing the nominees for directorship, membership of Board Committees as well as nominees for GP/CEO's the position.
- (iii) Establishing the assessment mechanism to determine the effectiveness of the Board, Board Committees and Key Responsible Persons.
- (iv) Overseeing the appointment and reappointment, management succession planning and performance evaluation of Key Responsible Persons and recommending their removal if they are ineffective, errant and negligent in discharging their responsibilities.
- (v) Ensuring the Board members receive an appropriate and continuous training program in order to keep abreast with the latest developments in the industry; and
- (vi) Assessing the Board and GP/CEO's non-disqualification pursuant to the requirements of Section 7 of the Developmental Financial Institution Act 2002.

The remuneration responsibilities include, amongst others, as follows:

- (i) Recommending the remuneration framework and packages for Key Responsible Persons; and
- (ii) Endorsing any changes deemed necessary to the schemes, terms of services and new terms for the employees.

BOARD RISK MANAGEMENT COMMITTEE

1. Objective

The primary objective of the Board Risk Management Committee ("BRMC") is to support the Board in overseeing the management of key risk areas of SME Bank and the Group and to ensure that the risk management process is in place and implemented effectively.

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

2. Komposisi, Mesyuarat dan Kehadiran

BRMC mengadakan 13 mesyuarat pada tahun kewangan berakhir 31 Disember 2021. Komposisi dan rekod kehadiran BRMC pada tahun 2021 adalah seperti berikut:

No.	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Dato' Muslim bin Hussain	Pengerusi/Pengarah Bebas Chairman/Independent Director	13/13
2.	Datuk Ahmad Hizzad bin Baharuddin	Ahli/Pengarah Bebas Member/Independent Director	13/13
3.	Encik Zulkiflee bin Hashim	Ahli/Pengarah Bebas Member/Independent Director	13/13
4.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Ahli/Pengarah Bebas (Dari 1 Februari 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 February 2021 until 31 December 2021)	12/12
5.	Puan Suharti bin Mohd Ali	Ahli/Pengarah Bebas (Dari 1 Mac 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 March 2021 until 31 December 2021)	10/10
6.	Encik Mohd Sakeri bin Abdul Kadir	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Non-Independent Non-Executive Director (From 1 July 2021 until 31 December 2021)	5/6
7.	Dato' Mohammad Radhi bin Abdul Razak	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Non-Independent Non-Executive Director (From 1 January 2021 until 1 July 2021)	6/7

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

3. Peranan dan Tanggungjawab

BRMC dibentuk untuk membantu Lembaga memenuhi tanggungjawabnya dalam mengkaji dan mengesyorkan kepada Bank strategi risiko, kecenderungan mengambil risiko, pembangunan dasar dan rangka kerja pengurusan risiko serta menangani jenis-jenis risiko utama selaras dengan peranan yang dipertanggungjawabkan kepada bank sebagai sebuah bank pembangunan.

BRMC turut mengawasi, antara lain, bidang-bidang berikut:

- (i) Strategi risiko kredit dan faktor khusus Bank seperti kecenderungan mengambil risiko, tahap modal sedia ada dan keperluan peruntukan dalam perjalanan biasa perniagaan dan senario tekanan, kecukupan sumber dalaman serta persekitaran operasi yang lebih luas.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2021, BRMC held 13 meetings. The composition of BRMC during the year 2021 and record of attendance are as follows:

- (ii) Fungsi kawalan pengurusan risiko, aktiviti pengurusan risiko, pelaksanaan amalan Pengurusan Kesenambungan Perniagaan yang mantap di seluruh Bank.

- (iii) Pembangunan dan pelaksanaan program ujian tekanan.

- (iv) Pengurusan risiko pematuhan Bank.

BRMC turut terlibat secara aktif dalam kajian prestasi individu terutamanya yang bertanggungjawab ke atas fungsi-fungsi kawalan termasuk pematuhan dan pengurusan risiko.

Menurut Dokumen Dasar BNM berhubung Pengurusan Risiko Teknologi, BRMC mengawasi perkara-perkara berkaitan teknologi, termasuk mengkaji rangka kerja berkaitan teknologi dan memastikan supaya penilaian risiko yang dijalankan berkaitan aplikasi teknologi penting dalam keadaan terperinci dan menyeluruh.

Lembaga juga memberi kuasa kepada BRMC untuk meluluskan:

- (i) Sebarang cadangan berkaitan Had Kuasa ("AL") bagi Pembayaran, Penyelesaian, Aktiviti Selepas Kelulusan bagi Aktiviti Pembiayaan dan AL bagi Aktiviti Bukan Pembiayaan.

- (ii) Sebarang semakan/penambahbaikan lanjutan yang bukan utama ke atas Dasar dan Rangka Kerja Pengurusan Risiko yang telah diluluskan.

- (iii) Sebarang had tumpuan dalaman baharu atau yang disemak kecuali Had Pelanggan Tunggal dan Pembiayaan Besar.

- (ii) Risk management control functions, risk management activity, Bank-wide implementation of sound Business Continuity Management practices.

- (iii) The development and implementation of the stress testing program.

- (iv) The management of the Bank's compliance risk.

BRMC is also actively involved in the performance review of individuals primarily responsible for control functions including compliance and risk management.

Pursuant to BNM Policy Document on Risk Management in Technology, BRMC provides oversight over technology-related matters, including reviewing the technology-related frameworks and ensuring that risk assessments undertaken in relation to material technology applications are robust and comprehensive.

The Board has also empowered BRMC to approve:

- (i) Any proposal related to Authority Limit ("AL") for Disbursement, Settlement, Post Approval Activities for Financing Activities and AL for Non-Financing Activities.

- (ii) Any subsequent non-material revision/enhancement of duly approved Risk Management Policies and Framework.

- (iii) Any new or revision of internal concentration limits except for Single Customer Limit and Large Financing.

BOARD AUDIT COMMITTEE

1. Objective

The primary objective of the Board Audit Committee ("BAC") is to support the Board in providing independent oversight on the Bank and its subsidiaries' financial reporting and internal control system and ensuring check and balances within the Bank.

JAWATANKUASA LEMBAGA AUDIT

1. Objektif

Objektif utama Jawatankuasa Audit Lembaga Pengarah ("BAC") adalah untuk menyokong Lembaga Pengarah dalam menyediakan penyeliaan bebas ke atas pelaporan kewangan dan sistem kawalan dalaman Bank serta subsidiarinya disamping memastikan semakan dan imbalan di dalam Bank.

3. Roles and Responsibilities

BRMC is established to support the Board to fulfil its responsibilities in reviewing and recommending the Bank's risk strategies, risk appetite, development of the risk management policies and frameworks and addressing major types of risks in line with the Bank's mandated role as a development bank.

BRMC also provide oversight, amongst others, on the following areas:

- (i) Credit risk strategy and the Bank's specific factors such as the Bank's risk appetite, existing levels of capital and provisioning needs in business-as-usual and stressed scenarios, adequacy of internal resources as well as the wider operating environment.

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

2. Komposisi, Mesyuarat dan Kehadiran

BAC mengadakan 12 mesyuarat pada tahun kewangan berakhir 31 Disember 2021. Komposisi dan rekod kehadiran BAC pada tahun 2021 adalah seperti berikut:

No.	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Encik Zulkiflee bin Hashim	Pengerusi/Pengarah Bebas Chairman/Independent Director	12/12
2.	Dato' Seri Nazir Ariff bin Mushir Ariff	Ahli/Pengarah Bebas Member/Independent Director	12/12
3.	Dato' Muslim bin Hussain	Ahli/Pengarah Bebas Member/Independent Director	12/12
4.	Datuk Ahmad Hizzad bin Baharuddin	Ahli/Pengarah Bebas Member/Independent Director	12/12
5.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Ahli/Pengarah Bebas (Dari 1 Februari 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 February 2021 until 31 December 2021)	11/11
6.	Dato' Sharkawi bin Alis	Ahli/Pengarah Bebas (Dari 1 April 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 April 2021 until 31 December 2021)	8/8
7.	Encik Mohd Sakeri bin Abdul Kadir	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Non-Independent Non-Executive Director (From 1 January 2021 until 1 July 2021)	6/6

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

3. Peranan dan Tanggungjawab

Peranan dan tanggungjawab BAC, antara lain, meliputi perkara berikut:

- Memastikan pelaporan yang adil dan telus serta penerbitan segera akaun-akaun tahunan.
- Menyemak penyata kewangan suku tahunan dan tahunan, terbitan keputusan awal serta lain-lain terbitan formal berkaitan prestasi kewangannya.
- Menyelia fungsi audit dalaman, meluluskan pelan audit, program dan proses-proses, keputusan/laporan audit dalaman serta menyarankan tindakan-tindakan yang harus diambil oleh Pengurusan.
- Menyiasat semua perkara termasuk yang berkaitan dengan Dasar Pemberi Maklumat.
- Menyemak keberkesanan proses-proses kawalan dalaman dan pengurusan risiko.
- Menyemak laporan berkaitan pelakuan dan pencegahan penipuan serta menyarankan tindakan-tindakan yang harus diambil oleh Pengurusan.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2021, BAC held 12 meetings. The composition of BAC during the year 2021 and record of attendance are as follows:

3. Roles and Responsibilities

The roles and responsibilities of BAC are amongst others, as follows:

- Ensuring fair and transparent reporting and prompt publication of annual accounts.
- Reviewing the quarterly and annual financial statements, preliminary results release and any other formal release relating to its financial performance.
- Overseeing the functions of internal audit, approving audit plan, program and processes, internal audit findings/reports and recommending actions to be taken by Management.
- Investigating all matters which include investigations pursuant to the Whistle Blowing Policy.
- Reviewing the effectiveness of internal controls and risk management processes.
- Reviewing reports relating to the perpetration and prevention of fraud and recommending actions to be taken by Management.

(vii) Menyemak dan menyokong status serta kemajuan maklumbalas Pengurusan serta langkah-langkah pembetulan ke atas isu-isu yang dibangkitkan dalam Surat Penarafan Risiko Komposit BNM sebelum ia diserahkan kepada Lembaga Pengarah.

(viii) Mencadangkan pelantikan atau pelantikan semula juruaudit luar, yuran mereka serta perkara-perkara berkaitan peletakan jawatan atau pemecatan atau perubahan atau penyingkiran juruaudit luar.

(vii) Reviewing and endorsing the status and progress of Management's response and corrective measures on issues raised in BNM's Composite Risk Rating Letter prior to its submission to the Board.

(viii) Recommending the appointment or re-appointment of the external auditor, the fee and matters pertaining to the resignation or termination or change or removal of the external auditor.

JAWATANKUASA LEMBAGA PEMBIAYAAN DAN PELABURAN

1. Objektif

Objektif utama Jawatankuasa Pembiayaan dan Pelaburan Lembaga Pengarah ("BFIC") adalah untuk menyokong Lembaga Pengarah dalam menyelia pengurusan dan menyediakan halatuju strategik berkaitan pembiayaan, pelaburan dan kualiti aset Bank.

2. Komposisi, Mesyuarat dan Kehadiran

BFIC mengadakan 24 mesyuarat pada tahun kewangan berakhir 31 Disember 2021. Komposisi dan rekod kehadiran BFIC pada tahun 2021 adalah seperti berikut:

No.	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Encik Zulkiflee bin Hashim	Pengerusi/Pengarah Bebas Chairman/Independent Director	24/24
2.	Dato' Muslim bin Hussain	Ahli/Pengarah Bebas Member/Independent Director	24/24
3.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Ahli/Pengarah Bebas (Dari 1 Februari 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 February 2021 until 31 December 2021)	22/22
4.	Puan Suharti binti Mohd Ali	Ahli/Pengarah Bebas (Dari 1 Mac 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 March 2021 until 31 December 2021)	20/20
5.	Dato' Sharkawi bin Alis	Ahli/Pengarah Bebas (Dari 1 April 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 April 2021 until 31 December 2021)	15/17
6.	Dato' Mohammad Radhi bin Abdul Razak	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Non-Independent Non-Executive Director (From 1 July 2021 until 31 December 2021)	6/11
7.	Datuk Ahmad Hizzad bin Baharuddin	Ahli/Pengarah Bebas (Dari 1 Julai 2021 hingga 31 Disember 2021) Member/Independent Director (From 1 January 2021 until 1 July 2021)	12/13

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

PENYATA TADBIR URUS KORPORAT STATEMENT ON CORPORATE GOVERNANCE

3. Peranan dan Tanggungjawab

Peranan dan tanggungjawab BFIC meliputi, antara lain, perkara-perkara berikut:

- Melaksanakan kuasa veto bagi menolak kredit atau mengubah terma-terma kredit yang telah diluluskan oleh Jawatankuasa Pembiayaan dan Pelaburan ("FIC") jika BFIC berpendapat bahawa pembiayaan tersebut akan mendedahkan Bank kepada risiko yang melampau. Sebaliknya, BFIC akan menyokong semua cadangan pembiayaan dan pelaburan yang diluluskan oleh FIC sekiranya tiada bantahan atau pengubahsuaian. Selain itu, BFIC juga menyarankan cadangan Pembiayaan dasar untuk kelulusan Lembaga Pengarah.
- Menilai, menyemak, dan menyediakan halatuju strategik berkaitan Laporan Kualiti Aset dan Laporan Perbendaharaan yang perlu dibentangkan secara bulanan bagi mempertingkatkan pengurusan pertumbuhan aset dan kualiti aset SME Bank.
- Menilai, menyemak, dan menyediakan halatuju strategik berkaitan Laporan Ekonomi yang perlu dibentangkan apabila perlu atau secara bulanan.

JAWATANKUASA LEMBAGA TEKNOLOGI MAKLUMAT

1. Objektif

Objektif utama Jawatankuasa Lembaga Teknologi Maklumat ("BITC") adalah untuk menyokong Lembaga Pengarah dalam menyediakan penyeliaan ke atas perkara-perkara berkaitan teknologi.

2. Komposisi, Mesyuarat dan Kehadiran

BITC mengadakan 2 mesyuarat pada tahun kewangan berakhir 31 Disember 2021. Komposisi dan rekod kehadiran BITC pada tahun 2021 adalah seperti berikut:

No.	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Puan Suharti binti Mohd Ali	Pengerusi/Pengarah Bebas Chairman/Independent Director	2/2
2.	Dato' Seri Nazir Ariff bin Mushir Ariff	Ahli/Pengarah Bebas Member/Independent Director	2/2
3.	Dato' Muslim bin Hussain	Ahli/Pengarah Bebas Member/Independent Director	2/2
4.	Datuk Ahmad Hizzad bin Baharuddin	Ahli/Pengarah Bebas Member/Independent Director	2/2
5.	Encik Zulkiflee bin Hashim	Ahli/Pengarah Bebas Member/Independent Director	2/2
6.	Encik Mohd Sakeri bin Abdul Kadir	Ahli/Pengarah Bukan Bebas Bukan Eksekutif Member/Non-Independent Non-Executive Director	2/2

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

3. Roles and Responsibilities

The roles and responsibilities of BFIC amongst others, as follows:

- Exercising veto power to reject credits or modify the terms of credit which had been approved by the Financing and Investment Committee ("FIC") if the BFIC is of the view that the financing would expose the Bank to undue excessive risk. Otherwise, BFIC shall endorse all financing and investment related proposals duly approved by FIC should there be no objection or modification. In addition, BFIC also recommends the proposals on Policy Financing for the Boards' approval.
- Assessing, reviewing and providing strategic direction in regard to Asset Quality Report and Treasury Report which are to be presented on monthly basis in order to improve the management of asset growth and asset quality of SME Bank.
- Assessing, reviewing and providing strategic direction in regard to Economic Report which is to be presented as required or on quarterly basis.

BOARD INFORMATION TECHNOLOGY COMMITTEE

1. Objective

The primary objective of the Board Information Technology Committee ("BITC") is to support the Board in providing oversight on technology-related matters.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2021, BITC held 2 meetings. The composition of BITC during the year 2021 and record of attendance are as follows:

3. Peranan dan tanggungjawab

Peranan dan tanggungjawab BITC meliputi, antara lain, perkara-perkara berikut:

- Memastikan teknologi yang relevan seperti selera risiko siber yang sejajar dengan pernyataan selera risiko Bank serta pelaksanaan efektif Rangka Kerja Pengurusan Risiko Teknologi (TRMF) dan Dasar Kebingkasian Siber (CRP) yang selamat dan kukuh.
- Memastikan toleransi risiko yang selari dengan peristiwa-peristiwa teknologi yang berkaitan, menilai penunjuk prestasi utama and penunjuk risiko berkemajuan, serta memantau risiko teknologi Bank berbanding toleransi risiko yang diluluskan.
- Memantau kecukupan infrastruktur IT Bank serta pelan strategik keselamatan siber yang merangkumi pelaksanaan inisiatif-inisiatif/projek-projek IT dan Digital Bank.
- Memantau dan menangani risiko-risiko berkaitan apabila menggunakan khidmat penyedia perkhidmatan pihak ketiga untuk fungsi-fungsi dan sistem-sistem teknologi yang kritikal serta mana-mana pelantikan individu, perunding atau penasihat yang akan terlibat dalam menguruskan projek-projek atau tugas-tugas khusus berkaitan inisiatif/projek IT dan Digital Bank.
- Menyemak dan menyarankan strategi utama IT dan Digital selain pelan transformasi strategik digital dan kemajuan projek.

3. Roles and Responsibilities

The roles and responsibilities of BITC amongst others, as follows:

- Ensuring the relevant technology including cyber risk appetite which is aligned with the Bank's risk appetite statement and effective implementation of a sound and robust Technology Risk Management Framework (TRMF) and Cyber Resilience Policy (CRP).
- Ensuring corresponding risk tolerances for technology-related events assess the key performance indicators, forward-looking risk indicators and monitor the Bank's technology risk against its approved risk tolerance.
- Overseeing the adequacy of the Bank's IT infrastructure as well as cybersecurity strategic plans covering the implementation of IT and Digital initiatives/projects undertaken by the Bank.
- Overseeing and address associated risk when engaging third party service providers for critical technology functions and systems as well as any appointment of such person, consultants or advisors to undertake any specific projects or assignments in relation to the Bank's IT and Digital initiatives/projects.
- Review and recommend on key IT and Digital strategy as well as digital transformation strategic plan and project progress.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pengenalan

Lembaga Pengarah ("Lembaga") komited untuk memupuk dan memelihara pengurusan risiko dan kawalan dalaman yang mantap serta amalan tadbir urus korporat yang baik di seluruh Kumpulan SME Bank seperti yang ditetapkan dalam penyata pengurusan risiko dan kawalan dalaman Lembaga yang disediakan menurut resolusi Lembaga bertarikh 29 Mac 2022.

Lembaga telah membentuk Jawatankuasa Lembaga Pengurusan Risiko ("BRMC"), Jawatankuasa Lembaga Audit ("BAC"), Jawatankuasa Lembaga Pencalonan dan Pampasan ("BNCC") dan Jawatankuasa Lembaga Pembiayaan dan Pelaburan ("BFIC") dan Jawatankuasa Lembaga Teknologi Maklumat ("BITC"). Bagi tujuan pembentangan penyata ini, syarikat-syarikat bersekutu tidak dikendalikan sebagai sebahagian daripada Kumpulan, justeru, tidak disertakan dalam penyata ini. Walau bagaimanapun, wakil yang dilantik oleh Lembaga dalam Lembaga Pengarah syarikat bersekutu akan menyelia aktiviti perniagaan dan operasi syarikat tersebut serta memaklumkan Lembaga berhubung perkara-perkara utama dan maklumat penting terkini.

Tanggungjawab

Lembaga mengakui keseluruhan tanggungjawabnya dalam mengawasi persekitaran kawalan dalaman dan keberkesanannya bagi melindungi kepentingan pemegang saham dan aset Kumpulan. Langkah-langkah kawalan dalaman direka untuk mengurus, bukan menghapus risiko kegagalan mencapai matlamat dan objektif Kumpulan, dan dengan demikian hanya memberi jaminan munasabah terhadap salah nyata maklumat kewangan yang ketara atau terhadap kerugian dan pemalsuan kewangan.

Sistem kawalan dalaman yang diwujudkan di seluruh Kumpulan dikemaskini dari semasa ke semasa supaya bersesuaian dengan perubahan persekitaran perniagaan serta inisiatif penambahbaikan proses yang dijalankan. Lembaga mengesahkan bahawa Pengurusan Kumpulan telah melaksanakan dasar, prosedur dan garis panduan risiko dan kawalan dengan penuh tanggungjawab dengan cara mengenal pasti dan menilai risiko yang dihadapi serta pencapaian objektif dan strategi perniagaan.

Lembaga berpendapat bahawa pengurusan risiko dan sistem kawalan dalaman yang tersedia pada tahun yang ditinjau dan hingga ke tarikh penerbitan penyata kewangan ini adalah mencukupi dan berkesan untuk melindungi pelaburan pemegang saham, kepentingan pelanggan, pihak pengawal selia dan kakitangan serta aset Kumpulan.

Introduction

The Board of Directors ("Board") is committed to nurture and preserve throughout SME Bank Group a sound risk management and internal controls and good corporate governance practices as set out in the Board's statement on risk management and internal control, made in accordance with the resolution of the Board dated 29 March 2022.

The Board has established the Board Risk Management Committee ("BRMC"), Board Audit Committee ("BAC"), Board Nomination and Compensation Committee ("BNCC"), Board Financing and Investment Committee ("BFIC") and Board Information Technology Committee ("BITC"). For the purposes of this statement, associates are not dealt with as part of the Group, and are therefore not covered by this statement. Nevertheless, the Board appointed representative in the Board of associate company will oversee the business and operational activities, and to update key matters and significant information to the Board.

Responsibilities

The Board acknowledges its overall responsibility in providing oversight for the internal control environment and its effectiveness in safeguarding shareholder's interests and the Group's assets. The internal control measures are designed to manage rather than eliminate the risk of failure in the achievement of goals and objectives of the Group, and therefore provide reasonable assurance against material misstatement of financial information or against financial losses and fraud.

The system of internal control that is instituted throughout the Group is updated from time to time to align with the changes in the business environment as well as process improvement initiatives undertaken. The Board confirms that the Management of the Group responsibly implements the policies, procedures and guidelines on risks and controls via identifying and evaluating the risks faced, and the achievement of business objectives and strategies.

The Board is of the view that the risk management and internal control system is in place for the year under review, and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholder's investment, the interests of customers, regulators, employees, and the Group's assets.

Ciri-ciri Utama Rangka Kerja Pengurusan Risiko dan Kawalan Dalaman

Kumpulan mempunyai struktur organisasi yang ditakrif dengan baik dan had-had kebertanggungjawaban, kuasa dan tanggungjawab yang jelas kepada Lembaga, jawatankuasa-jawatankuasanya dan unit-unit operasi. Proses-proses utama telah diwujudkan bagi mengkaji kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman.

1. Fungsi Pengurusan Risiko

Pengurusan risiko adalah disiplin teras yang menyokong matlamat Kumpulan dalam mencapai keseimbangan antara risiko dan pulangan. Sebagai salah satu bahagian penting dalam melaksanakan fungsi-fungsi kawalan yang menyediakan semakan danimbangan terhadap proses perniagaan dan perancangan strategik pengurusan, pengurusan risiko memastikan pengenalpastian, pengukuran, mitigasi dan pelaporan risiko baharu dan penting yang dihadapi oleh Kumpulan secara tepat pada masanya dan berkesan.

Pengurusan Risiko Kumpulan ("GRM") melaksanakan pendekatan pengurusan risiko bersepadu dalam usaha mewujudkan kesedaran risiko dan kefahaman terhadap prosedur dan kawalan, justeru, mempertingkatkan keseluruhan persekitaran kawalan. Pada tahun ini, dasar dan proses pengurusan risiko telah dipertingkatkan supaya bersesuaian dengan perubahan dalam pasaran, produk dan persekitaran kawal selia bagi memastikan agar dasar-dasar tersebut kekal relevan manakala profil risiko Kumpulan kekal berhemah dan dalam lingkungan kecenderungan mengambil risiko Kumpulan.

Rangka Kerja Pengurusan Risiko Bersepadu ("IRMF") tersedia sebagai satu rangka kerja pengurusan risiko bersepadu untuk seluruh syarikat termasuk, antara lainnya, tadbir urus, selera risiko, pematuhan risiko, dan kawalan dalaman yang menyokong aktiviti-aktiviti perniagaan dan strategik di seluruh Kumpulan. IRMF telah dipertingkatkan bagi merangkumi pengurusan risiko iklim sebagai sebahagian daripada komitmen Bank dalam menggunakan Taksonomi Berasaskan Prinsip Perubahan Iklim BNM.

Key Features of Risk Management and Internal Control Framework

The Group has a well-defined organisational structure with clearly delineated lines of accountability, authority and responsibility to the Board, its committees and operating units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

1. Risk Management Function

Risk management is a core discipline which supports the Group's aim to achieve a measured balance between risk and return. As an integral part of the control functions in providing the check and balance to the business processes and management strategic planning, risk management ensures timely and effective identification, measurement, mitigation and reporting of significant and emerging risks faced by the Group.

The Group Risk Management ("GRM") undertakes the implementation of an integrated risk management approach in creating continuous risk awareness and understanding of procedures and controls, thus enhancing the overall control environment. During the year, risk management policies and processes were enhanced to reflect changes in the markets, products and regulatory environment to ensure that the policies remain relevant and the Group's risk profile remains prudent and within the risk appetite of the Group.

The Integrated Risk Management Framework ("IRMF") is in place as an integrated enterprise-wide risk management framework, which includes amongst others, governance, risk appetite, risk compliance and internal controls which support business and strategic activities across the Group. The IRMF has been enhanced to incorporate the management of climate risk as part of the Bank's commitment in adopting the BNM Climate Change Principle-Based Taxonomy.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Tadbir urus risiko bersandarkan konsep tiga benteng pertahanan yang menggariskan pemisahan fungsi dan tanggungjawab utama bagi fungsi pengawasan dan kawalan bebas serta unit perniagaan dan sokongan.

The governance of risk is premised on the three lines of defence concept which outlines the functional segregation and key responsibilities of the independent oversight and control functions, as well as the business and support units.

Rangka Kerja Pengurusan Risiko Kumpulan

Group Risk Management Framework

Ditadbir oleh fungsi penyeliaan yang teguh, terdiri daripada Lembaga Pengarah dan Jawatankuasa-jawatankuasa Pengurusan serta semua unit perniagaan dan sokongan.

Governed by a strong oversight function comprising the Board of Directors and Management Committees as well as all business and support units.

Selera risiko menampilkan kemampuan menerima risiko yang sanggup diambil dan ditanggung oleh Kumpulan dan anak-anak syarikatnya dalam usaha mencapai objektif perniagaan dan matlamat strategik.

Risk appetite demonstrates the risk bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals.

Had dan Kawalan Risiko merupakan langkah-langkah mitigasi. Kawalan dalaman diwujudkan melalui Proses Pengurusan Risiko bagi parameter risiko penting.

Risk Limits and Controls are mitigation measures. Internal controls are established for material risks parameters through the Risk Management Process.

Proses Pengurusan Risiko menetapkan kaedah bagi pengurusan risiko yang telah sedia wujud di seluruh Kumpulan.

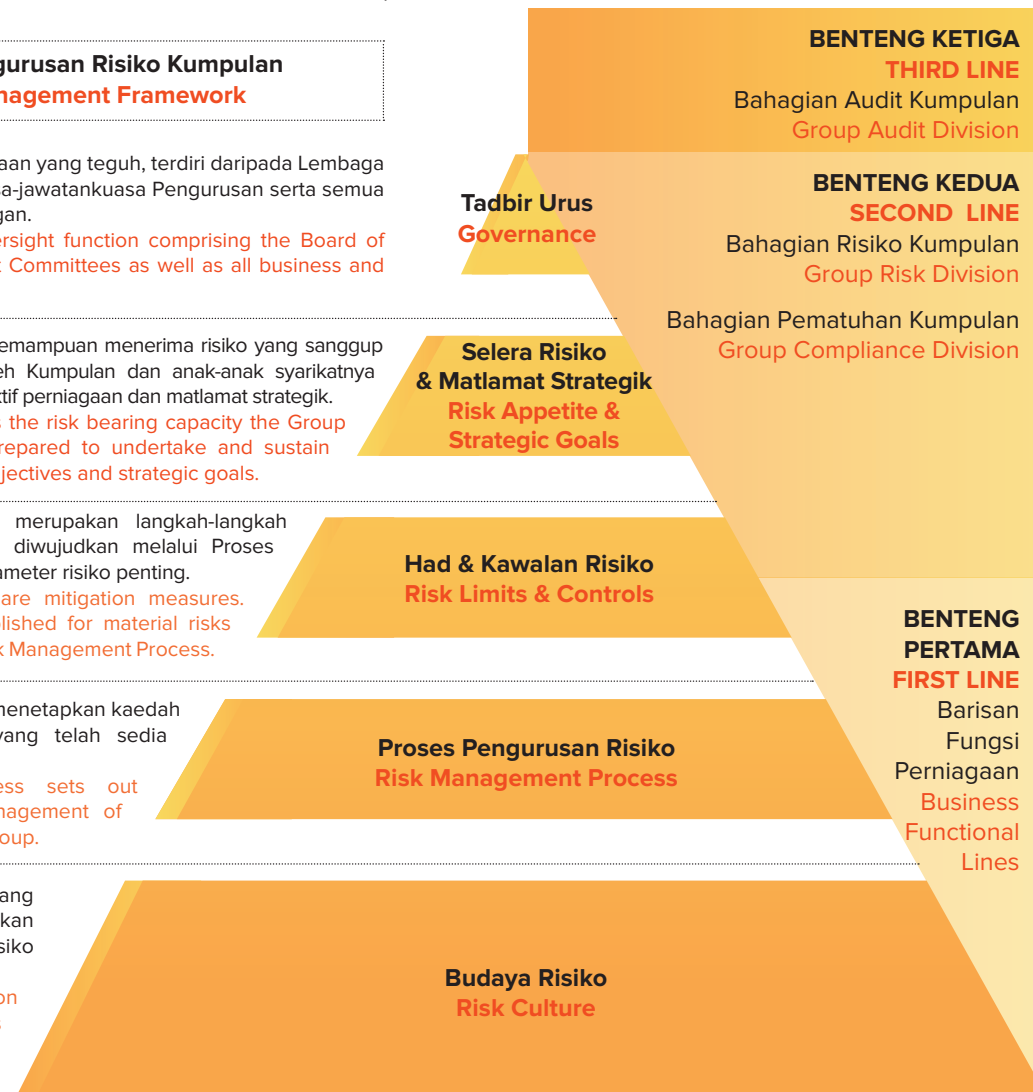
Risk Management Process sets out the methodology for management of inherent risks across the Group.

Pelaksanaan rangka kerja yang berkesan adalah berasaskan budaya dan kesedaran risiko yang mantap dan sihat.

The effective implementation of the framework is grounded on a robust and healthy risk culture and awareness.

Peringkat pertahanan pertama melibatkan tanggungjawab pemilik risiko (barisan fungsi perniagaan) dalam pengurusan harian risiko yang sedia wujud dalam pelbagai aktiviti perniagaan dan operasi. Di peringkat kedua pertahanan, fungsi kawalan (Pematuhan Kumpulan dan Pengurusan Risiko Kumpulan) memainkan peranan menetapkan dasar yang meliputi pembangunan peralatan dan kaedah yang relevan untuk mengenal pasti, mengukur, mengurangkan dan melaporkan risiko penting dan baharu. Melengkapi benteng pertahanan ini adalah peringkat pertahanan ketiga iaitu audit dalaman (Audit Kumpulan) yang menyediakan jaminan bebas terhadap keberkesanan pendekatan pengurusan risiko.

The first level of defence entails the responsibilities of risk owners (business functional lines) in the day-to-day management of risks inherent in the various business and operational activities. At the second level of defence, the control functions (Group Compliance and Group Risk Management) perform the role of policy setting which includes the development of relevant tools and methodologies to identify, measure, mitigate and report significant and emerging risks. Complementing this, at the third level of defence, is internal audit (Group Audit), which provides independent assurance of the effectiveness of the risk management approach.



Melalui Jawatankuasa Lembaga Pengurusan Risiko ("BRMC"), Lembaga memacu pencapaian keseluruhan agenda pengawasan risiko Kumpulan dalam aktiviti pengurusan risiko yang melibatkan risiko kredit, pasaran, kecairan, operasi, undang-undang, teknologi, reputasi dan risiko-risiko penting lain serta memastikan supaya proses pengurusan risiko dan rangka kerja pematuhan telah tersedia dan berfungsi dengan berkesan. BRMC bertanggungjawab menetapkan keseluruhan hala tuju strategi risiko Kumpulan dan memastikan keberkesanan komunikasi dan integrasi selera risiko dan pematuhan dalam perniagaan, operasi dan budaya. Ia turut membantu Lembaga melaksanakan tanggungjawab pengawasan terhadap kawalan dalaman, pengurusan risiko dan strategi, dasar, proses dan rangka kerja pematuhan Kumpulan serta hal-hal berkaitan risiko lain.

The Board, via Board Risk Management Committee ("BRMC"), drives the overall risk oversight agenda of the Group in risk management activities involving credit, market, liquidity, operational, legal, technology, reputational and other material risks as well as ensuring that the risk management process and compliance framework are in place and functioning effectively. BRMC is responsible for setting the overall tone of the Group's risk strategy and ensuring effective communication and integration of risk appetite and compliance within the business, operations and culture. It also assists the Board in undertaking the oversight responsibilities on the Group's internal controls, risk management and compliance strategies, policies, processes, frameworks and other risk related matters.

Dalam melaksanakan peranan dan tanggungjawabnya, BRMC disokong oleh beberapa jawatankuasa pengurusan kanan, iaitu Jawatankuasa Aset dan Liability ("ALCO") dan Jawatankuasa Pematuhan dan Pengurusan Risiko ("CRMC"). Semua jawatankuasa tersebut bertanggungjawab terhadap keberkesanan penilaian dan kawalan risiko harian, dalam usaha untuk mengimbangi risiko dan pulangan Kumpulan serta mengekalkan kelebihan daya saingnya.

The BRMC, in discharging its roles and responsibilities, is supported by a number of senior management committees; namely the Asset and Liability Committee ("ALCO") and Compliance and Risk Management Committee ("CRMC"). These committees are accountable for the effectiveness of the day-to-day risk assessment and controls, in an effort to balance the Group's risk and return as well as maintain its competitive advantage.

Sejajar dengan aspirasi Kumpulan untuk menjadi bank Islam sepenuhnya ("FFIB"), dasar-dasar risiko Syariah dalaman telah diwujudkan bagi memandu dan memperkukuhkan pengurusan risiko ketidakpatuhan Syariah yang mungkin timbul daripada aktiviti-aktiviti dan operasi perniagaan. Fungsi utama Pengawasan Syariah, Pengurusan Risiko Syariah dan Audit Syariah didokumentasi dengan peranan dan tanggungjawab yang jelas, menurut Dokumen Dasar Tadbir Urus Syariah yang dikeluarkan oleh BNM dan keperluan pengawalseliaan lain. Objektif utama dokumentasi tersebut adalah bagi mengukuhkan kemandapan proses membuat keputusan dan keteguhan fungsi kawalan dalaman untuk menghasilkan pengurusan risiko ketidakpatuhan Syariah yang berkesan.

In line with the Group's aspiration to become a full-fledged Islamic bank ("FFIB"), internal Shariah risk policies have been established to guide and strengthen the management of potential Shariah non-compliance risk which may arise from business activities and operations. The key functions of Shariah Review, Shariah Risk Management and Shariah Audit are documented with clear roles and responsibilities, in accordance with the Shariah Governance Policy Document issued by BNM and other relevant regulatory requirements. The main objective is to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks.

Sebagai langkah berterusan memastikan pengurusan risiko kredit yang berhemah, Kumpulan telah menjalankan Ujian Tekanan Bawah-ke-Atas bagi menentukan pelanggan dan akaun yang paling terjejas oleh COVID-19 yang mana memerlukan bantuan lanjut daripada SME Bank. Langkah ini menyediakan maklumat yang lebih tepat dalam mengenalpasti pelanggan yang berpotensi terjejas serta jenis bantuan yang mereka perlukan. Selain itu, SME Bank juga telah melaksanakan kad skor Kebarangkalian Ketidakboleh bayaran ("PD") bagi menilai para pelanggannya. Kad skor baharu ini menjana penarafan kredit berdasarkan maklumat kuantitatif dan kualitatif bagi memastikan penarafan yang lebih tepat untuk pembuatan keputusan yang lebih baik.

As a continuous measure for prudent credit risk management, the Group has conducted Bottom-Up Stress Testing exercise to determine customers or accounts impacted the most by COVID-19 and would require further assistance from SME Bank. This exercise provides more accurate information in identifying potential vulnerable customers and the type of assistance required by them. Additionally, SME Bank has implemented a new Probability of Default ("PD") based scorecard to assess its customers. This new scorecard generates credit rating based on both quantitative and qualitative data to ensure a more predictive and accurate rating for better decision making.

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Dengan mengambilkira kemajuan dalam kebolehan teknologi, terutamanya inisiatif-inisiatif digitalisasi, Kumpulan telah mewujudkan Rangka Kerja Pengurusan Risiko Teknologi dan Dasar Kebingklasan Siber. SME Bank terus memperkukuhkan pematuhan terhadap kehendak-kehendak Pengurusan Risiko Teknologi ("RMIT") BNM yang menekankan jaminan keberkesanan pengurusan teknologi dan risiko siber yang timbul daripada penggunaan pelbagai sistem, aplikasi, platform atau infrastruktur IT. Salah satu inisiatif tersebut adalah pembukaan pusat maklumat lokasi bersama demi kebingklasan perniagaan. Dari perspektif risiko pasaran, SME Bank telah melaksanakan ujian Pelan Pembiayaan Luar Jangka ("CFP") bagi menilai kesediaan menghadapi sebarang potensi krisis kecairan.

Pengurusan Kesenambungan Perniagaan Kumpulan ("BCM") diwujudkan khusus untuk memfokus kepada strategi pemulihan perniagaan dan menjangka serta melaksanakan perancangan pemulihan. Aktiviti seperti latihan simulasi krisis dijalankan secara berkala untuk menguji daya maju dan kebolehpercayaan pelan tindak balas, pemulihan dan strategi kesenambungan bagi mempertingkatkan tahap persiapan dan kesediaan BCM. Sebagai sebahagian daripada strategi kesenambungan perniagaan, Kumpulan telah mewujudkan pelbagai tapak alternatif dan membolehkan aturan kerja dari jarak jauh untuk kakitangan termasuk bekerja dari rumah demi kesenambungan perniagaan.

Kumpulan menerima pakai dan menggalakkan budaya pengurusan risiko di seluruh organisasi untuk meningkatkan dan memupuk budaya kesedaran risiko yang merupakan aspek penting bagi rangka kerja pengurusan risiko seluruh perusahaan yang berkesan. Asas kepada Budaya Pengurusan Risiko Kumpulan adalah struktur tadbir urus korporat yang kukuh, struktur organisasi dengan peranan dan tanggungjawab yang ditakrif dengan jelas, komunikasi dan latihan yang berkesan, komitmen terhadap pematuhan undang-undang, peraturan dan kawalan dalaman, kewibawaan dalam tanggungjawab fidusiari dan dasar yang jelas, serta prosedur dan garis panduan yang difahami dengan jelas di seluruh Kumpulan. Sebagai bukti sokongan terhadap budaya pengurusan risiko, Kumpulan telah melancarkan kempen "Know Risk" bagi menerapkan budaya dan kesedaran risiko di seluruh Kumpulan.

Taking into consideration the rapid advancement in technological capability, especially on digitisation initiatives, the Group has established the Technology Risk Management Framework and Cyber Resilience Policy. SME Bank has continuously strengthened the compliance to the BNM Risk Management in Technology ("RMIT") requirements which emphasis on ensuring effective management of technology and cyber risks emanating from the use of various IT systems, applications, platforms or infrastructure. One of the major initiatives undertaken was the deployment of co-location data centre for business resilience. As for the market risk perspective, SME Bank had conducted a Contingency Funding Plan ("CFP") testing to assess and evaluate the readiness against any potential liquidity crisis.

The Group's Business Continuity Management ("BCM") is in place solely to focus on business recovery strategies and to proactively anticipate and undertake recovery planning. Activities such as the crisis simulation exercise are periodically conducted to test the viability and reliability of the response plans, recovery and continuity strategies to enhance the BCM's preparedness and readiness. As part of the business continuity strategies, the Group has implemented multiple alternate sites and enabled remote working arrangements for the staff including working from home for business resumption.

The Group adopts and promotes risk management culture throughout the organisation to enhance and inculcate risk awareness culture which is a key aspect of an effective enterprise-wide risk management framework. Fundamental to the Group's Risk Management Culture are strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines cascaded across the Group. As a testament to uphold the risk management culture, the Group had launched the "Know Risk" campaign to inculcate the risk culture and awareness throughout the Group.

2. Fungsi Pematuhan

Sebagai mendukung cogan kata "pematuhan bermula dengan anda", Bahagian Pematuhan Kumpulan ("GC") telah merangka pelbagai strategi untuk semua keperluan pengawalseliaan, operasi, Syariah, Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan Keganasan dan Hasil daripada Aktiviti Haram 2001 ("AMLA") dan Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018) serta mengukuhkan piawaian budaya pematuhan yang tinggi dalam Kumpulan.

GC bertanggungjawab mengukuhkan budaya pematuhan dan integriti dalam Kumpulan. Pengawasan Lembaga berserta komitmen pengurusan membantu memastikan keberkesanan pelaksanaan program pematuhan dan kepatuhan kakitangan terhadap piawaian pematuhan yang diguna pakai.

