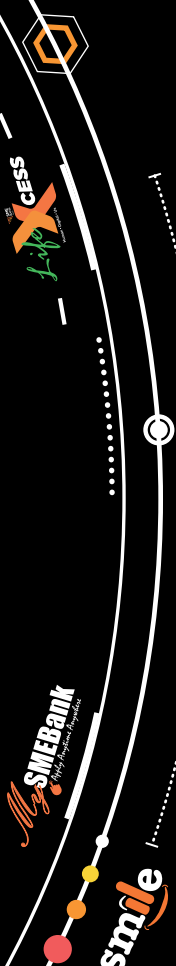
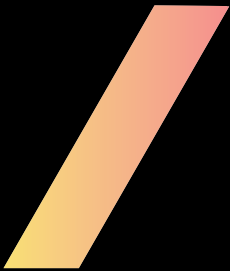


Mendigital & Mempercepatkan Pertumbuhan PKS Negara

Digitalising & Accelerating
The Nation's SME Growth



Prihatin
Pakej Rangsangan Ekonomi Prihatin Rakyat

SCORE XCESS

penjana
Pelan Jana Semua Ekonomi Negara

ODELA
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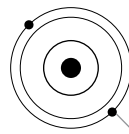
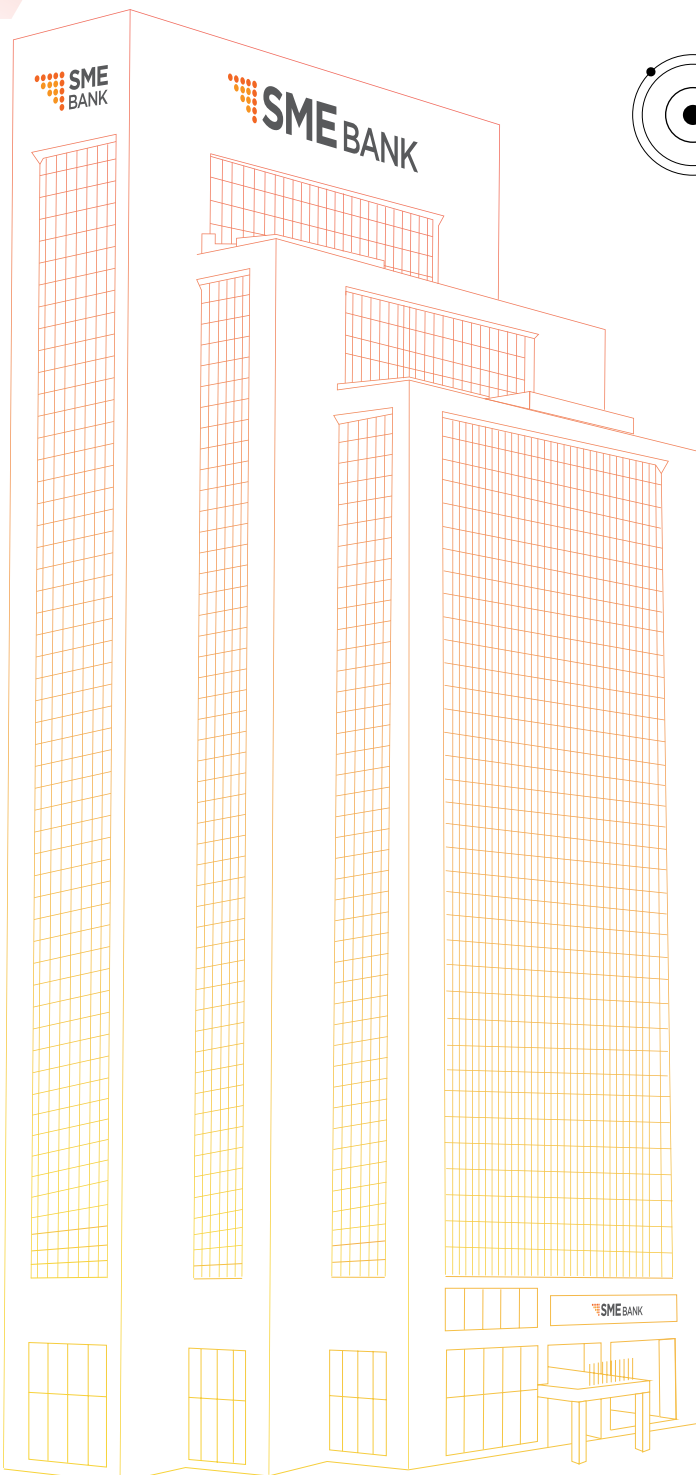
LAPORAN
TAHUNAN BERSEPADU
2020

INTEGRATED
ANNUAL REPORT
2020



Perjalanan Kami sehingga Kini


Our Journey so Far



SME BANK

Sebagai sebuah Institusi Kewangan Pembangunan (DFI) milik penuh Kementerian Kewangan, Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) telah meneruskan usaha memenuhi mandatnya untuk memupuk dan membangunkan PKS negara. Sokongan Bank mencakupi inisiatif ekonomi dan pembangunan kerajaan, termasuk Bidang Ekonomi Utama Negara 2010–2020 dan Pelan Induk Sektor Kewangan 2011–2020.

As a wholly owned Development Financial Institution (DFI) by the Ministry of Finance, Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) has continued to fulfill its mandate to nurture and develop the nation's SMEs. The Bank's support extends to the government's economic and development initiatives including the National Key Economic Areas 2010-2020 and the Financial Sector Blueprint 2011-2020.



Untuk melakar masa depan baharu bagi SME Bank, kami telah merangka pelan laluan strategik kami daripada tahun 2018 yang mengenal pasti keutamaan paling penting bagi menjayakan pelan transformasi digital dan teknologi. Langkah ini pada masa yang sama mempermudah visi SME Bank menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan dengan menyampaikan pelbagai program, produk dan inisiatif yang mudah, jelas dan pintar.

Selepas menyiapkan proses transformasi tersebut, kami telah menampilkan kemajuan ketara yang memesatkan pertumbuhan perusahaan kecil dan sederhana (PKS) yang seterusnya bermakna membawa pertumbuhan kepada ekonomi negara.

Segala yang dialami pada tahun lepas akibat pandemik virus Corona (COVID-19) meyakinkan kami bahawa amalkan digital akan kekal penting pada tahun-tahun akan datang. Kami bangga kerana dapat menyampaikan kejayaan ketara dan mengekalkan kedudukan yang teguh dalam suasana yang sukar dan mencabar pada tahun 2020.

In our strategic roadmap beginning 2018, we identified the top priority for a digital and technology transformation plan, charting a new future for SME Bank. This concurrently facilitates SME Bank's vision towards becoming a leader in SME ecosystem value creation beyond financial services by delivering lean, clear and agile digital programmes, products and initiatives.

Since completing the digital transformation, we have demonstrated significant progress in accelerating the growth of small and medium enterprises (SME), which further translates to the growth of the country's economy.

Everything we have experienced in the last year that was beset by the coronavirus (COVID-19) pandemic assures us that such a priority of going digital remains critical for the years ahead. As we reflect on what a turbulent and challenging year was for all in 2020, we can celebrate significant successes in what we delivered and reflect on the strong position we remain to be.



Pencapaian utama terpilih pada 2020:

- Kemudahan bantuan sementara segera berjumlah kira-kira **RM5 bilion** diberi kepada PKS yang merupakan pelanggan Bank yang terjejas akibat COVID-19.
- Program Bantuan PKS (SRP) yang menyediakan pembiayaan berjumlah lebih **RM4.8 bilion** untuk membantu 3,000 PKS selepas tamat tempoh moratorium.
- Pembiayaan khas sehingga **RM1.0 juta** kepada PKS yang terjejas akibat COVID-19.
- Penerbitan nota jangka sederhana Islam jaminan Kerajaan (IMTN) terlebih langgan sebanyak 4.5 kali atau RM2.2 bilion daripada penerbitan sebenar berjumlah **RM500 juta**.

Selected key achievements in 2020:

- Immediate temporary relief facilities to SMEs who are the Bank's customers affected by the COVID-19 amounting to about **RM5 bilion**.
- SME Relief Programme (SRP) to assist 3,000 SMEs with financing value amounting more than **RM4.8 bilion** after the moratorium period ended.
- Special financing up to **RM1.0 million** to SMEs affected by the COVID-19.
- SME Bank's Government-guaranteed Islamic medium-term notes (IMTN) issuance oversubscribed by 4.5 times or RM2.2 bilion from the actual issuance of **RM500 million**.

Merangka Kemajuan bersama Kami

Charting Their Growth with Us

Great Eco Glove Sdn. Bhd.

Syarikat yang mengilang sarung tangan getah ini menerima bantuan pembiayaan Kemudahan Bantuan Khas (SRF) yang membantunya meringankan masalah aliran tunai jangka pendek bagi mengatasi masalah yang timbul daripada krisis ini.

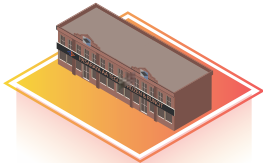
A manufacturer of rubber glove, the company received Special Relief Fund (SRF) financing assistance which helps the company to alleviate its short-term cash flow problems and survive the crisis.



AA Teguh Sdn. Bhd.

AA Teguh yang mengendalikan perniagaan pemborong mendapat bantuan pembiayaan daripada Kemudahan Agromakanan (AF) untuk modal kerja. Syarikat tersebut berjaya keluar daripada masalahnya dan kini perniagaannya semakin berkembang.

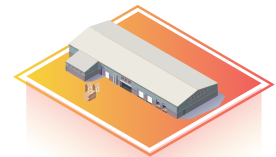
Running a wholesale business, the company received financing assistance from the Agrofood Facility (AF) for its working capital. As tumultuous a period as it was, AA Teguh has today successfully sustained and even grown its business.



Wide Agro Ventures Sdn. Bhd.

Syarikat yang merupakan ejen sah sebuah syarikat perkilangan luar negara yang mengeluarkan produk pertanian dan perladangan berteknologi tinggi, termasuk baja telah mendapat manfaat daripada Kemudahan untuk Semua Sektor Ekonomi (AES) yang menyediakan pembiayaan untuk modal kerja.

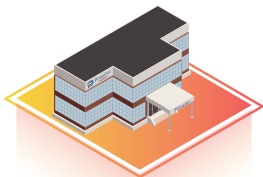
The company which is an authorised agent of a foreign manufacturing company producing high-tech agricultural and plantation products including fertiliser has benefitted from the All Economic Sector (AES) Facility which provided them with financing for working capital.



Primelux Energy Sdn. Bhd.

Berjaya menukar cabaran menjadi peluang, pengilang perkakas domestik ini mengamalkan pendigitalan dan automasi dalam operasi perniagaannya untuk meningkatkan produktiviti dan kecekapan melalui Dana Transformasi Teknologi PKS (STTF) dan Kemudahan Automasi dan Digital PKS (ADF). Kedua-dua dana dan kemudahan tersebut telah membolehkan syarikat ini mengurus kosnya dengan cekap.

Turning challenges into opportunity, the manufacturer of domestic appliances adopted digitalisation and automation in their business operations to increase productivity and efficiency through the SME Technology Transformation Fund (STTF) and SME Automation and Digitalisation Facility (ADF). Both the fund and facility have also contributed to the company's efficient cost management.



Sukau Greenview Travel & Tours Sdn. Bhd.

Untuk mengekalkan daya maju selepas COVID-19, syarikat ini berjaya menggunakan Pembiayaan Pelancongan Penjana (PTF) yang telah membolehkan ia melaksanakan pelaburan yang diperlukan dan mengekalkan kapasitinya. Ia telah berupaya meneruskan promosi pelancongan ke dalam negara yang melibatkan aktiviti eko pelancongan di sepanjang tebing sungai Kinabatangan dan Kampung Sukau yang terletak bersebelahannya di Sabah.

To remain viable post COVID-19, the company successfully utilised the Penjana Tourism Financing (PTF) which has enabled the undertaking of the necessary investments and preserve its capacity. It has thus been able to continue promoting inbound tours for ecotourism activities along the riverbank of Kinabatangan and neighbouring Sukau Village in Sabah.



Otak-Otak Mr. Noh (Johor Bahru) Sdn. Bhd.

Syarikat ini telah melaksanakan transformasi digital melalui Geran Pendigitalan PKS yang diperuntukkan di bawah Inisiatif Bajet 2020, selaras dengan kepentingan peranan teknologi dalam situasi norma baharu. Pelaksanaan pendigitalan dalam operasi perniagaan Otak-Otak Mr. Noh telah menyumbang kepada kelangsungan dan pertumbuhannya dalam suasana ekonomi dunia yang sukar.

With technology acquiring an important role in the new normal, the company has embraced a digital transformation through the SME Digitalisation Grant allocated under Budget 2020 initiative. The adoption of digitalisation in the business operations of Otak-Otak Mr. Noh has contributed to its survivability and growth even in the midst of crippling global economy.



Ivorymedic Sdn. Bhd.

Terjejas akibat pengenalan semula langkah kawalan pergerakan sejak Jun 2020, syarikat yang mengendalikan perkhidmatan klinik umum ini telah mendapat manfaat daripada Kemudahan Bantuan dan Pemulihan Bersasar (TRRF) yang menyediakan kepadanya bantuan dan sokongan pemulihan. Pembiayaan yang menyediakan modal kerja itu telah memberikan kemantapan dan daya tahan yang sangat diperlukan oleh Ivorymedic.

Affected by the reintroduction of containment measures since June 2020, the company that runs general clinic services has benefitted from the Targeted Relief and Recovery Facility (TRRF) which provides it with relief and support recovery. The financing provided for its working capital has been key to Ivorymedic's tenacity and perseverance.



Aerotree Defence & Services Sdn. Bhd.

Aerotree Defence & Services Sdn. Bhd. merupakan sebuah syarikat yang menjalankan aktiviti penyelenggaraan, kejuruteraan dan teknologi kepada pesawat/aeroangkasa, dimana telah mendapat pembiayaan untuk modal kerja di bawah Kemudahan Teknologi Tinggi-Aspirasi Pelaburan Nasional (HTF-NIA). Dengan HTF-NIA yang diperolehi, Aerotree telah berjaya bangkit dari kesan COVID-19 dan seterusnya membantu memulihkan kapasiti inovasi negara.

A company which is involved in the maintenance, engineering and technology development of aircraft/aerospace, Aerotree Defence & Services Sdn. Bhd. obtained financing for its working capital under the High Tech Facility-National Investment Aspirations (HTF-NIA). With HTF-NIA, the company has successfully risen from the COVID-19 impact and subsequently helps revitalise the nation's innovation capacity.



Nurraysa Global Sdn. Bhd.

Syarikat milik seorang wanita yang menjual produk kosmetik dan penjagaan kulit ini telah mendapat manfaat daripada MySMELady, iaitu program pembiayaan SME Bank eksklusif untuk usahawan wanita. Dengan bantuan modal kerja yang diterima ini, Nurraysa Global telah berjaya menerajui perniagaannya untuk melepasi krisis ini.

The female-owned company trading cosmetics and skin care products has benefitted from SME Bank's financing programme exclusively for female entrepreneurs - MySMELady. With such financial assistance for working capital, Nurraysa Global has steered its business through the crisis successfully.



Tenaga Hilwanie Ariff Sdn. Bhd.

Syarikat pengendali dan pengeluar tenaga boleh diperbaharui ini telah mampu memesatkan pengembangan pelaburan hijau dengan akses lebih mudah kepada pembiayaan daripada SME Bank. Pembiayaan ini tersedia melalui Skim Pembiayaan Teknologi Hijau 2.0 kerajaan bagi menyokong pembangunan teknologi hijau.

As a solar operator and producer of renewable energy, the company has been able to accelerate the expansion of its green investments with easier access to funding via financing from SME Bank. The financing is made available through the government's Green Technology Financing Scheme 2.0 to support the development of green technology.



Merangka Kemajuan bersama Kami Charting Their Growth with Us



Banyak perniagaan terjejas sepanjang tempoh mengharungi cabaran yang belum pernah dilalui sebelum ini. Namun, ada sebab mengapa peristiwa tersebut turut mencekutkan keyakinan kerana pandemik ini telah mendorong SME Bank berusaha tekun bagi memastikan perniagaan terlindung, mampan dan terus berkembang. Pelbagai bantuan telah disediakan kepada perniagaan mikro dan kecil di bawah Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN) dan Pelan Jana Semula Ekonomi Negara (PENJANA) serta Inisiatif 2020, Skim Pembiayaan Teknologi Hijau Malaysia dan program pembiayaan SME Bank. Banyak perniagaan yang menerima bantuan kami telah mencapai kejayaan.

During a time of unprecedented challenges many businesses could easily be discouraged and impacted. Yet there are also reasons for optimism as SME Bank demonstrated exemplary pandemic responses, and worked assiduously to ensure that businesses are protected, sustained and continue to grow. Much assistance has been provided to micro and small businesses under the Government's Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN) and Pelan Jana Semula Ekonomi Negara (PENJANA) and Initiative 2020, as well as Malaysia's Green Technology Financing Scheme and SME Bank's financing programme. Many of those that received our assistance have attained success.



Melalui PRIHATIN, Bank berjaya meluluskan 948 permohonan berjumlah RM506.3 juta di bawah Kemudahan Bantuan Khas (SRF). SME Bank juga telah memproses 15 permohonan Kemudahan Agromakanan (AF) bernilai RM7.83 juta. Kemudahan Automasi dan Digital PKS (ADF) serta Kemudahan untuk Semua Sektor Ekonomi (AES) pula antara dana yang disediakan oleh Bank Negara Malaysia (BNM) bagi membantu usahawan PKS yang terjejas oleh krisis COVID-19.

Through PRIHATIN, the Bank has successfully approved 948 applications amounting RM506.3 million under the Special Relief Facility (SRF). SME Bank has also processed 15 Agrofood Facility (AF) applications worth RM7.83 million. SME Automation and Digitalisation Facility (ADF) and All Economic Sectors (AES) Facility are among the funds provided by Bank Negara Malaysia (BNM) to assist SME entrepreneurs affected by the COVID-19 crisis.



Di bawah PENJANA, SME Bank telah diamanahkan untuk mengurus dua dana penting dalam usaha menyokong kemampuan perniagaan PKS khususnya dalam sektor pembinaan, perkhidmatan dan pembuatan setelah krisis COVID-19 berakhir. Sehubungan itu, kami telah memperuntukkan RM1.6 bilion bagi Skim SME Go dan RM500 juta untuk Dana Transformasi Teknologi PKS (STTF).

Under PENJANA, SME Bank has been entrusted to manage two important funds in an effort to support the sustainability of SMEs businesses especially in the construction, services and manufacturing sectors post COVID-19 crisis. We have allocated RM1.6 billion for the SME Go Scheme and RM500 million for the SME Technology Transformation Fund (STTF).



SME Bank merangkul Anugerah Khas bagi Pembiayaan Tenaga Mampan daripada Kementerian Tenaga dan Sumber Asli di bawah kategori institusi kewangan pembangunan. Anugerah tersebut adalah sebagai pengiktirafan terhadap kejayaan Bank membantu membiayai projek-projek teknologi hijau dan tenaga boleh diperbaharui melalui Skim Pembiayaan Teknologi Hijau Kerajaan. Di samping menyokong inisiatif Kerajaan, pembiayaan sedemikian juga selari dengan aspirasi Bank dalam menggalakkan pembangunan mampan.

SME Bank received Special Award for Sustainable Energy Financing by the Energy and Natural Resources Ministry under the development financial institution category. The award is in recognition of the Bank's successful financing assistance for green technology and renewable energy projects via the Government's Green Technology Financing Scheme. In addition to supporting the Government's initiative, such type of financing is in line with the Bank's aspiration in promoting a sustainable development.



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Mengenai Laporan Ini

About This Report

Laporan Tahunan Bersepadu 2020 ini menyediakan maklumat dan data prestasi mengenai operasi SME Bank pada tahun berakhir 31 Disember 2020. 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

Mengenai Laporan Ini

About This Report



The **2020 Integrated Annual Report** provides information and performance data on the operations of SME Bank during the calendar year ended 31 December 2020, 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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Fax. No. : +603 2698 1748
Contact Centre : +603 2603 7700



Bab 01

Chapter 01

Tinjauan Korporat

Corporate Overview

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Berdiri Teguh bersama Negara

Fokus SME Bank terhadap ekosistem digital tercetus daripada komitmen kami untuk merintis laluan masa hadapan yang mampan, sambil kami berdiri teguh bersama negara untuk menyubur dan memajukan PKS Malaysia.

ScoreXcess adalah platform satu hentian dalam talian menggunakan teknologi artificial intelligence (AI) yang merupakan salah satu natijah daripada infrastruktur digital mantap yang kami bangukan – bagi membolehkan pembiayaan mikro dan kecil untuk PKS dilakukan dengan lebih mudah, lebih pantas dan lebih cekap. ScoreXcess yang dilancarkan pada 30 September 2019, telah menerima 1,010 permohonan pada 31 Disember 2020 dan telah menyalurkan pembiayaan berjumlah lebih RM19.87 juta kepada rakan strategik Bank untuk diproses.

Standing Strong with the Nation

SME Bank's focus on a digital ecosystem stems from our commitment in charting the path toward a sustainable future, as we stand strong with the nation to nurture and grow the Malaysian SMEs.

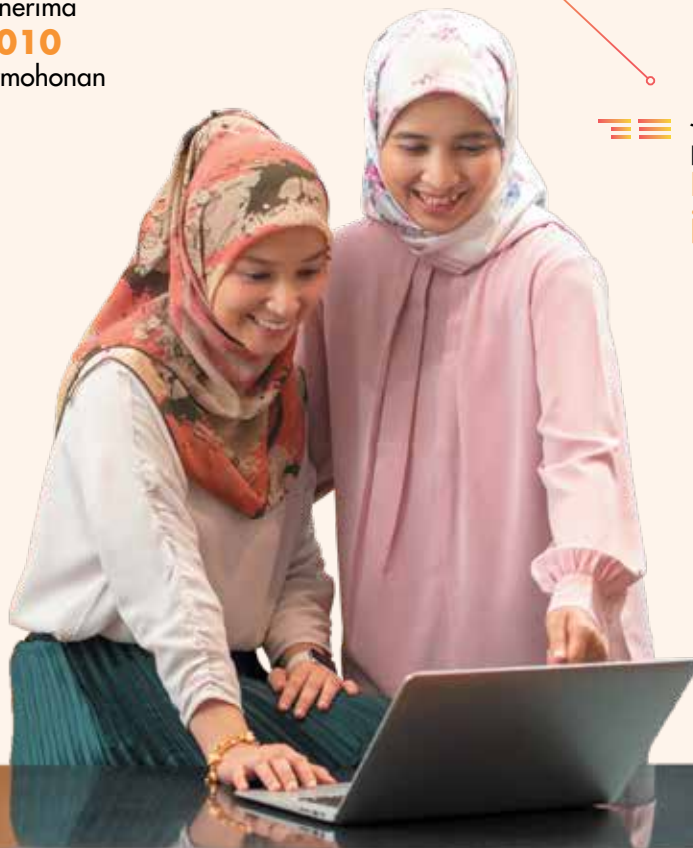
ScoreXcess is a one-stop online platform that uses artificial intelligence (AI) is amongst the outcomes of the robust digital infrastructure we have developed - enabling easier, faster and more efficient micro and small financing for SMEs. Launched on 30 September 2019, ScoreXcess has, as at 31 December 2020, received 1,010 applications and has channelled financing worth over RM19.87 million to the Bank's strategic partners for processing.

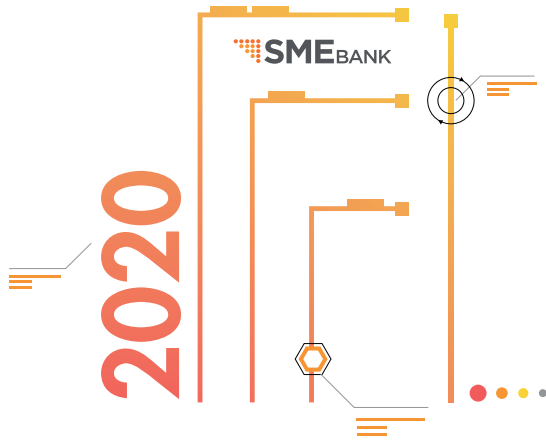


Menerima
1,010
permohonan



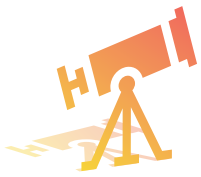
Jumlah nilai
pembiayaan
RM19.87
juta





Ditubuhkan pada tahun 2005, SME Bank merupakan Institusi Kewangan Pembangunan (DFI) 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 (MEDAC).

Established in 2005, SME Bank is heading towards Shariah-compliant Development Financial Institution (DFI) owned by the Ministry of Finance, regulated by Bank Negara Malaysia (BNM) and supervised by the Ministry of Entrepreneur Development and Cooperatives (MEDAC).



Visi Kami
Our Vision

Peneraju dalam Penciptaan Nilai Ekosistem PKS yang Melangkaui Perkhidmatan Pembiayaan

Leader in SME Ecosystem
Value Creation Beyond
Financial Services



Misi Kami
Our Mission

Menjadi Pusat Kecemerlangan bagi Memacu Agenda Pembangunan Usahawan Negara

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

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.

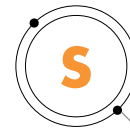
We communicate our vision and mission to all stakeholders to keep everyone in the same direction and understand what and how we will accomplish them.

Nilai-Nilai Kami Our Values



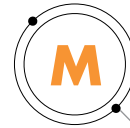
Nilai-nilai Teras SMILE kami mengesahkan keteguhan perniagaan dan strategi kami bagi meraih pertumbuhan dan kemampanan berterusan. Ia juga merupakan prinsip yang menjadi panduan semua kakitangan SME Bank dalam merealisasikan visi dan misi kami.

Our SMILE Core Values validate the strength of our business and our strategy for continued growth and sustainability, and are the guiding principles for all SME Bank employees in achieving our vision and mission.



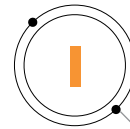
Kerja Berpasukan dan Berintegriti

Strong Teamwork and Integrity



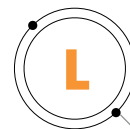
Pengurusan Berhemah Pihak Berkepentingan

Managing Stakeholders



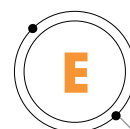
Inovasi melalui Teknologi

Innovation via Technology



Kepimpinan dan Kemajuan

Leadership and Growth



Kecekapan dan Produktiviti

Efficiency and Productivity (Lean)

Sekilas Pandangan

At a Glance

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.

Kakitangan Kami

1,051 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.

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.

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 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.

Our People

1,051 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.

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.

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 enable new levels of collaboration between us and the businesses from different industry sectors.



Memacu pertumbuhan PKS melalui pendigitalan

Accelerating SME growth through digitalisation



1,051 kakitangan di seluruh negara

1,051 employees nationwide



7 Pusat Wilayah Regional Centres

18 Pusat Enterpris Enterprise Centres

1 Pusat Perniagaan Business Centre

Sekilas Pandangan

At a Glance



Dan Tonggak Kami

9 ahli Lembaga Pengarah, 8 ahli Jawatankuasa Syariah dan 12 anggota Pengurusan.

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.

Fungsi Korporat

Bahagian:
Perbankan | Operasi & Hal Ehwal Korporat Kumpulan | Kredit | Audit Kumpulan | Risiko Kumpulan | Pematuhan Kumpulan | Undang-undang & Kesetiausahaan Kumpulan | Syariah Kumpulan | Transformasi Digital & Teknologi Kumpulan | Pengurusan Kewangan Kumpulan | Pengurusan Modal Insan Kumpulan |

Jabatan: 50 | Seksyen: 107 | Unit: 114 |

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

And Our Pillars

9 members of the Board of Directors, 8 members of Shariah Committee and 12 members of the 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.

Corporate Functions

Division:
Banking | Group Operations & Corporate Affairs | Credit | Group Audit | Group Risk | Group Compliance | Group Legal & Secretarial | Group Shariah | Group Digital & Technology Transformation | Group Financial Management | Group Human Capital Management |

Department: 50 | Section: 107 | Unit: 114 |

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



21 platform digital

21 digital platforms



9 Ahli Lembaga Pengarah
Board of Directors

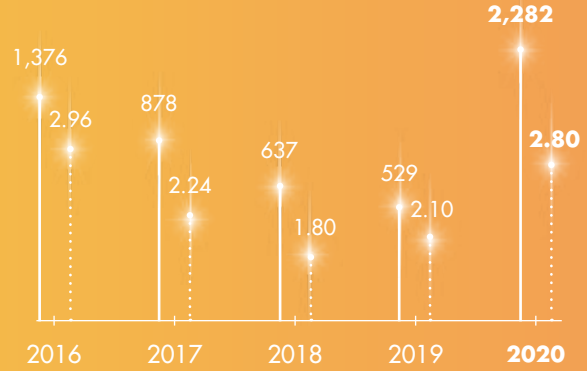
8 Ahli Jawatankuasa Syariah
Shariah Committee

12 Pengurusan Kanan
Senior Management

Kelulusan Pembiayaan

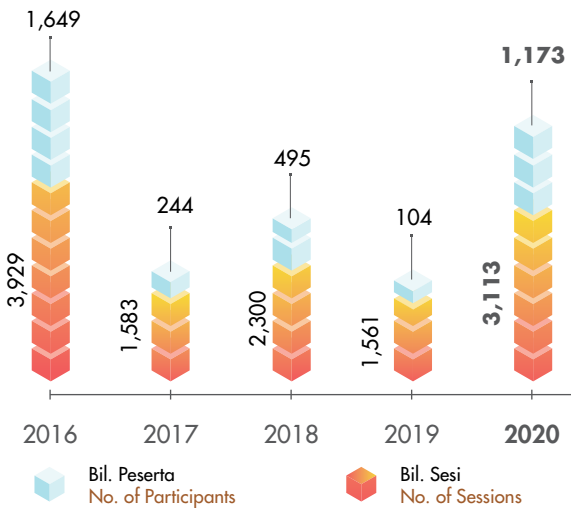
Financing Approvals

— Bil. Akaun / No. of Accounts
 RM bilion / RM billion



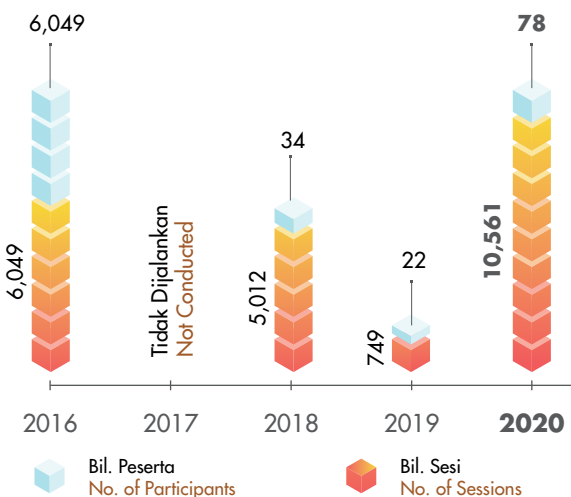
Program Berasaskan Yuran

Fee-Based Programme



Program Bukan Berasaskan Yuran

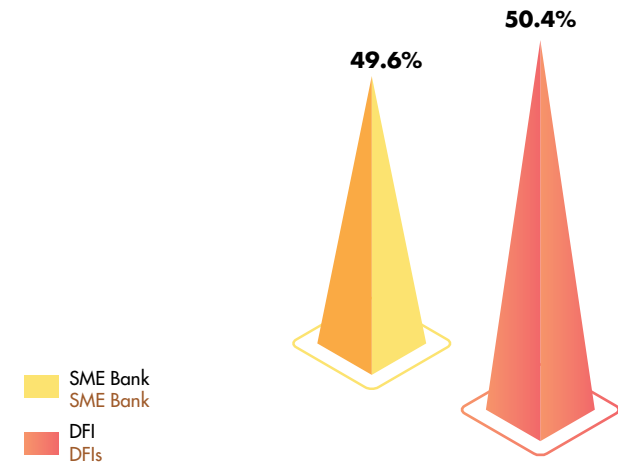
Non-Fee-Based Programme



Bahagian Pasaran SME Bank Berbanding DFI

SME Bank Market Share vs DFIs

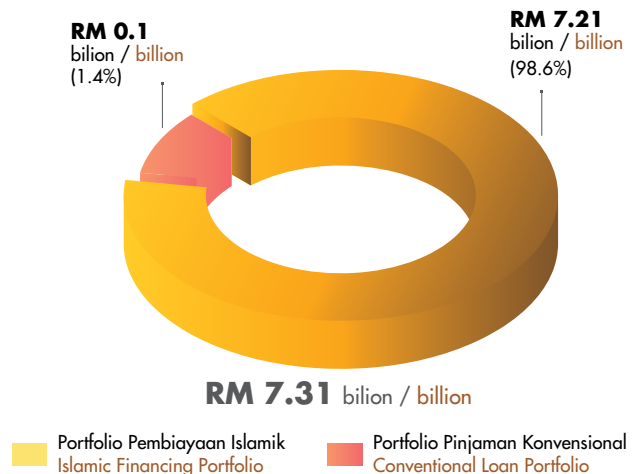
Pada Disember 2020 / As at December 2020



Komposisi Pembiayaan

Financing Composition

Pada Disember 2020 / As at December 2020



Sorotan Kewangan

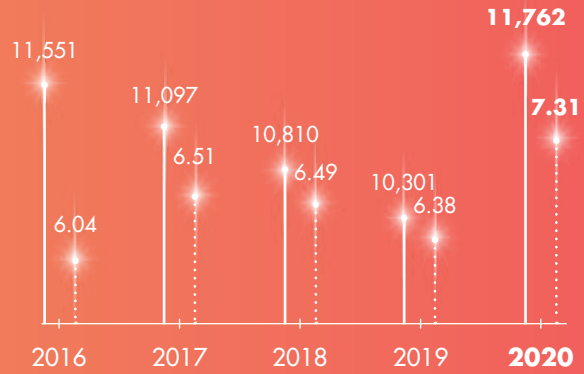
Financial Highlights



Portfolio Pembiayaan

Financing Portfolio

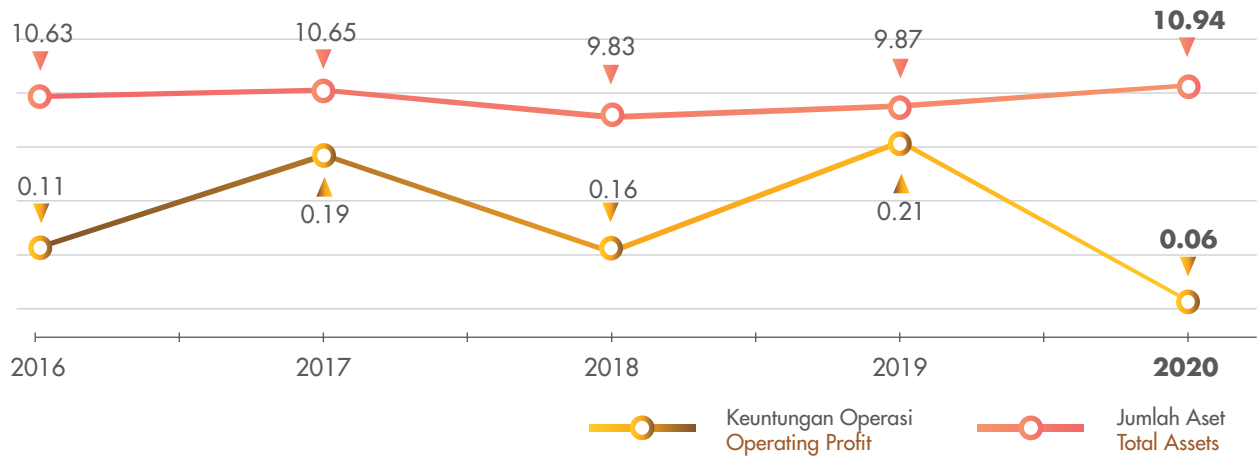
— Bil. Akaun / No. of Accounts
 RM billion / RM billion



Keuntungan Operasi & Jumlah Aset

Operating Profit & Total Assets

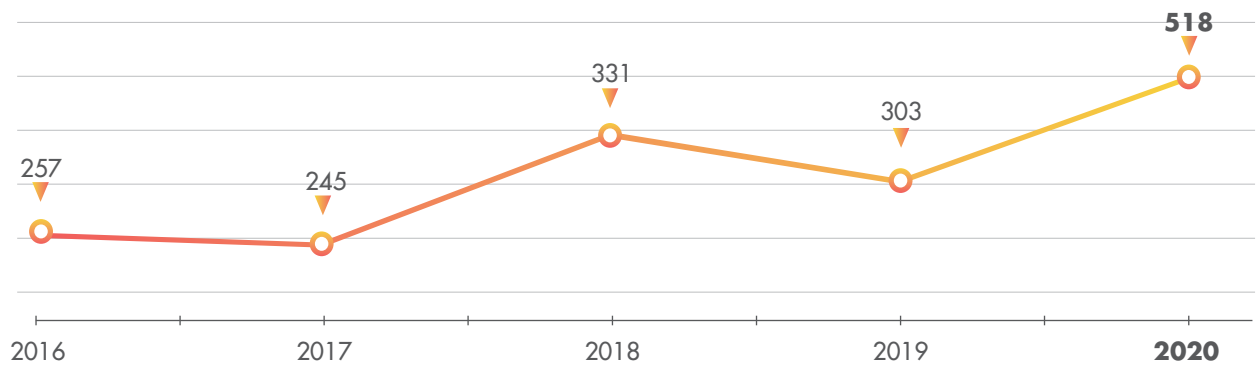
RM billion / RM billion



Peningkatan Perniagaan

Upward Migration

RM billion / RM billion



Bil. Pelanggan dengan Peningkatan Perniagaan
 No. of Customers Migrated Upward

Walaupun 2020 merupakan tahun yang mencabar, namun ia telah menjadikan SME Bank lebih teguh dan bersedia menghadapi apa jua dugaan di luar jangkaan.

While 2020 has not been an easy year, it has made SME Bank stronger and better prepared for any unanticipated event.

Tahun 2020 telah memperkukuhkan visi Bank untuk muncul sebagai peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan dan untuk membuktikan bahawa perniagaan bertunjangkan sasarannya mampu menghasilkan prestasi yang lebih unggul.

The year has strengthened the Bank's vision to be the leader in SME ecosystem value creation beyond financial services, and to prove that its purpose-led business delivers superior performance.

JANUARI JANUARY

21 Januari
January



Anugerah SJPP

Menerima Anugerah Khas daripada Syarikat Jaminan Pembiayaan Perniagaan (SJPP), sebuah syarikat milik penuh Kementerian Kewangan Diperbadankan (MoF Inc) yang juga merupakan pentadbir serta pengurus skim jaminan kredit di bawah MoF Inc. Anugerah tersebut adalah sebagai pengiktirafan kepada usaha SME Bank mempromosi Skim Jaminan Kerajaan dan peranannya menerajui penyediaan pembiayaan kepada PKS. Anugerah berkenaan turut mengiktiraf SME Bank sebagai salah sebuah institusi kewangan paling terkemuka dengan bahagian pasaran kedua tertinggi sebanyak 15.6% daripada pembiayaan SJPP yang berjumlah kira-kira RM190 juta bagi 195 syarikat.

SJPP Award

Received Special Award from Syarikat Jaminan Pembiayaan Perniagaan (SJPP), a wholly-owned company of the Ministry of Finance Incorporated (MoF Inc), and an administrator and manager of credit guarantee schemes under MoF Inc. The award is in recognition of SME Bank for promoting the Government Guarantee Scheme, and for being the leader in providing financing to SMEs. The award further recognises SME Bank as among the top financial institutions with the second highest market share of 15.6% of SJPP financing amounting to approximately RM190 million for 195 companies.

16 Februari
February



MOU bersama Rakan Sejawat Thailand

Menandatangani Memorandum Persefahaman (MOU) dengan SME Bank Thailand, Export-Import Bank of Thailand dan EXIM Bank Malaysia bagi memperbaharui usaha sama dua hala antara Malaysia dan Thailand untuk merangsang aktiviti ekonomi. Selain daripada menyepadukan perdagangan, pelaburan dan aktiviti ekonomi rentas sempadan, usaha sama tersebut turut menyediakan peluang bagi PKS tempatan untuk mengukuhkan kedudukan masing-masing dalam pasaran global khususnya di Thailand dan mempertingkatkan tahap penglibatan usahawan PKS tempatan di arena antarabangsa.

MOU with Thailand Counterparts

Signed Memorandum of Understanding (MOU) with SME Bank Thailand, Export-Import Bank of Thailand and EXIM Bank Malaysia for a renewed bilateral cooperation between Malaysia and Thailand to enhance economic activities. Aside from integrating cross-border trade, investment and economic activities, the collaboration provides opportunities for local SMEs to strengthen their position in the global market especially in Thailand and increase the level of involvement of local SME entrepreneurs in the international arena.

MAC
March

03 Mac
March



Majlis Persaraan Kakitangan SME Bank

Sebuah majlis khas diadakan untuk sembilan orang kakitangan yang bersara daripada perkhidmatan, sejajar dengan amalan tradisi Bank sebagai majikan yang prihatin. Ia juga merupakan salah satu cara Bank memberi penghormatan terhadap dedikasi dan kesetiaan kakitangan yang telah berkhidmat dengan komited selama lapan hingga ke 35 tahun.

Retirement Ceremony for SME Bank Staff

Held a special ceremony for nine SME Bank staff who were retiring from service, in line with the Bank's tradition as a caring employer. It was also a way for the Bank to honour the loyalty and dedication of the staff who were fully committed to serving the Bank, from eight years to as long as 35 years.

FEBRUARI
February

17 Februari
February



Kolaborasi Strategik bersama BSN

Kumpulan SME Bank bersama-sama dengan Perbadanan Ekonomi Digital Malaysia (MDEC), berkolaborasi dengan Bank Simpanan Malaysia (BSN) bagi menyalurkan geran sepadan berjumlah RM500 juta melalui BSN untuk usaha pendigitalan perusahaan kecil dan sederhana (PKS). Geran tersebut akan disediakan bagi tempoh lima tahun dan terhad kepada 100,000 pemohon terawal setiap tahun, di mana 50% daripada geran sepadan berkenaan diperuntukkan kepada PKS yang berhasrat mendapatkan perkhidmatan digital daripada penyedia penyelesaian teknologi untuk operasi perniagaan mereka.

Strategic Collaboration with BSN

SME Bank Group together with Malaysia Digital Economy Corporation (MDEC) collaborated with Bank Simpanan Nasional (BSN) for BSN to channel a RM500 million matching grants towards the digitalisation of small and medium enterprises (SMEs). The grants would be available for five years and are limited to the first 100,000 applicants each year, where 50% of the matching grants are allocated for SMEs who wish to subscribe to digital services from technology solution providers for their business operations.

07 April



Pengagihan Zakat dan Sumbangan Korporat

Mengagihkan Zakat berjumlah RM300,000 kepada Agensi Pengurusan Bencana Negara (NADMA) dan Kementerian Kesihatan Malaysia (KKM) yang masing-masing menerima sebanyak RM100,000. Baki RM100,000 telah diagihkan secara sama rata kepada Hospital Serdang, Hospital Universiti Sains Malaysia (HUSM), Hospital Sg. Buloh dan Hospital Kuala Lumpur melalui Persatuan Institusi Perbankan dan Kewangan Islam Malaysia (AIBIM) serta Jabatan Kemajuan Islam Malaysia (JAKIM). Jumlah zakat yang diagihkan oleh SME Bank sejak 2009 adalah sebanyak lebih RM25 juta. SME Bank turut mengeluarkan sumbangan korporat berjumlah RM50,000 kepada #responsMalaysia, sebuah inisiatif di bawah Persatuan Bulan Sabit Merah Malaysia untuk membeli peralatan perubatan khas bagi petugas kesihatan barisan hadapan yang merawat pesakit COVID-19.

Zakat Distribution and Corporate Donation

Distributed Zakat totalling RM300,000 to National Disaster Management Agency (NADMA) and Ministry of Health Malaysia (MOH) amounting RM100,000 respectively. Remaining RM100,000 was equally distributed to Hospital Serdang, Hospital Universiti Sains Malaysia (HUSM), Hospital Sg. Buloh and Hospital Kuala Lumpur through the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) and the Department of Islamic Development Malaysia (JAKIM). SME Bank has distributed the total of Zakat amounting to more than RM25 million since 2009. The Bank also made a corporate donation of RM50,000 to #responsMalaysia, an initiative under the Malaysian Red Crescent Society to purchase specialised medical equipment for frontliners to treat COVID-19 patients.

09 April



Sumbangan Pelitup Muka kepada MEDAC

Menyumbang 10,000 pelitup muka kepada Kementerian Pembangunan Usahawan dan Koperasi (MEDAC) untuk kegunaan petugas barisan hadapan sepanjang tempoh perintah kawalan pergerakan. Sumbangan itu juga sebagai tanda penghargaan dan sokongan kepada wira perkhidmatan perubatan Malaysia yang bertungkus-lumus sepanjang masa memerangi pandemik COVID-19 dan bagi membantu mereka mengatasi kekurangan bekalan pelitup muka surgeri.

Contribution of Face Masks to MEDAC

Contributed 10,000 face masks to the Ministry of Entrepreneur Development and Cooperatives (MEDAC) to be used by the frontliners throughout the movement control order period. The contribution was also a gesture of appreciation and support for Malaysia's unsung medical heroes, who were working tirelessly round the clock to fight the COVID-19 pandemic, and to help alleviate possible shortage of surgical face masks.

JUN
June

26 Jun
June



MOU dengan DOSM

Menandatangani memorandum persefahaman (MOU) mengenai persetujuan perkongsian data dengan Jabatan Perangkaan Malaysia (DOSM) bagi menyokong usaha mereka mempertingkatkan lagi kecekapan pengumpulan data. Persetujuan tersebut akan membolehkan DOSM memanfaatkan data pentadbiran diagregat yang dikumpul oleh SME Bank dan tidak lagi terlalu bergantung kepada kaji selidik dan bancian. Ini akan menambah baik kualiti data untuk analisis dan penyelidikan kuantitatif/kualitatif berkaitan PKS. Data dan analisis akhir oleh DOSM itu kemudiannya boleh digunakan oleh SME Bank bagi tujuan bantuan dan/atau pemasaran.

Signed a memorandum of understanding (MOU) on data sharing arrangements with the Department of Statistics Malaysia (DOSM) in support of their effort to further enhance data collection efficiency. The arrangement will enable DOSM to leverage on the aggregated administrative data collected by SME Bank instead of relying heavily on surveys and census, which further improve data quality for analysis and quantitative/qualitative research on SMEs. In turn, the final data and analysis by DOSM can be used by SME Bank for its outreach and/or marketing purposes.

SEPTEMBER
September

29 September
September



Menandatangani Ikrar Bebas Rasuah

Menandatangani Ikrar Bebas Rasuah dengan Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) bagi menampilkan komitmen SME Bank mendukung nilai-nilai integriti dan tadbir urus yang baik ke arah menzahirkan misi dan visinya. Majlis tersebut menyaksikan 60 orang kakitangan yang terdiri daripada Pengurusan Kanan dan Ketua Bahagian Bank membaca ikrar bagi menyatakan keutamaan kewajipan dan jaminan mereka untuk menghapuskan rasuah.

Signing of Corruption-Free Pledge

Signed the Malaysia Anti-Corruption Commission (MACC) Corruption-Free Pledge, which demonstrates SME Bank's commitment to promote integrity and good governance values towards realising its mission and vision. The ceremony saw 60 employees including Senior Management and Heads of Division of the Bank reciting the pledge to express their highest obligation and assurance to eliminate corruption.

MOU with DOSM

30 Oktober
October

Anugerah ADFIAP

Menerima dua anugerah bagi program pembangunan usahawan anjuran Bank daripada Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) pada Mesyuarat Tahunan ke-43 badan berkenaan. Dua program yang mendapat anugerah tersebut adalah 'Bumiputera Exporters Program' yang merupakan pemenang bagi projek Pembangunan PKS dan Platform Digital PKS Kebangsaan yang merupakan pemenang bagi projek Pembangunan Teknologi. Platform Digital PKS Kebangsaan adalah inisiatif Kerajaan yang diseliaikan oleh SME Bank, di mana Bank telah memperkenalkan dua penyelesaian digital utama iaitu aplikasi ScoreXcess untuk membantu usahawan mikro dan kecil mendapatkan pembiayaan serta ODELA yang menyediakan platform e-dagang khusus untuk urusan perniagaan-kepada-perniagaan.

ADFIAP Awards

Received two awards for the Bank's entrepreneur development programmes from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) at the latter's 43rd Annual Meeting. The two programmes awarded are 'Bumiputera Exporters Program' winner for SME Development project, and the National SME Digital Platform, winner for Technology Development project. The National SME Digital Platform is a Government initiative that SME Bank supervises, under which the Bank has introduced two major digital solutions namely ScoreXcess application to facilitate micro and small entrepreneurs for access to financing, and ODELA which provides e-commerce platform dedicated to business-to-business.



25 November
November

Anugerah Khas untuk Pembiayaan Tenaga Mampan

Menerima Anugerah Khas bagi Pembiayaan Tenaga Mampan di bawah kategori Institusi Kewangan Pembangunan (DFI) yang mengiktiraf bantuan pembiayaan SME Bank khususnya bagi projek-projek teknologi hijau dan tenaga yang boleh diperbaharui. Anugerah tersebut disampaikan oleh Menteri Tenaga dan Sumber Asli di majlis Anugerah Tenaga Nasional 2020. Sejak 2012, SME Bank telah meluluskan pembiayaan bernilai lebih RM197 juta melalui Skim Pembiayaan Teknologi Hijau serta lain-lain pembiayaan yang berkaitan.

Special Awards for Sustainable Energy Financing

Received Special Award for Sustainable Energy Financing under Development Financial Institution (DFI) category in recognition of SME Bank's financing assistance specifically for green technology and renewable energy projects. The award was presented by the Ministry of Energy and Natural Resources at the National Energy Awards 2020. Since 2012, SME Bank has approved financing worth over RM197 million through the Green Technology Financing Scheme as well as other related financing.



01 Disember
December



MOU dengan TM One

Menandatangani Memorandum Persefahaman (MOU) dengan TM One untuk menjadikannya sebagai rakan kongsi teknologi SME Bank dalam Dana Transformasi Teknologi PKS (STTF) yang menyediakan bantuan pembiayaan bagi transformasi digital PKS. Dengan dana berjumlah RM500 juta, STTF adalah sebahagian daripada pakej rangsangan Kerajaan melalui PENJANA di mana SME Bank diamanahkan untuk mempelopori penggunaan digital oleh lebih 900,000 PKS di negara ini. Sebagai rakan kongsi teknologi, TM One akan menyediakan perkakasan bagi memacu transformasi PKS agar mempunyai kebolehsuaian digital yang lebih tinggi dan dilengkapi dari segi teknologi.

MOU with TM One

Signed a Memorandum of Understanding (MOU) with TM One for the latter to become SME Bank's technology partner in SME Technology Transformation Fund (STTF) which provides financing assistance for SME's digital transformation. STTF, with a fund size of RM500 million, is part of the Government's PENJANA stimulus package and SME Bank is entrusted to spearhead digital adoption by over 900,000 SMEs in the country. As a technology partner, TM One will provide the tools to accelerate the transformation of SMEs to be more digitally adaptable and technologically equipped.

09 Disember
December



Bengkel Maya APEC

SME Bank mengambil bahagian dalam Bengkel APEC tentang Memanfaatkan Kemahiran Fintech bagi perusahaan mikro, kecil dan sederhana (PMKS) Milik Wanita untuk Menggalakkan Pertumbuhan Inklusif di sebalik cabaran COVID-19. Bengkel tersebut bertujuan menyumbang kepada matlamat seluruh pakatan APEC untuk meningkatkan pemerkesaan ekonomi wanita, mencapai ekuiti jantina, melonjakkan ekonomi digital dan mendorong pertumbuhan inklusif dan kesamarataan jantina di rantau ini. Dalam perbincangan forum tentang Menerokai Penyelesaian Fintech bagi PMKS Pimpinan Wanita ke Arah Kesamarataan Kewangan dan Pemulihan Ekonomi di Rantau Asia Pasifik, SME Bank telah membuat pembentangan bertajuk “Komitmen Pelbagai Hala untuk Memanfaatkan Fintech bagi Memacu Semula Kewangan PMKS yang Diterajui Wanita”.

APEC Virtual Workshop

SME Bank took part in the APEC Workshop on Harnessing Fintech Skills of Women-led Micro, Small and Medium Enterprises (MSMEs) for Promoting Inclusive Growth against COVID-19. The workshop aimed to contribute to the APEC-wide goals of increasing women’s economic empowerment, achieving gender equity, boosting digital economy and advancing the inclusive growth and gender inclusion of the region. During the forum discussion on Exploring Fintech Solutions for Women-Led MSMEs Towards Financial Inclusion and Economic Recovery in the Asia Pacific Region, SME Bank had presented topic on “Multilateral Commitments Harnessing Fintech to Revitalise Women-Led MSMEs Finance”.

10 Disember
December



Sumbangan kepada Majlis Keselamatan Negara

Menyumbang sebanyak RM50,000 kepada Majlis Keselamatan Negara (MKN) sebagai sebahagian daripada usaha tanggungjawab sosial korporat SME Bank bagi meringankan beban Kerajaan dalam menguruskan pandemik COVID-19. Sumbangan berupa pek makanan kepada petugas barisan hadapan yang bertugas sepanjang perintah kawalan pergerakan di beberapa hospital Kerajaan terpilih seluruh negara dan kepada agensi-agensi di bawah MKN tersebut telah dilaksanakan secara serentak di semua 26 cawangan SME Bank seluruh negara.

Contribution to National Security Council

Made a contribution worth RM50,000 to National Security Council (NSC) as part of SME Bank’s corporate social responsibility to ease the burden of the Government in managing the COVID-19 pandemic. The contribution in the form of packed food to frontliners who were on duty during the movement control order at selected Government hospitals nationwide and agencies under NSC was carried out simultaneously at all 26 SME Bank branch network nationwide.

Anugerah dan Pengiktirafan

Awards and Accolades

ANUGERAH 2020

Kementerian Tenaga dan Sumber Asli

Anugerah Khas bagi
Pembiayaan Tenaga
Mampan untuk
Kategori DFI
- Anugerah Tenaga
Nasional (NEA)
2020

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

Pemenang Anugerah
bagi Projek
Pembangunan
Teknologi:
Platform Digital PKS
Kebangsaan (NSDP)
- Anugerah ADFIAP
2020

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

Pemenang Anugerah
bagi Projek
Pembangunan PKS:
Bumiputera Exporters
Program (BEST Exporters)
- Anugerah ADFIAP 2020



Anugerah dan Pengiktirafan

Awards and Accolades



2019

Anugerah



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

Anugerah Khas bagi Laman Sesawang Terbaik:
- Anugerah ADFIAP 2019

Laporan Kemampanan Terbaik 2019:
- Anugerah ADFIAP 2019

Anugerah Merit bagi Projek Pembangunan Cemerlang – Tanggungjawab Sosial Korporat:
Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge
- Anugerah ADFIAP 2019

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

2018

Anugerah



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 Kemampanan Terbaik
- Anugerah ADFIAP 2018:

Pemenang bagi Projek Pembangunan PKS:
Program TV SUKSES
- Anugerah ADFIAP 2018

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Anugerah Prestasi Terbaik

2017

Anugerah



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
- Anugerah ADFIAP 2017

Pemenang bagi Kategori Pembangunan Perdagangan:
Program Best Exporter
- Anugerah ADFIAP 2017

Anugerah Merit bagi Projek Pembangunan Cemerlang (Kategori 1 – Pembangunan Modal Insan):
Projek Pembinaan Keupayaan Kakitangan
- Anugerah ADFIAP 2017

Anugerah dan Pengiktirafan

Awards and Accolades

2016

Anugerah



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

Laporan Kemampanan Terbaik
- Anugerah ADFIAP 2016

Anugerah Projek Pembangunan Cemerlang bagi Tabung Usahawan Siswazah 2 (TUS)
- Anugerah ADFIAP 2016

SME Association of Malaysia

Anugerah Top SME Supporter
- Anugerah Platinum Business 2016

2014

Anugerah



SME Association of Malaysia

Anugerah Pengiktirafan PKS Sahabat Negara 2014

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

Plak Merit bagi Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge
- Anugerah ADFIAP 2014

2015

Anugerah



Penilaian Portal dan Laman Sesawang Kerajaan Malaysia (MGPWA)

Penarafan Laman Sesawang 5 Bintang 2015

SME Association of Malaysia

Anugerah Pengiktirafan PKS Sahabat Negara 2015

Institut Pengurusan Sumber Manusia Malaysia (MIHRM)

Anugerah Perak bagi Kategori Majikan Pilihan
- Anugerah Malaysia HR 2015

Credit Guarantee Corporation Malaysia Berhad

Anugerah Top FI Partner (Institusi Kewangan Pembangunan)
- Anugerah CGC SME 2015

Anugerah Top FI Partner (Keseluruhan)
- Anugerah CGC SME 2015

Anugerah dan Pengiktirafan

Awards and Accolades



2012

Anugerah



SME Association of Malaysia

Anugerah Pengiktirafan PKS Sahabat Negara 2012

Penilaian Portal dan Laman Sesawang Kerajaan Malaysia (MGPWA)

Penarafan Laman Sesawang 5 Bintang 2012

The BrandLaureate SMEs Best Brand Awards

Jenama Pilihan Utama dalam Perbankan 2012

2013

Anugerah



Penilaian Portal dan Laman Sesawang Kerajaan Malaysia (MGPWA)

Penarafan Laman Sesawang 5 Bintang 2013

SME Association of Malaysia

Anugerah Pengiktirafan PKS Sahabat Negara 2013

2011

Anugerah



SME Association of Malaysia

Anugerah Pengiktirafan PKS Sahabat Negara 2011

Penilaian Portal dan Laman Sesawang Kerajaan Malaysia (MGPWA)

Penarafan Laman Sesawang 5 Bintang 2011

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

Plak Merit bagi IQ-Dagang - Anugerah ADFIAP 2011

Kehadiran Kami

Our Presence



Kehadiran Kami

Our Presence



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Chapter 02

Maklumat Korporat

Corporate Information

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Pendigitalan dan Memesatkan Kemajuan Negara

Dengan pelaksanaan ekosistem digital, SME Bank beriltizam untuk memikul tanggungjawab tambahan iaitu memesatkan pertumbuhan strategik negara. Kami juga bertekad untuk memastikan kemajuan dan kemampunan pelbagai pihak yang menerima khidmat kami terutamanya PKS.

ODELA iaitu platform rangkaian perniagaan pertama yang disokong oleh Institusi Kewangan Pembangunan telah dilancarkan pada 3 Disember 2019, merupakan pemberi nafas baharu dalam landskap perniagaan PKS. Dengan urus niaga bernilai RM9.8 bilion yang disasarkan dicapai dalam tempoh 5 tahun, urus niaga bernilai lebih daripada RM4.67 juta berjaya dicatat pada 31 Disember 2020 dan seramai 62 pembeli bersama 176 penjual yang mendaftar di dalam sistem ini.

Digitalising and Accelerating the Nation's Strategic Growth

With a digital ecosystem in place, SME Bank commits to added responsibility of strategically accelerating the nation's growth. Of equal importance is also for us to ensure the progress and sustainability of those we serve particularly the SMEs.

ODELA, the first business-to-business networking platform that is supported by a Development Financial Institution launched on 3 December 2019, is the game changer in SME business landscape. With RM9.8 billion worth of transactions targeted to be achieved in five years, more than RM4.67 million worth of transactions have been recorded on 31 December 2020 and a total of 62 buyers together with 176 sellers have registered in this system.



Perutusan Pengerusi

Chairman's Message

Matlamat utama SME Bank kekal utuh dan tidak pernah berubah walaupun berdepan dengan pelbagai cabaran pada tahun 2020. Permulaan tahun yang memberangsangkan ini akhirnya menjadikan kami lebih yakin dengan peranan yang perlu dimainkan oleh prasarana digital kami sebagai pengubah kehidupan untuk menyokong perniagaan dan menjadi wadah penghubung rakyat bagi menambah baik kehidupan dan memajukan masyarakat.

SME Bank's fundamental purpose remains true and never wavered amidst the upheaval of 2020. The year's promising start subsequently ended with us being more certain of the essential and life-changing role that our digital highways play in supporting businesses as well as connecting people, improving lives and developing communities.



Perutusan Pengerusi

Chairman's Message

Pada tahun 2020, Malaysia seperti negara-negara lain di seluruh dunia turut menghadapi pelbagai cabaran yang belum pernah dialami sebelum ini. Di samping tragedi yang menimpa manusia akibat pandemik COVID-19, negara dilanda penguncupan ekonomi yang mencatat sejarah iaitu sebanyak 5.6% pada tahun 2020, terburuk sejak krisis kewangan Asia 1998. Kira-kira 100,000 orang kehilangan pekerjaan dan jika kita tidak bertindak menyekat kemudaratannya ini, negara berkemungkinan bakal kehilangan sebahagian besar pencapaian ekonomi dan sosial yang diperoleh pada abad ke 21.

Tindakan SME Bank pada tahun 2020 telah dicorakkan oleh kejutan ekonomi yang belum pernah berlaku di peringkat global dan di Malaysia berikutan penularan pandemik COVID-19. Sepanjang tahun ini, kami bertindak balas terhadap kesan ekonomi dan halangan daripada krisis ini dengan tadbir urus dan kawal selia yang mantap. Lembaga Pengarah telah meluluskan beberapa program sokongan termasuk pakej rangsangan ekonomi dan pelbagai inisiatif yang dilancarkan oleh Kerajaan.

Kami memberi perhatian sepenuhnya kepada masalah penularan berterusan pandemik COVID-19 serta impaknya kepada industri, perniagaan serta pihak berkepentingan kami. Kami tidak tunduk kepada krisis ini tetapi sebaliknya gigih mengatasi masalah tersebut dengan pendekatan kreatif, semangat yang tabah dan berkeyakinan yang menjadi lambang keistimewaan kami.

Like the rest of the world, Malaysia faced an unprecedented set of challenges in 2020. In addition to the human tragedy caused by the COVID-19 pandemic, the country suffered a historic economic contraction of 5.6% in 2020, the biggest since the 1998 Asian financial crisis. About 100,000 people lost jobs, and unless we reverse these setbacks, the country could lose much of the economic and social ground gained in the 21st century.

SME Bank's actions in 2020 have been shaped by the unprecedented economic shock globally and in Malaysia with the onset of COVID-19. Throughout the year, we responded to the economic impacts and operational setbacks from this crisis with strong governance and oversight. The Board of Directors approved various advocacy programmes including the economic stimulus package and various initiatives that the Government launched.

Our full attention had been on the persistent spread of the COVID-19 pandemic and its impact on the industry, our business and our stakeholders. We did not bow to the crisis, but instead, strived to overcome it with the creativity, resilience and optimism that have always been our hallmark.



Kami bertindak balas terhadap kesan ekonomi dan halangan daripada krisis ini dengan tadbir urus dan kawal selia yang mantap

We responded to the economic impacts and operational setbacks from this crisis with strong governance and oversight



Perutusan Pengerusi

Chairman's Message

Kakitangan Keutamaan Kami

Lembaga Pengarah menghargai bagaimana kakitangan kami telah menyesuaikan diri dengan pelbagai cabaran pandemik global ini serta memberikan perkhidmatan berterusan tanpa gangguan untuk para pelanggan Bank. Saya amat bangga terhadap kesediaan mereka meneruskan tugas untuk berkhidmat kepada pihak-pihak berkepentingan kami dengan penuh tulus ikhlas.

Justeru, kami memberi perhatian yang lebih besar untuk memastikan kesejahteraan, kesihatan dan keselamatan kakitangan kami sendiri. Bagi mencapai matlamat tersebut, kami telah melaksanakan standard kebersihan yang lengkap di semua premis kami dan menyediakan garis panduan yang jelas kepada kakitangan termasuk langkah-langkah pencegahan yang perlu diamalkan. Kebanyakan kakitangan kami bekerja dari rumah dan kami menyediakan peralatan yang diperlukan bagi membolehkan mereka menjalankan tugas dengan berkesan bagi menyediakan perkhidmatan kepada para pelanggan pada waktu mereka sangat memerlukan bantuan kami.

Pelanggan Diutamakan dalam Apa Jua Tindakan Kami

Lembaga Pengarah bekerjasama erat dengan pihak pengurusan bagi merangka dasar terbaik yang menyokong PKS dan menyediakan program rangsangan yang bertujuan melindungi para pelanggan kami serta memastikan kemampunan mereka sepanjang tempoh sukar ini.

Kami memainkan peranan penting menyokong PKS pada tahun yang mencabar ini dengan menyediakan bantuan kewangan dan pelbagai program lain selain pembiayaan. Di samping itu, kami turut membantu pelanggan melaksanakan urusan niaga secara digital dan mendorong mereka mendigitalkan operasi perniagaan mereka kerana ia kaedah yang semakin penting untuk memajukan perniagaan. Ekosistem digital yang kami susun menyediakan pelbagai penyelesaian pembiayaan dan ia mampu membantu mereka membina jalinan perhubungan yang mendorong transformasi bagi memampunkan dan membina prestasi perniagaan.

Employees Are Our Priority

The Board of Directors values how our employees have adapted to the challenges of a global pandemic and delivered uninterrupted service for the Bank's customers. I am indeed proud of how they rose to the occasion while staying true to serving all our stakeholders.

Ensuring the well-being, health and safety of our own employees has never been more paramount to us. We implemented complete hygiene standards across all our premises and provided our employees with clear guidance, including the preventive measures they should take. The majority of our employees worked from home whilst we quickly provided them with tools that enabled them to do so, in order to serve the customers who needed us the most.

Customers at the Centre of Everything We Do

The Board of Directors worked closely with the management team to put in place good policies to support the SMEs, and stimulus programmes to protect our customers and ensure their sustainability throughout the period.

We played an integral role in supporting SMEs during this difficult year by providing financial succour beyond financing programmes. Helping customers to do their transactions digitally and for their businesses to go digital has become and will become even more imperative. The digital ecosystem we have emplaced provides financing solutions for them and helps them to build connections, drive transformation to sustain and grow business outcomes.

Perutusan Pengerusi

Chairman's Message



Pembiayaan

Tindak balas kami yang bersifat dinamik dan kepelbagaian telah menyumbang kepada daya tahan Bank dan juga PKS. Kami telah menetapkan keutamaan untuk membantu semua PKS mencapai kelangsungan daripada krisis ini melalui pelbagai langkah termasuk moratorium pembiayaan, penangguhan bayaran sewa dan rangsangan pembiayaan. Di samping memberi moratorium pembiayaan dan beberapa bantuan lain terhadap pembayaran pembiayaan, Bank menawarkan pembiayaan khas sehingga maksimum RM1.0 juta kepada PKS yang terjejas akibat pandemik COVID-19 melalui Dana Kemudahan Bantuan Khas yang disediakan oleh Bank Negara Malaysia (BNM).

Menjangkau Pembiayaan

Selain menyediakan kemudahan pembiayaan, kami memberi sokongan berterusan kepada perniagaan supaya menjadi lebih berdaya saing dan berdaya tahan, sama ada melalui akses yang lebih baik kepada kemudahan kredit ataupun program latihan dan penggunaan teknologi. Menyedari cabaran yang dihadapi akibat sekatan pergerakan dan sosial, kami menyediakan program latihan secara maya yang mencatatkan penyertaan menggalakkan walaupun berdepan dengan situasi krisis pandemik ini.

Financing

The dynamism and diversity of our pandemic response have contributed to the business resilience, both of the Bank and of the SMEs. Our priority was set on helping all SMEs to survive the crisis through various measures including financing moratorium, suspension of rentals and financing stimulus. In addition to financing moratorium and several other reliefs on financing payment, the Bank offers special financing up to a maximum of RM1.0 million to SMEs affected by the COVID-19 outbreak through the Special Relief Facility Fund provided by Bank Negara Malaysia (BNM).

Beyond Financing

Above and beyond financing, we continue to support the businesses in their journey to be more competitive and resilient, whether through better access to credit or training programmes and the use of technology. Mindful of the challenges due to the movement and social restrictions, we held coaching and training programmes virtually which recorded encouraging participation in spite of the pandemic crisis situation.



Pembiayaan khas sehingga maksimum **RM1.0 juta** kepada PKS yang terjejas akibat pandemik COVID-19

Special financing up to a maximum of **RM1.0 million** to SMEs affected by the COVID-19 outbreak

Keupayaan Digital

Saya amat bangga dengan langkah kami dalam soal inovasi dan pendigitalan. Kedua-duanya amat penting bagi kami menerajui tempoh mencabar ini tanpa kemudaratan dan dengan berkesan menukar kemudaratan menjadi peluang dan dengan demikian membantu Bank dan para pelanggannya meneruskan perniagaan.

Transformasi digital yang kami lancarkan tiga tahun lepas untuk memberikan pengalaman berbeza kepada pelanggan terbukti menjadi satu strategi 'berfikir ke hadapan'. Teknologi digital menjadi tunjang untuk mengatasi pelbagai sekatan produktiviti sepanjang tempoh pandemik COVID-19. Ia telah membantu SME Bank untuk melaksanakan strategi utama sepanjang tempoh sukar ini. Ia telah membolehkan kami memainkan peranan dalam penyediaan pembiayaan, perkongsian pengetahuan dan menggunakan ekosistem kami bagi menggalakkan peralihan pelanggan ke model perniagaan yang lebih mampan. Apa yang lebih penting lagi adalah ia merupakan langkah menuju ke hadapan dalam usaha kami menyokong aspirasi Kerajaan bagi mencapai penguasaan teknologi digital sebagai faktor penting untuk mendorong enjin pertumbuhan ekonomi dan seterusnya mempertingkatkan ekonomi Malaysia.

Sokongan Terhadap Inisiatif Kerajaan

Sokongan berterusan kami terhadap agenda Kerajaan bertambah pada tahun ini melalui penglibatan dalam beberapa pakej rangsangan ekonomi negara yang meliputi Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN), Pelan Jana Semula Ekonomi Negara (PENJANA) dan Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA).

Di bawah PENJANA, kami telah diberi amanah untuk mengurus dua dana penting untuk menyokong kemampanan PKS terutamanya mereka yang terlibat dalam sektor pembinaan, perkhidmatan dan pembuatan. Kami memperuntukkan RM1.6 bilion untuk Skim SME Go dan RM500 juta untuk Dana Transformasi Teknologi PKS.

Digital Capabilities

I am enthused by our foray into innovation and digitalisation. They have been important attributes for us to navigate through the challenging times unscathed, and effectively turn adversity into opportunity, helping both the Bank and its customers to sustain the business.

The digital transformation we embarked on three years ago, to deliver a differentiating customer experience has proven to be a "think forward" strategy. Digital technology has been pivotal in overcoming the multitude of productivity restrictions during the COVID-19 pandemic. It has helped steer SME Bank to deliver on our strategic priorities even during such a tumultuous period. It has enabled us to play a role in financing, sharing knowledge and using our ecosystem to encourage the transition of customers to more sustainable business models. Importantly, it is a step ahead in our support for the Government's aspiration for the mastery of digital technology as a significant factor to driving new engines of economic growth, and ultimately, elevating Malaysia's economy.

In Support of Government's Initiatives

Our ongoing support of the Government's agenda escalated during the year with our involvement in the national stimulus packages namely *Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN)*, *Pelan Jana Semula Ekonomi Negara (PENJANA)*, and *Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA)*.

Under PENJANA, we have been entrusted to manage two significant funds to support the sustainability of SMEs especially those in the construction, services and manufacturing sectors. We allocated RM1.6 billion and RM500 million for the SME Go Scheme and SME Technology Transformation Fund.



Perutusan Pengerusi

Chairman's Message



Sumbangan korporat kepada petugas barisan hadapan berjumlah **RM50,000**

Corporate donation to the frontliners totalling **RM50,000**

Membantu Komuniti

Kami turut mempertingkatkan usaha memberi perkhidmatan kepada komuniti setempat. Bagi membantu meringankan beban rakyat Malaysia, kami mengagihkan zakat berjumlah RM300,000 dan menghulur sumbangan korporat berjumlah RM50,000 kepada petugas barisan hadapan di mana perkhidmatan mereka memastikan keselamatan dan perlindungan kepada rakyat. Kami bersama-sama Yayasan Kebajikan Negara (YKN) telah mengagihkan bungkusan makanan kepada gelandangan, bertempat di Pusat Gelandangan Kuala Lumpur dan bersama Yayasan Sukarelawan Siswa (YSS) telah mengagihkan pek makanan kepada golongan yang kurang bernasib baik.

Tahun Menguji Ketabahan

Sama seperti semua perniagaan lain, kami turut terkesan daripada penularan COVID-19 yang melanda seluruh dunia. Banyak negara terpaksa melaksanakan perintah berkurung dan dengan demikian menyekat aktiviti pengeluaran. Malaysia terpaksa melaksanakan sekatan sosial dan pergerakan yang melemahkan ekonomi terutamanya sektor PKS.

Walaupun begitu, SME Bank mencatat keuntungan sebelum cukai berjumlah RM134.8 juta pada tahun 2020. Daya tahan yang dipamerkan oleh Bank pada tahun 2020 jelas menunjukkan dasar dan strategi mantap yang memfokuskan kepada usaha menyokong kemampunan pihak-pihak berkepentingan terbukti berkesan.

Bank menyokong sepenuhnya dasar fiskal dan kewangan Kerajaan sambil pada masa yang sama mengekalkan fokus kepada pencapaian matlamat jangka panjang. Kami meneruskan pelaburan dalam beberapa inisiatif utama untuk mengekalkan pertumbuhan di samping memberi sokongan kepada PKS. Pada tahun ini, rasional transformasi digital Bank telah bertambah jelas. Sebahagian besar platform digital serta ekosistemnya telah banyak menyumbang kepada kelangsungan perniagaan PKS.

Saya bangga kerana walaupun berada dalam keadaan ekonomi yang tidak menentu dan bergolak, namun kami telah berjaya membangunkan pelbagai keupayaan untuk menangani masalah yang samar dan sukar diramal ini. Kegigihan mengikuti perkembangan perubahan teknologi merupakan antara faktor penting untuk memastikan kelangsungan perniagaan sejak pandemik ini bermula. Dengan berbuat demikian, ia telah membolehkan kami mempercepatkan bukan sahaja pertumbuhan Bank, malah yang lebih penting lagi, pertumbuhan PKS Malaysia.



Keuntungan sebelum cukai
Profit before tax of

RM134.8 juta/million

Help for the Communities

We also stepped up in serving our local communities. To help alleviate the socioeconomic burden on Malaysians, we distributed tithe of RM300,000 and made a corporate donation of RM50,000 to the frontliners whose service ensures the safety and protection of the people. We also partnered with *Yayasan Kebajikan Negara* (YKN) to distribute food packs to the homeless at Pusat Gelandangan Kuala Lumpur, and with *Yayasan Sukarelawan Siswa* (YSS) to distribute food hampers to the underprivileged.

A Year of Resilience

As with all businesses, we have been impacted by the COVID-19 spread across the globe. Countries have been forced to lockdown thereby halting production activities. Malaysia had to impose social and movement restrictions which crippled the economy and particularly the SME sector.

Notwithstanding, SME Bank achieved a profit before tax of RM134.8 million in 2020. The resilience that the Bank so clearly demonstrated in 2020 is the result of sound policies and strategies which focus on supporting the sustainability of our stakeholders.

The Bank has fully supported the Government's fiscal and monetary policies while staying focused on its long-term goals. We continued to invest in key initiatives to sustain growth while supporting SMEs. During the year, the rationale for the Bank's digital transformation has become clearer. Its digital platform and ecosystem mainly contribute to the SME's business continuity.

In this uncertain and volatile economy, I am glad that we have developed capabilities to tackle ambiguity and unpredictability. Striving to keep pace with technological change has been among the important factors for business survival since the pandemic began. In so doing, it has enabled us to accelerate not only the Bank's growth but more importantly, the growth of Malaysian SMEs.

Landskap Ekonomi

Pandemik COVID-19 mungkin boleh dianggap sebagai detik yang mentakrif abad ke 21. Impaknya meninggalkan kesan kepada seluruh ekonomi dunia. Aktiviti ekonomi merudum berikutan sekatan sosial dan pergerakan yang dikenakan. Sambil memerangi pandemik ini untuk melindungi nyawa manusia, Kerajaan negara-negara di seluruh dunia telah melancarkan pelbagai dasar fiskal dan kewangan, termasuk menurunkan kadar faedah bagi menghidupkan ekonomi masing-masing.

Tindak balas fiskal, kewangan dan langkah berhemat Kerajaan turut melibatkan bank pusat masing-masing bertindak sebagai barisan pertahanan hadapan dengan memperkenalkan beberapa langkah bagi menstabilkan pasaran kewangan dan sistem kewangan.

Ekonomi sebenar telah mengalami kerosakan yang amat besar. Perintah berkurung dan perintah kawalan pergerakan bukan sahaja telah melumpuhkan bekalan, malah menjejaskan permintaan pada kadar yang lebih besar. Pelancongan tidak boleh berlaku tanpa pergerakan. Kehilangan pekerjaan yang meluas serta pengurangan pendapatan secara semula jadi telah menghimpit perbelanjaan.

Banyak ekonomi dunia mengalami penyusutan pada tahun 2020 kerana sekatan yang dikenakan untuk membendung COVID-19 telah menjejaskan pengeluaran. Pertumbuhan Keluaran Dalam Negara Kasar (KDNK) dunia adalah -3.5%, dengan pertumbuhan perdagangan global sebanyak -9.6%.

Penyusutan KDNK Malaysia sebanyak 5.6% pada tahun 2020 merupakan penyusutan terbesar sejak krisis kewangan Asia 1998. Pertumbuhan KDNK negatif berbanding pertumbuhan positif 4.3% pada tahun 2019 telah dipengaruhi terutamanya oleh kejatuhan seluruh sektor ekonomi.

Ukuran inflasi keseluruhan mencatat -1.2% pada tahun 2020 disebabkan oleh kejatuhan harga minyak dunia yang sangat ketara.

Pada Mac 2021, BNM telah mengekalkan kadar dasar semalaman sebanyak 1.75%. BNM juga memaklumkan walaupun pemulihan ekonomi dunia tidak sekata, tetapi ianya menampilkan momentum pertumbuhan, disokong oleh aktiviti pembuatan dan perdagangan yang bertambah baik.

Economic Landscape

The COVID-19 pandemic would perhaps be considered a defining moment of the 21st century. The impact has been on the entire global economy. Economic activities have collapsed following the social and movement restrictions. While battling to protect lives, Governments have instituted fiscal and monetary policies, including lowered interest rates, to keep economies afloat.

Governments' monetary, fiscal and prudential responses also saw their central banks acting as the first line of defence, introducing measures in order to stabilise financial markets and the financial system.

The real economy has sustained immense damage. The lockdown and movement control orders have not only crippled the supply side but have impacted the demand side even more. Tourism cannot take place without travel. The widespread loss of jobs and reduced income naturally depress spending.

Many economies shrank in 2020 as COVID-19 restrictions hit output. Global Gross Domestic Product (GDP) growth for the year was -3.5%, with global trade growth of -9.6%.

Malaysia's GDP contraction of 5.6% in 2020 was the biggest since the 1998 Asian financial crisis. The negative growth in GDP as compared to a positive growth of 4.3% in 2019 was mainly influenced by the fall of all economic sectors.

The headline inflation was at -1.2% in 2020 due mainly to the substantially lower global oil prices.

As at March 2021, BNM maintained the overnight policy rate at 1.75%. BNM also stated that the global economic recovery, while uneven, is gaining momentum, supported by steady improvements in manufacturing and trade activity.



Perutusan Pengerusi

Chairman's Message



Amalan Tadbir Urus Yang Baik

Tahun 2020 memang tidak dinafi merupakan tahun yang sungguh mencabar. SME Bank mempunyai tadbir urus korporat, pengurusan risiko dan budaya kerja yang baik untuk mengendalikan sebuah perniagaan yang memberi keuntungan dan mampan untuk satu tempoh yang panjang.

Sebagai Pengerusi Lembaga Pengarah SME Bank, adalah menjadi tanggungjawab saya untuk memastikan supaya Bank mempunyai tadbir urus yang baik dan Lembaga Pengarah yang berkesan. Kami memantau model tadbir urus Bank, berkomunikasi dengan pihak-pihak berkepentingan serta memastikan supaya maklumat tersebar dengan lancar, tepat pada masanya. Kami sentiasa menyemak dan mengemas kini dasar-dasar kami bagi memastikan amalan tadbir urus yang baik.

Pada tahun 2020, kami meneruskan usaha memperkukuh serta memantapkan lagi dasar-dasar berkaitan dengan Anti Rasuah dan Anti Korupsi, Pencegahan Pengubahan Wang Haram dan Pencegahan Pembiayaan Keganasan dan Sekatan Kewangan Bersasar.

Kami tetap mengadakan mesyuarat agung tahunan ke-41 bagi mematuhi keperluan perundangan dan mematuhi secara ketat prosedur operasi standard COVID-19 yang telah ditetapkan.

Kami terus memupuk budaya berteraskan pelanggan dan menggalakkan kakitangan kami mengamalkan rasa tanggungjawab terhadap tugas mereka. Pada masa yang sama, kami meminta para pengurus mengupaya pasukan kerja masing-masing. Kami juga telah membangunkan rangka kerja pengurusan yang menyokong pendekatan yang seimbang dan saksama terhadap risiko dan ganjaran.

Lembaga Pengarah akan terus memantau prestasi perniagaan kami secara rapi untuk memastikan supaya Bank melaksanakan strateginya dengan disiplin kewangan dan tahap kewibawaan yang tinggi.

Good Governance Practices

It is no doubt that 2020 has been a challenging year. However, SME Bank has the corporate governance, risk management and the right culture to operate a profitable and sustainable business over the long run.

As Chairman of the Board of Directors of SME Bank, it is my responsibility to ensure that the Bank has both sound corporate governance and an effective Board. We oversee the Bank's corporate governance model, communicate with stakeholders and ensure that information flows freely in a timely manner. We constantly review and update our policies to ensure the best governance practices.

In 2020, we continued to strengthen and reinforce policies relating to Anti-Bribery and Anti-Corruption, Anti-Money Laundering and Countering Financing of Terrorism and Targeted Financial Sanctions.

We held our 41st annual general meeting in compliance with the legislative requirement, and in strict compliance with the COVID-19 standard operating procedures.

We continue to foster a culture centred on the customer and we encourage staff to take personal responsibility and ask managers to empower their teams. We have developed a management framework which supports a balanced and fair approach towards risk and reward.

The Board of Directors will thus continue to oversee performance of all our businesses closely, ensuring that the Bank executes its strategy with financial discipline and with integrity.



Usaha memperkukuh serta memantapkan lagi dasar-dasar berkaitan dengan

Strengthen and reinforce policies relating to



**Anti Rasuah
Anti-Bribery**



**Anti Korupsi
Anti-Corruption**



**Pencegahan
Pengubahan Wang
Haram
Anti-Money
Laundering**



**Pencegahan
Pembiayaan
Keganasan
Countering Financing
of Terrorism**



**Sekatan Kewangan
Bersasar
Targeted Financial
Sanctions**

Perutusan Pengerusi

Chairman's Message

Prospek Tahun 2021

Memandangkan kesan pandemik yang meluas ini masih lambat untuk pulih, kami akan mengambil beberapa langkah selanjutnya untuk membuka potensi penuh ekosistem digital yang telah kami bangunkan. Kami melihatnya sebagai pemboleh ubah yang boleh menyokong beberapa tindakan kami yang lain bagi menangani kebimbangan tersebut dan untuk menyediakan bantuan kepada para pelanggan kami semasa mereka menempuh laluan yang mencabar ini.

Ekonomi Malaysia diramal akan melonjak semula pada tahun 2021 dengan KDNK dijangka mencatatkan pertumbuhan sebanyak 6.0% hingga 7.5%. Lonjakan semula ini akan didorong oleh perbelanjaan pengguna yang teguh, aktiviti pembinaan yang lebih kukuh serta lonjakan eksport berikutan pemulihan permintaan daripada rakan-rakan perdagangan utama.

Walaupun gejala pandemik ini menyelubungi masa depan perniagaan, beberapa faktor lain juga memainkan peranan penting membantu pemulihan ekonomi. Faktor utama tersebut termasuk peningkatan permintaan luar ketika kitaran teknologi memuncak, langkah pembendungan yang diringankan dan pengeluaran vaksin COVID-19, penambahbaikan berperingkat keadaan pasaran buruh serta peningkatan pengeluaran daripada kemudahan pembuatan dan perlombongan baharu dan sedia ada.

Program vaksinasi yang sedang berjalan dan langkah dasar yang dilaksanakan juga memainkan peranan penting dalam mempertingkatkan prospek pendapatan rakyat dan perbelanjaan isi rumah. Walaupun pasaran kewangan mengalami pergolakan, namun keadaan kewangan kekal bersifat menyokong.

Kadar inflasi bagi tahun 2021 diramal akan meningkat antara 2.5% hingga 4.0% kerana BNM menjangka tekanan harga yang lebih tinggi pada tahun ini. Harga akan disokong terutamanya oleh harga minyak dunia yang semakin teguh serta harga umum yang kembali normal daripada harga asas yang rendah pada tahun lepas.

Risiko kepada pertumbuhan masa depan meliputi kelewatan di luar jangkaan pengeluaran vaksin, pembendungan yang tidak berkesan, peningkatan isi rumah menghadapi masalah dan keadaan politik dalam negara yang tidak menentu.

Masa depan pertumbuhan ekonomi dalam tempoh terdekat akan bergantung kepada langkah Kerajaan yang lebih daripada biasa dalam memperkukuh aktiviti sektor swasta kerana kejutan daripada COVID-19 telah mengurangkan pertumbuhan berteraskan eksport dan ruang fiskal yang berkurangan mengehendakan pertumbuhan berteraskan pelaburan awam.

2021 Outlook

Given the profound effect of the pandemic which seems still far from over, we will take further steps to unlock the full potential of the digital ecosystem we have developed. We view this as an enabler which supports our other actions to address concerns and to provide relief to our customers as they ride the waves of challenges.

Malaysia's economy is forecast to bounce back in 2021, with GDP expected to record a 6.0% to 7.5% growth. This re-bounce will be on the back of firming consumer spending, stronger construction activity and rebounding exports, as demand from key trading partners recovers.

Although the uncertain course of the pandemic clouds the outlook, other key factors are particularly important in helping the economy to recover. The key factors include external demand increase amidst technology upcycle, less stringent containment measures and COVID-19 vaccine rollout, gradual improvement in labour market conditions, and pickup in production from new and existing manufacturing and mining facilities.

The ongoing vaccination programmes and policy measures will also play a significant role in enhancing private consumption and income prospects for the people. While the financial markets have experienced volatility, financial conditions have remained supportive.

Inflation rate for 2021 is forecast to increase between 2.5% and 4.0%, as BNM expects stronger price pressures in the year. Prices will be primarily supported by stronger global oil prices, as well as the general price normalisation from a low base last year.

Risks to the growth outlook include an unexpected delay in the vaccine roll-out, ineffective containment, an elevated number of vulnerable households and domestic political uncertainties.

Malaysia's near-term economic outlook will be more dependent than usual on Government measures to sustain private sector activity as the shock of COVID-19 reduces export-led growth, and as a depleted fiscal space limits public investment-led expansion.

Perutusan Pengerusi

Chairman's Message

Di sebalik apa yang kita telah tempuhi, saya kekal yakin dengan peluang pertumbuhan masa depan. Kesan COVID-19 tidak mengubah strategi kami. Malahan, sekatan tinggal di rumah, penjarakan sosial dan garis panduan keselamatan yang lain telah melorongkan kita kepada kaedah bekerja yang baharu. Hidup dan bekerja dalam norma baharu membuktikan fokus kami didorong oleh dunia digital yang semakin berkembang. Bank akan kekal komited untuk bekerja dengan pihak-pihak berkepentingan, untuk terus menghasilkan nilai kepada mereka dan memesatkan pertumbuhan PKS negara.

Penghargaan

Saya bagi pihak Lembaga Pengarah dengan sukacitanya ingin merakamkan ucapan penghargaan kami kepada Kerajaan, terutamanya Kementerian Kewangan dan Kementerian Pembangunan Usahawan dan Koperasi atas usaha tekun mereka memastikan kelangsungan dan kemakmuran PKS walaupun melalui satu tempoh yang mencabar. Saya juga ingin menyampaikan ucapan terima kasih kami kepada Bank Negara Malaysia, beberapa kementerian lain dan agensi Kerajaan, dewan perniagaan, pihak berkepentingan utama serta persatuan perniagaan dan perdagangan atas komitmen, sokongan dan kerjasama yang mereka berikan sepanjang tahun ini.

Saya dengan sukacitanya ingin menyampaikan ucapan terima kasih kepada rakan-rakan dalam Lembaga Pengarah atas sumbangan kepakaran perniagaan dan pengetahuan industri mereka dan kepada seluruh ahli Jawatankuasa Syariah atas sumbangan mereka terhadap peningkatan kemajuan agenda kewangan Islam kami. Bagi pihak seluruh ahli Lembaga Pengarah, saya ingin menyampaikan ucapan penghargaan kepada Encik Aria Putera Ismail atas sumbangan, kepimpinan dan komitmen tidak ternilai yang beliau berikan sepanjang tempoh tiga tahun ini dan atas usaha mentransformasikan Bank yang membolehkan kami mencapai kedudukan yang dicatat sehingga kini. Tidak dilupakan juga penghargaan kepada pasukan pengurusan kerana kesungguhan mereka melaksanakan strategi perniagaan Bank dalam tahun yang bergolak ini dan kepada seluruh kakitangan sekalian yang telah memberi komitmen dan kesungguhan sepanjang tahun ini.

Akhir sekali, saya mengucapkan terima kasih kepada semua pihak berkepentingan lain dan para pelanggan sekalian atas sokongan berterusan yang sangat bernilai yang telah membolehkan kami mencapai banyak kejayaan sehingga kini.

Terima kasih.



DATO' SERI NAZIR ARIFF
Pengerusi
Chairman

Despite everything that we have faced, I remain bullish on the growth opportunities ahead. The effects of COVID-19 have not changed our strategy. In fact, stay-at-home restrictions, social distancing and other safety guidelines have led to new ways of working. Living and doing work in the new norms validate our focus which is driven by an ever-growing digital world. For the Bank, we shall remain committed to working with our stakeholders to continue to create value for them and to accelerate growth of the SMEs and the nation.

Acknowledgements

On behalf of the Board of Directors, I want to put on record our appreciation to the Government, especially the Ministry of Finance and Ministry of Entrepreneur Development and Cooperatives for their tireless efforts in ensuring that SMEs survive and prosper even during such a challenging period. I also extend our gratitude to Bank Negara Malaysia, other ministries and Government agencies, chambers of commerce, key stakeholders as well as business and trade associations for their commitment, support and cooperation throughout the year.

I would like to thank all my fellow members of the Board of Directors for contributing their business expertise and industrial knowledge, and to all members of the Shariah Committee for their contributions to the advancement of our Islamic finance agenda. I wish to also extend the entire Board's appreciation to Encik Aria Putera Ismail for his invaluable contributions, leadership and commitment over the past three years, and for transforming the Bank into what we are today. I commend our management team for so capably executing the Bank's business strategy in a turbulent year, and to all employees who have shared their commitment and dedication throughout this journey.

Last but never the least, I thank all our other stakeholders and customers for their continued support, which has been invaluable to the many successes we have achieved so far.

Thank you.

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



Tahun kewangan berakhir 31 Disember 2020 yang dipenuhi dengan pelbagai cabaran di luar jangkaan memberikan kami satu pengalaman berhadapan dengan realiti baharu yang timbul daripada pandemik COVID-19. Norma baharu yang hadir daripada situasi yang belum pernah dialami sebelum ini telah mengucar-ngacirkan masyarakat dan perniagaan.

Looking back on the financial year ended 31 December 2020 filled with unexpected challenges, we experienced the new reality emerging from the ongoing COVID-19 pandemic. The new normal born of this unprecedented situation has upended both the society and businesses.

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



Sungguhpun realiti pandemik ini secara keseluruhannya telah membawa satu bentuk cabaran baharu, namun keadaan ini telah membuka peluang besar kepada kami untuk memesatkan perubahan dan pertumbuhan. Titik pertemuan keadaan yang mencabar ini telah mendorong SME Bank untuk mengukuhkan lagi fokusnya menyokong rakyat yang terdiri daripada pelbagai pihak berkepentingan dan pelanggan kami, terutamanya usahawan perusahaan kecil dan sederhana (PKS).

Strategi digital dan pertumbuhan kami menjadi faktor penting yang telah membolehkan kami memberi tindak balas pantas selaras dengan peralihan perniagaan dan pengguna kepada urusniaga atas talian sebagai reaksi kepada sekatan COVID-19 yang dikenakan. Transformasi digital telah menjadi semakin penting sebagai tindak balas kepada gangguan kerja dan ekosistem perniagaan. Kami bangga untuk memaklumkan bahawa platform digital kami telah berjaya membantu perniagaan memperhebat usaha dalam memenuhi keperluan perubahan yang mendadak ini.

Lembaga Pengarah Bank telah menjadi sumber inspirasi di sebalik strategi pertumbuhan tersebut yang membantu kami mengharungi satu tempoh sukar yang belum pernah dilalui sebelum ini. Kami dengan sukacitanya mengalu-alukan Dato' Mohammad Radhi Abdul Razak, Encik Wan Abdul Rahman Wan Abu Bakar, Puan Suharti Mohd Ali dan Dato' Sharkawi Alis yang telah dilantik sebagai ahli Lembaga Pengarah SME Bank. Sama seperti ahli Lembaga Pengarah yang lain, mereka membawa bersama kefahaman yang mendalam tentang sektor korporat dan memiliki pandangan yang luas terutamanya dalam sektor keusahawanan yang akan membantu memajukan lagi SME Bank.

Kami turut mengalu-alukan Dr. Azrul Azlan Iskandar Mirza, Dr. Shamsiah Mohamad, Dr. Ahmad Sufian Che Abdullah and Dr. Amir Shaharuddin yang telah dilantik sebagai ahli Jawatankuasa Syariah Bank. Kepakaran intelektual dan pengalaman mereka yang luas menyumbang untuk mengukuhkan lagi Bank sebagai Institusi Kewangan Pembangunan (DFI) terkemuka dalam membangun dan memperkaya hukum Syariah bagi kewangan Islam.

Kami mempunyai tradisi evolusi, inovasi dan daya tahan yang memberikan saya tahap keyakinan yang tinggi mengenai cara bagaimana kami akan menangani pelbagai peristiwa masa depan. Sepanjang 15 tahun sejak ditubuhkan, kami telah menerajui pelbagai cabaran dalam beraneka kitaran ekonomi, keadaan pasaran dan dinamik global. Walaupun begitu, warga kerja kami berjaya menampilkan kewibawaan, kesungguhan dan inovasi dalam semua keadaan tersebut.

While the pandemic reality brings an entirely new set of challenges, it provided a major opportunity for us to accelerate change and growth. The confluence of challenging conditions has provided the impetus for SME Bank to reinforce its focus on supporting the people namely our stakeholders and particularly our customers, the small and medium enterprises (SMEs).

Our digital and growth strategies become an important enabler for our agile response, as businesses and consumers are moving online in reaction to COVID-19 restrictions. Digital transformation has been key in responding to the disruption of work and business ecosystems, and we are glad that our digital platforms have somehow helped businesses ramp up their efforts to meet this sudden change.

Underpinning our growth strategy is the Bank's Board of Directors who has been a beacon in helping us navigate through this uncharted period. We welcome the new members of the Board of Directors, Dato' Mohammad Radhi Abdul Razak, Encik Wan Abdul Rahman Wan Abu Bakar, Puan Suharti Mohd Ali and Dato' Sharkawi Alis. As with other members of the Board, they come with extensive understanding of the corporate sector and bring with them great insights particularly in the entrepreneurial sector which will help propel SME Bank forward.

We also welcome Dr. Azrul Azlan Iskandar Mirza, Dr. Shamsiah Mohamad, Dr. Ahmad Sufian Che Abdullah and Dr. Amir Shaharuddin to the Bank's Shariah Committee, whose intellects and vast experience will contribute to further strengthen the Bank as the foremost Development Financial Institution (DFI) in developing and expanding the tenets of Shariah for Islamic finance.

We have a proud tradition of evolution, innovation and resilience that gives me a lot of confidence about the way we will deal with future events. For 15 years since our incorporation, we have navigated challenges in a wide range of economic cycles, market conditions and global dynamics. Through it all, our people have displayed integrity, determination and the spirit of innovation.

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif Group President/Chief Executive Officer's Review

Sokongan kepada Perniagaan Sepanjang Tempoh Krisis COVID-19

Pandemik yang melanda seluruh dunia dan meninggalkan kesan sepanjang tahun telah menjejaskan kehidupan kita semua dalam pelbagai cara. Justeru, bagi meringankan beban ditanggung oleh para pelanggannya yang berdepan dengan cabaran kewangan yang belum pernah dilalui sebelum ini, SME Bank dengan semangat prihatin dan pantas telah menawarkan bantuan kepada mereka.

Kami amat menghargai pelbagai usaha Kerajaan dan badan-badan pengawal selia yang melancarkan beberapa pakej rangsangan dan melaksanakan program bantuan yang membantu membendung kejutan ekonomi.

Pandemik ini telah menjejaskan perniagaan dan menimbulkan banyak tekanan. Hakikat di sebalik krisis ini sebenarnya memberi peluang kepada kami untuk menjayakan matlamat dalam membantu perniagaan untuk kekal bertahan dalam tempoh yang sangat mencabar ini.

Selain daripada inisiatif digital Bank yang saya akan butirkan dalam tinjauan seterusnya, kami juga turut memberikan lanjutan penangguhan pembayaran pembiayaan atau moratorium pembayaran pembiayaan sehingga enam bulan. Kesemua 3,084 pelanggan SME Bank yang layak telah mendapat manfaat daripada bantuan pemulihan ini, dengan jumlah keseluruhan sebanyak RM4.1 bilion.

Selain itu, kami juga telah menyediakan bantuan kepada para pelanggan yang merupakan penyewa Kompleks Premis Usahawan (EPC) SME Bank di mana mereka menikmati penangguhan bayaran dan pemberian diskaun sewa. Dari bulan April hingga September, 251 PKS di 373 lot EPC menikmati pengecualian bayaran sewa selama enam bulan dan seterusnya diskaun sebanyak 50% ke atas sewa dari bulan Oktober hingga Disember 2020. Pemberian diskaun ini diteruskan hingga bulan Mac 2021. Sepanjang tempoh April 2020 hingga Mac 2021, pengecualian bayaran dan diskaun yang diberikan kepada semua penyewa berjumlah RM6.1 juta.

Sebagai salah sebuah agensi lantikan Kerajaan, kami menawarkan beberapa bantuan di bawah pakej rangsangan Kerajaan yang meliputi Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN) dan Pelan Jana Semula Ekonomi Negara (PENJANA) serta bantuan ekonomi Kerajaan yang diurus oleh Bank Negara Malaysia. Kami juga akan menawarkan bantuan pembiayaan melalui dana-dana di bawah Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA).



251 PKS di 373 lot EPC menikmati **pengecualian bayaran sewa selama enam bulan dan diskaun sebanyak 50%**

Pengecualian bayaran dan diskaun berjumlah **RM6.1 juta**

Bantuan dan Pembiayaan di bawah Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN)

Jenis Bantuan/Pembiayaan	Penerima Manfaat	Jumlah Terlibat/Diluluskan
Kemudahan Bantuan Khas (SRF)	948 pelanggan SME Bank	RM506.3 juta
Dana Transformasi Teknologi PKS (STTF)/ Kemudahan Automasi dan Digital PKS (ADF)	29 usahawan kecil dan sederhana	RM56.8 juta
Kemudahan Agromakanan (AF)	29 usahawan kecil dan sederhana	RM17.6 juta
Kemudahan untuk Semua Sektor Ekonomi (AES)	9 usahawan kecil dan sederhana	RM6.3 juta

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



Bantuan dan Pembiayaan di bawah Pelan Jana Semula Ekonomi Negara (PENJANA)

Jenis Bantuan/ Pembiayaan	Penerima Manfaat	Jumlah Terlibat/ Diluluskan
Dana Pelancongan PENJANA (Kemudahan Bantuan Khas - SRF)	27 syarikat dalam sektor pelancongan teras dan sektor berkaitan pelancongan	RM5.5 juta (Diluluskan)
Skim SME Go	16,000 kontraktor G2 dan G3	RM300 juta (Disediakan)

Bantuan dan Pembiayaan di bawah Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA)

Jenis Bantuan/ Pembiayaan	Penerima Manfaat	Jumlah Disediakan
Inisiatif Automasi dan Pendigitalan	Syarikat membeli mesin untuk mengautomasi proses dan untuk mengurangkan pergantungan kepada pekerja asing	RM200 juta

Bantuan dan Pembiayaan diurus oleh Bank Negara Malaysia

Jenis Bantuan/ Pembiayaan	Penerima Manfaat	Jumlah Diluluskan
Kemudahan Bantuan dan Pemulihan Bersasar (TRRF)	21 PKS dalam sektor perkhidmatan (tidak termasuk pelancongan dan pembuatan)	RM7.4 juta
Kemudahan Teknologi Tinggi - Aspirasi Pelaburan Nasional (HTF-NIA)	2 PKS dalam sektor pembuatan dan sektor perkhidmatan teknologi tinggi	RM2 juta



Bantuan



▶ Bantuan diurus oleh



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif Group President/Chief Executive Officer's Review

Support for Businesses During the COVID-19 Crisis

With the global pandemic casting its shadow over the whole year and affecting all of us in some way, SME Bank thoughtfully and swiftly offered its customers relief assistance to tide them through unprecedented financial challenges.

We are appreciative of the efforts of both the Government and regulatory bodies in launching stimulus packages and implementing relief programmes which have been instrumental in cushioning the economic shock.

The pandemic has affected businesses and placed them under much pressure. In hindsight, it has given us an opportunity to live up to our purpose of helping businesses to keep them afloat even during such trying times.

