

MERREALISASI **HARI ESOK YANG LEBIH HIJAU**

REALISING A GREENER TOMORROW



SEKILAS PANDANGAN

AT A GLANCE

Ditubuhkan pada
Established in
2005

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

Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank or the Bank) is a Development Financial Institution (DFI) owned by the Ministry of Finance, regulated by Bank Negara Malaysia (BNM) and is under the supervision of the Ministry of Entrepreneur and Cooperatives Development (MECD).

Nilai-Nilai Kami
Our Values



21
Platform Digital
Digital Platforms

1,075
Kakitangan di
seluruh negara
Employees nationwide

26
Cawangan
Branches

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

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



MISI/MISSION

Peneraju dalam Penciptaan Nilai Ekosistem PKS yang Melangkaui Perkhidmatan Pembiayaan
Leader in SME Ecosystem Value Creation Beyond Financial Services



VISI/VISION

Menjadi Pusat Kecemerlangan bagi Memacu Agenda Pembangunan Usahawan Negara
To be the Centre of Excellence (COE) for SME Development

Tonggak Kami

6 Ahli Lembaga Pengarah, 7 Ahli Jawatankuasa Syariah dan 13 anggota Pengurusan Kanan.

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

Our Pillars

6 members of the Board of Directors, 7 members of Shariah Committee and 13 members of the Senior Management.

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

Fungsi Korporat

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

Jabatan: 42 • Seksyen: 108 • Unit: 144

Subsidiari:

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

Corporate Functions

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

Department: 42 • Section: 108 • Unit: 144

Subsidiaries:

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



Memacu pertumbuhan PKS melalui pendigitalan
Accelerating SME growth through digitalisation

Aspirasi Kami

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

Our Aspiration

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

Kakitangan Kami

1,075 kakitangan di seluruh negara. Aset kami paling bernilai dan merupakan penyumbang utama kepada pencapaian kami; yang tekun bekerja bagi merealisasikan visi dan misi kami dengan mengamalkan nilai-nilai teras kami.

Our People

1,075 employees nationwide. Our greatest asset who are the major contributors to our achievement, working diligently to serve the vision and mission by living our core values.

Rangkaian Kami

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

Our Network

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

Platform Digital Kami

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

Our Digital Platforms

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

MERELISASIKAN MASA HADAPAN YANG LEBIH HIJAU

Tindakan kita hari ini memberi impak kepada kualiti masa hadapan.

Di SME Bank, kami dalam misi menggunakan pembiayaan inovatif bagi merealisasikan hari esok yang lebih hijau. Ini merangkumi pertumbuhan ekonomi yang mampan, tenaga bersih dan pelepasan karbon sifar bersih. Pada 2022, kami menggiatkan usaha menginstitutional kemampanan dalam operasi dengan menubuhkan Rangka Kerja Pembangunan Lestari (Rangka Kerja SDG). Rangka Kerja SDG ini menggariskan objektif kelestarian Bank, matlamat, tonggak, kawasan fokus dan pendekatan dalam semua aktiviti kami; selari dengan matlamat Pembangunan Lestari Pertubuhan Bangsa-bangsa Bersatu (UN) serta Pengurusan Risiko Iklim dan Polisi Analisa Senario Bank Negara Malaysia.

Kami melangkah ke hadapan dengan fokus yang jelas dalam dua bidang ini:

- Memperkasa perusahaan kecil dan sederhana melalui penglibatan strategik, mengembangkan akses kepada pembiayaan serta pelaksanaan program bagi membuka peluang kepada perusahaan kecil dan sederhana (PKS) tempatan.
- Menggalakkan kesedaran industri dan kefahaman terhadap Persekitaran, Sosial dan Tadbir Urus (ESG) serta menyokong PKS Malaysia untuk kekal lestari dengan menerimapakai model perniagaan rendah karbon dan amalan kelestarian.



REALISING A GREENER TOMORROW

Our actions today impact the quality of our future.

At SME Bank, we are on a mission to use innovative financing to realise a greener tomorrow. This entails a future of sustainable socioeconomic growth, cleaner energy and net-zero carbon emissions. In 2022, we stepped up our efforts to institutionalise sustainability in our operations by establishing the Bank's Sustainable Development Goals Framework (SDG Framework). The framework clearly sets out the Bank's sustainability objectives, goals, pillars, focus areas and approach in all our activities; aligned with United Nations Sustainable Development Goals and in accordance with Bank Negara Malaysia's Climate Risk Management and Scenario Analysis Policy.

We move forward with a clear focus on these two fronts:

- Empowering small and medium enterprises (SMEs) through strategic engagements, expand access to financing and implement programmes to open up opportunities for local SMEs.
- Encouraging industry awareness and understanding of Environmental, Social and Governance (ESG) and supporting Malaysian SMEs to be sustainable by adopting low-carbon business models and sustainable practices.



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MENGENAI LAPORAN INI ABOUT THIS REPORT

Laporan Tahunan Bersepadu 2022 ini menyediakan maklumat dan data prestasi mengenai operasi SME Bank pada tahun berakhir 31 Disember 2022. Pada masa yang sama, ia membutirkan perjalanan pendigitalan kami semasa menyampaikan penyelesaian mampan bagi memesatkan pertumbuhan perusahaan kecil dan sederhana (PKS).

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

This 2022 Integrated Annual Report provides information and performance data on the operations of SME Bank during the calendar year ended 31 December 2022 while detailing our digitalisation journey as we deliver sustainable solutions to accelerate the growth of the small and medium enterprises (SMEs).

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

Penyata Masa Depan

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

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

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

Rujukan dan Garis Panduan

- Piawaian GRI 2023
- Panduan Laporan Kemampanan Bursa Malaysia
- Organisasi Antarabangsa bagi Piawaian (ISO) 26000: Panduan tentang Tanggungjawab Sosial
- Kod Tadbir Urus Korporat Malaysia
- Akta Institusi Kewangan Pembangunan (Pindaan) 2015 di bawah Seksyen 78

Laporan Atas Talian

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

Maklumat Lanjut

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

Forward-Looking Statements

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

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

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

References and Guidelines

- GRI Standards 2023
- Bursa Malaysia's Sustainability Reporting Guide
- International Organisation for Standardisation (ISO) 26000: Guidance on Social Responsibility
- Malaysian Code on Corporate Governance
- Development Financial Institutions (Amendment) Act 2015 under Section 78

Online Report

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

Find Out More

Website www.smebank.com.my
Tel. No. +603 2615 2020
Contact Centre +603 2603 7700

ANUGERAH DAN PENGIKTIRAFAN

AWARDS AND ACCOLADES



Pencapaian Achievements 2022

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

Pemenang Anugerah bagi Projek Pembangunan PKS Terbaik
- SME Bank XCESS 2021

Pemenang Anugerah bagi Projek Perdagangan PKS Terbaik
- eCOACH Dubai

Malaysian Institute of Integrity (IIM)

Anugerah Integriti, Governans & Anti Rasuah (AIGA) 2022
- Perak

Pencapaian Achievements 2021

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

Anugerah Merit bagi Projek Pembangunan PKS
- Program Keusahawanan Asnaf (ISHRAF)

Anugerah Merit bagi Projek Tanggungjawab Sosial Korporat
- Program Penjana Komuniti@SME Bank

Malaysian Rating Corporation Berhad

Anugerah Kemampuan 2021

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

Anugerah Sukuk Kemampuan Terbaik

Islamic Finance News

Anugerah SRI & ESG Deal of the Year

Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH)

Anugerah MSOSH 2021
- Perak

LinkedIn Talents Awards 2021

Best Employer Brand

Alpha South East Asia, Hong Kong

Anugerah Sukuk SRI Hijau ASEAN Terbaik

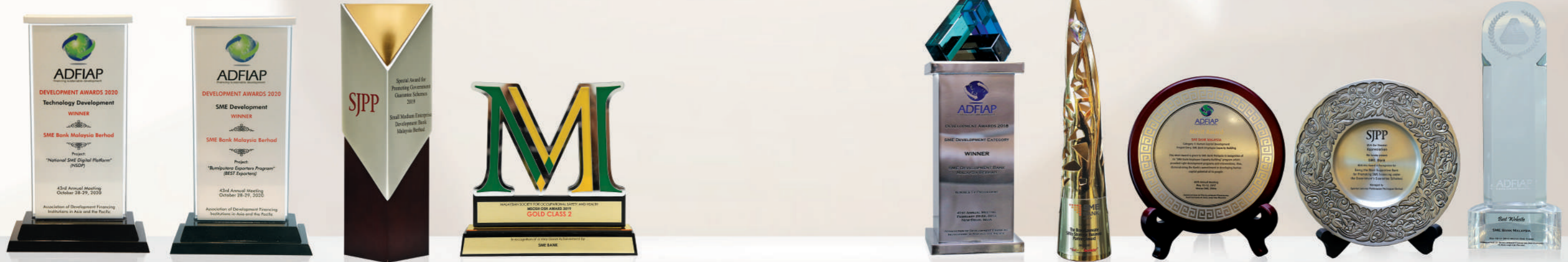
Anugerah Sukuk SRI Terbaik

Lang International Corporate Titan Awards 2021 (LICTA)

Agensi Terbaik bagi Pembangunan PKS
- Sijil Kejujuran

ANUGERAH DAN PENGIKTIRAFAN

AWARDS AND ACCOLADES



Pencapaian Achievements

2020

Kementerian Tenaga dan Sumber Asli

Anugerah Khas bagi Pembiayaan Tenaga Mampu untuk Kategori IKP

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

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

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

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

Pencapaian Achievements

2019

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

Anugerah Merit bagi Projek Tanggungjawab Sosial Korporat Terbaik
- Program Inovasi Usahawan Muda SME Bank Y-Biz Challenge

Anugerah Khas
- Laman Sesawang Terbaik
- Laporan Kemampuan Terbaik 2019

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Anugerah Pengiktirafan Khas bagi Mempromosikan Skim Jaminan Kerajaan

Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH)

Anugerah Keselamatan & Kesihatan Pekerjaan MSOSH
- Gold Class 2

Pencapaian Achievements

2018

Persatuan Keselamatan dan Kesihatan Pekerjaan Malaysia (MSOSH)

Anugerah Keselamatan & Kesihatan Pekerjaan MSOSH
- Perak

The BrandLaureate SMEs Best Brand Awards

Anugerah Rakan Niaga Strategik PKS The BrandLaureate 2017-2018

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

Pemenang Anugerah bagi Projek Pembangunan PKS Terbaik
- Program TV SUKSES

Anugerah Khas
- Laporan Kemampuan Terbaik

Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP)

Anugerah Prestasi Terbaik

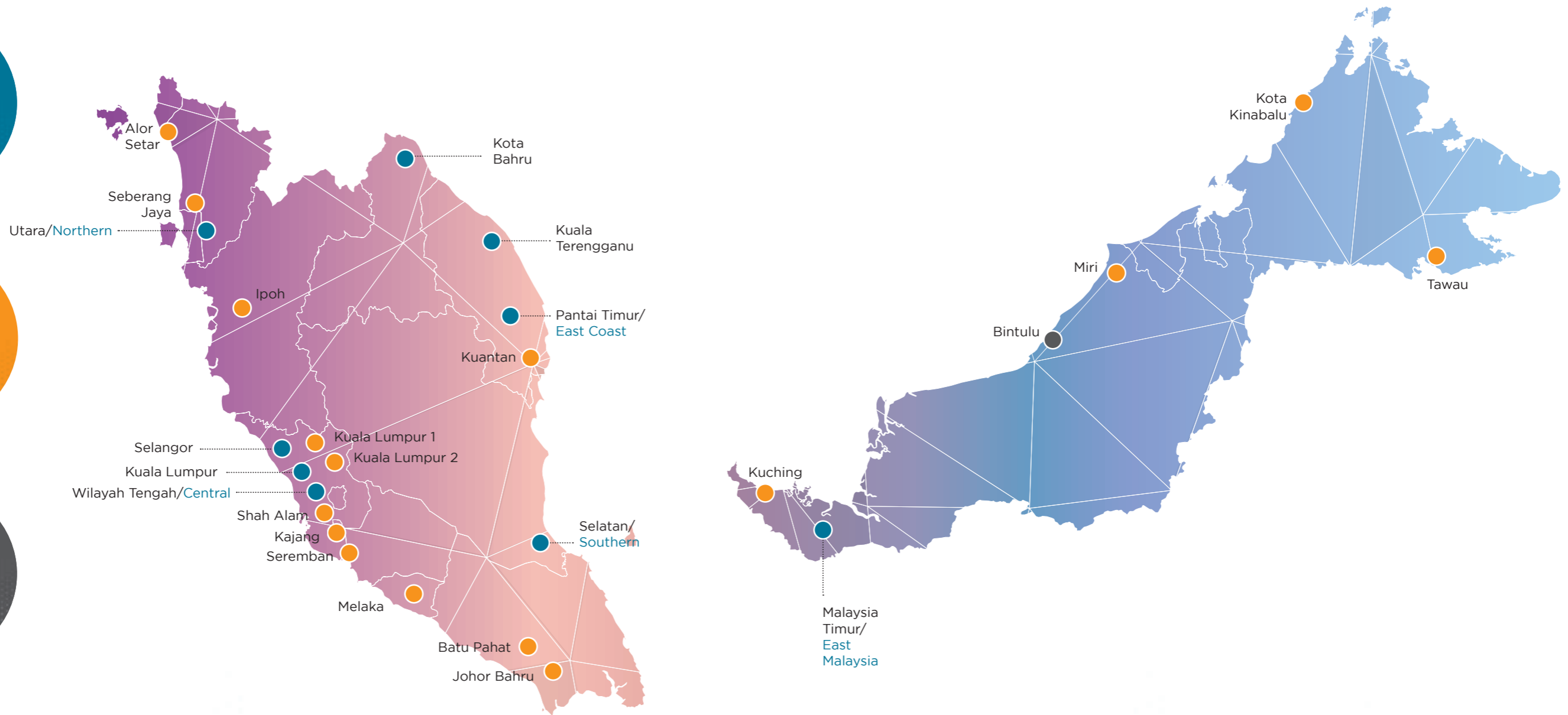
KEHADIRAN KAMI

OUR PRESENCE

18
Pusat Wilayah
Regional Centres

7
Pusat Enterpris
Enterprise Centres

1
Pusat Perniagaan
Business Centre



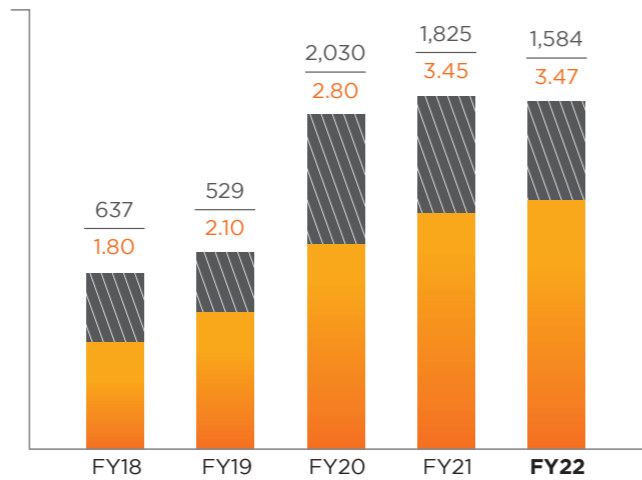
SOROTAN KEWANGAN

FINANCIAL HIGHLIGHTS

Kelulusan Pembiayaan

Financing Approvals

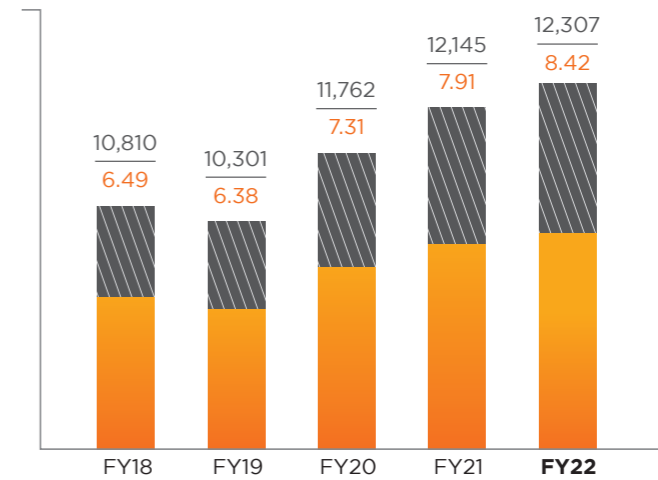
- Bil. Akaun
No. of Accounts
- RM billion
RM billion



Portfolio Pembiayaan

Financing Portfolio

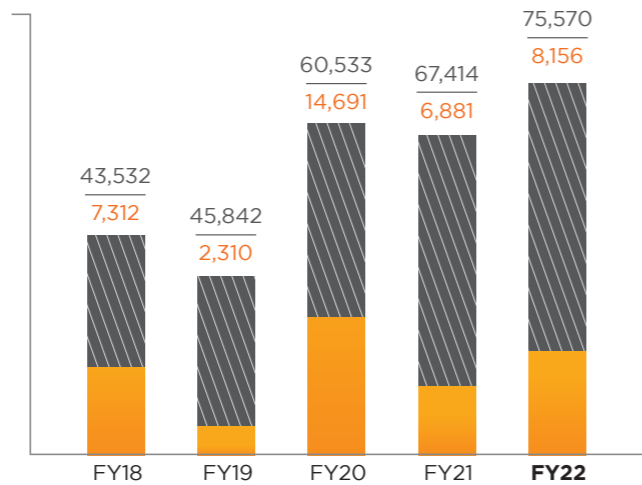
- Bil. Akaun
No. of Accounts
- RM billion
RM billion



Bilangan Peserta yang Dilatih oleh CEDAR

No. of Participants Engaged by CEDAR

- Kumulatif (Sejak 2013)
Cumulative (Since 2013)
- Tahunan
Annual

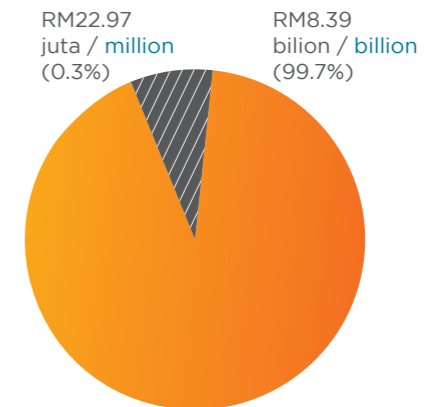


Komposisi Pembiayaan

Financing Composition

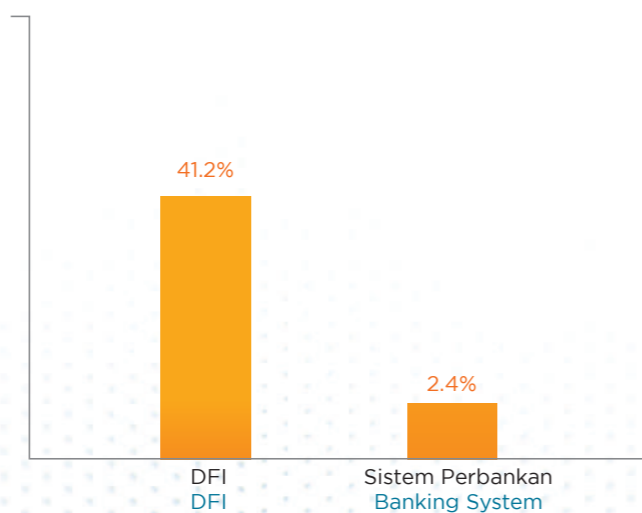
Pada Disember 2022 / As at December 2022

- Portfolio Pembiayaan Islamik
Islamic Financing Portfolio
- Portfolio Pinjaman Konvensional
Conventional Loan Portfolio



Bahagian Pasaran SME Bank Berbanding IKP pada Disember 2022

SME Bank Market Share vs DFIs as at December 2022

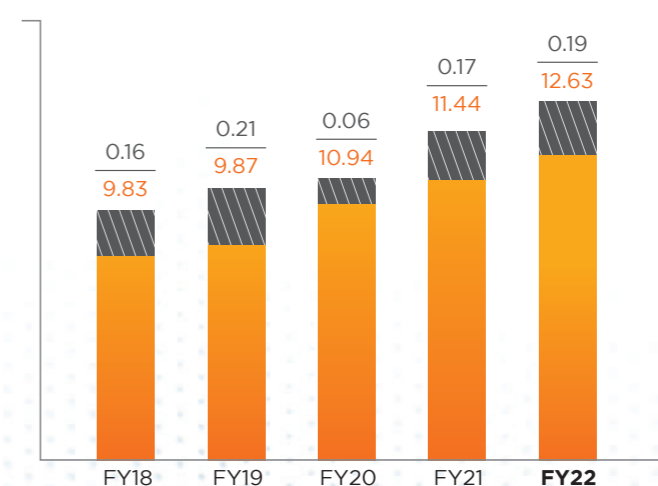


Keuntungan Operasi & Jumlah Aset

Operating Profit & Total Assets

RM billion / RM billion

- Keuntungan Operasi
Operating Profit
- Jumlah Aset
Total Assets



MENERAJU INDUSTRI MENUJU HARI ESOK YANG BAHARU

LEADING THE INDUSTRY TO A NEW TOMORROW

Sebagai sebahagian daripada agenda pembangunan kami, SME Bank memainkan peranan aktif dalam meneraju industri untuk mara ke hadapan. Anak syarikat SME Bank iaitu Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR) adalah khusus untuk memperkasakan usahawan dengan pengetahuan dan kepakaran bagi mengekalkan pertumbuhan mereka dan menyumbang kepada ekonomi negara melalui peningkatan potensi PKS.

As part of our developmental role, SME Bank takes an active role in leading the industry forward. SME Bank's subsidiary, Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR) is dedicated to empowering entrepreneurs with knowledge and skills to sustain their growth and contribute to the nation's economy by raising the potential of SMEs.



Terus menawarkan perkhidmatan pembangunan dan intervensi **CEDAR** seperti:

- Program Peningkatan Perniagaan
- Bootcamp Dalam Talian Keusahawan Generasi Baharu (N-Gene)
- Bengkel Pemerkayaan PKS (SEW)
- Dana Permodalan Semula PKS

Continued to offer **CEDAR** developmental and intervention services such as:

- Upward Migration Programme
- New Generation Entrepreneurship Online Bootcamp (N-Gene)
- SME Enrichment Workshops (SEW)
- SME Recapitalisation Fund

PERUTUSAN PENGERUSI

CHAIRMAN'S STATEMENT

Sepanjang tahun 2022, SME Bank terus mempergiatkan usaha untuk membantu pembangunan Perusahaan Kecil dan Sederhana (PKS) di Malaysia melalui pelaksanaan pelbagai inisiatif strategik, khususnya bagi menyokong pemulihan dan kemampuan PKS apabila Malaysia beralih ke fasa endemik. Hasil kejayaan inisiatif ini, dan didorong oleh tinjauan ekonomi negara yang kian bertambah baik, SME Bank sukacita melaporkan peningkatan keseluruhan prestasi bagi tahun kewangan 2022, berlandaskan pelan strategi perniagaan yang ampuh ke arah merealisasikan masa depan yang mampan.

Throughout 2022, SME Bank continued to intensify all efforts to assist the development of Small and Medium Enterprises (SMEs) in Malaysia through the implementation of various strategic initiatives, in particular to support SMEs' recovery and sustainability as Malaysia transitioned into the endemic phase. Owing to the success of these initiatives and boosted by an improving national economic outlook, SME Bank is pleased to report an overall upturn in performance for FY2022, based on an impactful business strategy plan towards realising a sustainable future.

DATO' SERI NAZIR ARIFF
Pengerusi/Chairman



RM64.5
juta/million

Keuntungan Sebelum Cukai (PBT)
Profit Before Tax (PBT)
Peningkatan sebanyak 16.6%
Increased 16.6%

SME Bank beriltizam untuk terus menyokong dan meningkatkan keupayaan PKS dengan bekerjasama secara aktif dengan Kerajaan menerusi pelancaran inisiatif pembiayaan afirmatif dan peningkatan kapasiti.

SME Bank pledges to continuously support and raise the capacity of SMEs by actively collaborating with the Government through the launch of affirmative financing and capacity-building initiatives.

Mengemudi Perubahan

Tahun 2022 dipenuhi dengan pelbagai peristiwa penting namun penuh dengan cabaran, terpalit dengan isu-isu geopolitik seperti konflik Rusia-Ukraine, kenaikan inflasi, gangguan rantai bekalan, dan isu berkaitan COVID-19 yang berlarutan, kesemuanya terus memberi kesan kepada kemakmuran ekonomi di seluruh dunia. Akibat daripada cabaran-cabaran ini, ekonomi global berkembang pada kadar lebih perlahan walaupun dengan pembukaan semula sempadan negara dan pasaran antarabangsa secara berperingkat. Tabung Kewangan Antarabangsa (IMF) melaporkan pertumbuhan global keluaran dalam negara kasar (KDNK) sebanyak 3.4% berbanding 6.2% pada tahun 2021.

Meskipun berhadapan dengan kelembapan ekonomi global, Malaysia berupaya mengharungi tahun 2022 dengan baik, mencatat pertumbuhan KDNK tahunan sebanyak 8.7% (3.1% pada tahun 2021) - kadar pertumbuhan tertinggi sejak tahun 2000. Menerusi pengukuhan Ringgit, pengurangan kadar pengangguran, dan lonjakan prestasi dalam suku terakhir tahun 2022, pertumbuhan ini telah diiktiraf sebagai yang terpantas di Asia Tenggara dan melepasi unjuran awal IMF dan Bank Dunia, masing-masing sebanyak 5.4% dan 7.8%.

Prestasi ekonomi Malaysia yang kukuh sepanjang tahun ini juga disumbangkan oleh kegiatan dagangan eksport yang memberangsangkan, bertambah sebanyak 25.0% tahun ke tahun (YoY) kepada rekod tertinggi sebanyak RM1.6 trilion pada tahun 2022 (2021: RM1.2 trilion). Lebihan dagangan mencapai catatan tertinggi pada RM255.1 bilion, 0.6% lebih tinggi daripada tahun sebelumnya. Ini merupakan tahun ke-25 berturut-turut bagi lebihan dagangan sejak tahun 1998.

Navigating Through Change

2022 was a fulfilling but ultimately challenging period, marred by geo-political issues such as the Russia-Ukraine conflict, heightened inflation, supply chain disruptions, and issues surrounding the prolonged COVID-19, all of which continue to weigh on the economic well-being across the world. As a result of these challenges, the global economy expanded at a slower pace despite the gradual reopening of national borders and international markets. The International Monetary Fund (IMF) reported global gross domestic product (GDP) growth of 3.4% compared to 6.2% in 2021.

Despite the global slowdown, Malaysia was able to navigate through 2022 well, recording an annual GDP growth of 8.7% (3.1% in 2021) - the highest annual growth rate since 2000. Through the strengthening of the Ringgit, decreasing unemployment rates, and performance upsurge in the last quarter of 2022, this growth was recognised as the fastest in Southeast Asia and surpassed IMF's and World Bank's initial projections of 5.4% and 7.8% respectively.

Malaysia's strong economic showing throughout the year was also largely attributed to exceptional export trade activity, which grew 25.0% YoY to a record high of RM1.6 trillion in 2022 (2021: RM1.2 trillion). Trade surplus reached an all-time high at RM255.1 billion, 0.6% higher than the preceding year. This marked the 25th consecutive year of trade surplus since 1998.

PERUTUSAN Pengerusi CHAIRMAN'S STATEMENT

Peningkatan keyakinan pelabur menyaksikan aliran masuk pelaburan langsung asing (FDI) ke Malaysia melonjak kepada RM73.3 bilion bagi tahun 2022 berbanding RM48.1 bilion yang dicatat pada tahun 2021, yang berjaya mempertingkatkan sektor ekonomi negara dan membuka lebih banyak peluang pekerjaan. Dengan peningkatan keyakinan pelabur ini, serta pembukaan semula yang berterusan sektor-sektor pasca COVID-19, kadar pengangguran Malaysia berkurang kepada 3.6% pada Disember 2022 (Disember 2021: 4.2%).

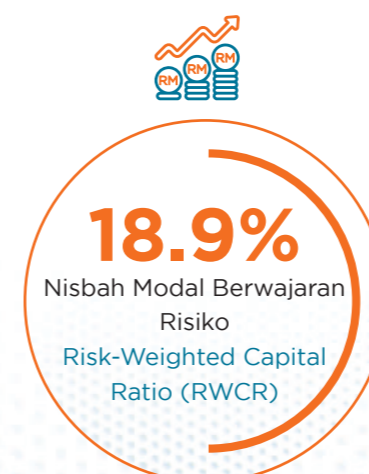
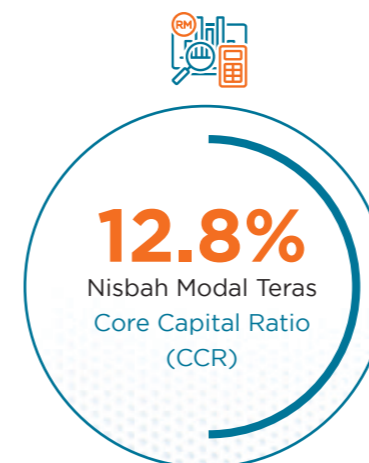
Dalam pada itu, inflasi keseluruhan Malaysia pada tahun 2022 meningkat kepada 3.3% YoY berbanding 2.5% pada tahun 2021. Tekanan inflasi yang meningkat telah menyebabkan Bank Negara Malaysia (BNM) menaikkan Kadar Dasar Semalaman (OPR) sebanyak empat kali, pada 25 mata asas (bps) setiap kali kenaikan kepada 2.75% pada tahun 2022, daripada kadar 1.75% pada tahun 2021.

Kebanyakan petunjuk ekonomi tahun ini menunjukkan pemulihan teguh Malaysia daripada era pandemik, mendorong kepada hala tuju ekonomi yang positif di masa akan datang. Seiring dengan trajektori menaik, SME Bank beriltizam untuk terus menyokong dan meningkatkan keupayaan PKS kepada tahap sebelum pandemik dan melangkaui kejayaan sebelumnya. Bagi memenuhi iltizam ini, Bank akan bekerjasama secara aktif dengan Kerajaan menerusi pelancaran inisiatif pembiayaan afirmatif dan peningkatan kapasiti untuk memberi sokongan padu agar PKS terus pulih.

Increased investors' confidence saw Malaysia's net foreign direct investment (FDI) inflows surging to RM73.3 billion for 2022 compared to RM48.1 billion recorded in 2021, which uplifted the nation's economic sector and opened up even more employment opportunities. With this increase in investors' confidence and the continuous reopening of sectors post-COVID, Malaysia's unemployment rate declined to 3.6% in December 2022 (December 2021: 4.2%).

On the other hand, Malaysia's headline inflation during 2022 increased to 3.3% YoY as compared to 2021's 2.5%. As inflation pressure increased, Bank Negara Malaysia (BNM) raised the Overnight Policy Rate (OPR) up to four times at 25bps each to 2.75% in 2022, from 2021's rate of 1.75%.

Most of the year's economic indicators pointed to Malaysia's steadfast recovery from the pandemic era, paving a positive economic direction moving forward. In line with the general upward trajectory, SME Bank pledges to continuously support and raise the capacity of SMEs to pre-pandemic levels and beyond previous achievements. To fulfil this pledge, the Bank will actively collaborate with the Government through the launch of affirmative financing and capacity-building initiatives to provide robust support for SMEs as they continue to recover.



Memacu Kemajuan Mampan

Sepanjang tahun ini, SME Bank memainkan peranan efektif sebagai peneraju institusi kewangan pembangunan (IKP), memupuk potensi PKS dan pada masa yang sama juga memainkan peranan sebagai agensi pelaksana Kerajaan untuk mempercepatkan pemulihan dan memacu pertumbuhan ekonomi, pasca pandemik.

SME Bank terus komited dalam menyokong keperluan PKS. Pada tahun ini, kami menerbitkan Indeks Sentimen PKS berdasarkan kaji selidik yang dijalankan untuk mengenal pasti faktor penting kejayaan bagi kelangsungan dan pertumbuhan jangka panjang PKS pasca pandemik. Indeks ini memberi gambaran penting terhadap keadaan sebenar PKS, dengan memahami pandangan PKS dan sentimen mereka terhadap persekitaran perniagaan dan ekonomi semasa. Bank kemudiannya menggunakan indeks ini sebagai asas dalam membangun dan melancarkan inisiatif strategik dan program pembangunan bagi tahun 2022. Program tersebut termasuk XCESS 2022, JomXcess 2022, Dana Pemberdayaan Usahawan Muda (YEF 2.0), Dana Pemangkin Ekosistem IBS 2.0 (IBS 2.0) dan Skim Pembiayaan Pelancongan PENJANA (PTF).

Sebagai langkah berterusan untuk menyokong keperluan modal, kami meluluskan sejumlah RM3.5 bilion pada tahun 2022 untuk pelanggan kami, khususnya kepada segmen afirmatif seperti perniagaan baharu, pelanggan kali pertama kepada institusi kewangan, syarikat Bumiputera, perniagaan eksport, perusahaan mikro, sektor berkaitan ESG, sektor pelancongan dan sektor pembinaan. Segmen-segmen ini dikategori sebagai kurang atau tidak mendapat perkhidmatan kerana mereka tidak boleh mengakses pembiayaan lain dengan mudah, dan kebanyakannya memerlukan tahap intervensi dan pengurusan akaun yang lebih intensif untuk mencapai potensi mereka.

Driving Sustainable Progress

Throughout the year, SME Bank effectively played our role as a leading development financial institution (DFI), nurturing the potential of SMEs while also serving as the Government's conduit to accelerate recovery and drive post-pandemic economic growth.

SME Bank is continuously committed to support the needs of SMEs. During the year, we published the SME Sentiment Index based on surveys conducted to identify critical success factors for the long-term survival and growth of SMEs post-pandemic. This index provides a crucial glimpse into the reality of SMEs on the ground, formed around understanding SMEs' viewpoints and sentiments on the current business and economic environment. The Bank then uses this index as the basis in developing and launching strategic initiatives and developmental programmes for 2022. The programmes include XCESS 2022, JomXcess 2022, Young Entrepreneur Fund 2.0 (YEF 2.0), IBS Promotion Fund (IBS 2.0), and the PENJANA Tourism Fund (PTF).

As an ongoing measure to support capital requirements, we approved a total of RM3.5 billion in 2022 to our clients, particularly to affirmative segments such as new business, first time clients to financial institutions, Bumiputera companies, export business, microenterprises, ESG related sector, tourism sector and construction sector. These segments were categorised as unserved and underserved as they cannot easily access other financing channels, and many are in need of a more intensive intervention and account management in order to achieve their potential.

PERUTUSAN Pengerusi CHAIRMAN'S STATEMENT

Prestasi tahun kewangan 2022 yang memberangsangkan telah dipacu oleh pendapatan bersih SME Bank yang kukuh, pengurusan kos yang cekap dan pengurusan kualiti aset yang rapi dan didorong oleh pemulihan ekonomi negara yang teguh.

Financial year 2022's encouraging performance was driven by SME Bank's strong net income, efficient cost management and rigorous asset quality management, and buoyed by the country's robust economic recovery.



Dalam meneruskan misi kami untuk menjadi sebuah Pusat Kecemerlangan (CoE) bagi pembangunan usahawan dan untuk mendorong pertumbuhan jangka panjang yang mampan, SME Bank juga melancarkan pelan strategik 3-tahun iaitu *SME Bank Future Modality (2023 - 2025)*. Melalui pelan strategik jangka sederhana ini, SME Bank menyasar untuk melaksanakan 13 inisiatif dalam empat tonggak strategik iaitu Alam Sekitar, Sosial dan Tadbir Urus (ESG), Digital, Keusahawanan, dan Perniagaan. Ini akan menyumbang kepada penciptaan nilai (additionalities) dibawah Rangka Kerja Pengukuran Prestasi BNM (PMF) dan meneruskan usaha Bank untuk menjadi organisasi mampan, melalui usaha penambahbaikan berterusan, memanfaatkan peluang-peluang baharu, dan menangani cabaran akan datang dengan sewajarnya.

Sempena kejayaan pelancaran program Sukuk Kelestarian pada tahun 2021, SME Bank melaksanakan satu lagi terbitan Sukuk Kelestarian pada tahun 2022 menerusi proses penetapan harga (*book-building*), dan mencatat permintaan sebanyak RM536 juta. Terbitan baharu ini membolehkan SME Bank untuk mempelopori lebih banyak penyelesaian pembiayaan inovatif bagi projek-projek berkaitan ESG, memacu SME Bank dan negara ke arah Malaysia yang mampan.

Meningkatkan Nilai kepada Pemegang Saham

Prestasi tahun kewangan 2022 yang memberangsangkan telah dipacu oleh pendapatan bersih SME Bank yang kukuh, pengurusan kos yang cekap dan pengurusan kualiti aset yang rapi dan didorong oleh pemulihan ekonomi negara yang teguh.

In continuing our mission of becoming the CoE for entrepreneur development and to drive our long-term sustainable growth, SME Bank also launched the 3-year strategic plan called *SME Bank Future Modality (2023 - 2025)*. Through this medium-term strategic plan, SME Bank aims at executing 13 initiatives within the four strategic pillars of Environmental, Social and Governance (ESG), Digital, Entrepreneurship, and Business. These shall contribute to BNM's Performance Measurement Framework (PMF) additionalities and advance the Bank's endeavours in becoming a sustainable organisation through the pursuit of continuous improvement, seizing of new opportunities, and appropriately addressing forthcoming challenges.

Following the successful launch of the Sustainability Sukuk programme back in 2021, SME Bank initiated another sustainability Sukuk issuance in 2022 under a book-building exercise, and registering a total order of RM536 million. This new issuance will enable SME Bank to pioneer further innovative financing solutions for ESG-related projects, driving the Bank and the nation towards an envisioned sustainability-led Malaysia.

Delivering Value to Our Shareholders

Financial year 2022's encouraging performance was driven by SME Bank's strong net income, efficient cost management and rigorous asset quality management, buoyed by the country's robust economic recovery.

Dengan pembukaan semula industri secara berperingkat, SME Bank berjaya mencatat Keuntungan Sebelum Cukai (PBT) sebanyak RM64.5 juta pada tahun 2022, yang merupakan peningkatan sebanyak 16.6% daripada PBT tahun sebelumnya. Bank juga mengekalkan kedudukan modal yang kukuh dengan mencatatkan kadar Nisbah Modal Teras (CCR) pada 12.8% dan Nisbah Modal Berwajaran Risiko (RWCR) pada 18.9%, melalui pengurusan modal yang strategik.

Meneruskan Agenda Kelestarian SME Bank

Sebagai sebuah organisasi yang bertanggungjawab menyokong pembangunan jangka panjang PKS, SME Bank sentiasa menumpukan kepada integrasi kelestarian dalam organisasi dan pada masa yang sama bertindak sebagai ejen perubahan yang berkesan dengan mendukung dan menggalakkan penerapan nilai kelestarian di kalangan PKS.

Seiring dengan Pelan Hala Tuju Kelestarian 3-tahun yang dilancarkan pada tahun 2021, kami meneruskan perjalanan kelestarian pada tahun 2022 menerusi pembangunan Rangka Kerja Matlamat Pembangunan Mampan (SDG) SME Bank, yang menggariskan visi, misi, matlamat, strategi, pendekatan, dan tadbir urus kelestarian Bank dalam semua aktiviti kami; serta memastikan penjajaran sepenuhnya dengan UN SDG dan selari dengan matlamat Kerajaan untuk mencapai pelepasan karbon sifar menjelang tahun 2050 sepertimana digariskan dalam Rancangan Malaysia ke-12.

Secara khususnya, objektif utama Rangka Kerja SDG adalah untuk menerapkan konsep dan amalan kelestarian di seluruh organisasi dan untuk menyokong PKS Malaysia untuk menerima pakai model perniagaan rendah karbon serta amalan-amalan kelestarian. Empat Matlamat Kemampanan yang telah dikenal pasti untuk dicapai, adalah:



With the gradual reopening of industries, SME Bank managed to record a Profit Before Tax (PBT) of RM64.5 million in 2022, which is an increase of 16.6% from the previous year's PBT. The Bank also maintained a robust capital position with Core Capital Ratio (CCR) standing at 12.8% and Risk-Weighted Capital Ratio (RWCR) at 18.9% through strategic capital management.

Continuing SME Bank's Sustainability Agenda

As a responsible organisation that's driven to support long-term SME development, SME Bank has continuously focused on the integration of sustainability within the organisation while acting as an effective agent of change by advocating and promoting sustainability adoption among SMEs.

In line with the 3-year Sustainability Roadmap launched in 2021, we continued our sustainability journey in 2022 through the development of SME Bank's Sustainable Development Goals (SDG) Framework, that outlines the Bank's sustainability vision, mission, goals, strategy, approach, and governance in all our activities; as well as ensuring full alignment with UN SDGs and in line with the Government's goal to achieve net zero carbon emissions by 2050 as outlined in the 12th Malaysia Plan.

Specifically, the main objective of the established SDG Framework is to institutionalise sustainability across the organisation and to support Malaysian SMEs to be sustainable by adopting low-carbon business models and sustainability practices. A total of 4 Sustainable Goals have been identified to achieve this, namely:

PERUTUSAN Pengerusi CHAIRMAN'S STATEMENT

Saya percaya bahawa melalui matlamat kemampuhan yang telah dikenalpasti dan kerjasama dari semua warga kerja, agenda kelestarian SME Bank akan membimbing kami ke arah operasi perniagaan yang mampan, tanpa memberi kesan negatif kepada alam sekitar, komuniti atau masyarakat dan pada masa yang sama menghindari daripada membuat keputusan perniagaan yang boleh mengakibatkan kemusnahan alam sekitar, ketidakadilan sosial. Agenda kelestarian ini juga akan memastikan kami memenuhi keperluan semasa tanpa menjejaskan keupayaan dan sumber yang diperlukan oleh generasi akan datang.

Mengutamakan Warga Kerja SME Bank

Warga kerja SME Bank adalah nadi dan aset yang paling berharga. Kami sentiasa bersedia untuk membuat pelaburan dalam pembangunan modal insan dan mengutamakan kesejahteraan mereka, bagi memastikan operasi perniagaan dan warga kerja bergerak maju bersama.

Sepanjang tahun ini, SME Bank menganjurkan pelbagai aktiviti untuk meningkatkan moral kakitangan, menambahkan kesedaran mereka dan memupuk budaya pembelajaran dan pada masa yang sama memberi ganjaran kepada mereka. Antara aktiviti penting yang diadakan sepanjang tahun 2022 adalah Karnival Pematuhan, Hari Pembelajaran Syariah, dan Pertandingan Kelestarian Antara Bahagian.

Kami juga telah menumpukan kepada usaha berterusan menambah baik pengurusan kualiti aset di kalangan warga kerja, dengan mendaftarkan pegawai perhubungan pelanggan dan eksekutif kredit kami untuk latihan khas dan program pensijilan seperti *Certified Credit Executives (CCE)*, *Business Credit Professionals (BCP)*, dan *Chartered Banker by Experience (CBBE)*. Secara keseluruhan, kami telah berjaya mendaftarkan 88 warga kerja untuk latihan dan program tersebut pada tahun 2022.

Sebagai penghargaan di atas usaha semua sepanjang tahun ini dan bagi memastikan kesejahteraan berterusan mereka, SME Bank telah menambah baik manfaat untuk warga kerja bukan eksekutif melalui pembaharuan rasmi Perjanjian Kolektif (CA) dengan Kesatuan Kebangsaan Pekerja-Pekerja Komersial (NUCW). Penambahbaikan ini termasuk kenaikan gaji asas, semakin terperinci manfaat perubatan dan penghospitalan, skim bantuan pemilikan motosikal, dan manfaat bersalin.

I strongly believe that through these established goals and the cooperation of all our people, SME Bank's sustainability agenda guides us towards conducting business matters without negatively impacting the environment, community, or society and at the same time towards avoiding business decisions which may lead to environmental degradation, inequality, and social injustice. This sustainable agenda will ensure we can meet the needs of the present without compromising the capabilities and resources needed by the future generation.

Prioritising SME Bank's Employees

The Bank's staff are recognised as the lifeblood and greatest assets of the Bank. We are always ready to invest in the continuous development and retention of our people, nurturing their welfare and growth to ensure synergistic progress in our business and of our people.

During the year, SME Bank organised various activities to boost the morale of our employees, raising their awareness and cultivating a learning culture while awarding talent with rewards. Notable activities conducted throughout year 2022 were the Compliance Carnival, Shariah Learning Day, and Interdivisional Sustainability Competition.

We have also focused our efforts on the continuous improvement of asset quality management amongst our people, by enrolling our customer relationship managers and credit executives on special training and certification programmes such as Certified Credit Executives (CCE), Business Credit Professionals (BCP), and Chartered Banker by Experience (CBBE). In total, we achieved the enrolment of 88 employees into these training programmes in 2022.

In appreciation of everyone's efforts throughout the year and to ensure their continuous well-being, SME Bank has improved the benefits for our non-executive employees through the formal renewal of the Collective Agreement (CA) with the National Union of Commercial Workers (NUCW). The improvements include an increase in basic salary, a thorough review of medical benefits and hospitalisation, a motorcycle ownership assistance scheme, and maternity benefits.

Program Pembangunan bagi tahun 2022:
FY2022 Developmental Programmes:



Maju ke Hadapan

Melangkah ke tahun 2023, kami akan terus berhadapan dengan situasi yang mencabar. Semua faktor yang menjejaskan pertumbuhan ekonomi global tahun lalu akan terus wujud dalam landskap operasi tahun 2023, dengan IMF meramal pertumbuhan KDNK global yang sederhana pada 2.9% (2022: 3.4%). Unjuran kelembapan global ini juga akan menjejaskan prospek ekonomi Malaysia. Kementerian Kewangan (MOF), IMF dan Bank Dunia telah meramal KDNK Malaysia yang perlahan dalam lingkungan 4.0% hingga 5.0%.

Walau bagaimanapun, kami menjangkakan prospek ekonomi yang lebih dinamik berlandaskan permintaan domestik yang kukuh dan pasaran perkerjaan yang lebih baik, akan mengurangkan mengurangkan kesan negatif daripada faktor luaran. Selain itu, pembukaan semula pasaran dan ekonomi China akan mencetus pemulihan lebih pantas daripada yang dijangka dengan jangkaan manfaat limpahan positif rentas sempadan kepada rakan dagangan utamanya termasuk Malaysia. Tambahan lagi, perjanjian perdagangan seperti Perkongsian Ekonomi Komprehensif Serantau (RCEP) yang dibentuk pada Mac 2022 dan Perjanjian Komprehensif dan Progresif bagi Perkongsian Trans-pasifik (CPTPP), menawarkan peluang untuk PKS tempatan menembusi pasaran dan mengembangkan perniagaan mereka serta mempelbagaikan rantaian bekalan mereka dengan negara-negara yang mengambil bahagian.

Forging Onward

Moving into 2023, we continue to navigate uncharted waters. All the factors that derailed global economic growth last year will continue to persist in 2023's operating landscape, with the IMF forecasting global GDP growth to moderate further to 2.9% (2022: 3.4%). This projected risk of a global slowdown has clouded Malaysia's economic outlook as well. The Ministry of Finance (MOF), IMF, and World Bank have forecasted Malaysia's GDP to slow within a range of 4.0% to 5.0%.

However, we expect a more dynamic economic outlook given the resilient domestic demand and improving labour market which might cushion the negative effect from the external front. Furthermore, China's recent reopening of its markets and economy could trigger a faster-than-expected recovery with anticipated positive cross-border spillover benefits to its main trading partners including Malaysia. Moreover, trade agreements like the Regional Comprehensive Economic Partnership (RCEP) which was established in March 2022 and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) offer some opportunities for local SMEs to penetrate and expand their businesses as well as diversify their supply chain with the participating countries.

SME Bank komited untuk meneruskan pertumbuhan jangka panjang yang mampan dan akan terus mempelopori inisiatif pembangunan PKS yang progresif serta kecemerlangan operasi dan tadbir urus, selari dengan matlamat kelestarian kami dan konsep Malaysia MADANI yang merangkumi ihsan dan nilai-nilai murni dan menerap tadbir urus yang adil, saksama dan berkesan.

SME Bank is committed to pursuing sustainable long-term growth and will continue to pioneer progressive SME development initiatives as well as operational and governance excellence, all in line with our sustainability goals and Malaysia MADANI concept which incorporates humanity and good values and embraces fair, just and effective governance.

PERUTUSAN Pengerusi CHAIRMAN'S STATEMENT

Sebahagian besar pertumbuhan ekonomi Malaysia pada tahun 2023 akan disokong melalui asas-asas kukuh dan kepelbagaian struktur ekonomi, berserta sokongan dasar yang berterusan untuk mengurangkan kesan akibat peningkatan kos sara hidup dan mengurangkan risiko negatif yang berpunca daripada ketidakpastian geopolitik yang berlarutan dan tekanan kewangan global. Oleh yang demikian, 2023 adalah satu tahun penting bagi memastikan kami mencapai matlamat Pelan Hala Tuju Kelestarian dan menyumbang kepada usaha bersepadu oleh Kerajaan, industri, dan pemain industri perbankan untuk bertindak balas secara kolektif terhadap risiko-risiko berkaitan, membina daya tahan yang perlu untuk menangani krisis akan datang dan mencapai pelepasan karbon sifar bersih menjelang tahun 2050.

SME Bank komited untuk meneruskan pertumbuhan jangka panjang yang mampan dan akan terus memelopori inisiatif pembangunan PKS yang progresif serta kecemerlangan operasi dan tadbir urus, selari dengan matlamat kelestarian kami dan konsep Malaysia MADANI yang merangkumi ihsan dan nilai-nilai murni dan menerapkan tadbir urus yang adil, saksama dan berkesan.

Penghargaan

Bagi pihak Lembaga Pengarah dan semua warga SME Bank, saya ingin mengucapkan terima kasih seikhlasnya kepada pihak pemegang taruh kami, iaitu Kementerian Kewangan dan Kementerian Pembangunan Usahawan dan Koperasi atas bimbingan tidak ternilai yang mereka berikan demi mengangkat PKS; dan Bank Negara Malaysia atas sokongan padu dan kepercayaan mereka terhadap visi masa depan kami.

Saya juga ingin menyatakan penghargaan kepada ahli Lembaga Pengarah atas sokongan dan penglibatan mereka sepanjang tempoh saya di SME Bank. Penghargaan istimewa buat Dato' Mohammad Radhi Abdul Razak dan Encik Mohd Sakeri Abdul Kadir atas khidmat dan sumbangan mereka selaku sebahagian daripada Lembaga Pengarah SME Bank sehingga tamat tempoh mereka pada tahun 2022.

Pencapaian bagi tahun ini adalah hasil usaha kolektif pihak pengurusan kanan dan semua warga kerja SME Bank dalam memacu pertumbuhan berterusan sebagai sebuah IKP terkemuka di Malaysia, yang amat saya hargai.

The majority of Malaysia's economic growth in 2023 will be supported through strong fundamentals and a diversified economic structure, coupled with ongoing policy support to cushion the impacts catalysed by the rising cost of living and mitigate the downside risks stemming from prolonged geopolitical uncertainties and tightening global financial conditions. With that said, 2023 is a crucial year to ensure we achieve the goals of our Sustainability Roadmap and contribute to concerted efforts by governments, industries, and banking industry players to collectively respond to related risks, build the necessary resilience to address future crises and achieve net zero emissions by 2050.

SME Bank is committed to pursuing sustainable long-term growth and will continue to pioneer progressive SME development initiatives for the year as well as operational and governance excellence, all in line with our sustainability goals and Malaysia MADANI concept which incorporates humanity and good values and embraces fair, just and effective governance.

In Appreciation

On behalf of the Board of Directors and everyone within SME Bank, I would like to sincerely thank our key stakeholders, namely, the Ministry of Finance and Ministry of Entrepreneur and Cooperatives Development for their invaluable expertise and guidance towards uplifting our SMEs; and Bank Negara Malaysia for their steadfast support and belief in our future vision.

I would also like to express my gratitude to my fellow Board members for their support and guidance throughout my tenure here at SME Bank. A special appreciation goes to Dato' Mohammad Radhi Abdul Razak and Encik Mohd Sakeri Abdul Kadir for their services and contributions as part of SME Bank's Board of Directors up until their departure in 2022.

Our accomplishments for the year are the result of the collective efforts of senior management and all SME Bank staff towards propelling SME Bank's continued growth as the leading DFI in Malaysia, for all of which I am deeply appreciative and thankful for.

Akhir sekali, terima kasih tidak terhingga kepada para pelanggan kami atas sokongan yang tidak berbelah bahagi terhadap SME Bank. Dengan ikrar kami untuk meneruskan agenda kelestarian dan komitmen untuk memberi perkhidmatan lebih baik kepada PKS, kami akan berusaha untuk memberi inspirasi kepada pelanggan kami bagi merealisasikan masa depan yang lebih cerah dan lestari. Marilah kita bersama-sama jadikan ia satu kenyataan.

Finally, my deepest thanks go out to our customers for their continuous support and patronage of SME Bank. With our pledge towards incorporating sustainability agenda and commitment to serve SMEs better, we strive to inspire our customers towards realising a brighter and greener future ahead. Let's make it happen, together.

DATO' SERI NAZIR ARIFF

Pengerusi/Chairman



ULASAN PRESIDEN KUMPULAN/ KETUA PEGAWAI EKSEKUTIF

GROUP PRESIDENT/CHIEF EXECUTIVE OFFICER'S REVIEW

SME Bank kekal teguh dalam visinya untuk menjadi peneraju dalam penciptaan nilai ekosistem Perusahaan Kecil dan Sederhana (PKS) menjangkau perkhidmatan kewangan dalam menghadapi persekitaran operasi yang tidak menentu sejak beberapa tahun yang lalu. Kami komited dalam menyokong usaha-usaha pembangunan PKS negara sejak penubuhan kami pada tahun 2005. Peranan kami dalam menyokong PKS untuk maju ternyata tidak boleh dipisahkan daripada agenda pembangunan negara.

SME Bank remains steadfast in its vision to be a leader in Small, Medium Enterprise (SME) ecosystem value creation beyond financial services in the face of the turbulent operating environment of the past years. We are committed in supporting the development efforts of the country's SMEs ever since our inception in 2005. Our role in supporting SMEs to thrive is evidently inseparable from the national development agenda.

DATUK WIRA (DR.) ARIA PUTERA ISMAIL

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



RM64.5
juta/million

16.6% keuntungan sebelum cukai lebih tinggi daripada tahun 2021
16.6% higher than FY2021



RM3.5
bilion/billion

Diluluskan untuk pembiayaan kepada hampir 1,600 PKS
Approved for financing to almost 1,600 SMEs



7.0%

Pertumbuhan Pembiayaan YoY kepada RM8.4 bilion
YoY Financing Growth of RM8.4 bilion

Prestasi Kewangan tahun 2022

Walaupun berhadapan dengan cabaran berterusan disebabkan ketidaktentuan geopolitik dan ekonomi, prestasi kewangan tahun 2022 secara keseluruhannya adalah lebih positif, didorong oleh peralihan COVID-19 daripada fasa pandemik kepada endemik yang telah menambah baik prestasi perniagaan dan keyakinan pengguna. SME Bank berjaya melepasi semua sasaran kewangannya untuk tahun ini dalam cabaran global dan domestik.

Disumbangkan oleh pendapatan perbendaharaan dan perbankan yang lebih tinggi, Bank mencatat keuntungan sebelum cukai (PBT) sebanyak RM64.5 juta pada tahun 2022. PBT adalah 4.0% lebih tinggi daripada sasarannya dan 16.6% lebih tinggi daripada tahun sebelumnya.

Keupayaan untuk menyesuaikan diri dan bertindak balas dengan pantas terhadap perubahan persekitaran telah membolehkan kami meningkatkan jumlah aset kepada RM12.6 bilion, yang mana adalah 10.5% lebih tinggi daripada tahun 2021.

Pengukuhan kewangan ini telah disahkan oleh penarafan Malaysian Rating Corporation (MARC). Pada tahun ini, MARC mengesahkan penarafan institusi kewangan AAA bagi SME Bank. Pada masa yang sama, MARC juga telah mengesahkan penarafan AAA_{IS}/MARC-1_{IS} untuk program Sukuk Kelestarian SME Bank dengan prospek yang stabil.