Dalam memainkan peranannya sebagai benteng kedua pertahanan, GC turut bertanggungjawab menyelaras proses mengenal pasti, menilai dan memantau risiko pematuhan di peringkat Kumpulan yang meliputi pematuhan dengan keperluan pengawalseliaan, operasi, Syariah, AMLA dan Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018).

Penilaian tahap pematuhan dilaksanakan menerusi pewujudan Pegawai Pematuhan dan Hubungan Risiko ("CRLO"), alat-alat pematuhan, mekanisme AML/CFT serta pemantauan berkala ke atas pematuhan, penilaian, semakan Syariah dan sesi pertemuan kerap dengan fungsi-fungsi perniagaan dan operasi. Di samping itu, GC turut menyediakan khidmat nasihat, latihan dan sesi interaksi untuk menyampaikan maklumat terkini dan hal-hal berkaitan pematuhan dalam Kumpulan. Dalam menguruskan risiko pematuhan, ia turut bertanggungjawab mengemas kini dan melaporkan dari semasa ke semasa penilaian dan/atau aktiviti kepada pengurusan kanan, Jawatankuasa Syariah dan Lembaga.

3. Fungsi Audit Dalaman

Audit Dalaman ("GA") ditadbir oleh Piagam Audit yang mentakrif antara lain; tujuan, misi, tanggungjawab, kebebasan dan standard etika fungsi Audit Dalaman (IA) Kumpulan.

GA menjalankan kajian berkala bagi perniagaan dan operasi Kumpulan untuk menyediakan jaminan berobjektif kepada Lembaga bahawa proses pengurusan risiko, kawalan dalaman dan tadbir urus adalah mencukupi dan berkesan. Di samping itu, GA turut menyediakan khidmat rundingan, nasihat dan

2. Compliance Function

Staying true to the motto "compliance starts with you", Group Compliance ("GC") has initiated various strategies to meet all regulatory, operational, Shariah, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") and Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018) requirements, and to reinforce a high standard of compliance culture and integrity within the Group.

GC is responsible for strengthening compliance culture and integrity within the Group. The Board's oversight, coupled with the management's commitment help in ensuring effective implementation of compliance programmes and staff adherence to the applicable compliance standards.

GC, in its role as the second line of defence, is also responsible to coordinate the process of identifying, assessing and monitoring of compliance risk at the Group level which includes compliance with regulatory, operational, Shariah, AMLA and Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018) requirements.

The assessment on the level of compliance is conducted through the establishment of Compliance and Risk Liaison Officer ("CRLO"), compliance tools, AML/CFT mechanism and monitoring, periodic compliance assessments, Shariah review and regular engagement sessions with business and operational functions. In addition, GC provides advisory, training and engagement sessions to update and communicate compliance-related matters within the Group. In managing compliance risk, it is also responsible to regularly update and report its assessment and/or activities to the senior management, Shariah Committee and the Board.

3. Internal Audit Function

The Group Audit ("GA") is governed by its Audit Charter, which defines among others; the purpose, mission, responsibility, independence, and ethical standards of the Internal Audit ("IA") function of the Group.

GA undertakes periodic review of the Group's business and operations to provide objective assurance to the Board that the risk management, internal control and governance processes are adequate and effective. In addition, GA provides consulting services, advice and insight to the stakeholders to add value and improve the Group's operations. The reviews are mainly guided by the

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memberi pandangan kepada pihak berkepentingan bagi menambah nilai dan menambah baik operasi Kumpulan. Kajian secara umumnya dipandu oleh Rancangan Audit Tahunan ("AAP") yang diluluskan oleh BAC. Dalam merumus AAP, GA menerima pakai pendekatan berasaskan risiko yang mengambil kira strategi korporat Bank, keperluan pengawalseliaan dan risiko baharu yang utama bagi perniagaan dan operasi Kumpulan seperti kualiti aset, penilaian pihak pengawal selia, keselamatan siber, penarafan audit terdahulu dan fungsi-fungsi kritikal. Pemerhatian audit terhadap risiko dan ketidakpatuhan utama yang memberi kesan kepada Kumpulan serta cadangan yang diketengahkan akan dibincang dan dibuat susulan dengan pihak berkepentingan sehingga selesai bagi memastikan supaya kawalan telah pun dilaksanakan secara berkesan untuk mengurangkan risiko. GA turut menjalankan siasatan ke atas sebarang dakwaan kecuaihan, penipuan dan salah laku yang dilaporkan. Audit ke atas sistem maklumat Kumpulan dilaksanakan bagi menentukan sama ada persekitaran IT beroperasi secara berkesan untuk mencapai objektif Kumpulan sambil melindungi aset dan mengekalkan integriti dan kerahsiaan data.

Dalam memastikan kebolehannya menyediakan jaminan yang wajar kepada BAC secara berkesan dan cekap, GA membuat peningkatan berterusan ke atas proses-proses audit dalaman dan kecakapan juruaudit dalaman menerusi pelbagai latihan dalaman dan luar termasuk pensijilan juruaudit. Bagi menilai secara objektif kualiti perkhidmatannya dan memastikan ia sentiasa menambah baik penyediaan perkhidmatan, semakan Program Jaminan Kualiti dan Penambahbaikan ("QAIP") dijalankan melalui penilaian tahunan sendiri dan oleh penilai bebas luar yang berkelayakan sekurang-kurangnya sekali setiap lima tahun. Program tersebut juga berperanan menilai kepatuhan GA terhadap Rangka Kerja Amalan Profesional Antarabangsa, Institut Juruaudit Dalaman. Selain itu, sebagai bukti usaha penambahbaikan yang berterusan, GA juga telah mengemas kini Kaedah Penarafan Auditnya yang dirumus berdasarkan rangka kerja yang diterima oleh industri. Kaedah yang dikemas kini tersebut turut diperkemas berpandukan Penarafan Risiko Komposit BNM dan ditanda aras dengan amalan-amalan terbaik industri.

Peranan Bebas, Jawatankuasa Audit Pengurusan dan Jawatankuasa Lembaga Audit

Seperti keperluan BNM/RH/GL013-4 – Garis Panduan Fungsi Audit Dalaman Institusi Berlesen 2010, Ketua Juruaudit Dalaman Kumpulan melapor secara fungsinya kepada BAC dan secara pentadbirannya kepada Presiden Kumpulan/Ketua Pegawai Eksekutif. Di samping itu, Ketua Juruaudit Dalaman Kumpulan membentangkan laporan audit Syariah kepada Jawatankuasa Syariah menurut keperluan Dokumen Dasar Tadbir Urus Syariah yang dikeluarkan oleh Bank Negara Malaysia.

Annual Audit Plan ("AAP") approved by the BAC. In formulating the AAP, GA adopts a risk-based approach, which takes into account the Bank's corporate strategy, regulatory requirements and the top emerging risks affecting the Group's business and operations such as asset quality, regulators' assessments, cyber security, previous audit rating and criticality of functions. Audit observations on significant risks and non-compliances impacting the Group together with the recommendations are highlighted, deliberated and followed up with the stakeholders until resolution to ensure that the controls are effectively implemented to mitigate the risks. GA also carries out investigation on any alleged negligence, frauds and misconducts reported. Audit on the information systems of the Group is conducted to determine whether the IT environment is operating effectively to achieve the Group's objectives while safeguarding the assets and maintaining data integrity and confidentiality.

In ensuring its capabilities to provide the necessary assurance to BAC more effectively and efficiently, GA makes continuous improvements to internal audit processes and the competency of internal auditors through various internal and external trainings including certification of auditors. To objectively evaluate its service quality and to ensure it constantly improves service delivery, Quality Assurance and Improvement Programme ("QAIP") review is conducted via yearly self-assessment and by qualified external independent reviewer at least once in every five years. The programme also serves to assess GA's conformance with the International Professional Practices Framework of the Institute of Internal Auditors. In addition, GA has established its Audit Rating Methodology which was developed based on industry-accepted frameworks as a testament for continuous improvement. The updated methodology was also streamlined with BNM's Composite Risk Rating and benchmarked against industry best practices.

Independent Role, Management Audit Committee and Board Audit Committee

As per requirement of BNM/RH/GL013-4 - Guidelines on Internal Audit Function of Licensed Institutions 2010, the Group Chief Internal Auditor reports functionally to the BAC and administratively to the Group President/Chief Executive Officer. In addition, Group Chief Internal Auditor presents the Shariah audit reports to the Shariah Committee as per requirement of the Shariah Governance Policy Document issued by Bank Negara Malaysia.

Bank telah menubuhkan Jawatankuasa Audit Pengurusan ("MAC") yang terdiri daripada wakil-wakil pengurusan kanan untuk memastikan kecukupan perbincangan bagi isu dan penemuan yang dibangkitkan oleh GA. MAC mengadakan mesyuarat secara berjadual untuk membincangkan penemuan yang dibentangkan dalam laporan audit dan menentukan kesesuaian tindakan pembedahan yang diperlukan. Minit mesyuarat MAC berserta laporan-laporan audit yang berkaitan kemudiannya dibentangkan kepada BAC.

BAC dipengerusikan oleh Pengarah Bebas Bukan Eksekutif daripada Lembaga. Semua keputusan dan cadangan BAC disampaikan dengan sewajarnya kepada pihak berkepentingan yang berkenaan untuk tindakan pembedahan dan dibuat susulan sehingga isu tersebut ditutup. Laporan Pengerusi BAC dan minit mesyuarat BAC kemudiannya dibentangkan kepada Lembaga.

**Maklumat terperinci mengenai Jawatankuasa Lembaga Audit dibentangkan dalam bahagian Tadbir Urus Korporat.*

4. Unsur Utama Lain bagi Kawalan Dalaman

Unsur-unsur utama lain bagi prosedur yang diwujudkan oleh Lembaga yang menyediakan kawalan dalaman berkesan termasuk:

- Jawatankuasa Lembaga lain yang turut dibentuk bagi membantu Lembaga melaksanakan fungsi pengawasannya adalah Jawatankuasa Lembaga Pencilonan dan Pampasan ("BNCC") dan Jawatankuasa Lembaga Pembiayaan dan Pelaburan ("BFIC") dan Jawatankuasa Lembaga Teknologi Maklumat ("BITC"). Jawatankuasa Lembaga dengan terma rujukan yang telah diformal ini diamanahkan dengan tanggungjawab khusus.
- Lembaga mengkaji laporan berkala daripada pengurusan mengenai statistik operasi penting serta hal-hal berkaitan undang-undang dan kawal selia. Rancangan perniagaan dan belanjawan tahunan juga dikemukakan kepada Lembaga untuk kelulusan. Perbandingan pencapaian prestasi antara keputusan sasaran disemak secara berkala bagi membolehkan tindak balas dan tindakan pembedahan diambil tepat pada masanya untuk mengurangkan risiko. Lembaga turut meluluskan sebarang perubahan atau pindaan kepada dasar Kumpulan.

The Bank has established Management Audit Committee ("MAC"), which comprises of senior management representatives to ensure the adequacy of deliberation of issues and findings raised by GA. MAC meets on a scheduled basis to deliberate the findings highlighted in the audit reports and decides on the appropriate remedial actions required. Minutes of MAC meeting together with the relevant audit reports are subsequently tabled to the BAC.

The BAC is chaired by an Independent Non-Executive Director of the Board. All BAC's decisions and recommendations are duly cascaded down to the relevant stakeholders for corrective actions and are followed through until the issues are closed. The BAC Chairman's reports and minutes of the BAC meetings are subsequently tabled to the Board.

**The details of Board Audit Committee are discussed in Corporate Governance section.*

4. Other Key Elements of Internal Controls

The other key elements of the procedures established by the Board that provides effective internal control include:

- Other Board Committee is also established to assist the Board in performing its oversight function namely Board Nomination and Compensation Committee ("BNCC"), Board Financing and Investment Committee ("BFIC") and Board Information Technology Committee ("BITC"). Specific responsibilities have been delegated to these Board Committees, which has formalised terms of reference.
- The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. An annual business plan and budget are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on a periodic basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board also approves any changes or amendments to the Group's policies.

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- Dasar/garis panduan taksiran pengambilan pekerja dan prestasi diwujudkan dalam Kumpulan bagi memastikan supaya individu-individu yang layak dan sesuai dipilih untuk mengisi kekosongan jawatan. Program latihan rasmi dan prosedur-prosedur berkaitan lain disediakan bagi memastikan supaya kakitangan dilatih dan mempunyai daya saing yang mencukupi bagi membolehkan mereka menjalankan tugas dan tanggungjawab secara berkesan. Garis panduan yang sewajarnya turut ditetapkan bagi penamatan perkhidmatan kakitangan.
- Dalam usaha menyokong agenda anti rasuah Kerajaan menerusi Pelan Anti Rasuah Kebangsaan ("NACP"), SME Bank dengan kerjasama Institut Integriti Malaysia telah berjaya mewujudkan Pelan Anti Rasuah Organisasi SME Bank 2020-2024 ("SME BANK OACP") pada 16 Disember 2021. Pewujudan SME Bank OACP adalah berdasarkan inisiatif mandatori di bawah Strategi 2 NACP iaitu untuk memperkukuhkan kecekapan penyampaian perkhidmatan dalam sektor awam.
- Piagam Integriti Korporat SME Bank menekankan bahawa SME Bank berikrar untuk: (i) tidak, menerusi mana-mana kakitangan, wakil atau ejennya, melakukan sebarang kesalahan rasuah di bawah undang-undang seperti Akta Suruhanjaya Anti Rasuah (Pindaan) Malaysia 2018 atau Kod Penal; (ii) tidak menjalankan sebarang amalan atau aktiviti perniagaan yang memerlukan atau menggalakkan kakitangan, wakil atau ejennya melakukan kesalahan tersebut; (iii) bekerjasama dengan rakan-rakan niaga, pengawal selia dan agensi-agensi penguatkuasa undang-undang bagi mencipta persekitaran perniagaan yang bebas daripada rasuah; (iv) mendokong Prinsip-prinsip Integriti Korporat SME Bank di Malaysia dalam perjalanan perniagaan dan interaksinya dengan rakan-rakan niaga dan Kerajaan; dan (v) mengambil tindakan tegas ke atas mana-mana pihak yang mencemarkan integriti dan imej SME Bank.
- SME Bank telah mewujudkan saluran pemberi maklumat di bawah penyeliaan Jawatankuasa Lembaga Audit. Pengurusan SME Bank memastikan supaya semua aduan yang diterima dianalisis secara bebas dan maklumat akan disampaikan hanya kepada pihak yang diperlukan untuk tujuan penyiasatan dan penyelesaian. Proses komunikasi adalah sulit sepenuhnya dan ketanpanamaan komunikasi tersebut dijamin.
- There are recruitment and performance appraisal policies/guidelines established within the Group to ensure that the right and appropriate persons are selected to fill available positions. Formal training programmes and other relevant procedures are in place to ensure that staff are adequately trained and competent to enable them to discharge their duties and responsibilities effectively. Proper guidelines are also drawn up for termination of staff.
- In supporting the Government's anti-corruption agenda through the National Anti-Corruption Plan ("NACP"), SME Bank in collaboration with the Malaysian Institute of Integrity has successfully established SME Bank Organisational Anti-Corruption Plan 2020-2024 ("SME Bank OACP") on 16 December 2021. The development of SME Bank OACP was based on the mandatory initiatives under NACP Strategy 2 which is to strengthen the efficiency of service delivery in the public sector.
- Establishment of SME Bank's Corporate Integrity Pledge which stipulates that SME Bank pledges that it shall: (i) not, through any of its employees, representatives or agents, commit any corruption offence under any law, such as Malaysian Anti-Corruption Commission (Amendment) ("MACC") Act 2018 or Penal Code; (ii) not conduct any business practices or activities that would require or encourage any of its employees, representatives or agents to commit such offences; (iii) work together with its business partners, regulators and law enforcement agencies to create a business environment that is free from corruption; (iv) uphold the SME Bank's Corporate Integrity Principles in Malaysia in the conduct of its business and in its interactions with its business partners and the Government; and (v) take strict action against any party who tarnishes the integrity and SME Bank's image.
- SME Bank has established whistleblowing channel under supervision of Board Audit Committee. SME Bank's management ensures that all complaints received are independently analysed and information is communicated only to the people required to the investigation and resolution. The communication process is completely confidential and the anonymity of the communication is assured.

- SME Bank memiliki kod tata laku diluluskan oleh Lembaga Pengarah yang mencerminkan keteguhan asas kami dan mengukuhkan nilai-nilai integriti kami.

5. Jaminan daripada Pengurusan

Lembaga turut menerima jaminan munasabah daripada Presiden Kumpulan/Ketua Pegawai Eksekutif dan Ketua Pegawai Kewangan Kumpulan bahawa pengurusan risiko dan sistem kawalan dalaman Kumpulan bagi tahun berakhir 2020 telah beroperasi dengan sewajarnya dan berkesan, dalam semua aspek penting, berdasarkan pengurusan risiko dan sistem kawalan dalaman Kumpulan.

Kajian Penyata oleh Juruaudit Luar

Juruaudit luar telah menyemak Penyata Pengurusan Risiko dan Kawalan Dalaman ini untuk disertakan dalam Laporan Tahunan bagi tahun kewangan berakhir 31 Disember 2020. Juruaudit luar telah menjalankan semakan selaras dengan skop yang ditetapkan dalam Panduan Amalan Audit dan Jaminan 3 ("AAPG 3"), Panduan bagi Juruaudit tentang Penglibatan untuk Laporan mengenai Penyata Pengurusan Risiko dan Kawalan Dalaman yang disertakan dalam Laporan Tahunan (sebelumnya, Cadangan Panduan Amalan ("RPG") 5 (Semakan 2015), Panduan bagi Juruaudit tentang Penglibatan untuk Laporan mengenai Penyata Pengurusan Risiko dan Kawalan Dalaman yang disertakan dalam Laporan Tahunan) yang dikeluarkan oleh Institut Akauntan Malaysia ("MIA"). Mereka telah melaporkan kepada Lembaga bahawa sesuatu perkara pun dalam perhatian mereka yang menyebabkan mereka percaya bahawa penyata yang bertujuan untuk disertakan dalam laporan tahunan Kumpulan ini, dalam semua aspek penting:

- a) tidak disediakan menurut pendedahan yang dikehendaki oleh perenggan 41 dan 42 Penyata Pengurusan Risiko dan Kawalan Dalaman: Garis Panduan bagi Pengarah Penerbit Tersenarai; atau
- b) dari segi faktanya tidak tepat.

AAPG 3 tidak memerlukan juruaudit luar untuk mempertimbangkan sama ada Penyata Pengurusan Risiko dan Kawalan Dalaman Pengarah meliputi semua risiko dan kawalan, atau membentuk pandangan tentang kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman Kumpulan termasuk penilaian dan pandangan oleh Lembaga Pengarah dan pengurusan mengenainya. Juruaudit juga tidak diperlukan untuk mempertimbangkan sama ada proses yang dijelaskan untuk menangani aspek kawalan dalaman bagi sebarang masalah penting yang didedahkan dalam laporan kewangan akan, pada hakikatnya, menyelesaikan masalah tersebut.

- SME Bank has a code of conduct approved by the Board of Directors, which reflects our fundamental and strengthen integrity values.

5. Assurance from Management

The Board has also received reasonable assurance from the Group President/Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control system for the year ended 2021 is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2021. The external auditors conducted the review in accordance with the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (previously, Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report) issued by the Malaysian Institute of Accountants ("MIA"). They have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

EMOLUMEN REMUNERATION

A. EMOLUMEN LEMBAGA

Pakej emolument Lembaga Pengarah untuk Pengerusi Bukan Eksekutif dan Pengarah Bukan Eksekutif sepadan dengan akauntabiliti, peranan dan tanggungjawab Lembaga dan Jawatankuasa Lembaga.

Emolument Lembaga semasa FYE 2021 adalah seperti berikut:

Nama Pengarah Name of Director	Gaji Salary RM'000	Fi Fees RM'000	Bonus Bonus RM'000	Kos Pencen Pension Cost RM'000	Emolument Lain Other Emoluments RM'000	Manfaat Bukan Berbentuk Wang Benefits -in-kind RM'000	Jumlah Total RM'000
Y.Bhg. Dato' Sei Nazir Ariff bin Mishir Ariff	-	144	-	-	135	-	279
Y.Bhg. Dato' Muslim bin Hussain	-	48	-	-	175	-	223
Y.Bhg. Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	150	-	198
Y.Brs. En. Mohd Sakeri bin Abdul Kadir	-	48	-	-	80	-	128
Y.Brs. En. Zulkiflee bin Hashim	-	48	-	-	198	-	246
Y.Bhg. Dato' Mohammad Radhi Bin Abdul Razak	-	48	-	-	66	-	114
Y.Brs. En. Wan Abdul Rahman bin Wan Abu Bakar	-	47	-	-	130	-	177
Y.Brs. Pn. Suharti binti Mohd Ali	-	40	-	-	110	-	150
Y.Bhg. Dato' Sharkawi bin Alis	-	36	-	-	85	-	121
		507			1,129		1,636

B. PRESIDEN KUMPULAN/KETUA PEGAWAI EKSEKUTIF, PASUKAN KEPIMPINAN KANAN DAN EMOLUMEN PENGAMBIL RISIKO MATERIAL LAIN

Emolument untuk Presiden Kumpulan/Ketua Pegawai Eksekutif ("GP/CEO"), Pasukan Kepimpinan Kanan ("SLT") dan Pengambil Risiko Material Lain ("OMRT") semasa FYE 2021 adalah seperti berikut:

	Gaji Tahunan Annual Basic Salary (RM'000)	Emolument Lain Other Emoluments (RM'000)	Bonus/ Insentif Bonus/ Incentive (RM'000)	Kos Pencen Pension Cost (RM'000)	Jumlah Imbuan Tahunan Total Annual Remuneration (RM'000)
GP/CEO	900	60	150	181	1,291
SLT	5,274	713	1,251	1,073	8,310
OMRT	1,591	243	557	349	2,739

A. BOARD'S REMUNERATION

The Board's remuneration package for Non-Executive Chairman and Non-Executive Directors commensurate with the accountabilities, roles and responsibilities at both Board and Board Committees.

The Board's remuneration during FYE 2021 is as follows:

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

1. Latar Belakang

Tadbir urus Syariah adalah penting untuk kestabilan sistem kewangan Islam. Kewujudan rangka kerja tadbir urus Syariah yang mampan mampu mengukuhkan keyakinan orang ramai terhadap integriti, pengurusan dan operasi perniagaan sesebuah institusi kewangan Islam.

Dokumen Dasar Bank Negara Malaysia (BNM) berhubung Tadbir Urus Syariah (dikeluarkan pada 20 September 2019 dan berkuat kuasa mulai 1 April 2020) berperanan mengukuhkan kebertanggungjawaban pengawasan ke atas Lembaga Pengarah, Jawatankuasa Syariah (JS) dan bahagian-bahagian penting lain yang terlibat dalam pelaksanaan tadbir urus Syariah. Ia turut menggariskan objektiviti JS bagi memperkukuh proses membuat keputusan dan keberkesanan fungsi-fungsi kawalan dalaman bagi mencapai pengurusan risiko ketidakpatuhan Syariah yang efektif.

Produk-produk dan perkhidmatan kewangan Islamik SME Bank ditadbir di bawah peruntukan-peruntukan yang berkaitan dalam Akta Institusi Kewangan Pembangunan 2002 dan peraturan-peraturan serta undang-undang yang berkuatkuasa yang dikeluarkan oleh BNM.

2. Peranan dan Tanggungjawab Lembaga Pengarah

Lembaga Pengarah bertanggungjawab, antara lain, memastikan pematuhan Syariah menurut keperluan Dokumen Dasar BNM berhubung Tadbir Urus Syariah.

Lembaga Pengarah telah menentukan dengan jelas hubungannya dengan JS. Lembaga Pengarah bersetuju bahawa JS menggalas tanggungjawab khusus berkaitan hal-hal Syariah, manakala Lembaga Pengarah kekal bertanggungjawab ke atas hala tuju dan kawalan strategi perniagaan dan risiko Bank.

Bank telah mewujudkan komunikasi yang berkesan di antara Lembaga Pengarah dan Jawatankuasa Syariah ke atas semua perkara berkaitan keperluan Syariah, tadbir urus Syariah atau risiko ketidakpatuhan Syariah bagi membolehkan kedua-dua pihak menjalankan tanggungjawab masing-masing secara efektif di bawah Dasar Tadbir Urus Syariah BNM. Komunikasi tersebut antara lain adalah seperti berikut:

a) dua (2) sesi pertemuan di antara Lembaga Pengarah dan JS pada tahun semasa bagi memastikan interaksi berterusan di antara kedua-dua pihak iaitu pada 23 Februari 2021 mengenai Pembangunan Amalan Terbaik dalam Menguruskan Risiko Ketidakpatuhan Syariah dan pada 29 Mac 2021 mengenai Tinjauan Rangka Kerja Ukuran Prestasi oleh BNM.

1. Background

Shariah governance is integral to Islamic financial system stability. The institutionalisation of a sound Shariah governance framework strengthens public confidence in the integrity, management and business operations of the Islamic financial institutions.

Bank Negara Malaysia (BNM) Policy Document on Shariah Governance (issued on 20 September 2019 and takes effect from 1 April 2020) has strengthened the oversight accountabilities on the Board, Shariah Committee (SC) and other key organs involved in the implementation of Shariah governance. It also highlights the SC's objectivity to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks.

SME Bank's Islamic financial products & services are governed mainly by the relevant provisions of Development Financial Institutions Act 2002 and other applicable rules and regulations issued by BNM.

2. Board Roles and Responsibilities

The Board is responsible, amongst others, to ensure Shariah compliance in accordance to the requirements of BNM Policy Document on Shariah Governance.

The Board has clearly defined its relationship with SC. The Board agreed that while the SC has distinct responsibilities in relation to Shariah matters, the Board remains responsible for the direction and control of the Bank's business and risk strategies.

The Bank has established the effective communication between Board and Shariah Committee on all matters relating to Shariah requirements, Shariah governance or Shariah non-compliance risks to enable both parties to effectively discharge respective responsibilities under BNM Policy of Shariah Governance. The communication conducted, among others are as follows:

a) there were two (2) engagement sessions conducted between the Board and SC during the year in ensuring continuous engagement between the parties, i.e. on 23 February 2021 on Developing Best Practice in Managing Shariah Non-Compliance Risk and 29 March 2021 on Overview of BNM's Performance Measurement Framework.

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

b) enam (6) laporan Pengerusi JS telah dibentangkan kepada Lembaga Pengarah bagi membentangkan secara ringkas kertas cadangan yang dibincangkan dalam mesyuarat-mesyuarat JS yang telah diadakan sepanjang tahun.

Sebagai sebahagian daripada tanggungjawab Lembaga Pengarah untuk menggalakkan pertumbuhan dan keteguhan kewangan Bank yang mampan, Lembaga Pengarah telah mewujudkan sebuah rangka kerja tadbir urus Syariah yang berkesan. Tanggungjawab pengawasan Lembaga Pengarah terhadap tadbir urus dan pematuan Syariah menggambarkan integrasi pertimbangan dari sudut tadbir urus Syariah dalam strategi perniagaan dan risiko Bank. Bagi menyempurnakan peranan ini, Lembaga Pengarah telah:

- (a) meluluskan dasar-dasar berkaitan struktur tadbir urus dan susunan laporan, pengurusan risiko ketidakpatuhan Syariah dan bidang-bidang lain yang penting bagi keberkesanan pelaksanaan tadbir urus Syariah dalam Bank;
- (b) mengawasi pelaksanaan ketetapan dan keputusan Majlis Penasihat Syariah (MPS) BNM atau nasihat daripada JS dalam semua bidang perniagaan dan fungsi, termasuk sebarang implikasi perniagaan atau risiko yang timbul daripada pelaksanaan tersebut;
- (c) mengawasi pelaksanaan rangka kerja kawalan dalaman untuk mencegah/menghalang ketidakpatuhan Syariah dan sebarang langkah pembetulan bagi menyelesaikan sebarang insiden atau keadaan yang boleh menyebabkan atau telah menyebabkan ketidakpatuhan Syariah;
- (d) mengawasi prestasi pengurusan kanan dan pegawai-pegawai lain yang diamanahkan untuk melaksanakan rangka kerja tadbir urus Syariah sehinggalah Lembaga Pengarah berpuas hati bahawa tahap prestasi mereka adalah selaras dengan objektif tadbir urus Syariah; dan
- (e) menggalakkan budaya korporat sihat yang mencerminkan peri pentingnya pematuan dengan keperluan Syariah dalam pembangunan dan pemasaran produk, perumusan strategi, operasi perniagaan, amalan pengurusan risiko dan aspek-aspek lain yang boleh menggalakkan pematuan Syariah secara menyeluruh.

Dalam menjalankan peranan dan tanggungjawab mereka, Lembaga Pengarah telah diberikan maklumat dan penerangan yang diperlukan serta bukti dan jaminan yang mencukupi bahawa Bank telah patuh Syariah.

b) there were six (6) SC Chairman reports had been tabled to the Board to briefly presenting all the proposal papers which had been discussed in the SC meeting throughout the year.

As part of the Board's responsibility to promote the Bank's sustainable growth and financial soundness, the Board has institutionalised a robust Shariah governance framework. The Board's oversight accountability over Shariah governance and compliance reflects the integration of Shariah governance considerations within the Bank's business and risk strategies. In fulfilling this role, the Board has:

- (a) approved policies relating to governance structure and reporting arrangements, Shariah non-compliance risk management and other areas that are material to the effective implementation of Shariah governance within the Bank;
- (b) oversight on the implementation of Shariah Advisory Council (SAC) of BNM rulings and decisions or advice of the SC within all business and functional lines, including any business or risk implications arising from such implementation;
- (c) oversight on the implementation of the internal control framework to prevent Shariah non-compliance and any rectification measures to resolve incidences or circumstances that may result or have resulted in Shariah non-compliance;
- (d) oversight on the performance of senior management and other officers entrusted to implement Shariah governance framework such that the Board is satisfied that the measures of their performance are aligned with Shariah governance objectives; and
- (e) promoted a sound corporate culture which reflected the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah.

In performing their roles and responsibilities, the Board has been provided with the necessary information and explanations as well as sufficient evidence and assurance that the Bank has complied with Shariah.

3. Peranan dan Tanggungjawab JS

Selaras dengan Dokumen Dasar BNM berhubung Tadbir Urus Syariah, Bank telah membentuk/mewujudkan Piagam Jawatankuasa Syariah yang tersendiri sebagai sebahagian daripada rangka kerja tadbir urus Syariah berkesan bagi menggalakkan/mempromosikan piawaian tadbir urus Syariah tertinggi dalam Bank.

Objektif Piagam Jawatankuasa Syariah adalah untuk memastikan supaya semua Ahli Jawatankuasa Syariah (AJS) mengetahui tugas, peranan dan tanggungjawab mereka sebagaimana yang digariskan oleh undang-undang dan peraturan berkaitan serta bagi memastikan supaya semua AJS mengamalkan keperibadian berintegriti pada tahap tertinggi yang dapat memberi keyakinan terhadap kemampuan mereka untuk melaksanakan tanggungjawab secara berkesan dalam tadbir urus Syariah.

JS memainkan peranan pengawasan dalam mengawal selia semua perkara berkaitan perniagaan perbankan Islam Bank. Peranan dan tanggungjawab JS adalah, tetapi tidak terhad kepada perkara-perkara berikut:

- (a) Menyediakan objektif dan nasihat yang berkesan kepada Lembaga Pengarah dan/atau Pengurusan berhubung perkara-perkara Syariah bagi memastikan supaya sasaran dan operasi, perniagaan, hal ehwal dan aktiviti Bank adalah mematuhi Syariah. Ini meliputi:
 - (i) Memberi keputusan atau nasihat kepada Bank tentang aplikasi sebarang ketetapan MPS BNM atau piawaian hal-hal berkaitan Syariah yang boleh diguna pakai dalam operasi, perniagaan, hal ehwal dan aktiviti Bank;
 - (ii) Memberi keputusan atau nasihat mengenai perkara-perkara yang perlu dirujuk kepada MPS BNM;
 - (iii) Memberi keputusan atau nasihat tentang operasi, perniagaan, hal ehwal dan aktiviti Bank yang mungkin boleh menyebabkan berlaku insiden ketidakpatuhan Syariah;
 - (iv) Membincang dan mengesahkan penemuan ketidakpatuhan Syariah oleh mana-mana fungsi berkaitan;
 - (v) Menyokong langkah-langkah pembetulan untuk menangani insiden ketidakpatuhan Syariah;
 - (vi) Memberi keputusan atau nasihat berhubung perkara-perkara Syariah yang bersesuaian untuk dokumentasi yang berkaitan dengan operasi, perniagaan, hal ehwal dan aktiviti Bank termasuk, tetapi tidak terhad kepada dokumentasi undang-undang, bahan-bahan pemasaran, dasar dan prosedur serta garis panduan operasi;

3. SC Roles and Responsibilities

In light of BNM Policy Document on Shariah Governance, the Bank has established its own Shariah Committee Charter as part and parcel of the robust Shariah governance framework to promote highest standard of Shariah governance within the Bank.

The objectives of the Shariah Committee Charter are to ensure that all SC members are aware of their duties, roles and responsibilities as outlined by various legislations and regulations as well as to ensure that all SC members carry themselves with the highest level of integrity that commands confidence in effectively discharging their accountability over Shariah governance.

The SC plays an oversight role in overseeing all Shariah matters related to the Bank's Islamic banking business. The roles and responsibilities of SC are, but not limited to the following:

- (a) to provide objective and sound advice to the Board of Directors and/or the Management on Shariah matters in order to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:
 - (i) providing decision or advice to the Bank on the application of any rulings of the SAC of BNM or standards on Shariah matters that are applicable to the Bank's operations, business, affairs and activities;
 - (ii) providing decision or advice on matters which require reference to be made to the SAC of BNM;
 - (iii) providing decision or advice on the Bank's operations, business, affairs and activities which may trigger Shariah non-compliance event;
 - (iv) deliberating and affirming Shariah non-compliance finding by any relevant functions;
 - (v) endorsing rectification measure to address Shariah non-compliance event;
 - (vi) providing decision or advice on Shariah matters that are applicable to the documentation relating to the Bank's operations, business, affairs and activities including but not limited to legal documentation, marketing materials, policies and procedures and operating guidelines; and

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(vii) Mengeluarkan Laporan Jawatankuasa Syariah tahunan seperti yang terkandung dalam laporan tahunan Bank untuk menyatakan kepatuhan Bank terhadap Syariah.

(b) Membina pemahaman yang wajar tentang perniagaan dan operasi Bank secara berterusan dan sentiasa mengikuti perkembangan pasaran dan peraturan yang berkaitan.

(c) Menyemak kerja yang dijalankan oleh fungsi-fungsi Syariah termasuk Bahagian Syariah Kumpulan, Pengawasan Syariah, Audit Syariah dan Risiko Syariah (termasuk dalam Pengurusan Risiko Operasi).

(d) Terlibat secara aktif dalam membincangkan isu-isu Syariah yang dibentangkan dan penyertaan secara aktif melalui kehadiran dalam mesyuarat, menilai laporan, menyemak minit mesyuarat dan tugas-tugas lain yang dimandatkan.

(e) Memastikan piawaian yang tinggi dalam proses membuat keputusan Syariah melalui ketetapan Syariah yang wajar dan komprehensif.

(f) Memperuntukkan masa secukupnya bagi membuat persediaan dan menghadiri mesyuarat JS.

(g) Memastikan konsistensi dalam memberikan pandangan dan tidak sekali-kali mengambil tindakan yang akan mengabaikan ketetapan MPS BNM atau sebarang keputusan JS yang mereka wakili.

(h) Mendedahkan segera kepada Lembaga Pengarah tentang sebarang keadaan yang boleh menjejaskan kemampuannya memenuhi keperluan minimum untuk menjadi AJS yang berkelayakan.

(i) Meluluskan kaedah pengiraan zakat dan jumlah zakat yang perlu dibayar oleh Bank.

Selain daripada yang dinyatakan di atas, JS juga hendaklah menjalankan peranan dan tanggungjawab seperti yang digariskan dalam Piagam Jawatankuasa Syariah Bank, Dokumen Dasar BNM berhubung Tadbir Urus Syariah, Garis Panduan BNM yang berkaitan dan dokumen dasar lain/memo berkaitan yang dikeluarkan oleh Bank/pihak berkuasa yang berkaitan seperti yang disemak dari semasa ke semasa.

Dalam melaksanakan peranan dan tanggungjawab mereka, JS telah mendapatkan semua maklumat dan penerangan yang dianggap perlu bagi menyediakan bukti mencukupi bagi JS untuk memberi jaminan wajar bahawa Bank telah mematuhi Syariah.

(vii) issuing annual Shariah Committee's Report as contained in the Bank's annual report to state the Bank's compliance with Shariah.

(b) to continuously develop reasonable understanding of the Bank's business and operations and keep abreast with relevant market and regulatory developments;

(c) to review the work carried out by Shariah functions including Group Shariah Division, Shariah Review, Shariah Audit and Shariah Risk (embedded in the Operational Risk Management);

(d) to actively engage in deliberating Shariah issues presented and have active participation through attending meetings, evaluating reports, reading minutes, and other mandated task;

(e) to ensure high standard in arriving at Shariah decision through proper and comprehensive Shariah ruling;

(f) to dedicate sufficient time to prepare for and attend SC meetings;

(g) to ensure consistency in providing its views and must not act in a manner that would undermine the rulings of the SAC of BNM or any decisions of SC that they represent;

(h) to immediately disclose to the Board any circumstances that may affect his ability to meet the minimum requirement to be a qualified SC; and

(i) to approve the zakat calculation methodology and total zakat payable by the Bank.

Other than the above, SC shall also carry out the roles and responsibilities as outlined in the Bank's Shariah Committee Charter, BNM Policy Document on Shariah Governance, relevant BNM Guidelines and other relevant policy documents/memo issued by the Bank/ governing authorities as revised from time to time.

In performing their roles and responsibilities, SC had obtained all the information and explanations which they considered necessary in order to provide them with sufficient evidences to give reasonable assurance that the Bank has complied with the Shariah.

4. Komposisi JS

Pada 31 Disember 2021, JS dianggotai oleh lima (5) orang ahli dengan pelbagai latar belakang dari segi kelayakan, pengalaman dan pengetahuan yang meliputi bidang Syariah, undang-undang dan ekonomi bagi membolehkan perbincangan Syariah yang luas dan mendalam dilakukan. Majoriti daripada ahli terdiri daripada para sarjana dengan kelayakan, kepakaran dan pengalaman dalam bidang Syariah, khususnya *Usul al-Fiqh* dan *Fiqh al-Muamalat*.

5. Mesyuarat dan Kehadiran JS

Sepanjang tahun kewangan berakhir 31 Disember 2021, mesyuarat JS telah diadakan sebanyak sepuluh (10) kali. Komposisi dan rekod kehadiran JS pada tahun 2021 adalah seperti berikut:

No.	Nama Ahli Jawatankuasa Syariah Name of Shariah Committee Member	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Dr. Azrul Azlan bin Iskandar Mirza	Pengerusi Chairman	10/10
2.	Assoc. Prof. Dr. Asmak binti Ab Rahman	Ahli Member	10/10
3.	Dr. Shamsiah binti Mohamad	Ahli Member	10/10
4.	Dr. Ahmad Sufian bin Che Abdullah	Ahli Member	10/10
5.	Prof. Dr. Amir bin Shahrudin	Ahli (Dilantik pada 1 Mei 2021) Member (Appointed on 1 May 2021)	6/6

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Ahli Jawatankuasa Syariah memegang jawatan.

* Reflects the number of meetings attended during the time the Shariah Committee held office.

6. Latihan dan Pembangunan AJS

Bagi mempertingkatkan profesionalisme dan memperkukuhkan keupayaan AJS, mereka telah mendaftar dalam Program Certified Shariah Advisor (CSA) yang dianjurkan oleh Persatuan Penasihat Syariah dalam Kewangan Islam (ASAS). Bagi memastikan AJS kekal maklum mengenai perkembangan terkini industri, mereka juga telah menghadiri, antara lain, program-program dan acara-acara luar berikut:

- Kuala Lumpur Finance Forum – Main Forum (9 – 10 Mac 2021)

4. SC Composition

As at 31 December 2021, SC consists of five (5) members with diverse backgrounds in terms of qualification, experience and knowledge, which includes the fields of Shariah, law and economics, to support the depth and breadth of the Shariah deliberations. Majority of the members are scholars with qualification, expertise and experience in the areas of Shariah especially Islamic Jurisprudence (*Usul al-Fiqh*) and Islamic Commercial Law (*Fiqh al-Muamalat*).

