



LEADING
SMEs
TOWARDS GREATER
ACHIEVEMENTS

SUSTAINABILITY REPORT 2016

Vision

A FULL-FLEDGED SPECIALISED FINANCIAL INSTITUTION;
AN INTERNATIONAL BENCHMARK FOR NURTURING SME EXCELLENCE

Mission

TO DEVELOP SMEs TO BE THE NATION'S ENGINE OF GROWTH,
IN LINE WITH THE GOVERNMENT'S ECONOMIC AGENDA

Core Values



PASSION

PASSION IN ALL ACTIONS DERIVES
FULFILLMENT WHILE ENSURING
SUCCESS



COMMITMENT

COMMITMENT TURNS A PROMISE
INTO REALITY



TRUST

FAITH IS MEANINGLESS WITHOUT
UPHOLDING TRUST AND INTEGRITY



COVER RATIONALE

At SME Bank, we have discovered what works best for entrepreneurs and go all out to meet their specific needs in a holistic manner while building credible and enduring relationships. Steadfast in our role as a leading development financial institution, we remain committed to empowering SME entrepreneurs while according them the right tools and knowledge to help them propel forward on their journey to success. Since 2005, we have been helping many entrepreneurs achieve their dreams and transform into icons of success. Moving forward, we will continue to bring our wealth of experience, resources and expertise to lead our SME friends and partners towards greater achievements.

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VISION, MISSION AND CORE VALUES

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For business. For growth. For life.



YOUR SUCCESS *Our Story*

Every entrepreneur has a different story to tell and SME Bank's customers are no different. Our customers come from various backgrounds, operate under different circumstances and have diverse goals and dreams. Despite this diversity, we continue to steadfastly bring our resources to help many of our customers achieve their ambitions. Here are some of our customer success stories.

ABOUT THIS REPORT



WELCOME TO THE THIRD ANNUAL SUSTAINABILITY REPORT OF SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD (SME BANK, THE BANK OR THE GROUP). THIS REPORT UNDERSCORES OUR COMMITMENT TO UNDERTAKING BUSINESS IN A RESPONSIBLE AND SUSTAINABLE MANNER THROUGH OUR ECONOMIC, ENVIRONMENTAL AND SOCIETAL OR EES PERFORMANCE.

Prepared in accordance with the Global Reporting Initiative (GRI) G4 Guidelines, this Report serves to convey our 2016 sustainability achievements to our stakeholders and other interested parties in a clear, comprehensive, transparent and objective fashion.

We take pride in that fact that SME Bank was the first among local development financial institutions (DFIs) to embark on annual sustainability reporting back in 2014. This Report underlines the Group's continuing commitment to upholding our sustainability agenda, creating long-term shared value for our stakeholders and securing our future by prioritising responsible management and sustainable development on the EES fronts.

ABOUT THIS REPORT



SCOPE OF THE REPORT

- ✦ Reporting period: 1 January to 31 December 2016, unless specified;
- ✦ Reporting Cycle: Annually;
- ✦ We focus on the key business sustainability activities of the SME Bank Group in Peninsular and East Malaysia as well as provide insights into the key policies and structures pertaining to business sustainability.

REFERENCES AND GUIDELINES

- ✦ GRI G4 Sustainability Reporting Framework;
- ✦ Bursa Malaysia Securities Berhad's (Bursa Malaysia's) Sustainability Reporting Guide;
- ✦ Sustainability Reporting Awards (MaSRA) Guidelines for Malaysian Companies;
- ✦ International Organisation for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility.

FEEDBACK

This report is made available to all the Bank's stakeholders in digital format on our corporate website and will be made available in hard copy upon request.

For further information or to provide feedback on this Report, kindly contact:

Corporate Communications
Small Medium Enterprise Development Bank Malaysia Berhad
 Level 18, Menara SME Bank
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Malaysia

Website: www.smebank.com.my

WHO WE ARE



SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD (SME BANK OR THE BANK) IS AT THE FOREFRONT OF NURTURING AND DEVELOPING THE NATION'S SMALL AND MEDIUM ENTERPRISES (SMEs).



Wholly-owned by the Ministry of Finance (MOF) and reporting to the Ministry of International Trade and Industry (MITI), we commenced operations in 2005 as a Development Financial Institution (DFI) regulated by Bank Negara Malaysia. In carrying out our SME mandate, we support the Malaysian Government's main economic and development policies including the National Key Economic Areas (NKEAs) (2010-2020) and the Financial Sector Blueprint (2011-2020).

SME Bank continues to grow from strength to strength on the back of several strategic imperatives that have enabled us to achieve some remarkable milestones over the last decade. In 2010, we embarked on a Five-Year Transformation Programme which propelled us to become what we are today. Among the key highlights of that transformation was the integration of Shariah principles into the Bank's day-to-day business operations in 2015.

Today, as SME Bank focuses its efforts on developing innovative programmes that go "beyond-financing", we are collaborating with a host of strategic partners such as government agencies, private corporations and associations on

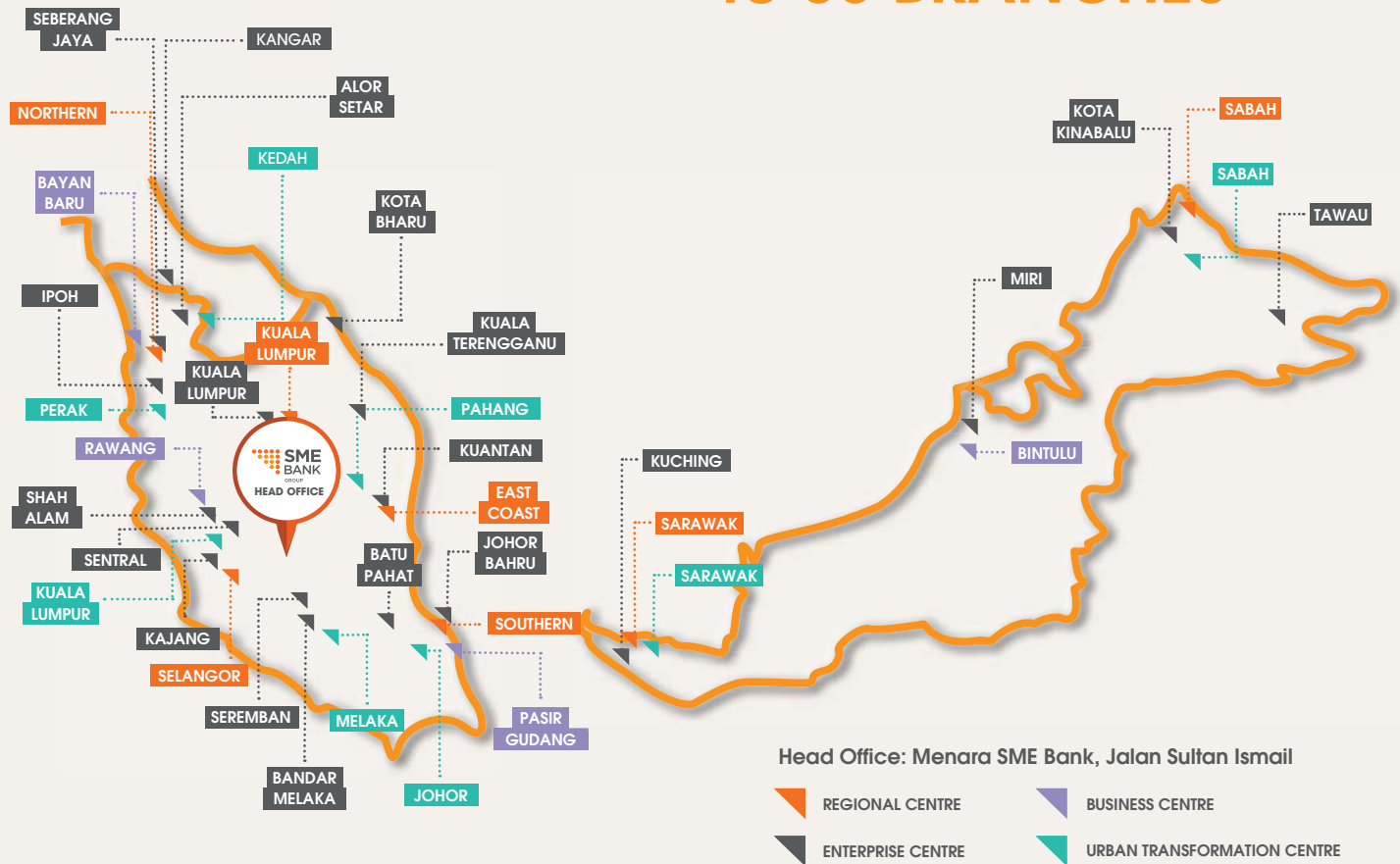
both the local and international fronts to drive SME growth. These strategic partnerships enable us to provide specialised financing and capacity building for SMEs as well as have done much to strengthen our position as the preferred DFI for emerging SMEs looking to expand their operations.

With more than RM26 billion worth of financing approved, SME Bank continues to be an important conduit of funding for a broad spectrum of SME segments that lack key business essentials for sustained growth. This is particularly important amidst today's challenging economic landscape. Our core focus is on the development of SMEs in six of the 12 NKEAs identified as sectors of economic opportunity to increase the country's Gross National Income and its global competitiveness. These sectors include the Tourism, Wholesale and Retail, Oil and Gas, Education, Healthcare and Business Services sectors.

As SME Bank ventures forth, we remain committed to delivering only the best to our customers through the range of innovative and specialised programmes as well as high quality services that we have come to be known for.

SME BANK'S NETWORK

from 16 BRANCHES
to 38 BRANCHES



07 Regional Centres

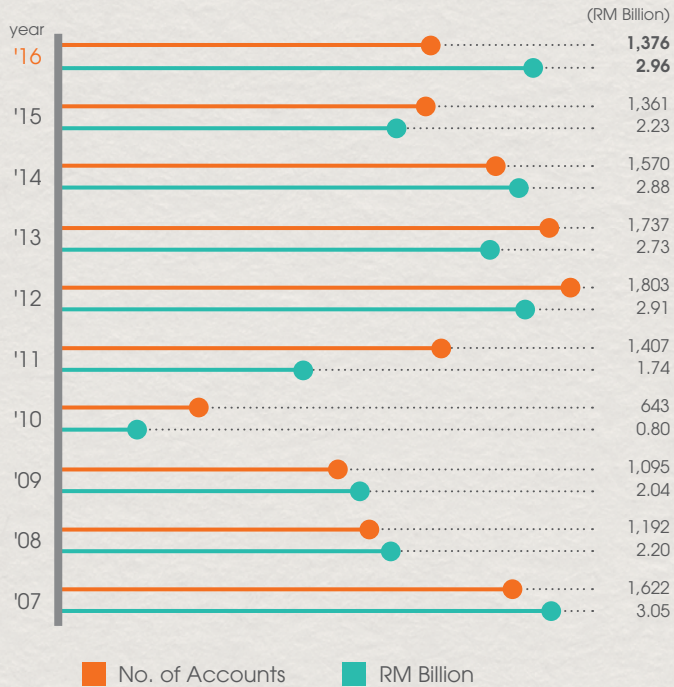
08 Urban Transformation Centres (UTC)

19 Enterprise Centres

04 Business Centres

FINANCIAL HIGHLIGHTS

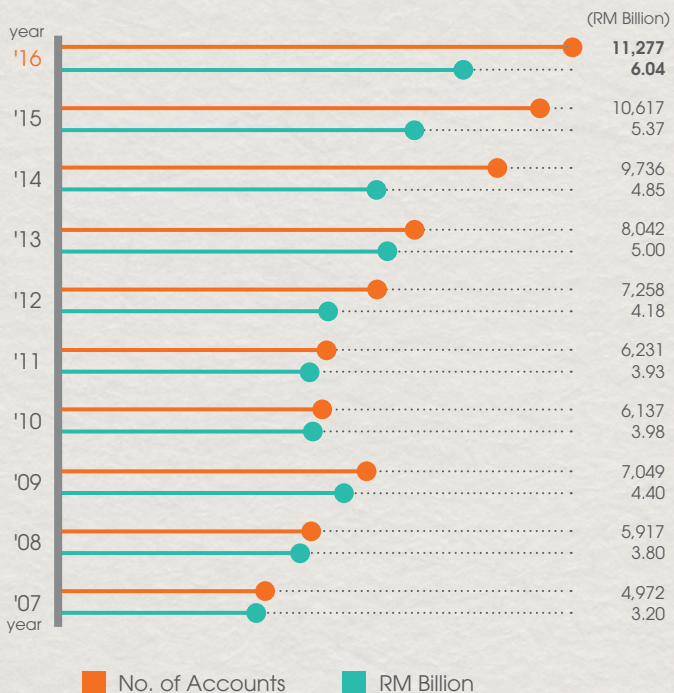
FINANCING APPROVALS



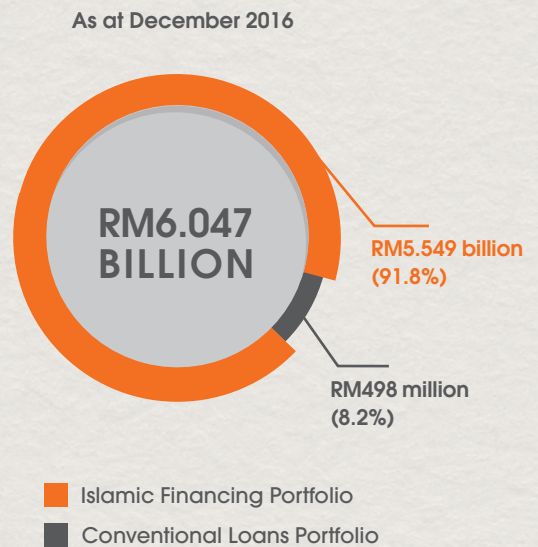
PORTFOLIO GROWTH



FINANCING PORTFOLIO

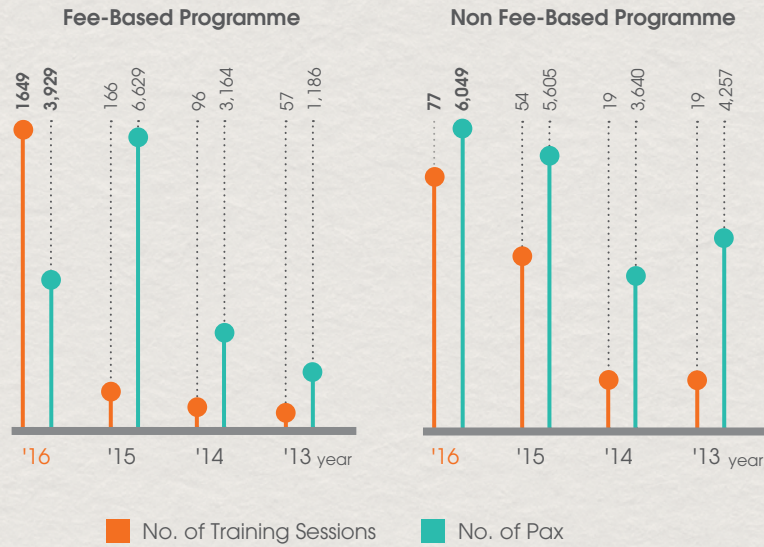


ISLAMIC FINANCING

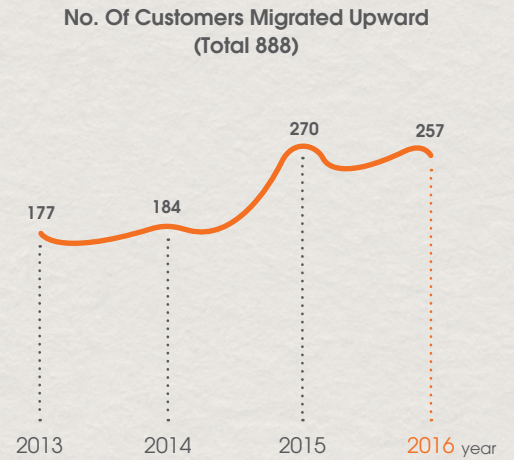


FINANCIAL HIGHLIGHTS

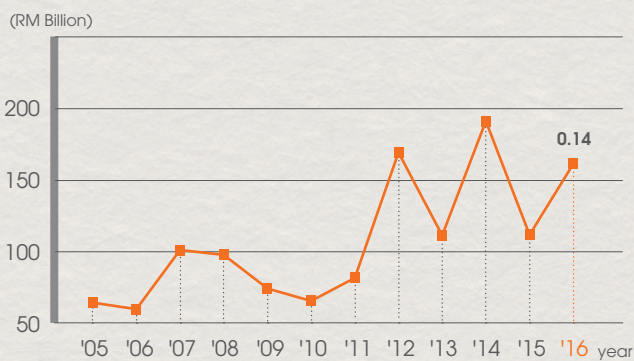
CEDAR'S ENTREPRENEURIAL COACHING PROGRAMMES



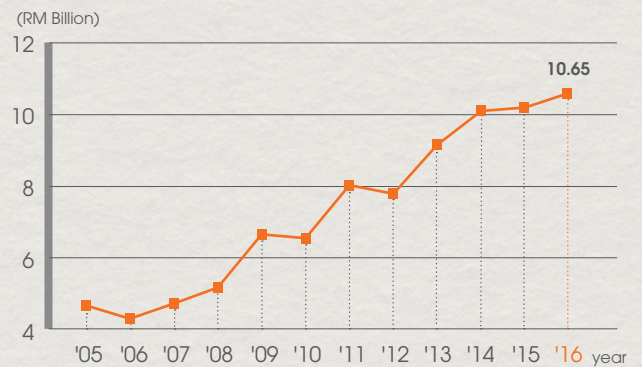
UPWARD MIGRATION



OPERATING PROFIT



TOTAL ASSETS



CHAIRMAN'S STATEMENT



DEAR VALUED SHAREHOLDERS,

“ I AM PLEASSED TO PRESENT AN OVERVIEW OF THE PROGRESS OF SME BANK FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016. THE YEAR IN REVIEW MARKED THE 11TH YEAR IN WHICH THE BANK DEMONSTRATED DYNAMIC GROWTH AND SUSTAINED PROFITABILITY. AMIDST CONSIDERABLE EXTERNAL AND DOMESTIC HEADWINDS, THE BANK GREW ITS GROSS FINANCING PORTFOLIO BY 12.4% ON THE BACK OF CONTINUOUS EFFORTS TO BOLSTER SME DEVELOPMENT IN MALAYSIA. ”

2016's OPERATING ENVIRONMENT

The global economy underwent a tumultuous year in 2016 given the political and economic uncertainties in the United States (US), the unsettling effect of Brexit on Europe, as well as moderating growth in China and Japan. Moreover, a surplus in the crude oil supply caused the price of Brent crude oil to drop to a 12-year low while fluctuations in the currency markets created turmoil among commodity-producing countries. Despite a turbulent second half of the year for global financial markets, economic activity in the ASEAN region grew moderately by 4.8% (its strongest reading since 2013) on the back of domestic demand.

The Malaysian economy registered moderate growth of 4.2% in 2016 fuelled by more moderate domestic demand, whilst improvements in private consumption and investment activity were offset by a decline in public expenditure. Private investment registered modest growth as businesses remained cautious about undertaking capacity expansion in lieu of headwinds on both the external and domestic fronts.

CHAIRMAN'S STATEMENT

IN 2016, SMEs' CONTRIBUTION TO OVERALL GDP GREW BY 6.1% TO TOUCH 36.3%. THIS WAS NOTEWORTHY GIVEN THAT SMEs WERE ONLY INITIALLY EXPECTED TO EXPAND BY BETWEEN 5.0% AND 5.5% IN 2016.



SME BANK HAS BEEN ALLOCATED RM200 MILLION FOR THE SME TECHNOLOGY TRANSFORMATION FUND (STTF), RM500 MILLION FOR THE IBS PROMOTION FUND, RM50 MILLION FOR THE MY SEED SME SCHEME (MYS3) FOR INDIAN ENTREPRENEURS, AND RM20 MILLION FOR THE SKIM ANJAKAN USAHAWAN INITIATIVE.

THE POSITION OF SMEs

Given how integral SMEs are to Malaysia's economic growth, SME development continues to feature strongly on the Government's growth agenda through the SME Masterplan (2012-2020) and the 11th Malaysia Plan (2016-2020). The emphasis on the elements of productivity, innovation, inclusivity and entrepreneurship continue to strengthen the long-term competitiveness and resilience of domestic SMEs.

In 2016 alone, a total of RM9.5 billion was allocated for SME development. Under the National Budget 2016, SME Bank has set aside RM200 million for the SME Technology Transformation Fund (STTF), RM500 million for the IBS Promotion Fund, RM50 million for the My SEED SME Scheme (MYS3) for Indian entrepreneurs, and RM20 million for the Skim Anjakan Usahawan initiative.

The establishment of the ASEAN Economic Community (AEC) in December 2015 marked an important milestone for the region. It is expected to have a significant impact on regional integration as more ASEAN people and businesses work more productively together across borders, start new businesses, expand existing market bases, strategically source intra-regional goods and services, as well as create or secure employment.

In 2016, SMEs continued to perform remarkably well despite the year's economic challenges. SMEs' contribution to overall Gross Domestic Product (GDP) in 2016 grew by 6.1% to touch 36.3%. This was noteworthy given that SMEs were only initially expected to expand by between 5.0% and 5.5% in 2016.

CHAIRMAN'S STATEMENT



SME BANK'S UNIQUE "BEYOND FINANCING" VALUE PROPOSITION FOR SME DEVELOPMENT HAS BEEN RECOGNISED AT THE INTERNATIONAL LEVEL WITH THE BANK BECOMING THE FIRST DEVELOPMENT FINANCE INSTITUTION IN MALAYSIA AND ASEAN TO BE A MEMBER OF THE MONTREAL GROUP (TMG).

2017 PROSPECTS

Following 2016's lacklustre global growth of 3.2%, global economic activity is expected to pick up in 2017 and 2018, touching 3.4% and 3.6% respectively. The advanced economies are expected to improve moderately while activities in emerging market and developing economies will continue to drive global growth. However, at the same time, global risks remain significant and difficult to predict given downside risks.

Malaysia is expected to register steady economic growth of between 4.3% and 4.8% in 2017, driven by domestic demand and a recovery in net exports. The improvement in global growth is expected to generate positive spillovers for the domestic economy through the trade, investment and income channels.

CONTINUED VALUE CREATION

Amidst this backdrop, SME Bank remains committed to nurturing SMEs and creating value for them while pursuing an agenda of sustainable growth. The Bank will continue to focus our efforts on acceding small businesses integrated technical skills and business development support as well as mentoring and coaching entrepreneurs to strengthen the overall efforts to accelerate and broaden economic development and transformation. We remain optimistic of the SME segment and see it becoming a key future loans growth driver.

SME Bank's unique "Beyond Financing" value proposition for SME development has been recognised at the international level with the Bank becoming the first DFI in Malaysia and ASEAN to be a member of The Montreal Group (TMG). Founded

in 2012 by seven members with total estimated combined assets amounting to USD2 trillion, TMG was established to encourage the exchange of ideas and best practices and to foster greater understanding of the international market for the growth of SMEs.

Moving forward, the realm of Industry 4.0 is at hand with emerging megatrends such as digitization, the Internet of Things and Big Data set to change the SME landscape and the future. As part of this megatrend, SME activities are expected to intensify with the emergence of new types of business in new areas of the economy, or which are high growth in nature. As such, we anticipate that financing for SMEs will take a new turn with the focus shifting to the development of more non-banking channels and financing platforms including crowdfunding, investment

CHAIRMAN'S STATEMENT



MOVING FORWARD, THE REALM OF INDUSTRY 4.0 IS AT HAND WITH EMERGING MEGATRENDS SUCH AS DIGITIZATION, THE INTERNET OF THINGS AND BIG DATA SET TO CHANGE THE SME LANDSCAPE AND THE FUTURE. WE ANTICIPATE THAT FINANCING FOR SMES WILL TAKE A NEW TURN WITH THE FOCUS SHIFTING TO THE DEVELOPMENT OF MORE NON-BANKING CHANNELS AND FINANCING PLATFORMS.

account platforms and peer-to-peer platforms. As for financial institutions, digitization will open up more opportunities for financial inclusion and more efficient service delivery to SMEs.

ACKNOWLEDGEMENTS

The Bank continues to strengthen on the back of a focused sustainable growth agenda, excellent teamwork as well as solid operational and financial performance. Our success to date comes on the back of the worthy support of several parties.

I would like to express my heartfelt appreciation to all our customers, Bank Negara Malaysia, the Ministry of Finance, Ministry of International Trade and Industry, government agencies, financial institutions, chambers of commerce, as well as business and trade associations for their steadfast support and cooperation.

My sincere gratitude to the loyal management and employees of SME Bank for their dedication to excellence, hard work and unwavering commitment, all of which have certainly helped us deliver another solid performance. To my esteemed colleagues on the Board, please accept my utmost thanks for your astute insights and guidance.

I trust that all our stakeholders will continue to accord us their unwavering support as we work hard to fulfil SME Bank's mandate and elevate the SME community to new heights of success.

Thank you.

Tan Sri Faizah Mohd Tahir
Chairman

BOARD OF DIRECTORS



BOARD OF DIRECTORS

Sitting (from left) :

1. **PROF. DR. ABDUL BASIR MOHAMAD**
2. **TAN SRI FAIZAH MOHD TAHIR**
(Chairman)
3. **DATUK MOHD RADZIF MOHD YUNUS**
(Group Managing Director)

Standing (from left) :

4. **ASRI HAMIDON**
5. **KHAIRUZZAMAN MUHAMMAD**
6. **ISHAK ISMAIL**
7. **DATO' JAMELAH JAMALUDDIN**
8. **DATO' MOHD SHUKRI HUSSIN**



PROFILES OF THE BOARD OF DIRECTORS



TAN SRI FAIZAH MOHD TAHIR
Chairman

Tan Sri Faizah binti Mohd Tahir was appointed to the Board of SME Bank on 4 September 2015. A graduate with a Bachelor of Economics (Hons.) from the University of Malaya and a Masters of Arts (Development Economics) from Williams College, the United States of America, she joined the Economic Planning Unit (EPU) of the Prime Minister's Department in 1973 serving in various capacities within the Agriculture, Distribution and Human Resources Sections. Her last position in the EPU was as Director, Commerce and Industry Section before being promoted to Secretary-General of the Ministry of Women, Family and Community Development, a post she held from 2001 until her retirement in 2009.

Tan Sri Faizah is also the Chairman of Orphancare Foundation and Yayasan Sejahtera, a member of the Board of Trustees of Yayasan Kebajikan Negara Malaysia and Temasek Foundation International CLG Limited, Singapore, as well as a Board member of Goodyear Malaysia Berhad and AMWAY (Malaysia) Holdings Berhad.



DATUK MOHD RADZIF MOHD YUNUS
Group Managing Director,
Non-Independent Executive Director

Datuk Mohd Radzif bin Mohd Yunus was appointed as Managing Director of SME Bank on 1 July 2010 and was subsequently appointed as the Group Managing Director on 1 January 2014.

Datuk Mohd Radzif comes from a diverse management background. He started his career in academia as a lecturer before following this up with a stint in an international consultancy firm. From here he joined the senior management of a financial institution and thereafter took up the position of Chief Executive Officer of a local conglomerate involved in diversified businesses. Being driven by his entrepreneurial spirit, Datuk Mohd Radzif ventured into his own business but he was soon back to corporations when he was called to take up the position of Chief Executive Officer of two pilgrimage fund companies, as part of the companies' turnaround exercise. This was achieved within 18 months of his appointment date. Subsequently, the Government appointed him as the Chief Executive Officer of Institut Jantung Negara Sdn. Bhd. (National Heart Institute) effective September 2003 and as the Group Managing Director of IJN Holdings Sdn. Bhd. in 2006.

Datuk Mohd Radzif is currently the Chairman of the Association of Development financial institutions of Malaysia (ADFIM), the Vice Chairman of the Association of National Development financial institutions in Member Countries of The Islamic Development Bank (ADFIMI) and a Board Member of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). He is also a member of National Entrepreneurship Council of Higher Education (NECHE) and Intellectual Capital Development Committee (ICDC) of Agensi Inovasi Malaysia (AIM). Datuk Mohd Radzif was bestowed the Malaysian Business Leadership Award for Healthcare in 2009 and the Outstanding CEO Award from ADFIAP in 2016.

PROFILES OF THE BOARD OF DIRECTORS



ASRI BIN HAMIDON

Non-Independent Non-Executive Director

Asri bin Hamidon was appointed as a Non-Independent Non-Executive Director of SME Bank on 2 May 2013. He holds a Bachelor of Economics from the University of Malaya and a Masters in Economics from Hiroshima University, Japan. He began his career with the Government as the Assistant Director of the Economic Planning Unit in the Prime Minister's Department and was later appointed as the Assistant Director of the Anti Corruption Commission. He then became an Administrative and Diplomatic Officer in the Public Service Department before being appointed as the Assistant Secretary in the Ministry of Finance.