SME Bank mengekalkan peranan penting dalam pembangunan PKS di Malaysia. Pada tahun 2022, Bank meluluskan pembiayaan berjumlah RM3.5 bilion kepada hampir 1,600 PKS. Daripada jumlah pembiayaan yang diluluskan, 52.0% dan 42.0% adalah masing-masing untuk usahawan bersaiz kecil dan sederhana.

Pada akhir tahun 2022, portfolio pembiayaan kami mencatat kadar pertumbuhan sebanyak 7.0% tahun ke tahun (YoY), yang keseluruhannya berjumlah RM8.4 bilion. Pertumbuhan ini didorong oleh peranan berterusan kami sebagai penyalur kemudahan rangsangan kerajaan kepada mereka yang terkesan oleh pandemik.

Financial Performance 2022

Despite the continued macroeconomic challenges due to geopolitical and economic uncertainty, 2022 financial performance 2022 was generally more positive, buoyed by the transition of COVID-19 from the pandemic to an endemic phase to which led to improved business performance and consumer confidence. SME Bank surpassed all of its financial targets for the year amidst global and domestic headwinds.

Contributed by higher treasury and banking income, the Bank recorded a profit before tax (PBT) of RM64.5 million in 2022. The PBT was 4.0% higher than its target and 16.6% higher than the previous year.

The ability to be quick and agile in adapting and responding to changing environments has enabled us to grow our total assets to RM12.6 billion, which was 10.5% higher than 2021.

The Bank's financial strength has been confirmed by the Malaysian Rating Corporation (MARC) rating. During the year, MARC reaffirmed its financial institution rating of AAA on SME Bank. Concurrently, the rating agency has reaffirmed its ratings of AAA_{IS}/MARC-1_{IS} on the Bank's Sustainability Sukuk programme with stable outlook.

SME Bank remains a key player in the development of SMEs in Malaysia. In 2022, the Bank approved a total of RM3.5 billion in financing to almost 1,600 SMEs during the year. Out of the total financing approved, 52.0% and 42.0% were for small and medium-sized entrepreneurs, respectively.

As at end-2022, our financing portfolio recorded a growth rate of 7.0% YoY to stand at RM8.4 billion. The growth was aided by our continued role as a conduit to channel the government's stimulus facilities to those impacted by the pandemic.

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

Pembiayaan kepada usahawan kecil merupakan majoriti portfolio sebanyak 45%, diikuti oleh usahawan sederhana sebanyak 34%. Tiga sektor teratas adalah Pemborongan & Peruncitan dan Restoran & Hotel sebanyak 28%, Pembuatan sebanyak 18%, dan Pembinaan sebanyak 17%.

SME Bank terus mendapat manfaat daripada sokongan pendanaan daripada kerajaan dan juga Bank Negara Malaysia (BNM). Pada akhir tahun 2022, 62.5% daripada jumlah pendanaan kami diperolehi menerusi deposit, pembiayaan dan geran daripada kerajaan dan entiti berkaitan kerajaan, serta terbitan Sukuk jaminan Kerajaan.

Penyelesaian pembiayaan untuk perniagaan

Sehingga kini, sejak penubuhannya pada tahun 2005, SME Bank telah meluluskan pembiayaan bernilai lebih RM41.8 bilion kepada lebih daripada 22,000 pelanggan.

Dalam tahun fiskal 2022, kami meneruskan sokongan terhadap inisiatif Kerajaan untuk membantu PKS dengan menyediakan pelbagai program pembiayaan. Ini termasuk Skim Pembiayaan Pelancongan PENJANA (PTF), Dana Pemantapan Automasi (PMG), Dana Kemampanan PMKS Bumiputera (LBF), Dana Transformasi Teknologi PKS (STTF), Pembiayaan Dana Rantainya Bekalan Bumiputera (BSC) Teraju untuk Sektor Pemborongan & Peruncitan, Dana Pemberdayaan Usahawan Muda (YEF 2.0) dan Dana Pemangkin Ekosistem IBS (IBS 2.0).

Financing to small entrepreneurs comprised the majority of the portfolio at 45%, followed by medium at 34%. The top three sectors were Wholesale & Retail Trade and Restaurants & Hotels at 28%, Manufacturing at 18%, and Construction at 17%.

SME Bank continued to benefit from funding support from the government as well as Bank Negara Malaysia (BNM). As of end-2022, 62.5% of our total funding was sourced through deposits, borrowings and grants from the Government and Government-related entities as well as by Government-guaranteed Sukuk issuances.

Financing solutions for businesses

To date, since its inception in 2005, SME Bank has approved financing worth over RM41.8 billion to more than 22,000 customers.

In fiscal year 2022, we continued supporting the government's initiatives to assist SMEs by providing various financing programmes. These include PENJANA Tourism Fund (PTF), PEMERKASA Matching Grant (PMG), Lestari Bumi Financing (LBF), SME Technology Transformation Fund (STTF), Teraju Bumiputera Supply Chain for Wholesale and Retail Sector (BSC), Young Entrepreneur Fund 2.0 (YEF 2.0) and Industrial Building System Promotion Fund 2.0 (IBS 2.0).

Program/Programme	Diluluskan pada 2022/Approved in 2022	
	RM juta/million	Bil. pelanggan/ No. of customers
Skim Pembiayaan Pelancongan PENJANA/PENJANA Tourism Fund (PTF)	21.1	65
Dana Pemantapan Automasi/PEMERKASA Matching Grant (PMG)	77.2	77
Dana Kemampanan PMKS Bumiputera/Lestari Bumi Financing (LBF)	152.1	348
Dana Transformasi Teknologi PKS/SME Technology Transformation Fund (STTF)	117.0	106
Pembiayaan Dana Rantainya Bekalan Bumiputera (BSC) Teraju untuk Pemborongan & Peruncitan/Teraju Bumiputera Supply Chain for Wholesale and Retail Sector (BSC)	71.8	33
Dana Pemberdayaan Usahawan Muda/Young Entrepreneur Fund 2.0 (YEF 2.0)	34.0	59
Dana Pemangkin Ekosistem IBS/Industrial Building System Promotion Fund 2.0 (IBS 2.0)	61.7	11

* Butiran lengkap mengenai bantuan pembiayaan Bank boleh didapati melalui laman web SME Bank.

* Full details of the Bank's financing assistance can be accessed via SME Bank's website.

Pembiayaan kepada usahawan kecil membentuk sebahagian besar daripada portfolio sebanyak 45%, diikuti oleh usahawan sederhana sebanyak 34%. Tiga sektor teratas adalah Pemborongan & Peruncitan dan Restoran & Hotel sebanyak 28%, Pembuatan sebanyak 18%, dan Pembinaan sebanyak 17%.

Financing to small entrepreneurs comprised the majority of the portfolio at 45%, followed by medium at 34%. The top three sectors were Wholesale & Retail Trade and Restaurants & Hotels at 28%, Manufacturing at 18%, and Construction at 17%.

Dana Permodalan Semula PKS

SME Bank adalah agensi pelaksana bagi Dana Permodalan Semula PKS yang merupakan sebahagian daripada Program Semarak Niaga yang diumumkan di bawah Belanjawan Negara 2022. Dana RM600 juta ini, dengan kolaborasi bersama TERAJU dan Bank Simpanan Nasional bertujuan untuk memastikan pertumbuhan PKS, menggalakkan pengembangan perniagaan serta mengawal tahap keberhutangan mereka melalui penyelesaian pembiayaan yang lebih inovatif.

Dana ini menawarkan pelaburan ekuiti sehingga RM5.0 juta untuk membantu pemulihan PKS yang terkesan oleh pandemik dengan mengukuhkan kedudukan kewangan dan tahap penggearan serta membantu pertumbuhan PKS yang mampan.

Anak syarikat SME Bank, Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR) adalah rakan penyampaian yang akan membantu pemohon yang layak untuk membangunkan pelan perniagaan komprehensif dengan menggunakan Equity Life Cycle Scoring Assessment (ELSA).

ELSA adalah aplikasi yang dikuasakan oleh kecerdasan buatan atau AI yang kami bangunkan untuk menilai syarikat-syarikat dengan panduan peralihan agar mereka boleh mengendalikan perniagaan mereka dengan jayanya. Sehingga kini, 300 PKS yang berpotensi telah berdaftar di bawah program ini dan 25 pelan perniagaan telah disiapkan.

Memudahkan peralihan ESG untuk PKS melalui bantuan kewangan

PKS mewakili kira-kira 97.0% daripada jumlah keseluruhan perniagaan tempatan. Oleh itu, penglibatan mereka dalam peralihan ESG ini amat penting bagi merealisasikan cita-cita negara untuk mencapai neutraliti karbon menjelang tahun 2050.

SME Recapitalisation Fund

SME Bank is the implementing agency for the SME Recapitalisation Fund which is a part of the Semarak Niaga Programme introduced during the 2022 National Budget. The RM600 million Fund, in collaboration with TERAJU and Bank Simpanan Nasional, aims at ensuring the growth of SMEs, encouraging business expansion and keeping in check their level of indebtedness through more innovative financing solutions.

The fund offers equity investments of up to RM5.0 million to assist the recovery of SMEs affected by the pandemic by strengthening weak balance sheets and gearing levels as well as facilitating the growth and creation of sustainable SMEs.

The Bank's subsidiary, Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR) is the delivery partner that will facilitate eligible applicants to come up with comprehensive business plan development by applying Equity Life Cycle Scoring Assessment (ELSA).

ELSA is an AI-powered application that we developed to assess companies with an advised transition guide for them to be navigated successfully through their lifecycles. To date, 300 potential SMEs have been onboarded for the programme and 25 business plans have been completed.

Facilitating the ESG transition for SMEs through financial assistance

SMEs account for approximately 97.0% of all local business establishments. Thus it is important that they are brought onto the ESG journey, to realise the country's ambition to achieve carbon neutrality by 2050.

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

Dalam dunia yang pantas berubah, PKS perlu cekap untuk menukar strategi perniagaan bagi memastikan pertumbuhan yang mampan. Kami komited untuk menjadi ejen perubahan yang berkesan dengan menyokong dan menggalakkan penerimgunaan ESG di kalangan PKS.

Secara sendirian, PKS mempunyai kesan alam sekitar yang kecil, namun impak mereka secara terkumpul adalah besar. Oleh yang demikian, kami mahu PKS agar mendapat manfaat daripada ekosistem perbankan kami, termasuk penyelesaian berkaitan kemampuan bagi mereka membina perniagaan yang berdaya tahan dan berkembang sebagai perniagaan yang bertanggungjawab kepada alam sekitar dan sosial. Segala penyelesaian pembiayaan kami telah ditambahbaik untuk membantu memenuhi matlamat ESG perniagaan PKS.

Kami berusaha merapatkan jurang pengetahuan dan keupayaan PKS dalam membantu mereka mengintegrasikan prinsip-prinsip ESG ke dalam operasi mereka. Ini adalah tambahan kepada penyediaan akses kepada pendanaan menerusi pelbagai penyelesaian pembiayaan.

Kami mengambil bahagian dalam Kemudahan Peralihan Rendah Karbon (LCTF) BNM serta Kemudahan Teknologi Tinggi dan Hijau di mana BNM telah memperuntukkan RM1.0 bilion untuk menyokong PKS dalam menerima pakai amalan-amalan kelestarian dan rendah karbon. SME Bank, sepertimana institusi kewangan lain yang turut mengambil bahagian, akan memadankan LCTF dengan dana kami sendiri.

In a rapidly changing world, SMEs need to quickly pivot business strategies to ensure sustainable growth. We are committed to be an effective agent of change by advocating and promoting ESG adoption among SMEs.

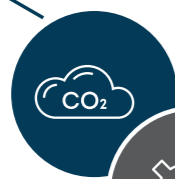
Individually, SMEs have a small environmental footprint, however their cumulative impact is substantial. Therefore, we want SMEs to benefit from our banking ecosystem, which includes related sustainability-linked solutions for them to build a resilient business and thrive as environmentally and socially responsible businesses. Our financing solutions have all been improved to help fulfil the ESG goals of SMEs.

We seek to bridge the divide of knowledge and capacity for SMEs when it comes to helping them integrate ESG principles into their operations. This is in addition to providing access to funding through a variety of financing solutions.

We participated in BNM's Low Carbon Transition Facility (LCTF) as well as the High Tech and Green Facility (HTG) under which BNM has allocated RM1.0 billion to support SMEs in adopting sustainable and low-carbon practices. SME Bank, as with other participating financial institutions, will match the LCTF with our own funds.

Menyertai dana yang dilancarkan oleh BNM/Participating in funds launched by BNM:

Kemudahan Peralihan Rendah Karbon (LCTF)
Low Carbon Transition Facility (LCTF)



Kemudahan Teknologi Tinggi dan Hijau
High Tech and Green Facility (HTG)



Dana yang diperkenalkan oleh SME Bank/Funds introduced by SME Bank:

Dana Pemberdayaan Usahawan Muda 2.0 (YEF2.0)
Young Entrepreneur Fund 2.0 (YEF2.0)



Dana Pemangkin Ekosistem IBS 2.0 (IBS2.0)
Industrialised Building System Promotion Fund 2.0 (IBS2.0)



Segala penyelesaian pembiayaan kami telah ditambahbaik untuk membantu memenuhi matlamat ESG PKS.

Our financing solutions have all been improved to help fulfil the ESG goals of SMEs.

SME Bank juga telah membangun dan melancarkan dua skim pembiayaan untuk PKS di mana kami menyediakan insentif kadar keuntungan pada tahun terakhir tempoh pembiayaan untuk pelanggan yang mengekalkan status patuh ESG mereka. Objektif kami adalah bukan sekadar untuk memberi ganjaran insentif kepada mereka, tetapi paling penting adalah untuk memupuk kesedaran ESG dan mendisiplinkan mereka sepanjang perjalanan ESG mereka.

Dua skim pembiayaan ini adalah Dana Pemberdayaan Usahawan Muda 2.0 (YEF2.0) dan Dana Pemangkin Ekosistem IBS 2.0 (IBS2.0). Kami memperkenalkan semula YEF2.0 bagi membantu dan menyokong usahawan muda untuk mempertingkatkan perniagaan mereka ke tahap lebih tinggi dan kekal berdaya maju pasca pandemik COVID-19. Selain itu, kami menawarkan IBS2.0 untuk menyokong kontraktor, pembuat dan pemasang IBS yang layak, sejajar dengan Matlamat Pembangunan Mampan Pertubuhan Bangsa-Bangsa Bersatu (UNSDG) 12 untuk memastikan penggunaan dan amalan pengeluaran yang mampan, dengan menggalakkan penerapan nilai-nilai kelestarian menerusi persekitaran pengeluaran terkawal dan penghasilan sisa yang minimum.

Pada tahun 2022, pembiayaan yang diluluskan kepada PKS yang terlibat dalam sektor-sektor berkaitan ESG berjumlah RM3.3 bilion, melepasi sasaran kami iaitu RM1.75 bilion untuk tahun itu.

Mengintegrasikan sokongan menjangkau pembiayaan untuk peralihan ESG PKS

Sebagai tambahan kepada pelbagai inisiatif pembiayaan, kami turut menyediakan sokongan yang menjangkau pembiayaan bagi membantu PKS berkembang lebih jauh lagi dan mematuhi prinsip ESG untuk operasi perniagaan jangka panjang mereka.

Pengurus perhubungan SME Bank dan pasukan di anak syarikat milik penuh kami, CEDAR telah melaksanakan sesi libat urus secara agresif bersama PKS di seluruh negara.

Sesi libat urus ini membolehkan kami berkongsi maklumat tentang kepentingan dan memahami ESG. Berdasarkan kaji selidik yang kami jalankan, 95% daripada pelanggan kami telah menyatakan kesanggupan mereka untuk menerap nilai-nilai kelestarian dalam operasi perniagaan kami.

CEDAR, sebagai penyedia latihan keusahawanan bagi SME Bank, kini memainkan peranan lebih besar dalam penerimgunaan ESG. Ia memperkenalkan modul ESG dalam khidmat nasihatnya sebagai sebahagian daripada usaha untuk memupuk prinsip-prinsip ESG ke dalam syarikat, bersama kolaborasi dengan Kompak Global Pertubuhan Bangsa-Bangsa Bersatu (UNGC), sebagai ahli penandatanganan UNGC.

The Bank has also developed and launched two financing schemes for SMEs where we provide profit rate incentives in the final year of financing tenure to customers that maintain their ESG-compliant status. Our intended objective is not only to reward them with the incentive, but most importantly to inculcate ESG awareness and discipline them throughout their ESG journey.

The two financing schemes are the Young Entrepreneur Fund 2.0 (YEF2.0) and Industrialised Building System Promotion Fund 2.0 (IBS2.0). We reintroduced YEF2.0 to assist and support young entrepreneurs to elevate their businesses to a higher level and remain viable during post COVID-19 pandemic. In addition, we offer IBS2.0 to support eligible IBS contractors, manufacturers and installers in line with the United Nations Sustainable Development Goal (UNSDG) 12 to ensure sustainable consumption and production patterns, by promoting sustainability from a controlled production environment and minimisation of waste generation.

In 2022, financing approved to SMEs involved in ESG-related sectors totalled RM3.3 billion, surpassing our target for the year of RM1.75 billion.

Integrating beyond financing support for SME's ESG transition

In addition to the various financing initiatives, we integrate beyond financing support to help SMEs grow further and comply with ESG's tenet for their long-term business operations.

The Bank's relationship managers and the team at our fully owned subsidiary, CEDAR have been aggressively engaging SMEs by running awareness sessions nationwide.

These engagements have allowed us to share the importance of ESG and to make them understand what ESG truly means. Based on a survey we conducted, 95% of our customers have indicated that they are willing to embrace sustainability in their business operations.

CEDAR, as a training arm of the Bank, is now taking on a greater role when it comes to ESG adoption. It introduced ESG modules in its advisory services as part of efforts to inculcate ESG tenets into companies, in collaboration with the United Nations Global Compact (UNGC), as a signatory member of UNGC.

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

Pada masa yang sama, CEDAR juga berperanan untuk membantu PKS dalam membangunkan pelan peralihan untuk operasi patuh ESG, termasuk aspek-aspek yang memerlukan pengubahsuaian atau keperluan untuk menyemak semula model perniagaan mereka, serta apa yang mereka perlukan untuk memulakan perjalanan ESG mereka.

CEDAR akan meluaskan peranannya dalam membantu perusahaan sosial mendapatkan akreditasi serta membimbing PKS untuk meningkatkan penerimgunaan ESG dalam operasi perniagaan mereka.

Mengutamakan Sokongan Menjangkau Pembiayaan

Kami mengakui sepenuhnya bahawa pendanaan semata-mata adalah tidak mencukupi untuk membina dan mengembangkan PKS. Bantuan kewangan yang kami sediakan mesti dilengkapi dengan bantuan teknikal atau sokongan bukan kewangan yang khusus dan relevan untuk mereka mengatasi halangan luaran dan dalaman terhadap daya maju ke hadapan. Oleh yang demikian, keutamaan kami menjangkau pembiayaan, di mana kami mencipta, memupuk dan menyokong pembangunan PKS sepanjang kitaran hayat mereka untuk memacu keusahawanan dan membantu pertumbuhan PKS. Seterusnya, kami berusaha mewujudkan juara serantau dari kalangan PKS yang berupaya untuk bersaing di luar negara.

Sokongan yang kami berikan bertumpu pada dua bahagian utama iaitu kemampuan kewangan dan daya tahan operasi. Melalui kemampuan kewangan, kami menasahkan untuk membantu usahawan mencapai pertumbuhan dalam pendapatan dan pengurusan kewangan yang lebih kukuh. Daya tahan operasi pula bermakna mengukuhkan operasi perusahaan mereka, prestasi jualan, dan amalan tadbir urus.

CEDAR menawarkan program pembangunan dan bimbingan usahawan yang unik dan berkesan. Bimbingan ini mengambil pendekatan "bimbingan peribadi" bagi membolehkan kami memberi pendedahan yang lebih baik mengenai pengetahuan dan maklumat baharu kepada PKS dan melihat di luar kaedah perniagaan konvensional.

Sukacita saya menyatakan bahawa hari ini, SME Bank merupakan satu-satunya bank Malaysia dengan entiti seperti CEDAR, yang menumpukan kepada pembangunan berterusan usahawan dalam memastikan pertumbuhan dan kemampuan melalui pelbagai bentuk intervensi. Ini termasuk perundingan berasaskan kajian, bimbingan perniagaan, pemudahcaraan berasaskan dana, pementoran berasaskan keberhasilan dan intervensi perniagaan.

Pada tahun 2022, seramai 8,156 usahawan menyertai 108 program bimbingan dan latihan yang kami jalankan. Sehingga kini, CEDAR telah melatih lebih 75,000 peserta dalam pelbagai program pembangunan usahawan.

At the same time, CEDAR has been empowered to assist SMEs in coming up with a plan to transition to ESG-compliant operations, including areas where they need to consider modification or review on the business model, as well as what they need to start their ESG journey.

CEDAR will amplify its role through the development of social enterprises to achieve accreditation as well as coaching SMEs to boost the adoption of ESG in their business operations.

Prioritising Beyond Financing Support

We fully acknowledge that funding alone is not enough to build and grow SMEs. The financial assistance we provide must be complemented with specialised and relevant technical assistance or non-financial support for them to overcome the external and internal barriers to financial viability. Our priority thus goes beyond financing, where we create, nurture and support SME development throughout their lifecycle in order to drive entrepreneurship and facilitate the growth of SMEs. Ultimately, we strive to create regional champions among SMEs that are able to compete abroad.

Typically, our support is focused on two key areas namely financial sustainability and operational resilience. Through financial sustainability, we aim to help entrepreneurs to achieve revenue growth and stronger financial management. Whereas operational resilience means strengthening their enterprise operations, sales performance, management, and governance practices.

CEDAR offers a unique and effective entrepreneur development and coaching programme. The coaching adopts a handholding approach to enable us to better expose the SMEs to new knowledge and information and to look beyond their conventional way of doing things.

I am happy to state that today, SME Bank stands as the only Malaysian bank with an outfit like CEDAR, which focuses on the continuous development of entrepreneurs in ensuring growth and sustainability through its various forms of intervention services. These include research-based counselling, business coaching, fund-based facilitation, outcome-based mentoring and business intervention.

In 2022, a total of 8,156 entrepreneurs participated in 108 coaching and training programmes that we conducted. To date, CEDAR has trained over 75,000 participants in various entrepreneur development programmes.

CEDAR mencatat satu lagi pencapaian pada tahun ini apabila syarikat pemula yang telah dilatih dan dibimbing, Energreen Tech muncul sebagai juara Ecothon 2022, menewaskan 18 pasukan lain dari enam negara. Berlangsung di Korea Selatan, Ecothon 2022 adalah pertandingan model perniagaan untuk usahawan eko yang berpotensi dengan idea perniagaan inovatif berkaitan dengan SDG 12: Penggunaan dan Pengeluaran Mampan (SCP). Ia bertujuan untuk menyokong usahawan untuk mengubah idea perniagaan berkaitan SCP yang lebih inovatif.

CEDAR marked another achievement during the year when a startup business that it trained and coached, Energreen Tech came out as a champion of Ecothon 2022, having beaten 18 teams from six countries. Held in South Korea, Ecothon 2022 is a business model competition for promising eco-entrepreneurs with innovative business ideas related to SDG 12: Sustainable Consumption and Production (SCP). It is aimed at supporting entrepreneurs to transform their business with a more innovative SCP-related business idea.

Program Peningkatan Perniagaan SME Bank

Kami meneruskan program intervensi peningkatan perniagaan yang bertujuan untuk menaikkan prestasi perniagaan pelanggan kami. Program ini telah terbukti berjaya dimana 196 syarikat telah mencapai peningkatan pada tahun 2022. Kejayaan mereka diukur berdasarkan sama ada peningkatan dalam jualan dan pendapatan, bilangan kakitangan, pendapatan eksport dan pengadaptasian teknologi.

Satu lagi pencapaian mengagumkan program intervensi ini juga dilihat dalam bilangan 66 pelanggan kami yang mencatat peningkatan dalam kategori PKS mereka, meningkat sama ada daripada perusahaan Mikro kepada Kecil atau daripada perusahaan Kecil kepada Sederhana.

SME Bank's Upward Migration Programme

We continued with our upward migration intervention programme aimed to elevate our customers' businesses. The programme has proven to be successful with 196 companies being migrated upward in 2022. Their successes were measured either by the increase in sales and revenue, number of employees, export revenue and technology adaptation.

Another notable feat of our intervention programme is also seen in the number of our 66 customers who recorded an improvement in their SME category, migrating upward either from Micro to Small enterprises or from Small to Medium enterprises.

Kompleks Premis Usahawan

Kompleks Premis Usahawan (EPC) SME Bank adalah satu lagi inisiatif yang menjangkau pembiayaan iaitu penyediaan ruang kilang dengan kadar kompetitif untuk disewa kepada usahawan. Di bawah program ini, kami menyediakan 26 Kompleks Premis Usahawan (EPC) di seluruh negara dengan 454 ruang kilang di lokasi-lokasi strategik di seluruh negara.

Bukan itu sahaja, pegawai-pegawai EPC kami mengawal selia dan memberi perkhidmatan nilai tambah kepada penyewa kompleks kami. Ini termasuk inisiatif intervensi khusus untuk membantu usahawan mengembang dan mengekalkan perniagaan mereka.

Bagi membantu lagi para usahawan dalam kemandirian perniagaan mereka, kami mengecualikan sewa bulan Januari 2022 hingga Mac 2022 untuk 41 kilang di Shah Alam yang terkesan oleh bencana banjir yang menimpa pada penghujung tahun 2021.

Sambutan terhadap program ini adalah menggalakkan, sepertimana ditunjukkan oleh peningkatan dalam kadar pengisian daripada 87.2% pada tahun 2021 kepada 89.2% pada tahun 2022.

Entrepreneur Premises Complex

SME Bank's Entrepreneur Premises Complex (EPC) is another beyond-financing initiative to provide suitable factory lots with competitive rates for rental to entrepreneurs. Under this programme, we provide 26 complexes with 454 factory lots at strategic locations nationwide.

Above and beyond this, our dedicated EPC teams supervise and provide value-added services to the tenants of our complexes. This includes specific intervention initiatives to help the entrepreneurs to grow and sustain their businesses.

To further assist the entrepreneurs in their business survivability, we waived January 2022 to March 2022 rental of 41 factories in Shah Alam affected by the end-2021 flood disaster.

The response to this programme has been overwhelming, as translated by the increase in occupancy rate from 87.2% in 2021 to 89.2% in 2022.

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Menyediakan platform untuk prospek pertumbuhan perniagaan

SME Bank XCESS

SME Bank XCESS, acara pepadanan perniagaan yang diadakan setiap tahun membolehkan PKS tempatan berhubung dan meninjau peluang menjadi pembekal, pengimport atau rakan perniagaan.

Usahawan PKS juga boleh mengambil peluang untuk menyertai SME Bank Umbrella, kolaborasi antara SME Bank dan syarikat-syarikat induk, untuk mengembangkan perniagaan mereka.

Tidak seperti edisi sebelum ini, SME Bank XCESS 2022 yang berbentuk hibrid ini menyaksikan kehadiran rakan-rakan perdagangan antarabangsa dari Thailand, Jepun serta akses kepada pasaran ASEAN melalui platform dalam talian, ASEAN Access.

Acara ini mendapat sambutan sangat baik, dengan lebih 30,000 kunjungan ke portal acara dan kira-kira 600 pengunjung fizikal. Kami juga mencatat penyertaan 26 rakan domestik dan enam rakan antarabangsa dengan 42 gerai maya dan 12 gerai fizikal. SME Bank XCESS 2022 turut merekodkan sejumlah 405 sesi pembentangan cadangan secara maya.

JomXCESS

JomXCESS dibangunkan berdasarkan format SME Bank XCESS. Ia adalah usaha proaktif kami bagi membuka lebih banyak peluang baharu untuk usahawan PKS di seluruh negara memperkukuhkan lagi perniagaan mereka.

JomXCESS adalah platform berkesan untuk capaian terus kepada para usahawan, dengan tumpuan memastikan akses kepada pembiayaan. Ia juga melibatkan pepadanan perniagaan dan pembentangan cadangan dengan syarikat-syarikat induk, taklimat produk dan program serta bentuk perkhidmatan berkaitan lain untuk diteroka oleh PKS.

Satu lagi bidang tumpuan adalah terhadap program pembangunan yang ditawarkan oleh SME Bank dan CEDAR, agensi Kerajaan dan berbagai rakan lain.

Kami mengadakan enam sesi JomXCESS 2022 menerusi platform hibrid di peringkat wilayah di seluruh negara. Jumlah penyertaan seramai 992 usahawan mengatasi sasaran awal kami seramai 600 peserta, yang membuktikan kejayaan berterusan program ini.

Providing platforms for business growth prospects

SME Bank XCESS

The annual SME Bank XCESS, a business matching event has enabled local SMEs to connect and explore directly the possibilities of being the suppliers, importers or business partners.

SME entrepreneurs could also take the opportunity to join the SME Bank Umbrella Programme, a collaboration between SME Bank and anchor companies, to grow their business.

Unlike the previous editions, the hybrid SME Bank XCESS 2022 saw the presence of international trading partners from Thailand, Japan as well as access to the ASEAN market through the online platform, ASEAN Access.

The event recorded an overwhelming response, with more than 30,000 visits to the event portal and approximately 600 physical visitors. We also recorded the participation of 26 domestic partners and six international partners with 42 virtual booths and 12 physical booths. SME Bank XCESS 2022 also recorded a total of 405 virtual pitching sessions.

JomXCESS

Developed based on SME Bank XCESS format, JomXCESS is our proactive effort to go nationwide in opening more new opportunities for SME entrepreneurs to further strengthen their businesses.

JomXCESS is an effective platform for us to reach out to entrepreneurs directly, with a focus on ensuring access to financing. It also involves business matching and pitching with key anchor companies, product and programme briefings as well as other related forms of services for SMEs to explore.

Another focus area is on developmental programmes offered by SME Bank and CEDAR, government agencies and various other partners.

We carried out six sessions of JomXCESS 2022 via a hybrid platform at the regional level. The total participation of 992 entrepreneurs exceeded our initial target of 600 participants, which proved the continual success of the programme.



Program Business Exports

SME Bank, dengan Kerjasama Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP) dan Perbadanan Pembangunan Perdagangan Luar Malaysia (MATRADE), menawarkan Program Business Exports (BEP) untuk memupuk dan membangunkan usahawan PKS yang berpotensi untuk menjadi pengeksport. Program intervensi berstruktur tiga tahun ini juga bertujuan menyokong inisiatif kerajaan dalam meningkatkan pertumbuhan eksport PKS.

Fasa 1 BEP menyaksikan 25 syarikat menyertai program ini pada tahun 2022 dan akan tamat pada Jun tahun 2024; lanjutan selama 1 tahun setelah mengambil kira tempoh pandemik COVID-19. Untuk Fasa 2, sejumlah 22 syarikat menyertai program ini pada tahun 2021 dan dijangka akan menamatkannya pada tahun 2024. Pada akhir tahun 2022, peserta mencatat pendapatan eksport terkumpul sebanyak RM38.0 juta dan RM85.4 juta, masing-masing bagi Fasa 1 dan Fasa 2. Ini sekaligus mengatasi sasaran program yang ditetapkan iaitu RM13.0 juta (Fasa 1) dan RM10.0 juta (Fasa 2).

Sepanjang tahun ini, kami membawa sejumlah 53 peserta BEP untuk menyertai empat *Export Acceleration Missions* (EAM) iaitu Dubai World Expo 2020, Dubai; Manila, Filipina; MIHAS 2022, Kuala Lumpur; ADIPEC 2022, Abu Dhabi dan satu EAM maya di China.

Kami percaya bahawa BEP akan terus menjadi medium untuk mengantarabangsakan PKS berprestasi tinggi, dan pada masa yang sama membantu usahawan PKS untuk menembusi pasaran eksport.

Business Export Program

SME Bank, in collaboration with the Ministry of Entrepreneur and Cooperatives Development (MECD) and Malaysia External Trade Development Corporation (MATRADE), offers Business Exports Program (BEP) to nurture and develop potential SME entrepreneurs to become exporters. The three-year structured intervention programme also aims at supporting the government's initiatives to boost the export growth of SMEs.

Phase 1 of BEP saw 25 companies onboarded the programme in 2022 and will be completing it in June 2024; an extension of 1 year after taking into consideration the COVID-19 pandemic. For Phase 2, a total of 22 companies onboarded in 2021 and are expected to complete the programme in 2024. At the end of 2022, the participants recorded a cumulative export revenue of RM38.0 million and RM85.4 million for Phase 1 and Phase 2, respectively. These have already exceeded the programme's target of RM13.0 million (Phase 1) and RM10.0 million (Phase 2).

During the year, we brought a total of 53 BEP participants to participate in four Export Acceleration Missions (EAM) namely Dubai World Expo 2020, Dubai; Manila, Philippines; MIHAS 2022, Kuala Lumpur; ADIPEC 2022, Abu Dhabi and one virtual EAM in China.

We believe that BEP will continue to be the medium for internationalising high-performing SMEs, while facilitating SME entrepreneurs to penetrate the export market.

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Program Pembangunan Kapasiti dan Keupayaan Vendor

Bagi membantu vendor Bumiputera meningkatkan kemampuan dan keupayaan mereka untuk menjadi kompetitif, mampan dan berdaya tahan, kami melancarkan Program Pembangunan Kapasiti dan Keupayaan Vendor (PPKV) pada tahun 2022.

Kami yakin bahawa program ini akan memperlengkapkan mereka dengan akreditasi dan pensijilan antarabangsa untuk menembusi pasaran domestik dan global.

Pada akhir tahun 2022, kami meluluskan 26 permohonan dengan geran bernilai RM2.3 juta secara keseluruhannya untuk membina kapasiti dan membeli peralatan atau menaik taraf sistem. Sepanjang tahun ini, peserta PPKV terpilih juga dibawa untuk menyertai peserta BEP dalam EAM Abu Dhabi.

Vendor Capacity & Capability Development Programme

In assisting Bumiputera vendors to increase their capacity and capabilities to be competitive, sustainable and resilient, we launched the Vendor Capacity & Capability Development Programme or Program Pembangunan Kapasiti dan Keupayaan Vendor (PPKV) in 2022.

We are confident that this programme will equip them with international accreditation and certification to penetrate domestic and global markets.

As at the end of 2022, we approved 26 applications with grants worth RM2.3 million in total for both capacity building and the purchase of machinery or system upgrades. During the year, selected PPKV participants were also brought to join the BEP participants in Abu Dhabi EAM.

Menambah baik sosioekonomi usahawan Asnaf dan B40

Untuk menambah baik taraf kehidupan usahawan Asnaf dan usahawan dalam golongan B40, kami meneruskan pelaksanaan program dan inisiatif yang memberi impak sepanjang tahun 2022.

Program Keusahawanan Asnaf SME Bank (ISHRAF) dan Penjana Komuniti@SME Bank adalah dua daripada program pembangunan dan Tanggungjawab Sosial Korporat (CSR) kami khusus untuk membantu kumpulan Asnaf dan B40 membangunkan perniagaan mikro mereka dengan lebih berkesan.

Inisiatif kami dalam bidang ini telah diperakui dan disokong sepenuhnya oleh KUSKOP yang percaya bahawa inisiatif seumpama ini akan secara aktif membantu PKS untuk berusaha dan akhirnya menyumbang kepada ekonomi negara.

Improving the socioeconomics of Asnaf and B40 entrepreneurs

To improve the living standards of Asnaf and B40 income group of entrepreneurs, we continued with the implementation of impactful programmes and initiatives throughout 2022.

SME Bank Asnaf Entrepreneurship Programme (ISHRAF) and Penjana Komuniti@SME Bank are two of our foremost developmental and Corporate Social Responsibility (CSR) programmes dedicated to assist Asnaf and B40 groups to develop their micro businesses more effectively.

Our efforts in this area have been acknowledged and fully supported by MECD which believes that such initiatives will actively further help SMEs to strive and ultimately contribute to the national economy.

Pada tahun 2022, pembiayaan yang diluluskan kepada PKS yang terlibat dalam sektor-sektor berkaitan ESG berjumlah RM3.3 bilion, melepasi sasaran kami iaitu RM1.75 bilion untuk tahun itu.

In 2022, financing approved to SMEs involved in ESG-related sectors totalled RM3.3 billion, surpassing our target for the year of RM1.75 billion.



ISHRAF 2.0

Susulan daripada kejayaan ISHRAF 1.0, kami meneruskan ISHRAF 2.0 untuk menambah baik taraf kehidupan usahawan Asnaf dan usahawan mikro yang terkesan teruk akibat pandemik COVID-19.

Melalui program ini, kami memperlengkapkan Asnaf berpotensi dengan kemahiran perniagaan asas dan pengetahuan untuk menjadi usahawan berjaya. Selain itu, kami mahu mewujudkan usahawan yang lebih kompetitif dan berdaya tahan dalam kalangan Asnaf. Hasil daripada kejayaan mereka, selepas tempoh tertentu mereka akan berubah daripada penerima Zakat kepada pembayar Zakat.

Kami mengambil langkah cekap dalam berkongsi sumber dan mengurus dana. SME Bank memperuntukkan dana Zakat sebanyak RM600,000 manakala rakan strategik kami, Yayasan Pembangunan Ekonomi Malaysia (YaPEIM) dan SME Corporation Malaysia masing-masing memperuntukkan dana sebanyak RM284,400 dan RM190,000.

Tambahan kepada dana ini membolehkan lebih ramai usahawan Asnaf dapat menyertai program ini di enam negeri iaitu Perlis, Kedah, Negeri Sembilan, Melaka, Sabah dan Wilayah Persekutuan Kuala Lumpur. Ini adalah peningkatan daripada ISHRAF 1.0 yang hanya menumpukan kepada usahawan di Selangor.

ISHRAF 2.0 bermula pada tahun 2021 dengan pemilihan 79 usahawan Asnaf oleh Majlis Agama Islam Negeri masing-masing. Asnaf yang terpilih ini mengambil bahagian dalam sesi latihan dan bimbingan yang dijalankan oleh CEDAR. Ini kemudiannya disusuli dengan pemantauan selama satu tahun bagi memastikan matlamat perniagaan yang ditetapkan pada awal program boleh dicapai.

Kami juga menyediakan geran sebanyak RM10,000 untuk setiap peserta sebagai dana pemula untuk mereka mengembangkan perniagaan. Bagi tempoh sembilan bulan dari Januari hingga September 2022, mereka mencatat jualan terkumpul berjumlah RM3.6 juta.

Secara keseluruhan, peserta telah mencatat kira-kira 52.3% peningkatan dalam jualan dengan purata jualan sebanyak RM5,100.00 sebulan sejak menyertai program ini, berbanding RM3,300.00 sebulan sebelumnya.

ISHRAF 2.0

Following the success of ISHRAF 1.0, we continued with ISHRAF 2.0 to improve the living standards of Asnaf and micro-entrepreneurs who have been severely affected due to the COVID-19 pandemic.

Through this programme, we equipped potential Asnaf with the basic business skills and proper tools to become successful entrepreneurs. Additionally, we want to create more competitive and resilient entrepreneurs among the Asnaf. As a result of their success, they will over time transform from Zakat receiver to become Zakat payer.

We took an efficient step in sharing resources and managing funds. The Bank allocated a Zakat fund of RM600,000 while our strategic partners, Yayasan Pembangunan Ekonomi Malaysia (YaPEIM) and SME Corporation Malaysia each allocated a fund of RM284,400 and RM190,000 respectively.

The addition of funds allows more Asnaf entrepreneurs to participate in this programme across six states namely Perlis, Kedah, Negeri Sembilan, Melaka, Sabah and the Federal Territory of Kuala Lumpur. This is an extension from ISHRAF 1.0 which only focused on entrepreneurs in Selangor.

ISHRAF 2.0 started in 2021 with the selection of 79 Asnaf entrepreneurs by the respective State Islamic Religious Council. The selected Asnaf participated in training and coaching sessions conducted by CEDAR. This was subsequently followed with a one-year monitoring to ensure the business goals set at the beginning of the programme can be achieved.

We also provided grant amounting RM10,000 to each participant as a seed fund for them to expand the business. For a period of nine months from January to September 2022, they have recorded accumulated sales amounting to RM3.6 million.

Overall, the participants have recorded approximately 52.3% increase in sales with an average sale of RM5,100.00 per month since joining the programme, compared to RM3,300.00 per month previously.

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Penjana Komuniti@SME Bank

Program Penjana Komuniti@SME Bank telah berupaya mengoptimalkan impak pembangunan ekonomi rakyat, selari dengan aspirasi kerajaan untuk memastikan bahawa lebih daripada 1.1 juta usahawan B40 dapat mencapai pertumbuhan lebih tinggi daripada tempoh sebelum pandemik.

Sebagai tambahan kepada bajet yang diperuntukkan, buat pertama kali dan seiring dengan inisiatif di bawah Rangka Kerja Pengukuran Prestasi BNM, kami mewujudkan peluang untuk pihak luar menyumbang menerusi pendanaan awam. Dengan ini, orang ramai boleh menjadi sebahagian daripada program ini, dan kemudiannya meningkatkan bilangan peserta.

Kami memperuntukkan RM1.7 juta untuk Penjana Komuniti@SME Bank, yang mana RM395,398.00 merupakan dana awam daripada 35 syarikat dan juga kakitangan kami sendiri. Hasilnya, 49 peserta telah ditambah kepada sasaran awal seramai 200, menjadikan jumlah keseluruhan sebanyak 249 peserta.

Penjana Komuniti@SME Bank

Penjana Komuniti@SME Bank programme has been able to optimise the impact in developing the people's economy, in line with the government's aspiration to ensure that more than 1.1 million B40 entrepreneurs will be able to achieve higher growth than the pre-pandemic period.

In addition to the allocated budget, for the first time and in line with the initiative under the Performance Measurement Framework by BNM, we created opportunities for external parties to contribute through crowdfunding. This paves the way for the public to become a part of the programme, and eventually increase the number of participants.

We allocated RM1.7 million for Penjana Komuniti@SME Bank, out of which RM395,398.00 was crowdfunded from 35 companies and from our own staff. As a result, 49 participants have been added to the initial target of 200, making up the total number of 249 participants.



Ekosistem digital yang kami bina juga telah membolehkan akses mudah kepada penyelesaian kewangan alternatif, menambah penawaran kami dan membawa lebih banyak kemudahan kepada pelanggan. Peningkatan dalam transaksi digital bukan hanya baik untuk pengurangan kos, tetapi ia juga menyumbang kepada pertumbuhan jualan dan hasil.

The digital ecosystem we have built has also enabled easy access to alternative financial solutions, expanding our offerings and bringing greater convenience to customers. Not only does this rise in digital transactions bode well for our cost reduction, it is also contributing to topline growth.


RM RM RM
RM1.43
juta/million

Jumlah nilai jualan yang direkodkan oleh peserta program SME Bank 90-Day Business Challenge sejak tahun 2015.

Total sales value recorded by participants of SME Bank 90-Day Business Challenge programme since 2015.

Memupuk usahawan muda

Kami meneruskan peranan yang menjangkau pembiayaan dengan program *SME Bank 90-Day Business Challenge* untuk memupuk dan mengasah bakal usahawan pada 2022.

Ini adalah salah satu daripada program menarik yang direka khusus untuk pelajar Kolej Komuniti dan Politeknik yang menjalani Program Inkubator Keusahawanan.

Edisi 2022 telah berjaya mencungkil kemahiran keusahawanan 20 finalis apabila mereka mencatat nilai jualan sebanyak lebih separuh juta ringgit sepanjang 10 bulan tempoh pertandingan, berbanding jualan sebanyak RM103,000 dalam edisi sebelumnya.

Secara keseluruhan, sejak program *SME Bank 90-Day Biz Challenge* bermula pada 2015, jumlah nilai jualan yang direkodkan oleh semua peserta adalah kira-kira RM1.43 juta. Ini membuktikan bahawa dengan latihan, panduan dan dedikasi yang betul, perniagaan yang diusahakan oleh belia kita boleh berjaya walaupun menghadapi pelbagai cabaran.

Membina momentum pendigitalan

Selaras dengan visi kami untuk menjadi peneraju dalam penciptaan nilai ekosistem PKS yang menjangkau perkhidmatan kewangan, kami memperakui bahawa keterangkuman digital menjadi keutamaan penting.

Sejak 2019, kami telah menerima pakai penggunaan teknologi digital untuk mengubah aktiviti, proses, kecekapan dan model perniagaan untuk memanfaatkan sepenuhnya peluang daripada teknologi dan data.

Membina momentum pendigitalan telah membolehkan kami untuk menyokong PKS yang mencari

Cultivating young entrepreneurs

We continued with our beyond-financing role with the *SME Bank 90-Days Business Challenge* programme to cultivate and groom future entrepreneurs in 2022.

This is one of the noteworthy programmes designed exclusively for students of Community Colleges and Polytechnics undergoing the Entrepreneurship Incubator Programme.

The 2022 edition has successfully unearthed the entrepreneurial skills of 20 finalists when they recorded a sales value of over half a million ringgit throughout the 10-month competition period, compared to the previous edition's sales of RM103,000.

Overall, since the *SME Bank 90-Days Biz Challenge* programme started in 2015, the total sales value recorded by all participants was approximately RM1.43 million. This proves that with appropriate training, guidance and dedication, businesses ventured by our youths can be successful despite facing various challenges.

Building the digitalisation momentum

In keeping with our vision to be the leader in SME ecosystem value creation beyond financial services, we recognise that fostering digital inclusion becomes a significant priority.

Since 2019, we have adopted the application of digital technologies to transform business activities, processes, competencies, and models to fully leverage the opportunities from technology and data.

Building the momentum on digitalisation has enabled us

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kelebihan kompetitif dengan cepat, satu trend yang telah dipercepatkan oleh pandemik global.

Ekosistem digital yang kami bina juga telah membolehkan akses mudah kepada penyelesaian kewangan alternatif, menambah penawaran kami dan membawa lebih banyak kemudahan kepada pelanggan. Peningkatan dalam transaksi digital bukan hanya baik untuk pengurangan kos, tetapi ia juga menyumbang kepada pertumbuhan jualan dan hasil.

SME Bank terus mentransformasi dan menginovasi perniagaan kami untuk mendorong pertumbuhan mampan, dan pada masa yang sama membina momentum keupayaan digital kami dalam meningkatkan pengalaman pelanggan menerusi pendigitalan.

Platform e-pasaran perniagaan kepada perniagaan (B2B), ODELA terus memenuhi keperluan komuniti perniagaan. Sepanjang tahun ini, 122 Unit Penyimpanan Stok (SKU) disenaraikan di platform ini. Sejumlah 524 ahli dan 106 pedagang berdaftar di platform ini, manakala jumlah transaksi yang direkodkan bernilai RM16.8 juta.

Kami membangunkan Penilaian Pemarkahan Kitaran Hayat Ekuiti atau *Equity Life Cycle Scoring Assessment* (ELSA), platform penilaian digital yang mengguna pakai kecerdasan buatan (AI) dan keupayaan pembelajaran mesin untuk menilai sumber dan keperluan sedia ada PKS melalui pemprofilan sumber/kapasiti. Menerusi ELSA, kami boleh secara cekap membantu PKS untuk memberi keutamaan terhadap cabaran perniagaan mereka seperti mutu produk dan perkhidmatan, pengurusan sumber manusia, operasi, dan pengurusan kewangan. Pada 2022, sejumlah 2,327 pelanggan mendaftar untuk ELSA bagi membantu mempercepatkan pertumbuhan perniagaan mereka.

Pengiktirafan tempatan dan antarabangsa

Selama hampir dua dekad, kami telah menyokong para pelanggan kami, iaitu PKS dalam mereka memenuhi cita-cita kewangan mereka. Kami telah memanfaatkan pengalaman, kepakaran dan perhubungan kami untuk membantu pelanggan mengemudi perniagaan mereka. Usaha kami dalam memenuhi mandat yang diamanahkan untuk membangunkan PKS agar menjadi penyumbang kepada pertumbuhan negara telah banyak kali diiktiraf, di dalam mahupun di luar negara.

Pada 2022, kami telah diakreditasi sebagai Agensi Terbaik dalam Mempercepatkan Pembangunan PKS semasa Majlis Makan Malam dan Penghargaan untuk *Lang International Corporate Titan Awards* (LICTA) 2021. Anugerah ini mengiktiraf sumbangan signifikan SME Bank dalam meneraju penciptaan nilai ekosistem PKS di Malaysia.

to support SMEs seeking a competitive edge at breakneck speed, a trend that has been accelerated by the global pandemic.

The digital ecosystem we have built has also enabled easy access to alternative financial solutions, expanding our offerings and bringing greater convenience to customers. Not only does this rise in digital transactions bode well for our cost reduction, it is also contributing to topline growth.

The Bank continued to transform and innovate internally our business to drive sustainable growth, while building the momentum of our digital capabilities as we enhance customer experience via digitalisation.

Our business-to-business (B2B) e-marketplace platform, ODELA continues to serve the needs of the business community. During the year, 122 Stock-Keeping Units (SKUs) were listed on the platform. A total of 524 members and 106 merchants registered on the platform, while the total transactions recorded were worth RM16.8 million.

We developed the Equity Life Cycle Scoring Assessment (ELSA), a digital assessment platform which adopts artificial intelligence (AI) and machine learning capabilities to assess SMEs' existing resources and needs through resource/capacity profiling. Through ELSA, we can effectively assist SMEs to prioritise their business challenges such as product and service quality, human resource management, operations, and financial management. In 2022, a total of 2,327 customers signed up for ELSA to help accelerate their business growth.

Local and international recognitions

For nearly two decades, we have been supporting our customers, namely the SMEs as they fulfil their financial ambitions. We have used our experience, expertise and relationships to help our customers to navigate the world. Our efforts in fulfilling the mandate entrusted upon us to develop the SMEs to be the nation's engine of growth have been duly recognised many a time, locally and internationally.

In 2022, we were accredited as the Best Agency in Accelerating SME Development during the Gala Dinner and Commendation ceremony for Lang International Corporate Titan Awards (LICTA) 2021. The award recognises SME Bank's significant contribution in leading the Malaysian SME ecosystem value creation.

Pada mesyuarat tahunan ke-45 Persatuan Institusi Pembiayaan Pembangunan di Asia dan Pasifik (ADFIAP) yang diadakan di Manila pada Oktober 2022, SME Bank telah dinobatkan sebagai pemenang dalam kategori Pembangunan PKS untuk program SME Bank XCESS dan dalam kategori Pembangunan Perdagangan untuk program eCOACH DUBAI.

Saya benar-benar percaya bahawa pengiktirafan dan penghargaan ini adalah kerana sokongan yang selama ini kami terima; khususnya para pelanggan kami yang mana, tanpa mereka, tidak mungkin akan ada anugerah dan pengiktirafan ini.

Merangkumkan agenda ESG untuk masa depan mampan

SME Bank telah mempergiatkan agenda ESG dalam operasi perniagaannya sejak pembentukan Hala Tuju Kelestarian tiga tahun dan kejayaan penerbitan Sukuk Kelestarian sulung kami sebanyak RM500.0 juta pada 2021.

Kami telah melaksanakan beberapa program yang sehaluan dengan matlamat UNSDG sepanjang tahun ini. Ini termasuk program ISHRAF 2.0, Penjana Komuniti@SME Bank, YEF2.0 dan IBS2.0 yang diujarkannya kepada UNSDG Matlamat 1: Tiada Kemiskinan; Matlamat 8: Pekerjaan Baik dan Kemajuan Ekonomi; Matlamat 10: Pengurangan Ketaksamaan; dan Matlamat 12: Penggunaan dan Pengeluaran Bertanggungjawab.

At the 45th annual meeting of the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) held in Manila in October 2022, SME Bank has been named winner in the SME Development category for our SME Bank XCESS programme and in the Trade Development category for eCOACH DUBAI programme.

I strongly feel that we owe these acknowledgements and recognitions to all those who have supported our efforts; specifically, to our customers without whom, there will be neither award nor accolade we can talk about.

Incorporating ESG agenda for a sustainable future

SME Bank has been stepping up its ESG agenda in its business operations since the formation of our three-year Sustainability Roadmap and the successful issuance of our maiden Sustainability Sukuk of RM500.0 million in 2021.

We have also aligned some of our programmes during the year to the UNSDG. These include ISHRAF 2.0, Penjana Komuniti@SME Bank, YEF2.0 and IBS2.0 programmes which aligned with UNSDG Goal 1: No Poverty; Goal 8: Decent Work and Economic Growth; Goal 10: Reduced Inequalities; and Goal 12: Responsible Consumption and Production.

Strategi kami jelas; kami akan terus mengukuhkan dasar, sistem dan infrastruktur kami untuk mengoptimumkan penyampaian perkhidmatan dan pengalaman pelanggan pada 2023. Kami akan kekal fokus dalam mewujudkan persekitaran inklusif dan terus menjadi pemangkin bagi pertumbuhan dan kemampuan PKS.

Our strategy is clear; we will continue to strengthen our policies, procedures, systems and infrastructure to optimise service delivery and customer experience in 2023. We will remain focused on creating an inclusive environment and continue being the catalyst for SME growth and sustainability.



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

Hala Tuju Kelestarian SME Bank

Hala Tuju Kelestarian menggariskan objektif jangka sederhana dan matlamat dan komitmen jangka lebih panjang dalam memasukkan DNA ESG dalam operasi perniagaan kami. Hala tuju ini diasingkan ke dalam tiga fasa iaitu Permulaan ESG & Penyelarasan Tumpuan Perniagaan, Pelaksanaan ESG & Penyelarasan Tumpuan Bukan Perniagaan, dan Penerimgunaan ESG & Penambahbaikan Berterusan terhadap Kelestarian.

Dengan meneruskan dengan fasa kedua hala tuju ini, tumpuan kini adalah pada menerapkan budaya ESG di seluruh Bank, mewujudkan kesedaran ESG sepenuhnya dengan pelanggan dan menetapkan Rangka Kerja Matlamat Pembangunan Mampan (SDG) yang komprehensif dan disesuaikan.

Pembangunan Rangka Kerja SDG melibatkan beberapa tahap pencapaian utama seperti penilaian kepentingan di kalangan pelbagai pihak berkepentingan, mengenal pasti jurang dan menajarkan strategi kami kepada matlamat ESG.

Keseluruhannya, perjalanan kelestarian kami berpusat pada tiga tonggak iaitu Perbankan Bertanggungjawab, Amalan Perniagaan Bertanggungjawab dan Mewujudkan Impak Sosial.

Selain itu, agenda kelestarian kami juga sejajar dengan Rangka Kerja Pengukuran Prestasi (PMF) BNM. PMF menekankan kepentingan Institusi Kewangan Pembangunan (IKP) untuk memasukkan penciptaan nilai (additionalities) sebagai sebahagian daripada operasi perniagaan bagi menggalakkan hasil pembangunan yang lebih besar dan mengukuhkan kebertanggungjawaban institusi awam.

SME Bank Sustainability Roadmap

The Sustainability Roadmap outlines the Bank's near-term objectives and longer-term goals and commitments in embedding the ESG DNA in our business operations. The roadmap is segregated into three phases which include ESG Initiation & Streamlining Business Focus, ESG Implementation & Streamlining Non-Business Focus, and ESG Adoption & Continuous Improvements towards Sustainability.

As we continue with the second phase of the roadmap, the focus is now on institutionalising ESG culture across the Bank, creating maximum ESG awareness with the customers and establishing our own comprehensive and customised Sustainable Development Goal (SDG) Framework.

Development of the SDG Framework involves several key milestones such as the materiality assessment amongst our various stakeholders, identifying the gaps and aligning our strategies with the ESG goals.

Overall, our sustainability journey is centred on three pillars namely Responsible Banking, Responsible Business Practices and Creating Social Impact.

In addition, our sustainability agenda is also aligned with BNM's Performance Measurement Framework (PMF). PMF emphasises the importance of Development Financial Institutions (DFIs) to incorporate additionalities as part of business operations to promote greater development outcomes and strengthen accountability as public institutions.

Sukuk Kelestarian SME Bank

Pada tahun 2022, kami melaksanakan satu lagi terbitan Sukuk Kelestarian menerusi proses penetapan harga atau *book-building* yang mencatat jumlah pesanan sebanyak RM536 juta melebihi saiz yang dijangkakan sebanyak RM300 juta.