5. SC Meeting & Attendance

During the financial year ended 31 December 2021, SC held ten (10) meetings. The composition of the SC during the year 2021 and record of attendance are as follows:

6. Training and Development of SC Members

Towards elevating the professionalism and strengthening capabilities of the SC members, they have enrolled in Certified Shariah Advisor (CSA) Certification Programme organized by the Association of Shariah Advisors in Islamic Finance (ASAS). To keep the SC members abreast with the latest development of the industry, they have also attended, among others, the following external programmes and events:

- Kuala Lumpur Finance Forum – Main Forum (9 – 10 March 2021)

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- Muzakarah Penasihat Syariah Dalam Kewangan Islam (11 Mac 2021)
- Muzakarah Cendekiawan Syariah Nusantara 2021 (7 - 8 Julai 2021)
- International Shariah Scholars Forum (24 - 26 Ogos 2021)
- Islamic Fintech Leaders Forum (6 - 7 Oktober 2021)

7. Bahagian Syariah Kumpulan dan Fungsi-Fungsi Kawalan Syariah

(a) Bahagian Syariah Kumpulan

Melalui Bahagian Syariah Kumpulan (GSD), SME Bank kini melaksanakan dua (2) bidang tanggungjawab utama seperti berikut:

(i) Penyelidikan dan Khidmat Nasihat Syariah

Bertanggungjawab menyediakan kemas kini kepada Lembaga Pengarah, JS dan pengurusan kanan berhubung perkembangan terkini mengenai hal-hal Syariah, berkaitan penerbitan ketetapan oleh MPS BNM atau MPS Suruhanjaya Sekuriti dan bagi melaksanakan fungsi-fungsi yang diberikan oleh JS. Ia turut bertanggungjawab menjalankan penyelidikan dan kajian mendalam berhubung isu-isu Syariah bagi menyokong perniagaan, operasi, hal ehwal dan aktiviti Bank serta melaksanakan fungsi pentadbiran dan kesetiausahaan untuk membantu JS. Fungsi-fungsi tersebut termasuk menyelaras mesyuarat, menyusun kertas-kertas cadangan, menyerahkan keputusan umum JS kepada pihak berkepentingan yang berkaitan dan pelantikan JS.

(ii) Tadbir Urus Syariah

Bertanggungjawab sebagai Sekretariat bagi Kumpulan Kerja Tadbir Urus Syariah yang bertindak sebagai platform penghubung antara fungsi-fungsi Syariah yang ditentukan di bawah rangka kerja Tadbir Urus Syariah Bank. Ia juga bertanggungjawab menyemak dan mengemaskini polisi-polisi, prosedur-prosedur dan panduan kerja bagi memastikan pelaksanaan Perbankan Islam dan proses-proses yang berkaitan mematuhi Dokumen Dasar BNM mengenai Tadbir Urus Syariah selain menguruskan perkara-perkara berkaitan zakat dan penyucian pendapatan seperti kelulusan dan pengagihan. Jabatan Tadbir Urus Syariah bertanggungjawab mengendalikan latihan Syariah dan program bersama untuk pihak dalaman berkepentingan iaitu Lembaga Pengarah, JS, pengurusan kanan

- Muzakarah Penasihat Syariah Dalam Kewangan Islam (11 March 2021)
- Muzakarah Cendekiawan Syariah Nusantara 2021 (7 - 8 July 2021)
- International Shariah Scholars Forum (24 - 26 August 2021)
- Islamic Fintech Leaders Forum (6 - 7 October 2021)

7. Group Shariah Division and Shariah Control Functions

(a) Group Shariah Division

SME Bank via Group Shariah Division (GSD) is currently undertaking two (2) main areas of responsibilities as follows:

(i) Shariah Research & Advisory

Responsible for providing updates to the Board, SC and senior management on the latest development on Shariah matters, in relation to the issuance of the SAC of BNM or SAC of Securities Commission rulings and to execute the delegated functions from SC. It is also responsible for performing in-depth research and studies on Shariah issues to support the Bank's business, operations, affairs and activities as well as to undertake administrative and secretarial functions to support SC such as coordinating meeting, compiling proposal papers, disseminating SC general decisions to the relevant stakeholders and appointment of SC.

(ii) Shariah Governance

Responsible as the Secretariat of Shariah Governance Working Group which acts as a bridging platform between the Shariah functions specified under the Bank's Shariah Governance framework. It is also responsible to review and update policies, procedures and work guide to ensure the implementation of Islamic Banking and the processes are in compliance with BNM Policy Document on Shariah Governance as well as to manage the matters related to zakat and purification such as approval and distribution. Shariah Governance Department is accountable to conduct Shariah training and engagement for the internal stakeholders namely, the Board, SC, senior management and staff and to conduct any

dan kakitangan serta menjalankan sebarang tugas atau projek khas yang dilaksanakan oleh GSD. Pada 2021, Jabatan Tadbir Urus Syariah telah menguruskan satu projek iaitu pelaksanaan program keusahawanan Asnaf (Projek ISHRAF) melibatkan 20 peserta yang dipilih daripada senarai usahawan Asnaf dari Lembaga Zakat Selangor, diikuti ISHRAF 2.0 yang dianjurkan dengan kerjasama Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM).

(b) Fungsi-Fungsi Kawalan Syariah

Rangka kerja dan polisi fungsi-fungsi kawalan Syariah dalaman telah diwujudkan untuk memberi panduan dan mengukuhkan pengurusan potensi risiko ketidakpatuhan Syariah yang mungkin timbul daripada aktiviti dan operasi perniagaan Bank. Fungsi-fungsi utama iaitu Pengawasan Syariah, Risiko Syariah dan Audit Syariah didokumenkan dengan peranan dan tanggungjawab yang jelas, selaras dengan Dokumen Dasar BNM berhubung Tadbir Urus Syariah dan keperluan-keperluan peraturan lain yang berkaitan. Objektif utama adalah untuk memperkukuhkan proses membuat keputusan dan keberkesanan fungsi-fungsi kawalan dalaman bagi menghasilkan pengurusan risiko ketidakpatuhan Syariah yang berkesan. Fungsi-fungsi kawalan Syariah adalah seperti berikut:

(i) Risiko Syariah

Risiko Syariah di bawah Pengurusan Risiko Operasi merupakan satu bahagian penting dalam rangka kerja pengurusan risiko bersepadu Bank dan mengguna pakai prinsip-prinsip yang digariskan dalam Dokumen Dasar BNM berhubung Tadbir Urus Syariah. Tanggungjawab utama Risiko Syariah termasuk merumus dasar dan garis panduan berhubung pengurusan risiko Syariah serta melaksanakan proses tadbir urus dan pengawasan yang diperlukan. Ini termasuk pendekatan untuk mengenal pasti dan menilai risiko ketidakpatuhan Syariah dalam aktiviti perniagaan, produk dan perkhidmatan serta menilai keberkesanan kawalan sedia ada dan pelan mitigasi. Risiko Syariah turut menjalankan penilaian terhadap produk, perkhidmatan dan prosedur operasi daripada perspektif risiko Syariah dan mengendalikan program latihan dan kesedaran berhubung risiko Syariah bagi memupuk budaya kesedaran terhadap risiko pematuhan Syariah.

special task or project undertaken by GSD. In 2021, Shariah Governance Department has managed a project i.e. the implementation of Asnaf entrepreneurship program (ISHRAF Project) involving the on-boarding of 20 participants selected from the list of Asnaf entrepreneurs of Lembaga Zakat Selangor, followed by ISHRAF 2.0 that is conducted in collaboration with Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM).

(b) Shariah Control Functions

The internal Shariah control functions' framework and policies have been established to guide and strengthen the management of potential Shariah non-compliance risks which may arise from the Bank's business activities and operations. The key functions of Shariah Review, Shariah Risk and Shariah Audit are documented with clear roles and responsibilities, in accordance with BNM Policy Document on Shariah Governance and other relevant regulatory requirements. The main objective is to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks. The Shariah control functions are as follows:

(i) Shariah Risk

Shariah Risk function under Operational Risk Management forms an important part of the Bank's integrated risk management framework and applies the principles outlined in BNM Policy Document on Shariah Governance. Shariah Risk's main responsibilities include the formulation of policies and guidelines on Shariah risk management and the execution of the required governance and oversight processes. These include the approaches for identification and assessment of Shariah non-compliance risks in business activities, products and services, and assessment of the effectiveness of existing controls and mitigation plan. Shariah Risk also performs assessment of products, services and operating procedures from Shariah risk perspective and conducts training and awareness programs on Shariah risk to promote a Shariah compliance risk culture.

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

Sebagai sebahagian daripada risiko operasi, Risiko Syariah memanfaatkan prinsip, proses dan kaedah risiko operasi yang sama seperti Penilaian Kendiri Kawalan Risiko, Petunjuk Risiko Utama dan Pengurusan Insiden & Pengumpulan Data.

(ii) Pengawasan Syariah

Pengawasan Syariah mengendalikan penilaian berkala terhadap pematuhan operasi, perniagaan, hal ehwal dan aktiviti Bank selaras dengan keperluan Syariah. Ia menyediakan laporan secara berkala berhubung isu dan penemuan ketidakpatuhan Syariah kepada Lembaga Pengarah, JS dan pengurusan kanan. Pengawasan Syariah adalah sebahagian daripada Bahagian Pematuhan Kumpulan dan Ketua Pegawai Pematuhan Kumpulan mempunyai aliran fungsi secara langsung kepada JS.

Pengawasan Syariah dalaman yang dijalankan secara berterusan merupakan pengawasan terhadap proses dan hasil yang dapat dicapai, serta menentukan bahawa proses dan hasil tersebut memenuhi keperluan Syariah. Pengawasan Syariah adalah sebuah fungsi kawalan yang bebas dan berkesan serta tidak diletakkan dalam kedudukan konflik dari segi skop tanggungjawab dan jalur pelaporan. Pengawasan Syariah juga bertanggungjawab memastikan penyediaan latihan dan panduan yang mencukupi kepada para pegawai Bank berhubung keperluan Syariah berkaitan yang mentadbir operasi, perniagaan, hal ehwal dan aktiviti Bank.

(iii) Audit Syariah

Audit Syariah merupakan sebahagian daripada Bahagian Audit Kumpulan. Ia menyediakan penilaian bebas berhubung kualiti dan keberkesanan kawalan dalaman, sistem pengurusan risiko dan proses tadbir urus Bank serta keseluruhan pematuhan operasi, perniagaan, hal ehwal dan aktiviti Bank terhadap Syariah.

Audit Syariah turut bertanggungjawab mewujudkan satu kaedah audit untuk menilai kelemahan profil risiko bagi setiap bidang yang boleh diaudit, merangka pelan audit, mewujudkan program audit yang didokumenkan dengan jelas dan menyampaikan keputusan audit tersebut kepada Jawatankuasa Lembaga Audit dan JS melalui laporan audit yang memperincikan penemuan-penemuan audit dan cadangan untuk langkah-langkah pembedahan.

Being part of operational risk, Shariah Risk leverages on the same principles, processes and tools of operational risk such as Risk Control Self-Assessment, Key Risk Indicators and Incident Management & Data Collection.

(ii) Shariah Review

Shariah Review conducts regular assessment on the compliance of the Bank's operations, business, affairs and activities with Shariah requirements. It provides regular reporting on Shariah non-compliance issues and findings to the Board, SC and senior management. Shariah Review is part of the Group Compliance Division and the Group Chief Compliance Officer has direct functional line and unimpeded access to the SC.

The internal Shariah review is conducted on a continuous basis, which is a review of processes and deliverables, as well as determining that such processes and outcomes satisfy the needs of the Shariah. Shariah Review is an independent and effective control function and is not place in a position of conflict in terms of scope of responsibilities and reporting lines. Shariah Review is also responsible to ensure adequate training and guidance are provided to the officers of the Bank on relevant Shariah requirements governing the Bank's operations, business, affairs and activities.

(iii) Shariah Audit

Shariah Audit forms part of the Group Audit Division. It provides independent assessments on the quality and effectiveness of the Bank's internal control, risk management systems, governance processes as well as the overall compliance of the Bank's operations, business, affairs and activities with Shariah.

It is also responsible to establish an audit methodology to assess the risk profile vulnerabilities of each auditable area, generate an audit plan, establish clear documented audit programs and communicate the results to the Board Audit Committee and SC through an audit report, detailing the audit findings and recommendations for rectification measures.

RANGKA KERJA PENGUKURAN PRESTASI PERFORMANCE MEASUREMENT FRAMEWORK

Peranan Penting Rangka Kerja Pengukuran Prestasi

Rangka Kerja Pengukuran Prestasi ("PMF") untuk Institusi-institusi Kewangan Pembangunan ("IKP") merupakan rangka kerja berasaskan hasil yang direka untuk menggarap sumbangan meluas IKP melangkaui batas penunjuk pertumbuhan pembiayaan. Secara khususnya, PMF merangkumkan penunjuk hasil pembangunan utama bagi mengukur impak sosio-ekonomi operasi IKP dan bagi mencipta pelbagai insentif kukuh untuk penajajaran strategik bagi mencapai impak pembangunan yang lebih besar. Penggunaan PMF juga bertujuan untuk memperkukuhkan kapasiti dan kebolehan IKP melangkaui penyediaan pembiayaan tetapi juga penajanaan budaya dan penetapan minda pembangunan yang bermakna dalam memberikan nilai kepada masyarakat.

Rangka kerja ini juga adalah mekanisme bagi memastikan aktiviti-aktiviti dan program-program Bank adalah sejajar dengan kepentingan strategik kebangsaan dan global yang digariskan dalam dokumen-dokumen utama seperti Pelan Ekonomi Malaysia, Dasar Keusahawanan Nasional 2030 (DKN 2030) dan Agenda Matlamat Pembangunan Mampun 2030.

Pelaksanaan proses PMF membolehkan Bank mengutamakan pelanggan-pelanggan, projek-projek atau segmen-segmen tertentu yang akan menghasilkan "peningkatan" yang lebih banyak dan pada masa sama mengekalkan pulangan kewangan yang memuaskan.

PMF menjadi pelengkap kepada Penunjuk-penunjuk Prestasi Utama ("KPI") untuk IKP (iaitu Penarafan Risiko Komposit atau "CRR"). Komponen-komponen CRR & PMF digambarkan di bawah:

The Vital Role of Performance Management Framework

The Performance Measurement Framework ("PMF") for Development Financial Institutions ("DFIs") is an outcome-based framework designed to capture the broader contributions of DFIs beyond the narrow focus of financing growth indicators. In particular, PMF integrates developmental key result indicators to measure the socio-economic impact of DFIs' operations and to create strong incentives for strategic alignment to achieve greater development impact. The adoption of PMF is also intended to strengthen the capacity and capability of DFIs beyond just providing financing but also generating meaningful development culture and mindset in delivering value to society.

The framework is also a mechanism to ensure that the Bank's activities and programmes are aligned with the national and global strategic interests outlined in priority documents such as Malaysia's Economic Plans, *Dasar Keusahawanan Nasional 2030* (DKN 2030) and *2030 Agenda for Sustainable Development Goals*.

Undertaking PMF process allows the Bank to prioritise customers, projects or segments that will yield relatively greater "additionalities" while still maintaining satisfactory financial return.

The PMF complements the existing Key Performance Indicators ("KPI") of DFIs (i.e. Composite Risk Rating ("CRR")). The components of both CRR & PMF are as illustrated below:-



Nota: SAs = Aktiviti Penting; SDI = Indeks Kebergantungan Subsidi; OI = Indeks Keluaran; NSC = Kos Bersih Subsidi
Note: SAs = Significant Activities; SDI = Subsidy Dependence Index; OI = Output Index; NSC = Net Subsidy Cost

RANGKA KERJA PENGUKURAN PRESTASI PERFORMANCE MEASUREMENT FRAMEWORK

PMF terdiri daripada tiga komponen utama:

- i) **Peningkatan** – Peningkatan yang diperlukan daripada operasi
 - a. Peningkatan Kewangan
 - b. Peningkatan Reka Bentuk
 - c. Peningkatan Demonstrasi
 - d. Peningkatan Dasar
- ii) **Kos dan Manfaat Sosial (SCB)** – Keberkesanan penggunaan sumber awam bagi mencapai mandat
 - a. Indeks Kebergantungan Subsidi
 - b. Indeks Pengeluaran
 - c. Kos Bersih Subsidi
- iii) **Keberkesanan Operasi (OE)** – Pencapaian aktiviti-aktiviti IKP dalam memenuhi objektif sosial
 - a. Nisbah kos-pendapatan
 - b. Masa pusingan

KOMITMEN TERHADAP PMF

Sejajar dengan visi dan misi Bank, kami membangunkan strategi-strategi perniagaan dan pembangunan (Penyata Hasrat Korporat atau SCI) ke arah mencipta tambahan-tambahan dan merangkumkan kesemuanya ke dalam rangka kerja prestasi korporat yang mantap (penunjuk prestasi utama atau KPI), yang disebarkan ke keseluruhan organisasi.

Satu pasukan khusus PMF telah ditubuhkan bagi menguruskan pembangunan kad skor penambahan untuk Bank, dan memulakan pelaksanaan awalnya. Pengumpulan data PMF juga diautomasi dan diperluaskan dari masa ke semasa bagi membantu pelaporan yang komprehensif dan tepat pada masanya.

Kami sentiasa menyokong pembangunan PMF kerana kami menyedari bahawa tumpuan yang lebih besar diperlukan bagi memperhalusi penunjuk-penunjuk khusus kepada peranan SME Bank sebagai IKP untuk para usahawan. Kami ingin memastikan agenda PMF disampaikan dan dikongsi bersama setiap individu di Bank.

Tahun 2021 merupakan titik pencapaian untuk Bank dengan pendedahan Laporan Tahunan penuh PMF yang pertama merangkumi ketiga-tiga komponen utama.

The PMF consists of three key components:

- i) **Additionality** – Desired additionalities from operations
 - a. Financial Additionality
 - b. Design Additionality
 - c. Demonstration Additionality
 - d. Policy Additionality
- ii) **Social Cost and Benefit (SCB)** – Effectiveness in using public resources to deliver mandate
 - a. Subsidy Dependence Index
 - b. Output Index
 - c. Net Subsidy Cost
- iii) **Operational Efficiency (OE)** – Achievement of DFI's activities in fulfilling its social objectives
 - a. Cost-to-income ratio
 - b. Turnaround time

COMMITMENT TOWARDS THE PMF

In line with the Bank's vision and mission, we developed the business and developmental strategies (Statement of Corporate Intent (SCI)); towards the creation of additionalities and incorporates them into the design of robust corporate performance framework (key performance indicator (KPI)), that being cascaded down throughout the organisation.

A dedicated PMF team has been established specifically to undertake the development of additionality scorecard for the Bank, and rolled out the preliminary implementation. PMF data capturing has also been automated and expanded from time to time in order to facilitate comprehensive and timely PMF reporting.

We have been supportive towards the PMF development as we acknowledge that greater focus is needed to fine tune indicators specific to SME Bank's role as the DFI for entrepreneurs. We want to ensure that the PMF agenda is well escalated and shared with everyone within the Bank.

The year 2021 represented a milestone achievement for the Bank with the disclosure of our full inaugural PMF Annual report covering all the 3 key components.

Sorotan utama Laporan Tahunan PMF Kumpulan SME Bank untuk 2021 Key highlights of SME Bank Group's PMF Annual Report for 2021

i) Peningkatan/Additionality

Peningkatan Additionality	Penunjuk Indicator	Sorotan Utama Key Highlights
Kewangan Financial	Pembiayaan Diluluskan Financing Approved	<ul style="list-style-type: none"> RM3.5 bilion pembiayaan diluluskan untuk 1,802 pelanggan pada 2021, di mana pembiayaan untuk pelanggan-pelanggan terabai & kurang menerima perkhidmatan iaitu PMKS merangkumi 90% daripada nilai tersebut. Pembiayaan diberikan kepada segmen-segmen sasaran (PMKS) berikut:

Penunjuk kecil	NOC	Jumlah Diluluskan (RM'm)
Perniagaan Baharu (<3 tahun)	185	259.0
Pelanggan kali pertama	316	492.5
Bumiputera	1288	2275.3
Pengeksport	34	162.1
Pelanggan ditolak oleh FI	13	51.05
Dimiliki oleh Wanita	421	368.2

- RM3.5 billion financing has been approved to 1,802 clients in 2021, of which financing to unserved & underserved clients i.e MSME accounted for 90% of its value.
- The financing have been granted to the following targeted segments (MSMEs) :

Sub-indicators	NOC	Approved Amount (RM'm)
New Business (<3 years)	185	259.0
1st Time customers	316	492.5
Bumiputera	1288	2275.3
Exporters	34	162.1
Customer rejected by FIs	13	51.05
Women-Owned	421	368.2

Nota :

NOC = Bilangan Pelanggan;
FI = Institusi Kewangan = Bank-bank Komersil + Bank-bank Islam + Bank-bank Pelaburan + IKP

Note :

NOC = Number of Customer;
FIs = Financial Institutions = Commercial Banks + Islamic Banks + Investment Banks + DFIs

RANGKA KERJA PENGUKURAN PRESTASI

PERFORMANCE MEASUREMENT FRAMEWORK

Peningkatan Additionality	Penunjuk Indicator	Sorotan Utama Key Highlights	
	Latihan/Program Jangkauan <i>Training/ Outreach</i>	Penunjuk kecil Bilangan peserta	
		Menyertai Program-program Latihan/ Jangkauan	26,250
		Menyertai bimbingan berstruktur/ nasihat khusus	1,803
		Menyertai pameran perdagangan antarabangsa	21
		Sub-indicators Number of participants	
		Participated in Training/Outreach Programs	26,250
		Participated in structured coaching/ specialised advisory	1,803
		Participated in international trade fairs	21
Demonstrasi Demonstration	Bilangan pelanggan yang mendapat pembiayaan daripada FI <i>Total clients able to obtain financing from FIs</i>	Penunjuk kecil Bilangan syarikat	
		Pelanggan sedia ada memperoleh pembiayaan daripada FI yang lain	1,222
		Ditebus oleh FI lain	27
		Sub-indicators Number of companies	
		Redeemed by other FIs	27

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Peningkatan Additionality	Penunjuk Indicator	Sorotan Utama Key Highlights	
Reka Bentuk Design	Limpahan positif kepada ekonomi <i>Positive Spillover into the economy</i>	Penunjuk kecil Jumlah	
		Pekerjaan	Pekerjaan baharu dicipta 3,598 Pekerjaan dikekalkan 87,244 90,842
		Eksport	RM1.2 bilion nilai eksport disumbangkan oleh 81 pelanggan terlibat dalam perniagaan berkaitan eksport pada 2021
		Sub-indicators Total	
		Employment	New job created 3,598 Job sustained/ maintained 87,244 90,842
		Export	RM1.2 billion export value was contributed by 81 clients involved in export related business in 2021
	Kebingkasn Pelanggan <i>Client Resilience</i>	Penunjuk kecil Jumlah	
		Kenaikan Migrasi (Pertumbuhan Segmentasi)	52 Syarikat
		Peningkatan Penarafan Kredit Dalaman	1,112 Syarikat
		Peningkatan dalam Perolehan Jualan Pelanggan	254 Syarikat
		Sub-indicators Total	
		Upward Migration (Segmentation Growth)	52 Companies
		Improve in Internal Credit Rating	1,112 Companies
		Increase in Client Sales Turnover	254 Companies
Dasar Policy	Nasihat dasar oleh IKP yang diambil oleh Kerajaan <i>Policy advice by DFIs taken up by Government</i>	Pewujudan Program Dana Permodelan Semula PKS	
		<ul style="list-style-type: none"> Inisiatif ini diterajui oleh SME Bank dengan kerjasama TERAJU & BSN bagi melaksanakan satu skim pelaburan ekuiti dan kuasi-ekuiti. Ia dijangka membantu PKS yang gagal mendapatkan pembiayaan berikutan kelemahan lembaran imbalan dan tahap penggearan mereka. <p>Establishment of SME Recapitalisation Fund Programme</p> <ul style="list-style-type: none"> This is an initiative led by SME Bank in collaboration with TERAJU & BSN to rollout an equity and quasi-equity investment scheme. It is expected to enable SMEs who are currently not able to obtain further financing due to their weak balance sheet and gearing levels. 	

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RANGKA KERJA PENGUKURAN PRESTASI

PERFORMANCE MEASUREMENT FRAMEWORK

ii) Kos Sosial & Manfaat/Social Cost & Benefit

Penunjuk Indicator	2021	2020	Sorotan Utama Key Highlights
Indeks Kebergantungan Subsidi (SDI) Subsidy Dependence Index (SDI)	1.23	0.94	<ul style="list-style-type: none"> SDI untuk 2021 lebih tinggi berbanding 2020 yang mencerminkan tahap kebergantungan yang lebih tinggi kepada bantuan kewangan Kerajaan berbanding tahun sebelumnya. Sebagai sebuah IKP, subsidi berterusan diperlukan bagi membolehkan Bank mengekalkan harga puratanya serta melaksanakan mandatnya. SDI for 2021 is higher than 2020 which reflected higher level of dependency on Government's financial assistance as compared to preceding year. Being a DFI, continuous subsidy is required in order for the Bank to maintain its average pricing and serves its mandate accordingly.

$$SDI = \frac{\text{(Jumlah Subsidi Tahunan Diterima)} \quad \text{(Total Annual Subsidy Received)}}{\text{(Hasil daripada Aktiviti Pembiayaan & Aktiviti EPC)} \quad \text{(Yield from Financing Activity & EPC Activity)}}$$

Indeks Pengeluaran (OI) Output Index (OI)	0.6	0.62	<ul style="list-style-type: none"> OI berjaya dikekalkan di bawah 1 yang mencerminkan kejayaan Bank menyalurkan dana-dananya lebih kepada segmen sasaran berbanding segmen bukan sasaran. Mencerminkan bahawa Bank telah melaksanakan mandatnya. OI has been maintained below 1 which indicated the Bank has successfully channelled its funds more towards the targeted segment as compared to non-targeted segment. Reflected that the Bank has served its mandate accordingly.
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$$OI = \frac{\text{Jumlah Pembolehubah Tidak Berwajaran} \quad \text{Total Non-weighted Output Variable}}{\text{Pembolehubah Pengeluaran Berwajaran kepada Segmen Sasaran} \quad \text{Total Weighted Output Variable to Targeted Segment}}$$

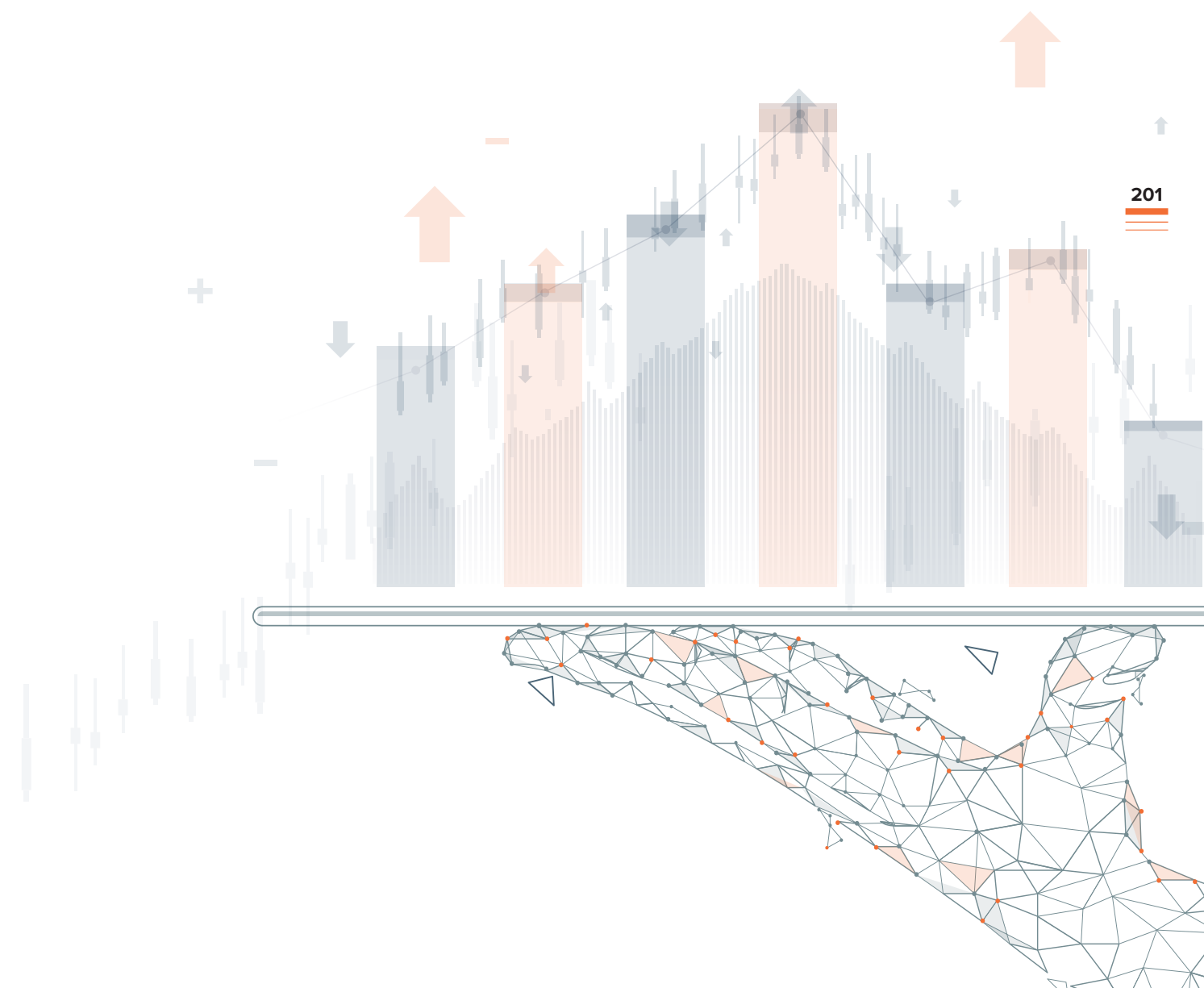
Kos Bersih Subsidi (NSC) Net Subsidy Cost (NSC)	RM 346.5 juta/ million	RM 245.3 juta/ million	<ul style="list-style-type: none"> Bank mengekalkan Indeks NSC pada tahap lebih rendah berbanding jumlah subsidi untuk kedua-dua tahun, mencerminkan bahawa dana-dana sebahagian besarnya digunakan untuk segmen sasaran. Maju ke hadapan, NSC juga boleh dikurangkan menerusi PBT yang lebih tinggi. The Bank maintained its NSC Index lower than total subsidy for both years, indicating that the funds were largely utilised in reaching out to the targeted segment. Moving forward, the NSC could also be reduced via higher PBT
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$$NSC = \text{(Jumlah Subsidi Tahunan Diterima)} \times \text{(Indeks Pengeluaran)}$$

$$NSC = \text{(Total Annual Subsidy Received)} \times \text{(Output Index (OI))}$$

iii) Kecekapan Operasi/Operational Efficiency

Penunjuk Indicator	2021	2020	Sorotan Utama Key Highlights
Kos Kepada Pendapatan (CTI) Cost-to-income (CTI)	52.7%	62.5%	<ul style="list-style-type: none"> Nisbah CTI mengukuh seperti yang ditunjukkan oleh peratusan yang lebih rendah iaitu daripada 62.5% pada 2020 kepada 52.7% pada 2021. CTI ratio has improved as evidenced by lower percentage from 62.5% in 2020 to 52.7% in 2021.
Masa Pusingan (TAT) Turnaround Time (TAT)	74	82	<ul style="list-style-type: none"> TAT daripada permohonan yang diterima sehingga pengeluaran pertama adalah lebih baik daripada 82 hari pada 2020 kepada 74 hari pada 2021. TAT from application received until first disbursement has improved from 82 days in 2020 to 74 days in 2021.



MENJADIKAN SETIAP HARI BERNILAI

MAKING EVERY DAY COUNT



TAKWIM PERISTIWA
CALENDAR OF EVENTS

FEBRUARI FEBRUARY

8 Feb

Pengedaran Hamper Tahun Baru Cina kepada Kakitangan SME Bank berbangsa Cina

Chinese New Year Hamper Distribution to SME Bank's Chinese Staff

22 Feb

Penyampaian Sumbangan Peralatan Perlindungan Diri (PPE) kepada Hospital Shah Alam

Presentation of Personal Protective Equipment (PPE) Contribution to Shah Alam Hospital



APRIL APRIL

8 April

Program *Let's Start Business Exports Program (BEP)* di Hotel InterContinental Kuala Lumpur

Business Exports Program (BEP) *Let's Start Programme* at InterContinental Kuala Lumpur Hotel



21 April

Agihan Kurma dan Pek Sambal kepada Kakitangan SME Bank bersempena Sambutan Awal Ramadhan

Distribution of Dates and Sambal Packs to SME Bank Staff in conjunction with the Pre Ramadan Celebration



MAC MARCH

17 Mac Mar

Lawatan oleh Delegasi Universiti Pertahanan Nasional Malaysia ke Menara SME Bank

Visit by the Malaysian National Defense University Delegation to Menara SME Bank

19 Mac Mar

Agihan Vitamin C dan Multivitamin bersempena Hari Kegembiraan Sedunia 2021 SME Bank

Distribution of Vitamin C and Multivitamins in conjunction with SME Bank's World Happiness Day 2021

29 Mac Mar

Majlis Persaraan dan Anugerah Khidmat Setia Kakitangan 2021 SME Bank di Hotel Mandarin Oriental

SME Bank Staff Retirement and Loyalty Service Award 2021 Ceremony at Mandarin Oriental Hotel



30 Mac Mar

Kunjung Hormat oleh YB Datuk Haji Awang Hashim, Timbalan Menteri Sumber Manusia ke Menara SME Bank

Official Visit by YB Datuk Haji Awang Hashim, Deputy Minister of Human Resources to Menara SME Bank



TAKWIM PERISTIWA
CALENDAR OF EVENTS

MEI MAY

3 Mei May

Penyerahan Kit Penjagaan Kesihatan Diri Pencegahan COVID-19 kepada Petugas Barisan Hadapan di Angkasapuri RTM

Personal COVID-19 Prevention Healthcare Kits Contribution to Frontliners at Angkasapuri RTM

3 Mei May

Ramadan Program 2021: Majlis Penyerahan 'Kotak Rezeki' kepada Pusat Jagaan Orang Tua, Sri Mesra, Ampang

2021 Ramadan Programme: Handover Ceremony of 'Kotak Rezeki' to Pusat Jagaan Orang Tua, Sri Mesra, Ampang



JULAI JULY

14 Julai July

Webinar Suara Merdeka bersama Presiden Kumpulan/Ketua Pegawai Eksekutif, SME Bank tentang Sukuk Kelestarian SME Bank, Pembiayaan Padanan Geran PEMERKASA dan SME Bank XCESS 2021

Suara Merdeka Webinar with SME Bank's Group President/Chief Executive Officer, on SME Bank's Sustainability Sukuk, PEMERKASA Grant Matching Financing and SME Bank XCESS 2021

29 Julai July

Program Imunisasi Vaksin COVID-19 untuk Kakitangan SME Bank di Tropicana Gardens Mall

COVID-19 Vaccine Immunisation Programme for SME Bank Staff at Tropicana Gardens Mall



6 Mei May

Majlis Penyampaian Sumbangan Hari Raya Aidilfitri kepada Angkatan Tentera Malaysia (ATM) di Auditorium, Wisma Pertahanan

Hari Raya Aidilfitri Donation Presentation Ceremony to Malaysian Armed Forces (ATM) at Auditorium, Wisma Pertahanan



6 Mei May

Agihan Kuih Raya bersempena dengan Ambang Syawal

Distribution of Kuih Raya in conjunction with 'Ambang Syawal'

7 Mei May

Majlis Agihan Pek Makanan kepada gelandangan, anjuran Yayasan Kebajikan Negara (YKN) di Pusat Transit Gelandangan, Jalan Pahang, Kuala Lumpur

Food Packs Distribution Ceremony to the homeless, organised by Yayasan Kebajikan Negara (YKN) at the Transit Centre for the Homeless, Jalan Pahang, Kuala Lumpur



OGOS AUGUST

12 Ogos August

Pencarian Harta Karun secara Maya – "The Great Malaysian Escape"

Virtual Treasure Hunt – "The Great Malaysian Escape"

16-17 Ogos August

Sesi Pembentangan secara maya Peringkat Separuh Akhir Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge 2020

Virtual Presentation Session for Semi-Final Level Young Entrepreneur Innovation Programme SME Bank Y-Biz Challenge 2020

TAKWIM PERISTIWA
CALENDAR OF EVENTS

OKTOBER OCTOBER

7 Oktober October

Program Jom XCESS SME Bank 2021 Peringkat Wilayah Pantai Timur di Hotel Pantai Primula, Kuala Terengganu

SME Bank 2021 Jom XCESS Programme East Coast Regional Level Programme at Primula Beach Hotel, Kuala Terengganu



21 Oktober October

Program Jom XCESS SME Bank 2021 Peringkat Wilayah Sabah & Sarawak di Hyatt Regency, Kota Kinabalu, Sabah

SME Bank Jom XCESS 2021 Programme for Sabah and Sarawak Regional Level at Hyatt Regency, Kota Kinabalu, Sabah



30 Oktober October

Pertandingan Go-Kart SME Bank 2021

SME Bank's Go-Kart Competition 2021

11 Oktober October

Episod Akhir dan Pengumuman Pemenang Pertandingan SUKSES 4.0

SUKSES 4.0 Final Episode and Winner Announcement



13 Oktober October

Majlis Penyampaian Hadiah secara maya Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge 2020

Virtual Prize Giving Ceremony for Young Entrepreneur Innovation Programme SME Bank Y-Biz Challenge 2020

DISEMBER DECEMBER

14 Disember December

Program Jom XCESS SME Bank 2021 Peringkat Wilayah Tengah di Hotel Hatten, Melaka

SME Bank Jom XCESS 2021 Programme at Central Region Level at Hotel Hatten, Melaka



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DIRECTORS' REPORT

The directors of Small Medium Enterprise Development Bank Malaysia Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Bank are those of development banking, both Islamic and conventional and related financial services.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Bank in each subsidiary and associate is as disclosed in Note 10 and Note 11 to the financial statements respectively.

Financial results

The results of the Group and of the Bank for the financial year are as follows:

	Group RM'000	Bank RM'000
Profit before tax expense and zakat	58,092	55,305
Tax expense	(4,188)	(3,935)
Zakat	(1,315)	(1,315)
Profit for the year	52,589	50,055
Profit for the year attributable to the owner of the Bank	52,589	50,055

In the opinion of the directors, the results of operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the implication of COVID-19 measures as disclosed in Note 2.13 to the financial statements.

Dividends

The amount of dividend paid by the Bank since the end of the previous financial year was as follows:

In respect of the financial year ended 31 December 2020, a final single-tier dividend of 0.71 sen per share on 1,850,000,000 ordinary shares, amounting to RM13,211,000 was proposed, approved and declared at the Annual General Meeting held on 31 May 2021. The dividend was paid on 9 June 2021.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2021 of 0.27 sen per share on 1,850,000,000 ordinary shares, amounting to RM5,005,500 will be proposed for the shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

The Bank did not issue any new shares or debentures during the financial year.

Directors

The directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of this report are:

Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff
 Y.Bhg. Dato' Muslim bin Hussain
 Y.Brs. En. Mohd Sakeri bin Abdul Kadir
 Y.Bhg. Datuk Ahmad Hizzad bin Baharuddin
 Y.Brs. En. Zulkiflee bin Hashim
 Y.Bhg. Dato' Mohammad Radhi bin Abdul Razak
 Y.Brs. Encik Wan Abdul Rahman bin Wan Abu Bakar (appointed on 11 January 2021)
 Y.Brs Puan Suharti binti Mohd Ali (appointed on 1 March 2021)
 Y.Bhg Dato' Sharkawi bin Alis (appointed on 1 April 2021)

The directors who are not the directors of the Bank who held office in the subsidiaries of the Bank during the financial year and up to the date of this report are:

(Dr.) Aria Putera bin Ismail
 Zarina Nor binti Ismail
 Mohd Fikri bin Abd Ghapar
 Mohammad Azam bin Ahmad
 Hairil Izwar bin Abd. Rahman
 Sainursalwa binti Sani
 Datuk Dr. Mohammad Hardee bin S.N. Ibrahim (appointed on 14 April 2021)
 Nurbayu Kasim Chang (appointed on 1 October 2021)
 Samad Majid Zain Abdul Majid (appointed on 1 December 2021)
 Khairil Anuar bin Mohammad Anuar (resigned on 14 April 2021)
 Haizad Rizal bin A Aziz (resigned on 3 August 2021)
 Syuhaiza binti Md Molawi@Ismail (resigned on 1 October 2021)

Directors' benefits

Since the end of the previous financial year, none of the directors of the Bank has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of remuneration received or due and receivable by the director or the fixed salary of a full time employee of the Bank as disclosed in Note 30 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Bank is a party whereby directors of the Bank might acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

DIRECTORS' REPORT

Directors' interests

None of the directors in office at the end of the financial year held shares or had a beneficial interest in the shares of the Bank or its related corporations during or at the beginning and end of the financial year.

Other statutory information

Before the financial statements of the Group and of the Bank were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate; or
- (iv) not otherwise dealt with in this report of the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank in the financial year in which this report is made.

Indemnity and takaful for directors, officers and auditors

The Group and of the Bank maintains directors' liability takaful for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate takaful cover for the directors of the Group and of the Bank. The amount of takaful coverage paid during the year amounted to RM126,000.

Save as disclosed above, there were no indemnity given to or takaful effected for officers or auditors of the Group and of the Bank in accordance with Section 289 of the Companies Act, 2016.

Holding corporation

The directors regard Minister of Finance (Incorporated), a body corporate incorporated pursuant to the Minister of Finance (Incorporated) Act, 1957 (Revised 1989), as the Bank's immediate and ultimate holding corporation.

Auditors

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Auditors' remuneration

The amount paid as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 29 to the financial statements.

Signed on behalf the Board in accordance with a resolution of the directors dated 7 March 2022.



Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff

Kuala Lumpur, Malaysia



Y.Brs. En. Zulkiflee bin Hashim

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

The directors of Small Medium Enterprise Development Bank Malaysia Berhad state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statements and the requirement of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December 2021 and of the financial performance and the cash flows of the Group and of the Bank for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 7 March 2022.

Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff

Kuala Lumpur, Malaysia

Y.Brs. En. Zulkiflee bin Hashim

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

We, Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff and (Dr.) Aria Putera bin Ismail, being the Chairman and Group President/Chief Executive Officer respectively, primarily responsible for the financial management of Small Medium Enterprise Development Bank Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in our opinion, correct and we are this solemn declaration conscientiously believing the same to be true, and by virtue of the provision of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 7 March 2022.



Before me,

G1-1-2, GROUND FLOOR, MENARA 1 DUTAMAS,
SOLARIS DUTAMAS, NO. 1, JALAN DUTAMAS 1,
50480 KUALA LUMPUR

Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff

(Dr.) Aria Putera bin Ismail

SHARIAH COMMITTEE'S REPORT

PURSUANT TO PARAGRAPH 22 OF SHARIAH GOVERNANCE POLICY DOCUMENT OF BANK NEGARA MALAYSIA

In the Name of Allah, The Compassionate, The Most Merciful

Praise be to Allah and peace be upon His messenger, his family and his companions.

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

To the shareholders, depositors and customers of the Bank:

In carrying out the roles and responsibilities of the Bank's Shariah Committee ("SC") as prescribed in the Shariah Governance Policy Document of Bank Negara Malaysia ("BNM"), we hereby submit the following report for the financial year ended 31 December 2021.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Small Medium Enterprise Development Bank Malaysia Berhad ("the Bank") during the financial year ended 31 December 2021. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council ("SAC") of BNM, as well as Shariah decisions made by us.

The management of the Bank shall at all times be responsible for ensuring that the conducts of all its Islamic Banking operations, business, affairs and activities are in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the Islamic Banking operations of the Bank, and to report to you.

In discharging our duties effectively, we are supported by dedicated internal Shariah functions of the Bank, namely Group Shariah Division, Shariah Review of Group Compliance Division, Shariah Risk Management of Risk Management Division and Shariah Audit of Internal Audit Division, whose roles and responsibilities as well as scope of duties are embedded in the Shariah Governance Policy Document of BNM and in the Bank's internal Shariah framework, policies and guidelines.

We had convened a total of ten (10) meetings during the financial year, in which we reviewed inter alia products, transactions, services, processes and documents of the Bank. All SC members have complied with the minimum requirement of 75% attendance of the Shariah Committee meetings held in the financial year, as laid down in the Shariah Governance Policy Document of BNM.

As part of the initiatives towards strengthening capabilities of the SC members and to keep ourselves abreast with the latest development of the industry, we have attended the following external programmes and events among others:

- Muzakarah Cendekiawan Syariah Nusantara (MCSN2021)
- International Shariah Scholars Forum (ISSF2021)
- Islamic Fintech Leaders Forum (IFLF)
- Kuala Lumpur Finance Forum (KLIFF2021) – Main Forum
- Muzakarah Penasihat Syariah Dalam Kewangan Islam (KLIFF2021)

In compliance with BNM's Shariah Governance Policy, the SC undergoes the process of assessing the effectiveness of the individual members and the committee as a whole on a yearly basis. The SC annual assessment exercise is primarily based on a questionnaire distributed to the respective committee members and encompasses considerations on the effectiveness of the SC in discharging its duties.

**SHARIAH COMMITTEE'S REPORT
PURSUANT TO PARAGRAPH 22 OF SHARIAH GOVERNANCE POLICY DOCUMENT
OF BANK NEGARA MALAYSIA**

In performing our roles and responsibilities, we had obtained all the information and explanations which we considered necessary in order to provide us with sufficient evidences to give reasonable assurance that the Bank has complied with the Shariah rules and principles.

We also oversee the Shariah Risk function in systematically identify, measure, monitor and report any potential or actual Shariah non-compliance risks associated with the Bank's business and operations as per regulatory requirements.

Apart from that, we had also assessed the Shariah Review and Shariah Audit reports based on their respective annual plans which have been approved by us. The outcomes of the reports were deliberated in our meetings to confirm that the Bank has complied with the applicable internal SC's decisions as well as the relevant resolutions and rulings issued by the SAC of BNM and SAC of Securities Commission for capital market related matters.

In our opinion:

- 1) Nothing has come to the SC's attention that causes the SC to believe that the operations, business, affairs and activities of the Bank during the financial year ended 31 December 2021 involve any material Shariah non-compliances; and
- 2) The calculation and distribution of zakat is in compliance with the Shariah principles.

We, Dr. Shamsiah binti Mohamad and Associate Prof. Dr. Asmak binti Ab Rahman, being two of the members of the SC of the Bank, do hereby confirm on behalf of the members of the SC that, in our level best, the Islamic Banking's operations, business, affairs and activities of the Bank for the financial year ended 31 December 2021 has been conducted in conformity with the Shariah principles.

We beg Allah the Almighty to grant us all the success and straight-forwardness and Allah knows best.

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Dr. Shamsiah binti Mohamad
Member of the Committee



Associate Prof. Dr. Asmak binti Ab Rahman
Member of the Committee

Kuala Lumpur, Malaysia
7 March 2022

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD, which comprise the statements of financial position of the Group and of the Bank as at 31 December 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 222 to 389.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statements and the requirement of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors are responsible for the other information. The other information comprises the Directors' report, Statement of Risk Management and Internal Control and Shariah Committee's Report but does not include the financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and other information and reports included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information and reports included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)**

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statements and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)



MAK WAI KIT
Partner – 03546/12/2022 J
Chartered Accountant

7 March 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Cash and short-term funds	4	1,254,962	1,406,158	1,246,606	1,401,826
Financial investments at fair value through other comprehensive income ("FVOCI")	5	1,396,737	1,323,857	1,396,737	1,323,857
Financial investments at fair value through profit or loss ("FVTPL")	6	100,927	–	100,927	–
Financial investments at amortised cost ("AC")	7	518,757	569,350	518,757	569,350
Loans, advances and financing	8	7,423,451	6,844,761	7,423,451	6,844,761
Other assets	9	20,608	18,017	106,480	143,502
Investment in subsidiaries	10	–	–	–	–
Investment in associate	11	2,654	2,950	–	–
Property, plant and equipment	12	134,044	131,483	134,011	131,476
Right-of-use assets	13	13,830	12,834	13,830	12,834
Investment properties	14	374,081	393,062	374,081	393,062
Intangible assets	15	14,762	14,620	14,762	14,620
Tax recoverable		5,572	3,757	2,997	2,068
Deferred tax assets	16	106,947	99,278	106,947	99,278
TOTAL ASSETS		11,367,332	10,820,127	11,439,586	10,936,634
LIABILITIES					
Deposits from customers	17	3,742,803	4,255,632	3,776,444	4,330,869
Deposits from banks and other financial institutions	18	50,085	–	50,085	–
Islamic medium-term notes/commercial papers	19	2,521,926	1,866,327	2,521,926	1,866,327
Borrowings/fundings	20	1,741,109	1,507,974	1,741,109	1,507,974
Lease liabilities	21	14,195	13,364	14,195	13,364
Other liabilities	22	1,151,093	1,121,503	1,178,555	1,149,088
Government funds	23	540,701	454,883	540,701	454,883
TOTAL LIABILITIES		9,761,912	9,219,683	9,823,015	9,322,505
EQUITY					
Share capital	24	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(262,346)	(301,724)	(251,195)	(288,039)
Other reserves	25	17,766	52,168	17,766	52,168
TOTAL EQUITY		1,605,420	1,600,444	1,616,571	1,614,129
TOTAL LIABILITIES AND EQUITY		11,367,332	10,820,127	11,439,586	10,936,634
COMMITMENTS AND CONTINGENCIES	34	2,180,552	2,252,396	2,180,552	2,252,396

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income	26	1,994	6,314	1,994	6,314
Interest expense	27	(15,245)	(80,972)	(15,245)	(80,972)
Net interest expense		(13,251)	(74,658)	(13,251)	(74,658)
Gross income from Islamic banking business	40	419,533	351,985	410,678	356,771
Other operating income	28	11,167	5,287	1,324	1,613
Net income		417,449	282,614	398,751	283,726
Other operating expenses	29	(239,541)	(227,919)	(231,378)	(223,211)
Operating profit		177,908	54,695	167,373	60,515
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	31	(119,661)	63,376	(140,002)	322
- commitments and contingencies	22(v)	(779)	1,468	(779)	1,468
- financial investments at FVOCI	5	593	2,909	593	2,909
- financial investments at AC	7	(278)	649	(278)	649
- other assets at AC	9(i)(b)	605	191	605	191
- other assets at FVOCI	9(ii)	–	–	27,793	68,701
		58,388	123,288	55,305	134,755
Share of loss after tax of an associate	11(ii)	(296)	(388)	–	–
Profit before tax expense and zakat		58,092	122,900	55,305	134,755
Tax (expense)/credit	32	(4,188)	(294)	(3,935)	1
Zakat	32	(1,315)	(2,642)	(1,315)	(2,642)
Profit for the year		52,589	119,964	50,055	132,114
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Unrealised (loss)/gain on revaluation of financial investments at FVOCI	25	(38,004)	23,231	(38,004)	23,231
Reclassification of loss included in profit or loss	25	(6,481)	(1,654)	(6,481)	(1,654)
Changes in expected credit losses on financial investments at FVOCI	25	(593)	(2,909)	(593)	(2,909)
Income tax relating to components of other comprehensive income	25	10,676	(5,178)	10,676	(5,178)
Other comprehensive (loss)/income for the year, net of tax		(34,402)	13,490	(34,402)	13,490
Total comprehensive income for the year, net of tax		18,187	133,454	15,653	145,604

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year attributable to the owner of the Bank		52,589	119,964	50,055	132,114
Total comprehensive income attributable to the owner of the Bank		18,187	133,454	15,653	145,604
Earnings per share attributable to the owner of the Bank (sen)					
- Basic and diluted	33			2.71	7.14

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Group	Note	Attributable to the Owner of the Bank				
		Non-distributable		General reserve RM'000	Accumulated losses RM'000	Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000			
At 1 January 2021		1,850,000	42,054	10,114	(301,724)	1,600,444
Unrealised loss on revaluation of financial investments at FVOCI	25	-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss	25	-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income	25	-	10,676	-	-	10,676
Profit for the year		-	-	-	52,589	52,589
Total comprehensive (loss)/ income for the year		-	(34,402)	-	52,589	18,187
Transaction with owner:						
Dividends	39	-	-	-	(13,211)	(13,211)
At 31 December 2021		1,850,000	7,652	10,114	(262,346)	1,605,420
At 1 January 2020		1,850,000	28,564	10,114	(384,688)	1,503,990
Unrealised gain on revaluation of financial investments at FVOCI	25	-	23,231	-	-	23,231
Reclassification of loss included in profit or loss	25	-	(1,654)	-	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	25	-	(2,909)	-	-	(2,909)
Income tax relating to components of other comprehensive income	25	-	(5,178)	-	-	(5,178)
Profit for the year		-	-	-	119,964	119,964
Total comprehensive income for the year		-	13,490	-	119,964	133,454
Transaction with owner:						
Dividends	39	-	-	-	(37,000)	(37,000)
At 31 December 2020		1,850,000	42,054	10,114	(301,724)	1,600,444

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Bank	Note	Attributable to the Owner of the Bank				Total equity RM'000
		Non-distributable		General reserve RM'000	Accumulated losses RM'000	
		Share capital RM'000	Fair value reserve RM'000			
At 1 January 2021		1,850,000	42,054	10,114	(288,039)	1,614,129
Unrealised loss on revaluation of financial investments at FVOCI	25	-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss	25	-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income	25	-	10,676	-	-	10,676
Profit for the year		-	-	-	50,055	50,055
Total comprehensive (loss)/income for the year		-	(34,402)	-	50,055	15,653
Transaction with owner:						
Dividends	39	-	-	-	(13,211)	(13,211)
At 31 December 2021		1,850,000	7,652	10,114	(251,195)	1,616,571
At 1 January 2020		1,850,000	28,564	10,114	(383,153)	1,505,525
Unrealised gain on revaluation of financial investments at FVOCI	25	-	23,231	-	-	23,231
Reclassification of loss included in profit or loss	25	-	(1,654)	-	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	25	-	(2,909)	-	-	(2,909)
Income tax relating to components of other comprehensive income	25	-	(5,178)	-	-	(5,178)
Profit for the year		-	-	-	132,114	132,114
Total comprehensive income for the year		-	13,490	-	132,114	145,604
Transaction with owner:						
Dividends	39	-	-	-	(37,000)	(37,000)
At 31 December 2020		1,850,000	42,054	10,114	(288,039)	1,614,129

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

Note	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows generated from/(used in) operating activities				
Profit before tax expense and zakat	58,092	122,900	55,305	134,755
Adjustments for:				
Net impairment loss/(writeback) on loans, advances and financing	31 155,262	(34,722)	175,603	28,332
Net impairment loss/(writeback) of commitment and contingencies	22(v) 779	(1,468)	779	(1,468)
Net writeback on financial investments at FVOCI	5 (593)	(2,909)	(593)	(2,909)
Net impairment loss/(writeback) on financial investment at AC	7 278	(649)	278	(649)
Impairment gain on other asset at AC	9(i)(b) (605)	(191)	(605)	(191)
Impairment gain on other asset at FVOCI	9(ii) -	-	(27,793)	(68,701)
Depreciation of property, plant and equipment	29(ii) 11,580	13,114	11,576	13,108
Depreciation of right-of-use assets	29(ii) 3,519	3,491	3,519	3,491
Amortisation of intangible assets	29(ii) 7,447	7,455	7,447	7,455
Fair value gain on investment properties	40(l) (8,319)	-	(8,319)	-
Government funds released, net	40(l) (22,330)	(9,937)	(22,330)	(9,937)
Income from financial investments at FVOCI	26,40(j) (47,724)	(47,765)	(47,724)	(47,765)
Income from financial investments at FVTPL	40(j) (5,713)	-	(5,713)	-
Income from financial investments at AC	40(j) (22,170)	(28,253)	(22,170)	(28,253)
Interest/profit expense on borrowings/fundings	27,40(k) 33,534	88,376	33,534	88,376
Profit expense on medium-term notes/commercial papers	40(k) 77,672	67,930	77,672	67,930
Finance cost on lease liabilities	40(k) 522	568	522	568
Profit income on amount due from a subsidiary company	40(l) -	-	(11,207)	(13,772)
Property, plant and equipment written-off	29(ii) -	1	-	1
Share of loss after tax of an associate	11 296	388	-	-
Operating profit before working capital changes	241,527	178,329	219,781	170,371
Changes in working capital:				
Loans, advances and financing	(733,952)	(1,009,099)	(754,293)	(1,072,152)
Other assets	(1,599)	(4,235)	77,560	51,768
Deposits from customers	(503,171)	1,089,898	(544,764)	1,099,808
Deposits from banks and other financial institutions	50,085	-	50,085	-
Other liabilities	29,362	23,034	29,234	29,923
Cash (used in)/generated from operating activities	(917,748)	277,927	(922,397)	279,718
Interest and profit received	99,910	72,471	99,910	72,471
Tax paid	(1,524)	(2,039)	(929)	(911)
Real property gains tax ("RPGT") paid	(111)	(111)	-	-
Tax refunded	-	7,137	-	6,095
Zakat paid	(2,315)	(2,608)	(2,315)	(2,608)
Net cash (used in)/generated from operating activities	(821,788)	352,888	(825,842)	354,765

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows generated from/(used in) investing activities					
Purchase of private debt securities		(240,048)	(150,000)	(240,048)	(150,000)
Purchase of Islamic commercial papers		(1,239,194)	(165,000)	(1,239,194)	(165,000)
Purchase of sukuk		(952,245)	(170,000)	(952,245)	(170,000)
Proceeds from redemption of private debt securities		123,582	35,000	123,582	35,000
Proceeds from redemption of sukuk		470,627	–	470,627	–
Proceeds from maturity of sukuk		110,000	160,000	110,000	160,000
Proceeds from maturity of private debt securities		220,000	200,000	220,000	200,000
Proceeds from maturity of Islamic commercial papers		1,315,000	395,000	1,315,000	395,000
Proceeds from disposal of investment properties		26,481	–	26,481	–
Purchase of property, plant and equipment	12	(18,303)	(11,536)	(18,273)	(11,535)
Purchase of intangible assets	15	(3,806)	(1,249)	(3,806)	(1,249)
Net cash (used in)/generated from investing activities		(187,906)	292,215	(187,876)	292,216
Cash flows generated from/(used in) financing activities					
Net disburse/(payment) of borrowings/fundings		289,832	(274,103)	289,832	(274,103)
Net disburse of Islamic medium-term notes/commercial papers		648,403	100,000	648,403	100,000
Interest and profit paid on borrowings/fundings		(17,653)	(89,291)	(17,653)	(89,291)
Profit paid on Islamic medium-term notes/commercial papers		(70,576)	(69,675)	(70,576)	(69,675)
Proceeds from government funds		25,909	16,072	25,909	16,072
Payment of lease liabilities		(4,206)	(3,852)	(4,206)	(3,852)
Dividend paid		(13,211)	(37,000)	(13,211)	(37,000)
Net cash generated from/(used in) financing activities		858,498	(357,849)	858,498	(357,849)
Net (decrease)/increase in cash and cash equivalents		(151,196)	287,254	(155,220)	289,132
Cash and cash equivalents at beginning of year		1,406,158	1,118,904	1,401,826	1,112,694
Cash and cash equivalents at end of year		1,254,962	1,406,158	1,246,606	1,401,826
Cash and cash equivalents comprise of:					
- Cash and short-term funds	4	1,254,962	1,406,158	1,246,606	1,401,826

The accompanying notes form an integral part of the financial statements.

Note:

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Bank's statements of cash flows from financing activities.

Group and Bank	Non-cash changes		Effect of benefit derived from below market profit rate (Note 23)	31 December
	Reclassification from deposits from customers (Note 23)	Government funds released (Note 40(l))		
	RM'000	RM'000	RM'000	RM'000
2021				
Islamic medium-term notes/commercial papers	1,866,327	577,927	–	2,521,926
Borrowings/fundings	1,507,974	272,179	(72,578)	1,741,109
Lease liabilities	13,364	(4,206)	–	14,195
Government funds	454,883	25,909	72,578	540,701
	3,842,548	871,809	(22,330)	4,817,931
2020				
Islamic medium-term notes/commercial papers	1,768,072	30,325	–	1,866,327
Borrowings/fundings	1,875,212	(363,394)	(92,220)	1,507,974
Lease liabilities	15,797	(3,852)	–	13,364
Government funds	354,053	16,072	92,220	454,883
	4,013,134	(320,849)	(9,937)	3,842,548

(i) The cash flows from Islamic medium-term notes, borrowings/fundings, government funds and lease liabilities make up the net amount of proceeds and payments of Islamic medium-term notes, borrowings/fundings and lease liabilities, interest/profit payment on Islamic medium-term notes, borrowings/fundings and lease liabilities and receipt of government fund in the statements of cash flows.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. Corporate information

Small Medium Enterprise Development Bank Malaysia Berhad ("the Bank") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Bank is at Level 22, Menara SME Bank, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The immediate and ultimate holding company of the Bank during the financial year is Minister of Finance Incorporated. The Bank is principally engaged in development banking, both Islamic and conventional and related financial services. The principal activities of the subsidiaries and associate are described in Note 10 and Note 11, respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 7 March 2022.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), as modified by Bank Negara Malaysia as disclosed below, and the requirements of Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Bank are presented in Ringgit Malaysia ("RM") and values are rounded to the nearest thousand (RM'000) except when otherwise stated.

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below. The Group and the Bank present the statements of financial position in order of liquidity.

Modified accounting treatment for modifications made to contractual cash flows of loans/financing

Under the Financial Reporting for Development Financial Institutions policy document issued by Bank Negara Malaysia ("BNM") on 28 July 2020, in accordance with Section 75 of the Development Financial Institutions Act, 2002 in Malaysia and Section 26D of the Financial Reporting Act, 1997 in Malaysia, Development Financial Institutions are allowed to apply the modified accounting treatment for any modifications made to contractual cash flows of loans/financing, including payments deferred under moratoriums provided by the development financial institutions, during the three financial years beginning on or after 1 January 2020, with the details as follows:

i) Duration of modified accounting treatment

Development financial institutions shall make a one-time election in 2020 to apply the modified accounting treatment and once an election is made, the requirement shall apply for two financial years beginning on or after 1 January 2020 which is then extended for another year;

ii) Comparison of accounting treatment in accordance with MFRS and modified accounting treatment

Accounting treatment in accordance with MFRS

Under paragraph 5.4.3 of MFRS 9 *Financial Instruments*, the modification gain or loss that arises as at the contractual cash flow modification date is recognised in the profit or loss immediately by recalculating the gross carrying amount of the loan/financing based on the present value of the modified cash flows discounted at the loan or financing's original effective interest/profit rate ("EIR/EPR").

2. Summary of significant accounting policies (cont'd)

2.1 Statement of compliance and basis of preparation (cont'd)

ii) Comparison of accounting treatment in accordance with MFRS and modified accounting treatment (cont'd)

Modified accounting treatment

No modification gain or loss is recorded against the gross carrying amount of the loan/financing as at the contractual cash flow modification date.

Instead, a new and revised effective interest/profit rate is calculated that exactly discounts the modified remaining cash flows to the gross carrying amount of the loan/financing as at the contractual cash flow modification commencement date.

iii) Disclosures

The Development Financial Institutions which apply this modified accounting treatment shall disclose the fact of this adoption in the basis of preparation of the interim financial reports and annual financial statements, together with the duration of the application and a comparison of the financial impact of applying the accounting treatment in accordance with the MFRS and the modified accounting treatment.

Under Section 244(5) of the Companies Act, 2016, the financial statements that are required to be prepared for or lodged with the authorities referred to in section 26D of the Financial Reporting Act, 1997 shall be prepared in accordance with the approved accounting standards subject to any specifications, guidelines or regulations as may be issued by the authorities, including BNM.

The Bank has adopted the modified accounting treatment for the modification gain or loss arising from modifications of contractual cash flows made to loans/financing as specified by BNM in the policy document dated 28 July 2020 stated above. The modified accounting treatment is and will be applied by the Bank in its financial statements for the previous financial year ended 31 December 2020, current financial year ended 31 December 2021 and next financial year ending 31 December 2022 on any modifications of contractual cash flows made to loans/financing during these three financial years, as allowed by BNM.

From financial year ending 31 December 2023, after the expiry of the modified accounting treatment as specified, the Bank will adopt the treatment as per MFRS 9 *Financial Instruments* accordingly.

Impact of adopting the modified accounting treatment for the modification gain or loss

The financial impact of the affected items in the profit or loss and statements of financial position of the Group and the Bank are as summarised below:

	Group and Bank	
	2021	2020
	RM'000	RM'000
As at 31 December		
Loans, advances and financing		
Closing balance under MFRS	7,343,894	6,769,205
Impact of modification loss	88,773	81,139
Allowance for impairment losses on loans, advances and financing	(9,216)	(5,583)
Closing balance under modified accounting treatment	7,423,451	6,844,761

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2. Summary of significant accounting policies (cont'd)

2.1 Statement of compliance and basis of preparation (cont'd)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
For the year ended 31 December				
Profit income on loans, advances and financing				
Year end balance under MFRS	48,588	44,408	46,054	56,558
Impact of modification loss	7,634	81,139	7,634	81,139
Allowance for impairment losses on loans, advances and financing	(3,633)	(5,583)	(3,633)	(5,583)
Year end balance under modified accounting treatment	52,589	119,964	50,055	132,114

2.2 Changes in accounting policies and disclosures

Amendments to MFRSs

In the current financial year, the Group and the Bank have adopted all Amendments to MFRS issued by the Malaysian Accounting Standard Board ("MASB") that are relevant to the operations and effective for accounting period that begins on or after 1 January 2021.

Amendments to:

MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform – Phase 2
MFRS 16	COVID-19-Related Rent Concessions

2.3 Amendments to MFRSs in issue but not yet effective

The initial application of the accounting standards, interpretations or amendments did not have any material financial impacts to the current period and prior period financial statements of the Group and the Bank.

At the date of authorisation for issue of these financial statements, the relevant Amendments to MFRSs, which were in issue but not yet effective and not early adopted by the Group and the Bank are as listed below:

Amendments to:

MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
MFRSs	Annual Improvements to MFRS Standards 2018 – 2020 ²
MFRS 3	Reference to Conceptual Framework ²
MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use ²
MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract ²
MFRS 101	Classification of Liabilities as Current or Non-current ³
MFRS 101	Disclosure of Accounting Policies ³
MFRS 108	Definition of Accounting Estimates ³

2. Summary of significant accounting policies (cont'd)

2.3 Amendments to MFRSs in issue but not yet effective (cont'd)

MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures ⁴

- ¹ Effective for annual periods beginning on or after 1 April 2021
- ² Effective for annual periods beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023
- ⁴ Effective date deferred to a date to be announced by MASB

The directors anticipate that the abovementioned Amendments will be adopted in the annual financial statements of the Group and of the Bank when they become effective and is of the view that the adoption of these Amendments will have no material impact on the financial statements of the Group and of the Bank in the period of initial application.

2.4 Basis of preparation

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group and the Bank take into account the characteristics of the asset or liability if market participant would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of MFRS 102, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the input to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than unquoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2. Summary of significant accounting policies (cont'd)

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities) controlled by the Bank and its subsidiaries. Control is achieved when the Bank has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its return.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2.6 Subsidiaries

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

2. Summary of significant accounting policies (cont'd)

2.6 Subsidiaries (cont'd)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained profit and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9, when applicable, the cost on initial recognition of an investment in an associate or joint venture. Investment in subsidiaries which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Bank's separate financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

2.7 Associate

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investment in associates which are consolidated using the equity method are stated at cost less accumulated impairment losses in the Bank's separate financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

2. Summary of significant accounting policies (cont'd)

2.8 Property, plant and equipment and depreciation

Land and buildings comprise mainly branches and offices. All property, plant and equipment used by the Group and the Bank are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Freehold land has indefinite useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use. Depreciation of other property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building	50 years
Furniture and equipment	3 – 10 years
Renovation	3 years
Motor vehicles	5 years
Electrical and machinery	10 – 15 years

The leasehold land are amortised on a straight-line basis over the remaining lease terms, ranging from 14 to 903 years (2020 : 15 to 904 years).

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gains and losses arising on disposals are determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.9 Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

(i) Definition of a lease (cont'd)

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Bank are lessees, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Bank recognise a right-of-use asset at the date of initial application for leases previously classified as operating lease. The right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements in which the group and the Bank are the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The right-of-use asset is initially measured at an amount equal to the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are presented as a separate line in the statements of financial position.

The lease liability is initially measured at the present value of the remaining lease payments at the date of initial application, discounted using the Group's and the Bank's incremental borrowing rate. The lease liability is presented as a separate line in the statements of financial position.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group and the Bank exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group and the Bank recognise the lease payments associated with these leases as an operating expense over the lease term.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non- lease components.

(b) As a lessor

The Group and the Bank enter into lease agreements as a lessor with respect to their properties. When the Group and the Bank act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Bank make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Bank apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group and the Bank apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

2. Summary of significant accounting policies (cont'd)

2.9 Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137.

The lease liability is measured by increasing the carrying amount to reflect profit on the lease liability and reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group and the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right- of-use asset has been reduced to zero.

The Group and the Bank remeasure the lease liability whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest/profit rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Bank did not make any such adjustments during the current financial year.

(b) As a lessor

The Group and the Bank recognise lease payment from operating leases as income on a straight-line basis. The Group and the Bank also recognise cost, including depreciation, incurred in earning the lease income as an expense.

NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont'd)

2.10 Investment properties

Investment properties of the Group and the Bank are properties held to earn rentals and/or for capital appreciation (including property under construction for such purpose). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which property is derecognised.

2.11 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. Summary of significant accounting policies (cont'd)

2.11 Intangible assets (cont'd)

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.12 Impairment of non-financial assets

At the end of each reporting period, the Group and the Bank review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Bank estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Financial instruments

Initial recognition

Financial assets and liabilities, with the exception of loans, advances and financing to customers, are initially recognised on the trade date, i.e., the date that the Group and the Bank become a party to the contractual provisions of the instrument. Loans, advances and financing to customers are recognised when funds are transferred to the customers' accounts.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit or Loss ("FVTPL"), transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group and the Bank account for the Day 1 profit or loss, as described below.

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2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group and the Bank recognise the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Group and the Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised Cost ("AC")
- Fair Value Through Other Comprehensive Income ("FVOCI")
- Fair Value Through Profit or Loss ("FVTPL")

The Group and the Bank classify and measures its derivative at FVTPL. The Group and the Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial assets and liabilities

The Group and the Bank only measure loans, advances and financing to customers and other financial investments at Amortised Cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest/profit rate ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

Business model assessment

The Group and the Bank determine their business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's and the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's and Bank's assessment.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

Business model assessment (cont'd)

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated financial assets going forward.

The SPPI test

As a second step of its classification process, the Group and the Bank assess the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are payments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending/financing arrangement are typically the consideration for the time value of money and credit risk. To perform the SPPI assessment, the Group and the Bank apply judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial investment at AC

The Group and the Bank measure debt instruments at AC when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved solely by collecting contractual cash flows
- The contractual terms of the financial asset meet the SPPI test

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest/profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest/profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

Debt instruments at FVOCI

The Group and the Bank measure debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Profit income are recognised in profit or loss in the same manner as for financial assets measured at AC as explained in Note 2.22. The expected credit loss ("ECL") calculation for Debt instruments at FVOCI is explained in Note 2.14. Where the Group and the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group and the Bank elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value on these equity instruments are recorded in OCI and accumulated revaluation reserve. The cumulative fair value gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends are recognised in profit or loss as other operating income when the right of the payment has been established.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest/profit rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in Note 6. Changes in the fair value of derivatives are included in net trading income.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

Financial guarantees, letters of credit and undrawn loan/undisbursed financing

The Group and the Bank issue financial guarantees, letters of credit and loan/financing commitments. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's and the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss.

The premium received is recognised in profit or loss in fees and commission income, on a straight line basis over the life of the guarantee.

Undrawn loan/undisbursed financing and letters of credits are commitments under which, over the duration of the commitment, the Group and the Bank are required to provide a financing with pre-specified terms to the customer. A provision is made if there is any onerous contract under the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan/undisbursed financing, where the loan/financing agreed to be provided is on market terms, are not recorded on in the statements of financial position.

Reclassification of financial assets and liabilities

The Group and the Bank do not reclassify their financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Group and the Bank derecognise a financial asset, such as a financing to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financing, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financing are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a financing to a customer, amongst others, the Group and the Bank consider the following factors:

- Change in currency of the loans, advances and financing
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in substantial change in cash flows, thus, the modification does not result in derecognition.

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2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

Derecognition due to substantial modification of terms and conditions (cont'd)

The Bank has adopted the modified accounting treatment for the modification gain or loss arising from modifications of contractual cashflows made to loans/financing as specified by BNM in the policy document dated 28 July 2020. Under the modified accounting treatment, no modification gain or loss is recorded against the gross carrying amount of the loans/financing as at the contractual cash flow modification date. Instead, a new and revised effective interest/profit rate is calculated that exactly discounts the modified remaining cashflows to the gross carrying amount of the loans/financing as at the contractual cashflow modification commencement date.

BNM has granted another year of extension on the adoption of accounting treatment for modification gain or loss for prescribed Development Financial Institutions for the financial year ending 31 December 2022. From financial year ending 31 December 2023, after the expiry of the modified accounting treatment as specified, the Bank will adopt the treatment as per MFRS 9 Financial Instruments accordingly.

Implication of COVID-19 measures

During the financial year, the Group and the Bank were affected by several repayment assistance as part of the initiative from the Government of Malaysia. The deferment is applicable to performing financing, denominated in Ringgit Malaysia, that have not been in arrears for more than 90 days. During this period, the Group and the Bank continue to accrue profit on the financing and customers will need to honour the deferred payments in the future.

The deferment announced has resulted in changes in cash flows of the financing that could lead to modification loss to the Group and the Bank which shall be recorded in profit or loss. Pursuant to the policy document on Financial Reporting for Development Financial Institutions issued by BNM, revision of the original effective profit rate in respect of any modification made to the contractual cash flows of the financing has negated the impact of the modification loss.

In this respect, the Group and the Bank have provided reschedule and restructuring arrangement to eligible customers. This measure has effectively terminated the existing financing to be replaced with new financing contract, from which revision of effective profit rate is inapplicable.

Derecognition other than for substantial modification

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

Derecognition other than for substantial modification (cont'd)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in reserves is recognised in profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group and the Bank retain an option to repurchase part of a transferred asset), the Group and the Bank allocate the previous carrying amount of the financial asset between the part they continue to recognise under continuing involvement, and the part they no longer recognise on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.14 Impairment of financial assets

Overview of the ECL principles

With respect to financing loss impairment method, the Group and the Bank have applied a forward-looking ECL approach.

Through this approach, the Group and the Bank have recorded the allowance for ECL for all loans, advances and financing and other debt financial assets not held at FVTPL, together with loans, advances and financing commitments and financial guarantee contracts (all referred to as 'financial instruments' in this section). Equity instruments are not subject to impairment under MFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's and the Bank's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the end of the reporting period. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of the financial instruments.

The Group and the Bank have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group and the Bank groups its loans, advances and financing into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 When loans, advances and financing are first recognised, the Group and the Bank recognise an allowance based on 12mECLs. Stage 1 loans, advances and financing also include facilities where the credit risk has improved and the loans, advances and financing has been reclassified from Stage 2.

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31 DECEMBER 2021

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

Overview of the ECL principles (cont'd)

Stage 2 When a loans, advances and financing has shown a significant increase in credit risk since origination, the Group and the Bank record an allowance for the LTECLs. Stage 2 loans, advances and financing also include facilities, where the credit risk has improved and the loans, advances and financing has been reclassified from Stage 3.

Stage 3 Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred.

Significant increase in credit risk

At the end of each reporting period, the Group and the Bank assess whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Group and the Bank consider both quantitative and qualitative information and analysis based on the Group's and the Bank's historical experience and credit risk assessment, including forward-looking information.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative factors such as delinquency, historical delinquency trend, changes in credit ratings and qualitative factors as well as a backstop based on delinquency.

A financial asset is considered to have experienced a significant increase in credit risk if the financial asset is more than 30 days past due on its contractual payments. In addition, the Group and the Bank may determine that an exposure has demonstrated a significant increase in credit risk based on certain qualitative factors using its expert credit judgment and, where possible, relevant historical experience that are considered to be indicative of such increase and whose effect may not otherwise be fully reflected in its quantitative factors.

The qualitative factor in assessing the significant increase in credit risk had been extensively applied for all financing that have been subjected to payment assistance during the COVID-19 pandemic. Based on the well-balanced and experience in credit judgement, the Group and the Bank considerably view relevant factors when assessing the increase in credit risk. In the absence of the relevant factors indicating evidence of significant increase in credit risk, the Group and the Bank considers extension of repayment assistance, specifically the moratorium of 6 months from 1 July 2021 to 31 December 2021, has not automatically resulted in a staging transfer of financing. The application of judgement and qualitative factors have been applied responsibly with appropriate oversight structure within the Group and the Bank.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

The calculation of ECLs

The Group and the Bank calculate ECLs based on multiple scenarios to measure the expected cash shortfalls, which are discounted using the EIR/EPR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD	The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD rates are derived from latest 7-years historical data on Months-in-Arrears ("MIA") of an instrument in accordance to its SME Category.
EAD	The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the end of the reporting period, including payments of principal and interest/profit and accrued interest/profit from missed payments.
LGD	The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group and the Bank would expect to receive, including from the realisation of any collateral.

The mechanics of the ECL method are summarised below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the end of the reporting period. The Group and the Bank calculate the 12mECL allowance based on the expectation of a default occurring in the 12 months following the end of the reporting period. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by applying the original EIR/EPR.
Stage 2	For exposures where there has been a significant increase in credit risk since initial recognition, the Group and the Bank record an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by applying the original EIR/EPR.
Stage 3	For financial assets that are considered as credit-impaired, the Group and the Bank recognise the lifetime expected credit losses. The method is similar to that for Stage 2 assets, with the PD set at 100% for any instrument with MIA more than 2 months. For exposure on loans, advances and financing under this category with significant EAD, i.e. more than RM1.0 million, assessment are made on individual basis.

NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

Overlays and adjustments for expected credit losses amid COVID-19 environment

In continuation from financial year 2020 which has been largely affected by COVID-19 pandemic, the Group and the Bank continue to factor in the impact through application of management overlay in the ECL calculations. The management overlay has been prudently incorporated within the ECL mechanism taking into account the heightened uncertainty surrounding the determination of estimates in the current environment and to preserve sound provisioning buffers.

As the current MFRS 9 models are not expected to generate levels of ECL's with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 December 2021.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures expire.

The overlays and post-model adjustments of RM78,630,000 (2020: RM58,434,000) involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The Group and the Bank have updated the related parameters for ECL computation and the current Macro Economics Variables ("MEV") for both loans, advances and financing and the financial investment portfolio. Considering the current pandemic situation, the Group and the Bank have taken all necessary measures in deriving the final PD rates such as taking the latest forecasted numbers published by Bloomberg and the LGD parameters has been updated using historical LGD populations up to 30 September 2021. The Group and the Bank has remained its forward-looking ratio i.e. (upside, baseline and downside) at 5% – 65% – 30% (2020: 5% – 65% – 30%).

In addition, the Group and the Bank have also imposed the following overlays to reflect with the current economic situation:

- (a) Application of Bank's historical Observed Default Rate ("ODR") at 15.6%.
- (b) In accordance with the slow property market pace in financial year 2021, the Bank adopted 5% haircut across the board on collateral value for properties for all customers except Stage 3 IIP.
- (c) Taking into consideration the impact of the COVID-19 to the customers' business and as well as the risk associated with customers' ability to serve the financing after the moratorium ended, Stage 1 lifetime ECL is applied to all Stage 1 for SME Relief Programme ("PEMULIH") accounts limited to the unsecured percentage of cash and property collateral for the customer.
- (d) Downgrading Stage 1 restructured and rescheduled accounts that have restructured and rescheduled for more than three times in the past two years.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets (cont'd)

Debt instruments measured at FVOCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. The calculation of ECLs for debt instruments are describe in Note 2.14, the calculation of ECLs.

Instead, an amount equal to the allowance that would arise if the assets were measured at Amortised Cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Forward-looking information

The Group and the Bank use multiple scenarios, i.e. Baseline, Upside and Downside, to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group and the Bank apply probabilities to the forecast scenarios identified. In their ECL models, the Group and the Bank rely on a broad range of forward-looking information, such as:

- GDP growth
- BRENT crude oil price

The forward-looking information of the Group and the Bank are subject to change on an annual basis. The use of these macroeconomic factors have been determined as appropriate based on the annual assessment made by the Group and the Bank.

Write-offs

The Group's and the Bank's financial assets are written off either partially or in their entirety only when the Group and the Bank has stopped pursuing the recovery or become uncollectible.

2.15 Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at Amortised Cost using the effective interest/profit method. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities at Amortised Cost include deposits from customers, deposits and placements from banks and financial institutions, other liabilities, Islamic medium-term notes, borrowings/fundings and lease liabilities.

The effective interest/profit method is a method of calculating the Amortised Cost of a financial liability and of allocating interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
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2.15 Financial liabilities (cont'd)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Bank do not have any financial liabilities held for trading or financial liabilities designated upon initial recognition as at fair value through profit or loss as at the end of the reporting period.

(b) Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits from customers, deposits from other financial institutions, medium term notes, borrowings/fundings and other liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at Amortised Cost using the EIR/EPR method.

(c) Derecognition

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

2.16 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

2.17 Cash and cash equivalents

The Group and the Bank adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents, which comprise cash and balances with banks and other financial institutions and money at call and deposit placements maturing within three month, are short-term, highly liquid investments with maturities of three month or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

Summary of significant accounting policies (cont'd)

2.18 Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of past events, when it is probable that the Group and the Bank will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

2.19 Government funds

Government funds are meant for the following purposes:

- (i) To finance the purchase of investment properties. The funds are initially recognised at their fair values in the statements of financial position as deferred income where there is reasonable assurance that the funds will be received and all attaching conditions will be complied with. Government funds that compensate the Group and the Bank for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government funds that compensate the Group and the Bank for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.
- (ii) To finance loans, advances and financing for specific projects and utilise against credit losses and charges arising from the financing of these projects. The government funds are recognised at the fair value of the consideration received in the statements of financial position. Any credit losses or charges as a result of defaulted loans on the loans financed by the government funds are recognised and utilised against the funds.

2.20 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. short-term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

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2. Summary of significant accounting policies (cont'd)

2.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, the Group and the Bank use the following valuation techniques in determining the fair values:

- A market approach premised on the current realisable values of the net assets for unquoted shares.
- A market approach using indicative market value published by pricing agencies in Malaysia as reference for Malaysian Government Investment Issues, Malaysian Government Securities and private debt securities.
- An income approach premised on the future cash flows and expected recoveries, discounted using the prevailing market rates at the end of the reporting period for deposits and placements with banks, Bai' Inah facility granted to SMEB Asset Management Sdn. Bhd. ("SAM") and derivative financial assets and liabilities.