He is currently the Secretary, Government Investment Companies Division, Minister of Finance Incorporated and a member of the Administrative and Diplomatic Officer Association. He also sits on the Board of Bina Darulaman Berhad, Sarawak Hidro Sdn. Bhd., Land Public Transport Commission, the Malaysia Convention & Exhibition Bureau, SMEB Asset Management Sdn. Bhd., IJN Holdings Sdn. Bhd., DanaInfra Nasional Berhad, Prokhas Sdn. Bhd., Syarikat Perumahan Negara Berhad and Telekom Malaysia Berhad (Alternate Director).



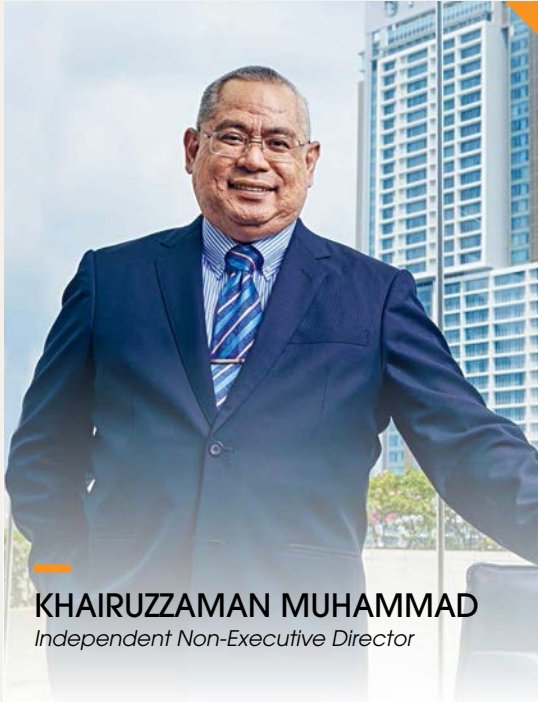
ISHAK BIN ISMAIL

Independent Non-Executive Director

Ishak bin Ismail was appointed as an Independent Non-Executive Director of SME Bank on 3 May 2011. He holds a Bachelor of Commerce from the University of Newcastle, NSW Australia and is a member of the Institute of Chartered Accountants, Australia, the Malaysian Institute of Accountants and a Certified Internal Auditor, United States of America.

He has served more than 30 years in various capacities with the Government and private sector. He has held numerous important positions throughout his tenure of service including as Senior Accountant in several Government departments. He has also held several senior managerial positions within Bank Negara Malaysia (the Central Bank of Malaysia). He was also the General Manager of Arab-Malaysian Assurance Berhad and AmBank (M) Berhad. He also sits on the Board of SMEB Asset Management Sdn. Bhd..

PROFILES OF THE BOARD OF DIRECTORS



KHAIRUZZAMAN MUHAMMAD
Independent Non-Executive Director

Khairuzzaman Muhammad was appointed as an Independent Non-Executive Director of SME Bank on 2 February 2011. He graduated in 1988 with a LLB (Hons.) Degree from the Essex Institute of Higher Education (now known as the Anglia Ruskin University), England. He also received a Degree of Utter Barrister from the Honourable Society of Lincoln's Inn, England (1989) and a Graduate Diploma in Commercial Law from the University of Sydney, Australia (2000). He was enrolled as a Barrister-At-Law for England and Wales on 21 November 1989 and was admitted as an Advocate and Solicitor by the High Court of Malaya on 21 September 1990.

Khairuzzaman Muhammad is one of the partners at Messrs. Zul Rafique & Partners and specialises in corporate advisory, legislative drafting and land development projects. He also acts as the advisor to the Government, its agencies, government-linked companies and multi-national companies. Actively involved in educational social work, Khairuzzaman Muhammad currently sits on the Boards of MIMOS Berhad and several other private companies.



DATO' JAMELAH BINTI JAMALUDDIN
Independent Non-Executive Director

Dato' Jamelah binti Jamaluddin was appointed as an Independent Non-Executive Director on 1 February 2014. With more than 30 years experience in the financial services industry, Dato' Jamelah was the Chief Executive Officer of Kuwait Finance House (Malaysia) Berhad prior to joining 3P Capital Advisers Sdn. Bhd. Her earlier appointments included being the Managing Director of RHB Islamic Bank Berhad, Principal Officer of Macquarie Malaysia Sdn. Bhd. and Division Director of Macquarie Bank Limited (Labuan Branch).

She holds a Masters in Business Administration (Finance) from Central Michigan University and a Bachelor of Business Administration (Finance) from Western Michigan University, the United States of America.

Dato' Jamelah also currently sits on the Board of Scomi Energy Services Berhad, 3P Capital Advisers Sdn. Bhd., Weida (M) Bhd, PMB Tijari Berhad, Kumpulan Jetson Berhad, Publika Food Sdn. Bhd., Centarian Healthcare Sdn. Bhd., Medal Success Sdn. Bhd., Mudharib Partners Sdn. Bhd. and Eternal Wellness (Damansara) Sdn. Bhd..

PROFILES OF THE BOARD OF DIRECTORS



**PROF. DR. ABDUL BASIR
BIN MOHAMAD**
Independent Non-Executive Director

Prof. Dr. Abdul Basir bin Mohamad was appointed as an Independent Non-Executive Director of SME Bank on 3 June 2015. He holds a PhD from the University of Edinburgh, Scotland in 1997 specialising in the Law of Torts and Criminal Islamic Laws and has written many books and journals on the subject. Besides serving in various capacities at the National University of Malaysia, he is also on the panel of advisors for various institutions.

Prof. Dr. Abdul Basir is currently the Chairman of the Shariah Committee of SME Bank, Chairman of Key Result Areas, Wealth Creation Strategies and Intensive, Faculty of Islamic Studies, National University of Malaysia besides being a member of other board committees.



**DATO' MOHD SHUKRI
BIN HUSSIN**
Independent Non-Executive Director

Dato' Mohd Shukri Bin Hussin was appointed as an Independent Non-Executive Director on 1 May 2016. He holds a Bachelor of Economics (Hons.) from the University of Malaya and is a qualified Chartered Accountant from the Institute of Chartered Accountants (England and Wales).

Dato' Mohd Shukri began his career as a Management Executive with Petronas Carigali Sdn. Bhd. and later worked as an Audit Supervisor in an international company, Touche Ross London, United Kingdom for four years. Dato' Mohd Shukri then returned to Malaysia and assumed the position of Audit Supervisor at Hanafiah Raslan & Mohamad. He later held various management positions with several companies including the Bank of Commerce (M) Berhad, CIMB securities Sdn. Bhd., Bank Muamalat (M) Berhad and Bumiputera Commerce Holdings Berhad. His last position with CIMB Group Holdings Berhad was as Executive Director before his retirement in 2011.

Dato' Mohd Shukri currently holds Directorships in LeapEd Services Sdn. Bhd., Sun Life Malaysia Assurance Berhad, Sun Life Malaysia Takaful Berhad and Pelaburan Hartanah Berhad. He also sits on the Board of Trustees for the CIMB Foundation.

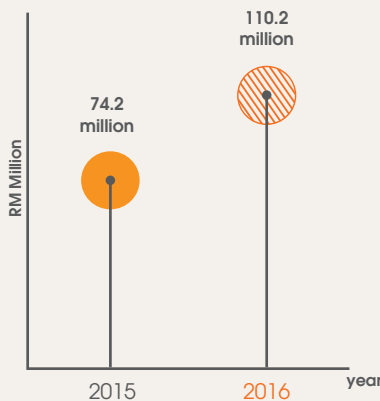
GROUP MANAGING DIRECTOR'S REVIEW



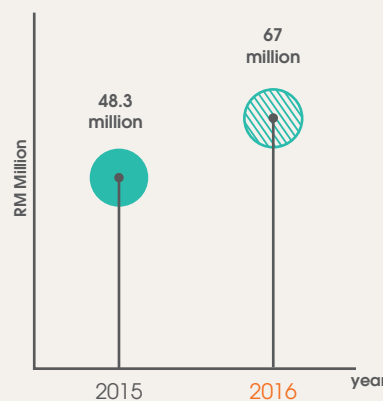
DEAR VALUED SHAREHOLDERS,

“OUR GOOD PERFORMANCE TO DATE COMES ON THE BACK OF THE UNWAVERING DEDICATION AND EXCELLENT WORK OF OUR EMPLOYEES UNDER THE ASTUTE GUIDANCE OF OUR BOARD OF DIRECTORS. I AM PLEASED TO PRESENT THE DETAILS OF THE FINANCIAL AND OPERATIONAL PERFORMANCE OF SME BANK”

Operating Profit



Profit Before Tax



For the financial year ended 31 December 2016, SME Bank made strong strides forward in its mission of developing SMEs as the nation's engine of growth. At the same time, the Bank made good progress on the operational and financial fronts and successfully achieved most of its targets. Our good performance to date comes on the back of the unwavering dedication and excellent work of our employees under the astute guidance of our Board of Directors. I am pleased to present the details of the financial and operational performance of SME Bank.

HEALTHY FINANCIAL PERFORMANCE

SME Bank turned in a healthy financial performance in 2016 with operating profit touching RM110.2 million (2015: RM74.2 million). We registered a profit before tax (PBT) of RM67 million, a 38.5% increase over the RM48.3 million recorded in 2015. This favourable result can be attributed to the Bank's strategies of maintaining sustainable growth, strengthening account management and implementing effective cost management.

GROUP MANAGING DIRECTOR'S REVIEW

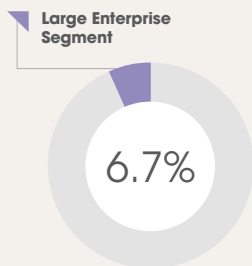
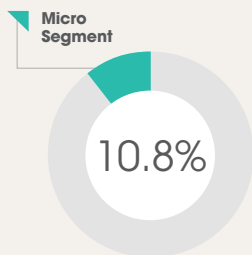
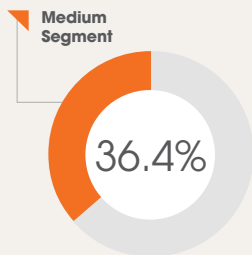
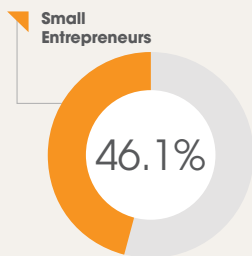


In 2016,
RM3.9 billion
worth of applications were received - nearly
twice the amount of 2015's applications.



In 2016,
RM3.0 billion
in financing for 1,376 SMEs was approved, the majority (45%)
of these approvals going towards small entrepreneurs.

FINANCING PORTFOLIO



In 2016, the Bank's gross financing portfolio increased to RM6,047.3 million from RM5,380.8 million in 2015.

As we undertake our primary role of supporting the growth of unserved and underserved SMEs, we continue to strike a balance between "Doing Good" and "Doing Well". In "Doing Good", we continue to focus our efforts on strengthening Malaysia's socioeconomic structure by improving SMEs' contribution to national GDP and the National Key Economic Areas, enhancing SMEs' access to financing, as well as building the capacity of high-growth SMEs. In "Doing Well", we continue to implement measures to ensure the Bank's financial sustainability so that we can meet our obligations to our diverse stakeholders including our shareholders, customers and employees.

SOLID OPERATIONAL PERFORMANCE

The year in review saw the Bank continuing to intensify its efforts to develop SMEs in Malaysia. I am pleased to report that our endeavours met with good success.

Financing Portfolio Expanded

Over the course of 2016, the Bank received applications amounting to RM3.9 billion, nearly twice the amount of the previous year's applications. Of these applications, we approved RM3.0 billion in financing to 1,376 SMEs with the majority (45%) of these approvals going towards small entrepreneurs. Our heightened efforts in expanding our reach in the unserved and underserved market saw approvals in the Micro and Small segments growing by 57% and 37% respectively in 2016.

At the end of 2016, the Bank's gross financing portfolio had increased to RM6,047.3 million from RM5,380.8 million previously reflecting double digit growth of 12.4%. Financing to Small entrepreneurs made up the majority of our portfolio at 46.1%, followed by the Medium segment at 36.4%, Micro segment at 10.8% and Large Enterprise segment at 6.7%. The top three sectors contributing to our sizeable portfolio as at end 2016 comprised the Services sector which made up 70.2% of our portfolio. This was followed by the Manufacturing and Construction sectors at 15.3% and 12.4% respectively.

The majority of the Bank's portfolio financed medium and small SMEs with RM2.19 billion and RM2.78 billion being extended to these categories respectively. Large enterprises received RM0.40 billion and Micro SMEs RM0.65 billion of this financing. Out of SME Bank's total of 11,288 account holders in 2016, some 4,990 were from the Small Entrepreneurs segment, 4,159 from the Micro segment, 1,839 from the Medium segment and 300 from the Large Enterprise segment.

Three major industries contributing to the Bank's sizeable portfolio were Wholesale & Retail, Trade and Restaurants & Hotels at 24.8% of the overall portfolio; Community, Social & Personal Services at 17.1%; and Manufacturing at 16.4%.

SME Outreach Strengthened

As part of our market outreach measures, we conducted two major programmes in 2016, namely the SME Bank XCESS initiative and the Regional Outreach Programme. The SME Bank XCESS event was held on 8 March 2016 at Menara MATRADE with 1,200 participants in attendance. It served as a flagship marketing event to promote SME Bank's financing and non-financing facilities. Under the Regional Outreach Programme, 15 sessions were conducted throughout the year at our regional locations nationwide. These sessions drew 3,168 participants.

The Bank also participated in series of engagements with existing and potential entrepreneurs by supporting various exhibitions as well as business, career and motivational talks organised by state and federal government agencies such as the respective state Economic Planning Units, SME Corp, MIDA, MATRADE, MDEC, MARA and MIA, among others. The Bank also took part in diverse events organised by government-linked companies (GLCs), business associations, universities and colleges.

GROUP MANAGING DIRECTOR'S REVIEW



257
ENTREPRENEURS
migrated upward under the
Specific Intervention Programme.



82%
OCCUPANCY RATE
for the Entrepreneur
Premises Programme.



162
TRAINING SESSIONS
were conducted in 2016.



In 2016, we continued to make solid progress with our various intervention programmes. These included the Specific Intervention Programme which recorded a total of 257 entrepreneurs having successfully migrated upward, and the Entrepreneur Premises Programme which received encouraging demand with an 82% occupancy rate. Our subsidiary, the Centre for Entrepreneur Development and Research Sdn. Bhd. or CEDAR, continued to develop entrepreneurs by rolling out training sessions benefitting 2,270 participants. CEDAR also initiated the CEDAR MindLab Series, a special programme to address the common issues faced by entrepreneurs in doing business. The details of these and other initiatives are spelt out in the relevant parts of our Sustainability Report.

GOOD PEOPLE DEVELOPMENT EFFORTS

We view our people as our greatest asset and continue to invest in and engage with them. Under SME Bank's Employee

Education Assistance Programme, we provide assistance to our employees by way of developing their educational and intellectual capacity as well as areas of specialisation in line with the Bank's needs and ambitions. We also undertook various employee engagement activities knowing that engaged employees are more motivated, produce better results and will be of tremendous help to us in our journey to success.

In 2016, we designed our Learning & Development programme around a Core Competency Programme (encompassing functional, technical and core training) and a Leadership Programme (comprising leadership training). In total, we conducted 49 in-house training sessions and participated in 113 external/public training sessions on both the Core Competency and Leadership fronts.

Recognising the value of employees with global skill sets and international technical exposure, SME Bank in collaboration with

selected international financial institutions introduced the International Mobility Programme. This programme serves to develop employees by exposing them to various international assignments while providing them with opportunities to develop their international experience. The programme was designed to better develop employees and as part of the Bank's retention strategy. In 2016, the Bank in collaboration with international financial institutions and NGOs implemented the Employee Exchange Programme under the ambit of the International Mobility Programme.

In line with the Bank's strategy to be a full-fledged Shariah Compliant Financial Services Provider, Human Capital Management has designed and implemented a series of programmes to create awareness, ensure readiness as well as enhance employee capability and capacity in relation to Islamic financial matters. The programmes accord Development Financing Institution Executives fundamental knowledge of Islamic financing products in their business operations. It also helps to enhance staff's understanding and appreciation of the concept and application of Islamic Finance and its relevance to day-to-day banking operations.

The Bank also conducted two certification programmes with the collaboration of CEDAR and the Islamic Banking and Finance Institute of Malaysia (IBFIM), namely the Certified Islamic Development Banking (CIDB) and Professional Islamic Development Banking (PIDB) programmes. For 2016, approximately 69 of SME Bank's staff graduated from the CIDB programme.

GROUP MANAGING DIRECTOR'S REVIEW

CONTINUING TO MAKE A DIFFERENCE

As a conscientious corporate citizen, we recognise that we have a responsibility to nurture the SME community and general public in each region in which we operate. To this end, we are committed to sharing our unique knowledge, professional skills, passion, time and resources to develop our nation's SMEs. At the same time, we are looking for opportunities to make a positive difference in the lives of the general public by elevating their well-being.

Following the introduction of our entrepreneurship competition, the 90-Days Business Challenge, which caters to students from Community College who are undergoing the Entrepreneurship Incubator Programme, all participants of the challenge automatically become the members of the SME Bank 90-Days Business Challenge Alumni. This allows them to secure financing facilities from SME Bank or receive entrepreneurial training from CEDAR if they continue to run the business after the competition ends.

In 2016, we rolled out several initiatives for Alumni members. These included efforts to share the relevant information on the Bank's programmes, products and activities; entrepreneurship talks; and participation in exhibition booths during trade fairs to promote and sell their products. CEDAR also introduced a mentoring programme for Alumni members to coach would-be entrepreneurs as to how to start and build a business that would be commercially viable and profitable venture. In total, 10 programmes were conducted in 2016.

MOVING FORWARD

Given the challenging economic environment that we are now operating in, the Bank plans to take a more holistic and balanced approach going forward. We will ensure we maintain a strong focus on astute account management and effective cost management while approaching growth in a cautious manner. These and a host of other strategic initiatives will enable us to maintain sustainable growth, fulfil our mandated roles and cater to the expectations of our key stakeholders effectively. We will also continue to strengthen the SME ecosystem through focused intervention and training measures.

During the tabling of the 2017 National Budget in the fourth quarter of 2016, the Government announced a total of RM100.0 million in allocations for SME Bank to strengthen its efforts to develop SMEs. A sum of RM50 million has been allocated for the SME Bank Upward Migration and Acceleration Programme or i-SMART initiative (formerly known as Skim Anjakan Usahawan) in 2017 to develop and transform high potential SMEs into SME Champions. To kick off the programme, seven of our existing clients will undergo workshops to identify their business direction, KPIs and the suitable form of assistance required from SME Bank, be it for financing and/or non-financing activities. The other RM50 million has been allocated for the Skim Pembiayaan Premis Kilang to assist entrepreneurs through attractive financing packages to acquire their business premises at strategic locations.

Given the success of both the SME Bank XCESS initiative and the Outreach Programme in 2016, the Bank will continue to strengthen both programmes in 2017.

In January 2017, SME Bank became a member of The Montreal Group, a global forum of state-supported financial development institutions founded in 2012 and based in Canada. SME Bank is the first development financial institution (DFI) in Malaysia and ASEAN to be admitted to the Group. We will leverage on this platform to learn best practices in multiple areas such as governance, risk management, human capital development, delivery channels, product and service innovation as well as international standards for potential adoption. These will serve us well in our journey to achieve our vision of becoming a full-fledged specialised financial institution and an international benchmark for nurturing SME excellence.

ACKNOWLEDGEMENTS

SME Bank made good strides forward in 2016 and I would like to take this opportunity to extend my gratitude to all our stakeholders who inspired us to perform at a higher level. We truly appreciate your support, feedback and perspectives and will continue to invest in the future of the SME ecosystem and our nation.

On behalf of the management team, I would like to convey my deepest gratitude to our customers, colleagues, business partners, community members and the public at large for your steadfast support.

We trust you will find our report useful, informative and an overall interesting read. We welcome any feedback you may have which will help us to strengthen our efforts. Thank you.



Datuk Mohd Radzif Mohd Yunus
Group Managing Director



SENIOR MANAGEMENT



**DATUK MOHD RADZIF
MOHD YUNUS**
(Group Managing Director)



DATO' RAZMAN MOHD NOOR
*(Chief Operating Officer, Operations &
Group Corporate Management)*



DATUK KAMALUDDIN ISMAIL
(Chief Operating Officer, Banking)



ISMAIL KAMARUDDIN
*(Chief Internal Auditor, Group Audit
Division)*



DR. SHEIKH GHAZALI SHEIKH ABOD
*(Director, Entrepreneur Development
Division)*



ROKIAH RAJAK
(Director, Operations Division)

SENIOR MANAGEMENT



ABD KARIM AHMAD
*(Director, Enterprise & Development
Banking Division)*



ZARINA NOR ISMAIL
(Director, Credit Management Division)



**RAJA SHAHRIMAN RAJA HARUN
AL RASHID**
*(Director, Group Compliance & Risk
Management Division)*



**KHAIRIL ANUAR MOHAMMAD
ANUAR**
*(Director, Group Strategy & Branding
Division)*



HAIZAD RIZAL AZIZ
*(Director, Group Financial Management
Division)*



HASMAH RAZALI
*(Director, Group Legal & Secretarial
Services Division)*

SHARIAH COMMITTEE



**PROF. DR. ABDUL BASIR
MOHAMAD**
(Chairman)



TUAN HAJI JALIL HAJI SAID
(Member)



DR. YUSOF RAMLI
(Member)

SHARIAH COMMITTEE



PROF. DR. NORHASHIMAH MOHD YASIN
(Member)



DR. ASMAK AB RAHMAN
(Member)



SUSTAINABILITY REPORT

ECONOMIC



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ENVIRONMENT

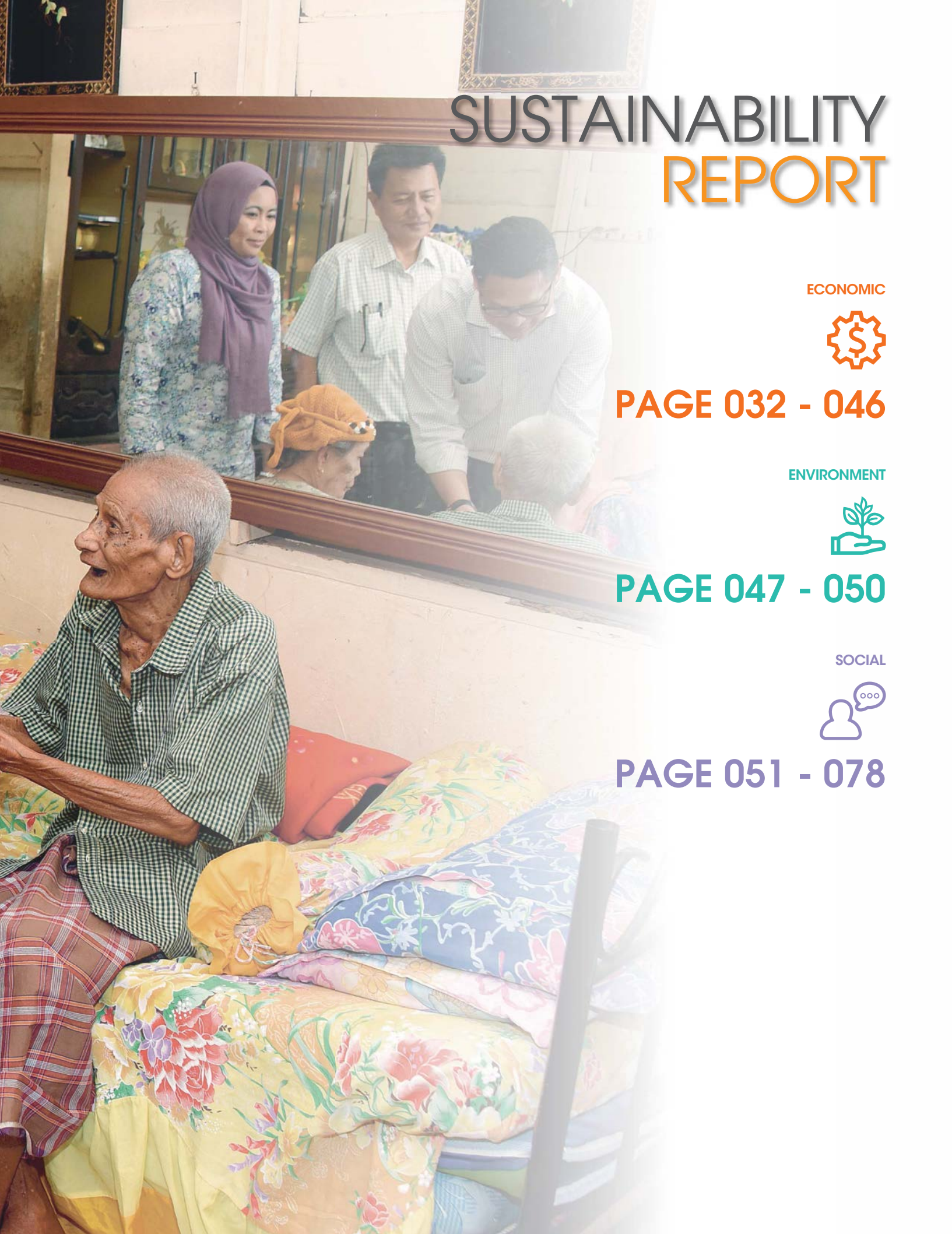


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SOCIAL



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CLOSE ENGAGEMENT WITH OUR STAKEHOLDERS

SME BANK IS COMMITTED TO ENSURING THAT WE MEET OUR STAKEHOLDERS' NEEDS EFFECTIVELY AND EFFICIENTLY. AS SUCH, EFFECTIVE ENGAGEMENT AND CONSTRUCTIVE DIALOGUE WITH CUSTOMERS, EMPLOYEES, REGULATORS, BUSINESS OWNERS AND THE WIDER COMMUNITY CONTINUE TO BE A TOP PRIORITY FOR US.



CLOSE ENGAGEMENT WITH OUR STAKEHOLDERS



ENGAGEMENT ACTIVITIES WITH GLCs AND GOCs

Over the course of the year in review, one of SME Bank's areas of focus was to strategically engage with Government Linked Companies (GLCs) and Government Owned Companies (GOCs) in order to further strengthen our relationship with these stakeholders. Our engagement sessions involved giving talks as well as participating in exhibitions and consultations pertaining to the provision of financing to suit the needs of the GLCs and GOCs. We also showcased our financing programmes including our equity financing, contract financing and general financing programmes.

2016 REGIONAL OUTREACH PROGRAMME



259
applications
approved



RM670
million
in financing
approved

The Bank also signed a Memorandum of Understanding with the Johor Petroleum Development Corporation Berhad (JPDC) to develop a specialised financing facility for eligible SMEs involved in the Oil and Gas Services and Equipment segment in Johor.



SME BANK REGIONAL OUTREACH PROGRAMME

We strongly believe in undertaking direct engagement with our stakeholders as it enables us to serve our customers in a more effective manner. As per the previous years, we held our yearly engagement programme, SME Bank's 2016 Regional Outreach Programme, in two phases nationwide. The year's programme saw a total of 3,168 entrepreneurs from 1,729 companies attend our events, with the Bank approving a total of 259 applications amounting to RM670 million.



CLOSE ENGAGEMENT WITH OUR STAKEHOLDERS

SME BANK 2016 XCESS



OVER
1,200
ENTREPRENEURS
attended



OVER
700 COMPANIES
participated



RM291 MILLION
IN FINANCING
approved



SME BANK XCESS 2016

Another focal point of our outreach programme is the SME Bank XCESS initiative, a dedicated outreach programme designed to help resolve the issue of access to financing faced by SME entrepreneurs who have been operating for a minimum of two years.

The SME Bank XCESS 2016 event was held on 8 March 2016 at Menara MATRADE with 1,200 participants in attendance. Officiated by YB Dato' Seri Mustapa Mohamed, Minister of International Trade and Industry, it served as a flagship marketing event to promote SME Bank's financing and non-financing facilities. At the event, participants were introduced to SME Bank's role in the market and exposed to the benefits of the Trans Pacific Partnership (TPP), the ASEAN Economic Community (AEC) as well as the many business opportunities under the 11th Malaysia Plan (11MP).

During the event, we conducted seven engagement sessions which included 'pocket talks' by SME Bank, Malaysia External Trade Development Corporation (MATRADE), the Malaysian Investment Development Authority (MIDA), SME Corp and the Economic Planning Unit (EPU). We also presented inspirational sessions showcasing the success stories of our SME customers, while participants with an over three-year operating history, each received exclusive one-on-one consultations from representatives of our various financing departments.