Kos Sukuk Kelestarian SME Bank telah ditetapkan pada kadar kompetitif, dalam keadaan pasaran yang mencabar dan persekitaran kadar faedah yang meningkat.

Permintaan yang baik terhadap Sukuk Kelestarian kami daripada institusi pembiayaan tempatan, pengurusan dana, Syarikat insurans serta Syarikat Pelaburan Berkaitan Kerajaan menandakan tahap keyakinan tinggi daripada komuniti pelaburan terhadap keupayaan SME Bank untuk memenuhi mandat untuk memupuk dan membangunkan PKS.

Hasil daripada terbitan Sukuk ini digunakan untuk membiaya projek-projek berkaitan ESG sahaja. Selain itu, ia juga membolehkan kami menawarkan penyelesaian pembiayaan lebih inovatif untuk PKS.

Program Sukuk Kelestarian SME Bank bukan jaminan kerajaan telah diberi penarafan AAA oleh Malaysian Rating Corporation Bhd dan juga *Gold* standard, penarafan tertinggi untuk rangka kerja Sukuk Kemampunan agensi penarafan ini.

SME Bank's Sustainability Sukuk

In 2022, we recorded another Sustainability Sukuk issuance under our book-building exercise registering a total order of RM536 million. This exceeded the initial desired size of RM300 million.

SME Bank's Sustainability Sukuk was successfully priced at a competitive profit rate, amidst the challenging market and increasing profit rate environment.

The good demand for our Sustainability Sukuk from local financing institutions, fund management, insurance companies as well Government-Linked Investment companies signified a high level of confidence from the investment community on SME Bank's ability to deliver its mandate of nurturing and developing the SMEs.

Proceeds from this issuance were utilised only to finance ESG-related projects. Additionally, it also enabled us to offer more innovative financing solutions for SMEs.

This non-government guaranteed SME Bank Sustainability Sukuk programme has been accorded AAA ratings by Malaysian Rating Corporation Bhd and also Gold standard, its highest rating for the rating agency's Sustainability Sukuk framework.

Menerapkan budaya ESG

Satu lagi aspek penting yang kami tumpukan adalah penerapan ESG ke dalam budaya organisasi. Kami melakukannya melalui aktiviti berterusan dan berkesan dengan kakitangan. Untuk ini, kami memperkenalkan slogan rasmi - "*Think Sustainably, Act Responsibly*".

Antara aktiviti ESG yang kami jalankan sepanjang tahun ini adalah Kempen Derma Darah. Sejumlah 56 beg darah diperoleh daripada kakitangan Bank dan orang awam di Menara SME Bank.

Kami juga menganjurkan "*Green Future Ride 2022 SME Bank*" dari Kuala Lumpur ke Pulau Pinang. Untuk aktiviti ini, kami berkerjasama dengan Jabatan Perhutanan Negeri Pulau Pinang untuk menanam 1,300 pokok bakau di Hutan Simpan Balik Pulau. Inisiatif ini adalah juga sebagai menyokong kempen Kerajaan untuk menanam 100 juta pokok menjelang tahun 2025.

Embedding ESG culture

Another important aspect that we focus on is on embedding ESG into the organisational culture. We do this through constant, impactful activities with employees. For this, we came up with an official tagline - "*Think Sustainably, Act Responsibly*".

Amongst the ESG activities that we conducted during the year was the Blood Donation Drive. A total of 56 bags of blood were collected from the Bank's staff and the general public at Menara SME Bank.

We also organised the "*Green Future Ride 2022 SME Bank*" from Kuala Lumpur to Penang. In conjunction with this, we collaborated with Penang State Forestry Department to plant 1,300 mangrove trees at the Balik Pulau Forest Reserve. The initiative was also in support of the government's campaign to plant 100 million trees by 2025.



Pada 2022, kami diakreditasi sebagai Agensi Terbaik dalam membangunkan PKS semasa Majlis Makan Malam dan Penghargaan untuk Lang International Corporate Titan Awards (LICTA) 2021.

In 2022, we were accredited as the Best Agency in accelerating SME development during the Gala Dinner and Commendation ceremony for Lang International Corporate Titan Awards (LICTA) 2021.

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

Melangkah ke hadapan

SME Bank bersedia untuk menghadapi cabaran mendatang pada tahun 2023 dan mengenal pasti strategi-strategi yang perlu. Pencapaian kami pada tahun 2022 telah mengukuhkan kesungguhan kami untuk mencatat prestasi lebih baik di tahun akan datang. Dalam pada itu, memenuhi keperluan dan mengatasi jangkaan pelanggan akan kekal sebagai strategi tumpuan pertumbuhan kami.

Kami juga akan terus berusaha untuk meningkatkan keupayaan dan daya tahan pelanggan kami. Selari dengan agenda kelestarian, kami akan menggalakkan pelanggan iaitu PKS untuk menerima guna ESG. Kami menyasar untuk menawarkan pembiayaan berjumlah RM1.8 bilion untuk projek-projek patuh ESG pada 2023.

Untuk memudahkan usahawan PKS menerima guna prinsip-prinsip ESG, kami menawarkan Skim Insentif Kelestarian. Di bawah skim ini, kami akan menyediakan program intervensi yang tersusun kepada usahawan termasuk geran untuk pengadaptasian ESG ke dalam operasi perniagaan mereka.

Kami akan memperkenalkan Skim Pembiayaan Perusahaan Sosial (SEFS), bantuan kewangan yang disasarkan kepada perusahaan sosial asas dan perusahaan sosial diakreditasi yang diiktiraf oleh KUSKOP. Ini sejajar dengan Pelan Induk Keusahawanan Sosial Malaysia 2030 (SEMy2030), yang dibangunkan untuk mewujudkan ekosistem bersepadu dan holistik yang menyokong pertumbuhan keusahawanan sosial di negara. Bersempena SEFS, Bank juga memperkenalkan Skim Juara Lestari, program pembangunan kapasiti yang akan dilaksanakan oleh anak syarikat SME Bank, CEDAR, dengan objektif untuk meningkatkan bilangan perusahaan sosial yang diakreditasi.

Program-program lain yang akan dilaksanakan termasuk SME Bank iTEKAD ISHRAF, SME Bank iTEKAD Penjana Komuniti, SME Bank XCESS 2023 dan JomXcess 2023. Kami optimistik bahawa PKS akan kembali pulih apabila mereka bangkit semula daripada kemerosotan ekonomi yang berpunca daripada pandemik dan apabila ekonomi pulih secara keseluruhan.

Strategi kami jelas; kami akan terus mengukuhkan dasar, sistem dan infrastruktur kami untuk mengoptimalkan tahap penyampaian perkhidmatan dan pengalaman pelanggan pada tahun 2023. Kami akan kekal fokus dalam mewujudkan persekitaran inklusif dan terus menjadi pemangkin bagi pertumbuhan dan kelestarian PKS.

Looking ahead

The Bank remains vigilant against potential disruptions and expected challenges in 2023, and is putting the necessary safeguards and countermeasures in place. Our achievements in 2022 have only strengthened our resolution to perform better in the year ahead, and meeting customer needs and exceeding expectations will remain at the centre of our growth strategy.

We will also be looking to enhance our customers' capabilities and resilience. In line with our sustainability agenda, we are further encouraging our customers namely the SMEs to embrace ESG. We are targeting to offer RM1.8 billion in financing for ESG-compliant projects in 2023.

To facilitate SME entrepreneurs in applying ESG principles, we are offering the Skim Insentif Kelestarian. Under this scheme, we will provide entrepreneurs with a structured intervention programme including grants for the adoption of ESG into their business operations.

We are introducing the Social Enterprise Financing Scheme (SEFS), a financial assistance aimed at basic social enterprises and accredited social enterprises recognised by the MECD. This is in line with the Malaysia Social Entrepreneurship Blueprint 2030 (SEMy2030), which is designed to create a cohesive and holistic ecosystem supportive of the growth of social entrepreneurship in the country. In conjunction with SEFS, the Bank is also introducing Skim Juara Lestari, a capacity-building programme to be conducted by SME Bank's subsidiary, CEDAR, with the objective to boost the number of accredited social enterprises.

Other programmes will include SME Bank iTEKAD ISHRAF, SME Bank iTEKAD Penjana Komuniti, SME Bank XCESS 2023 and JomXcess 2023. We are optimistic for the SMEs to rebound as they finally emerge from the challenges brought by the pandemic and as economic activity recovers.

Our strategy is clear; we will continue to strengthen our policies, procedures, systems and infrastructure to optimise service delivery and customer experience in 2023. We will remain focused on creating an inclusive environment and continue being the catalyst for SME growth and sustainability.

Penutup

Bank telah mencatat prestasi membanggakan pada tahun 2022. Tinjauan tahun 2023 adalah positif, dengan momentum perniagaan kami disokong oleh pelbagai pihak yang secara langsung dan tidak langsung menyumbang ke atas apa yang kami telah capai setakat ini.

Saya ingin memberi penghargaan kepada usaha luar biasa tenaga kerja kami. Kepakaran mereka, digabungkan dengan daya tahan dalam beberapa keadaan mencabar sepanjang tiga tahun lalu telah menghasilkan perkhidmatan cemerlang kepada para pelanggan kami.

Penghargaan tidak terhingga saya kepada semua di Kementerian Kewangan, Kementerian Pembangunan Usahawan dan Koperasi, dan Bank Negara Malaysia serta rakan-rakan strategik dan pelanggan kami atas sokongan padu mereka.

Dengan sokongan mereka, dan bertunjangan asas-asas kukuh kami, kami yakin mencapai satu lagi tahun yang produktif pada tahun 2023. Pada masa yang sama, SME Bank akan kekal tekad untuk menjayakan agenda ESG kami dan berusaha menawarkan penyelesaian mampan dengan lebih baik bagi menggalakkan keterangkuman kewangan yang kukuh. Azam kami di tahun-tahun akan datang adalah untuk terus berinovasi dan merealisasikan hari esok yang lebih mampan.

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



In closing

The Bank has delivered a commendable performance in 2022. The outlook for 2023 is positive, with our business momentum supported by various parties that have directly and indirectly contributed to what we have achieved thus far.

I would like to highlight the remarkable efforts of our workforce. Their deep expertise combined with resilience in some challenging circumstances these past three years has delivered exceptional service to our customers and communities that we serve.

My utmost gratitude goes to everyone at the Ministry of Finance, Ministry of Entrepreneur Development and Cooperatives and Bank Negara Malaysia as well as our strategic partners and customers for their enduring support.

With their support, and backed by our strong fundamentals, we are confident of another productive year in 2023. At the same time, SME Bank will remain resolute to make our ESG agenda a success while striving to better offer sustainable solutions that foster sound financial inclusivity. Our resolution in the years to come is to continuously be innovative as we forge ahead in realising a greener tomorrow.

PEMBIAYAAN UNTUK HARI ESOK YANG LEBIH BAIK

FINANCING FOR A BETTER TOMORROW

SME Bank mengutamakan masa depan yang lebih inklusif dan pertumbuhan holistik dengan mendorong inovasi serta produk dan perkhidmatan pembiayaan yang menangani cabaran alam sekitar, sosial dan tadbir urus.

SME Bank is prioritising a more inclusive future and holistic growth by driving innovation and financing products and services that address environmental, social and governance challenges.

RM3.0 billion jumlah kelulusan untuk sektor berkaitan ESG

RM3.0 billion total approval for ESG related sectors



Memperkenalkan **Dana Pernerdayaan Usahawan Muda (YEF 2.0)** dan **Dana Pemangkin Ekosistem IBS (IBS 2.0)**.

Introduced **The Young Entrepreneur Fund 2.0** and **IBS Promotion Fund 2.0**



Latihan, jangkauan dan khidmat nasihat kepada lebih **8,156 usahawan**

Training, outreach and advisory services to over **8,156 entrepreneurs**



Butiran lanjut dalam segmen Menuju masa hadapan yang lestari melalui Perbankan Bertanggungjawab di halaman 98 hingga 113.
More details under Sustainability: Steering towards a sustainable future through Responsible Banking from pages 98 to 113.

LEMBAGA PENGARAH

BOARD OF DIRECTORS



Zulkiflee Hashim
Pengaruh Bebas
Bukan Eksekutif
Independent Non-
Executive Director

Suharti Mohd Ali
Pengaruh Bebas
Bukan Eksekutif
Independent Non-
Executive Director

Dato' Muslim Hussain
Pengaruh Bebas
Bukan Eksekutif
Independent Non-
Executive Director

Datuk Haji Zamri @ Fazillah Salleh
Pengaruh Bukan
Bebas Bukan
Eksekutif
Non-Independent
Non-Executive
Director

Datuk Ahmad Hizzad Baharuddin
Pengaruh Bebas
Bukan Eksekutif
Independent Non-
Executive Director

Afidah Azwa Abdul Aziz
Pengaruh Bukan
Bebas Bukan
Eksekutif
Non-Independent
Non-Executive
Director

Wan Abdul Rahman Wan Abu Bakar
Tempoh berakhir/
Tenure ended
10 January 2023

Dato' Sharkawi Alis
Tempoh berakhir/
Tenure ended
31 March 2023

Dato' Seri Nazir Ariff
Tempoh berakhir/
Tenure ended
17 October 2022

Mohd Sakeri Abdul Kadir
Meletakkan jawatan/
Resigned on
4 December 2022

Dato' Mohammad Radhi Abdul Razak
Tempoh berakhir/
Tenure ended
8 October 2022

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

DATO' MUSLIM HUSSAIN


Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
66/66

 **Jantina/Gender:**
Lelaki/Male

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

 **Kehadiran Mesyuarat
Lembaga Pengarah 2022 /
Board Meeting Attendance
2022:**
13/13 (100%)



KELAYAKAN

- Ijazah Sarjana Muda, Universiti Malaya
- Sijil Undang-undang Tinggi Polis, Maktab Polis Diraja Malaysia
- Diploma, Pengajaran Bahasa Inggeris sebagai Bahasa Kedua (TESL)

PENGALAMAN

- Ketua Pegawai Risiko, Agrobank dari 2011 hingga 2017
- Memegang pelbagai jawatan antara lain Pegawai Kredit, Pegawai Kelulusan Kredit, Ketua Kredit Polisi dan Pengurusan Portfolio Risiko Kredit, dan Naib Eksekutif Presiden & Ketua Maybank Kumpulan Risiko Operasi di Malayan Banking Berhad (Maybank) dari 1984 hingga 2011

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

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

Terdahulu:

Lain-lain Syarikat/Badan

Tiada

Keahlian Jawatankuasa Lembaga Pengarah di SME Bank

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

Pegangan Saham Dalam SME Bank
Tiada

QUALIFICATION

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

WORKING EXPERIENCE

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

DIRECTORSHIPS

Present:

Other Companies/Bodies

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

Past:

Other Companies/Bodies

Nil

Membership of Board Committees in SME Bank

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


Shareholding in SME Bank
Nil

DATUK AHMAD HIZZAD BAHARUDDIN


Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
59/59

 **Jantina/Gender:**
Lelaki/Male

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

 **Kehadiran Mesyuarat
Lembaga Pengarah 2022 /
Board Meeting Attendance
2022:**
13/13 (100%)



KELAYAKAN

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

PENGALAMAN

- Penolong Gabenor, Bank Negara Malaysia dari 2014 hingga 2018
- Ketua Pengarah, Labuan Financial Services Authority dari 2011 hingga 2017

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengerusi, Payment Network Malaysia Sdn. Bhd. (Paynet)
- Pengarah Bebas Bukan Eksekutif FWD Takaful Berhad

Terdahulu:

Lain-lain Syarikat/Badan

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

Keahlian Jawatankuasa Lembaga Pengarah di SME Bank

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

Pegangan Saham Dalam SME Bank
Tiada

QUALIFICATION

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

WORKING EXPERIENCE

- Assistant Governor, Bank Negara Malaysia from 2014 to 2018
- Director General, Labuan Financial Services Authority from 2011 to 2017

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Chairman of Payment Network Malaysia Sdn Bhd (Paynet)
- Independent Non-Executive Director of FWD Takaful Berhad

Past:

Other Companies/Bodies

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

Membership of Board Committees in SME Bank

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

Shareholding in SME Bank
Nil

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

ZULKIFLEE HASHIM


Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
64/64

 **Jantina/Gender:**
Lelaki/Male

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

 **Kehadiran Mesyuarat
Lembaga Pengarah 2022 /
Board Meeting Attendance
2022:**
13/13 (100%)



KELAYAKAN

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

PENGALAMAN

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

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

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

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, Hong Leong Bank Berhad

Keahlian Jawatankuasa Lembaga Pengarah di SME Bank:

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

Pegangan Saham Dalam SME Bank:

Tiada

QUALIFICATION

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

WORKING EXPERIENCE

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

DIRECTORSHIPS

Present:

Other Companies/Bodies

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

Past:

Other Companies/Bodies

- Director of Hong Leong Bank Berhad

Membership of Board

Committees in SME Bank:

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

Shareholding in SME Bank:

Nil

SUHARTI MOHD ALI


Pengarah Bebas Bukan Eksekutif
Independent Non-Executive Director

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
64/64

 **Jantina/Gender:**
Perempuan/Female

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

 **Kehadiran Mesyuarat
Lembaga Pengarah 2022 /
Board Meeting Attendance
2022:**
12/13 (92.31%)



KELAYAKAN

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

PENGALAMAN

- Pengarah Transformasi Teknologi Maklumat, Celcom Axiata dari 2012 hingga 2016
- Pelbagai jawatan di Telekom Malaysia dari tahun 1980 to 2012, jawatan terakhir ialah Pengurus Besar, Teknologi Maklumat HSBB Project (NOVA)
- Pengurus Sumber Manusia, Karyaneka (dikenali sebagai Batik Malaysia) dari 1979 hingga 1980

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

Tiada

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, CEIL Sdn. Bhd.

Keahlian Jawatankuasa Lembaga Pengarah di SME Bank

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

Pegangan Saham Dalam SME Bank

- Tiada

QUALIFICATION

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

WORKING EXPERIENCE

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

DIRECTORSHIPS

Present:

Other Companies/Bodies

Nil

Past:

Other Companies/Bodies

- Director of CEIL Sdn. Bhd.

Membership of Board Committees in SME Bank

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

Shareholding in SME Bank

• Nil

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

DATUK HAJI ZAMRI @ FAZILLAH SALLEH

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

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
57/57

 **Jantina/Gender:**
Lelaki/Male

 **Tarikh Pelantikan/
Date of Appointment:**
1 Februari 2023/
1 February 2023



KELAYAKAN

- Ijazah Sarjana Sains (Pengurusan), Universiti Utara Malaysia (UUM)
- Ijazah Sarjana Muda, Kejuruteraan Sivil, Universiti of Nebraska, United States
- Diploma Sains Pengurusan, Institut Tadbiran Awam Negara (INTAN)

PENGALAMAN

- Timbalan Ketua Setiausaha (Pembangunan Usahawan), Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP) dari April 2020 sehingga kini
- Timbalan Ketua Setiausaha (Pengurusan), Kementerian Pembangunan dan Kerajaan Tempatan (KPKT) dari 2019 sehingga 2020
- Timbalan Ketua Setiausaha (Kesejahteraan Bandar), Kementerian Pembangunan dan Kerajaan Tempatan (KPKT) dari 2017 sehingga 2019
- Setiausaha Bahagian, Bahagian Pembangunan Projek dan Pelaksanaan Kesejahteraan Bandar, Kementerian Pembangunan dan Kerajaan Tempatan (KPKT) dari June 2016 sehingga Ogos 2017
- Timbalan Pengarah, Bahagian Penyelidikan, Perancangan dan Dasar, Jabatan Perkhidmatan Awam dari 2013-2015
- Pengarah, Bahagian Susun Semula Masyarakat, ICU, Jabatan Perdana Menteri dari 2009-2012
- Ketua Timbalan Pengarah, Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP) dari 2005 - 2007
- Menyandang pelbagai jawatan di Jabatan Perdana Menteri dari 1989 - 2005

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, SME Corp Malaysia
- Pengarah, Suruhanjaya Koperasi Malaysia
- Pengarah, Institut Koperasi Malaysia
- Pemegang Amanah, Institut Keusahawanan Negara (INSKEN)
- Pemegang Amanah, Tekun Malaysia
- Pemegang Amanah, Yayasan Didik Negara
- Lembaga Penasihat, Yayasan Wilayah Persekutuan

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, UDA Holdings Berhad.

Keahlian Jawatankuasa Lembaga Pengarah di SME Bank

- Jawatankuasa Lembaga Audit (Ahli)
- Jawatankuasa Lembaga Pengurusan Risiko (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Pampasan (Ahli)

Pegangan Saham Dalam SME Bank

- Tiada

QUALIFICATION

- Master of Science (Management), Universiti Utara Malaysia (UUM)
- Bachelor's Degree in Civil Engineering, University of Nebraska, United States
- Diploma in Science Management, National Institute of Public Administration (INTAN)

WORKING EXPERIENCE

- Deputy Secretary General (Entrepreneurship Development), Ministry of Entrepreneur and Cooperatives Development (MECD) from April 2020 - present
- Deputy Secretary General (Management), Ministry, Housing and Local Government (KPKT) from 2019 to 2020
- Deputy Secretary General (Urban Wellbeing), Ministry of Housing and Local Government (KPKT) from 2017 to 2019
- Divisional Secretary, Project Development and Implementation Division Ministry of Urban Wellbeing, Housing and Local Government from June 2016 - August 2017
- Deputy Director, Research, Planning and Policy Division Public Service Department from 2013-2015
- Director, Community Restructuring Division ICU, Prime Minister's Department from 2009-2012
- Principal Assistant Director, Ministry of Entrepreneur and Cooperatives Development (MECD) from 2005-2007
- Various positions in Prime Minister's Department from 1989 - 2005.

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of SME Corp Malaysia
- Director of Suruhanjaya Koperasi Malaysia
- Director of Institut Koperasi Malaysia
- Board of Trustee of Institut Keusahawanan Negara (INSKEN)
- Board of Trustee of Tekun Malaysia
- Board of Trustee of Yayasan Didik Negara
- Advisory Board of Yayasan Wilayah Persekutuan

Past

Other Companies/Bodies

- Director of UDA Holdings Berhad.

Membership of Board Committees in SME Bank

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

Shareholding in SME Bank

- Nil

PROFIL LEMBAGA PENGARAH BOARD OF DIRECTORS PROFILE

AFIDAH AZWA ABDUL AZIZ

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



Warganegara/Nationality:
Malaysia/Malaysian



Umur/Age:
47/47



Jantina/Gender:
Perempuan/Female



**Tarikh Pelantikan/
Date of Appointment:**
1 Februari 2023/
1 February 2023

KELAYAKAN

- Ijazah Sarjana Ekonomi, Universiti Putra Malaysia
- Ijazah Sarjana Muda Ekonomi, Universiti Islam Antarabangsa Malaysia (UIA)
- Diploma Lanjutan, Pentadbiran Awam, Institut Tadbiran Awam Negara (INTAN)

PENGALAMAN

- Timbalan Setiausaha Bahagian Sektor Komersil Syarikat Pelaburan Kerajaan, Kementerian Kewangan dari 2022 sehingga kini
- Timbalan Setiausaha, Sektor Penilaian Pelaburan, Bahagian Pelaburan Strategik, Kementerian Kewangan dari 2017 sehingga 2022
- Ketua Bahagian, Bahagian Penilaian, Bahagian Pelaburan Strategik, Kementerian Kewangan dari 2014 sehingga 2017
- Timbalan Setiausaha Bahagian, Infrastruktur 1-Unit, Bahagian Pelaburan Strategik, Kementerian Kewangan pada 2014
- Timbalan Setiausaha Bahagian, Unit Jaminan Kerajaan, Hutang dan Institusi Dana, Bahagian Pelaburan Strategik, Kementerian Kewangan dari 2009 sehingga 2014
- Timbalan Setiausaha Bahagian, Unit Pentadbiran dan Kewangan, Bahagian Pengurusan Pinjaman dan Pasaran Kewangan, Kementerian Kewangan dari 2006 sehingga 2007
- Penolong Setiausaha, Unit Pasaran Modal Industri, Pengurusan Pinjaman, Bahagian Pasaran Kewangan dan Aktuari, Kementerian Kewangan dari 2003 sehingga 2006
- Penolong Setiausaha Unit Perbankan Industri, Bahagian Pengurusan Pinjaman, Pasaran Kewangan dan Aktuari, Kementerian Kewangan dari May 2002 sehingga Disember 2003
- Penolong Setiausaha, Bahagian Ekonomi dan Antarabangsa, Kementerian Kewangan dari April 2001 - Oktober 2001

JAWATAN PENGARAH

Semasa:

Lain-lain Syarikat/Badan

- Pengarah, Perbadanan Nasional Berhad (PERNAS)
- Pengarah, Lembaga Pinjaman Perumahan Sektor Awam (LPPSA)
- Pengarah, Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)
- Panel Pelaburan, Pertubuhan Keselamatan Sosial (PERKESO)
- Panel Pelaburan, Lembaga Tabung Angkatan Tentera (LTAT)
- Pengarah di beberapa Syarikat Bertujuan Khas di bawah Kementerian Kewangan (Diperbadankan)
- Pengarah, FTW Ventures Sdn. Bhd. (Lembaga Pencalonan, PERNAS)

Terdahulu:

Lain-lain Syarikat/Badan

- Pengarah, Perbadanan Usahawan Nasional Berhad
- Pengarah, TEKUN Nasional
- Pengarah, Malaysia Digital Economy Corporation (MDEC)
- Ahli, Malaysian Venture Capital Development Council (MVDC)

Keahlian Jawatankuasa Lembaga Pengarah di SME Bank

- Jawatankuasa Lembaga Pembiayaan dan Pelaburan (Ahli)
- Jawatankuasa Lembaga Pencalonan dan Pampasan (Ahli)

Pegangan Saham Dalam SME Bank

- Tiada

QUALIFICATION

- Master's in Economics, Universiti Putra Malaysia (UPM)
- Bachelor's Degree in economics from International Islamic University Malaysia (IIUM)
- Post Graduate Diploma in Public Administration, National Institute of Public Administration (INTAN)

WORKING EXPERIENCE

- Deputy Undersecretary, Commercial Sector Government Investment Companies Division, Ministry of Finance from 2022 to present
- Deputy Undersecretary, Investment Evaluation Sector, Strategic Investment Division, Ministry of Finance from 2017 to 2022
- Head of Section, Evaluation Section, Strategic Investment Division, Ministry of Finance from 2014 to 2017
- Principal Assistant Secretary, Infrastructure 1-unit, Strategic Investment Division, Ministry of Finance in 2014
- Principal Assistant Secretary, Government Guarantee, Debt & Trust Institutions Unit, Strategic Investment Division, Ministry of Finance from 2009 to 2014
- Principal Assistant Secretary, Administrative and Finance Unit, Loan Management and Financial Market Division, Ministry of Finance from 2006 to 2007
- Assistant Secretary, Capital Market Industry Unit, Loan Management, Financial Market and Actuary Division, Ministry of Finance from 2003 to 2006
- Assistant Secretary, Banking Industry Unit, Loan Management, Financial Market and Actuary Division, Ministry of Finance from May 2002 - December 2003
- Assistant Secretary, Economic and International Division, Ministry of Finance from April 2001 - October 2001.

DIRECTORSHIPS

Present:

Other Companies/Bodies

- Director of Perbadanan Nasional Berhad (PERNAS)
- Director of Lembaga Pinjaman Perumahan Sektor Awam (LPPSA)
- Director of Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)
- Panel Investment of Social Security Organisation (SOCSO)
- Panel Investment of Lembaga Tabung Angkatan Tentera (LTAT)
- Director of Various Special Purposes Vehicle (SPV) Companies under the Minister of Finance (Incorporated)
- Director of FTW Ventures Sdn. Bhd. (Board Nominee to PERNAS)

Past

Other Companies/Bodies

- Director of Perbadanan Usahawan Nasional Berhad
- Director of TEKUN Nasional
- Director of Malaysia Digital Economy Corporation (MDEC)
- Member of Malaysian Venture Capital Development Council (MVDC)

Membership of Board Committees in SME Bank

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

Shareholding in SME Bank

- Nil



JAWATANKUASA SYARIAH

SHARIAH COMMITTEE



Belakang, dari kiri:
Back, from left:

**Dr. Ahmad Sufian
Che Abdullah**

**Faizal bin
Jaffar**

**Assoc. Prof. Dr.
Ahmad Zaki Salleh**

**Ustaz Ahmad Husni
Abd Rahman**

Hadapan, dari kiri:
Front, from left:

**Assoc. Prof.
Dr. Asmak
Ab Rahman**
Tempoh berakhir/ Tenure ended
31 March 2023

**Prof. Dr. Amir
Shaharuddin**
Pengerusi/Chairman

**Dr. Shamsiah binti
Mohamad**

PROFIL JAWATANKUASA SYARIAH SHARIAH COMMITTEE PROFILE

PROF. DR. AMIR SHAHARUDDIN

Pengerusi
Chairman



Warganegara/Nationality:
Malaysia/Malaysian



Umur/Age:
44/44



Jantina/Gender:
Lelaki/Male



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

KELAYAKAN

- PhD, Pengajian Islam dan Arab dari University of Exeter, United Kingdom
- Ijazah Sarjana, Pentadbiran Perniagaan dari Universiti Islam Antarabangsa Malaysia (UIA)
- Ijazah Sarjana Muda Kepujian Syariah dari Universiti Al Azhar, Mesir

JAWATAN SEMASA

- Pengarah, Pusat Pengajian Siswazah, USIM
- Profesor, Fakulti Ekonomi dan Muamalat, Universiti Sains Islam Malaysia (USIM)
- Pengerusi, Jawatankuasa Syariah, Hong Leong MSIG Takaful
- Ahli, Jawatankuasa Syariah Hong Leong Islamic Bank
- Ahli, Panel Pakar Syariah, Jabatan Kemajuan Islam Malaysia (JAKIM)

PENGALAMAN KERJA

- Ketua Pegawai Eksekutif, Yayasan Waqaf Malaysia
- Ahli, Jawatankuasa Syariah RHB Islamic Bank
- Penasihat Syariah, Malaysia Electronic Payment (MEPS)
- Penasihat Syariah, Malaysia Airport Consultancy Berhad
- Dekan Fakulti Ekonomi dan Muamalat dan Timbalan Dekan (Penyelidikan & Akademi) di USIM

QUALIFICATION(S)

- PhD in Arab and Islamic Studies from University of Exeter, United Kingdom
- Master's Degree in Business Administration from International Islamic University Malaysia (IIUM)
- Bachelor Honours Degree in Shariah from Al-Azhar University, Egypt

PRESENT OCCUPATION

- Director, Centre for Academic Management, USIM
- Professor, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM)
- Chairman, Shariah Committee of Hong Leong MSIG Takaful
- Member, Shariah Committee of Hong Leong Islamic Bank
- Member, Shariah Panel Experts of Jabatan Kemajuan Islam Malaysia (JAKIM)

WORKING EXPERIENCE

- Chief Executive Officer, (CEO) of Malaysian Waqaf Foundation
- Member of Shariah Committee RHB Islamic Bank
- Shariah Advisor, Malaysia Electronic Payment (MEPS)
- Shariah Advisor, Malaysia Airport Consultancy Berhad
- Dean of Faculty of Economics and Muamalat and a Deputy Dean (Academic and Research) at USIM

PROFIL JAWATANKUASA SYARIAH SHARIAH COMMITTEE PROFILE

ASSOC. PROF. DR. ASMAK AB RAHMAN

Ahli
Member

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
48/48

 **Jantina/Gender:**
Perempuan/Female

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

KELAYAKAN

- Ijazah Kedoktoran dalam Ekonomi Islam, Universiti Malaya
- Ijazah Sarjana Syariah (Islamic Economics), Universiti Malaya
- Ijazah Sarjana Muda Syariah (dengan kepujian), Universiti Malaya

JAWATAN SEMASA

- Profesor Madya dan Ketua Jabatan Syariah dan Ekonomi, Akademi Pengajian Islam, Universiti Malaya
- Ahli Jawatankuasa Syariah AFFIN Islamic Bank
- Ahli, Jawatankuasa Syariah Hong Leong MISG Takaful
- Ahli, Jawatankuasa Syariah Lembaga Tabung Haji
- Ahli, Jawatankuasa Syariah Perbadanan Usahawan Nasional Berhad (PUNB)
- Ahli, Jawatankuasa Syariah BIMB Investment Management Berhad
- Penasihat Syariah Berdaftar, Securities Commission Malaysia
- Ahli, Persatuan Penasihat Syariah dalam Kewangan Islam
- Ahli, Majlis Pendidik Kewangan Islam Antarabangsa
- Ahli, Jawatankuasa Tabung Zakat Universiti Malaya

PENGALAMAN KERJA

- Ahli Jawatankuasa Syariah AmBank Islamic
- Penasihat Syariah, Bank Islam Malaysia Berhad (BIMB)
- Penasihat Syariah, AIA AFG Takaful Berhad
- Ahli Jawatankuasa untuk Persatuan Penasihat-penasihat Syariah Kewangan Islam (ASAS)
- Ahli Jawatankuasa, bagi Penyelaras Korikulum Program Muamalat, Takaful, Kewangan dan Perbankan Islam, Kementerian Pendidikan Tinggi

QUALIFICATION(s)

- PhD in Islamic Economics, University of Malaya
- Master's Degree in Shariah (Islamic Economics), University of Malaya
- Bachelor of Shariah, University of Malaya

PRESENT OCCUPATION

- Associate Professor and Head Department of Shariah and Economics, Academy of Islamic Studies, University of Malaya
- Member, Shariah Committee of AFFIN Islamic Bank
- Member, Shariah Committee of Hong Leong MISG Takaful
- Member, Shariah Committee of Lembaga Tabung Haji
- Member, Shariah Committee of Perbadanan Usahawan Nasional Berhad (PUNB)
- Member, Shariah Committee, of BIMB Investment Management Berhad
- Registered Shariah Adviser, Securities Commission Malaysia
- Member, Association of Shariah Advisors in Islamic Finance
- Member, International Council of Islamic Finance Educators
- Member, Jawatankuasa Tabung Zakat University of Malaya

WORKING EXPERIENCE

- Member, Shariah Committee of AmBank Islamic
- Shariah Advisor, Bank Islam Malaysia Berhad (BIMB)
- Shariah Advisor, AIA AFG Takaful Berhad
- Committee Member for Association of Shariah Advisors in Islamic Finance (ASAS)
- Committee Member of Curriculum Coordinator of Muamalat, Takaful, Finance and Islamic Banking Programs, Ministry of Higher Education

DR. SHAMSIAH BINTI MOHAMAD

Ahli
Member

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
55/55

 **Jantina/Gender:**
Perempuan/Female

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

KELAYAKAN

- Ijazah Doktor Falsafah dalam Fiqh dan Usul Fiqh, University of Jordan
- Sarjana Syariah, Universiti Malaya
- Sarjana Muda Syariah, Universiti Malaya (Kepujian Kelas Pertama)

JAWATAN SEMASA

- Ahli, Majlis Penyeliaan Syariah Bank Islam Malaysia Berhad
- Ahli, Jawatankuasa Syariah BIMB Investment
- Ahli, Jawatankuasa Syariah BIMB Securities Sdn Bhd
- Ahli, Jawatankuasa Penasihat Syariah, Persatuan Bank-bank Islam Malaysia (AIBIM)
- Ahli, Jawatankuasa Syariah Kumpulan MNRB
- Ahli, Jawatankuasa Syariah Lembaga Zakat Selangor
- Ahli, Jawatankuasa Syariah Pertubuhan Peladang Kebangsaan
- Ahli, Jawatankuasa Syariah Medic IG Holdings
- Ahli, Jawatankuasa Penasihat Ibadat Haji TH-JAKIM

PENGALAMAN KERJA

- Ahli, Majlis Penasihat Syariah Bank Negara Malaysia
- Ahli, Jawatankuasa Syariah Bank Muamalat Malaysia Berhad
- Ahli, Jawatankuasa Syariah Takaful Ikhlas
- Penyelidik Kanan, International Shariah Research Academy for Islamic Finance (ISRA)
- Profesor Madya, Jabatan Fiqh & Usul, Akademi Pengajian Islam, Universiti Malaya
- Pakar Syariah, Jabatan Pasaran Modal Islam, Suruhanjaya Sekuriti Malaysia
- Ahli, Panel Pakar Syariah, JAKIM
- Jawatankuasa Syariah Goldina International Sdn Bhd
- Ahli, Majlis Penasihat Syariah, Suruhanjaya Sekuriti Malaysia
- Ahli, Jawatankuasa Syariah, Bursa Malaysia Securities Berhad

QUALIFICATION(s)

- PhD. in Foundation of Jurisprudence (Fiqh and Usul Fiqh), University of Jordan
- Master of Shariah, University of Malaya
- Bachelor of Shariah, University of Malaya (First Class Honours)

PRESENT OCCUPATION

- Member, Shariah Supervisory Council of Bank Islam Malaysia Berhad
- Member, Shariah Committee, BIMB Investment
- Member, Shariah Committee, BIMB Securities Sdn Bhd
- Member, Shariah Advisory Committee, Association of Islamic Banking Institutions Malaysia (AIBIM)
- Member, Shariah Committee of MNRB Group
- Member, Shariah Committee of Lembaga Zakat Selangor
- Member, Shariah Committee of Pertubuhan Peladang Kebangsaan
- Member, Shariah Committee of Medic IG Holdings
- Member, TH-JAKIM Hajj Advisory Committee

WORKING EXPERIENCE

- Member, Shariah Advisory Council of Bank Negara Malaysia
- Member, Shariah Committee of Bank Muamalat Malaysia Berhad
- Member, Shariah Committee of Takaful Ikhlas
- Senior Researcher, International Shariah Research Academy for Islamic Finance (ISRA)
- Associate Professor, Department of Fiqh & Usul, Academy of Islamic Studies, University of Malaya
- Shariah Specialist, Islamic Capital Market Department, Securities Commission, Malaysia
- Member, Shariah Expert Panel, JAKIM
- Shariah Committee Goldina International Sdn Bhd
- Member, Shariah Advisory Council (SAC) Securities Commission Malaysia
- Member, Shariah Committee, Bursa Malaysia Securities Berhad



PROFIL JAWATANKUASA SYARIAH SHARIAH COMMITTEE PROFILE

DR. AHMAD SUFIAN CHE ABDULLAH

Ahli
Member

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
43/43

 **Jantina/Gender:**
Lelaki/Male

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

KELAYAKAN

- Ijazah Kedoktoran dalam Ekonomi Islam dan Perbankan, University of Yarmouk Jordan
- Ijazah Sarjana dalam Syariah (Kewangan Islam), Universiti Malaya
- Sarjana Muda dalam Syariah dan Pengurusan, UNiversiti Malaya

JAWATAN SEMASA

- Pensyarah Kanan di Jabatan Syariah dan Pengurusan, Akademi Pengajian Islam Universiti Malaya
- Ahli, Jawatankuasa Syariah CIMB Islamic Berhad
- Pengerusi Jawatankuasa Penasihat Syariah, Syarikat Takaful Malaysia Berhad
- Ahli, Jawatankuasa Waqaf Majlis Agama Islam dan Adat Istiadat Negeri Kelantan (MAIK)
- Ahli, Jawatankuasa Fatwa, Jabatan Fatwa Negeri Perlis
- Ahli, Jawatankuasa Perundangan Perundangan Islam, Wilayah Persekutuan
- Penasihat Syariah, Persatuan Penasihat Syariah dalam Kewangan Islam Malaysia
- Ahli, Lembaga Pengarah Universiti, Kolej Universiti Islam Perlis (KUIPs)
- Ahli, Jawatankuasa Penasihat Syariah, Sabnuha Jewellery Sdn Bhd
- Penasihat Syariah, KAB Goldynamics Sdn Bhd
- Lembaga Syariah, Precious Amber International Bhd
- Penasihat untuk pelbagai syarikat swasta dan Organisasi Bukan Bermotifkan Keuntungan

PENGALAMAN KERJA

- Ahli, Jawatankuasa Syariah Kenanga Investment Bank Berhad
- Panel Pakar Muamalat Jabatan Agama Islam Malaysia (JAKIM)
- Lembaga Syariah, Precious Amber International Bhd
- Penasihat bagi pelbagai perniagaan swasta dan Organisasi Bukan Bermotifkan Keuntungan

QUALIFICATION(S)

- PhD in Islamic Economy and Banking, University of Yarmouk, Jordan
- Master's Degree in Shariah (Islamic Finance), University of Malaya
- Bachelor's Degree in Shariah and Management, University of Malaya

PRESENT OCCUPATION

- Senior Lecturer at Department of Shariah and Management, Academy of Islamic Studies, University of Malaya
- Member, Shariah Committee of CIMB Islamic Berhad
- Chairman, Shariah Advisory Board, Syarikat Takaful Malaysia Berhad
- Member, Waqaf Committee, Majlis Agama Islam dan Adat Istiadat Negeri Kelantan (MAIK)
- Member, Fatwa Committee of Jabatan Fatwa Negeri Perlis
- Member, Islamic Legal Consultative Committee, Federal Territories
- Shariah Advisor, Association of Shariah Advisors in Islamic Finance Malaysia
- Member, University Board of Director (LPU) Kolej Universiti Islam Perlis (KUIPs)
- Member, Shariah Advisor Committee, Sabnuha Jewellery Sdn Bhd
- Shariah Adviser, KAB Goldynamics Sdn Bhd
- Shariah Board, Precious Amber International Bhd
- Advisor for various private business and Non-Profit Organisations

WORKING EXPERIENCE

- Member, Shariah Committee, Kenanga Investment Bank Berhad
- Muamalat Expert Panel of Jabatan Kemajuan Islam Malaysia (JAKIM)
- Shariah Board, Precious Amber International Bhd
- Advisor for various private business and Non-Profit Organisations

FAIZAL BIN JAFFAR

Ahli
Member

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
58/58

 **Jantina/Gender:**
Lelaki/Male

 **Tarikh Pelantikan/
Date of Appointment:**
15 Ogos 2022/
15 August 2022

KELAYAKAN

- Sarjana Sains Kewangan Islam, International Center for Islamic Finance (INCEIF) Kuala Lumpur, Malaysia
- Ijazah Sarjana Muda (Kepujian) Perakaunan, Universiti Teknologi Mara (UiTM) Shah Alam Selangor
- Diploma Perakaunan, Universiti Teknologi Mara (UiTM) Shah Alam, Selangor
- Akauntan Bertauliah, Institut Akauntan Malaysia (1995-Kini)
- CPA, Australia (2010-2019)

JAWATAN SEMASA

- Ahli, Jawatankuasa Syariah, OCBC AI-Amin Bank Berhad

PENGALAMAN KERJA

- Pengarah Bersekutu, Pacific Trustee Berhad
- Timbalam Pengarah, Jabatan Perbankan Islam dan Takaful, Bank Negara Malaysia

QUALIFICATION(S)

- Master of Science in Islamic Finance, International Center for Islamic Finance (INCEIF), Kuala Lumpur, Malaysia
- Bachelor's Degree (Honors) in Accountancy, Universiti Teknologi MARA (UiTM) Shah Alam, Selangor, Malaysia
- Diploma in Accountancy, Universiti Teknologi MARA (UiTM) Shah Alam, Selangor, Malaysia
- Chartered Accountant, Malaysian Institute of Accountant (1995 - current)
- CPA, Australia (2010-2019)

PRESENT OCCUPATION

- Member, Shariah Committee OCBC AI Amin Bank Berhad

WORKING EXPERIENCE

- Associate Director, Pacific Trustee Berhad
- Deputy Director, Islamic Banking and Takaful Department (JPIT), Bank Negara Malaysia



PROFIL JAWATANKUASA SYARIAH SHARIAH COMMITTEE PROFILE

ASSOC. PROF. DR. AHMAD ZAKI SALLEH

Ahli
Member

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
46/46

 **Jantina/Gender:**
Lelaki/Male

 **Tarikh Pelantikan/
Date of Appointment:**
15 Ogos 2022/
15 August 2022

KELAYAKAN

- Ijazah Kedoktoran, Ilmu Wahyu dan Warisan Islam, Universiti Islam Antarabangsa (UIA)
- Sarjana Ilmu Wahyu dan Warisan Islam, Universiti Islam Antarabangsa (UIA)
- Sarjana Muda Fiqh dan Usul al-Fiqh, Al-Albayt Universiti Jordan

JAWATAN SEMASA

- Profesor Madya, Fakulti Syariah dan Undang-undang, Universiti Sains Islam Malaysia (USIM)
- Timbalan Dekan, Penyelidikan dan Inovasi, Fakulti Syariah dan Perundangan, Universiti Sains Islam Malaysia (USIM)
- Pengerusi, Jawatankuasa Syariah AmBank Islamic Berhad
- Ahli, Jawatankuasa Syariah Prudential BSN Takaful Berhad
- Ahli, Jawatankuasa Zakat, Majlis Agama Islam Negeri Pahang Darul Makmur

PENGALAMAN KERJA

- Pengerusi, Jawatankuasa Syariah Bank Simpanan Nasional
- Penarah Kanan, Fakulti Syariah dan Undang-Undang, Universiti Sains Islam Malaysia (USIM)
- Ketua Perunding, Projek Kajian dan Penggubalan Akta Pemajuan Kediaman Komersil (CRDA) Kementerian Perumahan dan Kerajaan Tempatan
- Panel Pakar Muamalat, Jabatan Kemajuan Islam Malaysia (JAKIM)
- Tutor, Fakulti Syariah dan Perundangan, Universiti Sains Islam Malaysia (USIM)

QUALIFICATION(s)

- Doctor of Philosophy in Islamic Revealed Knowledge and Heritage, International Islamic University Malaysia (IIUM)
- Masters of Islamic Revealed Knowledge and Heritage, International Islamic University Malaysia (IIUM)
- Bachelor of Fiqh and Usul al-Fiqh, Al Albayt University, Jordan

PRESENT OCCUPATION

- Associate Professor, Faculty of Syariah and Law, Universiti Sains Islam Malaysia (USIM)
- Deputy Dean, Research and Innovation, Faculty of Syariah and Law, Universiti Sains Islam Malaysia (USIM)
- Chairman of Shariah Committee, AmBank Islamic Berhad
- Member of Shariah Committee, Prudential BSN Takaful Berhad
- Member of Zakat Committee, Majlis Agama Islam Negeri Pahang Darul Makmur

WORKING EXPERIENCE

- Chairman, Shariah Committee of Bank Simpanan Nasional
- Senior Lecturer, Faculty of Syariah and Law, Universiti Sains Islam Malaysia (USIM)
- Lead Consultant, Commercial Residence Development Act (CRDA), Kementerian Perumahan dan Kerajaan Tempatan
- Muamalat Experts Panel of Jabatan Kemajuan Islam Malaysia (JAKIM)
- Tutor, Faculty of Syariah and Law, Universiti Sains Islam Malaysia (USIM)

USTAZ AHMAD HUSNI ABD RAHMAN

Ahli
Member

 **Warganegara/Nationality:**
Malaysia/Malaysian

 **Umur/Age:**
43/43

 **Jantina/Gender:**
Lelaki/Male

 **Tarikh Pelantikan/
Date of Appointment:**
15 Ogos 2022/
15 August 2022

KELAYAKAN

- Ijazah (B.A) Syariah Islamiah, Universiti Islam Madinah Al-Munawwarah Arab Saudi
- Sijil Bahasa Arab, Universiti Islam Madinah Al-Munawwarah Arab Saudi

JAWATAN SEMASA

- Pengurus Kanan, Unit Syariah dan Hubungan Antarabangsa, Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP)
- Ahli, Jawatankuasa Syariah Affin Islamic Bank Berhad
- Pengerusi, Jawatankuasa Syariah Amanah Warisan Berhad (AWARIS)
- Ahli, Jawatankuasa Agihan Zakat Perbadanan Tabung Pendidikan Tinggi Nasioanal (PTPTN)
- Ahli Jawatankuasa Penyelidikan Korporat dan Syariah PPZ
- Ahli Jawatankuasa, Jawatankuasa Agihan Wakalah Zakat PPZ

PENGALAMAN KERJA

- Jurulatih, Fundamental Certificate in Syariah for Banking and Sijil Asas dalam Program Syariah Perbankan dan Kewangan Islam (FCSBF). International Research Center in Islamic Economy and Finance (IRCIEF) KUIS
- Eksekutif Pentadbiran di Kolej Negeri, Negeri Sembilan

QUALIFICATION(s)

- Degree (B.A) In Shariah Islamiah, Islamic University of Madinah Munawwarah, Kingdom of Saudi Arabia
- Certificate in Arabic Language, Islamic University of Madinah Munawwarah, Kingdom of Saudi Arabia

PRESENT OCCUPATION

- Senior Manager, Shariah & International Relation Unit, Pusat Pungutan Zakat, Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP)
- Member of Shariah Committee, Affin Islamic Bank Berhad
- Pengerusi of Shariah Committee, Amanah Warisan Berhad (AWARIS)
- Member of Zakat Distribution Committee Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN)
- Committee of Corporate Research and Shariah Committee PPZ
- Committee of Wakalah Zakat Distribution Committee PPZ

WORKING EXPERIENCE

- Trainer for Fundamental Certificate In Shariah For Banking And Finance Programme (FCSBF) International Research Center in Islamic Economy and finance (IRCIEF) KUIS
- Administration Executive Kolej Negeri Negeri Sembilan

PENGURUSAN KANAN

SENIOR MANAGEMENT



Hadapan, dari kiri:
Front, from left:

Zabidi Abdullah
Ketua Pegawai Perniagaan
Chief Business Officer

**Datuk Wira (Dr.) Aria
Putera Ismail**
Presiden Kumpulan/Ketua
Pegawai Eksekutif
Group President/Chief
Executive Officer

**Samad Majid Zain Abdul
Majid**
Ketua Pegawai Kewangan
Kumpulan
Group Chief Financial Officer

Zarina Nor Ismail
Ketua Pegawai Operasi
Chief Operating Officer

**Datuk Dr. Mohammad
Hardee Ibrahim**
Ketua Pegawai Strategi
Korporat Kumpulan
Group Chief Corporate
Strategy Officer

Hairil Izwar Abd Rahman
Ketua Pegawai Digital &
Teknologi Kumpulan
Group Chief Digital &
Technology Officer

Belakang, dari kiri:
Back, from left:

**Shuhaibatulaslamiyah
Hurmuzan**
Ketua Pegawai Modal Insan
Kumpulan
Group Chief Human Capital
Officer

Rosehamidi Kamaruddin
Ketua Pegawai Pematuhan
Kumpulan
Group Chief Compliance
Officer

Hasrul Farid Hasnan
Ketua Juruaudit Dalam
Kumpulan
Group Chief Internal Auditor

Jumadi Kadir
Ketua Pegawai Syariah
Kumpulan
Group Chief Shariah Officer

Mohammad Azam Ahmad
Ketua Pegawai Risiko
Kumpulan
Group Chief Risk Officer

Mohamad Nizam Matori
Ketua Pegawai Kredit
Chief Credit Officer

Mohd Fikri Abdul Ghapar
Penasihat Undang-undang
Kumpulan
Group Legal Counsel

MEMUPUK HARI ESOK YANG KUKUH

NURTURING ROBUST TOMORROWS

Impak perubahan iklim tidak dapat dinafikan dalam dunia hari ini. Dengan menyokong peralihan kepada ekonomi rendah karbon dan menggalakkan keterangkuman sosial, SME Bank membantu mewujudkan masa depan yang saksama dan mampan.

The impact of climate change is undeniable in today's world. By supporting the transition to a low-carbon economy and promoting social inclusion, SME Bank is helping to create a more sustainable and equitable future.

RM1 billion terbitan Sukuk
Kemampuan untuk projek Hijau dan Sosial

RM1 billion Sustainability Sukuk
Issuance for Green and Social projects

Menyumbang lebih

RM378,000.00

dalam bentuk sumbangan
dan penajaan untuk 18,102
benefisiari

Contributed over

RM378,000.00

in donations and
sponsorships for 18,102
beneficiaries



Menanam **1,300** pokok bakau

Planted **1,300** mangrove trees

Butiran lanjut dalam segmen Memajukan Masa Depan Lestari melalui Penciptaan Impak Sosial di halaman 147 hingga 152.
More details under Advancing a Sustainable Future through Creation of Social Impact from pages 147 to 152.

MELAKSANAKAN PERJALANAN KELESTARIAN KAMI

PROGRESSING OUR SUSTAINABILITY JOURNEY



“

Dalam usaha berterusan kami menuju kelestarian, SME Bank memberi tumpuan kepada teras Perbankan Bertanggungjawab, Amalan Perniagaan Bertanggungjawab, dan Mencipta Impak Sosial dalam memainkan peranan penting dalam menyokong industri, pelanggan, dan komuniti untuk jangka masa yang panjang.

In our ongoing transition to sustainability, SME Bank is focused on the pillars of Responsible Banking, Responsible Business Practices and Creating Social Impact in playing a vital role to support industries, customers and communities over the long term.

”

Kelestarian telah menjadi sebahagian penting dalam perjalanan pertumbuhan Bank ini kerana ia menggerakkan perubahan utama dalam landskap PKS menuju kepada penerimaan asas kelestarian yang lebih besar. Kami terus menyaksikan peningkatan pelabur, sama ada secara global atau di Malaysia, yang semakin menerima kewangan lestari sebagai pertimbangan penting dalam portfolio pelaburan mereka.

Sustainability has become a vital part of the Bank's journey of growth as it drives essential change within the SME landscape towards greater adoption of sustainability tenets. We continue to see a rise in investment players, both globally and in Malaysia, increasing their adoption of sustainable finance as a critical consideration in their investment portfolios.

Kerajaan mengumumkan pelbagai inisiatif kelestarian bagi mendorong pembaharuan pembangunan lestari yang berterusan untuk menjadikan Malaysia sebagai negara bebas karbon menjelang tahun 2050.

Fokus yang meningkat terhadap impak positif Alam Sekitar, Sosial, dan Tadbir Urus (ESG) bagi mendukung Rancangan Malaysia ke-12 untuk menghidupkan semula pembangunan sosioekonomi, dengan kelestarian dan kemakmuran jangka masa panjang menjadi asas untuk memperbaiki kesejahteraan rakyat.

Mengikuti panduan Rancangan Malaysia ke-12, bidang fokus yang penting bagi PKS adalah:

- Menggalakkan inovasi dan penggunaan teknologi yang lebih tinggi oleh PKS;
- Memastikan PKS mempunyai akses kepada pembiayaan modal kerja dan pelaburan;
- Meningkatkan modal insan dan pembangunan keusahawanan di kalangan PKS; dan
- Memperluaskan akses pasaran bagi barangan dan perkhidmatan yang dihasilkan oleh PKS.

The Government announced various sustainability initiatives to drive long-term sustainable development reforms to make Malaysia a carbon-neutral nation by 2050.

This heightened focus on positive Environmental, Social and Governance (ESG) impacts underpins the goal of the 12th Malaysia Plan to revitalise socioeconomic development, with long-term sustainability and prosperity serving as the foundation for improving the people's wellbeing.

Guided by the 12th Malaysia Plan, noteworthy areas of focus for SMEs continue to be in:

- Promoting greater innovation and technology adoption by SMEs;
- Ensuring SMEs have access to financing for working capital and investment;
- Enhancing human capital and entrepreneurship development among SMEs; and
- Expanding market access for goods and services produced by SMEs.

Embedment of ESG principles into DNA and culture require paradigm shifts to adopt proactive approach to make the Bank remains ahead of public and regulatory expectations. These include BNM's Performance Measurement Framework, which emphasises the importance of DFIs incorporating additionalities as part of business operations to promote greater development outcomes and strengthen their accountability as public institutions.

This has led SME Bank towards the establishment of the 3-Year Sustainability Roadmap in 2021 to guide the Bank's transition to a more sustainable future by embedding ESG principles into our business strategies and decision considerations so that collectively, we can advance value creation for the nation.

Penyatuan prinsip ESG dalam budaya dan DNA memerlukan anjakan paradigma untuk mengamalkan pendekatan proaktif agar Bank dapat terus kekal di hadapan jangkaan umum dan pengawal selia. Ini termasuk dalam Rangka Kerja Pengukuran Prestasi BNM, yang menekankan kepentingan IKP memasukkan penciptaan nilai (additionalities) sebagai sebahagian daripada operasi perniagaan untuk mempromosikan hasil pembangunan yang lebih besar dan memperkuat akauntabiliti mereka sebagai institusi awam.