Aside from the Bank's digital initiatives, which I shall detail in the later part of this message, we allowed further extension of deferment of financing payments or payment moratorium up to six months. All 3,084 eligible SME Bank customers have benefitted from this relief assistance, involving a total amount of RM4.1 billion.

Additionally, we also provided assistance to customers who are tenants of SME Bank's Entrepreneur Premises Complex (EPC) where they enjoyed deferment and discounts on rentals. From April to September, 251 SMEs at 373 EPC lots enjoyed a six-month rental waiver, and a further 50% discount on rentals from October to December 2020. This discount continued until March 2021. Over the period of April 2020 to March 2021, the waiver and discounts we gave out to all tenants amounted to RM6.1 million.

As one of the Government-appointed agencies, we have offered various relief assistance under the Government's stimulus packages - *Pakej Rangsangan Ekonomi Prihatin Rakyat* (PRIHATIN) and *Pelan Jana Semula Ekonomi Negara* (PENJANA) as well as the Government's economic assistance administered by Bank Negara Malaysia. We will also be offering financial assistance through funds under *Program Strategik Memperkasa Rakyat dan Ekonomi* (PEMERKASA).



251 SMEs at 373 EPC lots enjoyed **six-month rental waiver**, and a **further 50% discount** on rentals

Waiver and discounts amounted **RM6.1 million**

Relief Assistance and Financing under *Pakej Rangsangan Ekonomi Prihatin Rakyat* (PRIHATIN)

Type of Relief Assistance	Beneficiaries	Total Amount Involved/Approved
Special Relief Facility (SRF)	948 SME Bank customers	RM506.3 million
SME Technology Transformation Fund (STTF)/Automation and Digitalisation Facility (ADF)	29 small and medium entrepreneurs	RM56.8 million
Agrofood Facility (AF)	29 small and medium entrepreneurs	RM17.6 million
All Economic Sectors Facility (AES)	9 small and medium entrepreneurs	RM6.3 million

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

Relief Assistance and Financing under <i>Pelan Jana Semula Ekonomi Negara (PENJANA)</i>		
Type of Relief Assistance/Financing	Beneficiaries	Total Amount Involved/Approved
PENJANA Tourism Fund (Special Relief Facility - SRF)	27 companies in core-tourism and tourism related sectors	RM5.5 million (Approved)
SME Go Scheme	16,000 G2 and G3 contractors	RM300 million (Allocated)

Relief Assistance and Financing under <i>Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA)</i>		
Type of Relief Assistance/Financing	Beneficiaries	Total Amount Allocated
Automation and Digitalisation Initiative	Companies purchasing machines to automate processes and to reduce dependency on foreign workers	RM200 million

Relief Assistance and Financing Administered by Bank Negara Malaysia		
Type of Relief Assistance/Financing	Beneficiaries	Total Amount Approved
Targeted Relief and Recovery Facility (TRRF)	21 SMEs in service sectors (excluding tourism and manufacturing)	RM7.4 million
High Tech Facility - National Investment Aspirations (HTF-NIA)	2 SMEs in manufacturing and high technology service sectors	RM2 million



Relief Assistance Administered by



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

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Prihatin

Pakej Rangsangan Ekonomi Prihatin Rakyat

Dana Transformasi Teknologi PKS (STTF)/Kemudahan Automasi dan Digital PKS (ADF) SME Technology Transformation Fund (STTF)/SME Automation and Digitalisation Facility (ADF)

29 usahawan kecil dan sederhana
29 small and medium entrepreneurs
RM56.8 juta/million

Kemudahan untuk Semua Sektor Ekonomi (AES) All Economic Sectors Facility (AES)

9 usahawan kecil dan sederhana
9 small and medium entrepreneurs
RM6.3 juta/million

Kemudahan Agromakanan (AF) Agrofood Facility (AF)

29 usahawan kecil dan sederhana
29 small and medium entrepreneurs
RM17.6 juta/million

Kemudahan Bantuan Khas (SRF) Special Relief Facility (SRF)

948 pelanggan SME Bank
948 SME Bank customers
RM506.3 juta/million

Kemudahan Bantuan dan Pemulihan Bersasar (TRRF) Targeted Relief and Recovery Facility (TRRF)

21 PKS dalam sektor perkhidmatan (tidak termasuk pelancongan dan pembuatan)
21 SMEs in service sectors (excluding tourism and manufacturing)
RM7.4 juta/million



Kemudahan Teknologi Tinggi-Aspirasi Pelaburan Nasional (HTF-NIA) High Tech Facility-National Investment Aspirations (HTF-NIA)

2 PKS dalam sektor pembuatan dan sektor perkhidmatan teknologi tinggi
2 SMEs in manufacturing and high technology service sectors
RM2 juta/million



PEMERKASA

Program Strategik Memperkasakan Rakyat dan Ekonomi

Inisiatif Automasi dan Pendigitalan

Automation and Digitalisation Initiative

Syarikat membeli mesin untuk mengautomasi proses dan untuk mengurangkan pergantungan kepada pekerja asing

Companies purchasing machines to automate processes and to reduce dependency on foreign workers

RM200 juta/million

Dana Pelancongan PENJANA (Kemudahan Bantuan Khas-SRF) PENJANA Tourism Financing (Special Relief Facility-SRF)

27 syarikat dalam sektor pelancongan teras dan sektor berkaitan pelancongan
27 companies in core-tourism and tourism related sectors

RM5.5 juta/million



Skim SME Go SME Go Scheme

16,000 kontraktor G2 dan G3
16,000 G2 and G3 contractors

RM300 juta/million

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Prestasi Kewangan Tahun 2020

Kami memulakan tahun 2020 dengan momentum positif melalui pelaksanaan transformasi sebagai sebuah organisasi digital dan berteraskan pelanggan. Apabila pandemik COVID-19 mula melanda, fokus tambahan diberikan kepada usaha untuk memastikan kesihatan dan keselamatan warga kerja serta sokongan kepada para pelanggan kami yang memerlukan bantuan lebih berbanding sebelumnya.

Strategi pendigitalan yang kami lancarkan tiga tahun lepas menyaksikan kami melabur untuk teknologi dan infrastruktur digital. Langkah ini menyediakan asas yang kukuh kepada kami untuk menangani cabaran luarbiasa yang dihadapi pada tahun ini. Berpaksikan faktor perancangan kesinambungan perniagaan yang jitu, kami mampu bergerak pantas dengan lebih 70% daripada warga kerja bekerja dari luar pejabat.

Gandingan usaha ini dengan kepercayaan berterusan para pelanggan kami telah menyumbang kepada prestasi yang lebih mampan. Asas, daya tahan operasi dan kewangan kami yang teguh membolehkan Bank mencatatkan keuntungan sebelum cukai yang lebih tinggi berbanding kerugian yang disasar sebanyak RM2.7 juta. Justeru, walaupun mencatat penyusutan sebanyak 37.0% daripada rekod keuntungan sebanyak RM213.9 juta pada tahun 2019, kami mampu memperoleh keuntungan sebelum cukai sebanyak RM134.8 juta pada tahun 2020.

Kami juga mampu mencapai sasaran kewangan apabila RM2.8 bilion pembiayaan telah diluluskan kepada 2,030 PKS pada tahun ini. Daripada jumlah pembiayaan yang diluluskan itu, 50.4% adalah untuk usahawan kecil, manakala 36.6% pula kepada usahawan bersaiz sederhana.

Portfolio pembiayaan kasar bagi Bank adalah sebanyak RM7.3 bilion, pertambahan sebanyak 14.6% berbanding pada tahun sebelumnya. Pembiayaan kepada usahawan kecil merupakan pembiayaan terbesar dalam portfolio tersebut (42.8%), diikuti dengan usahawan bersaiz sederhana sebanyak 35.9%. Tiga sektor utama meliputi sektor Perdagangan Borong & Runcit dan Restoran & Hotel sebanyak 26.7%, Pembinaan sebanyak 17.3% dan Pembuatan sebanyak 16.8%.



Keuntungan sebelum cukai 2020

Profit before tax 2020

RM134.8
juta/million

Financial Performance in 2020

We started the year 2020 on a positive momentum as we advanced our transformation into a digital and customer-centric organisation. When the COVID-19 pandemic hit, we added our focus on ensuring the health and safety of our team and supporting our customers, who needed us more than ever.

The digitalisation strategy we embarked three years ago had us investing in technology and digital infrastructure. This provided us with a strong foundation to weather the extraordinary headwinds we faced during the year. Coupled with a strong focus on business continuity planning, we were able to rapidly pivot to having more than 70% of our team working remotely.

These efforts, together with the continued trust of our customers have contributed to our sustained performance. Our strong foundation, operational resilience and financial strength saw the Bank registering profit before tax which was higher than the targeted loss of RM2.7 million. Thus, despite the 37.0% decline from our 2019 record profit of RM213.9 million, we recorded profit before tax of RM134.8 million in 2020.

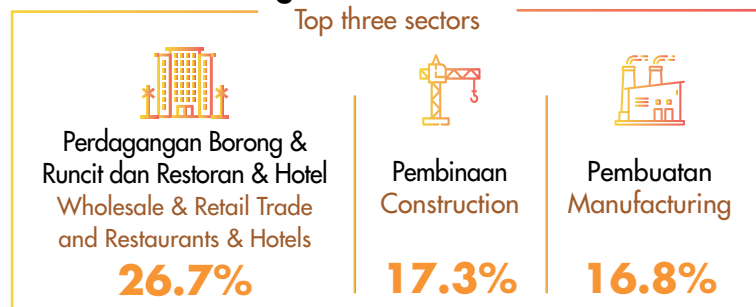
We also delivered on our financial targets, having approved RM2.8 billion financing to 2,030 SMEs during the year. Out of the total financing approved, 50.4% and 36.6% were for small and medium sized entrepreneurs, respectively.

Gross financing portfolio for the Bank was RM7.3 billion, an increase of 14.6% from the previous year. Financing to Small entrepreneurs made up the majority of the portfolio (42.8%) and followed by Medium at 35.9%. The top three sectors were Wholesale & Retail Trade and Restaurants & Hotels at 26.7%, Construction at 17.3%, and Manufacturing at 16.8%.

Portfolio pembiayaan kasar 2020 **RM7.3**
Gross financing portfolio 2020 **bilion/billion**

Tiga Sektor Teratas

Top three sectors



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Membantu Perniagaan melalui Pembiayaan

Sebagai sebuah institusi yang diamanah untuk mengembangkan sektor PKS negara dan mengupaya usahawan menjana keuntungan yang mampan, kami juga memberi perhatian untuk memastikan kelangsungan dan kemampuan mereka.

Melalui MySMELady, kami menawarkan kemudahan pembiayaan khusus kepada usahawan wanita bertujuan membantu mereka membina komuniti yang berfungsi serta mengupaya mereka memajukan perniagaan. Kerajaan telah memperuntukkan dana berjumlah RM200 juta seperti yang diumumkan dalam bajet nasional 2020 untuk tujuan ini. Pada 31 Disember 2020, sembilan usahawan telah mendapat kelulusan untuk pembiayaan berjumlah RM7.9 juta.

Dalam memainkan peranan membantu PKS Bumiputera yang berpotensi untuk menjadi juara serantau, kami menyediakan skim pembiayaan Jaguh Serantau. Bagi memenuhi matlamat tersebut, Kerajaan telah memperuntukkan dana sebanyak RM300 juta untuk tempoh dua tahun, iaitu dari tahun 2020 hingga 2021. Kami telah meluluskan pembiayaan untuk dua orang usahawan sebanyak RM23.5 juta pada 31 Disember 2020.

Kedua-dua skim pembiayaan ini merupakan tambahan kepada beberapa pembiayaan lain yang ditawarkan oleh Bank kerana kami komited untuk memikul tanggungjawab membantu perniagaan berkembang maju. Kami memperhebat usaha pembiayaan mampan sebagai satu tanggungjawab untuk memesatkan pertumbuhan strategik PKS.

Assisting Businesses through Financing

As an organisation entrusted to grow the nation's SME sector and for entrepreneurs to generate sustainable profits, it is equally important for us to ensure their survivability and sustainability.

Specifically for female entrepreneurs to build a functional community that empowers women in developing their businesses, they can enjoy financing facility offered through the Bank's MySMELady. The Government has allocated RM200 million fund as announced during the 2020 national budget for this purpose. As at 31 December 2020, nine entrepreneurs have received approval for financing worth a total of RM7.9 million.

In our role to help potential Bumiputera SMEs to become regional champions, we provide Jaguh Serantau financing scheme. For this, the Government has allocated RM300 million total funding for two years, from 2020 to 2021. We have approved two entrepreneurs for financing, totalling RM23.5 million as at 31 December 2020.

These two financing schemes are in addition to the several others that the Bank offers, as we commit to responsibly help businesses advance. Intensifying our sustainable financing efforts remains our obligation in accelerating SME's strategic growth.



Sembilan usahawan telah mendapat kelulusan untuk pembiayaan berjumlah **RM7.9 juta**

Nine entrepreneurs received approval financing worth **RM7.9 million**



Skim pembiayaan Jaguh Serantau membantu PKS Bumiputera berpotensi menjadi juara serantau

Jaguh Serantau financing scheme to help potential Bumiputera SMEs to become regional champions

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1,251 program bimbingan dan latihan 1,251 coaching and training programmes	13,674 peserta participants
Program Usahawan Muda Program Usahawan Muda	322 peserta participants
Program latihan bersama Tenaga Nasional Berhad (TNB) Training programme with Tenaga Nasional Berhad (TNB)	1,201 peserta participants

Fokus kepada Sokongan Bukan Kewangan

Kami amat menyedari bahawa usaha membina sebuah perniagaan yang berjaya bukan bergantung kepada wang ringgit semata-mata. Untuk memesatkan lagi pertumbuhan PKS, bantuan yang kami sampaikan menjangkau pembiayaan. Kami menawarkan khidmat nasihat yang berkualiti tinggi, latihan dan bahan percuma bagi membantu mereka menghadapi pelbagai cabaran perniagaan.

Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) adalah sebuah syarikat subsidiari kami khusus untuk tujuan tersebut. CEDAR meneruskan usaha menyediakan program pembangunan dan bimbingan usahawan yang unik dan berkesan secara maya untuk PKS sepanjang tahun 2020.

Berbeza dengan kaedah latihan dalam kelas, kami menggunakan pendekatan bimbingan yang teliti di mana PKS didedahkan kepada pengetahuan serta maklumat baharu dan melihat lebih jauh berbanding kaedah konvensional dalam mengendalikan perniagaan. Antara lain, program ini bertujuan membolehkan mereka melaksanakan automasi dan pendigitalan serta memahami di mana terdapat permintaan baharu dan sektor apa pada masa ini menawarkan peluang yang lebih baik. Kami mahu mereka mengetahui bahawa terdapat limpahan maklumat yang tersedia untuk mereka manfaatkan. Pada tahun 2020, kami mengendalikan 1,251 program bimbingan dan latihan yang disertai oleh 13,674 usahawan.

Bank melalui CEDAR dengan kerjasama Kementerian Pembangunan Usahawan dan Koperasi (MEDAC) telah menganjurkan Program Usahawan Muda untuk menggalakkan penyertaan belia dan siswa dalam perniagaan. Tujuh sesi yang melibatkan 322 peserta telah dianjurkan pada tahun ini. Kami juga menjalin kerjasama dengan Integrated Learning Solution (ILSAS) milik TNB dalam sebuah program latihan utama bersama Tenaga Nasional Berhad (TNB) di mana 1,201 peserta mengambil bahagian dalam 14 sesi yang dianjurkan pada tahun 2020.

Focus on Non-Financial Support

We are keenly aware that it takes more than Ringgit and Sen to build a successful business. Thus, in accelerating SME's growth, our assistance goes beyond financing. We offer entrepreneurs high quality advice, training and free content to help them overcome business challenges.

The Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) is our subsidiary dedicated solely for this purpose. In 2020, CEDAR continued to provide unique effective entrepreneur development and coaching programmes, albeit virtually, to SMEs throughout the year.

Contrary to typical classroom training, it is a handholding approach for us to try and expose the 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 2020, we held 1,251 coaching and training programmes, which recorded a participation of 13,674 entrepreneurs.

In collaboration with the Ministry of Entrepreneur Development and Cooperatives (MEDAC), the Bank, through CEDAR organised the *Program Usahawan Muda* to boost the youths and graduates' participation in business. Seven sessions were held during the year which involved 322 participants. We also collaborated with TNB's Integrated Learning Solution (ILSAS) on a major training programme with Tenaga Nasional Berhad (TNB) for a total of 1,201 participants during the 14 sessions held in 2020.

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Program ini disasar untuk bakat/peserta berumur antara 18 hingga 27 tahun yang telah dikenal pasti oleh ILSAS. Program bertajuk PROTÉGÉ TNB ILSAS FASA 6 – ENTREPRENEUR (THE ART OF START) bertujuan mengupaya golongan muda warga Malaysia yang memerlukan panduan mengenai cara-cara mendapatkan idea yang baik untuk memulakan sebuah perniagaan, menjadikannya berdaya maju, mengujinya secara sistematik dan yang lebih penting lagi, berani untuk meneroka dan belajar dari kegagalan.

Di bawah program intervensi Bank sendiri, sebanyak 518 syarikat telah berjaya dinaik taraf pada tahun 2020 - satu bilangan yang ketara. Mereka terdiri daripada usahawan yang telah mencatatkan pertumbuhan dalam pencapaian keuntungan, hasil, bilangan pekerja, transformasi digital serta pengembangan ke pasaran eksport.

Kami meneruskan sesi libat urus dengan PKS walaupun bilangan yang terlibat sangat terhad berikutan perintah kawalan pergerakan yang berkuatkuasa. Secara keseluruhan, kami melaksanakan empat sesi libat urus untuk memberi penjelasan dan mempromosi pelbagai kemudahan pembiayaan dan melangkaui perkhidmatan pembiayaan Bank kepada usahawan PKS.

Sementara itu, Program Premis Usahawan (EPP) merupakan sebuah program khas kami yang menyediakan ruang kilang untuk disewakan kepada usahawan dengan harga yang berpatutan. Di bawah program ini, kami menyediakan 26 Kompleks Premis Usahawan (EPC) dengan 454 lot kilang yang terletak di lokasi strategik di seluruh negara. Permintaan untuk menyewa ruang tersebut mencatatkan peningkatan yang menggalakkan dengan 80.3% kadar huni.

Kami telah memasuki fasa kedua bagi Projek TITAN iaitu program lima tahun yang bermatlamat melahirkan pemain industri terkemuka bagi menyokong pertumbuhan ekonomi dan sosial negara. Projek TITAN adalah sebuah platform pemacu perniagaan yang lengkap untuk mencari dan menyokong usahawan berbakat. Melalui projek ini, kami membantu mereka membentuk syarikat yang berjaya mengikut ukuran dan membina ekosistem yang mantap. Lima belas syarikat mengambil bahagian dalam latihan tersebut pada tahun ini yang akan diteruskan pada tahun 2021 dengan pembangunan pelan perniagaan mereka.

The programme was targeted to talents/participants from the age of 18 to 27 whom ILSAS identified. The PROTÉGÉ TNB ILSAS FASA 6 – ENTREPRENEUR (THE ART OF START) was to empower young Malaysians who would need guidance on ways to find good ideas for a new business, make it viable, test it systematically and more importantly, to have the courage to explore and learn from failures.

Under the Bank's own intervention programme, a substantial number of 518 companies successfully migrated upward in 2020. These were entrepreneurs who have recorded growth in their profit, revenue, number of employees, digital and transformation as well as expansion to the export market.

We carried on with the Bank's engagement sessions with SMEs albeit for a very limited number due to the movement restriction order. In total, we conducted four sessions to reach out directly to SME entrepreneurs to explain and promote the Bank's financing and beyond-financing facilities.

Meanwhile, the Entrepreneur Premises Programme (EPP) is our special programme which helps provide affordable and competitive factory spaces for rental to entrepreneurs. Under this programme, we provide 26 Entrepreneur Premises Complex (EPC) with 454 factory lots strategically located nationwide. The year saw an encouraging demand with 80.3% occupancy rate.

The year also saw us entering into the second phase of Project TITAN, a five-year programme with the objective to produce leading industrial players to support national economic and social growth. Project TITAN is a comprehensive business accelerator platform to discover and support talented entrepreneurs. Through this project, we help them form successful companies at scale and build thriving ecosystems. Fifteen companies took part in this programme during the year, which will continue in 2021 with the development of their business plans.



518

Syarikat berjaya naik taraf

Companies successfully migrated upward

Program Premis Usahawan (EPP)

Entrepreneur Premises Programme (EPP)

26 Kompleks Premis Usahawan (EPC) dengan **454** lot kilang
26 Entrepreneur Premises Complex (EPC) with **454** factory lots

80.3%
kadar huni
occupancy rate

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Memacukan Pertumbuhan melalui Pendigitalan

Sepanjang tahun 2020, SME Bank memberi tumpuan kepada cara bagaimana melindungi para pelanggannya dan membantu mereka meneruskan kelangsungan sepanjang tempoh ekonomi yang sukar akibat pandemik COVID-19.

Bagi mendukung visi kami untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan, penyelesaian digital kami memberi Bank dan PKS daya tahan yang lebih tinggi bagi menghadapi kesukaran tersebut. Justeru, kami memanfaatkan teknologi digital bagi membantu perniagaan pulih dengan lebih pantas dan bertukar daripada strategi bertahan kepada mengejar pertumbuhan.

Program transformasi digital Bank yang dilancarkan pada tahun 2019 merupakan agenda strategik kami untuk menaik taraf perniagaan kami serta memanfaatkan pelbagai kemungkinan pendigitalan dalam penyelesaian pembiayaan. Untuk melengkapinya, kami telah menyediakan Program Pemecutan dua tahun yang dirancang untuk menetapkan hala tuju dan inisiatif baharu bagi menambah baik perkhidmatan kami. Program ini meliputi Platform Digital PKS Kebangsaan yang seiring dengan Dasar Keusahawanan Nasional (DKN 2030) dan diperakui oleh Majlis Pembangunan Nasional (MPN) dan Majlis Pembangunan Usahawan dan PKS Kebangsaan (MPUPK) bagi mengupaya penggunaan teknologi inovatif.

Accelerating Growth through Digitalisation

SME Bank's main concerns throughout 2020 has been on how to protect its customers and to help them survive the rough economic period arising from the COVID-19 pandemic.

In keeping with our vision to be the leader in SME ecosystem value creation beyond financial services, our digital solutions provide both the Bank and the SMEs with greater resilience in the face of such adversity. Pushing through the tough times and difficult obstacles, we harness digital technologies to help the businesses recover faster and pivot from playing defence to chasing growth.

The Bank's digital transformation programme launched in 2019 is our strategic agenda to upgrade our business and to leverage the possibilities of digital in financing solutions. Complementing this, is our two-year Accelerated Programme to set new directions and initiatives in improving our services. The latter includes the National SME Digital Platform which is in line with the National Entrepreneurship Policy (DKN 2030) and endorsed by the National Development Council (MPN) and National Entrepreneur and SME Development Council (NESDC) to empower the adoption of innovative technology.

The pandemic may permanently reshape the way we live and work. However, we believe wide-scale digital adoption will outlast the pandemic, well after restrictions on activities are lifted. I am glad that we have started this digital journey in response to behavioural changes and to meet emerging customer demands.

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Pandemik ini mungkin akan menukar secara kekal cara kita menjalani kehidupan dan bekerja. Walau bagaimanapun, penggunaan digital secara lebih meluas akan mengatasi masalah yang timbul daripada pandemik ini walaupun selepas sekatan ke atas aktiviti ditarik balik. Saya bangga kerana kami telah memulakan jejak digital ini sebagai tindak balas kepada perubahan tingkahlaku dan bagi memenuhi permintaan pelanggan baharu.

Langkah SME Bank melaksanakan transformasi digital memang menepati masa kerana gelombang pandemik ini dijangka akan menyukarkan ekonomi. Kami akan mengekalkan fokus bagi mengoptimum pengalaman pelanggan dan mentakrif semula intipati nilainya.

Keutamaan nombor satu SME Bank sudah tentu untuk memastikan kami selamat, sejahtera dan sentiasa dalam kepatuhan. Gabungan pendekatan ini dan selaras dengan evolusi keutamaan serta keperluan, kami bertekad untuk terus membina asas digital yang mantap dan fleksibel yang memberikan kami kelebihan digital sebagai syarat mencapai peningkatan daya tahan perniagaan.

With the economy expected to be mired in a downturn, brought about by the wave of the pandemic, the timing of SME Bank's digital transformation was thus opportune. Our focus will remain on optimising customer experience and redefining their value propositions.

Certainly, the number one priority for SME Bank is to ensure that we are safe, secure and compliant. This, and in line with evolving preferences and needs, we strive to continue building a robust and flexible digital foundation, giving us the digital edge as a prerequisite for an increased business resilience.



Kebimbangan utama sepanjang 2020 **Main concerns throughout 2020**

Melindungi dan membantu pelanggan melepasi tempoh ekonomi yang mencabar akibat pandemik COVID-19

Protect and to help customers survive the rough economic period arising from the COVID-19 pandemic



Komited dengan visi kami **Committed with our vision**

Penyelesaian digital kami menyediakan ketahanan yang lebih ampuh bagi menghadapi kesukaran sedemikian

Our digital solutions provide greater resilience in the face of such adversity



Program Pemecutan Dua Tahun **Two-year Accelerated Programme**





Platform Digital PKS Kebangsaan yang selari dengan DKN 2030 dan diiktiraf oleh Majlis Pembangunan Nasional (MPN) serta Majlis Pembangunan Usahawan dan PKS Kebangsaan (MPUPK)

National SME Digital Platform which is in line with the DKN 2030 and endorsed by the National Development Council (MPN) and National Entrepreneur and SME Development Council (NESDC)

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Platform Digital SME Bank

Nama	Keterangan
	<ul style="list-style-type: none"> • Sebuah portal untuk PKS memohon pembiayaan mikro dan kecil • Menyediakan penilaian pra-kelulusan menggunakan kecerdasan buatan (AI) kepada agensi-agensi yang terlibat apabila pelanggan memohon pembiayaan
	<ul style="list-style-type: none"> • Sebuah pusat hentian satu perniagaan yang menyediakan perkhidmatan perniagaan-kepada-perniagaan (B2B) untuk komuniti • Menyokong usaha pendigitalan dan menghubungkan pemain perniagaan merentasi rantai nilai perdagangan • Menjadi penghimpun pasaran sambil menyediakan latihan pembangunan perniagaan • Bertindak sebagai hab pembiayaan pintar
	<ul style="list-style-type: none"> • Aplikasi dalam talian untuk PKS memohon pembiayaan dengan mudah melalui platform dalam talian • Menyediakan pengalaman digital lengkap permohonan pembiayaan yang lancar menambahbaik masa pusingan dalam cara yang lebih dinamik dan sistematik - dari ketika pelanggan mula memohon pembiayaan sehingga ke peringkat pengeluaran pembiayaan
	<ul style="list-style-type: none"> • Disepadukan dengan MySMEBank yang membolehkan pelanggan berhubung secara terus dengan eksekutif Bank bagi menetapkan temu janji di mana-mana rangkaian cawangan SME Bank pilihan mereka

Rakan Pertumbuhan

Kami menyusun langkah untuk memesatkan pertumbuhan dengan mempertimbang dan menerima beberapa rakan strategik. Bank memeterai kerjasama pelbagai pihak di antara institusi Thai dan Malaysia untuk mempromosikan PKS di kedua-dua negara bagi mempertingkatkan pertumbuhan ekonomi.

Kami bersama Exim Bank Malaysia telah menandatangani Memorandum Persefahaman (MOU) dengan Export-Import Bank of Thailand dan Small and Medium Enterprise Development Bank of Thailand.

MOU ini mengukuhkan lagi komitmen semua institusi peserta, terutamanya dalam usaha mengintegrasikan permuafakatan mengenai perdagangan, pelaburan dan PKS kedua-dua negara bagi menggalakkan dan menyokong PKS untuk mengembangkan perniagaan mereka di luar pasaran tempatan.

Kami menandatangani MOU mengenai perkongsian data dengan Jabatan Perangkaan Malaysia (DOSM) sebagai sokongan terhadap usaha untuk mempertingkatkan kecekapan pengumpulan data. Kerjasama sedemikian akan membolehkan kami membantu DOSM memanfaatkan data pentadbiran agregat yang dikumpul oleh SME Bank berbanding bergantung kepada kaji selidik dan banci. Usaha ini akan menambah baik kualiti data untuk analisis dan penyelidikan kuantitatif/kualitatif mengenai PKS. Di samping itu, langkah ini juga akan membolehkan kami menggunakan data dan analisis akhir DOSM untuk tujuan perhubungan dan pemasaran.





Di bawah pakej rangsangan PENJANA Kerajaan, SME Bank sebagai salah sebuah agensi di bawah Kementerian Kewangan (MoF) diberi amanah untuk memperluaskan penggunaan digital oleh lebih 900,000 PKS di negara ini. Bagi mencapai matlamat ini, SME Bank dan MoF telah menubuhkan Dana Transformasi Teknologi PKS (STTF) untuk menyediakan bantuan pembiayaan sehingga RM3 juta kepada PKS tempatan.

Bagi membantu PKS memesatkan lagi transformasi digital perniagaan masing-masing, kami memanfaatkan TM One sebagai rakan teknologi kami yang akan bekerjasama membantu PKS mentransformasi perniagaan mereka lebih mudah disesuaikan secara digital dan dilengkapi dengan teknologi.

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



SME Bank's Digital Platforms	
Name	Description
	<ul style="list-style-type: none"> • One-stop portal for SMEs to apply for micro and small financing • Provides pre-screening approval assessment by using Artificial Intelligence (AI) to participating agencies when customers apply for financing
	<ul style="list-style-type: none"> • One-stop business centre to serve the needs of business-to-business (B2B) community • Supports digitalisation efforts and connects business players across the trade value chain • Becomes a market aggregator while providing business development training • Serves as a smart financing hub
	<ul style="list-style-type: none"> • Online application for SMEs to conveniently apply for financing via online platform • Provides a complete digital end to end customer experience with a seamless financing application that improves turnaround time in a more dynamic and systematic way - from when a customer first applies for financing right up to the financing disbursement
	<ul style="list-style-type: none"> • Integrated with MySMEBank, enabling entrepreneurs to get in touch directly with the Bank's executives to set an appointment at any of the SME Bank's network branches of their choice

Partners for Growth

We geared up steps to accelerate growth by considering and accepting several strategic partners. The Bank entered into a multi-party collaboration among Thai and Malaysian institutions to promote SMEs in both countries to enhance their economic growth.

Together with Exim Bank Malaysia, we signed a Memorandum of Understanding (MOU) with Export-Import Bank of Thailand and Small and Medium Enterprise Development Bank of Thailand.

The MOU reaffirms the commitment by all participating institutions, particularly in the effort to integrate collaboration on trade, investment and SMEs of both countries, in promoting and supporting SMEs to grow their businesses beyond their local markets.

We signed a MOU on data sharing arrangements with the Department of Statistics Malaysia (DOSM) in support of their effort to further enhance data collection efficiency. Such arrangements will allow us to help DOSM leverage on the aggregated administrative data collected by SME Bank instead of relying heavily on surveys and census, which further improve data quality for analysis and quantitative/qualitative research on SMEs. Likewise, it will enable us to use the final data and analysis by DOSM for our outreach and/or marketing purposes.

Under the Government's PENJANA stimulus package, SME Bank as an agency under the Ministry of Finance (MoF) is entrusted to spearhead digital adoption by over 900,000 SMEs in the country. To achieve this, the SME Technology Transformation Fund (STTF) provides financing assistance of up to RM3 million to local SMEs.

To further help SMEs accelerate the digital transformation of their business, we tapped TM One as our technology partner, who will work together in assisting SMEs transform their business to be more digitally adaptable and technologically equipped.

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

Transformasi Menjadi sebuah Bank Pembangunan Islam Sepenuhnya

Pada tahun dalam tinjauan, kami meneruskan Projek Tazkiya untuk menyelaraskan perniagaan dan operasi dengan nilai-nilai dan manfaat seperti digariskan di bawah prinsip Syariah. Projek ini yang dimulakan tiga tahun lepas memenuhi matlamat kami untuk mentransformasi Bank menjadi sebuah Bank Pembangunan Islam sepenuhnya.

Di samping penukaran aset dan liabiliti supaya mematuhi prinsip Syariah, kami turut memfokus kepada tadbir urus Syariah yang menyeluruh yang memainkan peranan penting bagi memupuk keyakinan orang ramai terhadap kewibawaan, pengurusan dan operasi perniagaan kami. Ini merupakan rumusan utama bagi memastikan kecergasan dan kestabilan sistem kewangan Islam kami. Sehubungan itu, kami bukan sahaja mengamalkan budaya pematuhan Syariah dalam seluruh operasi dan aktiviti perniagaan kami, malah seterusnya akan menginstitusikannya ke dalam organisasi kami.

Matlamat kami menjadi sebuah bank pembangunan Islam sepenuhnya adalah atas kesedaran Lembaga Pengarah dan pengurusan yang memutuskan untuk beralih kepada kewangan Islam dengan usaha berfokus menyokong ekonomi mampan. Ia juga selaras dengan agenda negara yang mahu meletakkan Malaysia sebagai sebuah hab kewangan Islam global yang terkemuka dalam tempoh terdekat.

Walaupun ekonomi domestik terhimpit akibat pandemik COVID-19, sektor perbankan Islam Malaysia masih mampu mencapai pertumbuhan pembiayaan yang menggalakkan sebanyak 8.1% pada tahun 2020 sementara bank-bank konvensional hanya mampu menganjak sebanyak 1% sahaja. Justeru, kami yakin bahawa selepas menjadi sebuah bank pembangunan Islam sepenuhnya, kami mampu menyumbang dan memainkan peranan penting untuk melepasi sasaran 40% bagi pembiayaan Islam yang ditetapkan oleh BNM sebagai nisbah daripada keseluruhan pinjaman/pembiayaan dalam sistem perbankan menjelang tahun 2021.

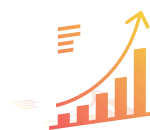
Transformation into a Full-Fledged Islamic Development Bank

We pursued with Tazkiya Project during the year to realign our business and operations in line with values and virtues underlined by Shariah principles. The project which started three years ago is in fulfilling our goal to transform the Bank into a full-fledged Islamic Development Bank.

In addition to the conversion of assets and liabilities to comply with the Shariah principles, we are also focusing on a sound Shariah governance which plays a vital role in instilling public confidence in the integrity, management and business operations. It is a key ingredient to ensure the robustness and stability of our Islamic financial system. In this regard, we are not only adopting a Shariah-compliant culture throughout our business operations and activities, but will go further to institutionalise it within the organisation.

Our aim at being a full-fledged Islamic development bank is a conscious decision our Board of Directors and the management made in advancing Islamic finance with focused efforts on supporting a sustained economy. It is also consistent with the national agenda in positioning Malaysia as a leading global Islamic finance hub in the near future.

Despite the unprecedented havoc on the domestic economy brought by the COVID-19 pandemic, Malaysia's Islamic banking sector has nonetheless managed to post a respectable 8.1% financing growth in 2020, while conventional banks inched up 1%. We are therefore confident that once we become a full-fledged Islamic development bank, we can contribute and play significant role to even surpassing BNM's 40% target for Islamic financing as a proportion of the overall system's loans/financing by 2021.

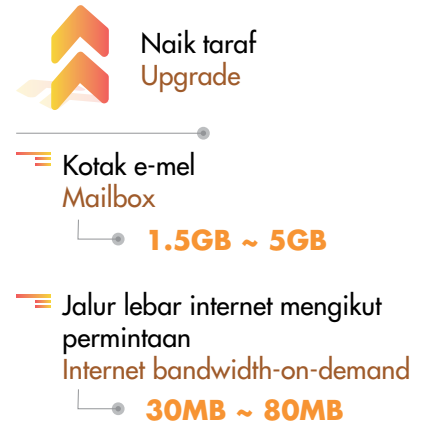


8.1% pertumbuhan pembiayaan dalam perbankan Islam Malaysia pada 2020

8.1% financing growth in Malaysia's Islamic banking in 2020

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



Tulang Belakang Operasi Kami

Daya tahan Bank semasa tempoh serba mencabar ini datang daripada warga kerjanya. Kakitangan merupakan tulang belakang operasi kami dan mereka telah menunjukkan komitmen berterusan terhadap tugas masing-masing.

Tidak lama selepas COVID-19 melanda, kami telah menggerakkan pelbagai inisiatif bagi menghadapi pelbagai cabaran yang muncul. Pasukan Pengurusan Kesenambungan Perniagaan kami bertindak pantas dengan merangka perancangan dan membuat persediaan bagi mengekalkan fungsi perniagaan. Anggota pasukan ini memantau situasi tersebut pada setiap masa dengan menghantar pelbagai emel berkaitan serta peringatan kepada semua kakitangan. Pasukan ini turut memastikan pengeluaran kelulusan perjalanan merentas sempadan serta lawatan vendor ke Menara SME Bank.

Kesejahteraan kakitangan kami merupakan satu keutamaan yang amat dititik beratkan. Kami melancarkan pengasingan operasi pada pertengahan Mac 2020 bagi meminimumkan pergerakan kakitangan dan mengelakkan hubungan rapat. Hanya 30% daripada keseluruhan tenaga kerja kami yang mana fungsi masing-masing memerlukan mereka berada di premis, dibenarkan bekerja di pejabat, sementara 70% daripada mereka bekerja dari rumah. Di samping itu, kami telah meluaskan waktu bekerja fleksibel bagi mengelakkan kakitangan daripada mengambil pengangkutan awam pada waktu puncak antara pukul 7.00 pagi hingga 10.00 pagi.

Kami mengakui bahawa alat yang sesuai diperlukan untuk membolehkan kakitangan kami mahir dengan kaedah bekerja dari jauh dan kekal produktif serta sentiasa berhubung. Beralih dari tenaga kerja berwibawa kepada komponen kerja yang standard, kami telah mempercepat untuk melaksanakan beberapa inisiatif berkaitan teknologi. Kami telah meningkatkan saiz emel kepada antara 1.5GB hingga 5GB, menambah jalur lebar internet mengikut permintaan daripada 30MB kepada 80MB, menyewa laptop tambahan untuk kegunaan bekerja di rumah dan menggunakan persidangan video melalui aplikasi "Lifesize" untuk bermesyuarat. Kami juga memastikan SecureXcess tersedia untuk kakitangan bekerja dari rumah bagi mengakses emel dan sistem Bank.

Backbone of Our Operations

The Bank's resilience over the most trying period is directly attributable to its people. Our employees are the backbone of our operations who have demonstrated an ongoing commitment to their respective tasks.

Soon after the COVID-19 emerged, we put into motion initiatives to brace for the challenges to come. Our Business Continuity Management team acted fast with advanced planning and preparation to maintain business functions. The team members monitored the situation at all times, sending numerous related and relevant e-mails and reminders to all staff. The team also ensured to issue approval for all cross-border travels and vendors' visit to Menara SME Bank.

The wellbeing of our employees is our utmost priority. We embarked on split operations in mid-March 2020 to minimise staff movement and close contact. Only 30% of our workforce whose functions require them to be at the premises were allowed to work in the office, while another 70% of our workforce was working from home. In addition, we expanded the flexible working hours to discourage staff from taking public transport during peak hours between 7.00 a.m. and 10.00 a.m.

We recognise that the right tools are necessary for our staff to master remote work and to stay productive and connected. Going from rare unicorn of workforce arrangements to a standard component of work, we hastened to implement several additional technology-related initiatives. We increased mailbox size to between 1.5GB and 5GB, increased internet bandwidth-on-demand from 30MB to 80MB, leased additional laptops for work from home use, and utilised video conference via 'Lifesize' application for meetings. We also made SecureXcess available for staff working from home to access the Bank's e-mail and internal systems.

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

Anugerah dan Penghargaan

Sepanjang tahun ini kami meneruskan fokus untuk menyesuaikan dan mempermudah pelbagai proses kami supaya dapat bertindak balas dengan cepat kepada seramai mungkin usahawan. Kami berusaha sebaik mungkin untuk membantu perniagaan mencapai kelangsungan dalam suasana dilanda pandemik dan terus berkembang walaupun menghadapi cabaran tersebut.

Pada tahun ini, Malaysian Rating Corporation Berhad (MARC) mengukuhkan penarafan institusi AAA kepada SME Bank dengan suasana masa depan yang stabil. Penarafan F1 yang diperkukuhkan itu adalah berasaskan kepada status SME Bank sebagai sebuah institusi kewangan pembangunan (DFI) milik Kerajaan sepenuhnya dengan mandat untuk membangunkan perusahaan kecil dan sederhana (PKS) di negara ini.

Saya juga ingin memaklumkan di sini beberapa anugerah yang kami terima pada tahun 2020 yang membuktikan ketulenan tekad kami terhadap matlamat terpenting (*raison d'être*) dan fokus kami terhadap pendigitalan dan teknologi bukan sahaja merupakan strategi yang tepat, malah yang terbaik buat masa ini.

Nama Anugerah	Diterima Daripada
Anugerah ADFIAP 2020: <ul style="list-style-type: none"> Pemenang Anugerah Projek Pembangunan PKS – Bumiputera Exporters Program (BEST Exporters) Pemenang Anugerah Projek Pembangunan Teknologi – Platform Digital PKS Kebangsaan (NSDP) 	Persatuan Institusi Kewangan Pembangunan di Asia dan Pasifik (ADFIAP)
Anugerah Tenaga Nasional (NEA) 2020: Anugerah Khas bagi Pembiayaan Tenaga Mampuan untuk kategori DFI	Kementerian Tenaga dan Sumber Asli

Awards and Accolades

Throughout the year, we continued to focus on adjusting and simplifying our processes to respond to as many entrepreneurs as quickly as possible. Doing all we can to help businesses survive the pandemic, and even grow despite it all, our efforts did not go unnoticed.

During the year, Malaysian Rating Corporation Berhad (MARC) affirmed its financial institution rating of AAA with a stable outlook on SME Bank. The affirmed FI rating is premised on SME Bank's status as a wholly Government-owned DFI with a mandate to develop small and medium enterprise (SME) in the country.

It would also be appropriate for me to include herein several awards we received in 2020, which demonstrate that our staying true to our *raison d'être* and our focus on digitalisation and technology was not only the right strategy, but the best one in the time we are now living.

Name of Award	Received From
ADFIAP Awards 2020: <ul style="list-style-type: none"> Winner for SME Development Project Award – Bumiputera Exporters Program (BEST Exporters) Winner for Technology Development Project Award - National SME Digital Platform (NSDP) 	Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
National Energy Awards (NEA) 2020: Special Awards for Sustainable Energy Financing for DFI category	Ministry of Energy and Natural Resources



Malaysian Rating Corporation Berhad (MARC) mengukuhkan penarafan institusi AAA kepada SME Bank dengan suasana masa depan yang stabil

Malaysian Rating Corporation Berhad (MARC) affirmed its financial institution rating of AAA with a stable outlook on SME Bank

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



Komitmen Terhadap Pembangunan Inklusif dan Mampan

Fokus kami terhadap keutamaan ekonomi serta alam sekitar, sosial dan tadbir urus telah dan akan terus memandu aspirasi kami bagi mencapai penciptaan nilai jangka panjang untuk semua pihak berkepentingan. Kali ini sekiranya berlaku sesuatu yang di luar jangkaan seperti pandemik ini, kami tidak akan teragak-agak untuk berdepan dengannya dan akan mentakrif kaedah baharu untuk mengendalikan perniagaan yang selaras dengan pemulihan ekonomi dengan impak alam sekitar dan sosial yang positif.

Kami kekal gigih meneruskan usaha kemampanan walaupun sebahagian daripada perhatian kami tertumpu kepada krisis COVID-19. Saya percaya bahawa kini SME Bank merupakan antara peneraju kemampanan dalam sektor kewangan pembangunan.

Kami kekal fokus terhadap pelbagai komitmen dan tindakan yang diambil untuk meningkatkan taraf hidup, menerbitkan peluang melalui langkah inklusif dan mempersiapkan perniagaan menuju masa depan. Dari segi kemajuan ekonomi dan sosial pula, kami telah berjaya melaksanakan beberapa program dan inisiatif yang berimpak secara bersepadu sepanjang tahun 2020.

Commitment to Inclusive and Sustainable Development

Our focus on economic as well as environmental, social and governance priorities has guided and will continue to guide our aspiration of attaining the long-term value creation for all stakeholders. The time when an unthinkable happened such as the pandemic, we consciously take ownership and define new ways of doing business that align economic recovery with positive environmental and social impact.

Although the COVID-19 did indeed consume much of our attention, we pressed on with our sustainability efforts. I believe that SME Bank is already amongst the sustainability leaders in the development financial sector.

We remain focused on our wide-ranging set of commitments and actions to raise living standards, create opportunities through inclusivity and prepare businesses for the future. In terms of considering the economic and social dimensions of development in an integrated manner, we have successfully implemented some of the impactful programmes and initiatives throughout 2020.



● ISHRAF 1.0 ●

Membantu asnaf dan golongan kategori B40 membangunkan perniagaan mikro

Help *asnaf* and people in the B40 category develop micro businesses

● Penjana Komuniti@SME Bank ●

Merangsang aktiviti ekonomi bagi usahawan mikro B40

Stimulating economic activities for the B40 micro-entrepreneurs

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

ISHRAF 1.0

Sebagai komitmen terhadap kesejahteraan ekonomi dan sosial, kami melaksanakan Program Keusahawanan Asnaf (ISHRAF) yang bukan sekadar sebuah program Tanggungjawab Sosial Korporat (CSR). Malahan ia merupakan program intervensi berimpak tinggi bagi membolehkan kami membantu usahawan asnaf dalam kalangan isi rumah berpendapatan rendah 40% (B40) untuk memulakan semula dan memperkembangkan perniagaan mereka semasa Perintah Kawalan Pergerakan pertama (PKP 1.0) negara ditamatkan.

Di bawah program ISHRAF 1.0, kami telah memperuntukkan sebanyak RM250,000 untuk melaksanakan program tersebut. Ia telah disokong oleh Lembaga Zakat Selangor (LZS) dan Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR), anak syarikat kami yang bertindak sebagai perunding latihan keusahawanan.

Seramai 20 orang peserta terpilih telah diberi peluang untuk mendapat pengetahuan asas tentang kemahiran dan aplikasi perniagaan untuk meningkatkan perniagaan mereka ke tahap seterusnya.

Di samping itu, setiap peserta menerima antara RM8,000 hingga RM12,000 sebagai bantuan modal untuk mereka mengembangkan perniagaan masing-masing. Dalam tempoh tiga (3) bulan iaitu dari bulan Oktober hingga Disember 2020, mereka berjaya merekodkan jualan terkumpul yang membanggakan iaitu sebanyak RM262,788.

Rancangan untuk meneruskan ISHRAF 2.0 pada tahun 2021 sudah diatur dengan bilangan peserta yang lebih ramai.

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank merupakan program CSR kami untuk membantu usahawan mikro dan kecil mengembang dan meluaskan liputan pasaran mereka secara digital melalui latihan dan program bimbingan secara berstruktur.

Inisiatif ini menyokong usaha Kerajaan untuk mengupaya para usahawan di bawah kategori B40 supaya perniagaan mereka kekal mampan. Program ini difokus untuk membolehkan mereka mentransformasi perniagaan mereka yang sedia ada menjadi perniagaan yang tertumpu kepada penggunaan media sosial sebagai platform untuk mengembangkan perniagaan.

Kami turut membantu membangunkan pelan pemasaran digital mereka bagi memastikan mereka boleh menggunakan sepenuhnya platform pemasaran digital. Setiap usahawan menerima modal permulaan sebanyak RM10,000 selepas menamatkan sesi bimbingan pertama untuk digunakan sebagai kempen pemasaran dan menambah pengeluaran mereka.

ISHRAF 1.0

In our commitment towards economic and social wellbeing, we carried out the *Asnaf* Entrepreneurship Programme (ISHRAF), which is more than a Corporate Social Responsibility (CSR) programme. It is also a high impact intervention programme for us to help *asnaf* entrepreneurs under the bottom 40% of household income (B40) to restart and expand their business after the country's first Movement Control Order (MCO 1.0) was lifted.

Under ISHRAF 1.0, we allocated RM250,000 to implement the programme was fully supported by Lembaga Zakat Selangor (LZS), with the Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR), our subsidiary, as the entrepreneurial training consultant.

The 20 selected participants were given the opportunity to gain the knowledge of basic business skills and tools in transforming their business to another level.

In addition, each participant received between RM8,000 and RM12,000 as seeding fund for them to expand the business. For a period of three (3) months from October to December 2020, they have recorded an impressive accumulated sale amounting to RM262,788.

Plans to continue with ISHRAF 2.0 in 2021 has been planned to be implemented with higher number of participants.

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank is our CSR programme to assist micro and small entrepreneurs grow their business and expand their market reach digitally through a structured training and coaching programmes.

This initiative is in support of the Government's efforts in empowering entrepreneurs under the B40 category in order for their business to remain sustainable. The focus of this programme is to enable them to transform their existing business into one that emphasized on using social media as a platform to expanding the business.

We also helped them develop their digital marketing plans to ensure they can fully utilise the digital marketing platforms. In order for them to have sufficient fund for their marketing campaign and increase production, each entrepreneur received RM10,000 seed fund upon completion of the first coaching session.

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

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Pada tahun ini, seramai 20 orang usahawan mengambil bahagian dalam program tersebut. Ia telah mencapai hasil yang positif di mana mereka telah berjaya membangunkan laman sesawang perniagaan mereka di samping halaman Facebook, Instagram serta sistem perakaunan digital, sistem perakaunan berasaskan cloud dan pemasaran digital.

Saya dengan sukacitanya ingin memaklumkan bahawa impak program ini telah mendapat perhatian khas daripada Kementerian Pembangunan Usahawan dan Koperasi yang telah memperuntuk sebanyak RM3.0 juta untuk menyokong program Penjana Komuniti@SME Bank pada tahun 2021. Peruntukan dana tambahan ini akan membolehkan kami membantu lebih ramai usahawan. Kami menasabah 220 peserta akan mendapat manfaat daripadanya.

Kami yakin akan mampu memenuhi aspirasi kami untuk menerbitkan kesan arus bagi mengubah nasib kehidupan para usahawan dalam kategori ini dan seterusnya menyediakan peluang untuk menerbitkan lebih banyak pekerjaan untuk masyarakat.

SUKSES

Pada tahun ini, kami telah memulakan pra produksi musim keempat SUKSES, iaitu program televiyen dengan stesen Astro Awani yang dimulakan sejak tahun 2017. SUKSES bertujuan mempromosi keusahawanan dalam kalangan masyarakat muda Malaysia dan telah menjadi program majalah TV ternama SME Bank. Di samping memaparkan kisah kejayaan PKS, program ini turut menyediakan arena kepada Bank dan usahawan mempromosi produk dan kejayaan masing-masing.

Kami amat bangga untuk memaklumkan bahawa SUKSES telah mencatatkan pertambahan sambutan tontonan dan liputan media sosial yang tinggi, daripada hanya 610,000 pada musim pertama kepada lebih 5 juta selepas musim ketiga.

Bil. Musim	Bil. Episod	Tarikh Siaran	Jumlah Tontonan dan Liputan
SUKSES Musim 1	22 episod	29 September 2017 hingga 16 Mac 2018	610,173
SUKSES Musim 2	22 episod	27 Julai 2018 hingga 21 Disember 2018	4.8 juta
SUKSES@ 90-Days Biz Challenge	13 episod	15 Mei 2019 hingga 7 Ogos 2019	484,000

During the year, 20 entrepreneurs took part in the programme. The outcome has been positive, where they also successfully developed their business websites, in addition to Facebook pages, Instagram as well as digital accounting system, cloud-based accounting system and digital marketing.

I am pleased to share that the impact of this programme has received the special attention from the Ministry of Entrepreneur Development and Cooperatives, who has allocated RM3.0 million to support the Penjana Komuniti@SME Bank programme in 2021. This additional fund allocation would enable us to assist even more entrepreneurs. In this regard, we target about 220 participants will benefit from this.

We are therefore confident to fulfil our aspiration to create a ripple effect in turning around the livelihood of this category of entrepreneurs, and eventually provide an opportunity to create more jobs for the community.

SUKSES

During the year, we started the pre-production of the fourth season of SUKSES, a television programme with Astro Awani station since 2017. SUKSES aims at promoting entrepreneurship amongst the younger Malaysians and has become SME Bank's signature TV magazine programme. In addition to featuring the success stories of SMEs, the programme provides an avenue for both the Bank and entrepreneurs to promote their products and successes.

It is very encouraging to note that SUKSES has recorded an overwhelming increase in viewership and social media reach from only 610,000 during its first season to over 5 million after three seasons.

Season No.	No. of Episodes	Air Dates	Total Viewership and Reach
SUKSES Season 1	22 episodes	29 September 2017 to 16 March 2018	610,173
SUKSES Season 2	22 episodes	27 July 2018 to 21 December 2018	4.8 million
SUKSES@ 90-Days Biz Challenge	13 episodes	15 May 2019 to 7 August 2019	484,000

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

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Kami menjangka sejumlah 1.5 juta tontonan dan liputan media sosial bagi musim keempat iaitu SUKSES 4.0 kerana kami akan menjadikan program ini lebih melibatkan hubungan dengan penonton dan menarik.

SUKSES 4.0 menggunakan pendekatan berbeza kerana ia menggabungkan konsep rancangan majalah televisyen dengan persembahan realiti. Untuk konsep persembahan realiti, kami melantik beberapa orang pelanggan yang telah berjaya daripada pelbagai industri untuk menjadi mentor kepada para peserta yang akan bertanding dalam pertandingan perniagaan realiti sepanjang 13 episod program tersebut. Para peserta yang bertanding untuk menyelesaikan tugas perniagaan berpeluang untuk memenangi hadiah bernilai RM100,000.

Selain ganjaran intrinsik dari segi hadiah, para peserta mendapat pengalaman belajar secara langsung daripada para mentor dan CEDAR mengenai berbagai topik seperti operasi perniagaan, penentuan kos produk, pengeluaran, pemasaran, jualan dan perakaunan. Mereka juga akan menerima bimbingan daripada guru pemasaran digital mengenai media sosial dan pendigitalan untuk memperkukuh kedudukan perniagaan mereka serta meluaskan penembusan pasaran melalui e-dagang.

Saya berasa bangga kerana inisiatif untuk memupuk dan membangunkan juara PKS Malaysia melalui SUKSES telah menjadi pemboleh kepada perbincangan intelektual mengenai pelbagai isu berkaitan PKS serta peluang kepada kami untuk menyokong Dasar Keusahawanan Nasional 2030 yang bertujuan untuk menjadikan Malaysia sebuah negara keusahawanan yang terkemuka menjelang tahun 2030.

We expect a total of 1.5 million in viewership and social media reach for the fourth season, SUKSES 4.0 as we make the show more engaging and interesting.

SUKSES 4.0 takes on a different approach which combines the usual television magazine concept with reality show. For the latter, we appoint our successful clients from various industries to mentor the participants who will compete in reality business competition over the show's 13 episodes. Contestants who compete to resolve business related tasks stand to win prizes worth over RM100,000.

Aside from the extrinsic rewards in terms of prizes, participants gain hands-on learning experience from the mentors and CEDAR on various topics such as business operations, product costing, production, marketing, sales and accounting. They also receive coaching from a digital marketing guru on social media and digital to strengthen their business standing and expand market penetration in e-commerce.

I am proud that such an initiative to nurture and develop the champions of Malaysian SMEs through SUKSES has become an enabler for intellectual discourses on issues pertaining to SMEs, as well as an opportunity for us to support the Government's National Entrepreneurship Policy 2030 which aims at turning Malaysia into an outstanding entrepreneurial nation by 2030.



Pertandingan perniagaan
Business competition



Menyelesaikan tugas
Resolve business related tasks



Hadiah bernilai lebih RM100,000
Prizes worth over RM100,000

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review



Meninjau Masa Depan dengan Penuh Keyakinan

Para usahawan mengalami penguncupan perniagaan dalam nisbah yang belum pernah dialami sebelum ini. Pandemik COVID-19 telah menyebabkan tekanan yang melampau dan yang menyelubungi masa depan ekonomi. Kami faham ini merupakan satu detik yang sukar untuk mengendalikan sebuah perniagaan. Walau bagaimanapun, kami yakin keadaan ini pasti akan pulih.

Pelbagai usaha dan keazaman yang dibina sepanjang beberapa tahun lepas telah membolehkan SME Bank menampilkan daya tahan yang mantap. Justeru, kini kami yakin semua kualiti yang dimiliki ini akan membantu kami keluar daripada situasi mencabar yang tidak diduga ini. Kami kekal teguh untuk terus berkhidmat kepada para pelanggan kami melalui misi sebagai pusat kecemerlangan bagi pembangunan PKS dan akhirnya mencapai visi kami untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan.

Di dalam memenuhi keperluan usahawan PKS, kami akan terus mengikut garis panduan di bawah inisiatif Rangka Kerja Pengukuran Prestasi (PMF) Bank Negara Malaysia. PMF ialah sebuah rangka kerja yang berteraskan pencapaian dan dihasilkan untuk memperakui sumbangan DFI yang lebih menyeluruh serta tidak berdasarkan indikator pertumbuhan pembiayaan yang sempit. Saya yakin usaha ini akan mengukuhkan kapasiti serta keupayaan Bank dan pada masa yang sama memanfaatkan PKS.



Berkhidmat bersama Kerajaan

Sebagai sebuah agensi yang diberi mandat untuk melaksanakan usaha pembangunan Kerajaan, Bank telah diamanahkan untuk menawarkan Skim Pembiayaan Lestari Bumi dengan dana berjumlah RM300 juta seperti yang diumumkan dalam Bajet 2021. Skim Pembiayaan Lestari Bumi melayakkan usahawan mikro dan kecil mendapat pembiayaan antara RM100,000 hingga RM750,000 untuk tujuan modal kerja dan pembelian aset. Skim ini juga bermatlamat untuk membolehkan perniagaan mempertingkatkan saiz operasi dan mengekalkan tahap kemampanan.

Looking to the Future with Confidence

There is no doubt entrepreneurs are experiencing a business contraction of historic proportions. The COVID-19 pandemic has caused extreme distress and has cast a cloud over the economic outlook. We know there has never been a more difficult time to run a business. However, we also know the recovery will come.

Over the years, SME Bank has demonstrated resilience as a result of collective efforts and ambition. Today, we are confident those qualities will help us emerge from this much unanticipated situation. We are poised to continue serving our customers in our mission to be the centre of excellence for SME development, and ultimately achieve our vision to be the leader in SME ecosystem value creation beyond financial services.

In addressing the needs of SMEs, we will continue to be guided by Bank Negara Malaysia's Performance Measurement Framework (PMF) initiatives. As an outcome-based framework designed to capture the broader contributions of DFIs beyond the narrow focus of financing growth indicators, I am confident that it will strengthen the Bank's capacity and capability and at the same time benefit the SMEs.



Pembiayaan daripada **RM100,000** hingga **RM750,000** kepada usahawan mikro dan kecil di bawah Skim Pembiayaan Lestari Bumi

Financing from **RM100,000** to **RM750,000** to micro and small entrepreneurs under Lestari Bumi Financing Scheme

Working with the Government

As an agency mandated to carry out Government's developmental efforts, the Bank has been entrusted to offer the Lestari Bumi Financing Scheme with a fund of RM300 million as announced during the Budget 2021. Lestari Bumi Financing Scheme entitles qualified micro and small entrepreneurs financing ranging from RM100,000 to RM750,000 for working capital and purchase of assets. The goal of Lestari Bumi Financing Scheme is for the establishments to upscale their business and remain sustainable.

Ulaskan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

Bank juga telah diberi tanggungjawab untuk mengurus salah satu inisiatif berimpak Kerajaan iaitu skim SME Go. Dana bernilai RM300 juta ini merupakan salah satu daripada 40 inisiatif yang diumumkan di bawah PENJANA dan bertujuan mengupaya kontraktor G2 dan G3 berstatus PKS yang telah diberikan kontrak daripada Kerajaan negeri atau persekutuan, kementerian, jabatan atau agensi Kerajaan. SME Bank akan membiayai kontrak tersebut melalui program MySME Bina dan MySME Bekal. Kami menjangka 16,000 kontraktor G2 dan G3 akan mendapat manfaat daripada bantuan pembiayaan yang disediakan untuk modal kerja mereka.

Di bawah pakej rangsangan terbaharu iaitu PEMERKASA, kami menyediakan dana pembiayaan berjumlah RM200 juta di bawah Inisiatif Automasi dan Pendigitalan. Dana ini akan membolehkan kami membantu syarikat membeli mesin supaya mereka boleh mengautomasi proses pengeluaran dan mengurangkan pergantungan kepada pekerja asing.

Sebagai sokongan terhadap inisiatif Kerajaan untuk mempertingkatkan pertumbuhan eksport PKS, kami akan meneruskan program 'Business Exports Program' (BEP) 2.0 – Misi Pemecutan Eksport (EAM). Dengan pengiktirafan yang diterima sebagai Pemenang bagi Anugerah Projek ADFIAP untuk kategori Pembangunan PKS pada tahun 2020, kami yakin mampu mencapai matlamat untuk merekrut dan memajukan PKS berpotensi menjadi pengeksport melalui program intervensi berstruktur tiga tahun. Sebanyak 14 buah syarikat yang mengikuti program ini pada tahun 2020 dan dijangka akan tamat pada tahun 2022. Pada tahun 2021, kami menjangka untuk mendapat momentum positif yang sama melalui sasaran kemasukan sebanyak 22 buah syarikat lagi.

The Bank has also been given the responsibility to manage one of the Government's high impact initiatives which is the SME Go scheme. The RM300 million fund is one of the 40 initiatives announced under PENJANA and is aimed at empowering the G2 and G3 contractors with SME status, who have been awarded a contract from federal or state Governments, ministries, departments or agencies. SME Bank will finance the contracts via its MySMEBina and MySMEBekal programmes. We expect 16,000 G2 and G3 contractors will benefit from the financing assistance provided for their working capital.

Under the latest stimulus package, PEMERKASA, we make available a financing fund worth RM200 million under the Automation and Digitalisation Initiative that is expected to help companies automate their processes and reduce dependency on foreign workers by getting access to suitable machines.

In support of the Government's initiative to enhance the export growth of SMEs, we will continue with the 'Business Exports Program' (BEP) 2.0 – Export Accelerated Mission (EAM). Having been recognised as a Winner for ADFIAP's Project Award for SME Development category in 2020, we are confident of achieving its objective to recruit and develop potential SMEs to become exporters through a three-year structured intervention programme. Fourteen companies which on boarded the programme in 2020 are expected to complete the programme in 2022. In 2021, we look to similar positive momentum as we target an enrolment of another 22 companies.



Dana skim SME Go **RM300 juta**

SME Go scheme of
RM300 million
fund

- 16,000 kontraktor G2 dan G3 akan mendapat manfaat daripada bantuan pembiayaan melalui program atau produk MySMEBina dan MySMEBekal

16,000 G2 and G3 contractors will benefit from the finance contracts via its MySMEBina and MySMEBekal



- Dana pembiayaan bernilai **RM200 juta** di bawah Inisiatif Automasi dan Pendigitalan

Financing fund worth
RM200 million under
the Automation and
Digitalisation Initiative

Anugerah 2020 **2020 Award**

- Pemenang bagi Anugerah Projek ADFIAP untuk kategori Pembangunan PKS

Winner for ADFIAP's
Project Award for
SME Development
category

Memupuk Usahawan Muda

Bank yang diberikan mandat untuk memupuk dan membangunkan PKS serta berperanan memberikan perkhidmatan menjangkau pembiayaan akan meneruskan program untuk mendidik bakal usahawan pada tahun 2021.

'Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge' telah menjadi program Tanggungjawab Sosial Korporat utama kami sejak tahun 2012 lagi dan ia bertujuan untuk mempertingkatkan minat dalam keusahawanan serta menyediakan peluang kepada para pelajar meneroka daya kreativiti dan inovasi mereka.

Edisi keenam ini telah dirancang untuk tahun 2020, tetapi terpaksa dijadual semula berikutan halangan yang timbul daripada pandemik COVID-19.

Pertandingan yang menawarkan hadiah wang tunai bernilai RM91,000 termasuk hadiah khas untuk juara dalam bentuk tiket penerbangan bernilai RM25,000 ini mengukuhkan komitmen kami untuk mendidik dan memupuk usahawan masa depan. Ia juga bertujuan untuk menyediakan peluang kepada pelajar sekolah menengah mendedahkan bakat perniagaan, daya kreativiti dan inovasi mereka.

'Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge' sebenarnya telah mencapai matlamat yang diharapkan apabila selepas enam tahun ia mula dianjurkan, beberapa sekolah yang mengambil bahagian sebelum ini telah menjual produk melalui kelab koperasi sekolah. Kami bangga untuk memaklumkan bahawa hingga kini nilai keseluruhan produk yang dijual dianggarkan sekitar RM500,000.

Seperti kata pepatah, melentur buluh biar dari rebungnya, saya yakin bahawa 'Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge' akan kekal meninggalkan impak dalam usaha kami mengiktiraf, menaikkan semangat dan merangsang bakat usahawan muda.

Yang terpenting, program ini boleh merintis kepada potensi pengwujudan perniagaan dan penciptaan pekerjaan sendiri yang menyediakan peluang bagi golongan muda bukan sahaja memiliki pekerjaan dan pendapatan malah menyumbang kepada pencapaian matlamat ekonomi mampan.

Nurturing Young Entrepreneurs

The Bank's mandate to nurture and develop the SMEs as well as going beyond the financing role will continue with the programme to groom future entrepreneurs in 2021.

'Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge' has been our Corporate Social Responsibility signature programme since 2012, and aims at raising interest in entrepreneurship and providing an opportunity for students to explore their creativity and innovativeness.

This sixth edition was initially planned for 2020 but had to be rescheduled due the constraints arising from the COVID-19 pandemic.

The competition offers cash prizes totalling RM91,000 inclusive of special prizes for the champions in the form of flight tickets worth RM25,000, reaffirms our commitment in grooming and nurturing future entrepreneurs. It also aims at providing the opportunity for secondary school students to unleash their business talents, creativity and innovativeness.

'Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge' has indeed successfully achieved its intended objectives when, after six years since it was first organised, several of the participating schools have been selling the products through their school cooperative clubs. It is encouraging to know that to date, total sales value of the products is estimated at RM500,000.

As the saying goes, strike the iron while it's hot, I am confident that 'Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge' will remain impactful in our efforts to recognise, inspire and stimulate budding entrepreneurs.

Above all, it may lead to the potential for business creation and self-employment, that provides the opportunity for young individuals to have both employment and income, thus contributing to a sustainable economy.

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

Kesimpulan Pandangan

Berpandukan nilai kami dalam melaksanakan tanggungjawab pengawalseliaan bagi mencapai pembangunan mampan, kami akan terus membantu perniagaan mempertingkatkan kemajuan secara bertanggungjawab dengan menerap semangat inklusif sosial dan kesejahteraan alam sekitar.

Seperti perniagaan lain, perniagaan kami dibentuk berdasarkan peristiwa dan perkembangan di dunia sekeliling kami. Antara yang terbesar adalah pandemik COVID-19 yang merupakan satu cabaran kesihatan awam yang belum pernah berlaku sebelum ini dan telah menyebabkan gangguan ekonomi dan sosial yang memudaratkan.

Kami meredah semua cabaran ini pada tahun 2020 dengan mengekalkan keteguhan mandat kami untuk memupuk dan membangunkan PKS negara ini dan visi kami untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan. Kami berganding bahu sebagai sebuah organisasi untuk melakukan apa yang kami boleh lakukan dengan terbaik bagi membantu perniagaan dan komuniti meredah gelombang cabaran dan bangkit semula sebagai satu organisasi lebih teguh.

Kami telah menampilkan ketulusan dalam ikrar kami untuk mentransformasi Bank ke era pendigitalan dan dengan berbuat demikian membantu perusahaan kecil dan sederhana dalam jejak digital mereka. Kami menyedari bahawa kata-kata merupakan senjata ampuh untuk mencetuskan inspirasi, namun semuanya tidak bermakna sehingga dilancarkan dalam bentuk tindakan dan

Concluding Thoughts

Guided by our values of assuming stewardship for sustainable development, we will continue to help businesses to advance responsibly, to foster social inclusion and environmental well-being.

Our business, as with all businesses, is shaped by events and developments in the world around us. The biggest of these in 2020 was the COVID-19 pandemic, which was an unprecedented public health challenge and which also caused devastating economic and social disruption.

Through all the challenges in 2020, we remain firm to our mandate of nurturing and developing the nation's SMEs and our vision to be the leader in SME ecosystem value creation beyond financial services. Most important, we came together as an organisation, doing what we know best to help the business and the community ride the wave of challenges and to rise again as one.

We demonstrated the truth in our pledge to transform the Bank into digitalisation and in so doing, to help small and medium enterprises in their digital journey. We realise that words are powerful for they inspire us, but will mean nothing until they launch us into action, and drive us to create the changes we want to see. We have set these words into motion to be on track to create something we believe needs to exist, that requires ingenuity, creativity, and above all, leadership.



Kami berganding bahu sebagai sebuah organisasi untuk melakukan apa yang kami boleh lakukan dengan terbaik bagi membantu perniagaan dan komuniti meredah gelombang cabaran dan bangkit semula sebagai satu organisasi lebih teguh.

We came together as an organisation, doing what we know best to help the business and the community ride the wave of challenges and to rise again as one.

Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif

Group President/Chief Executive Officer's Review

mendorong kita untuk mencipta perubahan yang hendak dicapai. Kami telah menukarkan kata-kata tersebut kepada tindakan yang landasannya akan menjurus kepada penciptaan sesuatu yang nyata dan memerlukan kebijaksanaan, daya kreativiti dan yang terpenting kepimpinan.

Secara peribadi, saya merasa bertuah dan rendah diri dapat memimpin Bank ini sekarang dan perjalanannya menuju masa depan. Sememangnya, pandemik global yang melanda dunia dan mengakibatkan krisis ekonomi ini telah memberikan pengalaman yang menarik dan mencabar, namun saya amat berterima kasih atas bimbingan dan sokongan Lembaga Pengarah dan rakan sekerja saya dalam Jawatankuasa Pengurusan atas keyakinan teguh yang diberikan terhadap hala tuju strategik SME Bank.

Saya mengucapkan terima kasih kepada semua pihak di Kementerian Kewangan, Kementerian Pembangunan Usahawan dan Koperasi dan Bank Negara Malaysia serta rakan-rakan strategik, para pelanggan dan kakitangan atas segala usaha dan sokongan yang diberikan. Ucapan terima kasih ini juga saya tujukan kepada seluruh warga kerja di SME Bank atas ketabahan, tanggungjawab dan keazaman anda sekalian menyokong satu sama lain dan seluruh pihak berkepentingan kami sepanjang tahun lepas dan tahun-tahun akan datang.



ARIA PUTERA ISMAIL

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

On a more personal note, I am humbled and honoured to lead the Bank now and into the future. It has been both interesting and challenging in the midst of a global pandemic and its resulting economic crisis, but I am grateful of the guidance and support of our Board of Directors and my colleagues in the Management Committee, and for their steadfast confidence in SME Bank's strategic direction.

I thank everyone at the Ministry of Finance, Ministry of Entrepreneur Development and Cooperatives and Bank Negara Malaysia as well as our strategic partners, customers and employees for all their efforts and support. To all our people at SME Bank, thank you for your tremendous resilience, responsibility and resolve in supporting one another and all our stakeholders over the last year and for the years to come.

Lembaga Pengarah

Board of Directors

Datuk Ahmad
Hizzad Baharuddin

Dato'
Muslim Hussain

Dato' Seri
Nazir Ariff
Pengerusi
Chairman

Mohd Sakeri
Abdul Kadir

Zulkiflee
Hashim



Lembaga Pengarah

Board of Directors



Suharti Mohd Ali

Wan Abdul Rahman
Wan Abu Bakar

Dato' Mohammad Radhi
Abdul Razak

Dato'
Sharkawi Alis



Tiada dalam gambar:
Not in the picture:

**Prof. Dr. Abdul Basir
Mohamad**
(Tempoh berakhir: 3 Jun 2020)
(Tenure ended: 3 June 2020)

**Muhammad Razman
Abu Samah**
(Meletak jawatan: 28 April 2020)
(Resigned: 28 April 2020)

**Dato' Mohd Sukarno
Tun Sardon**
(Tempoh berakhir: 8 April 2020)
(Tenure ended: 8 April 2020)



Dato' Seri Nazir Ariff

Pengerusi Bukan Eksekutif
Non-Executive Chairman

Dato' Seri Nazir Ariff dilantik sebagai Pengerusi Bukan Eksekutif SME Bank pada 18 Oktober 2019.

Beliau merupakan seorang tokoh korporat berjaya yang memiliki pengalaman luas dalam pelbagai industri, antaranya termasuk perbankan, pembangunan hartanah, perlombongan dan perdagangan komoditi serta pembuatan. Selain berkelulusan perakaunan dari United Kingdom, beliau juga merupakan Felo British Institute of Management.

Dato' Seri Nazir Ariff was appointed as the Non-Executive Chairman of SME Bank on 18 October 2019.

He is a successful corporate figure with vast experience in various industries which among others include banking, property development, mining and commodities trading and manufacturing. Majoring in accountancy from the United Kingdom, he is also a Fellow of the British Institute of Management.

Lembaga Pengarah

Board of Directors



Sebagai usahawan, Dato' Seri Nazir Ariff adalah pengasas bersama Aspen (Group) Holdings Limited (sebuah Syarikat Senarai Awam Singapura) dan kini merupakan Timbalan Pengerusi Eksekutif di syarikat tersebut. Sebelum itu, beliau menyandang jawatan Timbalan Pengerusi/Pengarah Eksekutif di Ivory Properties Group Berhad dari 2006 hingga 2013. Dato' Seri Nazir Ariff memulakan kerjaya pada tahun 1974 dengan memegang pelbagai jawatan penting di Escoy Holdings Berhad (dahulu dikenali sebagai Datuk Keramat Holdings) sehingga tamat tempoh jawatan beliau sebagai Pengarah Urusan pada 2006. Beliau juga merupakan Pengerusi Dewan Perdagangan dan Industri Antarabangsa Malaysia (Cawangan Utara) dari tahun 1995 hingga 2018. Beliau pernah berkhidmat sebagai Ahli Lembaga Pengarah Kuala Lumpur Commodities Exchange dan ahli Lembaga pengasas dan Pengerusi Kuala Lumpur Tin Market. Beliau juga adalah bekas Presiden Majlis Dato-Dato Negeri Pulau Pinang.

Dato' Seri Nazir Ariff kini merupakan Pengarah Bebas di Texchem Resources Berhad.

Dato' Seri Nazir Ariff turut aktif dalam kerja-kerja amal di Pulau Pinang dan masih menyandang jawatan penting dalam pelbagai organisasi bukan kerajaan seperti Persatuan Perlindungan Kanak-Kanak (Pengasas dan Presiden), Yayasan Masa Depan Pulau Pinang (ahli Jawatankuasa Pengasas) dan Persatuan Warisan Jawi Peranakan (Presiden).

As an entrepreneur, he is the co-founder of the Aspen (Group) Holdings Limited (a Singapore Public Listed Company) and is currently the Executive Deputy Chairman. Prior to this, he was the Deputy Chairman/Executive Director at the Ivory Properties Group Berhad from 2006 until 2013. Dato' Seri Nazir Ariff started his working career in 1974, holding various key positions at Escoy Holdings Berhad (formerly known as Datuk Keramat Holdings Berhad) until the end of his tenure as the Managing Director in 2006. He was the Chairman of the Malaysian International Chamber of Commerce and Industry (Northern Branch) from 1995 to 2018. He served as a Board member of the Kuala Lumpur Commodities Exchange and as the founding Board member and Chairman of the Kuala Lumpur Tin Market. He was also the past President of Majlis Dato-Dato Negeri Pulau Pinang.

Currently, Dato' Seri Nazir Ariff is an Independent Director of Texchem Resources Berhad.

Dato' Seri Nazir Ariff is also active in charity work in Penang and still holds important positions in various non-government organisations such as Children's Protection Society (founder and President), Penang Future Foundation (Founder Committee member), and Jawi Peranakan Heritage Society (President).



Mohd Sakeri Abdul Kadir

Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director

Mohd Sakeri Abdul Kadir (“Mohd Sakeri”) dilantik sebagai Pengarah Bukan Bebas Bukan Eksekutif pada 28 Februari 2019.

Beliau berkelulusan Ijazah Sarjana Ekonomi dari Universiti Putra Malaysia, Ijazah Sarjana Muda Sastera dalam Ekonomi Matematik dari Univeristi Temple, Amerika Syarikat dan Diploma Lepas Ijazah dalam Pentadbiran Awam dari Institut Tadbiran Awam Negara (INTAN).

Mohd Sakeri memiliki pengalaman selama lebih 25 tahun dalam sektor perkhidmatan awam, khususnya dengan Kementerian Kewangan (MOF). Sebelum menyandang jawatan sekarang iaitu sebagai Setiausaha Rendah Bahagian Kawalan Kewangan Strategik dan Korporat, beliau telah memegang jawatan, antara lain, Setiausaha Rendah Bahagian Pengurusan Badan Berkanun, Timbalan Setiausaha Rendah Bahagian Cukai dan Timbalan Pengarah Pejabat Belanjawan Negara, MOF.

Kini, Mohd Sakeri menyandang jawatan Pengarah di Suruhanjaya Syarikat Malaysia dan Perbadanan Pembangunan Negeri, Negeri Sembilan.

Beliau juga pernah berkhidmat sebagai Pengarah di Perbadanan Pembangunan Perdagangan Luar Malaysia (MATRADE), Universiti Teknologi MARA (UiTM) dan UiTM Holdings Sdn. Bhd.

Mohd Sakeri Abdul Kadir (“Mohd Sakeri”) was appointed as a Non-Independent Non-Executive Director on 28 February 2019.

He holds a Master in Economics from Universiti Putra Malaysia, Bachelor of Arts in Mathematical Economics from Temple University, United States of America and Post Graduate Diploma in Public Administration from National Institute of Public Administration (INTAN).

Mohd Sakeri has more than 25 years of experience in the public services sector, especially with the Ministry of Finance (MOF). Prior to the current appointment as the Undersecretary to the Strategic Financial Control and Corporate Division, he was amongst others, the Undersecretary to the Statutory Body Management Division, the Deputy Undersecretary, Tax Division and the Deputy Director of the National Budget, MOF.

Presently, Mohd Sakeri is a Director of the Companies Commission of Malaysia and State Development Corporation, Negeri Sembilan.

He was previously a Director of Malaysia External Trade Development Corporation (MATRADE), Universiti Teknologi MARA (UiTM) and UiTM Holdings Sdn. Bhd.

Dato' Mohammad Radhi Abdul Razak

Pengarah Bukan Bebas Bukan Eksekutif
Non-Independent Non-Executive Director



Dato' Mohammad Radhi Abdul Razak ("Dato' Radhi") dilantik sebagai Pengarah Bukan Bebas Bukan Eksekutif pada 9 Oktober 2020.

Beliau berkelulusan Ijazah Sarjana Pembangunan Kewangan dari Universiti Hiroshima, Jepun dan Ijazah Sarjana Muda Ekonomi (Kepujian) dari Universiti Malaya, Kuala Lumpur.

Dato' Radhi mempunyai pengalaman selama lebih 29 tahun berkhidmat dalam pelbagai kementerian seperti Kementerian Kewangan, Kementerian Perdagangan & Industri Antarabangsa dan Unit Perancangan Ekonomi, Kementerian Hal Ehwal Ekonomi. Beliau kini merupakan Timbalan Ketua Setiausaha bagi Dasar & Pemantauan di Kementerian Pembangunan Usahawan & Koperasi.

Dato' Radhi pada masa ini turut berkhidmat sebagai Pengarah di Suruhanjaya Persatuan Koperasi Malaysia dan Institut Koperasi Malaysia.

Dato' Mohammad Radhi Abdul Razak ("Dato' Radhi") was appointed as a Non-Independent Non-Executive Director on 9 October 2020.

He holds a Master Degree in Development Finance from Hiroshima University, Japan and Bachelor Degree in Economics (Hons) from University Malaya, Kuala Lumpur.

Dato' Radhi has more than 29 years of experience serving in various ministries such as the Ministry of Finance, Ministry of International Trade & Industry and the Economic Planning Unit, Ministry of Economic Affairs. He is currently the Deputy Secretary General for Policy & Monitoring at the Ministry of Entrepreneur Development & Cooperatives.

Dato' Radhi is currently a Director of the Malaysia Co-operative Societies Commission and Co-operative Institute of Malaysia.



Dato' Muslim Hussain

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

Dato' Muslim Hussain ("Dato' Muslim") dilantik sebagai Pengarah Bebas Bukan Eksekutif SME Bank pada 1 September 2018.

Beliau berkelulusan Ijazah Sarjana Muda (Kepujian) dari Universiti Malaya, Sijil dalam Undang-undang Tinggi Polis dari Kolej Polis Diraja Malaysia dan sijil TESL.

Dato' Muslim berpengalaman luas dalam bidang pengurusan risiko dan kredit serta memiliki pengalaman selama lebih 30 tahun dalam sektor perbankan. Beliau memulakan kerjaya dalam bidang perbankan sebagai Pegawai Kredit Cawangan di Maybank dan meningkat hingga dilantik sebagai Naib Presiden Eksekutif dan Ketua Pengurusan Risiko Operasi Kumpulan Maybank sebelum berhijrah ke Agrobank dan menyandang jawatan Ketua Pegawai Risiko.

Dato' Muslim kini merupakan Pengerusi Jawatankuasa Pengurusan Risiko bagi Dana Peladang Kebangsaan ("DPK")/NAFAS dan Ahli Jawatankuasa Pemandu DPK/NAFAS.

Dato' Muslim Hussain ("Dato' Muslim") was appointed as an Independent Non-Executive Director of SME Bank on 1 September 2018.

He holds a B.A (Hons) from the University of Malaya, Certificate in Police High Law from the Royal Malaysian Police College and certificate in TESL.

Dato' Muslim has vast experience in risk and credit management and has more than 30 years in the banking sector. He started his banking career as a Branch Credit Officer in Maybank and rose to the position of Executive Vice President and Head of Maybank Group Operational Risk Management before moving on to Agrobank as its Chief Risk Officer.

Dato' Muslim is the Chairman of Risk Management Committee of Dana Peladang Kebangsaan ("DPK")/NAFAS and also Member of the Steering Committee of DPK/NAFAS.

Datuk Ahmad Hizzad Baharuddin

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director



Datuk Ahmad Hizzad Baharuddin (“Datuk Hizzad”) dilantik sebagai Pengarah Bebas Bukan Eksekutif SME Bank pada 6 Mac 2019.

Beliau berkelulusan Ijazah Sarjana Pentadbiran Perniagaan dari Universiti St. Louis, Missouri dan Ijazah Sarjana Muda dalam Pengajian Perniagaan dari Universiti Eastern Illinois, Illinois, kedua-duanya di Amerika Syarikat.

Datuk Hizzad memiliki pengalaman selama lebih 32 tahun di Bank Negara Malaysia (BNM). Jawatan terakhir beliau di BNM sebelum bersara adalah Penolong Gabenor dan turut pernah berkhidmat sebagai Pengarah pelbagai jabatan di BNM termasuk Jabatan Perbankan Islam & Takaful, Jabatan Sistem Pembayaran dan Jawatan Pembangunan Sektor Kewangan. Beliau juga pernah menyandang jawatan Ketua Pengarah Lembaga Perkhidmatan Kewangan Labuan.

Datuk Hizzad kini merupakan Pengerusi Payment Network Malaysia (PayNet) dan Mizuho Bank Malaysia Berhad. Selain itu, beliau juga merupakan Felo Jurubank Bertauliah, Asian Institute of Chartered Banker.

Datuk Ahmad Hizzad Baharuddin (“Datuk Hizzad”) was appointed as an Independent Non-Executive Director of SME Bank on 6 March 2019.

He holds a Master of Business Administration from St. Louis University, Missouri and Bachelor in Business Studies from Eastern Illinois University, Illinois, both in the United States of America.

Datuk Hizzad has over 32 years of experience with Central Bank of Malaysia (“BNM”). Before his retirement, he was the Assistant Governor, BNM and has also served as Director in various departments at BNM including Islamic Banking & Takaful Department, Payment Systems Department and Financial Sector Development Department. He was also the Director General of Labuan Financial Services Authority.

Datuk Hizzad is currently the Chairman of Payment Network Malaysia (PayNet) and Mizuho Bank Malaysia Berhad. In addition, Datuk Hizzad is a fellow Chartered Banker, Asian Institute of Chartered Banker.



Zulkiflee Hashim

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

Zulkiflee Hashim (“Zulkiflee”) dilantik sebagai Pengarah Bebas Bukan Eksekutif SME Bank pada 6 Mac 2019.

Zulkiflee memiliki pengalaman selama lebih 35 tahun dalam industri perbankan. Beliau memulakan kerjaya dengan Citibank Malaysia pada tahun 1979 dan meninggalkan bank tersebut semasa menyandang jawatan Naib Presiden pada November 1991. Dari Disember 1991 hingga November 1997, Zulkiflee berkhidmat di Deutsche Bank Malaysia. Beliau pernah menyandang jawatan Timbalan Pengarah Urusan yang bertanggungjawab ke atas Perbankan Korporat, Kewangan Perdagangan Antarabangsa serta Perkhidmatan Operasi dan Perbankan Transaksi. Seterusnya dari bulan Julai 1998 hingga Oktober 2011, Zulkiflee memegang jawatan Pengarah Eksekutif di Hong Leong Bank Berhad (HLB). Jawatan terakhir beliau di HLB sebelum bersara pada tahun 2015 adalah sebagai Ketua Pegawai Operasi, Sokongan Strategik Kumpulan yang beliau sandang dari November 2011 hingga Januari 2015.

Zulkiflee merupakan graduan Diploma Pengurusan Kredit dari Institut Teknologi MARA (kini dikenali sebagai Universiti Teknologi MARA).

Zulkiflee kini menyandang jawatan Pengarah Bebas Bukan Eksekutif di GuocoLand (Malaysia) Berhad, Hong Leong MSIG Takaful Berhad dan Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad. Beliau juga pernah berkhidmat sebagai Ahli Lembaga Pengarah Hong Leong Bank Berhad.

Zulkiflee Hashim (“Zulkiflee”) was appointed as an Independent Non-Executive Director of SME Bank on 6 March 2019.

Zulkiflee has over 35 years of experience in the banking industry. He started his career with Citibank Malaysia in 1979 and left his position as Vice President in November 1991. From December 1991 to November 1997, Zulkiflee was with Deutsche Bank Malaysia. He was the Deputy Managing Director responsible for Corporate Banking, International Trade Finance, Operations and Transaction Banking Services. From July 1998 to October 2011, Zulkiflee was the Executive Director of Hong Leong Bank Berhad (“HLB”). Prior to his retirement in 2015, he was HLB’s Chief Operating Officer, Group Strategic Support from November 2011 to January 2015.

Zulkiflee graduated with a Diploma in Credit Management from Institut Teknologi MARA (now known as Universiti Teknologi MARA).

Presently, Zulkiflee is an Independent Non-Executive Director of GuocoLand (Malaysia) Berhad, Hong Leong MSIG Takaful Berhad and Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad. He was previously a member of Hong Leong Bank Berhad Board of Directors.

Wan Abdul Rahman Wan Abu Bakar

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

Wan Abdul Rahman Wan Abu Bakar (“Wan Abdul Rahman”) dilantik sebagai Pengarah Bebas Bukan Eksekutif SME Bank pada 11 Januari 2021.

Beliau berkelulusan Ijazah Sarjana Muda Sastera dalam Pengurusan Perniagaan dari Universiti Sunderland, United Kingdom dan Diploma Pengajian Perbankan dari Universiti Teknologi MARA (UiTM). Beliau merupakan Ahli Bersekutu Asian Institute of Chartered Banker sejak tahun 1981 dan pernah mengikuti kursus Proses dan Amalan Pengurusan BMP di Asian Institute of Management Manila Philippines. Beliau juga telah mengikuti kursus Model Analisis Risiko dan Membuat Keputusan oleh Carl Samuelson di JB Morgan New York dan Program Pelaksanaan Strategi KMDC, The Wharton School, University of Pennsylvania.

Wan Abdul Rahman memiliki pengalaman selama lebih 30 tahun dalam bidang perbankan pelaburan dan korporat serta perbankan komersial dan SME dalam perbankan konvensional dan Syariah setelah berkhidmat dalam pelbagai jawatan kanan di CIMB Bank, CIMB Investment Bank, Bank Muamalat Malaysia Berhad dan Asian Finance Bank Berhad.

Wan Abdul Rahman Wan Abu Bakar (“Wan Abdul Rahman”) was appointed as an Independent Non-Executive Director of SME Bank on 11 January 2021.

He holds a Bachelor of Art in Business Management from University of Sunderland, United Kingdom and Diploma in Banking Studies from MARA University of Technology (UiTM). He is an Associate Member of the Asian Institute of Chartered Banker since 1981. He has attended BMP Managerial Process and Practice at Asian Institute of Management Manila Philippines. He has also attended Carl Samuelson’s Risk Analysis and Decisions Making Model by Carl Samuelson of JB Morgan of New York and KMDC Strategy Execution Program, The Wharton School, University of Pennsylvania.

Wan Abdul Rahman has over 30 years of experience in the fields of investment and corporate banking as well as commercial & SME banking in both conventional and Syariah banking having served in various senior positions at CIMB Bank, CIMB Investment Bank, Bank Muamalat Malaysia Berhad and Asian Finance Bank Berhad.





Suharti Mohd Ali

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

Suharti Mohd Ali (“Suharti”) dilantik sebagai Pengarah Bebas Bukan Eksekutif SME Bank pada 1 Mac 2021.

Beliau adalah lulusan Ijazah Sarjana Pentadbiran Perniagaan (MBA) dari Universiti Utara Malaysia dan Diploma Pentadbiran Awam (Inggeris) dari Universiti Teknologi MARA (UiTM).

Suharti memiliki pengalaman selama lebih 34 tahun dalam bidang teknologi maklumat setelah memulakan kerjaya beliau di Jabatan Telekom Malaysia (TM) pada tahun 1980. Beliau merupakan pakar subjek bagi Sistem Pengurusan Kredit untuk Projek CASS TM dari 1989 hingga 1992. Dari tahun 1993 hingga 2006, beliau telah mengetuai Bahagian Sistem Pengurusan Kredit (IT) dan jawatan terakhir beliau dengan TM adalah Pengurus Besar Projek NOVA iaitu Sistem CRM bagi produk terulung TM, Unifi. Platform tersebut masih digunakan hingga hari ini. Suharti menyertai Celcom Axiata pada tahun 2011 sebagai Pengarah Transformasi IT dan meninggalkan industri pada 2017 untuk menceburi bidang yang beliau minati termasuk pendidikan, motivasi dalam pengurusan projek dan kesihatan.

Suharti pernah berkhidmat sebagai Pengarah di CEIL Sdn. Bhd.

Suharti Mohd Ali (“Suharti”) was appointed as an Independent Non-Executive Director of SME Bank on 1 March 2021.

She holds a Master of Business Administration (MBA) from Universiti Utara Malaysia and Diploma in Public Administration (English) from MARA Institute of Technology (UiTM).

Suharti has more than 34 years of experience in the area of information technology having found her career path with the then Jabatan Telekom Malaysia (“TM”) in 1980. She was the subject matter expert for the Credit Management System for the TM CASS Project from 1989 to 1992. From 1993 to 2006, she headed the Credit Management System Division (IT) and her last position with TM was as General Manager of NOVA Project, the CRM System for TM’s flagship product, Unifi. The platform is still in use today. Suharti joined Celcom Axiata in 2011 as Director of IT Transformation and left the industry in 2017 to pursue areas of work she has passion for which include education, motivation in project management and health.

Previously, Suharti was a Director of CEIL Sdn. Bhd.

Dato' Sharkawi Alis

Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director



Dato' Sharkawi Alis ("Dato' Sharkawi") dilantik sebagai Pengarah Bebas Bukan Eksekutif SME Bank pada 1 April 2021.

Beliau merupakan seorang Peguam lulusan Middle Temple, London dan telah diterima ke Badan Peguam Malaysia pada 1971. Beliau kemudian dilantik sebagai Peguam Bela & Peguam Cara di Mahkamah Tinggi Malaya pada 1984.

Dato' Sharkawi berkhidmat dalam Perkhidmatan Kehakiman dan Perundangan Malaysia dengan memegang pelbagai jawatan selama sebelas (11) tahun sebelum dilantik sebagai Penasihat Undang-undang Kumpulan di Malaysia Mining Corporation Berhad pada bulan Ogos 1982. Pada Januari 1987, beliau menyertai Suruhanjaya Sekuriti Malaysia sebagai Pengarah Penyelia Pasaran dan kemudian dilantik ke jawatan Pengarah Bahagian Sumber Korporat pada tahun 2000 hingga Mac 2003.

Pada masa ini Dato' Sharkawi menganggotai Lembaga Pengarah Permodalan Satok Berhad dan Yayasan Hartanah Bumiputera Sarawak.

Dato' Sharkawi pernah menjadi Pengerusi MNRB Holdings Berhad dan syarikat-syarikat kumpulannya dari September 2007 hingga Jun 2019.

Beliau juga pernah berkhidmat sebagai Pengarah Malaysian Industrial Development Finance Berhad (MIDF), MIDF Investment Bank Berhad dan syarikat-syarikat subsidiari MIDF yang lain antara tahun 2005 hingga 2016. Beliau merupakan bekas Pengarah Development Bank of Sarawak yang berkhidmat dari tahun 2017 hingga 2020.

Dato' Sharkawi Alis ("Dato' Sharkawi") was appointed as an Independent Non-Executive Director of SME Bank on 1 April 2021.

He is a Barrister-at-Law from Middle Temple, London, where he was called in 1971. Thereafter, he was admitted as an Advocate & Solicitor of the High Court of Malaya in 1984.

He served in the Malaysian Judicial and Legal Service in various capacities for eleven (11) years before he was appointed as Group Legal Adviser of Malaysia Mining Corporation Berhad in August 1982. In January 1997, he joined the Securities Commission Malaysia as Director of Market Supervision and subsequently in 2000, he was appointed as the Director of Corporate Resources Division until March 2003.

Presently, Dato' Sharkawi sits on the Board of Permodalan Satok Berhad and Yayasan Hartanah Bumiputera Sarawak.

Previously, Dato' Sharkawi was the Chairman of MNRB Holdings Berhad and its group of companies from September 2007 until June 2019.

He was a Director of Malaysian Industrial Development Finance Berhad ("MIDF"), MIDF Investment Bank Berhad and other subsidiaries of MIDF between 2005 to 2016. He was also a former Director of Development Bank of Sarawak where he served between 2017 to 2020.

Jawatankuasa Syariah

Shariah Committee

Prof. Dr. Norhashimah
Mohd Yasin

Prof. Dr. Abdul Basir
Mohamad
Pengerusi
Chairman

Prof. Madya Dr. Asmak
Abdul Rahman

Asst. Prof. Dr. Tajul Aris
Ahmad Bustami



Jawatankuasa Syariah

Shariah Committee



Dr. Shamsiah
Mohamad

Dr. Azrul
Iskandar Mirza

Dr. Ahmad Sufian
Che Abdullah

Prof. Madya Dr. Amir
Shaharuddin



Profil Jawatankuasa Syariah

Shariah Committees' Profile



Prof. Dr. Abdul Basir Mohamad

Pengerusi
Chairman

Prof. Dr. Abdul Basir Mohamad dilantik sebagai Pengerusi Jawatankuasa Syariah SME Bank pada 10 Mei 2010.

Beliau menerima ijazah pertama dalam bidang Syariah dari Universiti Kebangsaan Malaysia (UKM) dan PhD dari University of Edinburgh, Scotland dengan pengkhususan dalam bidang Undang-undang Islam Tort dan Undang-undang Jenayah Islam.

Prof. Dr. Abdul Basir kini merupakan Profesor di Fakulti Pengajian Islam, UKM dan Felo Kolej Universiti Islam Melaka.

*Tempoh berakhir pada 9 Mei 2021

Prof. Dr. Abdul Basir Mohamad was appointed as the Chairman of the Shariah Committee of SME Bank on 10 May 2010.

He received his first degree in Shariah from Universiti Kebangsaan Malaysia (UKM). He then obtained his PhD from the University of Edinburgh, Scotland specialising in the Islamic Law of Torts and Criminal Islamic Laws.

Currently he is the Professor at the Faculty of Islamic Studies, UKM and an Academic Fellow of Kolej Universiti Islam Melaka.

*Tenure ended on 9 May 2021

Profil Jawatankuasa Syariah

Shariah Committees' Profile



Prof. Madya Dr. Asmak Abdul 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.

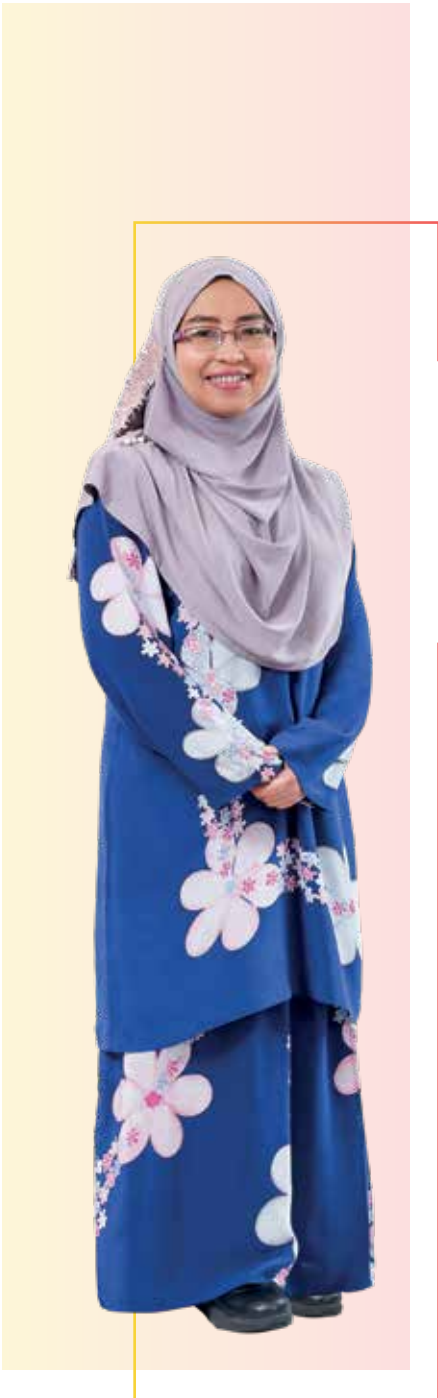
Prof. Madya Dr. Asmak kini merupakan Ketua Jabatan Syariah dan Ekonomi, Akademi Pengajian Islam, Universiti Malaya. Beliau juga adalah ahli Jawatankuasa Syariah, Ambank Islamic Berhad, Hong Leong MISG Takaful, Lembaga Tabung Haji, Perbadanan Usahawan Nasional Berhad dan BIMB Investment Management Berhad.

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 Universiti 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, Universiti Malaya. She is also a Shariah Committee member of Ambank Islamic Berhad, Hong Leong MISG Takaful, Lembaga Tabung Haji, Perbadanan Usahawan Nasional Berhad and BIMB Investment Management Berhad.



Profil Jawatankuasa Syariah

Shariah Committees' Profile



Prof. Dr. Norhashimah Mohd Yasin

Ahli
Member

Prof. Dr. Norhashimah Mohd Yasin dilantik sebagai ahli Jawatankuasa Syariah SME Bank pada 1 Jun 2011.

Beliau adalah lulusan Universiti Islam Antarabangsa Malaysia (UIAM) dengan Ijazah Sarjana Muda Undang-undang (LLB) dan Ijazah Sarjana Undang-undang Perbandingan. Beliau kemudian memperoleh Ijazah Sarjana Undang-undang (LLM) dan PhD dari University of Warwick, United Kingdom.

Beliau merupakan Perunding Unit Amanah berdaftar dengan Persekutuan Pengurus Pelaburan Malaysia serta Peguam Bela dan Peguam Cara Mahkamah Tinggi Malaya.

Prof. Dr. Norhashimah berkhidmat sebagai Profesor di Ahmad Ibrahim Kuliyyah of Laws, UIAM dan juga Ahli Lembaga Pengajian Universiti Islam Malaysia. Beliau turut menganggotai Jawatankuasa Syariah UOB Malaysia dan Lembaga Pemegang Amanah Yayasan Asnita selain berkhidmat sebagai Penasihat Undang-undang & Syariah (Perbankan dan Kewangan Islam) di beberapa firma guaman.

*Tempoh berakhir pada 31 Mei 2021

Prof. Dr. Norhashimah Mohd Yasin was appointed as a member of the Shariah Committee of SME Bank on 1 June 2011.

She graduated from the International Islamic University of Malaysia (IIUM) with a Bachelor of Laws (LLB) and a Master of Comparative Laws (MCL). She later obtained both her Master of Law (LLM) and PhD from University of Warwick, UK.

She is a registered Unit Trust Consultant with the Federation of Investment Managers Malaysia as well as an Advocate and Solicitor of the High Court of Malaya.

Prof. Dr. Norhashimah is a Professor at IIUM under the Ahmad Ibrahim Kuliyyah of Laws and also member of Board of Studies of Universiti Islam Malaysia. She sits on the Shariah Committee of UOB Malaysia and the Board of Trustees of Yayasan Asnita aside from being a Legal & Shariah Adviser (Islamic Banking and Finance) to several legal firms.

*Tenure ended on 31 May 2021

Profil Jawatankuasa Syariah

Shariah Committees' Profile



Asst. Prof. Dr. Tajul Aris Ahmad Bustami

Ahli
Member



Asst. Prof. Dr. Tajul Aris Ahmad Bustami dilantik sebagai ahli Jawatankuasa Syariah SME Bank pada 18 Februari 2018.

Beliau berkelulusan Diploma Undang-undang dan Amalan Syariah, Ijazah Sarjana Muda Undang-undang dan Ijazah Sarjana Muda Undang-undang (Syariah) dari Universiti Islam Antarabangsa Malaysia (UIAM). Beliau kemudian memperoleh Ijazah Sarjana Undang-undang Komersial dari University of London dan PhD dalam Undang-undang dari UIAM.