Several GLCs participated in the event including our corporate partners Johor Petroleum Development Corporation (JPDC), Mass Rapid Transit Corporation Sdn. Bhd. (MRT Corp) and CELCOM. A total of 700 companies attended the event in Peninsular Malaysia

alone with the Bank approving a total of RM291 million worth of financing following the event. We also held a mini SME Bank XCESS 2016 event in Kota Kinabalu, Sabah where we invited several agencies such as the Ministry of International Trade and Industry, Sabah Tourism Board and the Malaysia Productivity Corporation Sabah.

REACHING OUT TO CUSTOMERS

Customer engagement continued to be a focal point of our operations in 2016. As part of our efforts to assist unserved and underserved SMEs, the Customer Outreach Programme was held in two phases to ensure the Bank was able to reach out to more SMEs. The programme functions as a networking platform amongst entrepreneurs which not only helps newcomers to integrate, but also helps to instigate new business collaboration and expand the business scope of entrepreneurs.

In September 2016, we conducted several Customer Open Days in four specific locations, namely the Seremban Enterprise Centre, KL Sentral Enterprise Centre, Ipoh Enterprise Centre and Rawang Business Centre. The Customer Open Days were a part of our targeted marketing approach in which we focused on engaging with prospective and existing customers in a timely and more personalised manner. The programme also served to furnish the Bank with direct feedback from our customers which enabled us to improve our services to cater to our customers' specific financial needs.

CLOSE ENGAGEMENT WITH OUR STAKEHOLDERS

PARTICIPATION IN EXHIBITIONS

The year in review saw SME Bank participating in the following exhibitions:



- 18 February • Seminar Industri Makanan Bahagian Limbang
- 26 - 27 February • Ekspo Keusahawan Pontian MITI



- 11 April • AEC Open Day
- 30 April • SEED Training Series Business Funding



- 5 May • GLC Explorace
- 17 - 19 May • SMIDEX 2016
- 27 - 28 May • Karnival Keusahawan Jeli 2016



- 29 July • ASEAN Young Entrepreneurs Carnival



- 25 August • Seminar Kemudahan Pembiayaan Perniagaan Untuk Bumiputera
- 26 August • Tok Pa's Session with TERAS Companies



- 16 October • Desa Sejahtera 1 Malaysia Award
- 17 October • MITI Day



- 24 - 27 Nov • Showcase Satu Daerah Satu Industri (SDSI)

SUSTAINABILITY ECONOMIC



STRENGTHENING THE SME ECOSYSTEM

SMEs MAKE UP ABOUT 97.3% OF ALL ENTERPRISES AND 65.5% OF DOMESTIC EMPLOYMENT. FOR THE FINANCIAL YEAR IN REVIEW, SMEs CONTRIBUTED 6.1% TO MALAYSIA'S GDP AND WERE RESPONSIBLE FOR 17.6% OF EXPORTS.



Given strong SME growth and the increase in the number of entrepreneurially-minded young Malaysians coming on board the SME bandwagon, SMEs now play an even more dominant role in Malaysia's economic landscape. From rural operations to thriving urban start-ups, SMEs make up about 97.3% of all enterprises and 65.5% of domestic employment. For the financial year in review, SMEs contributed 6.1% to Malaysia's GDP and were responsible for 17.6% of exports.

SMEs continue to play an integral role in the nation's economic well-being. When combined, SMEs carry the same weight as that of large-scale corporations on an economic scale. Yet SMEs also provide employment opportunities at a more grassroots level, thus helping those in poorer domestic regions to generate wealth from their resources in the same way that those in more developed and privileged areas are doing.

As a bank that is fully committed to developing Malaysia's economic outlook, SME Bank endeavours to support and strengthen SMEs throughout the country in a bid to ensure the long-term development and sustainable growth of our economy. We

are dedicated to providing SMEs with all the tools and assistance they need in order to become innovative and motivated business entities that are able to thrive in a highly competitive global market.

In 2016, a number of initiatives were rolled out to strengthen the SME ecosystem.

IN SUPPORT OF SME DEVELOPMENT

The importance of SMEs to the nation's growth is reflected in the total RM9.5 billion budget allocation by the Government for SME development in 2016. Under the National Budget 2016, SME Bank has been allocated specific amounts to facilitate the implementation of diverse funds.

These include RM200 million for the SME Technology Transformation Fund (STTF), RM500 million for the IBS Promotion Fund, RM50 million for the My SEED SME Scheme (MYS3) for Indian entrepreneurs, and RM20 million for the Skim Anjakan Usahawan (SAU) initiative.

SUSTAINABILITY

ECONOMIC

▼ STRENGTHENING THE SME ECOSYSTEM



RM50 MILLION

was allocated by the Government under the 2016 Budget through the My SEED SME Scheme (MYS3) programme.



RM8.2 MILLION

was approved by the Bank in 2016 under the MyS3 Financing Programme.

EVOLVING HIGH-POTENTIAL SMEs INTO SME CHAMPIONS

SME Bank has been nominated by MITI to be the implementing agency for the Skim Anjakan Usahawan or SAU initiative with a total allocation of RM20 million to execute the programme. The SAU serves to develop and elevate high potential SMEs into SME Champions. The programme will help support the RMK11's "Enhancing Bumiputera Economic Community" focus area target of creating 30 national SME champions, 10 regional champions and 5 international champions.

EMPOWERING THE INDIAN SME COMMUNITY

In support of the Indian SME community, the Government has allocated RM50 million under the 2016 Budget through the My SEED SME Scheme (MYS3) programme. The MYS3 programme endeavours to provide comprehensive assistance to Indian SME entrepreneurs who are seeking to expand their businesses. On 10 March 2016, the Secretariat for Empowerment of Indian Entrepreneurs (SEED) organised an Introduction Session to the MyS3 Programme at Menara SME Bank which was attended by over 250 Indian entrepreneurs.

The event featured a talk on SME Bank financing facilities and the Centre for Entrepreneur Development and Research Sdn. Bhd. or CEDAR coaching programme. These sessions provided overviews on MYS3, SME Bank's business solutions, plus the underlying concept, processes and procedures for the SME Competitiveness Rating for Enhancement (SCORE) framework, among other topics. As at end December 2016, the Bank had approved financing worth RM8.2 million under the MyS3 Financing Programme. Besides this, we also approved RM6.84 million in 2016 for SEED members under other financing programmes.

SUPPORTING SME EXPANSION THROUGH INTERVENTION

To nurture sustainable SMEs, the Bank has introduced its Specific Intervention Programme whereby potential customers will be guided and migrated upward to achieve one of the three KPIs as follows:

- Improvement in Risk or SCORE* rating;
- Market expansion from the domestic to export market; or
- Migration from being a needs-based to a merit-based client.

**(SCORE is the acronym for SME Competitiveness Rating for Enhancement, a diagnostic tool used to rate and enhance the competitiveness of SMEs based on their performance and capabilities)*

In 2016, the ongoing Specific Intervention Programme recorded a total of 257 entrepreneurs having successfully migrated upward. These entrepreneurs registered improvements in their risk ratings or experienced market expansion from the local to export market.

SME Bank also offers General Intervention to all our existing clients with the objective of achieving a quality portfolio through effective relationship management.

All in all, the Intervention Programme includes these aims:

- To create more resilient and sustainable SMEs;
- To improve customers' proposals for securing loans or financing facilities;
- To improve each customer's performance by ensuring that a business grows, is sustained, is expanded or is transformed; and
- To manage the Bank's credit risk;

HELPING ENTREPRENEURS EXPAND THEIR PREMISES

The Entrepreneur Premises Complex (EPC) initiative under the ambit of the Entrepreneur Premises Programme (EPP) is offered to Bumiputera SMEs looking to expand their premises. Each EPC takes the form of a strategically located factory space for budding Bumiputera SMEs looking to grow their business to the next level while improving productivity and operational efficiency. EPP officers are on hand to ensure optimum supervision of each tenant's progress and development throughout the tenancy period. As a value added service, specific intervention is brought into play to strengthen business growth and sustainability.

The "graduation plan" for each EPC takes into account the business strategy, growth plans and prospects for each tenant's respective business. Structured intervention is also implemented to allow tenants to migrate upwards within the stipulated time frame. The tenants' selection criteria or scope for selection is determined by the Bank.

In 2016, the EPP initiative continued to turn in good results. Demand was encouraging with an 82% occupancy rate and 374 factory units rented out. The programme also produced five graduates during the year that succeeded in relocating their operations to their own premises.

SUSTAINABILITY

ECONOMIC

STRENGTHENING THE SME ECOSYSTEM

82%
OCCUPANCY RATE
for EPP initiative.

RM14.8 million
APPROVED
under SBF for 59 eligible micro enterprises.

3,457
REPORTS UPLOADED
via the 4SME app in 2016.

HELPING MATURE MICRO ENTERPRISES TO UPSCALE

Mature micro enterprises that want to upscale their operations can now turn this into a reality following the launch of SME Bank's Small Business Financing Programme (SBF). With an allocation of RM100 million, the SBF will help micro entrepreneurs who aspire to move up the value chain, to become SMEs. The SBF offers entrepreneurs working capital of between RM100,000 to RM750,000 to increase their product marketability and enhance their operations. As at December 2016, SME Bank has approved a total of RM14.8 million under this programme to 59 eligible micro enterprises.

The financing tenure for the Shariah-compliant SBF is between five to seven years with a profit rate of 7.5% per annum.

The SBF was launched by YB Dato' Sri Mustapa Mohamed, Minister of International Trade and Industry in April 2016 at the Auditorium of Menara SME Bank.

IMPROVING OUR SERVICE DELIVERY

As part of our digitization strategy and in an effort to improve the Bank's service delivery, we launched the 4SME Engagement Mobile Application (4SME app) in June 2016. The 4SME mobile app applies the FinTech concept and is synchronised to the Bank's internal system which employs the Financing Origination System. The app serves as a one-stop platform that houses the data and information on customer project development and progress.

The 4SME app serves to speed up the Bank's approval process as it enables the Bank's officers to upload photos and information during their site visits. The app is also equipped with preloaded interview questions to help facilitate the Bank officers' data collection process. A Global Positioning System (GPS) capability further helps officers pin point the whereabouts of existing customers. All in all, the 4SME app enables us to assist our customers in a more dynamic manner by monitoring their development and progress in a more systematic way.

Launched by YB Datuk Chua Tee Yong, Deputy Minister of International Trade and Industry, the app is available on both the Apple App Store and the Android Play Store. It is accessible via both online and offline modes. As at end December 2016, a total of 3,457 reports had been uploaded via the 4SME app. Moving forward, SME Bank will look to further enhance the contents and functions of the 4SME mobile app.



ENSURING SUSTAINABLE PROCUREMENT PROCESSES

As part of our efforts to ensure a sustainable supply chain, we continue to integrate several environmental and social factors into our procurement process to ensure sustainable processes are in place. This includes evaluating our suppliers' recognition of and adoption of sustainability measures. For instance, we prioritise suppliers accredited with local and international standards such as ISO and SIRIM. We encourage suppliers to adopt our high standards and work towards continual improvement. This helps improve the environment and strengthen the community while mitigating reputational risk.

Among the factors we consider when evaluating suppliers is whether the supplier:

- Is registered with the Ministry of Finance (MOF), CIDB or other local authorities and professional bodies;
- Is financially and technically capable of carrying out the project;
- Has an excellent track record of completing projects of a similar nature; and
- Offers a price within the approved budget.

SUSTAINABILITY

ECONOMIC

▼ STRENGTHENING THE SME ECOSYSTEM



PRIORITISING LOCAL SUPPLIERS

The Bank has a preference for local suppliers who are registered with authorities such as the MOF, CIDB or the Contractors Service Centre (PKK) in its business dealings. For purchases between RM5,001 to RM100,000 (OPEX) and RM5,001 to RM200,000 (CAPEX), the Bank requires a minimum three quotations from vendors, suppliers or service providers.

AN OPEN AND TRANSPARENT TENDER PROCESS

For every tender it puts out, SME Bank has instituted an e-bidding process to promote transparency and equal opportunity. This is part of our efforts to promote fairness, transparency and competition in the market for the benefit of society. All suppliers must be registered in the e-procurement system before they can participate in any tender.

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 comes into play when the purchase amount exceeds the limit specified in the purchasing policy. The tender process covers the invitation, preparation and evaluation of tenders as well as the establishment of the Tender Opening Committee, Senior Management Committee, Financial Evaluation Committee and Technical Evaluation Committee.

To ensure an efficient tender process that is both cost effective and has a high level of integrity and transparency, effective communication between the stakeholders and relevant parties is necessary. This mitigates the possibility of any potential inherent risk such as misconduct during the tender requisition, evaluation and selection activities.



RECOGNISED FOR OUR COMMITMENT TO EXCELLENCE

SME Bank's contribution to quality and entrepreneurial excellence in Malaysia was recognised when we walked away with two awards from 10 different categories during the 39th Annual Meeting of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

Held in Apia, Samoa from 2 to 5 May 2016, the award saw the other six members of the Association of Development Financing Institutions in Malaysia (ADFIM), namely SME Bank, Bank Pembangunan Malaysia Berhad, Agrobank, Perbadanan Nasional Berhad, Credit Guarantee Corporation Malaysia Berhad and Tekun Nasional, also receiving individual awards and special awards. At the event, SME Bank's Group Managing Director, Datuk Mohd Radzif Mohd Yunus, was named "Outstanding CEO of the Year 2016".

As the acting monitoring body for the development of banks and other financial institutions engaged in financing and advocating sustainable development in the Asia-Pacific region, ADFIAP currently has 100 member-institutions in 39 countries and territories. ADFIAP is also recognised by the United Nation's Economic and Social Council as an NGO with consultative status.

We are honoured to have received the awards and are even more determined to ensure that Malaysia's SMEs receive sufficient financial assistance as well as developmental programmes that will elevate their businesses to the next level.

We are also proud to announce that SME Bank was presented with the Top FI Partner Award (Overall) and the Top FI Partner Award for Development Financial Institutions (DFIs) by Credit Guarantee Corporation Malaysia Berhad (CGC). The Bank also received the Top SME Supporter Award from the SME Association of Malaysia for our endless support towards the development of Malaysian SMEs.

SUSTAINABILITY ECONOMIC

RESPONSIBLE OPERATIONS BEYOND FINANCING



HERE AT SME BANK, WE CONTINUE TO FOCUS OUR EFFORTS ON THESE THREE KEY AREAS: FOR BUSINESS, FOR GROWTH AND FOR LIFE. THIS SEES US NOT ONLY FAST-TRACKING THE FINANCING PROCESS FOR ELIGIBLE SMES BUT ALSO SUPPORTING THEIR BUSINESS GROWTH VIA THE PROVISION OF TIMELY ADVISORY SERVICES AND PROACTIVE STAKEHOLDER ENGAGEMENT ACTIVITIES.



RESPONSIBLE OPERATIONS BEYOND FINANCING

Over the course of the year, we strengthened our position in the market by launching several new financing programmes, built upon several existing programmes that went beyond financing and rolled out new initiatives to bolster the SME ecosystem. Our efforts included signing memorandums of understanding (MoUs) with relevant parties and improving our engagement with existing and potential customers as well as non-governmental organisations (NGOs). All this with the aim of according Malaysian SMEs the best financing solutions the market has to offer.

THE CENTRE FOR ENTREPRENEUR DEVELOPMENT AND RESEARCH (CEDAR)

As a development financial institution, SME Bank contributes to the development of the nation's SMEs and the SME ecosystem through "nurturing" and "intervention" activities. Our ultimate goal is to guide and develop SMEs throughout their lifecycle from the growth stage right up to the maturity stage. Our "handholding" approach is essential for ensuring that SMEs can maintain and sustain business growth until they finally manage to penetrate the global market.

To this end, the Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR) was established in 2013 to support the Bank's developmental agenda. As a wholly-owned subsidiary of the SME Bank Group, CEDAR aspires to be a centre of excellence for entrepreneur development and transformation. Its mission is to continuously develop the capability of entrepreneurs to sustain their growth in support of the national economic agenda.

OUR "HANDHOLDING" APPROACH IS ESSENTIAL FOR ENSURING THAT SMEs CAN MAINTAIN AND SUSTAIN BUSINESS GROWTH UNTIL THEY FINALLY MANAGE TO PENETRATE THE GLOBAL MARKET.

Today, SME Bank can differentiate itself from other Malaysian DFIs in that it is the only DFI that incorporates a subsidiary like CEDAR. The centre offers research-based coaching, function-based facilitation and entrepreneur-focused mentoring by applying the concept of business coaching and engagement. The programmes undertaken by CEDAR are unique and align with the Bank's tagline of "beyond financing".

Building Market Presence through its Unique Approach

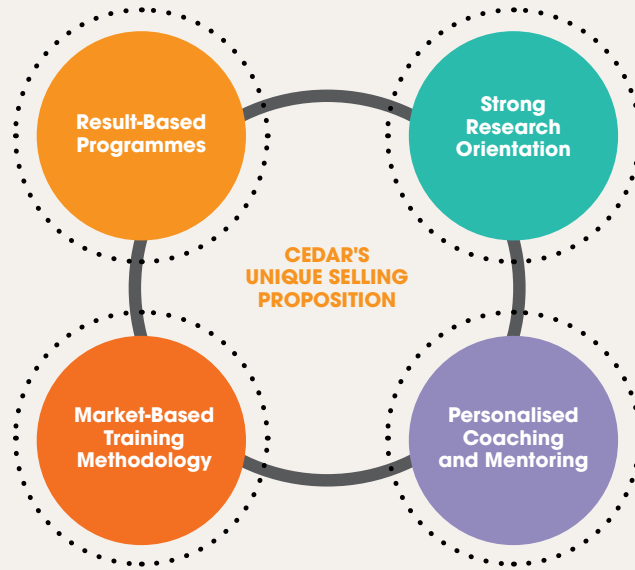
In line with its growth strategy, CEDAR continues to intensify its market presence by playing a central role in the various road shows, seminars, conferences, talks, forums and other key industry engagement sessions that it supports. The year-on-year traction that CEDAR continues to gain in the market is reflected in the significant increase in the number of participant engagements. In 2016, CEDAR registered 19,956 engagements as compared to 12,234 engagements in 2015 and 13,608 engagements in 2014.

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CEDAR OFFERS SMEs A HOLISTIC LEARNING STRATEGY, FROM CONCEPTION TO INCEPTION, IN EVERY BUSINESS COACHING MODULE IT CONDUCTS. IN ACHIEVING ITS BROAD AGENDA, CEDAR EXECUTES ITS ROLE THROUGH UNIQUE OUTCOME-DRIVEN INTERVENTION PROGRAMMES.

CEDAR's Unique Selling Proposition



CEDAR's market growth can be attributed to its unique tailor-made approach that addresses entrepreneurs' needs throughout the various stages of the SME lifecycle. CEDAR offers SMEs a holistic learning strategy, from conception to inception, in every business coaching module it conducts. In achieving its broad agenda, CEDAR executes its role through unique outcome-driven intervention programmes.

In 2016, CEDAR continued to extend its reach by building regional and international networks. Partnerships with established institutions including government agencies, GLCs, private sector corporations, higher learning institutions and non-governmental organisations helped strengthen the centre's presence and capacity in the entrepreneur development space. These strategic partnerships have given CEDAR a more holistic offering that has done much to strengthen its market presence and developmental role in building the capabilities of SMEs in Malaysia.

The list of our strategic partners as at end of 2016 is as follows:



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To meet the changing needs of the market, the CEDAR team is continuously updating its coaching programmes and its course structures to reflect prevailing market demand and the business environment. The team also incorporates fresh research insights and experiences as well as frequently seeks out fresh ideas and solutions via industry development and consultation with various subject-matter-experts. CEDAR's efforts to accommodate the market led to a huge increase in demand for its coaching programmes in 2016.

Today, CEDAR offers these key coaching programmes to SME entrepreneurs:

CEDAR COACHING PROGRAMMES

- Young Entrepreneur Programme (YEP)
- Leaders Entrepreneurship Acceleration Programme
- Women Entrepreneur Financing Programme (WEP-LEAP)
- SME Financing Programme (SME-LEAP)
- Vendor Development Programme (VDP)
- Business Model Action Plan (BMAP)
- Business Transformation Programme (BTP)
- Bisnes Anda Hidup Anda (BAHA)
- 3 Steps to Profits
- Financial Management
- Certified Islamic Development Banker (CIDB)
- Professional Islamic Development Banker (PIDB)



In 2016, CEDAR rolled out a total of 196 coaching sessions benefitting 2,270 participants. The highest number of participants (some 971 pax or 42.8% of total participants) were involved in the Young Entrepreneur Programme (YEP).

Spreading its Influence via Research-based Collaboration

Since its inception, CEDAR has worked on numerous pioneering research initiatives and today it continues to share such findings with a broad spectrum of stakeholders in Malaysia. CEDAR's collaboration with several local higher learning institutions in Malaysia has led to the publication of a series of key research findings on Malaysian SMEs. These studies offer some insights into the real issues that SMEs are facing, in that they highlight the primary risks and key factors influencing the successes and failures of SMEs in such a competitive and challenging business environment. These research findings have become reference materials for the banking community, particularly the DFIs, and have enabled some of these financial institutions to develop and provide specialised financing and advisory services to SMEs at large.

The following is an overview of CEDAR's publications and research partners:

Publication	Research Partner
SMEs in Malaysia: Industry Research on the Oil, Gas and Energy Sector	UTM
SMEs in Malaysia: Industry Research on the Wholesale & Retail Sector	UNIRAZAK
SMEs in Malaysia: Industry Research on the Tourism & Hospitality Sector	UPM
SMEs in Malaysia: Industry Research on the Healthcare Sector	CESMED (UKM)
SMEs in Malaysia: Industry Research on the Education Sector	IUM
SMEs in Malaysia: Industry Research on the Green Technology Sector	UNIMAP
New Gen Entrepreneurship in Malaysia: A Vibrant Economic Force	MASMED (UITM)
Women & Family Entrepreneurship in Malaysia: A Formidable Economic Force	UNIRAZAK
Promoting Inclusivity Among Malaysian SMEs: An Observation	UUM

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Other publications offered by CEDAR include:

- The monthly *BizPulse* bulletin
- The quarterly *ACE* magazine
- Case studies of selected Malaysian SMEs
- The Instructor's Manual to Case Studies of Selected Malaysian SMEs
- The "Lonjakan Berganda" (Quantum Leap) publication

Strengthening SMEs via Knowledge Sharing Platforms

To complement its training, coaching and research publications, CEDAR also conducts knowledge sharing programmes. The quarterly CEDAR MindLab Series is a special programme to address the common issues that Bumiputera entrepreneurs face in business. This MindLab Series aims to inculcate a competitive attitude and a positive outward mind-set among Bumiputera entrepreneurs while instilling the requisite knowledge, skills and confidence to manage and increase their wealth. Through each session of the MindLab Series, targeted Bumiputera entrepreneurs have the opportunity to learn from the experiences of an expert guest speaker as well as bounce ideas off them so that they can bridge gaps in specific areas.

The 2016 MindLab Series addressed issues faced by entrepreneurs in the Tourism & Hospitality, Healthcare and Food & Beverage industries. The following sessions conducted throughout 2016 drew the following number of participants:

- Series (1/2016): Survival Instincts in Business (1 June 2016) – 55 participants
- Series (2/2016): Survival Instincts in F&B Business (19 August 2016) – 50 participants
- Series (3/2016): Survival Instincts in Tourism & Hospitality Industry (26 October 2016) – 42 participants
- Series (4/2016): Survival Instincts in Healthcare Industry (8 December 2016) – 49 participants



Supporting the Government's Economic Agenda

CEDAR continues to support the National Economic Agenda by positioning entrepreneurship as the focal point for the nation's growth and is working towards gaining further traction and sustainability in the Malaysian market. In the future, CEDAR aspires to extend its reach beyond the local market by venturing into ASEAN and other emerging economies through strategic partnerships and collaboration with the respective relevant organisations in these markets.

In line with the Government's SME Masterplan 2012-2020, which includes the promotion of human capital and entrepreneurial development, CEDAR is doing its bit to strengthen the capacity and capability of entrepreneurs as well as local and international DFI professionals. As a subsidiary of SME Bank, CEDAR's competitive advantage is that it is able to leverage on the strength and experience of the Bank to reach out to a broader segment of the market and directly benefit entrepreneurs and SMEs.



SHARIAH PRINCIPLES FORM THE BACKBONE OF OUR OPERATIONS

The past four years have seen SME Bank focusing its efforts on becoming a full-fledged Shariah-compliant DFI. This was the main goal of our Five-Year Transformation Plan and we achieved this when we officially embedded Shariah principles into our operations on 18 June 2015, symbolically coinciding with the first day of Ramadan 1436H.

In order to fulfil this mission, we ensure our employees are imbued with the necessary skills and experience to manage the Bank's Islamic finance portfolio. We also encourage our customers to convert their conventional accounts to Islamic financing accounts as well as engage with them continuously to offer free moving costs, the same monthly payments and preferential terms and conditions. These efforts have proven successful with (91.2%) of the Bank's customers to date having converted their accounts to Islamic financing compared with 15% when SME Bank was first established in October 2005.

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THROUGH ITS HOLISTIC RISK MANAGEMENT APPROACH, SME BANK HAS ESTABLISHED VARIOUS MECHANISMS TO EFFECTIVELY MANAGE THE RISKS IN ITS DAY-TO-DAY BUSINESS OPERATIONS.

MANAGING RISK

On top of the existing listing of non-qualified business activities for financing as stipulated in the Bank's Credit Operation Guide, SME Bank also have in place other control measures to effectively manage credit risk at the macro level.

Negative and Selective Lists

SME Bank has expanded the internal definition of business activities not qualified for financing under its products and services schemes to 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. These sectors are classified as 'Negative List', based on the assessment on the latest development and economic forecast on each of the sector. Additionally, there are also certain sectors which have been internally classified as 'Selective List' primarily as a result of unfavorable economic prospects as influenced by the market conditions, but with foreseeable opportunity for further growth. These lists act as references and mechanisms to alert the respective business functions to be extra vigilant in extending financings to these classified sectors.

The 'Negative and Selective Lists' shall be reviewed on an annual basis or when there are signs of significant adverse changes in the sectoral outlook and/or general market conditions.

Sectoral Concentration Limits

In an effort to prevent concentration towards a particular economic sector, SME Bank has established internal thresholds for all its financing exposures. These limits have been 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 Key Economic Areas (NKEA). Trigger limits are also in place allowing for ample timing to implement policy response, if required.

Industry Risk Scanning

The Bank, via its Group Risk Management Department, has also conducted periodic industry studies to provide assessment on current issues surrounding selected sectors. To date, the Bank have covered amongst others topics such as the impact on Trans-Pacific Partnership Agreement (TPPA), oil and gas, wholesale and retail, education, medical, transportation, and China economic slowdown. These studies are shared within the Bank in order to provide general guidance for the purpose of financing application assessment, in regards inherent risks as well as deviation factors associated to those risks.

Risk Appetite Statement

In achieving its business objectives as well as obligations towards the relevant stakeholders, the Bank has proactively instituted a risk appetite statement, demonstrating its ability and willingness to tolerate and assume certain types of risk exposures. The statement, which consists of mainly credit, market, liquidity, operational and Shariah risks, is formulated taking 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 Management Department on a regular basis and shall be revised on annual basis. Any deviation to the statement metrics shall be escalated to the Senior Management, together with feasible recommendations to address issues at hand.

OUR ANTI-CORRUPTION STANCE

SME Bank is highly committed in complying with the highest ethical standards and all applicable anti-corruption laws. This is in line with our core values, business principles and various internal policies that espouse ethical behaviour and an anti-corruption stance as an integral component of our business operations. To continuously uphold high ethical standards in its business operations, we have established the following internal policies and procedures:

(i) Code of Conduct

The Bank's Code of Conduct which was revised on 25 June 2015 prohibits the Bank's staff from offering or accepting bribes for their own or for their relatives' benefit. The Code of Conduct spells out what constitutes corrupt practices and highlights that accepting and attempting to solicit any gratification from any party is part of major misconduct.

(ii) Corporate Integrity Pledge

As part of our commitment to upholding a culture of integrity within the Bank (which comes under the purview of the Malaysian Anti-Corruption Commission), we signed the Corporate Integrity Pledge on 26 May 2016 where the Bank has agreed to create a business environment that is free from corrupt and unethical practices. To operationalise this, we established a Corporate Integrity Section within the Group Compliance & Risk Management Division to implement the relevant programmes or initiatives supporting these objectives.

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(iii) No-Gift Policy

We have also established a No-Gift Policy to promote proper business practices within the Bank. All employees are required to practice and demonstrate equal treatment, unbiased professionalism and non-discriminatory actions towards all customers and stakeholders as well as others who are dependent or associated with the Bank. The Bank believes that by doing so, it will not compromise the individual's judgment.