Inilah yang mendorong SME Bank untuk menetapkan Hala Tuju Kelestarian 3-Tahun pada 2021 untuk membimbing peralihan Bank ke masa hadapan yang lebih lestari dengan menanamkan prinsip-prinsip ESG dalam strategi perniagaan dan pertimbangan keputusan supaya secara kolektif, kami dapat meningkatkan penciptaan nilai untuk negara.

MELAKSANAKAN PERJALANAN KELESTARIAN KAMI PROGRESSING OUR SUSTAINABILITY JOURNEY



Teras Kelestarian Kami

Dengan penubuhan Rangka Kerja Matlamat Pembangunan Mampan (SDG), perkara kelestarian yang material diidentifikasi selari dengan 11 daripada 17 Matlamat Pembangunan Lestari Pertubuhan Bangsa-Bangsa Bersatu (UN SDG) dan disusun di bawah tiga teras utama Perbankan Bertanggungjawab, Amalan Perniagaan Bertanggungjawab, dan Mencipta Impak Sosial. Teras-teras ini meliputi spektrum impak ESG.

Perbankan Bertanggungjawab

Menyampaikan produk dan perkhidmatan yang mempromosikan pembangunan lestari dan menjalankan perniagaan secara adil dan bertanggungjawab.

Amalan Perniagaan Bertanggungjawab

Melakukan perkara yang betul terhadap kakitangan dan mengambil kira pertimbangan alam sekitar dan sosial dalam operasi perniagaan harian.

Mencipta Impak Sosial

Menjadi 'Pendorong Kebaikan' dengan menawarkan penyelesaian pembiayaan inovatif dan menjadi rakan sokongan untuk memastikan kejayaan PKS dan menjadi pendorong pertumbuhan negara - menyumbang secara positif kepada ekonomi, mencipta pekerjaan, dan akhirnya memberi manfaat positif kepada masyarakat.

Our Sustainability Pillars

With the establishment of the Sustainable Development Goals (SDG) Framework, the identified material sustainability matters are aligned to 11 of the 17 UN SDGs and streamlined under the three core pillars of Responsible Banking, Responsible Business Practices and Creating Social Impact. These pillars cover the spectrum of ESG impacts.

Responsible Banking

Delivering products and services that promote sustainable development and conducting business in a fair and responsible manner.

Responsible Business Practices

Doing the right thing by employees and taking into account environmental and societal considerations in day-to-day business operations.

Creating Social Impact

Being a 'Force for Good' by offering innovative financing solutions as well as intervening as a supportive partner to ensure SMEs' success and becoming the nation's engine of growth - contribute positively to the economy, creating employment and ultimately positive spillover to society.

Integrasi Kelestarian dalam Tadbir Urus

Kami menerima pakai penentuan nada yang tepat dari pimpinan tertinggi dalam struktur tadbir urus kelestarian kami. Tadbir urus kelestarian SME Bank dipimpin oleh Ahli Lembaga Pengarah yang bertanggungjawab untuk mempromosikan pertumbuhan lestari dan kestabilan kewangan SME Bank dalam melaksanakan mandatnya. Ahli Lembaga Pengarah disokong oleh Jawatankuasa Lembaga Pengurusan Risiko dan Jawatankuasa Eksekutif dalam mengawasi, mengenal pasti risiko utama dan strategi kelestarian, dan memastikan pelaksanaan dan prestasinya. Jawatankuasa ESG (ESG WC) memastikan pelaksanaan yang lancar dan mengawasi perjalanan kelestarian keseluruhan Bank (aktiviti pembiayaan dan bukan pembiayaan). ESG WC mengadakan mesyuarat secara suku tahunan untuk menjejak kemajuan mengikut tonggak yang ditetapkan.

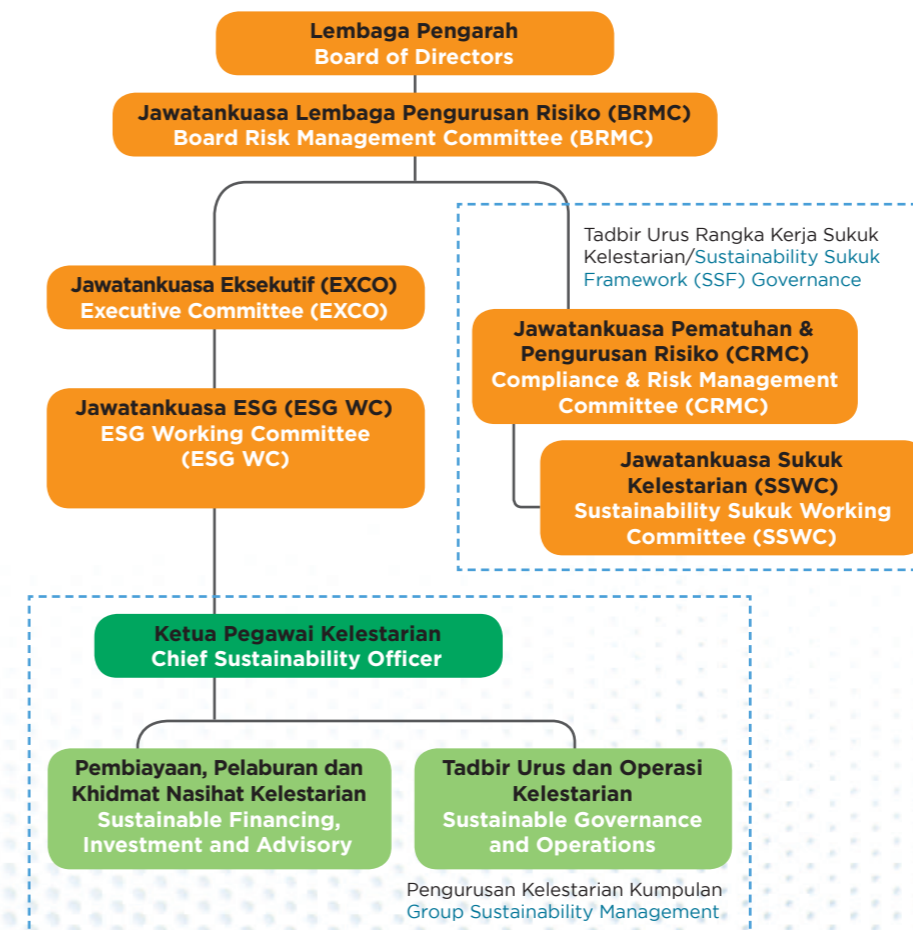
Mulai 1 Mei 2023, struktur tadbir urus telah diperluaskan untuk melibatkan pasukan khusus di bawah Pengurusan Kelestarian Kumpulan yang melapor terus kepada pejabat Presiden Kumpulan/ Ketua Pegawai Eksekutif.

Integrating Sustainability into Governance

We adopt setting the right tone from the top in our sustainability governance structure. SME Bank's sustainability governance is led by the Board of Directors, who have the overall responsibility for promoting the sustainable growth and financial soundness of SME Bank in fulfilling its mandate. The Board of Directors is supported by the Board Risk Management Committee and Executive Committee in overseeing, identifying principal risks and sustainability strategies, and ensuring its implementation and performance. The ESG Working Committee (ESG WC) ensures smooth implementation and oversees the Bank's entire sustainability journey (financing and non-financing activities). The ESG WC conducts meetings on a quarterly basis to track the progress as per milestone set.

As of 1 May 2023, the governance structure has expanded to include the dedicated team under Group Sustainability Management which report directly to Group President/Chief Executive Officer's office.

Struktur Tadbir Urus Kelestarian/Sustainability Governance Structure



- Penerangan tentang peranan:
- Lembaga Pengarah menyediakan pengawasan dan memimpin strategi kelestarian Bank.
 - BRMC memantau pelaksanaan strategi kelestarian, prestasi, dan pengurusan risiko secara bersepadu.
 - EXCO mendorong prestasi kelestarian dalaman organisasi.

- Description of roles:
- The Board of Directors provide oversight and spearhead the Bank's sustainability strategy.
 - The Board Risk Management Committee (BRMC) monitors the implementation of the sustainability strategy, performance and risk management in an integrated manner.
 - The EXCO drives sustainability performance within the organisation.

MELAKSANAKAN PERJALANAN KELESTARIAN KAMI PROGRESSING OUR SUSTAINABILITY JOURNEY

Mengintegrasikan Kelestarian ke dalam Budaya

Memupuk budaya pemikiran dan tingkah laku lestari adalah penting dalam mendorong matlamat kelestarian kami. Budaya membuat keputusan yang lestari memberi impak positif terhadap reputasi, nilai jenama dan semangat kakitangan dan prestasi Bank. Ia juga membantu mewujudkan rasa matlamat bersama dan motivasi yang lebih tinggi di kalangan kakitangan, menjurus kepada kepuasan kerja yang lebih baik dan tenaga kerja yang lebih kukuh.

Slogan kelestarian rasmi kami, **“Berfikir secara Lestari, Bertindak secara Bertanggungjawab”**, mendorong kakitangan untuk mengamalkan amalan lestari sebagai “cara hidup” peribadi mereka dan menjadi duta kelestarian dalam memperjuangkan amalan kelestarian kepada pelanggan dan masyarakat umum seiring dengan kemajuan Bank.

Pada tahun 2022, fokus Bank adalah mengambil inisiatif untuk menginstitusikan budaya ESG ke seluruh Bank. Ini dilaksanakan melalui aktiviti berterusan dan dinamik dengan kakitangan sepanjang tahun, seperti berikut:

Integrating Sustainability into Culture

Inculcating a culture of sustainable thinking and behaviour is essential in driving our sustainable goals. A culture of sustainable decision-making positively impacts the Bank’s reputation, brand value, employee morale, and performance. It also helps foster a sense of shared purpose and greater motivation among employees, leading to better job satisfaction and a more engaged workforce.

Our official sustainability tagline **“Think Sustainably, Act Responsibly”** encourages employees to adopt sustainable practices as their personal “way of life” and become sustainability ambassadors in advocating for sustainability practices to customers and the wider community as the Bank progresses forward.

In 2022, the Bank’s focus was on taking initiatives to institutionalise this ESG culture across the Bank. This was being carried out by conducting continuous and dynamic activities with the staff throughout the year, as follows:

No No	Aktiviti Activities	Status Status
1.	Poster Mingguan Weekly Posters	Menerbitkan poster mingguan pada setiap hari Isnin untuk memupuk tabiat/ budaya Kelestarian dan memperjuangkan ESG sebagai “cara hidup”. Pada tahun 2022, kami telah menerbitkan sebanyak 52 edisi poster mingguan. Published weekly posters on every Monday to foster Sustainability culture/ habit and advocating ESG as a “way of life”. In 2022, we have completed issuance of 52 editions of weekly posters.
2.	Trivia Bulanan “Green Hour” Monthly Trivia Green Hour	Sesi Kuiz Bulanan menggunakan platform Kahoot untuk semua kakitangan setiap Rabu minggu ke-2 setiap bulan (12.00 tengahari - 1.00 petang). Pada tahun 2022, kami telah menyelesaikan 12 sesi Kahoot. Monthly Quizzes session using Kahoot Platform for all staff every 2 nd Wednesday of the month (12.00pm – 1.00pm). In 2022, we have completed 12 sessions.
3.	Siri Pendidikan “Bite-Sized” (3-5 minit video animasi) Bite-Sized Learning Series (3-5 minutes animated video)	Untuk membantu pemahaman dan penerapan budaya ESG melalui cara yang paling mudah, praktikal, dan mudah difahami. Sebanyak 6 episod telah diterbitkan. To aid culturalisation and understanding on ESG via the most simple, practical and easy to understand manner. Total of six (6) episodes have been published.

No No	Aktiviti Activities	Status Status
4.	Webinar Penceramah Luar Webinar - External Speaker	Mengundang penceramah luar (Pakar Bidang Khusus) untuk memberikan pemahaman asas tentang Kelestarian/ESG. Sebanyak 4 sesi webinar telah dijalankan untuk semua kakitangan, termasuk penceramah undangan dari “Sustainable Energy Development Authority” (SEDA). Invited external speakers (Subject Matter Expert) to provide basic understanding on Sustainability/ESG. Total of four (4) webinar sessions have been conducted for all staff including the invited speaker from Sustainable Energy Development Authority (SEDA).
5.	Kempen/ Pertandingan berkaitan Kelestarian Bank In-House Sustainability related Campaigns/ Competitions	Beberapa kempen/pertandingan berkaitan Kelestarian yang signifikan yang dijalankan secara dalaman adalah seperti berikut: <ul style="list-style-type: none"> • Pertandingan Penjimatan Kertas - Aktiviti Divisyen • Pertandingan Artikel, Foto, dan Video ESG • Pertandingan Menulis Slogan Kelestarian 2022 • Pertandingan “Trash to Treasure” sempena Hari Kitar Semula Global • Sesi Kahoot Khas sempena Hari Wanita Antarabangsa dan “Earth Hour” • Kempen Derma Darah sempena Hari Penderma Darah • Aktiviti Menanam Pokok dengan kerjasama Kelab Sukan & Rekreasi SME Bank (KSRSME) & Jabatan Perhutanan Negeri Pulau Pinang sempena Hari Alam Sekitar Sedunia • Pertandingan Bingo Bebas Plastik sempena Bulan Bebas Plastik Julai • Bengkel Pertolongan Cemas sempena Hari Pertolongan Cemas Sedunia • Pertandingan Interdivisyen Kelestarian sempena Hari Kelestarian Sedunia • Pertandingan Susun Kata Kelestarian sempena Hari Kelestarian • Pertandingan Pemecah Kod Kelestarian sempena Hari Kebajikan Sedunia • Projek Penanaman Hidroponik “Ruftop” (RHPP) Some of the significant in-house Sustainability related campaigns/ competitions are as per below: <ul style="list-style-type: none"> • Paper Saving Competition – Divisional Activities • ESG Article, Photo & Video Competition • Sustainability Tagline Writing Contest 2022 • Trash to Treasure Competition in conjunction with Global Recycling Day • Special Kahoot Session in conjunction with International Women’s Day and Earth Hour • Blood Donation Campaign in conjunction with Blood Donor Day • Tree Planting Activities in collaboration with Kelab Sukan & Rekreasi SME Bank (KSRSME) & Penang State Forestry Department, held in conjunction with World Environmental Day • Plastic-Free Bingo Contest in conjunction with Free Plastic Month • First Aid Workshop in conjunction with World First Aid Day • Sustainability Interdivisional Competition in conjunction with World Sustainability Day • Sustainability Puzzle Contest in conjunction with Sustainability Day • Sustainability Code Breaker Contest in conjunction with World Kindness Day • Rooftop Hydroponic Planting Project (RHPP)

MELAKSANAKAN PERJALANAN KELESTARIAN KAMI PROGRESSING OUR SUSTAINABILITY JOURNEY

Mengintegrasikan Kelestarian ke dalam Strategi

Kami memperkenalkan Hala Tuju Kelestarian 3-Tahun yang merangkumi pelan kelestarian untuk jangka masa sederhana dari tahun 2021 hingga 2023. Hala tuju ini membentangkan asas-asas bagi memperkukuhkan usaha kami dalam mencapai **Visi kami: untuk menjadi Pemimpin dalam Penciptaan Nilai Ekosistem PKS Melangkaui Perkhidmatan Kewangan** dan **Misi kami: untuk menjadi Pusat Kecemerlangan (CoE) dalam Pembangunan PKS.**

Hala tuju ini mengambil pendekatan progresif untuk mengenal pasti dan mengintegrasikan pertimbangan kelestarian serta memperkuat dasar, rangka kerja, dan kesepadanan perkhidmatan. Inisiatif ini telah dilaksanakan dalam **Fasa 1** peringkat awal pada tahun 2021, di mana pertimbangan ESG dalam Fokus Perniagaan perkhidmatan kami telah dikenal pasti dan diselaraskan. Aspek ini merangkumi pembiayaan, dan aktiviti berkaitan kewangan, termasuk usaha kami dalam sukuk kelestarian.

Fasa 2 dilancarkan pada tahun 2022 dan merangkumi pelaksanaan ESG serta usaha untuk menyelaraskan pendekatan bukan Fokus Perniagaan, iaitu menginstitusikan ESG secara berterusan dalam operasi kami melalui penubuhan Rangka Kerja SDG, mengintegrasikan usaha kelestarian dalam kesedaran untuk kakitangan dan pelanggan kami, dan menjalankan penilaian kepentingan dan jurang penilaian untuk keselarasan yang lebih besar dengan strategi Bank. Semua inisiatif telah berjaya diselesaikan sepenuhnya pada tahun semakan tersebut.

Dalam **Fasa 3**, kami berharap untuk memulakan pengenalan ESG dan membuat kemajuan dan peningkatan berterusan dalam kelestarian. Fasa ini, yang dijangka bermula pada tahun 2023, akan lebih memberi tumpuan kepada pelanggan dengan inisiatif untuk mendorong pelanggan kami mengadaptasi prinsip ESG melalui sesi latihan dan sesi libat urus. Kami juga berharap untuk menyempurnakan pemantauan dan impak penilaian dalam usaha kelestarian kami untuk memastikan nilai cipta dapat dicapai.

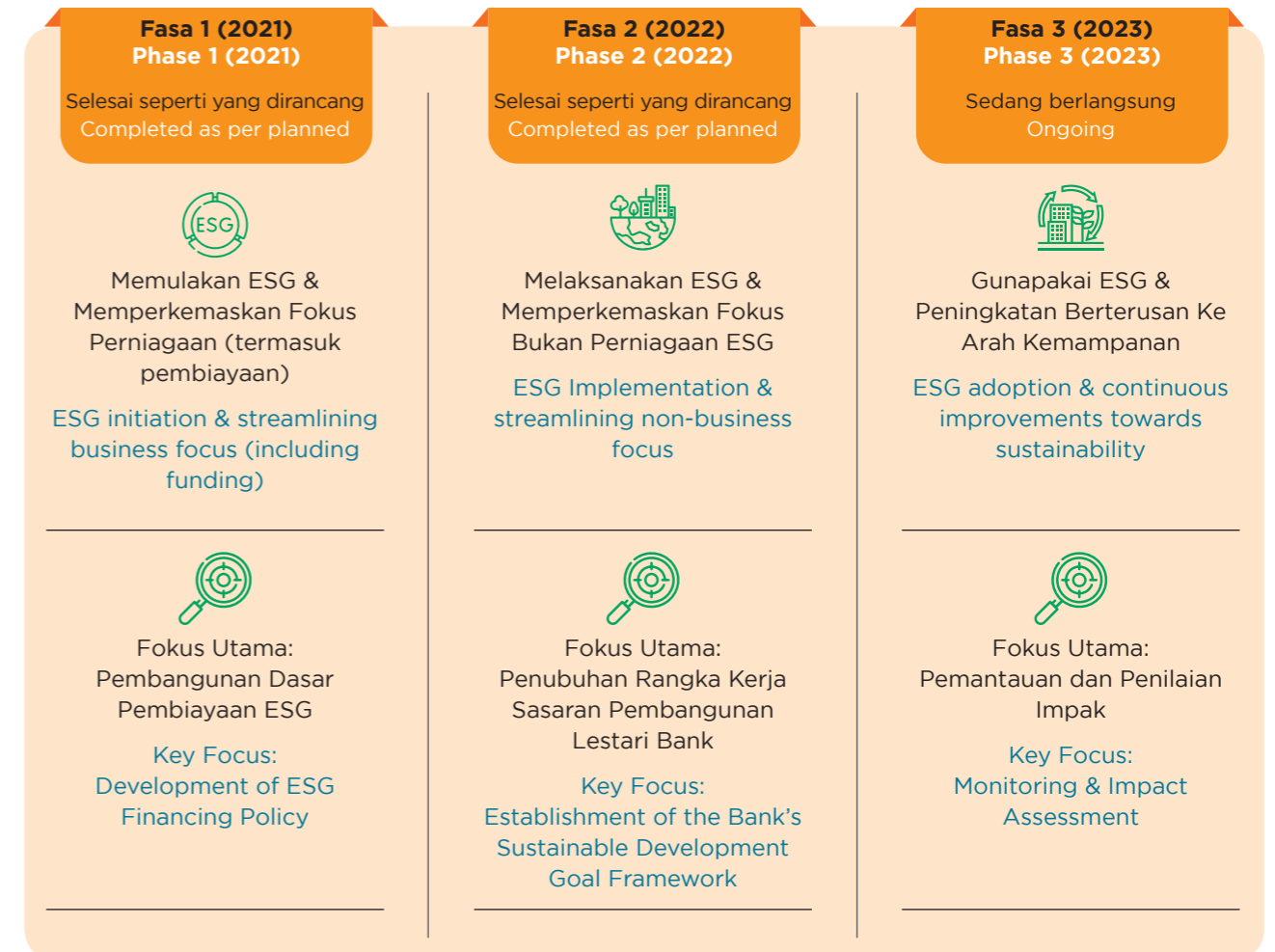
Integrating Sustainability into Strategy

We introduced a 3-Year Sustainability Roadmap that outlines our sustainability plan for the medium-term from 2021 to 2023. This roadmap lays out the building blocks for strengthening our efforts in achieving our **Vision: to be the Leader in SME Ecosystem Value Creation Beyond Financial Services** and **Mission: to be the Centre of Excellence (CoE) for SME Development.**

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

Phase 2 was rolled out in 2022 and comprised the implementation of ESG and efforts to streamline the non-Business Focus approach, which includes institutionalising ESG across our operations through establishment of the SDG Framework, internalising our sustainability efforts through awareness for our employees and our customers, and conducting materiality and gap assessment for greater alignment with the Bank's strategy. All initiatives were successfully completed during the year under review.

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



Pada tahun 2022, satu pencapaian penting telah dicapai dengan penubuhan Rangka Kerja Sasaran Pembangunan Lestari Bank (Rangka Kerja SDG). Ini telah diluluskan oleh Ahli Lembaga Pengarah pada 20 Oktober 2022.

Rangka Kerja SDG adalah kerangka keseluruhan yang menetapkan objektif kelestarian Bank, sasaran, teras, bidang fokus, dan pendekatan dalam semua aktiviti kami; selaras dengan UNSDG.

In 2022, a significant milestone was achieved with the establishment of the Bank's Sustainable Development Goals Framework (SDG Framework). This was approved by the Board of Directors on 20 October 2022.

The SDG Framework is an overarching framework that sets out the Bank's sustainability objectives, goals, pillars, focus areas and approach in all our activities; aligned with UNSDG.

“Objektif utama rangka kerja ini adalah untuk menginstitusikan kelestarian dalam organisasi dan menyokong PKS Malaysia untuk menjadi lestari dengan mengamalkan model perniagaan rendah karbon dan amalan kelestarian.”

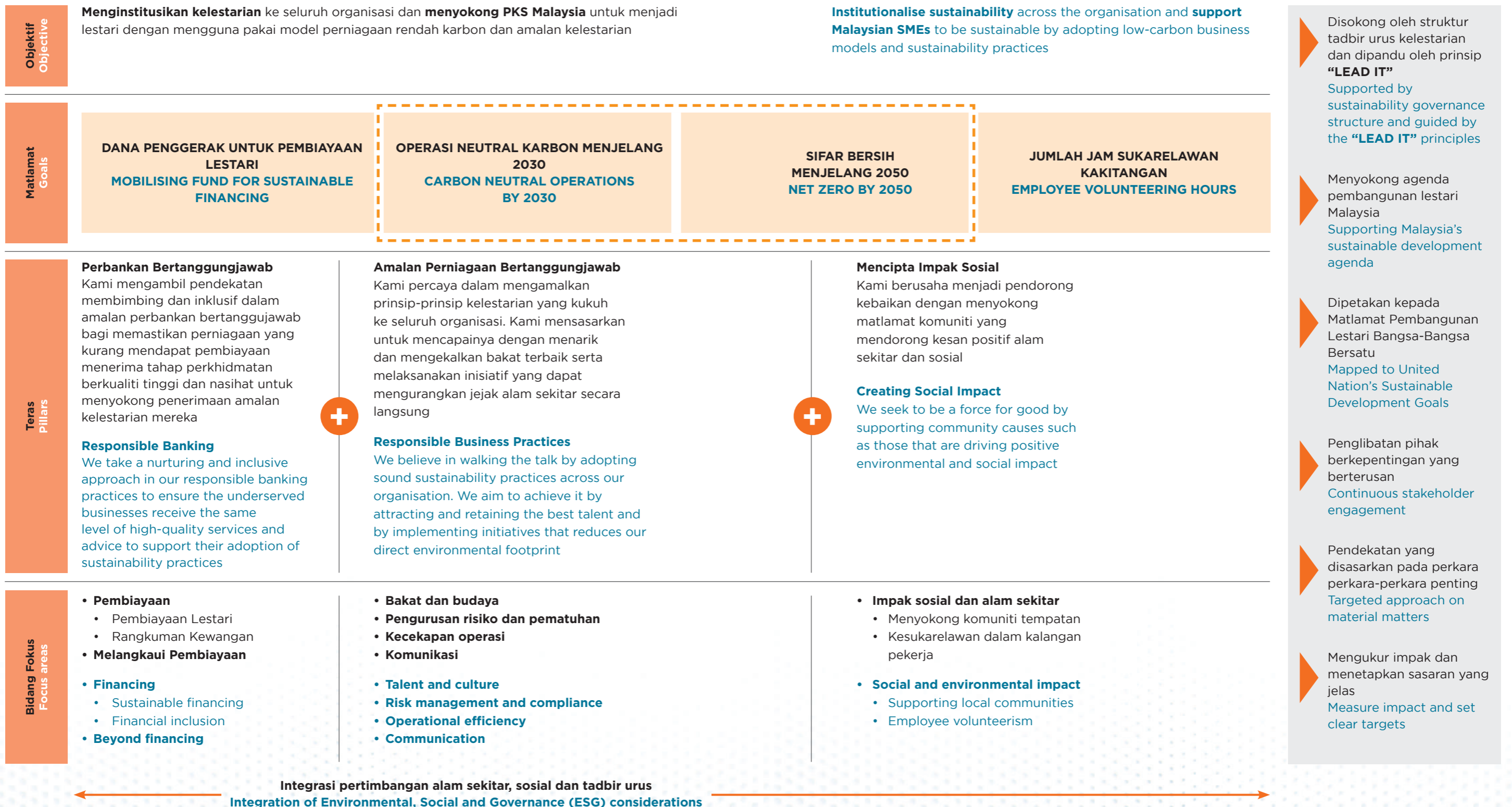
“The main objective of the framework is to institutionalise sustainability across the organisation and to support Malaysian SMEs to be sustainable by adopting low-carbon business models and sustainability practices.”

MELAKSANAKAN PERJALANAN KELESTARIAN KAMI

PROGRESSING OUR SUSTAINABILITY JOURNEY

Lampiran 5: Rangka Kerja SDG SME Bank – Gambaran Keseluruhan

Areas: SME Bank's SDG Framework - Overview



PENGLIBATAN PIHAK BERKEPENTINGAN


STAKEHOLDER ENGAGEMENT

SME Bank ini menjaga hubungannya dengan pihak berkepentingan melalui penglibatan aktif dan terbuka.



Ini memastikan kami secara efektif mengenal pasti isu-isu penting bagi mereka dan dapat menangani peluang dan risiko yang mungkin mempengaruhi kemampuan kami untuk memberikan nilai terbaik. Kepentingan kumpulan pihak berkepentingan, cara kami terlibat dengan mereka, nilai yang kami janjikan untuk mereka, dan aktiviti penglibatan yang dijalankan pada tahun 2022 dinyatakan seperti berikut:

SME Bank maintains its relationship with our stakeholders through active and open engagements.

This ensures we effectively identify issues important to them and are able to address any opportunities and risks which may affect our ability to deliver value. The stakeholder groups' areas of interests, the means through which we engaged them, the value we commit to create for them, and engagement activities conducted in 2022 are disclosed as follows:



Pihak Berkepentingan Stakeholders	Mod Pertemuan Engagement Modes	Aspek Tumpuan Areas of Interest	Nilai Dicipta Value Created	Aktiviti pada 2022 Activities in 2022
 <p>Kakitangan Employees</p>	<ul style="list-style-type: none"> Mesyuarat/panggilan Sesi <i>Townhall</i> Tinjauan dan maklumbalas kerap Emel dan Surat Berita Penerbitan Komunikasi Intranet Komunikasi berterusan menerusi dasar/ budaya pintu terbuka Perutusan GP/CEO Aktiviti-aktiviti sosial Program-program latihan dan pembangunan Semakan prestasi dan ganjaran kakitangan Anugerah pengiktirafan Meetings/calls Townhall Surveys and regular feedback Emails and newsletter Publications Intranet communication Ongoing communication via open-door policy/culture GP/CEO messages Social activities Training and development programmes Employee performance review and rewards Recognition awards 	<ul style="list-style-type: none"> Kesejahteraan kakitangan Keseimbangan kerja-hidup Latihan dan pembangunan kerjaya Pampasan Pelan Perniagaan/Makluman terkini operasi Perkara-perkara berkaitan integriti dan tadbir urus Employee wellbeing Work-life balance Training and career development Compensation Business Plan/Operational updates Integrity and governance matters 	<ul style="list-style-type: none"> Persekitaran kerja yang kondusif Semakan prestasi yang telus dan pelan pembangunan kerjaya Meningkatkan pengetahuan dan kecekapan pembelajaran kakitangan Meningkatkan pemahaman mengenai matlamat Bank dan sentiasa mengikuti maklumat terkini mengenai SME Bank Conducive working environment Transparent performance review and career development plan Enhancing and upskilling employees' knowledge and learning competencies Improve understanding of the Bank's goals and keep up-to-date on SME Bank information 	<ul style="list-style-type: none"> Anugerah Khidmat Setia 2022 Hamper Tahun Baharu Cina 2022 Aktiviti Bantuan Banjir 2022 Bantuan Kewangan Zakat Pendidikan untuk anak kakitangan Majlis Menandatangani Perjanjian Bersama (CA) Rumah Terbuka Raya SME Bank Hari Alam Sekitar Sedunia 2022 Bengkel Terrarium Kejohanan Golf 2022 "Fish On Challenge" 2022 Kejohanan Golf Bank SME Bank 2022 Piala Dunia 2022 - Pesta Menonton Employee Loyalty Awards 2022 2022 Chinese New Hampers Flood Relief Activities for 2022 Zakat Education Financial Assistance for staff's children Collective Agreement (CA) Signing Ceremony SME Bank Raya Open House World Environment Day 2022 Terrarium Workshop Golf Championship 2022 Fish On Challenge 2022 SME Bank Golf Championship 2022 World Cup 2022 - Viewing Party

PENGLIBATAN PIHAK BERKEPENTINGAN STAKEHOLDER ENGAGEMENT

Pihak Berkepentingan Stakeholders	Mod Pertemuan Engagement Modes	Aspek Tumpuan Areas of Interest	Nilai Dicipta Value Created	Aktiviti pada 2022 Activities in 2022
 <p>Pelanggan Customers</p>	<ul style="list-style-type: none"> Pertemuan berhadapan, mesyuarat dan panggilan Tinjauan dan maklumbalas kerap Program jelajah dan rangkaian Penerbitan Komunikasi digital Talian khusus Face-to-face, meetings and calls Surveys and regular feedback Roadshows and networking programmes Publications Digital communication Hotline 	<ul style="list-style-type: none"> Pelbagai perkhidmatan untuk sokongan dan pembangunan usahawan Platform maya SME Bank seperti Portal Jom XCESS Range of services for entrepreneur support and development SME Bank virtual platform such as Jom XCESS Portal 	<ul style="list-style-type: none"> Mencipta kesedaran dan penyertaan usahawan PKS dalam sokongan pembangunan perniagaan serta menjadi penyumbang ekonomi Mempertingkatkan peluang perniagaan dan pengembangan untuk para pelanggan kami Create awareness and participation of SME entrepreneurs in business development support and become economic contributors Enhanced business opportunities and expansion for our customers 	<ul style="list-style-type: none"> Let's Engage Jom XCESS XCESS 2022 EAM Dubai 2022 sempena Ekspo Dunia Dubai Majlis Pengumuman Penerimaan Pembiayaan RM132 juta SME Bank - HRSB Holdings Sdn Bhd Rumah Terbuka Raya SME Bank Let's Engage Jom XCESS XCESS 2022 EAM Dubai 2022 in conjunction with World Expo Dubai Announcement Ceremony of RM132 million Financing Deal between SME Bank- HRSB Holdings SME Bank Raya Open House
 <p>Komuniti Tempatan Local Communities</p>	<ul style="list-style-type: none"> Penglibatan sukarela Program amal/komuniti Peluang-peluang pekerjaan/latihan amali tempatan Volunteering engagements Charity/community events Local employment/internship opportunities 	<ul style="list-style-type: none"> Pembinaan komuniti Pendidikan usahawan Pembangunan usahawan dan pembinaan kapasiti Community building Entrepreneur education Entrepreneur development and capacity building 	<ul style="list-style-type: none"> Membina hubungan positif dengan komuniti Menyokong usaha Kerajaan memangkin PKS negara menerusi program pendidikan untuk golongan terpinggir Build positive relationships with the community Support the Government's effort to catalyse the country's SMEs through educational programmes for marginalised communities 	<ul style="list-style-type: none"> Penjana Komuniti@SME Bank SME Bank 90-Days Biz Challenge 2022 Zero to Hero Program ISHRAF 2.0 Program Ramadan SME Bank 2022 Penjana Komuniti@SME Bank SME Bank 90-Days Biz Challenge 2022 Zero to Hero ISHRAF 2.0 Programme SME Bank Ramadan Programme 2022




PENGLIBATAN PIHAK BERKEPENTINGAN

STAKEHOLDER ENGAGEMENT

Pihak Berkepentingan Stakeholders	Mod Pertemuan Engagement Modes	Aspek Tumpuan Areas of Interest	Nilai Dicipta Value Created	Aktiviti pada 2022 Activities in 2022
 <p>Kerajaan dan Pengawal Selia Government and Regulators</p>	<ul style="list-style-type: none"> Mesyuarat, bengkel strategik, forum/dialog Rundingan perkara-perkara berkaitan kawal selia dan pematuhan Emel dan surat Maklumbalas kerap Regular meetings, strategic workshops, forums/dialogues Consultation on regulatory and compliance matters Emails and letters Regular feedback 	<ul style="list-style-type: none"> Sokongan relevan kepada usahawan serta membina ekosistem kebimbangan, peluang dan idea kolaborasi Halatuju perniagaan Memastikan daya maju perniagaan dan perkhidmatan Etika dan integriti Relevant support to entrepreneurs, building ecosystem, developing opportunities and collaboration ideas Business direction Ensuring business and service viability Ethics and integrity 	<ul style="list-style-type: none"> Mencipta hubungan kukuh dengan Kerajaan dan pengawal selia, bagi menyokong industri PKS secara kolektif, selain mematuhi kehendak-kehendak/kawal selia terkini Create strong rapport with Government and regulators, to collectively support the SME industry, and be on par with current requirements/regulations 	<ul style="list-style-type: none"> Terlibat dalam pemberian sokongan kewangan kepada usahawan yang terjejas semasa gangguan ekonomi pandemik seperti SRP PEMULIH, Pembiayaan SME Go, Tabung Pelancongan PENJANA, Tabung Bantuan Khas (SRF), Kemudahan Bantuan dan Pemulihan Bersasar (TRRF) Menganjurkan kerjasama untuk pembangunan usahawan melalui MOU dengan TEKUN Nasional, Amanah Ikhtiar Malaysia, Perbadanan Pembangunan Ekonomi Sarawak, Bank Pembangunan Sabah, dan MDEC Aktif menyertai program kementerian seperti e-EKSP0 TVET@KPLB, Karnival Usahawan Koperasi, 100 Hari Aspirasi Keluarga Malaysia Menyediakan laporan dan kemas kini berkala Penyertaan aktif dan menyumbang kepada kumpulan kerja industri dan pengawalseliaan Engaged in issuance of financial support for affected entrepreneurs during the pandemic through SRP PEMULIH, SME Go Financing, PENJANA Tourism Fund, Special Relief Fund (SRF), Targeted Relief and Recovery Fund (TRRF) Fostered cooperation for entrepreneur development via MOUs with TEKUN Nasional, Amanah Ikhtiar Malaysia, Sarawak Economic Development Corporation, Sabah Development Bank and MDEC Actively participated in programmes such as e-EKSP0 TVET@KPLB, Karnival Usahawan Koperasi, 100 Hari Aspirasi Keluarga Malaysia Issued reports and periodic updates Actively participated in and contributed to industry and regulatory working groups
 <p>Rakan-rakan Rantaian Bekalan Supply chain partners</p>	<ul style="list-style-type: none"> Mesyuarat dan panggilan Maklumbalas Penerbitan Komunikasi digital Talian khas Platform tender dan pemerolehan Meetings and calls Regular feedback Publications Digital communication Hotline Tendering and procurement platforms 	<ul style="list-style-type: none"> Pengurusan rantaian bekalan Dasar, amalan dan sistem pemerolehan Ketelusan dan tadbir urus Penilaian ke atas pembekal dan sub-kontraktor Supply chain management Procurement policy, practices and system Transparency and governance Suppliers and sub-contractors' evaluation 	<ul style="list-style-type: none"> Proses pemerolehan yang telus yang mencipta hubungan menang-menang dengan vendor/pembekal kami Memantau prestasi dan mempertingkatkan kecekapan di keseluruhan rantaian bekalan A transparent procurement process that creates a win-win relationship with our vendors/suppliers Performance monitoring and improving efficiency throughout supply chain 	<ul style="list-style-type: none"> Berkongsi dasar dan prosedur pemerolehan Bank Menjalankan audit pembekal, bila dan apabila perlu Menjalankan lawatan tapak ke fasiliti, bila perlu Mendorong pemahaman mengenai dasar dan tadbir urus Bank, dan lain-lain Rumah Terbuka Raya SME Bank Shared the Bank's procurement policies and procedures Conducted supplier audits, as and when required Conducted site visits to facilities, as necessary Promoted understanding of the Bank's policy, governance and so forth SME Bank Raya Open House

PENGLIBATAN PIHAK BERKEPENTINGAN

STAKEHOLDER ENGAGEMENT

Pihak Berkepentingan Stakeholders	Mod Pertemuan Engagement Modes	Aspek Tumpuan Areas of Interest	Nilai Dicipta Value Created	Aktiviti pada 2022 Activities in 2022
 <p>Komuniti Pelabur Investment Community</p>	<ul style="list-style-type: none"> Mesyuarat Mesyuarat Agung Tahunan Acara dan persidangan Penerbitan Komunikasi digital Meetings Annual General Meeting Events and conference Publications Digital communication 	<ul style="list-style-type: none"> Strategi perniagaan dan kemampanan Kestabilan kewangan Penciptaan nilai pihak berkepentingan Business and sustainability strategies Financial stability Stakeholder value creation 	<ul style="list-style-type: none"> Penyertaan dalam platform dana hijau dan mampan, seperti sukuk kelestarian Memahami dan menyokong strategi-strategi kemampanan dan ESG Bank Participation in green and sustainability funding platforms i.e. sustainability sukuk Understanding and supporting of Bank's sustainability and ESG strategies 	<ul style="list-style-type: none"> Pelancaran program Sukuk Kelestarian dan Sustainability Sukuk programme Mengadakan mesyuarat agung tahunan mengikut keperluan undang-undang Pertukaran maklumat secara berkala dengan peserta pasaran mengenai strategi dan hasil kewangan Bank Menerbitkan maklumat syarikat, pengumuman, persembahan, hasil kewangan, dan laporan bukan kewangan dalam bentuk cetakan dan di laman web Bank Membuat pengumuman yang diperlukan di media Rumah Terbuka Raya SME Bank Sesi Makan Tengahari bersama Pemegang Sukuk Launched Sustainability Sukuk Framework and Sustainability Sukuk programme Conducted AGM as per statutory requirement Regular exchange with market participants on the Bank's strategy and financial results Published company information, announcements, presentations, financial results and non-financial reports in print and on the Bank's website Published relevant announcements in the media SME Bank Raya Open House Sukuk Holder Appreciation Luncheon
 <p>Media Media</p>	<ul style="list-style-type: none"> Siaran Media Sidang Akhbar Temuramah Media Release Press Conference Interviews 	<ul style="list-style-type: none"> Strategi perniagaan dan kelestarian Tanggungjawab korporat Akses dan kesedaran pembiayaan dan perkhidmatan melangkaui pembiayaan untuk usahawan Pengurusan dan komunikasi isu-isu berkaitan Business and sustainability strategies Corporate responsibility Accessibility and awareness of financing and beyond financing services for entrepreneurs Managing and communicating on related issues 	<ul style="list-style-type: none"> Kesedaran yang lebih tinggi mengenai sokongan yang tersedia untuk pembangunan PKS Mod komunikasi untuk aktiviti-aktiviti perniagaan dan kemampanan Bank Greater awareness of support available for SME development Mode of communication of Bank's business and sustainability activities 	<ul style="list-style-type: none"> Siaran media dan pengumuman Taklimat dan penglibatan dengan media Laporan Tahunan Bersepadu Press releases and announcements Media briefings and engagements Publication of Integrated Annual Report
 <p>Persatuan Industri dan rakan-rakan sealiran Industry Associations and likeminded partners</p>	<ul style="list-style-type: none"> Kerjasama strategik, MOU dan kolaborasi Strategic partnerships, MOUs and collaborations 	<ul style="list-style-type: none"> Sokongan relevan kepada usahawan dan pembinaan ekosistem, peluang dan idea kolaborasi Relevant support to entrepreneurs, building ecosystems, developing opportunities and collaboration of ideas 	<ul style="list-style-type: none"> Mencipta hubungan kukuh dengan pemain industri untuk menyokong secara kolektif pembangunan industri PKS Create strong rapport with industry players to collectively support SME industry development 	<ul style="list-style-type: none"> Bekerjasama dengan badan-badan industri termasuk Biforst Logistics, Sarawak Energy Berhad, Invest Selangor, Dewan Perdagangan, dan antara lain Akademia Menjadi rakan strategik dengan peneraju industri seperti Ramly, Chatime, Ayamas, Bateriku.com untuk menyediakan peluang perniagaan bagi PKS melalui Pembiayaan "Umbrella"; 'Let's Engage' bersama Konsortium Syarikat Peringkat Pertengahan Malaysia (MCMTC) Let's Engage bersama Malaysian Consortium of (MCMTC); Pameran & Persidangan Halal Antarabangsa Pulau Pinang (PIHEC) Lawatan dari CRDB Bank Tanzania. Collaborated with Industry bodies including Biforst Logistics, Sarawak Energy Berhad, Invest Selangor, Chambers of Commerce and Academia Strategically partnered with industry leaders e.g. Ramly, Chatime, Ayamas, Bateriku.com to provide business opportunities for SMEs via Umbrella Financing Let's Engage with Malaysian Consortium of Mid-Tier Companies (MCMTC) Penang International Halal Showcase & Conference (PIHEC) Visit From CRDB Bank of Tanzania

PERKARA-PERKARA PENTING

MATERIAL MATTERS

PERKARA-PERKARA PENTING

Pada tahun 2022, SME Bank menjalankan Penilaian Kepentingan (Materiality Assessment) melalui penilaian dalaman mengenai landskap pasaran semasa, risiko, impak, dan kebimbangan semasa. Maklum balas pihak berkepentingan juga dikaji sebagai faktor pertimbangan dalam proses ini untuk mendapatkan pandangan yang lebih realistik mengenai landskap perniagaan dan cabaran semasa.

Penilaian ini dijalankan berpandukan Panduan Laporan Kelestarian Bursa Malaysia (Edisi ke-2) dan Alat Bantu Penglibatan Pihak Berkepentingan dan Penilaian Kepentingan. Dalam menjalankan penilaian tersebut, faktor-faktor berikut telah diambil kira:

- Isu-isu yang ditonjolkan oleh pihak berkepentingan utama dalam penglibatan sebelum ini
- Isu-isu penting yang dibincangkan dalam mesyuarat Lembaga Pengarah
- Isu-isu berkaitan dengan trend global dan Sasaran Pembangunan Lestari (SDG)

Perkara-perkara penting yang telah dikenal pasti selaras dengan citarasa risiko perniagaan kami untuk memastikan kami mengenal pasti dan menguruskan risiko-risiko utama, serta memasukkannya ke dalam proses pengurusan risiko sedia ada kami.

MATERIAL MATTERS

In 2022, SME Bank conducted a Materiality Assessment through internal assessments of current market landscape, risks, impacts and trending concerns. Stakeholders' feedback is also studied as a consideration factor in the process to gain a more realistic perspective of the prevailing business landscape and challenges.

The assessment is guided by Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) and Toolkit on Stakeholder Engagement and Materiality Assessment. In the conduct of the assessment, the following factors were taken into consideration:

- Issues highlighted by our key stakeholders in previous engagements
- Significant issues discussed in Board meetings
- Issues relating to global trends and Sustainable Development Goals (SDGs)

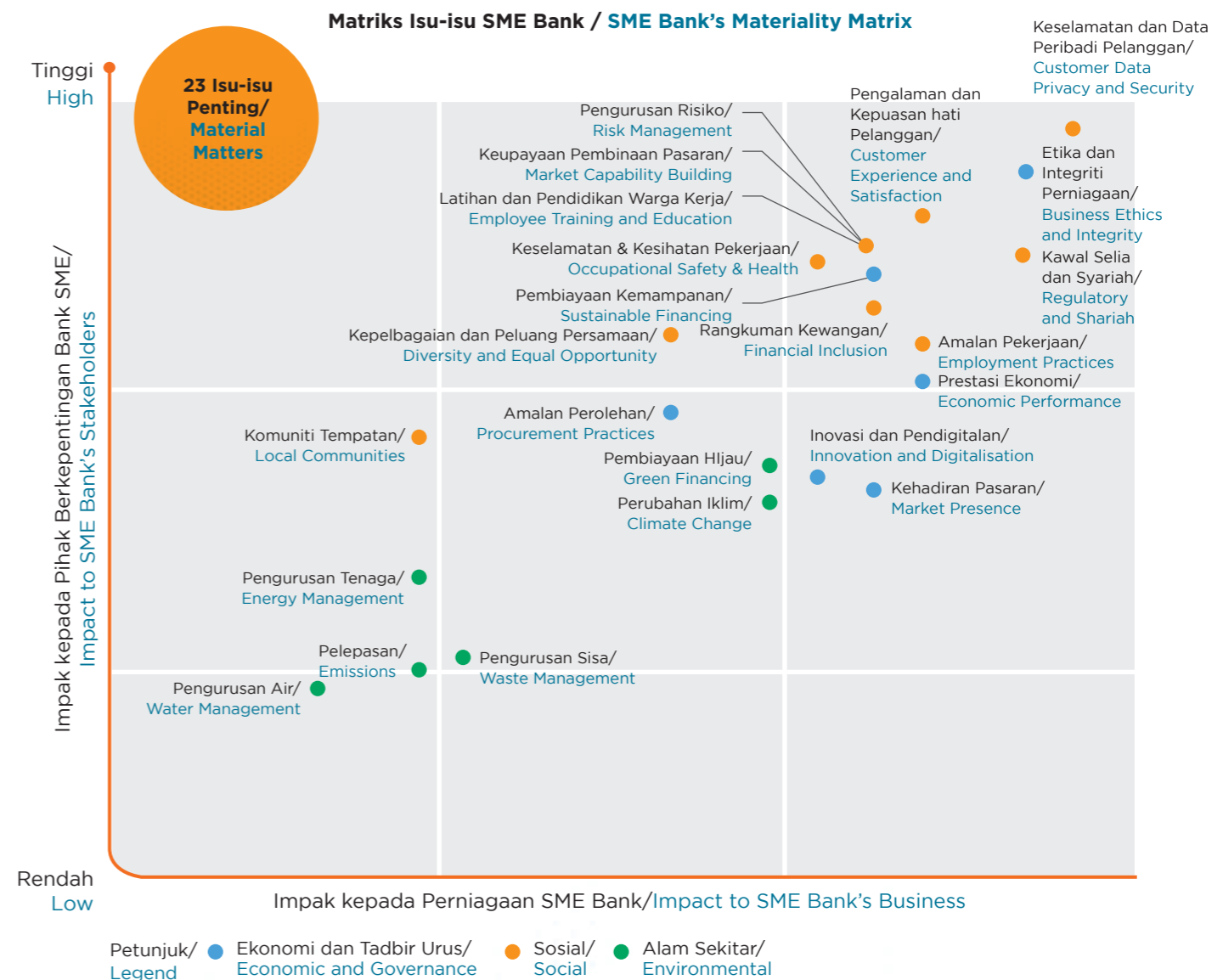
Our identified material matters are aligned with our enterprise risk appetite to ensure we identify and manage the top and emerging risks and incorporate them into our existing risk management processes.



Perkara-perkara Penting Kumpulan SME Bank / SME Bank Group's Material Matters

Keputusan matriks ini adalah berdasarkan penglibatan dengan dalaman dan luaran Kumpulan SME Bank pihak berkepentingan, yang telah disusun dan dibentangkan kepada Lembaga Pengarah pada 20 Oktober 2022.

The outcome of this matrix is based on engagements with SME Bank Group's internal and external stakeholders, which was completed and tabled to the Board on 20 October 2022.