Beliau adalah Peguam Bela dan Peguam Cara Mahkamah Tinggi Malaya pada 1998 dan Peguam Syarie di Wilayah Persekutuan dan Negeri Sembilan pada tahun 2000.

Asst. Prof. Dr. Tajul Aris Ahmad Bustami kini merupakan Pengerusi Lembaga Penasihat Syariah Kumpulan Ambank dan Penolong Profesor di Ahmad Ibrahim Kulliyah of Laws, UIAM.

*Tempoh berakhir pada 14 Februari 2021

Asst. Prof. Dr. Tajul Aris Ahmad Bustami was appointed as a member of the Shariah Committee of SME Bank on 18 February 2018.

He received his Diploma in Shariah Law and Practice, Bachelor of Laws, and Bachelor of Law (Shariah) from International Islamic University Malaysia (IIUM). He then obtained a Master's Degree in Commercial Law from University of London and later, a PhD in Law from IIUM.

He was an Advocate and Solicitor of the High Court of Malaya in 1998, and a Syarie Lawyer in the Federal Territories and Negeri Sembilan in 2000.

Currently he is Chairman of Ambank Group Shariah Advisory Board and Assistant Professor at Ahmad Ibrahim Kulliyah of Laws, IIUM.

*Tenure ended on 14 February 2021

Profil Jawatankuasa Syariah

Shariah Committees' Profile



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 Islam Malaysia serta Majlis Penyelia 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 Universiti 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 Institutions Malaysia as well as Shariah Supervisory Council, Bank Islam Malaysia Berhad.

Profil Jawatankuasa Syariah

Shariah Committees' Profile



Dr. Azrul Azlan Iskandar Mirza

Ahli
Member



Dr. Azrul Azlan Iskandar Mirza dilantik sebagai ahli Jawatankuasa Syariah SME Bank pada 1 Mei 2020.

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 Pengerusi Jawatankuasa Syariah FWD Takaful Berhad (dahulu dikenali sebagai HSBC Amanah Takaful Berhad) dan ahli Jawatankuasa Syariah di Maybank Islamic Berhad. Selain berkhidmat sebagai Pensyarah Kanan di Universiti Sains Islam Malaysia dan Pengarah USIM Healthcare Sdn. Bhd., Dr. Azrul Azlan turut menganggotai Jawatankuasa Fatwa dalam Majlis Fatwa Negeri Sembilan dan Majlis Fatwa Pahang.

Dr. Azrul Azlan Iskandar Mirza was appointed as a member of the Shariah Committee of SME Bank on 1 May 2020.

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 Chairman of the Shariah Committee of FWD Takaful Berhad (formerly known as HSBC Amanah Takaful Berhad) and member of Maybank Islamic Berhad Shariah Committee. He is also in the Fatwa Committee of Negeri Sembilan Fatwa Council and Pahang Fatwa Council, in addition to being a Senior Lecturer at Universiti Sains Islam Malaysia and Director of USIM Healthcare Sdn. Bhd.

Profil Jawatankuasa Syariah

Shariah Committees' Profile



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 Pentadbiran 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 Perunding Undang-undang Islam dalam Majlis Agama Islam Wilayah Persekutuan. Beliau juga merupakan Penasihat Syariah Bertauliah, 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 Universiti Malaya with a Bachelor's Degree in Shariah and Administration, 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, Universiti Malaya. He is a member of Shariah Committee, CIMB Islamic; Shariah Advisory Board, Syarikat Takaful Malaysia Berhad; Wakaf Committee, Majlis Agama Islam Kelantan; Fatwa Committee, Jabatan Fatwa Negeri Perlis; and Islamic Legal Consultative Committee, Majlis Agama Islam Wilayah Persekutuan. He is also a Certified Shariah Advisor, Association of Shariah Advisors in Islamic Finance Malaysia.

Profil Jawatankuasa Syariah

Shariah Committees' Profile



Prof. Madya Dr. Amir Shaharuddin

Ahli
Member



Prof. Madya 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. Madya Dr. Amir Shaharuddin kini menyandang jawatan Ketua Pengarah Eksekutif, Yayasan Waqaf Malaysia dan berkhidmat sebagai Profesor Madya 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 dan Penasihat Syariah, Malaysia Airport Consultancy Berhad.

Assoc. 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 an Associate Professor of 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, and Shariah Advisor of Shariah Advisor, Malaysia Airport Consultancy Berhad.

Pengurusan Kanan

Senior Management

**Aria Putera
Ismail**

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



**Mohammad Hardee
Ibrahim**

Ketua Pegawai Strategi Korporat Kumpulan
Group Chief Corporate Strategy Officer



**Haizad Rizal
A. Aziz**

Ketua Pegawai Kewangan Kumpulan
Group Chief Financial Officer



**Hairil Izwar
Abd Rahman**

Ketua Pegawai Transformasi Digital & Teknologi Kumpulan
Group Chief Digital & Technology Transformation Officer



**Sainursalwa
Sani**

Ketua Pegawai Modal Insan Kumpulan
Group Chief Human Capital Officer



**Mohd Fikri
Abd. Ghapar**

Ketua Pegawai Perundangan, Kesetiausahaan & RAM Kumpulan
Group Chief Legal, Secretarial & RAM Officer



Pengurusan Kanan

Senior Management

**Hasrul Farid
Hasnan**

Ketua Juruaudit Dalam Kumpulan
Group Chief Internal Auditor



**Mohammad Azam
Ahmad**

Ketua Pegawai Risiko Kumpulan
Group Chief Risk Officer



**Norsrah
Mohd Isa**

Ketua Pegawai Pematuhan Kumpulan
Group Chief Compliance Officer



**Khairil Anuar
Mohammad Anuar**

Ketua Pegawai Operasi
Chief Operating Officer



**Zarina Nor
Ismail**

Ketua Pegawai Kredit
Chief Credit Officer



**Nurbayu
Kasim Chang**

Ketua Pegawai Perniagaan
Chief Business Officer



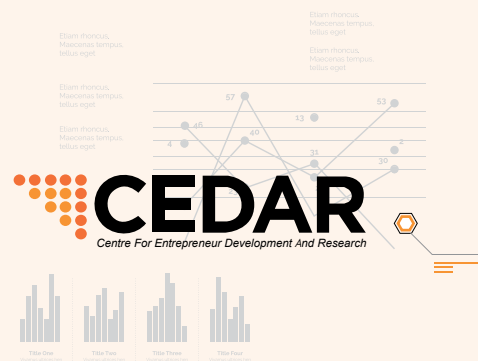
Bab 03

Chapter 03

Tadbir Urus Korporat

Corporate Governance

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Mempertingkatkan Kemahiran ke Arah Pertumbuhan Strategik

Platform digital SME Bank bergabung dan bekerjasama dengan para usahawan PKS untuk mempersiapkan, menyesuaikan dan memenuhi keperluan mereka terhadap kepakaran penyelesaian teknikal dan teknologi.

Perkhidmatan menjangkau pembiayaan diletakkan di bawah pengendalian subsidiari kami, Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) telah mengendalikan 19 program dalam talian yang melibatkan lebih 10,000 peserta sepanjang tempoh kawalan pergerakan pada tahun ini. Pembangunan usahawan kekal sebagai fokus utama kami dan latihan berasaskan natijah secara fizikal dan maya membantu mempertingkatkan kemahiran mereka yang akan menyumbang kepada pertumbuhan strategik dan akhirnya kepada ekonomi negara.

Enhancing Skills for Strategic Growth

SME Bank's digital platforms unite SME entrepreneurs and work together with them to equip, match and complement their needs for technical expertise and technological solutions.

This beyond financing service is under the charge of our subsidiary, Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) that organised 19 online programmes involving more than 10,000 participants throughout the movement control order period during the year. Entrepreneur development remains our focus and such an outcome-based coaching, both physical and virtual, helps enhance their skills which will contribute to their strategic growth and ultimately, the nation's economy.



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 Bebas Bukan Eksekutif masing-masing mewakili Menteri Kewangan Diperbadankan ("MOF") dan Kementerian Pembangunan Usahawan dan Koperasi ("MEDAC") serta enam (6) orang Pengarah Bebas Bukan Eksekutif.

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 peroleh 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.

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 Directors

The Board is governed by nine (9) members consisting of one (1) Non-Executive Chairman, two (2) Non-Independent Non-Executive Directors representing Minister of Finance Incorporated ("MOF") and Ministry of Entrepreneur Development and Cooperatives ("MEDAC") respectively and six (6) Independent Non-Executive 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.

Penyata Tadbir Urus Korporat

Statement on Corporate Governance



Lembaga bermesyuarat 15 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.

The Board meets 15 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.

Pelantikan Pengerusi dan semua Pengarah adalah menurut Dokumen Dasar BNM berhubung Tadbir Urus Korporat serta Memorandum dan Tataurusan Pertubuhan Bank.

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 menyandang jawatan Pengarah Bank.

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.

Pada 28 April 2020, Lembaga telah mewujudkan Piagam Lembaga SME Bank sebagai sebahagian daripada tanggungjawab utama Lembaga di bawah Dokumen Dasar BNM berhubung Tadbir Urus Korporat. Piagam Lembaga tersebut boleh didapati di laman sesawang Bank di www.smebank.com.my.

During the year, the Board had established SME Bank's Board Charter on 28 April 2020, as part of Board's key responsibilities under the BNM's Policy Document on Corporate Governance. The Board Charter is available for viewing in the Bank's website www.smebank.com.my.

Latar Belakang Pengarah Directors' Background



Pengurusan
Management



Teknologi Maklumat
Information Technology



Kewangan
Pembangunan
Development Finance



Perbankan
Banking



Undang-Undang
Legal



Ekonomi
Economy



Kewangan
Finance



Pengurusan Risiko
Risk Management



Pentadbiran Awam
Public Administration



Perakaunan
Accounting



Pentadbiran Perniagaan
Business Administration



Audit
Audit



Pembangunan
Usahawan
Entrepreneur
Development



Pengurusan Kredit
Credit Management



Perbendaharaan
Treasury



Perkhidmatan Kewangan
Islam
Islamic Financial
Services

Penyata Tadbir Urus Korporat

Statement on Corporate Governance

Komposisi Lembaga pada tahun kewangan 2020 adalah seperti berikut:
The composition of the Board during the year 2020 is as follows:

	Nama Pengarah Name of Director	Jawatan Designation
1.	Dato' Seri Nazir Ariff Mushir Ariff	Pengerusi Bukan Eksekutif Non-Executive Chairman
2.	Encik Mohd Sakeri Abdul Kadir	Pengarah Bukan Bebas Bukan Eksekutif (Mewakili MOF) Non-Independent Non-Executive Director (Representing MOF)
3.	Dato' Muslim Hussain	Pengarah Bebas Bukan Eksekutif Independent Non-Executive Director
4.	Datuk Ahmad Hizzad Baharuddin	Pengarah Bebas Bukan Eksekutif Independent Non-Executive Director
5.	Encik Zulkiflee Hashim	Pengarah Bebas Bukan Eksekutif Independent Non-Executive Director
6.	Dato' Mohammad Radhi Abdul Razak	Pengarah Bukan Bebas Bukan Eksekutif (Dilantik pada 9 Oktober 2020) (Mewakili MEDAC) Non-Independent Non-Executive Director (Appointed on 9 October 2020) (Representing MEDAC)
7.	Dato' Mohd Sukarno Tun Sardon	Pengarah Bebas Bukan Eksekutif (Tempoh berakhir pada 8 April 2020) Independent Non-Executive Director (Tenure ended on 8 April 2020)
8.	Encik Muhammad Razman Abu Samah	Pengarah Bukan Bebas Bukan Eksekutif (Meletak jawatan pada 28 April 2020) (Mewakili MEDAC) Non-Independent Non-Executive Director (Resigned on 28 April 2020) (Representing MEDAC)
9.	Prof. Dr. Abdul Basir Mohamad	Pengarah Bebas Bukan Eksekutif (Tempoh berakhir pada 3 Jun 2020) Independent Non-Executive Director (Tenure ended on 3 June 2020)

Penyata Tadbir Urus Korporat

Statement on Corporate Governance



Rekod kehadiran mesyuarat Pengarah bagi tahun 2020 adalah seperti berikut:
The Directors' record of meeting attendance for 2020 is as follows:

Nama Pengarah Name of Director	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1. Dato' Seri Nazir Ariff Mushir Ariff	15/15
2. Encik Mohd Sakeri Abdul Kadir	15/15
3. Dato' Muslim Hussain	15/15
4. Datuk Ahmad Hizzad Baharuddin	15/15
5. Encik Zulkiflee Hashim	15/15
6. Dato' Mohammad Radhi Abdul Razak	3/3 (Dilantik pada 9 Oktober 2020) (Appointed on 9 October 2020)
7. Dato' Mohd Sukarno Tun Sardon	3/4 (Tempoh berakhir pada 8 April 2020) (Tenure ended on 8 April 2020)
8. Encik Muhammad Razman Abu Samah	1/5 (Meletak jawatan pada 28 April 2020) (Resigned on 28 April 2020)
9. Prof. Dr. Abdul Basir Mohamad	6/6 (Tempoh berakhir pada 3 Jun 2020) (Tenure ended on 3 June 2020)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

Komposisi Lembaga Pengarah Composition of the Board



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 2020 manakala para Pengarah baharu telah mendaftar untuk menghadiri program tersebut pada 2021.

Dalam memenuhi tanggungjawabnya kepada SME Bank, seorang 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.

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 Programme 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 Programme 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 programmes 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 organizes by The Iclif Leadership and Governance Centre during the year 2020 whilst the new Directors have been registered to attend in 2021.

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 Programme organizes by ISRA Consulting.

Penyata Tadbir Urus Korporat

Statement on Corporate Governance



Di samping itu, pada tahun 2020, Bank juga telah menganjurkan Sesi-sesi Latihan dan Perkongsian Pengetahuan bagi Lembaga dalam bidang-bidang berikut:

- (i) Peranan dan Tanggungjawab Lembaga Pengarah di bawah Dasar Tadbir Urus Syariah;
- (ii) Tinjauan Keperluan Basel II;
- (iii) Latihan Pencegahan Pengubahan Wang Haram dan Pencegahan Pembiayaan Keganasan;
- (iv) Peruntukan Integriti dan Liabiliti Korporat dalam Akta SPRM 2019 (S17A Akta SPRM 2009);
- (v) Mari Berbicara Tentang Teknologi dan Komunikasi Krisis Kebangsaan; dan
- (vi) Taklimat mengenai Cadangan Cukai Belanjawan 2021.

In addition, during the year 2020, the Bank had organised Trainings and Knowledge Sharing Sessions for the Board in the following areas:

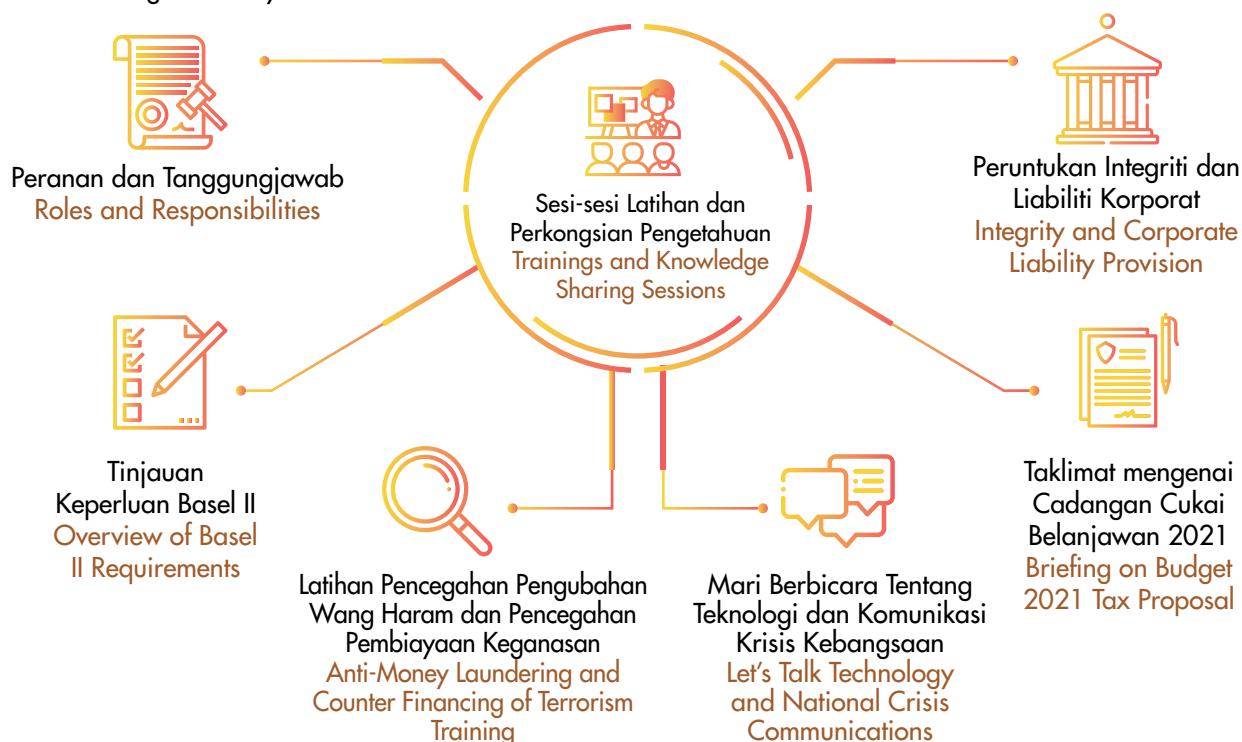
- (i) Roles and Responsibilities of the Board of Directors under the Shariah Governance Policy;
- (ii) Overview of Basel II Requirements;
- (iii) Anti-Money Laundering and Counter Financing of Terrorism Training;
- (iv) Integrity and Corporate Liability Provision of MACC Act 2019 (S17A MACC Act 2009);
- (v) Let's Talk Technology and National Crisis Communications; and
- (vi) Briefing on Budget 2021 Tax Proposal.

D. Jawatankuasa Lembaga

Empat (4) Jawatankuasa Lembaga telah dibentuk untuk membantu Lembaga melaksanakan tugas dan tanggungjawabnya, iaitu Jawatankuasa Lembaga Audit, Jawatankuasa Lembaga Pengurusan Risiko, Jawatankuasa Lembaga Pencalonan dan Pampasan serta Jawatankuasa Lembaga Pembiayaan dan Pelaburan.

D. Board Committees

There are four (4) Board Committees established to assist the Board in discharging its duties and responsibilities, namely the Board Audit Committee, Board Risk Management Committee, Board Nomination and Compensation Committee and Board Financing and Investment Committee.



Jawatankuasa Lembaga Pencalonan dan Pampasan

Board Nomination and Compensation Committee

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.
- (ii) Menetapkan prosedur telus bagi membangunkan dasar pampasan bagi Individu dengan Tanggungjawab Utama dan memastikan supaya pampasan tersebut 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 akhir.

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.

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.
- (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.

Jawatankuasa Lembaga Pencalonan dan Pampasan

Board Nomination and Compensation Committee



2. Komposisi, Mesyuarat dan Kehadiran

BNCC mengadakan 11 mesyuarat pada tahun kewangan berakhir 31 Disember 2020. Komposisi dan rekod kehadiran BNCC pada tahun 2020 adalah seperti berikut:

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2020, BNCC held 11 meetings. The composition of BNCC during the year 2020 and record of attendance are as follows:

	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Datuk Ahmad Hizzad Baharuddin	Pengerusi/Pengarah Bebas Bukan Eksekutif Chairman/Independent Non-Executive Director	11/11
2.	Dato' Seri Nazir Ariff Mushir Ariff	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	11/11
3.	Dato' Muslim Hussain	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	11/11
4.	Encik Mohd Sakeri Abdul Kadir	Ahli/Pengarah Bukan Bebas Bukan Eksekutif Member/Non-Independent Non-Executive Director	11/11
5.	Dato' Mohammad Radhi Abdul Razak	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Dilantik pada 9 Oktober 2020) Member/Non-Independent Non-Executive Director (Appointed on 9 October 2020)	1/1
6.	Dato' Mohd Sukarno Tun Sardon	Ahli/Pengarah Bebas Bukan Eksekutif (Tempoh berakhir pada 8 April 2020) Member/Independent Non-Executive Director (Tenure ended on 8 April 2020)	3/3
7.	Encik Muhammad Razman Abu Samah	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Meletak jawatan pada 28 April 2020) Member/Non-Independent Non-Executive Director (Resigned on 28 April 2020)	1/4

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

* Reflects the number of meetings attended during the time the Director held office.

Jawatankuasa Lembaga Pencalonan dan Pampasan

Board Nomination and Compensation Committee

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 mekanisme 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 Institusi Kewangan Pembangunan 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.

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 programme 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.

Jawatankuasa Lembaga Pengurusan Risiko

Board Risk Management Committee



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.

2. Komposisi, Mesyuarat dan Kehadiran

BRMC mengadakan 14 mesyuarat pada tahun kewangan berakhir 31 Disember 2020. Komposisi dan rekod kehadiran BRMC pada tahun 2020 adalah seperti berikut:

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.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2020, BRMC held 14 meetings. The composition of BRMC during the year 2020 and record of attendance are as follows:

	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Dato' Muslim Hussain	Pengerusi/Pengarah Bebas Bukan Eksekutif Chairman/Independent Non-Executive Director	14/14
2.	Datuk Ahmad Hizzad Baharuddin	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	13/14
3.	Encik Zulkiflee Hashim	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	14/14
4.	Dato' Mohammad Radhi Abdul Razak	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Dilantik pada 9 Oktober 2020) Member/Non-Independent Non-Executive Director (Appointed on 9 October 2020)	2/2
5.	Prof. Dr. Abdul Basir Mohamad	Ahli/Pengarah Bebas Bukan Eksekutif (Tempoh tamat pada 3 Jun 2020) Member/Independent Non-Executive Director (Tenure ended on 3 June 2020)	5/5
6.	Dato' Mohd Sukarno Tun Sardon	Ahli/Pengarah Bebas Bukan Eksekutif (Tempoh tamat pada 8 April 2019) Member/Independent Non-Executive Director (Tenure ended on 8 April 2019)	4/4

Jawatankuasa Lembaga Pengurusan Risiko

Board Risk Management Committee

	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
7.	Encik Muhammad Razman Abu Samah	Ahli/Pengarah Bukan Bebas Bukan Eksekutif (Meletak jawatan pada 28 April 2020) Member/Non-Independent Non-Executive Director (Resigned on 28 April 2020)	1/5

* 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.
- (ii) Fungsi kawalan pengurusan risiko, aktiviti pengurusan risiko, pelaksanaan amalan Pengurusan Kesyinambungan 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.

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.
- (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 programme.
- (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.

Jawatankuasa Lembaga Pengurusan Risiko

Board Risk Management Committee



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.

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.

Penyata Pengurusan Risiko dan Kawalan Dalaman

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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 2021.

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"). 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 tanggungjawab menyeluruhnya dalam mengawasi persekitaran kawalan dalaman dan keberkesannya 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 penipuan kewangan.

Sistem kawalan dalaman yang diwujudkan di seluruh Kumpulan dikemas kini 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 2021.

The Board has established the Board Risk Management Committee ("BRMC"), Board Audit Committee ("BAC"), Board Nomination and Compensation Committee ("BNCC") and Board Financing and Investment Committee ("BFIC"). 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 and employees, and the Group's assets.

Penyata Pengurusan Risiko dan Kawalan Dalaman

Statement on Risk Management and Internal Control



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 daripada fungsi-fungsi kawalan yang menyediakan semak dan imbang 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 Pengurusan Risiko Kumpulan ("GRMF") disediakan sebagai rangka kerja pengurusan risiko seluruh perusahaan bersepadu yang meliputi antara lain, tadbir urus, selera risiko, pematuhan risiko dan kawalan dalaman yang menyokong aktiviti perniagaan dan strategik di segenap Kumpulan.

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.



Penyata Pengurusan Risiko dan Kawalan Dalaman

Statement on Risk Management and Internal Control

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 Group Risk Management Framework ("GRMF") 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 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.



Penyata Pengurusan Risiko dan Kawalan Dalaman

Statement on Risk Management and Internal Control



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.

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, 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 penyepaduan 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.

Dalam melaksanakan peranan dan tanggungjawabnya, BRMC disokong oleh beberapa jawatankuasa pengurusan kanan, iaitu Jawatankuasa Eksekutif (EXCO), Jawatankuasa Pelaburan & Pembiayaan (FIC), Jawatankuasa Aset dan Liabiliti, Jawatankuasa Pematuhan dan Pengurusan Risiko (CRMC) dan Jawatankuasa Pemacu IT (ITSC). 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 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.

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, 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.

The BRMC, in discharging its roles and responsibilities, is supported by a number of senior management committees; namely the Asset and Liability Committee ("ALCO"), Compliance and Risk Management Committee ("CRMC") and IT Steering Committee ("ITSC"). 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.

Penyata Pengurusan Risiko dan Kawalan Dalaman

Statement on Risk Management and Internal Control

Selaras dengan aspirasi Kumpulan untuk muncul sebagai bank Islam sepenuhnya ("FFIB"), rangka kerja dan dasar risiko Syariah dalaman telah diwujudkan untuk memandu dan mengukuhkan pengurusan risiko ketidakpatuhan Syariah potensi yang mungkin timbul daripada aktiviti dan operasi peniagaan. Fungsi utama Kajian 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.

Setelah mengambil kira kepantasan kemajuan keupayaan teknologi, khususnya dalam inisiatif pendigitalan, Kumpulan telah mewujudkan Dasar Keselamatan Maklumat dan Rangka Kerja Pengurusan Risiko Teknologi. Ini adalah untuk menangani keperluan pengurusan risiko teknologi maklumat ("RMIT") bagi memastikan keberkesanan pengurusan risiko teknologi yang timbul daripada kegagalan atau pelanggaran sistem, aplikasi, platform atau infrastruktur IT yang boleh mengakibatkan kerugian kewangan, gangguan perkhidmatan kewangan atau ancaman terhadap operasi atau reputasi.

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 kesinambungan bagi mempertingkatkan tahap kesediaan dan kesiapsiagaan BCM.

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.

In line with the Group's aspiration to become a full-fledged Islamic bank ("FFIB"), internal Shariah risk framework and 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.

Taking into consideration the rapid advancement in technological capability, especially on digitisation initiatives, the Group has established the Information Security Policy and Technology Risk Management Framework. This is to address the risk management information technology ("RMIT") requirement in ensuring effective management of technology risks arising from failures or breaches of IT systems, applications, platforms or infrastructure, which could result in financial loss, disruptions in financial services or operations, or reputational threat.

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.

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.

Penyata Pengurusan Risiko dan Kawalan Dalaman

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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 dijalankan melalui Pegawai Pematuhan dan Perhubungan Risiko (“CRLO”), kaedah pematuhan, mekanisme dan pemantauan AMLA/CFT, penilaian pematuhan berkala, kajian Syariah dan sesi interaksi secara kerap dengan 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.

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.

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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 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 kecuiaan, 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.

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 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.

Penyata Pengurusan Risiko dan Kawalan Dalaman

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GA juga menyediakan khidmat rundingan serta khidmat nasihat dan pandangan kepada pihak berkepentingan bagi menambah nilai dan menambah baik operasi Kumpulan. Dalam memastikan keupayaannya untuk menyediakan jaminan yang diperlukan kepada BAC secara lebih berkesan dan cekap, GA sentiasa menambah baik proses audit dalaman dan daya saing juruaudit dalaman melalui pelbagai latihan dalaman dan luar termasuk pensijilan juruaudit. Bagi menilai secara objektif kualiti perkhidmatannya dan memastikan ia sentiasa menambah baik penyediaan perkhidmatan, kajian Program Jaminan Kualiti dan Penambahbaikan ("QAIP") dijalankan melalui penilaian sendiri tahunan 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 dirumuskan 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.

GA also provides consultation as well as advice and insight to the stakeholders to add value and improve the Group's operations. 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 updated 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.

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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 pembetulan 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 pembetulan dan dibuat susulan sehingga isu tersebut ditutup. Pengerusi BAC melapor 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 Pencalonan dan Pampasan ("BNCC") dan Jawatankuasa Lembaga Pembiayaan dan Pelaburan ("BFIC"). Jawatankuasa Lembaga dengan terma rujukan yang telah diformal ini diamanahkan dengan tanggungjawab khusus.

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") and Board Financing and Investment Committee ("BFIC"). Specific responsibilities have been delegated to these Board Committees, which has formalised terms of reference

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- 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. Pencapaian prestasi dikaji berbanding keputusan sasaran secara berkala bagi membolehkan tindak balas dan tindakan pembetulan diambil tepat pada masanya untuk mengurangkan risiko. Lembaga turut meluluskan sebarang perubahan atau pindaan kepada dasar Kumpulan
- Dasar/garis panduan taksiran pengambilan pekerja dan prestasi diwujudkan dalam Kumpulan bagi memastikan supaya individu-individu yang tepat 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.
- Penetapan Ikrar Integriti Korporat SME Bank menyatakan bahawa SME Bank berjanji bahawa ia akan:
 - (i) tidak, melalui mana-mana kakitangan, wakil atau ejennya, melakukan sebarang kesalahan rasuah di bawah mana-mana undang-undang, seperti Akta Suruhanjaya Pencegahan Rasuah Malaysia ("SPRM") (Pindaan) 2018 atau Kanun Keseksaan;
 - (ii) tidak menjalankan sebarang amalan atau kegiatan perniagaan yang akan memerlukan atau menggalakkan mana-mana kakitangan, wakil atau ejennya untuk melakukan kesalahan seumpamanya;
- 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.
- 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.
- 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;

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(iii) bekerjasama dengan rakan niaga, pengawal selia dan agensi penguat kuasa undang-undang untuk mewujudkan persekitaran perniagaan yang bebas daripada rasuah;

(iv) mendukung Prinsip Integriti Korporat SME Bank di Malaysia dalam menjalankan perniagaannya dan interaksinya dengan rakan niaga serta Kerajaan; dan

(v) mengambil tindakan tegas ke atas mana-mana pihak yang merosakkan 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.
- SME Bank memiliki kod tata laku diluluskan oleh Lembaga Pengarah yang mencerminkan keteguhan asas kami dan mengukuhkan nilai-nilai integriti kami.

(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 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 2020 is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

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.

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Kajian Penyata oleh Juruaudit Luar

Juruaudit luar telah mengkaji Penyata Pengurusan Risiko dan Kawalan Dalaman ini untuk disertakan dalam Laporan Tahunan bagi tahun kewangan berakhir 31 Disember 2020. Juruaudit luar telah menjalankan kajian 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 tiada sesuatu 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.

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 2020. 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.

Jawatankuasa Lembaga Audit

Board Audit Committee

1. Objektif

Objektif utama Jawatankuasa Lembaga Audit ("BAC") adalah untuk membantu Lembaga mengawasi secara bebas pelaporan kewangan dan sistem kawalan dalaman Bank dan syarikat subsidiarinya serta memastikan semakan danimbangan dalam Bank.

2. Komposisi, Mesyuarat dan Kehadiran

BAC mengadakan 9 mesyuarat pada tahun kewangan berakhir 31 Disember 2020. Komposisi dan rekod kehadiran BAC pada tahun 2020 adalah seperti berikut:

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.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2020, BAC held 9 meetings. The composition of BAC during the year 2020 and record of attendance are as follows:

	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Encik Zulkiflee Hashim	Pengerusi/Pengarah Bebas Bukan Eksekutif (Dilantik sebagai Pengerusi BAC pada 1 Mei 2020) Chairman/Independent Non-Executive Director (Appointed as Chairman of BAC on 1 May 2020)	9/9
2.	Dato' Seri Nazir Ariff Mushir Ariff	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	9/9
3.	Dato' Muslim Hussain	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	9/9
4.	Datuk Ahmad Hizzad Baharuddin	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	9/9
5.	Encik Mohd Sakeri Abdul Kadir	Ahli/Pengarah Bukan Bebas Bukan Eksekutif Member/Non-Independent Non-Executive Director	9/9
6.	Dato' Mohd Sukarno Tun Sardon	Pengerusi/Pengarah Bebas Bukan Eksekutif (Tempoh berakhir pada 8 April 2020) Chairman/Independent Non-Executive Director (Tenure ended 8 April 2020)	2/2
7.	Prof. Dr. Abdul Basir Mohamad	Ahli/Pengarah Bebas Bukan Eksekutif (Tempoh tamat pada 3 Jun 2020) Member/Independent Non-Executive Director (Tenure ended on 3 June 2020)	3/3

* 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, adalah seperti berikut:

- (i) Memastikan laporan yang saksama dan telus serta penerbitan segera akaun tahunan.
- (ii) Mengkaji penyata kewangan suku tahun dan tahunan, penyiaran keputusan awal dan sebarang penyiaran rasmi lain berkaitan prestasi kewangannya.
- (iii) Mengawal selia fungsi audit dalaman, pelan, program dan proses kelulusan audit, penemuan/laporan audit dalaman serta mengesyorkan tindakan yang perlu diambil oleh Pengurusan.
- (iv) Menyiasat semua perkara, termasuk penyiasatan menurut Dasar Pemberian Maklumat.
- (v) Mengkaji keberkesanan proses kawalan dalaman dan pengurusan risiko.
- (vi) Mengkaji laporan berkaitan kegiatan dan pencegahan penipuan dan mengesyorkan tindakan yang perlu diambil oleh Pengurusan.
- (vii) Mengkaji dan mengesahkan status serta perkembangan tindak balas dan langkah pembedahan Pengurusan berhubung isu-isu yang dibangkitkan melalui Surat Penarafan Risiko Komposit BNM sebelum dikemukakan kepada Lembaga.
- (viii) Mengesyorkan pelantikan dan pelantikan semula juruaudit luar, yuran dan hal-hal bersangkutan peletakan jawatan atau penamatan atau pertukaran atau pemecatan juruaudit luar.

3. Roles and Responsibilities

The roles and responsibilities of BAC are amongst others, as follows:

- (i) Ensuring fair and transparent reporting and prompt publication of annual accounts.
- (ii) Reviewing the quarterly and annual financial statements, preliminary results release and any other formal release relating to its financial performance.
- (iii) Overseeing the functions of internal audit, approving audit plan, programme and processes, internal audit findings/reports and recommending actions to be taken by Management.
- (iv) Investigating all matters which include investigations pursuant to the Whistle Blowing Policy.
- (v) Reviewing the effectiveness of internal controls and risk management processes.
- (vi) Reviewing reports relating to the perpetration and prevention of fraud and recommending actions to be taken by Management.
- (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

Board Financing and Investment Committee

1. Objektif

Objektif utama Jawatankuasa Lembaga Pembiayaan dan Pelaburan ("BFIC") adalah untuk membantu Lembaga mengawasi pengurusan dan menyediakan hala tuju strategik berhubung pembiayaan, pelaburan dan kualiti aset Bank.

2. Komposisi, Mesyuarat dan Kehadiran

BFIC mengadakan 25 mesyuarat pada tahun kewangan berakhir 31 Disember 2020. Komposisi dan rekod kehadiran BFIC pada tahun 2020 adalah seperti berikut:

1. Objective

The primary objective of Board Financing and Investment Committee ("BFIC") is to support the Board to oversee the management and provide strategic direction with regard to financing, investment and asset quality of the Bank.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2020, BFIC held 25 meetings. The composition of BFIC during the year 2020 and record of attendance are as follows:

	Nama Pengarah Name of Director	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1.	Encik Zulkiflee Hashim	Pengerusi/Pengarah Bebas Bukan Eksekutif Chairman/Independent Non-Executive Director	25/25
2.	Dato' Muslim Hussain	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	25/25
3.	Datuk Ahmad Hizzad Baharuddin	Ahli/Pengarah Bebas Bukan Eksekutif Member/Independent Non-Executive Director	25/25
4.	Dato' Mohd Sukarno Tun Sardon	Ahli/Pengarah Bebas Bukan Eksekutif (Tempoh tamat pada 8 April 2019) Member/Independent Non-Executive Director (Tenure ended on 8 April 2019)	6/7
5.	Prof. Dr. Abdul Basir Mohamad	Ahli/Pengarah Bebas Bukan Eksekutif (Tempoh tamat pada 3 Jun 2020) Member/Independent Non-Executive Director (Tenure ended on 3 June 2020)	10/10

* 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 BFIC, antara lain adalah seperti berikut:

- (i) Menggunakan kuasa veto untuk menolak kredit atau mengubah terma kredit yang telah diluluskan oleh Jawatankuasa Pembiayaan dan Pelaburan ("FIC") jika BFIC berpendapat bahawa pembiayaan tersebut akan mendedahkan Bank kepada risiko berlebihan yang tidak wajar. Sebaliknya, BFIC akan mengesahkan semua cadangan berkaitan pembiayaan dan pelaburan yang telah diluluskan dengan sewajarnya oleh FIC jika tiada bantahan atau modifikasi. Di samping itu, BFIC juga mengesyorkan cadangan tentang Pembiayaan Polisi untuk kelulusan Lembaga.
- (ii) Menilai, mengkaji dan menyediakan hala tuju strategik berhubung Laporan Kualiti Aset dan Laporan Perbendaharaan yang dibentangkan pada setiap bulan bertujuan menambah baik pengurusan pertumbuhan dan kualiti aset SME Bank.
- (iii) Menilai, mengkaji dan menyediakan hala tuju strategik berhubung Laporan Ekonomi yang dibentangkan mengikut keperluan atau secara suku tahunan.

3. Roles and Responsibilities

The roles and responsibilities of BFIC amongst others, as follows:

- (i) 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.
- (ii) 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.
- (iii) Assessing, reviewing and providing strategic direction in regard to Economic Report which is to be presented as required or on quarterly basis.

1. Latar Belakang

Tadbir urus Syariah adalah penting untuk kestabilan sistem kewangan Islam. Kewujudan rangka kerja tadbir urus Syariah yang mapan 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.

SME Bank telah memberhentikan penawaran produk & perkhidmatan konvensional dan telah menawarkan produk & perkhidmatan kewangan Islam sepenuhnya sejak 2011. Produk dan perkhidmatan kewangan Islam SME Bank ditadbir terutamanya berdasarkan kepada peruntukan-peruntukan Akta Institusi Kewangan Pembangunan 2002 yang berkaitan dan peraturan-peraturan serta undang-undang yang berkuat kuasa, 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.

Lembaga Pengarah dan JS juga memastikan hubungan yang berterusan antara keduanya. Contohnya, dua (2) sesi pertemuan antara Lembaga Pengarah dan JS telah diadakan pada tahun ini, iaitu pada 25 Februari 2020 dan 21 Mei 2020.

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 has ceased the offering of conventional products & services and has been offering the full Islamic financial products & services since 2011. SME Bank's Islamic financial products and 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 Board and SC had ensured continuous engagement. For instance, two (2) engagement sessions between the Board and SC were held during the year, i.e. on 25 February 2020 and 21 May 2020.

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Sebagai sebahagian daripada tanggungjawab Lembaga Pengarah untuk menggalakkan pertumbuhan dan keteguhan kewangan Bank yang mapan, Lembaga Pengarah telah mewujudkan sebuah rangka kerja tadbir urus Syariah yang berkesan. Tanggungjawab pengawasan Lembaga Pengarah terhadap tadbir urus dan pematuhan 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 pembedahan 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 sehingga 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 pematuhan dengan keperluan Syariah dalam pembangunan dan pemasaran produk, perumusan strategi, operasi perniagaan, amalan pengurusan risiko dan aspek-aspek lain yang boleh menggalakkan pematuhan 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 mematuhi Syariah.

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 sendiri 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 SAC 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 SAC 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 pembedahan untuk menangani insiden ketidakpatuhan Syariah;

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) Providing 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;

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- (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;
 - (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) Mengawasi kerja yang dijalankan oleh fungsi-fungsi Syariah termasuk Bahagian Syariah, Pengawasan Syariah, Audit Syariah dan Pengurusan Risiko Syariah.
 - (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 diamanahkan.
 - (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.
- (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;
 - (vii) Issuing annual Shariah Committee's Report as contained in the Bank's annual report to state the Bank's compliance with Shariah.
- (b) Continuously develop reasonable understanding of the Bank's business and operations and keep abreast with relevant market and regulatory developments.
 - (c) Review the work carried out by Shariah functions including Shariah Division, Shariah Review, Shariah Audit and Shariah Risk Management.
 - (d) Actively engage in deliberating Shariah issues presented and have active participation through attending meetings, evaluating reports, reading minutes, and other mandated task.
 - (e) Ensure high standard in arriving at Shariah decision through proper and comprehensive Shariah ruling.
 - (f) Dedicate sufficient time to prepare for and attend SC meetings.
 - (g) 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) Immediately disclose to the Board any circumstances that may affect his ability to meet the minimum requirement to be a qualified SC.
 - (i) Approve the zakat calculation methodology and total zakat payable by the Bank.

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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 pentadbiran 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 untuk memberi jaminan wajar bahawa Bank telah mematuhi Syariah.

4. Komposisi JS

Pada 31 Disember 2020, JS dianggotai oleh enam (6) 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 Perundangan Islam (*Usul al-Fiqh*) dan Undang-undang Komersial Islam (*Fiqh al-Muamalat*).

5. Mesyuarat dan Kehadiran JS

Sepanjang tahun kewangan berakhir 31 Disember 2020, mesyuarat JS telah diadakan sebanyak sepuluh (10) kali. Komposisi dan rekod kehadiran JS pada tahun 2020 adalah seperti berikut:

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. SC Composition

As at 31 December 2020, SC consists of six (6) 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 and Attendance

During the financial year ended 31 December 2020, SC held ten (10) meetings. The composition of the SC during the year 2020 and record of attendance are as follows:

Nama Ahli Jawatankuasa Syariah Name of Shariah Committee Member	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
1. Prof. Dr. Abdul Basir Mohamad	Pengerusi Chairman	10/10
2. Prof. Madya Dr. Asmak Ab Rahman	Ahli Member	10/10
3. Prof. Dr. Norhashimah Mohd Yasin	Ahli Member	9/10

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	Nama Ahli Jawatankuasa Syariah Name of Shariah Committee Member	Jawatan Designation	Bil. Mesyuarat Dihadiri* No. of Meetings Attended*
4.	Asst. Prof. Dr. Tajul Aris Ahmad Bustami	Ahli Member	10/10
5.	Dr. Shamsiah Mohamad	Ahli (Dilantik pada 1 Mei 2020) Member (Appointed on 1 May 2020)	7/7
6.	Dr. Azrul Azlan Iskandar Mirza	Ahli (Dilantik pada 1 Mei 2020) Member (Appointed on 1 May 2020)	7/7

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Ahli Jawatankuasa Syariah memegang jawatan.

* Reflects the number of meetings attended during the time the Shariah Committee member held office.

6. Latihan dan Pembangunan AJS

AJS telah mendaftar dalam Program *Certified Shariah Advisor* (CSA) anjuran Persatuan Penasihat Syariah dalam Kewangan Islam (ASAS) bagi meningkatkan profesionalisme dan memantapkan kemampuan mereka. Bagi mengikuti perkembangan terkini industri, AJS juga telah menghadiri program-program berkaitan yang dianjurkan oleh *International Shariah Research Academy for Islamic Finance* (ISRA) iaitu Muzakarah Cendekiawan Syariah Nusantara (MCSN2020), *International Shariah Scholars Forum* (ISSF2020) dan *Islamic Fintech Dialogue* (IFD2020).

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). SC members have also attended relevant programmes organized by the *International Shariah Research Academy for Islamic Finance* (ISRA) i.e. Muzakarah Cendekiawan Syariah Nusantara (MCSN2020), *International Shariah Scholars Forum* (ISSF2020) and *Islamic Fintech Dialogue* (IFD2020) to keep themselves abreast with the latest development of the industry.

7. Bahagian Syariah Kumpulan dan 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 kesetiausahaannya untuk membantu AJS. Fungsi-fungsi tersebut termasuk menyelaras mesyuarat, menyusun kertas-kertas cadangan, menyerahkan keputusan umum JS kepada pihak berkepentingan yang berkaitan dan pelantikan AJS.

(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 turut bertanggungjawab mengkaji dan mengemas kini polisi, prosedur dan panduan kerja bagi memastikan pelaksanaan Perbankan Islam dan proses-proses mematuhi Dokumen Dasar BNM berhubung Tadbir Urus Syariah dan keperluan-keperluan BNM yang lain, serta untuk mengurus perkara-perkara berkaitan zakat dan penyucian pendapatan merangkumi proses kelulusan dan pengagihan. Jabatan Tadbir Urus Syariah bertanggungjawab mengendalikan latihan Syariah dan

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 and 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 and other requirements by BNM 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 special task or project undertaken by GSD. In 2020, Shariah Governance Department has managed two (2) projects i.e. the

program bersama untuk pihak dalaman berkepentingan iaitu Lembaga Pengarah, JS, pengurusan kanan dan kakitangan serta menjalankan sebarang tugas atau projek khas yang dilaksanakan oleh GSD. Pada tahun 2020, Jabatan Tadbir Urus Syariah telah menguruskan dua (2) projek iaitu penukaran Bank menjadi sebuah institusi kewangan pembangunan Islam sepenuhnya yang dinamakan Projek Tazkiya dan pelaksanaan program keusahawanan *asnaf* (Projek ISHRAF) melibatkan penyertaan 20 peserta yang dipilih daripada senarai usahawan *asnaf* Lembaga Zakat Selangor.

(b) Fungsi Kawalan Syariah

Rangka kerja dan dasar bagi 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, Pengurusan 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) Pengurusan Risiko Syariah

Pengurusan Risiko Syariah (SRM) 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 SRM 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

Bank's conversion as a full-fledged Islamic developmental financial institution vis-à-vis Tazkiya Project and 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.

(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 Management 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 Management

Shariah Risk Management (SRM) forms an important part of the Bank's integrated risk management framework and applies the principles outlined in BNM Policy Document on Shariah Governance. SRM'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. SRM 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.

serta menilai keberkesanan kawalan sedia ada dan pelan mitigasi. SRM 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.

Sebagai sebahagian daripada risiko operasi, SRM 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.

Being part of operational risk, SRM 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 placed 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.



(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, mengadakan 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 pembetulan.

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

Menyumbang kepada Peranan DFI Dipertingkatkan

Rangka Kerja Pengukuran Prestasi (PMF) bagi Institusi Kewangan Pembangunan (DFI) adalah untuk mengukur peranan penting DFI dalam menyokong agenda pembangunan negara. Sebagai sebuah institusi kewangan khusus, DFI memainkan peranan penting dalam menghubungkan jurang pembiayaan dengan menyertai pasaran atau sektor-sektor yang tidak mempunyai penglibatan sektor swasta yang mencukupi, iaitu sektor yang lazimnya disifatkan sebagai berisiko tinggi, berkos tinggi dan mempunyai ketidakpastian yang tinggi.

Pada awalnya, PMF bermula sebagai satu mekanisme tersusun untuk melaporkan pencapaian mandat pembangunan kami. Ia kemudian telah berubah menjadi satu panduan hala tuju untuk kami merangka strategi dan merumus keselarasan yang lebih mantap antara operasi perniagaan, prestasi dan impak pembangunan.

Sejak beberapa tahun kebelakangan ini, SME Bank semakin menyedari keperluan untuk menerima pakai PMF bagi mencapai impak pembangunan yang lebih besar bagi perusahaan kecil dan sederhana (PKS). Kepentingan PMF ini telah dinyatakan dengan jelas dalam dasar kami setelah ia diluluskan oleh Lembaga Pengarah SME Bank pada 2018. Sehubungan itu, sebuah Pasukan Projek khas telah dibentuk secara khusus untuk membangunkan kad skor "additionality" bagi SME Bank dan melancarkan pelaksanaan awalnya.

Petunjuk PMF berkenaan telah diperhalusi lagi pada tahun berikutnya oleh sebuah unit khas dalam Bank yang mentakrif dan menerangkan dengan jelas keputusan yang dikehendaki, menyediakan program dan syor-syor, mengukur dan menilai prestasi serta membuat pelarasan yang diperlukan untuk menambah baik kecekapan dan keberkesanan petunjuk tersebut.

Tujuan dan Manfaat Rangka Kerja Pengukuran Prestasi

PMF adalah inisiatif penting Bank Negara Malaysia (BNM) yang merupakan sebuah rangka kerja berasaskan prestasi yang direka untuk merangkumi sumbangan DFI yang lebih luas, melebihi tumpuan yang diberikan oleh petunjuk pertumbuhan pembiayaan. Secara khususnya, rangka kerja tersebut menggabungkan petunjuk-petunjuk keputusan pembangunan penting bagi mengukur hasil operasi DFI dari sudut sosioekonomi dan mewujudkan insentif yang kukuh untuk menggalakkan kesejajaran strategik bagi mencapai impak pembangunan yang lebih besar.

Pelaksanaan proses PMF membolehkan Bank mengutamakan pelanggan, projek atau segmen tertentu yang mampu

Contributing to the Enhanced Role of DFIs

Performance Measurement Framework (PMF) for Development Financial Institutions (DFIs) measures the latter's crucial role in supporting the development agenda of the nation. As specialised financial institutions, DFIs play an important role in bridging financing gaps by participating in markets or sectors that are not adequately served by the private sector, which are typically characterised by high risks, high costs and high uncertainties.

PMF started initially as a structured mechanism to report the achievements of our developmental mandates. It has over time morphed into a roadmap and guidance for us to strategise and formulate stronger alignment between business operations, performance and developmental impact.

Over the past years, SME Bank has increasingly recognised the need to deploy the PMF in order to achieve greater development impact for small and medium enterprises (SMEs). The importance of PMF has been articulated in our policy following the approval by the Board of Directors in 2018. Following this, a special Project Team specifically undertook the development of additionality scorecard for SME Bank, and rolled out the preliminary implementation.

The PMF indicators were further refined in the following year by a dedicated unit within the Bank who clearly defines and articulates the desired results, delivers the programmes and recommendations, measures and evaluates performance and makes the necessary adjustments to improve both efficiency and effectiveness.

Purpose and Benefits of the Performance Measurement Framework

PMF is a key initiative of Bank Negara Malaysia (BNM) which is an outcome-based framework designed to capture the broader contributions of DFIs beyond the narrow focus of financing growth indicators. In particular, the framework integrates developmental key result indicators to measure the socioeconomic outcomes of DFIs' operations and to create strong incentives for strategic alignment to achieve greater development impact.

Undertaking PMF process allows the Bank to prioritise certain customers, projects or segments that will

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menghasilkan “additionalities” yang secara relatifnya lebih baik sambil mengekalkan pulangan kewangan yang memuaskan.

Rangka kerja tersebut juga merupakan satu mekanisme bagi memastikan pelanggan telah dibiayai dan aktiviti Bank diselaraskan dengan kepentingan strategik negara dan global sebagaimana yang digariskan dalam dokumen-dokumen utama seperti Rancangan Ekonomi Malaysia, Dasar Keusahawanan Nasional 2030 dan Agenda 2030 untuk Matlamat Pembangunan Mampan.

Pelaksanaan PMF akan turut mengukuhkan kapasti dan kemampuan kami yang meliputi usaha memupuk budaya dan corak pemikiran pembangunan dalam penzahiran nilai untuk masyarakat. Semua ini akan dapat kami capai melalui:

- pelarasan budaya organisasi agar mengutamakan impak pembangunan yang disokong oleh sistem ganjaran prestasi berasaskan keputusan;
- peningkatan keupayaan institusi untuk menilai sendiri tahap relevannya mandat sebagai tindak balas terhadap persekitaran ekonomi yang sentiasa berubah;
- pengwujudan sistem dan infrastruktur dari hujung ke hujung termasuk mempertingkatkan pemantauan dan penilaian;
- memasukkan proses penyertaan pelanggan mantap yang mengimbangi risiko dan “additionality”;
- penambahbaikan reka bentuk produk untuk menyediakan penyelesaian yang disesuaikan bagi segmen sasaran; dan
- peningkatan ketelusan dan kebertanggungjawaban sebagai instrumen perubahan utama Kerajaan.

Komitmen terhadap Rangka Kerja Pengukuran Prestasi

Kami menyokong pembangunan PMF kerana kami menyedari bahawa tumpuan yang lebih mendalam diperlukan untuk memperhalusi petunjuk-petunjuk yang khusus bagi peranan SME Bank sebagai sebuah DFI untuk usahawan.

Kami ingin memastikan supaya agenda PMF diketengahkan sebaik mungkin dan dikongsikan dengan semua pihak dalam Bank. Aktiviti yang telah kami sertai dan jalankan untuk mencapai hasrat ini termasuk:

- menyertai pelbagai forum dan bengkel, termasuk hubungan dua hala dalam usaha untuk menginstitusikan PMF;

yield relatively greater “additionalities” while still maintaining satisfactory financial returns.

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, National Entrepreneurship Policy 2030 and 2030 Agenda for Sustainable Development Goals.

The adoption of PMF will also strengthen our capacity and capability, which includes embedding a development culture and mindset in delivering value to society. We aim to achieve this by:

- orienting organisational culture to prioritising development impact, supported by an outcome-based performance reward system;
- enhancing institutional ability to self-assess mandate relevance in response to evolving economic landscape;
- creating an end-to-end enabling system and infrastructure including enhanced monitoring and evaluation;
- embedding a robust client on-boarding process that balances risk and ‘additionality’;
- improving product design to provide tailored solutions for targeted segments; and
- increasing transparency and accountability as key Government instruments of change.

Commitment towards the Performance Measurement Framework

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 Development Financial Institution (DFI) for entrepreneurs.

We want to ensure that the PMF agenda is well escalated and shared with everyone within the Bank. The activities we have participated in and undertaken to achieve this include:

- participation in various forums and workshops, including bilateral engagements in institutionalising PMF;

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Performance Measurement Framework

- berkongsi data suku tahunan PMF sejak 2019;
- sesi perkongsian agenda PMF dengan Lembaga Pengarah dan pengurusan kanan Bank semasa Persidangan Pemimpin;
- sesi latihan dan kesedaran kakitangan; dan
- penambahbaikan sistem bagi pengumpulan data PMF.

- sharing of quarterly PMF data since 2019;
- sharing session on PMF agenda with the Bank's Board of Directors and senior management during Leaders Conference;
- employee awareness and training sessions; and
- system enhancement to capture PMF data.

Pada tahun ini, kami mengambil inisiatif untuk memastikan supaya semua data diperolehi dari awal penyertaan pelanggan dengan memperkenalkan bidang-bidang baharu dan menjadikan bidang berkaitan sebagai mandatori dalam *Financing Origination System (FOS)*. Walaupun sistem tersebut perlu ditambah baik disebabkan perubahan yang berlaku terhadap parameter petunjuk baru-baru ini, namun fasa pertama penambahbaikan sistem berkenaan telah diaktivasi pada Jun 2020.

During the year, we took an initiative to ensure that all data are captured from the onset of customer onboarding by introducing new fields and making relevant fields mandatory in its Financing Origination System (FOS). While the system requires further enhancement due to the recent changes in the indicator parameters, the first phase of the system enhancement went live in June 2020.

Pelbagai bentuk penglibatan antara pasukan pengurusan projek dan BNM telah dijalankan bagi memberi input mengenai Dokumen Dasar Tadbir Urus Korporat dan Pelaporan Kewangan serta Draf Pendedahan Pelan Strategik Korporat yang telah dimuktamadkan dan dikeluarkan pada September 2020.

Various engagements between the project management team and BNM were conducted to provide input on its Policy Document on Corporate Governance and Financial Reporting as well as the Exposure Draft on Corporate Strategic Plan that was finalised and issued in September 2020.

Lanjutan daripada perbincangan dengan BNM dan Kementerian Kewangan, satu surat telah dikeluarkan supaya kami memasukkan 'additionalities' dalam Kad Skor Berimbang Bank sebagai sebahagian daripada petunjuk prestasi utama.

Following the discussion between BNM and the Ministry of Finance, a letter was issued for us to incorporate the 'additionalities' in the Bank's Balanced Scorecard, as part of the key performance indicators.

Penglibatan pasukan pengurusan kanan dengan BNM yang seterusnya telah diadakan bagi membincangkan tentang teori perubahan, menghubungkan mandat dan model perniagaan termasuk tadbir urus, pemantauan dan proses penilaian, sistem, budaya dan petunjuk.

Subsequent engagement between the senior management team and BNM was conducted on theory of change, linking mandate and business model including governance, monitoring and evaluation process, system, culture and indicators.

Paparan ringkas Rangka Kerja Pengukuran Prestasi SME Bank, menunjukkan beberapa petunjuk yang dianggap oleh SME Bank sebagai penggalak penting kepada impak pembangunan.

Snapshot of SME Bank Performance Measurement Framework, showing some of the indicators that SME Bank views as important levers to development impact.

Petunjuk Prestasi Performance Indicators	Impak Pembangunan Development Impact	Sokongan Support	TK2020 FY2020
Pembiayaan yang diluluskan kepada segmen terabai Financing approved to underserved segments	Pembangunan ekonomi Economic development	Jumlah pembiayaan diluluskan kepada perniagaan - PKS Total financing approved to businesses - SMEs	RM2.58 bilion pembiayaan diluluskan kepada 2,015 pelanggan RM2.58 billion approved financing to 2,015 customers

Rangka Kerja Pengukuran Prestasi

Performance Measurement Framework



Petunjuk Prestasi Performance Indicators	Impak Pembangunan Development Impact	Sokongan Support	TK2020 FY2020
		Pelanggan baharu bagi SME Bank - PKS New customers for SME Bank - SMEs	RM1.42 bilion pembiayaan diluluskan kepada 1,012 pelanggan RM1.42 billion approved financing to 1,012 customers
		PKS Bumiputera Bumiputera SMEs	RM1.88 bilion pembiayaan diluluskan kepada 1,362 pelanggan RM1.88 billion approved financing to 1,362 customers
Peningkatan Perniagaan Upward Migration	Kemampuan peningkatan skala perniagaan Business up-scalability	Sederhana ke besar Medium to large	6 syarikat 6 companies
		Kecil ke sederhana Small to medium	77 syarikat 77 companies
		Mikro ke kecil Micro to small	117 syarikat 117 companies
Pembangunan: Meningkatkan skala pertumbuhan PKS Developmental: Scaling up SMEs growth	Sumbangan kepada e-Ekonomi Contribution to e-Economy	Pertumbuhan, pekerjaan, penggunaan teknologi, eksport, pengekalan kakitangan dan bidang pertumbuhan/asas pelanggan baharu Growth, employment, technology adoption, export, staff retention and new growth area/customer base	518 pencapaian 518 achievements

Nota: PKS termasuk perusahaan mikro

Note: SMEs include micro enterprises

Kesimpulan

Pelaksanaan PMF membolehkan Bank melihat melebihi sekadar aktiviti dan output serta memfokuskan kepada keputusan sebenar, iaitu impak kepada PKS yang menerima khidmat kami. Selain daripada mencapai hasil sosioekonomi yang lebih besar, rangka kerja ini juga merupakan suatu langkah progresif untuk menjana 'additionalities', iaitu impak positif yang terhasil daripada penyertaan (DFI) yang melebihi daripada apa mungkin yang berlaku tanpa penyertaan DFI.

Melalui 'additionalities' ini, SME Bank boleh mewujudkan suatu persekitaran pemboleh bagi segmen-segmen ekonomi iaitu persekitaran yang mampu menggalakkan perkembangan dan mempercepatkan pertumbuhan PKS. Di samping itu, PMF turut menyumbang kepada pencapaian visi kami untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan.

In a Nutshell

The adoption of PMF helps the Bank to look beyond activities and outputs and to focus on actual results, namely the impacts on SMEs that we serve. In addition to achieving greater socioeconomic outcomes, the framework is a progressive step to generate 'additionalities', i.e. positive impact resulting from DFI participation, beyond that which would have occurred without DFI participation.

Through these 'additionalities', SME Bank can create an enabling environment for economic segments namely the SMEs to flourish and accelerate their growth. In addition, PMF contributes to the attainment of our vision to be the leader in SME ecosystem value creation beyond financial services.

Bab 04

Chapter 04

Kemampuan Korporat

Corporate Sustainability

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Prihatin
Pakej Rangsangan Ekonomi Prihatin Rakyat

32%
Elemen Rencusan
Masyarakat Tempatan
Setiasa Ego



Membantu Perniagaan melalui Langkah Bantuan dan Pendigitalan

SME Bank menyokong usaha kerajaan untuk membantu memulihkan ekonomi yang terjejas akibat pandemik COVID-19 dengan menawarkan pelbagai langkah bantuan dan menyediakan platform digital kepada para pelanggan kami.

Bantuan yang dimaksudkan termasuk moratorium automatik bagi pembayaran pembiayaan dan sewa serta menawarkan pembiayaan sehingga ke jumlah tertentu bergantung kepada jenis skim, kepada semua usahawan yang layak di bawah Kemudahan Bantuan Khas (SRF), Kemudahan Agromakanan (AF), Kemudahan untuk Semua Sektor Ekonomi (AES) dan juga Dana Transformasi Teknologi PKS (STTF) / Kemudahan Automasi dan Digital PKS (ADF). Urus niaga dan trafik dalam talian telah meningkat berlipat kali ganda dan keupayaan digital kami benar-benar teruji sepanjang tempoh ini. Keutuhan dan kecekapan platform digital kami telah membolehkan tindakan pantas membantu perniagaan dilaksanakan, dan pada masa yang sama memastikan perniagaan mereka terus bertahan dan mampan.

Assisting Businesses via Relief Measures and Digitalisation

SME Bank supports the national efforts to help the economy affected by the COVID-19 pandemic by offering various relief measures and making available our digital platform for our customers.

The reliefs include automatic moratorium on financing payments and rental payments as well as financing of up to specific amounts depending on the schemes, to all eligible entrepreneurs under the Special Relief Facility (SRF), Agrofood Facility (AF), All Economic Sector Facility (AES), as well as SME Technology Transformation Fund (STTF) / SME Automation and Digitalisation Facility (ADF). Online transactions and traffic multiplied during this period and the capabilities built throughout our digital journey were put to the test. The strength and agility of our digital platforms have enabled us to pivot quickly to assist the businesses, while ensuring their survivability and sustainability.

- Kemudahan Bantuan Khas (SRF)
- Kemudahan Agromakanan (AF)
- Dana Transformasi Teknologi PKS (STTF) / Kemudahan Automasi dan Digital PKS (ADF)
- Kemudahan untuk Semua Sektor Ekonomi (AES)





Pengurusan Kemampanan Sustainability Management



Kami sentiasa berusaha untuk melonjakkan nilai ekonomi sambil mengimbangnya dengan nilai sosial dan menyepadukan amalan terbaik dalam perniagaan agar kesan yang kami bawa terhadap alam sekitar dapat diminimumkan

We continuously strive to drive economic value and balance it with the social value, and to incorporate best practices in our business so as to minimise our impact on the environment

Bab mengenai Kemampanan Korporat ini membentangkan pendekatan kemampanan SME Bank yang menyeluruh.

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

SME Bank mengakui bahawa kestabilan dan pertumbuhan perniagaan saling berkait rapat dengan kemampanan ekonomi, alam sekitar dan komuniti di mana kami beroperasi. Seajar dengan visi jangka panjang untuk mencipta nilai dalam ekosistem PKS yang melangkaui perkhidmatan pembiayaan, kami menyedari bahawa kemampuan untuk tampil sebagai pusat kecemerlangan bagi pembangunan perusahaan kecil dan sederhana bergantung kepada pertumbuhan ekonomi inklusif dan alam sekitar semula jadi yang diurus dengan baik.

Justeru, kami kekal istiqamah dalam menjalankan perniagaan secara beretika dan mampan. Kami sentiasa berusaha untuk melonjakkan nilai ekonomi sambil mengimbangnya dengan nilai sosial dan menyepadukan amalan terbaik dalam perniagaan agar kesan terhadap alam sekitar dapat diminimumkan. Seiring dengan itu, kami turut menitikberatkan penciptaan nilai bagi semua pihak berkepentingan sambil pada masa yang sama, meningkatkan nilai modal insan dan mengutamakan tadbir urus serta pematuhan.

SME Bank recognises that the stability and growth of our business is interconnected with the sustainability of the economies, the environment and the communities in which we operate. In line with our long term vision to create value of SME ecosystem beyond financial services, we acknowledge that our ability to be the centre of excellence for the development of small and medium enterprises depends on inclusive economic growth and a well-managed natural environment.

Therefore, we remain steadfast in conducting our business in an ethical and sustainable manner. We continuously strive to drive economic value and balance it with the social value, and to incorporate best practices in our business so as to minimise our impact on the environment. In tandem, we emphasise on creating value for all stakeholders while at the same time, increasing value of human capital and prioritising governance and compliance.



Dasar Kemampanan

Lembaga Pengarah menggalas tanggungjawab menyeluruh terhadap kemampanan dan mengambil kira isu Alam Sekitar, Sosial dan Tadbir Urus (ESG) dalam formulasi strategi Bank.

Dasar kemampanan SME Bank bertitik tolak daripada falsafah pengurusan dalam memenuhi mandatnya untuk memupuk dan membangunkan PKS serta mencetuskan impak yang ketara melalui sumbangan kepada masyarakat. Usaha kami ditumpukan kepada semua aspek keberhasilan ekonomi dan amalan perniagaan beretika serta dalam menangani isu-isu ESG berkaitan secara bertanggungjawab dan mendatangkan keuntungan.

Sesungguhnya, prinsip-prinsip kemampanan telah pun tersemat dalam strategi, dasar dan prosedur Bank. Ini memudahkan kami menjalankan usaha menyubur amalan mampan dan memupuk budaya kemampanan dalam Bank dan komuniti. Di samping itu, kami turut menekankan usaha menyepadukan keprihatinan terhadap ESG ke dalam proses membuat keputusan dan penghasilan keputusan.

Policy on Sustainability

The Board of Directors has overall responsibility for sustainability and incorporates Environmental, Social and Governance (ESG) issues in the formulation of the Bank's strategy.

SME Bank's policy on sustainability is rooted in the management philosophy of fulfilling its mandate to nurture and develop the SMEs and create significant impact through contributions to the society. Our focus is on all aspects of economic outcome and ethical business practices, and in addressing relevant environment, social and governance (ESG) issues responsibly and profitably.

The principles of sustainability are embedded in the Bank's strategies, policies and procedures. We effortlessly promote sustainable practices, and create a culture of sustainability within the Bank and the community. Additionally, we emphasise on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.



Pendekatan Kemampanan Kami

Pendekatan kami dalam menjadi sebuah perniagaan yang bertanggungjawab adalah berdasarkan enam tonggak utama – pengurusan pihak berkepentingan, nilai ekonomi dan sosial, penyelesaian isu sosial, nilai modal insan, pengawasan alam sekitar dan tumpuan terhadap tadbir urus dan pematuhan.

Kami berusaha memahami isu ekonomi, alam sekitar dan sosial serta mencipta nilai untuk menangani isu-isu tersebut melalui aktiviti perniagaan. Dalam menilai kesan aktiviti perniagaan terhadap alam sekitar dan sosial, kami sentiasa menaksir semula sama ada aktiviti yang dijalankan bertindak balas secara mencukupi terhadap permintaan dan jangkaan masyarakat melalui hubungan proaktif dengan pihak berkepentingan. Pada masa yang sama, kami terus berusaha ke arah mempertingkatkan ketelusan korporat dengan cara pendedahan maklumat secara aktif bagi memastikan supaya kami menerima pakai amalan terbaik dalam tadbir usus dan pematuhan.

Pendekatan kemampanan Bank yang bersistematik membolehkan kami mengenal pasti bidang-bidang penting dan menangani setiap bidang tersebut secara lebih proaktif. Ia turut membantu kami menyelaraskan strategi perniagaan dan membina asas untuk menjadi organisasi yang memiliki perspektif jangka panjang, mampu menyumbang kepada pertumbuhan mampan perusahaan kecil dan sederhana (PKS) serta masyarakat.

Our Approach to Sustainability

Our approach to being a responsible business is based on six key pillars – stakeholder engagement, economic and social value, social issue resolution, human capital values, environmental stewardship, and governance and compliance focus.

We endeavour to understand economic, environmental and social issues and create value to address these issues through our business activities. In evaluating the environmental and social impact of our business activities, we constantly reassess whether our activities are responding adequately to the demands and expectations of society through proactive stakeholder engagement with our stakeholders. At the same time, we endlessly work towards enhancing corporate transparency by actively disclosing information to ensure that we are adopting the best practices in governance and compliance.

The Bank's systematic approach to sustainability enables us to identify areas of materiality and more proactively address them. It also helps us to align our business strategies and lays the foundation to becoming an organisation with long term perspective, capable of contributing to sustainable growth of small and medium enterprises (SMEs) and society.



Pendekatan Pelaporan Kami

Laporan kemampanan ini disediakan selaras dengan Garis Panduan Pelaporan Kemampanan oleh Inisiatif Pelaporan Global (GRI) yang telah melancarkan satu rangka kerja yang mentakrif perkara yang perlu terkandung dalam laporan bersepadu.

Kami berusaha untuk melaporkan segala isu penting bagi SME Bank berpandukan beberapa petunjuk yang digariskan oleh indeks GRI. Ini membantu kami untuk mengkaji secara analitikal setakat mana amalan dan usaha kemampanan membantu organisasi mencapai misi dan visinya serta memenuhi keperluan pihak berkepentingannya. Justeru, bahagian pelaporan kemampanan ini mengandungi keputusan kualitatif dan/atau kuantitatif bagi semua petunjuk yang dibentangkan.

Our Reporting Approach

The report on sustainability has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines which launched a framework that defines what an integrated reporting comprises.

We have attempted to report on all issues that are material to SME Bank, guided by a focused set of indicators outlined in the GRI index. This helps us to analytically review to what degree sustainability practices and efforts helped the organisation in achieving its mission and vision, and in meeting the needs of its stakeholders. This sustainability reporting section thus contains qualitative and/or quantitative results for all indicators presented.



Inisiatif Pelaporan Kemampanan

Global Reporting Initiative

Membantu kami untuk mengkaji secara analitikal setakat mana amalan dan usaha kemampanan membantu organisasi mencapai misi dan visinya

Helps us to analytically review to what degree sustainability practices and efforts helped the organisation in achieving its mission and vision



Bertindak Balas Terhadap COVID-19

Penularan COVID-19 di seluruh dunia telah menjejaskan kehidupan jutaan manusia, dengan kegawatan ekonomi yang parah dan meluas. COVID-19 memaparkan dengan jelas betapa pentingnya kemampanan bagi ketahanan perniagaan. Dengan menyertakan kemampanan bersepadu secara strategik ke dalam strategi dan operasi perniagaan kami lebih awal, malah sebelum kewujudan virus tersebut, membolehkan kami bertindak balas dengan lebih tangkas terhadap peristiwa di luar jangkaan ini.

Dalam suasana mencabar dan ketidakpastian akibat pelbagai risiko, kami secara proaktif telah menangani kebimbangan kami terhadap perniagaan yang telah dan mungkin akan terjejas. Perniagaan yang tergendala akibat gangguan rantaian bekalan, penutupan sementara kilang, pergerakan yang dihadkan dan beberapa masalah lain telah menguji tahap keberkesanan proses dan usaha kesinambungan perniagaan.

Sejurus selepas COVID-19 diisytiharkan sebagai pandemik global dan Kerajaan mengeluarkan perintah kawalan pergerakan, kami melancarkan pelbagai langkah di seluruh Bank untuk turut sama menyelami kesukaran yang dihadapi oleh kakitangan dan pelanggan serta ekosistem kehidupan mereka secara lebih meluas. Langkah-langkah ini amat penting bagi melindungi keselamatan kakitangan dan pelanggan kami, sambil terus berusaha mengekalkan perkhidmatan berkualiti dan memastikan gangguan yang minimum.

Langkah segera yang kami ambil termasuk melancarkan dan mengekalkan sebuah pusat kawalan krisis, menyokong bakat dan strategi, memelihara kesinambungan perniagaan dan pembiayaan, menyelamatkan rantaian bekalan, kekal berhubung dengan pelanggan, mengukuhkan kemampuan digital dan berhubung dengan keseluruhan ekosistem perniagaan kami.



Penyepaduan kemampanan secara strategik ke dalam strategi dan operasi perniagaan kami lebih awal, malah sebelum kewujudan virus tersebut, membolehkan kami lebih tangkas bertindak balas terhadap peristiwa di luar jangkaan ini

Having integrated sustainability strategically into our business strategies and operations even before the virus existed has enabled us to be more agile in responding to such an unexpected event

Responding to COVID-19

The global spread of COVID-19 has caused disruption to millions of people's lives, with the economic damage being significant and far-reaching. COVID-19 has made it very clear of the centrality of sustainability for business resilience. Having integrated sustainability strategically incorporated into our business strategies and operations even before the virus existed has enabled us to be more agile in responding to such an unexpected event.

In the face of challenges and uncertain set of risks, we have thus proactively addressed our concerns for the businesses who have been and could be affected. Business interruption arising from supply chain disruption, temporary closures of manufacturing plants, restricted movements and several others have tested the criticality of business continuity processes and efforts.

Immediately after COVID-19 was declared a global pandemic and the Government issued the movement control order, we instigated measures across the Bank in our empathy to walk compassionately in the shoes of employees, customers and their broader ecosystems. These measures were paramount to protect the safety of our employees and customers, while striving to maintain quality service and ensuring minimal disruptions.

Our other immediate actions include launching and sustaining a crisis command centre, supporting talent and strategy, maintaining business continuity and financing, shoring up the supply chain, staying engaged with customers, strengthening digital capabilities, and engaging our entire business ecosystem.

Pengurusan Kemampanan

Sustainability Management



Indeks GRI

SME Bank mendedahkan dan melaporkan secara telus semua maklumat dan data yang boleh dipastikan dan relevan menurut perspektif pengurusan.

Pelaporan kemampanan dalam Laporan Tahunan Bersepadu ini adalah selari dengan Garis Panduan Pelaporan Kemampanan oleh Inisiatif Pelaporan Global (GRI) yang memperuntukkan satu rangka kerja yang diiktiraf di peringkat global bagi syarikat untuk mengukur dan membentangkan prestasi alam sekitar, ekonomi, sosial dan tadbir urus.

Proses laporan GRI membantu dalam menentukan dan memilih satu bentuk pendedahan GRI yang bersesuaian dengan amalan kemampanan semasa. Pelaporan yang menumpu kepada satu rangkaian petunjuk membolehkan kami mengkaji secara analitik sehingga ke tahap mana amalan dan usaha kemampanan membantu Bank dalam mencapai misi dan visinya serta memenuhi keperluan pihak berkepentingannya.

Indeks GRI berikut memaparkan bagaimana pelaporan kami memenuhi piawaian GRI. Jadual di bawah menyenaraikan bahagian-bahagian dalam laporan kami yang menangani topik-topik daripada keperluan Inisiatif Pelaporan Global (GRI).

GRI Index

SME Bank transparently discloses and reports all information and data that are ascertainable and relevant from a management perspective.

The sustainability reporting of this Integrated Annual Report is in alignment with the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines which provide a globally recognised framework for companies to measure and communicate their environmental, economic, social and governance performance.

The GRI reporting processes help in defining and selecting a range of GRI disclosures to fit with its current sustainable practices. Reporting on a focused set of indicators enables us to analytically review to what degree have sustainability practices and efforts helped the Bank in achieving its mission and vision, and in meeting the needs of its stakeholders.

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	Perjalanan Kami sehingga Kini Sekilas Pandangan Our Journey so Far At a Glance
102-2	Aktiviti, jenama, produk dan perkhidmatan Activities, brands, products, and services	Perjalanan Kami sehingga Kini Sekilas Pandangan Our Journey so Far At a Glance
102-3	Lokasi ibu pejabat Location of headquarters	Kehadiran Kami Direktori Korporat Our Presence Corporate Directory
102-4	Lokasi operasi Location of operations	Kehadiran Kami Direktori Korporat Our Presence Corporate Directory
102-5	Pemilikan dan bentuk undang-undang Ownership and legal form	Perjalanan Kami sehingga Kini Our Journey so Far
102-6	Pasaran di mana perkhidmatan diberikan Markets served	Kehadiran Kami Our Presence

Pengurusan Kemampanan

Sustainability Management

		Bahagian Section
Pendedahan Am General disclosures		
102-8	Maklumat kakitangan dan pekerja lain Information on employees and other workers	Sekilas Pandangan Penciptaan Nilai melalui Kemampanan (Hubungan dengan Kakitangan) At a Glance Creating Value through Sustainability (Engagement with Employees)
102-9	Rantai bekalan Supply chain	Mencipta Nilai melalui Kemampanan (Kerjasama dengan Pembekal) Creating Value through Sustainability (Cooperation with Suppliers)
102-11	Prinsip atau pendekatan berjaga-jaga Precautionary Principle or approach	Pengurusan Kemampanan Sustainability Management
102-14	Penyata daripada pembuat keputusan kanan Statement from senior decision-maker	Perutusan Pengerusi Ulasan Presiden Kumpulan/Ketua Pegawai Eksekutif Penyata oleh Pengarah Chairman's Message Group President/Chief Executive Officer's Review Statement by Directors
102-15	Impak, risiko dan peluang utama Key impacts, risks, and opportunities	Penyata Pengurusan Risiko dan Kawalan Dalam Mengutamakan Tadbir Urus dan Pematuhan (Pengurusan Risiko) Statement on Risk Management and Internal Control Prioritising Governance and Compliance (Risk Management)
102-16	Nilai, prinsip, piawaian dan norma tata laku Values, principles, standards, and norms of behaviour	Tadbir Urus dan Pematuhan Governance and Compliance
102-17	Hal-hal berkaitan etika Concerns about ethics	Mengutamakan Tadbir Urus dan Pematuhan Prioritising Governance and Compliance
102-18	Struktur tadbir urus Governance structure	Penyata Tadbir Urus Korporat Statement on Corporate Governance
102-19	Pelantikan kuasa Delegating authority	Jawatankuasa Lembaga Pasukan Pengurusan Board Committees Management Team
102-22	Komposisi badan tadbir urus tertinggi dan jawatankuasa-jawatankuasanya Composition of the highest governance body and its committees	Tadbir Urus Korporat Corporate Governance
102-23	Pengerusi badan tadbir urus tertinggi Chair of the highest governance body	Lembaga Pengarah Board of Directors

Pengurusan Kemampanan

Sustainability Management



		Bahagian Section
Pendedahan Am General disclosures		
102-26	Peranan badan tadbir urus tertinggi dalam menetapkan tujuan, nilai dan strategi <i>Role of highest governance body in setting purpose, values and strategy</i>	Penyata Tadbir Urus Korporat Pengurusan Kemampanan <i>Statement on Corporate Governance Sustainability Management</i>
102-35	Dasar imbuhan <i>Remuneration policies</i>	Penyata Tadbir Urus Korporat <i>Statement on Corporate Governance</i>
102-40	Senarai kumpulan pihak berkepentingan <i>List of stakeholder groups</i>	Penciptaan Nilai melalui Kemampanan (Membina Asas untuk Pengurusan Kemampanan menerusi Komunikasi dengan Pihak-pihak Berkepentingan) <i>Creating Value through Sustainability (Building a Foundation for Sustainability Management through Communication with Stakeholders)</i>
102-42	Mengenal pasti dan pemilihan pihak berkepentingan <i>Identifying and selecting stakeholders</i>	Penciptaan Nilai melalui Kemampanan (Membina Asas untuk Pengurusan Kemampanan menerusi Komunikasi dengan Pihak-pihak Berkepentingan) <i>Creating Value through Sustainability (Building a Foundation for Sustainability Management through Communication with Stakeholders)</i>
102-43	Pendekatan terhadap hubungan pihak berkepentingan <i>Approach to stakeholder engagement</i>	Penciptaan Nilai melalui Kemampanan (Membina Asas untuk Pengurusan Kemampanan menerusi Komunikasi dengan Pihak-pihak Berkepentingan) <i>Creating Value through Sustainability (Building a Foundation for Sustainability Management through Communication with Stakeholders)</i>
102-44	Topik dan hal-hal penting dibangkitkan <i>Key topics and concerns raised</i>	Pengurusan Kemampanan <i>Sustainability Management</i>
102-45	Entiti disertakan dalam penyata kewangan disatukan <i>Entities included in the consolidated financial statements</i>	Nota-nota Penyata Kewangan <i>Notes to the Financial Statements</i>
102-55	Indeks Piawaian GRI <i>GRI Standards Index</i>	Indeks GRI <i>GRI Index</i>
Topik Penting: Ekonomi Material Topic: Economic		
201-1	Nilai ekonomi langsung yang dijana dan diagihkan <i>Direct economic value generated and distributed</i>	Mengimbangi antara Nilai Ekonomi dan Sosial <i>Balancing Economic and Social Value</i>
203-2	Kesan ekonomi tidak langsung yang ketara <i>Significant indirect economic impacts</i>	Mengimbangi antara Nilai Ekonomi dan Sosial <i>Balancing Economic and Social Value</i>

		Bahagian Section
Topik Penting: Ekonomi		
Material Topic: Economic		
204	<u>Amalan perolehan</u>	Mengutamakan Tadbir Urus dan Pematuhan
	103-1 Penjelasan topik penting dan batasanannya	Prioritising Governance and Compliance
	103-2 Pendekatan pengurusan dan komponennya	
	<u>Procurement practices</u>	
	103-1 Explanation of the material topic and its boundary	
	103-2 The management approach and its components	
205	<u>Pencegahan rasuah</u>	Mengutamakan Tadbir Urus dan Pematuhan
	103-1 Penjelasan topik penting dan batasanannya	Prioritising Governance and Compliance
	103-2 Pendekatan pengurusan dan komponennya	
	<u>Anti-corruption</u>	
	103-1 Explanation of the material topic and its boundary	
	103-2 The management approach and its components	
Topik Penting: Alam Sekitar		
Material Topic: Environment		
302	<u>Tenaga</u>	Mengutamakan Alam Sekitar
	103-1 Penjelasan topik penting dan batasanannya	Consideration for the Environment
	103-2 Pendekatan pengurusan dan komponennya	
	<u>Energy</u>	
	103-1 Explanation of the material topic and its boundary	
	103-2 The management approach and its components	
302-1	Penggunaan tenaga dalam organisasi	Mengutamakan Alam Sekitar
	<u>Energy consumption within the organisation</u>	Consideration for the Environment
302-4	Pengurangan penggunaan tenaga	Mengutamakan Alam Sekitar
	<u>Reduction of energy consumption</u>	Consideration for the Environment
303	103-1 Penjelasan topik penting dan batasanannya	Mengutamakan Alam Sekitar
	103-2 Pendekatan pengurusan dan komponennya	Consideration for the Environment
	103-1 Explanation of the material topic and its boundary	
	103-2 The management approach and its components	
303-5	Penggunaan air	Mengutamakan Alam Sekitar
	<u>Water consumption</u>	Consideration for the Environment
306	<u>Buangan dan sisa</u>	Mengutamakan Alam Sekitar
	103-1 Penjelasan topik penting dan batasanannya	Consideration for the Environment
	103-2 Pendekatan pengurusan dan komponennya	
	<u>Effluents and waste</u>	
	103-1 Explanation of the material topic and its boundary	
	103-2 The management approach and its components	
306-2	Sisa mengikut jenis dan kaedah pembuangan	Mengutamakan Alam Sekitar
	<u>Waste by type and disposal method</u>	Consideration for the Environment

		Bahagian Section
Topik Penting: Alam Sekitar Material Topic: Environment		
307	<p><u>Pematuhan alam sekitar</u></p> <p>103-1 Penjelasan topik penting dan batasannya</p> <p>103-2 Pendekatan pengurusan dan komponennya</p> <p><u>Environmental compliance</u></p> <p>103-1 Explanation of the material topic and its boundary</p> <p>103-2 The management approach and its components</p>	<p>Mengutamakan Alam Sekitar</p> <p>Consideration for the Environment</p>
Topik Penting: Sosial Material Topic: Social		
401	<p><u>Pengambilan pekerja</u></p> <p>103-1 Penjelasan topik penting dan batasannya</p> <p>103-2 Pendekatan pengurusan dan komponennya</p> <p><u>Employment</u></p> <p>103-1 Explanation of the material topic and its boundary</p> <p>103-2 The management approach and its components</p>	<p>Mempertingkatkan Nilai Modal Insan</p> <p>Increasing Value of Human Capital</p>
401-1	<p>Pengambilan pekerja baharu dan pemberhentian pekerja</p> <p>New employee hires and employee turnover</p>	<p>Mempertingkatkan Nilai Modal Insan</p> <p>Increasing Value of Human Capital</p>
402	<p><u>Pengurusan/hubungan pekerja</u></p> <p>103-1 Penjelasan topik penting dan batasannya</p> <p><u>Labour management/relations</u></p> <p>103-1 Explanation of the material topic and its boundary</p>	<p>Mempertingkatkan Nilai Modal Insan</p> <p>Increasing Value of Human Capital</p>
403	<p><u>Kesihatan dan keselamatan pekerjaan</u></p> <p>103-1 Penjelasan topik penting dan batasannya</p> <p>103-2 Pendekatan pengurusan dan komponennya</p> <p><u>Occupational health and safety</u></p> <p>103-1 Explanation of the material topic and its boundary</p> <p>103-2 The management approach and its components</p>	<p>Mempertingkatkan Nilai Modal Insan</p> <p>Increasing Value of Human Capital</p>
403-1	<p>Perwakilan pekerja dalam pengurusan bersama rasmi-jawatankuasa kesihatan dan keselamatan pekerja</p> <p>Workers' representation in formal joint management-worker health and safety committees</p>	<p>Mempertingkatkan Nilai Modal Insan</p> <p>Increasing Value of Human Capital</p>
404	<p><u>Latihan dan pendidikan</u></p> <p>103-1 Penjelasan topik penting dan batasannya</p> <p><u>Training and education</u></p> <p>103-1 Explanation of the material topic and its boundary</p>	<p>Mempertingkatkan Nilai Modal Insan</p> <p>Increasing Value of Human Capital</p>

Pengurusan Kemampanan

Sustainability Management

		Bahagian Section
Topik Penting: Sosial Material Topic: Social		
404-1	Purata jam latihan setiap tahun bagi setiap kakitangan <i>Average hours of training per year per employee</i>	Mempertingkatkan Nilai Modal Insan <i>Increasing Value of Human Capital</i>
404-2	Program untuk menaik taraf kemahiran kakitangan dan program bantuan peralihan <i>Programmes for upgrading employee skills and transition assistance programmes</i>	Mempertingkatkan Nilai Modal Insan <i>Increasing Value of Human Capital</i>
405	<u>Kepelbagaian dan peluang sama rata</u> 103-1 Penjelasan topik penting dan batasanannya 103-2 Pendekatan pengurusan dan komponennya <u>Diversity and equal opportunity</u> 103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components	Mempertingkatkan Nilai Modal Insan <i>Increasing Value of Human Capital</i>
405-1	<u>Kepelbagaian badan tadbir urus dan kakitangan</u> <i>Diversity of governance bodies and employees</i>	Mempertingkatkan Nilai Modal Insan <i>Increasing Value of Human Capital</i>
406	<u>Tiada diskriminasi</u> 103-1 Penjelasan topik penting dan batasanannya 103-2 Pendekatan pengurusan dan komponennya <u>Non-discrimination</u> 103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components	Mempertingkatkan Nilai Modal Insan <i>Increasing Value of Human Capital</i>
413	<u>Komuniti setempat</u> 103-1 Penjelasan topik penting dan batasanannya 103-2 Pendekatan pengurusan dan komponennya <u>Local Communities</u> 103-1 Explanation of the material topic and its boundary 103-2 The management approach and its components	Menyelesaikan Isu-isu Sosial dan Mencipta Nilai melalui Perniagaan Kami <i>Resolving Social Issues and Creating Value through Our Businesses</i>
413-1	Operasi dengan penglibatan masyarakat setempat, penilaian kesan dan program pembangunan <i>Operations with local community engagement, impact assessments, and development programmes</i>	Menyelesaikan Isu-isu Sosial dan Mencipta Nilai melalui Perniagaan Kami <i>Resolving Social Issues and Creating Value through Our Businesses</i>

SME Bank semakin pesat menyesuaikan aktivitiya kepada pendekatan yang lebih mampan berikutan keperluan mewujudkan kemampanan yang lebih teguh dan pelaksanaan inovasi dalam bentuk teknologi dan peranti baharu yang bertujuan untuk memperbaiki impak ekonomi, sosial dan alam sekitar dalam perniagaan.

SME Bank is increasingly adapting its activities within a more sustainable approach, due to both stronger sustainability requirements and the implementation of innovation in the form of new technologies and tools aimed at improving the economic, social and environmental impact of business.

Fokus Bank terhadap kemampanan bukan sekadar mematuhi kepada keperluan peraturan berkaitan. Kami bertekad untuk merangka proses penciptaan nilai bagi mencapai kecemerlangan dalam kemampanan. Bagi memenuhi matlamat ini, strategi penciptaan nilai tersebut dicapai melalui keteguhan portfolio modal dan pelbagai pendorong nilai yang meliputi akses kepada modal, asas pelanggan, prestasi kewangan, modal insan dan tawaran produk/perkhidmatan.

Kemampanan telah menjadi komponen utama strategi kami bagi menerbitkan nilai untuk para pihak berkepentingan. Takrif misi kemampanan kami menggambarkan pemahaman yang luas meliputi aspek alam sekitar, sosial dan tadbir urus (ESG).

The Bank's focus on sustainability is more than just in compliance with related regulatory requirements. Our aim is to chart the value creation process to excel in sustainability. To accomplish this goal, our value creation strategy is underpinned by a strong portfolio of capital and numerous value drivers which include capital access, customer base, financial performance, human capital and product/service offering.

Sustainability has become the central component of our strategy to create value for all stakeholders. We define a sustainability mission which reflects our broad understanding of sustainability, encompassing environmental, social and governance (ESG) aspects.



Penciptaan Nilai melalui Kemampanan Creating Value through Sustainability

Keteguhan portfolio modal dan pelbagai pendorong nilai
Strong portfolio of capital and numerous value drivers

Akses kepada modal
Access to capital



Asas pelanggan
Customer base



Prestasi kewangan
Financial performance



Modal insan
Human capital



Tawaran produk/perkhidmatan
Product/service offering



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Pelaksanaan strategi kemampanan kami turut melibatkan transformasi utama Bank dan aktiviti perniagaannya yang semakin membantu usaha transformasi pelanggan kami ke arah mencapai model perniagaan mampan.

Bagi melaksanakan misi kemampanan dan mencapai sasaran yang dikehendaki, kami telah menumpukan kepada enam dimensi kemampanan iaitu faktor libat urus pihak berkepentingan, modal insan, ekonomi mampan serta alam sekitar, sosial dan tadbir urus bagi mengukur impak kemampanan dan kemasayarakatan perniagaan kami.

Pada tahun 2020, kami telah mengukuhkan lagi struktur tadbir urus kemampanan kami untuk menuju ke hadapan dengan berkesan dalam semua dimensi kemampanan dan strategi penerbitan nilai kami. Ia mampu dicapai walaupun berdepan dengan pandemik COVID-19 yang telah menjejaskan kehidupan manusia di seluruh dunia.

Kami maklum terhadap desakan, tanggungjawab, risiko dan peluang yang mendatang. Itulah sebabnya mengapa usaha kami terhadap kemampanan diatur sebegitu rupa untuk menyelaraskan dengan lebih baik skop, skala dan kepantasan cabaran yang muncul di seluruh dunia. Kami melaksanakannya dengan memperhebat kemajuan penyelidikan dan teknologi sebagai kaedah paling berkesan bagi mengatasi pelbagai cabaran kemanusiaan. Akhirnya kami memenuhi misi kami untuk menyokong kakitangan, komuniti dan ekonomi secara meluas bagi menerbitkan nilai yang mampan.

Executing our sustainability strategy has involved a profound transformation of our Bank and its business activities which also increasingly assists our customers in their transformation toward sustainable business models.

To execute our sustainability mission and achieve our targets, we have been focusing on six dimensions of sustainability namely stakeholder engagement, human capital, sustainable economy as well as environmental, social and governance factors in measuring the sustainability and societal impact of our business.

In 2020, we significantly strengthened our sustainability governance structure to move forward effectively in all these dimensions of our sustainability and value creation strategy. This was despite the array of new challenges due to the COVID-19 pandemic has devastated human lives in every corner of the globe.

We appreciate the urgency, responsibility, risks, and opportunities ahead. That is why our work on sustainability has been to better align with the scope, scale, and speed of the world's challenges. We do so by stepping up on research and technological progress which are the most effective means of overcoming the challenges facing humanity. Ultimately we fulfil our mission to support our customers, employees, communities and the broader economy to create sustainable value.

Kemampanan secara holistik di seluruh Bank Sustainability holistically embedded throughout the Bank



Pengurusan pihak berkepentingan
Stakeholder engagement



Modal insan
Human capital



Ekonomi mampan
Sustainable economy



Alam sekitar mampan
Sustainable environmental



Faktor sosial
Social factors



Faktor tadbir urus
Governance factors

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Membina Asas untuk Pengurusan Kemampanan menerusi Komunikasi dengan Pihak-pihak Berkepentingan

Building a Foundation for Sustainability Management through Communication with Stakeholders

Pengurusan Pihak Berkepentingan Stakeholder Engagement



Bagi mewujudkan nilai mampan jangka panjang, kami menerapkan kepentingan komunikasi ke dalam falsafah kami sebagai strategi untuk berhubung dan mendekati semua pihak berkepentingan secara berkesan. Ia juga bertindak sebagai kaedah untuk memahami dan memenuhi keperluan dan jangkaan pihak-pihak berkepentingan.

To create long term sustainable value, we encapsulate in our philosophy the importance of communication as a proven strategy of engaging and reaching out to all our stakeholders. It also serves as the means for us to seek to understand and meet stakeholder needs and expectations.

Kami komited untuk mengekalkan komunikasi yang lancar dan mengadakan dialog membina dengan pihak-pihak berkepentingan. Mereka dihimpunkan sebagai kakitangan, pelanggan, para pelabur, rakan rantaian bekalan, Kerajaan dan pihak pengawal selia serta masyarakat. Setiap kumpulan pihak berkepentingan mempunyai pengaruh yang berbeza terhadap perniagaan dan impak yang berbeza kepada strategi operasi dan organisasi kami.

We are committed to maintaining good communication and having constructive dialogues with stakeholders. They are grouped primarily into employees, customers, investment community, supply chain partners, Government and regulators and society. Each group of stakeholders has different influence on the business and different impacts on our operations and organisational strategy.



Pihak-pihak berkepentingan
Stakeholders

 Kakitangan
Employees

 Pelanggan
Customers

 Masyarakat pelabur
Investment community

 Rakan rantaian bekalan
Supply chain partners

 Kerajaan dan pihak pengawal selia
Government and regulators

 Masyarakat
Society

Dalam melaksanakan strategielibatan pada tahun 2020, kami telah meneruskan usaha menggerakkan komunikasi dengan pihak berkepentingan yang berbeza. Melalui penglibatan ini, kami mendapat input kritikal yang diperlukan untuk memastikan pelan dan program kemampanan menggambarkan secara tepat kepentingan semua pihak yang menggunakan perkhidmatan kami.

In 2020, we continued with the advance of different stakeholder communication as we execute engagement strategies. Through these engagements, we obtain the critical input that we need to ensure our sustainability plan and programmes accurately reflect the interests of all those we serve.

Komunikasi dan hubungan kami dengan pihak-pihak berkepentingan menyumbang kepada tiga impak utama terhadap ekonomi, alam sekitar dan masyarakat yang juga merupakan tiga dimensi dalam Standard Pelaporan Kemampanan oleh Inisiatif Pelaporan Global (GRI) bagi mencapai matlamat pembangunan mampan.

Our communication and engagement with stakeholders contribute to the three significant impacts on the economy, environment and society, which are also three of the dimensions in the Global Reporting Initiatives (GRI) Sustainability Reporting Standards to achieve the goal of sustainable development.

Keratan Rentas Pengurusan Pihak Berkepentingan

Gelombang pandemik COVID-19 tidak menghalang kami daripada melaksanakan libat urus dengan pelanggan dan semua pihak berkepentingan. Sebaliknya, kami terus berinteraksi dengan mereka melalui platform digital sebagai tambahan kepada perhubungan secara fizikal apabila keadaan membenarkan.

	Bagaimana Kami Berinteraksi	Aktiviti Pada Tahun 2020
 Kakitangan	<ul style="list-style-type: none"> • Mesyuarat dan membuat panggilan • Perhimpunan • Kaji selidik dan maklum balas secara kerap • E-mel dan surat berita • Penerbitan • Komunikasi digital melalui laman intranet SME Bank • Komunikasi dan interaksi berterusan melalui dasar/ budaya pintu terbuka 	<ul style="list-style-type: none"> • Sesi dialog dengan anggota Pengurusan Kanan. Contoh: Sesi Teh Tarik • Inisiatif dan program keterlibatan kakitangan • Melaksanakan kaji selidik penglibatan dan maklum balas • Memaparkan pengumuman yang berkaitan melalui notis fizikal dan maya • Melaksanakan sesi perhimpunan suku tahunan dan khas • Menerbitkan surat berita suku tahunan, iaitu <i>SME News</i> yang melapor mengenai perkembangan Bank dan membolehkan kakitangan mengikuti perkembangan melalui maklumat mengenai aktiviti unit perniagaan • Menganjurkan persidangan fungsian dan perniagaan • Menghantar e-surat/e-mel kepada kakitangan mengenai dasar, prosedur dan/atau maklumat berkaitan pekerjaan • Menganjurkan sesi bengkel dan latihan bagi menerbitkan kesedaran dan menyediakan latihan mengenai proses baharu, teknologi baharu dan untuk pembelajaran berterusan • Menyampaikan pembentangan keputusan tahunan dan pengumuman strategik terpilih kepada para eksekutif dan pengurusan Bank yang kemudian akan menyebarkan maklumat tersebut kepada kakitangan operasi
 Pelanggan	<ul style="list-style-type: none"> • Mesyuarat dan membuat panggilan • Kaji selidik dan maklum balas secara kerap • Acara dan persidangan • Penerbitan • Komunikasi digital • Talian hotline 	<ul style="list-style-type: none"> • Mempertingkatkan interaksi maya dengan pelanggan berikutan pandemik COVID-19 • Mengambil bahagian dalam persidangan/seminar/jerayawara/ceramah untuk berinteraksi dengan pelanggan • Menganjurkan promosi jenama/produk/perkhidmatan bagi menerbitkan kesedaran tentang jenama dan pasaran produk/perkhidmatan • Menganjurkan program kesedaran jenama/produk/perkhidmatan yang berkaitan • Menerbitkan <i>SME News</i> yang memaparkan berita korporat dan aktiviti Bank, <i>Majalah InFront</i> yang memaparkan kisah kejayaan pelanggan dan <i>Buletin BizPulse</i> yang mengandungi maklumat umum dan mengenai sektor PKS dan maklumat lain mengenai Bank dan perkhidmatan yang ditawarkannya

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Creating Value through Sustainability



Bagaimana Kami Berinteraksi	Aktiviti Pada Tahun 2020
 <p>Rakan rantaian bekalan</p>	<ul style="list-style-type: none"> • Mesyuarat dan membuat panggilan • Maklum balas secara kerap • Penerbitan • Komunikasi digital • Talian hotline <ul style="list-style-type: none"> • Berkongsi dasar dan prosedur pemerolehan Bank • Melakukan audit pembekal apabila diperlukan • Melakukan lawatan ke premis pembekal, apabila diperlukan • Memberi kefahaman mengenai dasar, tadbir urus Bank dan perkara seumpamanya
 <p>Komuniti pelaburan</p>	<ul style="list-style-type: none"> • Mesyuarat dan membuat panggilan • Mesyuarat Agung Tahunan • Acara dan persidangan • Penerbitan • Komunikasi digital <ul style="list-style-type: none"> • Mengadakan mesyuarat Agung Tahunan menurut keperluan berkanun • Bertukar pendapat dengan peserta pasaran secara kerap mengenai strategi dan keputusan kewangan Bank • Menerbitkan maklumat, pengumuman, pembentangan, keputusan kewangan dan laporan bukan kewangan secara bercetak dan dalam laman sesawang Bank • Menerbitkan pengumuman berkaitan dalam media
 <p>Kerajaan dan pihak pengawal selia</p>	<ul style="list-style-type: none"> • Mesyuarat dan membuat panggilan • Maklum balas berkala • Penerbitan • Komunikasi digital <ul style="list-style-type: none"> • Mengadakan penglibatan dengan Kerajaan dan pihak pengawal selia secara membina sebagai tindak balas terhadap beberapa perbincangan dengan orang awam seperti tindak balas menyeluruh kepada gangguan ekonomi berikutan COVID-19 • Menerbitkan laporan dan maklumat terkini secara berkala • Mengambil bahagian secara aktif dan menyumbang kepada kumpulan kerja industri dan pihak pengawal selia • Bekerjasama dan menyumbang kepada pelbagai projek peningkatan taraf komuniti yang diusahakan oleh jabatan Kerajaan dan pihak pengawal selia
 <p>Masyarakat</p>	<ul style="list-style-type: none"> • Mesyuarat dan membuat panggilan • Acara dan persidangan • Keahlian dan perkongsian • Penyertaan dalam debat awam • Penerbitan • Komunikasi digital • Talian hotline <ul style="list-style-type: none"> • Mengajukan projek komuniti tempatan di Malaysia melalui program tanggungjawab sosial korporat • Mengambil bahagian dalam aktiviti sukarela kakitangan dalam pelbagai inisiatif komuniti strategik • Terlibat secara aktif dalam program filantropi di Malaysia • Mengadakan perhubungan secara berterusan dengan organisasi bukan kerajaan (NGO), dengan berbincang mengenai pelbagai topik berkaitan • Menjalin hubungan perkongsian dengan beberapa kumpulan pembela dan NGO bagi menangani pelbagai cabaran dalam masyarakat

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Cross-Section of Stakeholder Engagements

The wave of the COVID-19 pandemic did not halt us from engaging with customers and all stakeholders. Instead, we continued to engage with them via our digital platforms in addition to physical engagements when possible.