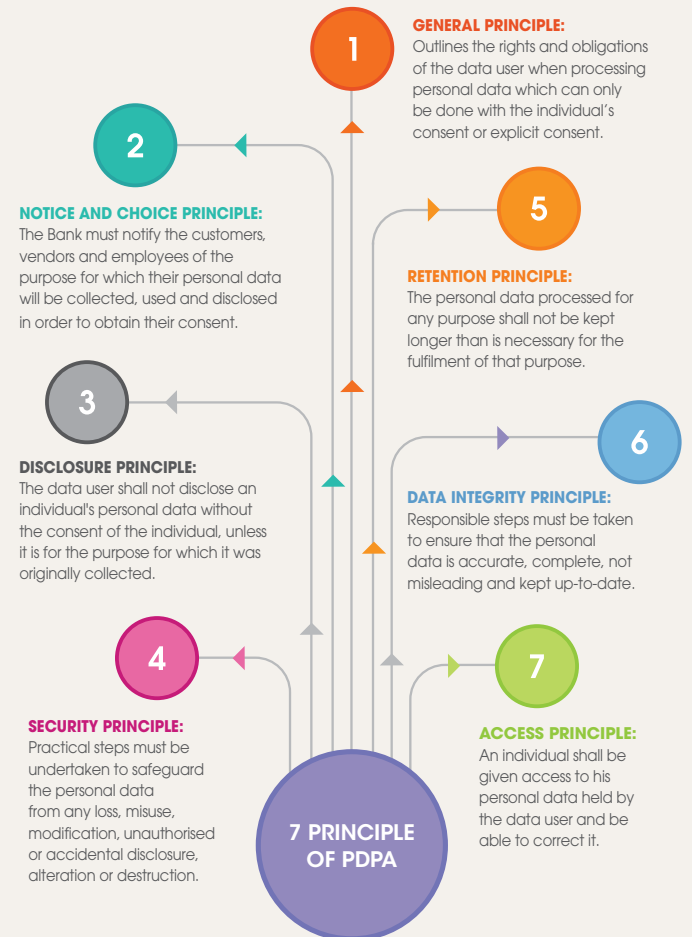
In addition to the aforementioned activities, our Group Audit Division investigates any allegations of corruption and unethical practices to ascertain their validity. The results of these investigations are reported to the Audit Committee and the Group Human Capital Management Division is tasked with undertaking the necessary actions if it involves the Bank's employees. The Bank takes any instance of corrupt and unethical practices seriously and those who are found guilty will be dismissed from the Bank with further action taken where necessary.

SME BANK IS DEEPLY COMMITTED IN COMPLYING WITH THE HIGHEST ETHICAL STANDARDS AND ALL APPLICABLE ANTI-CORRUPTION LAWS.

PROTECTING PERSONAL PRIVACY

SME Bank is governed by the Secrecy Provision under the Development Financial Institutions Act 2002 (DFIA). Section 119 of the DFIA stipulates that the Bank shall not disclose to any other person any document or information relating to the affairs or accounts of our customers. Notwithstanding the above, pursuant to Section 120 of the DFIA, the Bank is allowed to disclose its customers' information only for specific purposes and to specific persons as stipulated in the Fourth Schedule of the DFIA.

In addition to the above, we are also subject to the Personal Data Protection Act 2010 (PDPA) which protects an individual's personal data in relation to commercial transactions. Pursuant to the PDPA, the Bank as the registered data user, shall process personal data in line with the following principles as stipulated under the PDPA:



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SME Bank remains deeply committed in complying with the Secrecy Provision under the DFIA and the principles as set out in the PDPA. We go to great lengths to ensure that our customers’ personal data is not disclosed for any purpose other than for which it was collected. The Bank may only disclose customers’ personal data to any party to whom we are obligated to under the requirements of any law or as required by any regulatory or statutory authority.

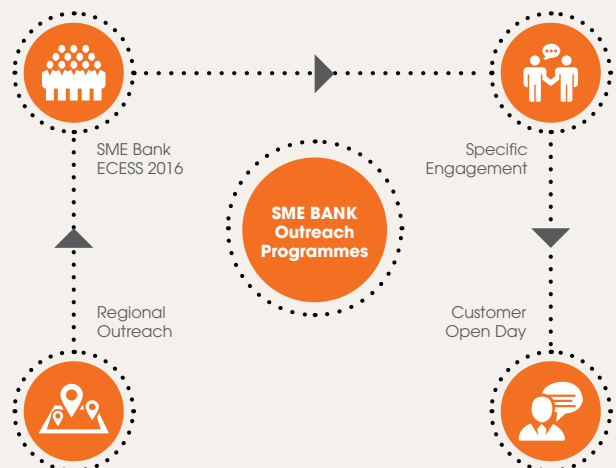
To date, the Bank has complied with the following seven principles under the PDPA:

Requirement Under the Act	Action Taken to Comply
General Principle: Personal Data can only be processed with the consent or explicit consent of the data subject.	Incorporated consent clause by the customers in all application forms.
Notice and Choice Principle: The Bank must notify the customers, vendors and employees of the purposes for which their personal data will be collected, used and disclosed in order to obtain their consent. The Written Notice must be in both English and Bahasa Malaysia.	In May 2015, the Bank published notices on personal data protection (PDP) through: <ul style="list-style-type: none"> • The corporate website; • Prominent areas at the Head Office, Regional Centres and Enterprise Centres; and • The Bank’s intranet.
Disclosure Principle: The Bank is not allowed to disclose personal data to a third party unless permitted under the PDPA.	The provision is in line with the DFIA.
Security Principle: The Bank must take practical steps to protect the personal data from any loss, misuse, modification, authorised or accidental access or disclosure, alteration or destruction.	The provision is in line with the Bank’s Group Information Technology Policies and Procedures.
Retention Principle: The Bank is required to cease processing personal data once the purpose of its collection has been fulfilled.	The provision is in line with the Bank’s Security Documentation and Letter of Offer Policies.
Data Integrity Principle: Reasonable effort must be undertaken to ensure that personal data processed is complete, accurate, not misleading and kept updated.	The provision is in line with the Bank’s Group Information Technology Policies and Procedures.
Access Principle: The data subject has the right to access and correct his or her personal data.	The following forms are accessible via the corporate website: <ul style="list-style-type: none"> • Personal Data Access Request Form; and • Personal Data Correction Request Form.

EFFECTIVE CUSTOMER OUTREACH

Unserved and underserved SMEs face many challenges, one of the major ones being the ability to obtain sufficient financing. Driven by our mandated role to nurture and develop SMEs, the Bank continues to provide the much needed financing and capacity building that entrepreneurs require through a variety of proactive measures.

Over the years, we have discovered what works best for entrepreneurs and have developed comprehensive engagement programmes that effectively meet the needs of our target audiences in a holistic manner. These outreach activities have done much to develop long-lasting business relationships and smart partnerships with our stakeholders as well as helped bolster our market presence. In 2016, we rolled out the following outreach programmes.



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▼ RESPONSIBLE OPERATIONS BEYOND FINANCING



Regional Outreach Programmes

Our Regional Outreach Programmes enable SMEs and the general public to explore how the Bank can best cater to their financing needs. The 2016 series was conducted at 15 locations throughout Malaysia between 26 January and 10 August.

SME BANK XCESS 2016

This initiative accords SMEs the ability to engage directly with the Bank on their financing needs and developmental assistance. The XCESS 2016 event was held at the MATRADE Convention Centre, Kuala Lumpur on 8 March 2016.

Specific Engagement Sessions

We also provide the platform for targeted SMEs to directly explore how the Bank can support their financing and development needs. Between 14 January and 24 November 2016, we received enquiries from some 590 entrepreneurs at Menara SME Bank.

SME Bank Customer Open Day

This initiative serves to build and strengthen the relationships between the Bank and its customers by providing SMEs the opportunity to interact directly with us and resolve issues pertaining to their accounts or services. The year saw us holding Customer Open Days at the Seremban, Kuala Lumpur and Ipoh Enterprise Centres during the month of September and at the Rawang Business Centre in November.

The abovementioned outreach programmes all played a part in enhancing SMEs access to financing as evident below:

IMPACT OF SME BANK'S OUTREACH PROGRAMMES

NO	PROGRAMME	OUTCOME
1.	Regional Outreach Programme	RM636 million in financing approved (294 customers)
2.	Specific Engagement Sessions	Exposure to the support offered by SME Bank
3.	SME Bank Customer Open Day	RM6.1 million (8 companies)

OUR PROMOTIONAL ACTIVITIES

Given that SME Bank operates in a highly competitive landscape, we continue to leverage on systematic and comprehensive promotional activities to ensure the Bank remains top-of-mind among our target audiences. In 2016, we embarked on focused campaigns with the objective of reaching out to a wider audience.

Comprehensive Marketing Campaigns

Towards the end of August 2016, we went all out to promote the Bank's financing solutions nationwide by leveraging on comprehensive marketing campaigns including media relations, advertising and promotions (A&P) as well as online communications campaigns. To reach our target audiences, we tapped mediums such as print advertisements, radio commercials, TV promotions, online promotions and outdoor advertisements.

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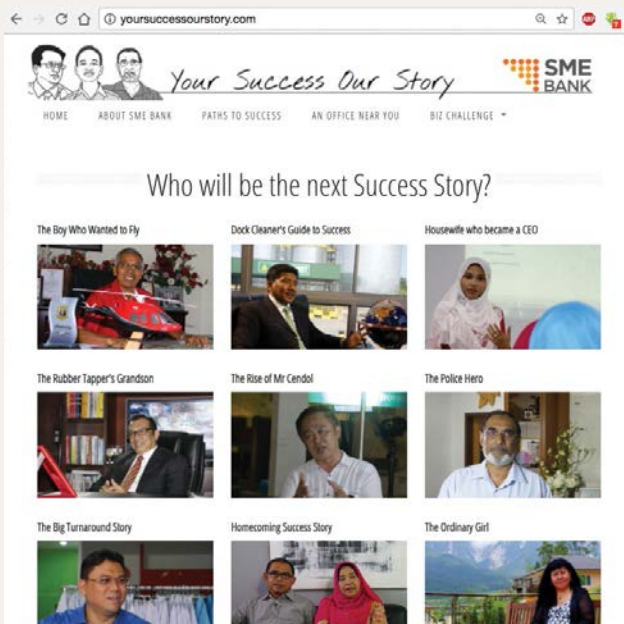
As a consequence of these focussed efforts, we achieved the following results:

MEDIUM	OUTDOOR	ELECTRONIC	PRINT	SOCIAL MEDIA
<p>Media Relations</p> <p>A&P Campaign</p> <p>↓</p> <p>Brand Exposure</p>	<p>OOH - Out of Home</p> <ul style="list-style-type: none"> 2 Billboards @ AKLEH Highways 2 Over Head Billboards @ Jalan Sultan Ismail 4 Pillar Wraps @ Jalan Sultan Ismail <p>4.2 million Average Monthly Traffic</p>	<p>TV - 33 Radio - 7</p> <p>No of News Coverage</p> <p>Radio Commercials :</p> <p>TV Promo :</p> <p>Buletin Utama, Buletin 1.30, Buletin Pagi, Nighline, MHI, Berita TV9, Berita Tengahari & Nasi Lemak Kopi O, A, Awani</p> <p>RC : 11 million listenership TV Promo : 4.9 million viewership</p>	<p>Newspaper - 506 Magazine - 15</p> <p>No of News Coverage</p> <p>Print Advertisements :</p> <p>2.7 million readership</p>	<p>Online News - 345</p> <p>No of News Coverage</p> <p>Online Campaign :</p> <p>TM's Market Cloud Facebook Ads Twitter Web Ads</p> <p>467,807 no.of clicks</p>

Client Success Stories

We continue to employ a variety of motivational tools to share the success stories of clients for existing and future entrepreneurs to emulate.

- www.YourSuccessOurStory.com**
Back in 2015, we launched a campaign website, www.YourSuccessOurStory.com, featuring the success stories of 10 of our customers. This platform is a strong marketing and branding tool that clearly presents our business through real life stories. The website also acts as an online portal for the SME Bank Y-Biz Challenge and the 90-Days Biz Challenge.

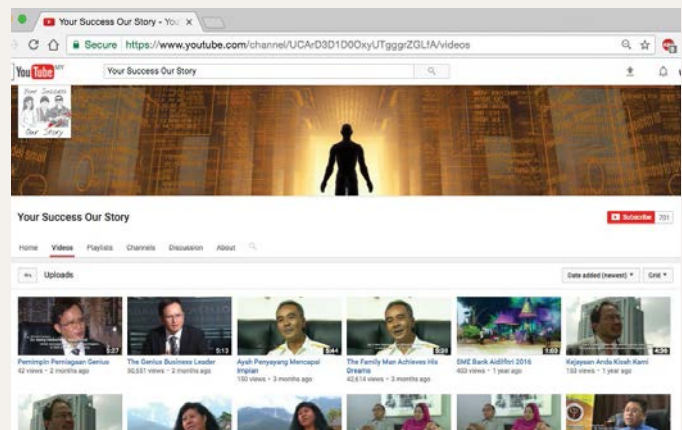


YouTube Channels

The Bank's customer success stories are also featured on the Bank's YouTube campaign channel, "Your Success Our Story". To date we have successfully attracted more than 450,000 YouTube views. The 10 episodes featured are as follows:

- Episode 01 – The Boy Who Wanted To Fly
- Episode 02 – The Dock Cleaner's Guide To Success
- Episode 03 – The Housewife Who Became a CEO
- Episode 04 – The Rubber Tapper's Grandson
- Episode 05 – The Rise of Mr Cendol
- Episode 06 – The Police Hero
- Episode 07 – The Big Turnaround Story
- Episode 08 – Homecoming Success Story
- Episode 09 – The Ordinary Girl
- Episode 10 – Your Success is Our Story

We also have the official SME Bank Malaysia YouTube channel that is used to promote our "i-SME" TV programme.



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RESPONSIBLE OPERATIONS BEYOND FINANCING

INFRONT Magazine

Highlighting the success stories of selected SME Bank customers, the quarterly published *INFRONT* aims to inspire both current and future business owners. Since 2015, we have published four issues of *INFRONT* featuring 30 successful customers.



SME News

We use this medium to update stakeholders on the developments taking place at SME Bank and within the SME community. *SME News* is published on a quarterly basis and highlights the Bank's corporate activities, the issues SMEs face, corporate responsibility activities, industry reports, training and development as well as branch activities, among other things. We have published seven issues of *SME News* since 2014.



Industry Publications

As mentioned previously, CEDAR publishes various publications as reference material and a source of knowledge for the SME industry. These include:

- BizPulse**, a complimentary monthly bulletin that provides insights and analyses of the current issues affecting SMEs as well as helps entrepreneurs to keep abreast of the latest SME news and developments. *BizPulse* also provides business alerts and market outlooks for diverse industries, plus shares insights and tips on how to be an entrepreneur and how to run an organisation.



- ACE Magazine**, published every quarter, is an exclusive magazine for the SME community in ASEAN. The magazine aspires to act as a bridge for entrepreneurs in the ASEAN region to meet, share and grow their businesses.



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RESPONSIBLE OPERATIONS BEYOND FINANCING

Mobile and Online Initiatives

Entrepreneurs and the general public are now able to obtain information on the Bank quickly and more efficiently via the Bank's dedicated mobile applications and its enhanced mobile website.

- 4SME Engagement App**
 The 4SME mobile app is a one-stop platform that houses the data and information on customer project development and progress.
- Enhanced Mobile User Experience**
 As of July 2016, mobile users accessing the Bank's website (www.smebank.com.my) have been enjoying a more engaging experience even as the mobile environment functionality and user interface have been enhanced. The enhancements are enabling users to access SME Bank information on their mobile devices in a quicker, more efficient, and compelling manner.

Other Communications Platforms

While our corporate website and annual report are the most comprehensive sources of information on our social, environmental and financial performance, we also engage with our stakeholders through a variety of social media channels including Facebook and Twitter.

- The SME Bank Facebook Page is utilised to promote the Bank's products, services, events and brand awareness. It also incorporates knowledge sharing postings from other government agencies. During events, SME Bank's Facebook page is also tapped to broadcast live feeds on the activities taking place.

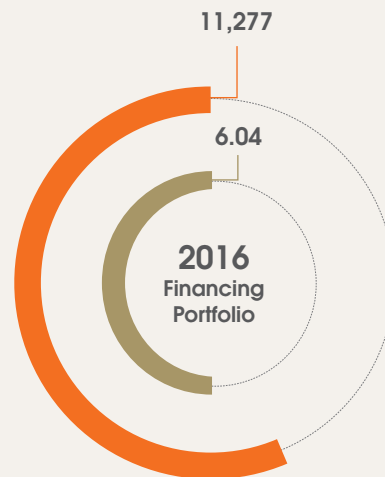


- SME Bank's Twitter account is dubbed "SME Bank Link". It is used to promote the Bank's products, services, events and brand to the public in a manner similar to the way our Facebook page is utilised.



THE FRUIT OF OUR EFFORTS

SME Bank's efforts to implement the various outreach programmes as well as coordinate communication campaigns have shown positive results. Since our inception in 2005, we have approved total financing amounting to RM25.7 billion and assisted more than 15,000 entrepreneurs. As 2016, SME Bank's financing records were as follows:



■ No. of Accounts ■ RM Billion

SUSTAINABILITY ENVIRONMENT

SME BANK'S ENVIRONMENTAL POLICY MANDATES THAT WE OPERATE WITH COMPLETE RESPECT FOR THE ENVIRONMENT. OUR POLICY CALLS FOR US TO PROMOTE ENVIRONMENTAL AWARENESS AND RESPONSIBILITY AMONG BOTH OUR MANAGEMENT AND EMPLOYEES. WE ARE REQUIRED TO NOT ONLY COMPLY WITH CURRENT LEGISLATION BUT TO SURPASS IT WHEREVER POSSIBLE. WE ARE ALSO COMMITTED TO MITIGATING THE IMPACT OF OUR WORK ON THE ENVIRONMENT WHEN SERVING OUR CUSTOMERS AND TO WORKING WITH THEM TO REDUCE THEIR ENVIRONMENTAL IMPACT.



>20% SAVINGS
in energy costs in 2016 following conversion of individual meters to a bulk meter.



OVER 30% REDUCTION
in energy consumption by using energy efficient and long-lasting LED lights as opposed to conventional light bulbs throughout our head office building.



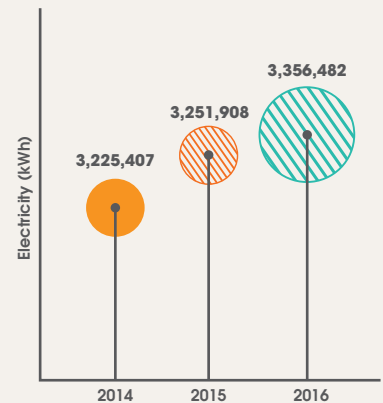
ENERGY MANAGEMENT

Our environmental conservation efforts to date focus primarily on energy management. The Building Energy Management System (BEMS) in place at Menara SME Bank along Jalan Sultan Ismail is the primary means by which we automatically monitor and control a range of parameters such as air-conditioning, ventilation and lighting. 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 built-in motion sensors that detect movement and trigger lighting only when it is needed. This ultimately helps us reduce needless energy consumption.

Throughout our head office building, we have replaced conventional light bulbs with LED bulbs that are extremely energy efficient and long-lasting. An LED bulb can reduce energy consumption at least 30% compared to a conventional light bulb and can last up to 25% longer. LED lighting is also more environmentally friendly in that it uses significantly less power to shine more brightly.

ELECTRICITY CONSUMPTION



In 2016, our energy usage increased by 3% to 3,356,482 kWh, due to all floors operating at maximum capacity.

SUSTAINABILITY
ENVIRONMENT



In 2016, our energy usage increased by 3% to 3,356,482 kWh from 3,251,908 kWh in 2015, due to all floors operating at maximum capacity. However, our energy consumption costs could have been more had we not converted our individual meters to a bulk meter. This measure enabled us to derive some 20% savings in energy consumption costs in 2016.

Tapping a Variable Speed System Reduce Energy Demand

We continue to leverage on a cost-effective Variable Refrigerant Volume (VRV) system when managing cool air loads. The VRV system matches the air volume with the actual cooling loads and reduces the energy consumption of the Air Handling Unit (AHU) by between 20% and 60% in comparison to constant air volume systems.

WATER MANAGEMENT

Recognising that the issue of water management is becoming an increasingly important one, we continue to monitor water usage with the aim of reducing consumption. Today, our head-office building boasts built-in water-saving features including water-saving taps and showerheads as well as low-flush or dual-flush toilets. We undertake regular maintenance and address leakage promptly especially in regard to toilets, taps and other water fixtures.

WASTE MANAGEMENT

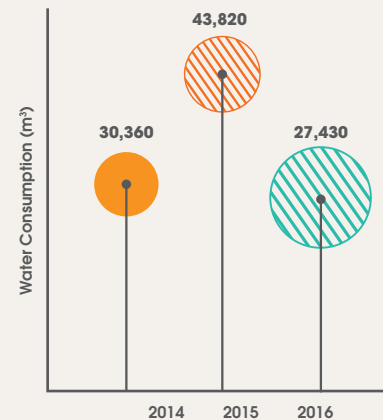
Recycled rubbish can be turned into a valuable resource. Here at SME Bank, waste management involves treating solid wastes and bringing into play various solutions to recycle items that were originally intended for the landfill.

SME Bank pays strict attention to waste management matters and ensures waste is disposed of safely and efficiently. Improper solid waste disposal can create unsanitary conditions that may lead to environmental pollution and the outbreak of vector-borne diseases. As such, solid wastes are disposed of by appointed licensed contractors who now collect this waste on a daily basis.

Waste Reduction through 3R

Corporate responsibility is about people doing the right things at work and our efforts to recycle waste are a significant part of this approach. Whenever possible, we ensure we reduce the amount of waste we generate.

WATER CONSUMPTION



In 2016, our water consumption reduced by 37% to 27,403 m³ from 43,820 m³ previously as a result of consistent monitoring and proactive repair works to minimise leaking. The upgrading works on the main pipeline and domestic water tank, air-conditioning water tank and gate valve implemented in 2015, appear to be paying off.

SUSTAINABILITY ENVIRONMENT

We are constantly using sophisticated components such as printer cartridges and toners to assist us in our daily work. These products 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. Ultimately, all this moves us closer to our aim of recycling all waste.

GREEN BUILDING INITIATIVES

Green Building 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.

SME Bank began incorporating green building features in the design and construction of our new head office back in 2014 with the objective of mitigating any possible environmental impact from our activities. Since then, Menara SME Bank has met all the requirements for Green Building Index or GBI certification and is expected to achieve full GBI certification by October 2017.

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.

The green building concept we have adopted concentrates mainly on two aspects:

- 1 Increasing the efficiency of the building in terms of energy, water and materials usage; and
- 2 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.

EXAMPLES OF ITEMS THAT ARE RECYCLED DAILY

<p>Recycling Papers</p>	<p>Recycling Batteries</p>
	
<p>Recycling or Refilling Toner and INK Cartridges</p>	<p>Separating and Recycling Glasses, Plastics and Papers</p>
	

SUSTAINABILITY ENVIRONMENT

KEY GREEN FEATURES IMPLEMENTED AT OUR SME BANK BUILDING



ENHANCED COMMISSIONING

- Improvements to ensure the building's major energy-using systems are repaired, operated and maintained effectively to optimise energy performance;
- Commissioning plan for the building's major energy-using systems;
- 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; and
- An updated building operating plan to reflect any changes in the occupancy schedule, equipment run-time schedule, design set points and lighting levels.



LIGHTING ZONING

- Flexible lighting controls to maximise energy savings;
- Individual switches for all individual or enclosed spaces;
- Auto-sensor controlled lighting with daylighting strategy for all perimeter zones and daylight areas; and
- Motion sensors that complement lighting zoning for at least 25% of landlord and common areas.



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;
- Smoking is prohibited in the building except in designated smoking rooms; and
- Negative pressure and an effective air filtration system is installed in smoking rooms.



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 40dB(Aeq); and
 - ⌘ Within the baseline building office space, the sound level does not exceed 45dB(Aeq) for open plan or 40dB(Aeq) for closed offices.



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.



AIR CHANGE EFFECTIVENESS

- Effective delivery of clean air through reduced mixing with indoor pollutants to promote a healthy indoor environment.



ELECTRICAL SUB-METERING

- Sub-metering for all energy usage more than or equivalent to 100kVa.

SUSTAINABILITY SOCIAL



▼ PRIORITISING CUSTOMER-CENTRIC SERVICE DELIVERY



SME Bank remains committed to ensuring our customer service and engagement activities remain a priority. To this end, the Bank's Customer Service Management (CSM) Department, a core unit under the Operations Division, is tasked with undertaking these essential customer-centric activities:

- To facilitate customer feedback, suggestions and complaints to help deliver effective services and improve product packages;
- To ensure customers are completely satisfied with the Bank's services;
- To manage complaints and enquiries in a structured manner; and
- To develop an income generating platform.

In 2016, CSM embarked on a holistic customer service delivery approach whereby a total of 23 customer-oriented action plans were initiated and acted on by CSM in tandem with other teams. The action plans underwent a prioritisation process and were given specific implementation timelines by CSM and process owners. The service delivery areas that underwent change included the following to provide an enhanced end-to-end customer experience.

DELIVERABLES AND IMPACT OF HOLISTIC CUSTOMER SERVICE DELIVERY APPROACH 2016



Increased service efficiency and effectiveness at the physical/tangible and common areas and touch points .

Increased efficiency of Relationship Managers in providing information on product packaging with ease of reference while making immediate changes in the way they view their work.



Increased efficiency and effectiveness in providing services through an improved helpdesk system and e-survey for better control and monitoring.

Established the customer series charter to foster a culture where services are committed to a common cause, i.e "Customer First Strategy" with the service affirmation "We are committed to service excellence".



Established guidelines for Corporate Identity standards on standardisation of the look and feel of the network to provide clearer perspective that all elements within the system - from products to human behaviour - are interrelated and form the service system.

Throughout this exercise which aimed to deliver an improved customer experience internally and externally, there was a symbiotic effort by the diverse teams to ensure that the service delivery efforts were carried out in a holistic manner. By the year's end, there were noticeable changes in service delivery efforts although some improvements are still ongoing.

SUSTAINABILITY
SOCIAL

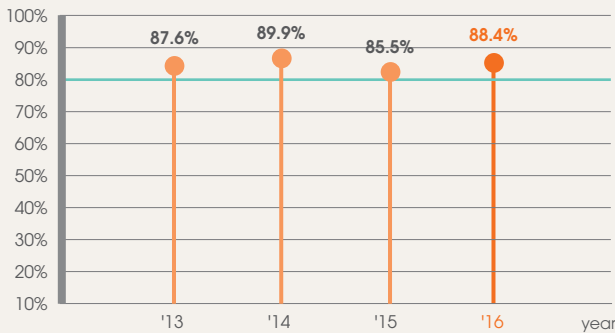
► PRIORITISING CUSTOMER-CENTRIC SERVICE DELIVERY

Ensuring Customer Satisfaction

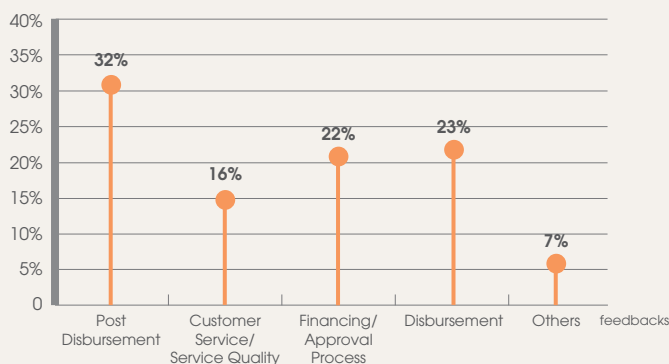
Internal and external customer satisfaction surveys are conducted annually and form part of the Bank's Corporate KPIs. The External Customer Satisfaction Survey (ECSS) covers service delivery from the point of 'the moment of truth' and the initial application process to the first disbursement phase. Among the surveys conducted for external customers are the moment of truth survey by walk-in customers (conducted at our e-kiosks), the new customer survey (conducted over phone interviews) and the existing customer survey (also conducted over phone interviews). The diverse ECSS enable suggestions and feedback from customers to be gathered for continuous improvement.

For 2016, the main issues identified were the turnaround time of internal processes, the efficiency of the Bank's system as well as staff behaviour and competencies. The improvement initiatives and strategies led to the implementation of the aforementioned Holistic Customer Service Delivery Approach 2016 and a Customer Service framework leveraging on the Blue Ocean Strategy. As a result of these initiatives, the Customer Satisfaction Index rose to 88.4% in 2016 from 85.5% in 2015.

Customer Satisfaction Index



Nature of feedbacks



ADVERTISING AND PROMOTION GUIDELINES

As we carry out our various marketing campaigns, our Advertising and Promotion Team is tasked with ensuring that all our communications complies with the relevant regulations. The team also reviews marketing materials to check their accuracy and gauges how best to present product risks and benefits in a balanced manner. All our advertising and promotions materials and activities must strictly adhere to our Corporate Identity guidelines as well as be endorsed by the Shariah Committee before they are released.