Nota: Responden termasuk kakitangan, pelanggan, vendor, pelabur, kerajaan dan pengawal selia dan organisasi bukan kerajaan/dewan/persatuan/komuniti tempatan



Note: Respondents include employees, customers, vendors, investors, government and regulators and non-governmental organisations/chambers/associations/local communities





PERKARA-PERKARA PENTING

MATERIAL MATTERS





10 Perkara-perkara Penting Teratas Top 10 Material Matters






Tahap Kepentingan Priority Level	Perkara-perkara Penting Material Matters
1.	Keselamatan & Data Peribadi Pelanggan/ <i>Customer Data Privacy & Security</i>
2.	Etika Perniagaan & Integriti/ <i>Business Ethics and Integrity</i>
3.	Pengalaman & Kepuasan Pelanggan/ <i>Customer Experience & Satisfaction</i>
4.	Kawal Selia & Pematuhan Syariah/ <i>Regulatory & Shariah Compliance</i>
5.	Pengurusan Risiko/ <i>Risk Management</i> Pembinaan Keupayaan Pasaran/ <i>Market Capability Building</i> Latihan & Pendidikan Kakitangan/ <i>Employee Training and Education</i>
6.	Keselamatan & Kesihatan Pekerjaan/ <i>Occupational Safety & Health</i>
7.	Pembiayaan Mampan/ <i>Sustainable Financing</i>
8.	Rangkuman Kewangan/ <i>Financial Inclusion</i>

No.	Perkara-perkara Penting Material Matters	Deskripsi Description	Kepentingan kepada SME Bank Importance to SME Bank
1.	 Keselamatan & Data peribadi Pelanggan <i>Customer data privacy and security</i>	Melibatkan pengendalian dan perlindungan maklumat peribadi sensitif yang diberikan oleh pelanggan ketika transaksi harian. Internet kini semakin berkembang menjadi medium perdagangan, sehingga privasi data pelanggan semakin membimbangkan. <i>Involves the handling and protection of the sensitive personal information provided by customers during everyday transaction. The internet has evolved into a medium of commerce, making customer data privacy a growing concern.</i>	Mewujudkan hubungan digital yang selamat dengan pelanggan, berdasarkan kepercayaan dan menghalang kebocoran maklumat pelanggan. <i>Creating secure digital relationship with clients based on trust and to prevent client's information leakage.</i>
2.	 Etika Perniagaan dan Integriti <i>Business ethics and integrity</i>	Tindakan kehormatan yang dilakukan tanpa mengira samada ianya secara bersendirian atau umum; komitmen organisasi dilaksanakan dengan komited. Ia adalah tentang budaya beretika yang meresap ke seluruh ekosistem organisasi. <i>The acting with honour regardless of whether the actions are made publicly or privately; committing to doing what an organisation committed. It's about having an ethical culture that permeates the entire organisation ecosystem.</i>	Etika pekerjaan dan integriti adalah teras kepada semua institusi perbankan dan adalah keperluan kritikal kepada pengawal selia, kakitangan dan pelanggan. Bank diamanahkan untuk menjaga kewangan pelanggan, dan Bank berkewajipan untuk menguruskan wang tersebut dengan penuh tanggungjawab. <i>Business ethics and integrity is the core of every banking institution and is of critical interest to regulators, employees, and customers alike. Banks are entrusted to look after customers' finance, and banks have the duty to finance that money responsibly.</i>

No.	Perkara-perkara Penting Material Matters	Deskripsi Description	Kepentingan kepada SME Bank Importance to SME Bank
3.	 Pengalaman dan Kepuasan Pelanggan <i>Customer experience and satisfaction</i>	Ukuran kepuasan pelanggan terhadap perniagaan, produk, atau pengalaman keseluruhan pelanggan. <i>The measure of how happy a customer is with the business, a product, or customers' overall experience.</i>	Mencipta pengalaman pelanggan yang luar biasa merupakan salah satu perkara penting kepada Bank. Pengalaman pelanggan yang baik akan membina kesetiaan jenama, meningkatkan imej jenama, dan memberi kelebihan daya saing untuk pertumbuhan mampan. <i>Creating an exceptional customer experience is one of the most important matters for banks. Great customer experience builds brand loyalty and affinity, improves brand image, and provides a competitive advantage for sustainable growth.</i>
4.	 Kawal selia dan Pematuhan Syariah <i>Regulatory and Shariah compliance</i>	Produk kewangan/perkhidmatan/aktiviti yang mematuhi prinsip-prinsip Syariah (Undang-undang Islam). <i>A financial product/service/activity that complies with the principles of Shariah (Islamic Law).</i>	Kawal selia dan Pematuhan Syariah memastikan pelesenan operasi. Bank perlu komited memastikan semua keperluan pelaporan dan kawal selia dipenuhi. <i>Regulatory and Shariah Compliance ensures license for operation. Banks should be committed to ensure that all reporting or regulatory requirements are fulfilled.</i>
5.	 Pengurusan Risiko <i>Risk management</i>	Proses mengenalpasti, menilai dan mengawal ancaman kepada modal dan pendapatan organisasi. <i>The process of identifying, assessing and controlling threats to an organisation's capital and earnings.</i>	Untuk menilai potensi kerugian bagi Bank pada masa hadapan dan mengambil langkah berhati-hati dalam menangani masalah yang berpotensi apabila ia berlaku. <i>To evaluate the potential losses for the Banks in the future and to take precautions to deal with upcoming potential problems when they occur.</i>
6.	 Pembinaan Keupayaan Pasaran <i>Market capability building</i>	Keupayaan organisasi untuk memahami dan memenuhi kehendak pelanggan pada masa, tempat dan kos yang tepat. Kebolehan pemasaran adalah penting dalam memastikan pencapaian perniagaan yang mampan. <i>The ability of an organisation to understand and fulfil customers' needs at the right time, right place, and right cost. Marketing capability is essential for sustainable business performance.</i>	Untuk menyediakan persekitaran yang selamat bagi kakitangan dalam memahami dan merasai teknologi baharu, alatan dan proses yang perlu disepadukan ke dalam persekitaran kerja. <i>To provide employees a safe environment to understand and experience new technologies, tools and processes that need to be integrated into the working environment.</i>





PERKARA-PERKARA PENTING MATERIAL MATTERS

No.	Perkara-perkara Penting Material Matters	Deskripsi Description	Kepentingan kepada SME Bank Importance to SME Bank
7.	 Latihan & Pendidikan Kakitangan Employee training and education	Usaha berterusan syarikat untuk meningkatkan prestasi kakitangan, melatih dan membangunkan kakitangan menerusi pelbagai kaedah dan program pendidikan. <i>The continued efforts of a company to boost the performance of its employees, training and developing employees by using an array of educational methods and programmes.</i>	Membina tenaga kerja yang sedia-masa depan, Bank perlu membina kemahiran dan kecekapan warga kerja untuk memenuhi kehendak dan permintaan daripada pemegang berkepentingan yang semakin meningkat. <i>Building a future-ready workforce, the Bank should develop employee's skills and competencies to meet the increasing expectations and demand from the stakeholders.</i>
8.	 Kesihatan dan Keselamatan Pekerja Occupational safety and health	Bidang kesihatan awam yang mengkaji trend penyakit dan kecederaan dalam populasi pekerja dan mencadangkan serta melaksanakan strategi dan peraturan bagi menghalangnya. <i>The field of public health that studies trends in illness and injuries in the worker population and proposes and implements strategies and regulations to prevent them.</i>	Persekitaran kerja yang selamat dan selesa dapat memelihara kakitangan daripada bahaya dan meningkatkan produktiviti. <i>Safe and comfortable working environment protects the employees from harm and improves productivity.</i>
9.	 Pembiayaan Mampan Sustainable financing	Sebarang bentuk proses Kewangan yang menyokong pertumbuhan ekonomi dan mengambilkira ESG dalam memacu pembangunan yang mampan. <i>Any form of financial process which supports the economic growth and incorporates ESG considerations to drive sustainable development outcomes.</i>	Institusi kewangan memainkan peranan penting dalam membantu usaha global membendung impak perubahan iklim. Bank boleh menyalurkan pelaburan ke tenaga yang diperbaharui dan syarikat bertanggungjawab sosial berbanding perniagaan yang merosakkan, dan mempromosi ekonomi rendah karbon dan pembangunan mampan. <i>Financial institutions play an important role in assisting the global action in mitigating impacts of climate change. The Bank could channel the investments in renewable energies and socially responsible business over destructive businesses, promoting low-carbon economy and sustainable development.</i>
10.	 Pembiayaan Rangkuman Financial inclusion	Usaha dilakukan bagi membolehkan perkhidmatan dan produk Kewangan mudah di akses serta mampu dimiliki oleh semua individu dan perniagaan. <i>The efforts made to allow financial products and services accessible and affordable to all individuals and businesses.</i>	Rangkuman kewangan adalah pemboleh ubah utama bagi mengurangkan kemiskinan dan memastikan pertumbuhan mampan untuk ekonomi tempatan. Bank berusaha untuk menambah baik akses dan produk mampu milik. <i>Financial inclusion is a key enabler to reducing poverty and ensuring sustainable growth for the local economy. The Bank strives to improve the accessibility and affordability of our products.</i>

No.	Perkara-perkara Penting Material Matters	Deskripsi Description	Kepentingan kepada SME Bank Importance to SME Bank
11.	 Amalan Pekerja Employment practices	Amalan kebiasaan yang dilakukan organisasi dalam pengambilan kakitangan dan keadaan tempat kerja. <i>The patterns that may be observed in a company's hiring and workplace conditions.</i>	Kakitangan merupakan aset penting kepada Bank, mereka adalah duta dan barisan hadapan serta tulang belakang organisasi yang membolehkan Bank mencapai strategi perniagaan dan memberi nilai kepada para pemegang berkepentingan. <i>Employees are the Bank's greatest assets, they are their ambassadors, front liners and the backbone of an organisation which enable the Bank to achieve our business strategy and to deliver value for all stakeholders.</i>
12.	 Kepelbagaian dan Peluang yang Samarata Diversity and equal opportunity	Amalan bagi memastikan setiap seorang mempunyai peluang samarata dan tidak dilayan secara berbeza atau di diskriminasi kerana ciri-ciri mereka. <i>A practice that ensures everybody has an equal opportunity and is not treated differently or discriminated against because of their characteristics.</i>	Untuk terus berfikir terbuka dan memberi peluang yang sama kepada semua untuk mengecapi manfaat kepelbagaian dari sudut budaya, latar belakang, jantina dan kemahiran. <i>To stay open-minded and provide equal opportunities for all to embrace the benefits of diversity in terms of culture, background, gender, and skills.</i>
13.	 Pencapaian Ekonomi Economic performance	Isu yang berkaitan dengan jumlah nilai wang, kekayaan, hutang dan pelaburan. <i>The issues dealing with the amount of value of money, wealth, debt, and investment.</i>	Memastikan Bank memaksimumkan penciptaan nilai untuk pemegang berkepentingan dan mencipta kekayaan ekonomi. <i>Ensuring that the Bank is maximising value creation for the shareholders and creating wealth in the economy.</i>
14.	 Amalan Perolehan Procurement practices	Setiap aktiviti yang melibatkan perolehan barang atau perkhidmatan yang diperlukan oleh syarikat untuk menyokong operasi harian termasuk pembelian, perundingan terma, pembelian barangan, penerimaan dan pemeriksaan barangan dan penyimpanan rekod bagi setiap langkah yang diambil sepanjang proses berlaku. <i>Every activity involves obtaining the goods and services a company needs to support its daily operations, including sourcing, negotiating terms, purchasing items, receiving and inspecting goods as necessary and keeping records of all the steps in the process.</i>	Membantu perniagaan mengurangkan sisa dan pelepasan, menyumbang kepada kondisi kerja yang beretika dan membolehkan daya tahan dan pertumbuhan mampan. <i>To help businesses to reduce waste and emissions, contribute to ethical working conditions and enable resilience and sustainable economic growth.</i>
15.	 Komuniti Setempat Local communities	Kumpulan masyarakat yang tinggal dan berkomunikasi di tempat yang sama. <i>A group of interacting people living in a common location.</i>	Untuk mencipta impak positif kepada masyarakat sambil memaksimumkan nilai yang dicipta untuk pihak berkepentingan utama. <i>To create positive impact on society while maximising shared value creation for key stakeholders.</i>

PERKARA-PERKARA PENTING MATERIAL MATTERS

No.	Perkara-perkara Penting Material Matters	Deskripsi Description	Kepentingan kepada SME Bank Importance to SME Bank
16.	 Pembiayaan Hijau Green financing	Pembiayaan dan pelaburan yang menyokong aktiviti mesra alam sekitar, antaranya pembelian barangan mesra alam sekitar dan perkhidmatan, atau membina infrastruktur mesra persekitaran. <i>A financing or investment that supports environmentally friendly activity, such as purchasing environmentally friendly goods and services or building environmentally friendly infrastructure.</i>	Institusi kewangan memainkan peranan penting dalam menyokong usaha pengurangan dan penyesuaian kepada perubahan iklim, selari dengan inisiatif Kerajaan menambah baik ekosistem ketahanan dan mempelbagaikan pelaburan. <i>Financial institution plays a role in supporting actions on mitigating and adapting to climate change, in line with the government's initiative of improving ecosystem resilience and diversify investments.</i>
17.	 Inovasi dan Digitalisasi Innovation and digitalisation	Amalan pelaksanaan teknologi digital bagi penyelesaian masalah perniagaan dengan mengoptimalkan proses, menambah baik pengalaman pelanggan dan menyampaikan model perniagaan baharu. <i>The practice of implementing modern digital technology to solve business problems by optimising processes, improving customer experiences, and delivering new business models.</i>	Inovasi berterusan adalah kunci untuk perniagaan kalis masa depan. Ia membuka peluang baharu dan memberi cara baharu untuk menarik perniagaan baharu dan meningkatkan kesetiaan pelanggan. <i>Continuous innovation is key to future-proof the business. It unlocks new opportunities and informs better ways of attracting new business and increasing customer loyalty.</i>
18.	 Kehadiran Pasaran Market presence	Mesej yang disampaikan oleh organisasi kepada prospek dan pelanggan. <i>The message your organisation communicates to its prospect and customer base.</i>	Kehadiran Bank dalam pasaran memberi kesedaran ke atas jenama dan produk yang ditawarkan, membolehkan Bank meluaskan jangkauan kepada lebih banyak pelanggan dan memastikan pertumbuhan mampan. Ini dapat mencipta ingatan terbaik dan membina kesetiaan. <i>Bank's presence in the market creates awareness on the brand and the products offered which will allow banks to expand their reach to more customers and ensure sustainable growth. To build a memorable impression on customers and build loyalty.</i>
19.	 Perubahan Iklim Climate change	Peralihan cuaca dan suhu dalam jangka masa panjang. Ini mungkin kejadian semulajadi, seperti variasi kitaran solar. Tetapi sejak 1800an, aktiviti manusia menjadi faktor utama perubahan iklim, berpunca daripada pembakaran bahan api fosil seperti arang, minyak dan gas. <i>Long-term shifts in temperatures and weather patterns. These shifts may be natural, such as through variations in the solar cycle. But since the 1800s, human activities have been the main driver of climate change, primarily due to burning fossil fuels like coal, oil, and gas.</i>	Untuk mengurus dan mengurangkan impak kepada alam sekitar, kesan daripada pengoperasian Bank. <i>To manage and reduce the impacts from Bank's operations on the environment.</i>

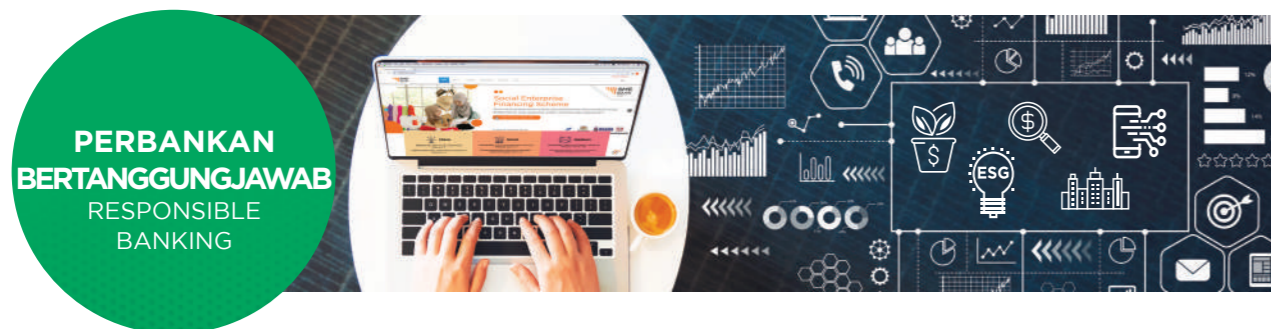
No.	Perkara-perkara Penting Material Matters	Deskripsi Description	Kepentingan kepada SME Bank Importance to SME Bank
20.	 Pengurusan Tenaga Energy management	Proses memantau dan mengoptimalkan penggunaan tenaga untuk penjimatan dalam bangunan. Ini adalah beberapa langkah pengurusan tenaga: mengumpul dan menganalisa data yang berterusan. Mengetahui jadual peralatan yang optima, penetapan kadar titik dan aliran dalam meningkatkan kecekapan tenaga. <i>The process of tracking and optimising energy consumption to conserve usage in a building. There are few steps for the process of energy management: Collecting and analysing continuous data. Identify optimisations in equipment schedules, set points and flow rates to improve energy efficiency.</i>	Mengurangkan pelepasan gas rumah hijau untuk tanggungjawab sosial korporat yang lebih besar dan memantau kos utiliti Bank bagi persediaan bajet yang lebih tepat dan mendapatkan gambaran lebih jelas akan kos operasi Bank. <i>To reduce greenhouse gas emission for greater corporate social responsibility and tracking the Bank's utility costs to prepare more accurate budgets and gain greater insight into the Bank's operational costs.</i>
21.	 Pengurusan Sisa Waste management	Strategi yang digunakan oleh organisasi untuk melupus, mengitar semula dan mencegah pembaziran. Kaedah pelupusan sisa adalah kitar semula, pengkomposan, insinerasi, tapak pelupusan sampah, sisa tenaga, pembaziran tenaga dan pengurangan sisa. <i>The strategy an organisation uses to dispose, reduce, reuse, and prevent waste. Possible waste disposal methods are recycling, composting, incineration, landfills, bioremediation, waste to energy, and waste minimisation.</i>	Membantu perniagaan menjadikan rantaian bekalan lebih efektif, meningkatkan kecekapan, mengurangkan bahan buangan, menjimatkan wang dan menggalakkan perlindungan alam sekitar daripada di rosakkan. <i>To help businesses make their supply chain more effective, improve efficiency, reduce waste materials, save money and promote environmental protection by preventing the environment from being harmed.</i>
22.	 Pelepasan Emissions	Pelepasan adalah sesuatu yang dipancarkan - dilepaskan atau dikeluarkan. Umumnya, pelepasan terdiri daripada gas, cecair, bunyi, haba, cahaya dan radiasi. Pelepasan boleh datang dari sumber asli atau daripada mesin. <i>Emission is something that has been emitted- released or discharged. Generally, emissions consist of things like gas, liquid, heat, sound, light, and radiation. Emissions can come from natural sources or from machines.</i>	Untuk turut serta dalam matlamat global untuk mencapai sifar bersih pada 2050. Pemotongan pelepasan gas rumah hijau akan memperlahankan perubahan iklim dan mengurangkan pencemaran udara bagi menambah baik kualiti udara dan memberi manfaat kepada kesihatan manusia. <i>To participate in global goals in reaching net zero by 2050. Cutting greenhouse gas emission can slow climate change and reducing air pollutants can improve air quality and benefit human health.</i>
23.	 Pengurusan Air Water management	Aktiviti merancang, membina, mengedar dan mengoptimalkan kegunaan sumber air di bawah peraturan dan polisi air. <i>The activity of planning, developing, distributing and optimising use of water resources under defined water polices and regulations.</i>	Kekurangan air menjejaskan lebih 40% populasi dunia. Bank perlu membantu negara dalam memastikan penggunaan air yang lestari, membina ketahanan iklim dan pengurusan bersepadu. <i>Water scarcity affects more than 40% of the global population. Banks should help countries to ensure sustainability of water use, build climate resilience and strengthen integrated management.</i>

Untuk memperbaiki pemantauan dan pelaporan, Petunjuk Pengukuran Prestasi sedang dirumuskan untuk setiap perkara penting yang dijangka akan dilaksanakan pada tahun 2023.

Towards better tracking, monitoring and reporting, Performance Measurement Indicators are currently being formulated for each material matter, and these are expected to be rolled out in 2023.

MENUJU MASA HADAPAN YANG LESTARI MELALUI PERBANKAN BERTANGGUNGJAWAB

STEERING TOWARDS A SUSTAINABLE FUTURE THROUGH RESPONSIBLE BANKING



**PERBANKAN
BERTANGGUNGJAWAB**
RESPONSIBLE
BANKING

Di bawah teras Perbankan Bertanggungjawab, Bank berhasrat untuk memberikan impak Ekonomi dan Alam Sekitar melalui Pembiayaan Lestari, Khidmat Nasihat dan Penyelesaian ESG, Keterangkuman Pembiayaan, Peningkatan Kemampuan Pasaran, dan Pendigitalan.

Under the pillar of Responsible Banking, the Bank intends to deliver Economic and Environmental impacts through Sustainable Financing, Financial Inclusion, ESG Advisory and Solutions, Market Capability Building and Digitalisation.



1. Pembiayaan Lestari/Sustainable Financing

Impak Perkara-perkara Penting/Material Matters Impacted



Pembiayaan Lestari
Sustainable Financing



Perubahan Iklim
Climate Change



Pembiayaan Hijau
Green Financing



Pelepasan
Emissions

Penerbitan Program Sukuk Kelestarian

Pengenalan Program Sukuk Kelestarian Bank berjumlah RM3.0 bilion dan penerbitan Sukuk Kelestarian pertama berjumlah RM500.0 juta telah menempatkan SME Bank sebagai penerbit Sukuk Kelestarian pertama untuk Institusi Kewangan Pembangunan (IKP) di Malaysia, memberikan kelebihan bersaing dalam menarik pelabur tempatan dan antarabangsa.

Program ini ditadbir di bawah Rangka Kerja Sukuk Kelestarian SME Bank yang menyelaraskan pengumpulan dana dan penggunaan hasil di bawah garis panduan dan piawaian yang diiktiraf seperti berikut:

1. Rangka Kerja Sukuk Pelaburan Lestari dan Bertanggungjawab, dikeluarkan oleh Suruhanjaya Sekuriti Malaysia (SC).

Sustainability Sukuk Programme Issuance

The establishment of the Bank's RM3.0 billion Sustainability Sukuk Programme and the inaugural Sustainability Sukuk issuance of RM500.0 million have positioned SME Bank as a pioneer in Sustainable Sukuk issuance for DFIs in Malaysia, giving it a competitive edge in attracting local and international investors.

The programme is governed under the SME Bank's Sustainability Sukuk Framework which aligns our fundraising and proceeds utilisation under the following recognised guidelines and standards:

1. Sustainable and Responsible Investment Sukuk Framework, issued by the Securities Commission Malaysia (SC)



1. Pembiayaan Lestari/Sustainable Financing

2. Piawaian Bon Kelestarian ASEAN, Piawaian Bon Hijau ASEAN dan Piawaian Bon Sosial ASEAN, dikeluarkan oleh Forum Pasaran Modal ASEAN (ACMF)
3. Panduan Sukuk Kelestarian, Prinsip Sukuk Hijau, Prinsip Sukuk Sosial, dikeluarkan oleh Persatuan Pasaran Modal Antarabangsa (ICMA)

Hasil daripada penerbitan Sukuk Kelestarian membuka peluang kepada PKS untuk mendapatkan pembiayaan bagi projek-projek hijau dan berkaitan sosial yang menyokong 11 daripada 17 UNSDG.

Sejak dilancarkan, Sukuk Kelestarian Bank telah dilanggan lebih daripada 3.56 kali ganda (*bid-to-cover*) dengan harga kompetitif yang mana lebih rendah daripada penerbitan lain di pasaran. Langganan berlebihan dan harga yang kompetitif Sukuk Kelestarian Bank menunjukkan komitmen yang kukuh dari Bank terhadap kelestarian dan kelebihan bersaing yang dimiliki untuk memudahkan pembiayaan bagi projek-projek lestari yang akan dijalankan oleh PKS di Malaysia.

Bank juga telah berjaya mengeluarkan tranche kedua Sukuk Kelestarian pada Ogos 2022 dan ia mencatatkan penetapan harga sebanyak RM536 juta, melebihi saiz awal yang dikehendaki RM300 juta dengan kadar keuntungan yang menarik. Terbitan akhir dihadkan kepada RM500 juta.

Bank telah mengeluarkan laporan tahunan pertamanya mengenai Sukuk Kelestarian RM500 juta pada Ogos 2021 menandakan komitmen Bank dalam menyokong Malaysia dan Agenda Bangsa-bangsa Bersatu untuk Pembangunan Mampan (Agenda UN 2030).

2. ASEAN Sustainability Bond Standards, ASEAN Green Bond Standards and ASEAN Social Bond Standards, issued by the ASEAN Capital Markets Forum (ACMF)
3. Sustainability Bond Guidelines, Green Bond Principles, Social Bond Principles, issued by the International Capital Market Association (ICMA)

The proceeds from the issuance of the Sustainability Sukuk opens up opportunities for SMEs to access financing for green and social-related projects that largely support 11 of the 17 UN SDG.

Since its launch, the Bank's Sustainability Sukuk has been oversubscribed by 3.56 times (*bid-to-cover*) at a competitive pricing, which was lower than other similar issuances in the market. The oversubscription and competitive pricing of the Bank's Sustainability Sukuk demonstrated the Bank's strong commitment to sustainability and the competitive advantage it had in facilitating funding requirement for sustainable projects to be undertaken by SMEs in Malaysia.

The Bank has also successfully issued its second tranche of Sustainability Sukuk in August 2022 and it registered a total book order of RM536 million, exceeding the initial desired size of RM300 million with an attractive profit rate. The final issuance was capped at RM500 million.

The Bank has released its first annual report on the inaugural RM500 million Sustainability Sukuk issued in August 2021 indicating the Bank's commitment in supporting Malaysia and United Nations' Agenda for Sustainable Development (UN 2030 Agenda).

MENUJU MASA HADAPAN YANG LESTARI MELALUI PERBANKAN BERTANGGUNGJAWAB

STEERING TOWARDS A SUSTAINABLE FUTURE THROUGH RESPONSIBLE BANKING



1. Pembiayaan Lestari/Sustainable Financing

Membangunkan Pembiayaan Berkaitan ESG

Sebagai perantara kewangan, Bank memainkan peranan penting dalam penyediaan modal untuk membiayai pelaburan dalam sumber tenaga diperbaharui, teknologi penyesuaian iklim, dan peralihan ke ekonomi kitaran. Dengan berdisiplin dalam peruntukan pembiayaan dan dalam mencari pulangan, disamping menggunakan kad skor seimbang yang merangkumi kedua-dua indikator keuntungan dan kelestarian pada peringkat perniagaan, SME Bank dapat membantu menyokong pelanggan dan masyarakat untuk jangka masa panjang.

Sejak tahun 2012, SME Bank telah memberikan pembiayaan berteraskan ESG kepada perniagaan dan projek yang terlibat dalam teknologi hijau, peralihan rendah karbon, dan projek tenaga boleh diperbaharui. Ini adalah pendekatan kami untuk menyokong aspirasi ekonomi hijau negara dan membina keusahawanan yang lebih berteraskan ESG di kalangan PKS, dengan pandangan memajukan negara ke arah masa hadapan yang lestari.

Pemantauan berterusan terhadap semua portfolio pembiayaan dilakukan secara berkala untuk memastikan portfolio ESG Bank kekal berada dalam had yang ditetapkan.

Kemudahan Teknologi Tinggi & Hijau, Kemudahan Bantuan Bencana, dan Kemudahan Peralihan Rendah Karbon adalah di antara dana berteraskan ESG yang kini ditawarkan oleh Bank.

Kemudahan Peralihan Rendah Karbon (LCTF)

SME Bank turut mengambil bahagian dalam Kemudahan Peralihan Rendah Karbon (LCTF) BNM, yang merupakan Dana BNM untuk PKS dibawah pembiayaan iklim, berkuat kuasa pada 30 Ogos 2022. LCTF sebanyak RM1 bilion oleh BNM bertujuan untuk mendorong dan menggalakkan PKS untuk beralih kepada operasi rendah karbon dengan mengamalkan amalan kelestarian bagi ketahanan perniagaan. Ini sejajar dengan matlamat Kerajaan untuk

Nurturing ESG-Linked Financing

As a financial intermediary, Banks play a vital role in the provision of capital to finance the investment in renewables, climate adaptation technologies and the transition to a circular economy. By being disciplined in the allocation of funding and in seeking returns, alongside a balanced scorecard that includes both profitability and sustainability indicators at the business level, SME Bank can help to support customers and communities over the long term.

Since 2012, SME Bank has been extending ESG-linked financing for businesses and projects involved in green technology, low-carbon transition and renewable energy projects. This is our approach to support the country's green economy aspirations and foster greater ESG-led entrepreneurship among SMEs with a view to advance the nation into a sustainable future.

Continuous monitoring of all financing portfolios is conducted periodically to ensure the Bank's ESG portfolio is maintained within the set thresholds.

High Technology & Green Facility, Disaster Relief Facility and Low Carbon Transition Facility are among the Climate Financing that the Bank offers currently.

Low Carbon Transition Facility (LCTF)

SME Bank participated in BNM's Low Carbon Transition Facility (LCTF), a BNM Fund for SMEs under climate financing, effective on 30 August 2022. The RM1 billion LCTF by BNM aims to encourage and catalyse SMEs to transition to low carbon operations by adopting sustainability practices for business resilience. This is in line with the Government's target for Malaysia to be a net zero emission economy by 2050. These sustainable practices include, but are not limited to, obtaining sustainability



1. Pembiayaan Lestari/Sustainable Financing

menjadikan Malaysia sebagai ekonomi pelepasan sifar bersih menjelang tahun 2050. Amalan kelestarian ini termasuk, tetapi tidak terhad kepada, memperolehi pensijilan kelestarian, meningkatkan penggunaan bahan lestari untuk pengeluaran, meningkatkan kecekapan tenaga bangunan dan peralatan, dan memasang ditapak peralatan penjanaan tenaga boleh diperbaharui.

BNM menyediakan RM1.0 bilion di bawah LCTF; untuk dipadankan dengan RM1.0 bilion dari Institusi Kewangan yang mengambil bahagian, berdasarkan asas padanan satu untuk satu.

Program Pembiayaan Baharu Berkaitan ESG

Pada tahun 2022, Bank melancarkan dua lagi program pembiayaan untuk PKS yang memberikan insentif kadar keuntungan pada tahun terakhir tempoh pembiayaan kepada pelanggan yang mengekalkan kepatuhan ESG sepanjang tempoh pembiayaan. Program-program ini adalah Dana Pembedayaan Usahawan Muda (YEF 2.0) dan Dana Pemangkin Ekosistem IBS (IBS 2.0).

• Dana Pembedayaan Usahawan Muda (YEF 2.0)

YEF 2.0 adalah bantuan kewangan untuk menyokong usahawan muda berusia antara 21 hingga 40 tahun untuk meningkatkan perniagaan mereka ke tahap yang lebih tinggi dan terus kekal berdaya saing, atau untuk memulakan perniagaan baharu di bawah Inisiatif 'Umbrella', yang merangkumi pembelian aset atau keperluan modal kerja dengan subsidi kadar keuntungan sebanyak 1.50% setahun oleh Kerajaan.

• Dana Pemangkin Ekosistem IBS (IBS 2.0)

IBS 2.0 menyediakan bantuan kewangan untuk menyokong kontraktor Sistem Bangunan Industri (IBS) yang layak sehingga G7, pengilang dan pemasang bagi projek-projek yang mendapat pensijilan IBS atau mempunyai pensijilan IBS daripada Lembaga Pembangunan Industri Pembinaan (CIDB), yang merangkumi pembelian aset atau keperluan modal kerja dengan subsidi kadar keuntungan sebanyak 1.50% setahun oleh Kerajaan.

certification, increasing the use of sustainable material for production, improving energy efficiency of building and appliances, and installing on-site renewable energy generation equipment.

BNM's provides RM1.0 billion under LCTF; to be matched with RM1.0 billion from Participating Financial Institutions, based on a one for one matching basis.

New ESG-Linked Financing Programmes

In 2022, the Bank launched two other financing programmes for SMEs that provide profit rate incentives in the final year of financing tenure to customers that maintain as ESG compliant throughout the financing tenure. These are **The Young Entrepreneur Fund 2.0 (YEF 2.0)** and **IBS Promotion Fund 2.0 (IBS 2.0)**.

• Young Entrepreneur Fund 2.0 (YEF 2.0)

YEF 2.0 is a financial assistance to support young entrepreneurs between 21 to 40 years to elevate their businesses to a higher level and remain viable or to start a new business under Umbrella initiative, which includes asset acquisition or working capital requirement with a profit rate subsidy of 1.50% per annum by the Government.

• IBS Promotion Fund 2.0 (IBS 2.0)

IBS 2.0 provides financial assistance to support eligible Industrial Building System (IBS) contractors up to G7, manufacturers and installers IBS certified projects or possess IBS certification from the Construction Industry Development Board (CIDB), which includes asset acquisition or working capital requirement with a profit rate subsidy of 1.50% per annum by the Government.

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STEERING TOWARDS A SUSTAINABLE FUTURE THROUGH RESPONSIBLE BANKING



2. Nasihat dan Penyelesaian ESG/ESG Advisory and Solutions

Impak Perkara-perkara Penting/Material Matters Impacted



Pengalaman dan Kepuasan Pelanggan
Customer Experience and Satisfaction

Sebagai IKP, Bank memperjuangkan dan menawarkan program pembangunan untuk PKS agar mengamalkan amalan perniagaan hijau dan lestari dalam operasi mereka, serta melengkapi pelanggan dengan pengetahuan ESG. Memastikan PKS terlibat secara aktif dan mengintegrasikan ESG dalam perniagaan mereka akan memberi kesan positif yang besar terhadap ekosistem PKS dalam jangka masa panjang.

Pada tahun 2022, kami mensasarkan untuk berhubung dengan pelanggan aktif Bank untuk menggalakkan mereka mengaplikasikan ESG dalam perniagaan mereka. Untuk mencapai matlamat ini, Bank telah membangunkan video kesedaran ESG dalam dwi bahasa yang dikongsikan dengan pelanggan semasa sesi pengurusan akaun, diikuti dengan lima soalan kaji selidik. Sesi-sesi ini telah terbukti berjaya, mencapai hasil melebihi sasaran pengurusan prestasi yang ditetapkan.



Latihan, jangkauan dan khidmat nasihat yang disediakan pada tahun 2022 mencecah lebih **8,000** peserta.

Training, outreach and advisory services provided in 2022 reached over **8,000** participants.



Pembinaan Keupayaan Pasaran
Market Capability Building

As a DFI, the Bank advocates and offers development programmes for SMEs to adopt green and sustainable business practices in their operations, as well as to equip customers with ESG knowledge. Getting SMEs to participate actively and integrate ESG within their businesses will go a long way toward impacting the SME ecosystem positively in the long term.

In 2022, we targeted to engage the Bank's active customers towards encouraging them to embrace ESG in their business. Towards this end, the Bank has internally developed an ESG awareness video in dual language shared with customers during account management sessions followed by five survey questions. The sessions have proven to be successful, achieving outcomes beyond the set performance management targets.



3. Peningkatan Keupayaan Pasaran/Market Capability Building

Perkhidmatan-perkhidmatan ini bertujuan untuk membantu PKS meningkatkan kecekapan pengurusan dan kemampuan pembangunan mereka. Kami secara berterusan membimbing mereka sepanjang program dan memantau perkembangan mereka secara langsung untuk membantu mereka menguruskan cabaran-cabaran perniagaan secara lebih berdaya saing.

Program-program di CEDAR adalah berdasarkan pengukuran dan impak yang dihasilkan melalui intervensi pembangunan. Ini merupakan aspek penting dalam peranan kami kerana kami ingin PKS mencapai kejayaan dalam perniagaan mereka dan bergerak ke arah *upward migration*. Dalam beberapa tahun terkini, CEDAR turut menyertakan modul ESG sebagai sebahagian daripada usaha pembelajaran untuk menanamkan nilai-nilai ESG dalam operasi mereka.

CEDAR bekerjasama rapat dengan kementerian, agensi Kerajaan, entiti awam dan swasta untuk mendorong pembelajaran kolaborasi dengan rakan sehaluan yang berkongsi matlamat yang sama untuk menggalakkan perkembangan PKS. Peserta CEDAR terdedah dengan pengamal industri dan boleh mendapatkan pandangan mendalam tentang bagaimana untuk memperoleh sokongan yang disediakan oleh agensi Kerajaan dan rakan kongsi.

Bimbingan dan tunjuk ajar dijalankan oleh profesional CEDAR serta peneraju industri termasuk peneraju syarikat terkemuka dan pelanggan SME Bank yang berjaya.

Program-program termasuklah:

Program "Upward Migration" CEDAR

Bermula pada tahun 2017, program ini memberi tumpuan kepada menyokong pelanggan Bank untuk mencapai matlamat berdasarkan G.E.T.X.NG yang merujuk kepada Peningkatan, Pekerjaan, Teknologi, Eksport dan Pertumbuhan Baharu. Dalam program setahun ini, Bimbingan Perniagaan CEDAR memberi fokus kepada metodologi dan alat yang teratur untuk membimbing PKS mencapai sasaran pertumbuhan dalam bidang seperti peningkatan jualan, keuntungan, pendapatan eksport, pekerjaan dan peningkatan serta penggunaan teknologi.

Kitaran intervensi bagi Program Upward Migration bermula dengan mendapatkan persetujuan syarikat-syarikat terpilih untuk menyertai program ini dan mendapatkan persetujuan mengenai sifat program. Kemudian, Indikator Prestasi Utama (KPI) akan ditetapkan berdasarkan asas syarikat dan tahap yang ingin dicapai berdasarkan parameter G.E.T.X.NG, yang biasanya dilakukan pada suku pertama tahun.

building capabilities. We closely mentor and handhold them throughout their programmes and monitor their progress in real-time to help them manage business challenges in a more empowered manner.

The programmes are outcome-based as we measure the value and impact created through developmental intervention. This is an important aspect of our role as we want our SMEs to succeed in their business and move toward an upward migration. In recent years, CEDAR has included ESG modules as part of our educative efforts to inculcate further ESG tenets into SME's operations.

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

Coaching and mentoring are conducted by CEDAR professionals as well as industry captains including eminent company leaders and successful SME Bank customers.

Programmes include:

CEDAR's Upward Migration Programme

Started in 2017, the Upward Migration Programme focuses on supporting the Bank's customers to achieve targets based on the G.E.T.X.NG which stands for Growth, Employment, Technology, Exports and New Growth. In this year-long programme, CEDAR Business Coaches focus on structured methodologies and tools to guide SMEs to achieve their targeted growth in areas such as increase in sales, profitability, export revenue, employment and technology adoption and enhancement.

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

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3. Peningkatan Keupayaan Pasaran/Market Capability Building

Dalam situasi di mana syarikat-syarikat menjadi delinkuen atau terjejas akibat prestasi perniagaan yang lemah, jurulatih perniagaan CEDAR akan bekerjasama dengan Pengurus Perhubungan (RM) syarikat dalam membantu mereka untuk melakukan penstrukturan pembiayaan atau peningkatan prestasi, jika perlu. Syarikat-syarikat ini akan terlibat secara berkala, dan sesi pembimbingan dijalankan pada setiap suku tahun atau mengikut keperluan mereka, berdasarkan permintaan.

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



Pada akhir tahun 2022, CEDAR telah **mencapai sasaran** untuk parameter **G.E.T.X.NG**

As at the end of 2022, CEDAR had **met its stretched targets** for the **G.E.T.X.NG** parameters.



Di bawah parameter kolektif G.E.T.X.NG, **jumlah syarikat** yang mencapai sasaran adalah sebanyak **535**.

Under the collective G.E.T.X.NG parameters, the **number of companies** which achieved their targets totalled **535**.



Generasi Baharu "Bootcamp" Keusahawanan Dalam Talian (N-Gene)

Di bawah Program Strategik Memperkasa Rakyat dan Ekonomi (PEMERKASA), Generasi Baharu Bootcamp Keusahawanan Dalam Talian (N-GENE) telah dikenalpasti sebagai salah satu inisiatif untuk menyemarakkan semula ekonomi negara selepas pandemik COVID-19 dengan meningkatkan bilangan usahawan baharu di kalangan belia dan graduan.

New Generation Entrepreneurship Online Bootcamp (N-Gene)

Under the Strategic Initiative to Empower the People and the Economy (PEMERKASA) programme, the New Generation Entrepreneurs Online Bootcamp (N-GENE) has been identified as one of the initiatives to rejuvenate the country's economy post the COVID-19 pandemic by increasing the number of new entrepreneurs among youths and graduates.



3. Peningkatan Keupayaan Pasaran/Market Capability Building

N-GENE merupakan satu program latihan keusahawanan dalam talian dan program bimbingan perniagaan sepenuhnya yang bertujuan membantu graduan dan belia untuk memulakan perniagaan berisiko rendah, termasuk menyediakan panduan dan peluang mencari francais dan perniagaan pra-français. Mereka juga akan menerima geran permulaan sebanyak RM3,000 setiap individu.

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

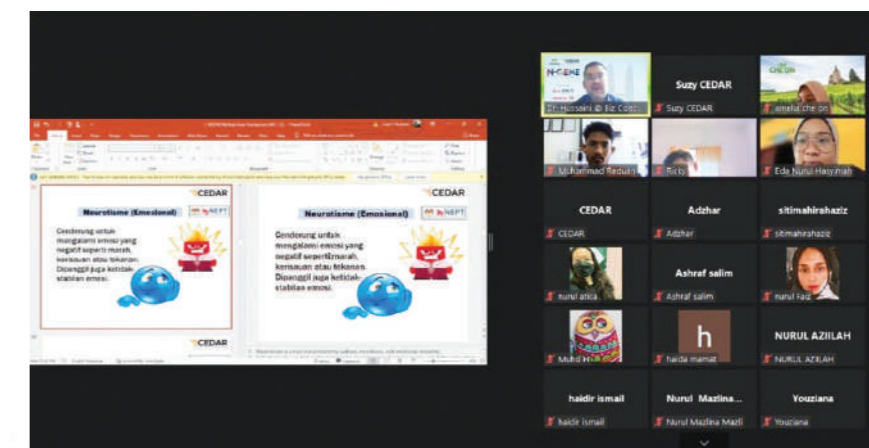
Program ini dikendalikan oleh unit PROTÉGÉ KUSKOP, bekerjasama dengan CEDAR, Perbadanan Nasional Berhad (PERNAS), Institut Keusahawanan Negara (INSKEN), dan juga TEKUN Nasional.

This programme is led by MECD's PROTÉGÉ unit, in collaboration with CEDAR, Perbadanan Nasional Berhad (PERNAS), Institut Keusahawanan Negara (INSKEN) and also TEKUN Nasional.



Pada tahun 2022, **690 peserta** telah menyertai dan menamatkan **program N-GENE 1.0**. Sebagai mengiktiraf kejayaan program tersebut, KUSKOP telah menganugerahkan CEDAR pelaksanaan N-GENE 2.0 pada tahun yang sama. Seramai **300 peserta** telah menyertai **sesi latihan N-GENE 2.0** dan **200 peserta** telah disenarai pendek untuk mara ke **sesi bimbingan** dan menerima dana permulaan yang disediakan oleh KUSKOP setelah selesai modul bimbingan.

In 2022, **690 participants** joined and completed the **N-GENE 1.0 programme**. In recognition of the programme's success, MECD awarded CEDAR the execution of N-GENE 2.0 in the same year. A total of **300 participants** has since joined the **N-GENE 2.0 training session** and **200 participants** have been shortlisted to progress to the **coaching session** and receive the seeding fund provided by MECD upon completion of the coaching modules.



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3. Peningkatan Keupayaan Pasaran/Market Capability Building

Bengkel 'SME Enrichment' (SEW)

Pada tahun 2021, CEDAR memperkenalkan Bengkel 'SME Enrichment' (SEW), yang merupakan inisiatif pendidikan awam untuk menyediakan akses kepada PKS, yang mungkin bukan pelanggan SME Bank, untuk mengikuti kursus-kursus dan aktiviti latihan dalam pengurusan kewangan. Program ini bertujuan untuk meningkatkan kemahiran dan pengetahuan PKS agar dapat meningkatkan prestasi perniagaan mereka. SEW adalah program latihan tanpa bayaran yang berfungsi sebagai platform pembelajaran dan pengenalan untuk membekalkan peserta dengan asas-asas pengurusan kewangan dan perniagaan.

Antara topik-topik yang dibincangkan adalah modul-modul tentang Perakaunan untuk Pemilik Perniagaan, Pengurusan Aliran Tunai untuk Perniagaan Kecil, Belanjawan Perniagaan, Strategi Memperoleh Kredit, serta Kepentingan dan Prosedur Pendaftaran Harta Intelek. Bengkel-bengkel ini diadakan sekali setiap dua bulan, dan dijalankan dalam talian serta akan disiarkan secara langsung melalui platform media sosial CEDAR.



Pada tahun 2022, terdapat **4 sesi SEW** yang diadakan sepanjang tahun, dan **manfaatnya diterima oleh 519 peserta**.

In 2022, **4 SEW sessions** were held throughout the year, which **benefited 519 participants**.

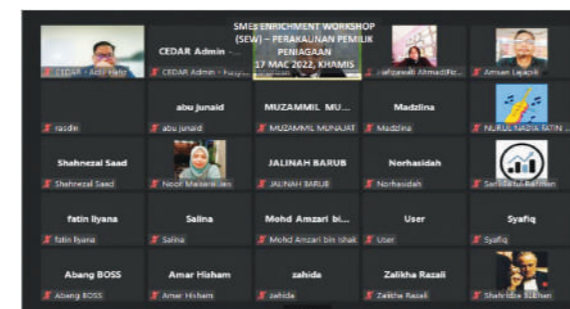
Program Pembangunan Lestari Bumi

Sebagai sebahagian daripada melengkapkan bantuan kewangan dengan sokongan pembangunan, SME Bank melibatkan CEDAR untuk menjalankan program pembangunan kapasiti bagi pelanggan pembiayaan melalui Dana Kemampuan PMKS Bumiputera. Dana Kemampuan PMKS Bumiputera merupakan sebahagian daripada inisiatif yang diumumkan oleh Kerajaan semasa Bajet 2021. Program ini terdiri daripada modul-modul yang dijalankan melalui sesi latihan dan bimbingan perniagaan secara dalam talian.

SME Enrichment Workshops (SEW)

In 2021, CEDAR introduced the SME Enrichment Workshops (SEW) which is a public educative initiative to provide access to SMEs, who may not necessarily be a customer of SME Bank, financial training courses and activities. The programme aims to enhance SMEs' skillsets and knowledge to help them improve their business performance. The SEW is a non-fee based training programme which serves as an introductory knowledge and learning platform to equip participants with the foundation in financial and business management.

Among the topics covered are modules on Accounting for Business Owners, Cash Flow Management for Small Businesses, Business Budgeting, Credit Securing Strategy, as well as the Importance and Procedures of Intellectual Property Registration. The workshops were held once every two months, and were conducted online as well as live-streamed via CEDAR's social media platforms.



Lestari Bumi Development Programme

Complementing financing assistance with development support, SME Bank engaged CEDAR to conduct a capacity developmental programme for financing clients, as part of the Lestari Bumi Financing scheme announced by the government during Budget 2021. The programme comprises modules that are conducted through online training and business coaching sessions.



4. Program-program Lain/Other Programmes

Dana SME Recapitalisation

Di bawah Bajet Nasional 2022, Kerajaan mengumumkan Dana Penstrukturan Semula PKS sebanyak RM600 juta untuk skim pelaburan ekuiti dan kuasi-ekuiti yang akan diterajui oleh SME Bank dengan kerjasama Unit Peneraju Agenda Bumiputera (TERAJU) dan Bank Simpanan Nasional (BSN) yang disasarkan kepada semua jenis perniagaan. Dana ini telah dilancarkan secara rasmi oleh SME Bank pada 17 Oktober 2022.

Penubuhan dana ini merupakan sebahagian daripada inisiatif Kerajaan untuk memperluaskan pelbagai pilihan pengumpulan dana yang tersedia untuk PKS yang terjejas teruk oleh pandemik yang berlarutan dan Perintah Kawalan Pergerakan yang dilanjutkan. Inisiatif ini dijangka membolehkan segmen tertentu PKS dalam sektor-sektor yang memberi impak ekonomi tinggi yang terpilih dan kini tidak dapat memperoleh pembiayaan lanjut terutamanya disebabkan oleh keadaan kewangan mereka yang lemah dan tahap perbelanjaan modal.

Dana ini menyediakan bantuan kepada PKS yang layak yang menghadapi cabaran dalam mendapatkan pembiayaan tambahan melalui langganan "Redeemable Convertible Preference Shares-I" ("RCPS-I") yang dikeluarkan untuk PKS yang layak.

Sumbangan dana sehingga kini adalah seperti berikut:

Institusi Institution	Pelaburan (RM juta) Investment (RM million)
SME Bank	200.0
Unit Peneraju Agenda Bumiputera (TERAJU)	300.0
Bank Simpanan Nasional (BSN)	100.0
JUMLAH TOTAL	600.0

BUSINESS EXPORT PROGRAM (BEP)

Program ini merupakan program intervensi berstruktur yang dikendalikan oleh SME Bank dengan kerjasama Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP), dan Malaysia External Trade Development Corporation (MATRADE). Program ini bertujuan untuk mengenal pasti, membimbing, dan membangunkan syarikat PKS yang berpotensi atau sedia ada melalui aktiviti intervensi menyeluruh (peningkatan & pengayaan) berdasarkan 6 parameter intervensi iaitu pengeluaran/teknikal, kewangan, modal insan, keperluan eksport, pemasaran, dan standard & peraturan.

SME Recapitalisation Fund

Under the National Budget 2022, the Government announced a RM600 million SME Recapitalisation Fund for equity and quasi-equity investment schemes which will be led by SME Bank in collaboration with Unit Peneraju Agenda Bumiputera (TERAJU) and Bank Simpanan Nasional (BSN) targeted for all businesses. It was officially launched by SME Bank on 17 October 2022.

The establishment of the fund is part of the Government's initiative to broaden the range of fund-raising options available to the SMEs which are the hardest hit by the prolonged pandemic and extended Movement Control Orders. The initiative is expected to enable certain segments of SMES in selective high economic impact sectors who are currently not able to obtain further financing especially due to their weak balance sheet and gearing levels.

The fund provides assistance to eligible SMEs that face challenges in obtaining additional funding via subscription of Redeemable Convertible Preference Shares-i (RCPS-i) issued by eligible SMEs.

Contributions of the fund to date is as follows:

BUSINESS EXPORT PROGRAM (BEP)

This is a structured intervention programme led by SME Bank in collaboration the Ministry of Entrepreneur and Cooperatives Development (MECD), and Malaysia External Trade Development Corporation (MATRADE). The programme aim to identify, guide and develop potential or existing SME companies through comprehensive intervention (enhancement & enrichment) activities based on 6 intervention parameters i.e. production/technical, financial, human capital, export requirements, marketing and standards & regulations.

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4. Program-program Lain/Other Programmes

Program ini menyediakan dana bantuan (geran) serta bantuan pembangunan kapasiti dan keupayaan kepada syarikat-syarikat yang terpilih melalui aktiviti intervensi menyeluruh (peningkatan & pengayaan).

Misi Pecutan Eksport (EAM)

Antara aktiviti bagi peserta BEP adalah penyertaan dalam misi dagangan. Pada tahun 2022, SME Bank telah menghantar 53 syarikat ke lima (5) Misi Eksport Pecutan (EAM) dan telah berjaya menjana jualan eksport sebanyak RM42.48 juta.

Senarai EAM/List of EAMs:

1. EAM Dubai bersempena dengan Ekspo Dunia Dubai/ EAM Dubai in conjunction with Dubai World Expo	12 - 19 Februari/February 2022
2. EAM Manila/EAM Manila	22 - 26 Ogos/August 2022
3. MIHAS Kuala Lumpur/MIHAS Kuala Lumpur	7 - 10 September/September 2022
4. EAM Abu Dhabi bersempena dengan ADIPEC 2022/ EAM Abu Dhabi in conjunction with ADIPEC 2022	30 Oktober/October - 4 November/November 2022
5. EAM maya di China/Virtual EAM China	16 - 17 November/November 2022



Jumlah jualan eksport sehingga Jun 2022 (Fasa 1 & 2):
Total Export sales as at June 2022 (Phase 1 & 2):

RM42.48juta/mil

PROGRAM PEMBANGUNAN KAPASITI DAN KEUPAYAAN VENDOR (PPKV)

Program ini bertujuan untuk membantu vendor Bumiputera untuk meningkatkan kapasiti dan keupayaan mereka agar lebih berdaya saing, mampan, dan berdaya tahan. Program ini meningkatkan peluang bagi syarikat-syarikat vendor Bumiputera untuk menembusi pasaran domestik dan antarabangsa melalui akreditasi dan pensijilan.



70 vendor Bumiputera telah memohon, kelulusan 26 permohonan (RM2.3 juta) dan pengeluaran 11 permohonan berjumlah RM0.94 juta.

70 Bumiputera vendors have applied, approved 26 applications (RM2.3 mil) and disbursed 11 applications of RM0.94 mil.

The programme provides a facilitation fund (grant) as well as capacity and capability-building assistance to the selected companies through comprehensive intervention (enhancement & enrichment) activities.

Export Acceleration Mission (EAM)

Among the activities for the participants of BEP is to participate in trade missions. In 2022, SME Bank has sent 53 companies to five (5) EAMs and has generated export sales of RM42.48 million .



Pembiayaan baharu kepada peserta:
New Financing to Participants:

RM91.65juta/mil
(9 syarikat/companies)

PROGRAM PEMBANGUNAN KAPASITI DAN KEUPAYAAN VENDOR (PPKV)

This programme aims to assist Bumiputera vendors in expanding their capacity and capabilities to be competitive, sustainable and resilient. It increases opportunities for Bumiputera vendor companies to penetrate domestic and international markets through accreditation and certification.



Pembiayaan Baharu kepada peserta:
New Financing to Participants:

RM1.7juta/mil
(3 syarikat/companies)



4. Program-program Lain/Other Programmes

SME Bank XCESS 2022

Ini ialah Acara Padanan Perniagaan Peringkat Kebangsaan yang telah melangkaui sempadan dengan penyertaan Rakan Kongsi Strategik dari Thailand, Jepun dan platform ACCESS ASEAN. Menyediakan platform untuk PKS yang berdaya maju dan berdaya saing untuk didaftarkan sebagai vendor dengan Anchor GLC di bawah Program Pembangunan Vendor Bumiputera (BVDP) KUSKOP.



SME Bank XCESS 2022

This is a National Level Business Matching Event that has gone beyond borders with the participation of Strategic Partners from Thailand, Japan, and the ASEAN ACCESS platform. To provide a platform for SMEs who are viable and competitive to be registered as vendors with the Anchor GLCs under MECD's Bumiputera Vendor Development Programme (BVDP).



Lebih dari 30.000 kunjungan ke portal acara dan hampir 600 pengunjung hadir ke Pusat Dagangan Dunia Kuala Lumpur.

Over 30,000 visits to the event portal and nearly 600 physical visitors at World Trade Centre Kuala Lumpur.



Penyertaan dari 26 rakan kongsi domestik dan 6 rakan kongsi antarabangsa dengan 42 reruai secara dalam talian dan 12 reruai fizikal.

Participation from 26 domestic partners and 6 international partners with 42 virtual booths and 12 physical booths.

MAKLUMAT DETAILS	BILANGAN NUMBERS
Jumlah Pendaftaran Maya PKS No. of Registered Virtual SMEs	5,841
Jumlah sesi penyampaian cadangan peniagaan virtual secara maya No. of virtual Pitching Sessions	405
Jumlah PKS pada hari acara (secara maya) No. of SMEs on event day (virtual)	905

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4. Program-program Lain/Other Programmes

Siri Jom XCESS 2023 SME Bank

SME Bank Jom XCESS adalah program yang telah dinamakan semula daripada "Regional Outreach" Bank, dengan tujuan untuk menyediakan maklumat kepada PKS mengenai perkhidmatan pembiayaan dan program pembinaan kapasiti yang ditawarkan oleh pihak Bank dan juga CEDAR. Program ini merangkumi sesi interaksi setengah hari yang menyediakan taklimat mengenai pembiayaan dan kemudahan selain pembiayaan Bank, menjadikannya salah satu platform terbaik bagi Bank untuk memudahkan akses pembiayaan secara efektif dan cekap kepada PKS.

Terdapat juga klinik perniagaan yang menyediakan peluang usahawan untuk berbincang satu dengan satu dengan Pengurus Perhubungan Bank. Kemudahan pembiayaan dan program pembinaan kapasiti ditawarkan oleh Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR).

Siri Jom XCESS 2022 menarik minat 436 syarikat dan melibatkan 992 peserta:

Wilayah Region	Tarikh Date	Lokasi Venue	Jumlah Syarikat No of Companies	Jumlah Peserta Total Pax
Utara Northern	1/6/2022	Sg Petani	59	94
Pantai Timur East Coast	27/6/2022	Kota Bharu	89	215
Malaysia Timur East Malaysia	14/7/2022	Kuching	75	213
Selatan Southern	5/9/2022	Johor Bharu	43	198
Sentral Central	25/11/2022	Ipoh	79	133
KL & Selangor KL & Selangor	5/12/2022	Shah Alam	91	139
		JUMLAH/ TOTAL	436	992

SME Bank Jom XCESS 2023 series

SME Bank Jom XCESS is a rebranded programme of the Bank's Regional Outreach, with the objective to provide SMEs with information on the Bank's holistic services. The event is a half-day engagement session that features a briefing on the Bank's financing and beyond financing facilities, making it one of the best platforms for the Bank to facilitate access to financing for SMEs effectively and efficiently.

There were also business clinics conducted to provide opportunities for entrepreneurs to have one on one sessions with the Bank Relationship Manager. Financing facilities and capacity building programmes were offered by Centre for Entrepreneur Development and Research Sdn. Bhd. (CEDAR).

The Jom XCESS 2022 series attracted 436 companies and 992 participants:



5. Pendigitalan/Digitalisation

Impak Perkara-perkara Penting/Material Matters Impacted



Inovasi dan Pendigitalan Innovation and Digitalisation

SME Bank memanfaatkan digitalisasi sebagai pemboleh ubah utama dalam membina kelestarian dalam operasi kami serta pihak berkepentingan utama kami iaitu komuniti PKS. Kami sentiasa mencari cara untuk membangunkan strategi yang meningkatkan interaksi dan perkhidmatan kepada pelanggan kami melalui cara digital dan konvensional. Sejak beberapa tahun yang lalu sejak pelaksanaan strategi digital, kami secara beransur-ansur memperkenalkan beberapa platform digital untuk kemudahan dan keselesaan pelanggan kami.

Untuk menyokong pelanggan kami di semua peringkat kitaran perniagaan mereka, kami mencari inovasi dan integrasi untuk mempermudah interaksi mereka dengan Bank. Kami memanfaatkan kebolehan kecerdasan buatan (AI) dan pembelajaran mesin (ML) untuk membangunkan penyelesaian yang berasaskan digital dan berorientasikan pelanggan seperti ScoreXcess, ODELA, ELSA, HalalXcess, MySMEBank, dan Book Your Banker.

Kami juga memberi tumpuan bagi memastikan pelanggan kami dilengkapi dengan kemahiran digital untuk kekal relevan dalam landskap perniagaan hari ini melalui program bersama CEDAR.



Pada tahun 2022, kami telah berjaya **menyiapkan latihan pemidahan Pusat Data** sebagai sebahagian daripada rancangan transformasi digital dan IT kami. Usaha ini membolehkan kami menerapkan ketangkasan dan kecekapan yang lebih tinggi dalam menjalankan operasi IT, memudahkan proses peruntukan dan mengoptimumkan komponen kos utama seperti penggunaan tenaga yang akan menghasilkan penjimatan besar.

In 2022, we successfully **completed a Data Centre colocation exercise** as part of our digital and IT transformation blueprint. This effort allows us to embed greater agility and efficiency in running IT operations, simplifying the allocation process, and optimising key cost components such as energy usage which will result in major savings.



MENUJU MASA HADAPAN YANG LESTARI MELALUI PERBANKAN BERTANGGUNGJAWAB

STEERING TOWARDS A SUSTAINABLE FUTURE THROUGH RESPONSIBLE BANKING



5. Pendigitalan/Digitalisation

Transformasi digital akan menjadi sebahagian daripada strategi SME Bank pada masa hadapan dan kami akan meneruskan usaha pendigitalan berterusan yang akan mengoptimumkan dan mengintegrasikan teknologi serta kecekapan dan proses digital, untuk meningkatkan pengalaman perbankan pelanggan secara keseluruhan dan mengekalkan momentum pertumbuhan masa hadapan.

ELSA untuk Kelestarian Perniagaan

Penilaian Skor Kitaran Perniagaan ("ELSA") direka untuk menyediakan cara yang teliti dan sistematik bagi mengenal pasti tahap perkembangan sesebuah perniagaan dan apa jua sumber tambahan atau peningkatan yang diperlukan untuk berjaya melalui kitaran hidup perniagaan mereka. Ia adalah fleksibel dan boleh disesuaikan untuk menampung PKS dalam pelbagai sektor perniagaan, saiz dan umur yang berbeza.

ELSA menggunakan Kecerdasan Buatan (AI) untuk menganalisis keupayaan yang diinginkan berbanding keupayaan sedia ada dengan menghasilkan pemahaman tentang sumber-sumber sedia ada dan keperluan. Pemahaman seperti ini membantu PKS untuk mengutamakan cabaran perniagaan mereka dari segi kualiti produk & perkhidmatan, pengurusan sumber manusia, operasi, dan pengurusan kewangan.

Manfaat potensi penerapan ELSA termasuk mempromosikan konsistensi dalam klasifikasi dan profilisasi PKS; menyumbang kepada mempercepatkan pembangunan PKS melalui penilaian keperluan kitaran hidup dan potensi pertumbuhan; dan menyokong pembinaan kapasiti institusi agensi pembangunan PKS. Setelah penyelesaian alat penilaian kitaran hidup ini, dijangka akan dilakukan inisiatif analitik tambahan untuk menyokong transformasi digital dan penghijauan sektor PKS, dan mencipta ekonomi yang lebih inklusif.

ELSA pertama kali diperkenalkan pada tahun 2021, dan sejak itu bilangan peserta dan program yang mendapat manfaat daripada ELSA telah berkembang dengan pesat.

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

ELSA for Business Sustainability

The Enterprise Lifecycle Scoring Assessment (ELSA) is designed to provide a rigorous and systematic way to identify where an enterprise is in its stage of development and what additional resources or improvements may be needed to navigate successfully through their lifecycles. It is flexible and adaptable and can accommodate SMEs across different business sectors, sizes and ages.

ELSA uses Artificial Intelligence (AI) to analyse desired capacities against existing capacities by generating an understanding of existing resources and needs. Such an understanding assists SMEs to prioritise their business challenges from product & services quality, human resources management, operations, and financial management.

The potential benefits of ELSA's implementation include promoting consistency in the classification and profiling of SMEs; contributing to accelerating SME development through evaluation and assessment of lifecycle needs and growth potential realisation; and supporting institutional capacity building of SME promotion agencies. Following the completion of this lifecycle assessment tool, it is expected that additional analytic initiatives will be undertaken to support the digital transformation and greening of the SME sector, and to create a more inclusive economy.