	How We Engage	Activity in 2020
 Employees	<ul style="list-style-type: none"> • Meetings and calls • Town halls • Surveys and regular feedback • E-mails and newsletters • Publications • Digital communication via SME Bank intranet site • On-going communication and interaction via an open-door policy/culture 	<ul style="list-style-type: none"> • Dialogue sessions with senior management member(s). i.e. Teh Tarik Session • Employee engagement programmes and initiatives • Conducted engagement and feedback surveys i.e. Employee Engagement Survey (EES) • Displayed relevant announcements on physical and virtual notices • Conducted quarterly and special town hall sessions • Published the quarterly newsletter, SME News which reports on developments in the Bank, and enables all employees to keep abreast with information on business unit activities • Held business and functional conferences • Sent out e-letters/e-mails to employees regarding policies, procedures and/or employment related information • Conducted workshop and training sessions to create an awareness of and provide training on new processes, new technology and for continuous learning • Delivered annual results presentations and selected strategic announcements to the Bank's executives and management who then disseminated the information to operational staff
 Customers	<ul style="list-style-type: none"> • Meetings and calls • Surveys and regular feedback • Events and conferences • Publications • Digital communication • Hotline 	<ul style="list-style-type: none"> • Increasing virtual interactions with customers in reaction to COVID-19 • Participated in relevant conferences/seminar/road shows/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 Bulletin covering general and relevant information about the SME sector and other related information about the Bank and its offerings

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	How We Engage	Activity in 2020
 <p>Supply chain partners</p>	<ul style="list-style-type: none"> • Meetings and calls • Regular feedback • Publications • Digital communication • Hotline 	<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
 <p>Investment community</p>	<ul style="list-style-type: none"> • Meetings and calls • Annual General Meeting • Events and conferences • Publications • Digital communication 	<ul style="list-style-type: none"> • 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
 <p>Government and regulators</p>	<ul style="list-style-type: none"> • Meetings and calls • Regular feedback • Publications • Digital communication 	<ul style="list-style-type: none"> • Engaged constructively with the Government and regulators in response to a number of public consultations such as the comprehensive response to economic disruptions due to COVID-19 • Issued reports and periodic updates • Actively participated in and contributed to industry and regulatory working groups • Cooperated and contributed to community upliftment projects initiated by Government departments and regulators
 <p>Society</p>	<ul style="list-style-type: none"> • Meetings and calls • Events and conferences • Memberships and partnerships • Participation in public debate • Publications • Digital communication • Hotline 	<ul style="list-style-type: none"> • 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 on related topics • Partnerships with key advocacy groups and NGOs to tackle societal challenges

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Creating Value through Sustainability

Hubungan dengan Kakitangan

Sebagai sebuah organisasi yang bertanggungjawab, kami berusaha gigih untuk menawarkan pengalaman bekerja di mana setiap pekerja boleh merasa selamat, dihargai dan inklusif dan setiap pekerja pula boleh menawarkan sumbangan unik mereka.

Tenaga kerja yang terlibat amat diperlukan bagi membolehkan Bank mewujudkan impak sewajarnya dan menyampaikan matlamat kami dan usaha penglibatan dengan kakitangan pada tahun 2020 memang sangat penting. Kami melaksanakannya dengan pelbagai cara seperti penyiaran atas talian, acara kakitangan secara maya contoh: webinar, surat berita yang dikeluarkan secara kerap dan acara bersama Presiden Kumpulan/Ketua Pegawai Eksekutif (GP/CEO) dan pengurusan kanan serta persidangan tahunan.

Walaupun COVID-19 membawa kesan negatif, namun kami tidak mengabaikan usaha untuk mendorong penglibatan dengan kakitangan dalam persekitaran norma baharu kerana hubungan erat dengan mereka yang merupakan pihak berkepentingan dalaman membolehkan kami memanfaatkan tenaga dan daya kreativiti mereka.

Penguatkuasaan perintah duduk di rumah dan penjarakan sosial di seluruh negara mengakibatkan gangguan ketara di tempat kerja dan keperluan kakitangan kami. Garis panduan penjarakan sosial menyebabkan kebanyakan kakitangan perlu bekerja dari rumah. Sepanjang tempoh gangguan dan perubahan yang terpaksa dilaksanakan ini, kami bertindak balas secara positif dengan mengukuhkan garis panduan dan sokongan kesihatan dan kesejahteraan.

Kekerapan komunikasi daripada pengurusan Bank menjadi berkesan sepanjang tempoh tersebut. Justeru, tahap penglibatan dengan kakitangan kekal stabil hasil daripada kepimpinan, komunikasi dan fleksibiliti yang bertambah baik.

Kami memantau penglibatan dan kesejahteraan kakitangan melalui pelbagai kaji selidik. Pada tahun 2020, ia meliputi *COVID-19 Pulse Survey* dan Kaji Selidik Keterlibatan Kakitangan (EES). Data daripada semua kaji selidik ini membolehkan penambahbaikan pengalaman kakitangan kami.

Di samping itu, kami melaksanakan usaha komunikasi tambahan untuk memastikan kakitangan sentiasa maklum dan terlibat. Ia meliputi sesi perhimpunan dengan GP/CEO dan perbincangan secara maya dengan pihak pengurusan. Pelbagai program dan aktiviti lain yang dilaksanakan pada tahun ini meliputi Konvensyen Pemimpin, Sesi Libat Urus GTP, Hari Sukan SME Bank dan Sesi Teh Tarik dengan anggota Pengurusan Kanan SME Bank.

Engagement with Employees

As a responsible organisation, we work hard to offer an employee experience where everyone can feel safe, valued and included, and where every employee can offer his/her unique contribution.

An engaged workforce is essential for the Bank to create impact and deliver on our purpose, and engaging with our employees in a year such as 2020 was crucial. We did so in a variety of ways, with online webcasts, virtual employee events i.e. webinar, regular newsletters and events with our Group President/Chief Executive Officer (GP/CEO) and senior management members and annual conference.

Despite the negative effects of COVID-19 we did not sway from boosting employee engagement in the 'new normal' because close engagements with them as our internal stakeholders enable us to tap into their energy and creativity.

As lockdowns and social distancing guidelines were implemented throughout the country, we did witness massive disruptions to the workplace and the needs of our employees. Social distancing guidelines meant that many employees were required to work remotely. Throughout this disruption and forced change, we responded positively by strengthening health and wellbeing guidelines and support.

The frequency of communication from the management of the Bank has been effective during this time. Thus, the levels of employee engagement have remained steady by improved leadership, communication, and flexibility.

We monitor our employee engagement and well-being through a variety of surveys. In 2020, these included the *COVID-19 Pulse Survey* and *Employee Engagement Survey (EES)*. Data from all these surveys enable us to continue to improve our employees experience.

Further to this, we employed additional communication efforts to keep employees informed and engaged. These included townhall sessions with the GP/CEO and virtual discussion sessions with the management. Various other programmes and activities during the year include *Leaders' Convention*, *GTP Engagement Session*, *SME Bank Sports Day*, and *Teh Tarik Session* with members of SME Bank Senior Management.

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Kaji Selidik Keterlibatan Kakitangan

Kami faham apabila kami mula beralih kepada bekerja dari rumah atau model hibrid, terdapat segelintir kakitangan yang terpaksa berhadapan dengan kesukaran kerana terpisah daripada tempat bekerja. Kaji Selidik Keterlibatan Kakitangan (EES) tahunan adalah satu peluang yang besar kepada kakitangan untuk menyuarakan perasaan mereka.

EES menjana maklumat berkualiti tinggi yang membantu kami memahami bagaimana perasaan kakitangan tentang kerja mereka, di mana kami perlu menambahbaik pengalaman kakitangan dan apa penyelesaian yang kami boleh laksanakan. Tindak balas yang diterima membolehkan kami memulakan perbualan yang bernas menjurus kepada perubahan positif di tempat kerja.

Pada tahun 2020, kaji selidik tersebut telah dihantar kepada semua kakitangan di mana 1,001 komen/maklum balas telah diterima dan kadar maklum balas adalah sebanyak 96%. Edisi pertama kaji selidik dilaksanakan pada 2014 dan kadar maklum balas paling tinggi dicatatkan 100% adalah pada 2018.

Lebih penting lagi, keputusan yang diterima daripada kaji selidik tersebut menggariskan kesan positif daripada usaha aktif kami untuk mengekalkan kadar penglibatan yang tinggi sepanjang tempoh pandemik, melalui komunikasi yang teguh dan jelas, fleksibiliti kerja baharu dan kepimpinan yang lebih nyata.

The Employee Engagement Survey (EES)

As we begin to shift toward working from home or hybrid model, we acknowledge that there are employees who may be struggling with the disconnect from the workplace. The Bank's annual EES is a great opportunity for our employees to express how they feel.

The EES generates high-quality information that helps us understand how our employees feel about their work, where we need to improve our employee experience and what solutions we can implement. The responses we receive enable us to initiate fruitful conversations and lead to concrete positive changes in our workplace.

In 2020, the survey was sent to all employees, from which 1,001 comments/feedbacks were received and the response rate was 96%. The first survey was held in 2014 and the highest recorded response rate was 100% in 2018.

Most importantly, the results obtained from the survey underline the positive effects of our active efforts to maintain high levels of engagement during the pandemic through strong and clear communication, new work flexibility and more visible leadership.

Kaji Selidik Keterlibatan Kakitangan (EES)
Employee Engagement Survey



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Program dan Aktiviti Libat Urus

Menyedari kepentingan hubungan erat dengan kakitangan dan mendapat sokongan mereka untuk mencapai manfaat yang dikongsi bersama, kami telah menganjurkan pelbagai program dan aktiviti sepanjang tahun ini.

Ini meliputi majlis Makan Malam Persaraan, Hari Jersi SME Bank, beberapa perayaan sempena Hari Wanita Antarabangsa dan Hari Kegembiraan Antarabangsa serta banyak lagi aktiviti lain.

Sekatan pergerakan dan interaksi sosial pada pertengahan bulan Mac tidak menghalang kami daripada menjalankan program dan aktiviti pelibatan dengan kakitangan. Malah, program dan aktiviti tersebut terus dilaksanakan dari jauh yang antara lain meliputi Peraduan Video dan Foto 'Stay at Home', Peraduan Video 'Stay at Home' Di Bulan Ramadan SME Bank, Peraduan Video 'Stay at Home' Salam MyLebaran SME Bank dan Program SME Bank 'Biggest Loser & SME Bank Wellness'.

Engagement Programmes and Activities

Recognising the significance of close engagements with employees in gaining their support and buy-in through a shared purpose, we held various programmes and activities throughout the year.

These include Retirement Dinner, SME Bank Jersey Day, celebrations in conjunction with International Women's Day and International Day of Happiness as well as many other activities.

The restriction on movement and social interaction in mid-March did not hinder us from engagement programmes and activities. Instead, these programmes and activities continued to be held remotely, such as Stay at Home Video & Photo Contest, SME Bank My Ramadan Stay at Home Video Contest, SME Bank Salam My Lebaran Stay at Home Video Contest and SME Bank Biggest Loser & SME Bank Wellness Programme.

Program dan Aktiviti Programmes and Activities



Hari Jersi SME Bank
SME Bank Jersey Day



Hari Wanita Antarabangsa
International Women's Day

Makan Malam
Persaraan
Retirement
Dinner



Hari Kegembiraan Antarabangsa
International Day of Happiness

Kejuaraan Golf Kumpulan
SME Bank
SME Bank Group Golf
Tournament



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Komunikasi Berterusan dengan Kakitangan

Kami memaklumkan kakitangan mengenai perkembangan terkini melalui beberapa media seperti surat berita yang melaporkan mengenai perkembangan dalam syarikat. Surat berita ini membolehkan semua kakitangan mengikuti perkembangan mengenai semua topik yang antara lain meliputi produk baharu, tawaran promosi khas dan penyertaan Bank dalam pameran dan persidangan. Di samping itu, laman sesawang kami mengandungi berita dan maklumat terkini di mana kakitangan dimaklumkan tentang perkembangan terkini berkaitan Bank dan industri.

Ongoing Communication with Employees

We keep our employees up to date through a number of formats namely the newsletters which report on developments in the company. The newsletters enable all employees to keep abreast with all relevant topics which also include, amongst others, new products, special promotional offers and the Bank's participation in exhibitions and conferences. Additionally, our website contains news and updates from which our employees are also being informed of all updates regarding the Bank and the industry.



Komunikasi Communication

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Pertumbuhan Mampun untuk Pelanggan

SME Bank mempunyai lebih daripada 20,000 pelanggan di mana hubungan erat dengan mereka telah diwujudkan supaya dapat memahami mereka dengan lebih baik bagi membantu mereka mencapai pertumbuhan mampun.

Hubungan yang melibatkan pelanggan secara langsung dan tidak langsung ini telah membolehkan kami mengamati pelbagai isu yang mereka hadapi dalam perniagaan dan menawarkan saranan yang memenuhi keperluan mereka. Pemahaman yang lebih baik tentang pelanggan kami akan menyediakan pengetahuan yang sangat bermanfaat untuk mendorong perubahan dalam strategi perniagaan kami.

Selaras dengan matlamat untuk menjadikan perniagaan kami mampun dan menguntungkan untuk tempoh yang panjang, kami juga bertanggungjawab terhadap pertumbuhan mampun pelanggan kami. Sehubungan itu, hubungan dengan pelanggan membantu dan menambahbaik keupayaan kami untuk memahami keperluan mereka dan kapasiti kami menyampaikan pengalaman yang dipertingkatkan. Justeru, kami meningkatkan fokus terhadap perhubungan yang boleh dipercayai, perkongsian ilmu dan pengalaman pelanggan yang inovatif.

Kami komited untuk mempertingkatkan pengalaman pelanggan melalui pendigitalan yang bertindak sebagai pemacu utama untuk menambahbaik akses pelanggan kepada produk dan perkhidmatan Bank. Penyediaan ekosistem digital dan penyelesaian pembiayaan inovatif bagi semua segmen asas pelanggan kami telah menjadi agenda yang paling utama sejak tiga tahun lepas.

Pandemik COVID-19 telah meningkat dengan ketara interaksi secara maya dengan para pelanggan. Kami memfokus untuk mempertingkatkan pengalaman maya pelanggan dan tahap kesediaan ekosistem di sepanjang masa sehingga ia telah menjadi usaha utama kami dalam menjalin perhubungan dengan pelanggan. Pada masa yang sama, ia membantu kami memastikan kesinambungan perkhidmatan dan menyampaikan pelbagai langkah sokongan bagi mereka yang mengalami kesukaran kewangan.

Sustainable Growth for Customers

SME Bank has more than 20,000 customers with whom it maintains close engagement to better understand them which helps contribute to their sustainable growth.

With an emphasis on engaging with our customers, either directly or indirectly, it has enabled us to get a keen sense of the issues they face in their business and to offer suggestions that meet their needs. A better understanding of our customers also provides us with powerful insights to drive change in our business strategy.

As we aim for our business to be sustainable and thrive over the longer term, we are as much responsible for our customers' sustainable growth. In this regard, engagement with customers helps and improves our ability to relate to their needs and our capacity to deliver enhanced experience. We thus increasingly focus on trusted relationships, shared knowledge, and an innovative customer experience.

We are committed to enhance customer experience through digitalisation which serves as a key driver for improving customer access to the Bank's financial products and services. The provision of a digital ecosystem and innovative financing solutions for all segments of our customer base has been top of our agenda for the past three years.

The COVID-19 pandemic dramatically increased virtual interactions with customers. We focused on enhancing customers' virtual experience, and the readiness of such an ecosystem throughout the period has been central to our efforts in engaging with our customers. At the same time, it helps us to ensure service continuity and to deliver a range of support measures for those experiencing financial hardship.

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Pelanggan Didahulukan

Khidmat berteraskan pelanggan sentiasa menjadi fokus dalam agenda pengurusan kami. Pelanggan yang berpuas hati dan setia, penting bagi mencapai pertumbuhan mampan dan kejayaan berterusan kami. Itulah sebabnya mengapa pengumpulan maklum balas pelanggan secara sistematik merupakan aspek penting dalam strategi khidmat berteraskan pelanggan. Kami berusaha gigih secara berterusan untuk mengorientasikan tindakan kami terhadap keperluan dan jangkaan pelanggan. Pada masa yang sama, kami memastikan pematuhan kepada undang-undang dan peraturan berkaitan penyediaan produk dan perkhidmatan kewangan.

Untuk melayani pelanggan dengan lebih baik, kami terus meningkatkan pengalaman pelanggan dengan meningkatkan kecekapan penyampai perkhidmatan dan terus melaksanakan strategi “Pelanggan Didahulukan” yang selaras dengan janji jenama Bank “Kami komited dalam mencapai kecemerlangan.”

Untuk melaksanakan strategi ini, kami terus fokus pada memberi jaminan dan mempertahankan kualiti produk, proses perniagaan dan hubungan pelanggan dalam semua perkara utama semasa pelanggan berurusan dengan kami.

Dalam komitmen kami untuk bertindak balas terhadap maklum balas pelanggan dalam jangka masa yang munasabah, secara adil dan konsisten, kami menyediakan pelbagai titik sentuhan agar mereka dapat menghubungi kami. Ini termasuk platform digital, e-mel, panggilan telefon dan pertemuan secara bersemuka. Pada masa yang sama, kami terus membuat penambahbaikan dalam pelbagai perkara untuk memberikan perkhidmatan yang lebih berkualiti kepada pelanggan.

Kami juga menjalankan kaji selidik kepuasan pelanggan sebagai cara untuk memahami dan menyesuaikan kepada keperluan pelanggan dan bertekad untuk berada terus di hadapan dalam memenuhi keperluan mereka.

Semua platform ini membolehkan kami mendapat maklumat dalaman yang membantu kami untuk memahami keperluan dalam menyediakan perkhidmatan yang lebih baik dengan bertindak balas dan mengetahui melalui komunikasi dengan pelanggan dan akhirnya menyumbang kepada pertumbuhan mampan mereka.

Customers First

Customer centricity has always been a focus area of our management agenda. Satisfied and loyal customers are vital for sustainable growth and our ongoing success. That is why gathering customer feedback systematically is an important aspect of our customer centricity strategy, as we strive continually to orientate our actions toward our customers’ needs and expectations while ensuring that we comply with laws and regulations relating to the provision of financial products and services.

To better serve our customers, we continue to improve customers experience by enhancing the efficiency of service delivery and continuing to carry out our “Customers First” strategy which is in line with the Bank’s brand promise “We are committed to excellence”.

To execute this strategy, we continue to focus on guaranteeing and sustaining quality of the products, business processes and customer relationships across all the touch points in the customer’s journey.

In our commitment to respond to the customers’ feedback within a reasonable time frame fairly and consistently, we provide multiple touch points for them to reach us. These include digital platforms, e-mails, telephone calls and face-to-face meeting. At the same time, we continuously recognise areas for improvements in order to provide better quality service to customers.

We also carried out an external customer satisfaction survey as a means of understanding and adapting to the customers’ needs, and evolving to stay ahead in meeting their expectations.

All these platforms enable us to gain customer insight which helps us understand the need to serve better as we respond to and learn from customer communication, and ultimately contribute to their sustainable growth.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Pusat Khidmat Pelanggan SME Bank

Perkhidmatan Pelanggan Bank yang disediakan melalui sistem Pusat Panggilan mempertingkatkan komunikasi dalaman Bank bagi memastikan supaya semua maklum balas dan status pertanyaan pelanggan dibalas tepat pada masanya. Sebarang pertanyaan merupakan resolusi panggilan pertama yang mengukuhkan komitmen kami terhadap keupayaan untuk menyelesaikan masalah, persoalan atau keperluan pelanggan semasa mereka membuat panggilan pertama dan tidak memerlukan susulan.

Meja bantuan melengkapi Pusat Khidmat Pelanggan yang sedia ada untuk menambahbaik interaksi kami dan menyediakan perkhidmatan yang lebih baik kepada pelanggan.

Khidmat Pelanggan kekal sebagai titik kontak utama bagi membantu pelanggan yang mempunyai pertanyaan mengenai produk atau perkhidmatan kami. Pelanggan boleh menghubungi kami dengan selesa melalui panggilan telefon ke Pusat Khidmat Pelanggan di 03-2603 7700 yang beroperasi dari jam 8.30 pagi hingga 5.30 petang dari hari Isnin hingga Khamis dan dari pukul 8.30 pagi hingga 4.45 petang pada hari Jumaat. Mereka secara alternatif boleh juga menghantar e-mel di customercare@smebank.com.my.

Pada tahun 2020, kami menerima bilangan panggilan yang semakin meningkat iaitu 12,134 panggilan berbanding 6,736 panggilan pada tahun sebelumnya. Ini disebabkan oleh pertanyaan mengenai pengumuman Kerajaan berhubung moratorium pembiayaan, pakej rangsangan ekonomi dan bantuan pembayaran semula. Atas sebab yang serupa, kami mencatatkan sebanyak 6,554 e-mel pada tahun 2020 berbanding 5,338 pada tahun sebelumnya.

SME Bank Contact Centre

The Bank's Customer Service through the Contact Centre system enhances the communication within the Bank to ensure that all responses and status of customers' enquiries are responded timely. That any enquiry is first call resolution, reinforces our commitment toward the ability to resolve customer problems, questions or needs the first time they call and with no follow-up required.

Fulfilling this commitment, our Contact Centre continues to offer customers the most effective communication and offering best customer experience by enhancing service quality efficiency.

Customer Service continues to be one of the main contact points in assisting customers with all their enquiries on our products and services. Customers can conveniently reach us over the telephone by calling the Contact Centre at 03-2603 7700 which operates from 8.30 a.m. to 5.30 p.m. from Monday to Thursday; and from 8.30 a.m. to 4.45 p.m. on Friday. Alternatively, they can contact us by e-mailing customercare@smebank.com.my.

In 2020, we received an increased number of 12,134 calls compared to 6,736 calls in the previous year, mainly due to enquiries related to the Government's announcement on financing moratorium, economic stimulus packages and repayment assistance. For similar reasons, we recorded an increased volume of 6,554 e-mails in 2020 compared to 5,338 the year before.



Menerima bilangan panggilan yang semakin banyak iaitu **12,134** panggilan pada tahun 2020

Received an increased number of **12,134** calls in 2020



Mencatatkan sebanyak **6,554** e-mel pada tahun 2020

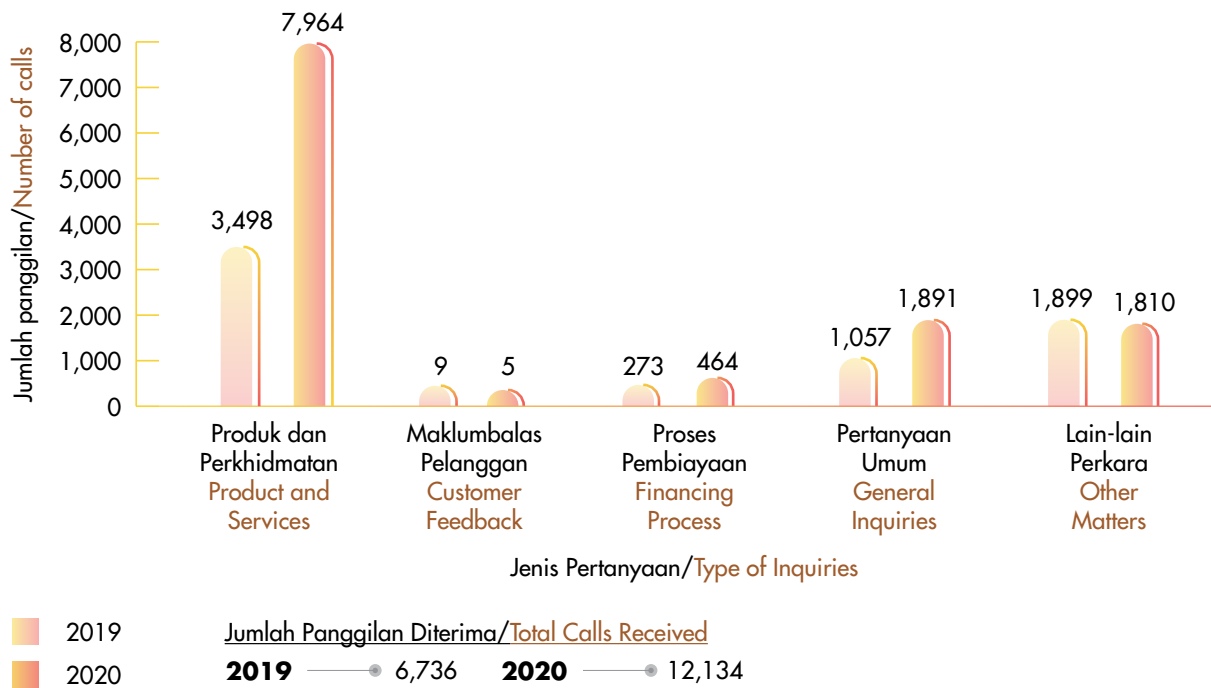
Recorded an increased volume of **6,554** e-mails in 2020

Penciptaan Nilai melalui Kemampanan

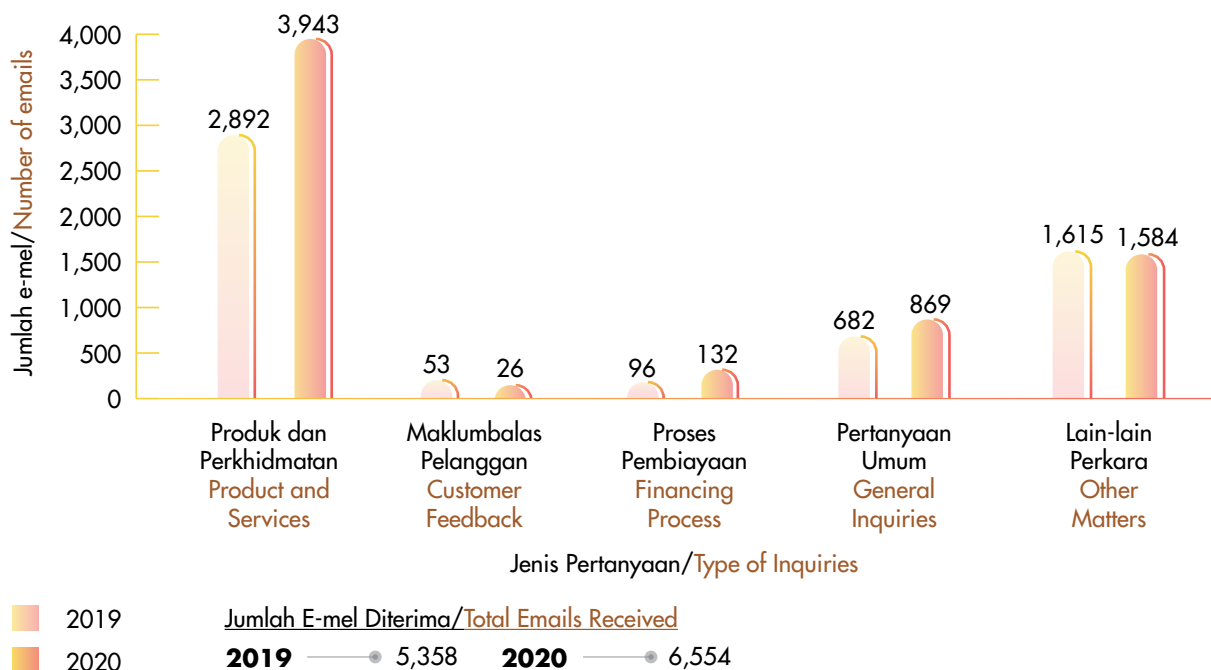
Creating Value through Sustainability



Jumlah Panggilan Diterima melalui Pusat Khidmat Pelanggan pada 31 Disember 2020
Total Calls Received through Contact Centre as at 31 December 2020



Jumlah E-mel Diterima melalui Pusat Khidmat Pelanggan pada 31 Disember 2020
Total Emails Received through Contact Centre as at 31 December 2020



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Kaji Selidik Kepuasan Pelanggan

Tinjauan kepuasan pelanggan untuk tahun 2020 telah dilakukan secara dalam talian untuk menilai pengalaman dan harapan sebenar pelanggan mengenai tahap perkhidmatan dan produk yang ditawarkan oleh Bank. Tinjauan ini juga bertujuan untuk menyedari tahap kepuasan mereka terhadap perkhidmatan kami dan cabaran yang dihadapi semasa penglibatan mereka dengan kami. Cadangan dan maklum balas yang diterima mengenai kualiti keseluruhan produk dan perkhidmatan akan memberikan pandangan berharga untuk kami menawarkan perkhidmatan yang lebih baik di masa hadapan.

Kami mendapat 303 responden dari kalangan pelanggan sedia ada, baharu dan berpotensi Bank di seluruh negara untuk tinjauan kepuasan pelanggan tersebut.

Pencapaian markah 84.3% pada indeks kepuasan pelanggan mengatasi petunjuk prestasi utama yang disasar iaitu sebanyak 80%, menunjukkan bahawa tahap perkhidmatan Bank telah bertambah baik. Hasil kajian juga menunjukkan bahawa secara keseluruhan, terdapat persepsi positif pelanggan terhadap SME Bank dan peranannya dalam membangunkan PKS di Malaysia.

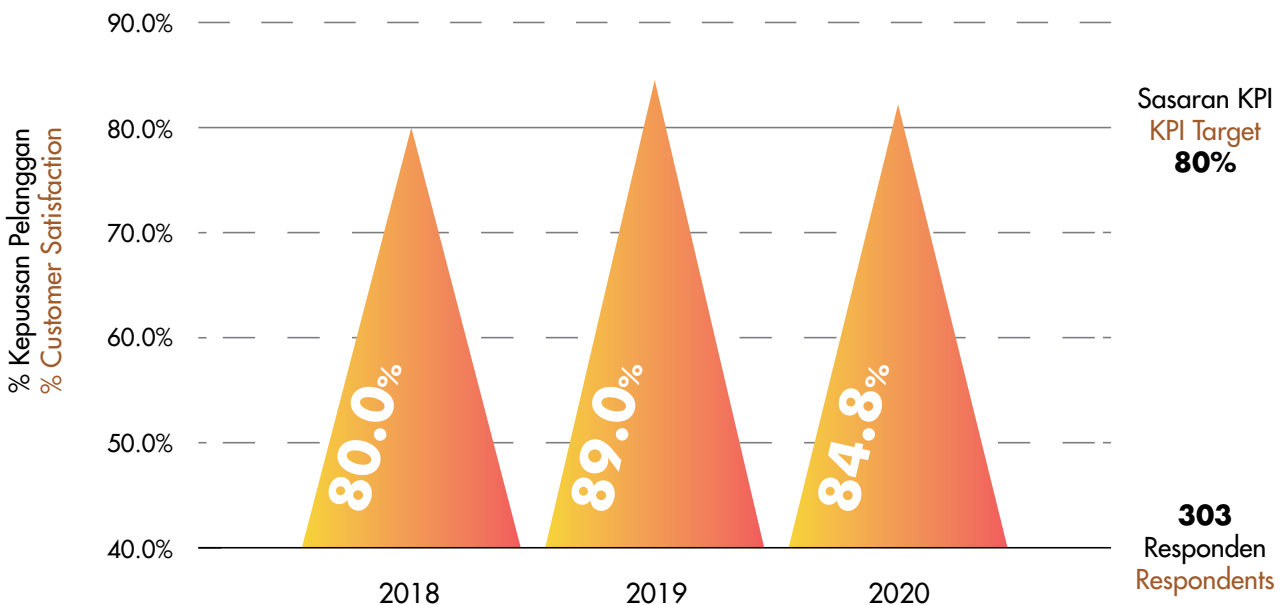
Customer Satisfaction Survey

A customer satisfaction survey for 2020 was conducted online to assess the actual customers' experience and expectations on the level of services and products the Bank offers. The survey also aimed at realising the level of their satisfaction of our services and the challenges faced during their engagement with us. The suggestions and feedback received on the overall quality of products and services would provide us valuable insight to serve them better in the future.

We had a total of 303 respondents from amongst the Bank's existing, new and potential customers nationwide.

The score of 84.8% in the customer satisfaction index surpassed the key performance indicator target of 80%, which indicates an improvement in the Bank's service level. The findings also indicate that overall, there is positive customer perception of SME Bank and its role in developing SMEs in Malaysia.

Kaji Selidik Kepuasan Pelanggan bagi Tahun 2020
Customer Satisfaction Survey for Year 2020



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Bidang untuk Penambahbaikan Berterusan

Maklum balas daripada para pelanggan membantu kami mengenal pasti bidang-bidang yang memerlukan penambahbaikan supaya kami dapat mempertingkatkan penyampaian perkhidmatan, mampu mengurus jangkaan, menawarkan produk yang lebih mampu milik serta menyediakan pilihan perbankan yang lebih selesa.

Pencapaian semua matlamat tersebut akan diterapkan ke dalam fokus kami bagi mengenal pasti peluang untuk melancarkan proses dalaman melalui penyelesaian pendigitalan. Hasilnya, kami akan mampu mempermudah kerja harian, memastikan proses permohonan lebih pantas dan meminimumkan tugas pentadbiran manual. Sementara itu, platform digital seperti saluran media sosial juga boleh membantu mewujudkan kebolehlihatan dan akses yang lebih ketara serta menggalakkan hubungan yang lebih erat dengan para pelanggan kami.

Areas for Continuous Improvement

The feedback from our customers helps us to identify areas for improvement so that we can enhance our service delivery, better manage expectations, offer more affordable products and provide more convenient banking options.

The achievement of these will be rooted in our focus to further identify opportunities to streamline internal processes via digitalisation solutions. As a result, we will be able to facilitate the daily work, ensure faster application process and minimise manual administrative tasks. Meanwhile, digital platforms such as social media channels also help create greater visibility and accessibility and promote higher engagement with our customers.

Bidang yang Memerlukan Penambahbaikan Berterusan Areas for Continuous Improvement



Saluran Komunikasi Communication Channel

- Hubungan media sosial
- Social media engagement



Pembiayaan Financing

- Kepantasan proses pembiayaan secara keseluruhan
- The speeds of overall financing process experience



Kakitangan Staff

- Peningkatan kemahiran insaniah dan kemahiran amali
- Continuous of soft and hard skills enhancement



Peranan Pembangunan Developmental Role

- Tinjauan praktikal bersasar
- Practical insights targeted



Teknologi/Digital Technology/Digital

- Keterlihatan dan akses yang lebih luas
- Greater visibilities and accessibilities

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Kerjasama dengan Para Pembekal

SME Bank dan pelbagai rakan rantaian bekalnya saling bergantung antara satu sama lain. Pada tahun ditinjau, kami telah berusaha untuk mengurangkan impak pandemik COVID-19 kepada rantaian bekalan kami yang terdiri daripada vendor, penyedia perkhidmatan, juru perunding, kontraktor, pengedar dan ejen.

Kami sedar bahawa setiap rakan rantaian bekalan kami sering mempunyai standard amalan perniagaan yang berbeza. Perhubungan merentasi rantaian bekalan kami membantu mempertingkatkan proses penambahbaikan dan pendedahan mereka di samping memastikan kesinambungan perniagaan dan fungsi rantaian bekalan.

Hubungan dengan rakan rantaian bekalan turut menyumbang kepada perhubungan yang lebih sinergistik bagi menambahbaik prestasi kedua-dua belah pihak dan membolehkan kami mendapat kebolehlihatan data dan maklumat yang lebih baik.

Pada tahun ini, banyak firma menghadapi cabaran yang belum pernah dilalui sebelum ini yang hampir mengakibatkan gangguan kepada rantaian bekalan dan perniagaan. SME Bank berusaha untuk membantu rakan rantaian bekalan kami mencapai kelangsungan dalam menghadapi cabaran. Perhubungan dan permuafakatan secara kerap dengan rakan rantaian bekalan telah sedikit sebanyak membantu mengukuhkan daya tahan rantaian bekalan. Permuafakatan ini juga mempunyai matlamat berteraskan perkongsian maklumat dan data.

Bagi membolehkan kami mencapai daya tahan, rakan rantaian bekalan kami juga mesti berdaya tahan. Justeru, kami memfokus kepada penambahbaikan perhubungan jangka panjang, mempercepatkan interaksi dan integrasi proses dengan rakan rantaian bekalan. Proses perniagaan kedua-dua pihak perlu menjadi lebih saling berpaut antara satu sama lain bagi mencapai daya tahan.

Kuncinya adalah komunikasi. Maklumat perlu mengalir dengan lancar dan pantas antara anggota rantaian bekalan. Proses rantaian bekalan memerlukan pemupukan minat dan komitmen yang digerakkan oleh pendedahan dan ketelusan secara menyeluruh. Perhubungan kami membantu memahami jangkaan mereka yang memudah sesebuah proses diurus bagi memaksimum input pihak berkepentingan dan meminimum sebarang impak yang berpotensi memudaratkan.



Rakan rantaian bekalan saling bergantung antara satu sama lain



Memastikan kesinambungan perniagaan dan fungsi rantaian bekalan



Menambahbaik prestasi kedua-dua pihak



Membantu rakan rantaian bekalan kami mencapai kelangsungan dalam menghadapi cabaran



Aliran maklumat hendaklah sentiasa lancar dan pantas antara setiap ahli dalam rantaian bekalan



Memfokus kepada penambahbaikan perhubungan jangka panjang, mempercepatkan interaksi dan integrasi proses dengan rakan rantaian bekalan





Supply chain partners are dependent on each other



Ensuring business continuity and a functioning supply chain



Improve the performance of both the parties



Help our supply chain partners survive such unprecedented challenges

Cooperation with Suppliers

SME Bank and its diverse supply chain partners are dependent on each other. During the year, we have sought to mitigate the impact of the COVID-19 pandemic on those in our supply chain, namely vendors, service providers, consultants, contractors, distributors and agents.

We acknowledge that each of our supply chain partners often have varying standards of business practices. Engaging across our supply chain helps us to advocate for their improved processes and disclosures, in addition to ensuring business continuity and a functioning supply chain.

The engagement with supply chain partners also contributes to a more synergistic relationship to improve the performance of both the parties, and enables us for greater data and information visibility.

During the year, many firms were faced with unprecedented challenges which almost caused supply chain and business disruption. For SME Bank, we worked to help our supply chain partners survive such trials. Constant engagement and collaboration with supply chain partners has in some ways helped reinforce the resiliency of supply chains. At the heart of this collaboration is the sharing of information and data.

In order for us to be resilient, our supply chains must become resilient. Therefore we focus on improving long term engagement, speed of interactions, and process integration with our supply chain partners. The business processes of both parties need to become more deeply entwined with each other in order to enable resilience.

The key is communication. Information must flow smoothly and quickly between each supply chain member. The supply chain process requires an infusion of enthusiasm and commitment powered by the full range of disclosure and transparency. Our engagement helps us to understand their expectations which facilitates managing a process that maximises stakeholder positive input and minimises any potential detrimental impact.



Focus on improving long term engagement, speed of interactions, and process integration with our supply chain partners



Information must flow smoothly and quickly between each supply chain member

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Asas Hubungan Kami

Asas hubungan kami dengan rakan rantaian bekalan dibina berasaskan aktiviti di mana maklumat dikongsi, wujud kepercayaan dan keterbukaan, penyelarasan dan perancangan dilakukan bersama.

Semua anggota dalam rantaian bekalan sedar bahawa manfaat yang diperoleh perlu dicapai bersama dan risiko dikongsi secara saksama. Kami juga sama-sama sedar tentang saling bergantungan di mana matlamatnya dikongsi bersama.

Berkaitan dengan maklumat pula, kami berusaha bersungguh-sungguh untuk mengelakkan ketidakcukupan perkongsian maklumat yang boleh menghalang pemahaman bersama dan ia ditekankan dalam perhubungan kami.

Kami mempunyai matlamat untuk bekerja bersama-sama dengan rakan rantaian bekalan kami bagi mencapai matlamat bersama. Justeru, semua perhubungan dengan rakan rantaian bekalan kami fokus kepada lima aspek yang meliputi kepercayaan, komitmen, keselarasan keputusan, penjajaran insentif dan perkongsian maklumat.

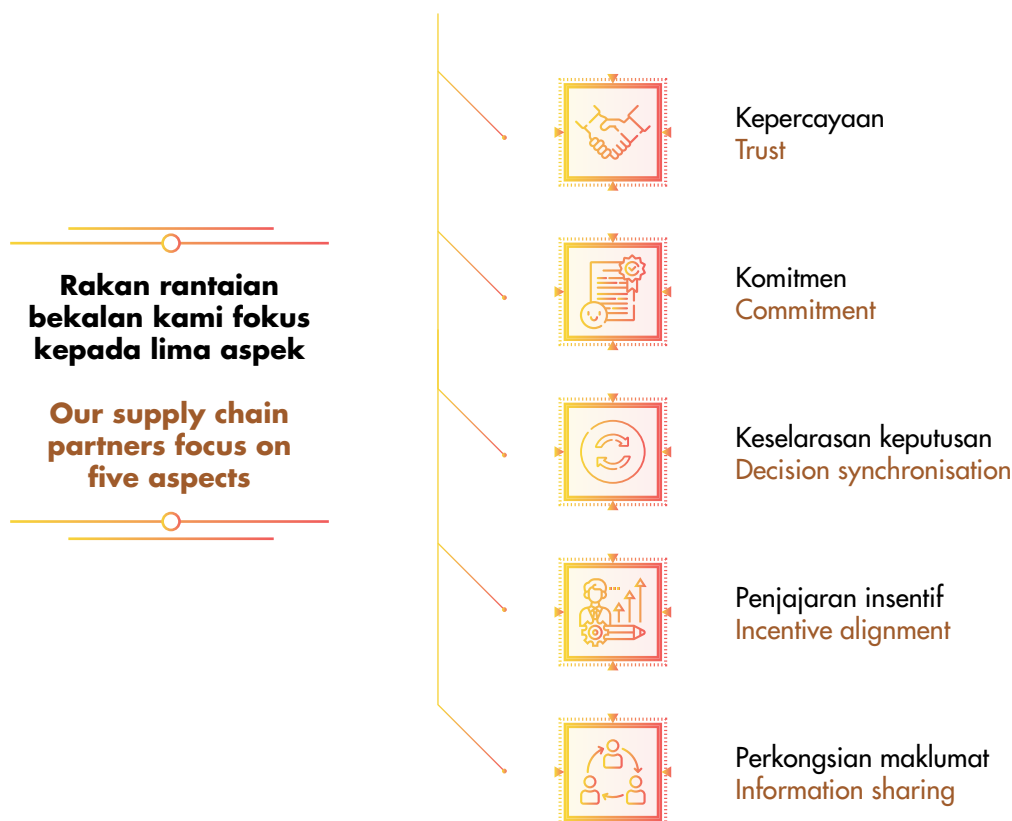
The Foundation of Our Engagement

The foundation of our engagement with supply chain partners is built upon the activities where information is shared, trust and openness is present, coordination and planning is jointly done.

All members in the supply chain acknowledge that the benefits must be mutual and risks are justly shared. We also mutually recognise the mutual interdependence with shared goals.

Where information is concerned, we put in our best effort to avoid inadequate information sharing which presents the key obstacle to mutual understanding, which has been the basic foundation of our relationship.

Our aim is to work together with our supply chain partners toward common goals. All engagements with our supply chain partners therefore focus on the five aspects which are trust, commitment, decision synchronisation, incentive alignment and information sharing.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Kami memastikan secara berterusan kebolehgantungan dan tatalaku etika rakan rantaian bekalan kami dengan berkongsi standard dan prinsip dalam kami yang mantap. Kami berkongsi dengan mereka Kod Etika Bank yang memberi panduan dan mempromosi keteguhan pematuhan etika. Pemahaman Kod Etika ini memastikan supaya mereka mematuhi seluruh terma dan syarat ditetapkan yang meliputi klausa prinsip etika di mana kami mengharapkan rakan rantaian bekalan mematuhi.

We continually ensure the reliability and ethical conducts of our supply chain partners by sharing our robust internal standards and principles. We share with them the Bank's Code of Ethics which guides and promotes strong ethical compliance. Understanding the Code of Ethics ensures that they adhere to it through our terms and conditions, which include a clause establishing the ethical principles with which we expect our supply chain partners to comply.

Dalam suasana krisis COVID-19 yang dilalui pada tahun 2020, kami berjaya menjalin perhubungan dengan beberapa rakan rantaian bekalan. Ia meliputi komunikasi dan interaksi berterusan secara fizikal dan maya seperti mesyuarat, lawatan tapak, interaksi peribadi dan perkongsian maklumat oleh pasukan teknikal dan penasihat berdedikasi bagi menggalakkan pemahaman tentang dasar dan amalan terbaik Bank, penilaian wajar serta proses pemerolehan yang ketat.

Amidst the COVID-19 crisis in 2020, we managed to have several engagements with supply chain partners. They involved on-going physical and virtual communication and interaction such as meetings, site visits to facilities, personal interaction, and information sharing by dedicated technical and advisory teams to encourage understanding of the Bank's policy and best practices, due diligence and strict procurement process.



Kami berkongsi dengan rakan rantaian bekalan kami Kod Etika Bank yang memberi panduan dan mempromosi keteguhan pematuhan etika

We share with our supply chain partners the Bank's Code of Ethics which guides and promotes strong ethical compliance



Pemahaman Kod Etika ini memastikan supaya mereka mematuhi seluruh terma dan syarat

Understanding the Code of Ethics ensures that our supply chain partners adhere to it through our terms and conditions

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Sumbangan ke Arah Komuniti Pelaburan yang Maju dan Stabil

Kami berhubung dengan komuniti pelaburan di seluruh negara untuk menyumbang ke arah pembangunan dan kestabilannya yang sangat penting bagi mencapai kejayaan mampan.

Ujian daya tahan operasi yang belum pernah dilalui sebelum ini memang memerlukan kami memfokus kepada usaha memastikan kesihatan dan keselamatan tenaga kerja kami terutamanya, sambil pada masa yang sama mengendalikn cabaran kesinambungan perniagaan. Walau bagaimanapun, kami memastikan ia tidak mengabaikan kumpulan pihak berkepentingan lain.

Justeru, walaupun tahun ini diselubungi dengan pandemik COVID-19 yang telah memberi cabaran tersedia wujud dalam tempoh singkat, namun kami tidak menggantung hubungan kami dengan kumpulan pihak berkepentingan.

Kami sedar tentang kepentingan untuk berhubung dengan komuniti pelaburan kerana ia menyediakan platform untuk berkongsi pengetahuan dan penyelesaian berinovasi serta menangani pelbagai isu serta menerbitkan saluran untuk menajjar keutamaan pelaburan dan strategi masa depan.

Kami mengekalkan dialog secara aktif dan berterusan dengan komuniti pelaburan melalui perbincangan mengenai risiko bukan kewangan dan kewajipan pendedahan pasaran. Ia bertujuan untuk menghasilkan kesan positif ke atas pertumbuhan jangka panjang komuniti pelaburan kami.

Contribution Towards a Developed and Stable Investment Community

We engage with the investment community nationwide to contribute towards its development and stability which are essential to our sustainability success.

Plunged into an unprecedented test of our operational resilience, it is no doubt that our focus has been mainly on ensuring the health and safety of our workforce while managing business continuity challenges. However, we made sure that this was not at the expense of ignoring other stakeholder groups.

Therefore, although the year has been heavily clouded by the COVID-19 pandemic which has created near-term existential challenges, we did not suspend our engagement with this stakeholder group.

We recognise that it is important to engage with the investment community as it provides a platform to share knowledge and solutions innovation as well as to address issues and create an avenue for aligning investment priorities and future strategies.

We maintain an active and continuous dialogue with the investment community by engaging in non-financial risks and market disclosure obligations. Our aim is to generate a positive effect on the long-term growth of our investment community.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Peningkatan Pendedahan

Komunikasi kami dengan pihak berkepentingan dibuat berasaskan kepada prinsip yang jelas. Semua maklumat disampaikan kepada semua pihak berkepentingan dan pada masa yang sama dilakukan secara terbuka dan telus serta laporan dibuat secara aktif dan menyeluruh dengan sebaik mungkin. SME Bank mempunyai matlamat untuk menyediakan peserta pasaran dengan penilaian perkembangan syarikat dengan cara yang paling realistik. Sehubungan itu, tawaran komunikasi dan bahan maklumat disesuaikan secara kerap bagi memenuhi keperluan pelabur berorientasikan kemampanan.

Kami menerbitkan laporan bersepadu tahunan yang disusun mengikut keperluan pendedahan berkanun berhubung maklumat korporat serta pendedahan mengenai kemampanan secara sukarela. Laporan yang konsisten dengan standard perakaunan tempatan dan antarabangsa ini meliputi maklumat kewangan yang ramai pelabur dapati amat berkaitan dan diperlukan bagi mereka membuat keputusan yang tepat.

Kami komited untuk bersikap telus dengan semua pihak berkepentingan termasuk komuniti pelaburan mengenai aktiviti perniagaan kami. Kami menerbitkan prinsip tadbir urus bagi membantu mereka memahami komitmen kami terhadap amalan tadbir urus dan tata laku etika yang baik.

Oleh sebab itu kami mentakrif keutamaan perhubungan kepada komuniti pelaburan dalam usaha untuk memenuhi kepentingan jangka panjang mereka. Kami telah berhubung dengan mereka tentang amalan perniagaan mampan sejak beberapa tahun kebelakangan dan percaya hubungan ini telah menyediakan dan akan terus menyediakan maklumat yang mereka perlukan bagi membuat keputusan pelaburan yang lebih baik sambil menyokong pasaran yang lebih cekap.

Enhanced Disclosure

Our communication with them is based on clear principles. All information is communicated to all stakeholders at the same time in an open and transparent manner, and reporting is active and as comprehensive as possible. SME Bank's goal is to provide the market participants with the most realistic evaluation of the company's development. Accordingly, the communication offering and information materials are regularly adapted to meet the needs of sustainability-oriented investors.

We publish annual integrated reports which are aligned with the statutory disclosure requirements on corporate information as well as voluntary disclosure on sustainability. Consistent with both the local and international accounting standards, the report also includes financial information which many an investor finds most relevant and necessary to their informed decision making.

We are committed to being transparent with all stakeholders including the investment community, about our business activities. We publish our governance principles to help them understand our commitment to good governance and ethical conduct.

We thus define engagement priorities to the investment community in our pursuit for their long-term interests. We have been engaging them about sustainable business practices for many years and believe this has provided and will continue to provide the information they need to make better investment decisions while supporting more efficient markets.



Menyediakan peserta pasaran dengan penilaian perkembangan syarikat dengan cara yang paling realistik

Provide the market participants with the most realistic evaluation of the company's development

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Keterlibatan atas Talian

Kami menjadikan keterlibatan atas talian sebagai sebahagian daripada strategi untuk berkomunikasi dengan pihak-pihak berkepentingan menggunakan ekosistem digital.

Laman sesawang SME Bank www.smebank.com.my bertindak sebagai platform komunikasi yang meliputi laporan kewangan dan kemampanan Bank, pengumuman pasaran, maklumat mengenai Mesyuarat Agung Tahunan, program 'Outreach' dan pelbagai aktiviti lain yang berkaitan.

Dengan ketidaktentuan pemulihan COVID-19 ini, kami meramal mesyuarat agung tahunan akan diadakan secara maya. Kami sedar bahawa sekatan pergerakan dan interaksi sosial tidak akan menghalang peluang bagi para pengarah dan eksekutif SME Bank untuk berkomunikasi secara langsung dengan anggota komuniti pelaburan.

Justeru, walaupun berdepan dengan cabaran dan halangan yang mungkin timbul, kami masih terus membangunkan kepercayaan melalui mesyuarat bersama melalui pelbagai bentuk interaksi lain dengan komuniti pelaburan. Kami akan terus memberi perhatian sepenuhnya sama ada secara langsung atau secara maya kepada pendapat mereka dan menawarkan penjelasan secara teliti bagi meningkatkan pemahaman mereka.

Setakat ini kami bangga dengan momentum untuk membina hubungan sedemikian dalam usaha menemukan keperluan Bank sendiri dengan keperluan komuniti pelaburan. Ia merupakan usaha yang menyumbang ke arah komuniti pelaburan yang maju dan stabil dan seterusnya mencapai kemampanan.

Online Engagement

Leveraging on our digital ecosystem, we make online engagement as part of the strategies to reach out to stakeholders.

SME Bank's website www.smebank.com.my serves as a communication platform that includes the Bank's financial and sustainability reports, market announcements, information on the Annual General Meeting, outreach programmes and other related activities.

With the uncertainty of the COVID-19 recovery, we foresee the holding of virtual annual general meeting. We are aware that restrictions on movement and social interaction should not hinder the opportunity for SME Bank's directors and executive team to communicate directly with members of the investment community.

Therefore, despite all probable ensuing challenges and obstacles, we will continue developing trust through these meetings together with various other forms of interaction with the investment community. Regardless of it being face to face or virtual, we shall continue to pay full attention to their opinions and offer careful explanations to enhance their understanding.

We are thus far encouraged by the momentum building such engagement as we pursue our efforts to converge the Bank's own needs with the needs of the investment community. These are efforts which contribute towards a developed and stable investment community, and ultimately, sustainability.



Laman sesawang SME Bank
SME Bank's website

-  Laporan kewangan
Financial reports
-  Laporan kemampanan
Sustainability reports
-  Pengumuman pasaran
Market announcements
-  Maklumat mengenai Mesyuarat Agung Tahunan
Information on Annual General Meeting
-  Program 'Outreach'
Outreach programmes
-  Aktiviti berkaitan yang lain
Other related activities

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Komunikasi dengan Kerajaan dan Pihak Pengawal Selia

Kami sedar bahawa keputusan yang kami buat dan tindakan yang diambil dalam mematuhi dasar Kerajaan/dasar pengawal seliaan memberi kesan terhadap pelbagai kerja yang kami lakukan. Oleh sebab itu, kami komited untuk terus menambahbaik keberkesanan hubungan kami dengan Kerajaan dan pihak pengawal selia. Elemen utama penambahbaikan ini adalah dengan menilai prestasi kami di bawah skop berkenaan.

Kami berusaha bersama-sama Kerajaan dan pihak pengawal selia membantu melaksanakan dasar dan peraturan yang berkesan terutamanya yang memanfaatkan PKS. Usaha ini meliputi pelbagai bidang dasar dan peraturan, serta kementerian dan jabatan Kerajaan, termasuk kementerian tertentu dan agensi perdagangan asing, pihak pengawal selia bebas serta institusi hak kemanusiaan kebangsaan. Sebagai pemudahcara, kami membantu Kerajaan berhubung dalam dialog dengan syarikat dan kesatuan sekerja mengenai perniagaan dan pelbagai topik lain. Sebagai pembela dan pakar hal ehwal PKS, kami menyediakan pandangan dalaman kepada Kerajaan dan pihak pengawal selia mengenai perkembangan PKS.

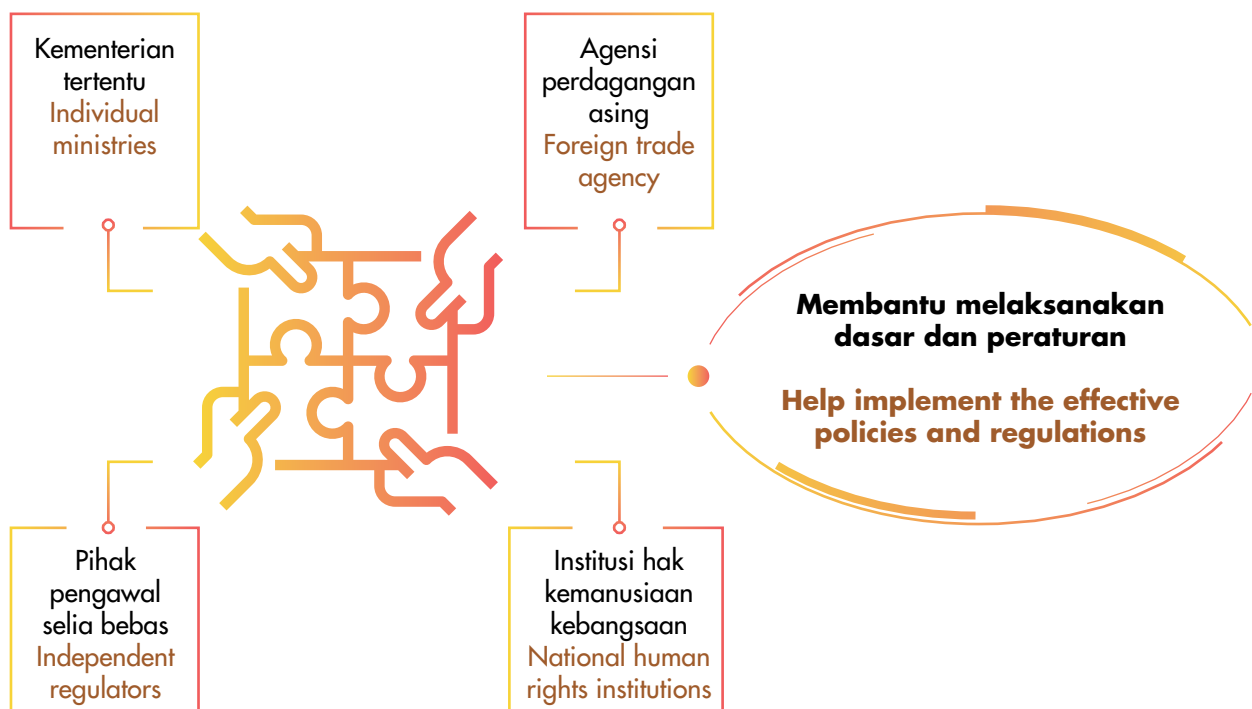
Dalam perhubungan yang dilaksanakan, kami berusaha untuk memahami bagaimana dasar Kerajaan memanfaatkan rakyat, ekonomi dan pihak-pihak berkepentingan kami khususnya. Pada tahun ini, kami bekerjasama dengan Kerajaan mengenai beberapa isu utama yang berkaitan dengan pemulihan ekonomi.

Communication with Government and Regulators

We recognise that the decisions we make and the actions we take in adhering to Government/regulatory policies affect a wide range of work that we do. We are committed to continually improving the effectiveness of our engagement with the Government and regulators and a key element of this improvement will be evaluating our performance under this scope.

We work with the Government and regulators to help implement the effective policies and regulations particularly those that are for SMEs. This work ranges across a variety of policy and regulatory areas and Government ministries and departments, including individual ministries and foreign trade agency, independent regulators and national human rights institutions. As facilitators, we assist the Government to engage 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 regulator on SME development.

In our engagements we seek to understand how the Government's policies benefit the people, the economy and specifically our stakeholders. During the year, we worked with the Government on several major issues, mainly those which relate to economic recovery.



Penciptaan Nilai melalui Kemampunan

Creating Value through Sustainability

Hubungan Membina ke Arah Pemulihan Ekonomi

Sebagai sebuah agensi di bawah Kementerian Kewangan dan Kementerian Pembangunan Usahawan dan Koperasi (MEDAC), kami memainkan peranan sebagai pembela dan pelaksana yang membantu Kerajaan merencanakan dan membina semula ekonomi negara yang terganggu akibat pandemik COVID-19.

Pada tahun ini, kami terlibat secara aktif bagi melaksanakan pelbagai inisiatif serta mengeluarkan pelbagai dana berkaitan kepada perusahaan kecil dan sederhana (PKS) melalui pelan pemulihan ekonomi jangka pendek iaitu Pakej Ransangan Ekonomi Prihatin Rakyat (PRIHATIN) dan Pelan Jana Semula Ekonomi Negara (PENJANA).

Melalui hubungan kami dengan Kerajaan serta badan pengawal selia iaitu Bank Negara Malaysia (BNM), kami mendapat pemahaman tentang apa yang diharapkan daripada kami. Ini telah membantu kami menyemak semula dasar bagi memenuhi keperluan tersebut dan untuk mengetahui sama ada dasar-dasar tersebut beroperasi secara berkesan dan memenuhi jangkaan kami serta pihak-pihak berkepentingan, iaitu Kerajaan dan pihak pengawal selia.

Kami sentiasa memastikan operasi kami mematuhi peraturan Kerajaan serta memenuhi harapan mereka. Kami juga berusaha membantu merealisasikan hasrat Kerajaan untuk menyemarak pertumbuhan PKS.

Sekatan ke atas mesyuarat dan interaksi sosial secara fizikal pada tahun ini telah menyebabkan pembatalan atau ketiadaan pameran biasa, ceramah perniagaan, ceramah kerjaya dan motivasi yang biasa dijalankan oleh agensi Kerajaan Persekutuan dan negeri. Atas sebab ini, kami tidak berpeluang untuk berhubung dengan ahli-ahli daripada badan-badan Kerajaan dan pihak pengawal selia melalui acara tersebut.

Walau bagaimanapun, kami komited untuk menambahbaik tahap keberkesanan perhubungan kami dengan Kerajaan dan pihak pengawal selia melalui kaedah lain dan bertekad untuk terus menilai prestasi kami di bawah skop ini.

Constructive Engagement towards Economic Recovery

As an agency under the Ministry of Finance and Ministry of Entrepreneur Development and Cooperatives (MEDAC), we play the advocacy and implementing roles in helping the Government to rejuvenate and rebuild the country's economy which was disrupted by the COVID-19 pandemic.

During the year, we have been deeply involved in carrying out the implementation of various initiatives and the disbursements of various related funds to small and medium enterprises (SME) through our nation's short-term economic recovery plan namely *Pakej Ransangan Ekonomi Prihatin Rakyat (PRIHATIN)* and *Pelan Jana Semula Ekonomi Negara (PENJANA)*.

Through our engagement with the Government as well as regulatory body namely Bank Negara Malaysia (BNM), we gain the understanding of what is required of us. This has helped us to review our policies to suit the demands and to know whether the policies are operating effectively and meeting our expectations and those of our stakeholders, i.e. the Government and regulators.

We constantly ensure that our operations adhere to Government regulations and meet their expectations. We endeavour to help realise the vision of the Government in spurring SME growth.

The restrictions on physical meetings and social interactions during the year have somehow resulted in the cancellation or absence of the usual exhibitions, business talks, career and motivation talks which the state and Federal Government agencies organise. Because of this, we did not have the opportunity to engage with members of the Government and regulatory bodies through these particular events.

Nonetheless, we are committed to continually improving the effectiveness of our engagement with the Government and regulators through other possible means and strive to continue evaluating our performance under this scope.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Sumbangan kepada Masyarakat Mampun

Perniagaan SME Bank mempunyai kesan terhadap masyarakat dan ia menyumbang kepada masyarakat terutamanya melalui pembiayaan kepada perusahaan kecil dan sederhana (PKS) dan menyediakan perkhidmatan merentas pelbagai sektor ekonomi negara. Seperti rakyat, PKS merupakan sebahagian daripada komuniti tempatan di mana kami membina perhubungan dengan mereka secara berterusan.

Komuniti Tempatan

Berhubung dengan komuniti tempatan membantu kami menambahbaik cara membuat keputusan kerana ia membolehkan kami mendapat lebih pengetahuan tentang mereka. Ia membolehkan kami menjelaskan hasrat dalam menerbitkan nilai untuk PKS menjangkau perkhidmatan kewangan. Ia juga menerbitkan peluang berterusan untuk mendengar pandangan mereka dan mengetahui isu dan cabaran yang mereka hadapi. Melalui perbincangan ini, kami akan dapat menyenaraikan kebimbangan mendesak serta aspirasi mereka untuk masa hadapan.

Impak COVID-19 dan ekoran sekatan terhadap perjalanan dan perhimpunan ramai telah menghadkan pelbagai hubungan yang kami telah rancang untuk tahun 2020. Acara kami sama ada terpaksa dibatal, ditangguh atau diadakan dengan cara yang sangat berbeza berbanding pada tahun-tahun sebelumnya. Kami terpaksa berfikir secara lebih kreatif untuk berhubung dan ia dilakukan demi menjaga kesihatan dan keselamatan orang ramai dan mengikut arahan Kerajaan.

Walaupun terdapat kemungkinan yang lebih sedikit untuk mengadakan hubungan bersemuka, namun kami kekal komited untuk melaksanakan perubahan positif yang berpanjangan dalam komuniti dan masyarakat dengan berdialog secara telus dan bertanggungjawab dengan mereka serta memastikan keberkesanan inisiatif tanggungjawab korporat.

Walaupun mempunyai peluang yang sedikit untuk mengadakan interaksi bersemuka, namun usaha mengekalkan hubungan erat dengan kumpulan pihak berkepentingan ini adalah penting semasa krisis COVID-19. Justeru, kami telah menyesuaikan komunikasi dan perhubungan kami dengan mengadakan acara maya dan webinar sebagai usaha kami untuk mengetahui pelbagai isu yang belum diterokai dalam komuniti.

Contribution to Sustainable Society

SME Bank's business is part of society and contribute to it mainly by financing small and medium enterprises (SME) and providing services across economic sectors in the country. The SMEs as with the people are part of the local communities which we continuously build relationships with.

The Local Communities

Engaging with the local communities helps us to improve our decision making as we tap into local knowledge. It allows us to explain our intentions to create value beyond financial services for SMEs. It also creates ongoing opportunities to listen to their views, and to know the issues and challenges they face. Through these discussions, we will be able to develop a list of their most pressing concerns and aspirations for the future.

The impact of COVID-19 and subsequent restrictions on travel and public gatherings have inevitably limited the engagements we planned for 2020. Our events either had to be cancelled, postponed or held in a way that was vastly different from previous years. We have had to think more creatively about engagement, and all of this was done with public health and safety and the Government's directives in mind.

Although there have been fewer possibilities for personal or face-to-face engagements, we nonetheless remain committed to effect long-lasting and positive change within the communities and the society by engaging in transparent and accountable dialogue with them as well as ensuring the effectiveness of corporate responsibility initiatives.

Maintaining a close connection with this group of stakeholders is even more important during the situation of COVID-19 crisis, despite having much less opportunity for face-to-face interaction. Consequently, we have adjusted our communication and engagements by promptly creating virtual events and webinars in our effort to discern a diversity of undiscovered issues within the communities.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

'Outreach' Agenda Nasional/'Outreach' Peringkat Wilayah/Sesi Dialog dengan Pemain Industri

NO	PROGRAM	TEMPAT	TARIKH
1.	'Regional Outreach' Wilayah Enterpris 1	Klana Resort, Seremban	27-Feb-20
2.	Sesi Dialog dengan Pemain Industri Pelancongan	Hotel Goldsands, Langkawi	16-Jun-20
3.	Sesi Dialog dengan Pemain Industri Pertanian	Hotel Raia & Pusat Konvensi, Alor Setar	17-Jun-20
4.	Sesi Dialog dengan Pemain Industri Pembuatan	Holiday Villa JBCC, Johor Bahru	7-Ogos-20
5.	Celcom Axiata Berhad	Hilton, Petaling Jaya	12-Ogos-20
6.	Majlis Pelancongan Malaysia (MTC)	MATIC, Kuala Lumpur	14-Ogos-20
7.	Persatuan Perniagaan Perkhidmatan Kewangan Malaysia (MAMSB)	Zoom VC	19-Ogos-20

Let's Engage

NO	PROGRAM	TEMPAT	TARIKH
1.	TEKUN Nasional (TEKUN)	Tower 5, Menara TEKUN Nasional	15-Jan-20
2.	TEKUN Nasional (TEKUN)	Tower 2, Menara TEKUN Nasional	30-Jan-20
3.	Persatuan PKS Sabah (PKS Sabah)	Hotel Courtyard, Kota Kinabalu	31-Jan-20
4.	Persekutuan Industri Sabah (FSI Sabah)	Wisma FSM, Kota Kinabalu	31-Jan-20
5.	Dewan Perniagaan Melayu Malaysia (DPMM) Kedah	DPMM Kedah, Alor Setar	5-Feb-20
6.	Dewan Perniagaan & Industri Cina Kedah (KCCI)	KCCCI, Alor Setar	5-Feb-20
7.	Dewan Perniagaan & Industri Cina Perak (PCCI)	PCCCI, Ipoh	7-Feb-20
8.	Persatuan Hotel Malaysia (MAH) dan Persatuan Hotel Bajet Malaysia (MyBHA) Bahagian Kelantan	Hotel Jewels, Kota Bharu	12-Feb-20
9.	Dewan Perniagaan Melayu Malaysia (DPMM) Bahagian Kelantan	Hotel Jewels, Kota Bharu	12-Feb-20
10.	Persatuan Pengilang Kelantan	Hotel Jewels, Kota Bharu	13-Feb-20
11.	TEKUN Nasional (TEKUN)	Tower 2, Menara TEKUN Nasional	18-Feb-20
12.	Persatuan Industri Perubatan Malaysia (AMMI)	Hotel Pullman, Bangsar, Kuala Lumpur	5-Mac-20
13.	Peserta Program Pembangunan Pengeksport Wanita MATRADE	Menara MATRADE, Kuala Lumpur	16-Jul-20
14.	'Invest Penang'	Webex VC	28-Jul-20
15.	Taklimat SME Go bersama Agensi-agensi Kementerian Kewangan	Zoom VC	5-Ogos-20
16.	Persatuan Perniagaan Perkhidmatan Wang Malaysia (MAMSB)	Zoom VC	19-Ogos-20
17.	Persatuan Wanita Bumiputra Dalam Perniagaan Profesion Malaysia (PENIAGAWATI)	LifeSize VC	1-Sep-20

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



National Agenda Outreach/Regional Outreach/Dialogue Session with Industry Players

NO	PROGRAMME	VENUE	DATE
1.	Enterprise Region 1 Regional Outreach	Klana Resort, Seremban	27-Feb-20
2.	Dialogue Session with Tourism Industry Players	Goldsands Hotel, Langkawi	16-Jun-20
3.	Dialogue Session with Agriculture Industry Players	Raia Hotel & Convention Centre, Alor Setar	17-Jun-20
4.	Dialogue Session with Manufacturing Industry Players	Holiday Villa JBCC, Johor Bahru	7-Aug-20
5.	Celcom Axiata Berhad	Hilton, Petaling Jaya	12-Aug-20
6.	Malaysia Tourism Council (MTC)	MATIC, Kuala Lumpur	14-Aug-20
7.	Malaysian Association of Money Services Business (MAMSB)	Zoom VC	19-Aug-20

Let's Engage

NO	PROGRAMME	VENUE	DATE
1.	TEKUN Nasional (TEKUN)	Tower 5, Menara TEKUN Nasional	15-Jan-20
2.	TEKUN Nasional (TEKUN)	Tower 2, Menara TEKUN Nasional	30-Jan-20
3.	SME Association of Sabah (SME Sabah)	Courtyard Hotel, Kota Kinabalu	31-Jan-20
4.	Federation of Sabah Industries (FSI Sabah)	Wisma FSM, Kota Kinabalu	31-Jan-20
5.	Dewan Perniagaan Melayu Malaysia (DPMM) Kedah	DPMM Kedah, Alor Setar	5-Feb-20
6.	Kedah Chinese Chamber of Commerce & Industry (KCCCI)	KCCCI, Alor Setar	5-Feb-20
7.	Perak Chinese Chamber of Commerce and Industry (PCCCI)	PCCCI, Ipoh	7-Feb-20
8.	Malaysian Association of Hotels (MAH) & Malaysia Budget Hotel Association (MyBHA) Kelantan Chapter	Jewels Hotel, Kota Bharu	12-Feb-20
9.	Dewan Perniagaan Melayu Malaysia (DPMM) Kelantan Chapter	Jewels Hotel, Kota Bharu	12-Feb-20
10.	Kelantan Manufacturer Association	Jewels Hotel, Kota Bharu	13-Feb-20
11.	TEKUN Nasional (TEKUN)	Tower 2, Menara TEKUN Nasional	18-Feb-20
12.	Association of Malaysian Medical Industries (AMMI)	Pullman Hotel, Bangsar, Kuala Lumpur	5-Mar-20
13.	MATRADE Women Exporters Development Program Participants	Menara MATRADE, Kuala Lumpur	16-Jul-20
14.	Invest Penang	Webex VC	28-Jul-20
15.	SME Go Briefing with MOF Agencies	Zoom VC	5-Aug-20
16.	Malaysian Association of Money Services Business (MAMSB)	Zoom VC	19-Aug-20
17.	Persatuan Wanita Bumiputera Dalam Perniagaan Profesion Malaysia (PENIAGAWATI)	LifeSize VC	1-Sep-20

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

NO	PROGRAM	TEMPAT	TARIKH
18.	Persatuan Usahawan Wanita Kebangsaan Malaysia (NAWEM)	LifeSize VC	2-Sep-20
19.	Telekom Malaysia	LifeSize VC	29-Sep-20
20.	Let's Engage! Persatuan Perniagaan Perkhidmatan Wang Malaysia (MAMSB)	Zoom VC	6-Okt-20
21.	Let's Engage! Wanita Industri Binaan Malaysia	Menara SME Bank, Kuala Lumpur	13-Nov-20
22.	Let's Engage! Wanita Industri Binaan Malaysia	LifeSize VC	15-Dis-20

Penceramah untuk Forum/Seminar/Ceramah

NO	PROGRAM	PENGANJUR/ TEMPAT	TARIKH
1.	Lawatan Perdagangan/Belajar dari Persekutuan Republik Nigeria	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)/Menara SME Bank, Kuala Lumpur	20-Jan-20
2.	PENJANA Pelancongan: MyBHA Bahagian Negeri Sembilan	Malaysia Budget Hotel Association (MyBHA)/Seremban	22-Ogos-20
3.	PENJANA Pelancongan: MyBHA Bahagian Pahang	Malaysia Budget Hotel Association (MyBHA)/Kuantan	27-Ogos-20
4.	PENJANA Pelancongan: MyBHA Bahagian Kelantan	Malaysia Budget Hotel Association (MyBHA)/Kota Bharu	29-Ogos-20
5.	Seminar Online Pendedahan Francais	Malaysian Franchise Association (MFA)/Bilik Media, Aras G, KPDNHEP, Putrajaya Live streaming via Facebook Live	15-Sep-20
6.	Webinar: Peluang Pembiayaan PKS Pasca-Covid19	Majlis Amanah Rakyat (MARA) Zoom VC dihoskan oleh MARA	23-Sep-20

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



NO	PROGRAMME	VENUE	DATE
18.	National Association of Women Entrepreneurs of Malaysia (NAWEM)	LifeSize VC	2-Sep-20
19.	Telekom Malaysia	LifeSize VC	29-Sep-20
20.	Let's Engage! Malaysian Association of Money Services Business (MAMSB)	Zoom VC	6-Oct-20
21.	Let's Engage! Wanita Industri Binaan Malaysia	Menara SME Bank, Kuala Lumpur	13-Nov-20
22.	Let's Engage! Wanita Industri Binaan Malaysia	LifeSize VC	15-Dec-20

Speaker for Forum/Seminar/Talk

NO	PROGRAMME	ORGANIZER/VENUE	DATE
1.	Trade/Study Tour Visit From Federal Republic of Nigeria	Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)/Menara SME Bank, Kuala Lumpur	20-Jan-20
2.	PENJANA Tourism: MyBHA Negeri Sembilan Chapter	Malaysia Budget Hotel Association (MyBHA)/Seremban	22-Aug-20
3.	PENJANA Tourism: MyBHA Pahang Chapter	Malaysia Budget Hotel Association (MyBHA)/Kuantan	27-Aug-20
4.	PENJANA Tourism: MyBHA Kelantan Chapter	Malaysia Budget Hotel Association (MyBHA)/Kota Bharu	29-Aug-20
5.	Seminar Online Pendedahan Francais	Malaysian Franchise Association (MFA)/Media Room, Level G, KPDNHEP, Putrajaya Live streaming via Facebook Live	15-Sep-20
6.	Webinar: Peluang Pembiayaan PKS Pasca-Covid19	Majlis Amanah Rakyat (MARA) Zoom VC hosted by MARA	23-Sep-20

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Pengelolaan Reruai/Meja Bantuan

NO	PROGRAM	PENGANJUR/ TEMPAT	TARIKH
1.	Forum Integriti Bank Rakyat	Bank Rakyat/Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat	14-Jan-20
2.	Program Sesi Menteri dengan PKS	SME Corp/Aras 5, Block B, Dewan Mahkota SME Corp	21-Jan-20
3.	Jom Daftar SSM 2020	Suruhanjaya Syarikat Malaysia (SSM)/Ruang Legar, Menara SSM@ Sentral	20-Feb-20
4.	Program Taklimat Francais kepada ahli Koperasi	Perbadanan Nasional Berhad (PNS)/ Auditorium Tun Rahah, PNS	19-Ogos-20
5.	Program Klinik Kewangan 2020	UMW Corporation Sdn. Bhd./UMW Training Centre, Shah Alam	2-Sep-20
6.	Kempen Bantuan Pembayaran Balik	Bank Negara Malaysia (BNM)/Dewan Tun Ismail, Aras 2, PWTC, Kuala Lumpur	5-6-Sep-20
7.	Selangor International Expo (SIE) 2020	Invest Selangor/Virtual Hybrid Expo	14-17-Okt-2020
8.	Webinar: Biz Consult bersempena 'Program Persidangan' Pembangunan Reka Bentuk & Inovasi 2020	Malaysian Investment Development Authority (MIDA)/Zoom VC dihoskan oleh MIDA	3-Nov-20
9.	'Malaysia Tourism Gold Summit 2020'	Malaysia Tourism Council (MTC) Pra-rakaman taklimat produk	13-Nov-20

Acara-acara yang menarik ini menyediakan peluang untuk mendorong orang ramai berinteraksi dengan kami. Matlamat utama kami berhubung dengan komuniti adalah untuk memastikan supaya pembangunan, pertumbuhan ekonomi, perkhidmatan dan kemudahan memenuhi keperluan tempatan dan disampaikan dengan cara yang berkesan dan cekap dari segi kos.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Booth/Helpdesk Manning

NO	PROGRAMME	ORGANIZER/VENUE	DATE
1.	Bank Rakyat Integrity Forum	Bank Rakyat/Dewan Tun Abdul Razak, Menara Kembar Bank Rakyat	14-Jan-20
2.	Minister's Session with SMEs Programme	SME Corp/Level 5, Block B, Dewan Mahkota SME Corp.	21-Jan-20
3.	'Jom Daftar SSM 2020'	Suruhanjaya Syarikat Malaysia (SSM)/Foyer, Menara SSM@Sentral	20-Feb-20
4.	'Program Taklimat Francais kepada ahli Koperasi'	Perbadanan Nasional Berhad (PNS)/ Auditorium Tun Rahah, PNS	19-Aug-20
5.	Financial Clinic Programme 2020	UMW Corporation Sdn. Bhd./UMW Training Centre, Shah Alam	2-Sep-20
6.	'Kempen Bantuan Pembayaran Balik'	Bank Negara Malaysia (BNM)/Dewan Tun Ismail, Level 2, PWTC, Kuala Lumpur	5-6-Sep-20
7.	Selangor International Expo (SIE) 2020	Invest Selangor/Virtual Hybrid Expo	14-17 Oct-20
8.	Webinar: Biz Consult in conjunction with 'Program Persidangan' Design Development & Innovation 2020	Malaysian Investment Development Authority (MIDA)/Zoom VC hosted by MIDA	3-Nov-20
9.	Malaysia Tourism Gold Summit 2020	Malaysia Tourism Council (MTC)/Pre-recorded product briefing	13-Nov-20

These engaging events provide opportunities in getting people to interact with us. Our main goal in engaging with communities is to ensure that development, economic growth, services and facilities meet local needs and are delivered in the most cost-effective and efficient way.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Organisasi Bukan Kerajaan

Kami mengakui organisasi bukan kerajaan (NGO) sebagai sebahagian daripada masyarakat yang boleh membawa impak kepada perniagaan kami secara keseluruhan. Ketua pemikir dan pengengaruh daripada NGO memainkan peranan penting dalam menerbit serta mengekalkan nilai perniagaan. Oleh kerana pengaruh mereka sentiasa berkembang, kami menggunakan pendekatan strategik dan berstruktur dalam menjalin hubungan dengan mereka.

Kami mengadakan pertemuan secara kerap dengan pihak-pihak berkepentingan daripada komuniti NGO serta wakil industri bagi mendengar semua buah fikiran mereka serta mengumpul data tambahan. Semua langkah ini membolehkan kami mendapatkan pandangan dan pendapat secara formal yang boleh membantu penyemakan semula peraturan, tinjauan alam sekitar serta peningkatan taraf komuniti yang mampu memberi impak kepada strategi dan aktiviti perniagaan kami secara menyeluruh.

Hubungan secara mendalam dengan NGO telah membantu kami membangunkan kepercayaan bersama kerana bersikap telus secara proaktif mengenai motivasi dan matlamat kami. Hubungan dengan persatuan perdagangan dan NGO berkaitan industri turut membantu kami memahami matlamat dan mencari kaedah membina untuk saling bekerjasama bagi menyampaikan hasil yang boleh dimanfaatkan bersama.

Sebagai kesimpulan, kami sentiasa ingat bahawa perniagaan bergantung kepada masyarakat yang maju seterusnya akan menyokong pertumbuhan mampan mereka. Usaha padu yang dipupuk dalam hubungan kami dengan komuniti dan NGO akan bukan sahaja mendorong pertumbuhan masa depan malah akan turut membolehkan rakyat dan perniagaan mencapai kemakmuran, dan akhir sekali memenuhi matlamat kami untuk menyumbang kepada masyarakat mampan.

The Non-Government Organisations

We acknowledge non-government organisations (NGO) as part of the society which have an impact on our overall business. Thought leaders and influencers from NGOs play an important role in creating and maintaining business value. As their influence evolves, we continue to take a strategic and structured approach to our relations with them.

We continue to meet regularly with stakeholders from the NGO community as well as industry representatives to listen to all viewpoints and gather additional data. All of these allow us to formally solicit views and opinions which could be helpful for regulatory revisions, environmental review and community upliftment, which may impact our overall business strategies and activities.

A deep engagement with NGOs has helped us to develop mutual trust as a result of being proactively transparent about our motivations and goals. Engaging with trade associations and industry relevant NGOs also helps us to understand their causes and find constructive ways to work together to deliver mutually beneficial outcome.

Through it all, we remain mindful that businesses depend on a thriving society to support their sustainable growth. The concentrated efforts in our engagement with the communities and NGOs will not only drive our future growth but will also enable the people and businesses to prosper, and ultimately fulfil our goal to contribute to sustainable society.



Keadaan saling
mempercayai antara
kami dengan NGO
lahir daripada libat
urus yang teguh

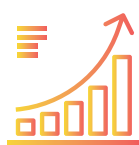
A deep engagement
with NGOs has
helped us to develop
mutual trust

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Mengimbangi antara Nilai Ekonomi dan Sosial

Balancing Economic and Social Value



Kami memfokus usaha untuk mempertingkatkan keupayaan kami menjana keuntungan dan menambahbaik tahap kecekapan modal kami

We focus on boosting our ability to generate profit and improve our capital efficiency

Sebagai sebuah Bank yang menumpukan sepenuhnya perhatian terhadap usahawan, kami bertekad untuk menggunakan seluruh keupayaan yang telah dipupuk sejak penubuhan kami lagi untuk membantu perusahaan kecil dan sederhana (PKS) mencapai matlamat dan kesejahteraan mereka serta merealisasikan sebuah masyarakat mampan.

Bagi memenuhi matlamat ini, kami gigih melaksanakan dasar jangka panjang yang paling berkesan termasuk strategi kewangan paling sesuai untuk menjana pertumbuhan mampan dalam nilai korporat kami. Kami menggabungkan kemajuan perniagaan iaitu nilai ekonomi ke dalam ruang nilai masyarakat atau nilai sosial.

Kami memfokus usaha untuk mempertingkatkan keupayaan menjana keuntungan dan menambah baik tahap kecekapan modal kami. Dengan berbuat demikian, kami bermatlamat untuk mewujudkan modal dan komposisi hutang yang optimum dengan menambah baik tahap kecekapan modal dan kawalan kos modal sambil pada masa yang sama mengekalkan keseimbangan pertumbuhan pelaburan, pulangan pemegang saham dan keteguhan asas kewangan di tahap sewajarnya.

Justeru, kemampanan ekonomi kekal sebagai bidang penting yang kami fokus dengan memastikan strategi dan amalan perniagaan kami menyokong pertumbuhan ekonomi jangka panjang tanpa membawa impak negatif dari aspek komuniti sosial dan alam sekitar.

As the only bank which is devoted exclusively to entrepreneurs, our goal is to use all possible means that we have cultivated since our foundation to help mainly small and medium enterprises (SME) achieve their purpose and well-being, and to realise a sustainable society.

To fulfill this objective, we endeavour to execute the most effective long-term policy including the most appropriate financial strategy for generating sustained growth in our corporate value. We combine business growth, which is the economic value into the domain of human society or social value.

We focus on boosting our ability to generate profit and improve our capital efficiency. By doing so, we aim to establish the optimal capital and debt composition by controlling our capital costs while preserving the right balance of growth investment, shareholder returns, and a strong financial foundation.

Economic sustainability thus remains an important area we focus on by ensuring our business strategies and practices support long-term economic growth without negatively impacting social and environmental aspects of the community.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Impak COVID-19 ke Atas Ruang Sosioekonomi

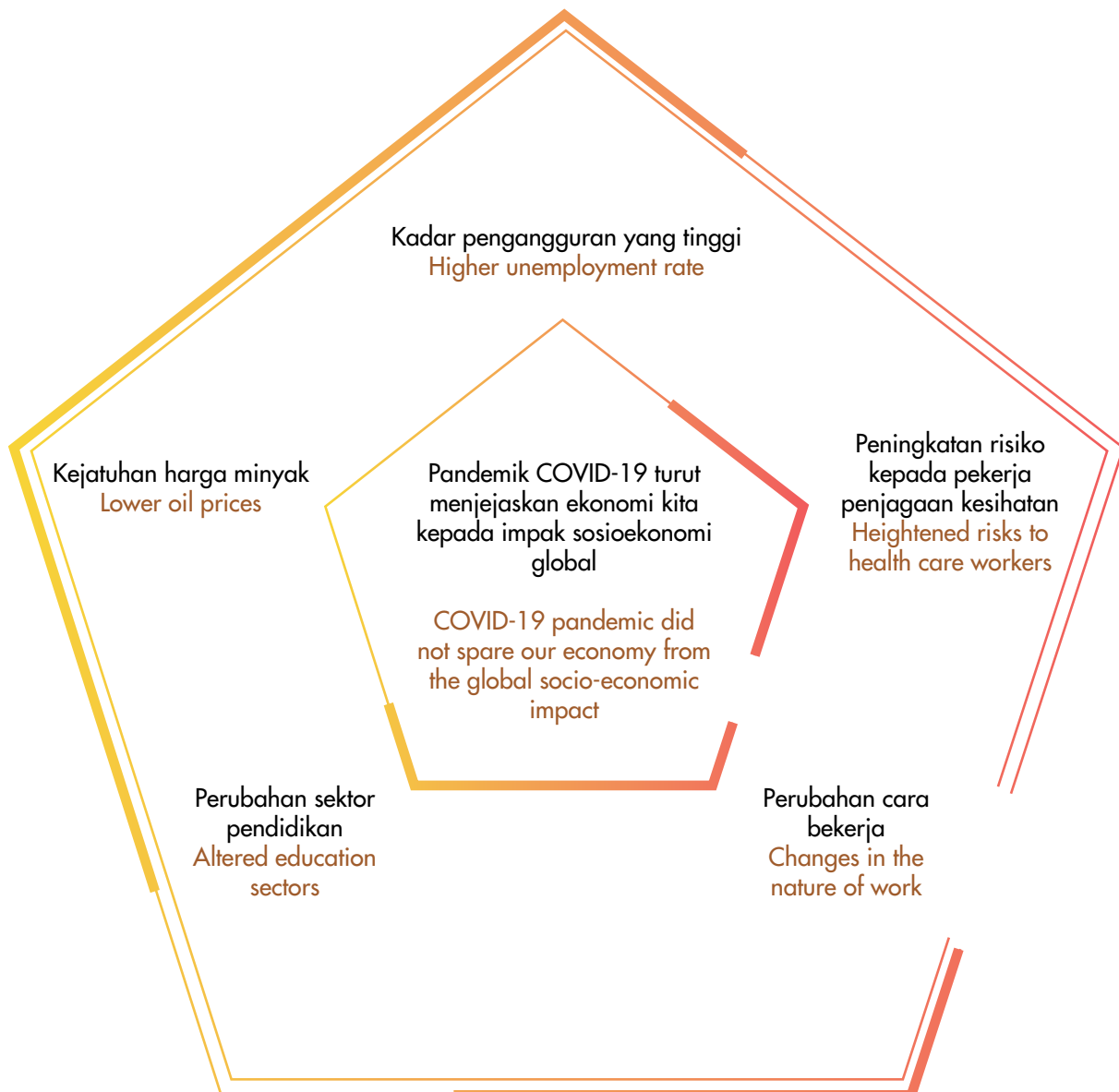
Pada tahun 2020, kami bekerja keras untuk memastikan kesinambungan perniagaan dan mengekalkan prestasi ekonomi yang berdaya tahan dalam menghadapi kejutan luar supaya kami terus mampu menyampaikan nilai kepada semua pihak berkepentingan.

Situasi yang belum pernah dilalui akibat daripada pandemik COVID-19 turut menjejaskan ekonomi kita ekoran impak sosioekonomi global yang meliputi kadar pengangguran yang tinggi, kejatuhan harga minyak, perubahan sektor pendidikan, perubahan cara bekerja dan peningkatan risiko kepada pekerja penjagaan kesihatan.

Impact of COVID-19 on the Socio-Economic Domain

During 2020, we worked hard to ensure business continuity and to maintain a resilient economic performance in the face of external shocks to continue to deliver value for all stakeholders.

The unprecedented situation caused by the COVID-19 pandemic did not spare our economy from the global socio-economic impact which includes higher unemployment rate, lower oil prices, altered education sectors, changes in the nature of work, and heightened risks to health care workers as well as the general public.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Keluaran Dalam Negara Kasar (KDNK) kekal sebagai petunjuk prestasi utama tahap kecergasan ekonomi. Apabila ekonomi Malaysia menyusut secara berterusan dari suku tahun ke suku tahun sepanjang tahun ini, kami sedia maklum bahawa pandemik ini telah menghentikan aktiviti ekonomi serta membawa risiko yang parah terhadap kesejahteraan secara menyeluruh.

Walaupun perniagaan kami telah sangat terjejas sama seperti semua perniagaan lain di seluruh dunia, namun kami tidak mengambil mudah matlamat kemampanan jangka panjang walaupun dilanda kecemasan ekonomi.

Sebagai pemain dalam sektor kewangan, kami menyedari peranan utama kami dalam membina semula ekonomi selepas COVID-19. Justeru, kami memfokus usaha kepada tahap kesiapsiagaan sosial dan menukar cabaran tersebut menjadi peluang untuk menyalurkan sumber yang diperlukan bagi memulihkan semula ekonomi di landasannya selaras dengan pakej rangsangan Kerajaan.

Oleh kerana kebanyakan aktiviti perniagaan menghadapi gangguan akibat sekatan pergerakan, kami telah mengatur perancangan untuk mencapai pertumbuhan sosioekonomi serta memperhebat ekonomi mesra keusahawanan. Kedua-duanya diperlukan oleh perniagaan terutamanya PKS supaya mencapai kemampanan di puncak pandemik ini.

Keprihatinan ekonomi dan sosial yang menjadi keutamaan dalam strategi perniagaan keseluruhan kami pada tahun ini telah didorong oleh misi untuk berkhidmat dan melindungi kepentingan umum pihak berkepentingan kami, termasuk PKS dan komuniti.



Walaupun perniagaan kami telah sangat terjejas sama seperti semua perniagaan lain di seluruh dunia, namun kami tidak mengendurkan matlamat kemampanan jangka panjang kami akibat kecemasan yang melanda ekonomi.

Although our business has been as much impacted as all other businesses around the world, we did not relax our long-term sustainability objectives because of such economic emergency.

Gross Domestic Product (GDP) remains a key performance indicator of economic health. With Malaysia's GDP which kept shrinking quarter by quarter over the year, we quickly acknowledged that the pandemic had put a stop to almost all economic activities and posed a severe risk to overall wellbeing.

Although our business has been as much impacted as all other businesses around the world, we did not relax our long-term sustainability objectives because of such economic emergency.

As a player in the financial sector, we acknowledge our major play in the reconstruction of the post-Covid economy. We thus focus on the social preparedness and turned the challenge into an opportunity to channel the significant resources needed to get the economy back on track in a way that is consistent with the Government's stimulus packages.

With most business activities facing disruption due to mobility restrictions, we laid plans for socio-economic growth as well as a robust entrepreneurship-friendly economy. Both are much needed for businesses particularly SMEs to be sustainable at the peak of the pandemic.

Our economic and social concerns have been on top of our overall business strategy during the year, driven by a mission of serving and protecting the general interest of our stakeholders including the SMEs and the communities.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Langkah Tindak Balas Utama bagi Menyokong Keprihatinan Sosioekonomi Semasa Krisis COVID-19

Sebaik sahaja Pertubuhan Kesihatan Sedunia (WHO) mengisytiharkan COVID-19 sebagai pandemik global, Kerajaan Malaysia dan pihak berkuasa kesihatan telah mengambil langkah serta merta untuk memperkukuh kapasiti kecemasan kesihatan dan tahap kesiapsiagaan bencana negara.

Langkah Kerajaan memerintah penutupan perniagaan sebagai usaha membendung penyebaran COVID-19 telah mengakibatkan ekonomi merudum. Ia telah menjejaskan rantaian bekalan dan perniagaan serta telah memberi kesan negatif kepada pekerjaan, pendapatan dan kehidupan.

SME Bank bertindak balas serta-merta dengan menyokong semua inisiatif sosial dan ekonomi Kerajaan bagi memastikan kelangsungan perniagaan, terutamanya pelanggan yang kami hargai. Bantuan kami merangkumi sokongan kewangan sehingga kepada kolaborasi yang boleh menyumbang terhadap usaha bagi memastikan kelangsungan dan kemampanan PKS.

Major Response Measures to Support Socio-Economic Concerns during the COVID-19 Crisis

Soon after the World Health Organisation declared COVID-19 as a global pandemic, the Malaysian Government and health authorities took swift steps to bolster the country's capacity for health emergency and disaster preparedness.

The Government's order for business closure in an attempt to contain the spread of COVID-19 has caused the economy to nosedive. This has upended supply chains and businesses, and negatively impacted jobs, incomes and livelihoods.

SME Bank's immediate response was to support all of the Government's social and economic initiatives to ensure the survival of businesses, particularly the customers we serve. Our assistance extends from financial support to tools for collaboration as we contribute to the survivability and sustainability of SMEs.



Kerajaan Malaysia dan pihak berkuasa kesihatan mengambil langkah serta merta

Malaysian Government and health authorities took swift steps



SME Bank menyokong semua inisiatif sosial dan ekonomi Kerajaan

SME Bank supports all Government's social and economic initiatives

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Ringkasan Langkah Tindak Balas Utama bagi Menyokong Ekonomi dan PKS, Semasa dan Selepas Krisis COVID-19

Program	Matlamat	Tujuan	Peruntukan Dana	Tarikh Pelancaran	Tarikh Tamat Program	Jumlah Pembiayaan	Tempoh
Kemudahan Bantuan Khas (SRF)	Bagi membantu meringankan masalah aliran tunai jangka pendek yang dihadapi oleh PKS yang terjejas akibat COVID-19	Modal kerja	RM5 bilion	18 Mac 2020	31 Disember 2020	RM1 juta	Sehingga 5.5 tahun, termasuk tempoh moratorium 6 bulan
Skim Jaminan Kerajaan SME Bank – COVID-19 (GGS-C19)	Membantu perniagaan yang terjejas akibat COVID-19	Modal kerja dan/ atau perbelanjaan modal	RM37.2 juta	22 Mei 2020	31 Mac 2021	Sehingga RM1 juta	Sehingga 6.5 tahun (termasuk moratorium 6 bulan)
Jaguh Serantau (JS)	Untuk menyokong PKS Bumiputera yang berpotensi menjadi Jaguh Serantau	Semua jenis pembiayaan seperti yang ditentukan oleh SME Bank	RM300 juta	16 Jun 2020	31 Disember 2021 atau sehingga digunakan sepenuhnya yang mana lebih dahulu	Sehingga RM20 juta	Sehingga 20 tahun
MySMELady	Program pembiayaan khusus untuk usahawan wanita	Pembelian asset (loji/jentera/peralatan); dan modal kerja	RM200 juta	17 Jun 2020	31 Disember 2021	Dari RM500,000 sehingga RM3 juta	Sehingga 5 tahun
Skim SME-Go	Pembiayaan kepada semua kontraktor G2 dan G4 yang telah diberi kontrak di bawah Pakej Rangsangan Ekonomi 2020 (PRE 2020) dan Pakej Rangsangan Ekonomi Prihatin Rakyat (PRIHATIN) atau sebarang kontrak/projek Kerajaan Persekutuan atau Negeri, kementerian, jabatan atau agensi	Modal kerja	RM1.6 bilion	1 Julai 2020	31 Disember 2021	Sehingga RM1 juta	Mengikut keperluan kontrak, tertakluk kepada pertimbangan Bank

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Program	Matlamat	Tujuan	Peruntukan Dana	Tarikh Pelancaran	Tarikh Tamat Program	Jumlah Pembiayaan	Tempoh
Dana Transformasi Teknologi PKS (STTF)	Menyediakan bantuan kewangan kepada PKS supaya menerima pakai pendigitalan dan/atau automasi dalam operasi perniagaan mereka bagi mencapai peningkatan produktiviti, kecekapan proses, kecekapan pengurusan kos dan penembusan pasaran yang lebih luas	<ul style="list-style-type: none"> • Peralatan dan/ atau mesin; • Perkakasan dan perisian komputer; • Penyelesaian dan perkhidmatan IT; • Perkhidmatan sokongan teknologi; dan • Aset tidak ketara lain bagi mempertingkatkan produktiviti dan kecekapan 	RM500 juta	1 Julai 2020	31 Disember 2021	Daripada RM100,000 hingga RM3 juta	Sehingga 10 tahun
Pembiayaan Pelancongan PENJANA (PTF)	Menyokong PKS dalam sektor pelancongan dengan mengekalkan kapasiti dan membantu mereka melaksanakan pelaburan yang diperlukan bagi melaras dan kekal berdaya maju selepas krisis Covid	Modal kerja dan/ atau perbelanjaan modal	RM50 juta	27 Ogos 2020	Sehingga digunakan sepenuhnya	Sehingga RM300,000 setiap PKS	Sehingga 7 tahun dengan sekurang-kurangnya 6 bulan moratorium
Kemudahan Bantuan dan Pemulihan Bersasar (TRRF)	Menyediakan bantuan dan sokongan pemulihan bagi PKS dalam sektor perkhidmatan terjejas melalui pengenalan semula langkah pembendungan sejak bulan Jun 2020, kecuali pelancongan dan sub sektor berkaitan pelancongan	Modal kerja	RM100 juta	17 Disember 2020	31 Disember 2021 atau penggunaan penuh (yang mana lebih dahulu)	Sehingga RM500,000	Sehingga 7 tahun dengan sekurang-kurangnya 6 bulan moratorium

Dana Transformasi Teknologi PKS (STTF)



RM500 juta

Menyediakan bantuan kewangan kepada PKS supaya menerima pakai pendigitalan

Kemudahan Bantuan Khas (SRF)



RM5 bilion

Bagi membantu meringankan masalah aliran tunai jangka pendek yang dihadapi oleh PKS yang terjejas akibat COVID-19

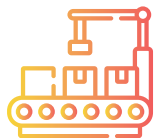
Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Program	Matlamat	Tujuan	Peruntukan Dana	Tarikh Pelancaran	Tarikh Tamat Program	Jumlah Pembiayaan	Tempoh
Kemudahan Teknologi Tinggi – Aspirasi Pelaburan Nasional (HTF-NIA)	Menyokong PKS berteraskan teknologi tinggi dan inovasi yang terjejas teruk akibat COVID-19, bagi mengekalkan kedudukan daya saing Malaysia dalam rantai nilai global, mengekalkan ekosistem rantai bekalan dan memelihara pekerjaan berkemahiran tinggi	Perbelanjaan modal (CAPEX) dan/atau modal kerja	RM50 juta	24 Disember 2020	31 Disember 2021 atau penggunaan penuh (yang mana lebih dahulu)	<ul style="list-style-type: none"> • Sehingga RM1 juta (modal kerja); atau • Sehingga RM5 juta (CAPEX atau kombinasi modal kerja dan CAPEX) 	Sehingga 7 tahun

Kemudahan Teknologi Tinggi – Aspirasi Pelaburan Nasional (HTF-NIA)



RM50 juta

Menyokong PKS berteraskan teknologi tinggi dan inovasi yang terjejas teruk akibat COVID-19

Kemudahan Bantuan dan Pemulihan Bersasar (TRRF)



RM100 juta

Menyediakan bantuan dan sokongan pemulihan bagi PKS dalam sektor perkhidmatan terjejas melalui pengenalan semula langkah pembendungan sejak bulan Jun 2020

Jaguh Serantau (JS)



Pembiayaan sehingga 20 tahun

Untuk menyokong PKS Bumiputera yang berpotensi menjadi Jaguh Serantau

MySMELady



RM200 juta

Pembelian asset (loji/jentera/peralatan); dan modal kerja

Pembiayaan Pelancongan PENJANA (PTF)



RM50 juta

Menyokong PKS dalam sektor pelancongan dengan mengekalkan kapasiti

Skim SME-Go



Pembiayaan sehingga RM1 juta

Mengikut keperluan kontrak, tertakluk kepada pertimbangan Bank

Skim Jaminan Kerajaan SME Bank – COVID-19 (GGS-C19)



Pembiayaan sehingga

6.5 tahun

(termasuk moratorium 6 bulan)

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Summary of Major Response Measures to Support the Economy and SMEs During and After the COVID-19 Crisis

Programme	Objective	Purpose	Fund Allocation	Launch Date	Programme Expiry	Financing Amount	Tenure
Special Relief Facility (SRF)	To help alleviate short-term cash flow problems faced by SMEs affected by the COVID-19	Working capital	RM5 billion	18 March 2020	31 December 2020	RM1 million	Up to 5.5 years, including a moratorium period of 6 months
SME Bank Government Guarantee Scheme - COVID-19 (GGS-C19)	To assist businesses affected by the COVID-19	Working capital and/or capital expenditure	RM37.2 million	22 May 2020	31 March 2021	Up to RM1 million	Up to 6.5 years (inclusive of 6 months moratorium)
Jaguh Serantau (JS)	To support Bumiputera SMEs with the potential to become regional champions	All types of financing as determine by SME Bank	RM300 million	16 June 2020	31 December 2021 or until fully utilised, whichever is earlier	Up to RM20 million	Up to 20 years
MySMELady	Financing programme specifically for women Entrepreneurs	Asset acquisition (plant/machinery/equipment); and working capital	RM200 million	17 June 2020	31 December 2021	From RM500,000 to RM3 million	Up to 5 years
SME-Go Scheme	Financing scheme to all G2 and G4 contractors who have been awarded contracts under <i>Pakej Rangsangan Ekonomi 2020</i> (PRE 2020) and <i>Pakej Rangsangan Ekonomi Prihatin Rakyat</i> (PRIHATIN) or any other contract/project by Federal or State Governments ministries, departments or agencies	Working capital	RM1.6 billion	1 July 2020	31 December 2021	Up to RM1 million	As per contract requirements, subject to the Bank's discretion

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Programme	Objective	Purpose	Fund Allocation	Launch Date	Programme Expiry	Financing Amount	Tenure
SME Technology Transformation Fund (STTF)	To provide financial assistance to SMEs to adopt digitalisation and/or automation in their business operations to achieve higher productivity, process efficiency, efficient cost management and greater market penetration	<ul style="list-style-type: none"> • Equipment and/or machinery; • Computer hardware and software; • IT solutions and services; • Technology support services; and • Other intangible assets to enhance productivity and efficiency • Technology support services; and • Other intangible assets to enhance productivity and efficiency 	RM500 million	1 July 2020	31 December 2021	From RM100,000 to RM3 million	Up to 10 years
PENJANA Tourism Financing (PTF)	To support SMEs in tourism sector by preserving their capacity and assisting them to undertake the necessary investments to adjust and remain viable post-Covid	Working capital and/or capital expenditure	RM50 million	27 August 2020	Until fully utilised	Up to RM300,000 per SME	Up to 7 years, with at least 6 months of moratorium
Targeted Relief and Recovery Facility (TRRF)	To provide relief and support recovery for SMEs in the services sector affected by reintroduction of containment measures since June 2020, except tourism and tourism-related subsectors	Working capital	RM100 million	17 December 2020	31 December 2021 or full utilisation (whichever is earlier)	Up to RM500,000	Up to 7 years, with at least 6 months moratorium

SME Technology Transformation Fund (STTF)



RM500 million
to provide financial assistance to SMEs to adopt digitalisation

Special Relief Facility (SRF)



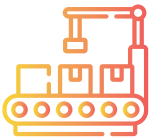
RM5 billion
to help alleviate short-term cash flow problems faced by SMEs affected by COVID-19

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Programme	Objective	Purpose	Fund Allocation	Launch Date	Programme Expiry	Financing Amount	Tenure
High-Tech Facility – National Investment Aspirations (HTF-NIA)	To support high-tech and innovation-driven SMEs that are adversely affected by COVID-19, to preserve Malaysia’s competitive positioning in global value chains, maintain the supply chain ecosystem, and safeguard high-skilled jobs	Capital expenditure (CAPEX) and/or working capital	RM50 million	24 December 2020	31 December 2021 or full utilisation (whichever is earlier)	<ul style="list-style-type: none"> Up to RM 1 million (working capital); or Up to RM5 million (CAPEX or a combination of working capital and CAPEX) 	Up to 7 years

High-Tech Facility –National Investment Aspirations (HTF-NIA)



RM50 million

to support high-tech and innovation-driven SMEs that are adversely affected by COVID-19

Targeted Relief and Recovery Facility (TRRF)



RM100 million

to provide relief and support recovery for SMEs in the services sectors affected by reintroduction of containment measures since June 2020

Jaguh Serantau (JS)



Tenure up to 20 years

to support Bumiputera SMEs with the potential to become regional champions

MySMELady



RM200 million

to asset acquisition (plant/machinery/equipment); and working capital

PENJANA Tourism Financing (PTF)



RM50 million

to support SMEs in tourism sectors by preserving their capacity

SME-Go Scheme



Financing amount up to RM1 million

as per contract requirements, subject to the Bank’s discretion

SME Bank Government Guarantee Scheme - COVID-19 (GGS-C19)



Tenure up to

6.5 years

(inclusive of 6 months moratorium)

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Mendorong Nilai Ekonomi

Kami menganggap kemampuan ekonomi sebagai kemampuan untuk terus beroperasi pada tahap ekonomi yang berkesan dalam jangka masa panjang. Kami telah mengumumkan wawasan strategik kami untuk mencipta nilai yang selaras dengan keperluan dan permintaan demografi pelanggan. Bagi mencapai kemampuan ekonomi, kami komited untuk meneguhkan prestasi kewangan serta mengikut arus perubahan teknologi di pasaran.