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the significant unobservable inputs are as follows:

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
---------------------------------	---------------------------------------------------------------------------------------

Unquoted shares

- | | |
|-----------------------------|---------------------------------------------------------------------------------|
| – Current realisable values | – Increase in realisable value will result in higher fair value, and vice versa |
|-----------------------------|---------------------------------------------------------------------------------|

Deposits and placements with banks, Bai' Inah facility granted to SAM and derivative financial assets and liabilities

- | | |
|----------------------------|---------------------------------------------------------------------------------------|
| – Current prevailing rates | – Increase in current prevailing rates will result in lower fair value and vice versa |
| – Expected recoveries | – Increase in expected recoveries will result in higher fair value, and vice versa |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Summary of significant accounting policies (cont'd)

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Under MFRS 15, the Group's and the Bank's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

(a) The EIR method

Under MFRS 9, interest/profit income is recorded using the EIR method for all financial instruments measured at Amortised Cost and financial instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the Amortised Cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Group and the Bank recognise profit income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financing. Hence, it recognises the effect of potentially different interest/profit rates charged at various stages, and other characteristics of the product life cycle (including payments, penalty interest/compensation (ta'widh) and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through profit and similar income in profit or loss.

(b) Interest/profit income

The Group and the Bank calculate interest/profit income by applying the EIR/EPR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Group and the Bank calculate interest/profit income by applying the EIR/EPR to the net Amortised Cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group and the Bank revert to calculating interest/profit income on a gross basis.

Interest/profit income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest/profit rate in net trading income and net gains/(losses) on financial assets at fair value through profit or loss, respectively.

NOTES TO THE FINANCIAL STATEMENTS
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2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

(c) Islamic income recognition by type of Shariah contract

(i) Bai' contracts

Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount of outstanding.

Murabahah

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

Istisna'

A contract which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and delivered on an agreed specified future date at an agreed pre-determined price. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

Bai' Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from financing shall be recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

Tawarruq

Arrangement that involves a purchase of an asset/commodity based on musawamah or murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. Income is recognised on effective profit rate basis over the expected life of the contract based on the principal amounts outstanding.

Bai' Inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buy back the asset at a marked up and deferred. Income is recognised on effective profit rate basis over the expected life of the contract based on principal amount outstanding.

2. Summary of significant accounting policies (cont'd)

2.22 Revenue (cont'd)

(c) Islamic income recognition by type of Shariah contract (cont'd)

(ii) Ijarah contracts

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (IMBT). Effective transfer of the legal title is consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai (AITAB) is a form of Ijarah Muntahia bi al-Tamlik where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised on effective profit rate basis over the lease term.

(iii) Loan contracts

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from financing shall be generated from the transactions.

(d) Dividend income

Dividend income is recognised when the Group's and the Bank's right to receive payment are established.

(e) Fee income

Fee income from bank guarantee arrangements and letters of credit is recognised on an accrual basis.

(f) Rental income

Rental income is accounted for on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

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2. Summary of significant accounting policies (cont'd)

2.23 Income taxes (cont'd)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

2. Summary of significant accounting policies (cont'd)

2.24 Zakat

In computing for zakat, the Group and the Bank have been applying the growth capital method based on the rate of 2.5%. This method applies the rate on owner's equity, long term liabilities, net of fixed assets and non-current assets, and subjected to allowable adjustments.

It is an obligatory amount payable on the business on behalf of the shareholder(s) and/or business entity depending on the ownership characteristics.

Zakat is distributed according to Shariah principles and being extended through Islamic Religious Council of the respective states and other rightful beneficiaries or Asnaf.

2.25 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period. All foreign currency losses out of the foreign currency loans are underwritten by the Government of Malaysia. Accordingly, these loans are carried as amount recoverable in the statements of financial position.

2.26 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Bank after deducting all of its liabilities. Ordinary share is an equity instrument.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Bank.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Bank.

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3. Significant accounting judgement and estimates

The preparation of the Group's and of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's and the Bank's accounting policies, the management have made the following judgements and estimates which has the most significant effect on the amounts recognised in the financial statements.

(a) Impairment losses on financial assets and loans, advances and financing

The measurement of impairment losses both under MFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on PDs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- A set of post model overlays were considered to reflect the effect of COVID-19 Pandemic to ensure sufficient ECL were allocated.

(b) Income taxes

The Group and the Bank are subject to income taxes in Malaysia and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time in the future. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(c) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

4. Cash and short-term funds

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and on hand	103,832	117,790	95,476	113,458
Short-term deposits and maturing within three months:				
- Licensed banks	1,151,130	1,288,368	1,151,130	1,288,368
	1,254,962	1,406,158	1,246,606	1,401,826

Cash at banks is placed in non-profit bearing accounts. Short-term deposit placements are made between one day to three months depending on the Group's and the Bank's cash requirements, and earn profit at the respective short-term deposit rates. The weighted average effective profit rate and weighted average remaining maturity as at 31 December 2021 for the Group and the Bank was 1.87% per annum and 11 days (2020: 1.82% per annum and 13 days) respectively.

5. Financial investments at FVOCI

At fair value	Group and Bank	
	2021 RM'000	2020 RM'000
Government securities		
Malaysian Government Investment Issues	892,606	553,558
Non-money market instruments		
Equity securities		
- Private debt securities	30,572	30,569
- Unquoted shares	10,192	9,540
Debt securities		
- Private debt securities	463,367	730,190
	504,131	770,299
	1,396,737	1,323,857

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve (Note 25).

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5. Financial investments at FVOCI (cont'd)

Movements in allowances for impairment losses which reflects the ECL model on impairment, recognised in profit or loss and other comprehensive income are as follows:

	Group and Bank			
	Stage 1* RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2021	–	900	10,000	10,900
Allowance/(Writeback) made due to changes in credit risk (Note 25)	89	(682)	–	(593)
At 31 December 2021	89	218	10,000	10,307
At 1 January 2020	153	3,656	10,000	13,809
Writeback made due to changes in credit risk (Note 25)	(140)	(2,756)	–	(2,896)
Financial investments derecognised (Note 25)	(13)	–	–	(13)
At 31 December 2020	–	900	10,000	10,900

The impairment losses by external rating grade are as follows:

External rating grade	Group and Bank			
	Stage 1* RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
RAM AAA	6	–	–	6
MARC AAA	26	–	–	26
RAM AA	48	–	–	48
RAM A	–	218	–	218
MARC AA	9	–	–	9
RAM D^	–	–	10,000	10,000
At 31 December 2021	89	218	10,000	10,307

External rating grade	Group and Bank			
	Stage 1* RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
RAM BB	–	900	–	900
RAM C^	–	–	10,000	10,000
At 31 December 2020	–	900	10,000	10,900

* The impairment losses amount of certain private debt securities under Stage 1 are less than RM1,000.

^ The nominal amount of certain private debt securities were impaired in full due to qualitative factors.

6. Financial investments at FVTPL

At fair value	Group and Bank	
	2021 RM'000	2020 RM'000
Government securitites		
Malaysian Government Investment Issues	41,102	–
Money market instruments		
Commercial papers	59,825	–
	100,927	–

7. Financial investments at AC

At amortised cost	Group and Bank	
	2021 RM'000	2020 RM'000
Government securitites		
Malaysian Government Investment Issues	50,905	111,416
Money market instruments		
Commercial papers	33,895	164,159
Non-money market instruments		
Private debt securities	434,235	293,775
	519,035	569,350
Less: Accumulated impairment losses	(278)	–
	518,757	569,350

The maturity structure of financial investments at amortised cost are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Within one year	402,759	254,715
More than one year to three years	35,292	254,033
More than three years to five years	40,585	–
More than five years	40,399	60,602
	519,035	569,350

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7. Financial investments at AC (cont'd)

Movements in allowances for impairment losses which reflects the ECL model on impairment are as follows:

	Group and Bank	
	2021	2020
	Stage 1	Stage 1
	RM'000	RM'000
At 1 January	–	649
Allowance/(Writeback) made due to changes in credit risk	120	(603)
New financial investments originated or purchased*	158	–
Financial investments derecognised	–	(46)
At 31 December	278	–

The impairment losses by external rating grade are as follows:

	Group and Bank	
	2021	2020
	Stage 1	Stage 1
	RM'000	RM'000
<i>External rating grade</i>		
RAM AAA	5	–
MARC AAA	19	–
RAM AA	122	–
MARC AA	61	–
MARC AA-	71	–
	278	–

* The impairment losses amount of certain private debt securities under Stage 1 are less than RM1,000.

The indicative market values of financial investments at amortised cost on government securities, money market instruments and non-money market instruments are as follows:

	Group and Bank	
	2021	2020
	RM'000	RM'000
Malaysian Government Investment Issues	51,312	113,019
Commercial papers	33,895	164,159
Private debt securities	436,849	302,793
	522,056	579,971

8. Loans, advances and financing

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Term loans/financing				
- Hire purchase	393,901	337,678	357,583	301,007
- Leasing	342	343	–	1
- Other term loans/financing	5,987,744	5,684,692	5,652,166	5,330,765
Revolving loans/financing	1,909,608	1,688,376	1,888,031	1,665,160
Staff loans/financing	11,988	13,111	11,988	13,111
Gross loans, advances and financing	8,303,583	7,724,200	7,909,768	7,310,044
Less: Allowance for impairment losses on				
- Stage 1 (Note 8(ix))	(97,559)	(67,708)	(97,559)	(67,708)
- Stage 2 (Note 8(ix))	(16,634)	(18,297)	(16,634)	(18,297)
- Stage 3 (Note 8(ix))	(765,939)	(793,434)	(372,124)	(379,278)
Net loans, advances and financing	7,423,451	6,844,761	7,423,451	6,844,761
Gross impaired loans, advances and financing (Note 8(vii))	1,526,505	1,581,516	1,132,690	1,167,360
Net impaired loans, advances and financing	760,566	788,082	760,566	788,082

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM84,730,000 (2020: RM71,443,000) financed by Government funds. The treatment of credit losses incurred for these loans, advances and financing is as disclosed in Note 2.19(ii).

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8. Loans, advances and financing (cont'd)

(i) The maturity structure of gross loans, advances and financing are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within one year	1,761,750	1,596,830	1,459,184	1,305,932
More than one year to three years	635,000	577,349	606,615	526,071
More than three years to five years	1,352,761	1,248,317	1,319,667	1,216,961
More than five years	4,554,072	4,301,704	4,524,302	4,261,080
	8,303,583	7,724,200	7,909,768	7,310,044

(ii) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic business enterprise	8,291,595	7,711,089	7,897,780	7,296,933
Individual	11,988	13,111	11,988	13,111
	8,303,583	7,724,200	7,909,768	7,310,044

(iii) Gross loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Construction	1,377,290	1,261,903	1,374,467	1,259,079
Education, health and others	655,163	638,293	610,181	591,934
Electricity, gas and water supply	166,680	92,441	166,680	92,441
Financial, insurance/takaful, real estate and business services	1,107,202	1,153,977	1,104,443	1,151,224
Manufacturing	1,420,443	1,310,172	1,348,757	1,227,819
Mining and quarrying	143,895	127,238	141,899	125,242
Primary agriculture	8,089	8,320	7,827	8,058
Transportation, storage and communication	1,006,740	938,770	967,553	895,695
Wholesale, retail trade, restaurants and hotels	2,406,093	2,179,975	2,175,973	1,945,441
Others	11,988	13,111	11,988	13,111
	8,303,583	7,724,200	7,909,768	7,310,044

8. Loans, advances and financing (cont'd)

(iv) Gross loans, advances and financing analysed by location and sector are as follows:

Group 2021	Central Region	Northern Region	Southern Region	East Coast Region	Sabah Region	Sarawak Region	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Construction	887,211	45,477	87,034	46,245	94,092	217,231	1,377,290
Education, health and others	422,191	26,574	60,507	94,322	39,200	12,369	655,163
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680
Financial, insurance/takaful, real estate and business services	668,171	108,739	151,267	38,788	65,177	75,060	1,107,202
Manufacturing	745,621	236,357	242,928	108,285	54,108	33,144	1,420,443
Mining and quarrying	97,772	289	24,770	15,710	2,545	2,809	143,895
Primary agriculture	262	373	942	102	4,702	1,708	8,089
Transportation, storage and communication	547,310	168,981	53,616	103,344	57,850	75,639	1,006,740
Wholesale, retail trade, restaurants and hotels	1,215,494	323,997	132,905	288,025	280,057	165,615	2,406,093
Others	11,988	-	-	-	-	-	11,988
	4,750,357	912,835	757,565	697,721	601,179	583,926	8,303,583

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8. Loans, advances and financing (cont'd)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd)

Group 2020	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	689,472	39,139	234,213	40,684	74,673	183,722	1,261,903
Education, health and others	426,464	26,344	61,478	80,857	27,672	15,478	638,293
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance/takaful, real estate and business services	744,393	63,473	141,421	28,919	78,292	97,479	1,153,977
Manufacturing	692,659	216,485	182,008	122,966	49,725	46,329	1,310,172
Mining and quarrying	95,148	293	19,328	10,059	1,820	590	127,238
Primary agriculture	262	351	728	–	4,882	2,097	8,320
Transportation, storage and communication	520,374	150,243	60,301	82,730	46,170	78,952	938,770
Wholesale, retail trade, restaurants and hotels	1,114,927	295,530	89,437	258,905	268,262	152,914	2,179,975
Others	13,111	–	–	–	–	–	13,111
	4,378,917	793,493	791,657	627,740	554,645	577,748	7,724,200

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8. Loans, advances and financing (cont'd)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2021	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	884,388	45,477	87,034	46,245	94,092	217,231	1,374,467
Education, health and others	377,209	26,574	60,507	94,322	39,200	12,369	610,181
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680
Financial, insurance/takaful, real estate and business services	665,412	108,739	151,267	38,788	65,177	75,060	1,104,443
Manufacturing	673,935	236,357	242,928	108,285	54,108	33,144	1,348,757
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899
Primary agriculture	–	373	942	102	4,702	1,708	7,827
Transportation, storage and communication	508,123	168,981	53,616	103,344	57,850	75,639	967,553
Wholesale, retail trade, restaurants and hotels	985,374	323,997	132,905	288,025	280,057	165,615	2,175,973
Others	11,988	–	–	–	–	–	11,988
	4,356,542	912,835	757,565	697,721	601,179	583,926	7,909,768

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8. Loans, advances and financing (cont'd)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2020	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	686,648	39,139	234,213	40,684	74,673	183,722	1,259,079
Education, health and others	380,105	26,344	61,478	80,857	27,672	15,478	591,934
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441
Financial, insurance/ takaful, real estate and business services	741,640	63,473	141,421	28,919	78,292	97,479	1,151,224
Manufacturing	610,306	216,485	182,008	122,966	49,725	46,329	1,227,819
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242
Primary agriculture	–	351	728	–	4,882	2,097	8,058
Transportation, storage and communication	477,299	150,243	60,301	82,730	46,170	78,952	895,695
Wholesale, retail trade, restaurants and hotels	880,393	295,530	89,437	258,905	268,262	152,914	1,945,441
Others	13,111	–	–	–	–	–	13,111
	3,964,761	793,493	791,657	627,740	554,645	577,748	7,310,044

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8. Loans, advances and financing (cont'd)

(v) Gross loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate				
- Staff loan/financing	11,988	13,111	11,988	13,111
- Hire purchase	191,080	188,981	155,639	153,187
- Leasing	342	343	–	1
- Other term loans/financing	1,928,220	1,708,595	1,697,917	1,461,141
- Revolving loans/financing	632,904	247,410	611,385	224,252
Variable rate				
- Hire purchase receivables	202,821	148,697	201,944	147,820
- Other term loans/financing	4,059,524	3,976,097	3,954,249	3,869,624
- Revolving loans/financing	1,276,704	1,440,966	1,276,646	1,440,908
	8,303,583	7,724,200	7,909,768	7,310,044

(vi) Impaired loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Construction	134,922	157,685	132,099	154,861
Education, health and others	175,969	171,622	130,987	125,263
Electricity, gas and water supply	43	41	43	41
Financial, insurance/takaful, real estate and business services	153,902	214,375	151,143	211,622
Manufacturing	321,201	302,857	249,515	220,504
Mining and quarrying	10,258	10,142	8,262	8,146
Primary agriculture	540	541	278	279
Transportation, storage and communication	151,315	156,413	112,128	113,338
Wholesale, retail trade, restaurants and hotels	578,355	567,840	348,235	333,306
	1,526,505	1,581,516	1,132,690	1,167,360

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31 DECEMBER 2021

8. Loans, advances and financing (cont'd)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows:

Group 2021	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	103,980	1,923	3,341	11,071	12,595	2,012	134,922
Education, health and others	106,006	3,165	22,503	34,897	8,478	920	175,969
Electricity, gas and water supply	–	43	–	–	–	–	43
Financial, insurance/ takaful, real estate and business services	119,671	8,568	11,250	9,796	3,206	1,411	153,902
Manufacturing	190,310	17,020	60,166	46,328	1,731	5,646	321,201
Mining and quarrying	2,718	–	7,212	328	–	–	10,258
Primary agriculture	262	–	66	–	212	–	540
Transportation, storage and communication	97,600	5,289	9,613	19,446	11,548	7,819	151,315
Wholesale, retail trade, restaurants and hotels	389,648	39,817	20,033	60,199	58,274	10,384	578,355
	1,010,195	75,825	134,184	182,065	96,044	28,192	1,526,505

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8. Loans, advances and financing (cont'd)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows: (cont'd)

Group 2020	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	136,358	1,907	6,690	2,731	7,637	2,362	157,685
Education, health and others	109,234	3,024	19,243	31,009	8,232	880	171,622
Electricity, gas and water supply	–	41	–	–	–	–	41
Financial, insurance/ takaful, real estate and business services	158,886	8,227	8,562	10,292	2,788	25,620	214,375
Manufacturing	193,250	12,265	33,440	54,058	3,628	6,216	302,857
Mining and quarrying	2,713	–	7,074	355	–	–	10,142
Primary agriculture	262	–	66	–	213	–	541
Transportation, storage and communication	105,971	5,162	9,733	18,637	9,113	7,797	156,413
Wholesale, retail trade, restaurants and hotels	395,354	22,395	21,181	58,978	66,103	3,829	567,840
	1,102,028	53,021	105,989	176,060	97,714	46,704	1,581,516

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NOTES TO THE FINANCIAL STATEMENTS
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8. Loans, advances and financing (cont'd)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2021	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	101,157	1,923	3,341	11,071	12,595	2,012	132,099
Education, health and others	61,024	3,165	22,503	34,897	8,478	920	130,987
Electricity, gas and water supply	–	43	–	–	–	–	43
Financial, insurance/ takaful, real estate and business services	116,912	8,568	11,250	9,796	3,206	1,411	151,143
Manufacturing	18,624	17,020	60,166	46,328	1,731	5,646	249,515
Mining and quarrying	722	–	7,212	328	–	–	8,262
Primary agriculture	262	–	66	–	212	–	278
Transportation, storage and communication	8,413	5,289	9,613	19,446	11,548	7,819	112,128
Wholesale, retail trade, restaurants and hotels	59,528	39,817	20,033	60,199	58,274	10,384	348,235
	616,380	75,825	134,184	182,065	96,044	28,192	1,132,690

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8. Loans, advances and financing (cont'd)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2020	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Construction	133,534	1,907	6,690	2,731	7,637	2,362	154,861
Education, health and others	62,875	3,024	19,243	31,009	8,232	880	125,263
Electricity, gas and water supply	–	41	–	–	–	–	41
Financial, insurance/ takaful, real estate and business services	156,133	8,227	8,562	10,292	2,788	25,620	211,622
Manufacturing	110,897	12,265	33,440	54,058	3,628	6,216	220,504
Mining and quarrying	717	–	7,074	355	–	–	8,146
Primary agriculture	–	–	66	–	213	–	279
Transportation, storage and communication	2,896	5,162	9,733	18,637	9,113	7,797	113,338
Wholesale, retail trade, restaurants and hotels	160,820	22,395	21,181	58,978	66,103	3,829	333,306
	687,872	53,021	105,989	176,060	97,714	46,704	1,167,360

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8. Loans, advances and financing (cont'd)

(x) Exposures to COVID-19 impacted sectors are as follow:

	Group and Bank	
	2021 RM'000	2020 RM'000
Education	157,532	158,714
Healthcare	120,286	135,116
Passenger Transport	104,427	105,667
Petrol Station	113,987	122,020
Tourism	775,069	742,061
	1,271,301	1,263,578

The above are the impacted sectors by COVID-19 within the Group and the Bank financing portfolios. The Group and the Bank are focusing more on tourism sector as reflected by several overlays incorporated in the computation of ECL as mentioned in Note 2.14. The figure reflected net exposure after computation on ECL amount.

(xi) COVID-19 customer relief and support measures based on category are as follow:

In response to this unprecedented situation, the Government has announced various forms of economic stimulus programs and relief packages. BNM have also taken proactive steps to address economic and market disruptions.

The Group and the Bank have actively participated in numerous initiatives and programmes aimed at ensuring that customers affected by the economic disruption are provided with sufficient support and implementing our part in keeping markets function.

To support as well as assisting the impacted customers, the Group and the Bank had introduced a Special Relief Programme ("SRP") on July 2020 and PEMULIH on July 2021 through the implementation of restructured and rescheduled right after the auto-moratorium period ended, through to selected customers.

Accounts that are entitled under the relief programme offered by the Bank are illustrated below:

	Stage 1	Stage 2	Stage 3*	Total
	RM'000	RM'000	RM'000	RM'000
2021				
Repaying as per revised schedules	3,443,162	277,249	321,944	4,042,355
Missed payments	–	–	473	473
Total repayment assistances granted	3,443,162	277,249	322,417	4,042,828
As a percentage of total:				
Repaying as per revised schedules	100.0%	100.0%	99.9%	100.0%
Missed payments	–	–	0.1%	–
	100.0%	100.0%	100.0%	100.0%

8. Loans, advances and financing (cont'd)

(xi) COVID-19 customer relief and support measures based on category are as follow: (cont'd)

Accounts that are entitled under the relief programme offered by the Bank are illustrated below: (cont'd)

	Stage 1	Stage 2	Stage 3*	Total
	RM'000	RM'000	RM'000	RM'000
2020				
Resumed payments	–	306	16,679	16,985
Repaying as per revised schedules	3,040,008	362,844	149,092	3,551,944
Missed payments	–	983	15,332	16,315
Total repayment assistances granted	3,040,008	364,133	181,103	3,585,244
As a percentage of total:				
Resumed payments	–	0.1%	9.2%	0.5%
Repaying as per revised schedules	100.0%	99.6%	82.3%	99.0%
Missed payments	–	0.3%	8.5%	0.5%
	100.0%	100.0%	100.0%	100.0%

* This represents customers that turned to Stage 3 after acceptance of assistance under the relief programme.

9. Other assets

	Note	Group	
		2021 RM'000	2020 RM'000
At AC			
Other receivables		11,796	9,392
Rental receivables	(i)	1,200	1,490
		12,996	10,882
Prepayments		7,612	7,135
		20,608	18,017
		Bank	
		2021	2020
		RM'000	RM'000
At FVOCI			
Amount due from a subsidiary company	(ii)	39,000	82,473
At AC			
Amount due from subsidiary companies	(iii)	44,322	39,025
Other receivables		14,380	13,379
Rental receivables	(i)	1,200	1,490
		59,902	53,894
Prepayments		7,578	7,135
		106,480	143,502

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9. Other assets (cont'd)

(i) As at 31 December 2021, the portfolio impacted under other assets is rental receivables from investment properties with net carrying amount of RM1,200,000 (2020: RM1,490,000).

(a) The movement of gross rental receivables are as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2021	702	9,829	10,531
Transfer to non-credit impaired	411	(411)	–
Transfer to credit impaired	(81)	81	–
Maintain status	(550)	(345)	(895)
At 31 December 2021	482	9,154	9,636
At 1 January 2020	290	10,287	10,577
Transfer to non-credit impaired	486	(486)	–
Transfer to credit impaired	(38)	38	–
Maintain status	(36)	(10)	(46)
At 31 December 2020	702	9,829	10,531

(b) Movement in loss allowances which reflect the ECL model on impairment are as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2021	(35)	(9,006)	(9,041)
Allowance made during the year	15	590	605
At 31 December 2021	(20)	(8,416)	(8,436)
At 1 January 2020	(18)	(9,214)	(9,232)
(Writeback)/Allowance made during the year	(17)	208	191
At 31 December 2020	(35)	(9,006)	(9,041)

9. Other assets (cont'd)

(ii) On 15 December 2014, the Bank had issued an unsecured Bai' Inah facility granted to SAM amounting to RM510,000,000. This facility bears a step-up rate at 2.75% for year 2015 and 2016, 3.50% for 2017 and an increase of 100 basis points every 2 years thereafter, and is payable over 8 annual instalments commencing 15 December 2017.

Movements in allowances for impairment which reflects the ECL model on impairment, recognised in profit or loss and other comprehensive income are as follows:

	Bank	
	2021 RM'000	2020 RM'000
At 1 January	(296,670)	(365,371)
Allowance made during the year	(11,207)	(13,772)
Writeback during the year	39,000	82,473
At 31 December	(268,877)	(296,670)

(iii) The amounts due from subsidiaries are non-trade, interest-free, unsecured and repayable on demand.

10. Investment in subsidiaries

	Bank	
	2021 RM'000	2020 RM'000
Unquoted shares		
At cost	3,582	3,582
Allowances for impairment loss	(3,582)	(3,582)
Carrying amount	–	–

Movements in allowances for impairment loss recognised in profit or loss are as follows:

	Bank	
	2021 RM'000	2020 RM'000
At 1 January/31 December	3,582	3,582

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10. Investment in subsidiaries (cont'd)

The subsidiaries, all of which are incorporated and having their principal place of business in Malaysia are as follows:

Name of companies	Principle activities	Proportion of Ownership Interest and Voting Power Held by the Group (%)	
		2021	2020
Held by the Bank:			
SMEB Asset Management Sdn. Bhd.	Asset management company, debts recovery agents, advisory and consultancy provider on distressed loans/financing and debt recovery	100	100
Centre for Entrepreneur Development and Research Sdn. Bhd.	Providing training, consultancy services, research, development and publication	100	100
BI Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100

The subsidiaries are consolidated based on the respective management accounts and all intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

11. Investment in associate

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares				
At cost	6,826	6,826	6,826	6,826
Share of post-acquisition reserves	2,654	2,950	-	-
	9,480	9,776	6,826	6,826
Less: Accumulated impairment losses	(6,826)	(6,826)	(6,826)	(6,826)
	2,654	2,950	-	-

The associate company is incorporated and having its principal place of business in Malaysia. The details of the associate company is as follows:

Name of company	Principle activity	Proportion of Ownership Interest and Voting Power Held by the Group (%)		Accounting model applied
		2021	2020	
Held by the Bank:				
Capatronics (M) Sdn. Bhd.	Manufacturing of ceramic capacitors	30	30	Equity method

11. Investment in associate (cont'd)

(i) Summarised statements of financial position

	Capatronics (M) Sdn. Bhd.	
	2021 RM'000	2020 RM'000
Non-current assets	21,108	21,658
Current assets	23,374	-
Total assets	44,482	21,658
Current liabilities	34,127	11,825
Total liabilities	34,127	11,825
Net assets as at 31 December	10,355	9,833

(ii) Summarised statement of comprehensive income

	Capatronics (M) Sdn. Bhd.	
	2021 RM'000	2020 RM'000
Revenue	534	794
Loss before tax	(986)	(1,294)
Loss for the year	(986)	(1,294)
Total comprehensive loss for the year	(986)	(1,294)
Interest in associate	30%	30%
Share of loss after tax of an associate	(296)	(388)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	Capatronics (M) Sdn. Bhd.	
	2021 RM'000	2020 RM'000
Net assets as at 1 January	9,833	11,127
Total comprehensive loss for the year	(986)	(1,294)
Net assets as at 31 December	8,847	9,833
Interest in associate	30%	30%
Carrying value of Group's interest in associate	2,654	2,950

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12. Property, plant and equipment

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Group	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
Cost									
At 1 January 2021	4,083	36,676	86,108	37,104	57,292	1,510	7,820	7,522	238,115
Additions	-	-	-	2,457	803	167	172	14,704	18,303
Adjustment	-	(131)	-	(160)	-	-	-	(46)	(337)
Reclassification to intangible assets (Note 15)	-	-	-	5	539	-	-	(4,369)	(3,825)
At 31 December 2021	4,083	36,545	86,108	39,406	58,634	1,677	7,992	17,811	252,256
Accumulated depreciation									
At 1 January 2021	-	5,673	25,723	31,445	34,849	1,510	7,432	-	106,632
Charge for the year (Note 29(iii))	-	457	2,444	3,211	5,285	22	161	-	11,580
At 31 December 2021	-	6,130	28,167	34,656	40,134	1,532	7,593	-	118,212
Net carrying amount									
At 31 December 2021	4,083	30,415	57,941	4,750	18,500	145	399	17,811	134,044

12. Property, plant and equipment (cont'd)

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Group	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
Cost									
At 1 January 2020	4,083	35,585	86,108	48,255	55,574	1,510	7,683	2,923	241,721
Additions	-	1,142	-	1,464	1,671	-	137	7,122	11,536
Write-offs (Note 29(ii))	-	-	-	(12,614)	-	-	-	-	(12,614)
Reclassification	-	(51)	-	4	47	-	-	-	-
Reclassification to intangible assets (Note 15)	-	-	-	(5)	-	-	-	(2,523)	(2,528)
At 31 December 2020	4,083	36,676	86,108	37,104	57,292	1,510	7,820	7,522	238,115
Accumulated depreciation									
At 1 January 2020	-	5,229	23,279	39,716	29,120	1,506	7,281	-	106,131
Charge for the year (Note 29(iii))	-	460	2,444	4,342	5,713	4	151	-	13,114
Write-offs (Note 29(ii))	-	-	-	(12,613)	-	-	-	-	(12,613)
Reclassification	-	(16)	-	-	16	-	-	-	-
At 31 December 2020	-	5,673	25,723	31,445	34,849	1,510	7,432	-	106,632
Net carrying amount									
At 31 December 2020	4,083	31,003	60,385	5,659	22,443	-	388	7,522	131,483

Included in property, plant and equipment of the Group are fully depreciated assets at a total cost of RM44,837,000 (2020: RM41,969,000), which are still in use by the Group.

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12. Property, plant and equipment (cont'd)

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Bank	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
Cost									
At 1 January 2021	4,083	36,676	86,108	36,966	57,292	1,510	7,820	7,522	237,977
Additions	-	-	-	2,427	803	167	172	14,704	18,273
Adjustment	-	(131)	-	(160)	-	-	-	(46)	(337)
Reclassification to intangible assets (Note 15)	-	-	-	5	539	-	-	(4,369)	(3,825)
At 31 December 2021	4,083	36,545	86,108	39,238	58,634	1,677	7,992	17,811	252,088
Accumulated depreciation									
At 1 January 2021	-	5,673	25,723	31,318	34,849	1,506	7,432	-	106,501
Charge for the year (Note 29(iii))	-	457	2,444	3,208	5,285	21	161	-	11,576
At 31 December 2021	-	6,130	28,167	34,526	40,134	1,527	7,593	-	118,077
Net carrying amount									
At 31 December 2021	4,083	30,415	57,941	4,712	18,500	150	399	17,811	134,011

12. Property, plant and equipment (cont'd)

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Bank	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
Cost									
At 1 January 2020	4,083	35,585	86,108	48,118	55,574	1,510	7,683	2,923	241,584
Additions	-	1,142	-	1,463	1,671	-	137	7,122	11,535
Write-offs (Note 29(ii))	-	-	-	(12,614)	-	-	-	-	(12,614)
Reclassification	-	(51)	-	4	47	-	-	-	-
Reclassification to intangible assets (Note 15)	-	-	-	(5)	-	-	-	(2,523)	(2,528)
At 31 December 2020	4,083	36,676	86,108	36,966	57,292	1,510	7,820	7,522	237,977
Accumulated depreciation									
At 1 January 2020	-	5,229	23,279	39,593	29,120	1,504	7,281	-	106,006
Charge for the year (Note 29(iii))	-	460	2,444	4,338	5,713	2	151	-	13,108
Write-offs (Note 29(ii))	-	-	-	(12,613)	-	-	-	-	(12,613)
Reclassification	-	(16)	-	-	16	-	-	-	-
At 31 December 2020	-	5,673	25,723	31,318	34,849	1,506	7,432	-	106,501
Net carrying amount									
At 31 December 2020	4,083	31,003	60,385	5,648	22,443	4	388	7,522	131,476

Included in property, plant and equipment of the Bank are fully depreciated assets at a total cost of RM44,713,000 (2020: RM41,866,000), which are still in use by the Bank.

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13. Right-of-use assets

Group and Bank	Enterprise Centre RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 January 2021	15,357	4,361	19,718
Additions	4,515	–	4,515
At 31 December 2021	19,872	4,361	24,233
Accumulated depreciation			
At 1 January 2021	5,316	1,568	6,884
Charge for the year (Note 29(ii))	2,734	785	3,519
At 31 December 2021	8,050	2,353	10,403
Carrying amount			
At 31 December 2021	11,822	2,008	13,830
Cost			
At 1 January 2020	14,506	4,361	18,867
Additions	851	–	851
At 31 December 2020	15,357	4,361	19,718
Accumulated depreciation			
At 1 January 2020	2,609	784	3,393
Charge for the year (Note 29(ii))	2,707	784	3,491
At 31 December 2020	5,316	1,568	6,884
Carrying amount			
At 31 December 2020	10,041	2,793	12,834

The Group and the Bank lease a number of premises and motor vehicles with lease term ranges between 1 – 7 years, with an option for renewal. The leased assets are utilised to carry out the Bank's operational activities.

14. Investment properties

	Group and Bank 2021 RM'000	2020 RM'000
At fair value		
At 1 January	393,062	393,062
Disposal	(27,300)	–
Fair value adjustment (Note 40(l))	8,319	–
At 31 December	374,081	393,062

The following investment properties are held under leasehold:

	Group and Bank 2021 RM'000	2020 RM'000
At fair value		
Building	192,861	219,312
Land	181,220	173,750
	374,081	393,062

The investment properties comprise of land and building which was financed by government funds. The fair value of the Group's and of the Bank's investment properties as of 31 December 2021 have been arrived at on the basis of valuations carried out by independent valuers, who are not related to the Group and to the Bank. The independent valuers have appropriate qualifications and recent experience in the valuation of properties in the respective locations. The fair value was determined using the cost and comparison approach. The fair values determined under this approach are derived by comparing and adopting as yardstick, recent transactions and sale evidences involving other similar properties in the vicinity. Due consideration is given for such factors including location, plot size, improvements made, if any, surrounding developments, facilities and amenities available.

During the financial year, title deeds to certain of the Group's and of the Bank's investment properties which are carried at fair value amounted to RM9,970,000 (2020: RM9,860,000) have been fully transferred to the Bank or issued in the name of the Bank.

Rental income earned from investment properties during the year amounted to RM2,899,000 (2020: RM3,762,000). Direct operating expenses arising from the investment properties during the year amounting to RM3,213,000 (2020: RM3,322,000).

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15. Intangible assets

	Group		Software		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost						
At 1 January	66,448	62,671	65,796	62,019		
Additions	3,806	1,249	3,806	1,249		
Adjustment	(42)	-	(42)	-		
Reclassification from property, plant and equipment (Note 12)	3,825	2,528	3,825	2,528		
At 31 December	74,037	66,448	73,385	65,796		
Accumulated amortisation						
At 1 January	51,828	44,373	51,176	43,721		
Charge for the year (Note 29(ii))	7,447	7,455	7,447	7,455		
At 31 December	59,275	51,828	58,623	51,176		
Carrying amount						
At 31 December	14,762	14,620	14,762	14,620		

16. Deferred tax assets

	Group and Bank	
	2021 RM'000	2020 RM'000
At 1 January	99,278	104,456
Recognised in profit or loss (Note 32)	(3,007)	-
Recognised in other comprehensive income (Note 25)	10,676	(5,178)
At 31 December	106,947	99,278
Presented before appropriate offsetting as follows:		
Deferred tax assets	134,451	133,708
Deferred tax liabilities	(27,504)	(34,430)
	106,947	99,278

16. Deferred tax assets (cont'd)

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group and of the Bank:

	Loans, advances and financing RM'000		Unabsorbed business losses and capital allowance RM'000		Provisions RM'000		Financial investments at AC RM'000		Financial investments at FVOCI RM'000		Other assets RM'000		Right-of-use assets and lease liabilities RM'000		Total RM'000	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
At 1 January 2021	18,445	18,445	34,461	35,457	9,474	8,659	-	156	-	-	71,201	87,689	127	78	133,708	132,039
Recognised in profit or loss	8,960	18,445	(7,897)	(996)	3,010	8 15	67	(156)	(7,168)	(6,671)	(6,671)	(16,488)	(39)	49	(9,738)	1,669
Recognised in other comprehensive income	-	18,445	-	34,461	-	9,474	-	-	10,481	-	-	-	-	-	10,481	-
At 31 December 2021	27,405	18,445	26,564	35,457	12,484	8,659	67	156	3,313	64,530	71,201	87,689	88	78	134,451	132,039
At 1 January 2020	-	18,445	-	35,457	-	8,659	-	-	-	-	-	-	-	-	-	-
Recognised in profit or loss	18,445	18,445	(7,897)	(996)	3,010	8 15	67	(156)	(7,168)	(6,671)	(6,671)	(16,488)	(39)	49	(9,738)	1,669
At 31 December 2020	18,445	18,445	34,461	35,457	9,474	8,659	-	-	-	-	71,201	87,689	127	78	133,708	132,039

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16. Deferred tax assets (cont'd)

Deferred tax liabilities of the Group and of the Bank:

	Financial investments at FVOCI RM'000	Investment properties RM'000	Property plant and equipment RM'000	Intangible assets RM'000	Total RM'000
At 1 January 2021	(7,221)	(17,990)	(6,394)	(2,825)	(34,430)
Recognised in profit or loss	7,026	79	46	(420)	6,731
Recognised in other comprehensive income	195	–	–	–	195
At 31 December 2021	–	(17,911)	(6,348)	(3,245)	(27,504)
At 1 January 2020	(1,344)	(17,990)	(6,714)	(1,535)	(27,583)
Recognised in profit or loss	(699)	–	320	(1,290)	(1,669)
Recognised in other comprehensive income	(5,178)	–	–	–	(5,178)
At 31 December 2020	(7,221)	(17,990)	(6,394)	(2,825)	(34,430)

Deferred tax assets have not been recognised in respect of the following items:

As mentioned in Note 2.23, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised.

Under the current tax legislation, the unabsorbed tax losses will expire in year 2029 where the unutilised capital allowances do not expire. As of 31 December 2021, the unused tax losses for which deferred tax assets has not been recognised in the financial statements due to uncertainty of its realisation, are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Unused tax losses	195,790	284,963

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17. Deposits from customers

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	3,742,803	4,255,632	3,776,444	4,330,869

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Government bodies (Note 36(c))	1,030,879	1,101,055	1,030,879	1,101,055
Statutory bodies	995,907	1,182,272	995,907	1,182,272
Business enterprise	1,098,771	1,305,690	1,132,412	1,380,927
Others	617,246	666,615	617,246	666,615
	3,742,803	4,255,632	3,776,444	4,330,869

(ii) The maturity structure of deposits are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within three months	2,920,489	3,173,795	2,954,130	3,249,032
More than three months to six months	471,685	683,831	471,685	683,831
More than six months to one year	350,629	398,006	350,629	398,006
	3,742,803	4,255,632	3,776,444	4,330,869

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18. Deposits from banks and other financial institutions

	Group and Bank	
	2021 RM'000	2020 RM'000
Licensed banks and other financial institutions	50,085	–

The deposits maturity structure are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Less than three months	50,085	–

The deposits from banks and other financial institutions carried weighted average profit rate of 1.87% (2020: Nil) per annum.

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19. Islamic medium-term notes/commercial papers

	Note	Group and Bank	
		2021 RM'000	2020 RM'000
Islamic medium-term notes ("IMTNs")	(i)	2,372,687	1,866,327
Islamic commercial papers ("ICPs")	(ii)	149,239	—
		2,521,926	1,866,327

(i) The IMTNs' details of issuance are as follows:

	Issuance Date
Guaranteed by the Government of Malaysia:	
RM250,000,000 3.69% maturing on 12 August 2022	13 August 2012
RM200,000,000 4.10% maturing on 9 March 2022	9 March 2017
RM300,000,000 4.06% maturing on 13 June 2022	13 June 2017
RM400,000,000 4.03% maturing on 22 March 2024	22 March 2019
RM200,000,000 4.10% maturing on 20 March 2026	22 March 2019
RM250,000,000 3.02% maturing on 23 April 2025	23 April 2020
RM250,000,000 3.30% maturing on 23 April 2027	23 April 2020
Rated:	
RM500,000,000 3.10% matured on 31 July 2026	2 August 2021

(ii) The unsecured ICPs issued by the Group and the Bank are as follows:

	Issuance Date
RM150,000,000 2.08% maturing on 30 March 2022	30 September 2021

(iii) The maturity structure of IMTNs and ICPs are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Within one year	921,926	16,327
More than one year to three years	400,000	750,000
More than three years to five years	950,000	650,000
More than five years	250,000	450,000
	2,521,926	1,866,327

20. Borrowings/fundings

	Group and Bank	
	2021 RM'000	2020 RM'000
Unsecured borrowings/fundings	1,741,109	1,507,974

Included in the borrowings/fundings is amount received by the Group and the Bank under Government financing scheme as part of the Government support measure in response to COVID-19 pandemic for the purpose of SME lending at a below market rate amounting RM726,351,000 (2020: RM520,567,000).