ELSA was first introduced in 2021, and since then number of participants and programmes benefitting from ELSA has grown steadily.



Jumlah penyertaan dalam ELSA sehingga 2022 adalah **2,327**

Total participants in ELSA as at 2022 is **2,327**



5. Pendigitalan/Digitalisation

No	Program Programme	Bilangan Penerima Number of beneficiaries	Bagaimana ELSA membantu How ELSA contribute
1.	NGENE 2.0	300 peserta/ participants	Menilai tahap usahawan bagi memudahkan urusan pembiayaan geran kepada peserta (RM10k setiap peserta) Assessing entrepreneur's progress in order to facilitate grant disbursement for participants (RM10k per participant)
2.	Best Exporters Programme (BEP)	20 peserta/ participants	ELSA menjalankan analisis keperluan latihan bagi mengenal pasti cabaran sebagai pengeksport dan membolehkan CEDAR untuk mengkhususkan program latihan yang akan dikendalikan ELSA performs training needs analysis to identify potential challenges as exporters and enable CEDAR to personalise the training programme
3.	HRD Corp	100 peserta/ participants	Penilaian untuk PKS mendaftar dibawah HRD Corp bagi "Program Mendapatkan Kredit" Assessment to SMEs registered under HRD Corp for Credit Securing Programme
4.	SME Recapitalisation	200 pemohon (masih berlangsung)/ participants (ongoing)	Menjalankan penilaian untuk usahawan (saiz sederhana ke perusahaan besar) untuk melaksanakan tindakan intervensi bagi memudahkan bayaran pembiayaan semula untuk pemohon yang berjaya Assess to entrepreneurs (medium to large size) to perform interventive action in order to facilitate recapitalised fund disbursement to successful applicants

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



Di bawah teras Amalan Perniagaan Bertanggungjawab, Bank berkomitmen terhadap impak Ekonomi dan Tadbir Urus melalui inisiatif di bawah bidang fokus Komunikasi, Pengurusan Risiko & Pematuhan, Bakat & Budaya, serta Kecekapan Operasi.

Under the pillar of Responsible Business Practices, the Bank commits to Economic and Governance impacts through initiatives under the focus areas of Communication, Risk Management & Compliance, Talent & Culture, and Operational Efficiency.

KOMUNIKASI/COMMUNICATION



1. Laporan Kelestarian/Impak/Sustainability/Impact reporting

Impak Perkara-perkara Penting/Material Matters Impacted



Kawal Selia dan Pematuhan Syariah
Regulatory and Shariah Compliance

Menanamkan Kesan Pengukuran

Pengenalan Pengukuran Kesan Penubuhan Rangka Kerja SDG Bank telah menyediakan panduan yang jelas dalam perjalanan kami menuju pelaporan kelestarian yang lebih baik. Bank sedang membuat kemajuan yang mantap dalam perjalanan ini. Pada tahun 2022, bersamaan dengan pengenalan pasti petunjuk pengukuran prestasi bagi setiap perkara tersebut. Ini akan diserahkan untuk kelulusan dan setelah pelaksanaan akan meningkatkan pelaporan yang lebih bermakna dan berkesan.

Embedding Impact Measurement

The establishment of the Bank's SDG Framework has provided clear guideposts on our journey towards better sustainability reporting. The Bank is making steadfast progress on this journey. In 2022, together with the identification of material matters, we have identified performance measurement indicators for each. This will be submitted for approval and upon implementation will enhance more meaningful and impactful reporting.



1. Laporan Kelestarian/Impak/Sustainability/Impact reporting

Pendedahan Tadbir Urus yang Telus

Reputasi SME Bank bergantung kepada perlakuan perniagaan yang bertanggungjawab. Kami komited untuk mematuhi semua undang-undang dan peraturan yang berkenaan, standard tertinggi pentadbiran korporat, etika, dan integriti dalam segala yang kami lakukan. Kami secara aktif menetapkan, meneliti, dan mendedahkan dasar-dasar untuk mencapai matlamat ini, kerana penting bagi kami untuk terus mendapatkan kepercayaan pihak berkepentingan.

Kami berusaha untuk menanamkan budaya akauntabiliti dan tanggungjawab dalam kalangan kakitangan dan cara kami bekerja. Kekuatan pentadbiran korporat kami bermula dari atas dan disokong ke seluruh organisasi melalui sistem dasar, rangka kerja, panduan, dan proses yang selaras dengan undang-undang dan keperluan peraturan serta amalan terbaik dalam industri.

Pendedahan berkaitan boleh didapati dalam:
- Pernyataan Tadbir Urus Korporat (muka surat 164 hingga 177)
- Pernyataan Tadbir Urus Syariah (muka surat 190 hingga 200)
- Pernyataan Pengurusan Risiko dan Kawalan Dalaman (muka surat 179 hingga 189).

Penguatkuasaan Perkhidmatan Pelanggan

Kami bercita-cita menjadi institusi kewangan pembangunan yang berorientasikan pelanggan, yang memahami dan mengikuti perkembangan keperluan pelanggan. Kami terus memperbaiki pengalaman pelanggan dengan meningkatkan kecekapan penyampaian perkhidmatan dan secara sistematik mengumpul maklum balas pelanggan adalah aspek penting dalam strategi berorientasikan pelanggan kami.

Perkhidmatan Pelanggan terus menjadi salah satu hubungan utama dalam membantu pelanggan kami dengan pertanyaan mengenai produk dan perkhidmatan. Kami komited untuk menjawab pertanyaan, aduan, dan maklum balas pelanggan dalam jangka masa yang munasabah. Kami menyediakan pelbagai saluran untuk mereka menghubungi termasuklah melalui platform digital seperti Sistem Pengurusan Maklum Balas, e-mel, panggilan telefon, serta interaksi secara bersemuka. Kami mengamalkan pendekatan 'penyelesaian panggilan pertama' yang bermaksud kami cuba menyelesaikan pertanyaan pelanggan kami secara segera dalam interaksi pertama dengan mereka.

Panggilan dan e-mel yang kami terima pada tahun 2022 adalah berkaitan dengan pertanyaan mengenai penawaran produk

Transparent Governance Disclosures

SME Bank's reputation depends on its responsible business conduct. We are committed to complying with all applicable laws and regulations, the highest standards of corporate governance, ethics and integrity in everything that we do. We actively establish, review and disclose our policies to this end, as it is important that we continue to earn our stakeholders' trust.

We strive to inculcate a culture of accountability and responsibility in our people and the way we work. The strength of our corporate governance starts at the top and is fostered throughout the organisation by a system of policies, frameworks, guidelines and processes that are aligned with laws and regulatory requirements and best industry practices.

Related disclosures can be found in:

- Statement on Corporate Governance (pages 164 to 177)
- Statement on Shariah Governance (pages 190 to 200)
- Statement on Risk Management and Internal Control (pages 179 to 189)

Strengthening Customer Service

We aspire to be a customer-centric DFI that understands and keeps abreast with customer requirements. We continuously improve customers' experience by enhancing the efficiency of service delivery and regularly gathering customer feedback systematically is an important aspect of our customer-centricity strategy.

Customer Service continues to be one of the primary contact points in assisting our customers with their enquiries on our products and services. We are committed to responding to our customers' queries, complaints and feedback within a reasonable time frame. We provide multiple touchpoints for them to reach us including through digital platforms such as the Feedback Management System, emails, telephone calls as well as face-to-face engagement. We take a 'first call resolution' approach meaning that we attempt to resolve our customers' questions immediately within the first interaction with them.

The calls and emails we received in 2022 were predominantly on inquiries on Bank product offering, financing status, and SME Bank repayment assistance. All complaints were

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

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1. Laporan Kelestarian/Impak/Sustainability/Impact reporting

Bank, status pembiayaan, dan bantuan pembayaran balik SME Bank. Semua aduan telah berjaya diselesaikan dalam tempoh masa yang ditetapkan dalam Perjanjian Tahap Perkhidmatan (SLA) kami. Pada tahun 2022, Bank menerima 6,914 panggilan berbanding dengan 8,570 panggilan pada tahun sebelumnya, dan kami mencatatkan 4,192 e-mel pada tahun 2022 berbanding dengan 3,445 pada tahun sebelumnya. Bagi tahun kewangan berakhir 2022, Perkhidmatan Pelanggan SME Bank menerima 19 aduan dan 13 kes rayuan, semuanya berjaya diselesaikan dalam jangka waktu yang ditetapkan.

Kami menjalankan tinjauan kepuasan pelanggan tahunan sebagai cara untuk memahami keperluan dan motivasi pelanggan kami, dan melihat bidang-bidang yang perlu diperbaiki untuk memenuhi kehendak mereka. Pada tahun 2022, kami mencatat peningkatan Indeks Kepuasan Pelanggan dengan 96.7% berbanding 90.2% yang direkodkan pada tahun 2021. Perlu dinyatakan bahawa kami telah kekal melebihi sasaran penanda aras 80% untuk tiga tahun berturut-turut.

Bidang peningkatan yang dinyatakan oleh maklum balas yang diterima:

successfully addressed within the stipulated timeframes set out in our Service Level Agreements (SLA). In 2022, the Bank received 6,914 calls compared to 8,570 calls in the previous year, and we recorded 4,192 e-mails in 2022 compared to 3,445 the year before. For the financial year ended in 2022, SME Bank's Customer Service received 19 complaints and 13 appeal cases, all of which were successfully addressed within the timeline.

We carry out the annual customer satisfaction survey as a means of understanding our customers' needs and motivations, and look at areas to improve upon to meet their expectations. We recorded an increase in the Customer Satisfaction Index in 2022 at 96.7% compared to 90.2% recorded in 2021. Notably, we have remained consistently above the target benchmark of 80% for the last three years.

Areas of improvements indicated by feedback received from 2022 Customer Satisfaction Survey:



2. Platfom Kepimpinan Pemikiran/Thought Leadership Platform

Impak Perkara-perkara Penting/Material Matters Impacted



Kehadiran Pasaran
Market presence

Sesi Libat Urus Bersama Media

Kami berinteraksi secara berterusan dengan media bagi memastikan usaha-usaha sokongan yang dilaksanakan oleh SME Bank dapat disampaikan dengan baik dan dimaklumkan kepada PKS dan komuniti secara menyeluruh. Kami melakukannya melalui siaran media yang juga disiarkan di laman web, serta melalui temu ramah, sidang media, dan penulisan editorial. Kami berhubung dengan media melalui e-mel, temu ramah TV, atau secara bersemuka seperti berikut:

Engaging with the Media

We continuously engage with the media to ensure the supportive efforts under SME Bank can be well communicated and made aware to the SMEs and community as a whole. We do this through the issuance of news releases which are also posted on our website, as well as through interviews, media conferences and editorials. We engage with the media through email, TV, or face to face interviews as follows:

1



RTM1 Segmen Biz Malaysia: Semarak Niaga & Pembiayaan Perniagaan

2



The Star: Steps Towards Sustainability

3



RTM1 Segmen Biz Malaysia: Menjayakan Agenda ESG

4



Sumbangan Malam Wartawan Malaysia 2022

5



RTM1 Segmen Selamat Pagi Malaysia: Platform Digital MyMall

6



Majlis Minum Petang bersama Media

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



2. Platfom Kepimpinan Pemikiran/Thought Leadership Platform

Penyertaan Aktif dalam Persatuan Industri

Kami berinteraksi dengan rakan sekerja dalam industri kewangan mengenai perkara yang berkaitan dengan strategi perniagaan dan kelestarian, dan bagaimana kami, sebagai institusi kewangan, dapat meningkatkan penciptaan nilai pihak berkepentingan dan berusaha untuk peningkatan menyeluruh dalam industri. Ini termasuk usaha-usaha untuk menerapkan ESG dalam penawaran kami.

Kami secara aktif mengambil bahagian dan memberi sumbangan dalam perbincangan dengan persatuan industri melalui Memorandum Persefahaman (MOU), kumpulan kerja, mesyuarat, seminar, dan persidangan untuk memperkuatkan peluang kolaboratif yang akan memberi manfaat kepada pembangunan PKS dan mengukuhkan ekosistem dengan lebih jitu. Pada tahun 2022, wakil SME Bank telah dijemput sebagai penceramah atau peserta aktif dalam acara-acara yang memberi tumpuan kepada kelestarian seperti berikut:

Tarikh Date	Aktiviti melalui jemputan Activities by invitation
6/7/2022	Mesyuarat 14 th APAC SCSC di Thailand, dengan tajuk tentang 'Circular Economy' 14 th APAC SCSC Conference in Thailand, to speak on 'Circular Economy'
9-17/8/2022	Lawatan kerja KUSKOP G2G ke UK (London/Cardiff/Swansea) untuk meneroka kerjasama strategik khusus dalam bidang kelestarian, diantara Kerajaan Malaysian dan UK. MECD G2G working visit to UK (London/Cardiff/Swansea) to explore strategic collaborations, particularly on sustainability matters, between the Malaysian government and the UK government.
23-24/10/2022	Forum Asia-Europe Environment (ENVForum) di Incheon, Koprea Selatan sebagai penceramah panel untuk sesi "Green and Digital Twin Transition". The Asia-Europe Environment Forum (ENVForum) in Incheon, South Korea as a panel speakers for the session on "Green and Digital Twin Transition".
25-26/10/2022	Forum ASEAN Sustainable Development Transformation di Incheon, Korea Selatan sebagai panel penceramah di bawah United Nations Office for Sustainable Development (UNOSD). The ASEAN Sustainable Development Transformation Forum in Incheon, South Korea as a panel speaker under the United Nations Office for Sustainable Development (UNOSD).
3/11/2022	Forum Global DFI dengan tema; "Towards a Resilient Planet: Ensuring a Sustainable and Equitable Future sebagai panel penceramah untuk sesi "Youth Unite for a Safe and Secure Environment for ALL" The Global DFI Forum with the theme; "Towards a Resilient Planet: Ensuring a Sustainable and Equitable Future as a panel speaker for the session on "Youth Unite for a Safe and Secure Environment for ALL"

Active Participation in Industry Associations

We engage with our financial industry peers on matters pertaining to business and sustainability strategies, and how we, as a financial institution, can raise stakeholder value creation and strive for industry-wide improvements. This includes efforts to embed ESG into our offerings.

We actively participate and contribute to discussions with industry associations through MOUs, working groups, meetings, seminars, and conferences to strengthen collaborative opportunities that will benefit SME development and strengthen the ecosystem further. In 2022, SME Bank representatives were invited either as speakers or active participants in the following sustainability-focused events:



2. Platfom Kepimpinan Pemikiran/Thought Leadership Platform

Tarikh Date	Aktiviti melalui jemputan Activities by invitation
7/11/2022	Pesta SDG 2022 dianjurkan oleh the UN Global Compact sebagai panel penceramah untuk sesi "Green Financing and Sustainable Grants for SMEs." The SDG Fest 2022 organised by the UN Global Compact as a panel speaker for the session on "Green Financing and Sustainable Grants for SMEs."
10/11/2022	Forum Corporate Reporting sebagai panel penceramah untuk sesi "Sustainability Performance: Accountants Navigating Climate Actions". The Corporate Reporting Forum as a panel speaker for the session on "Sustainability Performance: Accountants Navigating Climate Actions".
11/11/2022	The ASEAN Mentorship for Entrepreneurs Network (AMEN) dalam menjalankan program untuk merapatkan jurang pembiayaan PKS. The ASEAN Mentorship for Entrepreneurs Network (AMEN) in conducting programmes to bridge financing gap of SME.
6/12/2022	Dialog Sektor Swasta UNDP - "Sustainability Does Matter: Investing for a Better Future" sebagai panel untuk sesi dialog. The UNDP Private Sector Dialogue - "Sustainability Does Matter: Investing for a Better Future" as a panelist for the dialogue session.

PENGURUSAN RISIKO & PEMATUHAN/RISK MANAGEMENT & COMPLIANCE



3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

Impak Perkara-perkara Penting/Material Matters Impacted



Etika & Integriti Perniagaan
Business Ethics & Integrity



Privasi & Keselamatan Data Pelanggan
Customer Data Privacy & Security

Tadbir Urus Yang Teguh dalam Operasi

Tadbir urus korporat yang baik adalah penting untuk membina kelestarian, mencipta nilai, dan menjalankan tujuan kami untuk membantu memupuk dan membangunkan sektor PKS. Rangka kerja risiko, tadbir urus, dan sumber manusia kami serta dasar-dasar memastikan kami mematuhi tadbir urus korporat yang teguh dan tindakan beretika.

Semua kakitangan dan mereka yang bekerja untuk atau bagi pihak SME Bank mesti menerima dan bertindak mengikut Tatakelakuan yang selaras dengan nilai teras kami, prinsip perniagaan dan pelbagai dasar dalaman yang menyokong tingkah laku beretika dan integriti sebagai komponen penting operasi perniagaan kami. Dasar dalaman yang disediakan untuk

Strong Governance in Our Operations

Good corporate governance is vital to building sustainability, creating value and delivering on our purpose to nurture and develop the SME sector. Our risk, governance and human resource framework and policies ensure that we abide by strong corporate governance and ethical actions.

All employees and those working for or on behalf of SME Bank must embrace and act in accordance with the Code of Conduct which are in line with our core values, business principles and various internal policies that advocate ethical behaviour and integrity as an integral component of our business operations. The internal policies we have in place to achieve this include a formalised Code of Conduct, Corporate

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3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

mencapai termasuklah Kod Tingkah Laku yang diformalkan, Ikrar Integriti Korporat, Ikrar Bebas Rasuah, Dasar Hadiah dan Hiburan, Dasar Pemberi Maklumat, Prosedur Perlindungan Data Peribadi, Pelan Antirasuah Organisasi (OACP) dan pensijilan Sistem Pengurusan Antirasuah (ABMS).

Kod Tingkah Laku

Kod Tingkah Laku kami, yang diluluskan oleh Lembaga Pengarah, mencerminkan nilai-nilai integriti asas dan kukuh kami. Semua kakitangan dan mereka yang bekerja untuk atau bagi pihak SME Bank mesti meyokong dan bertindak selaras dengan Kod Tingkah Laku Kakitangan dan dasar-dasar serta prosedur dalam Bank.

Integrity Pledge, Corruption-Free Pledge, Gift and Entertainment Policy, Whistleblowing Policy, Personal Data Protection Procedure, Organisational Anti-Corruption Plan (OACP) and certification of Anti-Bribery Management System (ABMS).

Code of Conduct

Our Code of Conduct, approved by the Board of Directors, reflects our fundamental and sound integrity values. All employees and those working for or on behalf of SME Bank must embrace and act in accordance with the Employee Code of Conduct and the Bank's internal policies and procedures.

Corporate Integrity Pledge & Corruption-Free Pledge

From the time the Bank signed the Corporate Integrity Pledge in 2016, we have been upholding the commitment to create a business environment that is free from corrupt and unethical practices.

Integrity and Governance Department has collaborated with Group Human Capital Management in establishing a process for all new hires to sign the Corruption-Free Pledge during the onboarding session.

Under the SME Bank's Corruption-Free Pledge, we shall:

Ikrar Integriti Korporat & Ikrar Bebas Rasuah

Dari masa Bank menandatangani Ikrar Integriti Korporat pada tahun 2016, kami telah menegakkan komitmen untuk mencipta perniagaan persekitaran yang bebas daripada rasuah dan amalan tidak beretika.

Jabatan Integriti dan Tadbir Urus telah bekerjasama dengan Kumpulan Pengurusan Modal Insan dalam mewujudkan proses untuk semua pekerja baru untuk menandatangani Ikrar Bebas Rasuah semasa sesi onboarding.

Di bawah Ikrar Bebas Rasuah SME Bank, kami akan:

- 1 Fully abide by the Nation's law, rules, procedures and policies on corruption prevention and abuse of power;
- 2 Abhor and reject all forms of corruption and abuse of power, and shall give my full cooperation to the Malaysian Anti-Corruption Commission in preventing corruption and abuse of power;
- 3 Not indulge in any form of corruption and abuse of power either directly or indirectly, with any party dealing with the SME Bank;



3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

Corporate Integrity Pledge

4

Memastikan kakitangan di bawah seliaan saya tidak akan melibatkan diri dalam sebarang bentuk jenayah rasuah dan salah guna kuasa dalam apa-apa jua urusan berkaitan dengan SME Bank; dan

Ensure that my subordinates shall not indulge in any act of corruption and abuse of power in any dealings concerning the SME Bank; and

5

Melaporkan kepada Suruhanjaya Pencegahan Rasuah Malaysia, dengan seberapa segera, sebarang bentuk perlakuan jenayah rasuah dan salah guna kuasa yang melibatkan saya atau kakitangan di bawah seliaan saya.

Instantly report any form of corruption and abuse of power either involving me or my subordinates, to the Malaysian Anti-Corruption Commission.

Corporate Integrity Pledge

Dasar Hadiah dan Hiburan

Versi terkini dasar hadiah dan hiburan Bank memberikan panduan kepada kakitangan tentang apa yang perlu dan tidak perlu diterima sebagai hadiah, tawaran, iklan, anugerah, atau tanda penghargaan daripada pelanggan sedia ada dan bakal, pembekal, atau pembekal perkhidmatan. Selain daripada menentukan hadiah dan hiburan yang dibenarkan dan dilarang, ia juga menjelaskan tindakan yang boleh diambil sekiranya berlaku pelanggaran terhadap dasar ini.

Gift and Entertainment Policy

The Bank's improved version of its gift and entertainment policy provides guidance to employees about what is and what is not appropriate to accept as a present, offering, advertisement, award or token of appreciation from existing and potential customers, vendors or suppliers. In addition to specifying the permissible and prohibited gift and entertainment, it also spells out the actions that can be taken in the event of a violation of the policy.

Melaporkan Salah Laku

SME Bank telah menubuhkan saluran pelaporan salah laku di bawah pengawasan Jawatankuasa Lembaga Audit (JLA). Pengurusan Bank memastikan bahawa semua aduan yang diterima dianalisis secara bebas dan maklumat hanya disampaikan kepada individu yang diperlukan untuk siasatan dan penyelesaian. Proses komunikasi adalah sepenuhnya sulit dengan jaminan keanoniman komunikasi.

Whistleblowing

SME Bank has established a whistleblowing channel under the supervision of the Board Audit Committee (BAC). The Bank's management ensures that all complaints received are independently analysed and information is communicated only to the people required for the investigation and resolution. The communication process is completely confidential with an assurance of the anonymity of the communication.

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES

3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

Perlindungan Data Peribadi

Kami mengambil tanggungjawab besar dalam melindungi data peribadi dan maklumat eksklusif pihak berkepentingan kami, yang menjadi keutamaan dalam era komunikasi digital ini.

Untuk melindungi dan mengekalkan maklumat sulit, kami mematuhi piawaian dan amalan terbaik dalam industri, dan menetapkan dasar dan arahan bagi keseluruhan syarikat seperti Perlindungan Kehilangan Data (DLP). Pada masa yang sama, kami mengawasi dengan berhati-hati dan mematuhi undang-undang perlindungan privasi seperti Akta Perlindungan Data Peribadi 2010.

Ini membantu kami secara aktif memantau aliran data ke pihak luar untuk melindungi data pelanggan dan meningkatkan kepercayaan dan keyakinan di kalangan pelanggan, seperti yang dikehendaki oleh BNM, untuk memastikan kepercayaan berterusan mereka yang mempercayai kami dengan maklumat peribadi mereka.

Sehingga kini, kami tidak mengalami sebarang kebocoran siber dan tidak menerima sebarang aduan daripada pelanggan atau kakitangan berkenaan sebarang pelanggaran privasi dan kehilangan data peribadi.

Maklumat lanjut boleh dirujuk dalam Penyata Mengenai Tadbir Urus Korporat di muka surat 164.

Pelan Anti Rasuah Organisasi

Kami mengenal pasti langkah-langkah khusus untuk tindakan anti rasuah dan berkomitmen untuk mematuhi standard etika tertinggi serta semua undang-undang anti rasuah yang berkenaan. Kami berjanji untuk mematuhi semua undang-undang dan peraturan yang berlaku. Kami tidak bertoleransi dengan rasuah, penipuan, pelanggaran sanksi perdagangan, pengubahan wang haram atau pembiayaan keganasan, atau sebarang tindakan haram atau tidak bermoral dalam apa jua bentuk oleh mana-mana individu yang bekerja untuk atau bagi pihak Bank. SME Bank memenuhi semua keperluan kawal selia, operasi, dan Syariah, serta keperluan di bawah Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan Keganasan dan Aktiviti Haram 2001, dan Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018).

Personal Data Protection

We take great responsibility in protecting our stakeholders' personal data and proprietary information which is our utmost priority in this era of digital communications.

To protect and preserve confidential information, we adhere to industry standards and best practices, and established company-wide policies and directives such as Data Loss Protection (DLP). At the same time, we carefully observe and vigilantly comply with privacy protection legislations such as the Personal Data Protection Act 2010.

These help us actively monitor data traffic to external parties to safeguard customer data and promote trust and confidence among customers, as required by BNM, to ensure the continuing confidence of those who entrust us with their personal information.

To date, we have had zero cyber breaches and received no customer or employees complaints regarding any breach of privacy and loss of personal data.

More details are outlined in the Statement on Corporate Governance on page 164.

Organisational Anti-Corruption Plan

We identify specific measures for anti-corruption action and commit to comply with the highest ethical standards and all applicable anti-corruption laws. We are committed to complying with all applicable laws and regulations. We do not tolerate bribery, corruption, fraud, violations of trade sanctions, money laundering or terrorism financing, or any other illegal or unethical conduct in any form by anyone working for or on behalf of the Bank. SME Bank meets all regulatory, operational and Shariah requirements as well as the requirements under Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018).

3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

Selain itu, kami melancarkan Rancangan Pencegahan Rasuah Organisasi SME Bank 2020-2024 (OACP) pada Disember 2021, yang sejajar dengan agenda anti rasuah Kerajaan melalui Pelan Anti Rasuah Kebangsaan (NACP). OACP ini adalah bukti komitmen kami dalam memerangi rasuah dan menegakkan integriti.

Ia terdiri daripada 22 inisiatif sasaran untuk dilaksanakan dalam tempoh lima tahun. Inisiatif ini bertujuan untuk menangani isu dan risiko integriti, tadbir urus dan rasuah dalam SME Bank. Sehingga Disember 2022, semua inisiatif OACP telah selesai dilaksanakan.

Sistem Pengurusan Antirasuah (ABMS) MS ISO 37001:2016

Kumpulan SME Bank berjaya memenuhi pematuhan terhadap keperluan ISO 37001 dan telah dianugerahkan pensijilan Sistem Pengurusan Antirasuah (ABMS) MS ISO 37001:2016 pada 26 Ogos 2022. Ini mencerminkan komitmen SME Bank ke arah mencegah dan mengesan rasuah dengan menambah baik sistem dalaman dan prosedur untuk mencapai kecekapan operasi yang lebih besar dan mempamerkan keyakinan di seluruh organisasi.

Pencegahan jenayah kewangan adalah aspek penting dalam mengekalkan integriti dan kestabilan Bank. Bagi mencegah jenayah kewangan dengan berkesan, pelbagai langkah telah dilaksanakan di peringkat individu dan organisasi. Antara strategi utama yang telah dilaksanakan ialah:

1. Penginstitusian Prosedur Kenali Pelanggan Anda (KYC), iaitu proses untuk mengesahkan identiti pelanggan, menilai profil risiko mereka dan memantau transaksi mereka. Ini membantu Bank mengesan aktiviti yang mencurigakan dan menghalang pengubahan wang haram dan pembiayaan keganasan.
2. Penubuhan Polisi dan Prosedur Pencegahan Pengubahan Wang Haram (AML/CFT) yang komprehensif dalam memastikan pengenalan pelanggan yang berkesan, pemprofilan risiko, penilaian risiko, pemantauan transaksi/pelanggan, latihan pekerja, tapisan nama pekerja/pelanggan dan audit tetap yang patuh dengan kehendak dan keperluan peraturan.

Additionally, we launched the SME Bank Organisational Anti-Corruption Plan 2020-2024 (OACP) in December 2021, which aligns with the Government's anti-corruption agenda through the National Anti-Corruption Plan (NACP). The OACP is a testimony of our commitment to combating corruption and upholding integrity.

It consists of 22 initiatives targeted to be undertaken and completed in a period of five years. These initiatives aim to address integrity, governance, and corruption issues and risks within SME Bank. As of December 2022, all initiatives of the OACP have been completed.

Anti-Bribery Management System (ABMS) MS ISO 37001:2016

SME Bank Group have successfully demonstrated compliance with ISO 37001 requirements and has been awarded with Anti-Bribery Management System (ABMS) MS ISO 37001:2016 certification on 26 August 2022. This reflects the Bank's commitment towards preventing and detecting bribery by improving the internal systems and procedures, in order to achieve greater operational efficiency and to showcase top-down confidence throughout the organisation.

Prevention of financial crimes is a crucial aspect of maintaining the integrity and stability of the Bank. In order to effectively prevent financial crimes, various measures have been implemented at individual and organisational levels. Amongst the key strategies that has been implemented are:

1. Institutionalise of Know Your Customer (KYC) Procedures, a robust process to verify the identity of customers, assess their risk profiles, and monitor their transactions. This helps the Bank to detect suspicious activities and prevents money laundering and terrorist financing.
2. Establishment of a comprehensive Anti-Money Laundering (AML/CFT) Policies and Procedures in ensuring effective customer identification, risk profiling, risk assessment, transaction/customer monitoring, employee training, employee/customer name screening and regular audits is in compliance with regulatory requirements.

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ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

3. Pendidikan dan latihan berterusan untuk mendidik kakitangan tentang jenayah kewangan, pengesanan dan pencegahan. Ini membantu meningkatkan kesedaran dan memastikan setiap individu di dalam Bank dilengkapi dengan pengetahuan dan kemahiran untuk mengenal pasti dan melaporkan aktiviti yang mencurigakan.

3. Continuous education and training to educate employees about financial crimes, their detection, and prevention. This helps raise awareness and ensures that individuals within the Bank are equipped with the knowledge and skills to identify and report suspicious activities.

Memupuk Budaya Pematuhan Berterusan

Falsafah “Pematuhan Bermula Dari Anda” adalah prinsip yang kami pegang teguh ketika kami menggalakkan budaya integriti dan pematuhan di kalangan semua kakitangan. Pendekatan pematuhan kami menyokong mereka yang berazam untuk melakukan perkara dengan betul, dan mengambil tindakan terhadap mereka yang enggan memenuhi tanggungjawab mereka.

Continuously Nurturing a Culture of Compliance

The ethos “Compliance Starts with You” is what we uphold as we promote a culture of integrity and compliance for all employees. Our compliance approach supports those committed to get things right, and take action on those unwilling to meet their obligations.

Our commitment towards compliance lies in:

Komitmen kami terhadap pematuhan terletak pada:



Dalam memperkuatkan budaya pematuhan dalam Kumpulan ini, pengawasan Lembaga Pengarah bersama-sama dengan komitmen pengurusan atasan membantu memastikan pelaksanaan program pematuhan yang berkesan dan pematuhan kakitangan terhadap standard pematuhan dan etika yang berkenaan. Divisyen Pematuhan Kumpulan (GCD) Bank dan Divisyen Risiko Kumpulan (GRD) akan memimpin aktiviti-aktiviti berkala dalam membina budaya pematuhan Bank.

In strengthening the compliance culture within the Group, the Board’s oversight together with the management’s commitment, help to ensure effective implementation of compliance programmes and employees adherence to the applicable compliance and ethical standards. The Bank’s Group Compliance Division (GCD) and Group Risk Department (GRD) to spearhead regular activities in nurturing the Bank’s compliance culture.



3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes

Aktiviti-aktiviti yang dijalankan pada tahun 2022 termasuk: Activities conducted in 2022 include:



Konvensyen CRLO 1.0 (2022) merupakan program yang dijalankan untuk Pegawai Hubungan Pematuhan & Risiko (CRLO) di bawah operasi Ibu Pejabat dan Cawangan SME Bank. Ia telah diadakan pada 20 dan 21 Ogos 2022 dan melibatkan seramai 21 orang CRLO dan 17 orang kakitangan.

CRLO Convention 1.0 (2022) is a programme conducted for CRLOs under SME Bank’s Headquarters and Branch operations. It was held on 20 and 21 August 2022 and involved a total of 21 CRLOs and 17 employees.

The objectives of the workshop were:

- Objektif bengkel tersebut adalah:**
- Meningkatkan keberkesanan fungsi CRLO dalam memastikan pematuhan kepada keperluan peraturan;
 - Menanamkan budaya “Kesedaran Risiko dan Pematuhan” yang kuat di SME Bank;
 - Meningkatkan kemahiran sistem CRLO dalam menggunakan Sistem Pengurusan Risiko Operasi (ORMS) dalam pelaporan dan pemantauan risiko;
 - Memacu semangat pencapaian untuk mencapai keunggulan prestasi - pengurusan Indikator Prestasi Utama (KPI) dan jangkaan;
 - Memahami dengan jelas dan menekankan jangkaan daripada pihak berkepentingan;
 - Meningkatkan keberkesanan komunikasi dan ikatan dalam kalangan CRLO dan fungsi kawalan (Risiko dan Pematuhan).

- To improve the effectiveness of CRLO’s functions in ensuring adherence to regulatory requirements;
- To inculcate a strong ‘Risk and Compliance Awareness Culture’ to be embedded within SME Bank;
- To improve CRLO’s system skill in using Operational Risk Management System (ORMS) in their risk reporting and monitoring;
- To ignite the spirit of achievement to achieve performance excellence - Key Performance Indicators (KPI) management and expectation;
- To have a clear understanding and emphasise stakeholders expectations; and
- To improve the effectiveness of team communication and bonding within CRLOs and the control functions (Risk and Compliance)

Semasa konvensyen tersebut, aktiviti berkongsi pengetahuan dan latihan, kajian kes, sesi pembentangan kumpulan dan permainan, serta sesi dengan Divisyen Risiko Kumpulan (GRD) dan Divisyen Pematuhan Kumpulan (GCD) telah dijalankan.

During the convention, knowledge-sharing and training activities, case studies, group presentations and games, as well as sessions with Group Risk Division (GRD) and Group Compliance Division (GCD) were conducted.

Program ini telah membantu meningkatkan hubungan antara CRLO dan fungsi kawalan, dengan GRD dan GCD dalam mendapatkan pemahaman yang lebih baik mengenai isu-isu dan halangan yang dihadapi oleh CRLO ketika melaksanakan tanggungjawab mereka. Selepas konvensyen, GCD dan GRD mencatatkan peningkatan oleh CRLO dalam kualiti laporan yang dikemukakan dan lebih kerap berinteraksi untuk membincangkan perkara yang berkaitan dengan risiko dan pematuhan.

The programme helped to enhance the relationship between CRLOs and the control functions, with the GRD and GCD gaining better understanding of CRLO’s issues and obstacles while carrying out their responsibilities. Subsequent to the convention, the GCD and GRD noted on the improvements made by CRLOs in relation to the quality of the report submitted and more frequent engagements to discuss on risk and compliance related matters.

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3. Integriti & Pencegahan Jenayah Kewangan/Integrity & Prevention of Financial Crimes



Karnival Pematuhan yang berlangsung selama seminggu adalah sebahagian daripada inisiatif GCD untuk menyemai dan meningkatkan budaya pematuhan di kalangan kakitangan SME Bank, selaras dengan visi dan misi GCD pada tahun 2022.

Acara ini diadakan dengan kerjasama pihak luar seperti Polis Diraja Malaysia, Kumpulan Simpanan Wang Pekerja, Lembaga Hasil Dalam Negeri, dan Pusat Pungutan Zakat yang turut sama menyertai forum dan membuka gerai bagi menyalurkan maklumat.

Pelbagai program dan aktiviti telah dilaksanakan untuk menyemai budaya pematuhan yang kukuh, integriti dan standard etika yang tinggi di kalangan kakitangan Bank.

The week long Compliance Carnival was part of GCD's initiative to impart and enhance the compliance culture among SME Bank's employees, in line with the GCD's 2022 vision and mission.

The event was held in collaborations with external parties such as Polis Diraja Malaysia, Kumpulan Simpanan Wang Pekerja, Lembaga Hasil Dalam Negeri, and Pusat Pungutan Zakat who either participated in the forum or opened up information booths.

Various engagement and activities has been undertaken to instil strong compliance culture, integrity and high ethical standards amongst the Bank staff.



4. Risiko Peralihan dan Fizikal Akibat Perubahan Iklim/Transition & Physical Climate Risk

Impak Perkara-perkara Penting/Material Matters Impacted



Pengurusan Risiko
Risk Management



Pembiayaan Lestari
Sustainable Financing

Analisis Senario Pengurusan Risiko Iklim dan Projek Ujian Tekanan Risiko Iklim*

Pada tahun 2022, Bank memulakan Projek Analisis Senario Pengurusan Risiko Iklim dan Ujian Tekanan Risiko Iklim untuk merapatkan jurang Bank dalam memenuhi keperluan BNM.

Kami sedang berusaha untuk mengintegrasikan ESG sebagai sebahagian daripada penilaian kredit untuk industri terpilih dengan membandingkannya dengan panduan BNM VBIAF.

* Nota: Keperluan kawal selia

Climate Risk Management Scenario Analysis and Climate Risk Stress Testing Project*

In 2022, the Bank kickstarted the Climate Risk Management Scenario Analysis and Climate Risk Stress Testing Project* to close the Bank's gaps towards meeting BNM's requirements.

We are working to improve the integration of ESG as part of the credit assessment process by benchmarking against BNM VBIAF guidelines.

* Note: Regulatory requirement



4. Risiko Peralihan dan Fizikal Akibat Perubahan Iklim/Transition & Physical Climate Risk

Pelepasan Gas Rumah Hijau (GHG)

SME Bank telah mengambil pendekatan proaktif untuk memulakan pengiraan asas pelepasan karbon Bank, yang merupakan prasyarat dalam usaha kami untuk mengurangkan pelepasan karbon Bank dan menetapkan sasaran pengurangan karbon atau komitmen sifar bersih (net-zero).

Dalam Fasa 1, fokus adalah untuk mengukur/mengira pelepasan karbon Bank yang terhad kepada operasi dalaman dan yang perlu diselesaikan dalam tahun 2023.

Akan datang, langkah-langkah yang perlu diambil sedang dirancang untuk mengurangkan penggunaan elektrik, yang menjadi penyumbang utama kepada intensiti pelepasan yang tinggi (Skop 2). Selain itu, mengikut analisis kos yang berkesan, Bank mungkin akan menerokai peluang untuk beralih kepada sumber tenaga boleh diperbaharui, untuk mengurangkan pelepasan. Tenaga boleh diperbaharui dapat membantu mengurangkan pelepasan Skop 1 dan Skop 2 dan dapat menjadi strategi utama Bank dalam menuju ke arah ekonomi rendah karbon.

* Nota: Emission Intensity = Emission/Revenue

Greenhouse Gas (GHG) Emission

SME Bank has taken a proactive approach to start calculating the Bank's carbon emission baseline, a pre-requisite in our efforts to reduce the Bank's emissions and lay out carbon reduction targets/net-zero pledges.

In Phase 1, focus is to measure/calculate the Bank's carbon emissions that is limited to internal operations which need to be completed in 2023.

Moving forward, necessary measures are being planned to reduce electricity consumption, being the major contributor to the high emission intensity (Scope 2). In addition, subject to cost effective analysis, the Bank may also explore opportunities to shift to renewable energy sources, to further reduce its emissions. Renewable energy can help to lower both Scope 1 and Scope 2 emissions and could be a key strategy for the Bank in transitioning to a low-carbon economy.

* Note: Emission Intensity = Emission/Revenue

BUDAYA & BAKAT/TALENT & CULTURE



5. Menarik & Mengekalkan Bakat/Attracting & Retaining Talents

Impak Perkara-perkara Penting/Material Matters Impacted



Latihan & Pendidikan Kakitangan
Employee Training & Education



Amalan Penggajian
Employment Practices

Komitmen terhadap Kepelbagaian, Keadilan, dan Keterlibatan

SME Bank mengamalkan peluang yang sama dan komunikasi terbuka untuk mempromosikan budaya kerja yang kukuh di mana setiap individu menghargai mandat yang diberikan kepada mereka dan memberi sumbangan berdasarkan kebolehan untuk menyokong pelanggan dan pihak berkepentingan. Kami percaya bahawa mempunyai kakitangan yang datang dari pelbagai latar belakang adalah penting untuk membina tenaga kerja inklusif yang dapat menyumbangkan bakat, kemahiran, dan pengalaman mereka untuk mencapai mandat Bank.

Commitment to Diversity, Equity and Inclusion

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

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5. Menarik & Mengekalkan Bakat/Attracting & Retaining Talents

Prinsip panduan kami dalam pengambilan pekerja adalah untuk menarik dan memperoleh bakat. Proses pemilihan bakat bermula daripada mengenalpasti jalan yang sesuai untuk mendapatkan sumber bakat. Bakat kami dikumpulkan secara fizikal dan melalui platform digital. Oleh itu Kumpulan Modal Insan di Bank SME terlibat secara aktif dengan pelbagai lapisan penjana bakat melalui program jangkauan universiti untuk graduan baru dan pada masa yang sama, kami menghadiri pameran kerjaya, seminar pekerjaan dan melibatkan diri dalam kerjasama berterusan usaha dengan agensi pihak ketiga seperti Graduan untuk menarik dan berkumpul bakat berpengalaman. Kami juga menggunakan platform digital seperti LinkedIn dan Jobstreet untuk menarik bakat. Kepelbagaian dan keluasan jalan dan platform pengambilan membolehkan kami menarik bakat tanpa berat sebelah dan prasangka.

Pengambilan pekerja dan pengekalan bakat adalah satu lagi aspek penting dalam proses kami. Kami mengamalkan proses terbuka dalam temuduga dan telah termasuk kakitangan dari Bahagian pengambilan untuk menjadi sebahagian daripada sesi temuduga untuk memastikan jangkaan daripada kedua-dua pihak adalah disampaikan dengan jelas. Menguruskan jangkaan pengambilan pengurus dan wakil yang berpotensi sebaliknya adalah penting untuk memastikan budaya kerja yang harmoni dan persekitaran kerja yang baik.

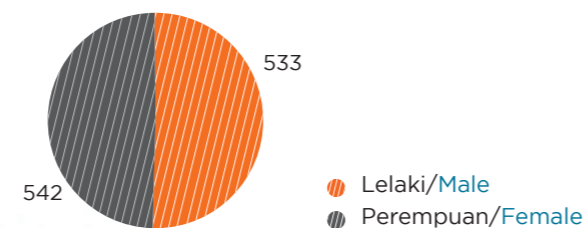
Our guiding principle in hiring is to attract and acquire talents. The talent selection process begins from identifying the right avenue to source for talents. Talents are currently pooled both physically and through digital platforms. As such Group Human Capital in SME Bank has been actively engaged with multi-layers of talent generation via universities outreach programmes for fresh graduates while at the same time, we attend career fairs, job seminars and engage in continuous collaborative efforts with third party agencies like Graduan to attract experienced hires into our talent pool. We also use digital platforms like LinkedIn and Jobstreet to attract talents. The diversity and magnitude of avenues and platforms allow us to attract talent without bias and prejudice.

Hiring and retaining talent is another key aspect of the process. We adopt an open approach in interviewing and have included personnel from the hiring Division to be part of the interview session to ensure expectations from both parties are clearly communicated. Managing the expectations of the hiring manager towards the potential hire and vice versa are important to ensure a harmonious work culture and a good working environment.

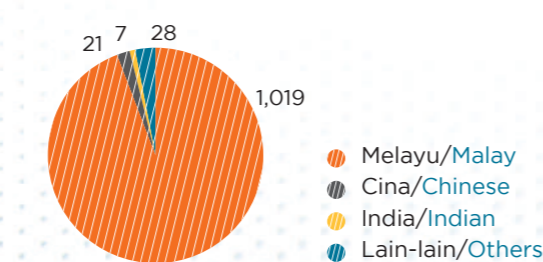
Jumlah Kakitangan/Total employees



Mengikut Jantina/By Gender

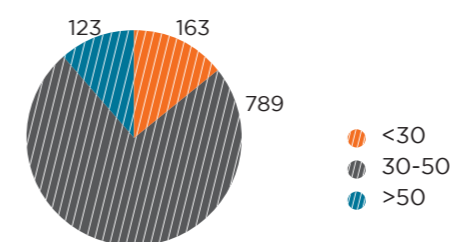


Mengikut bangsa/By ethnicity

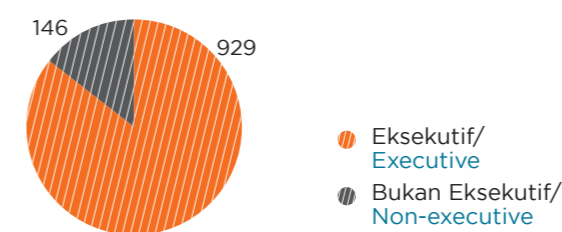


5. Menarik & Mengekalkan Bakat/Attracting & Retaining Talents

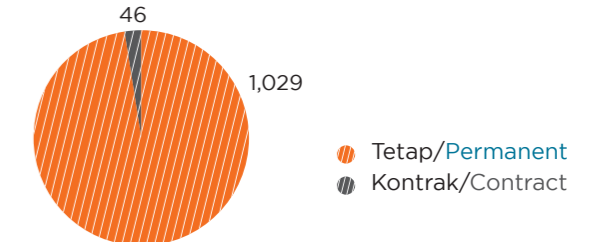
Mengikut Umur/By age



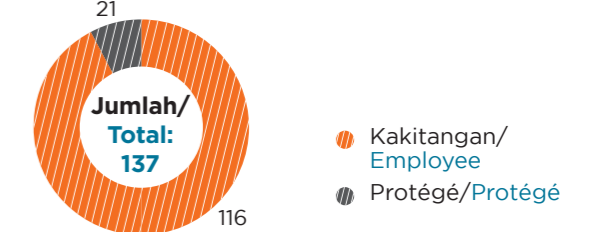
Jenis Pekerjaan/Employment Type



Kontrak pekerjaan/Employment contract



Kakitangan Baharu/New Hires



Sambutan Hari Wanita Antarabangsa 2022

Wanita menyumbang separuh daripada kakitangan kami pada akhir tahun 2022. Lebih daripada 10% daripada pengurusan kanan dan pengurusan pertengahan kami terdiri daripada wanita. Perayaan Hari Wanita Antarabangsa telah menjadi acara tahunan untuk mengiktiraf dedikasi mereka dan menghormati pencapaian mereka.

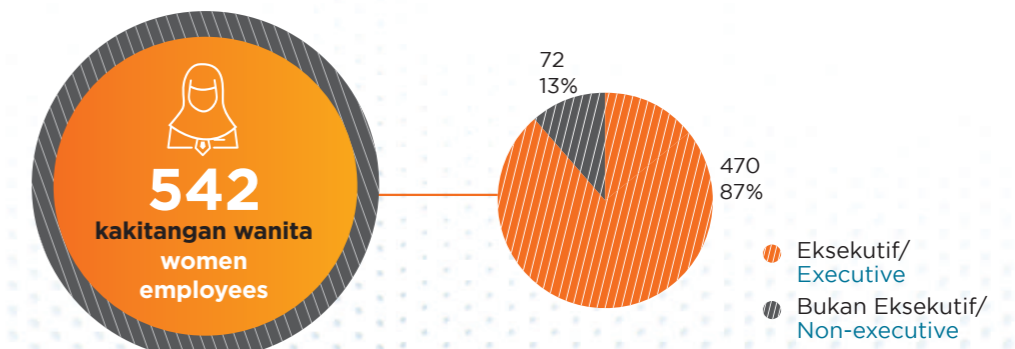
Pada tahun 2022, Hari Wanita Antarabangsa disambut sebagai kempen penghargaan yang dihaskan untuk semua wanita di SME Bank. Bunga ros diberi sebagai hadiah kepada 560 kakitangan wanita dan kuiz Kahoot Hari Wanita disediakan untuk menyampaikan mesej pemerksaan wanita.

Celebrating International Women's Day 2022

Women account for half of our employees at the end of 2022. More than 10% of our senior leaders at the top and middle management level are women. The celebration of the International Women's Day has become an annual event to recognise their dedication and honour their achievements.

In 2022, International Women's Day was celebrated as an appreciation campaign dedicated to all women of SME Bank. Roses were gifted to 560 female employees and a Women's Day Kahoot quiz was prepared to share the message of women empowerment.

Peratusan kakitangan wanita mengikut jenis pekerjaan/Percentage of women employees by employment type



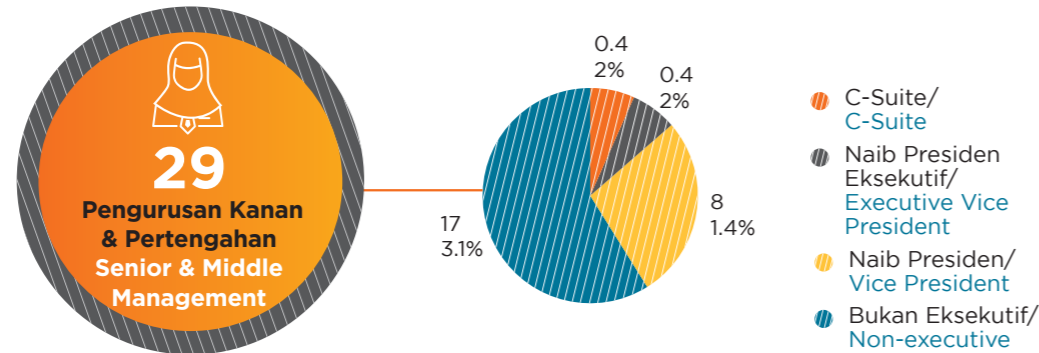
KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

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5. Menarik & Mengekalkan Bakat/Attracting & Retaining Talents

Peringkat Pengurusan Kanan & Pertengahan/Senior & Middle Management Level



Saluran Bakat

Kami percaya dalam membekalkan bakat yang berjanji dengan kemahiran yang tepat supaya mereka dapat membangun dan memberi sumbangan dalam peranan atasan dan kepimpinan di dalam Bank. Ini memastikan saluran bakat yang lestari daripada kakitangan yang telah dikenal pasti dalam Bank untuk perjalanan pembelajaran dan perkembangan yang dipercepatkan untuk menjadi pemimpin masa hadapan.

Daripada kakitangan yang dikenal pasti dalam saluran bakat, 63 di antaranya telah dipromosikan pada tahun 2022 berdasarkan prestasi kerja mereka yang luar biasa.

Kami juga melaksanakan Penilaian Kesediaan Pengganti yang menilai tahap kesediaan calon yang dikenal pasti untuk mengambil alih jawatan yang telah dikenal pasti. Dengan penilaian ini, pelan pembangunan individu dihasilkan berdasarkan keperluan pembangunan khusus yang diperlukan untuk menangani jurang dan menyokong perkembangan mereka secara lebih lanjut.

Program Jangkauan Siswazah

Untuk menarik lebih banyak graduan menyertai Bank, beberapa program yang dijalankan pada tahun 2022 adalah untuk meningkatkan kedudukan SME Bank sebagai majikan yang berprospektif di pasaran pekerjaan dan menyokong perolehan bakat berkualiti tinggi untuk Bank.

Talent Pipeline

We believe in equipping promising talents with the right skill sets so that they can develop and contribute to senior and leadership roles within the Bank. This ensures a sustainable talent pipeline of employees who have been identified within the Bank for an accelerated learning and development journey to be future leaders.

Of the employees identified in the talent pipeline, 63 of them were promoted in 2022 following their exceptional work performance.

We also put in place the Successor Readiness Assessment for newly identified L1 Successors which assesses the identified candidate's role-fit readiness to step into identified positions. With the assessment, individual development plans are produced based on the specific development requirements needed to address gaps and support their development further.

Graduate Outreach Programmes

To attract more graduates joining the Bank, several targeted programmes were implemented in 2022 to improve SME Bank's position as a prospective employee in the job market and support the acquisition of high-quality talent for the Bank.



5. Menarik & Mengekalkan Bakat/Attracting & Retaining Talents

Kami telah mengadakan Ceramah Kerjaya, sama ada secara maya atau bersemuka, dengan 299 pelajar dari "Othman Yeop Abdullah Graduate School of Business" (OYAGSB), Universiti Utara Malaysia (UUM); 359 pelajar di Universiti Tun Abdul Razak (UNIRAZAK); dan 55 pelajar di Universiti Teknikal Malaysia (UTeM).

Kami juga turut serta dalam pameran kerjaya semasa Minggu Kerjaya Maya UiTM UCS, acara 'My Future Jobs Financial Sector' Perkeso, dan pameran kerjaya maya Perkhidmatan Kewangan Asia Pasifik ACCA. Pameran kerjaya ini memberikan peluang kepada pelajar dan graduan baru untuk berhubung dengan majikan, mengetahui lebih lanjut mengenai syarikat-syarikat potensi majikan, dan meneroka peluang pekerjaan dan latihan industri. Pameran kerjaya ini juga memberi peluang kepada majikan untuk merekrut kakitangan yang berpotensi, mencipta kesedaran jenama, dan menghasilkan peluang jualan baharu. Melalui reruai Kerjaya SME Bank dalam pameran-pameran ini, empat calon berpotensi telah disenarai pendek dan dua di antaranya telah diambil bekerja oleh Bank.

Latihan dan Pendidikan Profesional untuk Perkembangan Usahawan (Program Protégé RTW)

Protégé adalah program selama 1 tahun untuk menyokong inisiatif kerajaan dengan tujuan untuk memberikan peluang pekerjaan sementara, khususnya untuk bakat muda Malaysia. Program ini membantu mencipta lebih banyak peluang pekerjaan dan menyediakan pengalaman kerja untuk meningkatkan daya saing graduan di Malaysia. Program ini terdiri daripada latihan dalam kelas dan latihan di tempat kerja.

Pada tahun 2022, 21 graduan telah direkrut melalui program Protégé dan tarikh akhir perkhidmatan mereka adalah di antara Ogos hingga Oktober 2023.

We conducted Career Talks, both virtual and face to face with 299 students from the Othman Yeop Abdullah Graduate School of Business (OYAGSB), Universiti Utara Malaysia (UUM); 359 students at Universiti Tun Abdul Razak (UNIRAZAK); and 55 students of Universiti Teknikal Malaysia (UTeM).

We also participated in career fairs during UiTM UCS Virtual Career Week, Perkeso's 'My Future Jobs Financial Sector' event; and ACCA Asia Pacific Financial Services virtual career fair. The career fairs provided students and recent graduates with an opportunity to connect with employers, learn more about potential employers' companies, and explore job and internship opportunities. They also offered employers the chance to recruit potential employees, create brand awareness, and generate new sales leads. Through the SME Bank Career booth at these fairs, four potential candidates have been shortlisted and two have been recruited by the Bank.

Professional Training & Education for Growing Entrepreneurs (Protégé RTW Programme)

Protégé is a 1-year programme to support government initiatives with the intent to provide short-term employment opportunities, specifically for Malaysia's young talents. It helps to create more employment opportunities and provide work experience to increase the marketability of graduates in Malaysia. The programme comprises both classroom training and on-the-job training.

In 2022, 21 graduates have been recruited through the Protégé programme and their last day of service will be between August to October 2023.

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



6. Pembelajaran & Pembangunan/Learning & Development

Impak Perkara-perkara Penting/Material Matters Impacted



Latihan & Pendidikan Kakitangan
Employee Training & Education



Amalan Penggajian
Employment Practices



Keselamatan & Kesihatan Pekerjaan
Occupational Safety & Health

Membangun Keupayaan dan Membina Bakat

Kami percaya dalam pembangunan tenaga kerja kami dan memberi mereka peluang untuk meningkatkan kemahiran dan agar bersesuaian dengan peranan masa depan seiring dengan pembangunan pengetahuan, pengalaman, dan kemahiran melalui program latihan. Kami memastikan terdapat jadual program latihan dan peningkatan kemahiran yang dinamik tersedia sepanjang tahun bagi menyokong peluang pembelajaran berterusan. Pendekatan pembelajaran kami juga termasuk menyesuaikan program pembangunan untuk memenuhi keperluan khusus dan juga program peranan khusus.