Driving Economic Value

We regard economic sustainability as the ability to continue operating at an effective economic level over the long term. We divulge a strategic vision to create value, in tune with our customers' demographics, needs, and demands. To achieve economic sustainability, we are committed to solidify our financial performance as well as to keep pace with technological changes in the market.

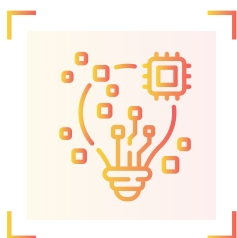
Prestasi Ekonomi Economic Performance



Kami komited untuk mencipta nilai ekonomi langsung untuk pihak-pihak berkepentingan kami melalui penjana keuntungan dan untuk kakitangan, melalui pekerjaan yang stabil dan ganjaran baiknya.

We are committed to creating direct economic value for our stakeholders through the generation of profits and for our employees through stable and rewarding employment.

Inovasi dan Pendigitalan Innovation and Digitalisation



Kami melabur dalam inovasi produk dan proses serta pendigitalan bagi mempertingkatkan kecekapan penyelesaian pembiayaan. Inovasi dan pendigitalan kritikal bukan sahaja untuk kejayaan perniagaan jangka panjang, malah juga sebagai tindak balas kepada keprihatinan yang semakin meningkat terhadap isu sosial dan alam sekitar.

We invest in product and process innovation and digitalisation to enhance efficiency in financing solutions. Innovation and digitalisation are critical not only for long-term business success but also in response to growing concern about social and environmental issues.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Kami telah berjaya mencapai manfaat khusus daripada transformasi digital kami yang menjangkau matlamatasas. Banyak manfaat seperti penyelesaian pembiayaan dan kepuasan pelanggan yang bertambah baik telah menyumbang kepada prestasi kewangan yang berdaya tahan. Walaupun krisis COVID-19 menjejaskan kebanyakan perniagaan, namun kami berjaya mencapai keuntungan sebelum cukai sebanyak RM134.8 juta.

Pencapaian ini diperoleh hasil kejayaan pelaksanaan teknologi baharu serta transformasi digital yang saling melengkapi dasar dan strategi berkesan sedia ada dalam Bank yang memfokus untuk menyokong kemampuan pihak-pihak berkepentingan kami.

We have been able to reap specific benefits from our digital transformation that include, but go well beyond, the bottom line. Many of these benefits, such as improved financing solutions and customer satisfaction, contribute to the financial performance resilience. Despite the COVID-19 crisis which impacted most businesses, we successfully achieved a RM134.8 million pre-tax profit.

We attribute this achievement to our successful implementation of new technologies and the digital transformation, which complement the prevailing sound policies and strategies within the Bank which focus on supporting the sustainability of our stakeholders.

Kami berjaya mencapai keuntungan sebelum cukai sebanyak **RM134.8 juta**

We successfully achieved a **RM134.8 million** pre-tax profit



Pencapaian ini diperoleh hasil kejayaan pelaksanaan teknologi baharu serta transformasi digital

We attribute this achievement to our successful implementation of new technologies and the digital transformation

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Menyampaikan Nilai dan Pemecutan Pertumbuhan melalui Pendigitalan

Transformasi digital mendorong prestasi kewangan secara berterusan untuk kebanyakan perniagaan, termasuk perniagaan kami. Realiti yang baharu muncul daripada pandemik COVID-19 yang sedang melanda ini menjadikan pendigitalan memainkan peranan penting dalam perniagaan masakini. SME Bank telah melalui transformasi digital yang inovatif sebelum berlaku pandemik iaitu sebelum COVID-19 menjejaskan rentak perniagaan di seluruh dunia.

Pelaksanaan keupayaan digital telah menetapkan kepastian kewujudan ekosistem digital bersepadu yang terbukti memudahkan perniagaan dan cara bagaimana perniagaan dijalankan sepanjang tempoh mencabar pada tahun 2020.

Krisis COVID-19 telah menjadikan digital perkara utama dalam setiap interaksi dan ia telah mempercepatkan rentak terima pakainya oleh organisasi dan individu. Ini telah mempertingkatkan keperluan untuk memanfaatkan teknologi digital yang telah menyumbang kepada keupayaan operasi yang tangkas untuk mendorong dan menyampaikan nilai kepada para pelanggan dan pihak berkepentingan kami yang lain.

Ekosistem digital membantu menyelaraskan operasi dari hujung ke hujung, menyokong perkhidmatan kepada pelanggan dan juga kakitangan. Usaha nekad kami melancarkan Program Pemecutan Dua Tahun pada tahun 2019 sebagai sebahagian daripada strategi digital untuk mencipta nilai tambah dalam kalangan masyarakat yang lebih luas terbukti merupakan keputusan yang tepat.



Transformasi digital mendorong prestasi kewangan secara berterusan kebanyakan perniagaan

Digital transformation continues to drive financial performance of most businesses



Krisis COVID-19 telah menjadikan digital perkara utama dalam setiap interaksi

The COVID-19 crisis has made digital to become central to every interaction

Delivering Value and Accelerating Growth through Digitalisation

Digital transformation continues to drive financial performance of most businesses including ours. The new reality emerging from the ongoing COVID-19 pandemic is the vital role of digital in today's businesses. SME Bank has gone through an innovative digital transformation pre-pandemic, before COVID-19 impacted the pace of business across the globe.

The implementation of digital capabilities has set the pace for an integrated digital ecosystem which proves to ease businesses and the way business is carried out during such hectic period of 2020.

The COVID-19 crisis has made digital to become central to every interaction, and has seemingly accelerated its adoption pace both by organisations and individuals. This has heightened the need for leveraging on our digital technologies which have contributed to our agile operational capabilities to drive and deliver value to our customers as well as to other stakeholders.

The digital ecosystem helps to coordinate end-to-end operations, supporting both customer and employee journeys. Our bold effort to launch the Two-year Accelerated Programme in 2019 as part of the digital strategy to create added value in wider society proves to be the right decision.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Program Pemecutan Dua Tahun ini meliputi Platform Digital PKS Kebangsaan yang selaras dengan Dasar Keusahawanan Nasional 2030 bagi mengupaya PKS menerima pakai teknologi inovasi.

Ketersediaan ekosistem digital kami membolehkan PKS membuat penyesuaian sewajarnya dengan beralih serta merta kepada operasi dan interaksi secara maya. Ia turut menyediakan peluang kepada mereka mempercepatkan rentak pembelajaran dan menerima pakai teknologi. Seterusnya, ia membantu mereka untuk bertahan semasa krisis ini dan mempercepatkan pertumbuhan mereka.

Inovasi dan pendigitalan menyampaikan nilai secara berterusan terutamanya bagi PKS pada tahun 2020 melalui platform digital Bank iaitu ScoreXcess, ODELA, MySMEBank dan Book Your Banker.

Ini membentuk ekosistem digital SME Bank yang bermatlamat untuk mewujudkan perbezaan dalam kaedah PKS mengendalikan perniagaan mereka sambil mempercepatkan pertumbuhan masing-masing. Keupayaan kami menginovasi dan mendigital adalah hasil langsung daripada pemahaman menyeluruh tentang imperatif komersial perniagaan serta permintaan masyarakat yang mempunyai impak dalam kehidupan masakini.

Our Two-year Accelerated Programme includes the National SME Digital Platform which is in line with the National Entrepreneurship Policy 2030 to empower the adoption of innovation technology by SMEs.

The availability of our digital ecosystem enables the SMEs to appropriately adjust the abrupt shift to virtual operations and interactions. It also provides an opportunity for them to accelerate the pace of learning about, and adoption of, technologies. Subsequently it helps them to survive the crisis and even accelerate their growth.

Innovation and digitalisation continue to deliver value especially for the SMEs in 2020 through the Bank's digital platforms namely ScoreXcess, ODELA, MySMEBank and Book Your Banker.

These make up SME Bank's digital ecosystem which aims at making a difference to the way SMEs conduct their business while accelerating their growth. Our ability to innovate and digitalise is the direct result of our solid understanding of the commercial imperatives of business and the societal demands impacting lives today.



Platform digital Bank
Bank's digital platforms





Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability





Ringkasan Sokongan SME Bank Kepada PKS

Nama	Keterangan	Matlamat	Tarikh Dilancarkan	Pencapaian
	<ul style="list-style-type: none"> Platform e-dagang yang menyediakan akses yang lebih sistematik dan bermaklumat bagi aktiviti perniagaan ke perniagaan (B2B) Pusat perniagaan satu hentian untuk memenuhi keperluan komuniti perniagaan ke perniagaan (B2B) Menjadi agregator pasaran sambil menyediakan latihan pembangunan perniagaan Berindak sebagai sebuah hab pembiayaan pintar 	<ul style="list-style-type: none"> Untuk mendorong dan mempercepatkan pertumbuhan PKS Untuk memupuk PKS supaya lebih berdaya saing di pasaran 	3 Disember 2019 (Pelancaran awal disempurnakan YB Menteri)	62 pembeli dan 176 penjual telah berdaftar sebagai Ahli dan Peniaga dalam Odela eMarketplace. Nilai pembelian dilaksanakan berjumlah RM4.6 juta
	<ul style="list-style-type: none"> Portal satu hentian untuk PKS memohon pembiayaan mikro dan kecil Disokong oleh beberapa DFI lain dengan pelbagai program pembiayaan di Malaysia Para pemohon dinilai dengan skor kredit dan analisis cara pembayaran menggunakan kecerdasan buatan (AI) untuk pemprosesan dan keputusan kelulusan 	<ul style="list-style-type: none"> Untuk memudahkan usahawan memohon pembiayaan melalui satu platform Untuk memadan pemohon dengan DFI yang terlibat, termasuk SME Bank Untuk meminimum usaha retrofit oleh DFI ke arah mencapai kecekapan kos bagi memenuhi keperluan PKS mengikut kategori saiz masing-masing (nano, mikro dan kecil) Untuk membolehkan program pembiayaan bersasar 	30 September 2019	1,010 permohonan bagi pembiayaan berjumlah RM19.87 juta

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Nama	Keterangan	Matlamat	Tarikh Dilancarkan	Pencapaian
	<ul style="list-style-type: none"> • Sistem permohonan atas talian dalam penyampaian perkhidmatan Bank • Menyediakan keselesaan kepada pelanggan yang memohon pembiayaan melalui platform atas talian • Menyediakan pengalaman digital yang lengkap dari hujung ke hujung untuk pelanggan dengan permohonan pembiayaan tanpa had 	<ul style="list-style-type: none"> • Untuk menambahbaik masa memproses permohonan dengan cara yang lebih dinamik dan sistematik – bermula dari pelanggan memohon pembiayaan hingga pengeluaran pembiayaan dilaksanakan 	2 Februari 2018	652 permohonan untuk pembiayaan berjumlah RM630.64 juta
	<ul style="list-style-type: none"> • Pendaftaran atas talian bagi pelanggan memohon pembiayaan yang diintegrasikan dengan MySMEBank • Boleh dimuat naik melalui aplikasi mudah alih SME Bank Boleh dimuat naik melalui aplikasi mudah alih SME Bank • Menggunakan peranti teknologi kewangan yang menambahbaik penyampaian perkhidmatan 	<ul style="list-style-type: none"> • Membolehkan usahawan PKS mendapatkan temu janji untuk berjumpa pegawai Bank di cawangan pilihan dan pada masa yang bersesuaian dengan mereka • Membolehkan SME Bank memendekkan masa proses permohonan pembiayaan • Membolehkan SME Bank memastikan supaya semua komunikasi dengan Bank berkaitan pembiayaan didokumenkan dengan baik 	Februari 2017	Hampir 3,321 pelanggan telah mendapat temu janji melalui perkhidmatan ini

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability





Summary of SME Bank's Digital Platforms

Name	Description	Objective	Date Launched	Achievement (as at Dec 2020)
 ODELA A Click To Pick	<ul style="list-style-type: none"> An e-commerce platform which provides more systematic and informative access for business-to-business (B2B) activities One-stop business centre to serve the needs of business-to-business (B2B) community Becomes a market aggregator while providing business development training Serves as a smart financing hub 	<ul style="list-style-type: none"> To drive and accelerate growth of SMEs To nurture SMEs to be more competitive in the market 	3 December 2019 (Soft launch by YB Minister)	62 buyers and 176 sellers have registered as Members and Merchants in Odela eMarketplace. Total purchases transacted amounted to RM4.6 million
 SCORE XCESS	<ul style="list-style-type: none"> One-stop portal for SMEs to apply for micro and small financing Is backed by several other DFIs with various financing programmes in Malaysia The applicants are assessed with credit scoring and payment behaviour analysis using artificial intelligence (AI) for processing and approval decision 	<ul style="list-style-type: none"> To ease entrepreneurs to apply for financing through a single platform To match applicants with the respective DFIs, including SME Bank To minimise the retrofit efforts by DFIs towards efficient cost to serve SMEs according to their size categorisation (nano, micro and small) To enable targeted financing programme 	30 September 2019	1,010 applications for financing amounting to RM19.87 million

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Creating Value through Sustainability

Name	Description	Objective	Date Launched	Achievement (as at Dec 2020)
	<ul style="list-style-type: none"> • Online application system in the Bank's service delivery • Provides customers the convenience of financing application through online platform • Provides a complete digital end to end customer experience with a seamless financing application 	<ul style="list-style-type: none"> • To improve turnaround time in a more dynamic and systematic way - from when a customer first applies for financing right up to the financing disbursement 	2 February 2018	652 applications for financing amounting to RM630.64 million
	<ul style="list-style-type: none"> • An online registration for customers to apply for financing, which is integrated with MySMEBank • Is located in SME Bank's mobile app • Uses financial technology tool which improves service delivery 	<ul style="list-style-type: none"> • Enables SME entrepreneurs to secure an appointment to meet the Bank's officer at the branch of their choice and at their convenient time • Enables SME Bank to cut the turnaround time for financing applications • Enables SME Bank to ensure that all communication with the Bank with regard to financing matters is well documented 	February 2017	Approximately 3,321 customers have secured appointments through this service

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Mempercepatkan Pertumbuhan PKS

Kami menyedari bahawa SME Bank perlu bertindak balas dengan pantas dan cekap terhadap permintaan pasaran bagi membantu PKS memanfaatkan peluang perdagangan dan pelaburan.

Dalam menghadapi krisis COVID-19 pada tahun ini, kami meneruskan fokus untuk menyampaikan sokongan secara langsung terhadap keusahawanan bagi mencapai pembangunan mampan. Ini seterusnya akan membolehkan usahawan meneruskan pencapaian ekonomi yang berdaya maju.

Tahun mencabar ini tidak menghalang kami daripada menjalankan usaha mempercepatkan pertumbuhan PKS. Kami menyediakan platform teknologi yang diperlukan bagi membantu PKS mempercepatkan usaha pendigitalan mereka dan meneroka bidang inovasi produk dan perkhidmatan baharu.

Pada tahun 2020, di samping berusaha mengumpul maklumat, peluang dan sumber digital untuk PKS, kami meneruskan program pembangunan dan intervensi serta menyumbang kepada peluasan PKS berasaskan kepada usaha berbilang bidang mengikut obligasi kemampanan.



Kami menyediakan platform teknologi yang diperlukan bagi membantu PKS memesatkan usaha pendigitalan mereka dan meneroka ke dalam tahap inovasi produk dan perkhidmatan baharu

We provide the necessary technology platforms to help SMEs accelerate their digitalisation efforts and break into new levels of innovative products and services

Accelerating SME Growth

We acknowledge that SME Bank must be able to respond quickly and efficiently to market demands in order to further help small and medium enterprises (SME) to take advantage of trade and investment opportunities.

Amidst the COVID-19 crisis during the year, our focus remained on delivering direct support towards entrepreneurship to achieve sustainable development. This in turn enables entrepreneurs to pursue economic viability.

The challenging year did not hinder us from our effort to accelerate the growth of SMEs. We provide the necessary technology platforms to help SMEs accelerate their digitalisation efforts and break into new levels of innovative products and services.

While we aimed at aggregating information, opportunities and digital resources for SMEs, we continued with our developmental and intervention programmes in 2020, and contributed to the expansion of SMEs on a multilateral basis in accordance with sustainability obligations.



Menyampaikan sokongan secara langsung terhadap keusahawanan bagi mencapai pembangunan mampan

Delivering direct support towards entrepreneurship to achieve sustainable development

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Ringkasan Sokongan SME Bank Terpilih untuk PKS

Nama	Keterangan	Matlamat	Tarikh Dilancarkan	Pencapaian
Program Pemecutan dan 'Upward Migration' SME Bank ("Inisiatif i-SMART")	Di bawah Rancangan Malaysia ke-11 (2016-2020), Kerajaan telah mengumumkan peruntukan sebanyak RM200 juta kepada SME Bank untuk melaksanakan Skim Anjakan Usahawan ("SAU" atau "Inisiatif i-SMART")	Untuk membangunkan selanjutnya PKS berpotensi iaitu pelanggan Bumiputera SME Bank yang sedia ada dan PKS Bumiputera lain, untuk dianjak dan dimigrasi ke tahap selanjutnya	24 Februari 2017	Pembiayaan i-SMART diluluskan mencapai 30 PKS (melebihi sasaran minimum 27 syarikat)
Program Premis Usahawan (EPP)	<ul style="list-style-type: none"> Menyediakan 26 Kompleks Premis Usahawan dengan 454 lot kilang di lokasi strategik di seluruh negara Pegawai EPP tersedia untuk memastikan penyeliaan optimum kemajuan dan pembangunan setiap penyewa sepanjang tempoh penyewaan 	Untuk menyediakan ruang kilang yang berdaya saing dan mampu milik untuk disewakan kepada usahawan Bumiputera	September 1984	80.3% kadar penghunian Pengecualian sewa selama 6 bulan April 2020 – September 2020
Penciptaan Inisiatif TITAN (Projek TITAN)	Program komprehensif lima tahun yang merupakan platform pemecutan perniagaan, memberi tumpuan kepada penyediaan rancangan penciptaan nilai untuk meningkatkan kemampanan perniagaan dan mengembangkan perniagaan yang berjaya pada skala dan membina ekosistem yang berkembang pesat	Untuk melahirkan pemain industri terkemuka bagi menyokong pertumbuhan ekonomi dan sosial negara	(Masih belum dilancarkan)	15 syarikat mengambil bahagian dalam program ini pada tahun 2020 yang akan diteruskan pada tahun 2021 dengan pembangunan pelan perniagaan mereka
Business Exports Program (BEP) 2.0 – Misi Pemecutan Eksport (EAM)	<ul style="list-style-type: none"> Program intervensi berstruktur tiga tahun Program berimpak tinggi ini mendukung kebijakan dasar Kerajaan dalam meningkatkan PKS berpotensi tinggi tentang kadar eksport ke pasaran global. Program ini mengenal pasti, membimbing dan mengembangkan potensi PKS melalui aktiviti peningkatan dan pengayaan yang komprehensif 	<ul style="list-style-type: none"> Untuk menyokong inisiatif Kerajaan bagi meningkatkan kemajuan eksport PKS Untuk mewujudkan lebih ramai pengeksport PKS melalui program intervensi berstruktur 	Julai 2020	25 syarikat yang menyertai program ini dan dijangka akan selesai menjalani program ini pada Jun 2023

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Summary of Selected SME Bank's Support for SMEs

Name	Description	Objective	Date Launched	Achievement
SME Bank Acceleration and Upward Migration Programme ("i-SMART Initiative")	Under the 11th Malaysia Plan (2016-2020), the Government had announced a RM200 million allocation to SME Bank, to implement Skim Anjakan Usahawan ("SAU" or "i-SMART Initiative")	To further develop potential SMEs i.e. existing Bumiputera customers of SME Bank and other Bumiputera SMEs, to be accelerated and migrated to the next level	24 February 2017	Approved i-SMART Financing to 30 SMEs (surpassing the minimum target of 27 companies)
Entrepreneur Premises Programme (EPP)	<ul style="list-style-type: none"> Provides 26 Entrepreneur Premises Complex with 454 factory lots strategically located nationwide EPP officers are on hand to ensure optimum supervision of each tenant's progress and development throughout the tenancy period 	To make available competitive and affordable factory spaces to be rented by Bumiputera entrepreneurs	September 1984	80.3% occupancy rate Rental waiver for 6 months April 2020 – September 2020
TITAN Initiative Creation (Project TITAN)	A five-year programme with a comprehensive business accelerator platform, focusing on providing value-creation plan to enhance business sustainability and to grow successful business at scale and build thriving ecosystems	To produce leading industrial players to support national economic and social growth	(Not yet launching)	15 companies took part in the programme in 2020, which will continue in 2021 with the development of their business plans
Business Exports Program (BEP) 2.0 – Export Accelerated Mission (EAM)	<ul style="list-style-type: none"> A three-year structured intervention programme This high impact programme supports the Government's policy in increasing high potential SMEs' on export rate to the global market. This programme identifies, guides and develops potential SMEs through a comprehensive enhancement and enrichment activities 	<ul style="list-style-type: none"> To support the Government's initiatives to enhance the export growth of SMEs To create more SMEs Exporters through structured intervention programs 	July 2020	25 companies which already on board and expected to complete the programme in June 2023



Kami berusaha secara berterusan untuk mengecilkan fokus kami kepada bidang lebih teguh bagi mendorong pertumbuhan, menjana hasil dan mempertingkatkan kecekapan PKS pada tahun 2020 dan seterusnya

We continue to narrow our focus on areas of strength to better fuel growth, drive revenue and increase efficiency of these SMEs for 2020 and beyond

Fokus Menjangkau Pembiayaan untuk Mempercepatkan Pertumbuhan

Kami mengakui bahawa sumbangan PKS kepada ekonomi memerlukan pendekatan pembangunan secara menyeluruh. Justeru, kami memastikan supaya penekanan kami terhadap sokongan kewangan bagi pembangunan PKS tidak mengabaikan sokongan bukan kewangan atau menjangkau pembiayaan.

Tahun 2020 telah ditakrif sebagai cabaran yang belum pernah dilalui dan ini menyebabkan kami sedar keperluan besar untuk mempercepatkan pertumbuhan PKS melalui inisiatif menjangkau pembiayaan. Oleh sebab itu kami berusaha secara berterusan untuk mengecilkan fokus kami kepada bidang yang lebih teguh bagi mendorong pertumbuhan, menjana hasil dan mempertingkatkan kecekapan PKS pada tahun 2020 dan seterusnya.

Ketersediaan ekosistem digital tidak menghalang kami daripada meneruskan usaha membantu usahawan melalui aktiviti-aktiviti "pemupukan" dan "intervensi".

Malahan, platform digital kami telah membolehkan kami meneruskan peranan pembangunan dan membolehkan interaksi dengan pelanggan pada tahun ini. Kami mampu mengendalikan pelbagai program latihan dan bimbingan secara maya sebagai tindak balas kepada sekatan ke atas pergerakan dan interaksi sosial.

Focus on Beyond Financing to Accelerate Growth

We acknowledge that the major contribution of SMEs to the economy calls for a holistic development approach. Therefore, we ensure that our emphasis on financial support for SME development does not neglect that of non-financial support or beyond financing.

The year 2020 has been defined by unprecedented challenges and this has made us realise the greater need to accelerate SME growth through beyond financing initiatives. We thus continue to narrow our focus on areas of strength to better fuel growth, drive revenue and increase efficiency of these SMEs for 2020 and beyond.

The availability of our digital ecosystem does not stop us from pursuing our efforts to assist entrepreneurs through "nurturing" and "intervention" activities.

Instead, our digital platforms have enabled us to continue with our developmental role and made possible the interactions with customers during the year. We have been able to conduct the various training and coaching programmes virtually in response to the restriction on movement and social interaction.

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Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)

Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) adalah sebuah syarikat subsidiari milik penuh SME Bank yang telah ditubuhkan pada tahun 2013 untuk melengkapkan peranan pembangunan SME Bank. CEDAR adalah sebuah syarikat bimbingan berasaskan keberhasilan yang memfokus kepada pembangunan usahawan sebagai program utamanya.

SME Bank merupakan satu-satunya institusi kewangan pembangunan Malaysia yang mempunyai sebuah syarikat subsidiari khusus untuk membangunkan keupayaan usahawan bagi mengekalkan pertumbuhan mereka dan menyumbang kepada ekonomi Malaysia.

CEDAR menawarkan pelbagai perkhidmatan pembangunan dan intervensi melalui bimbingan, pemudah cara, mentor, khidmat nasihat, latihan dan rundingan bagi membantu PKS meningkatkan keupayaan dan kapasiti perniagaan mereka supaya dapat menyumbang terhadap pertumbuhan ekonomi negara. Melalui pendekatan 'membimbing', apa yang diperlukan adalah untuk mempertingkatkan tahap kebijaksanaan dalam perniagaan serta menjana peningkatan migrasi untuk perniagaan PKS ke tahap berikutnya dalam pembangunan dan prestasi mereka melalui inisiatif serta pelan tindakan khusus.

Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR)

The Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) is a wholly-owned subsidiary of SME Bank which was established in 2013 to complement the developmental role of SME Bank. CEDAR is an outcome-based coaching outfit that is focused on entrepreneur development as its flagship programme.

SME Bank is the only Malaysian Development Financial Institution with a subsidiary solely dedicated to develop the capability of entrepreneurs to sustain their growth and contribute to the nation's economy.

CEDAR offers a series of developmental and intervention services through coaching, facilitating, mentoring, advising, training, and consulting in assisting the SMEs to upgrade their business capability and capacity building which in turn shall contribute towards the growth of the national economy. Through 'hand-holding' approach, it is essential to enhance business acumen and generate an upward migration amongst the SME businesses to the next level of their development and performance through specific initiatives and action plans.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Pertumbuhan pasaran CEDAR adalah hasil daripada pendekatan penyesuaian unik yang menangani keperluan usahawan sepanjang peringkat kitaran hayat PKS. Oleh kerana memenuhi matlamat pelanggan merupakan keutamaan kami, CEDAR memastikan dan melaksanakan programnya melalui kaedah dorongan keberhasilan yang unik.

Peranannya telah diperluaskan lagi pada tahun 2019 apabila CEDAR mengambilalih pelaksanaan Program 'Upward Migration', iaitu Program Intervensi Khusus Bank yang diperkenalkan pada tahun 2017.

Dalam program ini, 'Business Coaches' CEDAR menggunakan kaedah berstruktur dan kaedah khusus untuk membolehkan PKS mencapai sasaran pertumbuhan mereka dalam pelbagai bidang seperti penambahan jualan, keuntungan, hasil eksport, penggajian dan penerimaan pakai dan peningkatan teknologi. Terdapat 511 syarikat yang telah berjaya mencapai peningkatan migrasi melalui Program 'Upward Migration' CEDAR. Sementara itu, tujuh syarikat telah berjaya mencapai peningkatan migrasi melalui Program 'Upward Migration' SME Bank, menjadikan jumlah keseluruhan syarikat yang berjaya mencapai peningkatan migrasi untuk tahun 2020 adalah sebanyak 518.

CEDAR's market growth is attributed to its unique customised approaches that address entrepreneurs' needs throughout the various stages of the SME lifecycle. As fulfilling customers' objective is our priority, CEDAR ensures and executes its programmes through unique outcome-driven methodologies.

Its roles further expanded back in 2019 when CEDAR took over the Upward Migration Programme, the Bank's Specific Intervention Programme which was introduced in 2017.

In this programme, CEDAR Business Coaches employ structured methodologies and specific tools as enablers for SMEs to achieve their targeted growth in areas such as an increase in sales, profitability, export revenue, employment and technology adoption and enhancement. There were 511 companies successfully migrated upward in 2020 through CEDAR Upward Migration Programme. Meanwhile, seven companies migrated upwards through SME Bank's own Upward Migration Programme, making the total of 518 companies which have been successfully migrated upwards in 2020.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Rakan-Rakan Strategik CEDAR CEDAR's Strategic Partners



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Creating Value through Sustainability

Program Menjangkau Pembiayaan CEDAR semasa Krisis COVID-19

Semasa bergelut untuk meringankan impak krisis tersebut kepada PKS, kami telah meletakkan keutamaan terhadap usaha menjangkau pembiayaan secara berterusan bagi memastikan kelangsungan dan kemampanan perniagaan mereka.

Tempoh sukar tidak bermakna bahawa kemajuan dan pertumbuhan PKS terhenti. Sebaliknya, pandemik ini telah menjadi faktor pendorong bagi kami untuk berusaha gigih mempertingkatkan keupayaan, daya saing dan daya tahan.

Bagi kami, pertumbuhan PKS menjadi lebih penting lagi semasa tempoh sukar ini kerana ia memerlukan kami berusaha tekun bagi meredakan kesan daripada suasana ekonomi yang suram. Justeru, kami menjalankan sesi latihan dan bimbingan walaupun wujud perintah kawalan pergerakan oleh Kerajaan. Platform digital kami telah menjadi alat penting untuk berhubung dengan para usahawan.

Walaupun ia bukan interaksi bersemuka, namun program ini masih menggunakan pendekatan membimbing untuk mendedahkan PKS kepada pengetahuan dan maklumat baharu, dan untuk melihat menjangkau kaedah konvensional dalam melaksanakan sesuatu. Program ini juga membolehkan mereka menerima pakai automasi dan pendigitalan serta memahami di mana permintaan baharu akan muncul dan sektor mana yang menyediakan peluang yang lebih baik sekarang.

Pada tahun ini, seramai 13,674 usahawan telah menyertai 1,251 program bimbingan dan latihan yang kami kendalikan. Pada tahun ini juga kami menjalin kolaborasi dengan beberapa pihak ketiga sebagai sebahagian daripada sumbangan kami ke arah usaha menjangkau pembiayaan.



Nama Program	Matlamat	Rakan Kolaborasi	Pencapaian
Program Usahawan Muda	Untuk mempertingkat penyertaan belia dan siswazah ke dalam perniagaan	Kementerian Pembangunan Usahawan dan Koperasi	322 peserta mendapat manfaat daripada tujuh sesi yang diadakan
PROTÉGÉ TNB ILSAS FASA 6 – ENTREPRENEUR (THE ART OF START)	Untuk memberi panduan kepada golongan muda Malaysia berusia 18 hingga 27 tahun mengenai cara mencari idea yang baik untuk menjalankan perniagaan baharu, menjadikannya berdaya maju, mengujinya secara sistematik dan yang lebih penting lagi mempunyai keberanian untuk meneroka dan mempelajari daripada kegagalan	Integrated Learning Solution (ILSAS) milik Tenaga Nasional Berhad	1,201 peserta mendapat manfaat daripada 14 sesi yang diadakan

Penciptaan Nilai melalui Kemampanan

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CEDAR’s Beyond Financing Programmes Amidst the COVID-19 Crisis

While we grappled to mitigate the impact of the crisis on SMEs, we placed priorities on continual beyond financing to ensure their business survivability and sustainability.

Hard times do not mean that the progress and growth of SMEs should come to a halt. On the contrary, the pandemic has become the driving force for us to strive even harder in our efforts to enhance capability, competitiveness, and resilience.

For us, SME growth is even more pertinent during such trying times as we work hard to weather the grim economic outlook. Therefore we carried on with the training and coaching sessions despite the Government’s movement restriction order. Our digital platforms have become an important avenue to reach out to the entrepreneurs.

Although they were not face-to-face interactions, the programmes still adopted the handholding approach for us to expose the SMEs to new knowledge and information, and to look beyond their conventional way of doing things. The programmes also enabled them to embrace automation and digitalisation and to understand where the new demand will be, and what sectors have better opportunities now.

During the year, 13,674 entrepreneurs participated in 1,251 coaching and training programmes we conducted. The year also saw us collaborating with third parties as part of our contribution towards beyond financing.



Name of Programme	Objective	Collaboration Partner	Achievement
<i>Program Usahawan Muda</i>	To boost the youths and graduates’ participation in business	Ministry of Entrepreneur Development and Cooperatives	322 participants benefitted from the seven sessions held
PROTÉGÉ TNB ILSAS FASA 6 – ENTREPRENEUR (THE ART OF START)	To guide young Malaysians aged 18 to 27 on ways to find good ideas for a new business, make it viable, test it systematically and more importantly, to have the courage to explore and learn from failures	Integrated Learning Solution (ILSAS) of Tenaga Nasional Berhad	1,201 participants benefitted from the 14 sessions held

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

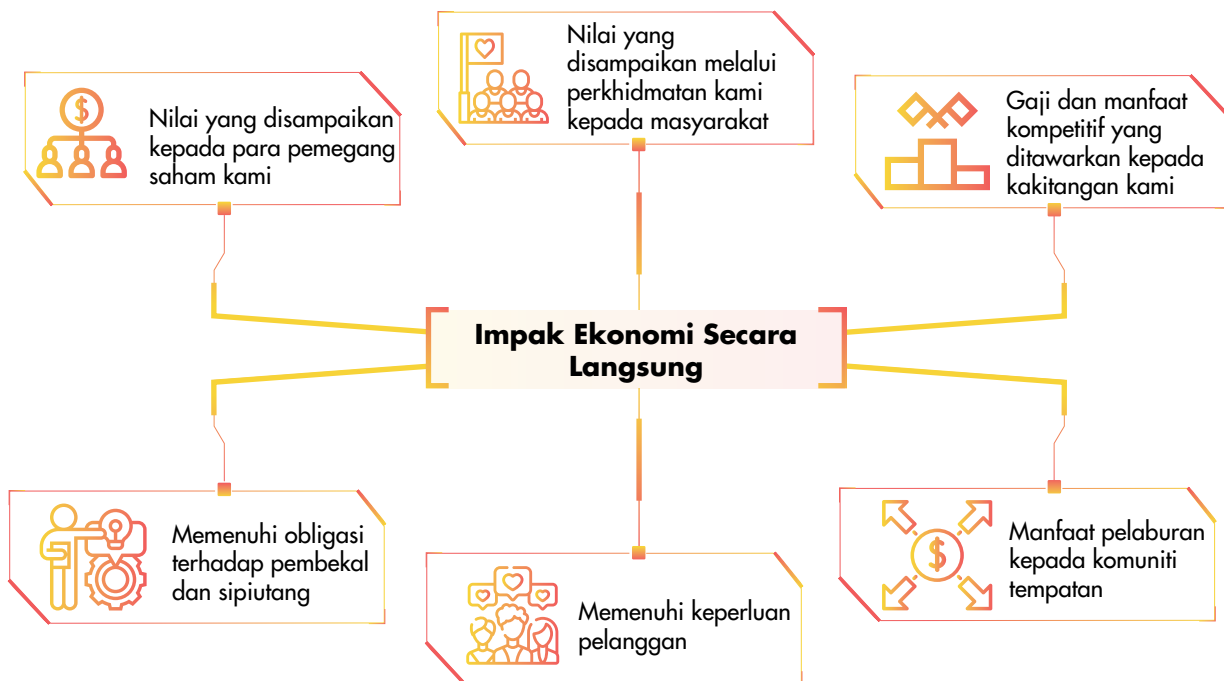
Nilai Diterbitkan daripada Kemampanan Ekonomi

Sejak beberapa tahun hingga kini, kami melihat kemampanan ekonomi sebagai salah satu pendorong utama kejayaan perniagaan. Matlamat utama kami adalah untuk memastikan supaya perniagaan mencapai keuntungan dan operasi perniagaan tidak menerbitkan sebarang isu alam sekitar mahupun sosial yang akan menjejaskan syarikat, masyarakat dan bumi. Kesedaran ini merupakan langkah kami selanjutnya menuju ke hadapan dalam perjalanan kami untuk mencapai kemampanan.

Kami mendorong kemampanan ekonomi daripada pelaburan yang bertanggungjawab dan reputasi organisasi yang baik. Ini seterusnya menerbitkan nilai yang membantu mendorong komitmen kami untuk menjaga pertumbuhan PKS selanjutnya, sambil pada masa yang sama, memastikan kemampanan alam sekitar dan kesejahteraan sosial komuniti. Dengan mengambilkira semua perkara yang kami telah laksanakan sepanjang tahun untuk membolehkan ekonomi dan perniagaan mencapai kelangsungan dan berkembang, kami percaya kini kami berada di landasan yang betul untuk mencapai pembangunan mampan.

Nilai yang diterbitkan daripada kemampanan ekonomi ditafsir kepada impak secara langsung dan tidak langsung. Impak ekonomi secara langsung kepada kami adalah ukuran jumlah perbelanjaan tambahan yang ditanggung di luar dan di dalam Bank yang dicapai daripada prestasi kewangan kami.

Sementara itu, impak ekonomi secara tidak langsung adalah dalam bentuk kewangan dan bukan kewangan yang menjangkau nilai ekstrinsik berkaitan dengan antara lain; pengetahuan, pembangunan, keselamatan, kesihatan, pemuliharaan dan kesejahteraan.



Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



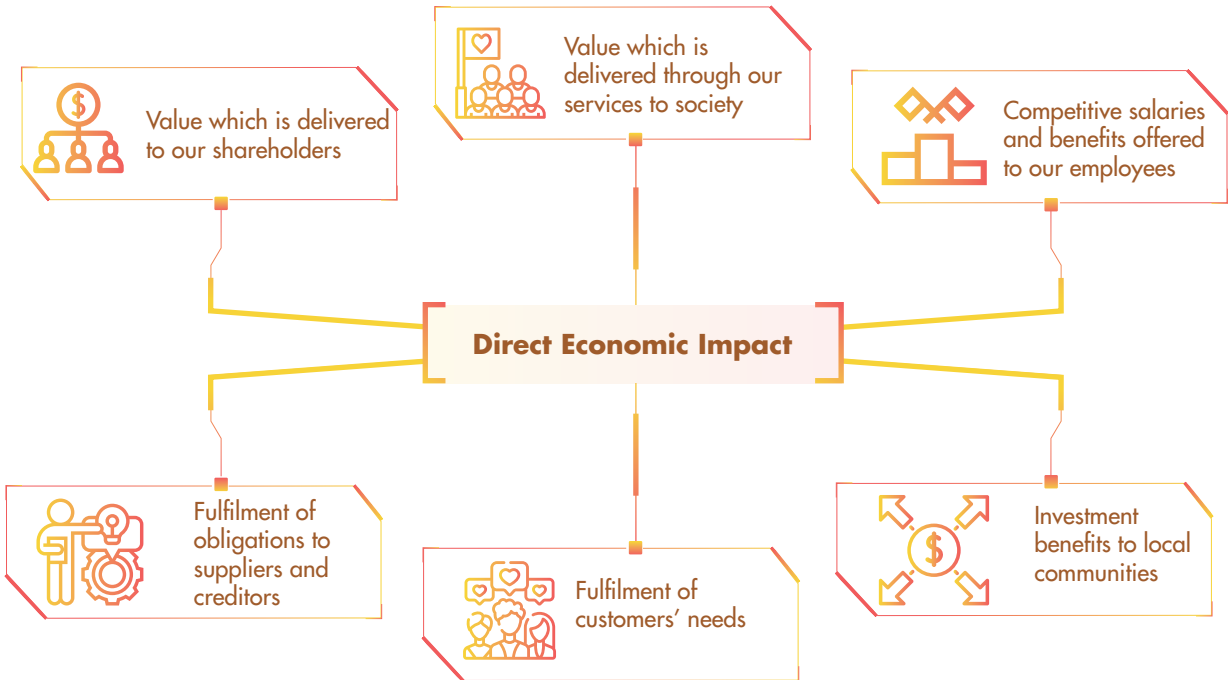
Values Created from Economic Sustainability

For several years now we have been looking at economic sustainability as one of the major drivers to business success. Our main goal is to ensure that the business makes a profit and that business operations do not create neither environmental nor social issues that would harm the company, the society and the planet. Such an awareness is a further leap forward on our journey to sustainability.

We derive economic sustainability from responsible investments and good organisation reputation. This in turn creates value which helps drive our commitment to spur the growth of SMEs further, while at the same time ensure sustainable environment and social well-being of the community. Taking into account all that we have done throughout the year for businesses and economy to survive and grow, we believe we are on the right track to achieve a sustainable development.

The values created from economic sustainability are translated into direct and indirect impacts. Direct economic impact to us is the measure of the total amount of additional expenditure we incur both inside and outside the Bank, which is directly attributed to our financial performance.

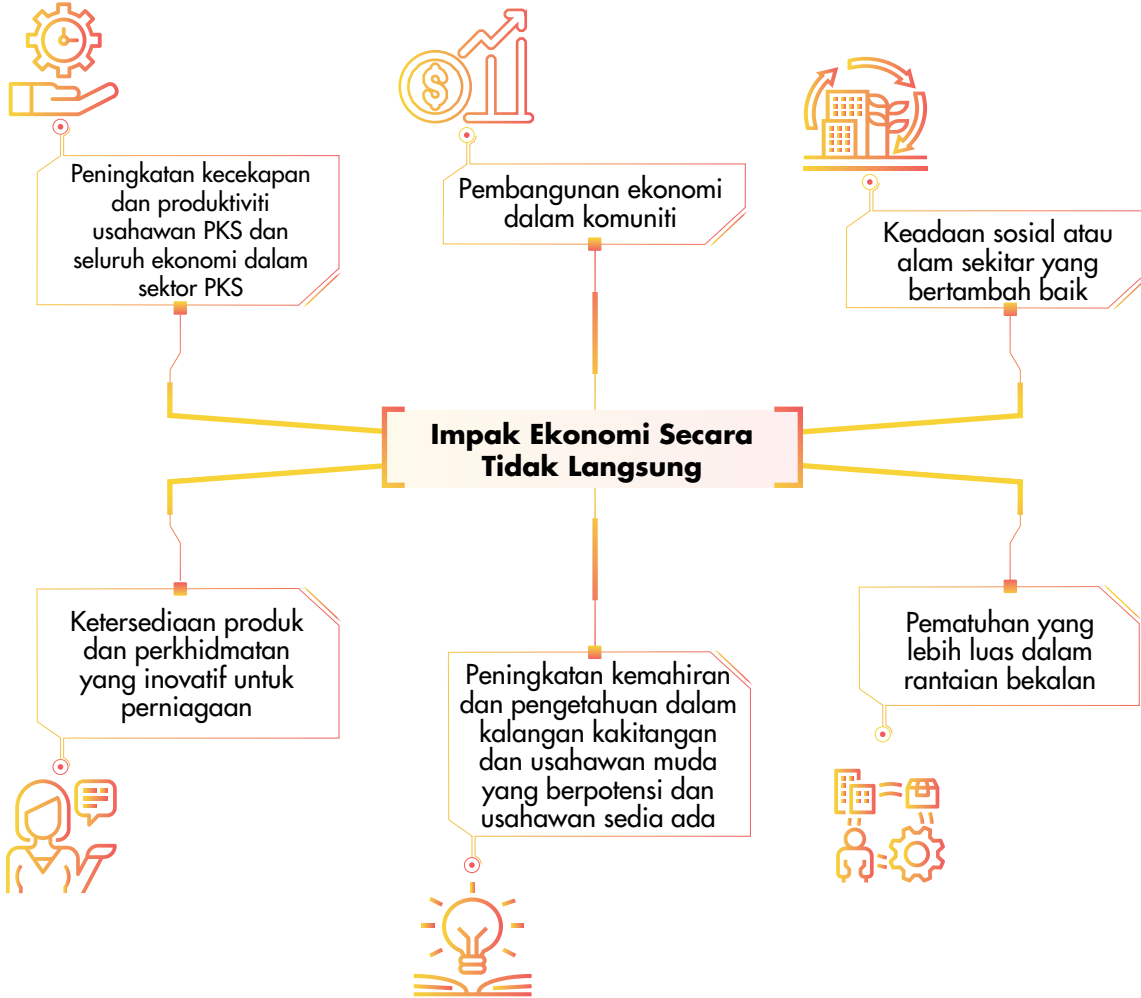
On the other hand, our indirect economic impacts are both monetary and non-monetary, which go beyond extrinsic values in relation to knowledge, development, safety, health, conservation and wellbeing, amongst many others.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Impak Ekonomi Secara Tidak Langsung



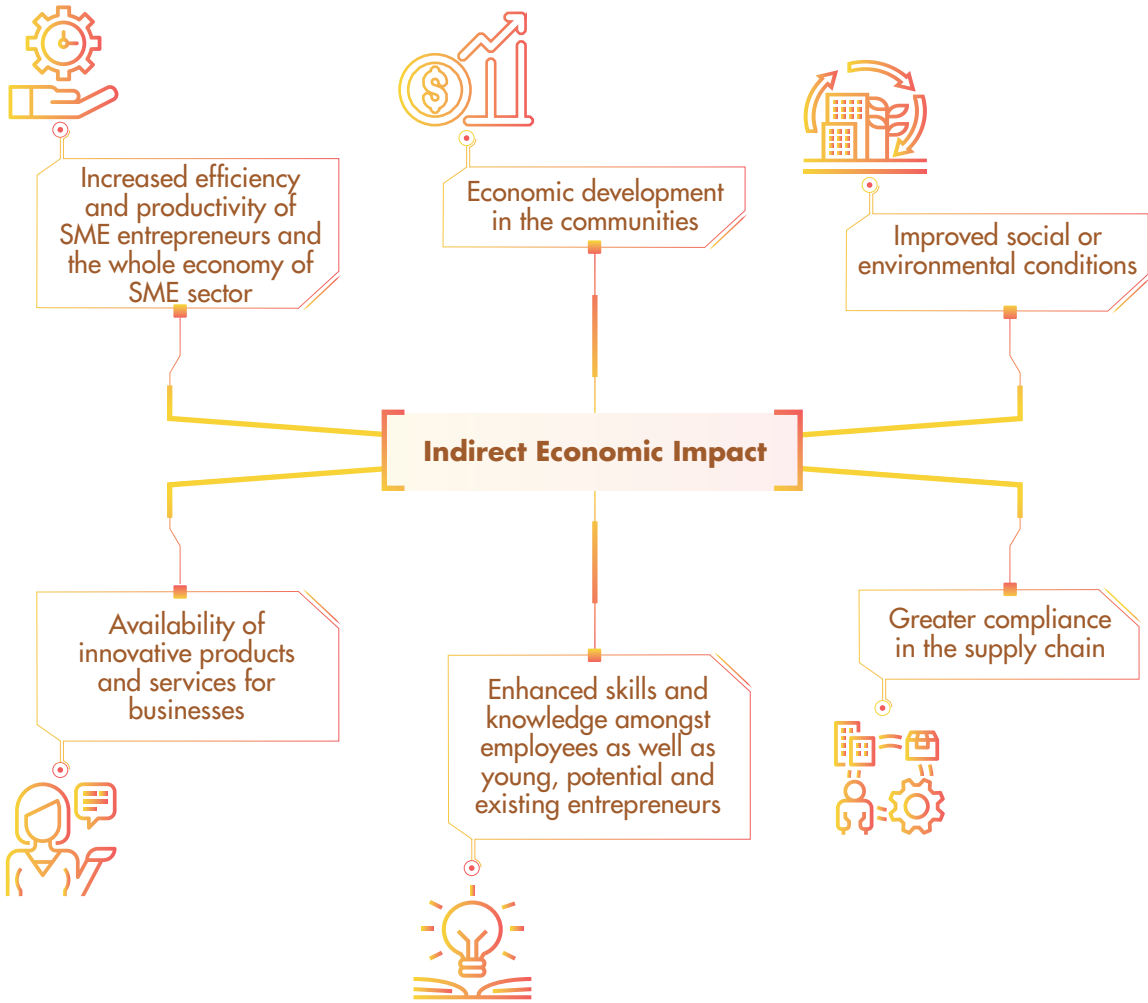
Langkah menggalakkan kemampanan dalam semua bentuk dan menjadi warga korporat yang baik kekal penting dalam cara kami mengendalikan perniagaan. Kebanyakan perkhidmatan kami yang menjangkau pembiayaan mempunyai impak ekonomi secara tidak langsung seperti yang dipaparkan dalam laporan ini di seksyen Alam Sekitar dan Sosial.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Indirect Economic Impact



Promoting sustainability in all its forms and being a good corporate citizen remain important to the way we operate our business. Many of our services, which go beyond financing, have indirect economic impacts, as highlighted in Environmental and Social sections of this report.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Menyelesaikan Isu-isu Sosial dan Mencipta Nilai melalui Perniagaan Kami

Resolving Social Issues and Creating Value through Our Businesses

SOSIAL SOCIAL



Sejak beberapa tahun, SME Bank telah memberi penekanan besar terhadap kepentingan kualiti perhubungan dan libat urus dengan pihak berkepentingannya. Kami mengakui secara langsung atau tidak langsung, apa yang kami lakukan memberi kesan kepada semua pihak berkepentingan kami termasuk kakitangan, pelanggan, dalam rantai bekalan dan masyarakat setempat. Justeru, kami perlu mengenal pasti dan menguruskan perniagaan yang memberi kesan ini secara proaktif bagi memastikan kemampuan sosial.

Bagi mencapai matlamat ini, kami memfokus terhadap proses pembangunan dan program yang menggalakkan interaksi sosial. Kami memberi penekanan terhadap aspek menghormati kepelbagaian sosial dan memastikan keutamaan modal sosial Bank terjaga.

Kami berusaha untuk menyelesaikan pelbagai isu sosial melalui perniagaan yang mampu mendorong pertumbuhan sambil mencapai kemampuan ekonomi. Dengan ini dan bagi memenuhi harapan pihak berkepentingan, kami mengenal pasti empat isu penting.

For many years, SME Bank has placed great importance on the quality of relationships and engagement with its stakeholders. We acknowledge that directly or indirectly, what we do impact all our stakeholders including employees, customers, workers in the supply chain and local communities. Therefore it is important to identify and manage business impacts proactively to ensure social sustainability.

In this regard, we focus on the development of processes and programmes that promote social interaction. We emphasise on the vulnerable, respecting social diversity and ensuring the Bank's priority on social capital.

We endeavour to resolve social issues through business which could help drive our own growth while materialising sustainable economy. With this in mind, and in meeting stakeholder expectations, we accordingly identify four material issues.



Membangunkan modal insan
Developing human capital



Menyumbang kepada pembangunan komuniti setempat
Contributing to the development of local communities



Mencapai keharmonian dengan alam sekitar
Achieving harmony with the environment



Mempertingkatkan tadbir urus
Enhancing governance

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Platform kami untuk penglibatan komuniti termasuk kesihatan dan keselamatan serta mempertingkatkan tahap kehidupan. Pada 2020, SME Bank terlibat dalam beberapa aktiviti berkaitan pandemik COVID-19 di samping program-program komuniti lain yang sedang dijalankan. Aktiviti tersebut antara lain termasuk menderma barangan perubatan dan peralatan perlindungan diri kepada hospital dan petugas barisan hadapan bagi membantu melindungi kumpulan berisiko daripada dijangkiti oleh pandemik ini. Secara keseluruhan, kami terlibat dalam 35 program Tanggungjawab Sosial Korporat (CSR) sepanjang tahun ini.

Kami menganggap projek-projek ini sebagai pelaburan, yang mana kami menetapkan objektif yang jelas dengan keputusan yang boleh dinilai berserta kumpulan sasaran tertentu. Semua aktiviti perlu sesuai dengan Kod Tata Laku, yang juga bererti kami tidak terlibat dalam sebarang aktiviti berbau politik atau melanggar undang-undang, atau dalam projek yang mungkin dianggap bahaya terhadap kesihatan atau alam sekitar.

Prinsip kami berhubung dimensi sosial dalam kemampanan korporat ini adalah berasaskan kepada pendekatan yang mengutamakan insan terhadap impak perniagaan. Walaupun tanggungjawab utama Kerajaan adalah untuk melindungi dan memenuhi harapan rakyat, namun kami terus memainkan peranan untuk menyumbang atau sekurang-kurangnya mengambil tindakan untuk menangani sebarang impak terhadap kehidupan manusia.


Oleh itu, laluan untuk menyelesaikan isu-isu sosial dan mencipta nilai melalui perniagaan memerlukan kami:


Our platform for community involvement includes areas of health and safety as well as upliftment of living. In 2020, SME Bank engaged in a number of activities related to the COVID-19 pandemic in addition to our usual on-going community programmes. It ranged from donating medical and personal protective equipment to hospitals and frontliners to supporting vulnerable people affected by the pandemic. In total, we were involved in 35 Corporate Social Responsibility (CSR) programmes throughout the year.


We view our community projects as investments, for which we set clear objectives with measurable results and target groups. All activities must conform to our Code of Conduct, which means that we do not engage in any activities of political or unlawful nature, or in projects that may be viewed as hazardous to health or the environment.


Our principle on this social dimension of corporate sustainability is a people-centred approach to business impacts. While it is the primary duty of the Government to protect and fulfil the people's needs, we continuously do our part to contribute and at a minimum, to undertake possible actions to address any adverse impacts on human lives.

The pathway to resolving social issues and creating value through our business thus require us to:

- 

Menyelaraskan kerja amal dengan aktiviti Bank
Align our charitable giving with the Bank's activities
- 

Menggalakkan kakitangan terlibat dalam kerja amal
Actively encourage our people to get involved in charity work
- 

Bertindak balas secara profesional dan pada masa yang tepat terhadap keperluan orang ramai
Respond in a professional and timely manner to public needs
- 

Terus memperbaiki tanggapan dan pengalaman orang ramai terhadap Bank
Continue to improve public perception and experience of the Bank

Penciptaan Nilai melalui Kemampanan

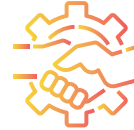
Creating Value through Sustainability

Untuk melengkapi usaha ini, kami telah mengambil langkah-langkah berikut untuk:
Complementing these are the additional steps we take to:



Membuat pelaburan sosial strategik dan menggalakkan amalan yang menyokong kemampanan sosial

Make strategic social investments and promote public policies that support social sustainability



Bekerjasama dengan pelbagai badan lain seperti pertubuhan bukan Kerajaan untuk menjana kekuatan bagi mencapai kesan positif yang lebih meluas

Partner with other bodies such as non-government organisations to pool strengths for a greater positive impact

Mencipta Nilai Sosial melalui Perniagaan

SME Bank terus berusaha meraih keuntungan melalui persaingan yang adil dan pada masa yang sama memberi manfaat kepada masyarakat. Memaksimumkan keuntungan dalam operasi perniagaan merupakan matlamat pengurusan yang penting, namun pada masa yang sama kami juga ingin terus menyumbang kepada masyarakat. Kejayaan dalam bidang ini menjadi kunci utama bagi Bank mencapai matlamatnya dan membolehkan kami memberi kepuasan kepada semua pihak berkepentingan.

Kesan CSR yang semakin meningkat dalam masyarakat telah menjadi semakin penting dalam aktiviti pengurusan dan perniagaan kami. CSR secara umumnya adalah berkaitan dengan perkongsian keuntungan daripada perniagaan kami dengan masyarakat dan membabitkan aktiviti libat urus yang memberi manfaat kepada masyarakat serta kerja-kerja sukarela oleh kakitangan.

Kami berusaha untuk memberi kepuasan kepada pelbagai jangkaan dan permintaan daripada pihak berkepentingan dan menyesuaikan keadaan dengan perubahan dalam masyarakat. Dalam berinteraksi dengan masyarakat, kami ingin memenuhi dua harapan iaitu meminimumkan impak negatif dan memaksimumkan impak positif.

Creating Social Value through Business

SME Bank continues to pursue profits through fair competition and at the same time bring benefits to society. Maximising profits in our business operations is an important management goal but at the same time, we want to continue pursuing our social contribution to the communities. Such accomplishment in this area is key to our going concerns of the Bank and enables us to satisfy all stakeholders.

The increasing impact of CSR on society has grown to become an integral part of our management and business activity. CSR is mainly about the sharing of profits from our business with the community and involves engaging in activities that benefit society and volunteer work by employees.

We strive to satisfy the increasingly diverse expectations and demands of stakeholders and to adapt to changes in society. In our interactions with society, we want to live up to two different types of expectation which are, minimising negative impact and maximising positive impact.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



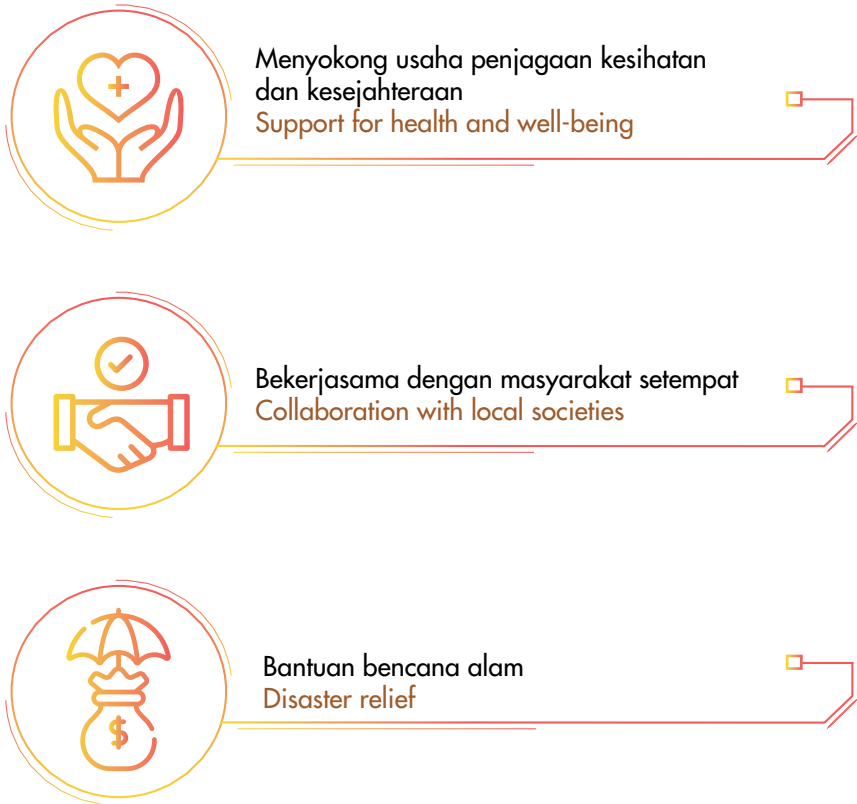
Dasar Asas Berhubung Sumbangan Sosial kepada Masyarakat

Salah satu bidang utama CSR kami adalah sumbangan kepada masyarakat. Untuk menjayakan usaha ini, kami akan terus membina dan mengekalkan hubungan yang harmoni dengan masyarakat setempat melalui permuafakatan dan kerjasama. Ini akan membolehkan kami menghulurkan sumbangan positif bagi membantu menyelesaikan pelbagai isu kemasyarakatan dan mewujudkan masyarakat yang mampan. Kami turut menggalakkan semua kakitangan agar komited untuk menjayakan CSR dalam operasi perniagaan harian mereka.

Basic Policy on Social Contribution towards the Communities

One major area of our CSR is the contribution to society. To achieve this, we will continue to build and maintain harmonious relationship with local communities through collaboration and cooperation. This will help us to make more positive contributions to solving societal issues and creating a sustainable society. We also encourage all employees to commit themselves to the fulfilment of CSR in their daily business operations.

Bidang Utama: Priority Areas:



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Aktiviti Sumbangan Sosial

SME Bank menyumbang kepada masyarakat melalui operasi perniagaannya dan pada masa yang sama berhubung secara proaktif dengan masyarakat setempat sebagai sebuah warga korporat, justeru, menyumbang kepada pembangunan kemampanan masyarakat. Kami juga mengambil bahagian dalam pelbagai aktiviti lain bagi memupuk kewujudan bersama dalam masyarakat dengan menghulurkan bantuan kepada individu atau kumpulan yang berkenaan. Penglibatan berterusan dalam aktiviti sebegini menjadi asas penting kepada aktiviti perniagaan Bank terutamanya pada tahun yang terjejas akibat krisis COVID-19 ini.

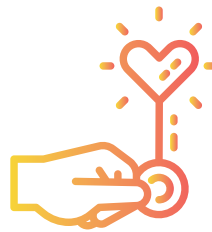
Social Contribution Activities

SME Bank contributes to society through its business operations while interacting proactively with local communities as a corporate citizen, thereby contributing to the sustainable development of society. We also participate in various other activities to foster co-existence with communities by extending support to persons or groups of concern. Continued involvement in these activities makes up an important foundation for the Bank's business activities particularly during the year of COVID-19 crisis.

- Menggalakkan lebih banyak usaha kedermawanan yang lebih baik
Drive more and better philanthropy
- Menerokai kaedah-kaedah baharu dan berinovasi untuk berhubung dan menyokong
Exploring new and innovative ways to connect and support

- Komuniti kami
Our communities
- Sektor kebajikan bagi mengharungi cabaran krisis yang getir
The charitable sectors through the depth of the crisis

RM592,527.20



Sumbangan langsung korporat kami pada tahun ini
Our direct corporate giving during the year

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Aktiviti Kedermawanan

Pandemik COVID-19 pada tahun 2020 telah memberi ujian getir yang belum pernah dihadapi oleh masyarakat kita. Keadaan luar biasa ini telah mengubah cara hidup, cara bekerja dan cara kita menyumbang. Ketika cabaran semakin hebat, kami meneruskan usaha untuk meningkatkan aktiviti menderma yang lebih baik, menerokai kaedah-kaedah baharu dan berinovasi untuk berhubung dan menyokong masyarakat dan sektor kebajikan bagi mengharungi cabaran krisis yang getir ini. Sumbangan yang kami hulurkan termasuk pembayaran Zakat serta sumbangan langsung dalam bentuk wang tunai dan barangan.

Sumbangan langsung korporat kami pada tahun ini berjumlah RM592,527.20. Lebih daripada 3,700 orang (35 program) telah mendapat manfaat daripada pelbagai aktiviti sumbangan yang dijalankan bagi memenuhi keperluan mereka, dengan lancar dan mengikut kesesuaian.

Philanthropic Activities

The year 2020 will be inked with the myriad of impacts of COVID-19 which have tested our community like never before. This unprecedented event has reshaped how we live, work, and give. As the challenges mounted during the year, we continued our efforts to drive more and better philanthropy, exploring new and innovative ways to connect and support our communities and the charitable sector through the depth of the crisis. Our contributions came from the Zakat payment we made as well as direct donations in cash and in kind.

Our direct corporate giving during the year totalled RM592,527.20. Over 3,700 (from 35 programmes) people benefitted from the various philanthropic activities we carried out in responding to their needs, with unparalleled swiftness and flexibility.

Program Programme	Penerima Recipients	Jumlah Sumbangan Total Amount
Sumbangan wang tunai bagi pembelian peralatan perubatan untuk memerangi pandemik COVID-19 Cash contribution for the purchase of medical equipment to fight against the COVID-19 pandemic	<ul style="list-style-type: none"> Agensi Pengurusan Bencana Negara (NADMA) National Disaster Management Agency (NADMA) Kementerian Kesihatan Malaysia Ministry of Health Malaysia Jabatan Kemajuan Islam Malaysia Department of Islamic Development Malaysia Hospital Universiti Sains Malaysia Hospital Universiti Sains Malaysia Hospital Serdang Hospital Serdang Persatuan Perbankan Islam dan Institusi Kewangan Malaysia Association of Islamic Banking and Financial Institutions Malaysia 	RM300,000
Sumbangan wang tunai untuk Tabung Bencana Covid Cash contribution for Covid Disaster Fund	Persatuan Bulan Sabit Merah Malaysia Malaysian Red Crescent Society	RM50,000

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Program Programme	Penerima Recipients	Jumlah Sumbangan Total Amount
Sumbangan kepada Dana Khas Kecemasan PKS Contribution for 'Dana Khas Kecemasan PKS'	Kementerian Pembangunan Usahawan dan Koperasi (MEDAC) Ministry of Entrepreneur Development and Cooperatives (MEDAC)	RM50,000
Program Ramadan di cawangan SME Bank seluruh negara – 23 lokasi Ramadan programmes at SME Bank branch networks nationwide – 23 locations	Kategori Kurang Bernasib Baik/B40 Underprivileged/B40 category	RM34,500
Pengagihan hamper makanan dengan kerjasama Yayasan Sukarelawan Siswa Distribution of food hampers, in collaboration with Yayasan Sukarelawan Siswa	Penghuni PPRT Taman Medan, Petaling Jaya, Selangor Residents of PPRT Taman Medan, Petaling Jaya, Selangor	RM15,000
Sumbangan hamper Hari Raya bagi anggota tentera Contribution for Hari Raya Aidilfitri hampers for armed forces personnel	Angkatan Tentera Malaysia Malaysian Armed Forces	RM10,000
Pengagihan 300 pek makanan Distribution of 300 food packs	Petugas barisan hadapan di Hospital Sg Buloh dan Pusat Kuarantin MAEPS Frontliners at Hospital Sg. Buloh and MAEPS Quarantine Centre	RM6,000
Pengagihan 150 pek makanan dengan kerjasama Yayasan Kebajikan Negara Distribution of 150 food packs, in collaboration with National Welfare Foundation (YKN)	Gelandangan di Pusat Gelandangan Kuala Lumpur Homeless people at Pusat Gelandangan Kuala Lumpur	RM3,000
Sumbangan pek makanan Contribution of food pack	Kakitangan Kementerian Kewangan Staff of Ministry of Finance (MOF)	RM1,427.20
Program Penjana Komuniti Penjana Komuniti Programme	Kategori B40 di PPRT terpilih di Kuala Lumpur dan Selangor B40 category at selected PPRT in Kuala Lumpur and Selangor	RM38,000
CSR Sehari seluruh Bank – sumbangan 3,123 pek makanan One-Day CSR Bank wide – contribution of 3,123 food packs	Petugas barisan hadapan yang sedang bertugas di hospital dan agensi MKN Frontliners on duty at selected Government's hospital & MKN's agencies	RM50,000

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Menjangkau Kederewanan

Kami sentiasa berusaha untuk mempertingkatkan pencapaian kami dalam memenuhi piawaian penciptaan nilai mampan yang menjangkau erti kederewanan.

Nadi, tonggak dan keazaman yang memacu kesinambungan kejayaan kami adalah komuniti di mana kami mencurahkan khidmat dan PKS yang dibantu untuk berkembang.

Pendekatan CSR kami adalah untuk tidak membataskan kerja amal kebajikan hanya kepada satu atau beberapa bentuk pelaksanaan dan membiarkan masalah sosial sekadar ditangani oleh usaha kederewanan semata-mata. Sebaliknya, kami tegar untuk mencipta nilai sosial melalui cara yang mampu mewujudkan kesan lebih lestari.

Dalam memenuhi mandat untuk memupuk dan membangunkan PKS negara, kami bukan sekadar berusaha mengharmonikan hubungan dengan masyarakat, malah pada masa yang sama menerima pakai pendekatan CSR progresif yang memfokus kepada pencapaian matlamat dan pulangan jangka panjang.

Sebagai warga korporat yang bertanggungjawab, SME Bank tampil untuk memainkan peranan sepanjang tempoh penularan pandemik COVID-19 yang begitu mencabar. Bagi komuniti di mana kami beroperasi, kami kekal teguh dalam komitmen untuk menjana sokongan bagi membantu usahawan mikro, kecil dan sederhana menghadapi impak ekonomi.

Beyond Philanthropy

We constantly challenge ourselves to raise the bar in meeting the standard of sustainable value creation which goes beyond philanthropy.

The heart, soul, and driving force behind our continued success are both the communities that we serve and the SMEs that we help grow.

Our approach to CSR is not to limit our altruism to one or a few actions and to leave social concerns only to philanthropy. Instead, we unconditionally pursue social value in a way that could leave even more lasting impact.

Fulfilling our mandate to nurture and develop the nation's SMEs, we do not only harmonise relationships with the community, but at the same time adopt a very progressive CSR approach that focuses on long-term goals and long-term returns.

As a responsible corporate citizen, SME Bank stepped up to play our part during the challenging time of the COVID-19 pandemic. For the communities in which we operate, we are resolute in our commitment to generate support to assist micro, small and medium entrepreneurs to overcome the economic impacts.



Kami bukan sekadar berusaha mengharmonikan hubungan dengan masyarakat, malah pada masa yang sama menerima pakai pendekatan CSR progresif yang memfokus kepada pencapaian matlamat dan pulangan jangka panjang

We do not only harmonise relationships with the community, but at the same time adopt a very progressive CSR approach that focuses on long-term goals and long-term returns

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Kami mereka bentuk program-program untuk memperkasa usahawan dan pemilik perniagaan kecil yang bermasalah bagi memperbaiki kehidupan masing-masing. Di samping itu, usaha pendigitalan kami memberi sokongan kepada masyarakat secara lebih meluas melalui peningkatan pertumbuhan dan inovasi. Menerusi anak syarikat kami, Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR), SME Bank menyediakan latihan, bimbingan dan mentor kepada para peserta bagi membolehkan mereka menerima pakai strategi perniagaan berinovatif, mempertingkatkan kemahiran pengurusan perniagaan dan menambah baik kecekapan mereka dalam mendapatkan dan mengekalkan pelanggan.

Cabaran operasi yang dihadapi oleh kebanyakan perniagaan akibat pandemik COVID-19 telah menjadikan mereka lebih banyak bergantung kepada saluran digital. Sepanjang tahun 2020, kami berjaya memainkan peranan CSR dalam menyediakan pelbagai platform digital untuk manfaat mereka, termasuk mesyuarat, latihan, bimbingan dan aktiviti urusan perniagaan secara maya. Komitmen kami untuk menawarkan sokongan kepada komuniti perniagaan adalah gambaran yang sungguh bermakna dan jelas terhadap hasrat yang tersirat melalui usaha kami untuk saling membantu dalam mengharungi tempoh yang tidak pasti ini.

Sejajar dengan komitmen tersebut, kami melaksanakan empat program utama pada tahun ini iaitu Program Keusahawanan asnaf (ISHRAF), Penjana Komuniti@SME Bank, program televisyen SUKSES 4.0 dan SME Bank Y-Biz Challenge.



Kami menyediakan latihan, bimbingan dan mentor kepada para peserta bagi membolehkan mereka menerima pakai strategi perniagaan berinovatif

We provide training, coaching and mentoring to participants, which enable them to adopt innovative business strategies

We designed programmes to empower disadvantaged entrepreneurs and small business owners to improve their lives. Beyond all this, our digitalisation efforts support wider communities through increased growth and innovation. Through our subsidiary, CEDAR, we provide training, coaching and mentoring to participants, which enable them to adopt innovative business strategies, enhance their business management skills and improve skills to acquire and retain clients.

The COVID-19 pandemic presented operational challenges for many a business, and had them pivoting to delivery through digital channels. For the whole of 2020, we have successfully played our CSR role in enabling digital platforms for their benefit, including virtual meetings, trainings, coaching, and business transactional activities. Our commitment to offering support to the business communities is a meaningful and tangible reflection of our intent as we work to help each other through such period of uncertainty.

In line with this commitment, we undertook four major programmes during the year namely the *asnaf* Entrepreneurship Programme (ISHRAF), Penjana Komuniti@SME Bank, SUKSES 4.0 television programme, and SME Bank Y-Biz Challenge.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Program Keusahawanan Asnaf (ISHRAF)

Program ISHRAF bermatlamat untuk membantu usahawan yang layak menerima Zakat (*asnaf*) dan kumpulan yang mewakili golongan dengan pendapatan isi rumah 40% paling rendah (B40) untuk membangunkan perniagaan mikro mereka.

la merupakan program intervensi di mana impak langsung program ini adalah bagi membantu para usahawan dalam kategori ini untuk memulakan semula dan mengembangkan perniagaan mereka selepas Perintah Kawalan Pergerakan pertama (PKP 1.0) ditamatkan.

Program tersebut dilaksanakan dengan latihan keusahawanan amali yang menyediakan mereka dengan ilmu dan kemahiran asas perniagaan yang sesuai untuk menjadi usahawan berjaya. Program tersusun ini akan melahirkan usahawan *asnaf* yang lebih berdaya saing dan berdaya tahan di kalangan B40.

Kami memperuntukkan sebanyak RM250,000 bagi program ini dan pelaksanaannya telah mendapat sokongan daripada Lembaga Zakat Selangor (LZS) manakala anak syarikat kami, CEDAR pula berperanan sebagai perunding latihan keusahawanan.

ISHRAF adalah sebuah program unik di mana *asnaf* tidak menerima zakat dalam bentuk wang biasa tetapi dalam bentuk modal perniagaan antara RM8,000 dan RM12,000, bergantung kepada keperluan khusus setiap perniagaan mereka.

Bagi melengkapi program ini, para usahawan memerlukan kemahiran keusahawanan dan kaedah yang sesuai untuk meningkatkan kemampuan dan pembangunan bakat yang melibatkan latihan keusahawanan di dalam kelas serta bimbingan dan pemantauan perniagaan oleh CEDAR. Modul-modul berstruktur yang disusun dalam program tersebut meliputi strategi pembelian dan penjualan, kemahiran pendigitalan, pengurusan kewangan, proses-proses dan operasi perniagaan, serta pengurusan bakat.

Pada tahun ini, kami telah memilih 20 usahawan mikro daripada kumpulan B40 untuk menyertai program berkenaan. Penyertaan mereka adalah bagi tempoh setahun dari September 2020 hingga Oktober 2021 bagi memastikan pencapaian matlamat perniagaan yang telah ditetapkan di awal program.

Asnaf Entrepreneurship Programme (ISHRAF)

The ISHRAF programme aims at helping entrepreneurs who are entitled to receive Zakat (*asnaf*) and groups who represent the bottom 40% of household income (B40) to develop their micro businesses.

It is an intervention programme for which its immediate impact was in helping this category of entrepreneurs to restart and expand their business after the country's first Movement Control Order (MCO 1.0) ended.

The programme applies a hands-on entrepreneurship knowledge which provide them with the basic business skills and proper tools to become successful entrepreneurs. The structured programme would create more competitive and resilient *asnaf* entrepreneurs among the B40.

We allocated RM250,000 for the programme and its implementation has been supported by Lembaga Zakat Selangor (LZS) and our subsidiary, the Centre For Entrepreneur Development And Research Sdn. Bhd. (CEDAR) as the entrepreneurial training consultant.

ISHRAF is a unique programme in which the *asnaf* do not receive tithe in the usual monetary form but in the form of seed fund between RM8,000 and RM12,000, depending on the specific needs of their respective business.

Complementing this is the proper entrepreneurship skills and tools to up skill their capacity building and talent development which involves classroom training as well as business coaching and monitoring by CEDAR. The structured modules throughout the programme include purchases and sales strategies, digitalisation skills, financial management, business processes and operations, and talent management.

During the year, we selected 20 micro *asnaf* entrepreneurs under the B40 group to participate in the programme. Their participation would be for a period of one year, from September 2020 until October 2021 to ensure the attainment of business goals set at the beginning of the programme.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Program ini telah memberi hasil yang amat positif di mana para peserta berjaya menjana hasil jualan terkumpul sebanyak RM262,788 setakat 31 Disember 2020.

Kami berasa bangga kerana ISHRAF telah diangkat dan dipantau secara dekat sebagai salah satu inisiatif di bawah usahasama antara Kementerian Pembangunan Usahawan dan Koperasi (MEDAC) dan Jabatan Perdana Menteri (Hal Ehwal Agama). Berikutan kejayaan dan impak positif yang ditempa, program ini akan diteruskan pada tahun 2021 dengan pelaksanaan ISHRAF 2.0.

The outcome of the programme has been very positive, with the participants generating total accumulated sales of RM262,788 as at 31 December 2020.

We are proud that ISHRAF has been elevated and closely monitored as one of the initiatives under the strategic collaboration between the Ministry of Entrepreneur Development and Cooperatives (MEDAC) and the Prime Minister's Department (Religious Affairs). Subsequent to its success and positive impact, the programme will continue in 2021 with ISHRAF 2.0.

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank adalah satu inisiatif yang kami laksanakan bagi menyokong usaha Kerajaan memperkasa kumpulan B40 supaya perniagaan mereka terus berdaya maju, khususnya sepanjang krisis COVID-19.

20 orang usahawan mikro B40 terlibat dalam program perintis ini yang bermatlamat untuk memangkin aktiviti ekonomi mereka yang terjejas oleh krisis COVID-19.

Ini merupakan sebuah program latihan praktikal untuk menambah baik kemahiran mereka mengendalikan perniagaan dalam talian masing-masing secara sistematik. Selain itu, program tersebut turut membantu usahawan mikro dan kecil untuk mengembangkan perniagaan dan meluaskan capaian pasaran mereka melalui latihan dan bimbingan yang tersusun.

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank is an initiative we undertook in support of the Government's efforts to empower the B40 group, in order for their business to continue to be viable, especially during the COVID-19 crisis.

The pilot programme involved 20 selected B40 micro entrepreneurs, with the aim to stimulate their economic activities that are affected by the COVID-19 crisis.

It is a hands-on training programme to improve the entrepreneurs' skills in running their online business in a systematic manner. Additionally, the programme assists micro and small entrepreneurs to grow their business and expand their market reach through a structured training and coaching.



Penjana Komuniti@SME Bank adalah satu inisiatif yang kami laksanakan bagi menyokong usaha Kerajaan memperkasa kumpulan B40

Penjana Komuniti@SME Bank is an initiative we undertook in support of the Government's efforts to empower the B40 group

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Tujuan utama kami adalah untuk melengkapkan mereka dengan pengetahuan dalam kemahiran digital dan mentransformasi perniagaan mereka menjadi e-dagang. Ini sudah tentu akan membantu menyumbang kepada kemampuan dan mempercepatkan pertumbuhan perniagaan mereka.

Tumpuan program tersebut adalah untuk mendedahkan para peserta kepada penggunaan efektif platform digital dan media sosial seperti Facebook, Instagram dan Google bagi pengembangan perniagaan yang lebih strategik.

Kami menggabungkan latihan dalam kelas dengan bimbingan dan pementoran berkumpulan serta membantu mereka membangunkan rancangan pemasaran digital masing-masing bagi memastikan mereka mampu menggunakan sepenuhnya pelbagai platform pemasaran digital.

Pada tahun ini, 20 orang peserta telah menyempurnakan pengalaman digital mereka dengan kejayaan membangunkan laman sesawang perniagaan, di samping halaman Facebook, Instagram serta sistem perakaunan digital, sistem perakaunan berasaskan cloud dan pemasaran digital.

Penjana Komuniti@SME Bank telah menghasilkan satu impak besar yang mana Kementerian Pembangunan Usahawan dan Koperasi (MEDAC) telah mengiktiraf kepentingan peranan pembangunan yang dijalankan oleh SME Bank.

Justeru, Kementerian telah memperuntukkan RM3 juta untuk menyokong Penjana Komuniti@SME Bank bagi tahun 2021. Dana ini akan digunakan untuk program latihan dan bimbingan. Kami menasarkkan sebanyak 220 perniagaan mikro dan kecil di bawah kategori B40 di seluruh negara akan beroleh manfaat daripadanya di mana setiap peserta akan menerima geran sebanyak RM10,000 sebagai modal permulaan.



Kementerian telah memperuntukkan **RM3 juta** untuk menyokong Penjana Komuniti@SME Bank

Ministry has allocated **RM3 million** to support the Penjana Komuniti@SME Bank

Our main intention is to equip them with the knowledge in digital skills and to transform their business into e-commerce. This in turn will help contribute to the sustainability and accelerate growth of their business.

The programme focuses on exposing the participants in the effective use of digital and social media platforms such as Facebook, Instagram and Google, for more strategic business expansion.

We combine classroom training with group coaching and mentoring, and help them develop their digital marketing plans to ensure they can fully utilise the digital marketing platforms.

During the year, 20 participants completed their digital journey experience with the successful development of business websites, in addition to Facebook pages, Instagram as well as digital accounting system, cloud-based accounting system and digital marketing.

The high impact of Penjana Komuniti@SME Bank has been tremendous that the Ministry of Entrepreneur Development and Cooperatives (MEDAC) acknowledges the importance of SME Bank's developmental role.

As a result, the ministry has allocated RM3 million to support the Penjana Komuniti@SME Bank for 2021. This fund will be utilised for training and coaching programmes. We target about 220 micro and small businesses under the B40 category nationwide will benefit from this and each participant will receive a grant of RM10,000 as seed capital.

Golongan B40 di seluruh negara akan menerima geran sebanyak **RM10,000** sebagai modal permulaan

B40 category nationwide receiving a grant of **RM10,000** as seed capital

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Program Televisyen SUKSES

Komited untuk memupuk dan membangunkan usahawan muda yang berjaya, kami telah meneruskan produksi program televisyen yang kali pertama kami mulakan pada 2017 dengan stesen media Astro Awani.

Kami telah memulakan kerja-kerja pra-penerbitan bagi musim keempat SUKSES pada tahun 2020. Berbeza dengan tiga musim sebelumnya, SUKSES 4.0 menggabungkan konsep majalah TV dengan program realiti di mana SME Bank melantik pelanggan-pelanggannya yang berjaya daripada pelbagai industri untuk menjadi mentor kepada para peserta yang akan bersaing dalam sebuah pertandingan perniagaan berbentuk program realiti.

Bagi menggalakkan keusahawanan di kalangan golongan muda di Malaysia, kami menggunakan pendekatan berinovatif menerusi konsep program TV realiti bagi menghasilkan sebuah rancangan yang lebih segar dan menarik. Beberapa penganjur yang telah berjaya dalam industri masing-masing akan menjadi mentor kepada para peserta di mana mereka akan bersaing dalam pertandingan perniagaan realiti yang menawarkan hadiah-hadiah bernilai lebih RM100,000.

Peserta turut mendapat pengalaman pembelajaran secara praktikal daripada mentor dan CEDAR tentang pelbagai topik seperti operasi perniagaan, penentuan kos produk, pengeluaran, pemasaran, penjualan dan perakaunan. Mereka turut mendapat bimbingan daripada pakar pemasaran digital berhubung media sosial dan digital bagi memperkukuhkan kedudukan perniagaan mereka dan meluaskan penembusan pasaran dalam e-dagang.

Episod pertama daripada 13 episod rancangan tersebut telah ditayangkan pada 11 Julai 2021 di saluran Astro Awani 501. Sejak tiga tahun yang lalu, SUKSES terbukti berjaya mencetuskan impak besar dengan pertambahan bilangan tontonan dan capaian yang sangat memberangsangkan. SUKSES mencatat pertambahan tontonan dan capaian media sosial yang menggalakkan daripada 610,000 pada musim pertama kepada lebih 5 juta selepas tiga musim, peningkatan tujuh kali ganda sebanyak 733.33%.

Kami menjangka SUKSES 4.0 bakal mencatat tontonan dan capaian media sosial berjumlah 1.5 juta. Namun begitu, apa yang lebih penting, SUKSES telah menjadi satu wadah bagi wacana intelek berhubung isu-isu berkaitan PKS dalam usaha kami untuk terus menyokong Dasar Keusahawanan Nasional 2030 Kerajaan yang bermatlamat menjadikan Malaysia sebuah negara berkeusahawanan unggul menjelang 2030.

SUKSES Television Programme

Committed to nurturing and developing successful young entrepreneurs, we continued with the production of a television programme which we first started in 2017 with Astro Awani media station.

We started the pre-production of the fourth season of SUKSES in 2020. Different than the previous three seasons, SUKSES 4.0 combines a magazine TV concept with a reality show where SME Bank appoints its successful clients from various industries to mentor the participants who will compete in a reality business competition.

In promoting entrepreneurship amongst the younger Malaysians, we take this innovative approach which also takes on a reality TV concept for a fresher and more captivating show. Our own clients who have been successful in their various industries will mentor the participants who are competing in the reality business competition which offers prizes worth over RM100,000.

Participants also gain hands-on learning experience from the mentors and CEDAR on various topics such as business operations, product costing, production, marketing, sales and accounting. They also receive coaching from a digital marketing guru on social media and digital to strengthen their business standing and expand market penetration in e-commerce.

The first of its 13-episode was aired on 11 July 2021 at 501 Astro Awani channel. Over the past three years, SUKSES has proven to be highly impactful, with growing number in viewership and reach is very encouraging to note that SUKSES has since recorded an overwhelming increase in viewership and social media reach from 610,000 during its first season to over 5 million after three seasons, a seven-fold increase of 733.33%.

For SUKSES 4.0, we expect a total of 1.5 million in viewership and social media reach. Of greater impact is that SUKSES has become a platform for intellectual discourses on SME-related issues, as we continue to support the Government's National Entrepreneurship Policy 2030 which aims at turning Malaysia into an outstanding entrepreneurial nation by 2030.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



SME Bank Y-Biz Challenge

SME Bank Y-Biz Challenge merupakan program utama Tanggungjawab Sosial Korporat (CSR) kami sejak ia diperkenalkan pada tahun 2012.

Edisi keenam program ini yang dijadual diadakan pada tahun 2020 telah ditunda disebabkan oleh kekangan akibat pandemik COVID-19. Walau bagaimanapun, pertandingan yang menawarkan hadiah wang tunai berjumlah RM91,000 ini akan diteruskan pada tahun 2021, justeru, menegaskan komitmen kami dalam melatih dan memupuk usahawan masa hadapan dengan mencetuskan minat terhadap keusahawanan.

Ia merupakan inisiatif unik kami bagi menyediakan peluang kepada pelajar sekolah menengah menampilkan bakat, kreativiti dan daya inovasi perniagaan mereka. Melalui program ini, kami melatih dan membimbing mereka dengan menimbulkan minat terhadap bidang keusahawanan dan menyediakan peluang bagi mereka untuk mempamerkan bakat, kreativiti dan daya inovasi perniagaan masing-masing.

Pertandingan tersebut terbuka kepada semua sekolah menengah di bawah Kementerian Pendidikan Malaysia. Dengan bilangan maksimum empat peserta dan seorang guru penyelia dalam setiap kumpulan, mereka dikehendaki menghasilkan satu produk berasaskan idea asal mereka sendiri atau berasaskan produk sedia ada yang ditambah nilai. Penilaian dan penghakiman bagi pertandingan ini dibuat berdasarkan kriteria tertentu seperti nilai komersial, ergonomik dan ciri keselamatan produk.

Pencapaian utama SME Bank Y-Biz Challenge sudah tentulah berdasarkan kepada hasil positifnya di mana beberapa buah sekolah yang mengambil bahagian telah berjaya menjual produk mereka melalui kelab koperasi sekolah dan mencatat nilai jualan hingga kini berjumlah lebih RM500,000.

Seiring pencapaian semua program kedermawanan dan bukan kedermawanan CSR ini, kami akan terus memainkan peranan menyokong usaha Kerajaan dan menerajui pelbagai inisiatif dan program unggul bagi mewujudkan ekonomi yang inklusif dan mampan.

SME Bank Y-Biz Challenge

The SME Bank Y-Biz Challenge has been our Corporate Social Responsibility (CSR) flagship programme since it was first introduced in 2012.

Its sixth edition was to be held in 2020 but has been rescheduled due to the constraints arising from the COVID-19 pandemic. Nevertheless, the competition which offers cash prizes totalling RM91,000 will continue in 2021, and reaffirms our commitment in grooming and nurturing future entrepreneurs by generating interest in entrepreneurship.

It is our distinct initiative to provide the opportunity for secondary school students to unleash their business talents, creativity and innovativeness. Through this programme, we groom and nurture them by generating entrepreneurship interest and providing the opportunity for them to unearth their business acumen, creativity and innovativeness.

The competition is open to all secondary schools under the purview of the Ministry of Education Malaysia. With a maximum of four members and one supervising teacher in each team, they are required to produce a product based on original idea or existing product which has been value added. Evaluation and assessment for the competition is made based on specific criteria such as commercial value of product, ergonomics and safety.

A key highlight of SME Bank Y-Biz Challenge has to be its positive outcome with several of the participating schools selling the products through their school cooperative clubs, recording an estimated total sales value to date of more than RM500,000.

Alongside the achievements of all these philanthropic and non-philanthropic CSR programmes, we will continue with our advocacy role to Government and to champion outstanding initiatives and programmes for an inclusive and sustainable economy.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Mempertingkatkan Nilai Modal Insan

Increasing Value of Human Capital

Modal Insan Human Capital



Modal insan adalah sumber kekuatan daya saingan dan pertumbuhan SME Bank yang sentiasa berpegang kepada nilai korporat SMILE

— Kerja Berpasukan dan Berintegriti



— Pengurusan Berhemah Pihak Berkepentingan



— Inovasi melalui Teknologi



— Kepimpinan dan Kemajuan



— Kecekapan dan Produktiviti



Kakitangan kami adalah aset yang paling bernilai; justeru, kami terus melatih kakitangan yang berperanan membina dan membangunkan perniagaan dengan matlamat untuk memberi sumbangan kepada masyarakat. Oleh itu, kami akan terus membangunkan program-program pembangunan sumber manusia yang membantu kakitangan untuk maju bersama Bank. Kami juga mengukuhkan lagi daya saingan seluruh organisasi ini dengan menyokong kepelbagaian di mana setiap pekerja mempunyai pelbagai latar belakang yang boleh menyerlahkan potensi mereka dan terus bekerja dalam persekitaran yang selamat dan sihat.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



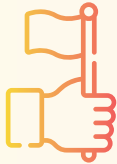
SME Bank's source of competitiveness and growth has always been its people who share the values of SMILE

- Strong Teamwork and Integrity**
- Managing Stakeholders**
- Innovation via Technology**
- Leadership and Growth**
- Efficiency and Productivity (Lean)**

We regard our employees as the most important asset; therefore, we constantly train people who create and grow business that contributes to society. We have thus developed a number of human resources development programmes that help employees to grow along with the Bank. We also strengthen the competitiveness of the entire organisation by supporting diversity where individual employees with a diverse range of backgrounds can fully exert their potential and continue working in a safe and healthy environment.



Prinsip Utama



Peneraju dalam Penciptaan Nilai Ekosistem PKS

Kakitangan kami sentiasa berpegang kepada visi untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan.



Strategi Syarikat

Strategi syarikat kami tertumpu pada organisasi berprestasi tinggi, yang mengiktiraf kakitangan sebagai kunci utama kejayaan kami.

Keselamatan dan Kesihatan

Kami beriltizam untuk memastikan keselamatan dan kesihatan kakitangan sebagai keutamaan.



Menghargai Kakitangan

Kami menghargai kakitangan sebagai sumber dan aset yang paling bernilai.



Adil

Kami menguruskan kakitangan dengan adil dan saksama tanpa sebarang diskriminasi.



Pembangunan dan Perkembangan

Kami menyokong pembangunan profesional dan perkembangan kerjaya dari mula kakitangan menyertai SME Bank sehingga mereka bersara.



Penilaian, Insentif dan Manfaat

Kami menggabungkan penilaian, insentif dan manfaat ke dalam strategi dengan memberi ganjaran berasaskan prestasi.



Persekitaran Inklusif

Kami komited untuk mewujudkan persekitaran inklusif yang mampu menarik dan mengekalkan bakat yang hebat dan pelbagai.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Key Principles



Leader in SME Ecosystem Value Creation

Our people are in line with our vision to be the leader in SME ecosystem value creation beyond financial services.



Company Strategy

Our company strategy centres on our high-performing organisation, which recognises that our people are key to our success.



Safety and Health

We are committed to ensuring the safety and health of our people as our top priority.



Value Our People

We value our people as our greatest resource and asset.



Fairly

We treat our people fairly and equally without discrimination.



Development and Growth

We support professional development and career growth from the moment an employee joins SME Bank to when he retires.



Evaluations, Incentives and Benefits

We integrate evaluations, incentives and benefits into our performance-based rewards strategy.



Inclusive Environment

We are committed to creating an inclusive environment that attracts and retains exceptional and diverse talents.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Budaya Kami

Keselamatan dan Kesihatan Menjadi Keutamaan dalam Apa Jua Yang Kami Lakukan

Kami memberi perhatian utama untuk melindungi kakitangan daripada sebarang bentuk bahaya dan menjaga kesihatan mereka kerana ini merupakan kunci utama kejayaan kami. Kami berpendapat bahawa keselamatan bukan setakat mengelakkan kegagalan tetapi berjaya mewujudkan kawalan positif dan kesediaan untuk belajar.

Kami prihatin terhadap keselamatan, kesihatan dan kesejahteraan semua kakitangan SME Bank. Kami ingin memastikan bahawa semua kakitangan berasa mereka dijaga dengan baik, dan semua kakitangan boleh bertindak balas secara selamat dan kreatif terhadap pasaran masa kini yang amat kompetitif.

Budaya yang dibentuk oleh nilai teras kami, telah membantu membentuk keperibadian, keyakinan dan matlamat masa depan. Komitmen kami terhadap keselamatan dan kesihatan kakitangan diperkukuhkan oleh dasar dan amalan yang berkesan di dalam operasi. Dasar dan amalan terbaik ini memastikan persekitaran kerja yang selamat.

Kami menggalakkan budaya keselamatan yang teguh melalui komunikasi berkesan menggunakan pelbagai saluran yang mendorong kakitangan memahami dan mematuhi dasar keselamatan yang digunapakai. Komunikasi tentang keselamatan dan kesihatan sentiasa dilaksanakan dari semasa ke semasa, sementara kakitangan digalakkan supaya melaporkan semua isu berkaitan keselamatan dan kesihatan untuk kami mengambil tindakan sewajarnya bagi mewujudkan tempat kerja yang selamat dan sihat untuk semua.

Kami menyertai pelbagai program dan aktiviti berkaitan dengan topik keselamatan dan kesihatan, yang membuka laluan kepada perkongsian maklumat mengenai trend amalan keselamatan dalam industri.



Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Our Culture

Safety and Health are at the Forefront of Everything We Do

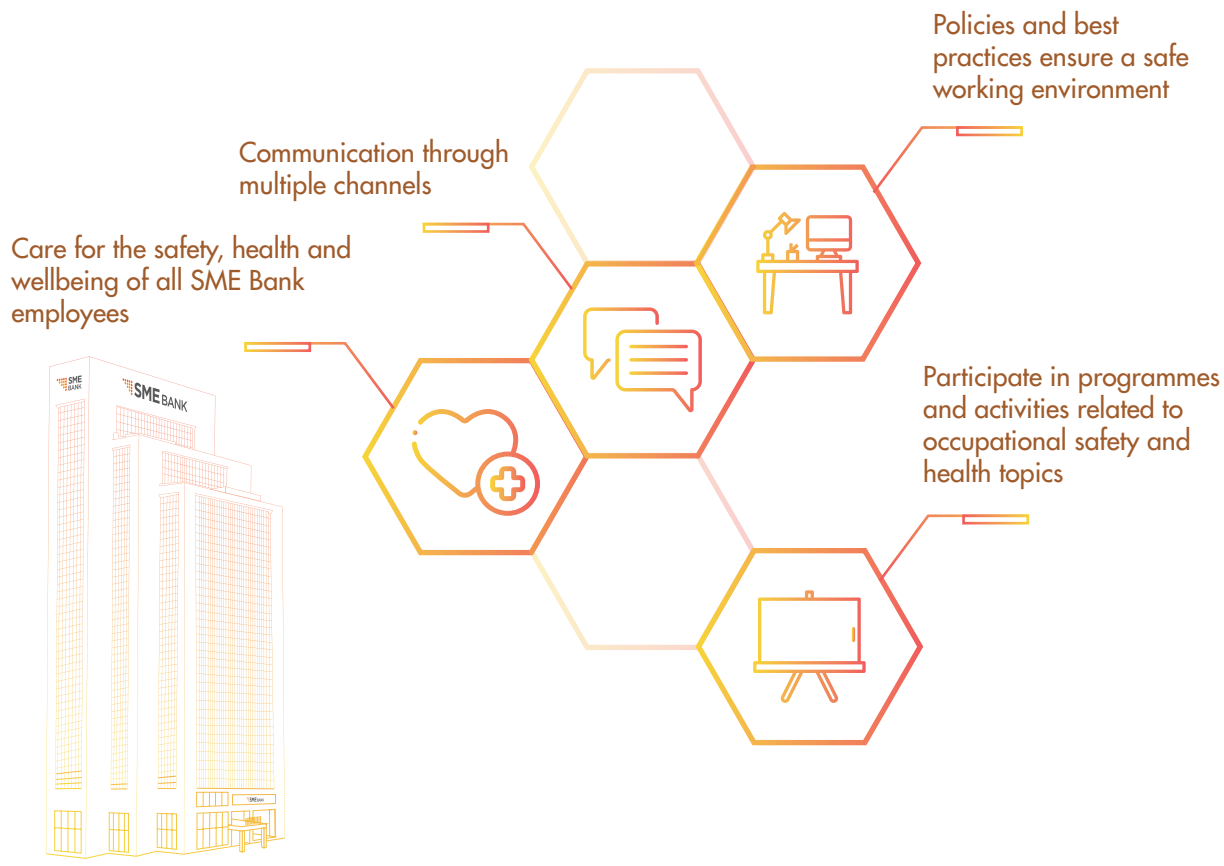
It is our priority to protect our people from harm and safeguard their health as these are key for our success. Our view is that safety is not defined by the absence of failure but by the presence of positive controls and willingness to learn.

We care for the safety, health and wellbeing of all SME Bank employees. We want to ensure everyone feels cared for, and that employees can respond safely and creatively to the challenges of a competitive marketplace.

Our culture, moulded by our core values, has helped shape who we are, what we believe and who we strive to be. Our unrelenting commitment to the safety and health of our people is attested by the robust policies and practices throughout our operations. These policies and best practices ensure a safe working environment.

We promote a strong safety culture by way of effective communication through multiple channels that engages employees in understanding and following our safety policies. Regular communication on safety and health is carried out, while employees are encouraged to report all issues related to safety and health for us to take appropriate actions to create a safer and healthier workplace for all.

We participate in programmes and activities related to occupational safety and health topics, which share information on safety practices and industry trends. At the same time, we explore potential collaborations to address current issues.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Jawatankuasa Keselamatan dan Kesihatan, yang terdiri daripada wakil majikan (pengurusan kanan dan pertengahan) dan kakitangan (kakitangan operasi), mempunyai tanggungjawab yang jelas dengan berpandukan kepada Akta Keselamatan dan Kesihatan Pekerjaan, 1994. Secara khusus, tanggungjawab mereka adalah untuk mengenal pasti keadaan yang mungkin berbahaya; menilai potensi bahaya tersebut; mencadangkan tindakan pembetulan; dan mengambil tindakan susulan bagi pelaksanaan cadangan tersebut.