20. Borrowings/fundings (cont'd)

(i) The maturity structure of the borrowings/fundings are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Within one year	488,408	57,826
More than one year to five years	729,824	710,236
More than five years	522,877	739,912
	1,741,109	1,507,974

(ii) The unsecured borrowings/fundings are sourced from the following:

	Note	Group and Bank	
		2021 RM'000	2020 RM'000
Government of Malaysia (Note 36(c))	(a)	974,546	1,004,336
Other institutions	(b)	766,563	503,638
		1,741,109	1,507,974

(a) Borrowings/Fundings from Government of Malaysia

The borrowings/fundings from the Government of Malaysia are repayable as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Within one year	479,852	43,792
More than one year to five years	242,054	647,596
More than five years	252,640	312,948
	974,546	1,004,336

The weighted average interest/profit rates on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2020: 0% to 2.75%) per annum.

(b) Borrowings/Fundings from other institutions

	Group and Bank	
	2021 RM'000	2020 RM'000
Bank Negara Malaysia	766,563	503,638

The borrowings/fundings from other institutions are repayable as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Within one year	8,556	14,034
More than one year to five years	487,770	62,640
More than five years	270,237	426,964
	766,563	503,638

The weighted average interest/profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2020: 0% to 1.5%) per annum.

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21. Lease liabilities

	Group and Bank	
	2021	2020
	RM'000	RM'000
Lease liabilities	14,195	13,364

The Group and the Bank lease a number of premises and motor vehicles with lease term ranges between 1 – 7 years, with options for renewal. The weighted average of discount rates of the Group and of the Bank range between 3.06% to 3.18% (2020: 3.13% to 3.18%) per annum.

The maturity structure based on undiscounted contractual cash flows is as follows:

	Group and Bank	
	2021	2020
	RM'000	RM'000
Within one year	3,914	3,907
More than one year to five years	11,524	10,588
	15,438	14,495
Less: Future finance cost	(1,243)	(1,131)
	14,195	13,364

22. Other liabilities

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other payables and accruals (Note i)	529,808	471,324	537,553	480,088
Islamic margin account (Note ii)	410,289	450,283	410,237	450,185
Guarantee payable (Note iii)	150,243	148,623	150,243	148,623
Amount due to subsidiaries (Note iv)	–	–	20,803	19,712
Sinking fund	510	764	509	763
Rental and security deposits	3,358	5,904	3,358	5,904
Provision for zakat	3,453	3,999	3,453	3,999
Allowance for impairment on commitments and contingencies (Note v)	5,713	4,934	5,713	4,934
Other provisions	47,719	35,672	46,686	34,880
	1,151,093	1,121,503	1,178,555	1,149,088

(i) Included in other payables and accruals are undisbursed funds amounting to RM88,117,000 (2020: RM75,487,000) provided by Small and Medium Enterprise Corporation Malaysia ("SME Corp"). Under the arrangement with SME Corp, the Bank acts as an agent to administer the said funds to be channelled as financial assistance to the small and medium sized companies.

Also included in other payables and accruals are fund balance under Skim Pinjaman Ekonomi Desa ("SPED") amounting to RM25,287,000 (2020: RM24,486,000) which were classified as government funds at inception but was subsequently reclassified to other payables and accruals due to changes in the terms of the agreement in financial year 2018.

22. Other liabilities (cont'd)

- (ii) Islamic margin account refers to the cash collateral pledged by the Islamic banking customers of the Bank. The amount will be repaid to the customers at the end of the financing tenure or will be offset with any overdue amount. The Bank will pay a hibah/profit rate at 0.25% per annum to the customers.
- (iii) Guarantee payable refers to the guarantee extended by Teraju which applies to companies classified as Small Medium Enterprise ("SME") companies as defined by the terms of the Teraju Program.
- (iv) The amounts due to subsidiaries are non-trade, interest-free, unsecured and repayable on demand.
- (v) Movement in loss allowances for impairment on financing commitments and contingencies are as follows:

	Group and Bank	
	2021	2020
	RM'000	RM'000
	Stage 1	Stage 1
Commitments and Contingencies		
At 1 January	4,934	6,402
Changes due to change in credit risk	148	236
New financial assets originated	3,148	905
Derecognition	(2,517)	(2,609)
At 31 December	5,713	4,934

23. Government funds

	Note	Group and Bank	
		2021	2020
		RM'000	RM'000
To finance:			
Purchase of investment properties	(i)	108,381	111,906
Loans, advances and financing	(ii)	432,320	342,977
		540,701	454,883

(i) To finance the purchase of investment properties:

Group and Bank	Kompleks Kilang Bimbingan			Total
	Nursery Factory Scheme (RMK7)	Nursery Factory Scheme (RMK8)	Nursery Factory Scheme (RMK9)	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	65,363	13,334	33,209	111,906
Government fund released (Note 40(i))	(235)	(2,911)	(379)	(3,525)
At 31 December 2021	65,128	10,423	32,830	108,381
At 1 January 2020	65,599	16,247	33,589	115,435
Government fund released (Note 40(i))	(236)	(2,913)	(380)	(3,529)
At 31 December 2020	65,363	13,334	33,209	111,906

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23. Government funds (cont'd)

(ii) To finance loans, advances and financing:

Group and Bank	Soft Loan Scheme		Tabung Usahawan Pahang		Tabung Inkubator Pertanian Kelantan		Tabung Usahawan Siswazah		Dana Usahawan Negeri Terengganu		Program dan Skim Usahawan Batik		Basis Capital Scheme		Skim Perusahaan Kapital Tradisional		Balance c/f
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021	36,574	288	2,669	19,670	4,505	4,205	33,615	3,000	104,526								
Recoveries from loan/financing written-off (Note 40(i))	74	-	-	149	182	1	24	-	430								
At 31 December 2021	36,648	288	2,669	19,819	4,687	4,206	33,639	3,000	104,956								
	Balance b/f	RM'000	Program dan Skim Usahawan Kraf	RM'000	Program Skim Anjakan Usahawan	RM'000	Teraju Facilitation Fund*	RM'000	Special Relief Fund^	RM'000	Penjana Tourism Fund^	RM'000	Targeted Relief and Recovery Fund^	RM'000	Program Strategik Relief and Memperkasa Rakyat dan Ekonomi	RM'000	Total
At 1 January 2021	104,526	4,756	134,920	13,548	72,820	12,407	-	-	-	-	-	-	-	-	-	-	342,977
Proceeds	-	-	5,421	-	-	-	-	-	-	-	-	-	-	-	20,488	-	25,909
Additions^	-	-	-	-	-	-	-	-	-	-	-	-	72,578	-	-	-	72,578
Deposit matured	-	-	-	9,661	-	-	-	-	-	-	-	-	-	-	-	-	9,661
Recoveries from loan/financing written-off (Note 40(i))	430	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	431
Muqasah (Note 40(i))	-	-	-	-	(13,227)	(1,508)	(4,501)	-	-	-	-	-	-	-	-	-	(19,236)
At 31 December 2021	104,956	4,757	140,341	23,209	59,593	10,899	68,077	20,488	432,320								

23. Government funds (cont'd)

(ii) To finance loans, advances and financing: (cont'd)

Group and Bank	Soft Loan Scheme		Tabung Usahawan Pahang		Tabung Inkubator Pertanian Kelantan		Tabung Usahawan Siswazah		Dana Usahawan Negeri Terengganu		Program dan Skim Usahawan Batik		Basis Capital Scheme		Balance c/f
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2020	36,486	288	2,669	19,245	4,463	4,168	33,622	100,941							
Recoveries from loan/financing written-off (Note 40(i))	88	-	-	425	87	37	-	637							
Muqasah (Note 40(i))	-	-	-	-	(45)	-	(7)	(52)							
At 31 December 2020	36,574	288	2,669	19,670	4,505	4,205	33,615	101,526							
	Balance b/f	RM'000	Program dan Skim Usahawan Kraf	RM'000	Skim Anjakan Usahawan	RM'000	Teraju Facilitation Fund*	RM'000	Special Relief Fund^	RM'000	Penjana Tourism Fund^	RM'000	Total		
At 1 January 2020	100,941	3,000	4,756	118,848	11,073	-	-	238,618							
Proceeds	-	-	-	16,072	-	-	-	16,072							
Additions^	-	-	-	-	-	-	79,396	12,824							
Deposit matured	-	-	-	-	2,475	-	-	-							
Recoveries from loan/financing written-off (Note 40(i))	637	-	-	-	-	-	-	637							
Muqasah (Note 40(i))	(52)	-	-	-	-	(6,576)	(417)	(7,045)							
At 31 December 2020	101,526	3,000	4,756	134,920	13,548	72,820	12,407	342,977							

^ The amount represent the benefits derived from the below-market interest element of the borrowings/fundings obtained from Bank Negara Malaysia as mentioned in Note 20.

* An amount of RM26,791,000 (2020: RM36,452,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

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23. Government funds (cont'd)

Summary of the government funds are as follows:

Types of fund	Purpose of fund	Source	Grant received RM'000
(a) Soft Loan Scheme	To provide soft loans/financing to Bumiputera entrepreneurs	Ministry of International Trade and Industry (MITI)	34,400
(b) Tabung Usahawan Pahang	To provide loans/financing for furniture industry in Temerloh, Pahang	Pahang State Government	1,000
(c) Tabung Inkubator Pertanian Kelantan	To support the business expansion of livestock business	Ministry of International Trade and Industry (MITI)	2,992
(d) Tabung Usahawan Siswazah	To encourage graduates into entrepreneurship	Ministry of International Trade and Industry (MITI)	62,000
(e) Dana Usahawan Negeri Terengganu	To promote Bumiputera entrepreneurs in Terengganu	Ministry of International Trade and Industry (MITI)	30,000
(f) Program dan Skim Usahawan Batik	To promote Bumiputera entrepreneurs in the batik industry	Ministry of International Trade and Industry (MITI)	5,000
(g) Basic Capital Scheme	To promote Bumiputera entrepreneurs with basic capital	Ministry of International Trade and Industry (MITI)	75,835
(h) Skim Perusahaan Kapal Tradisional	To promote ship making in Terengganu	Ministry of International Trade and Industry (MITI)	3,000
(i) Program dan Skim Usahawan Kraf	To promote Bumiputera entrepreneurs in the craft industry	Ministry of International Trade and Industry (MITI)	5,000
(j) Skim Anjakan Usahawan	To promote business expansion for Bumiputera entrepreneur	Ministry of International Trade and Industry (MITI)	140,000
(k) Teraju Facilitation Fund	To finance project cost and acquisition of machinery for Bumiputera entrepreneur	Teraju Bumiputera Corporation (TERAJU)	50,000
(l) Program Strategik Memperkasa Rakyat dan Ekonomi	To assist SMEs in the acquisition of machinery/equipment to encourage automation and reduce dependency on foreign workers	Ministry of Finance	20,488
(m) Kompleks Kilang Bimbingan	To provide premises for Bumiputera entrepreneurs industry	Ministry of International Trade and Industry (MITI)	220,775

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23. Government funds (cont'd)

All the government grants are non-repayable and the credit risk pertaining to loans, advances and financing financed by the government grants are borne by the Government of Malaysia.

Summary of utilisation of the government funds are as follows:

31 December 2021

Types of funds	Outstanding loans, advances and financing RM'000	No. of customers assisted
(a) Soft Loan Scheme	3,462	78
(b) Tabung Usahawan Pahang	—	—
(c) Tabung Inkubator Pertanian Kelantan	—	—
(d) Tabung Usahawan Siswazah	10,882	245
(e) Dana Usahawan Negeri Terengganu	5,042	47
(f) Program dan Skim Usahawan Batik	—	—
(g) Basic Capital Scheme	10,713	45
(h) Skim Perusahaan Kapal Tradisional	—	—
(i) Program dan Skim Usahawan Kraf	92	1
(j) Skim Anjakan Usahawan	48,897	52
(k) Teraju Facilitation Fund	5,227	5
(m) Program Strategik Memperkasa Rakyat dan Ekonomi	415	3
Total	84,730	
	Fair value RM'000	No. of tenants assisted
(l) Kompleks Kilang Bimbingan	374,081	379

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(Note 14)

NOTES TO THE FINANCIAL STATEMENTS
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23. Government funds (cont'd)

Summary of utilisation of the government funds are as follows: (cont'd)

31 December 2020

Types of funds	Outstanding loans, advances and financing	No. of customers assisted
	RM'000	
(a) Soft Loan Scheme	4,389	95
(b) Tabung Usahawan Pahang	–	–
(c) Tabung Inkubator Pertanian Kelantan	–	–
(d) Tabung Usahawan Siswazah	11,740	286
(e) Dana Usahawan Negeri Terengganu	4,625	49
(f) Program dan Skim Usahawan Batik	–	–
(g) Basic Capital Scheme	11,848	66
(h) Skim Perusahaan Kapal Tradisional	–	–
(i) Program dan Skim Usahawan Kraf	91	1
(j) Skim Anjakan Usahawan	36,974	38
(k) Teraju Facilitation Fund	1,776	1
Total	71,443	

(l) Kompleks Kilang Bimbingan	Fair value	No. of tenants assisted
	RM'000	
	393,062	410

(Note 14)

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24. Share capital

Group and Bank	Number of ordinary shares		Amount	
	2021	2020	2021	2020
	Unit '000	Unit '000	RM'000	RM'000
Issued and fully paid	1,850,000	1,850,000	1,850,000	1,850,000

25. Other reserves

Group and Bank	Fair value	Distributable	Total
	reserve	general reserve	RM'000
	RM'000	RM'000	RM'000
At 1 January 2021	42,054	10,114	52,168
Unrealised loss on revaluation of debt instrument at FVOCI	(38,658)	–	(38,658)
Unrealised gain on revaluation of equity instrument at FVOCI	654	–	654
Reclassification of loss included in profit or loss	(6,481)	–	(6,481)
Changes in expected credit losses of financial investments at FVOCI (Note 5)	(593)	–	(593)
Income tax relating to components of other comprehensive income (Note 16)	10,676	–	10,676
At 31 December 2021	7,652	10,114	17,766
At 1 January 2020	28,564	10,114	38,678
Unrealised gain on revaluation of debt instrument at FVOCI	22,610	–	22,610
Unrealised gain on revaluation of equity instrument at FVOCI	621	–	621
Reclassification of loss included in profit or loss	(1,654)	–	(1,654)
Changes in expected credit losses of financial investments at FVOCI (Note 5)	(2,909)	–	(2,909)
Income tax relating to components of other comprehensive income (Note 16)	(5,178)	–	(5,178)
At 31 December 2020	42,054	10,114	52,168

(a) Fair value reserve

Non-distributable fair value reserve represents the cumulative fair value changes, net of tax, of financial investments at FVOCI. Interest/Profit income are recognised in profit or loss in the same manner as for financial investments measured at AC. When the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed off on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to profit or loss. Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at initial recognition (on an instrument-by-instrument basis), the Group and the Bank measure the changes in fair value through OCI (without recycling to profit or loss upon derecognition). Included in financial investments at FVOCI are equity instruments which the Group and the Bank have elected at initial recognition to measure the fair value changes in OCI whose fair value amounted to RM40,764,000 (2020: RM40,109,000).

(b) Distributable general reserve

Distributable general reserves arose from the rationalisation process between Bank Pembangunan dan Infrastruktur Malaysia Berhad and Bank Industri dan Teknologi Malaysia Berhad in 2005, of which eventually led to the commencement of operations of Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank).

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NOTES TO THE FINANCIAL STATEMENTS
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26. Interest income

	Group and Bank	
	2021	2020
	RM'000	RM'000
Interest income from loans	1,994	6,314

Included in interest income from loans is interest on impaired loans amounting to RM1,929,000 (2020: RM4,137,000).

27. Interest expense

	Group and Bank	
	2021	2020
	RM'000	RM'000
Term loans	15,245	80,972

28. Other operating income

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fee income	23	196	23	196
Other income:				
Recovery income	9,843	3,674	–	–
Compensation on late payment charges	1,224	1,309	1,224	1,309
Others	77	108	77	108
	11,144	5,091	1,301	1,417
Total other operating income	11,167	5,287	1,324	1,613

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29. Other operating expenses

	Note	Group		Bank	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Personnel expenses	(i)	164,721	157,482	160,839	154,468
Establishment related expenses	(ii)	41,581	41,063	41,543	41,013
Promotion and marketing expenses	(iii)	2,968	2,814	2,933	2,814
Administration and general expenses	(iv)	30,271	26,560	26,063	24,916
		239,541	227,919	231,378	223,211

(i) Personnel expenses

Salaries, allowances and bonuses		129,284	126,648	126,148	124,330
Group President/ Chief Executive Officer and Directors' fees and remuneration	30	2,927	2,752	2,927	2,752
Social security cost		953	918	927	898
Contribution to Employee Provident Fund		16,156	15,136	15,753	14,757
Other staff related expenses		15,401	12,028	15,084	11,731
		164,721	157,482	160,839	154,468

Included in personnel expenses are allowances paid to the Shariah Committee members amounting to RM305,000 (2020: RM300,000).

(ii) Establishment related expenses

Depreciation of property, plant and equipment	12 & 40(e)	11,580	13,114	11,576	13,108
Depreciation of right-of-use assets	13	3,519	3,491	3,519	3,491
Amortisation of intangible assets	15 & 40(f)	7,447	7,455	7,447	7,455
Rental expenses		(37)	(246)	(37)	(246)
Property, plant and equipment written-off	12 & 40(e)	–	1	–	1
Repairs and maintenance of property, plant and equipment		19,072	17,248	19,038	17,204
		41,581	41,063	41,543	41,013

(iii) Promotion and marketing expenses

Advertisement and publicity		2,968	2,814	2,933	2,814
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(iv) Administration and general expenses

Administrative expenses		5,953	6,500	5,947	6,484
Auditors' remuneration					
- Statutory audit		815	812	750	750
- Regulatory related services		31	31	31	31
- Other assurance services		140	90	140	90
General expenses		23,332	19,127	19,195	17,561
		30,271	26,560	26,063	24,916

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021
30. Group President/Chief Executive Officer and Directors' fees and remuneration

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2021	Remuneration received from the Bank						Remuneration received from subsidiaries			Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Fees emoluments RM'000	Other RM'000	Benefits-in-kind RM'000	
Group President/ Chief Executive Officer: (Dr.) Aria Putera bin Ismail	900	-	150	181	60	-	-	-	-	1,291
	900	-	150	181	60	-	-	-	-	1,291
Non-Executive Directors:										
Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff	-	144	-	-	135	-	-	-	-	279
Y.Bhg. Dato' Muslim bin Hussain	-	48	-	-	175	-	-	-	-	223
Y.Bhg. Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	150	-	-	-	-	198
Y.Brs. En. Mohd Sakeri bin Abdul Kadir	-	48	-	-	80	-	-	-	-	128
Y.Brs. En. Zulkiflee bin Hashim	-	48	-	-	198	-	-	-	-	246
Y.Bhg. Dato' Mohammad Radhi bin Abdul Razak	-	48	-	-	66	-	-	-	-	114
Y.Brs. En. Wan Abdul Rahman bin Wan Abu Bakar	-	47	-	-	130	-	-	-	-	177
Y.Brs. Pn. Suharti binti Mohd Ali	-	40	-	-	110	-	-	-	-	150
Y.Bhg. Dato' Sharkawi bin Alis	-	36	-	-	85	-	-	-	-	121
	-	507	-	-	1,129	-	-	-	-	1,636
	900	507	150	181	1,189	-	-	-	-	2,927

30. Group President/Chief Executive Officer and Directors' fees and remuneration (cont'd)

2020	Remuneration received from the Bank						Remuneration received from subsidiaries			Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Fees emoluments RM'000	Other RM'000	Benefits-in-kind RM'000	
Group President/ Chief Executive Officer: (Dr.) Aria Putera bin Ismail	900	-	225	190	60	-	-	-	-	1,375
	900	-	225	190	60	-	-	-	-	1,375
Non-Executive Directors:										
Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff	-	144	-	-	126	-	-	-	-	270
Y.Bhg. Prof. Dr. Abdul Basir bin Mohamad	-	20	-	-	143	-	-	-	-	163
Y.Bhg. Dato' Muslim bin Hussain	-	48	-	-	187	-	-	-	-	235
Y.Bhg. Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	177	-	-	-	-	225
Y.Bhg. Dato' Mohd Sukarno bin Tun Sardon	-	13	-	-	58	-	-	-	-	71
Y.Brs. En. Mohd Sakeri bin Abdul Kadir	-	48	-	-	75	-	-	-	-	123
Y.Brs. En. Zulkiflee bin Hashim	-	48	-	-	194	-	-	-	-	242
Y.Brs. En. Muhammad Razman bin Abu Samah	-	16	-	-	7	-	-	-	-	23
Y.Bhg. Dato' Mohammad Radhi bin Abdul Razak	-	11	-	-	14	-	-	-	-	25
	-	396	-	-	981	-	-	-	-	1,377
	900	396	225	190	1,041	-	-	-	-	2,752

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

30. Group President/Chief Executive Officer and Directors' fees and remuneration (cont'd)

The number of chief executives and directors of the Group and of the Bank whose total remuneration fell within the following bands are analysed below:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Number of Chief Executives:				
RM1,000,001 to RM1,500,000	1	1	1	1
	1	1	1	1
Number of Non-Executive Directors:				
RM200,001 to RM400,000	3	4	3	4
RM100,001 to RM200,000	6	2	6	2
RM1 to RM100,000	–	3	–	3
	9	9	9	9

31. Allowance/(Writeback) for impairment loss on loans, advances and financing

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Allowance/(Writeback) for impairment losses on loans, advances and financing made during the year				
- Stage 1, net (Note 8(ix))	29,851	19,643	29,851	19,643
- Stage 2, net (Note 8(ix))	(1,663)	(14,399)	(1,663)	(14,399)
- Stage 3, net (Note 8(ix))	127,074	(39,966)	147,415	23,088
	155,262	(34,722)	175,603	28,332
Impaired loans, advances and financing recovered	(35,601)	(28,654)	(35,601)	(28,654)
Total allowance/(writeback) for impairment losses on loans, advances and financing	119,661	(63,376)	140,002	(322)

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32. Tax expense/(credit) and zakat

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax:				
Tax expense for the year	253	295	–	–
Overprovision in prior years	–	(1)	–	(1)
	253	294	–	(1)
Deferred tax (Note 16):				
Origination or reversal of temporary differences	(9,180)	–	(9,180)	–
Overprovision in prior years	12,187	–	12,187	–
	3,007	–	3,007	–
Real property gain tax	928	–	928	–
Total tax expense/(credit) for the year	4,188	294	3,935	(1)

The reconciliation between tax expense/(credit) and accounting profit/(loss) of the Group and of the Bank multiplied by the applicable corporate tax rate is as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax expense and zakat	58,388	122,900	55,305	134,755
Tax expenses at Malaysian tax rate of 24% (2020: 24%)	14,013	29,496	13,273	32,341
Tax effects of:				
Non-deductible expenses	6,752	9,319	7,310	6,272
Non-taxable income	(7,433)	(3,287)	(7,433)	(3,287)
Utilisation of deferred tax previously not recognised	(21,402)	(35,326)	(21,402)	(35,326)
Effects of share of associate's post-tax loss included in Group's profit before taxation	71	93	–	–
Overprovision of current tax in prior years	–	(1)	–	(1)
Overprovision of deferred tax in prior years	12,187	–	12,187	–
Total tax expense/(credit) for the year	4,188	294	3,935	(1)

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	Group and Bank	
	2021 RM'000	2020 RM'000
Zakat:		
Zakat for the year	1,315	2,642

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33. Earnings per share

The basic and diluted earnings per share amount is calculated by dividing profit for the year net of tax, by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Bank	
	2021 RM'000	2020 RM'000
Profit for the year	50,055	132,114
Earnings per share (sen)		
- Basic and diluted	2.71	7.14
Weighted average number of ordinary shares for basic earnings per share computation	1,850,000	1,850,000

34. Commitments and contingencies

(i) Loans, advances and financing related commitments and contingencies of the Group and of the Bank are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Direct credit substitutes	231,283	178,973
Transaction-related-contingent items	160,555	133,572
Undisbursed loans/financing		
- original maturity up to one year	235,490	131,082
- original maturity more than one year	1,547,106	1,801,659
	2,174,434	2,245,286

34. Commitments and contingencies (cont'd)

(ii) Capital expenditure commitments of the Group and of the Bank are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Approved and contracted for:		
Information technology system	6,118	7,110
	6,118	7,110
Total commitments and contingencies	2,180,552	2,252,396

35. Capital adequacy

Capital management

Capital policy

The overall objective of capital management is to maintain a strong capital position in order to provide opportunities for business growth and be able to provide cushion for any potential losses. In line with this objective, the Bank views its capital position as an important key barometer of financial health.

Regulatory capital

In order to support its mandated roles, the Bank has strong and adequate capital to support its business activities on an on-going basis. Bank Negara Malaysia ("BNM") has imposed several regulatory capital requirements whereby, the Bank must have an absolute minimum capital of RM300,000,000 and a minimum Risk Weighted Capital Ratio ("RWCR") of 8% at all times. The minimum capital funds refer to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act, 2002.

The capital adequacy ratios of the Group and of the Bank are computed in accordance with the requirements of the BNM's Capital Framework for Development Financial Institutions, which is based on the Basel I capital adequacy framework requirements.

Pursuant to BNM's Policy Document on Transitional Arrangements for Regulatory Capital Treatment of Account Provisions for Development Financial Institutions, the Bank had elected to apply the transitional arrangements where the Bank are allowed to add back a portion of the Stage 1 and Stage 2 provisions for ECL to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures to Tier 1 Capital.

NOTES TO THE FINANCIAL STATEMENTS
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35. Capital adequacy (cont'd)

Capital management (cont'd)

The following table set forth capital resources and capital adequacy for the Group and the Bank as at the end of the reporting period:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tier I Capital				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(262,346)	(301,724)	(251,195)	(288,039)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	32,743	3,776	32,743	3,776
Less: Deferred tax assets	(106,947)	(99,278)	(106,947)	(99,278)
Less: Property revaluation reserve	(228,616)	(232,381)	(228,616)	(232,381)
Total Tier I capital	1,294,948	1,230,507	1,306,099	1,244,192
Tier II Capital				
General provision for loans, advances and financing*	87,163	87,163	87,163	87,163
Property revaluation reserve^	114,308	116,191	114,308	116,191
Government funds#	428,923	406,108	428,923	406,108
Total Tier II capital	630,394	609,462	630,394	609,462
Total capital	1,925,342	1,839,969	1,936,493	1,853,654
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,925,342	1,839,969	1,936,493	1,853,654

* General provision refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

^ The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

An amount of RM26,791,000 (2020: RM36,452,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
20%	246,248	279,650	246,248	279,650
50%	5,621	6,131	5,621	6,131
100%	9,772,457	9,384,804	9,853,065	9,505,644
	10,024,326	9,670,585	10,104,934	9,791,425

35. Capital adequacy (cont'd)

Capital management (cont'd)

	Group		Bank	
	2021	2020	2021	2020
Before deducting proposed dividends:				
Core capital ratio	12.918%	12.724%	12.925%	12.707%
Risk-weighted capital ratio	19.207%	19.026%	19.164%	18.931%
After deducting proposed dividends:				
Core capital ratio	12.868%	12.588%	12.876%	12.572%
Risk-weighted capital ratio	19.157%	18.890%	19.114%	18.796%

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to have the "well capitalised" status. Internal capital limit and regulatory capital requirement are closely monitored, regularly reviewed and reported to senior management and the Board of Directors.

36. Related party transactions

(a) Parent entity

The Bank is a Government Linked Corporation, with all shares held by the Minister of Finance Incorporated and is incorporated on behalf of the Government of Malaysia ("GOM"). GOM and entities directly controlled by GOM are collectively referred to as government-related-entities to the Group and the Bank.

(b) Compensation of key management personnel

The compensation of key management personnel other than the directors of the Group and of the Bank as disclosed in Note 30 is follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Salaries and other emoluments	7,237	7,298
Defined contribution plan	1,073	1,047
	8,310	8,345

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36. Related party transactions (cont'd)

(c) Related party transactions

The significant outstanding balances of the Group and of the Bank with its related parties are as follows:

	Group and Bank	
	2021 RM'000	2020 RM'000
Long-term loans/financing from Ministry of Finance (Note 20)	960,544	988,534
Interest/profit payable to Ministry of Finance (Note 20)	14,002	15,802
Deposit acceptance from government agencies (Note 17(i))	1,022,203	1,092,354
Interest/profit payable to government agencies (Note 17(i))	8,676	8,701
Government fund from MITI (Note 23)	358,147	355,820
Government fund from Ministry of Rural and Regional Development (MRRD)	24,906	24,233
	2,388,478	2,485,444

The significant related parties credits/(charges) within the Group, which were determined based on terms agreed between the parties are as follows:

	Bank	
	2021 RM'000	2020 RM'000
Profit income on amount due from a subsidiary company (Note 40(l))	11,207	13,772
Profit expense on Commodity Murabahah to subsidiary companies (Note 40(k)(i))	(353)	(393)
	10,854	13,379

(d) Connected parties

	Group and Bank			
	Total outstanding RM'000	Total number of connected party account/ counter- party	Total exposure (total outstanding plus unutilised limit) RM'000	Total financing exposure which is non- performing or in default RM'000
31 December 2021				
Loans/financing facility (except guarantee)	497,496	9	497,846	–
Equities and private debt securities held	212,953	7	212,953	–
	710,449	16	710,799	–
Total exposure to connected parties as % of total capital			38.5%	–
Total exposure to connected parties as % of total outstanding exposure			6.0%	–

36. Related party transactions (cont'd)

(d) Connected parties (cont'd)

	Group and Bank			Total financing exposure which is non- performing or in default RM'000
	Total outstanding RM'000	Total number of connected party account/ counter- party	Total exposure (total outstanding plus unutilised limit) RM'000	
31 December 2020				
Loans/financing facility (except guarantee)	304,664	5	305,021	–
Equities and private debt securities held	243,190	8	243,190	–
	547,854	13	548,211	–
Total exposure to connected parties as % of total capital			29.6%	–
Total exposure to connected parties as % of total outstanding exposure			4.7%	–

The connected parties refers to parties involved in a related-party transaction relating to a deal or arrangement made between the said two parties who are joined by a pre-existing business relationship or common interest. The Bank connected parties transactions relate to any loans/financing facility (except guarantee) and equities and private debt securities held.

37. Fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents best estimates of fair value of financial instruments at the end of the reporting period.

For loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair value of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding the risk characteristics of various financial instruments, discount rates, estimates of future cash flows, historical loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and of the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction at the end of the reporting period. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and of the Bank as a going concern.

The on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 7 comprise all its assets and liabilities with the exception of investments in subsidiaries, investments in an associate, property, plant and equipment, right-of-use assets, prepayments, provisions, government funds, tax recoverable and deferred taxation.

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37. Fair value of financial instruments (cont'd)

The estimated fair value of those on-balance sheet financial assets and financial liabilities as at the end of their reporting period approximate their carrying amounts as shown in the statements of financial position, except for the following financial assets and financial liabilities:

	Group and Bank	
	Carrying amount	Fair value
	RM'000	RM'000
31 December 2021		
Financial assets:		
Debt instruments at AC	518,757	522,056
Loans, advances and financing	7,423,451	6,147,407
Financial liabilities:		
Islamic medium-term notes/commercial papers	2,521,926	2,446,442
Borrowings/fundings	1,741,109	1,592,842
Lease liabilities	14,195	13,526
31 December 2020		
Financial assets:		
Debt instruments at AC	569,350	579,971
Loans, advances and financing	6,844,761	5,872,411
Financial liabilities:		
Islamic medium-term notes/commercial papers	1,866,327	1,904,823
Borrowings/fundings	1,507,974	1,437,657
Lease liabilities	13,364	12,870

The methods and assumptions used in estimating the fair values of the financial instruments are as follows:

(a) Debt instruments at AC

The fair values of private debt securities, Malaysian Government Investment Issues and Commercial papers are determined by reference to the market value of these instruments published by pricing agencies in Malaysia.

(b) Loans, advances and financing

The fair values of variable and fixed rate loans/financing with remaining maturity of less than one year are estimated to approximate their carrying values. For variable and fixed rate loans, advances and financing with maturities of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing rates at end of the reporting period offered for similar loans/financing to new borrowers/customers with similar credit profiles, where applicable. For impaired loans/financing, the fair values are deemed to approximate the carrying values, net of impairment allowance.

(c) Islamic medium-term notes/commercial notes, borrowings/fundings and lease liabilities

The fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing rates at the end of the reporting period obtained for similar loans/financing with similar maturities, where applicable.

37. Fair value of financial instruments (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and of the Bank's financial assets and financial liabilities other than those short-term or on demand financial assets and financial liabilities whose carrying amounts are reasonable approximation of their fair values.

	Group and Bank			
	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
2021				
Financial assets and financial liabilities measured at fair value:				
Financial assets:				
Debt instruments at FVOCI	-	1,355,973	-	1,355,973
Equity instruments at FVOCI	-	30,572	10,192	40,764
Debt instruments at FVTPL	-	100,927	-	100,927
Financial assets and financial liabilities not measured at fair value for which fair values are disclosed:				
Financial assets:				
Debt instruments at AC	-	522,056	-	522,056
Loans, advances and financing	-	-	6,147,407	6,147,407
Financial liabilities:				
Islamic medium-term notes/commercial papers	-	2,446,442	-	2,446,442
Borrowings/fundings	-	1,592,842	-	1,592,842
Lease liabilities	-	13,526	-	13,526
2020				
Financial assets and financial liabilities measured at fair value:				
Financial assets:				
Debt instruments at FVOCI	-	1,283,748	-	1,283,748
Equity instruments at FVOCI	-	30,569	9,540	40,109
Financial assets and financial liabilities not measured at fair value for which fair values are disclosed:				
Financial assets:				
Debt instruments at AC	-	579,971	-	579,971
Loans, advances and financing	-	-	5,872,411	5,872,411
Financial liabilities:				
Islamic medium-term notes	-	1,904,823	-	1,904,823
Borrowings/Fundings	-	1,437,657	-	1,437,657
Lease liabilities	-	12,870	-	12,870

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38. Financial risk management objectives and policies

The Group's and the Bank's financial risk management frameworks and policies have been established with the objective to enhance shareholder's value. The Group and the Bank focus on the enterprise wide risk exposure, which include the major risk arising from credit risk, liquidity risk, market risk, operational risk and seeks to minimise potential adverse effects on the financial performance of the Group and of the Bank.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management principles and strategies. Separate independent bodies and functions have been established and are responsible in assisting the Board of Directors in managing and monitoring risks, which are elaborated as follows:

(a) Board Risk Management Committee

The Board Risk Management Committee ("BRMC") has the overall responsibilities for the development of the risk strategies and implementing principles, frameworks, policies and limits. The BRMC is responsible for managing risk decisions and monitoring risk levels.

(b) Risk Management and Compliance

The Risk Management and Compliance is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained.

Risk Management and Compliance is also responsible for monitoring and review of compliance with risk principles, policies and limits across the Bank as well as applicable laws and regulations. The function ensures the completeness of risk identification, measurement, monitoring and reporting.

(c) Assets and Liability Management

Treasury and Finance are responsible for managing the Bank's assets and liabilities and the overall financial structure. Treasury and Finance are also responsible for the funding and liquidity of the Bank.

(d) Internal Audit

The Internal Audit function provides an on-going focus on the internal control systems and periodic reviews of the risk management processes. It also reviews compliance with approved policies, as well as applicable laws and regulations.

Internal Audit also evaluates the independence and overall effectiveness of the risk management systems. Internal Audit's assessment on the adequacy of internal controls will involve understanding, documenting, evaluating and testing the Group's and the Bank's internal control system and follow-up on corrective actions and review of management's action to address material weaknesses.

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group and the Bank. These limits reflect the business strategy and market environment of the Group and the Bank as well as the level of risk the Group and the Bank are willing to accept, with additional emphasis on selected industries. In addition, the Group's and the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented to various committee at management level before submitting to the BRMC and Board of Directors. The BRMC receives a comprehensive risk report which is designed to provide all the necessary information to assess and conclude on the risks of the Bank. In discharging its roles and responsibilities, BRMC is supported by a number of Executive Committees ("EXCO"). These Management Committees are generally accountable for the effectiveness of the day-to-day risk assessment and controls, in an effort to balance the Group's risk and return as well as maintain its competitive advantage.

The main areas of financial risks faced by the Group and the Bank are set out as follows:

(a) Credit risk

Credit risk is the potential loss arising from customers or counterparties failing to meet their financial contractual obligations. Management of credit risk is principally through financing directions and policies, which are instituted based on prevailing business and economic conditions. Credit processes are also structured to ensure adherence of credit policies and to establish impartiality in loan/financing origination, approval, documentation, disbursement, monitoring and settlement.

The Group's and the Bank's Credit and Risk Management manages and reviews asset quality, reviews concentration limits, according to various categories such as customer, economic segment and product types and monitors credit portfolio risk. Industry risk is also evaluated and monitored as dynamic changes in the economic environment have a direct impact on the Group's and the Bank's asset quality.

The internal credit risk rating system has been established to measure the credit worthiness of each customer. The primary objectives are to provide a consistent approach in risk grading of the Group's and the Bank's customers.

The Group and the Bank adopt best practices as set out in BNM Guidelines on Best Practices for the Management of Credit Risk for Development Financial Institutions and Credit Risk Policy Document. The Integrated Risk Management Framework has also been established in line with best practices. Internal single customer limits are regularly monitored to minimise the risk of over-concentration. The overall risk management is subjected to an on-going process for review and enhancement.

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

Credit assessments on financing applications will be performed before the applications are being approved by the approving authorities. Various Credit Committees have been established to review all financing to be submitted for the approval of the respective approving authorities. The respective Credit Committees have specified approval authority limit.

(i) Credit exposure

The gross credit risk exposure of the Group and the Bank at the end of the reporting period are as follows:

	Group	
	2021 RM'000	2020 RM'000
On balance sheet:		
Cash and short-term funds	1,254,962	1,406,158
Debt instrument at FVOCI (Note 5)	1,355,973	1,283,748
Debt instrument at FVTPL	100,927	–
Debt instrument at AC	519,035	569,350
Loans, advances and financing (Note 8)	8,303,583	7,724,200
Other receivables and rental receivables (Note 9)	21,432	19,923
	11,555,912	11,003,379
Off balance sheet:		
Commitments and contingencies (Note 34 (i))	2,174,434	2,245,286
	13,730,346	13,248,665
	Bank	
	2021 RM'000	2020 RM'000
On balance sheet:		
Cash and short-term funds	1,246,606	1,401,826
Debt instrument at FVOCI (Note 5)	1,355,973	1,283,748
Debt instrument at FVTPL	100,927	–
Debt instrument at AC	519,035	569,350
Loans, advances and financing (Note 8)	7,909,768	7,310,044
Amount due from subsidiaries, other receivables and rental receivables (Note 9)	376,215	442,078
	11,508,524	11,007,046
Off balance sheet:		
Commitments and contingencies (Note 34 (i))	2,174,434	2,245,286
	13,682,958	13,252,332

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(ii) Gross loans, advances and financing rated based on internal rating by the Bank:

Group 31 December 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Risk rating category				
Highest safety*	2,816,942	110,335	–	2,927,277
Moderate safety**	3,029,189	151,510	–	3,180,699
High risk***	584,464	64,616	–	649,080
Non-rated	19,681	341	–	20,022
Impaired	–	–	1,526,505	1,526,505
	6,450,276	326,802	1,526,505	8,303,583
Group 31 December 2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Risk rating category				
Highest safety*	2,178,278	90,482	–	2,268,760
Moderate safety**	2,884,708	205,349	–	3,090,057
High risk***	656,898	106,527	–	763,425
Non-rated	19,861	581	–	20,442
Impaired	–	–	1,581,516	1,581,516
	5,739,745	402,939	1,581,516	7,724,200

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(ii) Gross loans, advances and financing rated based on internal rating by the Bank: (cont'd)

Bank 31 December 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Risk rating category				
Highest safety*	2,816,942	110,335	-	2,927,277
Moderate safety**	3,029,189	151,510	-	3,180,699
High risk***	584,464	64,616	-	649,080
Non-rated	19,681	341	-	20,022
Impaired	-	-	1,132,690	1,132,690
	6,450,276	326,802	1,132,690	7,909,768

Bank 31 December 2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Risk rating category				
Highest safety*	2,178,278	90,482	-	2,268,760
Moderate safety**	2,884,708	205,349	-	3,090,057
High risk***	656,898	106,527	-	763,425
Non-rated	19,861	581	-	20,442
Impaired	-	-	1,167,360	1,167,360
	5,739,745	402,939	1,167,360	7,310,044

* Strong capacity to meet financial commitments
** Moderate capacity to meet financial commitments
*** Poor credit quality and high risk of default

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

Non-rated risk relates to i-Cash-payment and i-Splash which are managed through salary deduction by Angkasa and secured by contract from Government respectively.