The Bank is also expected to give due consideration to our customers' interests when developing, marketing or selling any new products. Adequate internal procedures are in place to ensure the fair treatment of customers to avoid the potential of any misselling, unfair terms and conditions, unclear statements, inaccurate information and business practices that restrict customers' freedom of choice.

BRAND/DESIGN ELEMENT

This design element consists of a two-coloured line, half grey and half orange. Horizontally, the orange portion is always on the left. Vertically, the orange portion is always on top.

If it is used as a box, the primary lines are always the horizontal, and they shall be the ones to be on top and at the bottom of the vertical lines.

In determining the thickness of the design element, the diameter of an orange dot in the SME Bank logo is used and referred to as 1D. The thickness of the line is 1D. However, in some cases where the size of the logo is big, the thickness can range between 1D and 0.5D, but not smaller.

Grey
 Pantone: 425 C
 4 Color Process: C0 M0 Y0 K100
 RGB: 99 99 99
 HEX: #666666

Orange
 Pantone: 156 C
 4 Color Process: C0 M10 Y100 K0
 RGB: 255 166 83
 HEX: #FFA54F

Horizontal line is always on top of the vertical lines.

Horizontal line is always below the vertical lines.

Kewujudan kami adalah untuk memupuk kemajuan PKS dan seluruh ekosistemnya.

Di SME Bank, kami bukan sahaja memenuhi keperluan kewangan anda, malah melalui khidmat nasihat profesional kami akan menyokong pertumbuhan perniagaan anda.

Maklumat lanjut, sila hubungi
1800 88 3131
 atau layari www.smebank.com.my

Dapatkan aplikasi mudah alih kami
 SME Bank
 sme_bank
www.YourSuccessOurStory.com

Small Medium Enterprise Development Bank Malaysia Berhad 4997241
 Sebuah Agensi di bawah MITI.

SUSTAINABILITY
SOCIAL

▼ COPORATE RESPONSIBILITY AT HEART

SME BANK REMAINS COMMITTED TO ELEVATING THE WELLBEING OF THE COMMUNITIES WHERE WE DO BUSINESS AND TO BETTERING SOCIETY. WE DO THIS THROUGH MAKING CHARITABLE CONTRIBUTIONS TO THE LESS PRIVILEGED IN SOCIETY AND BY IMPLEMENTING FOCUSED AND SUSTAINABLE CORPORATE RESPONSIBILITY INITIATIVES THAT HELP COMMUNITIES THRIVE.

For the year in review, we continued to effect positive change through corporate responsibility activities that involved charitable giving, community partnerships and employee volunteerism.

✦ **Lending a Helping Hand**



The month of March 2016 saw SME Bank distributing *zakat* (alms) amounting to RM57,3000 to seven selected *asnaf* for the repair of their houses in Hulu Langat, Selangor. The selection of the recipients was made in collaboration with Islamic Relief Malaysia (IRM), an NGO that is actively involved in organising charitable activities in Malaysia and abroad. We also donated RM5,000 to repair the flooring and ceiling of Surau Taufikiah in Hulu Langat, Selangor. All the contributions was presented by YBhg. Tan Sri Faizah Mohd Tahir, Chairman of SME Bank on 16 March 2016 at the Dusun Tua Community Hall in Hulu Langat.

✦ **Charitable Acts During Ramadan**

As part of our efforts to elevate the wellbeing of communities during the month of Ramadan, we undertook the following charitable acts:

- **Gotong Royong in Semenyih**

A total of 24 staff volunteered to help clean up the Muslim cemetery at Jalan Sungai Lembing, Semenyih in preparation for Hari Raya Aidilfitri.



- **Distribution of Groceries**

Under SME Bank's Ramadan Programme, our staff contributed groceries and cash donations that were distributed to homes for orphans and the elderly as well as single mothers and the less fortunate.



- **Zakat Contribution to Four Communities**

To assist *asnaf* in preparation for the holy month of Ramadan, we contributed *zakat* amounting to RM80,000 to the communities at Pekan, Tambun, Pontian and Ledang.



SUSTAINABILITY
SOCIAL

▼ COPORATE RESPONSIBILITY AT HEART

• *Caring and Sharing with Others*

SME Bank and Selayang Community College teamed up to cook the special Ramadan dish, *bubur lambuk*, at the compound of the SME Bank Head Office. A total of 1,500 packs of *bubur lambuk* were distributed to the public.

As Ramadan is about caring and sharing with others, SME Bank organised the distribution of 1,100 food packs to the public at Terminal Bersepadu Selatan, the Kuala Lumpur Homeless Transit Centre, UTC Pudu Central and Masjid Albukhary, Kuala Lumpur.



• *Reaching Out on a Nationwide Basis*

To ensure our Ramadan initiatives reached the national level as well as to inculcate the spirit of volunteerism, empathy and unity among the Bank's staff, our network of branches organised their own Ramadan programmes at their respective locations.



• *Appreciating Our Armed Forces*

To show our appreciation to the Malaysian Armed Forces, SME Bank once again joined in the handing over of Hari Raya hampers organised by BAKTI (Badan Amal dan Kebajikan Tenaga Isteri-Isteri) on 21 June 2016. The event was officiated by YB Datuk Seri Hishamuddin Tun Hussein, Minister of Defence in the presence of YABhg. Datin Paduka Seri Rosmah Mansor, the President of BAKTI.



SUSTAINABILITY
SOCIAL

▼ COPORATE RESPONSIBILITY AT HEART



SME BANK Y-BIZ CHALLENGE

The year 2016 marked the fifth consecutive year of the Bank’s signature corporate responsibility programme, namely the “Program Inovasi Usahawan Muda - SME Bank Y-Biz Challenge”. This ongoing effort with the Co-curricular and Arts Division of the Ministry of Education (MOE) has done much to nurture and groom future entrepreneurs amongst secondary school students in Malaysia. The programme aims to raise students’ interest in entrepreneurship, provide them with the opportunity to explore their creativity and innovativeness, as well as accord them the knowledge to become potential entrepreneurs in the future.

For the 2016 competition, which ran from 4 January to 30 August 2016, the Y-Biz Challenge Secretariat sent out participation forms to 2,394 secondary schools throughout Malaysia under the purview of the MOE as well as 9 private schools. Some 88 entries were received of which two were from the private schools.

The breakdown of schools that participated in the programme is as follows:

No.	States	No. of schools
1.	Johor	12
2.	Pulau Pinang	13
3.	Kuala Lumpur	6
4.	Terengganu	11
5.	Kedah	4
6.	Melaka	3
7.	Perak	5
8.	Kelantan	1
9.	Pahang	5
10.	Sabah	9
11.	Selangor	16
12.	Negeri Sembilan	2
13.	Perlis	1
	Total	88



SUSTAINABILITY SOCIAL

▼ CORPORATE RESPONSIBILITY AT HEART



Preliminary Round

The preliminary round of the Y-Biz Challenge on 5 September 2016 led to the selection of 20 schools. The panel of judges comprised representatives from the MOE, CEDAR, Majlis Rekabentuk Malaysia (MRM) and SME Bank itself.

Semi-Final Round and Boot Camp

The semi-final round and boot camp session of the Y-Biz Challenge was held at Cherengin Hills Convention & Spa Resort, Janda Baik in Pahang from 27 to 29 September. A total of 80 students and 20 teachers attended the bootcamp. All the 20 semifinalist were given seed capital of RM1,000 each to produce the prototype of the product or service. The teams were exposed to topics touching on entrepreneurship, leadership skills and product design. They also participated in motivational talks and various group activities conducted by the invited speakers and an appointed training consultant.



Final Round

Following the presentation of their project proposals and product prototypes to the panel of judges comprising representatives from CEDAR, the MOE and MIMOS, 10 schools were selected to compete in the final round. The final competition was held on 8 November 2016 at Menara SME Bank with the 10 finalists presenting a progress update on their respective businesses to the panel of judges made up of representatives from CEDAR, the MOE, MIMOS and Jemz Advertising Sdn. Bhd. (a successful client of SME Bank). A representative from KHR Chartered Accountants was appointed as an external auditor to verify and endorse the results and the selection of the top three winners.

SUSTAINABILITY
SOCIAL

▼ COPORATE RESPONSIBILITY AT HEART

AFTER FIVE CONSECUTIVE YEARS OF THE SME BANK Y-BIZ CHALLENGE, THE COMPETITION HAS SUCCESSFULLY ACHIEVED ITS INTENDED OBJECTIVES. SOME OF THE PARTICIPANT SCHOOLS HAVE STARTED SELLING THEIR PRODUCTS THROUGH THEIR COOPERATIVE CLUBS.

List of Winners

SME BANK Y-BIZ CHALLENGE 2016 WINNERS

No.	Winner	School
1.	Champion	Sek. Berasrama Penuh Integrasi Rawang, Selangor
2.	First Runner Up	Sek. Men. Keb. Tengku Intan Zaharah I, Terengganu
3.	Second Runner Up	Sek. Men. Keb. Sanzac, Sabah
4.	Consolation Prizes	Sek. Men. Sains Hulu Selangor, Selangor
5.		Sek. Men. Keb. Taman Daya 2, Johor
6.		Sek. Men. Seri Kenangan, Johor
7.		Sek. Men. Keb. Tengku Intan Zaharah, Terengganu II, Terengganu
8.		Sek. Seri Puteri, Cyberjaya
9.		Sek. Men. Keb. Buloh Kasap, Johor
10.		Sek. Men. Keb. Puchong Perdana, Selangor

The prize giving ceremony was held on 10 November 2016 at the Sheraton Imperial Kuala Lumpur. The event was graced by YB Dato' Seri Mahdzir Bin Khalid, Minister of Education, Malaysia who gave away the prizes to the winners.



SUSTAINABILITY

SOCIAL

▼ CORPORATE RESPONSIBILITY AT HEART

Project Commercialisation

In previous years, the main focus of the competition was to evaluate students' creativity in producing a product or service that was innovative and had commercial value. However, for the 2016 event, we changed the format to focus on the business aspects and commercial viability of the product or service. The schools participating in the 2016 competition were required to register online and submit their project proposals through the www.YourSuccessOurStory.com portal. Updates on the new format of the competition were disseminated through the website, emails, Facebook, SMS and WhatsApp.

All participants were also tasked with selling their products or services. The winner of the 2016 Y-Biz Challenge was evaluated based on their success in selling their product or service. For 2016, all 10 finalists were able to demonstrate good business acumen in selling their products or services.

After five consecutive years of the SME Bank Y-Biz Challenge, the competition has successfully achieved its intended objectives. These are some of the participant schools that have started selling their products through their cooperative clubs.



SMK Malim, Melaka - 2013 Finalist

- Product: D'Lapique, a portable desk cover made from non woven material
- More than 18,000 units of D'Lapique have been sold since 2013



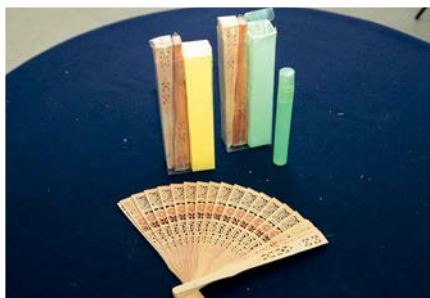
SM Sains Hulu Selangor, Selangor - 2014 Champion

- Product: Gummy SEMASHUR, a gummy made from recycled polystyrene
- 500 bottles have been sold since 2015



Madrasah Idrisiah, Perak - 2015 2nd Runner Up

- Product: E-Pro Buster, a pest repellent gel
- More than 30,000 units have been sold since 2015
- Madrasah Idrisiah has set up a factory in Indonesia
- Penetrated the international market (Indonesia and Brunei)



SBP Integrasi Rawang, Rawang, Selangor - 2016 Champion

- Product: Essential Fan, a scented hand fan that reduces migraines and the flu
- Penetrated international market (Dubai and Thailand)



SMK Tengku Intan Zaharah 1, Terengganu - 2016 1st Runner Up

- Product: Pereskia Gel For Eyes, an eye treatment gel with ingredients extracted from the Pereskia plant
- More than 2,000 units have been sold to local communities and university students



SMK Sanzac, Sabah - 2016 2nd Runner Up

- Product: Chantek-Sira Soap, a herbal beauty soap to cure skin problem
- Have begun to produce and market the product since 2016 to local communities

SUSTAINABILITY
SOCIAL

CORPORATE RESPONSIBILITY AT HEART

Creating Added Value

Our efforts to promote the SME Bank Y-Biz Challenge 2016 included promoting the competition through the official Y-Biz Challenge Facebook page and SME Bank's portal www.YourSuccessOurStory.com. The Co-curricular and Arts Division of the MOE also disseminated information on the competition to all the State Education Departments (JPN) throughout Malaysia. Apart from that, letters and brochures were sent to all schools to ensure maximum exposure.

After the Challenge's prize giving ceremony, we received 36 media mentions via TV, radio, social media and print media.

Type of Media	No. of Clips	Reach
TV	3	2 million viewers
Social Media	17	64 pax
Newspaper	13	7.2 million readers
Total	36	

SME Bank asah bakat muda

KUALA LUMPUR: Menteri Pendidikan, Datuk Seri Mahdzir Khalid dan Menteri SME Bank, Tan Sri Faizah Mohd Tahir, telah beramah mesra dengan pelajar SBPI Rawang yang menjaring pertandingan...



MAHDZIR (tempat ke-4) beramah mesra dengan pelajar SBPI Rawang yang menjaring pertandingan.

Tuah kipas minyak angin

SBPI juarai Program Inovasi Usahawan Muda-SME Bank Y-Biz Challenge 2016

Inan Mas Ayu Shaheli untuk menang...
"Idea asal adalah untuk mengatasi masalah kerap mengantuk dalam kelas, masa tahu tuah mengeringi kami setiap kali projek inovasi ini dipertandingkan," kata Guru Pembimbing Sepinar Young Inventors, Sakinah Yusoff, Guru Sekolah Berasrama Penuh Integrasi (SBPI) Rawang. Ia mengutip empat pelajar yang bertugas selepas selesai pertandingan. "Kami mempertaruhkan produk Essential Fan lain juga kerana minyak angin yang boleh mengatasi masalah pening selepas dan kerap mengantuk dalam kelas."
"Kipas tangan dibuat daripada habuk kayu yang dipampatkan manakala minyak angin dihasilkan daripada herba terpilih. "Namin demidan, saya percaya kami mempunyai kelebihan berbanding sekolah lain kerana mencetus pasaran negara liran," katanya ketika ditemui selepas penyampaian hadiah oleh Menteri Pendidikan, Datuk Seri Mahdzir Khalid.
Sepinar Young Inventors terdiri daripada pelajar tingkatan tiga, Abdullah Hafeez Zulkefli, Mohamad Zahir Mohd Zakari, Izzatul Nasuha Fazel dan Dze Fathi Md Razeef. Mereka membawa pulang hadiah tunai keseluruhan RM20,000, trofi, sila penyertaan, Piala Postang SME Bank dan hadiah khas berupa tiket persembahan RM25,000 untuk empat orang bagi menyertai pertandingan luar negara.
Nab hana dimenangi kumpulan The Genius Y-Scientists dari Sekolah Menengah Kebangsaan...
"Kami menerima 88 penyertaan termasuk 46 sekolah yang baru kali pertama mengikuti program".
Faizah Mohd Tahir

SME Bank lulus lebih RM200j pembiayaan

KUALA LUMPUR: SME Bank telah meluluskan pembiayaan lebih RM200 juta kepada pelanggannya sehingga Oktober tahun ini, melepasi sasaran yang ditetapkan bagi tahun 2015.
Pengarah Urusan Kumpulan Datuk Mohd. Radiff Mohd. Yusoff berkata, sasaran pembiayaan RM200 juta yang ditetapkan pihaknya adalah bagi membina perusahaan kecil dan sederhana (PKS) melalui program capaian WZSS 2016.
Katanya, ia merupakan sebahagian daripada inisiatif bank untuk meningkatkan capaian kepada usahawan PKS secara langsung.
"Dipada jumlah itu, sektor perkhidmatan merupakan penghasil pembiayaan tertinggi untuk tahun ini," katanya.
Menyebut dengan sekecil-kecil terbit telah mula bergerak langkah memajukan produk-produk yang dicipta.
SME Bank Y-Biz Challenge 2016 dimenangi oleh Sekolah Berasrama Penuh Integrasi Rawang, Selangor dengan penghasilan produk Essential Fan, tempat kedua dimenangi oleh Sekolah Menengah Kebangsaan Temenggung Sultan Zahirah, Dungun, Terengganu dan tempat ketiga dimenangi oleh SMK Sertan, Kota Kinabalu, Sabah.
Jumlah penerima hadiah bernilai RM15,000 bagi kumpulan, RM5,000 untuk sekolah bersama trofi, sila penyertaan dan Piala Postang SME Bank serta hadiah khas berupa tiket persembahan berjumlah RM25,000 untuk empat orang bagi menyertai pertandingan.

UPSR format may be changed

Exam could be school assessment-based

By REBECCA RAJENDRAN educate@theastar.com.my
KUALA LUMPUR: The Year Six UPSR public examination could soon become school assessment-based, resembling the Form 3 PT3 tests, says Education Minister Datuk Seri Mahdzir Khalid.
"The idea is still in the early stages and we have engaged with various stakeholders," he told reporters after handing out prizes to the winners of SME Bank Y-Biz Challenge Young Entrepreneurs Innovation Programme here.
He said the ministry has spokers to parent-teacher associations, unions and academicians to study the impact of converting the centralised examination to one that is more assessment-based.
"Many views have to be taken into consideration, including what happens if we change the format of these examinations," he added.
If the UPSR does become more assessment-based, he said the only complete centralised examination a student will take is the SPM Pelajaran Malaysia (SPM).
Mahdzir said the Education Ministry wanted to move away from the centralised examination.

Keusahawanan subjek popular dalam kalangan pelajar

KUALA LUMPUR: Keusahawanan kini merupakan subjek popular dalam kalangan pelajar berdasarkan kejayaan peningkatan bilangan penyertaan bagi program SME Bank Y-Biz Challenge 2016.
Pengurus SME Bank, Tan Sri Faizah Mohd Tahir, berkata program itu yang kini memasuki tahun kelimanya bertujuan menyediakan platform bagi golongan muda untuk mengasah bakat keusahawanan mereka.
"Pada permulaan pertandingan pada 2012, terdapat 409 penyertaan yang mana 1,441 sila pelajar sekolah menengah. Sejak itu, bilangan peserta semakin bertambah," katanya.
Faizah berkata demikian kepada pemberita semasa majlis penyampaian hadiah Program Inovasi Usahawan Muda SME Y-Biz Challenge 2016, di sini, Kolmarin.
Hadiah keseluruhan yang bernilai RM91,000 disampaikan kepada pemenang dan peserta.
Menteri Pendidikan, Datuk Seri Mahdzir Khalid, menyampaikan trofi dan wang hadiah kepada para pemenang dan peserta acara tahun ini yang menarik 88 penyertaan yang mana 40 merupakan peserta kali pertama. — Bernama

Entrepreneurship a popular subject among students now: SME Bank

KUALA LUMPUR: Entrepreneurship is now a popular subject among students based on the increasing number of participants in the SME Bank Y-Biz Challenge 2016.
SME Bank Chairman, Tan Sri Faizah Mohd Tahir, said the programme, in its fifth year, aimed to provide a platform for the young to explore their entrepreneurship side.
"At the start of the competition in 2012, there were 409 entries of which 1,441 were middle school students. Since then, the number of participants has seen a steady increase," she said.
Faizah said this to reporters at the Young Entrepreneur Innovation Programme SME Y-Biz Challenge 2016 prize-giving ceremony here Thursday.
A total prize pool of RM91,000 was given out to the winners and participants.
Minister of Education, Datuk Seri Mahdzir Khalid, handed out the trophies and prize money to the winners and participants of this year's event, which attracted 88 participants, of which 46 were first-timers.
In the closing speech, Faizah congratulated the winners and participants and hoped to meet more talented young entrepreneurs for the future SME Y-Biz Challenges.
"Congratulations to the winners of this year's SME Y-Biz Challenge 2016! I hope the knowledge and skills that you (students) have gained during the challenge will extend to your bright and innovative future ahead," Faizah said.
The challenge opened to the students enables them to explore and invigorate their minds, in hopes to create a young generation of entrepreneurs that will make a positive impact to society, be it locally or internationally.
This year's winner, Sekolah Berasrama Penuh Integrasi Rawang, won the grand prize of RM20,000 for its 'Essential Fan', a form of hand fan that eases the thumping pain for the elderly with arthrosis.
Runner-up, SMK Tengku Intan Zaharah Dungun, won a cash prize of RM15,000, with its 'Pereskia Gel', a form of gel that helps reduce eye problems such as nearsightedness and farsightedness. — Bernama



Mahdzir (tempat ke-4) beramah mesra dengan pelajar SBPI Rawang yang menjaring pertandingan.



Mahdzir (tempat ke-4) beramah mesra dengan pelajar SBPI Rawang yang menjaring pertandingan.

Portfolio terkini pinjaman SME Bank cecah RM5.9b

Peruntukan RM200 juta kepada PKS dilancarkan Mac lalu
Kuala Lumpur, semalam, Menteri Pendidikan, Datuk Seri Mahdzir Khalid dan Menteri SME Bank, Tan Sri Faizah Mohd Tahir, telah beramah mesra dengan pelajar SBPI Rawang yang menjaring pertandingan...
"Kami mempertaruhkan produk Essential Fan lain juga kerana minyak angin yang boleh mengatasi masalah pening selepas dan kerap mengantuk dalam kelas."
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"Kami menerima 88 penyertaan termasuk 46 sekolah yang baru kali pertama mengikuti program".
Faizah Mohd Tahir

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▼ CORPORATE RESPONSIBILITY AT HEART

“This competition should continue well into the future because this programme is not only able to groom and nurture future entrepreneurs, but has indirectly enabled participants to share their knowledge and experience”.

YB. Dato' Seri Mahdzir Khalid, Minister of Education, Malaysia

“The success achieved by the participants of the SME Bank Y-Biz Challenge has indirectly carved a good name for Malaysia in the international arena”.

Tan Sri Faizah Mohd Tahir, Chairman, SME Bank

“This programme actually builds students' level of confidence and nurtures their minds to think innovatively and create new products to sell”.

Pn. Nowenna Willie D. Tamsin, Teacher, SMK Sanzac, Sabah

“SME Bank Y-Biz Challenge is the best platform for students as it enables them to bring forth their ideas and creativity and turn it into a product that they can sell”.

En. Shahrul Anuar, Teacher, SMK Seri Kenangan, Johor

“This programme has provided us a lot of knowledge about entrepreneurship and innovation. It has also enhanced students' creativity and has helped nurture their minds to think out-of-the-box”.

Abdullah Hafeez, Student, SBP Integrasi Rawang



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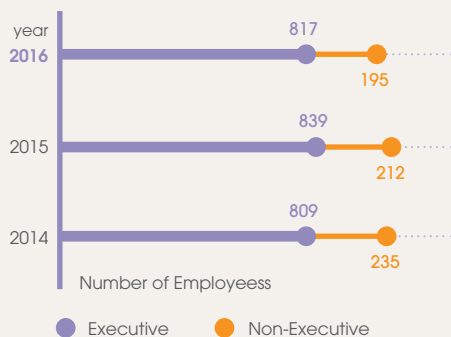
OUR PROMISE TO OUR PEOPLE

AT SME BANK, WE ARE COMMITTED TO CREATING AND MAINTAINING A SAFE AND ENGAGING WORK ENVIRONMENT THAT IS CONDUCIVE TO ATTRACTING, DEVELOPING, RETAINING AND SUPPORTING A HIGH-PERFORMANCE WORKFORCE. OUR PEOPLE ARE A KEY ASSET AND INTEGRAL TO OUR LONG-TERM SUCCESS AND WE FOCUS OUR EFFORTS ON EQUIPPING THEM WITH THE RIGHT TOOLS AND KNOWLEDGE SO THEY CAN PRODUCE EXCELLENT RESULTS. OUR EFFORTS INCLUDE PROVIDING A WORK ENVIRONMENT THAT NURTURES OUR PEOPLE'S PROFESSIONAL AND INDIVIDUAL DEVELOPMENT, EMPOWERS THEM TO MAKE DECISIONS, SUPPORTS A GOOD WORK-LIFE BALANCE, AS WELL AS SAFEGUARDS THEIR HEALTH AND WELLBEING.

OUR DIVERSE WORKFORCE

A workplace that is inclusive and reflects the demographics of the local community is essential. It provides a range of perspectives and approaches that are necessary for our future competitiveness. Recruiting and nurturing a diverse workforce helps us meet the needs of our diverse customer base and the communities in which we operate more effectively. We are proud of our diverse workplace which is what makes us unique.

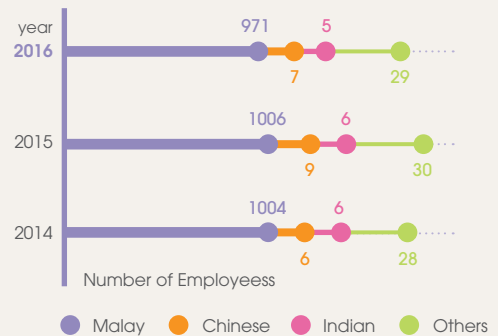
Workforce by Employment Type



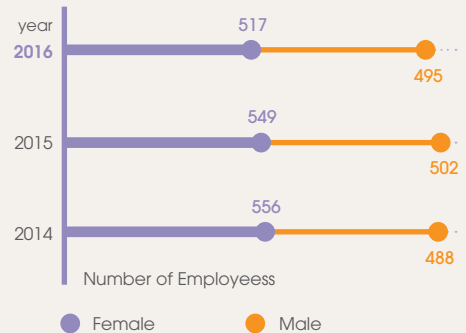
Workforce by Employment Contract



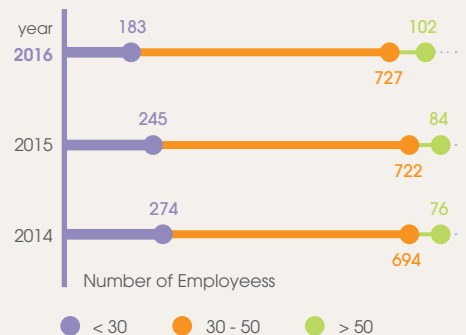
Workforce by Ethnicity



Workforce by Gender



Workforce by Age Group



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EMPLOYEE TURNOVER	2014	2015	2016
Employee Turnover Rate / %	7.9%	8.3%	7.6%

♂ Male

43

45

42

♀ Female

39

42

38

Age Group / No. of Pax



<30

27

24

35



30 - 50

51

59

40



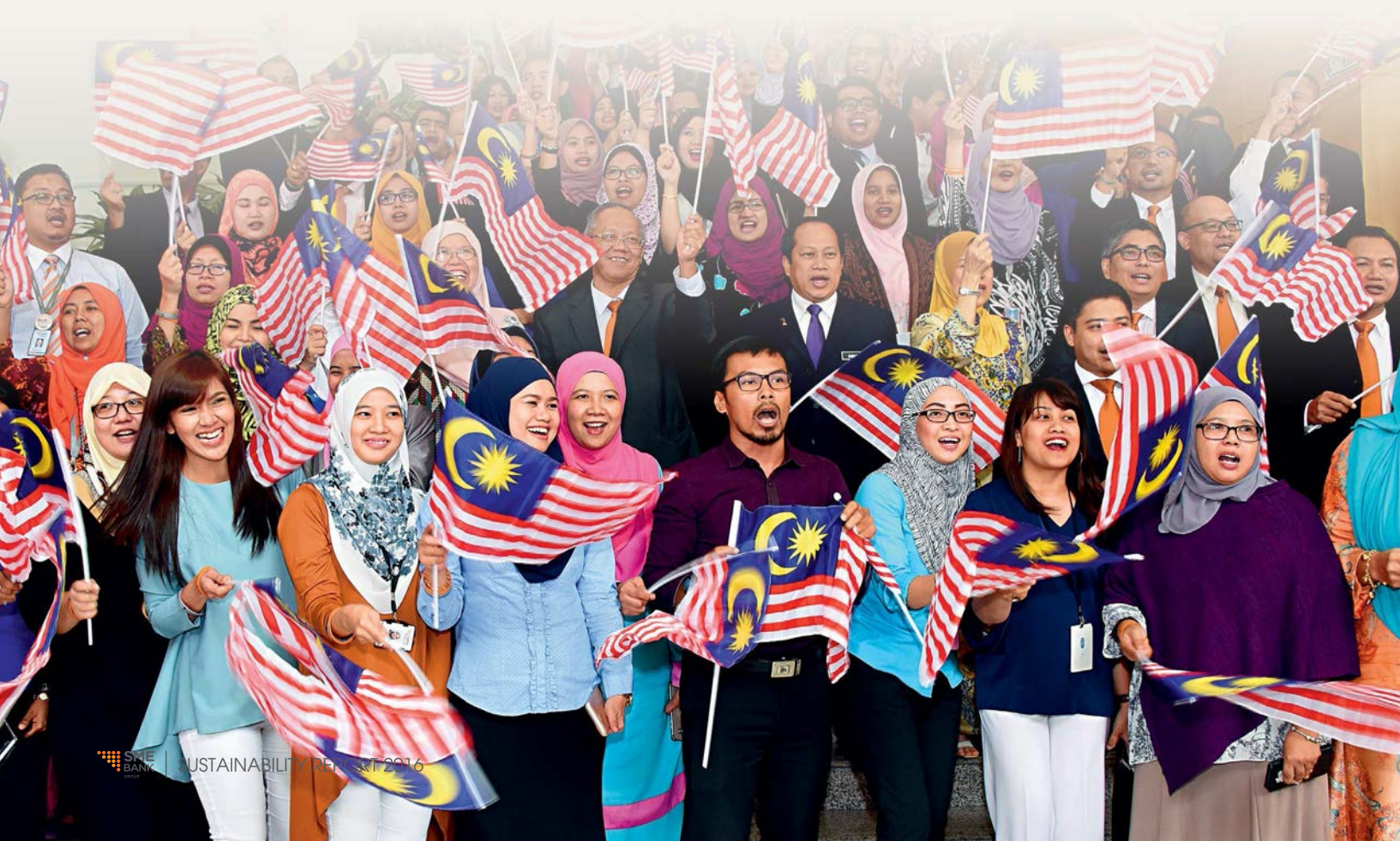
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WOMEN IN MANAGEMENT	2014	2015	2016
Women in management	74%	81%	78%
Women in top management	2%	3%	3%



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LEARNING AND DEVELOPMENT ACTIVITIES

Lifelong learning and development remain a key part of our workforce strategy and are integral to us being an employer of choice. We believe that every employee at SME Bank should be accorded the opportunity to reach his or her full potential and make their mark within the Bank. We see the Bank as being a place where our employees can learn something new each day, build rewarding career pathways and pursue their passions. As such, employee retention continues to be a top priority for us and is an area that is being strengthened through a cycle of regular development, recognition and performance-related rewards.