Mesyuarat Jawatankuasa ini diadakan sekurang-kurangnya sekali setiap suku tahun atau seperti yang dikehendaki oleh Akta Keselamatan dan Kesihatan Pekerjaan, 1994. Pemeriksaan dilakukan oleh jabatan kesihatan dan keselamatan secara berkala untuk mengenal pasti sebarang bahaya dan tindakan tidak selamat yang perlu diperbetulkan; menetapkan tanggungjawab pembetulan; menilai keberkesanan program; dan melaporkan masalah yang dikenal pasti dan perkembangan kepada pihak pengurusan untuk mempertingkatkan keselamatan dan kesihatan di tempat kerja.



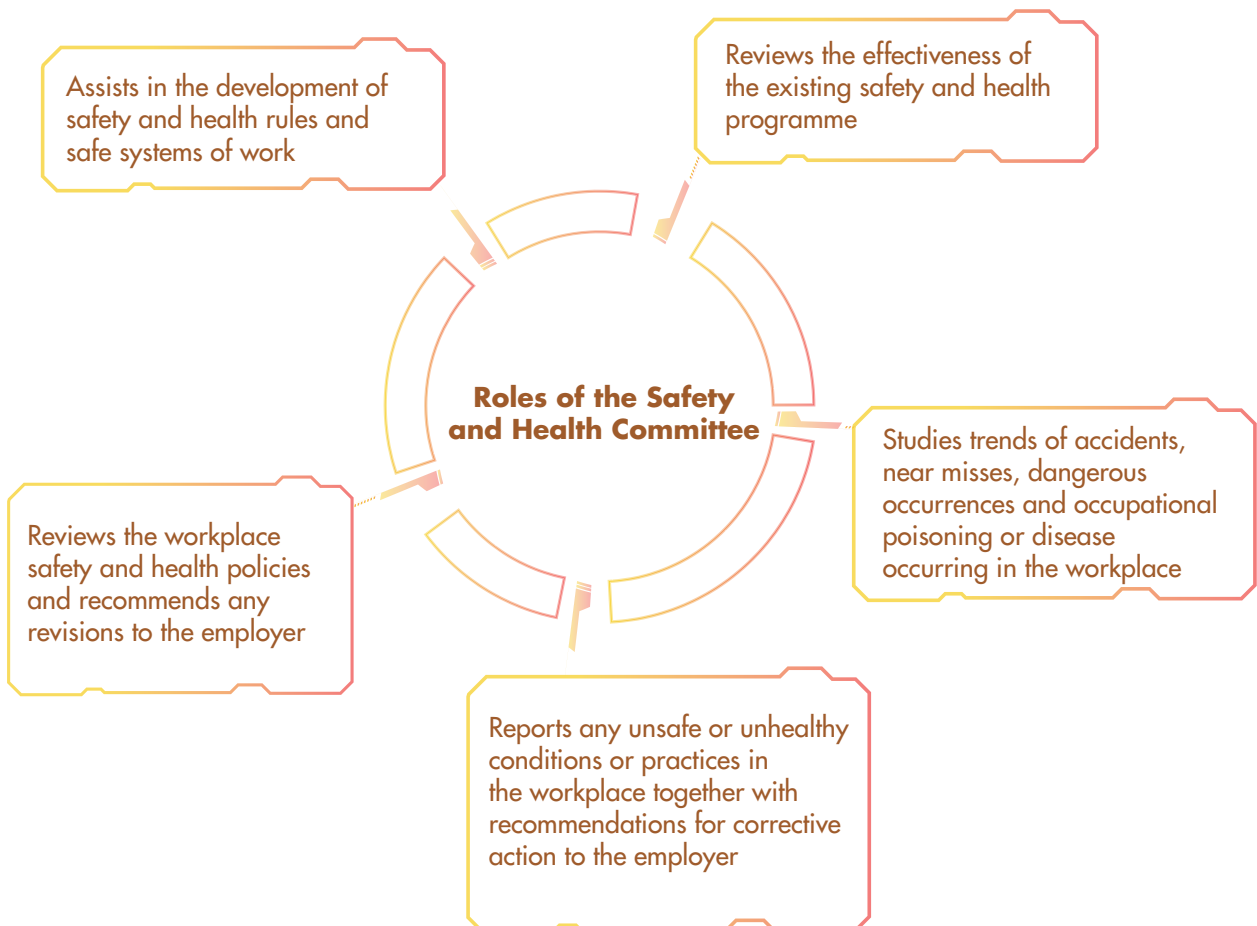
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The Safety and Health Committee, with representation from the employer (middle and senior management) and employees (operations staff), has clear responsibilities which are guided by the Occupational Safety and Health Act, 1994. Its specific responsibilities are to identify potential hazards; evaluate these potential hazards; recommend corrective actions; and follow up on the recommendations to be implemented.

Meetings of the Committee are held at least every quarter or as required by the Occupational Safety and Health Act, 1994. Periodically, individual departmental health and safety inspections are conducted to identify hazards and unsafe acts that need to be corrected; assign corrective responsibility; evaluate programme effectiveness; and report identified problems and progress to management to improve workplace safety and health.



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Pematuhan Terhadap Piawaian Keselamatan dan Kesihatan

Bank mematuhi beberapa piawaian antarabangsa seperti OHSAS 18001 bagi keselamatan dan kesihatan, yang menjadi asas kepada pewujudan sistem OSH kami sendiri bagi memantau sebarang kejadian berkaitan keselamatan dan kesihatan pekerjaan dengan lebih teliti. Sistem OSH tersebut dilaksanakan di seluruh rangkaian pejabat kami.

Kami turut mempertimbangkan piawaian keselamatan dan kesihatan dalam merangka proses kerja bagi memastikan piawaian keselamatan tertinggi dilaksanakan untuk kakitangan dengan menyediakan buku panduan keselamatan, taklimat keselamatan korporat on-boarding, alat bantuan untuk kontraktor, perhubungan ergonomik dan penilaian risiko untuk kakitangan dan buletin bulanan keselamatan dan kesihatan.

Bagi memastikan pematuhan terhadap piawaian ini, dan juga untuk menggalakkan budaya keselamatan yang mantap, kami menerapkan komunikasi dan sistem bantuan yang berkesan melalui pelbagai saluran. Ini mewujudkan landasan untuk kami memastikan semua kakitangan memahami dan mematuhi program dan dasar keselamatan kami.

Compliance to Safety and Health Standards

The Bank complies with numerous international standards, such as OHSAS 18001 for safety and health, from which we established our own OSH system to monitor work-related health and safety incidents closely. The OSH system is implemented throughout our network of offices.

We also comply with the requirements of Occupational Safety and Health Act (OSHA) and Department of Occupational Safety and Health (DOSH).

We also take into consideration the safety and health standards in designing work processes to ensure the highest safety standards for employees by providing safety handbook, corporate on-boarding safety briefing, toolbox for contractors, ergonomic engagement and risk assessment for employees, indoor air quality assessment and monthly safety and health bulletins.

To ensure strict compliance to these standards, and to promote a strong safety culture, we have in place effective communication and reinforcement through a variety of channels. This provides us the platform to engage all employees in understanding and adhering to safety programmes and policies.



Kami mematuhi syarat-syarat Akta Keselamatan dan Kesihatan Pekerja (OSHA) dan Jabatan Keselamatan dan Kesihatan Pekerjaan (DOSH)

We comply with the requirements of Occupational Safety and Health Act (OSHA) and Department of Occupational Safety and Health (DOSH)

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Tindakan Menghadapi COVID-19

Tahun 2020 yang dimulai dengan pandemik global dan pelbagai ketegangan sosial di seluruh dunia, menjadikan sokongan kepada kakitangan sebagai tanggungjawab utama kami.

Beberapa inisiatif keselamatan dan kesihatan telah dipertingkatkan sepanjang tahun ini bagi memastikan pematuhan peraturan, amalan terbaik dan peningkatan berterusan di tempat kerja. Antara lain, pelaksanaan tersebut termasuk:

COVID-19 Response

The year 2020 which has been marked by a global pandemic and an array of social tensions around the world, only highlighted our responsibility to provide support to our employees as an absolute priority.

A number of safety and health initiatives were up scaled during the year to ensure regulatory compliance, good practice and continual improvement at the workplace. Some examples include:

- 
- Pengawasan kesihatan warga kerja/Employee health surveillance**

Pengawasan kesihatan kakitangan dan ujian pihak ketiga di kawasan kerja untuk memastikan kualiti udara sesuai dengan piawaian kesihatan pekerjaan

Employee health surveillance and third-party testing of work areas to ensure air quality conforms with occupational health standards
 - Latihan keselamatan tahunan/Annual safety training**

Latihan keselamatan tahunan untuk semua kakitangan dan kontraktor untuk memahami keadaan yang membahayakan keselamatan, kerja-kerja berisiko tinggi yang dijalankan oleh kontraktor dan keperluan pemberikuasaan kerja

Annual safety training for all employees and contractors to understand safety hazards, high-risk contractor work and work authorisation requirements
 - Engagement and assessment/Engagement and assessment**

Perhubungan dan penaksiran ergonomik bagi kakitangan yang terdedah kepada pelbagai isu ergonomik di pejabat

Ergonomic engagement and assessment for staff who are exposed to office ergonomic issues
 - Take The Stairs 2.0 campaign/Take The Stairs 2.0 campaign**

Kempen Gunakan Tangga 2.0 untuk menggalakkan gaya hidup yang sihat di kalangan kakitangan

Take The Stairs 2.0 campaign to promote a healthy lifestyle among employees
 - Physical and mental health program/Physical and mental health program**

Program kesihatan fizikal dan mental bagi memastikan keprihatinan berterusan terhadap kesejahteraan hidup kakitangan

Physical and mental health programme to ensure constant care for employee wellbeing
 - Penafsiran risiko/Risk assessment**

Penilaian risiko bagi peralatan dan teknologi di seluruh kemudahan kami untuk mengenal pasti ruang penambahbaikan

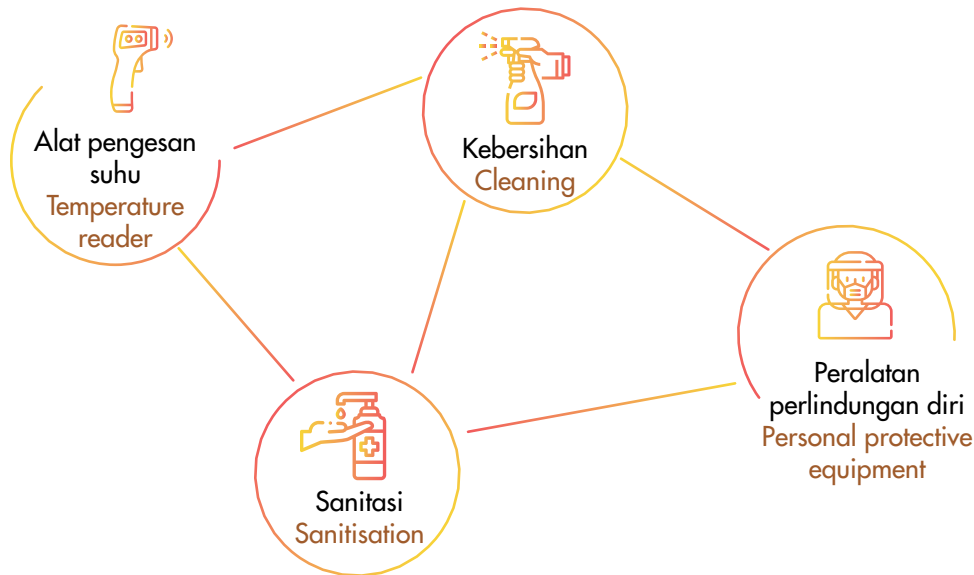
Risk assessment of equipment and technology across our facility to identify opportunities for improvement
 - Latihan dan ujian/Drills and tests**

Latihan serta ujian persediaan lain berkaitan tindak balas dan prosedur kecemasan pelbagai bentuk bahaya (kebakaran, bantuan kecemasan, dll) untuk mempertingkatkan kesedaran kakitangan tentang prosedur dan memberi latihan ulangan

Drills and other tests of our emergency response provisions and procedures for various hazards (fire, first aid, etc.) to improve employee awareness of procedures and provide refresher training

Di tengah-tengah kemelut pandemik global dan kebimbangan sosial, kami tidak mengurangkan tenaga kerja, memaksa cuti tanpa gaji atau mengurangkan gaji atau manfaat. Sebaliknya, SME Bank menerajui usaha menyokong kakitangan dan keluarga mereka seperti mana Bank ini memberi sokongan kepada komuniti.

Amidst a global pandemic and social unrest, we did not have any reduction in workforce, furloughs or salary or benefit reductions. SME Bank led efforts to support our employees and their families as much as the community.



Melindungi Kakitangan Kami semasa Pandemik

Keselamatan kakitangan kami terus menjadi keutamaan terpenting sepanjang tahun 2020. Sebagai tindak balas kepada COVID-19, kami telah mempertingkatkan dasar dalaman yang menyokong persekitaran selamat di pejabat. Kami turut mewujudkan beberapa protokol yang sesuai dengan peraturan khusus yang digariskan oleh pihak berkuasa.

Kami melaksanakan beberapa langkah keselamatan dan kesihatan. Ini termasuk mempertingkatkan tahap kebersihan, penyediaan peralatan perlindungan diri, sanitasi dan alat pengesan suhu. Di samping itu, kami turut mengeluarkan garis panduan lengkap untuk para pelawat bagi memastikan penjagaan dan perlindungan terbaik diamalkan pada setiap masa.

Kakitangan kami juga dibekalkan dengan kit maklumat lengkap mengenai COVID-19 yang dikemaskini dari semasa ke semasa. Kami menguatkuasakan langkah penjarakan fizikal semasa semua mesyuarat, di cawangan dan bangunan kami untuk membendung penularan COVID-19.

Bagi kakitangan penting yang perlu bekerja dari premis Bank, kami menetapkan penggiliran kerja untuk meminimumkan pendedahan mereka kepada potensi risiko.

Kami menyusun jadual bekerja dari rumah untuk kakitangan bekerja dari jarak jauh dengan menguatkuasakan pelaksanaan dasar dan amalan kerja fleksibel, termasuk dasar penyusunan kerja fleksibel yang sedia ada.

Protecting Our Employees during the Pandemic

The safety of our employees remained our highest priority throughout 2020. In response to COVID-19, we enhanced our internal policies to support a safe office environment. We also established a number of protocols that are adaptable to specific requirements of the authorities.

We implemented several safety and health measures. These include enhanced cleaning, provision of personal protective equipment, sanitisation and temperature reader. In addition, we issued comprehensive guidance for visitors to ensure the utmost care and protection is applied at all times.

Our employees also are provided with comprehensive COVID-19 info kit which is regularly updated. We enforced physical distancing measures at all our meetings, branches and buildings to curb the spread of COVID-19.

For essential employees who are required to operate from the Bank's premises, we placed them on a work-rotation to minimise their exposure to potential risks.

We facilitated work-from-home arrangements for employees to work remotely by accelerating the implementation of flexible work policies and practices, including the existing flexible working arrangement policy.

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Kesinambungan Perniagaan

Sebagai sebahagian daripada program kesinambungan perniagaan, kami telah menilai kesan potensi akibat peristiwa yang mengganggu seperti pandemik COVID-19 terhadap operasi kami, dan mewujudkan pelan menyambung kembali perniagaan dengan memberi keutamaan terhadap keselamatan dan kesihatan kakitangan, komunikasi kecemasan kepada pihak berkepentingan yang terlibat dan kesinambungan operasi.

Kami terus menangani kesan COVID-19 di bawah pemantauan Pasukan Pengurusan Krisis (CMT) dengan disokong oleh Pasukan Sokongan Pengurusan Krisis (CMST) Bank. Sebagai langkah melindungi keselamatan dan kesihatan semua pihak, kami melaksanakan dasar kerja dari rumah sebagai pilihan bekerja kekal untuk kakitangan kami dan bertindak balas dengan penuh ehsan terhadap kakitangan yang ditimpa musibah. Bank turut mengambil langkah membekalkan *multi-vitamin* secara percuma kepada semua kakitangannya di seluruh Malaysia.

Di pihak kakitangan pula, mereka sentiasa memainkan peranan dengan menampilkan semangat kerja berpasukan dan menjaga keselamatan dengan terus mematuhi cara kerja selamat di seluruh operasi kami. Mereka cepat memahami dan menyesuaikan diri dengan cara bekerja baharu yang memerlukan bimbingan minimum. Pada masa ini, kami juga mempercepatkan penerimgunaan teknologi digital dan pintar, melalui kerjasama yang kukuh.

Perancangan perniagaan berterusan yang mantap ini, berserta dengan strategi pendigitalan telah membolehkan kami mengharungi cabaran luar biasa yang dihadapi pada tahun ini. Hasilnya, kami berjaya mencapai tahap lebih 70% daripada anggota pasukan yang bekerja dari jarak jauh.

Business Continuity

As part of our business continuity programme, we have assessed the potential impact of disruptive events such as the COVID-19 pandemic on our operations, and established business resumption plans that prioritise the health and safety of personnel, emergency communication to affected stakeholders, and the continuation of operations.

We continue to manage the impact of COVID-19 under the guidance of our Crisis Management Team (CMT) supported by the Bank's Crisis Management Support Team (CMST). With everybody's health and safety in mind, we adopted work-from-home policies as a permanent working option for our employees and responded with compassion to support those employees who have been affected. The Bank also took further initiative by supplying free supplements in the form of multi-vitamin to our employees across Malaysia.

Our employees on their part demonstrated the Bank's values of teamwork and safety by continuing to work across our network of operations. They pivoted quickly and adapted to new ways of working remotely. During this time, we also accelerated the adoption of digital technology and smart, collaborative work.

Such solid business continuity planning, coupled with our digitalisation strategy, have enabled us to weather the extraordinary headwinds we faced during the year. As a result, we were able to rapidly pivot to having more than 70% of our team working remotely.

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Pengalaman Kakitangan

Pengambilan Sumber Manusia

Kami komited memastikan amalan pengambilan kakitangan yang adil dengan memilih individu berasaskan kemampuan dan kualiti mereka. Sebagai contoh, kami menawarkan pekerjaan tanpa mengira warganegara, jantina, usia atau ciri-ciri lain seperti di universiti mana mereka belajar.

Proses pemilihan kami termasuk semasa temuduga, tidak boleh merangkumi soalan tidak berkaitan dengan kemampuan pemohon seperti agama, bangsa atau jantina. Kakitangan yang mengendalikan temuduga menerima latihan yang perlu untuk memastikan proses pemilihan dijalankan dengan saksama bagi para pemohon. Kami menerima permohonan daripada graduan baharu dan juga pemohon yang telah bekerja, tanpa mengira pengalaman kerja masa lalu mereka.

Kami telah memberi ruang permohonan yang luas sebagai sebahagian daripada usaha kami untuk mengambil individu yang mampu berjaya dalam industri kewangan. Kami mengadakan sesi maklumat korporat dan mengambil bahagian dalam seminar web agar lebih ramai orang dari seluruh negara dapat mempelajari tentang perniagaan dan peranan kami.

Kami aktif mengambil bakat tempatan melalui pelbagai platform seperti pengiklanan dalam talian di portal pekerjaan, pengiklanan dalam talian di halaman Facebook Bank dan laman web LinkedIn, menyertai program kerjaya dalam talian, menggunakan khidmat agensi pekerjaan untuk jawatan kritikal dan pengurusan kanan, dan juga melalui jalinan strategik/program 'outreach' dan kerjasama dengan universiti dan kolej.

Untuk menambahkan kesedaran tentang peluang kerjaya di kalangan pelajar dan menyediakan peluang pengalaman dalam pekerjaan, SME Bank menawarkan program pendidikan kerjaya atau latihan amali. Pada tahun ini, kami menyediakan lima peluang untuk pelatih dari universiti tempatan. Oleh kerana program latihan ini berlangsung sepanjang tempoh perintah kawalan pergerakan yang dikuatkuasakan oleh Kerajaan, maka kesemua pelatih berjaya menamatkan program mereka dengan mematuhi sepenuhnya peraturan Kerja dari Pejabat/Rumah (WIO/WFH) seperti yang ditetapkan oleh penyelia masing-masing.

Peluang pekerjaan tanpa diskriminasi Non-discriminatory job opportunities



Jantina
Gender



Warganegara
Nationality



Usia
Age

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Kami mengadakan sesi maklumat korporat dan mengambil bahagian dalam seminar web

We hold corporate information sessions and participated in web seminars



Mengambil pekerja tempatan melalui pelbagai platform

Recruit local talents through various platforms



Untuk menyuburkan kesedaran dalam kalangan pelajar dan menyediakan peluang pengalaman dalam pekerjaan, SME Bank menawarkan program bekerja semasa belajar

To foster career awareness in students and provide work experience opportunities, SME Bank offers career education programme

Employee Experience

Recruitment of Human Resources

Committed to fair recruitment practices, we select individuals on the basis of their abilities and personal qualities. For example, we offer people to apply for positions without regard to nationality, gender, age, or other attributes, such as the universities from which they graduated.

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 both from new graduates and mid-career applicants, regardless of their previous work experience.

We have been providing a wide range of application opportunities as part of our efforts to recruit diverse individuals capable of working successfully in the financial industry. We hold corporate information sessions and participated in web seminars so that people throughout the country can learn about our business and what we do.

We actively recruit local talents through various platforms such as online advertisements on job portal, online advertisements on SME Bank's Facebook page and LinkedIn website, as well as participation in online local career fairs, the use of headhunting talent searches for critical and senior management positions, and also via strategic collaborations/outreach programmes and engagements with universities and colleges.

To foster career awareness in students and provide work experience opportunities, SME Bank offers career education programme, namely internship. During the year, we made available five internship positions for students of local universities. As the internship is conducted during the period of the Government's movement control order, all interns successfully completed their programme by fully adhering to the Work in Office/Work from Home (WIO/WFH) arrangement as set by their respective supervisors.



Inklusif terbukti dengan memiliki **51%** komposisi kakitangan wanita

Inclusive workforce is attested by the **51%** composition of female employees



Pada akhir 2020, peratusan wanita dalam jawatan kepimpinan kanan adalah 23%

At the end of 2020, the percentage of women in senior leadership positions was 23%

Komited Terhadap Kesaksamaan, Kepelbagaian dan Inklusif

Di SME Bank, mempertingkatkan budaya inklusif dan semangat pemilikan bersama terus menjadi keutamaan dan pada 2020 kami mengambil langkah penting untuk mengukuhkan pendekatan sambil memantapkan strategi sedia ada.

Kami komited terhadap budaya yang memberi peluang kepada semua untuk berkembang maju dan boleh mencapai potensi mereka tanpa sebarang halangan. Selain itu, kami mengiktiraf kepelbagaian yang wujud dalam kalangan tenaga kerja, termasuk perbezaan dari segi kemahiran, pemikiran, pengetahuan dan pengalaman kakitangan yang memberikan kefahaman lebih mendalam tentang harapan pelanggan kami. Justeru, kami komited untuk memastikan bahawa persekitaran kerja merangsang semua kakitangan merasai semangat pemilikan dan boleh mengembangkan sepenuhnya bakat mereka untuk menggerakkan usaha bersepadu bagi mencipta dan menyampaikan pelbagai idea, produk dan perkhidmatan terbaik kepada para pelanggan.

Usaha kami untuk membina tenaga kerja yang berpelbagai dan inklusif terbukti dengan jumlah 51% komposisi kakitangan wanita.

Kami sentiasa memantau kepelbagaian ini di peringkat organisasi melalui perbandingan jumlah kakitangan wanita dan warganegara dalam jawatan kepimpinan kanan, dan mengguna pakai proses tertentu untuk mengenal pasti dan mengawasi sikap pilih kasih. Pada akhir 2020, peratusan wanita dalam jawatan kepimpinan kanan adalah 23% (3 daripada 13) berbanding 25% (3 daripada 12) pada akhir 2019.

Committed to Equality, Diversity and Inclusion

At SME Bank, advancing our culture of inclusion and belonging continues to be a priority and in 2020 we took significant steps to strengthen our approach and enhance our strategy.

We are committed to a culture in which everyone has access to opportunities that support his development and in which everyone can reach his potential without barriers. Furthermore, we recognise that the diversity of our workforce, including the different skills, mind-sets, knowledge and experience of our employees, gives us a better understanding of our customers' expectations. Ensuring our environment is one where everyone feels he belongs and can bring the full scope of his talents to bear will drive our collective ability to innovate and deliver cutting-edge ideas, products and services to our customers.

Our effort in building a more diverse and inclusive workforce is attested by the 51% composition of female employees.

We actively monitor diversity on an organisational level, measuring representation of women and local nationals in senior leadership positions, and have processes in place to identify and mitigate any bias. At the end of 2020, the percentage of women in senior leadership positions was 23% (3 over 13) compared to 25% (3 over 12) at the end of 2019.

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Kami terus mengukur dan berusaha untuk mempertingkatkan keseimbangan dari segi jantina dengan menonjolkan pemimpin wanita dan menjadikan mereka model ikutan, dengan menyediakan program kepimpinan khusus dan memperkukuhkan kepelbagaian dan persekitaran yang inklusif dalam dasar dan proses kami.

We continue to measure and work to improve our gender balance by making female leaders more visible and accessible as role models, by providing leadership programmes for women and by embedding diversity and inclusiveness in our policies and processes.

Data tenaga kerja menurut kategori khusus
Data of workforce according to specific categories

Kumpulan Umur Age Group	Bil. Kakitangan No. of Employees
<30	139
30-50	791
>50	121
Jumlah Total	1,051

Kontrak Pekerjaan Employment Contract	Bil. Kakitangan No. of Employees
Tetap Permanent	1,023
Kontrak Contract	28
Jumlah Total	1,051

Jenis Pekerjaan Employment Type	Bil. Kakitangan No. of Employees
Eksekutif Executive	875
Bukan Eksekutif Non-Executive	176
Jumlah Total	1,051

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Jantina Gender	Bil. Kakitangan No. of Employees
Wanita Female	531
Lelaki Male	520
Jumlah Total	1,051

Etnik Ethnicity	Bil. Kakitangan No. of Employees
Melayu Malay	993
Cina Chinese	19
India Indian	5
Lain-lain Others	34
Jumlah Total	1,051

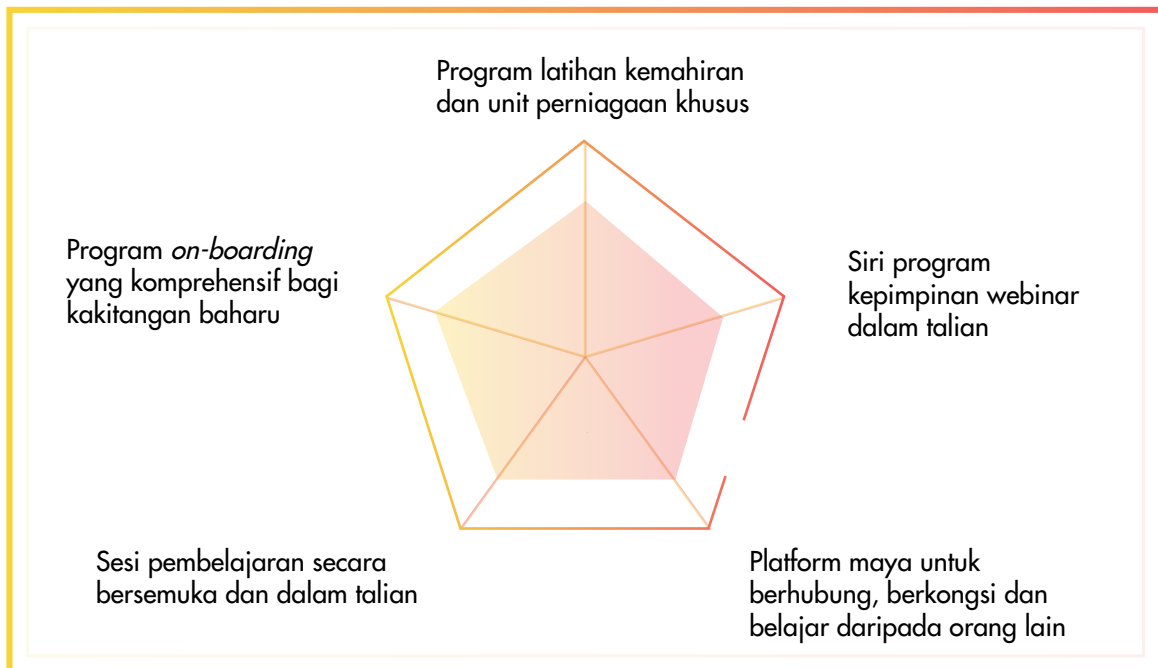
Kategori Category	Bil. Kakitangan Wanita No. of Female Employees
Pengurusan Tertinggi Top Management	2
Pengurusan Management	120
Jumlah Total	122

Penciptaan Nilai melalui Kemampanan

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Proaktif Memajukan Modal Insan Kami

Budaya kami mengutamakan persekitaran yang boleh membantu setiap kakitangan berkembang maju, menyumbang dan mempertingkatkan prestasi mereka. Kami menyediakan peluang kemajuan kerjaya di semua peringkat.



Kami telah memulakan dua peringkat Program Pembangunan Teknikal Berstruktur untuk Pegawai Kredit pada tahun 2020 yang melibatkan 89 orang kakitangan dengan seorang daripada mereka memperoleh pensijilan dengan 'Asian Institute of Chartered Banker (AICB)' dalam 'Professional Credit Certification – Business Credit Professional (BCP)' Peringkat 2.

Di sepanjang tempoh pandemik COVID-19, kami meneruskan usaha untuk menyediakan latihan pembangunan kakitangan melalui pengaturan kerja dari rumah. Kami telah memperkenalkan program 'gamified digital' pertama untuk 51 kakitangan dan 73 kumpulan berpotensi tinggi dengan memfokus terhadap modul produktiviti dan kecekapan sebagai platform alternatif untuk mereka meneruskan proses pembelajaran mereka. Seramai 124 kakitangan daripada kumpulan ini telah mengambil bahagian dalam program pembangunan kepimpinan sepanjang tahun ini.

Antara harapan kami adalah untuk menyemai budaya kerja berprestasi tinggi di seluruh Bank dengan menyemai budaya belajar secara berterusan. Kami telah memperkenalkan Minggu Pembelajaran Kakitangan (ELW) pada Julai 2020 sebagai landasan untuk memupuk budaya tersebut dalam SME Bank dan pada masa yang sama menggalakkan kakitangan mencapai kemajuan pembelajaran sendiri. Kami telah mengadakan enam bengkel serta permainan realiti maya (VG), platform pembelajaran dalam talian dan pertandingan menguji kecerdasan minda yang terbuka untuk kakitangan.

Kami menyedari kepentingan mempersiapkan kakitangan kami dengan kemahiran yang tepat, melibatkan mereka dengan cara kerja yang inovatif dan memperkasa mereka untuk menyempurnakan visi yang telah ditetapkan.

Untuk mencapai kejayaan, kakitangan perlu maju dan mengembangkan kerjaya mereka. Kami gigih untuk memastikan setiap kakitangan rasa dihargai, pendapat mereka didengari dan dihormati. Kami memupuk persekitaran yang menggalakkan maklum balas berterusan untuk mendengar dan menyesuaikan dengan keperluan tenaga kerja.

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Kami melaksanakan kaji selidik yang melibatkan kakitangan dijalankan setiap dua tahun. Program ini membolehkan kami mengumpul maklum balas, berkongsi hasil penemuan dan mengambil tindakan untuk perubahan yang bermakna. Kami juga mengadakan pungutan suara dari semasa ke semasa untuk kakitangan sekiranya diperlukan.



Kami percaya perbualan konstruktif merupakan hubungan penting antara kakitangan dan penyelia terdekat mereka. Ini bertujuan untuk mewujudkan ketelusan dalam maklum balas, kefahaman yang jelas tentang kekuatan, peluang perkembangan dan penyesuaian mengenai kemajuan. Kaedah ini merupakan salah satu cara kami memastikan persekitaran yang inklusif dan kesaksamaan terlaksana.

Kami meneruskan rangka kerja Pembelajaran dan Pembangunan yang tertumpu kepada Program Kecekapan Teras (meliputi latihan fungsian, teknikal dan kemahiran teras) dan Program Kepimpinan (termasuk latihan kepimpinan).



Pada 2020, kami melabur sejumlah **RM3.34 juta** bagi mempertingkatkan tahap pengetahuan dan kemahiran kakitangan, selaras dengan budaya korporat dengan purata 70 jam bagi setiap kakitangan sepanjang tahun ini. Bagi memudahkan proses pembelajaran berterusan walaupun dalam tempoh kawalan pergerakan, Jabatan Pembelajaran, Keupayaan & Pembangunan (LCD) berjaya mengatur 48% latihan secara dalam talian melalui platform persidangan video.

Latihan amali

Latihan semasa bekerja

Pembangunan Pengurusan Akaun Strategik

Program Bantuan Pendidikan Kakitangan



Latihan dan Pendidikan

Latihan dan pendidikan melibatkan kakitangan di peringkat awal dan pertengahan pekerjaan, termasuk pelatih, *on-boarding*, pembangunan pengurusan akaun strategik dan program bantuan pendidikan kakitangan. Program *on-boarding* kami meliputi semua topik yang diperlukan oleh pekerja baharu, seperti perhubungan perindustrian, pengurusan risiko, pematuhan dan pengetahuan produk. Latihan tersebut dan program pembangunan kecekapan membuka laluan kepada perkembangan profesional kakitangan di dalam organisasi.

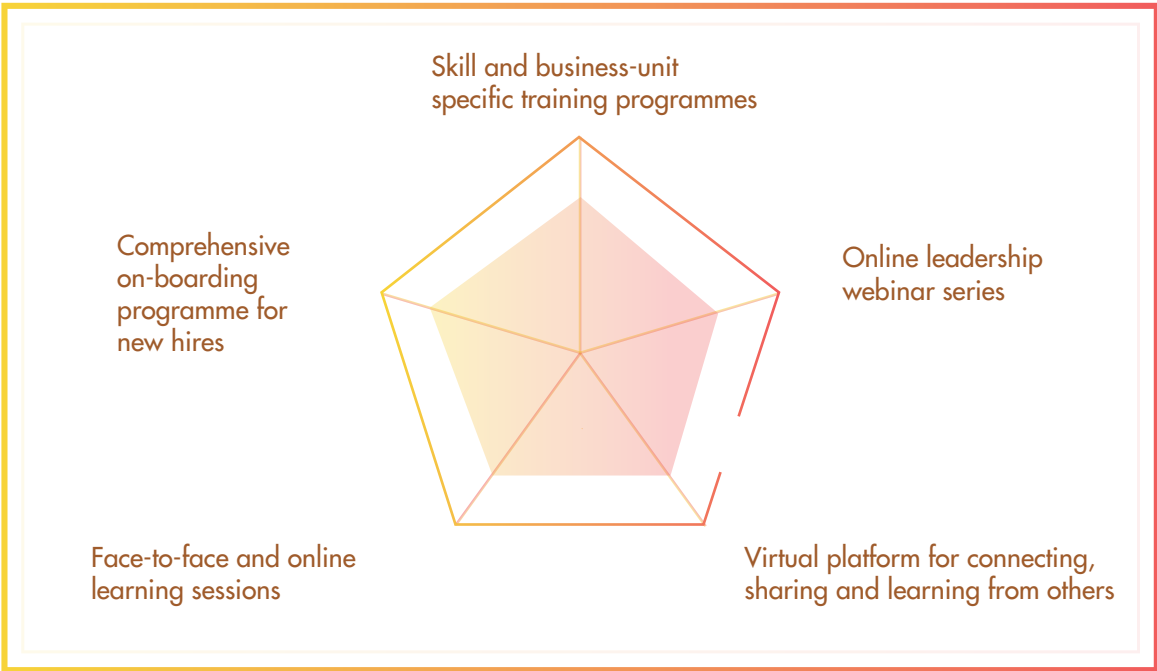
Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Proactively Developing Our People

Our culture fosters on environment where everyone can grow, contribute and raise the bar on their performance. We provide career development opportunities at all levels.



We initiated two batches of the Structured Technical Development Programme for Credit Officers in 2020, involving 89 employees, with one employee being certified with Asian Institute of Chartered Banker (AICB) Level 2 of Professional Credit Certification – Business Credit Professional (BCP).

During the COVID-19 pandemic, we continued to pursue our efforts in providing development intervention through working from home arrangements. We introduced the first gamified digital programme for 51 talents and 73 high potential groups focusing on productivity and agility module as an alternative platform for them to continue their learning journey. A total of 124 employees from the talent pool participated in a series of leadership development programme throughout the year.

Part our aspiration is to instil a high performing culture throughout the Bank by inculcating a continuous learning culture. We introduced the first Employee Learning Week (ELW) in July 2020 as a platform to cultivate a continuous learning approach within SME Bank and at the same time to encourage self-responsibility amongst employees for their own learning development. We held six workshops as well as virtual reality (VR) games, online self-learning platform and brain popper competition for them to take part.

We recognise the importance of equipping our employees with the right tools, engaging them with an innovative way of working, and empowering them to deliver our vision.

To thrive, it is critical for our employees to develop and see progress in their careers. We work hard to ensure people feel valued, heard and respected. We cultivate an environment of on-going feedback to listen and adjust to the needs of our workforce.

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The employee engagement survey is performed every two years. It allows us to gather feedback, communicate findings and take actions for meaningful change. We also do periodic employee pulse polls as needed.



We believe in constructive conversations as important connection between employees and their immediate supervisors. The intent is to have greater transparency in feedback, clarity on strengths, growth opportunities and alignment on progress. It has become one of the ways we operationalise inclusion and equality.

We continued with our Learning and Development framework around a Core Competency Programme (encompassing functional, technical and core training) and a Leadership Programme (comprising leadership training).



In 2020, we invested **RM3.34 million** to enhance employee knowledge and skills, in alignment with the corporate culture, with an average of 70 hours per employee over the year. In order to cater for lifelong learning culture even during the movement control order period, Learning, Capability & Development Department (LCD) has successfully arranged for 48% of the trainings to be conducted online via video conferencing platform.



The training and education involve preliminary and immediate stages of employment, which include internship, on-boarding, strategic account management development, and employee education assistance programmes. Our on-boarding programme covers all the necessary topics required by new hires, namely on industrial relations, risk management, compliance and product knowledge. Such training and capability development programme thus lays the path for employees' professional progression in the organisation.

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Creating Value through Sustainability



Kesejahteraan Kakitangan

SME Bank menawarkan pelbagai bentuk manfaat bagi kakitangan dan keluarga mereka mencapai kesejahteraan dari segi fizikal, emosi dan kewangan.

Bagi memastikan kesihatan fizikal yang baik di kalangan kakitangan, kami menawarkan pelan perubatan komprehensif berserta pelbagai keperluan yang menjadi sumber kesihatan dan kecergasan. Bagi mencapai kesejahteraan dari segi emosi pula, kami menyokong kakitangan mengharungi cabaran kehidupan seharian dan ketika menyambut pelbagai peristiwa penting dalam kehidupan mereka. Ini termasuklah memberi cuti bersalin untuk kakitangan yang melahirkan bayi, bantuan khairat kematian untuk kakitangan dan ahli keluarga terdekat mereka, termasuk ibu bapa.

Kami menyokong kesejahteraan dari segi kewangan dengan membantu kakitangan kami mencapai matlamat kewangan jangka pendek dan jangka panjang mereka. Semua kakitangan menikmati caruman pelan pencen dalam Kumpulan Wang Simpanan Pekerja.

Kami turut menyediakan akses kepada manfaat pendapatan lain seperti insurans kemalangan maut dan perlindungan insurans hayat berkumpulan Takaful yang ditanggung oleh syarikat. Kakitangan juga diberi peluang untuk menambah/mempertingkatkan perlindungan tersebut secara sukarela di bawah Skim Manfaat Fleksibel Bank.

Employee Well-Being

SME Bank offers benefits options for employees' physical, emotional and financial well-being and that of their families.

To ensure the physical well-being of our employees, we offer comprehensive medical plans together with a range of health and fitness resources. For emotional well-being, we support our employees as they navigate everyday challenges and life's most special events. These include maternity leave for employees who give birth, financial aid in the event of death of employees and their immediate family members, including parents.

We support financial well-being and help our employees realise their short-term and long-term financial goals. All employees enjoy additional percentage (on top of the statutory rate) of the Bank's contribution to the pension plan namely the Employees Provident Fund.

We also provide access to other income security benefits such as company-paid accidental death and life group Takaful coverage. Employees are also given the opportunity to voluntarily increase/enhance the coverage under the Bank's Flexible Benefits Scheme.




Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Memberi Ganjaran kepada Kakitangan

Kami komited untuk mengiktiraf pencapaian kakitangan yang menjiwai budaya kerja berprestasi tinggi Bank ini. Program imbuhan dan manfaat kami meliputi ganjaran berbentuk kewangan dan bukan kewangan sebagai pengiktirafan kepada individu dan pasukan yang gigih melaksanakan strategi Bank.



Kami membayar imbuhan kakitangan dengan adil berasaskan kadar pasaran mengikut peranan, pengalaman dan prestasi mereka



Kami sering mengukur imbuhan berbanding rakan industri untuk memastikan tahap bayaran yang kompetitif



Falsafah pemberian imbuhan kami adalah berdasarkan prestasi

SME Bank percaya terhadap imbuhan yang adil dan berdaya saing, dan kami mempunyai dasar dan amalan yang sesuai dengan pelaksanaan ini.

Kami menyemak imbuhan dan manfaat setiap tahun dengan mengumpul maklumat, keputusan daripada kaji selidik yang dijalankan (formal dan tidak formal), dan analisis berbanding industri bagi mengkaji struktur imbuhan, manfaat, kebajikan dan keistimewaan untuk memastikan imbuhan dan manfaat untuk kakitangan sentiasa sesuai dengan amalan pasaran tempatan dan berdaya saing berbanding syarikat-syarikat lain.

Di seluruh organisasi, imbuhan adalah sama bagi lelaki dan wanita yang bekerja sepenuh masa, dalam gred dan peranan yang sama. Demikian juga, imbuhan tidak berdasarkan kepada usia atau bangsa. Semua kakitangan kami perlu melalui proses penaksiran prestasi tahunan yang antara lain digunakan untuk mengukur peluang mereka menikmati kenaikan gaji atau pangkat.

Di samping ganjaran berbentuk kewangan, SME Bank menawarkan manfaat bukan berbentuk kewangan, seperti Skim Manfaat Fleksibel, yang membolehkan kakitangan "menjual" cuti tahunan mereka dan menggunakan hasil jualan tersebut untuk kegunaan peribadi mereka seperti untuk keperluan gaya hidup, kesihatan dan kesejahteraan, pendidikan atau keperluan penjagaan keluarga.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Rewarding Employees

We are committed to recognising our employees' achievements in living the Bank's high-performance culture. Our remuneration and benefits programme have financial and non-financial rewards to recognise individuals and teams who drive the execution of the Bank's strategy.

SME Bank believes in fair and competitive remuneration, and we have policies and practices that keep us aligned to this.

- We pay employees fairly based on the market rate for their roles, experience and performance
- We regularly benchmark compensation against peers within the industry to keep our pay levels competitive
- Our philosophy of compensation is pay-for-performance

We review the remuneration and benefits annually by collecting information, results from the employee engagement survey (both formal and informal), and analysis compared to the industry in order to review the remuneration structure, benefits, welfare and privileges for continued improvement of the remuneration and benefits for employees to align with local market practices and be competitive with other companies.

Across the organisation, remuneration is the same for men and women working full-time, in the same grade, in the same role. Likewise, the remuneration is neither based on age nor race. All employees go through an annual performance appraisal which is used to measure their opportunity for pay increase or job promotion, among others.

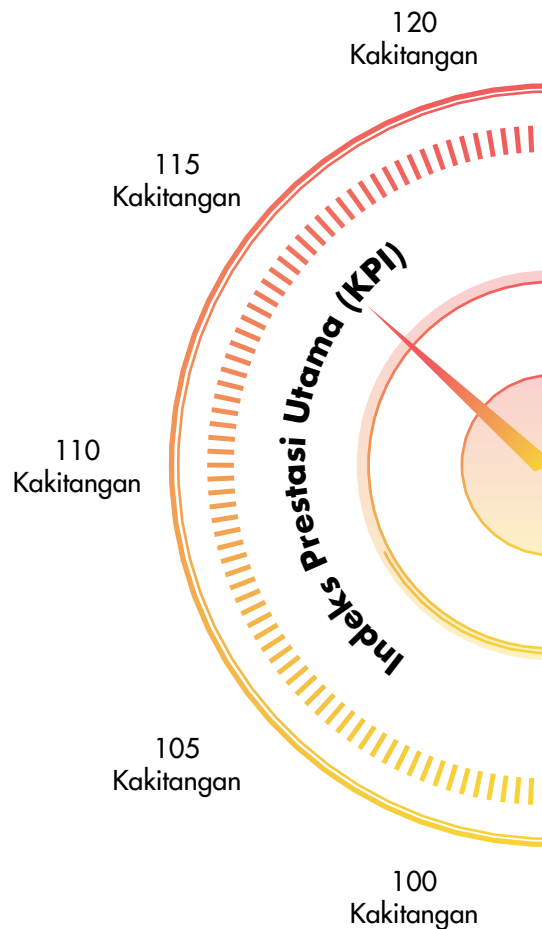
In addition to monetary rewards, SME Bank offers benefits in kind, such as the Flexible Benefits Scheme which allows employees to "sell" their annual leave and to utilise the proceeds for their personal needs for example lifestyle, health and wellness, education or family care needs.

Mengiktiraf Prestasi Luar Biasa

Bagi mengiktiraf prestasi luar biasa kakitangan, kami memberi perhatian istimewa atas kegidihan mereka. Selaras dengan hala tuju dan pertumbuhan perniagaan Bank, Pengurusan Modal Insan Kumpulan (GHCM) serta jabatan lain dan unit perniagaan berganding bahu menilai kecekapan tenaga kerja sepanjang pelaksanaan pelan strategik tahunan.

GHCM menilai keupayaan kakitangan yang diperlukan oleh Bank dengan menganalisis kecekapan asas, cabaran strategik, dan kemahiran yang diperlukan selaras dengan matlamat strategik. Maklumat ini kemudiannya digunakan untuk merumus pelan pembangunan jangka pendek dan jangka panjang sumber manusia bagi menyokong pengembangan perniagaan dan mempertingkatkan keupayaan kakitangan bagi membolehkan mereka memajukan kerjaya mereka.

Kakitangan yang mencapai indeks prestasi utama (KPI) diberi pengiktirafan sewajarnya sama ada melalui kenaikan gaji atau kenaikan pangkat. Sepanjang tahun ini, 116 kakitangan Bank yang layak telah menikmati kenaikan pangkat.



Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Recognising Exceptional Performance

In order to recognise employees' exceptional performance, we give special attention on their competencies. In line with the Bank's business direction and growth, Group Human Capital Management (GHCM) and other departments and business units join in evaluating the competencies and workforce during the annual strategic plan.

GHCM assesses employee competencies required by the Bank by analysing core competencies, strategic challenges, and required skills according to the strategic goals. This information is then used to formulate the short-term and long-term human resource development plan to support business expansion and to enhance the capabilities of employees to enable them to grow in their career path.

Employees who achieved their key performance indicators (KPI) were duly recognised either with increment in their salaries or job promotion. During the year, 116 deserving employees were promoted to higher positions.

Perhubungan Kakitangan dan Dasar-Dasar Lain

Usaha untuk membina keteguhan ekonomi melalui pekerjaan perlu diimbangi dengan perlindungan hak asasi pekerja. Matlamat kami adalah untuk mewujudkan perhubungan positif dengan kakitangan dan kesatuan sekerja mereka bagi mencapai kecemerlangan organisasi dan operasi. Kami menghormati hak kakitangan untuk berunding secara kolektif di bawah Kesatuan Sekerja Komersial Kebangsaan (NUCW) yang mewakili 176 kakitangan peringkat bukan eksekutif.

Perhubungan yang konstruktif antara kakitangan dan pengurusan dan layanan yang adil terhadap kakitangan melahirkan suasana pekerjaan yang selamat dan sihat.

Sehubungan itu, kami mendokumen dan menyampaikan kepada semua kakitangan tentang syarat dan terma pekerjaan. Ini termasuk kelayakan mereka untuk menerima gaji dan manfaat, masa bekerja, pengaturan kerja lebih masa dan upah kerja lebih masa, cuti sakit, bersalin, percutian keluarga dan pematuhan minimum terhadap undang-undang buruh Negara.

Employee Relations and Policies

The pursuit for economic growth through employment should be balanced with protection for basic rights of employees. Our goal is to create positive relationships with employees and their unions to achieve a high performing organisation and operational excellence. We respect the rights of employees to bargain collectively under the National Union Commercial Workers (NUCW) that represent 176 employees from the non-executive level.

A constructive employee-management relationship and fair treatment of employees contribute to safe and healthy working conditions.

In this regard, we document and communicate to all employees their working conditions and terms of employment. These include their entitlement to wages and benefits, hours of work, overtime arrangements and overtime compensation, and leave for illness, maternity, vacation or holiday, that at a minimum comply with national law.

Kelayakan Kakitangan Employees Entitlement



Gaji dan Manfaat
Wages and Benefits

Masa Bekerja
Hours of Work

Pengaturan Kerja lebih masa
dan Upah kerja lebih masa
Overtime Arrangements and
Overtime Compensation

Cuti sakit
Leave for Illness

Bersalin
Maternity

Percutian
Vacation

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Creating Value through Sustainability



Dasar Tiada Diskriminasi dan Peluang Sama Rata

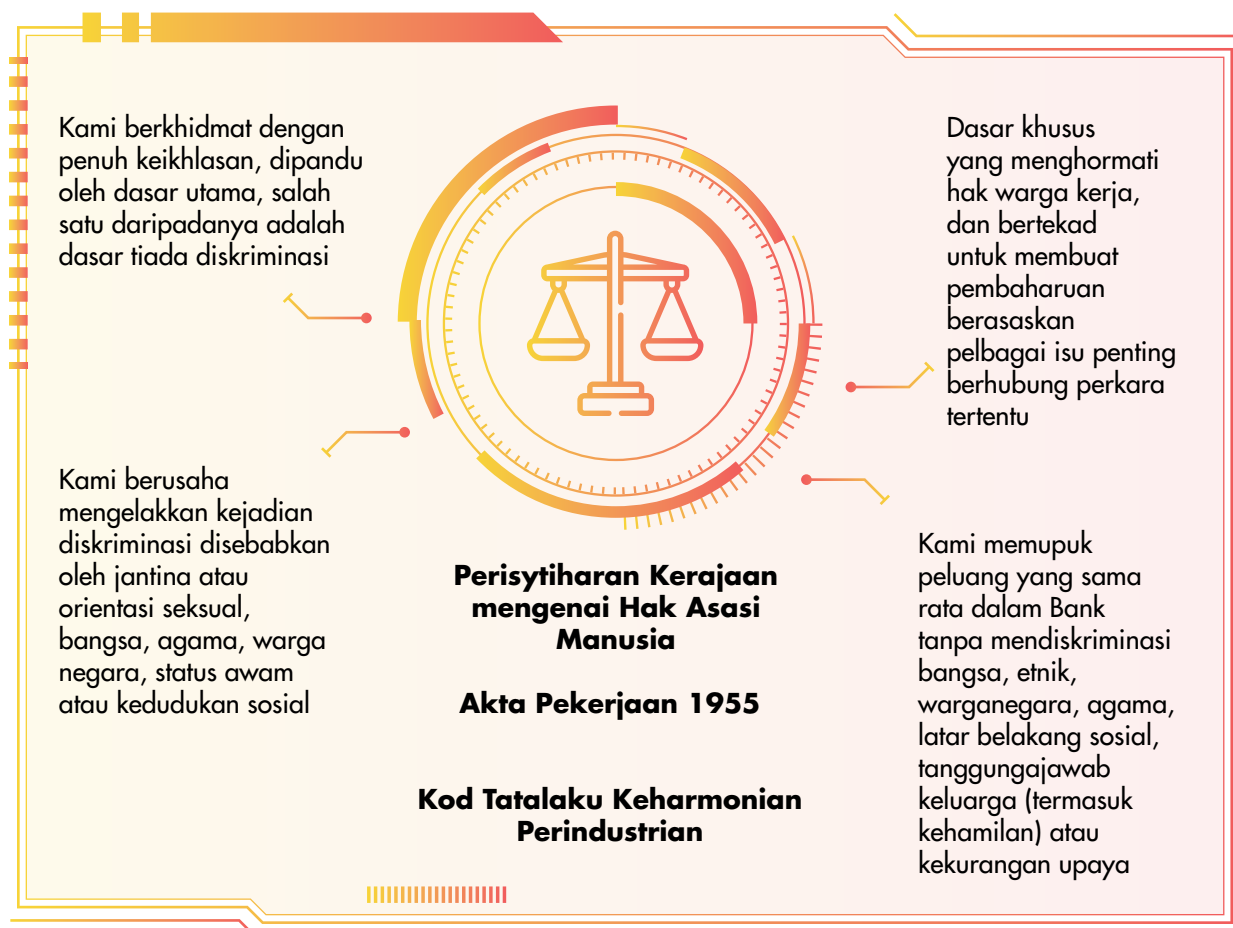
Kami berkhidmat dengan penuh keikhlasan, dipandu oleh dasar utama, salah satu daripadanya adalah dasar tiada diskriminasi. Dasar ini menggariskan bahawa SME Bank tidak boleh membuat keputusan berkaitan pekerjaan berasaskan kepada karekter diri yang tidak berkaitan dengan keperluan pekerjaan tetapi lebih menumpukan perhatian terhadap peluang yang sama rata dan layanan yang adil.

Kami berusaha mengelakkan sebarang kejadian diskriminasi bermotifkan jantina atau orientasi seksual, bangsa, agama, warganegara, status awam atau kedudukan sosial. Sebaliknya, terdapat dasar khusus yang menghormati hak kakitangan, dan kami bertekad untuk membuat pembaharuan berasaskan pelbagai isu penting berhubung perkara tertentu.

Kami menyediakan peluang yang sama rata tanpa mendiskriminasi bangsa, etnik, warganegara, agama, latar belakang sosial, tanggungjawab keluarga (termasuk kehamilan) atau kekurangan upaya.

Dengan memberi penekanan terhadap kesaksamaan, kami sentiasa berpendirian menghormati hak kakitangan menurut Perisytiharan Kerajaan mengenai Hak Asasi Manusia. Kami tidak akan bertolak ansur terhadap sebarang bentuk gangguan, diskriminasi atau keganasan di tempat kerja. Kami berpandu kepada Terma dan Syarat Perkhidmatan kami sendiri dan juga patuh terhadap amalan dan undang-undang buruh seperti Akta Pekerjaan 1955 dan Kod Tatalaku Keharmonian Perindustrian.

Modal insan kekal sebagai agenda utama kami. Keupayaan Bank untuk mencapai matlamat dan menempa kejayaan amat bergantung kepada kemahiran, pengalaman dan tatalaku kakitangan kami. Justeru, kami perlu terus mengukuhkan nilai modal insan untuk merealisasikan matlamat inklusif dan kemampanan yang ditetapkan.



Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Non-Discrimination Policy and Equal Opportunity

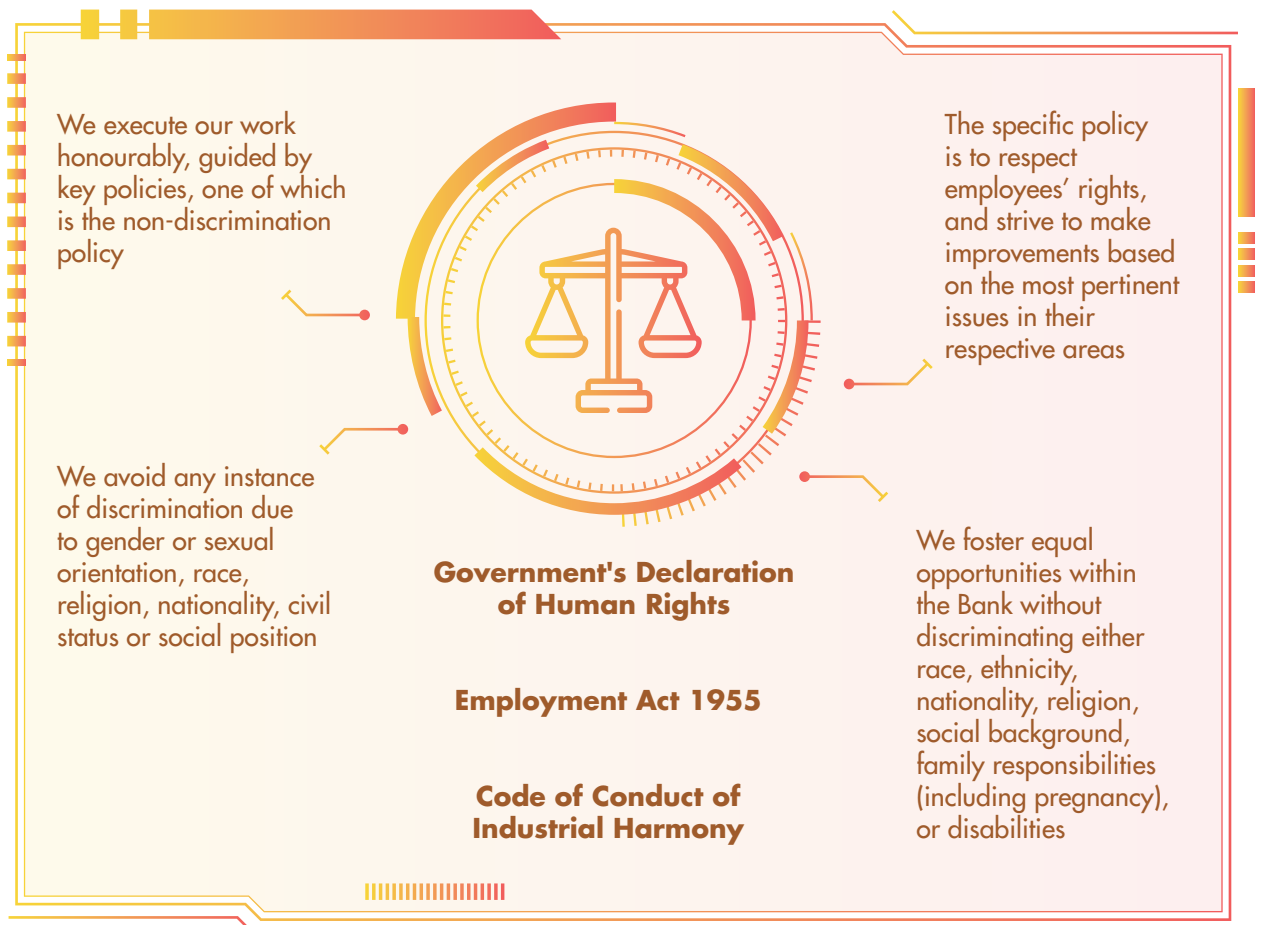
We execute our work honourably, guided by key policies, one of which is the non-discrimination policy. It entails SME Bank in not making employment decisions on the basis of personal characteristics unrelated to inherent job requirements but rather on the principle of equal opportunity and fair treatment.

We avoid any instance of discrimination due to gender or sexual orientation, race, religion, nationality, civil status or social position. Instead, the specific policy is to respect employees' rights, and strive to make improvements based on the most pertinent issues in their respective areas.

We foster equal opportunities within the Bank without discriminating either race, ethnicity, nationality, religion, social background, family responsibilities (including pregnancy), or disabilities.

With great emphasis on equality, our stance will always be, to respect employees' rights in accordance with the Government's Declaration of Human Rights. We do not tolerate any form of harassment, discrimination or violence at the workplace. We are governed by our own Terms and Conditions of Service and also comply with labour practices and legislation such as the Employment Act 1955 and Code of Conduct of Industrial Harmony.

Our people remain at the top of our agenda. The ability to deliver on our purpose and the success of the Bank ultimately depends on the skills, experience and conduct of our employees. Therefore, we shall continue to increase the value of our human capital in achieving inclusiveness and sustainability.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Mengutamakan Alam Sekitar

Consideration for the Environment

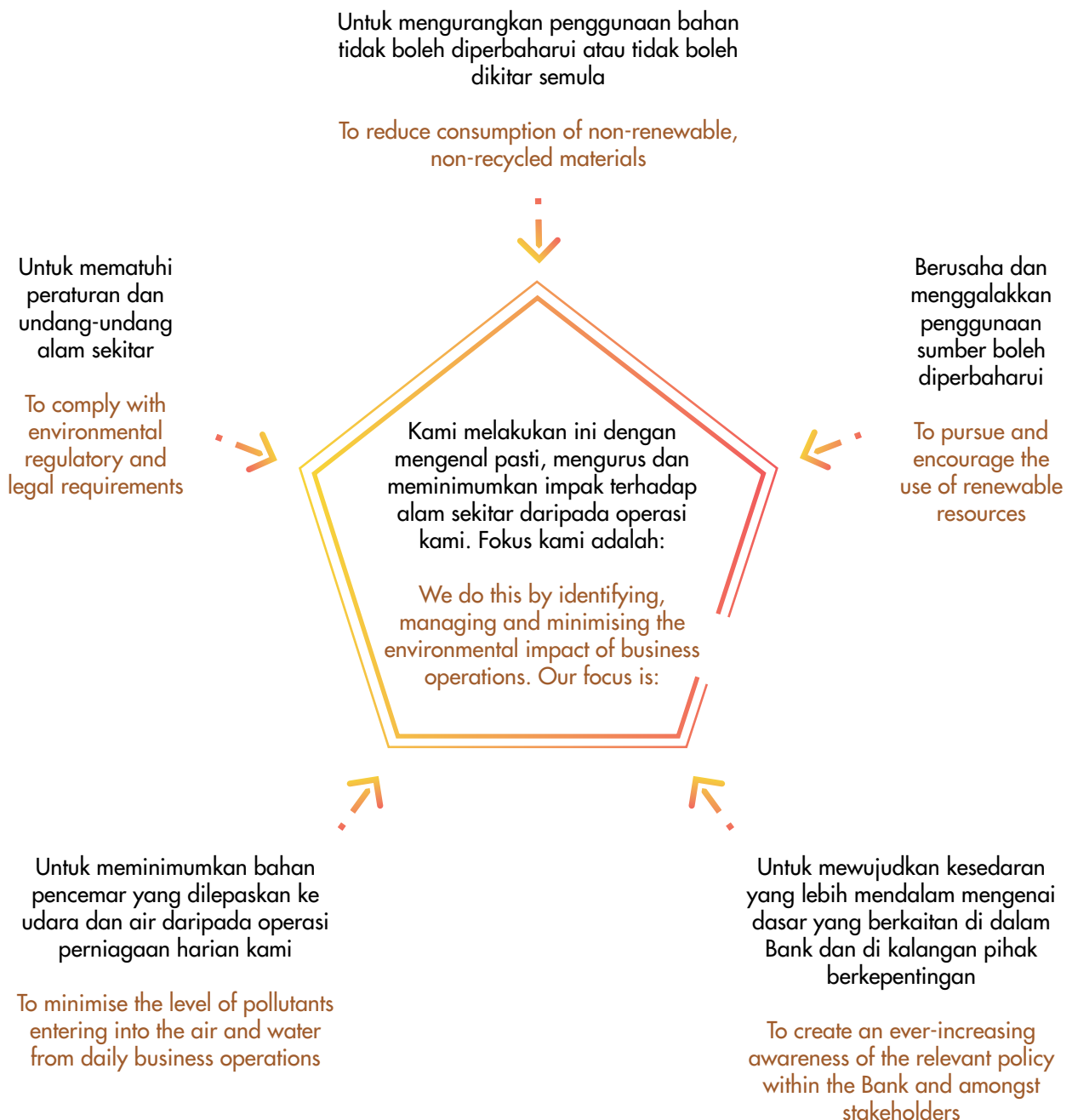
Alam Sekitar

Environment



SME Bank sentiasa mengutamakan dan mempertimbangkan dengan serius alam sekitar dalam menjalankan perniagaannya. Keprihatinan berterusan kami adalah untuk mengembangkan perniagaan dan pada masa yang sama mengurangkan kesan terhadap alam sekitar daripada kemajuan yang dicapai.

SME Bank continuously and seriously considers the environment in the course of doing its business. Our on-going concern is to grow our business whilst decoupling our environmental impact from our growth.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Projek berkaitan pemeliharaan alam sekitar
Projects that promote environmental concerns

— Tenaga boleh diperbaharui
Renewable energy



Tenaga termal solar
Solar thermal energy



Stesen penjanaan tenaga
Cogeneration stations



Peralihan kepada gas asli
Transition to natural gas

— Kecekapan tenaga
Energy efficiency

— Air
Water

Kami mengenal pasti bahawa perubahan strategik yang perlu dilakukan boleh membuka pelbagai peluang. Justeru, tindakan perlu dilaksanakan di semua peringkat, sama ada aktiviti dalaman mahupun luaran.

Selain daripada usaha dalaman berhubung penjagaan alam sekitar, kami telah menetapkan satu objektif strategik untuk menjadi peneraju dalam penyediaan penyelesaian kewangan kepada para pelanggan kami bagi projek berkaitan pemeliharaan alam sekitar seperti tenaga boleh diperbaharui (tenaga termal solar, stesen penjanaan tenaga, perpindahan kepada gas asli dll) kecekapan tenaga air dan pelbagai perkara lain. Aktiviti dalam bidang ini dijalankan di samping aktiviti tradisional perbankan. Aktiviti baharu ini dilaksanakan berikutan pengumpulan pengetahuan profesional dan pemeriksaan terperinci berhubung matlamat dan kesan perniagaan kami.

Kami menangani pelbagai isu kemampanan alam sekitar bagi mengimbangi pertumbuhan ekonomi dengan pemeliharaan alam sekitar. Semua projek SME Bank mematuhi peraturan pihak berkuasa berkaitan seperti Jabatan Alam Sekitar.

Kami mematuhi garis panduan berkaitan perlindungan dan pemuliharaan alam sekitar. Ini membolehkan kami mengambil pelbagai langkah proaktif untuk mengenal pasti secara langsung dan tidak langsung kesan alam sekitar daripada aktiviti kami. Bank menggunakan teknologi dan proses yang diperlukan untuk membantu mengurangkan kesan produk dan tindakan kami terhadap manusia dan komuniti di seluruh kehidupan mereka, dan pada masa yang sama kami berkomunikasi dengan masyarakat.

We recognise the strategic inevitability of the necessary change, and the resulting opportunities. Action is therefore being taken at all levels of the activity, both internally and externally.

Aside from our internal environmental efforts, we have set a strategic objective of being a leader in offering financing solutions to our clients for projects that promote environmental concerns: renewable energy (solar thermal energy, cogeneration stations, transition to natural gas etc), energy efficiency, water, and more. Activity in these areas is conducted alongside traditional banking activity. The new activity follows the accumulation of the necessary professional knowledge and an in-depth examination of goals and consequences.

We tackle a range of sustainability issues in order to balance economic growth with environmental preservation. All SME Bank projects comply with the requirements of relevant authorities such as the Department of Environment.

We adhere to the relevant guidelines on environmental protection and conservation. This enables us to take proactive measures to identify the direct and indirect environmental impact on our activities. The Bank pursues the required technologies and processes to help reduce the impact of our products and our actions on people and communities throughout their lifecycle, while also engaging in communication with society.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability




Kami melakukan usaha berterusan untuk mengurangkan kesan alam sekitar daripada cara pengurusan sumber kami. Masalah alam sekitar akan kekal sebagai sebahagian penting daripada strategi perniagaan SME Bank, kerana isu ini berada dalam ruang lingkup semua aktiviti kami.


The efforts of reducing the environmental impact of how we manage our resources are on-going. Environmental concerns shall remain an integral part of SME Bank's business strategy, as it is present in all our activities.

Komitmen kami terhadap alam sekitar


Our commitments in consideration for the environment

- 


Mengeluarkan produk yang rendah kesan alam sekitar
Produce products with lower environmental impact

- 


Menjadikan kaedah penyampaian kami lebih eko-efisien
Make our distribution more eco-efficient

- 


Berusaha mengurangkan penggunaan tenaga dan sumber asli serta mengurangkan pembaziran
Strive for reduced consumption of energy and natural resources and reduction of waste

- 


Memasukkan kriteria alam sekitar dalam semua peringkat keputusan perniagaan, daripada fasa reka bentuk hinggalah kepada perolehan. Kami berusaha untuk mencapai peningkatan berterusan dalam prestasi alam sekitar
Incorporate environmental criteria into all stages of business decision, from the design phase right to procurement. Pursue continuous improvement in our environmental performance

- 

Mematuhi peraturan alam sekitar, termasuk yang digariskan oleh Jabatan Alam Sekitar
Comply with environmental regulations, including those by the Department of Environment

- 

Komitmen terhadap kawalan dalaman dan luaran serta pengauditan bagi memastikan supaya prosedur alam sekitar dilaksanakan dan mengenal pasti serta mengutamakan bidang-bidang penting untuk penambahbaikan. Menyediakan kesedaran pendidikan yang sesuai kepada semua kakitangan dan semua maklumat yang diperlukan kepada pihak berkepentingan kami
Commitment to internal and external controls and auditing to ensure that environmental procedures are carried out and to identify and prioritise areas for improvement. Provide appropriate educational awareness to all our employees and all necessary information to our stakeholders

- 

Menggalakkan sikap bertanggungjawab terhadap alam sekitar dalam kalangan kakitangan kami
Promote environmental responsibility amongst employees

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Bertindak Balas Terhadap COVID-19 melalui Pendigitalan

Responding to COVID-19 via Digitalisation

Semasa pandemik COVID-19, teknologi digital menjadi semakin penting sehingga mempengaruhi segenap aspek kehidupan masyarakat dan ekonomi.

During the COVID-19 pandemic, digital technologies have become ever more ubiquitous, impacting across society and the economy.

Larangan yang dikenakan ke atas pergerakan dan interaksi sosial untuk membendung pandemik ini telah menyebabkan kebergantungan lebih besar terhadap pendigitalan dan teknologi kecerdasan buatan (*artificial intelligence*).

Kami menyedari bahawa teknologi dan pendigitalan merupakan pengaruh terpenting dalam kemampanan, dan oleh demikian memastikan dasar dan pelaburan yang dibuat sesuai dengan perubahan sistematik yang perlu untuk peralihan kepada dunia yang lebih mampan.

Walaupun ekosistem digital Bank mencipta peluang pelaburan yang besar, namun keadaan ini telah melahirkan kesan penting di dalam organisasi dan terhadap semua pihak berkepentingannya. Daripada teknologi hijau kepada proses yang mengutamakan penjagaan alam sekitar, pendigitalan telah mentransformasi Bank menjadi sebuah organisasi mampan.

Tidak syak lagi pendigitalan telah menyebabkan perubahan besar dalam masyarakat dan memainkan peranan untuk kebaikan semua pihak. Ekosistem Bank sejak sekian lama menjadi model kemakmuran manusia yang menggabungkan pertumbuhan ekonomi dengan kemajuan sosial.

The restrictions imposed on movements and social interactions to curb the pandemic have contributed to more dependency on digitalisation and artificial intelligence.

We recognise that technology and digitalisation are the most powerful influence in sustainability, and thus ensured that whatever policy and investment made were conducive to the systemic transformations necessary for transition to a more sustainable world.

While the Bank's digital ecosystem has spawned a substantial amount of investment, it has converged a significant impact within the organisation and on all its stakeholders. From green technologies to greening processes, digitalisation has led us to transforming the Bank into a sustainable organisation.

Digitalisation has undoubtedly created great social change and has worked for the common good. The Bank's digital ecosystem has in many ways created a model of human prosperity that recouples economic growth and social progress.



Teknologi dan pendigitalan merupakan pengaruh terpenting dalam kemampanan

Technology and digitalisation are the most powerful influence in sustainability

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Sejak transformasi digital dilancarkan pada 2018, pendigitalan telah menjadi salah satu penggerak kemampanan dari segi peningkatan kecekapan sumber dan prestasi pemprosesan. Langkah ini juga menyediakan peluang untuk kami mewujudkan data yang boleh diakses serta penggunaan data yang fleksibel dan bijak melalui aplikasi teknologi maklumat.

Kami memperhebatkan inisiatif digital kami pada 2020 dan ini telah memperbaiki keteguhan kami, prestasi operasi yang lebih baik serta kemampanan perniagaan. Ini merupakan hakikat sebenar sepanjang tempoh pandemik COVID-19 kerana keadaan ini telah mendedahkan PKS terhadap pelbagai risiko.

Ekosistem digital Bank ini mengukuhkan persediaan kami untuk membantu PKS menghasilkan produk dan perkhidmatan mampan sepertimana kakitangan kami memerlukan kepimpinan mampan daripada kami. Data yang besar, kecerdasan buatan, perkara berasaskan internet dan keselamatan siber telah membentuk semula cara kami beroperasi.

Boleh dikatakan bahawa COVID-19 menjadi pemangkin transformasi digital kepada usahawan PKS dan menyediakan peluang untuk mereka memikirkan semula bagaimana mereka boleh menggunakan teknologi dalam cara baharu dan lebih bermakna. Sementara itu, nilai secara langsung yang timbul daripada kecerdasan buatan ini ialah penghasilan alam sekitar yang bebas karbon, meliputi pengurangan penggunaan sumber asli dan sisa fizikal.

Ketika melangkah jauh dalam bidang ini, kami terus berusaha menggabungkan pertimbangan kemampanan sebagai ukuran strategik di seluruh Bank ini bagi memastikan kami kekal teguh dan berdaya saing. Pada masa yang sama, kami membantu usahawan PKS dalam mempertingkatkan keupayaan digital mereka ke arah mencapai kemampanan dan menyediakan pelbagai peralatan dan platform yang diperlukan. Justeru, kami turut membantu mereka memperkukuhkan kedudukan bagi meneruskan kelangsungan dan perkembangan perniagaan, sambil mengharungi pelbagai cabaran dan pada masa yang sama menyumbang kepada pewujudan nilai jangka panjang.



COVID-19 menjadi pemangkin transformasi digital kepada pelbagai PKS dan menyediakan peluang untuk kita memikirkan semula bagaimana kita boleh menggunakan teknologi dalam cara baharu dan lebih bermakna

COVID-19 has catalysed digital transformation of many SMEs and presented the opportunity to rethink how they can apply technology in new and meaningful ways

Since we embarked on digital transformation in 2018, digitalisation has become one of the enablers of sustainability in terms of improving resource efficiency and processing performance. It has also provided an opportunity for us to establish accessible data system and obtain flexible and smart use of data through application of information technology.

We accelerated our digital initiatives in 2020 which have resulted in improved resilience, better operational performance and business sustainability. This held true in the face of the COVID-19 pandemic as it pulled back the curtain on the SME's vulnerabilities to myriad risks.

The Bank's digital ecosystem has presented us with the readiness toward helping SMEs seeking sustainable products and services as much as our own employees demanding sustainable leadership. Big data, artificial intelligence, the internet of things and cybersecurity have reshaped the condition in which we operate.

In hindsight, COVID-19 has catalysed digital transformation of many SMEs and presented the opportunity to rethink how they can apply technology in new and meaningful ways. Meanwhile, the value unlocked by artificial intelligence directly translates to carbon free environment, which also includes the reduction of natural resources and physical waste.

As we progress further into this area, we continue to integrate sustainability considerations as a strategic imperative throughout the Bank to ensure we remain both resilient and competitive. At the same time, we help SME entrepreneurs in their digital journey toward sustainability and provide them with the tools and platforms required. Thus, we also help in positioning them to survive and grow amidst the challenges, and contribute to long-term value creation over time.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Pengurusan Mesra Alam

Kami terlibat dalam pelbagai usaha perlindungan alam sekitar di tempat kerja, pembekal dan komuniti setempat di seluruh negara. Kami mematuhi Dasar Keselamatan Alam Sekitar dan mengurus sektor alam sekitar tempat kerja berdasarkan kepada Sistem Pengurusan Alam Sekitar (ISO 14001) dan Sistem Pengurusan Tenaga. Kami telah mewujudkan petunjuk prestasi utama dalam pengurusan tenaga, sumber air dan sisa serta menilai setiap kemajuan dan prestasi kami.

Green Management

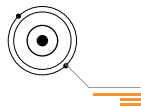
We engage in a variety of environmental protection activities at all our workplace, as well as with our suppliers and local communities all over the country. We comply with Environmental Safety Policy and manage the workplace environment sector based on the Environmental Management System (ISO 14001) and Energy Management System. We have established key performance indicators in the management of energy efficiency, water resources and waste, and track our progress and performance.

Inisiatif Bangunan Mesra Alam

SME Bank berjaya memperoleh pensijilan reka bentuk 'Green Building Index' (GBI) pada 2018 selepas memenuhi semua keperluannya, hasil pelbagai inisiatif bagi bangunan hijau dan aktiviti-aktiviti yang berkaitan.

Green Building Initiatives

SME Bank achieved full Green Building Index (GBI) design certification in 2018 upon attainment of all its requirements, as a result of its various green building initiatives and activities.



Pensijilan reka bentuk Green Building Index (GBI)

Full Green Building Index (GBI) design certification

Aktiviti ini berkaitan dengan menyelitkan proses mesra alam dan kecekapan sumber pada setiap peringkat pembinaan, bermula daripada peringkat pemilihan tapak dan reka bentuk, kepada pembinaan dan operasi diikuti oleh aktiviti penyenggaraan baik pulih atau perobohan.

These activities relate to the incorporation of environmentally-friendly and resource-efficient processes at each stage of construction, right from site selection and the design stage, to construction and operations followed by maintenance, renovation or even demolition activities.



GBI merupakan sistem penarafan mesra alam untuk bangunan bagi mempromosi kemampanan di dalam persekitaran bangunan dan meneguhkan kesedaran dalam kalangan pemaju, jurubina, jurutera, perancang, pereka bentuk, kontraktor dan orang awam mengenai pelbagai isu alam sekitar dan tanggungjawab kami terhadap generasi masa hadapan.

GBI is Malaysia's industry recognised green rating tool for buildings to promote sustainability in the built environment and raise awareness among developers, architects, engineers, planners, designers, contractors and the public about environmental issues and our responsibility to the future generations.

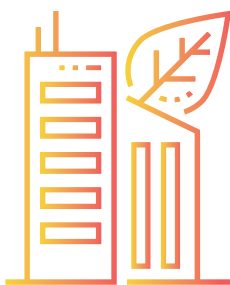
Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Kami telah mula menggabungkan ciri-ciri bangunan hijau ke dalam reka bentuk dan pembinaan ibu pejabat kami pada 2014 dengan objektif untuk mengawal sebarang kesan alam sekitar yang timbul daripada operasi kami.

Konsep dan reka bentuk mesra alam bangunan pejabat kami tertumpu kepada enam bidang utama. Ini meliputi kualiti alam sekitar di dalam bangunan, perancangan dan pengurusan tapak yang mampan, inovasi, kecekapan penggunaan air, bahan dan sumber dan kecekapan penggunaan tenaga.



We began incorporating green building features in the design and construction of our head office back in 2014 with the objective of mitigating any possible environmental impact from our activities.

Our green office building concept and design covers six focus areas. These include indoor environmental quality, sustainable site planning and management, innovation, water efficiency, materials and resources, and energy efficiency.

Konsep bangunan hijau yang kami gunakan bertumpu kepada dua aspek utama:

The green building concept we have adopted concentrates on two main aspects:

Mempertingkatkan kecekapan bangunan dari segi penggunaan tenaga, air dan bahan

Increasing the efficiency of the building in terms of energy, water and materials usage

Mengurangkan kesannya ke atas kesihatan manusia dan alam sekitar melalui pemilihan tapak yang lebih sesuai, reka bentuk, pembinaan, operasi, penyenggaraan dan pengalihan di seluruh jangka hayat bangunan tersebut

Reducing its impact on human health and the environment through better site selection, design, construction, operation, maintenance and removal throughout the complete life cycle of the building

Mesra alam bermakna kami berjaya mencapai pengurangan kos operasi bangunan sehingga 9%, meningkatkan nilai bangunan sebanyak 7.5% dan merealisasikan 6.6% peningkatan dalam pulangan atas pelaburan.

Going green means that it will help reduce the building operating cost by as much as 9%, increase building values by 7.5% and realise a 6.6% increase in return on investment.

Sesebuah bangunan mesra alam membawa pelbagai manfaat kepada kita, dari segi kesesuaian ekologi dan alam sekitar, serta pulangan ekonomik, yang akhirnya mendorong kepada pembangunan mampan.

A green building brings multiple benefits for us, in terms of sound ecological and environmental sense as well as sound economic sense, which ultimately leads to a sustainable development.

Ciri-ciri Pintar Utama Yang Dilaksanakan di Menara SME Bank

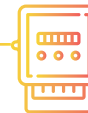
Pencahayaan Mengikut Zon



- Kawalan pencahayaan yang fleksibel untuk memaksimumkan penjimatan tenaga
- Suis-suis individu bagi semua ruang individu atau tertutup
- Pencahayaan kawalan pemas dengan strategi penggunaan cahaya matahari untuk semua lingkungan zon dan kawasan yang menerima cahaya

Submeter Elektrik

- Penggunaan submeter bagi semua penggunaan tenaga sebanyak atau lebih daripada 100kVa



Mempertingkatkan Pentauliahan



- Peningkatan bagi memastikan sistem penggunaan tenaga utama bangunan diperbaiki, dikendali dan disenggara dengan efektif bagi mengoptimumkan prestasi tenaga
- Untuk memastikan peralatan penggunaan tenaga yang tinggi seperti sistem penyejuk pendingin udara berpusat dikendalikan mengikut masa seperti yang dijadualkan bagi mengelakkan peralatan tersebut beroperasi pada masa puncak yang akan memberi kesan terhadap kos Permintaan Maksimum
- Pelan pentauliahan bagi sistem penggunaan tenaga utama bangunan
- Mengawal faktor tenaga di atas kadar 0.85 kapasitansi ketinggalan
- Latihan pengurusan untuk menimbulkan kesedaran dan mempertingkatkan kemahiran berkaitan operasi bangunan mampan seperti kecekapan penggunaan tenaga serta bangunan, peralatan dan operasi dan penyenggaraan sistem
- Mengemaskini pelan operasi bangunan untuk menggambarkan perubahan dalam jadual penghunian, jadual penggunaan peralatan, reka bentuk titik set dan tahap pencahayaan

Penciptaan Nilai melalui Kemampanan

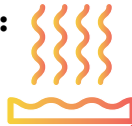
Creating Value through Sustainability



Tenaga Boleh Diperbaharui

- Menggalakkan penggunaan tenaga boleh diperbaharui

Keselesaan Termal: Reka Bentuk & Kebolehkawalan Sistem



- Kawalan keselesaan individu bagi 50% daripada penghuni bangunan yang membolehkan pelarasan dibuat untuk disesuaikan dengan keperluan dan kecenderungan individu

Kawalan Asap Tembakau Persekitaran (ETS)



- Merokok adalah dilarang di dalam bangunan dan kawasan merokok khas di luar bangunan terletak jauh dari laluan keluar masuk, pengaliran udara dan tingkap

Keberkesanan Perubahan Udara



- Pengaliran udara bersih yang efektif melalui pengurangan pencemaran di dalam bangunan untuk mewujudkan persekitaran dalam bangunan yang lebih sihat
- Karbon dioksida (CO₂) dikawal oleh sistem BEMS bagi memastikan CO₂ di dalam bangunan berada di bawah tahap bacaan 1,000 bahagian per sejuta (ppm) menurut standard syarat OSHA



Tahap Kebisingan Dalam

- Tahap kebisingan dalam dikekalkan pada tahap selamat bagi memastikan 90% daripada tahap kebisingan tidak melebihi tahap kebisingan dalam di sekeliling:
 - Di dalam jarak paling jauh bangunan ruang pejabat umum, bunyi bising daripada perkhidmatan bangunan tidak melebihi 40dB_{Aeq}
 - Di dalam jarak paling jauh bangunan ruang pejabat, tahap bunyi tidak melebihi 45dB_{Aeq} bagi pelan terbuka atau 40dB_{Aeq} bagi pejabat tertutup

Key Green Features Implemented at Menara SME Bank

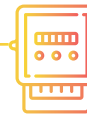


Lighting Zoning

- Flexible lighting controls to maximise energy savings
- Individual switches for all individual or enclosed spaces
- Timer controlled lighting with daylighting strategy for all perimeter zones and daylight areas

Electrical Sub-metering

- Sub-metering for all energy usage more than or equivalent to 100kVa



Enhanced Commissioning

- 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 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



Renewable Energy

- The use of renewable energy is encouraged

Thermal Comfort: Design & Controllability of Systems



- Individual comfort controls for 50% of the building's occupants that allow adjustments to suit individual tasks and preferences

Environmental Tobacco Smoke (ETS) Control



- Smoking is prohibited in the building and exterior designated smoking areas are located away from entries, outdoor air intakes and operable windows

Air Change Effectiveness



- Effective delivery of clean air through reduced mixing with indoor pollutants to promote a healthy indoor environment
- Carbon Dioxide (CO₂) is controlled by 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



Internal Noise Levels

- Internal noise levels maintained at a safe level that ensure 90% of noise levels do not exceed the following ambient internal noise levels:
 - 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



Pengurusan Tenaga Energy Management

Pengurusan tenaga mampan telah lama menjadi fokus utama SME Bank kerana tenaga elektrik merupakan sumber utama yang digunakan di Bank ini. Usaha pengurusan tenaga kami melibatkan bidang-bidang berkaitan, iaitu kecekapan dan penggunaan.

Sustainable energy management has long been the primary focus at SME Bank as electrical power is a key resource used at the Bank. Our energy management efforts involve pertinent areas of concern, namely efficiency and consumption.

Kecekapan Penggunaan Tenaga

Sistem Pengurusan Tenaga Bangunan

Sistem Pengurusan Tenaga Bangunan (BEMS) di Menara SME Bank, ibu pejabat kami di Kuala Lumpur merupakan sistem berasaskan komputer yang memantau secara automatik pelbagai parameter seperti pendingin udara, aliran udara, suhu bilik, kelembapan, pencahayaan dan karbon dioksida.

Sistem tersebut bersambung dan dikawal secara automatik oleh sistem Menara SME Bank seperti pencahayaan serta pemanasan, pengaliran udara, dan pendingin hawa (HVAC) bagi mewujudkan platform tunggal dan berpusat untuk menguruskan penggunaan tenaga bangunan ini.

Di samping itu, BEMS menyediakan fungsi meter, sub-meter dan pemantauan yang mengumpulkan data tenaga, membolehkan pengurus bangunan mendapat maklumat terperinci berhubung penggunaan tenaga di bangunan ini.

Sistem BEMS turut membantu kami untuk memantau penggunaan tenaga dan sasaran yang ditetapkan dengan menyediakan data masa sebenar aliran tenaga, penggunaan, trend dan prestasi keseluruhan tenaga di bangunan ibu pejabat. Di luar waktu bekerja, kami telah memasang alat pemasa untuk mengawal dan memantau fungsi hidup/pasang lampu berasaskan jam kerja atau apabila diperlukan, mengurangkan penggunaan tenaga yang tidak diperlukan.

Energy Efficiency

Building Energy Management Systems

The Building Energy Management Systems (BEMS) at Menara SME Bank, our head office in Kuala Lumpur are computer-based systems which automatically monitor and control a range of parameters such as air-conditioning, ventilation, room temperature, humidity, lighting and carbon dioxide.

The systems automatically connect and control Menara SME Bank's systems such as lighting as well as heating, ventilation, and air conditioning (HVAC) to create a single, central platform to manage the building's energy consumption.

Additionally, BEMS provide metering, sub-metering, and monitoring functions which collate energy data, enabling building managers to gain detailed insight into the building's energy usage.

The BEMS system also helps us to monitor energy usage and targets by providing real-time data on energy flows, consumption, trends and the overall performance of the head office building. Outside normal working hours, we have installed a timer to control and monitor the on/off function of the lighting based on working hours or when it is needed, ultimately reducing needless energy consumption.

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Creating Value through Sustainability



Mentol LED

Seluruh Menara SME Bank diterangi oleh mentol LED yang menjimatkan tenaga, dan tidak mengandungi elemen bertoksik dan mempunyai jangka hayat yang lebih lama.

Mentol LED mengurangkan penggunaan tenaga sebanyak lebih 80% berbanding lampu biasa seperti lampu kalimantang (fluorescent) dan lampu pijar (incandescent) dan boleh tahan sehingga 25% lebih lama. Dengan penjimatan tenaga sehingga 95% apabila LED ditukar kepada cahaya semulajadi dan hanya 5% dibazirkan sebagai haba, lampu LED jauh lebih mesra alam kerana menggunakan tenaga yang lebih rendah untuk mengeluarkan cahaya yang lebih terang.

Penggunaan lampu LED di dalam bangunan bermakna kami memainkan peranan dalam mengurangkan pengeluaran karbon kerana jangka hayat LED yang lebih lama bererti pengeluaran karbon yang lebih rendah. Lampu LED bertahan sehingga enam kali lebih lama daripada lampu biasa, dan ini mengelakkan penggantian yang kerap.

Kesannya, hanya sedikit lampu yang diperlukan dan ini mengurangkan penggunaan sumber bagi proses pembuatan, pembungkusan bahan dan pengangkutan, yang memberi kesan positif tidak langsung terhadap kemampanan alam sekitar.

LED Bulbs

The entire Menara SME Bank is lighted by LED bulbs which are energy efficient, and contain no toxic elements and with a longer life span.

An LED bulb can reduce energy consumption by over 80% compared to a traditional lighting such as a fluorescent and incandescent light and can last up to 25% longer. With 95% of the energy in LEDs being converted into light and only 5% wasted as heat, LED lighting is significantly more environmentally friendly as it uses significantly less power to produce bright lights.

Using LED lights in our building means we play our role in reducing carbon emissions as a longer life span of LED lights means lower carbon emissions. LED lights last up to six times longer than other types of lights, thus reducing the requirement for frequent replacements.

This result in using fewer lights and therefore fewer resources are needed for manufacturing processes, packaging materials and transportation, which present indirect positive impacts to towards a sustainable environment.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Mengoptimumkan Penggunaan Tenaga

Pada 2020, penggunaan tenaga berkurang sebanyak 0.015 % kepada 3,479,654 kWh daripada 3,480,174 kWh pada 2019.

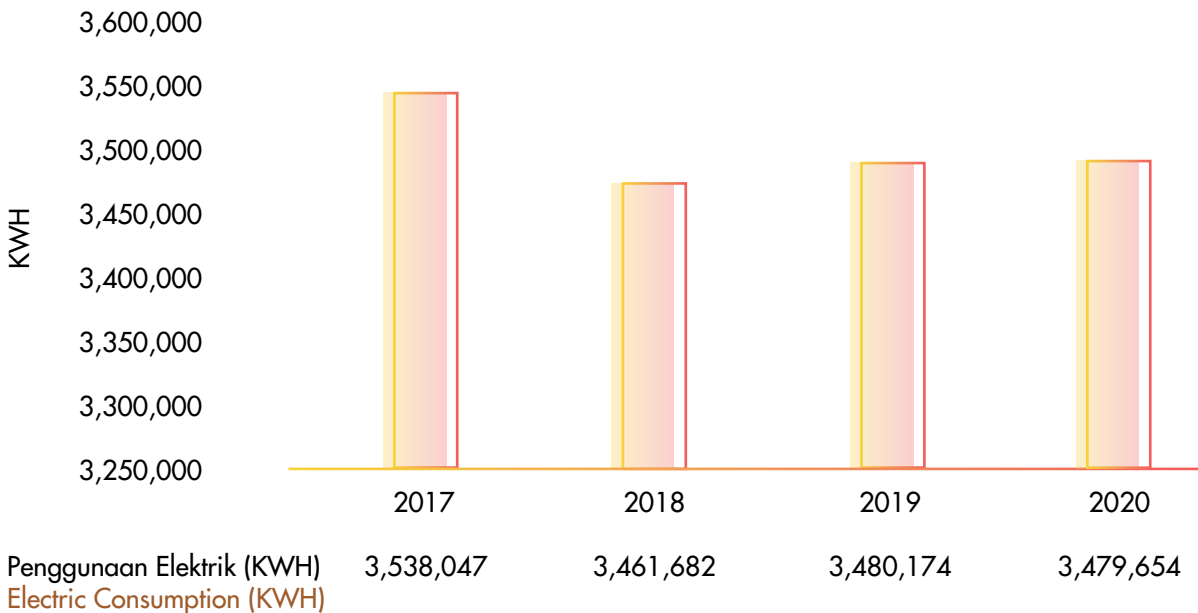
kWh adalah dalam lingkungan sasaran kawalan 310,000 kWh sebulan. Permintaan maksimum (kilowatt) kekal di bawah 1,080 kWh, sementara faktor tenaga kekal di atas 0.85 bebatan kapasitens bagi mengelakkan dikenakan penalti oleh Tenaga Nasional Berhad.

Optimising of Energy Consumption

In 2020, energy consumption decreased by 0.015 % to 3,479,654 kWh from 3,480,174 kWh in 2019.

The kWh was within the targeted parameter control of 310,000 kWh per month. The maximum demand (kilowatt) remained below 1,080 kWh, while power factor remained above 0.85 lagging capacitance so as to avoid penalty by Tenaga Nasional Berhad.

Penggunaan Elektrik (KWH) Electric Consumption (KWH)



Penggunaan Elektrik (KWH)
Electric Consumption (KWH)

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Pengurusan Sumber Air

Pengurusan sumber air merupakan salah satu bahagian penting dalam usaha perlindungan alam sekitar dan pada masa yang sama, merupakan elemen utama dalam dunia pekerjaan dan kehidupan kita.

Kami menyedari kepentingan air dalam melaksanakan pengurusan kemampanan, sosial dan sebagai warga korporat, kami perlu bertanggungjawab untuk melindungi sumber air. Sasaran kami adalah untuk meminimumkan penggunaan air di premis perniagaan dan di seluruh operasi perniagaan kami, sambil terus menerokai dan memperkenalkan pelbagai teknologi baharu dalam penjimatan air.

Kami juga berusaha untuk mewujudkan pemuliharaan dan kemampanan sumber air sebagai sebahagian daripada budaya korporat kami. Ini dilaksanakan dengan memberi kefahaman kepada kakitangan kami tentang tanggungjawab mereka berhubung pengurusan sumber air dan mempertimbangkan kesan pembaziran air terhadap alam sekitar.

Water Resource Management

Water resource management is an integral part of protecting the environment and at the same time, an essential part of our everyday work and life.

We recognise the importance of water in sustainable, social, and corporate management and fulfil our responsibility as a responsible corporate citizen to protect water resources. Our constant aim is to minimise consumption of water at our business premises and throughout our business operations while continuing to explore and introduce new technologies for saving water.

We also work towards establishing the preservation and sustainability of water resources as part of our corporate culture. We do this by making employees understand their responsibility for water resource management and consider the impact of water wastage on the environment.



Mengurangkan Penggunaan Air

Kami meminimumkan penggunaan air melalui usaha pengurangan penggunaan harian, seperti mengoptimalkan dan memperbaiki standard penggunaan di tempat kerja kami.

Usaha kami untuk mengurangkan penggunaan sumber air diteruskan pada tahun ini melalui pemasangan pelbagai alat penjimatan air seperti paip dan pancur mandian menjimatkan air serta tandas pam menjimatkan air atau pam berkembar. Kami juga melaksanakan kerja penyenggaraan secara kerap dan pada masa yang sama, menangani sebarang masalah kebocoran dengan segera khususnya yang berkaitan dengan tandas, paip dan pelbagai peralatan air lain. Kami juga berusaha mencapai peningkatan dari segi struktur, seperti mempertingkatkan pemantauan yang konsisten dan kerja pembaikan yang proaktif untuk meminimumkan kebocoran.

Hasilnya, kami berjaya mengurangkan penggunaan air sebanyak 12% kepada 22,317 m³ pada tahun ini, dan pada masa yang sama mengekalkannya dalam parameter sasaran kawalan sebanyak 28,000 m³.

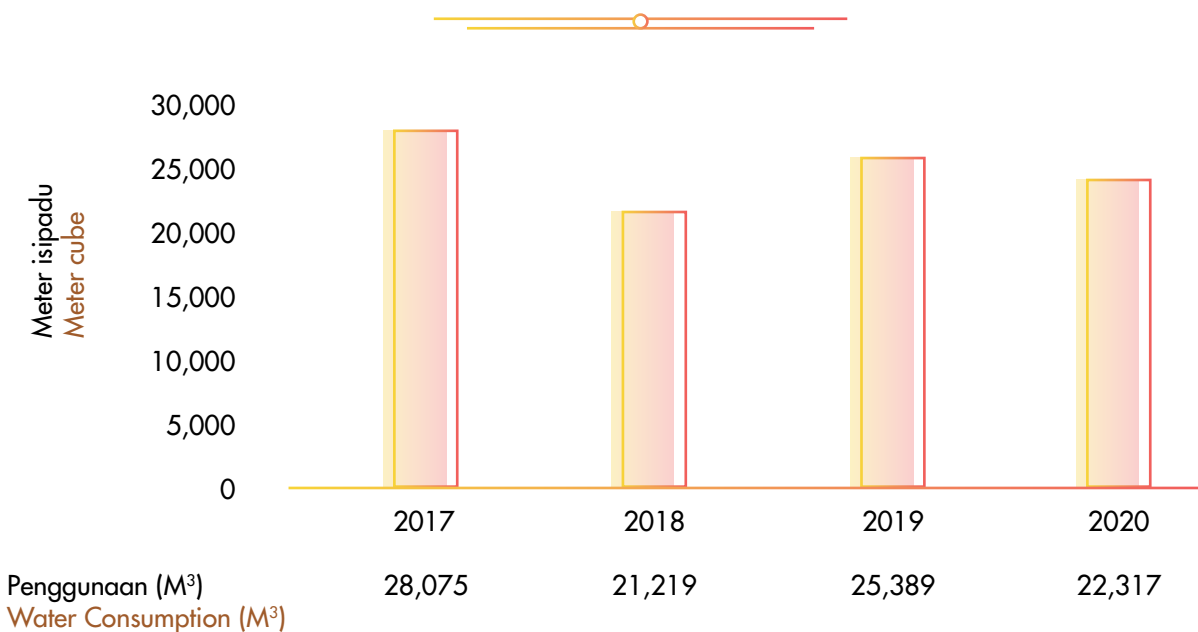
Reducing Water Consumption

We minimise the usage of water through everyday reduction efforts, such as optimising our workplace and improving consumption standards.

Our efforts in improving efficient use of water resources continued during the year through the installation of various water-saving features such as water-saving taps and showerheads as well as low-flush or dual-flush toilets. We also undertake regular maintenance and at the same time, address leakage problems promptly especially those related to toilets, taps and other water fixtures. We also pursue structural improvements, such as improving our consistent monitoring and proactive repair works to minimise leakage.

As a result, we successfully reduced consumption of water by 12% to 22,317 m³ during the year, and at the same time keeping it within the parameter control target of 28,000 m³.

Penggunaan Air (M³)
Water Consumption (M³)



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Pengurusan Sisa

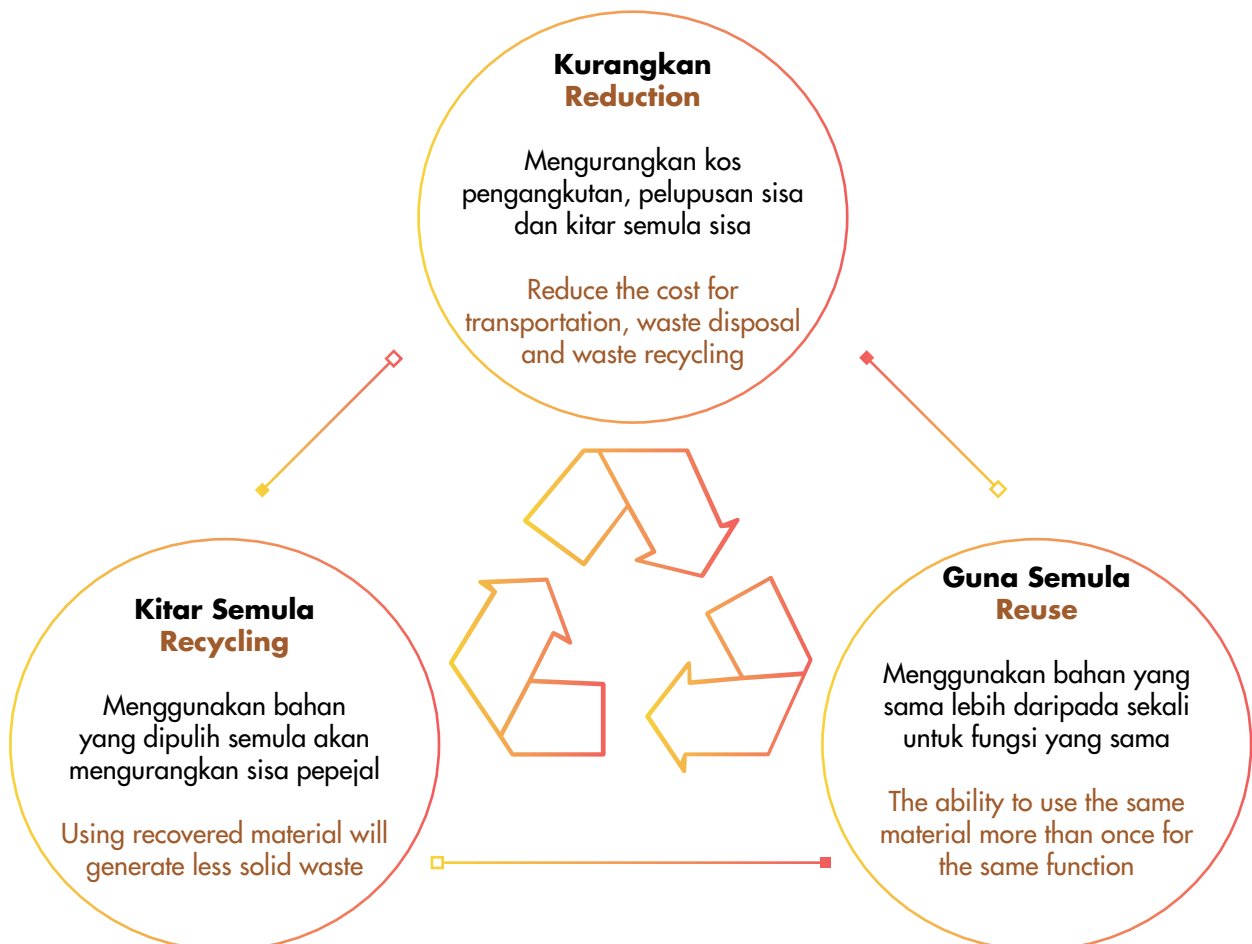
Dalam usaha untuk menguruskan sisa dengan berkesan, kami telah membangunkan satu proses khas sistem kawalan sisa, di mana pendekatan kami melibatkan strategi teknikal, organisasi dan kewangan bagi membolehkan pengurusan sisa yang mampan dilaksanakan dalam operasi harian.