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances):

Group 31 December 2021	Short-term funds and placements with financial institutions RM'000	Debt instrument at FVOCI RM'000	Debt instrument at FVTPL RM'000	Debt instrument at AC and financing RM'000	Loans, advances and financing RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
Government	-	892,606	41,102	50,905	-	-	984,613	-
Construction	-	-	-	-	1,377,290	-	1,377,290	-
Education, health and others	-	-	-	-	655,163	-	655,163	-
Electricity, gas and water supply	-	-	-	-	166,680	-	166,680	-
Financial, insurance/takaful, real estate and business services	1,254,962	463,367	59,825	468,130	1,107,202	-	3,353,486	-
Manufacturing	-	-	-	-	1,420,443	-	1,420,443	-
Mining and quarrying	-	-	-	-	143,895	-	143,895	-
Primary agriculture	-	-	-	-	8,089	-	8,089	-
Transportation, storage and communication	-	-	-	-	1,006,740	-	1,006,740	-
Wholesale, retail trade, restaurants and hotels	-	-	-	-	2,406,093	-	2,406,093	-
Others	-	-	-	-	11,988	21,432	33,420	2,174,434
Gross total	1,254,962	1,355,973	100,927	519,035	8,303,583	21,432	11,555,912	2,174,434

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances): (cont'd)

Group	Short-term funds and placements with financial institutions RM'000	Debt instrument at FVOCI RM'000	Debt instrument at AC RM'000	Loans, advances and financing RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
31 December 2020							
Government	-	553,558	111,416	-	-	664,974	-
Construction	-	-	-	1,261,903	-	1,261,903	-
Education, health and others	-	-	-	638,293	-	638,293	-
Electricity, gas and water supply	-	-	-	92,441	-	92,441	-
Financial, insurance/takaful, real estate and business services	1,406,158	730,190	457,934	1,153,977	-	3,748,259	-
Manufacturing	-	-	-	1,310,172	-	1,310,172	-
Mining and quarrying	-	-	-	127,238	-	127,238	-
Primary agriculture	-	-	-	8,320	-	8,320	-
Transportation, storage and communication	-	-	-	938,770	-	938,770	-
Wholesale, retail trade, restaurants and hotels	-	-	-	2,179,975	-	2,179,975	-
Others	-	-	-	13,111	19,923	33,034	2,245,286
Gross total	1,406,158	1,283,748	569,350	7,724,200	19,923	11,003,379	2,245,286

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances): (cont'd)

Bank	Short-term funds and placements with financial institutions RM'000	Debt instrument at FVOCI RM'000	Debt instrument at FVTPL RM'000	Debt instrument at AC RM'000	Loans, advances and financing RM'000	Other assets RM'000	Total RM'000	Commitments and contingencies RM'000
31 December 2021								
Government	-	892,606	41,102	50,905	-	-	984,613	-
Construction	-	-	-	-	1,374,467	-	1,374,467	-
Education, health and others	-	-	-	-	610,181	-	610,181	-
Electricity, gas and water supply	-	-	-	-	166,680	-	166,680	-
Financial, insurance/takaful, real estate and business services	1,246,606	463,367	59,825	468,130	1,104,443	307,877	3,650,248	-
Manufacturing	-	-	-	-	1,348,757	-	1,348,757	-
Mining and quarrying	-	-	-	-	141,899	-	141,899	-
Primary agriculture	-	-	-	-	7,827	-	7,827	-
Transportation, storage and communication	-	-	-	-	967,553	-	967,553	-
Wholesale, retail trade, restaurants and hotels	-	-	-	-	2,175,973	-	2,175,973	-
Others	-	-	-	-	11,988	68,338	80,326	2,174,434
Gross total	1,246,606	1,355,973	100,927	519,035	7,909,768	376,215	11,508,524	2,174,434

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances): (cont'd)

Bank	Short-term funds and placements with financial institutions	Debt instrument at FVOCI	Debt instrument at AC	Loans, advances and financing	Other assets	Total	Commitments and contingencies
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Government	-	553,558	111,416	-	-	664,974	-
Construction	-	-	-	1,259,079	-	1,259,079	-
Education, health and others	-	-	-	591,934	-	591,934	-
Electricity, gas and water supply	-	-	-	92,441	-	92,441	-
Financial, insurance/takaful, real estate and business services	1,401,826	730,190	457,934	1,151,224	379,143	4,120,317	-
Manufacturing	-	-	-	1,227,819	-	1,227,819	-
Mining and quarrying	-	-	-	125,242	-	125,242	-
Primary agriculture	-	-	-	8,058	-	8,058	-
Transportation, storage and communication	-	-	-	895,695	-	895,695	-
Wholesale, retail trade, restaurants and hotels	-	-	-	1,945,441	-	1,945,441	-
Others	-	-	-	13,111	62,935	76,046	2,245,286
Gross total	1,401,826	1,283,748	569,350	7,310,044	442,078	11,007,046	2,245,286

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(iv) Credit risk exposure analysis of the Group and the Bank are as follows:

Group As at 31 December 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with financial institutions	1,254,962	-	-	1,254,962
Debt instrument at FVOCI	1,331,224	14,749	10,000	1,355,973
Debt instrument at FVTPL	100,927	-	-	100,927
Debt instrument at AC	519,035	-	-	519,035
Loans, advances and financing:				
Term loans/financing				
Hire purchase	293,969	13,037	86,895	393,901
Leasing	-	-	342	342
Other term loans/financing	4,428,607	297,851	1,261,286	5,987,744
Revolving loans/financing	1,715,010	15,121	179,477	1,909,608
Staff loans/financing	11,988	-	-	11,988
Other assets	12,278	-	9,154	21,432
	9,668,000	340,758	1,547,154	11,555,912
As at 31 December 2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with financial institutions	1,406,158	-	-	1,406,158
Debt instrument at FVOCI	1,252,615	21,133	10,000	1,283,748
Debt instrument at AC	569,350	-	-	569,350
Loans, advances and financing:				
Term loans/financing				
Hire purchase	243,970	16,078	77,630	337,678
Leasing	1	-	342	343
Other term loans/financing	4,301,157	375,623	1,324,611	6,001,391
Revolving loans/financing	1,181,507	11,237	178,933	1,371,677
Staff loans/financing	13,111	-	-	13,111
Other assets	10,094	-	9,829	19,923
	8,977,963	424,071	1,601,345	11,003,379

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(iv) Credit risk exposure analysis of the Group and the Bank are as follows: (cont'd)

Bank As at 31 December 2021	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with financial institutions	1,246,606	–	–	1,246,606
Debt instrument at FVOCI	1,331,224	14,749	10,000	1,355,973
Debt instrument at FVTPL	100,927	–	–	100,927
Debt instrument at AC	519,035	–	–	519,035
Loans, advances and financing:				
Term loans/financing				
Hire purchase	293,969	13,037	50,577	357,583
Other term loans/financing	4,428,607	297,851	925,708	5,652,166
Revolving loans/financing	1,715,010	15,121	157,900	1,888,031
Staff loans/financing	11,988	–	–	11,988
Other assets	59,184	–	317,031	376,215
	9,706,550	340,758	1,461,216	11,508,524
As at 31 December 2020				
Short-term funds and placements with financial institutions	1,401,826	–	–	1,401,826
Debt instrument at FVOCI	1,252,615	21,133	10,000	1,283,748
Debt instrument at AC	569,350	–	–	569,350
Loans, advances and financing:				
Term loans/financing				
Hire purchase	243,970	16,078	40,959	301,007
Leasing	1	–	–	1
Other term loans/financing	4,301,157	375,623	970,684	5,647,464
Revolving loans/financing	1,181,507	11,237	155,717	1,348,461
Staff loans/financing	13,111	–	–	13,111
Other assets	53,106	–	388,972	442,078
	9,016,643	424,071	1,566,332	11,007,046

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(v) Collateral and credit enhancement

The amount and type of collateral required depends on assessment of the credit risk of the counterparty. Guidelines are implemented on areas relating to the acceptability of collateral types and valuation parameters.

The main types of collateral and credit enhancement obtained are charges over real estate properties, vehicles, plant and machinery, shares and guarantees.

Management monitors the market value of collateral and ascertains the market value of collateral obtained during its review to ensure the adequacy of impairment losses.

(vi) Collateral and credit enhancement for loans, advances and financing

Collateral represents the asset pledged by a borrower/customer and or a third party on behalf of the borrower/customer, in whole or in part, to secure credit exposure and/or potential credit exposure with the Group and the Bank.

The Group and the Bank will only accept high quality collateral by considering its marketability, measurability, stability, transferability, speed in realising the collateral value, enforceability and free from encumbrances. The estimated fair value of collaterals over gross loans/financing held by the Group and the Bank for respective industry sector are as follows:

Group 31 December 2021	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
Construction	1,377,290	61.7
Education, health and others	655,163	75.2
Electricity, gas and water supply	166,680	38.0
Financial, insurance/takaful, real estate and business services	1,107,202	72.4
Manufacturing	1,420,443	64.6
Mining and quarrying	143,895	72.6
Primary agriculture	8,089	79.9
Transportation, storage and communication	1,006,740	72.0
Wholesale, retail trade, restaurants and hotels	2,406,093	76.6
Others	11,988	–
	8,303,583	

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(vi) Collateral and credit enhancement for loans, advances and financing (cont'd)

Group 31 December 2020	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
Construction	1,261,903	61.0
Education, health and others	638,293	80.8
Electricity, gas and water supply	92,441	22.8
Financial, insurance/takaful, real estate and business services	1,153,977	68.4
Manufacturing	1,310,172	69.2
Mining and quarrying	127,238	79.3
Primary agriculture	8,320	85.3
Transportation, storage and communication	938,770	73.8
Wholesale, retail trade, restaurants and hotels	2,179,975	74.6
Others	13,111	–
	7,724,200	

Bank 31 December 2021	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
Construction	1,374,467	61.8
Education, health and others	610,181	80.2
Electricity, gas and water supply	166,680	38.0
Financial, insurance/takaful, real estate and business services	1,104,443	72.5
Manufacturing	1,348,757	67.9
Mining and quarrying	141,899	73.6
Primary agriculture	7,827	82.6
Transportation, storage and communication	967,553	74.7
Wholesale, retail trade, restaurants and hotels	2,175,973	79.3
Others	11,988	–
	7,909,768	

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(vi) Collateral and credit enhancement for loans, advances and financing (cont'd)

Bank 31 December 2020	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
Construction	1,259,079	61.1
Education, health and others	591,934	82.7
Electricity, gas and water supply	92,441	23.2
Financial, insurance/takaful, real estate and business services	1,151,224	68.1
Manufacturing	1,227,819	72.8
Mining and quarrying	125,242	79.8
Primary agriculture	8,058	85.3
Transportation, storage and communication	895,695	77.1
Wholesale, retail trade, restaurants and hotels	1,945,441	81.9
Others	13,111	–
	7,310,044	

(vii) Restructured loans/financing

Restructured loans/financing refer to the financial assets that would otherwise be past due or impaired, where there is fundamental revision in the principal terms and conditions of the facility. Restructuring is considered when the customer's business is still viable and is expected to remain viable after the restructuring. Total gross restructured loans/financing held by the Group and the Bank at the end of the reporting period stood at RM5,016 million (2020: RM3,707 million).

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(viii) Credit quality for treasury credit risk exposures

The table below shows treasury credit risk exposures by the current counterparty's rating:

Group and Bank

Financial investments:

	Rating agency	Credit rating	Nominal value 2021 RM'000	Nominal value 2020 RM'000
Corporate sukuk	RAM	AAA	200,000	315,000
Corporate sukuk	MARC	AAA	95,000	95,000
Corporate sukuk	RAM	AA1	130,000	70,000
Corporate sukuk	RAM	AA2	45,000	25,000
Corporate sukuk	RAM	AA3	110,000	10,000
Corporate sukuk	RAM	A2	25,000	–
Corporate sukuk	MARC	AA+	–	5,000
Corporate sukuk	MARC	AA-	20,000	30,000
Corporate sukuk	MARC	AA	5,000	–
Corporate sukuk	RAM	BB1	–	25,000
Corporate sukuk	RAM	C3	–	10,000
Corporate sukuk	RAM	D	10,000	–
Malaysian Government Investment Issues	Not applicable	Not applicable	960,000	640,000
Government Guarantee sukuk	Not applicable	Not applicable	180,000	235,000
Commercial papers	RAM	P1	60,000	165,000
Commercial papers	MARC	-1	34,000	–
Non-rated			70,000	170,000
Total			1,944,000	1,795,000

Deposits and placements with banks and other financial institutions:

Rating for counterparty	Total principal outstanding 2021 RM'000	Total principal outstanding 2020 RM'000
AAA	400,200	170,000
AA	530,000	682,493
A	70,000	395,000
Non-rated	150,000	40,000
Total	1,150,200	1,287,493

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(ix) Impairment assessment

The Bank considers that a financial instrument has defaulted and, therefore, is placed under Stage 3 (credit-impaired) for ECL calculations in all cases, when the customer of loans/ financing portfolio is due for 3 MIA on its contractual payments. The Bank considers treasury as defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Bank also considers variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treatment of the customer as defaulted and, therefore, assessed as Stage 3 for ECL calculations, or whether Stage 2 is appropriate. Such events include:

- Imminent closure/discontinuation of customer's operation
- Legal action initiated/taken against the customer by a third party
- The customer files for bankruptcy application/protection
- Significant/major adverse reports on customer's business

Restructure and Reschedule

The Bank has expanded the definition of credit-impaired for Restructure and Reschedule to MIA more than 2 months.

It is the Bank's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of Stage 3 when there are sufficient cash inflows. The 'cured' rate for Restructure and Reschedule financial instruments is measured through 6 months continuous adherence to the revised payment schedule.

Probability of Default ("PD") estimation

The PD model was devised on non-rating based measure which is MIA. Financing, Undisbursed Commitments ("UDC") and Trade Finance share similar PD model which was developed via statistical method. Marginal PD is assigned to accounts with significant increase in credit risk/ Stage 2.

The PD model for Treasury was devised through similar statistical method but was based on default study papers published by external rating agencies/ External Credit Assessment Institution ("ECAI").

PD is adjusted to incorporate forward looking information and is assessed for updates on a quarterly basis. The suitability of MEVs are assessed and applied as appropriate on similar intervals.

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(x) Commitment and guarantees

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statements of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Bank. The table below shows the Group's and the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Bank could have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loans/financing commitment is the full amount of the commitment.

	Group and Bank	
	2021 RM'000	2020 RM'000
Financial guarantees, Corporate Guarantee Schemes, Letters of Credit and others	231,283	178,973
Performance guarantees	160,555	133,572
Undisbursed commitments	1,782,596	1,932,741
	2,174,434	2,245,286

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(b) Market risk

Asset and Liability Management Framework has been established in line with the best practices.

(i) Interest/Profit rate risk

Interest/profit rate risk is the impact to earnings and economic value of the Group and the Bank due to fluctuations in interest rate/rate of return.

Interest/profit rate exposure arises from differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest/profit rate risk management process which is conducted in accordance with the Group's and the Bank's policies as approved by the Board.

The Group and the Bank may be exposed to a loss in earnings due to the interest/profit rate structure of the statements of financial position arising from interest/profit rate and yield curve changes. The sensitivity to interest/profit rate arises from the mismatches in the repricing rates, cash flows and other characteristics of the assets and their corresponding liability funding. The Group and the Bank manage their Interest rate/profit rate risk exposure through the use of fixed/floating rate borrowings/fundings and financial instruments.

The table below shows the Group's and the Bank's interest/profit income sensitivity based on possible parallel shift in interest/profit rate.

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Impact on variable rate loans, advances and financing				
+ 50 basis points	27,695	27,829	27,164	27,292
- 50 basis points	(27,695)	(27,829)	(27,164)	(27,292)

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(b) Market risk (cont'd)

(i) Interest/profit rate risk (cont'd)

The following table indicates the EIR/EPR at the end of the reporting period and the Group's and the Bank's sensitivity to the interest/profit rate of return by time band based on the earlier of contractual repricing date and maturity date.

Group 31 December 2021	Non-trading book						Weighted average effective interest/ profit rate %		
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000		Trading book RM'000	Total RM'000
Assets									
Cash and short-term funds	1,141,128	10,002	-	-	-	103,832	-	1,254,962	1.87
Debt instrument at FVOCI	-	-	329,531	759,895	266,547	-	-	1,355,973	3.99
Equity instrument at FVOCI	-	-	30,572	-	-	10,192	-	40,764	8.75
Debt instrument at FVTPL	-	-	-	-	-	-	100,927	100,927	2.74
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	-	-	518,757	3.80
Loans, advances and financing									
- non-credit impaired	148,182	444,938	575,171	1,687,097	3,921,690	-	-	6,777,078	6.73
- credit impaired	-	-	-	-	-	646,373	-	646,373	-
Other assets (Note 9)	-	-	-	-	-	12,996	-	12,996	-
Total assets	1,360,744	488,774	1,232,519	2,522,837	4,228,636	773,393	100,927	10,707,830	

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(b) Market risk (cont'd)

(i) Interest/profit rate risk (cont'd)

Group 31 December 2021 (cont'd)	Non-trading book						Weighted average effective interest/ profit rate %		
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000		Trading book RM'000	Total RM'000
Liabilities									
Deposits from customers	1,319,309	1,601,180	822,314	-	-	-	-	3,742,803	2.04
Deposits from banks and other financial institutions	50,085	-	-	-	-	-	-	50,085	1.87
Islamic medium-term notes/commercial papers	-	368,392	553,534	1,350,000	250,000	-	-	2,521,926	3.53
Borrowings/fundings	651	17,720	470,037	729,824	522,877	-	-	1,741,109	1.02
Lease liabilities (Note 21)	283	566	2,614	10,732	-	-	-	14,195	3.22
Other liabilities (Note 22)	-	-	-	-	-	1,094,208	-	1,094,208	-
Total liabilities	1,370,328	1,987,858	1,848,499	2,090,556	772,877	1,094,208	-	9,164,326	
On-balance sheet interest/profit sensitivity gap	(9,584)	(1,499,084)	(615,980)	432,281	3,455,759	(320,815)	100,927		
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,180,552)	-		
Total interest/profit sensitivity gap	(9,584)	(1,499,084)	(615,980)	432,281	3,455,759	(2,501,367)	100,927		

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38. Financial risk management objectives and policies (cont'd)
(e) Risk measurement and reporting systems (cont'd)
(b) Market risk (cont'd)
(i) Interest/profit rate risk (cont'd)

Group 31 December 2020	Non-trading book						Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000	
Financial assets							
Cash and short-term funds	1,288,368	-	-	-	-	117,790	1,406,158
Debt instrument at FVOCI	-	20,319	192,349	773,552	297,528	-	1,283,748
Equity instrument at FVOCI	-	-	30,569	-	-	9,540	40,109
Debt instrument at AC	-	64,732	189,983	254,033	60,602	-	569,350
Loans, advances and financing							
- non-credit impaired	119,064	436,624	493,662	1,433,011	3,660,323	-	6,142,684
- credit impaired	-	-	-	-	-	702,077	702,077
Other assets (Note 9)	-	-	-	-	-	10,882	10,882
Total financial assets	1,407,432	521,675	906,563	2,460,596	4,018,453	840,289	10,155,008

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38. Financial risk management objectives and policies (cont'd)
(e) Risk measurement and reporting systems (cont'd)
(b) Market risk (cont'd)
(i) Interest/profit rate risk (cont'd)

Group 31 December 2020 (cont'd)	Non-trading book						Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000	
Financial Liabilities							
Deposits from customers	2,066,950	1,106,845	1,081,837	-	-	-	4,255,632
Islamic medium-term notes	-	12,740	3,587	1,400,000	450,000	-	1,866,327
Borrowings/fundings	3	16,285	41,538	710,236	739,912	-	1,507,974
Lease liabilities (Note 21)	277	555	2,618	9,914	-	-	13,364
Other liabilities (Note 22)	-	-	-	-	-	1,076,898	1,076,898
Total financial liabilities	2,067,230	1,136,425	1,129,580	2,120,150	1,189,912	1,076,898	8,720,195
On-balance sheet interest/profit sensitivity gap	(659,798)	(614,750)	(223,017)	340,446	2,828,541	(236,609)	(236,609)
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,252,396)	(2,252,396)
Total interest/profit sensitivity gap	(659,798)	(614,750)	(223,017)	340,446	2,828,541	(2,489,005)	(2,489,005)

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(b) Market risk (cont'd)

(i) Interest/profit rate risk (cont'd)

Bank 31 December 2021	Non-trading book						Trading book RM'000	Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000			
Assets									
Cash and short-term funds	1,141,128	10,002	-	-	-	95,476	1,246,606	1.87	
Debt instrument at FVOCI	-	-	329,531	759,895	266,547	-	1,355,973	3.99	
Equity instrument at FVOCI	-	-	30,572	-	-	10,192	40,764	8.75	
Debt instrument at FVTPL	-	-	-	-	-	-	100,927	2.74	
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	-	518,757	3.80	
Loans, advances and financing									
- non-credit impaired	148,182	444,938	575,171	1,687,097	3,921,690	-	6,777,078	6.73	
- credit impaired	-	-	-	-	-	646,373	646,373	-	
Other assets (Note 9)	39,000	-	-	-	-	59,902	98,902	-	
Total assets	1,399,744	488,774	1,232,519	2,522,837	4,228,636	811,943	100,927	10,785,380	

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(b) Market risk (cont'd)

(i) Interest/profit rate risk (cont'd)

Bank 31 December 2021 (cont'd)	Non-trading book						Trading book RM'000	Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non- interest/ profit sensitive RM'000			
Liabilities									
Deposits from customers	1,352,950	1,601,180	822,314	-	-	-	3,776,444	2.04	
Deposits from banks and other financial institutions	50,085	-	-	-	-	-	50,085	1.87	
Islamic medium-term notes/commercial papers	-	368,392	553,534	1,350,000	250,000	-	2,521,926	3.53	
Borrowings/fundings	651	17,720	470,037	729,824	522,877	-	1,741,109	1.02	
Lease liabilities (Note 21)	283	566	2,614	10,732	-	-	14,195	3.22	
Other liabilities (Note 22)	-	-	-	-	-	1,122,703	1,122,703	-	
Total liabilities	1,403,969	1,987,858	1,848,499	2,090,556	772,877	1,122,703	-	9,226,462	
On-balance sheet interest/profit sensitivity gap	(4,225)	(1,499,084)	(615,980)	432,281	3,455,759	(310,760)	100,927		
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,180,552)	-		
Total interest/profit sensitivity gap	(4,225)	(1,499,084)	(615,980)	432,281	3,455,759	(2,491,312)	100,927		

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38. Financial risk management objectives and policies (cont'd)
(e) Risk measurement and reporting systems (cont'd)
(b) Market risk (cont'd)
(i) Interest/profit rate risk (cont'd)

Bank 31 December 2020	Non-trading book					Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000		
Assets							
Cash and short-term funds	1,288,368	-	-	-	-	1,401,826	1.82
Debt instrument at FVOCI	-	20,319	192,349	773,552	297,528	1,283,748	4.14
Equity instrument at FVOCI	-	-	30,569	-	-	40,109	7.75
Debt instrument at AC	-	64,732	189,983	254,033	60,602	569,350	3.90
Loans, advances and financing							
- non-credit impaired	119,064	436,624	493,662	1,433,011	3,660,323	6,142,684	6.88
- credit impaired	-	-	-	-	-	702,077	-
Other assets (Note 9)	82,473	-	-	-	-	53,894	-
Total assets	1,489,905	521,675	906,563	2,460,596	4,018,453	878,969	10,276,161

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38. Financial risk management objectives and policies (cont'd)
(e) Risk measurement and reporting systems (cont'd)
(b) Market risk (cont'd)
(i) Interest/profit rate risk (cont'd)

Bank 31 December 2020 (cont'd)	Non-trading book					Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000		
Liabilities							
Deposits from customers	2,142,187	1,106,845	1,081,837	-	-	4,330,869	2.20
Islamic medium-term notes	-	12,740	3,587	1,400,000	450,000	1,866,327	3.77
Borrowings/fundings	3	16,285	41,538	710,236	739,912	1,507,974	1.14
Lease liabilities (Note 21)	277	555	2,618	9,914	-	13,364	3.42
Other liabilities (Note 22)	-	-	-	-	-	1,105,275	-
Total liabilities	2,142,467	1,136,425	1,129,580	2,120,150	1,189,912	8,823,809	
On-balance sheet interest/profit sensitivity gap	(652,562)	(614,750)	(223,017)	340,446	2,828,541	(226,306)	
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,252,396)	
Total interest/profit sensitivity gap	(652,562)	(614,750)	(223,017)	340,446	2,828,541	(2,478,702)	

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its current and future payment obligations associated with financial obligations when they fall due. The liquidity and cash flow risks are managed by maintaining a diversity of funding sources and spreading debt payments over a range of maturities.

The Group and the Bank manage their liquidity requirements on a day-to-day basis to ensure that funds are readily available for operational needs, withdrawals of deposits and payments to fund providers. The Group and the Bank may raise funds locally through government borrowings/fundings, securities/debt issuance or direct negotiations.

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity

Group 31 December 2021	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,244,960	10,002	—	—	—	—	1,254,962
Debt instrument at FVOCI	—	—	329,531	759,895	266,547	—	1,355,973
Equity instrument at FVOCI	—	—	30,572	—	—	10,192	40,764
Debt instrument at FVTPL	—	—	—	—	—	100,927	100,927
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	—	518,757
Loans, advances and financing	319,293	447,084	595,474	1,812,560	4,249,040	—	7,423,451
Other assets (Note 9)	—	—	—	—	—	12,996	12,996
Total assets	1,635,687	490,920	1,252,822	2,648,300	4,555,986	124,115	10,707,830

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(c) Liquidity risk (cont'd)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd)

Group 31 December 2021 (cont'd)	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	1,319,309	1,601,180	822,314	—	—	—	3,742,803
Deposits from banks and other financial institutions	50,085	—	—	—	—	—	50,085
Islamic medium-term notes/commercial papers	—	368,392	553,534	1,350,000	250,000	—	2,521,926
Borrowings/fundings	651	17,720	470,037	729,824	522,877	—	1,741,109
Lease liabilities	283	566	2,614	10,732	—	—	14,195
Other liabilities (Note 22)	—	—	—	—	—	1,094,208	1,094,208
Total liabilities	1,370,328	1,987,858	1,848,499	2,090,556	772,877	1,094,208	9,164,326
Net maturity mismatches	265,359 (1,496,938)	(595,677)	557,744	3,783,109	(970,093)	1,543,504	
Commitments and contingencies							
Financial guarantees	32,819	35,033	91,385	169,087	7,199	—	335,523
Letters of credit	11,124	9,238	35,953	—	—	—	56,315
Undisbursed loans/financing	175,813	246,404	317,018	189,491	157,469	696,401	1,782,596
	219,756	290,675	444,356	358,578	164,668	696,401	2,174,434

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38. Financial risk management objectives and policies (cont'd)
(e) Risk measurement and reporting systems (cont'd)
(c) Liquidity risk (cont'd)
(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd)

Group 31 December 2020	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,406,158	—	—	—	—	—	1,406,158
Debt instrument at FVOCI	—	20,319	192,349	773,552	297,528	—	1,283,748
Equity instrument at FVOCI	—	—	30,569	—	—	9,540	40,109
Debt instrument at AC	—	64,732	189,983	254,033	60,602	—	569,350
Loans, advances and financing	270,598	448,986	512,563	1,584,569	4,028,045	—	6,844,761
Other assets (Note 9)	—	—	—	—	—	10,882	10,882
Total assets	1,676,756	534,037	925,464	2,612,154	4,386,175	20,422	10,155,008
Liabilities							
Deposits from customers	2,066,950	1,106,845	1,081,837	—	—	—	4,255,632
Islamic medium-term notes/ commercial papers	—	12,740	3,587	1,400,000	450,000	—	1,866,327
Borrowings/fundings	3	16,285	41,538	710,236	739,912	—	1,507,974
Lease liabilities	277	555	2,618	9,914	—	—	13,364
Other liabilities (Note 22)	—	—	—	—	—	1,076,898	1,076,898
Total liabilities	2,067,230	1,136,425	1,129,580	2,120,150	1,189,912	1,076,898	8,720,195
Net maturity mismatches	(390,474)	(602,388)	(204,116)	492,004	3,196,263	(1,056,476)	1,434,813
Commitments and contingencies							
Financial guarantees	45,392	10,880	79,946	151,955	14,581	—	302,754
Letters of credit	3,893	1,547	4,351	—	—	—	9,791
Undisbursed loans/financing	302,952	188,170	279,641	486,090	125,973	549,915	1,932,741
	352,237	200,597	363,938	638,045	140,554	549,915	2,245,286

38. Financial risk management objectives and policies (cont'd)
(e) Risk measurement and reporting systems (cont'd)
(c) Liquidity risk (cont'd)
(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd)

Bank 31 December 2021	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,236,604	10,002	—	—	—	—	1,246,606
Debt instrument at FVOCI	—	—	329,531	759,895	266,547	—	1,355,973
Equity instrument at FVOCI	—	—	30,572	—	—	10,192	40,764
Debt instrument at FVTPL	—	—	—	—	—	100,927	100,927
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	—	518,757
Loans, advances and financing	319,293	447,084	595,474	1,812,560	4,249,040	—	7,423,451
Other assets (Note 9)	39,000	—	—	—	—	59,902	98,902
Total assets	1,666,331	490,920	1,252,822	2,648,300	4,555,986	171,021	10,785,380
Liabilities							
Deposits from customers	1,352,950	1,601,180	822,314	—	—	—	3,776,444
Deposits from banks and other financial institutions	50,085	—	—	—	—	—	50,085
Islamic medium-term notes/ commercial papers	—	368,392	553,534	1,350,000	250,000	—	2,521,926
Borrowings/fundings	651	17,720	470,037	729,824	522,877	—	1,741,109
Lease liabilities	283	566	2,614	10,732	—	—	14,195
Other liabilities (Note 22)	—	—	—	—	—	1,122,703	1,122,703
Total liabilities	1,403,969	1,987,858	1,848,499	2,090,556	772,877	1,122,703	9,226,462
Net maturity mismatches	262,362	(1,496,938)	(595,677)	557,744	3,783,109	(951,682)	1,558,918
Commitments and contingencies							
Financial guarantees	32,819	35,033	91,385	169,087	7,199	—	335,523
Letters of credit	11,124	9,238	35,953	—	—	—	56,315
Undisbursed loans/financing	175,813	246,404	317,018	189,491	157,469	696,401	1,782,596
	219,756	290,675	444,356	358,578	164,668	696,401	2,174,434

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(c) Liquidity risk (cont'd)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd)

Bank	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
31 December 2020							
Assets							
Cash and short-term funds	1,401,826	—	—	—	—	—	1,401,826
Debt instrument at FVOCI	—	20,319	192,349	773,552	297,528	—	1,283,748
Equity instrument at FVOCI	—	—	30,569	—	—	9,540	40,109
Debt instrument at AC	—	64,732	189,983	254,033	60,602	—	569,350
Loans, advances and financing	270,598	448,986	512,563	1,584,569	4,028,045	—	6,844,761
Other assets (Note 9)	82,473	—	—	—	—	53,894	136,367
Total assets	1,754,897	534,037	925,464	2,612,154	4,386,175	63,434	10,276,161
Liabilities							
Deposits from customers	2,142,187	1,106,845	1,081,837	—	—	—	4,330,869
Islamic medium-term notes/ commercial papers	—	12,740	3,587	1,400,000	450,000	—	1,866,327
Borrowings/fundings	3	16,285	41,538	710,236	739,912	—	1,507,974
Lease liabilities	277	555	2,618	9,914	—	—	13,364
Other liabilities (Note 22)	—	—	—	—	—	1,105,275	1,105,275
Total liabilities	2,142,467	1,136,425	1,129,580	2,120,150	1,189,912	1,105,275	8,823,809
Net maturity mismatches	(387,570)	(602,388)	(204,116)	492,004	3,196,263	(1,041,841)	1,452,352
Commitments and contingencies							
Financial guarantees	45,392	10,880	79,946	151,955	14,581	—	302,754
Letters of credit	3,893	1,547	4,351	—	—	—	9,791
Undisbursed loans/financing	302,952	188,170	279,641	486,090	125,973	549,915	1,932,741
	352,237	200,597	363,938	638,045	140,554	549,915	2,245,286

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(c) Liquidity risk (cont'd)

(ii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturity. The financial liabilities disclosed in the tables below will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

Group	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
31 December 2021							
Liabilities							
Deposits from customers	1,320,429	1,606,487	829,510	—	—	—	3,756,426
Deposits from banks and other financial institutions	50,102	—	—	—	—	—	50,102
Islamic medium-term notes/ commercial papers	265	371,298	596,301	1,516,667	254,114	—	2,738,645
Borrowings/fundings	650	16,907	473,842	767,035	620,548	—	1,878,982
Lease liabilities	324	649	2,941	11,524	—	—	15,438
Other liabilities (Note 22)	—	—	—	—	—	1,094,208	1,094,208
Total liabilities	1,371,770	1,995,341	1,902,594	2,295,226	874,662	1,094,208	9,533,801
Group							
31 December 2020							
Liabilities							
Deposits from customers	2,068,775	1,111,517	1,093,205	—	—	—	4,273,497
Islamic medium-term notes/ commercial papers	—	20,827	48,864	1,551,898	466,385	—	2,087,974
Borrowings/fundings	—	14,685	43,434	671,431	907,553	—	1,637,103
Lease liabilities	319	639	2,949	10,588	—	—	14,495
Other liabilities (Note 22)	—	—	—	—	—	1,076,898	1,076,898
Total liabilities	2,069,094	1,147,668	1,188,452	2,233,917	1,373,938	1,076,898	9,089,967

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38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(c) Liquidity risk (cont'd)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd)

The following tables show the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturity. The financial liabilities disclosed in the tables below will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows. (cont'd)

Bank	Up to 1 months	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Deposits from customers	1,354,077	1,606,487	829,510	-	-	-	3,790,074
Deposits from banks and other financial institutions	50,102	-	-	-	-	-	50,102
Islamic medium-term notes/commercial papers	265	371,298	596,301	1,516,667	254,114	-	2,738,645
Borrowings/fundings	650	16,907	473,842	767,035	620,548	-	1,878,982
Lease liabilities	324	649	2,941	11,524	-	-	15,438
Other liabilities (Note 22)	-	-	-	-	-	1,122,703	1,122,703
Total liabilities	1,405,418	1,995,341	1,902,594	2,295,226	874,662	1,122,703	9,595,944
Bank							
31 December 2020							
Liabilities							
Deposits from customers	2,144,117	1,111,517	1,093,205	-	-	-	4,348,839
Islamic medium-term notes	-	20,827	48,864	1,551,898	466,385	-	2,087,974
Borrowings/fundings	-	14,685	43,434	671,431	907,553	-	1,637,103
Lease liabilities	319	639	2,949	10,588	-	-	14,495
Other liabilities (Note 22)	-	-	-	-	-	1,105,275	1,105,275
Total liabilities	2,144,436	1,147,668	1,188,452	2,233,917	1,373,938	1,105,275	9,193,686

38. Financial risk management objectives and policies (cont'd)

(e) Risk measurement and reporting systems (cont'd)

(c) Liquidity risk (cont'd)

The Group and the Bank are subject to liquidity requirements to support calls under outstanding contingent liabilities and undisbursed credit facility commitments as disclosed in Note 34. These have been incorporated in the net off-balance sheet position for each year ended. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group and the Bank expect many of these contingent liabilities and commitments (such as direct credit substitutes, and undisbursed credit facilities) to expire without being called or disbursed upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

(d) Operational risk

Operational risk, which is inherent in all business activities, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational Risk Management ("ORM") takes place on a day-to-day basis at each business unit level. The Group and the Bank mitigate their operational risk by having comprehensive internal controls, conduct risk assessments through Risk Control Self Assessment ("RCSA"), fraud and loss analysis, system and procedures, which are reviewed regularly and subjected to periodical audits by Internal Auditors.

39. Dividends

Dividends on ordinary shares:

Final tax exempt (single-tier) dividend for 2020: 0.71 sen
(2019: 2.0 sen) per share

	Group and Bank	
	2021	2020
	RM'000	RM'000
	13,211	37,000

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2021 of 0.27 sen per share on 1,850,000,000 ordinary shares, amounting to RM5,005,500 will be proposed for the shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

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40. Islamic banking business

The state of affairs as at 31 December 2021 and results for the financial year then ended under the Islamic Banking business of the Group and of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:

Statements of financial position
As at 31 December 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Cash and short-term funds	40(a)	1,248,636	1,399,622	1,246,152	1,396,061
Financial investments at FVOCI	40(b)	1,386,545	1,314,317	1,386,545	1,314,317
Financial investments at FVTPL	6	100,927	–	100,927	–
Financial investments at AC	7	518,757	569,350	518,757	569,350
Advances and financing	40(c)	7,374,322	6,754,846	7,374,322	6,754,846
Other assets	40(d)	20,608	17,486	106,480	142,971
Investment in subsidiaries	10	–	–	–	–
Property, plant and equipment	40(e)	134,044	131,483	134,011	131,476
Right-of-use assets	13	13,830	12,834	13,830	12,834
Investment properties	14	374,081	393,062	374,081	393,062
Intangible assets	40(f)	14,762	14,620	14,762	14,620
Tax recoverables		5,572	3,757	2,997	2,068
Deferred tax assets	16	106,947	99,278	106,947	99,278
Total assets		11,299,031	10,710,655	11,379,811	10,830,883
Liabilities					
Deposits from customers	17	3,742,803	4,255,632	3,776,444	4,330,869
Deposits from banks and other financial institutions	18	50,085	–	50,085	–
Islamic medium-term notes/ commercial papers	19	2,521,926	1,866,327	2,521,926	1,866,327
Term financing/fundings	40(g)	766,563	503,637	766,563	503,637
Other liabilities	40(h)	1,150,023	1,120,358	1,177,524	1,147,985
Lease liabilities	21	14,195	13,364	14,195	13,364
Amount due to conventional operations	9	98,938	977,927	1,192,341	1,182,264
Government funds	40(i)	540,701	454,883	540,701	454,883
Total liabilities		9,785,234	9,192,128	10,039,779	9,499,329
Islamic general fund		1,513,797	1,518,527	1,340,032	1,331,554
Total liabilities and Islamic banking funds		11,299,031	10,710,655	11,379,811	10,830,883
Commitments	40(o)	2,174,403	2,234,224	2,174,403	2,234,224

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40. Islamic banking business (cont'd)

Statements of comprehensive income
For the financial year ended 31 December 2021

	Note	Group		Bank	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income from Islamic banking business	40(j)	520,841	485,128	520,841	485,128
Profit expense attributable to Islamic banking business	40(k)	(182,633)	(183,562)	(182,986)	(183,955)
Gross income from Islamic banking business		338,208	301,566	337,855	301,173
Other operating income	40(l)	81,325	50,419	72,823	55,598
Other operating expenses	40(m)	(238,914)	(220,799)	(230,750)	(216,090)
Operating profit		180,619	131,186	179,928	140,681
(Allowances)/Writeback for impairment losses on:					
- advances and financing	40(n)	(131,862)	5,409	(146,009)	(14,545)
- commitments	40(h)(i)	(797)	1,467	(797)	1,467
- financial investments at FVOCI	5	593	2,909	593	2,909
- financial investments at AC	7	(278)	649	(278)	649
- other assets at AC	9(i)(b)	605	191	605	191
- other assets at FVOCI	9(ii)	–	–	27,793	68,701
Profit before taxation and zakat		48,880	141,811	61,835	200,053
Tax (expense)/credit		(4,188)	(294)	(3,935)	1
Zakat	32	(1,315)	(2,642)	(1,315)	(2,642)
Profit for the year		43,377	138,875	56,585	197,412
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Unrealised (loss)/gain on revaluation of financial investments at FVOCI		(38,654)	22,675	(38,654)	22,675
Reclassification of loss included in profit or loss	25	(6,481)	(1,654)	(6,481)	(1,654)
Changes in expected credit losses on financial investments at FVOCI	25	(593)	(2,909)	(593)	(2,909)
Income tax relating to components of other comprehensive income		10,832	(5,045)	10,832	(5,045)
Other comprehensive (loss)/income for the year, net of tax		(34,896)	13,067	(34,896)	13,067
Total comprehensive income for the year		8,481	151,942	21,689	210,479

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40. Islamic banking business (cont'd)

Statements of changes in Islamic General Funds
For the financial year ended 31 December 2021

Group	Note	Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2021		1,050,564	37,174	430,789	1,518,527
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of losses included in profit or loss	25	-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	43,377	43,377
Total comprehensive (loss)/ income for the year		-	(34,896)	43,377	8,481
Transaction with owner: Dividends	39	-	-	(13,211)	(13,211)
At 31 December 2021		1,050,564	2,278	460,955	1,513,797
At 1 January 2020		1,050,564	24,107	328,914	1,403,585
Unrealised loss on revaluation of financial investments at FVOCI		-	22,675	-	22,675
Reclassification of losses included in profit or loss	25	-	(1,654)	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	25	-	(2,909)	-	(2,909)
Income tax relating to components of other comprehensive income		-	(5,045)	-	(5,045)
Profit for the year		-	-	138,875	138,875
Total comprehensive (loss)/ income for the year		-	13,067	138,875	151,942
Transaction with owner: Dividends	39	-	-	(37,000)	(37,000)
At 31 December 2020		1,050,564	37,174	430,789	1,518,527

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40. Islamic banking business (cont'd)

Statements of changes in Islamic General Funds
For the financial year ended 31 December 2021 (cont'd)

Bank	Note	Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2021		1,050,564	37,174	243,816	1,331,554
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of losses included in profit or loss	25	-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	56,585	56,585
Total comprehensive (loss)/ income for the year		-	(34,896)	56,585	21,689
Transaction with owner: Dividends	39	-	-	(13,211)	(13,211)
At 31 December 2021		1,050,564	2,278	287,190	1,340,032
At 1 January 2020		1,050,564	24,107	83,404	1,158,075
Unrealised loss on revaluation of financial investments at FVOCI		-	22,675	-	22,675
Reclassification of losses included in profit or loss	25	-	(1,654)	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	25	-	(2,909)	-	(2,909)
Income tax relating to components of other comprehensive income		-	(5,045)	-	(5,045)
Profit for the year		-	-	197,412	197,412
Total comprehensive income for the year		-	13,067	197,412	210,479
Transaction with owner: Dividends	39	-	-	(37,000)	(37,000)
At 31 December 2020		1,050,564	37,174	243,816	1,331,554

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Statements of cash flows

For the financial year ended 31 December 2021

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows generated from/(used in) operating activities				
Profit before tax expense and zakat	48,880	141,811	61,835	200,053
Adjustments for:				
Net impairment loss on loans, advances and financing	148,626	13,021	162,773	32,974
Net impairment loss/(writeback) of commitment and contingencies	797	(1,467)	797	(1,467)
Net writeback on financial investments at FVOCI	(593)	(2,909)	(593)	(2,909)
Net impairment loss/(writeback) on financial investment at AC	278	(649)	278	(649)
Impairment gain on other asset at AC	(605)	(191)	(605)	(191)
Writeback of impairment loss on other asset at FVOCI	-	-	(27,793)	(68,701)
Depreciation of property, plant and equipment	11,580	13,114	11,576	13,108
Depreciation of right-of-use assets	3,519	3,491	3,519	3,491
Amortisation of intangible assets	7,447	7,455	7,447	7,455
Fair value adjustment on investment properties	(8,319)	-	(8,319)	-
Government funds released, net	(22,330)	(9,937)	(22,330)	(9,937)
Income from financial investments at FVOCI	(47,724)	(47,765)	(47,724)	(47,765)
Income from financial investments at FVTPL	(5,713)	-	(5,713)	-
Income from financial investments at AC	(22,170)	(28,253)	(22,170)	(28,253)
Profit expense on medium-term notes	77,672	67,930	77,672	67,930
Profit expense on term financing/fundings	18,289	7,404	18,289	7,404
Finance cost on lease liabilities	522	568	522	568
Profit income on amount due from a subsidiary company	-	-	(11,207)	(13,772)
Property, plant and equipment written-off	-	1	-	1
Operating profit before working capital changes	210,156	163,624	198,254	159,340
Changes in working capital:				
Advances and financing	(768,103)	(1,213,272)	(782,249)	(1,233,224)
Other assets	(1,965)	(11,770)	77,029	44,137
Deposits from customers	(503,171)	1,089,898	(544,764)	1,099,808
Deposits from banks and other financial institutions	50,085	-	50,085	-
Other liabilities	29,413	87,492	29,288	107,933
Amount due to conventional operations	21,011	(705,367)	10,235	(764,849)
Cash (used in)/generated from operating activities	(962,574)	(589,395)	(962,122)	(586,855)
Profit received	99,910	72,471	99,910	72,471
Tax paid	(1,524)	(2,039)	(929)	(911)
RPGT paid	(111)	-	(111)	-
Tax refunded	-	7,137	-	6,095
Zakat paid	(2,315)	(2,608)	(2,315)	(2,608)
Net cash used in operating activities	(866,614)	(514,434)	(865,567)	(511,808)

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40. Islamic banking business (cont'd)

Statements of cash flows

For the financial year ended 31 December 2021 (cont'd)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows (used in)/generated from investing activities				
Purchase of private debt securities	(240,048)	(150,000)	(240,048)	(150,000)
Purchase of Islamic commercial papers	(1,239,194)	(165,000)	(1,239,194)	(165,000)
Purchase of sukuk	(952,245)	(170,000)	(952,245)	(170,000)
Proceed from redemption of private debt securities	123,582	35,000	123,582	35,000
Proceeds from redemption of sukuk	470,627	-	470,627	-
Proceeds from maturity of sukuk	110,000	160,000	110,000	160,000
Proceeds from maturity of private debt securities	220,000	200,000	220,000	200,000
Proceeds from maturity of Islamic commercial papers	1,315,000	395,000	1,315,000	395,000
Proceeds from disposal of investment properties	26,481	-	26,481	-
Purchase of property, plant and equipment	(18,303)	(11,536)	(18,273)	(11,535)
Purchase of intangible assets	(3,806)	(1,249)	(3,806)	(1,249)
Net cash (used in)/generated from investing activities	(187,906)	292,215	(187,876)	292,216
Cash flows generated from/(used in) financing activities				
Net disbursement of term financing/fundings	317,822	499,560	317,822	499,560
Net disbursement of Islamic medium-term notes/commercial papers	648,403	100,000	648,403	100,000
Profit paid on term financing/fundings	(607)	(1,430)	(607)	(1,430)
Profit paid on medium-term notes/commercial papers	(70,576)	(69,675)	(70,576)	(69,675)
Proceed from government funds	25,909	16,072	25,909	16,072
Payment of lease liability	(4,206)	(3,852)	(4,206)	(3,852)
Dividend paid	(13,211)	(37,000)	(13,211)	(37,000)
Net cash generated from financing activities	903,534	503,675	903,534	503,675
Net (decrease)/increase in cash and cash equivalents	(150,986)	281,456	(149,909)	284,083
Cash and cash equivalents at beginning of year	1,399,622	1,118,166	1,396,061	1,111,978
Cash and cash equivalents at end of year	1,248,636	1,399,622	1,246,152	1,396,061
Cash and cash equivalents comprise of:				
- Cash and short-term funds	1,248,636	1,399,622	1,246,152	1,396,061

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021

(a) Cash and short-term funds

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and on hand	97,506	111,254	95,022	107,693
Money at call and deposit placements maturing within three months	1,151,130	1,288,368	1,151,130	1,288,368
	1,248,636	1,399,622	1,246,152	1,396,061

(b) Financial investments at FVOCI

At fair value	Group and Bank	
	2021 RM'000	2020 RM'000
Government securitites		
Malaysian Government Investment Issues	892,606	553,558
Non-money market instruments		
Equity securities		
- Private debt securities	30,572	30,569
Debt securities		
- Private debt securities	463,367	730,190
	493,939	760,759
Total	1,386,545	1,314,317

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve. The movement in allowances for impairment which reflects the ECL model on impairment are as disclosed in Note 5.