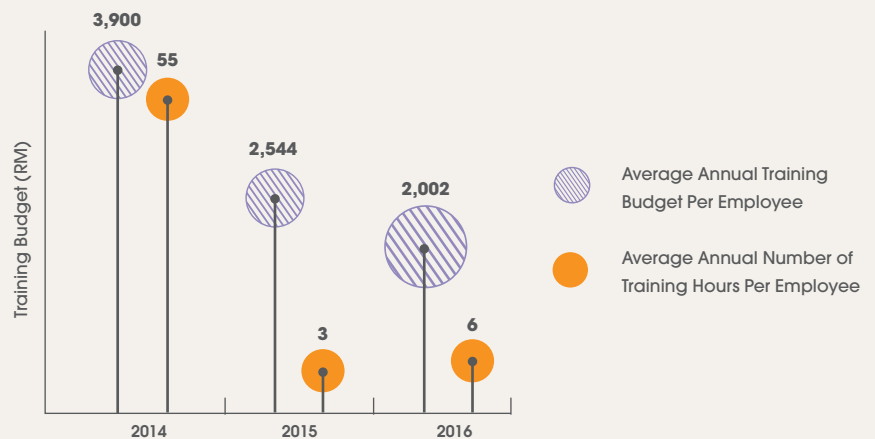
In 2016, we designed our Learning and Development framework around a Core Competency Programme (encompassing functional, technical and core training) and a Leadership Programme (comprising leadership training). In total, we conducted 49 in-house training sessions and 113 external/public training sessions on both the Core Competency and Leadership fronts.

In 2016, the average annual training requirement for the executive level and above was five days while it was three days for the non-executive level. The average annual number of training hours for the past few years is presented in the chart.

Programme/ Level	Non executives	Associates	Managers	Assistant Vice Presidents	Vice Presidents- First Vice Presidents	Directors- Chief Operating Officers	Board of Directors- Group Managing Director
Core Training Programme	<ul style="list-style-type: none"> Equip staff with training programmes that enhance leadership and personal growth Provide continuous education to develop and acquire knowledge and skills Strive for excellence and professionalism through a series of training programmes Build a consistent learning culture throughout the organisation Develop managerial competencies throughout the organisation Acquire skill sets and abilities to support organisational objectives Develop common understanding for managers on the key areas that are essential to business operations Develop managers' entrepreneurial skills 						Provide updates on the law and strengthen governance capability
Functional Training	<ul style="list-style-type: none"> Equip staff with fundamental functional skills that are generic for business and functional performance Enhance and improve a range of technical skill sets for business and functional performance Gain practical skills and increase career potentials in functional areas 						Personalised Development Programmes
Elective Training	<ul style="list-style-type: none"> Develop and enhance personal effectiveness 						



AVERAGE ANNUAL TRAINING FOR 2016



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ON-BOARDING PROGRAMME

The Bank's On-boarding Programme aims to ensure all new hires are introduced to their new positions in an efficient and effective manner within the first 30 days of hire. An Online On-Boarding Kit is provided to new hires so that they can get familiar with the Bank's vision and strategic initiatives for the financial year. Between the second and sixth month of their employment, new hires are to attend a two-day programme where they undergo a comprehensive hands-on introduction to organisational requirements and banking etiquette. Here, our internal subject matter experts and the Learning & Development team work together to introduce new employees to the Bank's work culture as well as the essential tools they will require to access all relevant policies, systems and processes in order for them to be able to work effectively and develop their career at the Bank.

Over the course of their first three years at the Bank, new employees are taken through a five-stage programme to ensure they settle in nicely and have a structured developmental pathway. The structure entails a settling in period including the assignment of a buddy, as well as the rollout of various assessment, feedback, planning and developmental activities to ensure each and every employee knows exactly what the Bank expects of them and what they can expect of the Bank.

The five key objectives of the On-boarding Programme are spelt out as follows:



FIVE STAGES OF ON-BOARDING: THE FIRST DAY IS JUST THE BEGINNING



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INTERNSHIP PROGRAMME

As part of our three keystone behaviours and in line with our efforts to provide returns to our stakeholders, we continue to roll out the SME Bank Industrial Training & Placement Programme (ITPP) where local students from recognised higher learning institutions are provided with the opportunity to undergo industrial training in specific Development Financial Institutions (DFIs).

To be eligible for the ITPP, candidates must:

- Have obtained a current cumulative GPA of at least 3.0;
- Be studying a degree or equivalent programme at a recognised higher learning institution in a field that is specified by the Group Human Capital Management Division and interested divisions.
- Possess good interpersonal skills;
- Actively participate in co-curriculum activities in universities or colleges; and
- Have strong initiative and the ability to work independently.

The ITPP period is subject to the respective university or college's programme. The majority of our internship trainees come from a background in Economics, Accounting, Finance, Islamic Banking and Human Resources. Over the course of the year, the Bank welcomed 15 internship students who were assigned to various functions within the Bank.

STRATEGIC ACCOUNT MANAGEMENT DEVELOPMENT RELATED PROGRAMME

The Bank's Strategic Account Management Development Related Programme was initiated to complement our strategy of improving our account management processes. This programme has these aims:

- To enhance the readiness of customer-facing staff to support the Bank's Business Model and ensure its success;
- To place greater emphasis on credit papers that will reduce re-work, improve productivity and most importantly improve delivery to customers;
- To create a clear understanding and greater cooperation between the branches and Head Office when handling back office functions; and
- To create a clear understanding of Malaysia's National Key Economic Areas.

For the year in review, 173 staff underwent the programme.

EMPLOYEE EDUCATION ASSISTANCE PROGRAMME

In line with our continuous efforts to enhance talent development and capacity building within SME Bank, we launched the Employee Education Assistance Programme (EEAP) in 2015 in collaboration with Majlis Amanah Raya (MARARA). The programme entails us providing fully-paid study leave to qualified employees. By rendering employees this assistance, we are helping to develop their educational and intellectual capacity as well as areas of specialisation in line with the Bank's needs and ambitions.

INTERNATIONAL MOBILITY PROGRAMME

Recognising the value of employees with global skill sets and international technical exposure, SME Bank in collaboration with selected international financial institutions introduced the International Mobility Programme. This programme serves to develop employees by exposing them to various international assignments while providing them with opportunities to develop their international experience. The programme was designed to better develop the employee and aligns with the Bank's retention strategy.

In 2016, the Bank in collaboration with international financial institutions and NGOs implemented the Employee Exchange Programme under the ambit of the International Mobility Programme. Three delegates from Oman Development Bank and one international student from Moscow State University, Russia were attached to SME Bank for a two to four week timeframe for them to understand the Bank's policies and procedures in performing daily operations. Throughout the programme, the Bank appointed the respective Bank employees to act as our representatives to facilitate knowledge sharing sessions with the delegates.

On top of this, the Bank sent two employees for a study tour programme to both Thailand and Japan. The employees were able to quickly assimilate the respective cultures, aspirations and best practices in order for them to perform their daily operations.

PREPARING EMPLOYEES TO MANAGE ISLAMIC FINANCE MATTERS

In line with our strategy to be a full-fledged Islamic financial institution, our Human Capital Management Division has designed and implemented a series of programmes to create awareness, ensure readiness and enhance employee capability and capacity in relation to Islamic financial matters.

The programmes accord DFI Executives with fundamental knowledge about Islamic financing products in their business operations. The programmes also help to enhance staff's understanding and appreciation of the concept and application of Islamic Finance as well as its relevance to day-to-day banking operations.

Today, SME Bank via CEDAR in collaboration with the Islamic Banking and Finance Institute of Malaysia (IBFIM), is involved in developing and conducting the Chartered Islamic Development Banker (ChIDB) Programme. The ChIDB was developed to equip the talent pool among DFIs with up-to-date industry knowledge of the Islamic finance industry locally and globally given its burgeoning growth.

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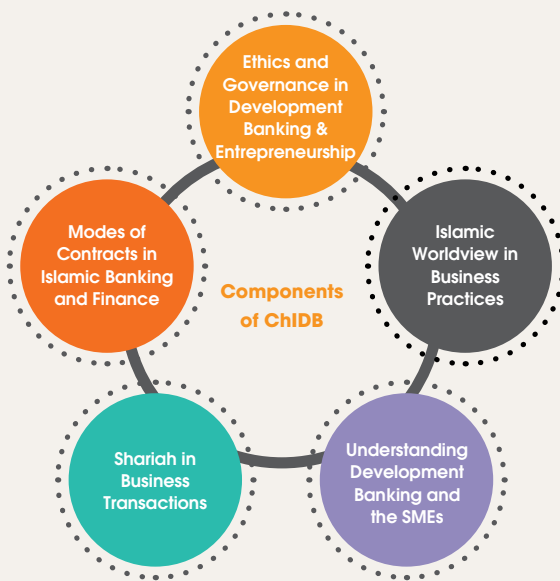
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The CIDB programme is divided into three stages:

1. Certified Islamic Development Banker (CIDB) Level 1;
2. Professional Islamic Development Banker (PIDB) Level 2; and
3. Chartered Islamic Development Banker (CIDB).

For 2016, a total of 69 of SME Bank's staff graduated from the CIDB programme.



PRIORITISING LOCAL TALENT

To date, SME Bank has no formal policy or common practices that give preference to locals when hiring. However, recruitment statistics show that all employees in 2016 were locals. SME Bank encourages the hiring of local talent through:

- Online advertisements on job portals such as Jobstreet, which have a proven track record of reaching out to a wide pool of local talents;
- Online advertisements on SME Bank's Facebook page;
- Locally-published and distributed newspaper advertisements;
- Participation in local career fairs; and
- The use of headhunting talent searches for critical and senior management positions.

REWARDING OUR EMPLOYEES

Employee Remuneration

We are committed to ensuring competitive, fair and balanced remuneration for all our employees. Our remuneration policy aligns with local market practices and we provide competitive salaries aimed at retaining and motivating talent. Our eminently fair remuneration policy is not based on gender, age or race, but provides all employees with clear, transparent rules for remuneration packages, which undergo a yearly evaluation. In comparison with other companies in the same industry, SME Bank's pay scale is pegged at the 67th percentile of the market while our total remuneration is pegged at the 75th percentile.

The Bank conducts a regular remuneration review to determine an employee's remuneration. Not only does this help us align our remuneration packages with the changing business environment, but it enables us to be more equitable in rewarding high achievers in the workplace, developing talented employees and determining our competitiveness vis-à-vis the market.

A percentage of employees' basic salaries is given to the Employees Provident Fund (EPF) as per statutory requirements. SME Bank also makes a contribution to the EPF as required by law and pays an additional employer's contribution of between 2% and 5.5% based on an employee's length of service. Back in 2015, SME Bank was awarded the Silver Medal at the MIHRM Employer of Choice Awards, underscoring our position as an employer of choice and bearing testimony to the quality of our remuneration system.

Employee Benefits

Employee benefits are defined as forms of value other than payment provided to employees in return for their contribution to the organisation. In addition to standard benefits, SME Bank also offers a range of other unique benefits as summarised below.

In March 2016, the Bank introduced the Flexible Benefits Scheme whereby our employees are allowed to "sell" their annual leave and to utilise the proceeds for their personal needs be it for their lifestyle, health and wellness, educational or family care needs.

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SUMMARY OF BENEFITS OFFERED TO SME BANK EMPLOYEES



Additional Incentives

We also offer these incentive schemes to our staff and their children in recognition of academic excellence:

Incentive Scheme for Child Educational Excellence

Examination	Required Grades	Incentive Awarded
UPSR	5As	RM100
PMR	5As and above	RM250
SPM	A1/A2 in 6 core subjects	RM500

Incentive for Staff Educational Excellence

Qualification	Score	Incentive Awarded
Diploma	CGPA 3.0 and above	RM1,000
Degree	CGPA 3.0 and above	RM2,500
Master	Distinction or cum laude	RM5,000

EMPLOYEE RETIREMENT

Retirement Age

Back in August 2012, the Malaysian Government announced its enforcement of the minimum retirement age, whereby private sector employees must retire upon reaching 60 years of age to comply with the Minimum Retirement Age Act 2012. Here at SME Bank, any employee may opt to retire early at any time upon reaching the age of 50. However, the approval is subject to management's discretion. An employee who is medically or physically unfit to work may be advised to retire early by a doctor of any SME Bank panel clinic, hospital or government medical practitioner.

Retirement Benefits

All employees who have retired over the normal course of service or upon reaching the retirement age are given one month's paid leave. Employees of the Bank are eligible for retirement benefit in terms of additional employer's EPF contributions based on the years of service as per the following table:

Length of Service	Additional Contributions (% Basic Salary)
	Joined after 1 July 2012
< 5 years	2%
5 – 10 years	4%
> 10 years	5.5%

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ASSESSING EMPLOYEE COMPETENCIES

The ongoing development of employees' personal and professional competencies is essential for our workforce. To this end, each position within SME Bank has a defined set of core and functional competencies that must meet specific proficiency levels. The Bank's competency assessment measures and evaluates an employee's competencies through specific measures as and when required. The assessment outcomes are used to identify learning and development needs.

The assessment is conducted by the Human Capital Management Division and the results help us to identify the learning and development requirements of each employee.

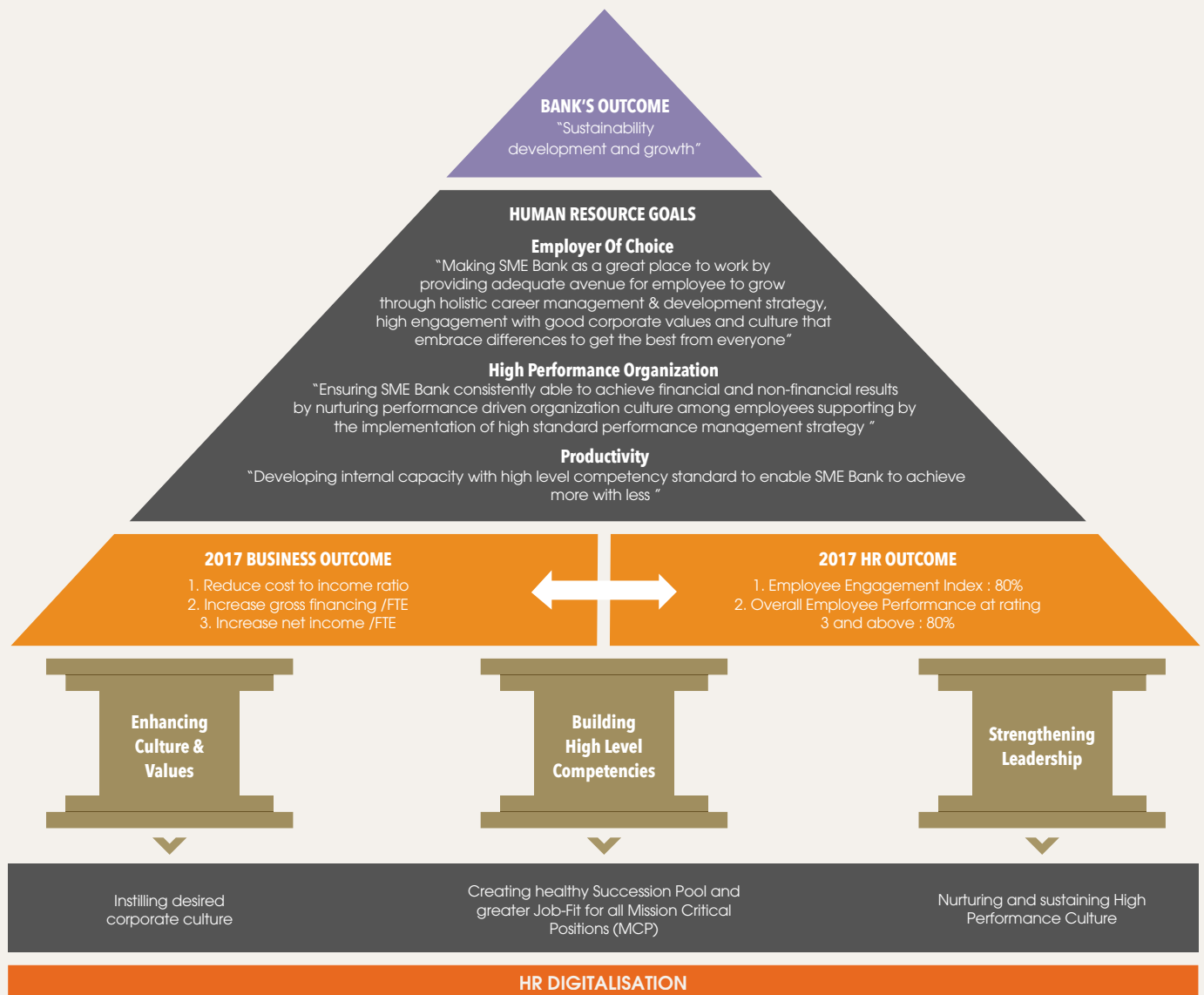


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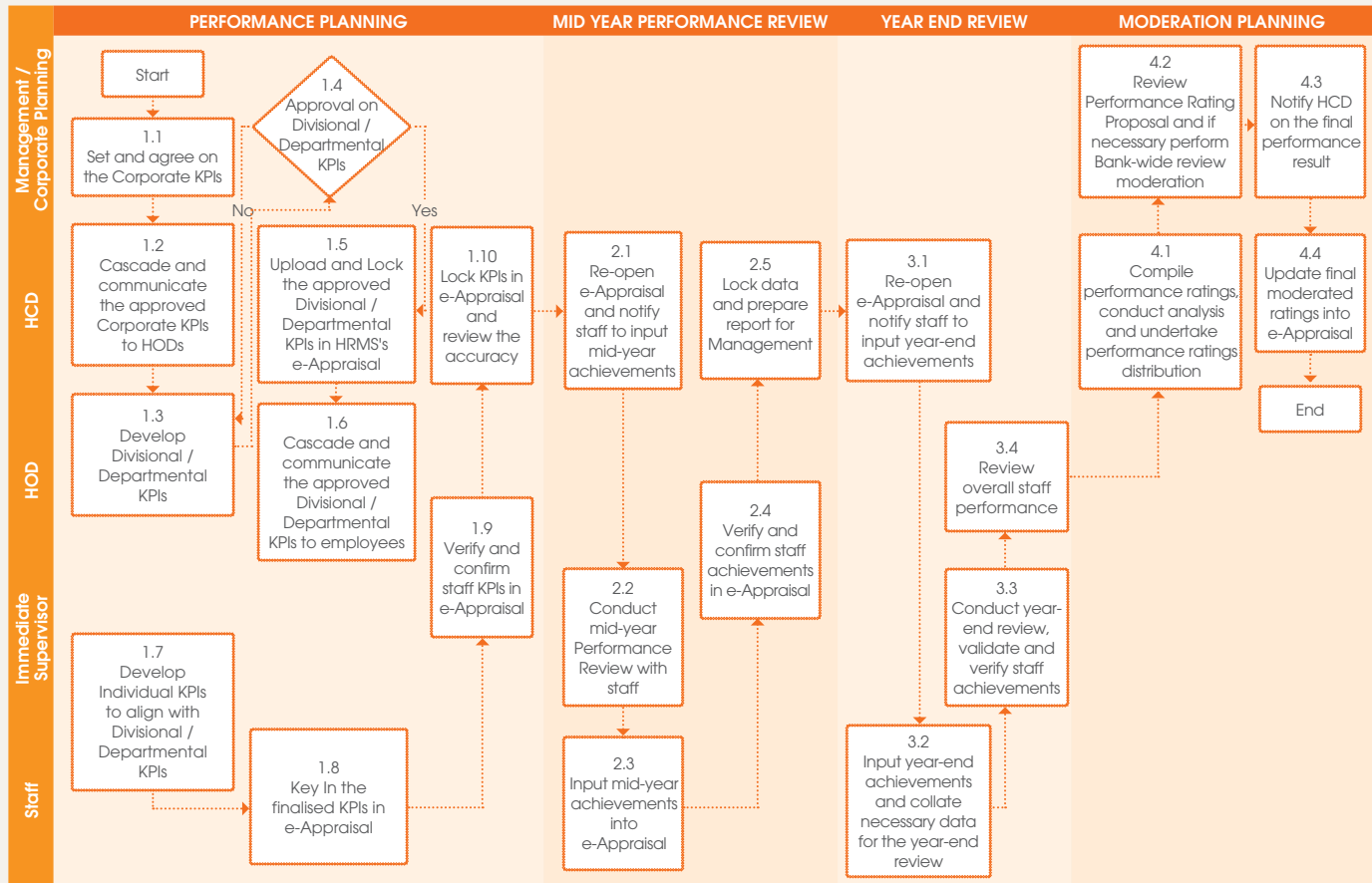
HR STRATEGIC THRUST

We have also introduced a HR strategic thrust which has three key aims. Firstly to instil the desired corporate culture within our organisation. Secondly, to create a robust succession pool and greater job-fit for all mission critical positions. Thirdly to nurture and sustain a high performance culture within the Bank. The model and the various desired business and HR outcomes are portrayed below. Ultimately, the model will help drive the Bank’s sustainable development and growth supported with digitization projects of the enablers.



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SME Bank's Performance Management Model



ADDRESSING PERFORMANCE MANAGEMENT

Performance management is an ongoing process at the Bank and is linked to the Bank's financial cycle. We have in place a Performance Management Model that promotes greater transparency in that employer and employees are able to discuss their targets, achievements and measures used to rate their performance.

This is how the Performance Management process works. Staff performance appraisals are done via the Human Resources Management System or HRMS e-Appraisal system twice a year i.e. during the mid-year performance review and year-end assessment. Both processes are compulsory for all staff.

At the beginning of the year, key performance indicators (KPIs) are cascaded down to all staff with set targets for the year. The performance appraisals

are then evaluated based on the achievements against the targets provided. Staff are responsible for submitting their achievements via the HRMS e-Appraisal system, and their immediate supervisors are to perform the evaluations which will later be reviewed by a reviewer (the immediate supervisor's supervisor).

Management reserves the right to review the performance ratings to ensure consistency in the performance evaluation process. The Bank may also use information from the performance management forms for decisions pertaining to promotions, performance-based disciplinary action, performance-based salary increases and to create a well-balanced or correctly-sized workforce. The performance management data eventually becomes a permanent part of an employee's personal files.

For the year in review, all (100%) of our employees received feedback linked to their performance and appraisals.

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Performance Improvement Plan

We remain deeply committed to creating a work environment and organisational culture in which all employees can perform to the best of their abilities. However, in the instance when an employee is found to be underperforming, a Performance Improvement Plan (PIP) is brought into play. The PIP has been specifically designed to address an employee's performance that needs improvement in one or more significant aspects critical to their position.

SME Bank adopts a fair and consistent approach when enforcing performance standards throughout the organisation. The PIP does not apply to employees who are under probation, or to periodic or temporary employees, outsourced employees and contractors who are not directly employed by the Bank.

The PIP helps employees understand what is expected of them and ways they can contribute to achieving organisational goals. Employees' immediate superiors guide them so they can achieve their goals and objectives. The supervisor ensures the employees understand what is expected of them and advises them on ways to achieve specific goals within a reasonable time.

EMPLOYEE ENGAGEMENT ACTIVITIES

Recognising that engaged employees are more motivated, produce better results and will be of tremendous help to us on our journey to success, we are committed to implementing a variety of employee engagement activities.

Each employee within the Bank brings his or her own unique talents and ideas to work every day, all of which are helping us move closer towards achieving our vision and mission. Our employees also represent SME Bank in their communities and are ambassadors to the nation. On our part, we are deeply committed to ensuring our people are inspired and healthy as well as treated fairly and with respect. We do this by creating a conducive and comfortable work environment where open communication is the norm and where our people are able to fully engage with one another.

All employee-related events within our organisation are managed by the Employee Relations Section. The annual employee events align with our corporate vision and mission while the annual employee event calendar aligns with the annual budget allocation.

Encouraging Open Communication and Engagement

In a workplace that values open communication and engagement, employees all across the country can readily conceptualise and share innovative ideas as well as enter into dialogue with management on a host of meaningful issues. Employee engagement is invaluable as it increases awareness and facilitates smooth operations.

In 2016, we continued to leverage on a variety of engagement platforms to share success stories and opportunities, to solicit opinions and feedback as well as to simply strengthen the *esprit de corps* within our organisation.

EMPLOYEE ENGAGEMENT PLATFORMS IN 2016

Subject	Frequency
Townhall Sessions	Yearly
Quarterly Assemblies	Quarterly
Majlis Berbuka Puasa	Yearly
Majlis Jamuan Hari Raya	Yearly
Chinese New Year Lunch with Group Managing Director, Senior Management Committee and SME Bank's Chinese staff	Yearly
Deepavali Lunch with Group Managing Director, Senior Management Committee with SME Bank's Indian staff	Yearly
Annual Dinner/Family Day	Alternate year
Labour Day	Yearly (distribute fruits)
Counselling Sessions	As and when necessary
Flood Relief	Ad-hoc



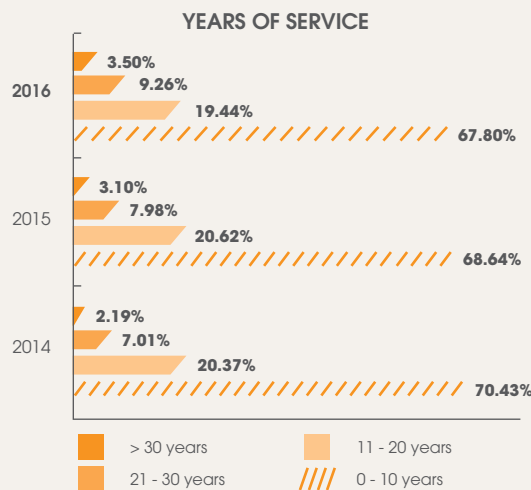
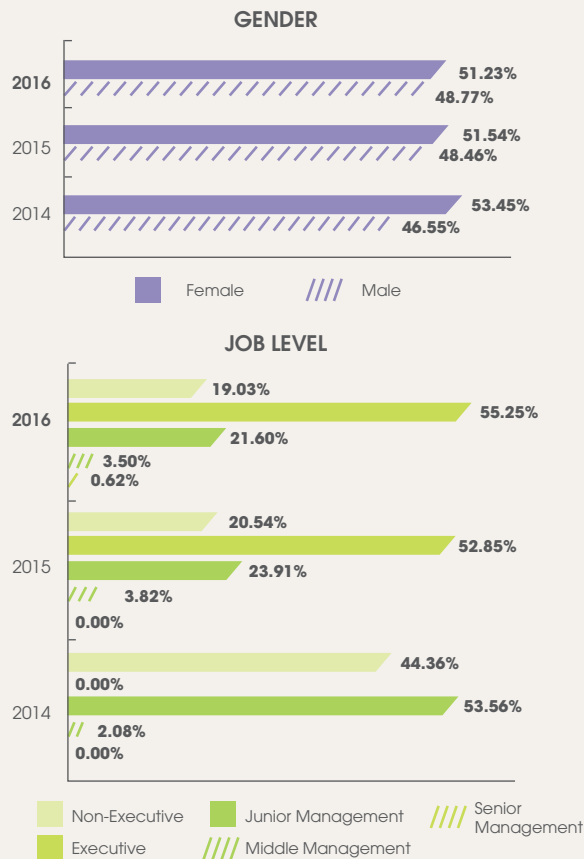
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EMPLOYEE ENGAGEMENT SURVEY 2016/2017

Towards the end of December 2016, we rolled out the Bank’s annual Employee Satisfaction Survey with a total of 43 questions to gauge employees’ satisfaction with the Bank as an employer. Where the demographics for the 2015 survey covered only four respondent job levels, for the 2016/2017 survey, we added in a fifth job level, namely the Junior Management level, in order to get a more precise result.