Kami memberi fokus kepada strategi 3R – Reduce (Kurangkan), Reuse (Guna Semula), Recycle (Kitar Semula) – sebagai kaedah yang paling efektif dan efisien untuk menguruskan sisa.

Waste Management

In an effort to effectively manage waste, we develop process-specific waste control systems, our approach involves technical, organisational and financial strategies for sustainable waste management to be incorporated into our daily operations.

We focus on the 3Rs - Reduce, Reuse, Recycle – as the most effective and efficient method to manage wastes.



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Menukar sampah boleh dikitar semula kepada sumber berharga yang membolehkan kami merawat sisa pepejal dengan efisien dan melakukan kitar semula ke atas barangan yang pada asalnya ingin dihantar ke tapak pembuangan sampah.

Kerja harian kami melibatkan penggunaan komponen canggih seperti katrij dan toner pencetak yang mengandungi bahan toksin yang boleh menjejaskan alam sekitar jika tidak dikendalikan dengan sewajarnya selepas digunakan. Dengan mengitar semula bahan sisa pejabat ini dengan cara yang betul, kami membantu mengelakkan pencemaran alam sekitar, memudahkan penggunaan semula komponen yang tahan lama, serta mengurangkan jumlah tanah yang diperlukan untuk tapak pembuangan sampah. Kesimpulannya, pengurusan sisa yang efektif dan mampan ini menyumbang kepada kemampanan alam sekitar kita.

Turning recycled rubbish into a valuable resource enables us to efficiently treat solid wastes and conclude solutions to recycle items that were originally intended for the landfill.

Our daily work involves use of sophisticated components such as printer cartridges and toners which contain toxins that can damage the environment if not handled properly when we are done with them. By recycling this office waste in the correct manner, we are helping to prevent the environment from being contaminated, facilitating the reuse of elaborate components, and reducing the amount of land required for landfill. In the end, such effective and sustainable waste management contributes to a sustainable environment we live in.

Contoh Item yang Dikitar Semula Setiap Hari

Examples of item That Are Recycled Daily



Pengurusan Sumber Kertas

Kertas merupakan salah satu daripada bahan mentah utama yang digunakan dalam operasi rutin Bank. Oleh itu, sumber ini perlu diuruskan dengan cara yang paling cekap ketika kami berusaha untuk mengurangkan penggunaannya dan mempertingkatkan kitar semula.

Menguruskan sumber kertas dengan cekap bermakna mengurangkan bilangan pokok yang perlu ditebang. Sebagai produk kayu, kertas terus menyimpan karbon di sepanjang jangka hayatnya. Sebagai bukti keprihatinan kami terhadap alam sekitar, kami perlu membuktikan juga bahawa perniagaan kami turut melabur ke arah kesejahteraan alam sekitar.

Usaha untuk mengurangkan penggunaan kertas di Bank diteruskan sepanjang 2020. Perhatian khas diberi terhadap usaha memaksimumkan potensi automasi proses yang sebelum ini bergantung kepada penggunaan kertas.

Antara inisiatif 'tanpa kertas' adalah hasil ekosistem digital yang kami laksanakan. MySMEBank contohnya, yang merupakan sistem permohonan dalam talian di mana usahawan SME boleh memohon pembiayaan tanpa penggunaan kertas seperti kebiasaan.

Paper Resource Management

Paper is one of the main raw materials consumed during the routine operations of the Bank; as such, this resource is managed in the most efficient manner as we pursue our efforts to cut back consumption and increase recycling.

Efficient management of paper resources means the saving of more trees being cut down. As a wood product, paper continues to store carbon throughout its lifetime. In our concern over the environment, we adapt to prove that our business is invested in the overall well-being of the environment.

The drive to reduce paper consumption at the Bank continued during 2020. Special attention has been devoted to fully maximising the potential for automation of formerly paper-consuming processes.

Among the "paperless" initiatives are the results of the digital ecosystem we have in place. The MySMEBank is one example, which is an online financing application system where SME entrepreneurs can apply for financing online without the use of paper as how it is traditionally done.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Platform dalam talian yang kami perkenalkan pada 2019 sebagai sebahagian daripada komponen Platform Digital PKS Kebangsaan Bank di bawah Program Pemecutan Dua Tahun juga bermakna urusan tanpa kertas. Kedua-dua platform ini adalah ScoreXcess untuk usahawan kecil dan mikro memperoleh pembiayaan dengan cara yang lebih cepat dan efisien; dan juga ODELA, sebuah platform e-dagang Bisnes ke Bisnes (B2B). Kedua-dua platform memudahkan usahawan menjalankan urusniaga, melaksanakan pertukaran, menggalakkan inovasi dan perkongsian di seluruh ekosistem ini.

The online platforms we introduced in 2019 as part of the components of the Bank's National SME Digital Platform under the Two-year Acceleration programme also mean paperless transactions. The two platforms are ScoreXcess for micro and small entrepreneurs to obtain financing in a faster and more efficient way; and ODELA, a business-to-business (B2B) e-commerce platform. Both platforms have made it easy for the entrepreneurs to make transactions, facilitate exchange, foster innovation and partnership across vast ecosystems.

Selain itu, penggunaan e-borang untuk fungsi perniagaan tertentu seperti Teknologi Maklumat dan Sumber Manusia turut menyumbang kepada pengurangan penggunaan kertas.

Sebagai iltizam kami untuk mengurangkan penggunaan kertas dengan ketara dan menjadikannya sebahagian daripada budaya, kami sentiasa menggalakkan kakitangan supaya meninggalkan amalan biasa mereka.

Kami sedar bahawa kakitangan sering mencetak dokumen kerana mereka tidak mempunyai peralatan yang betul untuk bekerja secara digital. Justeru, kami melengkapkan mereka dengan peralatan digital yang membolehkan mereka merangka dokumen, menyunting, dan bersama menggunakan komputer atau peranti bimbit bagi menggantikan kertas sebagai dokumen dalam aliran kerja mereka.

In addition, the use of e-forms for certain business functions such as our Information Technology and Human Resources also contribute to the reduction of paper consumption.

In our commitment to significantly reduce paper consumption and to make it a part of our culture, we constantly encourage employees to break their traditional habits.

We realise that employees often resort to printing documents because they do not have the right tools to work with them digitally. Thus, we have started to equip employees with digital tools that enable document creation, editing, and collaboration on a computer or mobile device to effectively replace paper in their document workflows.

Untuk mencapai matlamat ini, kami mewujudkan pusat percetakan dan menyusun semula kedudukan mesin pencetak, mesin fotokopi, mesin faks dan mesin pengimbas, dengan menukar daripada setiap kakitangan mempunyai sebuah mesin sendiri kepada pusat percetakan setempat. Usaha ini bertujuan untuk menjimatkan penggunaan kertas, elektrik, kos penyelenggaraan dan toner, melalui kaedah percetakan yang selamat dan terkawal.

To this end, we set up printing centres and have since reorganised printers, photocopiers, fax machines and scanners, by switching from each employee having his own individual printer to central printers. This is an effort taken to save paper, electricity, maintenance costs and toners, through secure and controlled printing.



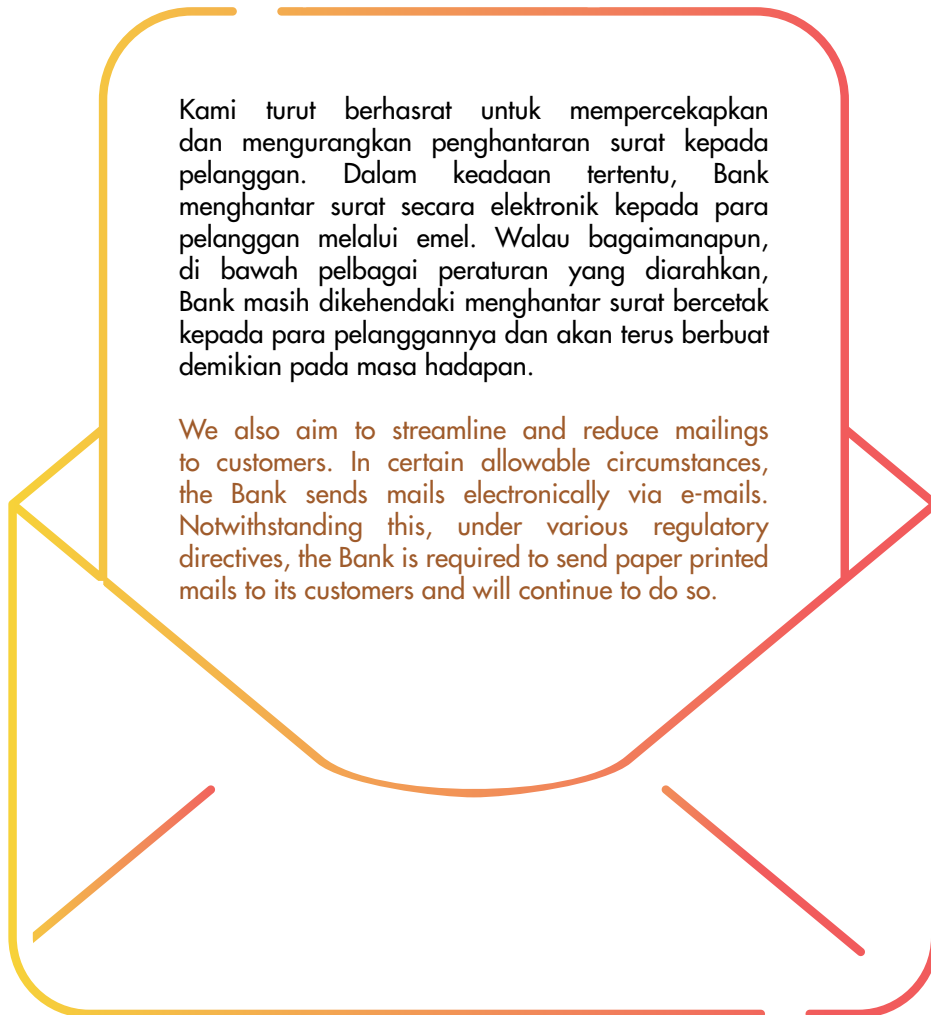
Sebagai iltizam kami untuk mengurangkan penggunaan kertas dengan ketara dan menjadikannya sebahagian daripada budaya

In our commitment to significantly reduce paper consumption and to make it a part of our culture



Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Kesimpulan

Kemampanan alam sekitar terus menjadi keutamaan kami. Kami terus prihatin terhadap alam sekitar dengan menangani dan menguruskan sumber berhubung tenaga, air, sumber hutan, dll. Peningkatan aspek penjagaan alam merupakan faktor utama untuk kami mencapai matlamat alam sekitar, iaitu pembangunan mampan. Sumber asli semakin berkurangan dengan kadar yang pantas, dan ini mewujudkan kesukaran bekalan bagi generasi akan datang. Kami tidak ingin mencapai pertumbuhan ekonomi dengan merosakkan kehidupan manusia tetapi kami berhasrat menjadi organisasi yang bertanggungjawab dan prihatin terhadap kebajikan generasi masa hadapan. Justeru, kami akan mencapai matlamat strategik kami melalui pendekatan pembangunan yang inklusif dan mampan.

In a Nutshell

Environmental sustainability remains our top priority. We continue to consider the environment by addressing and managing the resources unceasingly with respect to energy, water, forestry, etc. Green growth to us can be a major factor for consummating the environment objective, which is sustainable development. Natural resources are reducing rapidly, creating scarcity problem for the coming generations. We do not want to accrue economic growth to assuage living standard of the people, but to be a responsible organisation that cares for the future generations. Ultimately, we will achieve our strategic goal for an inclusive, sustainable development.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Mengutamakan Tadbir Urus dan Pematuhan

Prioritising Governance and Compliance

Tadbir Urus dan Pematuhan

Governance and Compliance



Kemampanan tadbir urus adalah faktor penting dalam usaha SME Bank meraih keyakinan pihak berkepentingannya, termasuk pelanggan dan orang ramai. Menyedari kepentingan tadbir urus dan pematuhan, kami telah menyertakan kedua-duanya ke dalam semua fungsi dan proses, termasuk perancangan strategik, akauntabiliti, perancangan dan pembangunan mampan.

Hubungan intrinsik antara tadbir urus dan kemampanan memerlukan kami untuk membezakan antara keduanya dan memahami bahawa pematuhan yang teguh menggambarkan tadbir urus yang baik dan bagaimana tadbir urus berasaskan etika menjadi tonggak kepada pematuhan yang berkesan.

Kejayaan serta kepentingan dan impak daripada inisiatif alam sekitar dan sosial terhasil menerusi rangka kerja etika dan tadbir urus kami yang mantap. Ini berjaya dicapai melalui pelaksanaan sistem pengurusan yang mendukung prinsip-prinsip tadbir urus yang baik bertunjangkan etika, kesamarataan, akauntabiliti dan tanggungjawab terhadap semua pihak berkepentingan.

Pendedahan mengenai tadbir urus korporat Bank dibentangkan di muka surat 103 hingga 144 dalam Laporan Bersepadu ini.

Pematuhan pula terhasil daripada kepatuhan kami yang ketat kepada undang-undang dan peraturan yang diguna pakai dalam usaha memelihara nama baik yang terbit daripada tata cara perniagaan bertanggungjawab.

Governance sustainability is essential for SME Bank in gaining the confidence of its stakeholders, including the customers and the public. We recognise the importance of governance and compliance and thus, we incorporate them into all functions and processes which include strategic planning, accountability, sustainable planning and development.

Because corporate governance and sustainability are intrinsically linked, we distinguish the differences between the two and understand that robust compliance reflects good governance and how ethically minded governance supports effective compliance.

A sound ethical framework and governance manifests our success together with the significance and impact of our environmental and social initiatives. We achieve this through the implementation of a management system, which upholds good governance principles rooted in ethics, equality, traceability, accountability, and responsibility to all stakeholders.

Related disclosure on the Bank's corporate governance is included in this Integrated Report on pages 103 to 144.

Whereas for compliance, we strictly adhere to all applicable laws and regulations as we uphold our reputation which is rooted in responsible business conduct.

Kami mendukung prinsip-prinsip tadbir urus yang baik bertunjangkan:-

We uphold good governance principles rooted in:-



Etika
Ethics



Kesamarataan
Equality



Kebolehkasan
Traceability



Kebertanggungjawaban
Accountability



Tanggungjawab
Responsibility

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Kami tidak bertolak ansur dengan sogokan, rasuah, penipuan, pelanggaran sekatan perdagangan, pengubahan wang haram atau pembiayaan keganasan, atau sebarang kegiatan haram atau tidak beretika dalam apa jua bentuk oleh sesiapa sahaja yang bekerja untuk atau bagi pihak Bank.

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.



Semua kakitangan dan mereka yang bekerja bagi pihak SME Bank hendaklah berpegang dan bertindak selaras dengan Kod Tata Laku Pekerja serta dasar dan prosedur dalaman Bank.

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.

Kami memupuk budaya saling percaya dan kesaksamaan di mana isu-isu ditangani secara terbuka, justeru membolehkan kakitangan membuat keputusan yang tepat berserta komitmen terhadap integriti di semua peringkat. Komitmen ini adalah salah satu daripada asas kejayaan kami dalam bidang ini. Kami berazam untuk sentiasa menambah baik dalam usaha menyemai pematuhan sebagai bahagian penting dalam proses perniagaan kami.

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.

Lembaga Pengarah bertanggungjawab mengawasi keseluruhan pematuhan dan pengurusan risiko serta hal-hal lain yang berkaitan dari sudut strategik dan operasi.

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.

Pada tahun 2020, Bahagian Pematuhan Kumpulan kami telah mengadakan pelbagai strategi untuk memenuhi semua keperluan peraturan, operasi dan Syariah serta keperluan di bawah Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan Keganasan dan Hasil daripada Aktiviti Haram 2001 dan Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018).

In 2020, our Group Compliance Division has initiated various strategies to meet all regulatory, operational and Shariah requirements as well as the requirements under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018).

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Pendekatan Kami

Our Approach

Tadbir Urus Governance

- Menerima pakai tahap etika dan ketelusan tinggi sambil membina asas kukuh bagi Bank supaya menjadi syarikat yang mampan.
Adopt a high level of ethics and transparency while building a strong foundation for the Bank in order to be a sustainable company

Pematuhan Compliance

- Mendukung falsafah “Pematuhan Bermula dari Anda” dalam menggalakkan budaya integriti dan pematuhan di kalangan semua kakitangan.
Uphold the ethos of “Compliance Starts with You” in promoting a culture of integrity and compliance for all employees
- Memberi sokongan kepada mereka yang komited terhadap usaha menzahirkan kebenaran dan mengambil tindakan kepada yang enggan memenuhi kewajipan.
Support those who commit to get things right, and take action to those unwilling to meet their obligations

Komitmen Kami

Our Commitment

Tadbir Urus Governance

- Meningkatkan kemampanan dengan mengemas kini strategi, dasar dan prosedur dari semasa ke semasa;
Enhance sustainability through regular updates of strategies, policies, procedures;
- Menetapkan dan sentiasa menambah baik struktur dan proses tadbir urus yang sesuai;
Establish and continue to improve appropriate governance structures and processes;
- Menilai kesan dan hasil daripada kemampanan; dan
Assess the impacts and outcomes of sustainability; and
- Merancang sumber jangka panjang termasuk, tenaga kerja dan kewangan.
Plan for long term resources including human and financial.

Pematuhan Compliance

- Sentiasa konsisten, telus dan memberi sokongan;
Be consistent, transparent and supportive;
- Fokus untuk mengurangkan risiko dan kesan buruk kepada alam sekitar;
Focus on reducing the risk and impact of environmental harm;
- Memenuhi jangkaan ke arah penggunaan sumber asli mampan;
Meet expectations for the sustainable use of natural resources;
- Menggunakan pelbagai kaedah peraturan bagi mencapai pematuhan; dan
Use a variety of regulatory tools to achieve compliance; and
- Menyebarkan maklumat tentang usaha pematuhan kami dan hasilnya kepada orang ramai.
Communicate our compliance efforts and outcomes publicly.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Prinsip dan Dasar Asas Tadbir Urus

SME Bank telah melaksanakan tugas bagi memenuhi tanggungjawab fidusiar dan akauntabiliti kepada pihak-pihak berkepentingan secara mencukupi dalam komitmennya yang berterusan untuk kekal sebagai organisasi yang boleh diharapkan dan dipercayai. Kami berpegang kepada prinsip menghormati hak-hak pihak berkepentingan, memastikan kesaksamaan dan ketelusan pihak pengurusan serta mengekalkan pemusatan disiplin sendiri dalam Lembaga Pengarah.

Pada masa yang sama, kami meletakkan tadbir urus korporat sebagai isu pengurusan berkeutamaan tinggi bagi merealisasikan visi pengurusan.

Dasar asas kami adalah untuk menetapkan sebuah sistem tadbir urus korporat yang kukuh berdasarkan kepelbagaian perspektif dan objektif jangka panjang, membina dan mengekalkan sistem membuat keputusan dan pelaksanaan operasi yang tepat dan pantas serta sistem penyeliaan dan pemantauan yang bersesuaian.

Dengan menyediakan produk dan perkhidmatan yang diperlukan kepada masyarakat, kami berusaha untuk meningkatkan nilai korporat melalui penciptaan nilai bagi semua pihak berkepentingan termasuk pelanggan, kakitangan, rakan niaga dan masyarakat.

Bagi mencapai objektif ini, kami berusaha memenuhi keperluan masyarakat sebagai sebuah Bank yang mencipta nilai, baik untuk individu mahupun komuniti dalam rangkaian bidang yang luas melalui inovasi proaktif. Sebagai sebuah institusi kewangan pembangunan, kami sentiasa berusaha ke arah kecemerlangan tadbir urus dan pematuhan, sambil pada masa yang sama, mengekal dan mempertingkatkan pencapaian kedua-duanya yang secara muktamad, menyumbang kepada penjana nilai ekonomi.

Berdasarkan prinsip dan dasar inilah, maka kami merumus dan membentangkan Garis Panduan Tadbir Urus Korporat untuk menerangkan tentang inisiatif-inisiatif tertentu bagi memenuhi tanggungjawab fidusiar dan akauntabiliti kami kepada pihak berkepentingan.

Basic Principle and Policy on Governance

SME Bank sufficiently fulfils its duties of fiduciary responsibility and accountability to stakeholders in its ongoing commitment to remain a reliable and trusted organisation. Our principles are to respect the rights of stakeholders, ensure management fairness and transparency, and maintain self-discipline centred on the Board of Directors.

At the same time, we position corporate governance as a high-priority management issue for realising the management vision.

Our basic policy is to firmly establish a corporate governance system based on diverse perspectives and long-term objectives, construct and maintain a system of accurate and quick decision making and execution of operations, as well as an appropriate system of supervision and monitoring.

By providing products and services that are essential to society, we strive to enhance corporate value through value creation for all stakeholders including customers, employees, business partners and society.

To achieve this objective, we strive to meet society's needs as a Bank that creates value for individuals and communities in a wide range of areas through proactive innovation. As a development financial institution, we constantly pursue excellent governance and compliance, and at the same time maintain and enhance the level of both of them which contribute to generating economic value.

Based on these principle and policy, we formulate and disclose our Corporate Governance Guidelines to clarify specific initiatives and to fulfil our fiduciary responsibility and duty of accountability to stakeholders.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Amalan Terbaik

Tadbir urus korporat dan pematuhan adalah keutamaan kami di mana kami memastikan supaya kepentingan etika tidak diabaikan dalam tumpuan meraih keuntungan. Sebagai teras kejayaan dalam pengendalian Bank, tadbir urus dan pematuhan bukan hanya telah menambah baik prestasi keseluruhan, malah sentiasa menyematkan kepercayaan di kalangan pihak berkepentingan kami.

Tadbir urus kami memberi penekanan terhadap pengejalan keseimbangan antara matlamat ekonomi dan sosial serta antara matlamat individu dan bersama. Kami turut menjalankan operasi melalui pelbagai rangkaian di seluruh negara.

Kami memiliki struktur tadbir urus yang selaras dengan Kod Tadbir Urus Korporat Malaysia, bermatlamat untuk meningkatkan akauntabiliti, ketelusan dan kemampanan.

Lembaga Pengarah kami diamanahkan untuk mendukung dasar tadbir urus korporat dan telah menubuhkan beberapa jawatankuasa Lembaga Pengarah. Semua jawatankuasa tersebut melaksanakan dasar yang digariskan oleh Lembaga Pengarah dan perjalanan hal ehwal umum serta perniagaan SME Bank sambil turut menyokong Lembaga Pengarah.

Best Practices

Corporate governance and compliance are a priority for us as we ensure that our focus on profit does not undermine ethical concerns. Governance and compliance are at the heart of the successful running of the Bank, and has not only improved our overall performance, but has also continued to promote trust among our stakeholders.

Our governance emphasises on holding the balance between economic and social goals and between individual and communal goals. Our operations are also conducted through our various networks throughout the country.

We have a governance structure which is in accordance with the Malaysian Code on Corporate Governance, which aims to enhance accountability, transparency and sustainability.

Our corporate governance policies are entrusted to our Board of Directors who establishes several Board committees. These committees pursue the policies by the Board and the general course of affairs and business of SME Bank and support the Board.

Struktur tadbir urus menurut Kod Tadbir Urus Korporat Malaysia

Governance structure in accordance with the Malaysian Code on Corporate Governance



Kebertanggungjawaban
Accountability



Ketelusan
Transparency



Kemampanan
Sustainability

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Komponen Utama dalam Amalan Terbaik Kami

Key Components in Our Best Practices

Rangka kerja tadbir urus dan pematuhan	Keberkesanan lembaga; ketelusan dalam peranan dan tanggungjawab, akauntabiliti dan hubungan dengan pihak berkepentingan; dan mendorong amalan perniagaan mampan.
Governance and compliance frameworks	Effective boards; transparency around roles and responsibilities, accountability to and engagement with stakeholders; and driving sustainable business practices.
Dokumentasi tadbir urus dan pematuhan	Tepat dan sentiasa dikemas kini, menetapkan peraturan yang mentadbir perniagaan, menggariskan hak-hak dan kewajipan bagi semua kakitangan dan pihak berkepentingan.
Governance and compliance documentation	Accurate and kept up to date, establish the rules by which the business is governed, set out the rights and obligations of all employees and stakeholders.
Dasar-dasar yang selari dengan undang-undang dan peraturan diguna pakai	Dasar untuk menangani isu-isu penting seperti peraturan dan prinsip bagi operasi harian, memastikan pematuhan undang-undang dan peraturan, menzahirkan budaya Bank, memberi panduan untuk proses membuat keputusan, penyata selera risiko dan memperkemaskan proses dalaman.
Policies in line with applicable law and regulations	Policies address pertinent issues, such as rules and principles for day-to-day operations, ensure compliance with laws and regulations, reflect the Bank's culture, give guidance for decision-making, risk appetite and streamline internal processes.
Pelaporan Lembaga Pengarah yang berkesan	Laporan berkualiti yang mengandungi maklumat mencukupi bagi membolehkan Lembaga Pengarah membuat keputusan termaklum dan membangunkan strategi perniagaan untuk pertumbuhan jangka pendek dan panjang serta keseluruhan kemampuan Bank.
Effective Board of Directors reporting	Good quality reports that contain sufficient information for Board of Directors to make well-informed decisions and to develop business strategies for short and long-term growth and overall sustainability of the Bank.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Pengurusan Risiko Mampan

Kami mengakui bahawa aktiviti perniagaan yang menguntungkan dapat menerbitkan nilai ekonomi. Walau bagaimanapun, aktiviti tersebut mungkin akan turut mendatangkan kesan kemudaratan kepada alam sekitar dan kumpulan-kumpulan berisiko tertentu. Kesan sedemikian, jika diabaikan, mungkin akan mendatangkan ancaman jangka panjang terhadap pembangunan mampan masyarakat.



Sustainable Risk Management

We acknowledge that profitable business activities create economic value. However, they may also have adverse effects on the environment and certain vulnerable groups. If such impacts are ignored, they may pose a threat to long-term sustainable development of the society.

Seperti perniagaan lain, kami turut berhadapan dengan isu-isu di mana terdapat transaksi perniagaan tertentu yang masih mendatangkan kesan buruk kepada alam sekitar atau masyarakat walaupun ia memberi manfaat ekonomi dan sah di sisi undang-undang. Justeru, dilema sedemikian amat perlu disedari kewujudannya dan ditangani dengan penuh tanggungjawab dalam segenap perniagaan kami.

As with many businesses, we too grapple with issues that some business transactions may still have adverse environmental or social impacts despite being economically beneficial and perfectly legal. Therefore it is important to recognise the existence of such dilemmas and address them responsibly throughout our business.

Pengurusan risiko mampan membolehkan kami mengenal pasti, menilai dan menangani kemungkinan risiko sosial dan alam sekitar yang dikaitkan dengan urus niaga kami. Kami menganggap pengurusan risiko sebagai isu pematuhan yang boleh diselesaikan dengan mewujudkan peraturan dan memastikan semua kakitangan mematuhi.

Our sustainable risk management allows us to identify, assess and address potential social and environmental risks associated with our transactions. We treat risk management as a compliance issue that can be solved by drawing up rules and making sure that all employees follow them.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Langkah-langkah sewajarnya diambil untuk mengenal pasti, mengurus dan memantau risiko di seluruh fungsi kami dalam usaha mencapai objektif untuk mematuhi sepenuhnya undang-undang dan peraturan berkaitan serta amalan terbaik yang diiktiraf di peringkat antarabangsa.

Throughout all our functions, we take appropriate steps to identify, manage and monitor risks, in pursuit of our objective to fully comply with the relevant laws and regulations and internationally recognised best practices.

Dasar risiko kredit Bank dan dasar berkaitan risiko kredit menetapkan langkah-langkah kawalan seperti menyenaraikan aktiviti perniagaan yang tidak layak untuk pembiayaan dan pengurusan risiko kredit berkesan di peringkat makro.



The Bank's credit risk policy and credit risk related policies stipulate control measures such as the listing of non-qualified business activities for financing and effective credit risk management at the macro level.

Senarai Negatif dan Selektif

'Senarai Negatif dan Selektif' berperanan sebagai rujukan dan mekanisma untuk memaklumkan setiap fungsi perniagaan SME Bank agar lebih teliti dalam meluluskan pembiayaan bagi sektor-sektor yang diklasifikasikan dalam senarai tersebut.

Negative and Selective Lists

'Negative and Selective Lists' act as references and mechanisms to alert SME Bank's respective business functions to be extra vigilant in extending financing to these classified sectors.

<p>Sektor diklasifikasi sebagai 'Senarai Negatif', berdasarkan penilaian terhadap perkembangan terkini dan ramalan ekonomi bagi setiap sektor.</p> <p>Sectors classified as 'Negative List', based on the assessment on the latest development and economic forecast on each of the sector.</p>  <p>Aktiviti perniagaan yang dianggap berisiko tinggi untuk pembiayaan di bawah skim produk dan perkhidmatannya yang turut termasuk dalam sektor yang tiada peluang pertumbuhan atau mempunyai peluang pertumbuhan terhad, di mana Bank tidak mempunyai pengetahuan atau mempunyai pengetahuan yang terhad tentangnya atau yang mungkin membawa keburukan kepada kemampuannya pada masa depan.</p> <p>Business activities deemed as high risk for financing under its products and services schemes which also include sectors with no or limited opportunity for growth, that the Bank has no or limited knowledge of or that could be detrimental to its sustainability going forward.</p>	<p>Sektor diklasifikasi sebagai 'Senarai Selektif'.</p> <p>Sectors classified as 'Selective List'.</p>  <p>Terutamanya disebabkan oleh prospek ekonomi yang tidak memberangsangkan akibat dipengaruhi keadaan pasaran, namun diramal masih mempunyai peluang untuk mencatat pertumbuhan.</p> <p>Primarily as a result of unfavourable economic prospects as influenced by the market conditions, but with foreseeable opportunity for further growth.</p>
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'Senarai Negatif dan Selektif' ini dikaji setiap tahun atau apabila terdapat tanda-tanda perubahan ketara yang memudaratkan dalam unjuran sektor dan/atau keadaan pasaran umum.

The 'Negative and Selective Lists' are reviewed on an annual basis or when there are signs of significant adverse changes in the sectoral outlook and/or general market conditions.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Had Tumpuan Sektor

Kami telah menetapkan had-had dalam bagi semua pendedahan pembiayaan kami untuk mencegah tumpuan terhadap sektor ekonomi tertentu.

Had-had tersebut ditetapkan dan dikaji setiap tahun sejajar dengan prestasi dan unjuran semasa sektor, tanpa menjejaskan sektor sasaran seperti yang dinyatakan di bawah Belanjawan Negara. Had-had pencetus turut ditetapkan bagi memperuntukkan masa yang mencukupi untuk melaksanakan tindak balas dasar, jika perlu.

Pengimbas Risiko Industri

Bank menjalankan kajian industri secara berkala untuk menyediakan penilaian terhadap isu-isu semasa yang menyelubungi sektor pilihan.

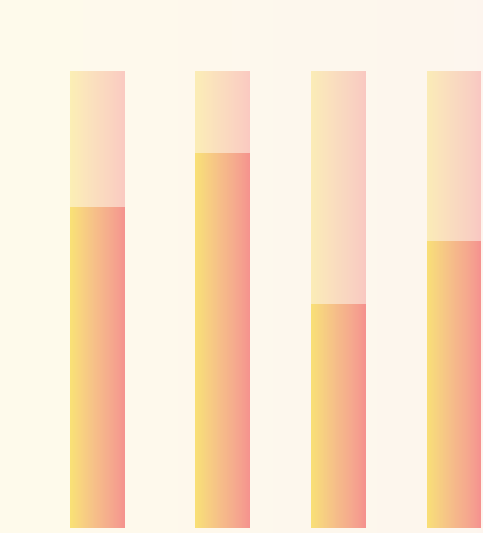
Jabatan Analisis Kredit dan Ekonomi Strategik (SCEA) telah menjalankan kajian mendalam terhadap sektor Pelancongan, segmen Peruncitan-Kedai Runcit, Kapal Sokongan Luar Pesisir, Pendidikan, Elektrik dan Elektrikal, dan lain-lain bagi menyediakan unit-unit perniagaan dengan maklumat dan pengetahuan terkini tentang industri tersebut.

Selain memantau ekonomi tempatan, SCEA turut menyediakan informasi terkini meliputi peristiwa global dan serantau melalui laporan ekonomi bulanan kami. Analisis yang dilakukan termasuk prestasi ekonomi am, unjuran dasar kewangan dan keadaan perniagaan serta analisis impak terhadap dasar-dasar Kerajaan yang berkaitan. Selain perspektif semasa dan masa hadapan, SCEA juga menyediakan informasi terkini mengenai setiap sektor dan turut mengenengahkan isu-isu penting pada bulan tersebut.

Kajian dan penemuan ini dikongsi secara dalaman di Bank dan dibentangkan kepada ahli Lembaga Pengarah untuk memberi panduan umum bagi tujuan penilaian permohonan pembiayaan, berkaitan risiko semula jadi serta faktor-faktor sisihan berkaitan risiko tersebut.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability



Sectoral Concentration Limits

To prevent concentration towards a particular economic sector, we have established internal thresholds for all its financing exposures.

These limits are established and reviewed annually in congruent with the current performance and outlook of the sectors, without compromising the target sectors as specified under the National Budget. Trigger limits are also in place allowing for ample timing to implement policy responses, if required.

Industry Risk Scanning

The Bank conducts periodic industry studies to provide assessment on current issues surrounding selected sectors.

Strategic Credit and Economic Analytics Department (SCEA) has conducted in-depth studies on Tourism, Retail segment-Grocery Stores, Offshore Support Vessel, Education, Electric and Electrical, and others in supporting the business units with the latest information and industry insight.

In addition to monitoring the local economy, SCEA covers updates on global and regional events through our monthly economic updates. Analyses include general economic performance, outlook on monetary policies and business conditions as well as impact analysis on relevant Government policies. Besides current and forward-looking views, SCEA provides updates on each sector, and also highlights issues of concern during the month.

These studies and findings are shared within the Bank and presented to Board members in order to provide general guidance for the purpose of financing application assessments, concerning inherent risks as well as deviation factors associated to those risks.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Penyata Selera Risiko

SME Bank telah memperkenalkan secara proaktif penyata selera risiko bagi mencapai objektif perniagaan serta memenuhi kewajipannya terhadap pihak berkepentingan.

Penyata selera risiko menampilkan kemampuan dan kesediaan kami untuk bertoleransi dan menerima jenis-jenis pendedahan risiko tertentu. Penyata tersebut mengandungi terutamanya risiko kredit, pasaran, kecairan, operasi dan Syariah.

Ia dirumus dengan mengambil kira prestasi sebenar Bank dalam tempoh tiga hingga lima tahun sebelumnya, hala tuju strategik perniagaan serta amalan dan data industri. Ia diluluskan oleh Lembaga Pengarah dan dipantau dari semasa ke semasa oleh Bahagian Risiko Kumpulan serta disemak setiap tahun. Sebarang sisihan dalam penyata metrik akan dimaklumkan kepada Pengurusan Kanan, berserta dengan cadangan yang sewajarnya untuk menangani isu tersebut.

Risk Appetite Statement

SME Bank has proactively instituted a risk appetite statement to achieve its business objectives as well as its obligations towards stakeholders.

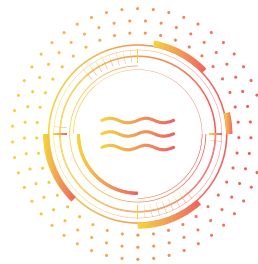
The risk appetite statement demonstrates our ability and readiness to tolerate and assume certain types of risk exposures. The statement consists mainly of credit, market, liquidity, operational and Shariah risks.

Its formulation takes into consideration the Bank's actual performances in the past three to five years, strategic business directions as well as industry practices and data. It is approved by the Board of Directors and monitored by Group Risk Division on a regular basis and is revised on annual basis. Any deviation to the statement metrics shall be escalated to the Senior Management, together with feasible recommendations for addressing issues.

Penyata Selera Risiko Risk Appetite Statement



Kredit
Credit



Kecairan
Liquidity



Risiko Syariah
Shariah risks



Pasaran
Market



Operasi
Operational

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Etika dan Integriti

Sejak SME Bank ditubuhkan, kami sentiasa percaya bahawa tanpa etika dan integriti yang mantap, perniagaan yang menguntungkan dan mampan tidak mungkin dapat diwujudkan. Kod Etika Perniagaan menjadi asas kepada budaya beretika kami. Ia merangkumi rasa hormat terhadap undang-undang dan hak individu serta tanggungjawab kami kepada pihak berkepentingan.

Kami menyokong Matlamat Pembangunan Mampan Pertubuhan Bangsa-Bangsa Bersatu (SDG) untuk mentransformasi dunia dengan menghapuskan kemiskinan, melindungi bumi dan memastikan kemakmuran. Salah satu daripada 17 matlamat SDG iaitu Matlamat 16, dikhaskan bagi menggalakkan keamanan dan kesaksamaan masyarakat untuk mencapai pembangunan mampan, peruntukan hak bagi mendapatkan keadilan untuk semua dan membina institusi yang berkesan serta bertanggungjawab di semua peringkat.

Melalui penumpuan terhadap matlamat ini, kami mengenal pasti langkah-langkah khusus untuk tindakan pencegahan rasuah yang juga selari dengan nilai-nilai teras, prinsip perniagaan dan pelbagai dasar dalaman kami yang menganjurkan tingkah laku beretika dan berintegriti sebagai komponen penting dalam operasi perniagaan kami. Dasar-dasar dalaman yang telah kami sediakan bagi mencapai matlamat ini termasuk memformalkan kod tata laku, ikrar integriti korporat, dasar hadiah dan keraian serta dasar pemberitahuan maklumat.



Matlamat 16 – dikhaskan bagi menggalakkan keamanan dan kesaksamaan masyarakat untuk mencapai pembangunan mampan, peruntukan hak bagi mendapatkan keadilan untuk semua dan membina institusi yang berkesan serta bertanggungjawab di semua peringkat

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Ethics and Integrity

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 our responsibilities to our stakeholders.

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 seventeen 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.



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

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Kod Tata Laku Kakitangan

Kod Tata Laku Kakitangan yang diwujudkan oleh SME Bank dan diluluskan oleh Lembaga Pengarah serta disemak pada 28 September 2017, mencerminkan nilai-nilai asas dan integriti kami yang diperkukuhkan.

Employee Code of Conduct

SME Bank has established its Employee Code of Conduct approved by the Board of Directors, and revised on 28 September 2017, which reflects our fundamental and strengthen integrity values.

Ikrar Bebas Rasuah

Pada tahun 2020, kami telah menandatangani Ikrar Bebas Rasuah Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) sebagai tanda komitmen kami terhadap tadbir urus korporat yang kukuh dan untuk mendukung budaya beretika dan berintegriti.

Corruption-Free Pledge

In 2020, we signed the Malaysia Anti-Corruption Commission (MACC) Corruption-Free Pledge in our commitment to strong corporate governance, and to uphold ethics and integrity.



Ikrar tersebut menampilkan komitmen SME Bank untuk menggalakkan nilai-nilai integriti dan tadbir urus yang baik ke arah merealisasikan misi dan visinya serta sebagai perkara penting dalam peranannya menegaskan keazaman kami menjadi sebuah organisasi beretika sifar rasuah di semua peringkat.

Perisytiharan Ikrar Bebas Rasuah oleh Pengurusan Kanan dan Ketua-ketua Bahagian Bank adalah pernyataan akur janji yang dibuat secara sukarela secara individu, di mana mereka berjanji untuk lebih bertanggungjawab dalam menjalankan tugas dan tidak melibatkan diri dalam sebarang aktiviti rasuah sepanjang tempoh memegang jawatan.

Ia turut menegaskan bahawa SME Bank dan kakitangannya tidak akan melakukan sebarang kegiatan rasuah dan akan berusaha ke arah mewujudkan persekitaran operasi yang bebas daripada rasuah, termasuk dalam interaksi dengan rakan niaga dan Kerajaan.

The pledge demonstrates SME Bank's commitment to promote integrity and good governance values towards realising its mission and vision, and marks a significant milestone as it reaffirms our steadfastness in being an ethical organisation with zero corruption at all levels.

The Declaration of Corruption-Free Pledge by the Bank's Senior Management and Heads of Division is a promise made voluntarily on an individual capacity, as they vow to be more responsible in conducting their duties and to abstain from any corrupt activities during their holding of office.

It also sends a clear signal that SME Bank and its employees will not commit corrupt acts, and will work towards creating an operating environment that is free of corruption, which includes interactions with business partners and the Government.

Penciptaan Nilai melalui Kemampuan

Creating Value through Sustainability

Ikrar Integriti Korporat

Sejak SME Bank menandatangani ikrar integriti korporat pada tahun 2016 hingga kini, kami telah mendukung komitmen untuk mewujudkan persekitaran perniagaan yang bebas daripada amalan rasuah dan tidak beretika.

Jabatan Integriti dan Tadbir Urus dalam Bahagian Pematuhan Kumpulan memainkan peranan penting untuk melaksanakan pelbagai program yang perlu dan sesuai dalam usaha kami untuk terus memupuk budaya berintegriti di Bank.

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.

Di bawah Ikrar Integriti Korporat SME Bank, kami:

Under the SME Bank's Corporate Integrity Pledge, we shall:

1. tidak, melalui mana-mana kakitangan, wakil atau ejennya, melakukan sebarang kesalahan rasuah di bawah sebarang undang-undang, seperti Akta Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) 2009 (Pindaan 2018) atau Kanun Keseksaan;

not, through any of its employees, representatives or agents, commit any corruption offence under any law, such as Malaysian Anti-Corruption Commission (MACC) Act 2009 or Penal Code;

2. tidak menjalankan sebarang amalan atau kegiatan perniagaan yang akan memerlukan atau menggalakkan mana-mana kakitangan, wakil atau ejennya melakukan kesalahan seumpamanya;

not conduct any business practices or activities that would require or encourage any of its employees, representatives or agents to commit such offences;

3. bekerjasama dengan rakan niaga, pihak pengawal selia dan agensi penguat kuasa undang-undang untuk mewujudkan persekitaran perniagaan yang bebas daripada rasuah;

work together with its business partners, regulators and law enforcement agencies to create a business environment that is free from corruption;

4. mendukung Prinsip Integriti Korporat SME Bank di Malaysia dalam perniagaan dan interaksinya dengan rakan niaga serta Kerajaan; dan

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

5. mengambil tindakan tegas ke atas mana-mana pihak yang merosakkan integriti dan imej SME Bank.

take strict actions against any party who tarnishes the integrity and SME Bank's image.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability

Dasar Hadiah dan Keraian

Dasar hadiah dan keraian Bank yang ditambah baik menyediakan panduan kepada kakitangan tentang perkara yang sesuai dan tidak sesuai untuk diterima sebagai hadiah, penawaran, pengiklanan, anugerah atau cenderahati daripada pelanggan, vendor atau pembekal sedia ada dan yang baharu.

Dasar tersebut menjelaskan amalan-amalan yang dikira sebagai rasuah dan menegaskan bahawa menerima dan cubaan untuk mendapatkan sebarang ganjaran daripada mana-mana pihak adalah sebahagian daripada salah laku yang besar. Di samping itu, ia turut menerangkan tindakan yang boleh diambil jika berlaku pelanggaran terhadap dasar tersebut.

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 customer, vendor or supplier.

The policy states what constitutes corrupt practices and highlights that accepting and attempting to solicit any gratification from any party is part of major misconduct. In addition, it also spells out the actions that can be taken in the event of violation of the policy.



Pendedahan Maklumat

Di bawah seliaan Jawatankuasa Lembaga Audit (BAC), kami telah menyediakan saluran pendedahan maklumat bagi memastikan supaya semua aduan yang diterima dianalisis secara bebas dan maklumat hanya disampaikan kepada pihak yang ditetapkan untuk tujuan penyiasatan dan penyelesaian.

Kami memastikan supaya proses komunikasi adalah sulit sepenuhnya bagi melindungi ketanpamaan pemberi maklumat dan komunikasi tersebut.

Whistleblowing

Under the supervision of the Board Audit Committee (BAC), we have established whistleblowing channel to ensure that all complaints received are independently analysed and information is communicated only to the people required for the investigation and resolution.

To protect the anonymity of the whistle-blower and the communication, we ensure strict confidentiality of the communication process.





**Akta
Perlindungan
Data Peribadi
2010**

**Personal Data
Protection Act
2010**

Perlindungan Data Peribadi

Dalam era di mana penggunaan teknologi digital semakin sebar dalam kehidupan manusia, keperluan penghasilan kuantiti data yang lebih besar, cabaran berkembar privasi dan keselamatan siber menjadi semakin mustahak. Kami menggalas tanggungjawab besar dalam melindungi data peribadi dan maklumat hak milik pihak berkepentingan yang merupakan keutamaan kami.

Bagi melindungi dan memelihara maklumat sulit, kami telah mewujudkan dasar dan arahan seluruh syarikat melalui pelaksanaan Sistem Pencegahan Kehilangan Data. Usaha ini membantu memastikan supaya kami terus diyakini oleh pihak yang mengamanahkan maklumat peribadi mereka kepada kami. Pada masa yang sama, kami turut mengikuti dan mematuhi dengan ketat undang-undang perlindungan privasi seperti Akta Perlindungan Data Peribadi 2010.

Usaha ini telah membuahkan hasil apabila pada tahun 2020, tiada sebarang aduan pelanggan atau kakitangan kami terima berhubung pelanggaran privasi dan kehilangan data peribadi.

Personal Data Protection

In a time when digital technologies become deeply ingrained in people's lives, generating greater quantities of data, the twin challenges of privacy and cybersecurity 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 policy and directives through the implementation of Data Loss Prevention system. 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 2020, we received no customer or staff complaints regarding breach of privacy and loss of personal data.

Penciptaan Nilai melalui Kemampanan

Creating Value through Sustainability



Perolehan Mampan

Bagi kami, perolehan mampan merangkumi usaha untuk mengambil kira faktor sosial dan alam sekitar seiring dengan faktor-faktor kewangan dalam membuat keputusan perolehan. Ia melibatkan perspektif yang menjangkau parameter ekonomi tradisional dan membuat keputusan berasaskan keseluruhan kos hayat, risiko berkaitan, ukuran kejayaan dan kesan terhadap masyarakat dan alam sekitar.

Keputusan dicapai dengan cara sebegini perlu meletakkan perolehan dalam konteks strategik yang lebih luas dan meliputi satu proses di mana kami dapat memenuhi keperluan barangan, perkhidmatan, kerja dan utiliti dengan cara yang mampu mencapai nilai kewangan bagi seluruh kehidupan dari segi manfaat yang dijana untuk masyarakat dan ekonomi, sambil turut berjaya meminimumkan kerosakan terhadap alam sekitar.

Perolehan mampan merupakan sebahagian daripada program tanggungjawab korporat dan kami menjangkakan agar komitmen yang sama dapat ditampikan di seluruh rantai bekalan. Kami melihat perolehan mampan sebagai skop penting dalam mencapai pembangunan mampan yang menyeluruh.

Proses yang digunakan untuk mendapatkan aset, bekalan atau perkhidmatan memerlukan kami untuk melihat menjangkau parameter ekonomi tradisional dan membuat keputusan berasaskan keseluruhan kos hayat, risiko berkaitan, ukuran kejayaan dan kesan terhadap masyarakat dan alam sekitar.

Justeru, kami meletakkan perolehan dalam konteks strategik lebih luas yang meliputi nilai bagi wang, pengurusan perolehan serta keutamaan korporat dan komuniti. Kami turut menilai langkah-langkah mampan yang diterima pakai oleh para pembekal. Kami memberi keutamaan kepada pembekal yang mempunyai akreditasi tempatan dan antarabangsa seperti ISO dan SIRIM, dan menggalakkan mereka menerima pakai piawaian tinggi kami dan berusaha mencapai penambahbaikan yang berterusan.

Sustainable Procurement

Sustainable procurement to us is about taking social and environmental factors into consideration alongside financial factors in making procurement decisions. It involves looking beyond the traditional economic parameters and making decisions based on the whole life cost, the associated risks, measures of success and implications for society and the environment.

Making decisions in this way requires setting procurement into the broader strategic context and includes a process whereby we meet our needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits to society and the economy, whilst minimising damage to the environment.

Sustainable procurement forms part of our corporate responsibility programme and we expect the same commitment to be flowed down through our supply chain. We view sustainable procurement as an important scope for achieving an overall sustainable development.

The process by which we acquire assets, supplies or services require us to 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.

We thus set procurement into the broader strategic context including value for money, performance management, corporate and community priorities. 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.



Kami mengutamakan pembekal yang memiliki akreditasi piawaian tempatan dan antarabangsa

We prioritise suppliers with local and international standards accreditation



Ketelusan dalam Proses Tender

Ketelusan adalah prinsip teras dalam proses perolehan dan tender SME Bank. Kami percaya bahawa proses perolehan yang terbuka dan telus dapat menambah baik persaingan, meningkatkan kecekapan dan mengurangkan kemungkinan berlaku ketidakadilan atau rasuah.

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.



Kami melaksanakan proses e-bidaan bagi setiap tender dengan tujuan untuk menggalakkan ketelusan dan peluang sama rata. Semua pembekal hendaklah mendaftar dalam sistem e-perolehan sebelum menyertai sebarang tender.

We institute an e-bidding process for every tender, so as to promote transparency and equal opportunity. All suppliers must be registered in the e-procurement system before they can participate in any tender.



Penciptaan Nilai melalui Kemampanan

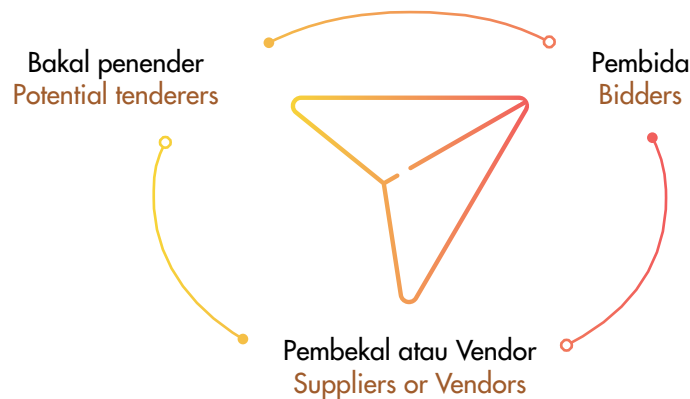
Creating Value through Sustainability



Tender adalah jemputan bertulis yang dihantar kepada bakal penender, pembida, pembekal atau vendor. Ia mengandungi keperluan dan spesifikasi terperinci mengenai barangan dan perkhidmatan yang akan diperolehi. Proses tender hendaklah dilaksanakan apabila jumlah pembelian melebihi had yang telah ditetapkan dalam dasar pembelian.

The tender is a written invitation sent to potential tenderers, bidders, suppliers or vendors. It contains detailed requirements and specifications of goods or services to be procured. The tender process must be carried out when the purchase amount exceeds the limit specified in the purchasing policy.

Jemputan Bertulis Written Invitation

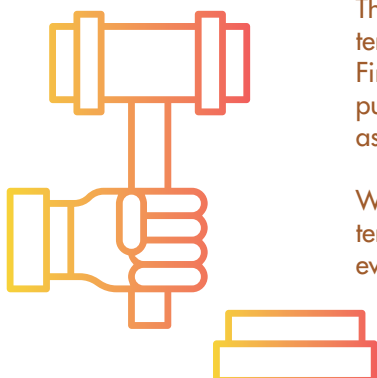


Proses tender meliputi jemputan, persediaan dan penilaian tender serta pembentukan Jawatankuasa Pembukaan Tender, Jawatankuasa Penilaian Kewangan dan Jawatankuasa Penilaian Teknikal. Semua pembelian hendaklah diluluskan dan ditandatangani oleh pegawai yang diberi kuasa seperti ditetapkan dalam syarat Had-had Kuasa.

Kami memastikan komunikasi yang terbuka dan berkesan antara Bank dan penender bagi mengelakkan kemungkinan salah laku semasa permohonan, penilaian dan pemilihan tender.

The tender process covers the invitation, preparation and evaluation of tenders as well as the establishment of the Tender Opening Committee, Financial Evaluation Committee and Technical Evaluation Committee. All purchases must be approved and signed by the relevant authorised personnel as prescribed in the Authority Limits.

We ensure open and effective communication between both the Bank and the tenderer to avoid the possibility of misconduct during the tender requisition, evaluation and selection activities.



Bab 05

Chapter 05

Ringkasan Peristiwa 2020

2020 in Summary

Kalendar Peristiwa
Calendar of Events

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Pelaksanaan Pendigitalan bagi Memesatkan Kemajuan

Pendigitalan menjadi pemangkin utama visi SME Bank untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang melangkaui perkhidmatan pembiayaan.

Di samping mengukuhkan ekosistem digital, kami memainkan peranan dengan mengambil bahagian dalam setiap inisiatif Kerajaan untuk memulihkan ekonomi, yang membantu memesatkan pertumbuhan pelanggan kami. Dana berjumlah RM2.1 bilion telah diperuntukkan bagi membantu PKS di bawah Dana Transformasi Teknologi PKS (STTF) kami. Ini merupakan sebahagian daripada pakej rangsangan ekonomi Kerajaan untuk menyediakan bantuan kepada PKS berhubung langkah pendigitalan dan/atau automasi operasi perniagaan mereka. Bantuan kami akan membolehkan perniagaan mencapai produktiviti yang lebih tinggi, peningkatan kecekapan pemprosesan, penjimatan kos pengurusan dan menembusi pasaran baharu.

Digitalisation Adoption in Accelerating Growth

Digitalisation is central to SME Bank's vision to be the leader in SME ecosystem value creation beyond financial services.

In addition to strengthening our digital ecosystem, we partake in every possible initiative by the Government to revitalise the economy, which helps us to subsequently accelerate the growth of our customers. We allocate RM2.1 billion to assist the SMEs under the SME Technology Transformation Fund (STTF). It is part of the Government's economic stimulus package to provide financial assistance to SMEs to adopt digitalisation and/or automation in their business operations. Our assistance will translate in the businesses achieving higher productivity, process efficiency, efficient cost management and greater market penetration.

Peruntukan RM2.1 bilion
di bawah STTF bagi
membantu penerapan
pendigitalan PKS



JANUARI

17-19



"Leadership Conference 2020" di Swiss Garden, Genting Highland

22



"CEDAR Appreciation Dinner" untuk Delegasi Nigeria di Menara SME Bank

29



Program "TITAN Creation" di Menara SME Bank

FEBRUARI

04



Taklimat e-Pasaran ODELA untuk Jurulatih Perniagaan & Pengurus Perhubungan di Menara SME Bank

06



Sesi Town Hall SME Bank Suku Tahun Ke-4 2019 di Menara SME Bank

FEBRUARI

12



"Let's Engage" bersama DPMM, Persatuan Hotel Malaysia (MAH) Cawangan Kelantan, Persatuan Hotel Budget Malaysia (MyBHA) Cawangan Kelantan di Hotel Jewels Kota Bharu, Kelantan

18



"Let's Engage with TEKUN Nasional Entrepreneurs" di Tekun Nasional

25



Sesi Perbincangan Lembaga Pengarah & Syariah - "Roles & Responsibilities of BOD@SC Pursuant to Shariah Governance Policy Document" di Menara SME Bank

MAR

07



Kejohanan Golf KRSME di Glenmarie Golf & Country Resort

APRIL

16



Lawatan oleh Ketua Setiausaha, Kementerian Pembangunan Usahawan dan Koperasi ke Menara SME Bank

MEI

01-30



23 Program Tanggungjawab Sosial Korporat (CSR) Ramadan oleh Rangkaian Cawangan SME Bank di seluruh Negara

05



Program Agihan Pek Makanan kepada Petugas Barisan Hadapan di Hospital Sungai Buloh, Selangor

12



Program Agihan Pek Makanan kepada Petugas Barisan Hadapan di Pusat Kuarantin MAEPS, Serdang, Selangor

14



Program Ramadan SME Bank & Yayasan Sukarelawan Siswa: 'Feed the Love' di PPRT Taman Medan, Petaling Jaya, Selangor

18



Program Agihan Biskut Raya kepada Kakitangan SME Bank bersempena dengan Hari Pekerja dan Hari Raya Aidilfitri di Menara SME Bank

JUN 05



Hari Alam Sekitar Sedunia di Menara SME Bank

22



Temu Ramah Ruang Bicara bersama Presiden Kumpulan/Ketua Pegawai Eksekutif oleh Bernama TV di Wisma Bernama

23



Bicara Naratif TV 1 bersama Presiden Kumpulan/Ketua Pegawai Eksekutif di Wisma Angkasapuri

MEI 19



Program Agihan Pek Makanan kepada Gelandangan di Pusat Gelandangan Jalan Pahang, Kuala Lumpur

JULAI

02



Temu Ramah Presiden Kumpulan/Ketua Pegawai Eksekutif bersama The Edge di Menara SME Bank



Temu Ramah Presiden Kumpulan/Ketua Pegawai Eksekutif di Bernama Radio

06



Program Bual Bicara Assalamualaikum di TV Al Hijrah bersama Presiden Kumpulan/Ketua Pegawai Eksekutif

27



Majlis Apresiasi "Employee Learning Week 2020" di Menara SME Bank

SEPTEMBER

02



Sesi Town Hall Khas bersama Presiden Kumpulan/Ketua Pegawai Eksekutif

11-13



"Malaysia Day Ride 2020" di Hotel Mutiara, Johor Bharu

OGOS

01



Majlis Ibadah Korban SME Bank 2020 anjuran bersama Surau Al-Karamiah di Taman Koperasi Polis 2

07



Sesi Dialog SME Bank bersama Pemain Industri di Holiday Villa, Johor Bahru

12



"SME Bank & Celcom Let's Engage" di Hotel Hilton, Petaling Jaya

SEPTEMBER

12



Hari Terbuka SME Bank di Johor Bharu

15-16



Sesi Rancangan Perniagaan untuk Tahun 2021 di Cherengin Hills Convention & Spa Resort, Janda Baik Pahang

22



Program MKD Penjana Komuniti di Menara SME Bank

OKTOBER

03



SME Bank Go-Kart 2020 – Kejohanan antara Agensi-agensi MEDAC di Litar Go-Kart Circuit Antarabangsa Shah Alam

24



Cabaran "Take the Stairs 2.0" di Menara SME Bank

NOVEMBER

23



"Banking Town Hall Q4" di Menara SME Bank

DISEMBER

10



Program Tanggungjawab Sosial Korporat (CSR) oleh Rangkaian Cawangan SME Bank Secara Serentak di seluruh Negara

15



Majlis Penyampaian Hadiah "SME Bank Biggest Loser & Wellness" di Menara SME Bank

Bab 06

Chapter 06

Penyata Kewangan

Financial Statements

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18 %

Elam rhoncus.
Maecenas tempus
velit eget.



penjana

Pelan Jana Semula Ekonomi Negara

32 %

Elam rhoncus.
Maecenas tempus
velit eget.

quis.

Mengukuhkan Ekonomi Negara

Di bawah Bajet Malaysia 2021, SME Bank telah diamanahkan untuk menguruskan dana Skim Lestari Bumi berjumlah RM300 juta. Tiga dana lain di bawah PENJANA yang kami uruskan adalah Dana Transformasi Teknologi PKS, Dana Pelancongan PENJANA dan Skim Jaminan Kerajaan.

Perkara utama yang memerlukan perhatian kami di bawah dana Skim Lestari Bumi adalah membantu perniagaan kecil dan mikro membesarkan perniagaan mereka dan memastikan mereka kekal mampan dan mampu bertahan menghadapi cabaran di pasaran. Dengan pelaksanaan ekosistem digital kami, SME Bank bersedia untuk memberi suntikan baharu kepada ekonomi dengan membantu PKS memanfaatkan teknologi digital, menerima norma baharu dan paling utama, turut menyumbang terhadap pengukuhan ekonomi negara.

Strenghtening the Nation's Economy

Under the Malaysian Budget 2021, SME Bank has been entrusted to manage the Skim Lestari Bumi fund amounting to RM300 million. The other three funds under PENJANA for us to manage are the SME Technology Transformation Fund, PENJANA Tourism Fund and the Government Guarantee Schemes.

Our topmost priority under the Skim Lestari Bumi fund is for micro and small businesses to upscale their establishments and to ensure they remain sustainable and resilient in facing market challenges. With our own digital ecosystem in place, SME Bank is set to help revitalise the economy by transforming the SMEs to embrace digital technology, accept the new norms and ultimately contribute toward strengthening the nation's economy.



Bab 07

Chapter 07

Direktori Korporat

Corporate Directory

Direktori Korporat
Corporate Directory

507



Berganding Bahu Memajukan Negara

Dalam menghadapi cabaran pendigitalan dan memesatkan pertumbuhan, SME Bank terus komited terhadap tadbir urus yang baik dan berusaha mencapai ekonomi, sosial dan alam sekitar yang mampan.

Bantuan kewangan kami khususnya bagi projek teknologi hijau dan tenaga boleh diperbaharui telah menerima Anugerah Khas bagi Pembiayaan Tenaga Mampan di bawah kategori Institusi Kewangan Pembangunan (DFI) daripada Kementerian Tenaga dan Sumber Asli. Bagi menyokong aspirasi Kerajaan untuk melibatkan lebih ramai usahawan menerokai teknologi hijau, kami berusaha untuk menyemai budaya yang mendorong semua orang mencapai potensi sebenar mereka dalam mencipta nilai dan melaksanakan tanggungjawab mereka merealisasikan pembangunan mampan, sambil melangkah maju bersama negara.

Advancing the Nation, Together

In the race of digitalising and accelerating growth, SME Bank remains committed to good governance and to economic, social and environmental sustainability.

Our financing assistance specifically for green technology and renewable energy projects has been recognised with the Special Awards for Sustainable Energy Financing under the Development Financial Institution (DFI) category by the Ministry of Energy and Natural Resources. As we share the Government's aspiration for more entrepreneurs to venture into green technology, we strive to foster a culture where everyone can reach his full potential in wealth creation and honour his responsibility in sustainable development, while advancing the nation, together.



Anugerah Khas bagi
**Pembiayaan
Tenaga
Mampan**

Institusi Kewangan
Pembangunan (DFI)



Directors' Report

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 2020.

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 9 and Note 10 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	122,900	134,755
Tax expense/(credit)	(294)	1
Zakat	(2,642)	(2,642)
Profit for the year	119,964	132,114
Profit for the year attributable to the owner of the Bank	119,964	132,114

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 and penalty paid on early settlement of borrowing from Employees Provident Fund (EPF) amounting to RM38,338,000 as disclosed in Note 2.13 and Note 25 respectively, 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 2019, a final single-tier dividend of 2.00 sen per share on 1,850,000,000 ordinary shares, amounting to RM37,000,000 was proposed, approved and declared at the Annual General Meeting held on 28 July 2020. The dividend was paid on 29 July 2020.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2020 of 0.71 sen per share on 1,850,000,000 ordinary shares, amounting to RM13,211,000 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 2021.

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.

Directors' Report



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 (appointed on 9 October 2020)
Y.Brs. Encik Wan Abdul Rahman bin Wan Abu Bakar (appointed on 11 January 2021)
Y.Bhg. Dato' Mohd Sukarno bin Tun Sardon (tenure ended on 8 April 2020)
Y.Brs. En. Muhammad Razman bin Abu Samah (resigned on 28 April 2020)
Y.Bhg. Prof. Dr. Abdul Basir bin Mohamad (tenure ended on 3 June 2020)

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:

Aria Putera bin Ismail
Haizad Rizal bin A Aziz
Khairil Anuar bin Mohammad Anuar
Zarina Nor binti Ismail
Sainursalwa binti Sani
Mohd Fikri bin Abd Ghapar
Syuhaiza binti Md Molawi@Ismail
Mohammad Azam bin Ahmad
Hairil Izwar bin Abd. Rahman
Rozita binti Abd Hafiz (resigned on 24 January 2020)

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 28 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' 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 the Group and of the Bank. The amount of takaful coverage paid during the year amounted to RM105,000.

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.

Directors' Report



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 2020 is as disclosed in Note 27 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the director dated 25 February 2021.

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(12) of the Companies Act, 2016

The directors of Small Medium Enterprise Development Bank Malaysia Berhad state that, in thier opinion, the accompanying financial statements are drawn up in accordance with Malaysia Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statement and the requirement of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial positive of the Group and of the Bank as of 31 December 2020 and of the financial performance and the cash flow 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 25 February 2021.

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, Dato' Seri Nazir Ariff bin Mushir Ariff and 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 staements are, in our opinion, correct and we make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
the Federal Territory on 25 February 2021 .

Dato' Seri Nazir Ariff bin Mushir Ariff

Before me,



G1-1-2, Ground Floor/Monara 1 Dulamas,
Solaris Dulamas, No. 1, Jalan Dulamas, 1
50480 KUALA LUMPUR, MALAYSIA.

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, we hereby submit the following report for the financial year ended 31 December 2020.

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 2020. 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 of Bank Negara Malaysia ("SAC"), 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 aims and 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, Shariah Risk Management and Shariah Audit, whose roles and responsibilities as well as scope of duties are embedded in the Shariah Governance Policy Document of Bank Negara Malaysia and in the Bank's internal Shariah framework, policies and guidelines.

We had 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 Bank Negara Malaysia.

Towards elevating the professionalism and strengthening capabilities of the SC members, we have enrolled in Certified Shariah Advisor (CSA) Certification Programme organized by the Association of Shariah Advisors In Islamic Finance (ASAS). We have also attended relevant programs organized by the International Shariah Research Academy for Islamic Finance ("ISRA") i.e. Muzakarah Cendekiawan Syariah Nusantara (MCSN2020), International Shariah Scholars Forum (ISSF2020) and Islamic Fintech Dialogue (IFD2020) to keep ourselves abreast with the latest development of the industry.

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 Shariah requirements as well as the relevant resolutions and rulings issued by the SAC of BNM.

Shariah Committee's Report

Pursuant to Paragraph 22 of Shariah Governance Policy Document of Bank Negara Malaysia

Shariah Committee's Report (cont'd)

In our opinion:

- 1) Nothing has come to the Shariah committee's attention that causes the Shariah committee to believe that the operations, business, affairs and activities of the Bank during the financial year ended 31 December 2020 involve any material Shariah non-compliances; and
- 2) The calculation and distribution of zakat is in compliance with the Shariah principles.

We, Prof. Dr. Abdul Basir bin 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 aims, operations, business, affairs and activities of the Bank for the financial year ended 31 December 2020 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.



Prof. Dr. Abdul Basir bin Mohamad
Chairman of the Committee



Associate Prof. Dr. Asmak binti Ab Rahman
Member of the Committee

Kuala Lumpur, Malaysia
25 February 2021

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 2020, 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 and other explanatory information as set out on pages 329 to 504.

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 2020, 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 obtained at the date of this auditors' report are Statement of Corporate Governance, Statement of Risk Management and Internal Control, Directors' report and Shariah Committee's Report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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, 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.

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.

Independent Auditors' Report

to the member of Small Medium Enterprise Development Bank Malaysia Berhad (Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

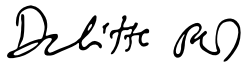
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient 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)



SITI HAJAR BINTI OSMAN
Partner - 03061/04/2021 J
Chartered Accountant

25 February 2021

Statements of Financial Position

As at 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Cash and short-term funds	4	1,406,158	1,118,904	1,401,826	1,112,694
Financial investments at fair value through other comprehensive income ("FVOCI")	5	1,323,857	1,353,869	1,323,857	1,353,869
Financial investments at amortised cost ("AC")	6	569,350	818,565	569,350	818,565
Loans, advances and financing	7	6,844,761	5,800,941	6,844,761	5,800,941
Other assets	8	18,017	13,525	143,502	112,606
Investment in subsidiaries	9	-	-	-	-
Investment in associate	10	2,950	3,338	-	-
Property, plant and equipment	11	131,483	135,590	131,476	135,578
Right-of-use assets	12	12,834	15,474	12,834	15,474
Investment properties	13	393,062	393,062	393,062	393,062
Intangible assets	14	14,620	18,298	14,620	18,298
Tax recoverable		3,757	9,215	2,068	7,251
Deferred tax assets	15	99,278	104,456	99,278	104,456
TOTAL ASSETS		10,820,127	9,785,237	10,936,634	9,872,794
LIABILITIES					
Deposits from customers	16	4,255,632	3,168,209	4,330,869	3,233,536
Islamic medium-term notes	17	1,866,327	1,768,072	1,866,327	1,768,072
Borrowings/fundings	18	1,507,974	1,875,212	1,507,974	1,875,212
Lease liabilities	19	13,364	15,797	13,364	15,797
Other liabilities	20	1,121,503	1,099,904	1,149,088	1,120,599
Government funds	21	454,883	354,053	454,883	354,053
TOTAL LIABILITIES		9,219,683	8,281,247	9,322,505	8,367,269
EQUITY					
Share capital	22	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(301,724)	(384,688)	(288,039)	(383,153)
Other reserves	23	52,168	38,678	52,168	38,678
TOTAL EQUITY		1,600,444	1,503,990	1,614,129	1,505,525
TOTAL LIABILITIES AND EQUITY		10,820,127	9,785,237	10,936,634	9,872,794
COMMITMENTS AND CONTINGENCIES	32	2,252,396	1,940,000	2,252,396	1,940,000

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	24	6,314	18,858	6,314	18,858
Interest expense	25	(80,972)	(57,199)	(80,972)	(57,199)
Net interest expense		(74,658)	(38,341)	(74,658)	(38,341)
Gross income from Islamic banking business	38	351,985	406,110	356,771	415,489
Other operating income	26	5,287	17,522	1,613	8,921
Net income		282,614	385,291	283,726	386,069
Other operating expenses	27	(227,919)	(183,798)	(223,211)	(180,306)
Operating profit		54,695	201,493	60,515	205,763
Writeback/(Allowances) for impairment losses on :					
- loans, advances and financing	29	63,376	10,098	322	(35,536)
- commitments and contingencies	20(v)	1,468	327	1,468	327
- financial investments at FVOCI	5	2,909	(3,508)	2,909	(3,508)
- financial investments at AC	6	649	(586)	649	(586)
- other assets at AC	8(i)(b)	191	(970)	191	(970)
- other assets at FVOCI	8(ii)	-	-	68,701	48,368
		123,288	206,854	134,755	213,858
Share of loss after tax of an associate	10(ii)	(388)	(210)	-	-
Profit before tax expense and zakat		122,900	206,644	134,755	213,858
Tax (expense)/credit	30	(294)	(6,282)	1	(6,221)
Zakat	30	(2,642)	(1,432)	(2,642)	(1,432)
Profit for the year		119,964	198,930	132,114	206,205
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI	23	23,231	30,278	23,231	30,278
Reclassification of (loss)/gains included in profit or loss	23	(1,654)	8,870	(1,654)	8,870
Changes in expected credit losses on financial investments at FVOCI	23	(2,909)	3,508	(2,909)	3,508
Income tax relating to components of other comprehensive income	23	(5,178)	(9,394)	(5,178)	(9,394)
Other comprehensive income for the year, net of tax		13,490	33,262	13,490	33,262
Total comprehensive income for the year, net of tax		133,454	232,192	145,604	239,467

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the year attributable to the owner of the Bank		119,964	198,930	132,114	206,205
Total comprehensive income attributable to the owner of the Bank		133,454	232,192	145,604	239,467
Earnings per share attributable to the owner of the Bank (sen) - Basic	31			7.14	11.15

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Note	Attributable to the Owner of the Bank				Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
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	23	-	23,231	-	-	23,231
Reclassification of losses included in profit or loss	23	-	(1,654)	-	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	23	-	(2,909)	-	-	(2,909)
Income tax relating to components of other comprehensive income	23	-	(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	37	-	-	-	(37,000)	(37,000)
At 31 December 2020		1,850,000	42,054	10,114	(301,724)	1,600,444

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Note	Attributable to the Owner of the Bank				Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2019		1,850,000	(4,698)	10,114	(583,618)	1,271,798
Unrealised gain on revaluation of financial investments at FVOCI	23	-	30,278	-	-	30,278
Reclassification of gains included in profit or loss	23	-	8,870	-	-	8,870
Changes in expected credit losses of financial investments at FVOCI	23	-	3,508	-	-	3,508
Income tax relating to components of other comprehensive income	23	-	(9,394)	-	-	(9,394)
Profit for the year		-	-	-	198,930	198,930
Total comprehensive income for the year		-	33,262	-	198,930	232,192
At 31 December 2019		1,850,000	28,564	10,114	(384,688)	1,503,990

The accompanying notes form an integral part of the financial statements

Statements of Changes in Equity

For the financial year ended 31 December 2020

Bank	Note	← Attributable to the Owner of the Bank →				Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
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	23	-	23,231	-	-	23,231
Reclassification of losses included in profit or loss	23	-	(1,654)	-	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	23	-	(2,909)	-	-	(2,909)
Income tax relating to components of other comprehensive income	23	-	(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	37	-	-	-	(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 Changes in Equity

For the financial year ended 31 December 2020

Bank	Note	Attributable to the Owner of the Bank				Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2019		1,850,000	(4,698)	10,114	(589,358)	1,266,058
Unrealised gain on revaluation of financial investments at FVOCI	23	-	30,278	-	-	30,278
Reclassification of gains included in profit or loss	23	-	8,870	-	-	8,870
Changes in expected credit losses of financial investments at FVOCI	23	-	3,508	-	-	3,508
Income tax relating to components of other comprehensive income	23	-	(9,394)	-	-	(9,394)
Profit for the year		-	-	-	206,205	206,205
Total comprehensive income for the year		-	33,262	-	206,205	239,467
At 31 December 2019		1,850,000	28,564	10,114	(383,153)	1,505,525

The accompanying notes form an integral part of the financial statements

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows generated from/(used in) operating activities					
Profit before tax expense and zakat		122,900	206,644	134,755	213,858
Adjustments for:					
Net (writeback)/impairment loss on loans, advances and financing	29	(34,722)	19,273	28,332	64,907
Net writeback of commitment and contingencies	20(v)	(1,468)	(327)	(1,468)	(327)
Net (writeback)/impairment loss on financial investments at FVOCI	5	(2,909)	3,508	(2,909)	3,508
Net (writeback)/impairment loss on financial investment at AC	6	(649)	586	(649)	586
Impairment (loss)/gain on other asset at AC	8(i)(b)	(191)	970	(191)	970
Impairment gain on other asset at FVOCI	8(ii)	-	-	(68,701)	(48,368)
Depreciation of property, plant and equipment	27(ii)	13,114	13,578	13,108	13,570
Depreciation of right-of-use assets	27(ii)	3,491	3,393	3,491	3,393
Amortisation of intangible assets	27(ii)	7,455	6,853	7,455	6,846
Fair value adjustment on investment properties	38(l)	-	(19,848)	-	(19,848)
Government funds released, net	26,38(l)	(9,937)	(2,133)	(9,937)	(2,133)
Income from financial investments at FVOCI	24,38(j)	(47,765)	(70,850)	(47,765)	(70,850)
Income from financial investments at AC	38(j)	(28,253)	(28,272)	(28,253)	(28,272)
Interest/profit expense on borrowings/fundings	25,38(k)	88,376	58,649	88,376	58,649
Profit expense on medium-term notes	38(k)	67,930	71,090	67,930	71,090
Finance cost on lease liabilities	38(k)	568	625	568	625
Profit income on amount due from a subsidiary company	38(l)	-	-	(13,772)	(15,382)
Property, plant and equipment written-off	27(ii)	1	407	1	407
Intangible assets written-off	27(ii)	-	19	-	-
Gross dividend income from investment in unquoted shares	26	-	(349)	-	(349)
Share of loss after tax of an associate	10	388	210	-	-
Operating profit before working capital changes		178,329	264,026	170,371	252,880
Changes in working capital:					
Deposits and placements with banks		-	151,878	-	151,878
Loans, advances and financing		(1,009,099)	(155,753)	(1,072,152)	(208,116)
Other assets		(4,235)	3,224	51,768	85,208
Deposits from customers		1,089,898	203,067	1,099,808	171,937
Deposits from banks and other financial institutions		-	(301,417)	-	(301,417)
Other liabilities		23,034	54,798	29,923	66,685
Cash generated from operating activities		277,927	219,823	279,718	219,055
Interest and profit received		72,471	117,491	72,471	117,491
Tax paid		(2,039)	(782)	(911)	(780)
Tax refunded		7,137	21,351	6,095	19,600
Zakat paid		(2,608)	(2,686)	(2,608)	(2,686)
Net cash generated from operating activities		352,888	355,197	354,765	352,680

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows generated from/(used in)					
investing activities					
Purchase of private debt securities		(150,000)	(105,000)	(150,000)	(105,000)
Purchase of Islamic commercial papers		(165,000)	(1,870,000)	(165,000)	(1,870,000)
Purchase of sukuk		(170,000)	(32,120)	(170,000)	(32,120)
Proceeds from redemption of Islamic commercial papers		-	20,000	-	20,000
Proceeds from redemption of private debt securities		35,000	175,000	35,000	175,000
Proceeds from redemption of bond/sukuk		-	392,120	-	392,120
Proceeds from maturity of bond/sukuk		160,000	110,000	160,000	110,000
Proceeds from maturity of private debt securities		200,000	180,000	200,000	180,000
Proceeds from maturity of Islamic commercial papers		395,000	1,700,000	395,000	1,700,000
Purchase of property, plant and equipment	11	(11,536)	(10,058)	(11,535)	(10,058)
Purchase of intangible assets	14	(1,249)	(7,385)	(1,249)	(7,385)
Gross dividend income from investment in unquoted shares		-	349	-	349
Net cash generated from investing activities		292,215	552,906	292,216	552,906
Cash flows generated from/(used in)					
financing activities					
Net payment of borrowings/fundings		(274,103)	(110,787)	(274,103)	(110,787)
Net disburse/(payment) of Islamic medium-term notes		100,000	(50,000)	100,000	(50,000)
Interest and profit paid on borrowings/fundings		(89,291)	(55,571)	(89,291)	(55,571)
Profit paid on Islamic medium-term notes		(69,675)	(74,454)	(69,675)	(74,454)
Proceeds from government funds		16,072	20,000	16,072	20,000
Payment of lease liabilities		(3,852)	(3,695)	(3,852)	(3,695)
Dividend paid		(37,000)	-	(37,000)	-
Net cash used in financing activities		(357,849)	(274,507)	(357,849)	(274,507)
Net increase in cash and cash equivalents		287,254	633,596	289,132	631,079
Cash and cash equivalents at beginning of year		1,118,904	485,308	1,112,694	481,615
Cash and cash equivalents at end of year		1,406,158	1,118,904	1,401,826	1,112,694
Cash and cash equivalents comprise of:					
- Cash and short-term funds	4	1,406,158	1,118,904	1,401,826	1,112,694

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2020

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 Note	Non-cash changes		Reclassification to deposits from customers (Note 21) RM'000		Amortisation to profit or loss (Note 38(l)) RM'000	Effect of benefit derived from below market profit rate (Note 21) RM'000	
	1 January 2020 RM'000	Financing cash flows (j) RM'000	Interest/profit accrual (Note 25 & 38(k)) RM'000	Addition RM'000		31 December 2020 RM'000	Effect of benefit derived from below market profit rate (Note 21) RM'000
Islamic medium-term notes 17	1,768,072	30,325	67,930	-	-	-	1,866,327
Borrowings/fundings 18	1,875,212	(363,394)	88,376	-	-	(92,220)	1,507,974
Lease liabilities 19	15,797	(3,852)	568	851	-	-	13,364
Government funds 21	354,053	16,072	-	-	(9,937)	92,220	454,883
	4,013,134	(320,849)	156,874	851	(9,937)	-	3,842,548

Group and Bank Note	Non-cash changes		Reclassification to deposits from customers (Note 21) RM'000		Amortisation to profit or loss (Note 38(l)) RM'000	Effect of benefit derived from below market profit rate (Note 21) RM'000	
	1 January 2019 RM'000	Financing cash flows (i) RM'000	Interest/profit accrual (Note 25 & 38(k)) RM'000	Addition RM'000		31 December 2020 RM'000	Effect of benefit derived from below market profit rate (Note 21) RM'000
Islamic medium-term notes 17	1,821,436	(124,454)	71,090	-	-	-	1,768,072
Borrowings/fundings 18	1,982,921	(166,358)	58,649	-	-	-	1,875,212
Lease liabilities 19	18,867	(3,695)	625	-	-	-	15,797
Government funds 21	326,344	20,000	-	-	(2,133)	-	354,053
	4,149,568	(274,507)	130,364	-	(2,133)	-	4,013,134

(i) The accompanying notes form an integral part of the financial statements. 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.

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 9 and Note 10, respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 February 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis of preparation

The financial statements of the Bank and of its subsidiaries (the "Group") 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 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 two 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;

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.

Notes to the Financial Statements

31 December 2020



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 Bank Negara Malaysia.

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 Bank Negara Malaysia 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 current financial year ended 31 December 2020 and the next financial year ending 31 December 2021 on any modifications of contractual cash flows made to loans/financing during these two financial years, as allowed by Bank Negara Malaysia.

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:

	Modified accounting treatment RM'000	MFRS 9 - paragraph 5.4.3 RM'000
Statements of comprehensive income:		
Profit income on advances and financing (Note 38(i))	375,756	294,617
Writeback for impairment losses on loans, advances and financing (Note 29)	322	5,905
Profit for the year	132,114	56,558
Statements of financial position:		
ASSETS		
Loans, advances and financing	6,844,761	6,769,205
EQUITY		
Accumulated losses	(288,039)	(363,595)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies and disclosures

Adoption of New MFRS, Issues Committee ("IC") Interpretation and Amendments to MFRSs

In the current financial year, the Group and the Bank have adopted all the new MFRS, Amendments to MFRS, and IC Interpretation 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 2020.

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
MFRS 9, MFRS 139, and MFRS 7	Interest Rate Benchmark Reform
MFRS 101 and MFRS 108	Definition of Material

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 ¹
MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
MFRSs	Annual Improvements to MFRS Standards 2018 – 2020 ³
MFRS 3	Reference to Conceptual Framework ³
MFRS 116	Property, Plant, and Equipment – Proceeds before Intended Use ³
MFRS 137	Onerous Contracts – Costs of Fulfilling a Contract ³
MFRS 101	Classification of Liabilities as Current or Non-current ⁴
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

Notes to the Financial Statements

31 December 2020



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 15 to 904 years (2019 : 16 to 905 years).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Property, plant and equipment and depreciation (cont'd)

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
- 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.

Notes to the Financial Statements

31 December 2020



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 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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

(ii) Recognition and initial measurement (cont'd)

(b) As a lessor (cont'd)

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.

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 rate, in which case a revised discount rate is used).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

- 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

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.

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 solely payment of principal and interest ("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 amortised cost ("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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Financial investment at amortised cost ("AC") (cont'd)

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 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 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.

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 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').

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Financial instruments (cont'd)

Derivatives recorded at fair value through profit or loss (cont'd)

- 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 10. Changes in the fair value of derivatives are included in net trading income.

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

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)

If the modification does not result in substantial change in cash flows, thus, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group and the Bank record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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 Bank Negara Malaysia 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.

Implication of Covid-19 measures

During the financial year, the Group and the Bank have affected by announcement made by BNM on deferment of all financing payments for a period of 6 months, with effect from 1 April 2020 until 30 September 2020. The deferment is applicable to performing financing, denominated in Ringgit Malaysia, that have not been in arrears for more than 90 days as at 1 April 2020. 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 taken proactive measures by providing reschedule and restructuring arrangement to all of its customers upon expiry of the 6 months' moratorium period. 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.

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.

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 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. Accumulative 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 expected credit losses ("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.
- 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.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

Overview of the ECL principles (cont'd)

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 April 2020 to 30 September 2020, 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.

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. 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of financial assets (cont'd)

The calculation of ECLs (cont'd)

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.
- 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.
- 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.

Overlays and adjustments for expected credit losses amid COVID-19 environment

During the financial year which has been largely affected by Covid-19 pandemic, the Group and the Bank have factored 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 ECLs 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 2020.

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 are expiring in 2021.

The overlays and post-model adjustments of RM58,734,000 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.

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 (cont'd)

The Group and the Bank have updated related parameters for ECL computation and the current MEVs for both loans, advances and financing and 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 our historical LGD populations up to 30 September 2020. The Group and the Bank had adjusted its forward looking (i.e. Upside, Baseline and Downside) from 5%-90%-5% to 5%-65%-30%.

In addition, the Group and the Bank had also imposed the following overlays to reflect with the current economic situation:

- (a) Application of Bank's historical highest Observed Default Rate (ODR) at 15.6%.
- (b) In accordance with the slow property market pace in financial year 2020, the Bank adopted 3% haircut across the board on collateral value for property, with additional 5% for hotel and resort type properties.
- (c) Additional depreciation of 10% applied on current net book value of each assets under vessel and aircraft.
- (d) Revision of ECL rates for accounts under tourism related industries Stage 1, the Bank had applied the ECL lifetime on the computation.

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
- Overnight Policy Rate (OPR)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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 effective interest/profit 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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").

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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Fair value measurement (cont'd)

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.

2.22 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 Bank recognises 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue (cont'd)

(a) The EIR method (cont'd)

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 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 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.

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Revenue (cont'd)

(c) Islamic income recognition by type of Shariah contract (cont'd)

(i) Bai' contracts (cont'd)

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.24 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONT'D)

(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.

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4. CASH AND SHORT-TERM FUNDS

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	117,790	30,930	113,458	24,720
Short-term deposits and maturing within three months:				
- Licensed banks	1,288,368	1,087,974	1,288,368	1,087,974
	1,406,158	1,118,904	1,401,826	1,112,694

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 2020 for the Group and the Bank was 1.82% per annum and 13 days (2019: 3.27% per annum and 33 days) respectively.

5. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

At fair value	Group and Bank	
	2020 RM'000	2019 RM'000
Government securitites		
Malaysian Government Investment Issues	553,558	531,107
Non-money market instruments		
Equity securities		
- Private debt securities	30,569	30,392
- Unquoted shares	9,540	8,984
Debt securities		
- Private debt securities	730,190	783,386
	770,299	822,762
	1,323,857	1,353,869

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5. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

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 23).

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:

	Stage 1*	Group and Bank		Total
	RM'000	Stage2 RM'000	Stage3 RM'000	RM'000
At 1 January 2020	153	3,656	10,000	13,809
Writeback made due to changes in credit risk (Note 23)	(140)	(2,756)	-	(2,896)
Financial investments derecognised (Note 23)	(13)	-	-	(13)
At 31 December 2020	-	900	10,000	10,900
At 1 January 2019	301	-	10,000	10,301
(Writeback)/Allowances made due to changes in credit risk (Note 23)	(125)	3,656	-	3,531
New financial investments originated (Note 23)	1	-	-	1
Financial investments derecognised (Note 23)	(24)	-	-	(24)
At 31 December 2019	153	3,656	10,000	13,809

The impairment losses by external rating grade are as follows:

	Stage 1*	Group and Bank		Total
<i>External rating grade</i>	RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000
RAM AAA	-	-	-	-
MARC AAA	-	-	-	-
RAM AA	-	-	-	-
MARC AA	-	-	-	-
MARC AA-	-	-	-	-
RAM BB	-	900	-	900
RAM C^	-	-	10,000	10,000
At 31 December 2020	-	900	10,000	10,900

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5. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT'D)

<i>External rating grade</i>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	2	-	-	2
MARC AAA	11	-	-	11
RAM AA	16	-	-	16
MARC AA	3	-	-	3
MARC AA-	121	-	-	121
RAM BB	-	3,656	-	3,656
RAM C^	-	-	10,000	10,000
At 31 December 2019	153	3,656	10,000	13,809

* 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 AMORTISED COST

	Group and Bank	
	2020 RM'000	2019 RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	111,416	111,523
Money market instruments		
Commercial papers	164,159	393,959
Non-money market instruments		
Private debt securities	293,775	313,732
	569,350	819,214
Less: Accumulated impairment losses	-	(649)
	569,350	818,565

The maturity structure of financial investments at amortised cost are as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	254,715	433,944
More than one year to three years	254,033	289,374
More than three years to five years	-	35,284
More than five years	60,602	60,612
	569,350	819,214

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6. FINANCIAL INVESTMENTS AT AMORTISED COST (CONT'D)

Movements in allowances for impairment losses which reflects the ECL model on impairment are as follows:

	Group and Bank	
	2020 RM'000 Stage 1	2019 RM'000 Stage 1
At 1 January	649	63
Writeback made due to changes in credit risk	(603)	(20)
New financial investments originated or purchased*	-	630
Financial investments derecognised	(46)	(24)
At 31 December	-	649

*New financial investments originated or purchased of certain private debt securities are less than RM1,000.

The impairment losses by external rating grade are as follows:

	Group and Bank	
	2020 Stage 1* RM'000	2019 Stage 1 RM'000
<i>External rating grade</i>		
MARC AAA	-	9
RAM AA	-	59
Non-rated	-	581
	-	649

*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	
	2020 RM'000	2019 RM'000
Malaysian Government Investment Issues	113,019	112,812
Commercial papers	164,159	393,959
Private debt securities	302,793	318,675
	579,971	825,446

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7. LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term loans/financing				
- Hire purchase	337,678	313,586	301,007	275,898
- Leasing	343	344	1	1
- Other term loans/financing	6,001,391	5,092,236	5,647,464	4,664,917
Revolving loans/financing	1,371,677	1,435,649	1,348,461	1,423,789
Staff loans/financing	13,111	15,216	13,111	15,216
Gross loans, advances and financing	7,724,200	6,857,031	7,310,044	6,379,821
Less: Allowance for impairment losses on				
- Stage 1 (Note 7(ix))	(67,708)	(48,065)	(67,708)	(48,065)
- Stage 2 (Note 7(ix))	(18,297)	(32,696)	(18,297)	(32,696)
- Stage 3 (Note 7(ix))	(793,434)	(975,329)	(379,278)	(498,119)
Net loans, advances and financing	6,844,761	5,800,941	6,844,761	5,800,941
Gross impaired loans, advances and financing (Note 7(vii))	1,581,516	1,716,707	1,167,360	1,239,497
Net impaired loans, advances and financing	788,082	741,378	788,082	741,378

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM71,440,000 (2019: RM65,538,000) financed by Government funds. The treatment of credit losses incurred for these loans, advances and financing is as disclosed in Note 2.19(ii).

(i) The maturity structure of gross loans, advances and financing are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one year	1,596,830	1,312,721	1,305,932	987,769
More than one year to three years	577,349	825,377	526,071	782,827
More than three years to five years	1,248,317	1,039,415	1,216,961	979,101
More than five years	4,301,704	3,679,518	4,261,080	3,630,124
Total	7,724,200	6,857,031	7,310,044	6,379,821

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(ii) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Domestic business enterprise	7,711,089	6,841,815	7,296,933	6,364,605
Individual	13,111	15,216	13,111	15,216
	7,724,200	6,857,031	7,310,044	6,379,821

(iii) Gross loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction	1,261,903	1,264,185	1,259,079	1,261,329
Education, health and others	638,293	601,421	591,934	553,552
Electricity, gas and water supply	92,441	34,526	92,441	34,526
Financial, insurance/takaful, real estate and business services	1,153,977	1,059,269	1,151,224	1,056,332
Manufacturing	1,310,172	1,143,719	1,227,819	1,053,236
Mining and quarrying	127,238	77,883	125,242	75,887
Primary agriculture	8,320	5,980	8,058	5,729
Transportation, storage and communication	938,770	822,351	895,695	776,124
Wholesale, retail trade, restaurants and hotels	2,179,975	1,832,481	1,945,441	1,547,890
Others	13,111	15,216	13,111	15,216
	7,724,200	6,857,031	7,310,044	6,379,821

7. LOANS, ADVANCES AND FINANCING (CONT'D)

(iv) Gross loans, advances and financing analysed by location and sector are as follows:

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	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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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd)

Group 2019	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	650,601	34,214	284,171	70,984	148,605	1,264,185								
Education, health and others	401,814	24,755	59,578	72,439	21,438	601,421								
Electricity, gas and water supply	30,106	-	-	2,505	1,915	34,526								
Financial, insurance/takaful, real estate and business services	735,698	91,266	95,078	15,557	75,866	1,059,269								
Manufacturing	609,498	149,848	162,168	139,752	43,341	1,143,719								
Mining and quarrying	35,042	-	7,428	14,413	17,874	77,883								
Primary agriculture	725	-	504	22	4,651	5,980								
Transportation, storage and communication	436,132	101,616	61,265	107,320	38,324	822,351								
Wholesale, retail trade, restaurants and hotels	942,862	196,724	108,558	214,691	242,985	1,832,481								
Others	15,216	-	-	-	-	15,216								
	3,857,694	598,423	778,750	637,683	522,004	6,857,031								

7. 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		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	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							

Notes to the Financial Statements

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2019	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	647,745	34,214	284,171	70,984	75,610	148,605	1,261,329							
Education, health and others	353,945	24,755	59,578	72,439	21,438	21,397	553,552							
Electricity, gas and water supply	30,106	-	-	2,505	1,915	-	34,526							
Financial, insurance/takaful, real estate and business services	732,761	91,266	95,078	15,557	75,866	45,804	1,056,332							
Manufacturing	519,015	149,848	162,168	139,752	43,341	39,112	1,053,236							
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887							
Primary agriculture	474	-	504	22	4,651	78	5,729							
Transportation, storage and communication	389,905	101,616	61,265	107,320	38,324	77,694	776,124							
Wholesale, retail trade, restaurants and hotels	658,271	196,724	108,558	214,691	242,985	126,661	1,547,890							
Others	15,216	-	-	-	-	-	15,216							
	3,380,484	598,423	778,750	637,683	522,004	462,477	6,379,821							

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(v) Gross loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate				
- Staff loan/financing	13,111	15,216	13,111	15,216
- Hire purchase	188,981	212,519	153,187	175,708
- Leasing	343	3 44	1	1
- Other term loans/financing	1,770,112	1,451,579	1,522,658	1,166,844
- Revolving loans/financing	185,893	213,649	162,735	201,847
Variable rate				
- Hire purchase receivables	148,697	101,067	147,820	100,190
- Other term loans/financing	4,231,279	3,640,657	4,124,806	3,498,073
- Revolving loans/financing	1,185,784	1,222,000	1,185,726	1,221,942
	7,724,200	6,857,031	7,310,044	6,379,821

(vi) Impaired loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction	157,685	178,370	154,861	175,514
Education, health and others	171,622	156,718	125,263	108,849
Electricity, gas and water supply	41	-	41	-
Financial, insurance/takaful, real estate and business services	214,375	231,441	211,622	228,504
Manufacturing	302,857	336,485	220,504	246,002
Mining and quarrying	10,142	4,140	8,146	2,144
Primary agriculture	541	523	279	272
Transportation, storage and communication	156,413	185,204	113,338	138,977
Wholesale, retail trade, restaurants and hotels	567,840	623,826	333,306	339,235
	1,581,516	1,716,707	1,167,360	1,239,497

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows:

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	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							

7. LOANS, ADVANCES AND FINANCING (CONT'D)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows: (cont'd)

Group 2019	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	103,271	2,084	30,418	9,310	24,846	178,370							
Education, health and others	108,138	3,150	17,947	19,628	854	156,718							
Financial, insurance/takaful, real estate and business services	206,230	7,487	8,859	3,291	148	231,441							
Manufacturing	225,413	14,059	44,255	41,363	5,101	336,485							
Mining and quarrying	3,846	-	-	294	-	4,140							
Primary agriculture	251	-	65	-	207	523							
Transportation, storage and communication	131,952	6,490	15,325	12,471	9,660	185,204							
Wholesale, retail trade, restaurants and hotels	426,486	29,996	27,457	53,479	80,941	623,826							
	1,205,587	63,266	144,326	139,836	117,970	1,716,707							

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7. 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		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	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	62,896	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							

Notes to the Financial Statements

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2019	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	100,415	2,084	2,084	30,418	9,310	24,846	8,441	24,846	175,514				175,514
Education, health and others	60,269	3,150	3,150	17,947	19,628	854	7,001	854	108,849				108,849
Financial, insurance/takaful, real estate and business services	203,293	7,487	7,487	8,859	3,291	148	5,426	148	228,504				228,504
Manufacturing	134,930	14,059	14,059	44,255	41,363	5,101	6,294	5,101	246,002				246,002
Mining and quarrying	1,850	-	-	-	294	-	-	-	2,144				2,144
Primary agriculture	-	-	-	65	-	-	207	-	272				272
Transportation, storage and communication	85,725	6,490	6,490	15,325	12,471	9,306	9,660	9,306	138,977				138,977
Wholesale, retail trade, restaurants and hotels	141,895	29,996	29,996	27,457	53,479	5,467	80,941	5,467	339,235				339,235
	728,377	63,266	63,266	144,326	139,836	45,722	117,970	45,722	1,239,497				1,239,497

Notes to the Financial Statements

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(viii) Movements in impaired loans, advances and financing are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	1,716,707	2,005,646	1,239,497	1,482,802
-Transfers to Stage 1	(131,252)	(68,261)	(131,252)	(68,261)
-Transfers to Stage 2	(342)	(27,161)	(342)	(27,161)
-Transfers to Stage 3	267,137	198,176	267,137	198,176
	1,852,250	2,108,400	1,375,040	1,585,556
Changes due to change in credit risk	(59,601)	119,103	3,453	119,103
New financial assets originated	10,099	88,913	10,099	88,913
Financial assets derecognised	(79,303)	(291,848)	(79,303)	(246,214)
Amount written-off	(141,929)	(307,861)	(141,929)	(307,861)
At 31 December	1,581,516	1,716,707	1,167,360	1,239,497

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	48,065	32,696	975,329	1,056,090
-Transfers to Stage 1	1,540	(425)	(1,115)	-
-Transfers to Stage 2	(7,872)	7,881	(9)	-
-Transfers to Stage 3	(35,987)	(31,108)	67,095	-
	(42,319)	(23,652)	65,971	-
Changes due to change in credit risk (Note 29)	51,092	9,819	(87,646)	(26,735)
New financial assets originated (Note 29)	19,913	135	4,781	24,829
Financial assets derecognised (Note 29)	(9,043)	(701)	(23,072)	(32,816)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,708	18,297	793,434	879,439
At 1 January 2019	42,799	55,642	1,246,237	1,344,678
-Transfers to Stage 1	39,963	(22,361)	(17,602)	-
-Transfers to Stage 2	(1,780)	14,452	(12,672)	-
-Transfers to Stage 3	(885)	(11,501)	12,386	-
	37,298	(19,410)	(17,888)	-
Changes due to change in credit risk (Note 29)	(39,039)	618	68,482	30,061
New financial assets originated (Note 29)	15,575	2,442	63,635	81,652
Financial assets derecognised (Note 29)	(8,568)	(6,596)	(77,276)	(92,440)
Amount written-off	-	-	(307,861)	(307,861)
At 31 December 2019	48,065	32,696	975,329	1,056,090

Notes to the Financial Statements

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd):

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	48,065	32,696	498,119	578,880
-Transfers to Stage 1	1,540	(425)	(1,115)	-
-Transfers to Stage 2	(7,872)	7,881	(9)	-
-Transfers to Stage 3	(35,987)	(31,108)	67,095	-
	(42,319)	(23,652)	65,971	-
Changes due to change in credit risk (Note 29)	51,092	9,819	(24,592)	36,319
New financial assets originated (Note 29)	19,913	135	4,781	24,829
Financial assets derecognised (Note 29)	(9,043)	(701)	(23,072)	(32,816)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,708	18,297	379,278	465,283
At 1 January 2019	42,799	55,642	723,393	821,834
-Transfers to Stage 1	39,963	(22,361)	(17,602)	-
-Transfers to Stage 2	(1,780)	14,452	(12,672)	-
-Transfers to Stage 3	(885)	(11,501)	12,386	-
	37,298	(19,410)	(17,888)	-
Changes due to change in credit risk (Note 29)	(39,039)	618	114,116	75,695
New financial assets originated (Note 29)	15,575	2,442	63,635	81,652
Financial assets derecognised (Note 29)	(8,568)	(6,596)	(77,276)	(92,440)
Amount written-off	-	-	(307,861)	(307,861)
At 31 December 2019	48,065	32,696	498,119	578,880
	Group		Bank	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net impaired loans, advances and financing as a percentage	11.39%	12.64%	11.39%	12.64%

(x) Exposures to COVID-19 impacted sectors are as follow:

	Group and Bank	
	2020 RM'000	2019 RM'000
Education	158,714	144,743
Healthcare	135,116	120,698
Passenger Transport	105,667	86,698
Petrol Station	122,020	101,819
Tourism	742,061	678,268
	1,263,578	1,132,226

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.

Notes to the Financial Statements

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7. LOANS, ADVANCES AND FINANCING (CONT'D)

(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.

In July 2020, to support as well as assisting the impacted customers, the Group and the Bank had introduced a Special Relief Programme ("SRP") through implementation of restructured and rescheduled right after the auto-moratorium period ended, through to selected customers.

Accounts that are entitled under SRP offered by the Bank as at 31 December 2020 are illustrated below:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3* RM'000	Total RM'000
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 represent customers that turned to Stage 3 after acceptance of assistance under SRP.