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	1,463,786	1,609,661	1,415,280	1,556,843
Istisna'	26,943	121,534	21,801	111,653
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	412,599	362,421	357,583	302,310
Bai' Dayn	1,668	6,559	1,668	6,559
Tawarruq	6,035,984	5,208,768	6,035,979	5,208,763
Bai' Inah	20,906	23,533	19,636	22,262
Gross advances and financing	7,963,479	7,334,069	7,851,947	7,208,390
Less: Allowance for impairment losses on				
- Stage 1 (Note 40(c)(x))	(97,559)	(67,685)	(97,559)	(67,685)
- Stage 2 (Note 40(c)(x))	(16,634)	(18,294)	(16,634)	(18,294)
- Stage 3 (Note 40(c)(x))	(474,964)	(493,244)	(363,432)	(367,565)
Net advances and financing	7,374,322	6,754,846	7,374,322	6,754,846
Gross impaired advances and financing (Note 40(c)(viii))	1,186,610	1,200,035	1,075,078	1,074,357
Net impaired advances and financing	711,646	706,791	711,646	706,792

Included in advances and financing for the Group and the Bank are gross loans, advances and financing of RM84,730,000 (2020: RM71,440,000) financed by Government funds. The treatment of credit losses incurred for these loans, advances and financing is as disclosed in Note 2.19(ii).

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(i) The maturity profile of the gross advances and financing are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Maturity within one year	1,558,442	1,393,973	1,451,817	1,290,840
More than one year to three years	607,686	538,001	605,801	523,932
More than three years to five years	1,316,075	1,213,797	1,314,751	1,212,086
More than five years	4,481,276	4,188,298	4,479,578	4,181,532
	7,963,479	7,334,069	7,851,947	7,208,390

(ii) Gross advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Domestic business enterprise	7,951,492	7,320,968	7,839,960	7,195,289
Individual	11,987	13,101	11,987	13,101
	7,963,479	7,334,069	7,851,947	7,208,390

(iii) Gross advances and financing analysed by industry are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Construction	1,375,949	1,260,560	1,374,466	1,259,078
Education, health and others	641,642	620,887	608,391	586,327
Electricity, gas and water supply	166,680	92,441	166,680	92,441
Financial, insurance/takaful, real estate and business services	1,106,244	1,153,018	1,104,442	1,151,222
Manufacturing	1,380,882	1,265,098	1,348,115	1,223,432
Mining and quarrying	141,899	125,242	141,899	125,242
Primary agriculture	7,827	8,058	7,827	8,058
Transportation, storage and communication	963,154	890,689	935,071	858,755
Wholesale, retail trade, restaurants and hotels	2,167,215	1,904,975	2,153,069	1,890,734
Others	11,987	13,101	11,987	13,101
	7,963,479	7,334,069	7,851,947	7,208,390

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(iv) Gross advances and financing analysed by location and sector are as follows:

	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total RM'000
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	
Construction	885,871	408,670	45,477	87,034	87,034	46,245	94,091	217,231	94,091	94,091	217,231	1,375,949	
Education, health and others	408,670	154,337	26,574	60,507	60,507	94,322	39,200	12,369	39,200	39,200	12,369	641,642	
Electricity, gas and water supply	154,337	667,213	2,048	3,596	3,596	2,900	3,448	351	3,448	3,448	351	166,680	
Financial, insurance/takaful, real estate and business services	667,213	706,566	108,739	151,267	151,267	38,788	65,177	75,060	65,177	65,177	75,060	1,106,244	
Manufacturing	706,566	95,776	235,851	242,928	242,928	108,285	54,108	33,144	54,108	54,108	33,144	1,380,882	
Mining and quarrying	95,776	503,727	289	24,770	24,770	15,710	2,545	2,809	2,545	2,545	2,809	141,899	
Primary agriculture	-	992,247	373	942	942	102	4,702	1,708	4,702	4,702	1,708	7,827	
Transportation, storage and communication	503,727	11,987	168,981	53,616	53,616	103,344	57,847	75,639	57,847	57,847	75,639	963,154	
Wholesale, retail trade, restaurants and hotels	992,247	4,426,394	320,500	132,905	132,905	281,133	274,815	165,615	274,815	274,815	165,615	2,167,215	
Others	11,987	908,832	-	757,565	757,565	690,829	595,933	583,926	595,933	595,933	583,926	7,963,479	

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(iv) Gross advances and financing analysed by location and sector are as follows: (cont'd)

Group 2020	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Construction	688,130	39,139	234,213	40,684	74,672	183,722	1,260,560	15,478	620,887	92,441			
Education, health and others	409,474	26,344	61,478	80,857	27,256	15,478	620,887	3,149	92,441				
Electricity, gas and water supply	82,107	1,635	2,743	2,620		187							
Financial, insurance/takaful, real estate and business services	743,434	63,473	141,421	28,919	7 8,292	97,479	1,153,018	4 9,725	1,265,098				
Manufacturing	650,698	215,958	182,008	120,380	4 9,725	46,329	1,265,098	1 8,20	125,242				
Mining and quarrying	93,152	293	19,328	10,059	1 8,20	590	125,242	4 882	8,058				
Primary agriculture	—	351	728	—		2,097							
Transportation, storage and communication	476,542	150,243	56,055	82,730	46,167	78,952	890,689						
Wholesale, retail trade, restaurants and hotels	887,755	285,887	89,316	244,617	244,486	152,914	1,904,975						
Others	13,101	—	—	—	—	—	13,101						
	4,044,393	783,323	787,290	610,866	530,449	577,748	7,334,069						

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(iv) Gross advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2021	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Construction	884,388	45,477	87,034	46,245	94,091	217,231	1,374,466	12,369	608,391	166,680			
Education, health and others	375,419	26,574	60,507	94,322	39,200	12,369	608,391	3,448	166,680				
Electricity, gas and water supply	154,337	2,048	3,596	2,900		351							
Financial, insurance/takaful, real estate and business services	665,411	108,739	151,267	38,788	65,177	75,060	1,104,442	54,108	1,348,115				
Manufacturing	673,799	235,851	242,928	108,285	54,108	33,144	1,348,115	2,545	141,899				
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899	4,702	7,827				
Primary agriculture	—	373	942	102		1,708							
Transportation, storage and communication	475,644	168,981	53,616	103,344	57,847	75,639	935,071						
Wholesale, retail trade, restaurants and hotels	978,101	320,500	132,905	281,133	274,815	165,615	2,153,069						
Others	11,987	—	—	—	—	—	11,987						
	4,314,862	908,832	757,565	690,829	595,933	583,926	7,851,947						

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

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40. Islamic banking business (cont'd)
Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(iv) Gross advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2020	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Construction	686,648	39,139	234,213	40,684	74,672	183,722	1,259,078	15,478	586,327	187	92,441		
Education, health and others	374,914	26,344	61,478	80,857	27,256	15,478	586,327	3,149	92,441	187	92,441		
Electricity, gas and water supply	82,107	1,635	2,743	2,620	3,149	187	92,441	3,149	92,441	187	92,441		
Financial, insurance/takaful, real estate and business services	741,638	63,473	141,421	28,919	78,292	97,479	1,151,222	46,329	1,223,432	46,329	1,223,432		
Manufacturing	609,032	215,958	182,008	120,380	49,725	46,329	1,223,432	1,820	125,242	590	125,242		
Mining and quarrying	93,152	293	19,328	10,059	1,820	590	125,242	4,882	8,058	2,097	8,058		
Primary agriculture	—	351	728	—	—	—	—	—	—	—	—		
Transportation, storage and communication	444,608	150,243	56,055	82,730	46,167	78,952	858,755	—	—	—	—		
Wholesale, retail trade, restaurants and hotels	873,514	285,887	89,316	244,617	244,486	152,914	1,890,734	—	—	—	—		
Others	13,101	—	—	—	—	—	13,101	—	—	—	—		
	3,918,714	783,323	787,290	610,866	530,449	577,748	7,208,390						

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(v) Gross advances and financing by types and Shariah contracts are as follows:

Group 2021	Hire purchase RM'000	Leasing RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Murabahah	—	—	1,407,443	44,356	11,987	1,463,786
Istisna'	—	—	26,943	—	—	26,943
Ijarah	—	84	—	—	—	84
Ijarah Thumma Al-Bai	392,107	—	20,492	—	—	412,599
Bai' Dayn	—	—	—	1,668	—	1,668
Tawarruq	5	—	4,180,738	1,855,241	—	6,035,984
Bai' Inah	—	—	20,906	—	—	20,906
	392,112	84	5,656,911	1,902,385	11,987	7,963,479

2020

Bai' Bithaman Ajil	—	—	388	1,121	—	1,509
Murabahah	—	—	1,528,110	68,450	13,101	1,609,661
Istisna'	—	—	121,534	—	—	121,534
Ijarah	—	84	—	—	—	84
Ijarah Thumma Al-Bai	335,883	—	26,538	—	—	362,421
Bai' Dayn	—	—	—	6,559	—	6,559
Tawarruq	5	—	3,926,136	1,282,627	—	5,208,768
Bai' Inah	—	—	23,533	—	—	23,533
	335,888	84	5,626,239	1,358,757	13,101	7,334,069

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd)

Bank	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
2021					
Murabahah	–	1,372,204	31,089	11,987	1,415,280
Istisna'	–	21,801	–	–	21,801
Ijarah Thumma Al-Bai	357,583	–	–	–	357,583
Bai' Dayn	–	–	1,668	–	1,668
Tawarruq	–	4,180,738	1,855,241	–	6,035,979
Bai' Inah	–	19,636	–	–	19,636
	357,583	5,594,379	1,887,998	11,987	7,851,947
2020					
Murabahah	–	1,488,639	55,103	13,101	1,556,843
Istisna'	–	111,653	–	–	111,653
Ijarah Thumma Al-Bai	301,006	1,304	–	–	302,310
Bai' Dayn	–	–	6,559	–	6,559
Tawarruq	–	3,926,136	1,282,627	–	5,208,763
Bai' Inah	–	22,262	–	–	22,262
	301,006	5,549,994	1,344,289	13,101	7,208,390

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(vi) Gross advances and financing analysed by profit rate sensitivity are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate				
- Staff financing	11,987	13,101	11,987	13,101
- Hire purchase	189,298	187,198	155,639	153,186
- Leasing	84	84	–	–
- Other term financing	1,705,689	1,503,623	1,647,579	1,433,049
- Revolving financing	625,692	176,773	611,363	162,364
Variable rate				
- Hire purchase	202,814	148,690	201,944	147,820
- Other term financing	3,951,222	4,122,616	3,946,800	4,116,945
- Revolving financing	1,276,693	1,181,984	1,276,635	1,181,925
	7,963,479	7,334,069	7,851,947	7,208,390

(vii) Impaired advances and financing analysed by industry are as follows:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Construction	133,582	156,343	132,099	154,861
Education, health and others	162,449	157,137	129,198	122,577
Electricity, gas and water supply	43	41	43	41
Financial, insurance/takaful, real estate and business services	152,945	213,419	151,143	211,623
Manufacturing	281,671	258,947	248,904	217,281
Mining and quarrying	8,262	8,146	8,262	8,146
Primary agriculture	278	279	278	279
Transportation, storage and communication	107,822	108,446	79,739	76,512
Wholesale, retail trade, restaurants and hotels	339,558	297,277	325,412	283,037
	1,186,610	1,200,035	1,075,078	1,074,357

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021
40. Islamic banking business (cont'd)
Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)
(c) Advances and financing (cont'd)

(viii) Impaired advances and financing analysed by location and sector are as follows:

Group 2021	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Construction	102,640	1,923	3,341	11,071	12,595	2,012	133,582							
Education, health and others	92,486	3,165	22,503	34,897	8,478	920	162,449							
Electricity, gas and water supply	-	43	-	-	-	-	43							
Financial, insurance/takaful, real estate and business services	118,714	8,568	11,250	9,796	3,206	1,411	152,945							
Manufacturing	151,286	16,514	60,166	46,328	1,731	5,646	281,671							
Mining and quarrying	722	-	7,212	328	-	-	8,262							
Primary agriculture	-	-	66	-	212	-	278							
Transportation, storage and communication	54,110	5,289	9,613	19,446	11,545	7,819	107,822							
Wholesale, retail trade, restaurants and hotels	166,424	36,372	20,033	53,313	53,032	10,384	339,558							
	686,382	71,874	134,184	175,179	90,799	28,192	1,186,610							

40. Islamic banking business (cont'd)
Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)
(c) Advances and financing (cont'd)

(viii) Impaired advances and financing analysed by location and sector are as follows: (cont'd)

Group 2020	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Construction	135,016	1,907	6,690	2,731	7,637	2,362	156,343							
Education, health and others	94,749	3,024	19,243	31,009	8,232	880	157,137							
Electricity, gas and water supply	-	41	-	-	-	-	41							
Financial, insurance/takaful, real estate and business services	157,930	8,227	8,562	10,292	2,788	25,620	213,419							
Manufacturing	152,449	11,738	33,440	51,476	3,628	6,216	258,947							
Mining and quarrying	717	-	7,074	355	-	-	8,146							
Primary agriculture	-	-	66	-	213	-	279							
Transportation, storage and communication	62,243	5,162	5,497	18,637	9,110	7,797	108,446							
Wholesale, retail trade, restaurants and hotels	168,207	16,968	21,060	44,847	42,366	3,829	297,277							
	771,311	47,067	101,632	159,347	73,974	46,704	1,200,035							

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40. Islamic banking business (cont'd)
Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)
(c) Advances and financing (cont'd)

(viii) Impaired advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2021	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East		Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
				Coast Region RM'000	Region RM'000			
Construction	101,157	1,923	3,341	11,071	2,012	12,595	2,012	132,099
Education, health and others	59,235	3,165	22,503	34,897	920	8,478	920	129,198
Electricity, gas and water supply	—	43	—	—	—	—	—	43
Financial, insurance/takaful, real estate and business services	116,912	8,568	11,250	9,796	1,411	3,206	1,411	151,143
Manufacturing	118,519	16,514	60,166	46,328	5,646	1,731	5,646	248,904
Mining and quarrying	722	—	7,212	328	—	—	—	8,262
Primary agriculture	—	—	66	—	—	212	—	278
Transportation, storage and communication	26,027	5,289	9,613	19,446	7,819	11,545	7,819	79,739
Wholesale, retail trade, restaurants and hotels	152,278	36,372	20,033	53,313	10,384	53,032	10,384	325,412
	574,850	71,874	134,184	175,179	28,192	90,799	28,192	1,075,078

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40. Islamic banking business (cont'd)
Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)
(c) Advances and financing (cont'd)

(viii) Impaired advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2020	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East		Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
				Coast Region RM'000	Region RM'000			
Construction	133,534	1,907	6,690	2,731	2,362	7,637	2,362	154,861
Education, health and others	60,189	3,024	19,243	31,009	880	8,232	880	122,577
Electricity, gas and water supply	—	41	—	—	—	—	—	41
Financial, insurance/takaful, real estate and business services	156,134	8,227	8,562	10,292	25,620	2,788	25,620	211,623
Manufacturing	110,783	11,738	33,440	51,476	6,216	3,628	6,216	217,281
Mining and quarrying	717	—	7,074	355	—	—	—	8,146
Primary agriculture	—	—	66	—	—	213	—	279
Transportation, storage and communication	30,309	5,162	5,497	18,637	7,797	9,110	7,797	76,512
Wholesale, retail trade, restaurants and hotels	153,967	16,968	21,060	44,847	3,829	42,366	3,829	283,037
	645,633	47,067	101,632	159,347	46,704	73,974	46,704	1,074,357

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(xi) Exposures to COVID-19 impacted sectors are as follow:

	Group and Bank	
	2021 RM'000	2020 RM'000
Education	156,809	158,302
Healthcare	120,277	135,116
Passenger Transport	104,358	105,667
Petrol Station	113,722	122,020
Tourism	773,521	729,252
	1,268,687	1,250,357

The above are the impacted sectors by COVID-19 within the Group and the Bank financing portfolios. The Group and the Bank are focusing more on tourism sector as reflected by several overlays incorporated in the computation of ECL as mentioned in Note 2.14. The figure reflected net exposure after computation on ECL amount.

(xii) COVID-19 customer relief and support measures based on category are as follow:

Accounts that are entitled under the relief programme offered by the Bank are illustrated below:

	Stage 1	Stage 2	Stage 3*	Total
	RM'000	RM'000	RM'000	RM'000
2021				
Repaying as per revised schedules	3,443,162	277,249	321,944	4,042,355
Missed payments	–	–	473	473
Total repayment assistances granted	3,443,162	277,249	322,417	4,042,828
As a percentage of total:				
Repaying as per revised schedules	100.0%	100.0%	99.9%	100.0%
Missed payments	–	–	0.1%	–
	100.0%	100.0%	100.0%	100.0%

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(c) Advances and financing (cont'd)

(xii) COVID-19 customer relief and support measures based on category are as follow: (cont'd)

	Stage 1	Stage 2	Stage 3*	Total
	RM'000	RM'000	RM'000	RM'000
2020				
Resumed payments	–	306	16,679	16,985
Repaying as per revised schedules	3,039,402	362,844	149,092	3,551,338
Missed payments	–	983	15,332	16,315
Total repayment assistances granted	3,039,402	364,133	181,103	3,584,638
As a percentage of total:				
Resumed payments	–	0.1%	9.2%	0.5%
Repaying as per revised schedules	100.0%	99.6%	82.3%	99.0%
Missed payments	–	0.3%	8.5%	0.5%
	100.0%	100.0%	100.0%	100.0%

* This represent customers that turned to Stage 3 after acceptance of assistance under the relief programme.

(d) Other assets

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At FVOCI				
Amount due from a subsidiary company (Note 9(ii))	–	–	39,000	82,473
At AC				
Amount due from subsidiary companies (Note 9(iii))	–	–	44,322	39,025
Other receivables and rental receivables	12,996	10,351	15,580	14,338
	12,996	10,351	59,902	53,363
Prepayments	7,612	7,135	7,578	7,135
	20,608	17,486	106,480	142,971

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(e) Property, plant and equipment

Group Cost	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
At 1 January 2021	4,083	36,676	86,108	37,104	57,292	1,510	7,820	7,522	238,115
Additions	-	-	-	2,457	803	167	172	14,704	18,303
Adjustment	-	(131)	-	(160)	-	-	-	(46)	(337)
Reclassification to intangible assets (Note 40(f))	-	-	-	5	539	-	-	(4,369)	(3,825)
At 31 December 2021	4,083	36,545	86,108	39,406	58,634	1,677	7,992	17,811	252,256
Accumulated depreciation									
At 1 January 2021	-	5,673	25,723	31,445	34,849	1,510	7,432	-	106,632
Charge for the year (Note 29(ii))	-	457	2,444	3,211	5,285	22	161	-	11,580
At 31 December 2021	-	6,130	28,167	34,656	40,134	1,532	7,593	-	118,212
Net carrying amount									
At 31 December 2021	4,083	30,415	57,941	4,750	18,500	145	399	17,811	134,044

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(e) Property, plant and equipment (cont'd)

Group Cost	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
At 1 January 2020	2,085	18,582	44,415	27,756	29,287	769	4,127	2,923	129,944
Transfer from conventional operations	1,998	17,003	41,693	20,499	26,287	741	3,556	-	111,777
Additions	-	1,142	-	1,464	1,671	-	137	7,122	11,536
Write-offs	-	-	-	(12,614)	-	-	-	-	(12,614)
Reclassification	-	(51)	-	4	47	-	-	-	-
Reclassification to intangible assets (Note 40(f))	-	-	-	(5)	-	-	-	(2,523)	(2,528)
At 31 December 2020	4,083	36,676	86,108	37,104	57,292	1,510	7,820	7,522	238,115
Accumulated depreciation									
At 1 January 2020	-	2,706	14,281	25,110	20,079	769	3,800	-	66,745
Transfer from conventional operations	-	2,523	8,998	14,606	9,041	737	3,481	-	39,386
Charge for the year (Note 29(ii))	-	460	2,444	4,342	5,713	4	151	-	13,114
Write-offs	-	-	-	(12,613)	-	-	-	-	(12,613)
Reclassification	-	(16)	-	-	16	-	-	-	-
At 31 December 2020	-	5,673	25,723	31,445	34,849	1,510	7,432	-	106,632
Net carrying amount									
At 31 December 2020	4,083	31,003	60,385	5,659	22,443	-	388	7,522	131,483

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31 DECEMBER 2021

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(e) Property, plant and equipment (cont'd)

Bank Cost	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
At 1 January 2021	4,083	36,676	86,108	36,966	57,292	1,510	7,820	7,522	237,977
Additions	-	-	-	2,427	803	167	172	14,704	18,273
Adjustment	-	(131)	-	(160)	-	-	-	(46)	(337)
Reclassification to intangible assets (Note 40(f))	-	-	-	5	539	-	-	(4,369)	(3,825)
At 31 December 2021	4,083	36,545	86,108	39,238	58,634	1,677	7,992	17,811	252,088
Accumulated depreciation									
At 1 January 2021	-	5,673	25,723	31,318	34,849	1,506	7,432	-	106,501
Charge for the year (Note 29(ii))	-	457	2,444	3,208	5,285	21	161	-	11,576
At 31 December 2021	-	6,130	28,167	34,526	40,134	1,527	7,593	-	118,077
Net carrying amount									
At 31 December 2021	4,083	30,415	57,941	4,712	18,500	150	399	17,811	134,011

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(e) Property, plant and equipment (cont'd)

Bank Cost	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
At 1 January 2020	2,085	18,582	44,415	27,619	29,261	769	4,127	2,923	129,781
Transfer from conventional operations	1,998	17,003	41,693	20,499	26,313	741	3,556	-	111,803
Additions	-	1,142	-	1,463	1,671	-	137	7,122	11,535
Write-offs	-	-	-	(12,614)	-	-	-	-	(12,614)
Reclassification	-	(51)	-	4	47	-	-	-	-
Reclassification to intangible assets (Note 40(f))	-	-	-	(5)	-	-	-	(2,523)	(2,528)
At 31 December 2020	4,083	36,676	86,108	37,966	57,292	1,510	7,820	7,522	237,977
Accumulated depreciation									
At 1 January 2020	-	2,706	14,281	24,986	20,079	768	3,800	-	66,620
Transfer from conventional operations	-	2,523	8,998	14,607	9,041	736	3,481	-	39,386
Charge for the year (Note 29(ii))	-	460	2,444	4,338	5,713	2	151	-	13,108
Write-offs	-	-	-	(12,613)	-	-	-	-	(12,613)
Reclassification	-	(16)	-	-	16	-	-	-	-
At 31 December 2020	-	5,673	25,723	31,445	34,849	1,506	7,432	-	106,501
Net carrying amount									
At 31 December 2020	4,083	31,003	60,385	5,658	22,443	4	388	7,522	131,476

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(f) Intangible assets

	Group		Software		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At cost						
At 1 January	66,448	–	65,796	–	–	–
Transfer from conventional operations	–	62,671	–	62,019	–	–
Additions	3,806	1,249	3,806	1,249	–	–
Adjustment	(42)	–	(42)	–	–	–
Reclassification from property, plant and equipment (Note 40(e))	3,825	2,528	3,825	2,528	–	–
At 31 December	74,037	66,448	73,385	65,796	–	–
Accumulated amortisation						
At 1 January	51,828	–	51,176	–	–	–
Transfer from conventional operations	–	44,373	–	43,721	–	–
Charge for the year (Note 29(ii))	7,447	7,455	7,447	7,455	–	–
At 31 December	59,275	51,828	58,623	51,176	–	–
Carrying amount						
At 31 December	14,762	14,620	14,762	14,620	–	–

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(g) Term financing/Fundings

	Group and Bank	
	2021 RM'000	2020 RM'000
Unsecured term financing/fundings	766,563	503,637
(i) The maturity structure of the term financing/fundings is as follows:		
	Group and Bank	
	2021 RM'000	2020 RM'000
Within one year	8,556	14,033
More than one year to five years	487,770	62,640
More than five years	270,237	426,964
	766,563	503,637
(ii) The unsecured term financing/fundings denominated in RM is sourced from the following:		
	Group and Bank	
	2021 RM'000	2020 RM'000
Financing from:		
- Bank Negara Malaysia ("BNM")	766,563	503,637

The rate for financing from BNM ranges from 0% - 1.50% (2020: 0% - 1.50%) per annum.

(h) Other liabilities

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other payables and accruals	529,252	470,965	537,035	479,770
Islamic margin account (Note 22(ii))	410,289	450,283	410,237	450,185
Guarantee payable (Note 22(iii))	150,243	148,623	150,243	148,623
Amount due to subsidiaries (Note 22(iv))	–	–	20,803	19,712
Rental and security deposits	3,358	5,904	3,358	5,904
Provision for zakat	3,453	3,999	3,453	3,999
Allowance for impairment on financing commitments (Note (i))	5,709	4,912	5,709	4,912
Other provisions	47,719	35,672	46,686	34,880
	1,150,023	1,120,358	1,177,524	1,147,985

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31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(h) Other liabilities (cont'd)

(i) Movement in loss allowances for impairment on financing commitments are as follows:

	Group and Bank	
	2021 Stage 1 RM'000	2020 Stage 1 RM'000
Commitments		
At 1 January	4,912	6,379
Changes due to change in credit risk	148	227
New financial assets originated	3,147	905
Derecognition	(2,498)	(2,599)
At 31 December	5,709	4,912

(i) Government funds

	Group and Bank	
	2021 RM'000	2020 RM'000
To finance:		
Purchase of investment properties (i)	108,381	111,906
Advances and financing (ii)	432,320	342,977
	540,701	454,883

(i) To finance the purchase of investment properties:

Group and Bank	Kompleks Kilang Bimbingan			Total RM'000
	Nursery Factory Scheme (RMK7) RM'000	Nursery Factory Scheme (RMK8) RM'000	Nursery Factory Scheme (RMK9) RM'000	
At 1 January 2021	65,363	13,334	33,209	111,906
Government fund released (Note 40(i))	(235)	(2,911)	(379)	(3,525)
At 31 December 2021	65,128	10,423	32,830	108,381
At 1 January 2020	-	-	-	-
Transfer from conventional operations	65,599	16,247	33,589	115,435
Government fund released (Note 40(i))	(236)	(2,913)	(380)	(3,529)
At 31 December 2020	65,363	13,334	33,209	111,906

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(i) Government funds (cont'd)

(ii) Advances and financing

Group and Bank	Soft Financing Scheme		Program dan Skim Usahawan Batik		Basic Capital Scheme		Tabung Usahawan Siswazah		Dana Usahawan Negeri Terengganu		Program dan Skim Usahawan Kraf		Skim Anjakan Usahawan		Teraju Facilitation Fund		Balance c/f RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 January 2021	36,574	4,205	-	-	33,615	19,670	4,505	4,756	134,920	5,421	-	13,548	251,793	5,421	9,661	251,793	
Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,421	
Deposit matured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,661	
Recoveries from financing written-off (Note 40(i))	74	1	24	149	24	149	182	1	1	1	1	1	431	-	-	431	
At 31 December 2021	36,648	4,206	33,639	19,819	33,639	19,819	4,687	4,757	140,341	4,687	4,757	23,209	267,306	23,209	9,661	267,306	
At 1 January 2021	251,793	288	2,669	3,000	2,669	3,000	72,820	12,407	-	-	-	-	342,977	-	-	342,977	
Proceeds	5,421	-	-	-	-	-	-	-	-	-	-	-	20,488	-	-	20,488	
Deposit matured	9,661	-	-	-	-	-	-	-	-	-	-	-	9,661	-	-	9,661	
Additions (Note 23(iii))	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Recoveries from financing written-off (Note 40(i))	431	-	-	-	-	-	(13,227)	(1,508)	(4,501)	-	-	-	431	-	-	431	
Muqasah (Note 40(i))	-	-	-	-	-	-	-	-	-	-	-	-	(19,236)	-	-	(19,236)	
At 31 December 2021	267,306	288	2,669	3,000	2,669	3,000	59,593	10,899	68,077	59,593	10,899	20,488	432,320	20,488	9,661	432,320	

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31 DECEMBER 2021

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40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(i) Government funds (cont'd)

(ii) Advances and financing (cont'd)

Group and Bank	Soft Financing Scheme		Program dan Skim Usahawan Batik		Basic Capital Scheme		Tabung Usahawan Siswazah		Dana Usahawan Negeri Terengganu		Program dan Skim Usahawan Kraf		Skim Anjakan Usahawan		Balance c/f
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2020	36,486	4,168	33,622	14,804	4,463	4,756	217,147	118,848	4,441	4,441	4,441	4,441	16,072	16,072	217,147
Transfer from conventional operations	-	-	-	4,441	-	-	-	-	-	-	-	-	-	-	4,441
Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	16,072	16,072	16,072
Recoveries from financing written-off (Note 40(i))	88	37	-	425	87	-	-	-	-	-	-	-	-	-	637
Muqasah (Note 40(ii))	-	-	(7)	-	(45)	-	-	-	-	-	-	-	-	-	(52)
At 31 December 2020	36,574	4,205	33,615	19,670	4,505	4,756	238,245	134,920	4,505	4,505	4,756	4,756	134,920	238,245	

Group and Bank	Teraju Faacilitation Fund		Tabung Usahawan Pahang		Tabung Inkubator Pertanian Kelantan		Skim Perusahaannya Kapital Tradisional		Special Relief Fund		Penjana Tourism Fund		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2020	217,147	11,073	-	-	-	-	-	-	-	-	-	-	228,220
Transfer from conventional operations	4,441	-	288	2,669	3,000	-	-	-	-	-	-	-	10,398
Proceeds	16,072	-	-	-	-	-	-	-	-	-	-	-	16,072
Deposit matured	-	2,475	-	-	-	-	-	-	-	-	-	-	2,475
Additions (Note 23(iii))	-	-	-	-	-	-	-	-	79,396	-	-	-	92,220
Recoveries from financing written-off (Note 40(i))	637	-	-	-	-	-	-	-	-	(6,576)	-	-	637
Muqasah (Note 40(ii))	(52)	-	-	-	-	-	-	-	-	-	(417)	-	(7,045)
At 31 December 2020	238,245	13,548	288	2,669	3,000	288	72,820	12,407	72,820	12,407	12,407	342,977	

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(j) Income from Islamic banking business

	Group and Bank	
	2021	2020
	RM'000	RM'000
Income from advances and financing		
- Murabahah	81,291	90,822
- Istisna'	5,420	6,969
- Ijarah Thumma Al-Bai	20,326	12,731
- Bai' Dayn	317	435
- Tawarruq	317,702	261,800
- Bai' Inah	1,676	2,999
Total income from advances and financing	426,732	375,756
Tawarruq deposit placements	18,502	33,354
Financial investments at FVOCI	47,724	47,765
Financial investments at FVTPL	5,713	-
Financial investments at AC	22,170	28,253
	520,841	485,128

Included in income from advances and financing is profit on impaired advances and financing amounting to RM55,904,000 (2020: RM58,114,000).

(k) Profit expense attributable to Islamic banking business

	Group		Bank	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers (Note i)	82,856	100,715	83,209	101,108
Islamic medium-term notes/commercial papers	77,672	67,930	77,672	67,930
Term financing	18,289	7,404	18,289	7,404
Deposits from banks and other financial institutions	1,507	748	1,507	748
Others (Note ii)	2,309	6,765	2,309	6,765
	182,633	183,562	182,986	183,955

(i) Included in profit expense on deposits from customers of the Bank is profit expenses for subsidiary companies amounting to RM353,000 (2020: RM393,000) (Note 36(c)).

(ii) Included in other profit expenses is finance cost on lease liabilities amounting to RM522,000 (2020: RM568,000).

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(l) Other income

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fee income	15,494	8,075	10,362	6,349
Commission fee income	1,801	1,730	1,801	1,730
Rental income	2,005	4,183	2,005	4,183
Government funds released (Note 23 & 40(i))	22,330	9,937	22,330	9,937
Government compensation	4,447	5,036	4,447	5,036
Management fee	–	–	179	178
Fair value adjustment on investment properties (Note 14)	8,319	–	8,319	–
Profit income on amount due from a subsidiary company (Note 36(c))	–	–	11,207	13,772
Recovery income	14,696	6,911	–	–
Ta'widh/Compensation on late payment charges	4,841	4,133	4,841	4,133
Others	7,392	10,414	7,332	10,280
	81,325	50,419	72,823	55,598

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(m) Other operating expenses

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel expenses	164,721	152,641	160,839	149,627
Establishment related expenses	41,569	40,609	41,530	40,561
Promotion and marketing expenses	2,968	2,719	2,933	2,718
Administration and general expenses	29,656	24,830	25,448	23,184
	238,914	220,799	230,750	216,090

40. Islamic banking business (cont'd)

Notes to the financial statements
For the financial year ended 31 December 2021 (cont'd)

(n) (Writeback)/Allowance for impairment loss on advances and financing

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Allowance for impairment losses on advances and financing made during the year				
- Stage 1, net (Note 40(c)(ix))	29,874	20,058	29,874	20,058
- Stage 2, net (Note 40(c)(ix))	(1,660)	(12,265)	(1,660)	(12,265)
- Stage 3, net (Note 40(c)(ix))	120,412	5,228	134,559	25,181
	148,626	13,021	162,773	32,974
Impaired advances and financing recovered	(16,764)	(18,430)	(16,764)	(18,429)
Total allowance for impairment loss on advances and financing	131,862	(5,409)	146,009	14,545

(o) Commitments

	Group and Bank	
	2021 RM'000	2020 RM'000
Direct credit substitutes	231,283	178,973
Transaction-related-contingent items	160,555	133,572
Undisbursed financing		
- original maturity up to one year	235,459	129,531
- original maturity more than one year	1,547,106	1,792,148
	2,174,403	2,234,224

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

40. Islamic banking business (cont'd)

Notes to the financial statements

For the financial year ended 31 December 2021 (cont'd)

(p) Capital adequacy

Regulatory capital

Pursuant to BNM's Policy Document on Transitional Arrangements for Regulatory Capital Treatment of Account Provisions for Development Financial Institutions, the Bank had elected to apply the transitional arrangements where the Bank are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses (ECL) to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime expected credit losses to the extent they are ascribed to non-credit-impaired exposures to Tier 1 Capital.

Capital management

The following table set forth capital resources and capital adequacy for the Group's and the Bank's Islamic banking business as at the end of the reporting period:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Tier I Capital</u>				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	460,955	430,789	287,190	243,816
General provision for advances and financing*	35,337	6,326	35,337	6,326
Less: Deferred tax assets	(106,947)	(99,278)	(106,947)	(99,278)
Less: Property revaluation reserve	(228,616)	(232,382)	(228,616)	(232,382)
Total Tier I capital	1,211,293	1,156,019	1,037,528	969,046
<u>Tier II Capital</u>				
General provision for advances and financing*	114,308	84,565	84,565	84,565
Property revaluation reserve^	84,565	116,191	114,308	116,191
Government funds#	428,923	406,108	428,923	406,108
Total Tier II capital	627,796	606,864	627,796	606,864
Total capital	1,839,089	1,762,883	1,665,324	1,575,910
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,839,089	1,762,883	1,665,324	1,575,910

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40. Islamic banking business (cont'd)

Notes to the financial statements

For the financial year ended 31 December 2021 (cont'd)

(p) Capital adequacy (cont'd)

Capital management (cont'd)

* General provision for advances and financing refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

^ The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

An amount of RM26,791,000 (2020: RM36,452,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
20%	245,435	278,867	245,435	278,867
50%	5,621	6,127	5,621	6,127
100%	9,713,334	9,281,014	9,796,596	9,404,803
	9,964,390	9,566,008	10,047,652	9,689,797

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Before deducting proposed dividends:				
Core capital ratio	12.156%	12.085%	10.326%	10.001%
Risk-weighted capital ratio	18.457%	18.429%	16.574%	16.264%

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
After deducting proposed dividends:				
Core capital ratio	12.106%	11.947%	10.276%	9.864%
Risk-weighted capital ratio	18.406%	18.291%	16.524%	16.127%

The capital adequacy ratios of the Islamic banking business are computed in accordance with the requirements of the BNM's Capital Framework for Development Financial Institutions which is based on Basel I capital adequacy framework requirements.

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