These are the findings of our 2016/2017 survey:

Response Rate

- Out of a total employee population of 1,019 over the period 19 December 2016 - 6 January 2017, we attained 972 responses or a 95.39% response rate;

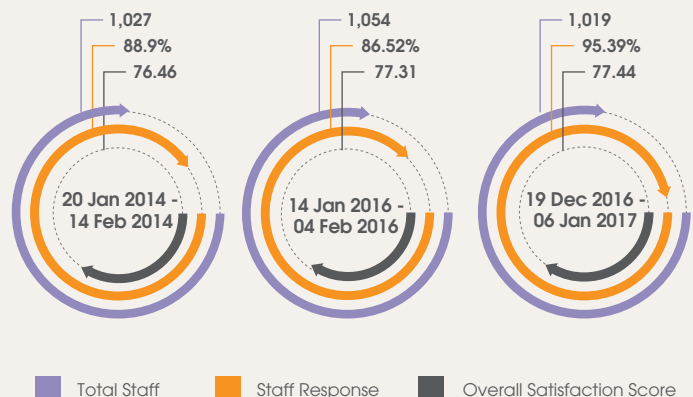
Overall Satisfaction Index

- The majority of employees were more than 77.44% positively satisfied and engaged with the Bank. From an organisational perspective, this shows that SME Bank is a “good” company with the opportunity to become a “great” company when the overall satisfaction rating goes beyond 85%.
- About half of those who responded also provided suggestions for improvement indicating that they are open with their suggestions and are keen to continuously improve.

Scores by Areas

- The overall scores in 11 survey areas were as follows:

Ranking	Category	Overall Score
1	Disipline	81.21
2	Transformation	80.62
3	Company	80.38
4	Job Satisfaction	79.74
5	Teamwork	78.02
6	Supervision	77.60
7	Workload and Resources	76.83
8	Communication	75.98
9	Career Development	74.22
10	Training	74.05
11	Rewards & Recognition	73.21
Overall Average		77.44



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PROMOTING EMPLOYEES' WELLBEING

Being a forward-thinking employer, SME Bank has implemented a host of tangible initiatives in support of employee wellbeing.

Childcare Centre

SME Bank's childcare centre, Taska Pintar, was established in 2011 in support of the government-led PERMATA Negara Early Child Care and Education project. The childcare centre is making a positive impact on our business through its offer of a family-oriented work environment that accords peace of mind and convenience to employees who are also parents (a win-win situation). Dedicated staff manage the centre efficiently, following a stringent set of rules and regulations for the safety and security of the children in their care.

Taska Pintar is open to all employees with children aged between two and four years. Subject to SME Bank's discretion, employees may enrol their children in the centre on a first come, first served basis. The childcare centre follows an accredited child development curriculum and programme and takes in a maximum of 25 children for each intake. It also adheres to the requirements of the Child Care Centre Act 1984 and policies from the Department of Social Welfare.



Flexi-Hours

Employees who are able to balance the needs of work and home are more effective employees as well as more successful family and community members. Each employee's approach to blending their personal and professional lives is different and may vary over time. At SME Bank, we strive to provide our employees with a supportive work environment and flexible working hours. Employees have these options to choose from:

Flexi-hours:

- From 8.30 am to 5.30 pm; or
- From 9.00 am to 6.00 pm.

PROTECTING PERSONAL DATA

The personal data of each employee held by SME Bank is subject to the applicable data protection and privacy requirements as mandated by the Personal Data Protection Act (PDPA).

The Bank will only process employees' personal data:

- For a lawful purposes directly related to their employment with the Bank;
- When necessary and directly related to the management of the employee;
- If the data is adequate but not excessive in relation to the employment purpose; and
- With his or her consent.

SME Bank does not disclose employees' personal data for other purposes or to third parties without their specific consent.

RESPECTING EMPLOYEES' RIGHTS

SME Bank acknowledges that it has a responsibility 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.

The Bank also respects employees' rights to bargain collectively under the National Union Commercial Workers (NUCW). The NUCW represented 167 employees from the non-executive workforce as at 31 December 2016. Management meets regularly with the Union and enjoys good relations with its representatives. The Collective Agreement for the period 2013-2016, which was sealed on 24 April 2014, ended on 30 June 2016. Negotiations on the Collective Agreement for the period 2016-2019 have commenced and are still ongoing.

All employees are governed by their Terms & Conditions of Service while contractors and vendors are governed by their general contract with the Bank. All agreements contain standard protection clauses for all parties.

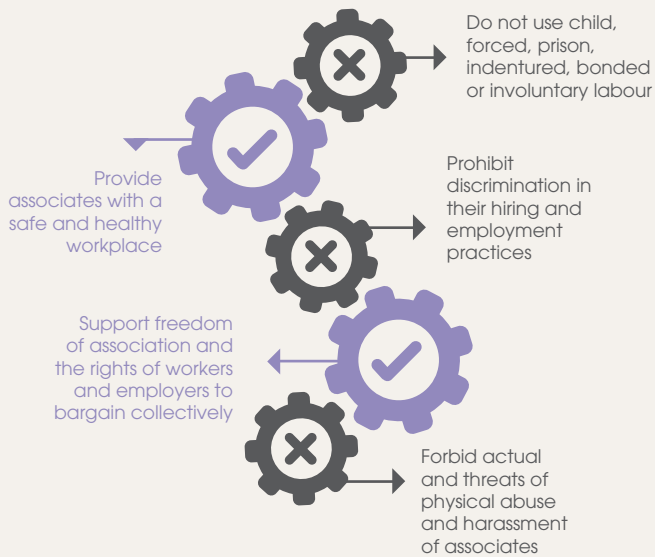
SME Bank conducts business in a manner that is consistent with the belief that everyone should be treated with dignity and respect. We comply with all applicable employment and human rights laws and regulations in all areas of our operations and suppliers are expected to do the same.

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EMPLOYEES' RIGHTS IN THE WORKPLACE



All employees, including security personnel, are issued with an Employee Handbook and Code of Conduct. These documents clearly define the scope of our ethical responsibilities. While the Bank does not have any specific non-discrimination policy, our management and employees are guided by the Employee Code of Conduct which covers all aspect of employment including discrimination.

Employees have the right to come together in an organised manner in accordance with the Trade Union Act 1959. There have been no reported incidents of risks of child, forced or compulsory labour at SME Bank to date. No violations of human rights involving the rights of indigenous people have occurred at any time in the Bank's history.

HANDLING EMPLOYEE GRIEVANCES

We believe that employees have a right to air their employment grievances or complain about their working conditions. A grievance is defined as an employee's reasonable and legitimate issue in his or her work environment. Employee grievances are handled as and when required. Problems and grievances must be resolved promptly with graduated steps for further discussion and resolution at higher levels of authority as necessary. When an employee airs a grievance, this should not prejudice that employee's future employment prospects with the Bank in any way.

An aggrieved employee may complain either in writing or by submitting a completed Grievance Information Form to his or her immediate Superior, the Head of Department or to the Head of Industrial Relations (IR). This must be done within seven working days from the date of this dissatisfaction through the Human Resources Management System or HRMS.

The recipient of the grievance letter or form must acknowledge receipt in writing to the aggrieved employee for it to be valid. The first response is to resolve the issue within the department. The respective immediate Superior or Head of Department must review and respond within seven working days.

If the grievance is not resolved within seven working days, the issue will be escalated to the Head of IR who will assess the case and refer it to an Independent IR Panel set up to study the grievance. The panel may ask the aggrieved employee, their immediate superior or other parties to present their reasons. The panel's decision is final and the Head of IR will inform the aggrieved employee of the outcome. If a time limit is specified, it may be extended if mutually agreed by the aggrieved employee and his or her immediate superior and/or the Head of IR.

For the year 2016, the Industrial Relations Department received 21 grievance reports mostly in relation to the lower PMS ratings employees had received following disciplinary action taken against them by the Moderation Committee appealing for the decision. These reports were reviewed by the Appeal Committee and out of 21 grievance reports, six appeal cases have been upheld to be reinstated to their respective rating.

OCCUPATIONAL SAFETY AND HEALTH (OHS)

We are committed to providing our employees with a safe, healthy and secure work environment. We underscore this, our most valuable commitment to our people, by annually reviewing our health and safety policies and implementing effective Occupational Safety and Health (OHS) initiatives to protect the health and wellbeing of employees across all our business units.

In accordance with the international OHSAS 18001 standard, we have introduced our own OHS System to monitor work-related health and safety incidents closely. The OHS system is implemented throughout our network of offices. In compliance with the Occupational Safety and Health Act (OSHA) and Department of Occupational Safety and Health's (DOSH) requirements, we have appointed a Safety and Health Committee.

The Safety and Health Committee (which represents 0.9% of our workforce) is tasked with:

- Assisting in the development of safety and health rules and safe systems of work;
- Reviewing the effectiveness of the existing safety and health programme;
- Studying trends of accidents, near misses, dangerous occurrences and occupational poisoning or disease occurring in the workplace;
- Reporting any unsafe or unhealthy conditions or practices in the workplace together with recommendations for corrective action to the employer; and
- Reviewing the workplace safety and health policies and recommending any revisions to the employer.

SUSTAINABILITY
SOCIAL

OUR PROMISE TO OUR PEOPLE

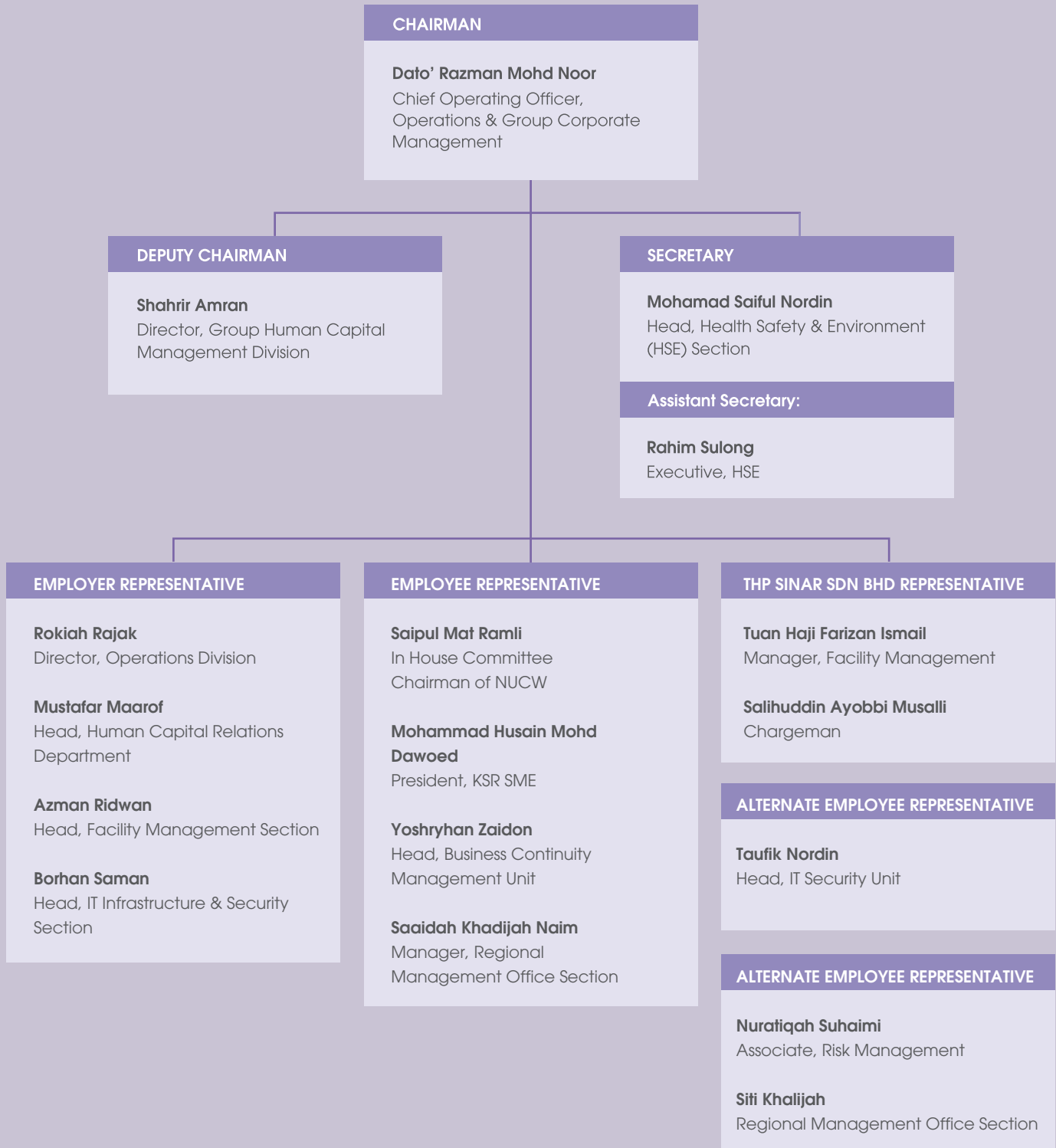
SME BANK'S COMMITMENT TO SAFETY & HEALTH



SUSTAINABILITY
SOCIAL

OUR PROMISE TO OUR PEOPLE

SME BANK HSE COMMITTEE ORGANISATION CHART



SUSTAINABILITY

SOCIAL

OUR PROMISE TO OUR PEOPLE

Health Safety & Environment (HSE) Committee Activities

The Bank conducts safety and health committee meetings at least every quarter or as required by the Occupational Safety and Health Act, 1994. The minutes of each meeting, particularly the problems or issues along with the respective corrective actions proposed or taken to address each issue, is captured. Each member's attendance is compulsory and those repeatedly missing meetings are removed from the committee.

Periodically, individual departmental safety and health 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.

Safety and Health Committee responsibilities are guided by the Occupational Safety and Health Act, 1994, specifically to:

- Identify potential hazards;
- Evaluate these potential hazards;
- Recommend corrective actions; and
- Follow up on the recommendations to be implemented.

For the year in review, we rolled out a host of HSE activities, among which were the following:

- Two safety chemical handling awareness training sessions for contractors;
- One slip and trip awareness training sessions for contracted cleaners;
- First aid and CPR training for the SME Bank Emergency Response Team;
- A firefighting awareness talk for the Menara SME Bank Firefighting Team;
- The establishment of an emergency layout plan for BC, RC & EC;
- A visit by DOSH Kuantan to the Kuantan EC which demonstrated a zero non-compliance record.

SME Bank takes its OSH performance very seriously. In 2016, we continued to turn in an impressive OSH performance as highlighted in the following table:

OCCUPATIONAL SAFETY AND HEALTH (OSH) INDICATOR	2014	2015	2016
Injury rate (IR) for total workforce	1,833	0	0
Injury rate (IR) for independent contractors Working at SME Bank sites	0	0	0
Occupational diseases rate (ODR) for total workforce	0	0	0
Occupational diseases rate (ODR) for independent contractors working on-site	0	0	0
Lost day rate (LDR) for total workforce	0	0	0
Lost day rate (LDR) for independent contractors working on-site	0	0	0
Absentee rate (AR) for total workforce	0	0	0
Absentee rate (AR) independent contractors working on-site	0	0	0
Absolute number of fatalities for total workforce	0	0	0
Absolute number of fatalities for independent contractors working on-site	0	0	0

Safety and Health Training

To keep our people safe and secure, we collaborate with the National Institute of Occupational Safety and Health (NIOSH) to deliver employee safety and health training modules. Comprehensive safety and health procedures have been developed that are updated regularly to comply with governmental regulations, standards and best business practices. Job safety analysis and risk assessments support these policies and procedures. Audits and inspections are also conducted to determine the effectiveness of these measures.

SUSTAINABILITY
SOCIAL

OUR PROMISE TO OUR PEOPLE



First Aider Training

In line with our commitment towards safeguarding the wellbeing of our employees, we are continually training our staff up in various aspects of HSE including first aid training. On 16 and 17 November 2016, Cert Academy in collaboration with the Bank's HSE Section conducted training sessions for 24 of our staff at Menara SME Bank. The sessions saw newly appointed first aiders being introduced to the basic functions of a first aider, learning Cardiopulmonary Resuscitation (CPR) skills and undergoing practical assessments and written examinations in order to qualify as first aiders.



The training sessions sought to instil expertise on Basic Life Support or BLS as per the 2010 American Heart Association's Guidelines for CPR and Emergency Cardiovascular Care (ECC). By the end of the sessions, the first aiders had learnt how to perform BLS skills such as CPR and address instances of choking, as well as how to utilise an Automated External Defibrillator (AED) to increase a person's chances of survival. The participants were also trained on how to become Qualified First Aiders and comply with the legal provisions under the Occupational Safety & Health Act 1994.

What is CPR?

CPR is an emergency procedure that combines chest compression often with artificial ventilation in an effort to manually preserve intact brain function until further measures are taken to restore spontaneous blood circulation and breathing in a person who is in cardiac arrest. While the use of CPR dates all the way back to 1740, yet even today, many individuals still do not know how to perform this. Given properly and immediately to sudden cardiac arrest victims, CPR can save lives.

What's typically in a first aid box?

The image displays a first aid kit with the following items labeled: ointment, adhesive bandage, safety pin, bandage, painkillers, antiseptic wipe, tweezers, scissors, and antiseptic. To the right, there are illustrations for 'first aid kit' showing 'gauze', 'dressing', 'splint', and 'adhesive'. Below these are three scenarios: 'shock', 'pulse', and 'choke (v)'. A central box asks 'Can you help?' with options 'unconscious', 'breathing', and 'sterile'. At the bottom, it asks 'Do you know first aid?' with an illustration of 'resuscitation'.

CORPORATE VISITS

January



• 13 Jan •

Visit by the SME Development Authority (SMEDA), Mauritius

February



• 18 Feb •

Visit by the Minister of Finance II, YB Datuk Johari Abdul Ghani

April



• 14 Apr •

Visit by a delegation from Tanzania



• 25 Apr •

Visit by the SME Financing delegation from the Papua New Guinea Government

CORPORATE VISITS

May



• 12 May •

Visit by delegates from Fiji, Tonga and Vanuatu during the Joint Learning Programme on SME Financing. Organised by Bank Negara Malaysia and the Alliance for Financial Inclusion



• 24 May •

Visit by a delegation from the Egyptian Banking Institute

June



• 1 Jun •

Bilateral meeting with Banque Publique D'investissement et innovation, France

July



• 29 Jul •

Study visit by Banque Nationale Pour Le Development Economic (BNDE) Sénégal

CORPORATE VISITS

September



• 21 Sep •

Visit by the Small and Medium Enterprises Development and Supervision Agency of Senegal

November



• 01 Nov •

Visit by the Saudi Arabian Monetary Agency (SAMA)



• 22 Nov •

Study visit by the Egyptian Banking Institution

MEDIA HIGHLIGHTS



PRINT

Juara usahawan muda

KKPRP Besar anjurkan program cabutan bergilir persembakan berhadiah bernilai RM100,000

KKPRP Besar telah menganjurkan program cabutan bergilir persembakan berhadiah bernilai RM100,000 kepada usahawan muda yang berprestasi. Cabutan bergilir ini diadakan pada 22 Februari 2016 di Kompleks Muzium Negara, Kuala Lumpur. Cabutan bergilir ini diadakan untuk memperingati ulang tahun ke-100 SME Bank dan juga untuk mempromosikan SME Bank sebagai institusi perkhidmatan kewangan yang berkesan dan inovatif kepada usahawan muda.

Keputusan cabutan bergilir ini adalah sebagai berikut: Juara pertama ialah Datuk Mohd. Radzif Mohd. Yusoff dengan hadiah RM100,000. Juara kedua ialah Datuk Chua Tee Yong dengan hadiah RM50,000. Juara ketiga ialah Datuk Mohd. Yusoff dengan hadiah RM25,000. Juara keempat ialah Datuk Mohd. Yusoff dengan hadiah RM10,000. Juara kelima ialah Datuk Mohd. Yusoff dengan hadiah RM5,000.

JPDC pacu pembangunan usahawan Pengerang

Dua WATNOR JURUAGAMA MUDA ALI ISKANDAR PUTERI - Jabot Petrol Development Corporation Bhd. (JPDC) mengambil pendekatan strategik dengan menjalankan kerjasama dengan empat buah agensi kredit bagi menyediakan pembiayaan dalam usaha memantapkan pembangunan usahawan tempatan di Pengerang.

Kerjasama tersebut telah memulakan inisiatif memorandum persefahaman (MoU) antara JPDC bersama Unit Penaja Agensi Bumiputera (Tajau), SME Corporation Malaysia (SME Corp.), Credit Guarantee Corporation Malaysia Bhd. (CGC) dan SME Bank.

Ketua Eksekutif JPDC, Mohd. Yazid Adhar berkata, usaha memantapkan pembangunan usahawan tempatan ini bertujuan untuk membolehkan usahawan mempunyai modal tambahan menerusi projek Kompleks Petrol Pengerang (PPPC).

CERIA RAYA

TIMBALAN Menteri Perdagangan Antarabangsa dan Industri, Datuk Chua Tee Yong (tiga dari kanan) dilirangi Pengarah Urusan SME Bank, Datuk Mohd. Radzif Mohd. Yusoff (dua dari kiri) beramah mesra dengan tetamu pada majlis Rumah Terbuka Aidilfitri SME Bank di Kuala Lumpur kelmarin. -MINGGUAN/ZRIUL EDHAM MOHD. AMINUDDIN

SME Bank targets more loans

Development financial institution to hold outreach programmes nation-wide to connect with small and medium businesses, and highlight its financing schemes, including those announced in Budget 2016. (M) WIKI/HOI REPORTS

SME Bank mengumumkan bahawa ia akan melaksanakan program outreach di seluruh negara untuk meningkatkan hubungan dengan usahawan kecil dan sederhana. Program ini akan memfokuskan kepada promosi skim pembiayaan yang ditawarkan oleh SME Bank, termasuk skim pembiayaan yang diperkenalkan dalam Bajet 2016.

Tuah kipas minyak angin

SBPI Juara Program Inovasi Usahawan Muda-SME Bank Y-Biz Challenge 2016

Timbalan Ketua Pegawai Eksekutif SME Bank, Datuk Mohd. Yusoff berkata, ia adalah usaha untuk memantapkan pembangunan usahawan tempatan di Pengerang.

BUBUR LAMBUK SME BANK

SME Bank buat pertama kali mengadakan program gotong-royong masak bubur lambuk yang diadakan di sekitar Menara SME Bank, baru-baru ini. Pengarah Urusannya, Datuk Mohd. Radzif Mohd. Yusoff berkata, inisiatif ini dijalankan sebagai bentuk penghargaan kepada pelanggan dan penyiarah jurusan kuliner Kolej Komuniti Selangor.

SME Bank turut menganjurkan beberapa program gotong-royong memasak bubur lambuk yang diadakan di sekitar Menara SME Bank, baru-baru ini. Program ini bertujuan untuk meningkatkan hubungan dengan pelanggan dan penyiarah jurusan kuliner Kolej Komuniti Selangor.

SME BANK BERSAMA MEDIA

SME Bank diiktirafkan sebagai salah satu institusi perkhidmatan kewangan yang berkesan dan inovatif kepada usahawan muda.

SME Bank approves RM3.8m to 11 micro enterprises

KUALA LUMPUR: SME Bank has approved RM3.8 million, as of March 31, 2016, to help 11 eligible micro enterprises under its Small Business Financing Programme (SBF).

With a fund allocation of RM100 million, SBF offers working capital to micro enterprises to develop their business and increase product marketability, SME Bank said in a statement Thursday.

Syarikat Malaysia dominasi anugerah ADFIAP

ADFIAP (Association of Development Financing Institutions in Asia and the Pacific) telah menganjurkan pertandingan tahunan untuk mempromosikan pembangunan usahawan tempatan di Pengerang.

SME Bank lanjut bantu usahawan PKS

SME Bank melanjutkan program outreach kepada usahawan PKS di seluruh negara. Program ini bertujuan untuk meningkatkan hubungan dengan usahawan PKS dan mempromosikan skim pembiayaan yang ditawarkan oleh SME Bank.

SME Bank enriches Sabah's SMEs

TAKAU: More than 100 SME entrepreneurs in Tawau gathered at SME Bank's Sabah Region Outreach Programme to explore various financing options and developmental programmes designed by SME Bank to help the entrepreneurs grow their business to the next level.

Datuk Mohd. Radzif Mohd. Yusoff, Group Managing Director of SME Bank said, "The annual outreach programme is one of our efforts in reaching issues pertaining to access to financing and the response from SME entrepreneurs thus far have been very positive. We have expanded with more than 3000 entrepreneurs nationwide and Tawau is the second last venue before we conclude the programme this year in March scheduled to take place on 10 August 2016."

He added, "Sabah Region has always been one of our focus areas and since the opening of our branches in Kota Kinabalu and Tawau, we have approved more than RM1.5 billion worth of financing to SME entrepreneurs. For this year, we are targeting to approve financing worth RM25 million to Sabah Region's SME entrepreneurs."

Based on the economic landscape of Tawau and its surrounding areas, SME Bank is offering several financing options that will benefit the SME entrepreneurs. Among them include the:

- 1. **Micro Enterprise Financing:** This scheme provides financing up to RM50,000 for micro enterprises.
- 2. **Small Business Financing Programme (SBF):** This scheme provides financing up to RM100,000 for small businesses.
- 3. **Medium Business Financing Programme (MBF):** This scheme provides financing up to RM500,000 for medium businesses.
- 4. **Large Business Financing Programme (LBF):** This scheme provides financing up to RM1 million for large businesses.

Local financial institutions sweep awards at regional meet

KUALA LUMPUR: Six members of the Association of Development Financing Institutions (ADFIAP) bagged five awards from different categories at the 39th Annual Meeting of Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) held in Asia, Taiwan.

The six members are SME Bank, Bank Pembangunan Malaysia Bhd., Bank Pertanian Malaysia Bhd., CIMB Islamic Bank Berhad, and two other members.

SME Bank received the award for Best Micro Enterprise Financing Programme. The award was presented to SME Bank by the ADFIAP President, Datuk Mohd. Yusoff.

SME Bank lulus RM24.6 bilion pembiayaan

SME Bank telah meluluskan pembiayaan berjumlah RM24.6 bilion kepada usahawan tempatan di Pengerang. Pembiayaan ini adalah sebagai bentuk penghargaan kepada usahawan tempatan di Pengerang.

SME Bank disburses RM295mil

SME Bank has disbursed RM295mil to 108 SME entrepreneurs under the first series of its Outreach Programme in March.

Group managing director Datuk Mohd Radzif Mohd Yusoff said the loans were approved based on several factors, particularly viable business plans.

"Unsuccessful applicants were placed as our potential clients in the future," he said at the SME Bank Outreach Programme for the north territory.

Mohd Radzif said the first series gathered nearly 3,000 entrepreneurs.

MEDIA HIGHLIGHTS



PRINT

SME Bank spurs entrepreneurial spirit among school-children

An annual entrepreneurship contest in schools has resulted in patented and marketable products

By Masitine Ramu

An annual school entrepreneurship contest by SME Bank has yielded a host of patented and marketable products. The school won RM153,000 Indonesia and Brunei, around 31,000 units of 8-Pin Boster have been sold. To accommodate the high demand for this product, a multipurpose gum, white board ink from recycled material, and a pest repellent now made in a factory in Indonesia.

Distributed in Malaysia, 31,000 units of 8-Pin Boster have been sold. To accommodate the high demand for this product, a multipurpose gum, white board ink from recycled material, and a pest repellent now made in a factory in Indonesia. Other products stemming from this year's competition came up with the S.M.U.R. Tensky, Intan, and the 3000 Perumahan.



15000 31 0000. Tensky, Intan, and the 3000 Perumahan.

Pengubahsuaian Bajet 2016 bantu pasaran

Keputusan kerajaan untuk mengubahsuaian bajet 2016 telah memberi impak kepada pasaran. Menteri Kewangan, Lim Guan Eng, berkata bahawa langkah ini akan membantu pasaran domestik dan meningkatkan keyakinan pelabur. Beliau berkata, langkah ini akan membantu pasaran domestik dan meningkatkan keyakinan pelabur.