Kakitangan kami yang terdiri daripada Bukan Eksekutif, Penolong Associate dan Associate juga mempunyai peluang untuk meningkatkan kemahiran diri kepada Peringkat Eksekutif, serta meningkatkan fungsi prestasi dan kecekapan operasi organisasi melalui Program Upskilling dan Upward Mobility yang ditaja oleh SME Bank dengan kerjasama rakan akademik eksklusif kami, Universiti Antarabangsa UNITAR. Pada 2022, seramai 48 graduan, dari program ini telah memperoleh sijil pencapaian mereka pada 13 Disember 2022 di mana ia boleh digunakan untuk pemindahan kredit bagi program peringkat Sijil dan Diploma di bawah UNITAR.

Kami juga membolehkan dua orang pegawai SME Bank mendaftar dalam program pensijilan Chartered Banker by Experience (CBBE) pada tahun 2021. Program ini melengkapkan pemimpin kami dengan kelayakan bertaraf dunia yang akan membantu mereka mencapai dan mengekalkan standard kecemerlangan dan profesionalisme. Kelayakan ini diiktiraf di peringkat tempatan dan antarabangsa, disokong oleh organisasi perbankan dan kewangan utama.

Building Capabilities and Nurturing Talent

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

Our staff consisting of Non-Executives, Assistant Associates and Associate also have the opportunity to upskill themselves onto Executive-Level as well as improve functional performance and increase the organisation's operational efficiency through the SME Bank-sponsored Upskilling and Upward Mobility Programme with collaboration of our exclusive academic partner, UNITAR International University. In 2022, a total of 48 graduates, from this programme had obtained their certificate of accomplishment on 13th December 2022 where it can be used for credit transfer for Certificate and Diploma level programme under UNITAR.

We also made it possible for two of our SME Bankers to enrol in the Chartered Banker by Experience (CBBE) certification programme in 2021, and they were successfully certified as Chartered Bankers in 2022. The programme equips our leaders with world-class qualifications that will help them achieve and maintain standards of excellence and professionalism. This qualification is recognised locally and internationally at the same time, supported by major banking and finance organisations.



6. Pembelajaran & Pembangunan/Learning & Development

Bil No	Kategori Category	Program Programmes	Kumpulan Sasaran Target Group	Bilangan Peserta No. of Participants
1.	Pembangunan Pengetahuan Knowledge Development	12 Siri Webinar Kepimpinan Dalam Talian (Webinar bulanan selama 30 minit) 12 Online Leadership Webinar Series (Monthly 30-minutes webinar)	Eksekutif – Naib Presiden Eksekutif – Executive Vice President	200 sesi/sessions
2.	Pembangunan Pengetahuan Knowledge Development	Pembinaan Pasukan Maya Virtual Team Building	Bukan Eksekutif - Eksekutif Kanan Non-Exec - Sr. Exec	420
3.	Pensijilan Certification	Moody's (CICC) Moody's (CICC)	Pengurusan Hubungan / RAM Relationship Management / RAM	69
4.	Pembangunan Pengetahuan Knowledge Development	Pemulihan Hutang Debt Recovery	RAM RAM	26
5.	Pensijilan Certification	AICB Certified Credit Executive (CCE) AICB Certified Credit Executive (CCE)	Kakitangan berkaitan kredit Credit related personel	14
6.	Pensijilan Certification	Business Credit Professional (BCP) Business Credit Professional (BCP)	Kakitangan berkaitan kredit Credit related personel	4
7.	Pembangunan Pengetahuan Knowledge Development	Program Upskilling and Upward Mobility Upskilling and Upward Mobility Programme	Bukan Eksekutif Non-Executive Associate	49
8.	Pensijilan Certification	Chartered Banker By Experience Chartered Banker By Experience		2
9.	Kepimpinan Leadership	Program Bimbingan Eksekutif Pasukan Kepimpinan Kanan Kumpulan Senior Leadership Team Executive Coaching Programme	Pasukan Kepimpinan Kanan Senior Leadership Team	10

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

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6. Pembelajaran & Pembangunan/Learning & Development

Bil No	Kategori Category	Program Programmes	Kumpulan Sasaran Target Group	Bilangan Peserta No. of Participants
10.	Kepimpinan Leadership	Program SLT Executive Education SLT Executive Education Programme	Pasukan Kepimpinan Kanan Senior Leadership Team	3
11.	Kepimpinan Leadership	Program Pengurus Kali Pertama First Time Manager Programme	Pengurusan Muda (Pemimpin kali pertama) Junior Management (First time leader)	25

Secara keseluruhan, Bank telah melabur sebanyak RM3,151,817.40 juta dalam memperbaiki dan meningkatkan pengetahuan dan pembangunan kakitangan kami pada tahun 2022 dengan purata 22 jam latihan untuk setiap kakitangan.

Program Latihan Inkuiri Domestik

Ini adalah latihan tahunan yang penting dalam menyediakan pengetahuan yang mencukupi dan menyediakan calon-calon yang bakal menjadi ahli panel Bank dalam memutuskan kes disiplin dalaman. Adalah penting apabila dilantik sebagai Ahli Panel, calon mesti dilengkapi dengan kemahiran dan pengetahuan yang relevan untuk memastikan proses membuat keputusan dilakukan dengan cara yang adil dan dibenarkan. Oleh itu, program ini akan memastikan bahawa kumpulan baharu ahli panel Bank dilengkapi dengan kemahiran yang diperlukan menjelang akhir program.

Latihan untuk program ini telah dibuat dengan lebih berkesan dan menarik melalui kajian kes, sesi soal jawab, dan Simulasi Inkuiri Domestik di mana semua pengetahuan teori yang dikongsi diterapkan dalam amalan untuk meningkatkan pemahaman peserta secara efektif.

Sebagai sebahagian daripada pengukuran impak, satu tinjauan melalui SurveyMonkey telah dijalankan pada akhir program pada tahun 2022. Keputusan menunjukkan majoriti peserta menikmati latihan tersebut. Lebih penting lagi, setelah dilantik sebagai ahli panel dalam proses disiplin dalaman, mereka berjaya menunaikan tanggungjawab dan memberikan hasil yang diharapkan sebagai ahli panel.

In total, the Bank invested RM3,151,817.40 million in enhancing and upskilling knowledge and development on our people, in 2022 with an average of 22 training hours per employee.

Domestic Inquiry Training Programme

This is an essential annual training to provide sufficient knowledge and prepare new prospective candidates to become the Bank's panel members in deciding internal disciplinary cases. It is crucial because when appointed as a Panel Member, the candidate must be equipped with the relevant skills and knowledge in order to ensure the decision-making process is being done in a fair and justifiable manner. Thus, this programme will make sure that the new pool of Bank's panel members are well-equipped with the necessary requirements towards the end of the programme.

Training for this programme has been made more effective and interesting through case studies, a Q&A session, and a Mock Domestic Inquiry where all the shared theoretical knowledge were put into practice to effectively enhance the participants' understanding.

As part of impact measurement, a survey via SurveyMonkey was conducted at the end of the programme in 2022. Results showed a majority of participants enjoyed the training. More significantly, upon appointment of the participants into our panel for internal disciplinary process, they were able to accomplish and deliver their expected responsibilities as a panel.



7. Faedah kepada Kakitangan/Employee Benefits

Impak Perkara-perkara Penting/Material Matters Impacted



Amalan Penggajian
Employment Practices



Kepelbagaian & Peluang Saksama
Diversity & Equal Opportunity



Keselamatan & Kesihatan Pekerjaan
Occupational Safety & Health

Menandatangani Perjanjian Bersama dengan Kesatuan

Pada tahun 2022, telah berlangsung majlis penandatanganan Perjanjian Kolektif (CA) antara SME Bank dan Kesatuan Pekerja Komersial Kebangsaan (NUCW) bagi menangani CA yang telah dipinda. Penandatanganan ini adalah penting kerana Kementerian Kewangan (MOF) telah meluluskan CA yang telah dipinda antara SME Bank dan kesatuan pekerja Bank, menandakan kejayaan perundingan kolektif yang akan berkuat kuasa selama tiga tahun akan datang. Penandatanganan kesatuan ini adalah untuk kebaikan SME Bank dan kesatuan pekerjaannya.

Anugerah Khidmat Setia Pekerja SME Bank

Anugerah Khidmat Setia Pekerja SME Bank (ELA) merupakan acara penting yang mengiktiraf sumbangan kakitangan serta menghargai dedikasi dan usaha mereka dalam meningkatkan prestasi Bank ke tahap yang terkini. Program ini mengiktiraf kesetiaan dan dedikasi kakitangan SME Bank yang telah berkhidmat selama 5 tahun, 10 tahun, 15 tahun, 20 tahun, 25 tahun, dan 30 tahun.

Bagi ELA 2022, seramai 409 orang kakitangan telah merima penghargaan, merangkumi tahun 2018, 2019, dan 2021.

Collective Agreement Signing with Union

In 2022, there was a Collective Agreement (CA) signing ceremony between SME Bank and National Union of Commercial Workers (NUCW) in addressing the revised CA. This signing is significant as the Ministry of Finance (MOF) has approved the revised Collective Agreement between SME Bank and the Bank's union which marks the success of collective bargaining which will be in place for the following 3three years. The signing of the union was in favour of the Bank and it's Union

SME Bank Employee Loyalty Award

The SME Bank Employee Loyalty Award (ELA) is a significant event that recognises employees' contribution, as well as shows appreciation for their dedication and efforts in uplifting the Bank to its present standing. The programme recognised the dedication and loyalty of SME Bank employees who had been serving for 5 years, 10 years, 15 years, 20 years, 25 years and 30 years of service.

For the 2022 ELA, a total of 409 employees received the recognitions spanning from years 2018, 2019 and 2021.



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7. Faedah kepada Kakitangan/Employee Benefits

Kaji Selidik Penglibatan Kakitangan

Kami mengadakan Kaji Selidik Penglibatan Kakitangan (EES) tahunan, sekali setiap dua tahun untuk mengumpul maklum balas dari kakitangan dari pelbagai peringkat di seluruh organisasi. Maklum balas ini membolehkan kami menilai tahap kepuasan tenaga kerja, dan mengenal pasti bidang yang perlu diperbaiki untuk menyokong kakitangan kami.

Pelancaran Taska Pintar SME Bank

Penubuhan Taska Pintar SME Bank di Quill Mall telah menjadikan ianya lebih mudah bagi kakitangan SME Bank untuk menempatkan anak-anak mereka semasa mereka bekerja tanpa menghadapi masalah kesesakan lalu lintas untuk mengambil anak-anak selepas waktu pejabat. Taska Pintar SME Bank tidak hanya meringankan beban kakitangan, tetapi juga membantu perkembangan generasi muda pada peringkat awal pendidikan. Anak-anak kakitangan dijaga oleh penjaga dan guru yang dilatih dalam perkembangan awal kanak-kanak.

Membina Semangat Berpasukan melalui Penglibatan Kakitangan

Kami sentiasa berhubung dengan kakitangan kami untuk membina lebih banyak pemerksaan dan ketelusan di seluruh organisasi. Sepanjang tahun ini, pasukan Perhubungan & Penglibatan Pekerja (ERE) Bank telah melaksanakan beberapa inisiatif penglibatan kakitangan untuk memupuk tenaga kerja yang terlibat dan meningkatkan produktiviti.



Employee Engagement Survey

We conduct an annual Employee Engagement Survey (EES) once every two years to gather feedback from employees of all levels across the organisation. The feedback allows us to ascertain workforce satisfaction levels, and identify and improve to support our employees.

Launching of Taska Pintar SME Bank

The establishment of Taska Pintar SME Bank at Quill Mall has made it more convenient for SME Bank employees to place their children while they are at work without engaging the hassle of going through traffic to pick up their children after office hours. Taska Pintar SME Bank not only eases the burden of employees, but also nurtures the younger generation in early stages of education. Children of employees are cared for by caretakers and teachers trained on early stage development.

Building Team Spirit through Employee Engagements

We constantly engage with our employees to heighten empowerment and transparency across the organisation. During the year, the Bank's Employee Relations & Engagement (ERE) team carried out several employee engagement initiatives to foster an engaged workforce and promote higher productivity.



7. Faedah kepada Kakitangan/Employee Benefits

Aktiviti-aktiviti yang dilaksanakan pada tahun 2022 termasuk:

Activities carried out in 2022 included:



Dianjurkan dengan kerjasama KSRSME, Jejak Merdeka Amazing Race SME Bank 2022 merupakan perlumbaan dua hala bertemakan Merdeka yang merangkumi cabaran Pencarian Harta Karun dan Amazing Race yang dianjurkan untuk kakitangan dari Ibu Pejabat dan cawangan. Program ini bertujuan untuk menerapkan elemen pemikiran secara lateral, pengukuhan ikatan berpasukan, pengurusan masa, kerja berpasukan, dan latihan penerokaan fizikal melalui cabaran bertemakan Merdeka di Melaka.

Organised in collaboration with KSRSME, Jejak Merdeka Amazing Race SME Bank 2022 is a Merdeka themed two legged race inclusive of Treasure hunt and an Amazing Race organised for employees from the Head Office and branches. The programme seeks to infuse elements of lateral thinking, team bonding, time management, teamwork and physical exploration exercises through a Merdeka Themed challenge in Malacca.



Sejumlah **104** kakitangan mengambil bahagian dalam acara ini.

A total of **104** employees participated in the event.



SME Bank Paintball Battle Royale 2022 telah sangat dinanti-nantikan oleh kakitangan dari seluruh Malaysia. Mereka bersatu sebagai satu pasukan untuk menunjukkan sinergi organisasi dan semangat pasukan dalam memperkuat nilai teras SME Bank. Kejohanan ini diadakan untuk menanamkan semangat persaingan dan bersatu hati di kalangan kakitangan, sambil membuka peluang kepada kakitangan untuk menikmati masa lapang mereka melalui sukan yang luar 'biasa' dan boleh diakses oleh semua.

The SME Bank Paintball Battle Royale 2022 was highly anticipated by employees from all over Malaysia. They gathered as one in forming a team demonstrating organisation synergy and team spirit in strengthening SME Bank's values. The tournament was held to instill the spirit of competition and togetherness among employees, at the same time opening doors for employees to enjoy their time off work through a sport that is not 'common' and accessible to all.



Sejumlah **154** kakitangan mengambil bahagian dalam acara ini.

A total of **154** employees participated in the event.

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7. Faedah kepada Kakitangan/Employee Benefits



Salah satu acara yang paling dinanti-nantikan dan berprestij adalah Kejohanan Golf SME Bank, diadakan setiap dua tahun sekali, dan sering menerima banyak penyertaan dari kakitangan dan Ahli Lembaga Pengarah dengan semangat persaingan dan mempereratkan hubungan antara kakitangan, C-Suites, dan Lembaga Pengarah dalam suasana di luar pejabat.

One of the most awaited and prestigious events, the SME Bank Golf Tournament, is organised every two years, and often receives numerous participation from employees and Board Members in the spirit of competition and bridging relationships between employees, the C-Suites and Board of Directors in a setting outside of the office.



Sejumlah **104** kakitangan mengambil bahagian dalam acara ini.

A total of **104** employees participated in the event.



Dalam keghairahan menyambut Piala Dunia 2022 di Qatar, SME Bank memutuskan untuk menganjurkan sesi tontonan Piala Dunia FIFA di Menara SME Bank. Kakitangan SME Bank berkumpul untuk menonton dan menyokong pasukan kegemaran mereka yang bermain untuk tempat ketiga. Suasana gerai 'mamak' di lobi ibu pejabat SME Bank telah disediakan agar mereka dapat menonton sambil menikmati makanan 'mamak' kegemaran mereka.

In the excitement of welcoming the 2022 World Cup in Qatar, SME Bank decided to organise a FIFA World Cup viewing session at Menara SME Bank. SME Bank staff gathered to watch and support their favorite team playing for third place. A 'mamak' hawker stall atmosphere was set up at the lobby of SME Bank headquarters so that they can watch while enjoying their favorite 'mamak' food.



7. Faedah kepada Kakitangan/Employee Benefits



Dengan pelonggaran protokol COVID-19 pada tahun 2022, Hari Raya diraikan oleh kakitangan di Ibu Pejabat dengan acara Hari Rumah Terbuka Raya yang inklusif. Untuk menambahkan keghairahan, acara ini diadakan bersama-sama dengan siri pertandingan Tiba-Tiba Raya seperti Reruai Divisyen Tercantik, Pakaian Terbaik dan Pertandingan Anyaman Ketupat.

With the relaxation of COVID-19 protocols in 2022, Hari Raya was celebrated by employees at the Bank's headquarters with an inclusive Open House Raya event. To add to the excitement, this was held together with a series of Tiba-Tiba Raya competitions such as Best Division Booth, Best Dressed and Ketupat.

Mengutamakan Keselamatan dan Kesihatan di Tempat Kerja

Kami komited untuk menyediakan persekitaran kerja yang selamat dan sihat bagi kakitangan untuk bekerja dengan selesa pada setiap masa. Kami mempunyai dasar-dasar dan amalan yang kukuh untuk memastikan persekitaran kerja yang selamat. Dasar kesihatan dan keselamatan kami mencerminkan komitmen ini, dan kami berusaha untuk mengamalkan standard keselamatan terbaik dalam organisasi kami.

Panduan oleh standard antarabangsa seperti "Occupational Health and Safety Assessment Series (OHSAS) 18001" untuk kesihatan dan keselamatan, kami telah menubuhkan sistem OHS sendiri yang dilaksanakan di semua pejabat kami, untuk mengawasi rapat insiden kesihatan dan keselamatan yang berkaitan

Prioritising Workplace Safety and Health

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

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

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7. Faedah kepada Kakitangan/Employee Benefits

dengan kerja. Kami juga mematuhi Akta Keselamatan dan Kesihatan Pekerjaan (OSHA) dan keperluan Jabatan Keselamatan dan Kesihatan Pekerjaan (DOSH). Tanggungjawab Jawatankuasa Keselamatan dan Kesihatan Bank diarahkan oleh Akta Keselamatan dan Kesihatan Pekerjaan, 1994.

Komitmen kami untuk membina budaya keselamatan yang kukuh ditanamkan dengan komunikasi berkala melalui pelbagai saluran untuk melibatkan kakitangan dan vendor agar lebih memahami dan mematuhi dasar keselamatan kami. Langkah-langkah kesihatan dan keselamatan organisasi kami disampaikan melalui brosur, induksi keselamatan untuk kakitangan baharu, rakaman video evakuasi keselamatan semasa acara dan program, serta penyediaan peralatan ergonomik untuk kakitangan yang memerlukan alat tersebut. Kami menggalakkan kakitangan untuk melaporkan semua perkara berkaitan kesihatan dan keselamatan supaya kami dapat mengambil tindakan yang sesuai untuk mencipta tempat kerja yang lebih sihat dan selamat untuk semua.

Program dan aktiviti berkaitan topik kesihatan dan keselamatan pekerjaan sering dijalankan untuk meningkatkan budaya keselamatan di Bank. Pada tahun 2022, antara program-program yang dijalankan termasuklah:

Occupational Safety and Health Act (OSHA) and the Department of Occupational Safety and Health's (DOSH) requirements. The responsibilities of the Bank's Safety and Health Committee are guided by the Occupational Safety and Health Act, 1994.

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

Programmes and activities related to occupational health and safety topics are frequently organised to step up the Bank's safety culture. In 2022, these included:



7. Faedah kepada Kakitangan/Employee Benefits



Selepas pandemik, Pasukan Tindakan Kecemasan Bank juga menjalani latihan penyegaran aktif untuk memastikan pematuhan dengan Akta BOMBA dan Akta Keselamatan & Kesihatan Pekerjaan yang mempersiapkan kami untuk situasi kecemasan. Latihan yang dijalankan termasuk Latihan "BOMBA Evacuation Table-top", dan Latihan Pertolongan Cemas Pekerjaan Asas. Beberapa sesi diadakan sepanjang tahun dengan Akademi Certified Emergency Response Training (CERT). Pada akhir tahun 2022, Bank telah melatih 40 kakitangan dalam Pertolongan Cemas dan 23 kakitangan dalam prosedur evakuasi BOMBA.

Post-pandemic, the Bank's Emergency Response Team also had an active year of refresher training to ensure our compliance with the BOMBA Act and Occupational Safety & Health Act which prepares us for emergency situations. Trainings conducted included the BOMBA Evacuation Table-top Training, and Basic Occupational First Aid Training. Several sessions were held throughout the year with the Certified Emergency Response Training (CERT) Academy. The Bank had 40 employees trained in First Aid and 23 employees trained in BOMBA Evacuation procedure by the end of 2022.



Latihan untuk menyediakan Pasukan Tindakan Kecemasan, Pasukan Keselamatan, dan kakitangan tentang tindakan yang perlu diambil semasa kecemasan bagi meningkatkan tahap kesediaan dalam menghadapi kebakaran atau lain-lain kecemasan. Latihan ini telah dijalankan dengan kerjasama polis dan jabatan bomba. Dril ini mematuhi Akta BOMBA dan Akta Keselamatan & Kesihatan Pekerjaan. Semua kakitangan di semua lokasi terlibat dalam latihan dril ini.

An exercise to prepare the Emergency Response Team, Safety Team, and employees on what to do during an emergency in order to enhance our state of preparedness in facing fire or any other emergencies. The exercise was conducted in collaboration with the police, and the fire department. The drills comply with the BOMBA Act and Occupational Safety & Health Act. All employees at all locations were involved in the drill.

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



7. Faedah kepada Kakitangan/Employee Benefits



Satu kempen selama sebulan telah dilancarkan untuk mendorong gaya hidup sihat di kalangan kakitangan dengan menggalakkan mereka menggunakan tangga sebagai bentuk senaman. Seramai 461 kakitangan turut menyertai Kempen Sarapan dan Kuiz Guna Tangga di Pagi Hari.

A month-long campaign that promoted a healthy lifestyle for our employees by encouraging them to taking the stairs as a form of exercise. 461 employees participated in the Morning Take the Stairs Breakfast Campaign and Quiz.

EFISIENSI OPERASIONAL/OPERATIONAL EFFICIENCY



8. Pengurusan Jejak Alam Sekitar/Managing Environmental Footprint

Impak Perkara-perkara Penting/Material Matters Impacted



Pembiayaan Hijau
Green Financing



Perubahan Iklim
Climate Change



Pelepasan
Emissions



Pengurusan Sisa
Waste Management

Inisiatif Penjimatan Tenaga

Untuk penjimatan tenaga, kami berusaha untuk menggabungkan inisiatif yang dapat mengurangkan penggunaan sumber dan meningkatkan kecekapan operasi. Operasi kami selaras dengan Sistem Pengurusan Alam Sekitar (ISO 14001) dan Sistem Pengurusan Tenaga yang kami amalkan.

Penggunaan lampu LED di bangunan milik Bank dapat membantu mengurangkan penggunaan tenaga selain memanjangkan jangka hayat lampu tersebut. Pembahagian tenaga elektrik secara terancang sebelum waktu puncak dapat merendahkan Permintaan Maksima (Maximum Demand, MD) sekali gus membendung jumlah pelepasan gas rumah

Energy Saving Initiatives

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

The use of LED lights in Bank-owned buildings can help reduce energy consumption in addition to extending the lifespan of the lights. Planned distribution of electricity before peak hours can lower Maximum Demand (MD) thus curbing the amount of greenhouse gas emissions to the environment. Apart from



8. Pengurusan Jejak Alam Sekitar/Managing Environmental Footprint

hijau terhadap persekitaran. Selain dari itu, SME Bank juga sentiasa komited dengan memastikan kadar kecekapan penggunaan elektrik agar melebihi 85% pada setiap bulan.

Melalui usaha-usaha ini, kami berjaya mengurangkan penggunaan elektrik di Menara SME Bank dengan purata penjimatan sebanyak 1,109,000KW setiap bulan atau 13.3MW setiap tahun. Ini bersamaan dengan penjimatan kos sebanyak RM4,737,648.00 setiap tahun.

that, SME Bank is also always committed to ensuring that the electricity consumption efficiency rate exceeds 85% every month.

Through these efforts, we managed to reduce electricity consumption at Menara SME Bank with an average saving of 1,109,000KW every month or 13.3MW every year. This equates to cost savings of RM4,737,648.00 annually.



Namun, secara keseluruhan, pada tahun **2022**, penggunaan elektrik meningkat sebanyak **164%** kepada **3,163,179 kWh** berbanding 1,198,447 kWh pada tahun 2021. Penggunaan yang rendah pada tahun 2021 disebabkan oleh kawalan pergerakan dan bekerja dari rumah (MCO dan WFH).

However, as a whole, in **2022**, electricity usage rose by **164%** to **3,163,179 kWh** in 2022, up from 1,198,447 kWh in 2021. The lower usage in 2021 was due to the imposition of movement control and work from home (MCO and WFH).

Penggunaan Air yang Mampan

Penggunaan air adalah aspek yang semakin penting yang cuba ditangani sebagai sebahagian daripada penanaman pemikiran kelestarian. Kami secara berterusan mengadakan kempen kesedaran tentang kepentingan melestarikan sumber semula jadi kepada kakitangan kami.

Hasil daripada pemasangan peranti jimat air selama beberapa tahun yang lalu, termasuk paip penjimatan air dan kepala pancuran (showerheads), serta sistem bilas rendah atau dua bilas dalam tandas, kami telah melihat perkembangan yang menggalakkan dalam penggunaan air.

Kami juga menjalankan penyelenggaraan pencegahan dan pembaikan segera untuk meminimumkan pembaziran.

Sustainable Water Consumption

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

As a result of having installed water-saving devices over the past few years which include water-saving taps and showerheads, as well as low-flush or dual-flush systems in our toilets, we have seen encouraging inroads toward water consumption.

We also conduct preventive maintenance and prompt repairs to minimise wastage.



Pada tahun **2022**, penggunaan air kami meningkat sebanyak **7.7%** menjadi **22,513 meter padu**, berbanding 20,822 meter padu pada tahun 2021. Penggunaan yang rendah pada tahun 2021 disebabkan oleh Perintah Kawalan Pergerakan (PKP) dan protokol bekerja dari rumah (WFH).

In **2022**, our water use climbed by **7.7%** to **22,513 cubic metres**, up from 20,822 cubic metres in 2021. The Movement Conditional Order (MCO) and strict work from home protocols were the reason for the low consumption in 2021.

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



8. Pengurusan Jejak Alam Sekitar/Managing Environmental Footprint

Sistem Pengurusan Tenaga Bangunan

Kami menggunakan Sistem Pengurusan Tenaga Bangunan (Building Energy Management System - BEMS) berasaskan komputer yang dipasang di Menara SME Bank. Sistem ini melakukan pemantauan berkala terhadap pelbagai parameter seperti pengudaraan, aliran udara, suhu bilik, kelembapan, penerangan, dan karbon dioksida untuk memastikan kualiti udara dalaman yang lebih baik.

Sistem ini juga mengawal secara pusat untuk menguruskan penggunaan tenaga bagi pencahayaan bangunan, serta pemanas, ventilasi, dan penghawa dingin (HVAC).

BEMS menyediakan data tenaga yang membolehkan pengurus bangunan memahami dengan lebih mendalam penggunaan tenaga bagi bangunan kami. Di luar waktu kerja dan waktu puncak, keperluan pencahayaan dan HVAC kami dikendalikan melalui mekanisme penjadualan yang dipasang untuk memastikan penggunaan tenaga digunakan secara berhemah. Permintaan Maksimum (Maximum Demand - MD) kW kami, iaitu tahap tertinggi yang dijangka untuk permintaan elektrik yang dipantau untuk digunakan, dirancang pada 1,400 kW tetapi penggunaan purata kami lebih rendah pada 970 kW setahun kerana langkah-langkah yang kami ambil untuk mengawal dan mematuhi jadual pemutusan yang berkesan dari segi tenaga.

Kami juga melaksanakan penyelenggaraan fasiliti yang mampan untuk mencipta persekitaran kerja yang lebih bersih dan selamat, termasuk penyelenggaraan berjadual bagi sistem pemanasan, ventilasi dan penyejukan (HVAC), mekanikal dan elektrik (M&E), serta penyelenggaraan pencegahan berkala untuk mengenal pasti kebocoran tenaga. Kami menjalankan penyelenggaraan mampan untuk memastikan peralatan dapat berfungsi dengan baik untuk mengelakkan pembaziran tenaga dan kerosakan kepada alam sekitar.

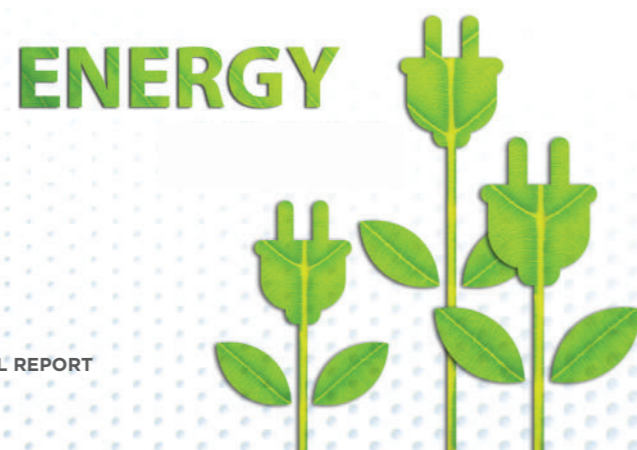
Building Energy Management System (BEMS)

We utilise the computer-based Building Energy Management System (BEMS) installed in Menara SME Bank, which conducts periodic monitoring of various parameters such as air conditioning, airflow, room temperature, humidity, lighting and carbon dioxide to ensure better quality indoor air.

The system also centrally controls the building's lighting, as well as the heating, ventilation and air conditioning (HVAC) to manage energy consumption.

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

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



8. Pengurusan Jejak Alam Sekitar/Managing Environmental Footprint



Kurangkan, Guna Semula, Kitar Semula

Sistem Parkir Tanpa Tunai (CPS), sebuah sistem pembayaran parkir berdasarkan penggunaan tanpa kertas di mana tiada resit dikeluarkan, telah dilaksanakan pada tahun 2022 dalam usaha kami untuk mengurangkan penggunaan kertas dan dakwat yang mungkin mengandungi bahan kimia berbahaya dan pencemar.

Dengan melaksanakan CPS ini, Bank dapat mengurangkan jejak karbon serta pembaziran kertas.

Dalam menjalankan kerja harian, kita menggunakan banyak kertas dan juga menggunakan katrij cetakan dan toner. Bagi mengekalkan keseimbangan antara penggunaan kertas dan katrij cetakan dengan perlindungan alam sekitar, kami memastikan kitar semula yang sewajarnya, terutamanya dalam pembuangan katrij cetakan dan toner yang mengandungi bahan kimia. Bahan kimia ini boleh menyebabkan pencemaran jika tidak dibuang dengan betul.

Reduce, Reuse, Recycle

The Cashless Parking System (CPS), a paperless-based parking payment system where no receipts are issued, was implemented in 2022 in our bid to reduce paper and use of ink that may contain harmful and polluting toxic chemicals.

In this regard, implementing the CPS will help the Bank reduce not only its carbon footprint but also paper waste.

In the course of our work, we use a lot of paper and go through print cartridges and toners. To balance the usage of paper and print cartridges with environmental protection, we ensure proper recycling, especially in the disposal of ink cartridges and toners containing chemicals. These chemicals could cause contamination if not disposed of properly.



9. Rantaian Bekalan Mampan/Sustainable Supply Chain

Impak Perkara-pekerja Penting/Material Matters Impacted



Pembiayaan Hijau
Green Financing



Perubahan Iklim
Climate Change



Amalan Perolehan
Procurement Practices

Pengurusan Pembekal Bertanggungjawab dan Telus

Kami bekerjasama dengan pelbagai rakan rangkaian pembekal, iaitu vendor, penyedia perkhidmatan, konsultan, kontraktor, pengedaran dan ejen. Mereka adalah pembekal pihak ketiga yang penting bagi membantu kami melaksanakan tugas-tugas yang diberikan. Kami berusaha untuk menjalin hubungan perniagaan yang baik dengan pembekal dan bekerjasama dengan mereka untuk mempromosikan dan mengekalkan standard kelestarian yang tinggi dalam pengurusan rantaian bekalan kami.

Responsible and Transparent Supplier Management

We engage with a diverse range of supply chain partners, namely vendors, service providers, consultants, contractors, distributors and agents. They are our essential third-party suppliers who help us in discharging our duties. We strive to maintain good business relationships with our suppliers and work with them to promote and uphold high sustainability standards in our supply chain management.

KESINAMBUNGAN YANG BERDAYA TAHAN MELALUI AMALAN PERNIAGAAN BERTANGGUNGJAWAB

ENSURING RESILIENT BUSINESS CONTINUITY THROUGH RESPONSIBLE BUSINESS PRACTICES



9. Rantaian Bekalan Mampan/Sustainable Supply Chain

Kami komited untuk menjalankan amalan perolehan yang jelas dan adil di SME Bank. Satu Jawatankuasa Perolehan telah ditubuhkan sebagai Jawatankuasa Semakan Bebas untuk meningkatkan kawalan dalam proses perolehan. Peningkatan ini diberitahu secara terperinci kepada pembekal-pembekal kami dalam pelbagai pertemuan dengan mereka untuk memastikan mereka sentiasa memahami dan mematuhi keperluan SME Bank.

Polisi dan Prosedur Perolehan kami memberikan panduan dan memastikan pematuhan dengan keperluan yang telah ditetapkan. Polisi ini memberi penekanan yang besar kepada proses perolehan yang adil dan beretika, dan diawasi oleh Jawatankuasa Perolehan.

Semua pembekal dikehendaki mematuhi polisi Bank sebagaimana yang terkandung dalam Kod Tingkah Laku, dan kami menekankan perkara ini dalam pertemuan dan perbincangan suaitugas dengan mereka secara berkala.

Perolehan Mampan

Perolehan yang mampan merupakan sebahagian daripada program tanggungjawab korporat kami dan kami mengharapkan komitmen yang sama dipraktikkan di sepanjang nilai rantaian kami.

Kami berusaha untuk mengukuhkan amalan perolehan mampan yang mempertimbangkan faktor sosial dan alam sekitar bersama dengan faktor kewangan dalam membuat keputusan perolehan. Kami melihat melangkaui parameter ekonomi tradisional dan membuat keputusan berdasarkan kos sepanjang hayat, risiko yang berkaitan, ukuran kejayaan, dan implikasi terhadap masyarakat dan alam sekitar. Satu metodologi dan pelan tindakan sedang dibangunkan secara berperingkat untuk menggabungkan kriteria ESG dengan lebih berkesan dalam proses perolehan kami. Program "Change the Way We Work" (C3W) sedang dirangka untuk meningkatkan budaya kelestarian Bank dalam operasi harian melalui pelbagai inisiatif seperti penukaran digital, tandatangan elektronik, dan kempen ESG.

Kami menilai penerimaan langkah-langkah kelestarian oleh pembekal kami dan turut memberikan keutamaan kepada pembekal dengan akreditasi standard tempatan dan antarabangsa seperti ISO dan SIRIM, dan mendorong mereka untuk mengamalkan standard tinggi dan berusaha untuk peningkatan berterusan.

We are committed to clear and fair procurement practices at SME Bank. A Procurement Committee has been established as an Independent Review Committee to enhance control in the procurement process. These enhancements are clearly communicated to our suppliers in our many engagements with them to ensure that they keep abreast and are able to comply with SME Bank's requirements.

Our Procurement Policy and Procedures guide and ensure compliance with the established requirements. These place heavy emphasis on fair and ethical procurement processes, which are overseen by the Procurement Committee.

All suppliers are obliged to adhere to the policies of the Bank as outlined in the Code of Conduct, and we emphasise this in our engagements and onboarding on a regular basis.

Sustainable Procurement

Sustainable procurement forms part of our corporate responsibility programme and we expect the same commitment to be demonstrated throughout our value chain.

We strive to strengthen sustainable procurement practices which consider social and environmental factors alongside financial factors in making procurement decisions. We look beyond the traditional economic parameters and make decisions based on the whole life cost, the associated risks, measures of success and implications for society and the environment. A methodology and action plan is being developed by phases to incorporate ESG criteria more effectively into our procurement process. The "Change the Way We Work" (C3W) programme is being designed to improve the Bank's culture of sustainability in daily operations through various initiatives such as digital conversion, electronic signatures, and ESG campaigns.

We evaluate our vendors adoption of sustainability measures and prioritise vendors with local and international standards accreditation such as ISO and SIRIM, and encourage them to adopt our standards and work towards continual improvement.

MEMAJUKAN MASA DEPAN LESTARI MELALUI PENCIPTAAN IMPAK SOSIAL

ADVANCING A SUSTAINABLE FUTURE THROUGH CREATION OF SOCIAL IMPACT



PENCIPTAAN
IMPAK SOSIAL
CREATING SOCIAL
IMPACT

Di bawah teras Penciptaan Impak Sosial, Bank ini berkomitmen untuk memberikan impak Ekonomi, Sosial, dan Alam Sekitar melalui Sokongan kepada Komuniti Tempatan dan Sukarelawan Kakitangan.

Under the pillar of Creation of Social Impact, the Bank commits to Economic, Social and Environmental impacts through Supporting Local Communities and Employee Volunteerism.



1. Sokongan Kepada Komuniti Tempatan/Supporting Local Communities

Impak Perkara-perkara Penting/Material Matters Impacted



Inklusi Kewangan
Financial Inclusion



Komuniti Tempatan
Local Communities

Pengawasan Terhadap Komuniti

Kami mengakui peranan penting yang kami mainkan, bukan sahaja sebagai DFI PKS negara, tetapi juga sebagai warganegara korporat dan bertanggungjawab dalam menangani cabaran sosial. Dalam memperkayakan kehidupan dan memperkukuhkan pembangunan sosial komuniti tempatan adalah penting bagi kami memainkan peranan dalam tanggungjawab sosial. Kami percaya kebajikan korporat yang baik akan dapat memajukan pembangunan masyarakat.

Selaras dengan itu, kami menyempurnakan pendekatan pelaburan dan sokongan komuniti kami, dengan memberi fokus khusus untuk membolehkan golongan Asnaf dan kumpulan pendapatan terendah (B40) menerima sokongan secara bermakna melalui pendekatan yang diarahkan, menyeluruh, dan berkoordinasi yang menggunakan sumber dan keupayaan SME Bank. Selain program-program yang dilaksanakan untuk syarikat-syarikat yang mampan di bawah CEDAR termasuk Program Upward Migration, Business Exports Programme, dan N-Gen 2.0, (lihat halaman 103 hingga 107 untuk maklumat lanjut) peserta baharu dalam industri PKS disasarkan melalui perkara berikut:

Community Stewardship

We recognise the important role we play, not just as the nation's SME DFI, but also as a corporate citizen and the responsibility we have in addressing societal challenges. Enriching lives and strengthening social development of the communities we operate in are important for us in our social responsibility role. We believe in good corporate citizenship to progress the development of our society.

Accordingly, we refined our community investment and support approach, placing special focus on enabling our Asnaf and bottom 40 (B40) income group to be supported meaningfully through a targeted, comprehensive and coordinated approach that leverages SME Bank's resources and capabilities. Other than the programmes implemented for established companies under CEDAR which includes the Upward Migration Programme, Business Exports Programme and N-Gen 2.0, (see pages 103 to 107 for more details) new entrants into the SME industries were targeted via the following:

MEMAJUKAN MASA DEPAN LESTARI MELALUI PENCIPTAAN IMPAK SOSIAL

ADVANCING A SUSTAINABLE FUTURE THROUGH
CREATION OF SOCIAL IMPACT



1. Sokongan Kepada Komuniti Tempatan/Supporting Local Communities



Penjana
Komuniti@SME
Bank

Penjana
Komuniti@SME
Bank

Program Penjana Komuniti@SMEBank menyediakan Asnaf dan usahawan mikro B40 yang terdiri daripada golongan kurang upaya, ibu tunggal, dan golongan berpendapatan rendah untuk dibawa ke peringkat yang lebih tinggi dengan latihan dan panduan tentang cara untuk mengembangkan perniagaan sedia ada mereka, menggunakan platform dalam talian dan media sosial secara lebih berstruktur dan cekap. CEDAR menyediakan latihan praktikal tentang penggunaan platform seperti Iklan Facebook, Iklan Instagram, dan Laman Web & Iklan Google sebagai alat penjualan.

The Penjana Komuniti@SMEBank programme provides Asnaf and B40 informal and microentrepreneurs comprising the disabled, single mothers and the lower-income group to move to higher and advanced levels with training and guidance on how to grow their existing businesses, leveraging online and social media platforms in a more structured and efficient way. CEDAR provided hands-on training on how to use platforms such as Facebook Ads, Instagram Advertising and Website & Google Ads as sales tools.



Pada tahun 2022, **249** peserta menyertai program ini dan semuanya mencatatkan peningkatan dalam pendapatan jualan setelah menghadiri kelas-kelas pembimbingan. Daripada jumlah pendapatan jualan keseluruhan sebanyak RM1.2 juta sebelum program, RM1.78 juta telah dicatatkan tiga bulan kemudian, selepas program.

In 2022, **249** participants joined the programme and all recorded increase in sales revenue after attending the coaching classes. From a total sales revenue of RM1.2 million before the programme, RM1.78 million was recorded three months later, after the programme.



Zero to Hero

Zero to Hero

Program ZERO to HERO ini dijalankan dengan kerjasama HRSB Training Sdn. Bhd. sebagai penyedia latihan. Ia merupakan program berstruktur yang menyokong agenda kerajaan dalam melengkapkan golongan Asnaf yang sedang menganggur dengan sijil-sijil kemahiran dan pengetahuan yang berguna untuk mendapatkan pekerjaan yang lebih baik dalam industri perancah. SME Bank telah menyediakan dana Zakat sebanyak RM90,300.00 kepada 30 peserta yang telah menamatkan latihan pada bulan Ogos 2022.

The ZERO to HERO programme is developed in collaboration with HRSB Training Sdn. Bhd. as training provider. It was a structural programme to support the government agenda in providing the jobless Asnaf with the necessary certificates of competency and useful knowledge to get better employment in the scaffolding industry. SME Bank had allocated its Zakat fund amounting to RM90,300.00 to 30 participants who completed their training in August 2022.



Semua peserta telah berjaya mendapatkan pekerjaan daripada pelbagai syarikat yang beroperasi dalam industri minyak & gas dan pembinaan dengan gaji purata sebanyak **RM3,000** sebulan.

All of participants have since been successfully employed by various companies operating in oil & gas and construction industries with the average salary of **RM3,000** per month.



1. Sokongan Kepada Komuniti Tempatan/Supporting Local Communities



Program
ISHRAF 2.0

ISHRAF 2.0
Programme



ISHRAF merupakan program pembangunan usahawan yang berstruktur yang diadakan khusus untuk usahawan Asnaf dengan kerjasama Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) dan CEDAR sebagai penyedia latihan. Program ini bertujuan untuk membolehkan mereka meningkatkan kemahiran dan keupayaan untuk memperluas dan mengekalkan perniagaan mereka dengan mengadaptasi teknologi digital, seterusnya keluar daripada kategori penerima zakat dan menjadi pembayar zakat.

SME Bank Asnaf Entrepreneurship Programme (ISHRAF) is a structured entrepreneurship programme specifically designed for Asnaf entrepreneurs in collaboration with Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) and CEDAR as training provider. This programme aims to enable them to improve their skills and abilities to grow, expand and sustain their businesses by adopting digital technology, thereby being in a better position to move out of from the zakat recipients' category to become zakat payers at the later stage.

Pada tahun 2022, program ISHRAF 2.0 telah memberikan impak sosial yang positif di mana kesemua 79 peserta telah menamatkan sesi latihan dan bimbingan perniagaan bagi program ini berjaya mencatatkan jualan terkumpul sebanyak RM3.6 juta. Selain itu, sebanyak 24 peluang pekerjaan baharu telah diwujudkan pada tahun tersebut.

In 2022, the ISHRAF 2.0 programme made a positive social impact whereby all 79 participants who had completed the training and business coaching sessions. The programme recorded a total accumulated sales of RM3.6 million. Further, 24 new job opportunities were created during the year.



Hingga kini, seramai **99** peserta program ISHRAF (ISHRAF 1.0 & 2.0) telah mencatatkan peningkatan jualan terkumpul sebanyak **RM4.9 juta**. Melihat kejayaan program ini, SME Bank akan terus melanjutkan Program ISHRAF untuk memberi manfaat kepada lebih ramai komuniti.

To date, a total of **99** ISHRAF participants (ISHRAF 1.0 & 2.0) have recorded an increase in total accumulated sales of **RM4.9 million**. Looking at the success of this programme, SME Bank will continue with further iterations of the ISHRAF programme to benefit more of this community.

MEMAJUKAN MASA DEPAN LESTARI MELALUI PENCIPTAAN IMPAK SOSIAL

ADVANCING A SUSTAINABLE FUTURE THROUGH
CREATION OF SOCIAL IMPACT



1. Sokongan Kepada Komuniti Tempatan/Supporting Local Communities



SME Bank
90-Days
Business
Challenge
2022

SME Bank
90-Days
Business
Challenge
2022

SME Bank telah bekerjasama dengan Jabatan Pendidikan Politeknik dan Kolej Komuniti, Kementerian Pengajian Tinggi Malaysia untuk menganjurkan Program Usahawan Muda (SME Bank 90-Days Business Challenge) sejak tahun 2015 dan program ini diadakan setiap dua tahun sekali. Tahun 2022 menandakan edisi keempat SME Bank 90-Days Business Challenge.

Program ini merupakan inisiatif khas yang memberikan peluang kepada pelajar di kolej-kolej komuniti untuk meneroka keusahawanan sebagai kerjaya masa depan, melalui pertandingan yang merangsang persiapan perniagaan mereka. Program ini memberi pendedahan kepada pelajar tentang dunia perniagaan sebenar dan membantu mereka yang benar-benar berminat untuk melangkah ke dalam bidang perniagaan sebagai kerjaya.

Pertandingan ini terbuka kepada semua pelajar politeknik dan kolej komuniti yang mengikuti Program Inkubator Keusahawanan. Setiap pasukan terdiri daripada empat orang pelajar dan seorang pensyarah sebagai pembimbing semasa pertandingan, dengan syarikat yang didaftarkan di Suruhanjaya Syarikat Malaysia (SSM).



Pada tahun 2022, seramai **368** pelajar mengambil bahagian dalam pertandingan ini dan 20 pasukan terpilih menjalani sesi boot camp, dengan bimbingan daripada CEDAR. Setiap pasukan kemudian diberikan modal permulaan sebanyak RM1,000 untuk membangunkan perniagaan mereka. Pada akhir 90 hari, 20 pasukan terpilih, berjaya menghasilkan pendapatan sebanyak RM598,000. Tiga pemenang teratas telah diberikan ganjaran wang tunai, bersama-sama dengan piala dan sijil penghargaan.

In 2022, **368** students participated in the competition and the 20 chosen finalists underwent a boot camp session, coached by CEDAR. Each team was then given a seed capital of RM1,000 to develop their business. The 20 finalists generated a revenue of RM598,000 at the end of 90 days. The top 3 winners were given cash rewards along with a trophy and certificate.

SME Bank has collaborated with the Department of Polytechnic and Community College Education, Ministry of Higher Education Malaysia to organise the Young Entrepreneurs Programme (SME Bank 90-Days Business Challenge) since 2015 and this programme is held every two years. 2022 marked the fourth edition of SME Bank's 90-Days Business Challenge.

This programme is a special initiative that gives an opportunity to students at community colleges to pursue entrepreneurship as a future career, through the organisation of a competition that catalyses their business-readiness. It expose students in the real world of business as well as helps those who are really interested in going into business as a career.

The competition is open to all polytechnic and community college students who undertake the Entrepreneurship Incubator Programme. Each team comprised four members and one lecturer to guide them during the competition, with a company registered under the Company Commission of Malaysia (SSM).



1. Sokongan Kepada Komuniti Tempatan/Supporting Local Communities

Kemudahan Bantuan Kerajaan

Berkaitan dengan kemudahan bantuan Kerajaan, Bank bekerjasama rapat dengan Kementerian, Agensi Kerajaan, dan Pengawal Selia dalam hal-hal yang berkaitan dengan industri PKS serta dalam urusan perniagaan dan operasi kami. Kami secara berkala berhubung dengan Kerajaan dan Pengawal Selia serta jabatan dan agensi mereka mengenai perundangan, kemaskini dan arahan, dasar dan keputusan kawalan, serta pelaksanaan yang berkesan bagi dasar, rangka kerja, bantuan dan lain-lain. Sebagai penyedia kemudahan, kami membantu Kerajaan berbincang dengan syarikat dan kesatuan sekerja mengenai perniagaan dan topik yang berkaitan. Sebagai pembela dan pakar dalam PKS, kami memberikan pandangan kepada Kerajaan dan Pengawal Selia mengenai keperluan pembangunan PKS.

Pada tahun 2022, kami terus melihat sokongan kukuh dari Kerajaan dan Pengawal Selia dalam menangani kebimbangan berterusan dalam kalangan komuniti PKS yang terjejas oleh kesukaran ekonomi akibat pandemik, serta cara-cara untuk memperkukuhkan industri bagi pemulihan, ketahanan, dan pertumbuhan. Antara kemudahan bantuan yang diberikan kepada usahawan yang terkesan adalah Pembiayaan Pelancongan PENJANA (PTF), Dana Pemantapan Automasi (PMG), Dana Kemampanan PMKS Bumiputera (LBF), Dana Transformasi Teknologi PKS (STTF), Pembiayaan Dana Rantaian Bekalan Bumiputera (BSC) Teraju untuk Sektor Borong dan Runcit, Pembiayaan Dana Pemberdayaan Usahawan Muda (YEF 2.0) dan Dana Pemangkin Ekosistem IBS (IBS 2.0).

Government Relief Assistance

The Bank works very closely with the Ministries, Government Agencies, and Regulators on matters that concern the SME industry as well as on our business and operations. We regularly engage with the Government and Regulators and their respective departments and agencies on consultation, updates and directives, policies and regulatory decisions, as well as on effective implementation and execution of policies, frameworks, relief assistance and more. As facilitators, we assist the Government in engaging in dialogue with companies and trade unions on business and other related topics. As advocates and experts on SMEs, we provide insights to the Government and Regulators on SME developmental needs.

In 2022, we continue to see the strong support of the Government and Regulators addressing the ongoing concerns of the SME communities affected by the economic hardships following the pandemic, as well as means of strengthening the industry for recovery, resilience and growth. These included the relief assistance structured for affected entrepreneurs in the forms of PENJANA Tourism Fund (PTF), PEMERKASA Matching Grant (PMG), Lestari Bumi Financing Scheme (LBF), SME Technology Transformation Fund (STTF), Teraju Bumiputera Supply Chain for Wholesale and Retail Sector (BSC), Young Entrepreneur Fund 2.0 (YEF 2.0) and Industrial Building System Promotion Fund 2.0 (IBS 2.0).



2. Sukarelawan Kakitangan/Employee Volunteerism

Impak Perkara-perkara Penting/Material Matters Impacted



Komuniti Tempatan
Local Communities

Kami percaya dalam menyokong komuniti melalui sumbangan bagi tujuan sosial demi memajukan kesejahteraan dan pembangunan komuniti. Mengambil bahagian dalam inisiatif kelestarian di tempat kerja, setiap divisyen menjejaki dan mengiktiraf waktu kerja sukarelawan kakitangan sebagai langkah menunjukkan komitmen mereka terhadap tanggungjawab sosial dalam mencapai mana-mana daripada 17 SDG. Objektif menggalakkan kesukarelawan adalah untuk membina tujuan yang lebih besar menjangkau perniagaan dengan menyemarakkan semangat kebersamaan dan memberi kembali kepada masyarakat.

We believe in supporting our communities by contributing to worthy social causes that progress their wellbeing and development. Participating in sustainability initiatives at the workplace, each division tracks and recognises employee volunteering hours to demonstrate their commitment to social responsibility in achieving any of the 17 SDGs. The objective of encouraging volunteerism is to build a greater purpose beyond businesses through igniting the spirit of togetherness and giving back to the community.

MEMAJUKAN MASA DEPAN LESTARI MELALUI PENCIPTAAN IMPAK SOSIAL

ADVANCING A SUSTAINABLE FUTURE THROUGH
CREATION OF SOCIAL IMPACT



2. Sukarelawan Kakitangan/Employee Volunteerism



Bantuan
Mangsa Banjir

Helping Flood
Victims

Pada tahun 2022, warga kerja kami telah bertindak untuk membantu rakan sekerja yang terjejas akibat banjir pada Disember 2021. Kakitangan mengumpul sumbangan dalam bentuk barangan dan wang tunai untuk membantu 26 rakan sekerja yang terjejas teruk akibat musibah itu. Kakitangan telah berhubung dengan MyCARE sebuah Pertubuhan Bukan Untung dalam membantu usaha menderma banjir dan menganjurkan ekspedisi melawat rumah yang terjejas.

In 2022, our people stepped up to help fellow employees who were affected by the floods in December 2021. The employees collected contributions in kind and cash to assist 26 colleagues who were gravely affected by the calamity. Employees liaised with MyCARE a non-profit organisation in aiding the flood donation drive and organised an expedition to visit the affected homes.



Kempen Derma
Darah

Blood Donation
Drive

Kempen untuk menggalakkan kakitangan SME Bank menderma darah untuk tujuan yang lebih besar turut dijalankan bagi membantu menambah stok Bank Darah Negara (Pusat Darah Negara) yang semakin susut. Seramai 56 kakitangan menyertai kempen derma darah ini untuk menyumbang kepada kesejahteraan pesakit yang memerlukan.

A campaign to promote SME Bank employees to donate blood for a greater cause was also carried out to help replenish depleting stocks of the National Blood Bank (Pusat Darah Negara). A total of 56 employees participated in this blood donation drive to contribute to the wellbeing of patients in need.



SME Green
Future Ride

SME Green
Future Ride

SME Bank Green Future Ride 2022 ialah ekspedisi motosikal untuk kakitangan Bank, disertai oleh Presiden Kumpulan/Ketua Pegawai Eksekutif dan C-Suites ke arah menjadikan dunia sebagai tempat tinggal yang lebih 'hijau' dan lebih lestari. Konvoi menuju ke Pulau Pinang, untuk program penanaman pokok bakau yang diadakan di Sungai Burung, Balik Pulau. Sebanyak 1,300 pokok bakau telah ditanam.

The SME Bank Green Future Ride 2022 was a motorcycle expedition of Bank employees, joined by the Group President/Chief Executive Officer and C-Suites towards making the world a 'greener' and more sustainable place to live. The convoy headed towards Penang, for a mangrove tree planting programme held at Sungai Burung, Balik Pulau. A total of 1,300 mangrove trees were planted.

MELANGKAH KE ARUS PERUBAHAN IKLIM MOVING TOWARDS CLIMATE CHANGE IMPACT

Seiring kami menuju ke fasa ke-3 pelan hala tuju kemampuan SME Bank, kami komited untuk membina kejayaan dan memajukan perjalanan kelestarian kami. Dalam fasa ini, tumpuan kami adalah penerimaan ESG dan penambahbaikan berterusan ke arah kemampuan, dengan penekanan khusus pada pelanggan kami.

Seperti yang diperuntukkan dalam garis panduan dasar BNM tentang Perubahan Iklim dan Taksonomi Berasaskan Prinsip (CCPT)*, Bank menjalankan klasifikasi aktiviti ekonomi pelanggan kami, dan pada 28 Februari 2023, sejumlah 1,046 syarikat daripada 5,979, atau 17.5% daripada jumlah pelanggan kami telah diklasifikasikan di bawah C1 (Menyokong Iklim) - C4 (Senarai Pantauan).

* Nota: Ini adalah keperluan penguatkuasaan. Sisa pendedahan pembiayaan mewakili jumlah pelanggan, yang menunggu penilaian kelayakan Klasifikasi Aktiviti Ekonomi yang akan dijalankan semasa Semakan Tahunan dan dijangka akan selesai menjelang 31/12/2023.

Melalui kajian pelanggan yang dijalankan baru-baru ini, penemuan menunjukkan bahawa lebih daripada 90% daripada pelanggan kami bersedia untuk mengamalkan amalan lestari dalam operasi perniagaan mereka, tetapi kurang pengetahuan tentang bagaimana untuk memulakannya. Oleh itu, Bank komited untuk menyediakan pembiayaan dan bantuan melangkaui pembiayaan kepada pelanggan kami ketika mereka memulakan perjalanan ESG.