8. OTHER ASSETS

	Note	Group	
		2020 RM'000	2019 RM'000
At AC			
Other receivables		9,392	8,474
Rental receivables	(i)	1,490	1,345
		10,882	9,819
Prepayments		7,135	3,706
		18,017	13,525

Notes to the Financial Statements

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8. OTHER ASSETS (CONT'D)

	Note	Bank	
		2020 RM'000	2019 RM'000
At FVOCI			
Amount due from a subsidiary company	(ii)	82,473	63,750
At AC			
Amount due from subsidiary companies	(iii)	39,025	35,885
Other receivables		13,379	7,920
Rental receivables	(i)	1,490	1,345
		53,894	45,150
Prepayments		7,135	3,706
		143,502	112,606

(i) As at 31 December 2020, the portfolio impacted under other assets is rental receivables from investment properties with net carrying amount of RM1,490,000 (2019: RM1,345,000).

(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 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
At 1 January 2019	346	9,169	9,515
Transfer to non-credit impaired	72	(72)	-
Transfer to credit impaired	(131)	131	-
Maintain status	3	1,059	1,062
At 31 December 2019	290	10,287	10,577

Notes to the Financial Statements

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8. OTHER ASSETS (CONT'D)

(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 2020	(18)	(9,214)	(9,232)
Allowance/(writeback) made during the year	(17)	208	191
At 31 December 2020	(35)	(9,006)	(9,041)
At 1 January 2019	(20)	(8,242)	(8,262)
Allowance/(Writeback) made during the year	2	(972)	(970)
At 31 December 2019	(18)	(9,214)	(9,232)

- (ii) On 15 December 2014, the Bank had issued an unsecured Bai' Inah facility granted to SMEB Asset Management Sdn. Bhd. ("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	
	2020 RM'000	2019 RM'000
At 1 January	(365,371)	(413,739)
Allowance made during the year	(13,772)	(15,382)
Writeback during the year	82,473	63,750
At 31 December	(296,670)	(365,371)

- (iii) The amounts due from subsidiaries are non-trade, interest-free, unsecured and repayable on demand.

9. INVESTMENT IN SUBSIDIARIES

	Bank	
	2020 RM'000	2019 RM'000
Unquoted shares		
At cost	3,582	3,582
Allowances for impairment loss	(3,582)	(3,582)
Carrying amount	-	-

Notes to the Financial Statements

31 December 2020

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Movements in allowances for impairment loss recognised in profit or loss are as follows:

	Bank	
	2020 RM'000	2019 RM'000
At 1 January/31 December	3,582	3,582

The subsidiaries, all of which are incorporated and having their principal place of business in Malaysia are as follows:

Name of companies	Principal activities	Proportion of Ownership Interest and Voting Power Held by the Group (%)	
		2020	2019
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
Guardmont Industries Sdn. Bhd.^	Dormant	100	100
Metro Prominent Sdn. Bhd.^	Dormant	100	100

The subsidiaries are consolidated based on the respective financial statements 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.

^ The financial statements of these subsidiaries are exempted from audit based on Practice Directive No. 3/2017 issued on 4 August 2017 by the Companies Commission of Malaysia.

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10. INVESTMENT IN ASSOCIATE

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares				
At cost	6,826	6,826	6,826	6,826
Share of post-acquisition reserves	2,950	3,338	-	-
	9,776	10,164	6,826	6,826
Less: Accumulated impairment losses	(6,826)	(6,826)	(6,826)	(6,826)
	2,950	3,338	-	-

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	Principal activity	Proportion of Ownership Interest and Voting Power Held by the Group (%)		Accounting model applied
		2020	2019	
Held by the Bank:				
Capatronics (M) Sdn. Bhd.	Manufacturing of ceramic capacitors	30	30	Equity method

(i) Summarised statements of financial position

	Capatronics (M) Sdn. Bhd.	
	2020 RM'000	2019 RM'000
Non-current assets	21,658	21,671
Current assets	-	-
Total assets	21,658	21,671
Current liabilities	11,825	10,544
Total liabilities	11,825	10,544
Net assets as at 31 December	9,833	11,127

Notes to the Financial Statements

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10. INVESTMENT IN ASSOCIATE (CONT'D)

(ii) Summarised statement of comprehensive income

	Capatronics (M) Sdn. Bhd.	
	2020 RM'000	2019 RM'000
Revenue	794	969
Loss before tax	(1,294)	(700)
Loss for the year	(1,294)	(700)
Total comprehensive loss for the year	(1,294)	(700)
Interest in associate	30%	30%
Share of loss after tax of an associate	(388)	(210)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	Capatronics (M) Sdn. Bhd.	
	2020 RM'000	2019 RM'000
Net assets as at 1 January	11,127	11,827
Total comprehensive loss for the year	(1,294)	(700)
Net assets as at 31 December	9,833	11,127
Interest in associate	30%	30%
Carrying value of Group's interest in associate	2,950	3,338

Notes to the Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT

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 27(ii))	-	-	-	(12,614)	-	-	-	-	(12,614)
Reclassification	-	(51)	-	4	47	-	-	-	-
Reclassification to intangible assets (Note 14)	-	-	-	(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 27(iii))	-	460	2,444	4,342	5,713	4	151	-	13,114
Write-offs (Note 27(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

Notes to the Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 2019	4,083	34,752	86,108	42,972	55,849	1,510	7,541	-	232,815
Additions	-	833	-	5,641	511	-	150	2,923	10,058
Write-offs (Note 27(iii))	-	-	-	(358)	(786)	-	(8)	-	(1,152)
At 31 December 2019	4,083	35,585	86,108	48,255	55,574	1,510	7,683	2,923	241,721
Accumulated depreciation									
At 1 January 2019	-	5,181	20,833	34,518	24,087	1,503	7,176	-	93,298
Charge for the year (Note 27(iii))	-	48	2,446	5,508	5,460	3	113	-	13,578
Write-offs (Note 27(ii))	-	-	-	(310)	(427)	-	(8)	-	(745)
At 31 December 2019	-	5,229	23,279	39,716	29,120	1,506	7,281	-	106,131
Net carrying amount									
At 31 December 2019	4,083	30,356	62,829	8,539	26,454	4	402	2,923	135,590

Included in property, plant and equipment of the Group are fully depreciated assets at a total cost of RM41,969,000 (2019: RM42,251,000), which are still in use by the Group.

Notes to the Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 27(iii))	-	-	-	(12,614)	-	-	-	-	(12,614)
Reclassification	-	(51)	-	4	47	-	-	-	-
Reclassification to intangible assets (Note 14)	-	-	-	(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 27(ii))	-	460	2,444	4,338	5,713	2	151	-	13,108
Write-offs (Note 27(iii))	-	-	-	(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

Notes to the Financial Statements

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11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 2019	4,083	34,752	86,108	42,835	55,849	1,510	7,541	-	232,678
Additions	-	833	-	5,641	511	-	150	2,923	10,058
Write-offs (Note 27(iii))	-	-	-	(358)	(786)	-	(8)	-	(1,152)
At 31 December 2019	4,083	35,585	86,108	48,118	55,574	1,510	7,683	2,923	241,584
Accumulated depreciation									
At 1 January 2019	-	5,181	20,833	34,402	24,087	1,502	7,176	-	93,181
Charge for the year (Note 27(iii))	-	48	2,446	5,501	5,460	2	113	-	13,570
Write-offs (Note 27(ii))	-	-	-	(310)	(427)	-	(8)	-	(745)
At 31 December 2019	-	5,229	23,279	39,593	29,120	1,504	7,281	-	106,006
Net carrying amount									
At 31 December 2019	4,083	30,356	62,829	8,525	26,454	6	402	2,923	135,578

Included in property, plant and equipment of the Bank are fully depreciated assets at a total cost of RM41,866,000 (2019: RM42,148,000), which are still in use by the Bank.

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12. RIGHT-OF-USE ASSETS

Group and Bank	Enterprise Centre RM'000	Motor Vehicles RM'000	Total RM'000
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 27(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
Cost			
At 1 January 2019/31 December 2019	14,506	4,361	18,867
Accumulated depreciation			
At 1 January 2019	-	-	-
Charge for the year (Note 27(ii))	2,609	784	3,393
At 31 December 2019	2,609	784	3,393
Carrying amount			
At 31 December 2019	11,897	3,577	15,474

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.

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13. INVESTMENT PROPERTIES

	Group and Bank	
	2020	2019
	RM'000	RM'000
At fair value		
At 1 January	393,062	373,214
Fair value adjustment (Note 38(I))	-	19,848
At 31 December	393,062	393,062

The following investment properties are held under leasehold:

	Group and Bank	
	2020	2019
	RM'000	RM'000
At fair value		
Building	219,312	219,312
Land	173,750	173,750
	393,062	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 2020 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.

Title deeds to certain of the Group's and of the Bank's investment properties which are carried at fair value amounted to RM9,860,000 (2019: RM12,460,000) have yet to be transferred to the Bank or issued in the name of the Bank.

Rental income earned from investment properties during the year amounted to RM3,762,000 (2019: RM9,323,000). Direct operating expenses arising from the investment properties during the year amounting to RM3,322,000 (2019: RM3,751,000).

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14. INTANGIBLE ASSETS

	Group		Software	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
At 1 January	62,671	55,346	62,019	54,634
Additions	1,249	7,385	1,249	7,385
Write-offs (Note 27(ii))	-	(60)	-	-
Reclassification from property, plant and equipment (Note 11)	2,528	-	2,528	-
At 31 December	66,448	62,671	65,796	62,019
Accumulated amortisation				
At 1 January	44,373	37,561	43,721	36,875
Charge for the year (Note 27(ii))	7,455	6,853	7,455	6,846
Write-offs (Note 27(ii))	-	(41)	-	-
At 31 December	51,828	44,373	51,176	43,721
Carrying amount				
At 31 December	14,620	18,298	14,620	18,298

15. DEFERRED TAX ASSETS

	Group and Bank	
	2020 RM'000	2019 RM'000
At 1 January	104,456	120,059
Recognised in profit or loss (Note 30)	-	(6,209)
Recognised in other comprehensive income (Note 23)	(5,178)	(9,394)
At 31 December	99,278	104,456
Presented before appropriate offsetting as follows:		
Deferred tax assets	133,708	132,039
Deferred tax liabilities	(34,430)	(27,583)
	99,278	104,456

15. 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
At 1 January 2020 Recognised in profit or loss	- 18,445	35,457 (996)	8,659 815	156 (156)	- -	87,689 (16,488)	78 49	132,039 1,669
At 31 December 2020	18,445	34,461	9,474	-	-	71,201	127	133,708
At 1 January 2019 Recognised in profit or loss Recognised in other comprehensive income	16,949 (16,949)	113,728 (78,271)	7,953 706	- 156	4,736 3,314	- 87,689	- 78	143,366 (3,277)
At 31 December 2019	-	35,457	8,659	156	-	87,689	78	132,039

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15. 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 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)
At 1 January 2019	-	(16,005)	(4,188)	(3,114)	(23,307)
Recognised in profit or loss	-	(1,985)	(2,526)	1,579	(2,932)
Recognised in other comprehensive income	(1,344)	-	-	-	(1,344)
At 31 December 2019	(1,344)	(17,990)	(6,714)	(1,535)	(27,583)

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 2025 where the unutilised capital allowances do not expire. As of 31 December 2020, 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	
	2020 RM'000	2019 RM'000
Unused tax losses	284,963	432,154

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16. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	4,255,632	3,168,209	4,330,869	3,233,536

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Government and statutory bodies (Note 34(c))	2,283,327	1,600,048	2,283,327	1,600,048
Business enterprise	1,305,690	1,004,541	1,380,927	1,069,868
Others	666,615	563,620	666,615	563,620
	4,255,632	3,168,209	4,330,869	3,233,536

(ii) The maturity structure of deposits are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Less than three months	3,173,795	2,450,807	3,249,032	2,466,105
Three months to six months	683,831	256,697	683,831	304,519
Six months to one year	398,006	460,705	398,006	462,912
	4,255,632	3,168,209	4,330,869	3,233,536

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17. ISLAMIC MEDIUM-TERM NOTES

	Group and Bank	
	2020 RM'000	2019 RM'000
Islamic medium-term notes ("IMTNs")	1,866,327	1,768,072

(i) The IMTNs are guaranteed by the Government of Malaysia and details of issuance are as follows:

	Issuance Date
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
RM400,000,000 3.90% matured on 9 March 2020	9 March 2017

(ii) The maturity structure of medium-term notes are as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	16,327	418,072
More than one year to three years	750,000	750,000
More than three years to five years	650,000	400,000
More than five years	450,000	200,000
	1,866,327	1,768,072

18. BORROWINGS/FUNDINGS

	Group and Bank	
	2020 RM'000	2019 RM'000
Unsecured borrowings/fundings	1,507,974	1,875,212

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 RM520,567,000.

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18. BORROWINGS/FUNDINGS (CONT'D)

- (i) The maturity structure of the borrowings/fundings are as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	57,826	112,477
More than one year to five years	1,099,664	996,584
More than five years	350,484	766,151
	1,507,974	1,875,212

- (ii) The unsecured borrowings/fundings are sourced from the following:

	Note	Group and Bank	
		2020 RM'000	2019 RM'000
Government of Malaysia (Note 34(c))	(a)	1,004,336	1,029,800
Other institutions	(b)	503,638	845,412
		1,507,974	1,875,212

- (a) Borrowings/Fundings from Government of Malaysia

The borrowings/fundings from the Government of Malaysia are repayable as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	43,792	41,266
More than one year to five years	647,596	622,383
More than five years	312,948	366,151
	1,004,336	1,029,800

The weighted average interest/profit rates on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2019: 0% to 4%) per annum.

- (b) Borrowings/Fundings from other institutions

	Group and Bank	
	2020 RM'000	2019 RM'000
Bank Negara Malaysia	503,638	89,305
Employee Provident Fund	-	756,107
	503,638	845,412

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18. BORROWINGS/FUNDINGS (CONT'D)

The borrowings/fundings from other institutions are repayable as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	14,034	71,211
More than one year to five years	452,068	374,201
More than five years	37,536	400,000
	503,638	845,412

The weighted average interest/profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2019: 0% to 5%) per annum.

19. LEASE LIABILITIES

	Group and Bank	
	2020 RM'000	2019 RM'000
Lease liabilities	13,364	15,797

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 weighted average of discount rates of the Group and of the Bank range between 3.13% to 3.18% (2019: 3.44% to 3.46%) per annum.

The maturity structure based on undiscounted contractual cash flows is as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	3,907	3,746
More than one year to five years	10,588	13,646
	14,495	17,392
Less: Future finance cost	(1,131)	(1,595)
	13,364	15,797

20. OTHER LIABILITIES

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables and accruals (Note i)	471,324	445,691	480,088	443,034
Islamic margin account (Note ii)	450,283	457,114	450,185	457,004
Guarantee payable (Note iii)	148,623	149,288	148,623	149,288
Amount due to subsidiaries (Note iv)	-	-	19,712	24,172
Sinking fund	764	1,203	763	1,149
Rental and security deposits	5,904	5,729	5,904	5,729
Provision for zakat	3,999	3,966	3,999	3,966
Allowance for impairment on commitments and contingencies (Note v)	4,934	6,402	4,934	6,402
Other provisions	35,672	30,511	34,880	29,855
	1,121,503	1,099,904	1,149,088	1,120,599

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20. OTHER LIABILITIES (CONT'D)

- (i) Included in other payables and accruals are undisbursed funds amounting to RM75,487,000 (2019: RM73,017,000) 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 RM24,486,000 (2019: RM25,624,000) 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.

- (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	
	2020 RM'000 Stage 1	2019 RM'000 Stage 1
Commitments and Contingencies		
At 1 January	6,402	6,729
Changes due to change in credit risk	236	2,234
New financial assets originated	905	607
Amount settled	(2,609)	(3,168)
At 31 December	4,934	6,402

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21. GOVERNMENT FUNDS

	Note	Group and Bank	
		2020 RM'000	2019 RM'000
To finance:			
Purchase of investment properties	(i)	111,906	115,435
Loans, advances and financing	(ii)	342,977	238,618
		454,883	354,053

(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 2020	65,599	16,247	33,589	115,435
Government fund released (Note 38(i))	(236)	(2,913)	(380)	(3,529)
At 31 December 2020	65,363	13,334	33,209	111,906
At 1 January 2019	65,835	19,157	33,969	118,961
Government fund released (Note 26)	(236)	(2,910)	(380)	(3,526)
At 31 December 2019	65,599	16,247	33,589	115,435

Notes to the Financial Statements

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21. GOVERNMENT FUNDS (CONT'D)

(ii) To finance loans, advances and financing:

Group and Bank	Soft Loan	Tabung	Tabung	Dana	Program	Basis	Balance	
	Scheme	Usahawan	Inkubator	Usahawan	Usahawan	dan Skim		Capital
	RM'000	Pahang	Pertanian	Siswazah	Negeri	Usahawan	Scheme	c/f
	RM'000	RM'000	Kelantan	RM'000	Terengganu	Batik	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 38(l))	88	-	-	425	87	37	-	637
Muqasah (Note 38(l))	-	-	-	-	(45)	-	(7)	(52)
At 31 December 2020	36,574	288	2,669	19,670	4,505	4,205	33,615	101,526

	Balance	Skim	Program	Skim	Teraju	Special	Penjana	Total
	b/f	Perusahaan	dan Skim	Anjakan	Facilitation	Relief	Tourism	
	RM'000	Kapal	Usahawan	Usahawan	Fund*	Fund^	Fund^	RM'000
	RM'000	Tradisional	Kraf	RM'000	RM'000	RM'000	RM'000	RM'000
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	92,220
Deposit matured	-	-	-	-	2,475	-	-	2,475
Recoveries from loan/financing written-off (Note 38(l))	637	-	-	-	-	-	-	637
Muqasah (Note 38(l))	(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 18.

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21. GOVERNMENT FUNDS (CONT'D)

(ii) To finance loans, advances and financing: (cont'd)

Group and Bank	Soft Loan Scheme RM'000	Tabung Usahawan Pahang RM'000	Tabung Inkubator Pertanian Kelantan RM'000	Tabung Usahawan Siswazah RM'000	Dana Usahawan Negeri Terengganu RM'000	Program dan Skim Usahawan Batik RM'000	Basis Capital Scheme RM'000	Balance c/f RM'000
At 1 January 2019	36,427	288	2,669	18,565	4,616	4,168	32,815	99,548
Recoveries from loan/financing written-off (Note 38(I))	59	-	-	680	72	-	807	1,618
Muqasah (Note 38(II))	-	-	-	-	(225)	-	-	(225)
At 31 December 2019	36,486	288	2,669	19,245	4,463	4,168	33,622	100,941

Balance b/f RM'000	Skim Perusahaan Kapital Tradisional RM'000	Program dan Skim Usahawan Kraf RM'000	Skim Anjakan Usahawan RM'000	Teraju Facilitation Fund* RM'000	Total RM'000
99,548	3,000	4,756	98,848	1,231	207,383
-	-	-	20,000	-	20,000
-	-	-	-	9,842	9,842
1,618 (225)	-	-	-	-	1,618 (225)
100,941	3,000	4,756	118,848	11,073	238,618

* An amount of RM36,452,000 (2019: RM38,927,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

Notes to the Financial Statements

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21. 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)	33,000
(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)	135,000
(k) Teraju Facilitation Fund	To finance project cost and acquisition of machinery for Bumiputera entrepreneur	Teraju Bumiputera Corporation (TERAJU)	50,000
(l) Kompleks Kilang Bimbingan	To provide premises for Bumiputera entrepreneurs industry	Ministry of International Trade and Industry (MITI)	220,775

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21. 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 2020

Types of funds	Outstanding loans, advances and financing RM'000	No. of customers assisted
(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	
	Fair value RM'000	No. of tenants assisted
(l) Kompleks Kilang Bimbingan	393,062 (Note 13)	410

Notes to the Financial Statements

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21. GOVERNMENT FUNDS (CONT'D)

Summary of utilisation of the government funds are as follows: (cont'd)

31 December 2019

Types of funds	Outstanding loans, advances and financing RM'000	No. of customers assisted
(a) Soft Loan Scheme	5,128	113
(b) Tabung Usahawan Pahang	-	-
(c) Tabung Inkubator Pertanian Kelantan	-	-
(d) Tabung Usahawan Siswazah	4,545	81
(e) Dana Usahawan Negeri Terengganu	4,535	56
(f) Program dan Skim Usahawan Batik	-	-
(g) Basic Capital Scheme	11,776	78
(h) Skim Perusahaan Kapal Tradisional	-	-
(i) Program dan Skim Usahawan Kraf	90	1
(j) Skim Anjakan Usahawan	38,571	265
(k) Teraju Facilitation Fund	893	1
Total	65,538	
	Fair value RM'000	No. of tenants assisted
(l) Kompleks Kilang Bimbingan	393,062 (Note 13)	422

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22. SHARE CAPITAL

Group and Bank	Number of ordinary shares		Amount	
	2020 Unit'000	2019 Unit'000	2020 RM'000	2019 RM'000
Issued and fully paid	1,850,000	1,850,000	1,850,000	1,850,000

23. OTHER RESERVES

Group and Bank	Fair value reserve	Distributable general reserve RM'000	Total RM'000
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 losses 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 15)	(5,178)	-	(5,178)
At 31 December 2020	42,054	10,114	52,168
At 1 January 2019	(4,698)	10,114	5,416
Unrealised gain on revaluation of debt instrument at FVOCI	30,769	-	30,769
Unrealised gain on revaluation of equity instrument at FVOCI	(491)	-	(491)
Reclassification of gains included in profit or loss	8,870	-	8,870
Changes in expected credit losses of financial investments at FVOCI (Note 5)	3,508	-	3,508
Income tax relating to components of other comprehensive income (Note 15)	(9,394)	-	(9,394)
At 31 December 2019	28,564	10,114	38,678

(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 RM40,109,000 (2019: RM39,376,000).

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23. OTHER RESERVES

(b) Distributable general reserve

Distributable general reserve arose from the merger between Bank Pembangunan Malaysia Berhad and Bank Industry Berhad in 2005.

24. INTEREST INCOME

	Group and Bank	
	2020 RM'000	2019 RM'000
Interest income from loans	6,314	15,165
Financial investments at FVOCI	-	3,224
Derivative forex	-	469
	6,314	18,858

Included in interest income from loans is interest on impaired loans amounting to RM4,137,000 (2019: RM4,607,000).

25. INTEREST EXPENSE

	Group and Bank	
	2020 RM'000	2019 RM'000
Term loans	80,972	57,199

Included in interest expenses from term loans is penalty paid on early settlement of borrowing from Employees Provident Fund (EPF) amounting to RM38,338,000.

26. OTHER OPERATING INCOME

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fee income	196	15	196	15
Gross dividend income from investment in unquoted shares	-	349	-	349
Other income:				
Recovery income	3,674	8,601	-	-
Government funds released (Note 21(i))	-	3,526	-	3,526
Government compensation	-	2,256	-	2,256
Compensation on late payment charges	1,309	1,710	1,309	1,710
Others	108	1,065	108	1,065
	5,091	17,158	1,417	8,557
Total other operating income	5,287	17,522	1,613	8,921

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27. OTHER OPERATING EXPENSES

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Personnel expenses	(i)	157,482	124,735	154,468	122,383
Establishment related expenses	(ii)	41,063	39,799	41,013	39,720
Promotion and marketing expenses	(iii)	2,814	3,264	2,814	3,530
Administration and general expenses	(iv)	26,560	16,000	24,916	14,673
		227,919	183,798	223,211	180,306
(i) Personnel expenses					
Salaries, allowances and bonuses		126,648	86,921	124,330	85,302
Group President/ Chief Executive Officer and Directors' fees and remuneration	28	2,752	2,272	2,752	2,272
Social security cost		918	817	898	796
Contribution to Employee Provident Fund		15,136	14,130	14,757	13,791
Other staff related expenses		12,028	20,595	11,731	20,222
		157,482	124,735	154,468	122,383
(ii) Establishment related expenses					
Depreciation of property, plant and equipment	11	13,114	13,578	13,108	13,570
Depreciation of right-of-use assets	12	3,491	3,393	3,491	3,393
Amortisation of intangible assets	14	7,455	6,853	7,455	6,846
Rental expenses		(246)	944	(246)	944
Property, plant and equipment written-off	11	1	407	1	407
Intangible assets written-off	14	-	19	-	-
Repairs and maintenance of property, plant and equipment		17,248	14,605	17,204	14,560
		41,063	39,799	41,013	39,720
(iii) Promotion and marketing expenses					
Advertisement and publicity		2,814	3,264	2,814	3,530
(iv) Administration and general expenses					
Administrative expenses		6,500	6,896	6,484	6,883
Auditors' remuneration					
- Statutory audit		812	682	750	620
- Regulatory related services		31	31	31	31
- Other assurance services		90	270	90	270
General expenses		19,127	8,121	17,561	6,869
		26,560	16,000	24,916	14,673

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28. GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER AND DIRECTORS' FEES AND REMUNERATION

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	Bank Total RM'000	Fees emoluments RM'000		Other Benefits- in-kind RM'000
Group President/ Chief Executive Officer: Aria Putera Ismail	900	-	225	190	60	-	1,375	-	-	1,375
	900	-	225	190	60	-	1,375	-	-	1,375
Non-Executive Directors: Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff	-	144	-	-	126	-	270	-	-	270
Y.Bhg. Prof. Dr. Abdul Basir bin Mohamad	-	20	-	-	143	-	163	-	-	163
Y.Bhg. Dato' Muslim bin Hussain	-	48	-	-	187	-	235	-	-	235
Y.Bhg. Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	177	-	225	-	-	225
Y.Bhg. Dato' Mohd Sukarno bin Tun Sardon	-	13	-	-	58	-	71	-	-	71
Y.Brs. En. Mohd Sakeri bin Abdul Kadir	-	48	-	-	75	-	123	-	-	123
Y.Brs. En. Zulkiflee bin Hashim	-	48	-	-	194	-	242	-	-	242
Y.Brs. En. Muhammad Razman bin Abu Samah	-	16	-	-	7	-	23	-	-	23
Y.Bhg. Dato' Mohammad Radhi Bin Abdul Razak	-	11	-	-	14	-	25	-	-	25
	-	396	-	-	981	-	1,377	-	-	1,377
	900	396	225	190	1,041	-	2,752	-	-	2,752

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28. GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER AND DIRECTORS' FEES AND REMUNERATION (CONT'D)

2019

	← 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	Bank Total RM'000	Fees emoluments RM'000		Other Benefits- in-kind RM'000
Group President/ Chief Executive Officer:										
Aria Putera Ismail	900	-	75	176	60	-	1,211	-	-	1,211
	900	-	75	176	60	-	1,211	-	-	1,211
Non-Executive Directors:										
Y.Bhg. Dato' Seri Nazir Ariff bin Mushir Ariff	-	30	-	-	8	-	38	-	-	38
Y.Bhg. Prof. Dr. Abdul Basir bin Mohamad	-	53	-	-	108	-	161	-	-	161
Y.Bhg. Dato' Muslim bin Hussain	-	53	-	-	141	-	194	-	-	194
Y.Bhg. Datuk Ahmad Hizzad bin Baharuddin	-	43	-	-	97	-	140	-	-	140
Y.Bhg. Dato' Mohd Sukarno bin Tun Sardon	-	38	-	-	63	-	101	-	-	101
Y.Bhg. Dato' Asri bin Hamidin @ Hamidon	-	15	-	-	12	-	27	-	-	27
Y.Bhg. Dato' Mohd Shukri bin Hussin	-	20	-	-	32	-	52	-	-	52
Y.Bhg. Dato' Jamelah binti Jamaluddin	-	5	-	-	15	-	20	-	-	20
Y.Brs. En. Mohd Sakeri bin Abdul Kadir	-	43	-	-	70	-	113	-	-	113
Y.Brs. En. Zulkiflee bin Hashim	-	43	-	-	126	-	169	-	-	169

28. GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER AND DIRECTORS' FEES AND REMUNERATION (CONT'D)**2019**

	← Remuneration received from the Bank →					Remuneration received from subsidiaries			Group Total
	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 Benefits-in-kind RM'000	
Non-Executive Directors:									
Y.Brs. En. Khairuzzaman Muhammad	-	5	-	-	16	-	-	-	21
Y.Brs. En. Muhammad Razman bin Abu Samah	-	16	-	-	9	-	-	-	25
	-	364	-	-	697	-	-	-	1,061
	900	364	75	176	757	-	-	-	2,272

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28. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 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	4	-	4	-
RM100,001 to RM200,000	2	6	2	6
RM1 to RM100,000	3	5	3	5
	9	11	9	11

29. (WRITEBACK)/ALLOWANCE FOR IMPAIRMENT LOSS ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the year				
- Stage 1, net (Note 7(ix))	61,962	(32,032)	61,962	(32,032)
- Stage 2, net (Note 7(ix))	9,253	(3,536)	9,253	(3,536)
- Stage 3, net (Note 7(ix))	(105,937)	54,841	(42,883)	100,475
	(34,722)	19,273	28,332	64,907
Impaired loans, advances and financing recovered	(28,654)	(29,371)	(28,654)	(29,371)
Total (writeback)/allowance for impairment losses on loans, advances and financing	(63,376)	(10,098)	(322)	35,536

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30. TAX EXPENSE/(CREDIT) AND ZAKAT

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax:				
Tax expense for the year	295	46	-	12
(Over)/Under provision in prior years	(1)	27	(1)	-
	294	73	(1)	12
Deferred tax (Note 15):				
Origination or reversal of temporary differences	-	6,209	-	6,209
Total tax expense/(credit) for the year	294	6,282	(1)	6,221

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax expense and zakat	122,900	206,644	134,755	213,858
Tax expenses at Malaysian tax rate of 24% (2019: 24%)	29,496	49,595	32,341	51,326
Tax effects of:				
Non-deductible expenses	9,319	6,812	6,272	5,097
Non-taxable income	(3,287)	(2,696)	(3,287)	(2,696)
Utilisation of deferred tax previously not recognised	(35,326)	(44,727)	(35,326)	(44,727)
Effects of differences in tax rate	-	(2,779)	-	(2,779)
Effects of share of associate's post-tax loss included in Group's profit before taxation	93	50	-	-
(Over)/Under provision of current tax in prior years	(1)	27	(1)	-
Total tax expense/(credit) for the year	294	6,282	(1)	6,221

	Group and Bank	
	2020 RM'000	2019 RM'000
Zakat:		
Zakat for the year	2,642	1,432

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31. EARNINGS PER SHARE

The basic 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	
	2020 RM'000	2019 RM'000
Profit for the year	132,114	206,205
Earnings per share (sen) - Basic	7.14	11.15
Weighted average number of ordinary shares for basic earnings per share computation	1,850,000	1,850,000

32. 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	
	2020 RM'000	2019 RM'000
Direct credit substitutes	178,973	160,753
Transaction-related-contingent items	133,572	106,581
Undisbursed loans/financing		
- original maturity up to one year	131,082	-
- original maturity more than one year	1,801,659	1,670,833
	2,245,286	1,938,167

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32. COMMITMENTS AND CONTINGENCIES (CONT'D)

(ii) Capital expenditure commitments of the Group and of the Bank are as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Approved and contracted for: Information technology system	7,110	1,833
	7,110	1,833
Total commitments and contingencies	2,252,396	1,940,000

33. 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 is 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.

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33. 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Tier I Capital</u>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(301,724)	(384,688)	(288,039)	(383,153)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	3,776	-	3,776	-
Less: Deferred tax assets	(99,278)	(104,456)	(99,278)	(104,456)
Less: Property revaluation reserve	(232,381)	(232,381)	(232,381)	(232,381)
Total Tier I capital	1,230,507	1,138,589	1,244,192	1,140,124
<u>Tier II Capital</u>				
General provision for loans, advances and financing*	87,163	87,163	87,163	87,163
Property revaluation reserve [^]	116,191	116,191	116,191	116,191
Government funds [#]	406,108	392,980	406,108	392,980
Total Tier II capital	609,462	596,334	609,462	596,334
Total capital	1,839,969	1,734,923	1,853,654	1,736,458
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,839,969	1,734,923	1,853,654	1,736,458

* 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 RM36,452,000 (2019: RM38,927,000) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
20%	279,650	239,011	279,650	239,011
50%	6,131	425,057	6,131	425,057
100%	9,384,804	7,770,823	9,505,644	7,864,591
	9,670,585	8,434,891	9,791,425	8,528,659

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33. CAPITAL ADEQUACY (CONT'D)

Capital management (cont'd)

	Group		Bank	
	2020	2019	2020	2019
Before deducting proposed dividends:				
Core capital ratio	12.724%	13.499%	12.707%	13.368%
Risk-weighted capital ratio	19.026%	20.568%	18.931%	20.360%
After deducting proposed dividends:				
Core capital ratio	12.588%	13.060%	12.572%	12.934%
Risk-weighted capital ratio	18.890%	20.130%	18.796%	19.926%

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.

34. 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. All Government of Malaysia controlled entities meet the definition of the related parties of the Group and of 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 28 is follows:

	Group and Bank	
	2020	2019
	RM'000	RM'000
Salaries and other emoluments	7,298	5,844
Defined contribution plan	1,047	864
	8,345	6,708

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34. 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	
	2020 RM'000	2019 RM'000
Long-term loans/financing from Ministry of Finance (Note 18)	988,534	1,012,197
Interest/profit payable to Ministry of Finance (Note 18)	15,802	17,603
Deposit acceptance from government agencies (Note 16(i))	2,270,561	1,591,697
Interest/profit payable to government agencies (Note 16(i))	12,766	8,351
Government fund from MITI (Note 21(a) & 21(b))	355,820	342,692
Government fund from Ministry of Rural and Regional Development (MRRD)	24,233	26,570
	3,667,716	2,999,110

The significant related parties credits/(charges) within the Group, which were determined based on terms agreed between the parties are as follows:

	Bank	
	2020 RM'000	2019 RM'000
Profit income on amount due from a subsidiary company (Note 38(l))	13,772	15,382
Profit expense on Commodity Murabahah to subsidiary companies (Note 38(k))	(393)	(305)
	13,379	15,077

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34. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Connected parties

	Total outstanding RM'000	Group and Bank		Total financing exposure which is non- performing or in default 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%	-

	Total outstanding RM'000	Group and Bank		Total financing exposure which is non- performing or in default RM'000
		Total number of connected party account/ counter- party	Total exposure (total outstanding plus unutilised limit) RM'000	
31 December 2019				
Loans/financing facility (except guarantee)	413,999	2	413,999	-
Equities and private debt securities held	128,190	6	128,190	-
	542,189	8	542,189	-
Total exposure to connected parties as % of total capital			31.2%	-
Total exposure to connected parties as % of total outstanding exposure			5.5%	-

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35. 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 132 comprise all its assets and liabilities with the exception of investments in subsidiaries, investments in an associate, property, plant and equipment, prepayments, provisions, government funds, tax recoverable and deferred taxation.

The estimated fair value of those on-balance sheet financial assets and financial liabilities as at the end of the 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 RM'000	Fair value RM'000
31 December 2020		
Financial assets:		
Debt instruments at AC (Note 6)	569,350	579,971
Loans, advances and financing (Note 7)	6,844,761	5,872,411
Financial liabilities:		
Islamic medium-term notes (Note 17)	1,866,327	1,904,823
Borrowings/Fundings (Note 18)	1,507,974	1,437,657
Lease liabilities (Note 19)	13,364	12,870
31 December 2019		
Financial assets:		
Debt instruments at AC (Note 6)	818,565	825,446
Loans, advances and financing (Note 7)	5,800,941	5,150,824
Financial liabilities:		
Islamic medium-term notes (Note 17)	1,768,072	1,772,284
Borrowings/Fundings (Note 18)	1,875,212	1,838,433
Lease liabilities (Note 19)	15,797	15,315

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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

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, 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.

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
31 December 2020				
<u>Financial assets and financial liabilities measured at fair value:</u>				
Financial assets:				
Debt instruments at FVOCI	- 1,283,748	-	-	1,283,748
Equity instruments at FVOCI	- 30,569	9,540	-	40,109
<u>Financial assets and financial liabilities not measured at fair value for which fair values are disclosed:</u>				
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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35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

	Level 1 RM'000	Group and Bank Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2019				
<u>Financial assets and financial liabilities measured at fair value:</u>				
Financial assets:				
Debt instruments at FVOCI	- 1,314,493	-	-	1,314,493
Equity instruments at FVOCI	- 30,392	8,984	-	39,376
<u>Financial assets and financial liabilities not measured at fair value for which fair values are disclosed:</u>				
Financial assets:				
Debt instruments at AC	- 825,446	-	-	825,446
Loans, advances and financing	-	- 5,150,824	-	5,150,824
Financial liabilities:				
Islamic medium-term notes	- 1,772,284	-	-	1,772,284
Borrowings/Fundings	- 1,838,433	-	-	1,838,433
Lease liabilities	- 15,315	-	-	15,315

36. 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.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 of the Bank's internal control system and follow-up on corrective actions and review of management's action to address material weaknesses.

(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.



36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Risk measurement and reporting systems (cont'd)

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 Bank Negara Malaysia ("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.

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.

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36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Risk measurement and reporting systems (cont'd)

(a) Credit risk (cont'd)

(i) Credit exposure

The credit risk exposure of the Group and the Bank at the end of the reporting period are as follows:

	Group	
	2020 RM'000	2019 RM'000
On balance sheet:		
Cash and short-term funds	1,406,158	1,118,904
Debt instrument at FVOCI	1,283,748	1,314,493
Debt instrument at AC	569,350	819,214
Loans, advances and financing	7,724,200	6,857,031
Other receivables and rental receivables (Note 8)	19,923	19,051
	11,003,379	10,128,693
Off balance sheet:		
Commitments and contingencies (Note 32 (i))	2,245,286	1,938,167
	13,248,665	12,066,860
	Bank	
	2020 RM'000	2019 RM'000
On balance sheet:		
Cash and short-term funds	1,401,826	1,112,694
Debt instrument at FVOCI	1,283,748	1,314,493
Debt instrument at AC	569,350	819,214
Loans, advances and financing	7,310,044	6,379,821
Amount due from subsidiaries, other receivables and rental receivables (Note 8)	442,078	483,503
	11,007,046	10,109,725
Off balance sheet:		
Commitments and contingencies (Note 32 (i))	2,245,286	1,938,167
	13,252,332	12,047,892

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36. 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 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

Group 31 December 2019	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Risk rating category				
Highest safety*	1,783,271	32,871	-	1,816,142
Moderate safety**	2,767,426	238,105	-	3,005,531
High risk***	141,518	149,341	-	290,859
Non-rated	24,130	3,662	-	27,792
Impaired	-	-	1,716,707	1,716,707
	4,716,345	423,979	1,716,707	6,857,031

36. 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 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

Bank 31 December 2019	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Risk rating category				
Highest safety*	1,783,271	32,871	-	1,816,142
Moderate safety**	2,767,426	238,105	-	3,005,531
High risk***	141,518	149,341	-	290,859
Non-rated	24,130	3,662	-	27,792
Impaired	-	-	1,239,497	1,239,497
	4,716,345	423,979	1,239,497	6,379,821

* 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.

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36. 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	Short-term 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

36. 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 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 2019							
Government	-	531,107	111,523	-	-	642,630	-
Construction	-	-	-	1,264,185	-	1,264,185	-
Education, health and others	-	-	-	601,421	-	601,421	-
Electricity, gas and water supply	-	-	-	34,526	-	34,526	-
Financial, insurance/takaful, real estate							
and business services	1,118,904	783,386	707,691	1,059,269	-	3,669,250	-
Manufacturing	-	-	-	1,143,719	-	1,143,719	-
Mining and quarrying	-	-	-	77,883	-	77,883	-
Primary agriculture	-	-	-	5,980	-	5,980	-
Transportation, storage and communication	-	-	-	822,351	-	822,351	-
Wholesale, retail trade, restaurants and hotels	-	-	-	1,832,481	-	1,832,481	-
Others	-	-	-	15,216	19,051	34,267	1,938,167
Gross total	1,118,904	1,314,493	819,214	6,857,031	19,051	10,128,693	1,938,167

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36. 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 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	-	-	-	1,259,079	-	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

36. 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 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 2019							
Government	-	531,107	111,523	-	-	642,630	-
Construction	-	-	-	1,261,329	-	1,261,329	-
Education, health and others	-	-	-	553,552	-	553,552	-
Electricity, gas and water supply	-	-	-	34,526	-	34,526	-
Financial, insurance/takaful, real estate	-	-	-	-	-	-	-
and business services	1,112,694	783,386	707,691	1,056,332	429,121	4,089,224	-
Manufacturing	-	-	-	1,053,236	-	1,053,236	-
Mining and quarrying	-	-	-	75,887	-	75,887	-
Primary agriculture	-	-	-	5,729	-	5,729	-
Transportation, storage and communication	-	-	-	776,124	-	776,124	-
Wholesale, retail trade, restaurants and hotels	-	-	-	1,547,890	-	1,547,890	-
Others	-	-	-	15,216	54,382	69,598	1,938,167
Gross total	1,112,694	1,314,493	819,214	6,379,821	483,503	10,109,725	1,938,167

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36. 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 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

As at 31 December 2019	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with financial institutions	1,118,904	-	-	1,118,904
Debt instrument at FVOCI	1,285,420	19,073	10,000	1,314,493
Debt instrument at AC	819,214	-	-	819,214
Loans, advances and financing:				
Term loans/financing				
Hire purchase	215,712	13,945	83,929	313,586
Leasing	1	-	343	344
Other term loans/financing	3,283,236	351,002	1,457,998	5,092,236
Revolving loans/financing	1,202,180	59,032	174,437	1,435,649
Staff loans/financing	15,216	-	-	15,216
Other assets	8,764	-	10,287	19,051
	7,948,647	443,052	1,736,994	10,128,693

Notes to the Financial Statements

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36. 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 2020	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with financial institutions	1,401,826	-	-	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
As at 31 December 2019	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Short-term funds and placements with financial institutions	1,112,694	-	-	1,112,694
Debt instrument at FVOCI	1,285,420	19,073	10,000	1,314,493
Debt instrument at AC	819,214	-	-	819,214
Loans, advances and financing:				
Term loans/financing				
Hire purchase	215,712	13,945	46,241	275,898
Leasing	1	-	-	1
Other term loans/financing	3,283,236	351,002	1,030,679	4,664,917
Revolving loans/financing	1,202,180	59,032	162,577	1,423,789
Staff loans/financing	15,216	-	-	15,216
Other assets	44,095	429,121	10,287	483,503
	7,977,768	872,173	1,259,784	10,109,725

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36. 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	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
31 December 2020		
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	

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36. 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	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
31 December 2019		
Construction	1,264,185	57.4
Education, health and others	601,421	75.9
Electricity, gas and water supply	34,526	36.6
Financial, insurance/takaful, real estate and business services	1,059,269	64.0
Manufacturing	1,143,719	70.8
Mining and quarrying	77,883	80.1
Primary agriculture	5,980	77.5
Transportation, storage and communication	822,351	76.3
Wholesale, retail trade, restaurants and hotels	1,832,481	78.3
Others	15,216	-
	6,857,031	
Bank		
	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
31 December 2020		
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	

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36. 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	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
31 December 2019		
Construction	1,261,329	57.4
Education, health and others	553,552	82.0
Electricity, gas and water supply	34,526	36.6
Financial, insurance/takaful, real estate and business services	1,056,332	63.6
Manufacturing	1,053,236	73.9
Mining and quarrying	75,887	82.2
Primary agriculture	5,729	80.9
Transportation, storage and communication	776,124	80.1
Wholesale, retail trade, restaurants and hotels	1,547,890	79.7
Others	15,216	-
	<u>6,379,821</u>	

(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 RM3,707 million (2019: RM698 million).

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31 December 2020

36. 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 2020 RM'000	Nominal value 2019 RM'000
Corporate sukuk	RAM	AAA	315,000	305,000
Corporate sukuk	MARC	AAA	95,000	95,000
Corporate sukuk	RAM	AA1	70,000	50,000
Corporate sukuk	RAM	AA2	25,000	125,000
Corporate sukuk	RAM	AA3	10,000	60,000
Corporate sukuk	MARC	AA+	5,000	5,000
Corporate sukuk	MARC	AA-	30,000	-
Corporate sukuk	RAM	BB1	25,000	25,000
Corporate sukuk	RAM	C1	-	10,000
Corporate sukuk	RAM	C3	10,000	-
Malaysian Government Investment Issues	Not applicable	Not applicable	640,000	630,000
Government Guarantee sukuk	Not applicable	Not applicable	235,000	250,000
Commercial papers	RAM	P1	165,000	395,000
Non-rated			170,000	50,000
Total			1,795,000	2,000,000

Deposits and placements with banks and other financial institutions:

Rating for counterparty	Total principal outstanding 2020 RM'000	Total principal outstanding 2019 RM'000
AAA	170,000	203,500
AA	682,493	781,461
A	395,000	100,000
Non-rated	40,000	-
Total	1,287,493	1,084,961

36. 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 Months-in-Arrears ("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, reclassified 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 Months-in-Arrears ("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 Macro Economics Variables ("MEV") is assessed and applied as appropriate on similar intervals.

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31 December 2020

36. 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	
	2020	2019
	RM'000	RM'000
Financial guarantees, Corporate Guarantee Schemes, Letters of Credit and others	178,973	160,753
Performance guarantees	133,572	106,581
Undisbursed commitments	1,932,741	1,670,833
	2,245,286	1,938,167

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36. 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Impact on variable rate loans, advances and financing				
+ 50 basis points	27,829	24,819	27,292	24,101
- 50 basis points	(27,829)	(24,819)	(27,292)	(24,101)

36. 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 indicate the effective interest/profit rate at the end 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 2020	Non-trading book					Non- interest/ profit sensitive 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			
Assets								
Cash and short-term funds	737,472	668,686	-	-	-	-	1,406,158	1.82
Debt instrument at FVOCI	-	-	60,245	252,569	970,934	-	1,283,748	4.14
Equity instrument at FVOCI	-	-	30,569	-	-	9,540	40,109	7.75
Debt instrument at AC	-	64,732	99,427	70,755	334,436	-	569,350	3.90
Loans, advances and financing	13,111	19,965	635,031	778,142	3,270,867	1,425,568	6,142,684	6.88
- non-credit impaired	-	-	-	-	-	702,077	702,077	-
- credit impaired	-	-	-	-	-	10,882	10,882	-
Other assets (Note 8)	-	-	-	-	-	-	-	-
Total assets	750,583	753,383	825,272	1,101,466	4,576,237	2,148,067	10,155,008	

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36. 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					Non- interest/ profit sensitive 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			
Liabilities								
Deposits from customers	675,266	1,366,212	1,947,494	266,660	-	-	4,255,632	2.20
Islamic medium-term notes	-	12,740	3,587	1,150,000	700,000	-	1,866,327	3.77
Borrowings/fundings	-	3,963	11,840	-	1,492,171	-	1,507,974	1.14
Lease liabilities (Note 19)	-	-	-	-	-	13,364	13,364	-
Other liabilities (Note 20)	-	-	-	-	-	1,076,898	1,076,898	-
Total liabilities	675,266	1,382,915	1,962,921	1,416,660	2,192,171	1,090,262	8,720,195	
On-balance sheet interest /profit sensitivity gap	75,317	(629,532)	(1,137,649)	(315,194)	2,384,066	1,057,805		
Off-balance sheet interest /profit sensitivity gap	-	-	-	-	-	(2,252,396)		
Total interest/profit sensitivity gap	75,317	(629,532)	(1,137,649)	(315,194)	2,384,066	(1,194,591)		

36. 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 2019	Non-trading book					Non- interest/ profit sensitive 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			
Financial assets								
Cash and short-term funds	364,463	302,630	451,811	-	-	-	1,118,904	3.27
Debt instrument at FVOCI	-	15,245	277,484	736,265	285,499	-	1,314,493	4.25
Equity instrument at FVOCI	-	-	30,392	-	-	8,984	39,376	6.25
Debt instrument at AC	204,670	204,121	25,107	324,059	60,608	-	818,565	3.90
Loans, advances and financing - non-credit impaired	15,216	40,874	461,174	559,939	2,942,355	1,120,766	5,140,324	7.57
- credit impaired	-	-	-	-	-	660,617	660,617	-
Other assets (Note 8)	-	-	-	-	-	9,819	9,819	-
Total financial assets	584,349	562,870	1,245,968	1,620,263	3,288,462	1,800,186	9,102,098	

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36. 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 2019 (cont'd)	Non-trading book					Non- interest/ profit sensitive 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			
Financial liabilities								
Deposits from customers	321,051	1,217,855	1,205,969	423,334	-	-	3,168,209	3.53
Islamic medium-term notes	-	17,438	634	1,300,000	450,000	-	1,768,072	3.97
Borrowings/fundings	-	9,457	14,254	-	1,851,501	-	1,875,212	4.07
Lease liabilities (Note 19)	-	-	-	-	-	15,797	15,797	-
Other liabilities (Note 20)	-	-	-	-	-	1,059,025	1,059,025	-
Total financial liabilities	321,051	1,244,750	1,220,857	1,723,334	2,301,501	1,074,822	7,886,315	
On-balance sheet interest /profit sensitivity gap	263,298	(681,880)	25,111	(103,071)	986,961	725,364		
Off-balance sheet interest /profit sensitivity gap	-	-	-	-	-	(1,940,000)		
Total interest/profit sensitivity gap	263,298	(681,880)	25,111	(103,071)	986,961	(1,214,636)		

36. 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					Non- interest/ profit sensitive 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			
Assets								
Cash and short-term funds	733,140	668,686	-	-	-	-	1,401,826	1.82
Debt instrument at FVOCI	-	-	60,245	252,569	970,934	-	1,283,748	4.14
Equity instrument at FVOCI	-	-	30,569	-	-	9,540	40,109	7.75
Debt instrument at AC	-	64,732	99,427	70,755	334,436	-	569,350	3.90
Loans, advances and financing	13,111	19,965	635,031	778,142	3,270,867	1,425,568	6,142,684	6.88
- non-credit impaired	-	-	-	-	-	702,077	702,077	-
- credit impaired	82,473	-	-	-	-	53,894	136,367	-
Other assets (Note 8)								
Total assets	828,724	753,383	825,272	1,101,466	4,576,237	2,191,079	10,276,161	

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36. 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					Non- interest/ profit sensitive 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			
Liabilities								
Deposits from customers	750,503	1,366,212	1,947,494	266,660	-	-	4,330,869	2.20
Islamic medium-term notes	-	12,740	3,587	1,150,000	700,000	-	1,866,327	3.77
Borrowings/fundings	-	3,963	11,840	-	1,492,171	-	1,507,974	1.14
Lease liabilities (Note 19)	-	-	-	-	-	13,364	13,364	-
Other liabilities (Note 20)	-	-	-	-	-	1,105,275	1,105,275	-
Total liabilities	750,503	1,382,915	1,962,921	1,416,660	2,192,171	1,118,639	8,823,809	
On-balance sheet interest /profit sensitivity gap	78,221	(629,532)	(1,137,649)	(315,194)	2,384,066	1,072,440		
Off-balance sheet interest /profit sensitivity gap	-	-	-	-	-	(2,252,396)		
Total interest/profit sensitivity gap	78,221	(629,532)	(1,137,649)	(315,194)	2,384,066	(1,179,956)		

36. 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 2019	Non-trading book					Non- interest/ profit sensitive 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			
Assets								
Cash and short-term funds	358,253	302,630	451,811	-	-	-	1,112,694	3.27
Debt instrument at FVOCI	-	15,245	277,484	736,265	285,499	-	1,314,493	4.25
Equity instrument at FVOCI	-	-	30,392	-	-	8,984	39,376	6.25
Debt instrument at AC	204,670	204,121	25,107	324,059	60,608	-	818,565	3.90
Loans, advances and financing	15,216	40,874	461,174	559,939	2,942,355	1,120,766	5,140,324	7.57
- non-credit impaired	-	-	-	-	-	660,617	660,617	-
- credit impaired	63,750	-	-	-	-	45,150	108,900	-
Other assets (Note 8)								
Total assets	641,889	562,870	1,245,968	1,620,263	3,288,462	1,835,517	9,194,969	

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36. 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 2019 (cont'd)	Non-trading book					Non- interest/ profit sensitive 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			
Liabilities								
Deposits from customers	321,051	1,217,855	1,271,296	423,334	-	-	3,233,536	3.53
Islamic medium-term notes	-	17,438	634	1,300,000	450,000	-	1,768,072	3.97
Borrowings/fundings	-	9,457	14,254	-	1,851,501	-	1,875,212	4.07
Lease liabilities (Note 19)	-	-	-	-	-	15,797	15,797	-
Other liabilities (Note 20)	-	-	-	-	-	1,080,376	1,080,376	-
Total liabilities	321,051	1,244,750	1,286,184	1,723,334	2,301,501	1,096,173	7,972,993	
On-balance sheet interest /profit sensitivity gap	320,838	(681,880)	(40,216)	(103,071)	986,961	739,344		
Off-balance sheet interest /profit sensitivity gap	-	-	-	-	-	(1,940,000)		
Total interest/profit sensitivity gap	320,838	(681,880)	(40,216)	(103,071)	986,961	(1,200,656)		

36. 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 2020	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-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 8)	-	-	-	-	-	10,882	10,882
Total assets	1,676,756	534,037	925,464	2,612,154	4,386,175	20,422	10,155,008

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36. 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 (cont'd)	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-specific maturity RM'000	Total RM'000
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	1,099,664	350,484	-	1,507,974
Lease liabilities	277	555	2,618	9,914	-	-	13,364
Other liabilities (Note 20)	-	-	-	-	-	1,076,898	1,076,898
Total liabilities	2,067,230	1,136,425	1,129,580	2,509,578	800,484	1,076,898	8,720,195
Net maturity mismatches	(390,474)	(602,388)	(204,116)	102,576	3,585,691	(1,056,476)	1,434,813

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36. 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 2019	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-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	665,632	453,272	-	-	-	-	1,118,904
Debt instrument at FVOCI	-	15,245	277,484	736,265	285,499	-	1,314,493
Equity instrument at FVOCI	-	-	30,392	-	-	8,984	39,376
Debt instrument at AC	204,670	204,121	25,107	324,059	60,608	-	818,565
Loans, advances and financing	197,298	312,814	403,733	1,589,747	3,297,349	-	5,800,941
Other assets (Note 8)	-	-	-	-	-	9,819	9,819
Total assets	1,067,600	985,452	736,716	2,650,071	3,643,456	18,803	9,102,098
Liabilities							
Deposits from customers	1,425,021	1,025,786	717,402	-	-	-	3,168,209
Islamic medium-term notes	-	417,438	634	1,150,000	200,000	-	1,768,072
Borrowings/fundings	320	24,097	88,059	996,584	766,152	-	1,875,212
Lease liabilities	262	526	2,413	12,596	-	-	15,797
Other liabilities (Note 20)	-	-	-	-	-	1,059,025	1,059,025
Total liabilities	1,425,603	1,467,847	808,508	2,159,180	966,152	1,059,025	7,886,315
Net maturity mismatches	(358,003)	(482,395)	(71,792)	490,891	2,677,304	(1,040,222)	1,215,783

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36. 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 2020	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-specific maturity RM'000	Total RM'000
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 Other assets (Note 8)	270,598 82,473	448,986	512,563	1,584,569	4,028,045	-	6,844,761
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	-	12,740	3,587	1,400,000	450,000	-	1,866,327
Borrowings/fundings	3	16,285	41,538	1,099,664	350,484	-	1,507,974
Lease liabilities	277	555	2,618	9,914	-	-	13,364
Other liabilities (Note 20)	-	-	-	-	-	1,105,275	1,105,275
Total liabilities	2,142,467	1,136,425	1,129,580	2,509,578	800,484	1,105,275	8,823,809
Net maturity mismatches	(387,570)	(602,388)	(204,116)	102,576	3,585,691	(1,041,841)	1,452,352

36. 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 2019	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-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	659,422	453,272	-	-	-	-	1,112,694
Debt instrument at FVOCI	-	15,245	277,484	736,265	285,499	-	1,314,493
Equity instrument at FVOCI	-	-	30,392	-	-	8,984	39,376
Debt instrument at AC	204,670	204,121	25,107	324,059	60,608	-	818,565
Loans, advances and financing Other assets (Note 9)	197,298 63,750	312,814 -	403,733 -	1,589,747 -	3,297,349 -	- 45,150	5,800,941 108,900
Total assets	1,125,140	985,452	736,716	2,650,071	3,643,456	54,134	9,194,969
Liabilities							
Deposits from customers	1,434,161	1,031,944	767,431	-	-	-	3,233,536
Islamic medium-term notes	-	417,438	634	1,150,000	200,000	-	1,768,072
Borrowings/fundings	320	24,097	88,059	996,584	766,152	-	1,875,212
Lease liabilities	262	526	2,413	12,596	-	-	15,797
Other liabilities (Note 20)	-	-	-	-	-	1,080,376	1,080,376
Total liabilities	1,434,743	1,474,005	858,537	2,159,180	966,152	1,080,376	7,972,993
Net maturity mismatches	(309,603)	(488,553)	(121,821)	490,891	2,677,304	(1,026,242)	1,221,976

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36. 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 shows 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 31 December 2020	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-specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	2,068,775	1,111,517	1,093,205	-	-	-	4,273,497
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 20)	-	-	-	-	-	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

36. 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)**

Group 31 December 2019	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-specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	1,424,487	1,032,019	734,053	-	-	-	3,190,559
Islamic medium-term notes	-	428,579	33,174	1,288,154	212,199	-	1,962,106
Borrowings/fundings	-	16,803	172,253	1,064,728	1,065,206	-	2,318,990
Lease liabilities	311	624	2,811	13,646	-	-	17,392
Other liabilities (Note 20)	-	-	-	-	-	1,059,025	1,059,025
Total liabilities	1,424,798	1,478,025	942,291	2,366,528	1,277,405	1,059,025	8,548,072
Bank 31 December 2020	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-specific maturity RM'000	Total RM'000
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 20)	-	-	-	-	-	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

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36. 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)

Bank 31 December 2019	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-specific maturity RM'000	Total RM'000
Liabilities							
Deposits from customers	1,433,642	1,038,282	784,933	-	-	-	3,256,857
Islamic medium-term notes	-	428,579	33,174	1,288,154	212,199	-	1,962,106
Borrowings/fundings	-	16,803	172,253	1,064,728	1,065,206	-	2,318,990
Lease liabilities	311	624	2,811	13,646	-	-	17,392
Other liabilities (Note 20)	-	-	-	-	-	1,080,376	1,080,376
Total liabilities	1,433,953	1,484,288	993,171	2,366,528	1,277,405	1,080,376	8,635,721

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36. 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 undrawn credit facility commitments as disclosed in Note 32. 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 undisburse credit facilities) to expire without being called or drawn 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 in 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.

37. DIVIDENDS

	Group and Bank	
	2020	2019
	RM'000	RM'000
Dividends on ordinary shares:		
Final tax exempt (single-tier) dividend for 2019: 2.0 sen per share	37,000	-

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2020 of 0.71 sen per share on 1,850,000,000 ordinary shares, amounting to RM13,211,000 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 2021.

Notes to the Financial Statements

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38. ISLAMIC BANKING BUSINESS

The state of affairs as at 31 December 2020 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 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Cash and short-term funds	38(a)	1,399,622	1,118,166	1,396,061	1,111,978
Financial investments at FVOCI	38(b)	1,314,317	1,344,885	1,314,317	1,344,885
Financial investments at AC	6	569,350	818,565	569,350	818,565
Advances and financing	38(c)	6,754,846	5,554,595	6,754,846	5,554,595
Other assets	38(d)	17,486	5,525	142,971	104,444
Investment in subsidiaries	9	-	-	-	-
Property, plant and equipment	38(e)	131,483	63,199	131,476	63,161
Right-of-use assets	12	12,834	15,474	12,834	15,474
Investment properties	13	393,062	393,062	393,062	393,062
Intangible assets	38(f)	14,620	-	14,620	-
Tax recoverables		3,757	-	2,068	-
Deferred tax assets	15	99,278	104,456	99,278	104,456
Total assets		10,710,655	9,417,927	10,830,883	9,510,620
Liabilities					
Deposits from customers	16	4,255,632	3,168,209	4,330,869	3,233,536
Islamic medium-term notes	17	1,866,327	1,768,072	1,866,327	1,768,072
Term financing/fundings	38(g)	660,180	246,867	660,180	246,867
Other liabilities	38(h)	1,120,358	1,034,300	1,147,985	1,041,486
Lease liabilities	19	13,364	15,797	13,364	15,797
Amount due to conventional operations		821,384	1,552,877	1,025,721	1,818,567
Government funds	38(i)	454,883	228,220	454,883	228,220
Total liabilities		9,192,128	8,014,342	9,499,329	8,352,545
Islamic general fund		1,518,527	1,403,585	1,331,554	1,158,075
Total liabilities and Islamic banking funds		10,710,655	9,417,927	10,830,883	9,510,620
Commitments	38(o)	2,234,224	1,927,435	2,234,224	1,927,435

Notes to the Financial Statements

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38. ISLAMIC BANKING BUSINESS (CONT'D)

Statements of comprehensive income For the financial year ended 31 December 2020

	Note	Group		Bank	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income from Islamic banking business	38(i)	485,546	529,689	485,546	529,689
Profit expense attributable to Islamic banking business	38(k)	(183,562)	(193,582)	(183,955)	(193,887)
Gross income from Islamic banking business		301,9843	36,107	301,591	335,802
Other operating income	38(l)	50,001	70,003	55,180	79,687
Other operating expenses	38(m)	(220,799)	(175,313)	(216,090)	(173,589)
Operating profit		131,186	230,797	140,681	241,900
Writeback/(Allowances) for impairment losses on :					
- advances and financing	38(n)	5,409	(45,719)	(14,545)	(48,140)
- commitments	38(h)(i)	1,467	242	1,467	242
- financial investments at FVOCI	5	2,909	(3,508)	2,909	(3,508)
- financial investments at AC	6	649	(586)	649	(586)
- other assets at AC	8(i)(b)	191	(970)	191	(970)
- other assets at FVOCI	8(ii)	-	-	68,701	48,368
Profit before taxation and zakat		141,811	180,256	200,053	237,306
Tax (expense)/credit		(294)	(4,832)	1	(4,772)
Zakat	30	(2,642)	(1,432)	(2,642)	(1,432)
Profit for the year		138,875	173,992	197,412	231,102
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		22,675	30,177	22,675	30,177
Reclassification of (loss)/gains included in profit or loss		(1,654)	3,844	(1,654)	3,844
Changes in expected credit losses on financial investments at FVOCI	23	(2,909)	3,508	(2,909)	3,508
Income tax relating to components of other comprehensive income		(5,045)	(8,165)	(5,045)	(8,165)
Other comprehensive income for the year, net of tax		13,067	29,364	13,067	29,364
Total comprehensive income for the year		151,942	203,356	210,479	260,466

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Statements of changes in Islamic General Funds For the financial year ended 31 December 2020

Group	Note	Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2020		1,050,564	24,107	328,914	1,403,585
Unrealised gain on revaluation of financial investments at FVOCI		-	22,675	-	22,675
Reclassification of losses included in profit or loss	23	-	(1,654)	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	23	-	(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 income for the year		-	13,067	138,875	151,942
Transaction with owner: Dividends	37	-	-	(37,000)	(37,000)
At 31 December 2020		1,050,564	37,174	430,789	1,518,527

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Statements of changes in Islamic General Funds For the financial year ended 31 December 2020 (cont'd)

Group	Note	Share capital RM'000	Non- distributable fair value reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2019		1,050,564	(5,257)	154,922	1,200,229
Unrealised gain on revaluation of financial investments at FVOCI		-	30,177	-	30,177
Reclassification of gains included in profit or loss		-	3,844	-	3,844
Changes in expected credit losses of financial investments at FVOCI	23	-	3,508	-	3,508
Income tax relating to components of other comprehensive income		-	(8,165)	-	(8,165)
Profit for the year		-	-	173,992	173,992
Total comprehensive income for the year		-	29,364	173,992	203,356
At 31 December 2019		1,050,564	24,107	328,914	1,403,585

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Statements of changes in Islamic General Funds For the financial year ended 31 December 2020 (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 2020		1,050,564	24,107	83,404	1,158,075
Unrealised gain on revaluation of financial investments at FVOCI		-	22,675	-	22,675
Reclassification of losses included in profit or loss	23	-	(1,654)	-	(1,654)
Changes in expected credit losses of financial investments at FVOCI	23	-	(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	37	-	-	(37,000)	(37,000)
At 31 December 2020		1,050,564	37,174	243,816	1,331,554

Notes to the Financial Statements

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38. ISLAMIC BANKING BUSINESS (CONT'D)

Statements of changes in Islamic General Funds For the financial year ended 31 December 2020 (cont'd)

Bank	Note	Share capital RM'000	Non-distributable fair value reserve RM'000	(Accumulated losses)/ Distributable retained profits RM'000	Total RM'000
At 1 January 2019		1,050,564	(5,257)	(147,698)	897,609
Unrealised gain on revaluation of financial investments at FVOCI		-	30,177	-	30,177
Reclassification of gains included in profit or loss		-	3,844	-	3,844
Changes in expected credit losses of financial investments at FVOCI	23	-	3,508	-	3,508
Income tax relating to components of other comprehensive income		-	(8,165)	-	(8,165)
Profit for the year		-	-	231,102	231,102
Total comprehensive income for the year		-	29,364	231,102	260,466
At 31 December 2019		1,050,564	24,107	83,404	1,158,075

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS

Statements of cash flows For the financial year ended 31 December 2020

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows generated from/ (used in) operating activities				
Profit before tax expense and zakat	141,811	180,256	200,053	237,306
Adjustments for:				
Net impairment loss on advances and financing	13,021	59,308	32,974	61,729
Impairment writeback of commitments	(1,467)	(242)	(1,467)	(242)
Impairment (writeback)/loss on financial investments at FVOCI	(2,909)	3,508	(2,909)	3,508
Impairment (writeback)/loss on financial investments at AC	(649)	586	(649)	586
Impairment (writeback)/loss on other asset at AC	(191)	970	(191)	970
Impairment writeback on other asset at FVOCI	-	-	(68,701)	(48,368)
Depreciation of property, plant and equipment	13,114	13,578	13,108	13,570
Depreciation of right-of-use assets	3,491	3,393	3,491	3,393
Amortisation of intangible assets	7,455	-	7,455	-
Fair value adjustment on investment properties	-	(19,848)	-	(19,848)
Government funds (released)/writeback, net	(9,937)	1,393	(9,937)	1,393
Income from financial investments at FVOCI	(47,765)	(67,626)	(47,765)	(67,626)
Income from financial investments at AC	(28,253)	(28,272)	(28,253)	(28,272)
Profit expense on medium-term notes	67,930	71,090	67,930	71,090
Profit expense on term financing/fundings	7,404	1,450	7,404	1,450
Finance cost on lease liabilities	568	625	568	625
Profit income on amount due from a subsidiary company	-	-	(13,772)	(15,382)
Property, plant and equipment written-off	1	407	1	407
Operating profit before working capital changes	163,624	220,576	159,340	216,289
Changes in working capital:				
Advances and financing	(1,213,272)	(250,172)	(1,233,224)	(252,593)
Deposits and placements with banks and other financial institutions	-	151,878	-	151,878
Other assets	(11,770)	3,493	44,137	85,017
Deposits from customers	1,089,898	203,067	1,099,808	171,937
Deposits from banks and other financial institutions	-	(301,417)	-	(301,417)
Other liabilities	87,492	62,422	107,933	56,732
Amount due to conventional operations	(705,367)	199,945	(764,849)	159,454
Cash (used in)/generated from operating activities	(589,395)	289,792	(586,855)	287,297
Profit received	72,471	113,918	72,471	113,918
Tax paid	(2,039)	-	(911)	-
Tax refunded	7,137	-	6,095	-
Zakat paid	(2,608)	(2,686)	(2,608)	(2,686)
Net cash (used in)/generated from operating activities	(514,434)	401,024	(511,808)	398,529

Notes to the Financial Statements

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38. ISLAMIC BANKING BUSINESS (CONT'D)

Statements of cash flows For the financial year ended 31 December 2020

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows (used in)/generated from investing activities				
Purchase of private debt securities	(150,000)	(105,000)	(150,000)	(105,000)
Purchase of Islamic commercial papers	(165,000)	(1,870,000)	(165,000)	(1,870,000)
Purchase of sukuk	(170,000)	(32,120)	(170,000)	(32,120)
Proceeds from redemption of Islamic commercial papers	-	20,000	-	20,000
Proceed from redemption of private debt securities	35,000	175,000	35,000	175,000
Proceeds from redemption of sukuk	-	212,120	-	212,120
Proceeds from maturity of sukuk	160,000	110,000	160,000	110,000
Proceeds from maturity of private debt securities	200,000	180,000	200,000	180,000
Proceeds from maturity of Islamic commercial papers	395,000	1,700,000	395,000	1,700,000
Purchase of property, plant and equipment	(11,536)	(10,058)	(11,535)	(10,058)
Purchase of intangible assets	(1,249)	-	(1,249)	-
Net cash generated from investing activities	292,215	379,942	292,216	379,942
Cash flows generated from / (used in) financing activities				
Net disbursement/(payment) of term financing/fundings	499,560	(37,282)	499,560	(37,282)
Net disbursement/(payment) of Islamic medium-term notes	100,000	(50,000)	100,000	(50,000)
Profit paid on term financing/fundings	(1,430)	(1,451)	(1,430)	(1,451)
Profit paid on medium-term notes	(69,675)	(74,454)	(69,675)	(74,454)
Proceed from government funds	16,072	20,000	16,072	20,000
Payment of lease liability	(3,852)	(3,695)	(3,852)	(3,695)
Dividend paid	(37,000)	-	(37,000)	-
Net cash generated from / (used in) financing activities	503,675	(146,882)	503,675	(146,882)
Net increase in cash and cash equivalents	281,456	634,084	284,083	631,589
Cash and cash equivalents at beginning of year	1,118,166	484,082	1,111,978	480,389
Cash and cash equivalents at end of year	1,399,622	1,118,166	1,396,061	1,111,978
Cash and cash equivalents comprise of:				
- Cash and short-term funds	1,399,622	1,118,166	1,396,061	1,111,978

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020

(a) Cash and short-term funds

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	111,254	30,192	107,693	24,004
Money at call and deposit placements maturing within three months	1,288,368	1,087,974	1,288,368	1,087,974
	1,399,622	1,118,166	1,396,061	1,111,978

(b) Financial investments at FVOCI

	Group and Bank	
	2020 RM'000	2019 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	553,558	531,107
Non-money market instruments		
Equity securities		
- Private debt securities	30,569	30,392
Debt securities		
- Private debt securities	730,190	783,386
	760,759	813,778
Total	1,314,317	1,344,885

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.

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	1,609,661	1,937,358	1,556,843	1,868,535
Istisna'	121,534	140,998	111,653	131,640
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	362,421	357,413	302,310	292,838
Bai' Dayn	6,559	8,424	6,559	8,424
Tawarruq	5,208,768	3,768,903	5,208,763	3,768,898
Bai' Inah	23,533	48,037	22,262	46,759
Gross advances and financing	7,334,069	6,262,726	7,208,390	6,117,094
Less: Allowance for impairment losses on				
- Stage 1 (Note 38(c)(x))	(67,685)	(47,627)	(67,685)	(47,627)
- Stage 2 (Note 38(c)(x))	(18,294)	(30,559)	(18,294)	(30,559)
- Stage 3 (Note 38(c)(x))	(493,244)	(629,945)	(367,565)	(484,313)
Net advances and financing	6,754,846	5,554,595	6,754,846	5,554,595
Gross impaired advances and financing (Note 38(c)(viii))	1,200,035	1,276,942	1,074,357	1,131,310
Net impaired advances and financing	706,791	646,997	706,792	646,997

Included in advances and financing for the Group and the Bank are gross loans, advances and financing of RM71,440,000 (2019: RM65,538,000) financed by Government funds. The treatment of credit losses incurred for these loans, advances and financing is as disclosed in Note 2.19(ii).

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(i) The maturity profile of the gross advances and financing are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Maturity within one year	1,393,973	1,089,603	1,290,840	971,539
More than one year to three years	538,001	783,841	523,932	763,712
More than three years to five years	1,213,797	946,895	1,212,086	945,706
More than five years	4,188,298	3,442,387	4,181,532	3,436,137
	7,334,069	6,262,726	7,208,390	6,117,094

(ii) Gross advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Domestic business enterprise	7,320,968	6,247,863	7,195,289	6,102,231
Individual	13,101	14,863	13,101	14,863
	7,334,069	6,262,726	7,208,390	6,117,094

(iii) Gross advances and financing analysed by industry are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction	1,260,560	1,245,497	1,259,078	1,243,983
Education, health and others	620,887	579,777	586,327	543,801
Electricity, gas and water supply	92,441	34,525	92,441	34,525
Financial, insurance/takaful, real estate and business services	1,153,018	1,045,021	1,151,222	1,043,192
Manufacturing	1,265,098	1,105,905	1,223,432	1,046,143
Mining and quarrying	125,242	75,887	125,242	75,887
Primary agriculture	8,058	5,729	8,058	5,729
Transportation, storage and communication	890,689	766,109	858,755	734,033
Wholesale, retail trade, restaurants and hotels	1,904,975	1,389,413	1,890,734	1,374,938
Others	13,101	14,863	13,101	14,863
	7,334,069	6,262,726	7,208,390	6,117,094

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(c) Advances and financing (cont'd)**

(iv) Gross advances and financing analysed by location and sector are as follows:

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	688,130	39,139	234,213	40,684	74,672	183,722	1,260,560							
Education, health and others	409,474	26,344	61,478	80,857	27,256	15,478	620,887							
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	743,434	63,473	141,421	28,919	78,292	97,479	1,153,018							
Manufacturing	650,698	215,958	182,008	120,380	49,725	46,329	1,265,098							
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	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							

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(iv) Gross advances and financing analysed by location and sector are as follows (cont'd):

Group 2019	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	649,259	34,213	266,827	70,984	75,609	148,605	1,245,497							
Education, health and others	381,792	24,755	58,388	72,439	21,005	21,398	579,777							
Electricity, gas and water supply	30,106	-	-	2,504	1,915	-	34,525							
Financial, insurance/takaful, real estate and business services	734,589	89,628	83,578	15,557	75,866	45,803	1,045,021							
Manufacturing	574,390	149,326	162,169	137,567	43,340	39,113	1,105,905							
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887							
Primary agriculture	477	-	502	22	4,650	78	5,729							
Transportation, storage and communication	390,737	94,781	57,255	107,320	38,321	77,695	766,109							
Wholesale, retail trade, restaurants and hotels	645,603	172,639	107,575	152,689	184,245	126,662	1,389,413							
Others	14,863	-	-	-	-	-	14,863							
	3,454,862	565,342	743,722	573,495	462,825	462,480	6,262,726							

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(c) Advances and financing (cont'd)**

(iv) Gross advances and financing analysed by location and sector are as follows:

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		
Construction	686,648	39,139	234,213	40,684	74,672	183,722	1,259,078						
Education, health and others	374,914	26,344	61,478	80,857	27,256	15,478	586,327						
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	741,638	63,473	141,421	28,919	78,292	97,479	1,151,222						
Manufacturing	609,032	215,958	182,008	120,380	49,725	46,329	1,223,432						
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	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						

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(iv) Gross advances and financing analysed by location and sector are as follows (cont'd):

Bank 2019	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	647,745	34,213	266,827	70,984	75,609	148,605	1,243,983							
Education, health and others	345,816	24,755	58,388	72,439	21,005	21,398	543,801							
Electricity, gas and water supply	30,106	-	-	2,504	1,915	-	34,525							
Financial, insurance/takaful, real estate and business services	732,760	89,628	83,578	15,557	75,866	45,803	1,043,192							
Manufacturing	514,628	149,326	162,169	137,567	43,340	39,113	1,046,143							
Mining and quarrying	33,046	-	7,428	14,413	17,874	3,126	75,887							
Primary agriculture	477	-	502	22	4,650	78	5,729							
Transportation, storage and communication	358,661	94,781	57,255	107,320	38,321	77,695	734,033							
Wholesale, retail trade, restaurants and hotels	631,128	172,639	107,575	152,689	184,245	126,662	1,374,938							
Others	14,863	-	-	-	-	-	14,863							
	3,309,230	565,342	743,722	573,495	462,825	462,480	6,117,094							

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(c) Advances and financing (cont'd)**

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd)

Group 2020	Hire purchase RM'000	Leasing RM'000	term financing RM'000	Other financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Bithaman Aji	-	-	-	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	

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd)

Group 2019	Hire purchase RM'000	Leasing RM'000	term financing RM'000	Other financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Bithaman Ajjil	-	-	-	389	1,120	-	1,509
Murabahah	-	-	1,831,617	140,998	90,878	14,863	1,937,358
Istisna'	-	-	140,998	-	-	-	140,998
Ijarah	-	84	-	-	-	-	84
Ijarah Thumma Al-Bai	311,796	-	28,857	16,760	8,424	-	357,413
Bai' Dayn	-	-	2,461,417	48,037	1,307,486	-	3,768,903
Tawarruq	-	-	-	-	-	-	-
Bai' Inah	-	-	-	-	-	-	48,037
	311,796	84	4,511,315	1,424,668	14,863	6,262,726	

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(c) Advances and financing (cont'd)**

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd)

Bank 2020	Hire purchase RM'000	term financing RM'000	Other financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
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

Notes to the Financial Statements

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38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd)

Bank 2019	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Murabahah	-	1,776,270	77,402	14,863	1,868,535
Istisna'	-	131,640	-	-	131,640
Ijarah Thumma Al-Bai	275,897	181	16,760	-	292,838
Bai' Dayn	-	-	8,424	-	8,424
Tawarruq	-	2,461,412	1,307,486	-	3,768,898
Bai' Inah	-	46,759	-	-	46,759
	275,897	4,416,262	1,410,072	14,863	6,117,094

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(vi) Gross advances and financing analysed by profit rate sensitivity are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed rate				
- Staff financing	13,101	14,863	13,101	14,863
- Hire purchase	187,198	210,736	153,186	175,707
- Leasing	84	84	-	-
- Other term financing	1,503,623	1,041,552	1,433,049	952,210
- Revolving financing	176,773	208,028	162,364	193,490
Variable rate				
- Hire purchase	148,690	101,060	147,820	100,190
- Other term financing	4,122,616	3,469,763	4,116,945	3,464,052
- Revolving financing	1,181,984	1,216,640	1,181,925	1,216,582
	7,334,069	6,262,726	7,208,390	6,117,094

(vii) Impaired advances and financing analysed by industry are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction	156,343	159,711	154,861	158,197
Education, health and others	157,137	142,093	122,577	106,117
Electricity, gas and water supply	41	-	41	-
Financial, insurance/takaful, real estate and business services	213,419	230,333	211,623	228,504
Manufacturing	258,947	301,471	217,281	241,709
Mining and quarrying	8,146	2,144	8,146	2,144
Primary agriculture	279	272	279	272
Transportation, storage and communication	108,446	136,286	76,512	104,210
Wholesale, retail trade, restaurants and hotels	297,277	304,632	283,037	290,157
	1,200,035	1,276,942	1,074,357	1,131,310

Notes to the Financial Statements

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38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(viii) Impaired advances and financing analysed by location and sector are as follows:

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	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

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(c) Advances and financing (cont'd)**

(viii) Impaired advances and financing analysed by location and sector are as follows: (cont'd)

Group 2019	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	101,929	2,084	13,100	9,310	8,441	24,847	159,711
Education, health and others	93,512	3,150	17,947	19,628	7,001	855	142,093
Financial, insurance/takaful, real estate and business services	205,121	7,487	8,859	3,291	5,426	149	230,333
Manufacturing	193,102	13,537	44,255	39,182	6,294	5,101	301,471
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	87,020	6,490	11,342	12,471	9,657	9,306	136,286
Wholesale, retail trade, restaurants and hotels	148,559	29,579	27,342	36,575	57,111	5,466	304,632
	831,093	62,327	122,910	120,751	94,137	45,724	1,276,942

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (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 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	60,189	3,024	19,243	31,009	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	2,788	25,620	211,623
Manufacturing	110,783	11,738	33,440	51,476	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	9,110	7,797	76,512
Wholesale, retail trade, restaurants and hotels	153,967	16,968	21,060	44,847	42,366	3,829	283,037
	645,633	47,067	101,632	159,347	73,974	46,704	1,074,357

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(c) Advances and financing (cont'd)**

(viii) Impaired advances and financing analysed by location and sector are as follows: (cont'd)

Bank 2019	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	100,415	2,084	13,100	9,310	8,441	24,847	158,197
Education, health and others	57,536	3,150	17,947	19,628	7,001	855	106,117
Financial, insurance/takaful, real estate and business services	203,292	7,487	8,859	3,291	5,426	149	228,504
Manufacturing	133,340	13,537	44,255	39,182	6,294	5,101	241,709
Mining and quarrying	1,850	-	-	294	-	-	2,144
Primary agriculture	-	-	65	-	207	-	272
Transportation, storage and communication	54,944	6,490	11,342	12,471	9,657	9,306	104,210
Wholesale, retail trade, restaurants and hotels	134,084	29,579	27,342	36,575	57,111	5,466	290,157
	685,461	62,327	122,910	120,751	94,137	45,724	1,131,310

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(ix) Movements in impaired advances and financing are as follows:

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	1,276,942	1,492,925	1,131,310	1,344,872
-Transfers to Stage 1	(130,461)	(68,261)	(130,461)	(68,261)
-Transfers to Stage 2	(342)	(27,161)	(342)	(27,161)
-Transfers to Stage 3	238,732	184,757	238,732	184,757
	1,384,871	1,582,260	1,239,239	1,434,207
Changes due to change in credit risk	6,619	104,208	26,573	106,629
New financial assets originated	10,099	88,913	10,099	88,913
Financial assets derecognised	(59,625)	(227,379)	(59,625)	(227,379)
Amount written-off	(141,929)	(271,060)	(141,929)	(271,060)
At 31 December	1,200,035	1,276,942	1,074,357	1,131,310

(x) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	47,627	30,559	629,945	708,131
-Transfers to Stage 1	1,513	(399)	(1,114)	-
-Transfers to Stage 2	(7,850)	7,859	(9)	-
-Transfers to Stage 3	(33,706)	(31,108)	64,814	-
	(40,043)	(23,648)	63,691	-
Changes due to change in credit risk (Note 38(n))	49,200	11,949	(41,093)	20,056
Net financial assets originated (Note 38(n))	19,898	135	4,781	24,814
Financial assets derecognised (Note 38(n))	(8,997)	(701)	(22,151)	(31,849)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,685	18,294	493,244	579,223
At 1 January 2019	42,207	51,522	826,154	919,883
-Transfers to Stage 1	39,788	(22,186)	(17,602)	-
-Transfers to Stage 2	(1,776)	14,447	(12,671)	-
-Transfers to Stage 3	(885)	(10,851)	11,736	-
	37,127	(18,590)	(18,537)	-
Changes due to change in credit risk (Note 38(n))	(38,733)	1,708	103,039	66,014
Net financial assets originated (Note 38(n))	15,522	2,441	63,635	81,598
Financial assets derecognised (Note 38(n))	(8,496)	(6,522)	(73,286)	(88,304)
Amount written-off	-	-	(271,060)	(271,060)
At 31 December 2019	47,627	30,559	629,945	708,131

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(x) Movement in loss allowances which reflect the ECL model on impairment are as follows: (cont'd)

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020	47,627	30,559	484,313	562,499
-Transfers to Stage 1	1,513	(399)	(1,114)	-
-Transfers to Stage 2	(7,850)	7,859	(9)	-
-Transfers to Stage 3	(33,706)	(31,108)	64,814	-
	(40,043)	(23,648)	63,691	-
Changes due to change in credit risk (Note 38(n))	49,200	11,949	(21,140)	40,009
Net financial assets originated (Note 38(n))	19,898	135	4,781	24,814
Financial assets derecognised (Note 38(n))	(8,997)	(701)	(22,151)	(31,849)
Amount written-off	-	-	(141,929)	(141,929)
At 31 December 2020	67,685	18,294	367,565	453,544
At 1 January 2019	42,207	51,522	678,101	771,830
-Transfers to Stage 1	39,788	(22,186)	(17,602)	-
-Transfers to Stage 2	(1,776)	14,447	(12,671)	-
-Transfers to Stage 3	(885)	(10,851)	11,736	-
	37,127	(18,590)	(18,537)	-
Changes due to change in credit risk (Note 38(n))	(38,733)	1,708	105,460	68,435
Net financial assets originated (Note 38(n))	15,522	2,441	63,635	81,598
Financial assets derecognised (Note 38(n))	(8,496)	(6,522)	(73,286)	(88,304)
Amount written-off	-	-	(271,060)	(271,060)
At 31 December 2019	47,627	30,559	484,313	562,499
	2020 RM'000	Group 2019 RM'000	2020 RM'000	Bank 2019 RM'000
Net impaired advances and financing as a percentage	10.35%	11.52%	10.35%	11.52%

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(c) Advances and financing (cont'd)

(xi) Exposures to COVID-19 impacted sectors are as follow:

	Group and Bank	
	2020 RM'000	2019 RM'000
Education	158,302	144,314
Healthcare	135,116	120,698
Passenger Transport	105,667	86,698
Petrol Station	122,020	101,819
Tourism	729,252	660,246
	1,250,357	1,113,775

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 SRP offered by the Bank as at 31 December 2020 are illustrated below:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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	0.0%	0.1%	9.2%	0.5%
Repaying as per revised schedules	100.0%	99.6%	82.3%	99.0%
Missed payments	0.0%	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 SRP.

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(d) Other assets

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At FVOCI				
Amount due from a subsidiary company (Note 8 (ii))	-	-	82,473	63,750
At AC				
Amount due from subsidiary companies (Note 8 (iii))	-	-	39,025	35,885
Other receivables and rental receivables	10,351	1,819	14,338	1,103
	10,351	1,819	53,363	36,988
Prepayments	7,135	3,706	7,135	3,706
	17,486	5,525	142,971	104,444

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(e) Property, plant and equipment

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	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 14)	-	-	-	(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	-	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

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(e) Property, plant and equipment**

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 2019	2,085	17,749	44,415	22,473	29,562	769	3,985	-	121,038
Additions	-	833	-	5,641	511	-	150	2,923	10,058
Write-offs	-	-	-	(358)	(786)	-	(8)	-	(1,152)
At 31 December 2019	2,085	18,582	44,415	27,756	29,287	769	4,127	2,923	129,944
Accumulated depreciation									
At 1 January 2019	-	2,658	11,835	19,912	15,046	766	3,695	-	53,912
Charge for the year	-	48	2,446	5,508	5,460	3	113	-	13,578
Write-offs	-	-	-	(310)	(427)	-	(8)	-	(745)
At 31 December 2019	-	2,706	14,281	25,110	20,079	769	3,800	-	66,745
Net carrying amount									
At 31 December 2019	2,085	15,876	30,134	2,646	9,208	-	327	2,923	63,199

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(e) Property, plant and equipment

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
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 14)	-	-	-	(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	-	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	-	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	31,318	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

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(e) Property, plant and equipment**

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 2019	2,085	17,749	44,415	22,336	29,536	769	3,985	-	120,875
Additions	-	833	-	5,641	511	-	150	2,923	10,058
Write-offs	-	-	-	(358)	(786)	-	(8)	-	(1,152)
At 31 December 2019	2,085	18,582	44,415	27,619	29,261	769	4,127	2,923	129,781
Accumulated depreciation									
At 1 January 2019	-	2,658	11,835	19,795	15,046	766	3,695	-	53,795
Charge for the year	-	48	2,446	5,501	5,460	2	113	-	13,570
Write-offs	-	-	-	(310)	(427)	-	(8)	-	(745)
At 31 December 2019	-	2,706	14,281	24,986	20,079	768	3,800	-	66,620
Net carrying amount									
At 31 December 2019	2,085	15,876	30,134	2,633	9,182	1	327	2,923	63,161

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(f) Intangible assets

	Group		Software		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost						
At 1 January 2020	-	-	-	-	-	-
Transfer from conventional operations	62,671	-	62,019	-	-	-
Additions	1,249	-	1,249	-	-	-
Reclassification from property, plant and equipment	2,528	-	2,528	-	-	-
At 31 December	66,448	-	65,796	-	-	-
Accumulated amortisation						
At 1 January 2020	-	-	-	-	-	-
Transfer from conventional operations	44,373	-	43,721	-	-	-
Charge for the year (Note 27(ii))	7,455	-	7,455	-	-	-
At 31 December	51,828	-	51,176	-	-	-
Carrying amount						
At 31 December	14,620	-	14,620	-	-	-

(g) Term financing/Fundings

	Group and Bank	
	2020 RM'000	2019 RM'000
Unsecured term financing/fundings	660,180	246,867

(i) The maturity structure of the term financing/fundings is as follows:

	Group and Bank	
	2020 RM'000	2019 RM'000
Within one year	25,372	23,295
More than one year to five years	522,533	129,253
More than five years	112,275	94,319
	660,180	246,867

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(g) Term financing/Fundings (cont'd)

(ii) The unsecured term financing/fundings denominated in RM is sourced from the following:

	Group and Bank	
	2020 RM'000	2019 RM'000
Financing from:		
- Government of Malaysia	156,543	157,562
- Bank Negara Malaysia ("BNM")	503,637	89,305
	660,180	246,867

The profit rates on the financing from the Government of Malaysia is 0% - 2.75% (2019: 0% - 4%) per annum. The rate for financing from BNM ranges from 0% - 1.50% (2019: 4% - 5.23%) per annum.

(h) Other liabilities

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables and accruals	470,965	414,835	479,770	397,959
Islamic margin account (Note 20 (ii))	450,283	457,114	450,185	457,004
Guarantee payable (Note 20 (iii))	148,623	149,288	148,623	149,288
Amount due to subsidiaries (Note 20 (iv)) -	-	19,712	24,172	
Rental and security deposits	5,904	2,718	5,904	2,718
Provision for zakat	3,999	3,966	3,999	3,966
Allowance for impairment on financing commitments (Note (i))	4,912	6,379	4,912	6,379
Other provisions	35,672	-	34,880	-
	1,120,358	1,034,300	1,147,985	1,041,486

(i) Movement in loss allowances for impairment on financing commitments are as follows:

Commitments	Group and Bank	
	2020 Stage 1 RM'000	2019 Stage 1 RM'000
At 1 January	6,379	6,621
Changes due to change in credit risk	227	2,244
New financial assets originated	905	607
Amount settled	(2,599)	(3,093)
At 31 December	4,912	6,379

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(i) Government funds

	Note	Group and Bank	
		2020 RM'000	2019 RM'000
To finance:			
Purchase of investment properties	(i)	111,906	-
Advances and financing	(ii)	342,977	228,220
		454,883	228,220

(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 2020	-	-	-	-
Transfer from conventional operations	65,599	16,247	33,589	115,435
Government fund released (Note 38(I))	(236)	(2,913)	(380)	(3,529)
At 31 December 2020	65,363	13,334	33,209	111,906

38. ISLAMIC BANKING BUSINESS (CONT'D)**Notes to the financial statements
For the financial year ended 31 December 2020 (cont'd)****(i) Government funds (cont'd)**

Group and Bank	Soft Financing Scheme RM'000	Program dan Skim Usahawan Batik RM'000	Basic Capital Scheme RM'000	Tabung Usahawan Siswazah RM'000	Dana Usahawan Negeri Terengganu RM'000	Program dan Skim Usahawan Kraf RM'000	Skim Anjakan Usahawan RM'000	Balance c/f RM'000
At 1 January 2020	36,486	4,168	33,622	14,804	4,463	4,756	118,848	217,147
Transfer from conventional operations	-	-	-	4,441	-	-	-	4,441
Proceeds	-	-	-	-	-	-	16,072	16,072
Recoveries from financing written-off (Note 38(ii))	88	37	-	425	87	-	-	637
Muqasah (Note 38(i))	-	-	(7)	-	(45)	-	-	(52)
At 31 December 2020	36,574	4,205	33,615	19,670	4,505	4,756	134,920	238,245
	Balance b/f RM'000	Teraju Usahawan Fund RM'000	Tabung Usahawan Pahang RM'000	Tabung Inkubator Pertanian Kelantan RM'000	Skim Perusahaan Kapal Tradisional RM'000	Special Relief Fund RM'000	Penjana Tourism Fund RM'000	Total 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 21(ii))	-	-	-	-	-	79,396	12,824	92,220
Recoveries from financing written-off (Note 38(ii))	637	-	-	-	-	-	-	637
Muqasah (Note 38(i))	(52)	-	-	-	-	(6,576)	(417)	(7,045)
At 31 December 2020	238,245	13,548	288	2,669	3,000	72,820	12,407	342,977

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(i) Government funds (cont'd)

Group and Bank	Soft Financing Scheme RM'000	Program dan Skim Usahawan Baitik RM'000	Basic Capital Scheme RM'000	Tabung Usahawan Siswazah RM'000	Dana Usahawan Negeri Terengganu RM'000	Program dan Skim Usahawan Kraf RM'000	Skim Anjakan Usahawan RM'000	Balance c/f RM'000
At 1 January 2019	36,427	4,168	32,815	14,124	4,616	4,756	98,848	195,754
Proceeds	-	-	-	-	-	-	20,000	20,000
Recoveries from financing written-off (Note 38(l))	59	-	807	680	72	-	-	1,618
Muqasah (Note 38(l))	-	-	-	-	(225)	-	-	(225)
At 31 December 2019	36,486	4,168	33,622	14,804	4,463	4,756	118,848	217,147
	Balance b/f	Teraju Facilitation Fund	Total					
	RM'000	RM'000	RM'000					
At 1 January 2019	195,754	1,231	196,985					
Proceeds	20,000	9,842	29,842					
Recoveries from financing written-off (Note 38(l))	1,618	-	1,618					
Muqasah (Note 38(l))	(225)	-	(225)					
At 31 December 2019	217,147	11,073	228,220					

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(j) Income from Islamic banking business

	Group and Bank	
	2020 RM'000	2019 RM'000
Income from advances and financing		
- Murabahah	90,822	126,581
- Istisna'	6,969	8,020
- Ijarah Thumma Al-Bai	12,731	21,651
- Bai' Dayn	435	564
- Tawarruq	261,800	235,361
- Bai' Inah	2,999	7,547
Total income from advances and financing	375,756	399,724
Tawarruq deposit placements	33,354	35,821
Derivative financial asset	-	(1,754)
Financial investments at FVOCI	47,765	67,626
Financial investments at AC	28,253	28,272
Derivative FVTPL	418	-
	485,546	529,689

Included in income from advances and financing is profit on impaired advances and financing amounting to RM58,114,000 (2019: RM55,308,000).

(k) Profit expense attributable to Islamic banking business

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits from customers (Note i)	100,715	110,675	101,108	110,980
Islamic medium-term notes	67,930	71,090	67,930	71,090
Term financing	7,404	1,450	7,404	1,450
Deposits from banks and other financial institutions	748	6,262	748	6,262
Others (Note ii)	6,765	4,105	6,765	4,105
	183,562	193,582	183,955	193,887

(i) Included in profit expense on deposits from customers of the Bank is profit expenses for subsidiary companies amounting to RM393,000 (2019: RM305,000).

(ii) Included in other profit expenses is finance cost on lease liabilities amounting to RM568,000 (2019: RM625,000).

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(l) Other income

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fee income	8,075	8,975	6,349	7,683
Commission fee income	1,730	2,317	1,730	2,317
Rental income	4,183	10,529	4,183	10,529
Government funds released/(writeback)	9,937	(1,393)	9,937	(1,393)
Government compensation	5,036	1,944	5,036	1,944
Management fee	-	-	178	179
Fair value adjustment on investment properties (Note 13)	-	19,848	-	19,848
Profit income on amount due from a subsidiary company (Note 37(c))	-	-	13,772	15,382
Recovery income	6,911	4,513	-	-
Ta'widh/Compensation on late payment charges	4,133	6,119	4,133	6,119
Others	9,996	17,151	9,862	17,079
	50,001	70,003	55,180	79,687

(m) Other operating expenses

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Personnel expenses	152,641	119,123	149,627	116,771
Establishment related expenses	40,609	38,098	40,561	38,018
Promotion and marketing expenses	2,719	3,092	2,718	3,358
Administration and general expenses	24,830	15,000	23,184	15,442
	220,799	175,313	216,090	173,589

(n) (Writeback)/Allowance for impairment loss on advances and financing

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Allowance for impairment losses on advances and financing made during the year				
- Stage 1, net (Note 38 (c)(ix))	60,101	(31,707)	60,101	(31,707)
- Stage 2, net (Note 38 (c)(ix))	11,383	(2,373)	11,383	(2,373)
- Stage 3, net (Note 38 (c)(ix))	(58,463)	93,388	(38,510)	95,809
	13,021	59,308	32,974	61,729
Impaired advances and financing recovered	(18,430)	(13,589)	(18,429)	(13,589)
Total allowance for impairment loss on advances and financing	(5,409)	45,719	14,545	48,140

Notes to the Financial Statements

31 December 2020

38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (cont'd)

(o) Commitments

	Group and Bank	
	2020 RM'000	2019 RM'000
Direct credit substitutes	178,973	160,753
Transaction-related-contingent items	133,572	106,581
Undisbursed financing		
- original maturity up to one year	129,531	-
- original maturity more than one year	1,792,148	1,660,101
	2,234,224	1,927,435

(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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Tier I Capital				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	430,789	328,914	243,816	83,404
General provision for advances and financing*	6,326	-	6,326	-
Less: Deferred tax assets	(99,278)	(104,456)	(99,278)	(104,456)
Less: Property revaluation reserve	(232,382)	(232,382)	(232,382)	(232,382)
Total Tier I capital	1,156,019	1,042,640	969,046	797,130
Tier II Capital				
General provision for advances and financing*	84,565	84,565	84,565	84,565
Property revaluation reserve [^]	116,191	116,191	116,191	116,191
Government funds [#]	406,108	267,147	406,108	267,147
Total Tier II capital	606,864	467,903	606,864	467,903
Total capital	1,762,883	1,510,543	1,575,910	1,265,033
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,762,883	1,510,543	1,575,910	1,265,033

Notes to the Financial Statements

31 December 2020



38. ISLAMIC BANKING BUSINESS (CONT'D)

Notes to the financial statements For the financial year ended 31 December 2020 (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 RM36,452,000 (2019: RM38,927,000) 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
20%	278,867	238,285	278,867	238,285
50%	6,127	422,273	6,127	422,273
100%	9,281,014	7,405,514	9,404,803	7,504,398
	9,566,008	8,066,072	9,689,797	8,164,956

	Group		Bank	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Before deducting proposed dividends:				
Core capital ratio	12.085%	12.926%	10.001%	9.763%
Risk-weighted capital ratio	18.429%	18.727%	16.264%	15.493%
After deducting proposed dividends:				
Core capital ratio	11.947%	12.468%	9.864%	9.310%
Risk-weighted capital ratio	18.291%	18.268%	16.127%	15.040%

The capital adequacy ratios of the Islamic banking business are computed in accordance with the requirements of the Bank Negara Malaysia's Capital Framework for Development Financial Institutions which is based on Basel I capital adequacy framework requirements.



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Kuala Lumpur

Pusat Wilayah Kuala Lumpur
Aras 9, Menara SME Bank,
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☎ 03-2698 1748

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☎ 03-2698 1748

Selangor

Pusat Wilayah Selangor
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☎ 03-3359 3473
☎ 03-3358 0471

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☎ 03-3358 2664
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Pusat Enterpris Kajang
No. 9 & 10 Jln KP1/2, Tmn Kajang
Prima, Jalan Kajang Semenyih,
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☎ 03-8733 3645
☎ 03-8733 3194

Johor

Pusat Wilayah Selatan
No. 16, Jalan Padi Emas, 5/2,
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81200 Johor Bahru, Johor.

☎ 07-232 3991
☎ 07-238 1480

Pusat Enterpris Johor Bahru
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81200 Johor Bahru, Johor.

☎ 07-238 1470
☎ 07-238 1480

Pusat Enterpris Batu Pahat
No. 5 & 6, Jalan Setia Jaya,
Taman Setia Jaya,
83000 Batu Pahat, Johor.

☎ 07-432 8903 / 07-432 8946
☎ 07-432 8597

Central

Pusat Wilayah Tengah
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Wilayah Persekutuan.

☎ 03-2615 3945
☎ 03-2694 7834

Negeri Sembilan

Pusat Enterpris Seremban
No. 295, Aras Bawah, Tingkat 1
& 2, Jalan Bandar Senawang 16,
Pusat Bandar Senawang,
70450 Seremban,
Negeri Sembilan.

☎ 06-671 6324 / 06-671 6432
☎ 06-671 6039

Melaka

Pusat Enterpris Bandar Melaka
Lot 8 & 10, Taman Lagenda 2,
Jalan 1 Lagenda,
75400 Melaka.

☎ 06-288 0213 / 06-288 0214
☎ 06-288 0218

Perak

Pusat Enterpris Ipoh
No. 28, Medan Istana,
Bandar Ipoh Raya,
30300 Ipoh, Perak.

☎ 05-241 7752
☎ 05-255 7278

Pahang

Pusat Wilayah Pantai Timur
B-14, Jalan Tun Ismail 1,
Sri Dagangan,
25000 Kuantan, Pahang.

☎ 09-513 5482 / 09-513 5487
☎ 09-517 1077

Pusat Enterpris Kuantan
B-14, Jalan Tun Ismail 1,
Sri Dagangan,
25000 Kuantan,
Pahang.

☎ 09-517 1630
☎ 09-517 1077

Kelantan

Pusat Enterpris Kota Bharu
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15000 Kota Bharu, Kelantan.

☎ 09-748 3385 / 09-748 5260
☎ 09-744 8361

Terengganu

Pusat Enterpris Kuala Terengganu
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Jalan Sultan Omar,
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Terengganu.

☎ 09-622 3588 / 09-622 3692
☎ 09-622 2129

Pulau Pinang

Pusat Wilayah Utara
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Bandar Sunway,
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☎ 04-390 6477
☎ 04-399 8475

Pusat Enterpris Seberang Jaya
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13700 Perai, Pulau Pinang.

☎ 04-399 8585
☎ 04-399 8475

Kedah

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Persiaran Sultan Abdul Hamid,
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☎ 04-777 4222

Sabah

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☎ 089-413 279

Pusat Enterpris Tawau
TB 193-195, Tingkat Bawah,
Wisma DS, Jalan Bakau,
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☎ 089-750 500 / 089-767 500
☎ 089-763 323

Sarawak

Pusat Wilayah Malaysia Timur
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