Usahawan PKS terima pinjaman RM295 juta

Hanya 30 peratus daripada perolehan pembiayaan



108 USAHAWAN PKS terima pembiayaan 3000 PERUMAHAN

SME Bank sumbang zakat RM57,300

Mula Mula, SME Bank menyumbangkan zakat kepada golongan penerima zakat. Zakat ini akan digunakan untuk membantu golongan yang memerlukan. Zakat ini akan digunakan untuk membantu golongan yang memerlukan.



SME BANK 2015 PRE-TAX PROFIT SURGES TO RM50.1M

KUALA LUMPUR: SME Bank, which recorded double-digit growth of RM5.4 billion in its financing portfolio, saw its profit before tax increase to RM50.1 million in 2015, 71% higher than the previous year, due to, among others, improved account and development management.

SME Bank enriching the SMEs in Sabah region

SME Bank has been enriching the SMEs in Sabah region through various programs. The bank has been providing financial support and advisory services to SMEs in Sabah region.



莫哈末拉杜 (左) 赠送纪念品予蔡智勇 (右)。



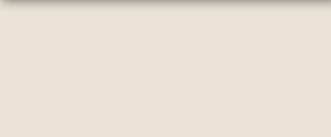
蔡智勇 (右) 与中小企业代表握手并交流。

蔡智勇：助中小企业提高竞争力 8亿商业贷款反应不俗

【马六甲2日专电】财政部副部长蔡智勇指出，政府在2015年推出8亿商业贷款计划，反应非常踊跃。蔡智勇指出，政府推出8亿商业贷款计划，反应非常踊跃。

SME Bank plans scheme for Bumis

RM100M ALLOCATION: Programme to increase entrepreneur access to financing for business expansion



政府尽力辅助中小企业

马六甲2日专电 | 财政部副部长蔡智勇指出，政府推出8亿商业贷款计划，反应非常踊跃。蔡智勇指出，政府推出8亿商业贷款计划，反应非常踊跃。



CHUA TEE YONG (dua dari kanan) dan Mohd. Radzif Mohd. Yunus (dua dari kiri) melayani pertanyaan daripada usahawan-usahawan yang hadir ke Program Outreach SME Bank Wilayah Sabah di Tawau, Sabah, semalam.

MEDIA HIGHLIGHTS



ONLINE

BORNEO POST online
THE LARGEST ONLINE NEWS SITE IN BORNEO

Miti reaffirms commitment to develop SMEs, says Mustapha
11 October 2016, Saturday

KUCHING: The Minister of International Trade and Industries (Miti) has reaffirmed his commitment to the development of small and medium enterprises (SMEs) in the country's north region.

His premier Datuk Seri Mustapha Mohamed said there was the need to strengthen existing relationships and explore collaborations among state governments and relevant departments and agencies in order to go forward to create a vibrant, inclusive and holistic business environment for all industries including micro, enterprises in rural areas.

BORNEO POST online
THE LARGEST ONLINE NEWS SITE IN BORNEO

SMEs manufacturers may be eligible for soft loans with Sirim
11 October 7, 2016, Friday • Rachel Lau, reporter@theborneopost.com

KUCHING: Small-medium enterprises (SMEs) who have gone through Sirim-Bhd's (Sirim) technology audit may be able to apply for soft loans of up to RM5 million.

In a press conference held during Sirim's industry engagement programme, Datuk Dr Zainal Abidin Mohd Yusuf, president and group chief executive of Sirim explained that the loans will be funded from the RM200 million budget allocated to SMEs from budget 2016.

the Sunday
Published on the Sunday (<http://www.theSunday.my>)

BUDGET 2017 COMMENT SME Corp Malaysia
Posted on 21 October 2016 - 11:29pm

BERNAMA
English | Malay | Mandarin | العربية | Español

BAJET BERHEMAT, BERPAKSIKAN RAKYAT
news365 | October 21, 2016 | Uncategorized | No Comments

Dengan siri dan berhemah akan, Kerajaan Perikatan, kini sebagai Kerajaan Barisan Nasional, berjaya mengentaskan dan mengalihkan pertumbuhan KDNK pada purata enam peratus setahun selama hampir 60 tahun berturut-turut.

Bajet kali ini dengan peruntukan RM260.8 bilion, merupakan peningkatan 3.4 peratus daripada pengubahsuaian Bajet 2016.

BERNAMA
English | Malay | Mandarin | العربية | Español

REPORT: Three Measures Introduced To Increase National Productivity

KUALA LUMPUR, Oct 21 (Bernama) — The government has introduced three measures, including accelerating innovation and entrepreneurship, as a bid to increase national productivity which is targeted to grow by 3.7 percent in the next four years.

According to the Economic Report 2016/17 released by the Finance Ministry, a total of RM3.9 billion has been allocated for the Ministry of Science, Technology and Innovation to make the nation a competitive technology hub in the region.

As at end-August, RM37.3 million was expended for various programmes, including the Human Capital Development Programme in Science, Technology and Innovation (STI).

To spur commercialisation of research and development (R&D) products by local research institutions, the Malaysian Innovation Agency (AMI) through the Strategic Investments in Innovative Companies Programme has committed investment amounting to RM297.9 million in 41 emerging, science technology of National Key Economic Areas (NKEAs).

BERNAMA
English | Malay | Mandarin | العربية | Español

PORTFOLIO PINJAMAN SME BANK CECAH RM5.9 BILLION
11 October 18, 2016 | Uncategorized | No Comments

KUALA LUMPUR: Portfolio perlesen program SME Bank Bhd sudah mencecah RM5.9 bilion teragih kepada usahawan. Jumlah ini adalah RM1.2 bilion lebih.

Beliau berkata, nilai itu termasuk perlesenan RM600 juta untuk perlesenan bank dan RM5.3 bilion perlesenan program SME Bank Bhd 2016 diturunkan. Malah, yang diharap mendahului RM6.4 bilion.

BH ONLINE

Ucapan Bajet 2017 oleh Perdana Menteri
January 21, 2017 10:58 AM AEST 707

KUALA LUMPUR, 21 Oct (Bernama) — Perdana Menteri Datuk Seri Najib Tun Razak telah menyampaikan ucapan mengenai Bajet 2017 di Dewan Rakyat hari ini.

BERIKUT adalah teks ucapan penuh Perdana Menteri Datuk Seri Najib Tun Razak, yang juga Menteri Kewangan, ketika membentangkan Bajet 2017 di Dewan Rakyat hari ini: "Merajut Perpaduan Dan Pertumbuhan Ekonomi, Menghimpunkan Perbelanjaan Hakikat, Mempertingkatkan Kualitas Bajet Selanjut".

Tuan Yang Dipertua, Saya ingin mencadangkan supaya Rang Undang-undang

MYNEWSHUB
SUKSES BERITA ONLINE BERKUALITI

#BAJET 2017

Najib Bentang Bajet Pro-Bisnes Perkuh Ekonomi
Published on Oct 21, 2016 - In Terkini

Sinar ONLINE
DAPATKAN EDISI SINA SAMA SAMA LANGSUNG SEMUA

Adamo bermula dengan RM200
CORONA S/MONICAL, FOTO ISHAN ADAMAS
17 OKTOBER 2016

Utusan ONLINE

SME Bank laksana program khusus bantu usahawan

KUALA LUMPUR: SME Bank Bhd sudah mencecah RM5.9 bilion teragih kepada usahawan. Jumlah ini adalah RM1.2 bilion lebih.

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The Malaysian Times

SME Bank expects to meet lending target of RM200 mln for SMEs via XCESS 2016
Posted: 11:30 AM, October 8, 2016 by admin

KUALA LUMPUR, 8 Oct: SME Bank expects to meet its lending target of RM200 million for small and medium enterprises (SMEs) this year through a series of outreach programmes under XCESS 2016.

Its Group Managing Director, Datuk Mohd Razali Mohd Yusoff, said XCESS 2016 was part of the bank's outreach programmes the bank undertook every year to reach SME entrepreneurs directly and it has scheduled to have smaller scale outreach programmes throughout the country.

The next venue would be in Penang on March 25, Pahang on March 26, Kelantan on March 31, Kota Kinabalu on April 1 and Kuala Lumpur on April 5, he said.

NNN
NON-ALIGNED MOVEMENT NEWS NETWORK (NNN)

MALAYSIA-NAJIB UNVEILS PRO-BUSINESS BUDGET TO BOLSTER ECONOMY AMIDST EXTERNAL HEADWINDS
Last updated: 2016-10-21

KUALA LUMPUR, Oct 21 (NNN-Bernama) — The government provided a major boost to private investments and small and medium scale enterprises through pro-business strategies in the 2017 budget that clearly is set to instil greater investor confidence and propel the economy to greater heights amid external headwinds.

In measures which encourage domestic demand, Prime Minister Najib Razak said private investment would expand 8.1 per cent to RM230 billion in 2017, arising from several infrastructure projects that would lead to reinvented brick construction activity much to the glee of contractors.

In tabling the budget at the Parliament, he also handed out incentives to heighten Malaysia's position as an Islamic financial centre, empower Bumiputera entrepreneurship and further develop the country's free economic corridors.

THE MALAYSIAN TIMES
Malaysia's Most Read Newspaper

Institute wants govt to boost use of IBS, allow introduction of 'shell house' concept
17th October, 2016

KUALA LUMPUR: The Malaysian Institute of Professional Property Managers (MIPPM) has suggested the government boost the use of the Industrialised Building System (IBS) and allow the introduction of "shell house" concept to make housing more affordable.

Its President, Sarkunan Subramaniam, said affordable housing is one of the pertinent issues in the Malaysian economy today and in order to provide more houses to the people, a few areas are needed to be focussed on with the needs to find creative ways of implementing them.

Sarkunan, who is also Managing Director of Knight and Frank Sdn Bhd, said to bring down the costs, the use of IBS is effective and the government should further promote it and use by more developers and contractors.

MEDIA HIGHLIGHTS



ONLINE

BH ONLINE
RM100 pacu agenda pemerkasaan Bumiputera
 Menteri Perdagangan Antarabangsa dan Industri Datuk Ahmad Maslan berkata, RM100 juta akan digunakan untuk mempromosikan perniagaan Bumiputera kecil dan sederhana.

sme.org.my
2017 Budget: RM200 million allocation to increase Bumiputera entrepreneurs opportunities
 KUALA LUMPUR: As part of its Bumiputera Agenda, the government will allocate a sum of RM200 million to increase opportunities for Bumiputera entrepreneurs as well as another RM100 million to increase the number of Bumiputera entrepreneurs.

Utusan ONLINE
Dana RM6.65 bilion pacu PKS tempatan
 NUR HANANI AZMAN
 27 Oktober 2016 12:23 AM

365 NEWS
GRADUATE ENTREPRENEUR FUND SCHEME HELPS ENTREPRENEURS BOOST YEARLY SALES
 KUALA LUMPUR, Oct 25 (Bernama) — Seventy-seven per cent of entrepreneurs who received help under the Graduate Entrepreneur Fund scheme are recording increasing annual sales, the Ministry of International Trade and Industry (MITI) said.

Kosmo!
Bajet 2017: Kerajaan peruntuk RM1.52 bilion perkasaa ekonomi bumiputera
 KUALA LUMPUR, 24 Oktober — Kerajaan memperuntukkan RM1.52 bilion untuk mempromosikan ekonomi bumiputera dalam bajet 2017.

Berita 360
Bajet 2017: PKS Bumiputera masih jadi keutamaan - Ahmad Maslan
 KUALA LUMPUR: Kerajaan berharap lebih banyak perusahaan kecil dan sederhana (PKS) bumiputera diwujudkan memandangkan ia masih diberi keutamaan dalam Bajet 2017, kata Timbalan Menteri Perdagangan Antarabangsa dan Industri Datuk Ahmad Maslan.

the Sunday Daily
SEED has produced more than 28,000 Indian entrepreneurs since 2012
 KUALA LUMPUR: The Seed Project of Investment of Indian Entrepreneurs (SEED), established four years ago, has produced 28,016 entrepreneurs so far, said its chief executive officer Datuk Dr A T Fernando (D).

365 NEWS
GOVT HOPES FOR MORE BUMIPUTERA SMES — AHMAD MASLAN
 KUALA LUMPUR, Oct 24 (Bernama) — The government hoped that there would be more Bumiputera small and medium enterprises (SMEs) in the country given that they are still given top priority in the 2017 Budget, says Deputy Minister of International Trade and Industry, Datuk Ahmad Maslan.

365 NEWS
MITI ANJUR 'HARI MITI 2016' ISNIN INI
 KUALA LUMPUR, Kementerian Perdagangan Antarabangsa dan Industri (MITI) hari ini jajaung kali akan mengorganisasikan program 'Hari MITI 2016' di Istana MITS di sini, pada Isnin (2).

BORNEO POST ONLINE
Reprogramming SMEs to solve braindrain
 KUALA LUMPUR, Oct 24 (Bernama) — The government hopes that there would be more Bumiputera small and medium enterprises (SMEs) in the country given that they are still given top priority in the 2017 Budget, says Deputy Minister of International Trade and Industry, Datuk Ahmad Maslan.

Sinar
MIE: Masih terkawal
 Menteri Perdagangan Antarabangsa dan Industri (MITI) Datuk Seri Mustapa Mohamed berkata, bekalan makanan di kedai-kedai di seluruh negara masih terkawal.

THE EDGE MARKETS
Bank Rakyat looks to move past scandal
 Active Now 12 / The Edge Markets
 October 18, 2016 09:00 AM

NEW STRAITS TIMES
'PAS' India-linked bill not likely to be tabled today

NEW STRAITS TIMES
2017 Budget: RM200 million allocation to increase Bumiputera entrepreneurs opportunities

BORNEO POST ONLINE
Kjaan digesa tingkatkan penggunaan IBS
 KUALA LUMPUR: Institut Pengurusan Hartanah Profesional Malaysia (MPPFM) mengorganisasikan agenda untuk meningkatkan penggunaan Sistem Bilik Bersepadu (IBS) dan membenarkan penggunaan bilik tunggal sebagai alternatif kepada perniagaan rumah mampu dimiliki.

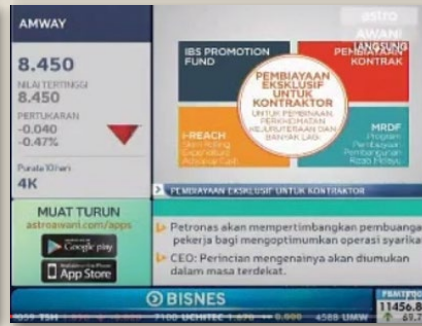
NEW STRAITS TIMES
SME Bank Approves RM3.8m To 11 Micro Enterprises
 Bernama
 Friday, April 22, 2016

BORNEO POST ONLINE
SME Bank Approves RM3.8m To 11 Micro Enterprises
 Bernama
 Friday, April 22, 2016

MEDIA HIGHLIGHTS



BROADCAST



MEDIA HIGHLIGHTS



BROADCAST



SURAH KUIP
13/09/2016

DSCSOL	0.040	-0.005	-0.11%
GLOTEC	0.040	-0.005	-0.11%
DOLMITE	0.325	-0.030	-0.08%

IKUTI KAMI

astroawani

101awani



EVENT HIGHLIGHTS



• 19 Jan •
90 Days Business Challenge prize giving ceremony



• 23 Feb •
SME Bank Southern Region Outreach Programme

JANUARY

FEBRUARY

MARCH



• 6 Mar •
Launch of SME Bank UTC Johor



• 8 Mar •
SME Bank XCESS 2016



• 16 Mar •
Distribution of Zakat (alms) to repair the houses of the *asnaf* in Hulu Langat, Selangor



• 17 Mar •
Signing ceremony between SME Bank and Sterling Insurance Broker Sdn. Bhd.

EVENT HIGHLIGHTS



• 19 Apr •

MITI and Agencies monthly assembly at Menara SME Bank and launch of Small Business Financing



• 29 Apr •

SME Bank receiving the Human Capital Development Award and Best Sustainability Report Awards at the 39th ADFIAP Annual Meeting in Apia, Samoa

APRIL

MAY



• 14 May

Ramadan programme: Gotong-royong to clean up the Muslim cemetery at Kampung Sungai Lalang, Semenyih, Selangor

EVENT HIGHLIGHTS



• 1 Jun •

SME Bank receiving Top FI Awards (Overall) and Top FI Awards (DFI) from Credit Guarantee Corporation Malaysia Berhad



• 9 Jun •

Ramadan programme: Kuala Lumpur Regional Centre Zakat distribution to Lg. Baru and Sentul, Kuala Lumpur



• 14 Jun •

Ramadan programme: Cooking and distribution of bubur lambuk in collaboration with Selayang Community College



• 22 Jun •

Signing ceremony with Johor Petroleum Development Corporation Berhad (JPDC)



• 26 Jun •

Ramadan programme: Zakat presentation with YAB Prime Minister in the Parliament of Pekan, Pahang

JUNE

JULY



• 22 Jul •

SME Bank's Hari Raya Open House



• 25 Jul •

Zakat contributions to asnaf communities in Kuala Kangsar, Perak

EVENT HIGHLIGHTS



• 30 Aug •
SME Bank National Day Celebration



• 1 Sep •
Launch of 4SME Mobile Application

AUGUST

SEPTEMBER

NOVEMBER

DECEMBER



• 10 Nov •
SME Bank Y-Biz Challenge Prize Giving Ceremony



• 29 Dec •
Back to School Programme with Rumah Kasih Nurul Hassannah, Ampang

SME BANK

AWARDS AND ACCOLADES

2011 - 2016



AWARDS AND ACCOLADES

2011

**PLAQUE OF MERIT FOR IQ-DAGANG
- ADFIAP AWARDS 2011**

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

2012

**MOST PREFERRED BRAND IN
BANKING 2012**

The BrandLaureate SMEs Best Brand
Awards

2014

**PLAQUE OF MERIT FOR YOUNG
ENTREPRENEUR INNOVATION
PROGRAMME (SME BANK Y-BIZ
CHALLENGE) - ADFIAP AWARDS
2014**

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

2015

**TOP FI PARTNER AWARD (OVERALL)
- CGC SME AWARDS 2015**

Credit Guarantee Corporation
Malaysia Berhad

**TOP FI PARTNER AWARD
(DEVELOPMENT FINANCIAL
INSTITUTIONS)
- CGC SME AWARDS 2015**

Credit Guarantee Corporation
Malaysia Berhad

**SILVER AWARD FOR THE EMPLOYER
OF CHOICE CATEGORY
- MALAYSIA HR AWARDS 2015**

Malaysian Institute of Human
Resource Management (MIHRM)

**SAHABAT NEGARA SME
RECOGNITION AWARD
(2015, 2014, 2013, 2012, 2011)**

SME Association of Malaysia

**WEBSITE 5 - STAR RATING (2015,
2013, 2012, 2011)**

Malaysia Government Portals and
Websites Assessment (MGPWA)

2016

**TOP SME SUPPORTER AWARD
- PLATINUM BUSINESS AWARDS 2016**

SME Association of Malaysia

**OUTSTANDING DEVELOPMENT
PROJECT AWARD FOR GRADUATE
ENTREPRENEUR FUND OR TABUNG
USA HAWAN SISWAZAH 2
(TUS 2) - ADFIAP AWARDS 2016**

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

**BEST SUSTAINABILITY REPORT -
ADFIAP AWARDS 2016**

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

WHERE WE ARE

SME BANK HEAD OFFICE

Menara SME Bank
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-26152020
Fax : 03-26981748

PERLIS

KANGAR ENTERPRISE CENTRE

No. 6-7 PT 1489 Seriab
Business Complex
Jalan Kangar, Alor Setar
01000 Kangar
Perlis
Tel : 04-9775466/ 04-9777466
Fax : 04-9770466

KEDAH

ALOR SETAR ENTERPRISE CENTRE

No. 87 & 88
Kompleks Perniagaan Sultan Abdul Hamid
Persiaran Sultan Abdul Hamid
05050 Alor Setar
Kedah
Tel : 04-7774200/ 04-7774220
Fax : 04-7774222

SME BANK UTC KEDAH

Lot 3-10 UTC, Tingkat 3
Bangunan UTC Kedah
Kompleks MBAS
Jalan Kolam Air
05675 Alor Setar
Kedah
Tel : 04-7360003
Fax : 04-7360004

PULAU PINANG

NORTHERN REGIONAL CENTRE

No. 12A
Jalan Todak 3
Pusat Bandar Seberang Jaya
Bandar Sunway
13700 Perai
Pulau Pinang
Tel : 04-3906477/ 04-3906391
Fax : 04-3905934

SEBERANG JAYA ENTERPRISE CENTRE

No. 12A
Jalan Todak 3
Pusat Bandar Seberang Jaya
Bandar Sunway
13700 Perai
Pulau Pinang
Tel : 04-3998585
Fax : 04-3998475

BAYAN BARU BUSINESS CENTRE

10, Jalan Tengah
Taman Sri Tunas
11950 Bandar Bayan Baru
Pulau Pinang
Tel : 04-6437733/ 04-6447934
Fax : 04-6446943

PERAK

IPOH ENTERPRISE CENTRE

28 Medan Istana
Bandar Ipoh Raya
30300 Ipoh
Perak
Tel : 05-2417752/ 05-2417766
Fax : 05-2557278

SME BANK UTC PERAK

No. 43, Urban Transformation Center
(UTC) Perak
Off Jalan Dato' Onn Jaafar
30300 Ipoh
Perak
Tel : 05-2413608/ 05-2413607
Fax : 05-2413610

SELANGOR

SELANGOR REGIONAL CENTRE

No. 1 & 3, Block A
Jalan Keluli 7/110
Bukit Raja Business Park
Section 7
40000 Shah Alam
Selangor
Tel : 03-33593473
Fax : 03-33580471

WHERE WE ARE

SHAH ALAM ENTERPRISE CENTRE

No. 1 & 3, Block A
Jalan Keluli 7/110
Bukit Raja Business Park
Section 7
40000 Shah Alam
Selangor
Tel : 03-33581471/ 03-33588419/
03-33587491/ 03-33589943
Fax : 03-33593701

RAWANG BUSINESS CENTRE

A21-G, Jalan Reef 1/1
Pusat Perniagaan Reef
48000 Rawang
Selangor
Tel : 03-60914079/ 03-60914084/
03-60914085
Fax : 03-60914112

KAJANG ENTERPRISE CENTRE

No 9 & 10, Jalan KP1/2
Taman Kajang Prima
Jalan Kajang Semenyih
43000 Kajang
Selangor
Tel : 03-87333645/ 03-87334017/
03-87334046
Fax : 03-87333194

KUALA LUMPUR

KUALA LUMPUR REGIONAL CENTRE

Aras 8, Menara SME Bank
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-26152022
Fax : 03-26936791

KUALA LUMPUR ENTERPRISE CENTRE

Aras 1, Menara SME Bank
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-26152020
Fax : 03-26988077

SME BANK SENTRAL ENTERPRISE CENTRE

3A-G Ground Floor
Block 3A, Plaza Sentral
Jalan Stesen Sentral 5
50470 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-22601643/ 03-22721191/
03-22721204
Fax : 03-22601644

SME BANK UTC KUALA LUMPUR

T3-8, Aras 3, Bangunan UTC
Pudu Sentral Kuala Lumpur
55100 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-20262246
Fax : 03-20262245

SEREMBAN

SEREMBAN ENTERPRISE CENTRE

No. 295 Ground 1st and 2nd Floor
Jalan Bandar Senawang 16
Pusat Bandar Senawang
70450 Seremban
Negeri Sembilan
Tel : 06-6716324/ 06-6716432
Fax : 06-6716039

MELAKA

BANDAR MELAKA ENTERPRISE CENTRE

Lot 8 & 10
Taman Lagenda 2
Jalan 1 Lagenda
75400 Melaka
Tel : 06-2880213/ 06-2880214/
06-2880215/ 06-2880216
Fax : 06-2880218

SME BANK UTC MELAKA

Aras 1, Urban Transformation Centre
Bangunan UTC
Jalan Hang Tuah
75300 Melaka
Tel : 06-2880173
Fax : 06-2832744

JOHOR

SOUTHERN REGIONAL CENTRE

No. 16, Jalan Padi Emas 5/2
Pusat Bandar Tampoi
81200 Johor Bahru
Johor
Tel : 07-2323991/07-2326016
Fax : 07-2381480

JOHOR BAHRU ENTERPRISE CENTRE

No. 16, Jalan Padi Emas 5/2,
Pusat Bandar Tampoi,
81200 Johor Bahru
Johor
Tel : 07-2381470/ 07-2381477/
07-2381479/ 07-2382376
Fax : 07-2381480

BATU PAHAT ENTERPRISE CENTRE

No. 5, 5A, 5B, 6, 6A & 6B,
Jalan Setia Jaya,
Taman Setia Jaya,
83000 Batu Pahat
Johor
Tel : 07-4328903/ 07-4328584
Fax : 07-4328597

PASIR GUDANG BUSINESS CENTRE

No. 22 & 22 A
Jalan Serungakai 18
Taman Bukit Dahlia
81700 Pasir Gudang
Johor
Tel : 07-2556477/ 07-2556240
Fax : 07-2556430

SME BANK UTC JOHOR

Plaza Kotaraya
L3-UTC-05
Galleria @ Kotaraya
Jalan Trus
80000 Johor Bahru
Johor
Tel : 07-2213564
Fax : 07-2213634

WHERE WE ARE

KELANTAN

KOTA BAHRU ENTERPRISE CENTRE

Lot 35, Seksyen 8
Jalan Kebun Sultan
15000 Kota Bharu
Kelantan
Tel : 09-7442603
Fax : 09-7448361

TERENGGANU

KUALA TERENGGANU ENTERPRISE CENTRE

Tingkat Bawah (Lot G10) & Mezzaine
Menara Yayasan Islam Terengganu
Jalan Sultan Omar
20300 Kuala Terengganu
Terengganu
Tel : 09-6223588/ 09-6223692
Fax : 09-6222129

PAHANG

EAST COAST REGIONAL CENTRE

Aras 2, B-14
Jalan Tun Ismail 1
Sri Dagangan
25000 Kuantan
Pahang
Tel : 09-5135482/ 09-5135487
Fax : 09-5135476

KUANTAN ENTERPRISE CENTRE

B-14, Jalan Tun Ismail 1
Sri Dagangan
25000 Kuantan
Pahang
Tel : 09-5171630/ 09-5171499
Fax : 09-5171077

SME BANK UTC PAHANG

Lot 2-10, Aras 2
Bangunan UTC Pahang
Jalan Stadium
25200 Kuantan
Pahang
Tel : 09-5124027
Fax : 09-5120426

EAST MALAYSIA REGIONAL CENTRE

SABAH

SABAH REGIONAL CENTRE

Lot 24 & 25, Block D
Kepayan Perdana
Jalan Lintas
88865 Kota Kinabalu
Sabah
Tel : 088-413586/ 088-413587/
088-413588
Fax : 088-413279

KOTA KINABALU ENTERPRISE CENTRE

Lot 24 & 25, Block D
Kepayan Perdana
Jalan Lintas
88865 Kota Kinabalu
Sabah
Tel : 088-413276- 088-413277/
088-413278
Fax : 088-413279

TAWAU ENTERPRISE CENTRE

TB 193-195
Ground Floor
Wisma DS
Jalan Bakau
91000 Tawau
Sabah
Tel : 089-750500/ 089-767500/
089-767800
Fax : 089-76332

SME BANK UTC SABAH

Aras 4
Jalan Belia
Off Jalan Tunku Abdul Rahman
88100 Kota Kinabalu
Sabah
Tel : 088-238063/ 088-238068/
088-238069
Fax : 088-238069

SARAWAK

SARAWAK REGIONAL CENTRE

Lot 514 & 515
Seksyen 6
Jalan Kulas
93400 Kuching
Sarawak
Tel : 082-259955/ 082-259994
Fax : 082-243181

KUCHING ENTERPRISE CENTRE

Lot 514 & 515
Seksyen 6
Jalan Kulas
93400 Kuching
Sarawak
Tel : 082-259955/ 082-259994
Fax : 082-243181

MIRI ENTERPRISE CENTRE

Lot 1190, Ground Floor
1st Floor & 2nd Floor
Miri Water Front
Jalan Permaisuri
98000 Miri
Sarawak
Tel : 085-418448/085-414418
Fax : 085-415488

BINTULU BUSINESS CENTRE

No.259
Jalan Sultan Iskandar
Assyakirin Commerce Square
97000 Bintulu
Sarawak
Tel : 086-339336/ 086-339586/
086-339587
Fax : 086-339597

SME BANK UTC SARAWAK

Aras 1, Tingkat 4
Taman Kereta
Bangunan UTC Kuching
Jalan Bukit Mata
93100 Kuching, Sarawak
Tel : 082-243467

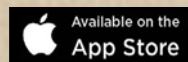
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SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD (49572-H)

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An Agency under MITI

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🌐 www.YourSuccessOurStory.com

🐦 www.twitter.com/SME_Bank

☎ 1800-88-3131 (Customer Care Centre)