Satu tinjauan yang memberi fokus kepada kakitangan juga telah dijalankan bagi mendapatkan maklum balas mengenai Amalan ESG/Kelestarian untuk menilai pemahaman dan kesedaran kakitangan mengenai amalan kelestarian serta mengenalpasti bidang-bidang yang perlu diperbaiki. Tinjauan ini melibatkan 1,066 kakitangan dan merangkumi sebanyak 69 soalan yang terbahagi kepada beberapa bahagian, seperti kesedaran peribadi mengenai ESG/Kelestarian, aktiviti dalaman ESG, pemahaman mengenai dasar/rangka kerja/program/produk kelestarian dalaman, amalan 3R (Reduce, Reuse, Recycle), pengangkutan kakitangan ke tempat kerja, penggunaan kereta/motosikal dan penggunaan elektrik.

Hasil tinjauan ini sedang dianalisis dan akan digunakan untuk membentuk penyelesaian seperti waktu kerja yang lebih fleksibel, pembiayaan kereta elektrik, dan penggunaan panel solar untuk mencerminkan komitmen berterusan Bank terhadap kelestarian dan usaha mengurangkan kesan alam sekitar. Divisyen Pengurusan Modal Insan Kumpulan Bank bersama-sama Divisyen Strategi Korporat Kumpulan dan Division Operasi telah diberi tugas untuk menjalankan analisis kos yang berkesan bagi menilai secara komprehensif kelebihan dan kelemahan melaksanakan penyelesaian yang relevan berdasarkan maklum balas yang diterima.

As we continue into the 3rd phase of SME Bank's sustainability roadmap, we are committed to building on our success and furthering our sustainability journey. In this phase, our focus will be on ESG adoption and continuous improvement towards sustainability, with a particular emphasis on our customers.

As per BNM policy guideline on Climate Change and Principle-Based Taxonomy (CCPT)*, the Bank conducts a classification of our customers' economic activities, and as at 28 February 2023, a total 1,046 companies out of 5,979, or 17.5% of our total customers have been classified under C1 (Climate Supporting) - C4 (Watchlist).

* Note: This is a regulatory requirement. The remaining financing exposure represents the number of customers, pending Classification of Economic Activities eligibility assessment which will be performed during Annual Review and expected to be completed by 31/12/2023.

Through a recent customer survey. Findings showed that more than 90% of our customers are willing to adopt sustainable practices in their business operations but lack knowledge on how to begin. Hence, the Bank is committed to make available financing and beyond financing assistance to our customers as they embark into ESG journey.

An employee focused survey was also conducted an ESG/Sustainability Feedback to evaluate the employees' understanding and awareness of sustainability practices and identify areas for improvement. The survey involved 1,066 employees, included a total of 69 questions divided into several sections, such as personal awareness on ESG/Sustainability, ESG internal activities, understanding on internal sustainability policies/framework/programmes/products, 3R practices, employee commuting to work, car/motorbike usage and electricity usage.

The findings are being analysed and will inform possible solutions such as more flexible working hours, electric car financing and use of solar panels to reflect the Bank's ongoing commitment to sustainability and reducing its environmental impact. The Bank's Group Human Capital Management Division together with Group Corporate Strategy Division and Operations Division have been tasked to conduct a cost-effective analysis to comprehensively evaluate the advantages and disadvantages of implementing relevant possible solutions based on the feedback received.

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Indeks Inisiatif Pelaporan Global (GRI): berikut menunjukkan bagaimana pelaporan kami memenuhi piawaian GRI. Jadual di bawah menyenaraikan di mana laporan ini membentangkan topik-topik berkaitan kehendak-kehendak GRI:

The following Global Reporting Initiative (GRI) indicates how our reporting meets GRI standards. The table below lists where our reports address topics from the GRI requirements:

		Bahagian Section
Pendedahan Am GRI-2 General Disclosures		
2-1	Maklumat organisasi <i>Organisational details</i>	Sepintas Lalu (muka surat 01 hingga 02) <i>At a Glance (pages 01 to 02)</i>
2-2	Entiti termasuk dalam pelaporan kemampuan organisasi <i>Entities included in the organisation's sustainability reporting</i>	Mengenai Laporan Ini (muka surat 06) <i>About this Report (page 06)</i>
2-3	Tempoh pelaporan, kekerapan dan titik hubungan <i>Reporting period, frequency and contact point</i>	Mengenai Laporan Ini (muka surat 06) <i>About this Report (page 06)</i> Penglibatan Pihak Berkepentingan (muka surat 82) <i>Stakeholder Engagement (page 82)</i>
2-4	Penyata Semula Maklumat <i>Restatements of Information</i>	Tiada <i>None</i>
2-5	Jaminan Luaran <i>External Assurance</i>	Laporan Juruaudit Bebas (muka surat 229) <i>Independent Auditors' Report (page 229)</i>
2-6	Aktiviti, rantaian nilai dan perhubungan perniagaan lain <i>Activities, value chain and other business relationships</i>	Sepintas Lalu (muka surat 01 hingga 02) <i>At a Glance (pages 01 to 02)</i> Kehadiran Kami (muka surat 12) <i>Our Presence (page 12)</i> Melaksanakan Perjalanan Kelestarian Kami (muka surat 72 -81) <i>Progressing Our Sustainability Journey (pages 72 - 81)</i>
2-7	Maklumat kakitangan dan kakitangan lain <i>Information on employees and other workers</i>	Sepintas Lalu (muka surat 01 hingga 02) <i>At a Glance (pages 01 to 02)</i> Budaya & Bakat (muka surat 127 -142) <i>Talent & Culture (pages 127 - 142)</i>
2-8	Pekerja yang bukan kakitangan <i>Workers who are not employees</i>	Kesinambungan yang Berdaya Tahan melalui Amalan Perniagaan Bertanggungjawab (muka surat 114 - 152) <i>Ensuring Resilient Business Continuity through Responsible Business Practices (pages 114 - 152)</i>
2-9	Struktur dan komposisi tadbir urus <i>Governance structure and composition</i>	Penyata Tadbir Urus Korporat (muka surat 164 hingga 177) <i>Statement on Corporate Governance (pages 164 to 177)</i> Penyata Tadbir Urus Syariah (pages 190 hingga 200) <i>Statement on Shariah Governance (pages 190 to 200)</i>
2-10	Pencalonan dan pemilihan badan tadbir urus tertinggi <i>Nomination and selection of the highest governance body</i>	Penyata Tadbir Urus Korporat (muka surat 164 hingga 177) <i>Statement on Corporate Governance (pages 164 to 177)</i>

		Bahagian Section
2-11	Pengerusi badan pentadbir tertinggi <i>Chair of the highest governance body</i>	Lembaga Pengarah (muka surat 50 hingga 59) <i>Board of Directors (pages 50 to 59)</i>
2-12	Peranan badan tadbir urus tertinggi dalam menyelia pengurusan impak <i>Role of the highest governance body in overseeing the management of impacts</i>	Melaksanakan Perjalanan Kelestarian Kami (muka surat 72 - 81) <i>Progressing Our Sustainability Journey (pages 72 - 81)</i> Penyata Tadbir Urus Korporat (muka surat 164 hingga 175) <i>Statement on Corporate Governance (pages 164 to 175)</i>
2-13	Perwakilan tanggungjawab untuk mengurus impak <i>Delegation of responsibility for managing impacts</i>	Jawatankuasa Lembaga (muka surat 168 hingga 175) <i>Board Committees (pages 168 to 175)</i> Pengurusan Kanan (muka surat 76 hingga 77) <i>Senior Management (pages 76 to 77)</i>
2-14	Peranan badan tadbir urus tertinggi dalam pelaporan kemampuan <i>Role of the highest governance body in sustainability reporting</i>	Melaksanakan Perjalanan Kelestarian Kami (muka surat 72 -81) <i>Progressing Our Sustainability Journey (pages 72 - 81)</i>
2-15	Konflik kepentingan <i>Conflicts of interest</i>	Penyata Tadbir Urus Korporat (muka surat 164 hingga 177) <i>Statement on Corporate Governance (pages 164 to 177)</i> Penyata Tadbir Urus Syariah (muka surat 190 hingga 200) <i>Statement on Shariah Governance (pages 190 to 200)</i>
2-16	Komunikasi kebimbangan kritikal <i>Communication of critical concerns</i>	Penglibatan Pihak Berkepentingan (muka surat 82 - 89) <i>Stakeholder Engagement (pages 82 - 89)</i> Perkara-perkara Penting (muka surat 90-97) <i>Material Matters (pages 90 - 97)</i>
2-17	Pengetahuan kolektif badan tadbir urus tertinggi <i>Collective knowledge of the highest governance body</i>	Profil Lembaga Pengarah (muka surat 52 - 59) <i>Board of Directors Profile (pages 52 - 59)</i>
2-18	Penilaian prestasi badan tadbir urus tertinggi <i>Evaluation of the performance of the highest governance body</i>	Penyata Tadbir Urus Korporat (muka surat 164 hingga 175) <i>Statement on Corporate Governance (pages 164 to 175)</i>
2-19	Dasar-dasar imbuhan <i>Remuneration policies</i>	Emolumen (muka surat 178) <i>Remuneration (page 178)</i>
2-20	Proses untuk menentukan imbuhan <i>Process to determine remuneration</i>	Emolumen (muka surat 178) <i>Remuneration (page 178)</i>
2-21	Jumlah nisbah pampasan tahunan <i>Annual total compensation ratio</i>	Emolumen (muka surat 178) <i>Remuneration (page 178)</i>
2-22	Penyata strategi pembangunan mampan <i>Statement on sustainable development strategy</i>	Melaksanakan Perjalanan Kelestarian Kami (muka surat 72 - 81) <i>Progressing Our Sustainability Journey (pages 72 - 81)</i>

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		Bahagian Section
2-23	Komitmen dasar Policy commitments	Melaksanakan Perjalanan Kelestarian Kami (muka surat 72 - 81) Progressing Our Sustainability Journey (72 - 81) Kesinambungan yang Berdaya Tahan melalui Amalan Perniagaan Bertanggungjawab (muka surat 114 - 146) Ensuring Resilient Business Continuity through Responsible Business Practices (pages 114 - 146) Penyata Tadbir Urus Korporat (muka surat 164 - 177) Statement on Corporate Governance (pages 164 - 177)
2-24	Membenamkan komitmen dasar Embedding policy commitments	Melaksanakan Perjalanan Kelestarian Kami (muka surat 72 - 81) Progressing Our Sustainability Journey (72 - 81) Kesinambungan yang Berdaya Tahan melalui Amalan Perniagaan Bertanggungjawab (muka surat 114 - 146) Ensuring Resilient Business Continuity through Responsible Business Practices (pages 114 - 146) Penyata Tadbir Urus Korporat (muka surat 164 - 177) Statement on Corporate Governance (pages 164 - 177)
2-25	Proses untuk memulihkan kesan negatif Processes to remediate negative impacts	Penyata Pengurusan Risiko dan Kawalan Dalaman (muka surat 179 - 189) Statement on Risk Management and Internal Control (pages 179 - 189)
2-26	Mekanisme untuk mendapatkan nasihat dan mengemukakan kebimbangan Mechanisms for seeking advice and raising concerns	Penglibatan Pihak Berkepentingan (muka surat 82 - 89) Stakeholder Engagement (pages 82 - 89) Kesinambungan yang Berdaya Tahan melalui Amalan Perniagaan Bertanggungjawab (muka surat 114 - 146) Ensuring Resilient Business Continuity through Responsible Business Practices (pages 114 - 146) Penyata Pengurusan Risiko dan Kawalan Dalaman (muka surat 179 - 189) Statement on Risk Management and Internal Control (pages 179 - 189)
2-27	Pematuhan undang-undang dan peraturan Compliance with laws and regulations	Kesinambungan yang Berdaya Tahan melalui Amalan Perniagaan Bertanggungjawab (muka surat 114 - 146) Ensuring Resilient Business Continuity through Responsible Business Practices (pages 114 - 146) Penyata Pengurusan Risiko dan Kawalan Dalaman (muka surat 179 - 189) Statement on Risk Management and Internal Control (pages 179 - 189)
2-28	Persatuan Keahlian Membership Associations	Tiada None
2-29	Penglibatan pihak berkepentingan Approach to stakeholder engagement	Penglibatan Pihak Berkepentingan (muka surat 82) Stakeholder Engagement (page 82)
2-30	Perjanjian perundingan kolektif Collective bargaining agreements	Faedah kepada Kakitangan (muka surat 135) Employee Benefits (page 135)

		Bahagian Section
GRI 3: Topik-topik Penting Tahun 2021 GRI 3 : Material Topics 2021		
3-1	Proses untuk menentukan topik penting Process to determine material topics	Perkara-perkara Penting (muka surat 90 - 91) Material Matters (pages 90 - 91)
3-2	Senarai topik penting List of material topics	Perkara-perkara Penting (muka surat 92 - 97) Material Matters (pages 92 - 97)
Topik Penting: Impak ekonomi Material Topic: Economic impacts		
201-1	Nilai ekonomi langsung yang dijana dan diagihkan Direct economic value generated and distributed	Sorotan Kewangan (muka surat 14) Financial Highlights (page 14) Rangka Kerja Pengukuran Prestasi (muka surat 201) Performance Measurement Framework (page 201)
201-2	Implikasi kewangan dan risiko dan peluang lain akibat perubahan iklim Financial implications and other risks and opportunities due to climate change	Perkara-perkara Penting (muka surat 90 - 97) Material Matters (pages 90 - 97) Menuju Masa Hadapan yang Lestari melalui Perbankan Bertanggungjawab (muka surat 98 - 113) Steering towards a Sustainable Future through Responsible Banking (pages 98 - 113)
201-4	Bantuan kewangan yang diterima daripada Kerajaan Financial assistance received from Government	Rangka Kerja Pengukuran Prestasi (muka surat 201) Performance Measurement Framework (page 201)
203-1	Pelaburan dan perkhidmatan infrastruktur disokong Infrastructure investments and services supported	Rangka Kerja Pengukuran Prestasi (muka surat 201) Performance Measurement Framework (page 201)
203-2	Impak ekonomi tidak langsung yang signifikan Significant indirect economic impacts	Memangkin Kemampunan (muka surat 72 - 153) Catalysing Sustainability (pages 72 - 153) Rangka Kerja Pengukuran Prestasi (muka surat 201) Performance Measurement Framework (page 201)
204	Amalan-amalan pemerolehan Procurement practices	Rantaian Bekalan Mampan (muka surat 145) Sustainable Supply Chain (page 145)
205	Pencegahan rasuah Anti-corruption	Integriti & Pencegahan Jenayah Kewangan (muka surat 119 - 126) Integrity & Prevention of Financial Crimes (pages 119 - 126) Penyata Pengurusan Risiko dan Kawalan Dalaman (muka surat 179 - 189) Statement on Risk Management and Internal Control (pages 179 - 189)
Topik Penting: Alam Sekitar Material Topic: Environment		
302-1	Penggunaan tenaga di dalam organisasi Energy consumption within the organisation	Perkara-perkara Penting (muka surat 90 - 97) Material Matters (pages 90 - 97) Pengurusan Jejak Alam Sekitar (muka surat 142 - 145) Managing Environmental Footprint (pages 142 - 145)

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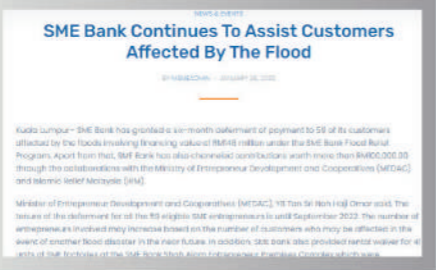
		Bahagian Section
302-4	Pengurangan penggunaan tenaga Reduction of energy consumption	Pengurusan Jejak Alam Sekitar (muka surat 142 - 145) Managing Environmental Footprint (pages 142 - 145) Risiko Peralihan dan Fizikal Akibat Perubahan Iklim (muka surat 126) Transition & Physical Climate Risk (page 126)
303-5	Penggunaan air Water consumption	Pengurusan Jejak Alam Sekitar (muka surat 142 - 145) Managing Environmental Footprint (pages 142 - 145)
306-2	Pengurusan kesan berkaitan sisa yang ketara Management of significant waste-related impacts	Pengurusan Jejak Alam Sekitar (muka surat 142 - 145) Managing Environmental Footprint (pages 142 - 145)
307	Pematuhan alam sekitar Environmental compliance	Pengurusan Jejak Alam Sekitar (muka surat 142 - 145) Managing Environmental Footprint (pages 142 - 145) Risiko Peralihan dan Fizikal Akibat Perubahan Iklim (muka surat 126) Transition & Physical Climate Risk (page 126) Melangkah ke Arus Perubahan Iklim (muka surat 153) Moving towards Climate Change Impact (page 153)
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		Bahagian Section
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404-1	Purata jam latihan setahun bagi setiap kakitangan Average hours of training per year per employee	Pembelajaran & Pembangunan (muka surat 134) Learning & Development (page 134)
404-2	Program peningkatan kemahiran dan program bantuan peralihan kakitangan Programmes for upgrading employee skills and transition assistance programmes	Pembelajaran & Pembangunan (muka surat 134) Learning & Development (page 134)
405	Kepelbagaian dan peluang setara Diversity and equal opportunity	Perkara-perkara Penting (muka surat 90 -97) Material Matters (pages 90 -97) Komitmen terhadap Kepelbagaian, Keadilan, dan Keterlibatan (muka surat 127) Commitment to Diversity, Equity and Inclusion (page 127)
405-1	Kepelbagaian badan-badan tadbir urus dan kakitangan Diversity of governance bodies and employees	Komitmen terhadap Kepelbagaian, Keadilan, dan Keterlibatan (muka surat 127) Commitment to Diversity, Equity and Inclusion (page 127) Menarik & Mengekalkan Bakat (muka surat 128 - 131) Attracting & Retaining Talents (pages 128 - 131) Profil Lembaga Pengarah (muka surat 52 - 59) Board of Directors Profile (pages 52 - 59)
406	Tanpa diskriminasi Non-discrimination	Perkara-perkara Penting (muka surat 90 -97) Material Matters (page 90 -97) Rantaian Bekalan Mampan (page 146) Sustainable Supply Chain (page 146)
413	Komuniti Tempatan Local Communities	Perkara-perkara Penting (muka surat 90 -97) Material Matters (pages 90 -97) Menuju Masa Hadapan yang Lestari melalui Perbankan Bertanggungjawab (muka surat 98 - 113) Steering towards a Sustainable Future through Responsible Banking (pages 98 - 113) Memajukan Masa Depan Lestari melalui Penciptaan Impak Sosial (muka surat 147 - 152) Advancing a Sustainable Future through Creation of Social Impact (pages 147 - 152)
413-1	Operasi dengan komuniti tempatan, penilaian impak, dan program pembangunan Operations with local community engagement, impact assessments, and development programmes	Menuju Masa Hadapan yang Lestari melalui Perbankan Bertanggungjawab (muka surat 98 - 113) Steering towards a Sustainable Future through Responsible Banking (pages 98 - 113) Memajukan Masa Depan Lestari melalui Penciptaan Impak Sosial (muka surat 147 - 152) Advancing a Sustainable Future through Creation of Social Impact (pages 147 - 152)

SOROTAN MEDIA MEDIA HIGHLIGHTS

SME Bank melalui tahun 2022 yang dinamik dengan aktiviti dan sesi libat urus, selain meneruskan usaha mampan memperkukuh daya tahan PKS Malaysia. Fokus untuk menjadi Pusat Kecemerlangan bagi pembangunan usahawan, kami komited untuk memajukan pembangunan PKS dan juga kecemerlangan operasi dan tadbir urus.

SME Bank has had a dynamic year of engagements and activities in 2022 as we continue to make sustainable inroads while fortifying the resilience of Malaysian SMEs. Focused on becoming a Centre of Excellence (CoE) for entrepreneur development, we commit to progressive SME development as well as operational and governance excellence.



SME Bank records RM536 mil order under sustainability sukuk issuance

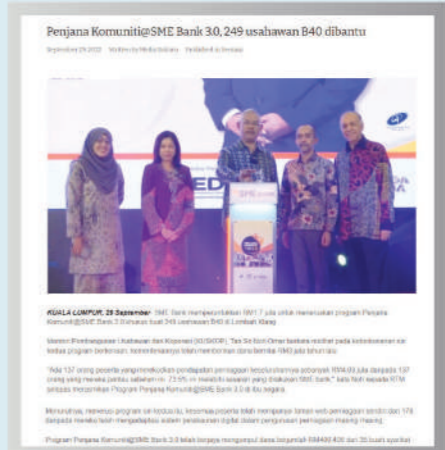
Bernama

KUALA LUMPUR (July 25): SME Bank has recorded another sustainability sukuk issuance under its book-building exercise, registering a total order of RM536 million, which exceeded the initial desired size of RM300 million.

In a statement on Monday, group president and chief executive officer Datuk Dr Aria Putera Ismail said the sukuk was priced at a competitive profit rate of 4.04% amidst the challenging market and profit rate hike situation.

"It had received a good demand from local financing institutions, fund management, insurance companies as well as government-linked investment companies," he said.

Thus, he said that has signified a high level of confidence from the investment community in the bank's ability to deliver its mandate of nurturing and developing small and me-



SME Bank, SME Corp allocate RM50mil for SME financing

PETALING JAYA: SME Bank has signed an agreement with SME Corp Malaysia to offer fixed working capital financing under the Working CapitalBAP facility for small and medium entrepreneurs (SMEs) affected by the Covid-19 pandemic through a fund allocation of RM50mil.

In a statement, Minister of Entrepreneur Development and Cooperative Tan Sri Noh Omar said Working CapitalBAP is a joint venture of two agencies under the purview of the ministry that had successfully integrated comprehensive assistance specifically to take SME businesses to the next level.

He said the government, through SME Corp, had provided a revolving fund of RM50 million for SME financing.

SME Bank lepassi sasaran, raih untung RM55.3j

SME Bank mencatatkan pertumbuhan sebelum cukai dan zakat (PBTZ) RM55.3 juta pada tahun kewangan 2021, sekali gus mengatasi sasaran RM28.4 juta yang ditetapkan bank itu sebelum ini.

Pengerusi SME Bank, Datuk Seri Nazir Ariff, berkata bank itu juga berjaya memulihkan jumlah asetnya menjadi RM11.4 bilion dan mencatatkan peningkatan portfolio pembiayaan kasarnya sebanyak 8.3 peratus kepada RM8 bilion semasa tahun kewangan 2021.

"Pada 2021, SME Bank meluluskan pembiayaan sebanyak RM3.5 bilion yang telah memanfaatkan 1,825 usahawan perusahan kecil dan sederhana (PKS).

"Daripada jumlah pembiayaan yang diluluskan, 46.4 peratus adalah untuk perniagaan ber-

saiz sederhana. "Baki selebihnya sebanyak 8.4 peratus dan 10 peratus adalah untuk perusahaan mikro dan perusahaan besar," katanya dalam kenyataan, semalam.

Presiden Kumpulan/Ketua Pegawai Eksekutif SME Bank, Aria Putera Ismail, berkata walaupun berhadapan cabaran yang tidak pernah dialami sebelum ini dan persekitaran perniagaan yang sukar, bank itu terus berkembang pada 2021.

SME Bank juga, katanya memunjukkan kemampuan untuk melaksanakan penggunaan sumber tenaga dan modal insan untuk bertindak balas serta memenuhi keperluan segera pelanggan.

"Tiga sektor teratas yang menerima pembiayaan ialah sektor pemborongan dan dagangan runcit serta restoran hotel pada kadar 27.5 peratus.

"Secara khusus, 2021 menyaksikan SME Bank meluluskan lebih RM400 juta pakej rangsangan yang merangkumi Go, Gerasi Padan KASA dan Pembinaan membantu PKS y akibat pandemik.

"Di bawah Kemtuan & Penuhulu (TRRF), inisiatif E Malaysia (BNM) kenalkan pada 2021 luluskan pembiayaan RM150 juta kepada yang terjejas pada "Sehingga ini, sebanyak RM1.1 bilion rikutian perniagaan, katanya.

SME Bank berjaya tambah aset menjadi RM11.4 bilion dan mencatatkan peningkatan portfolio pembiayaan kasarnya 8.3 peratus kepada RM8 bilion semasa tahun kewangan 2021

SME Bank enters second year of sustainable framework implementation

Bernama

KUALA LUMPUR (July 25): SME Bank has entered its second year of implementing a sustainable framework, which includes environmental, social and governance (ESG) factors.

Group president and chief executive officer Datuk Dr Aria Putera Ismail said the bank has been successful in implementing the framework, which is aligned with the United Nations Sustainable Development Goals (SDGs).

"We have been successful in implementing the framework, which is aligned with the United Nations Sustainable Development Goals (SDGs). We have been successful in implementing the framework, which is aligned with the United Nations Sustainable Development Goals (SDGs)."



Taking financing to the next level

Uptick in economy, govt support and stimulus bode well

Bernama

KUALA LUMPUR (July 25): SME Bank is looking to institutionalise the environmental, social and governance (ESG) culture within the group as it enters into its second year of implementing its three-year Sustainability Roadmap.

Group president and chief executive officer Datuk Dr Aria Putera Ismail said the bank is also establishing a comprehensive and customised Sustainable Development Goal (SDG) Framework.

The SDG involves several key milestones such as conducting a materiality assessment amongst various stakeholders to align with its ESG goals, the bank said in a statement yesterday.

SME Bank's sustainability journey is centred on three pillars, namely Responsible Banking, Responsible Business Practices and Creating Social Impact, the bank added.

Sustainability and strategic management head, Zakiah Mar Eza said the bank is also in the midst of conducting a survey on the materiality issues with selected stakeholders which include customers, relevant resources, agencies, employees, shareholders and financial institutions.

The move is to enable the bank to identify what issues are important to these stakeholders and formulate the relevant strategies to achieve sustainability goals that are in line with the United Nations Sustainable Development Goals, she said.



MEMASTIKAN KEBERTANGGUNGJAWABAN HARI INI DAN ESOK

ENSURING ACCOUNTABILITY TODAY AND TOMORROW

Tadbir urus dan etika yang baik adalah bahagian penting dalam memenuhi matlamat kami dan ia menjadi keutamaan dalam setiap keputusan perniagaan yang kami ambil. Rangka kerja dan dasar risiko, tadbir urus dan sumber manusia kami yang dikemas kini dibuat bagi memastikan kestabilan komprehensif, menyeluruh dan hasil yang konsisten.

Good governance and ethics are a vital part of delivering on our purpose and are at the forefront of every business decision we take. Our up-to-date risk, governance and human resource frameworks and policies are established to ensure comprehensive, all-round stability and consistent productivity.

Dianugerahkan dengan pensijilan MS ISO 37001:2016 bagi **Sistem Pengurusan Pencegahan Rasuah (ABMS)** pada 26 Ogos 2022.

Awarded the **Anti-Bribery Management System (ABMS) MS ISO 37001:2016** certification on 26 August 2022.

Memperkuh budaya pematuhan dan pencegahan jenayah kewangan melalui:

- Konvensyen **Pegawai Perhubungan Pematuhan & Risiko (CRLO) 1.0s**
- Karnival Pematuhan selama seminggu

Fortifying a culture of compliance and prevention of financial crimes through:

- **Compliance & Risk Liaison Officer (CRLO) Convention 1.0**
- **Week long Compliance Carnival**

Butiran lanjut dalam segmen Kestabilan yang Berdaya Tahan melalui Amalan Perniagaan Bertanggungjawab di halaman 114 to 146.
Ensuring Resilient Business Continuity through Responsible Business Practices from page 114 to 146.

Penginstytuan Prosedur **Kenali Pelanggan Anda (KYC)** untuk mengesan kegiatan yang mencurigakan

Institutionalisation of **Know Your Customer (KYC)** procedures to detect suspicious activities

Menetapkan Dasar dan Prosedur **Pencegahan Pengubahan Wang Haram (AML/CFT)**

Established comprehensive **Anti-Money Laundering (AML/CFT) Policies and Procedures**



PENYATA TADBIR URUS KORPORAT

STATEMENT OF CORPORATE GOVERNANCE

Lembaga Pengarah Small Medium Enterprise Development Bank Malaysia Berhad (“Bank”) komited kepada piawai Tadbir Urus Korporat yang tinggi dan menerima pakai Dokumen Dasar Bank Negara Malaysia (“BNM”) berhubung Tadbir Urus Korporat dalam mencapai rangka kerja tadbir urus yang optimum dan memaksimumkan nilai pemegang saham.

A. LEMBAGA PENGARAH

Lembaga Pengarah ditadbir oleh sembilan (9) orang ahli yang terdiri daripada seorang (1) Pengerusi Bukan Eksekutif, dua (2) orang Pengarah Bukan Bebas Bukan Eksekutif masing-masing mewakili Menteri Kewangan Diperbadankan (“MOF”) dan Kementerian Pembangunan Usahawan dan Koperasi (“KUSKOP”) serta enam (6) orang Pengarah Bebas.

Para Pengarah tersebut mempunyai latar belakang yang pelbagai, iaitu daripada bidang Pengurusan, Perbankan, Kewangan, Perakaunan, Pembangunan Usahawan, Teknologi Maklumat, Undang-undang, Pengurusan Risiko, Pentadbiran Perniagaan, Pengurusan Kredit, Perkhidmatan Kewangan Islam, Kewangan Pembangunan, Ekonomi dan Pentadbiran Awam. Himpunan pengalaman yang mereka perolehi sepanjang perkhidmatan dalam sektor swasta dan awam ini membekalkan kepelbagaian kepakaran dan pengalaman yang diperlukan oleh Lembaga Pengarah untuk melaksanakan fungsi-fungsinya secara berkesan.

Pengerusi dan semua Pengarah memiliki kepakaran dalam bidang masing-masing dan telah menyumbang dengan ketara dalam proses membuat keputusan Lembaga Pengarah. Presiden Kumpulan/Ketua Pegawai Eksekutif (“GP/CEO”) berperanan melaksanakan dasar-dasar Lembaga Pengarah dan mengurus hal ehwal harian Bank.

Lembaga Pengarah bertanggungjawab memastikan keberkesanan operasi Bank. Ini meliputi tanggungjawab bagi menentukan hala tuju strategik keseluruhan Bank, meluluskan sasaran prestasi, memantau pencapaian pengurusan, memberi panduan dasar keseluruhan dan memastikan supaya dasar dan prosedur sistem kawalan dalaman serta perancangan pergantian telah disediakan.

The Board of Directors (“Board”) of Small Medium Enterprise Development Bank Malaysia Berhad (“Bank”) is committed to high standards of Corporate Governance and subscribes to Bank Negara Malaysia (“BNM”)’s Policy Document on Corporate Governance in achieving an optimal governance framework and maximising the shareholders’ value.

A. BOARD OF DIRECTORS

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

The Directors’ background are diversified, ranging from the fields of Management, Banking, Finance, Accounting, Entrepreneur Development, Information Technology, Legal, Risk Management, Business Administration, Credit Management, Islamic Financial Services, Development Finance, Economy and Public Administration. Their accumulated experiences while serving both in private and government sectors, brings to the Board the necessary range of expertise and experience required by the Board to effectively perform its functions.

The Chairman and all the Directors are experts in their respective field and have contributed significantly to the Board’s decision-making process. The Group President/Chief Executive Officer (“GP/CEO”) executes the policies of the Board and manages the day-to-day affairs of the Bank.

The Board is responsible to ensure the effectiveness of the Bank’s operations. This includes the responsibility of determining the Bank’s overall strategic direction, approval of performance targets, monitoring of management achievements, providing overall policy guidance and ensuring that policies and procedures for internal control system and succession planning are in place.

Lembaga Pengarah bermesyuarat 13 kali setahun bagi membincangkan, antara lain, perkara-perkara berkaitan dasar, strategi, prestasi, sumber, tatacara keseluruhan hal-hal perniagaan dan kewangan Bank serta memantau keseluruhan prestasi Bank.

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

Berdasarkan penilaian yang dijalankan ke atas kewibawaan, integriti dan reputasi peribadi, daya saing dan kemampuan serta integriti kewangan, semua Pengarah layak dan sesuai untuk menyandang jawatan Pengarah Bank.

The Board meets 13 times during the year to discuss matters relating to policies, strategies, performance, resources, overall conduct of the Bank’s business and financial matters as well as to monitor the Bank’s overall performance, amongst others.

The appointment of the Chairman and all the Directors are in accordance to the BNM’s Policy Document on Corporate Governance and the Bank’s Memorandum and Articles of Association.

Based on the assessment conducted on the probity, personal integrity and reputation, competence and capability and financial integrity, all Directors are fit and proper to hold the position as Directors of the Bank.

Komposisi Lembaga Pengarah pada tahun kewangan 2022 adalah seperti berikut:
The composition of the Board during the year 2022 is as follows:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION
1.	Dato’ Seri Nazir Ariff bin Mushir Ariff	Pengerusi Bukan Eksekutif (Tempoh berakhir pada 17 Oktober 2022) Non-Executive Chairman (Tenure ended on 17 October 2022)
2.	Dato’ Muslim bin Hussain	Pengarah Bebas Independent Director
3.	Datuk Ahmad Hizzad bin Baharuddin	Pengarah Bebas Independent Director
4.	Encik Zulkiflee bin Hashim	Pengarah Bebas Independent Director
5.	Puan Suharti binti Mohd Ali	Pengarah Bebas Independent Director
6.	Dato’ Sharkawi bin Alis	Pengarah Bebas Independent Director
7.	Encik Mohd Sakeri bin Abdul Kadir	Pengarah Bukan Bebas Bukan Eksekutif (Mewakili MOF) (Meletakkan jawatan pada 4 Disember 2022) Non-Independent Non-Executive Director (Representing MOF) (Resigned on 4 December 2022)
8.	Dato’ Mohammad Radhi bin Abdul Razak	Pengarah Bukan Bebas Bukan Eksekutif (Mewakili KUSKOP) (Tempoh berakhir pada 8 Oktober 2022) Non-Independent Non-Executive Director (Representing MECD) (Tenure ended on 8 October 2022)
9.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Pengarah Bebas (Tempoh berakhir pada 10 Januari 2023) Independent Director (Tenure ended on 10 January 2023)

PENYATA TADBIR URUS KORPORAT STATEMENT OF CORPORATE GOVERNANCE

Rekod kehadiran mesyuarat Pengarah bagi tahun 2022 adalah seperti berikut:
The Directors' record of meeting attendance for 2022 is as follows:

No	NAMA PENGARAH/ NAME OF DIRECTORS	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Dato' Seri Nazir Ariff bin Mushir Ariff	10/11 (Tempoh berakhir pada 17 Oktober 2022) (Tenure ended on 17 October 2022)
2.	Dato' Muslim bin Hussain	13/13
3.	Datuk Ahmad Hizzad bin Baharuddin	13/13
4.	Encik Zulkiflee bin Hashim	13/13
5.	Puan Suharti binti Mohd Ali	12/13
6.	Dato' Sharkawi bin Alis	13/13
7.	Encik Mohd Sakeri bin Abdul Kadir	13/13 (Meletakkan jawatan pada 4 Disember 2022) (Resigned on 4 December 2022)
8.	Dato' Mohammad Radhi bin Abdul Razak	8/11 (Tempoh berakhir pada 8 Oktober 2022) (Tenure ended on 8 October 2022)
9.	Encik Wan Abdul Rahman bin Wan Abu Bakar	13/13 (Tempoh berakhir pada 10 Januari 2022) (Tenure ended on 10 January 2023)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.
* Reflects the number of meetings attended during the time the Director held office.

B. BEKALAN MAKLUMAT

Pengarah diberi notis berserta kertas kerja sebelum Mesyuarat Lembaga Pengarah diadakan supaya mereka mempunyai masa yang mencukupi untuk mengkaji dan mempertimbangkan isu-isu yang dibangkitkan di mesyuarat.

Semua Pengarah mempunyai akses secara langsung kepada khidmat Setiausaha Syarikat dan Pengurusan Kanan. Khidmat nasihat profesional bebas juga disediakan kepada Pengarah jika diperlukan untuk melaksanakan tugas mereka.

C. LATIHAN PENGARAH

Program Induksi komprehensif telah disediakan bagi memudahkan peralihan para Pengarah baharu dalam melaksanakan peranan baharu mereka dan membantu mereka memahami sejarah, operasi dan prestasi kewangan Bank.

B. SUPPLY OF INFORMATION

Directors are provided with notices and Board papers prior to the Board Meetings to give ample time to review and deliberate on issues raised at meetings.

All Directors have direct access to the services of the Company Secretary and the Senior Leadership Team. Independent professional advice is also made available to Directors in furtherance of their duties in the event such services are required.

C. TRAINING OF DIRECTORS

A comprehensive Induction Programme had been established to ease new Directors into their new role and to assist them in their understanding of the Bank's history, operations and financial performance. New Directors

Para Pengarah baharu dikehendaki menghadiri Program Induksi sebaik sahaja mereka dilantik dan mereka akan diberi taklimat dan dimaklumkan mengenai cabaran dan isu yang dihadapi oleh Bank.

Bank menggalakkan Pengarah menghadiri program latihan dan seminar untuk mendedahkan diri mereka kepada perkembangan mutakhir dalam persekitaran perniagaan.

Semua Pengarah Bank telah menghadiri Program Pendidikan Pengarah Institusi Kewangan mandatori anjuran Pusat Kepimpinan dan Tadbir Urus Iclif pada tahun 2021 manakala para Pengarah baharu telah mendaftar untuk menghadiri program tersebut pada tahun 2021 dan 2022.

Dalam memenuhi tanggungjawabnya kepada SME Bank, Pengarah perlu sentiasa meningkatkan dan mengukuhkan pengetahuan serta pemahaman tentang kewangan Islam, serta mengikuti perkembangan terkini yang boleh memberi impak kepada perniagaan kewangan Islam. Bagi tujuan tersebut, semua Pengarah juga telah mengikuti program mandatori iaitu Program Kewangan Islam bagi Lembaga Pengarah anjuran ISRA Consulting.

Di samping itu, pada tahun 2022, Bank juga telah menganjurkan Sesi-sesi Latihan dan Perkongsian Pengetahuan bagi Lembaga Pengarah dalam bidang-bidang berikut:

- (i) Matlamat Pembangunan Mampan
- (ii) Landskap Tenaga Boleh Diperbaharui di Malaysia
- (iii) Landskap Risiko Sekuriti Siber
- (iv) Kemampanan ESG
- (v) Perkembangan Terkini AML/CFT untuk Lembaga Pengarah dan Pasukan Kepimpinan Kanan
- (vi) Tugas Para Pengarah di bawah Akta Institusi Kewangan Pembangunan ("DFIA") 2002
- (vii) Meja Bulat Strategik Syariah 2022
- (viii) Taklimat mengenai Risiko Siber Baharu Muncul dan Langkah-langkah Berdaya Tahan untuk Ahli-ahli Lembaga Pengarah
- (ix) Program Kesedaran Pengurusan Kesenambungan Perniagaan ("BCM")

are required to attend Induction Programme as soon as possible once they have been appointed and they will be briefed and updated on the challenges and issues faced by the Bank.

The Bank encourages Directors to attend training programmes and seminars to update themselves on new developments in the business environment.

All the Directors of the Bank have attended the mandatory Financial Institutions Directors' Education Programme organised by The Iclif Leadership and Governance Centre during the years of 2021 and 2022.

A Director must continuously develop and strengthen his knowledge and understanding on Islamic Finance, as well as keep abreast with developments that may impact Islamic finance business, in order to fulfil his responsibility to SME Bank. For this purpose, all the Directors have also attended the mandatory Islamic Finance for Board Programme organised by ISRA Consulting.

In addition, during the year 2022, the Bank had organised Trainings and Knowledge Sharing Sessions for the Board in the following areas:

- (i) Sustainable Development Goals
- (ii) Renewable Energy Landscape in Malaysia
- (iii) Cybersecurity Risk Landscape
- (iv) ESG Sustainability
- (v) AML/CFT Latest Development for Board of Director and Senior Leadership Team
- (vi) Duties of Directors Under the Development Financial Institutions Act ("DFIA") 2002
- (vii) Shariah Strategic Roundtable 2022
- (viii) Briefing on Emerging Cyber Risks and Resilience Measures to Board Members
- (ix) Business Continuity Management ("BCM") Awareness Programme

PENYATA TADBIR URUS KORPORAT STATEMENT OF CORPORATE GOVERNANCE

D. JAWATANKUASA LEMBAGA

Lima (5) Jawatankuasa Lembaga telah dibentuk untuk membantu Lembaga Pengarah melaksanakan tugas dan tanggungjawabnya, iaitu Jawatankuasa Lembaga Pencalonan dan Pampasan, Jawatankuasa Lembaga Pengurusan Risiko, Jawatankuasa Lembaga Audit, Jawatankuasa Lembaga Pembiayaan dan Pelaburan serta Jawatankuasa Lembaga Teknologi Maklumat.

JAWATANKUASA LEMBAGA PENCALONAN DAN PAMPASAN

1. Objektif

Objektif utama Lembaga Pencalonan dan Pampasan ("BNCC") adalah untuk membantu Lembaga Pengarah dalam perkara-perkara berikut:

- (i) Menetapkan prosedur telus bagi pelantikan Individu dengan Tanggungjawab Utama¹ dan menilai keberkesanan mereka serta keberkesanan Jawatankuasa-jawatankuasa Lembaga.
- (ii) Menetapkan prosedur telus bagi membangunkan dasar pampasan bagi Individu dengan Tanggungjawab Utama dan memastikan bahawa pampasan tersebut adalah kompetitif dan konsisten dengan budaya, objektif dan strategi Bank.
- (iii) Menjalankan penilaian tahunan dan mengesyorkan bagi kelulusan Lembaga Pengarah, pelantikan dan pelantikan semula Pengarah, ahli Jawatankuasa Syariah, penyambungan dan penamatan jawatan Pengurusan Kanan.
- (iv) Mengesahkan hal-hal Modal Insan termasuk sebarang perubahan yang dianggap perlu kepada skim, terma perkhidmatan dan terma-terma baharu bagi kakitangan sebelum dikemukakan kepada Lembaga Pengarah untuk kelulusan muktamad.

¹ Definisi Individu dengan Tanggungjawab Utama adalah menurut Kriteria Sesuai dan Betul BNM yang meliputi Pengerusi, Lembaga Pengarah, Ahli Jawatankuasa Syariah, Presiden Kumpulan/CEO, Setiausaha Syarikat dan Pengurusan Kanan.

D. BOARD COMMITTEES

There are five (5) Board Committees established to assist the Board in discharging its duties and responsibilities, namely the Board Nomination and Compensation Committee, Board Risk Management Committee, Board Audit Committee, Board Financing and Investment Committee and Board Information Technology Committee.

BOARD NOMINATION AND COMPENSATION COMMITTEE

1. Objective

The primary objectives of the Board Nomination and Compensation Committee ("BNCC") are to support the Board as follows:

- (i) To establish transparent procedure for the appointment of the Key Responsible Persons¹ and to assess the effectiveness of individual Key Responsible Persons and the various Board Committees.
- (ii) To establish transparent procedure to develop compensation policy for Key Responsible Persons and to ensure that the compensation is competitive and consistent with the Bank's culture, objectives and strategy.
- (iii) To conduct annual assessment and recommend for the Board's approval, the appointment and reappointment of Directors, Shariah Committee members, the renewal and termination of Senior Management's employment.
- (iv) To endorse any Human Capital matters including any changes deemed necessary to the schemes, terms of services and new terms for the employees prior to submission to the Board for final approval.

¹ The Definition of Key Responsible Persons is as per the BNM's Fit and Proper Criteria which includes the Chairman, Board of Directors, Members of Shariah Committee, Group President/CEO, Company Secretary and Senior Management.

2. Komposisi, Mesyuarat dan Kehadiran

BNCC mengadakan 10 mesyuarat pada tahun kewangan berakhir 31 Disember 2022. Komposisi dan rekod kehadiran BNCC pada tahun 2022 adalah seperti berikut:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Datuk Ahmad Hizzad bin Baharuddin	Pengerusi Chairman	10/10
2.	Puan Suharti binti Mohd Ali	Ahli Member	10/10
3.	Dato' Sharkawi bin Alis	Ahli Member	10/10
4.	Encik Mohd Sakeri bin Abdul Kadir	Ahli Member	10/10 (Meletakkan jawatan pada 4 Disember 2022) (Resigned on 4 December 2022)
5.	Dato' Seri Nazir Ariff bin Mushir Ariff	Ahli Member	8/8 (Tempoh berakhir pada 17 Oktober 2022) (Tenure ended on 17 October 2022)
6.	Dato' Mohammad Radhi bin Abdul Razak	Ahli Member	5/8 (Tempoh berakhir pada 8 Oktober 2022) (Tenure ended on 8 October 2022)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

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

3. Peranan dan Tanggungjawab

Peranan dan tanggungjawab BNCC dikategorikan kepada tanggungjawab pencalonan dan imbuhan.

Tanggungjawab pencalonan, antara lain, meliputi perkara berikut:

- (i) Menetapkan keperluan minimum bagi Pengarah dan Presiden Kumpulan/Ketua Pegawai Eksekutif ("GP/CEO");
- (ii) Menilai calon-calon jawatan pengarah, keahlian Jawatankuasa Lembaga serta calon jawatan GP/CEO;
- (iii) Menetapkan mekanisme penilaian bagi menentukan keberkesanan Lembaga Pengarah, Jawatankuasa Lembaga dan Individu dengan Tanggungjawab Utama.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2022, BNCC held 10 meetings. The composition of BNCC during the year 2022 and record of attendance are as follows:

3. Roles and Responsibilities

The roles and responsibilities of BNCC are categorised into nomination and remuneration responsibilities.

The nomination responsibilities include, amongst others, as follows:

- (i) Establishing the minimum requirements for Director and the Group President/Chief Executive Officer ("GP/CEO").
- (ii) Assessing the nominees for directorship, membership of Board Committees as well as nominees for GP/CEO's the position.
- (iii) Establishing the assessment mechanism to determine the effectiveness of the Board, Board Committees and Key Responsible Persons.

PENYATA TADBIR URUS KORPORAT STATEMENT OF CORPORATE GOVERNANCE

- (iv) Mengawasi pelantikan dan pelantikan semula, perancangan penggantian pengurusan dan penilaian prestasi bagi Individu dengan Tanggungjawab Utama serta mengesyorkan pemecatan mereka jika didapati tidak berkesan, menyeleweng dan lalai dalam melaksanakan tanggungjawab.
- (v) Memastikan ahli Lembaga Pengarah menerima program latihan yang sesuai dan berterusan supaya mereka didedahkan dengan perkembangan terkini dalam industri; dan
- (vi) Menilai status pembatalan kelayakan Lembaga Pengarah dan GP/CEO menurut keperluan Seksyen 7 Akta Pembangunan Institusi Kewangan 2002.

Tanggungjawab imbuhan meliputi, antara lain, perkara-perkara berikut:

- (i) Mengesyorkan rangka kerja dan pakej imbuhan bagi Individu dengan Tanggungjawab Utama; dan
- (ii) Mengesahkan sebarang perubahan yang dianggap perlu kepada skim, terma perkhidmatan dan terma-terma baharu bagi kakitangan.

JAWATANKUASA LEMBAGA PENGURUSAN RISIKO

1. Objektif

Objektif utama Jawatankuasa Lembaga Pengurusan Risiko ("BRMC") adalah untuk membantu Lembaga Pengarah mengawal selia bidang-bidang berisiko utama SME Bank dan Kumpulan serta memastikan supaya proses pengurusan risiko tersedia dan dilaksanakan dengan berkesan.

- (iv) Overseeing the appointment and reappointment, management succession planning and performance evaluation of Key Responsible Persons and recommending their removal if they are ineffective, errant and negligent in discharging their responsibilities.
- (v) Ensuring the Board members receive appropriate and continuous training programme in order to keep abreast with the latest developments in the industry; and
- (vi) Assessing the Board and GP/CEO's non-disqualification pursuant to the requirements of Section 7 of the Developmental Financial Institution Act 2002.

The remuneration responsibilities include, amongst others, as follows:

- (i) Recommending the remuneration framework and packages for Key Responsible Persons; and
- (ii) Endorsing any changes deemed necessary to the schemes, terms of services and new terms for the employees.

BOARD RISK MANAGEMENT COMMITTEE

1. Objective

The primary objective of the Board Risk Management Committee ("BRMC") is to support the Board in overseeing the management of key risk areas of SME Bank and the Group and to ensure that the risk management process is in place and implemented effectively.

2. Komposisi, Mesyuarat dan Kehadiran

BRMC mengadakan 11 mesyuarat pada tahun kewangan berakhir 31 Disember 2022. Komposisi dan rekod kehadiran BRMC pada tahun 2022 adalah seperti berikut:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Dato' Muslim bin Hussain	Pengerusi Chairman	11/11
2.	Datuk Ahmad Hizzad bin Baharuddin	Ahli Member	11/11
3.	Encik Zulkiflee bin Hashim	Ahli Member	11/11
4.	Puan Suharti bin Mohd Ali	Ahli Member	11/11
5.	Encik Mohd Sakeri bin Abdul Kadir	Ahli Member	10/11 (Meletakkan jawatan pada 4 Disember 2022) (Resigned on 4 December 2022)
6.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Ahli Member	11/11 (Tempoh berakhir pada 10 Januari 2023) (Tenure ended on 10 January 2023)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

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

3. Peranan dan Tanggungjawab

BRMC dibentuk untuk membantu Lembaga Pengarah memenuhi tanggungjawabnya dalam mengkaji dan mengesyorkan kepada Bank strategi risiko, kecenderungan mengambil risiko, pembangunan dasar dan rangka kerja pengurusan risiko serta menangani jenis-jenis risiko utama selaras dengan peranan yang dipertanggungjawabkan kepada bank sebagai sebuah bank pembangunan.

BRMC turut mengawasi, antara lain, bidang-bidang berikut:

- (i) Strategi risiko kredit dan faktor khusus Bank seperti kecenderungan mengambil risiko, tahap modal sedia ada dan keperluan peruntukan dalam perjalanan biasa perniagaan dan senario tekanan, kecukupan sumber dalaman serta persekitaran operasi yang lebih luas.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2022, BRMC held 11 meetings. The composition of BRMC during the year 2022 and record of attendance are as follows:

3. Roles and Responsibilities

BRMC is established to support the Board to fulfil its responsibilities in reviewing and recommending the Bank's risk strategies, risk appetite, development of the risk management policies and frameworks and addressing major types of risks in line with the Bank's mandated role as a development bank.

BRMC also provide oversight, amongst others, on the following areas:

- (i) Credit risk strategy and the Bank's specific factors such as the Bank's risk appetite, existing levels of capital and provisioning needs in business-as-usual and stressed scenarios, adequacy of internal resources as well as the wider operating environment.

PENYATA TADBIR URUS KORPORAT STATEMENT OF CORPORATE GOVERNANCE

- (ii) Fungsi kawalan pengurusan risiko, aktiviti pengurusan risiko, pelaksanaan amalan Pengurusan Kesinambungan Perniagaan yang mantap di seluruh Bank.
- (iii) Pembangunan dan pelaksanaan program ujian tekanan.
- (iv) Pengurusan risiko pematuhan Bank.

BRMC turut terlibat secara aktif dalam kajian prestasi individu terutamanya yang bertanggungjawab ke atas fungsi-fungsi kawalan termasuk pematuhan dan pengurusan risiko.

Menurut Dokumen Dasar BNM berhubung Pengurusan Risiko Teknologi, BRMC mengawasi perkara-perkara berkaitan teknologi, termasuk mengkaji rangka kerja berkaitan teknologi dan memastikan supaya penilaian risiko yang dijalankan berkaitan aplikasi teknologi penting dalam keadaan terperinci dan menyeluruh.

Lembaga Pengarah juga memberi kuasa kepada BRMC untuk meluluskan:

- (i) Sebarang cadangan berkaitan Had Kuasa ("AL") bagi Pembayaran, Penyelesaian, Aktiviti Selepas Kelulusan bagi Aktiviti Pembiayaan dan AL bagi Aktiviti Bukan Pembiayaan.
- (ii) Sebarang semakan/penambahbaikan lanjutan yang bukan utama ke atas Dasar dan Rangka Kerja Pengurusan Risiko yang telah diluluskan.
- (iii) Sebarang had tumpuan dalaman baharu atau yang disemak kecuali Had Pelanggan Tunggal dan Pembiayaan Besar.

JAWATANKUASA LEMBAGA AUDIT

1. Objektif

Objektif utama Jawatankuasa Audit Lembaga Pengarah ("BAC") adalah untuk menyokong Lembaga Pengarah dalam menyediakan penyeliaan bebas ke atas pelaporan kewangan dan sistem kawalan dalaman Bank serta subsidiarinya disamping memastikan semakan danimbangan di dalam Bank.

- (ii) Risk management control functions, risk management activity, Bank-wide implementation of sound Business Continuity Management practices.
- (iii) The development and implementation of the stress testing programme.
- (iv) The management of the Bank's compliance risk.

BRMC is also actively involved in the performance review of individuals primarily responsible for control functions including compliance and risk management.

Pursuant to BNM Policy Document on Risk Management in Technology, BRMC provides oversight over technology-related matters, including reviewing the technology-related frameworks and ensuring that risk assessments undertaken in relation to material technology applications are robust and comprehensive.

The Board has also empowered BRMC to approve:

- (i) Any proposal related to Authority Limit ("AL") for Disbursement, Settlement, Post Approval Activities for Financing Activities and AL for Non-Financing Activities.
- (ii) Any subsequent non-material revision/enhancement of duly approved Risk Management Policies and Framework.
- (iii) Any new or revision of internal concentration limits except for Single Customer Limit and Large Financing.

BOARD AUDIT COMMITTEE

1. Objective

The primary objective of the Board Audit Committee ("BAC") is to support the Board in providing independent oversight on the Bank and its subsidiaries' financial reporting and internal control system and ensuring check and balances within the Bank.

2. Komposisi, Mesyuarat dan Kehadiran

BAC mengadakan 10 mesyuarat pada tahun kewangan berakhir 31 Disember 2022. Komposisi dan rekod kehadiran BAC pada tahun 2022 adalah seperti berikut:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Encik Zulkiflee bin Hashim	Pengerusi Chairman	10/10
2.	Dato' Muslim bin Hussain	Ahli Member	10/10
3.	Datuk Ahmad Hizzad bin Baharuddin	Ahli Member	9/10
4.	Dato' Sharkawi bin Alis	Ahli Member	10/10
5.	Dato' Seri Nazir Ariff bin Mushir Ariff	Ahli Member	7/8 (Tempoh berakhir pada 17 Oktober 2022) (Tenure ended on 17 October 2022)
6.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Ahli Member	10/10 (Tempoh berakhir pada 10 Januari 2023) (Tenure ended on 10 January 2023)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

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

3. Peranan dan Tanggungjawab

Peranan dan tanggungjawab BAC, antara lain, meliputi perkara berikut:

- (i) Memastikan pelaporan yang adil dan telus serta penerbitan segera akaun-akaun tahunan.
- (ii) Menyemak penyata kewangan suku tahunan dan tahunan, terbitan keputusan awal serta lain-lain terbitan formal berkaitan prestasi kewangannya.
- (iii) Menyelia fungsi audit dalaman, meluluskan pelan audit, program dan proses-proses, keputusan/laporan audit dalaman serta menyarankan tindakan-tindakan yang harus diambil oleh Pengurusan.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2022, BAC held 10 meetings. The composition of BAC during the year 2022 and record of attendance are as follows:

3. Roles and Responsibilities

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

- (i) Ensuring fair and transparent reporting and prompt publication of annual accounts.
- (ii) Reviewing the quarterly and annual financial statements, preliminary results release and any other formal release relating to its financial performance.
- (iii) Overseeing the functions of internal audit, approving audit plan, programme and processes, internal audit findings/reports and recommending actions to be taken by Management.

PENYATA TADBIR URUS KORPORAT STATEMENT OF CORPORATE GOVERNANCE

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|---|--|
| <p>(iv) Menyiasat semua perkara termasuk yang berkaitan dengan Dasar Pemberi Maklumat.</p> <p>(v) Menyemak keberkesanan proses-proses kawalan dalaman dan pengurusan risiko.</p> <p>(vi) Menyemak laporan berkaitan pelakuan dan pencegahan penipuan serta menyarankan tindakan-tindakan yang harus diambil oleh Pengurusan.</p> <p>(vii) Menyemak dan menyokong status serta kemajuan maklumbalas Pengurusan serta langkah-langkah pembetulan ke atas isu-isu yang dibangkitkan dalam Surat Penarafan Risiko Komposit BNM sebelum ia diserahkan kepada Lembaga Pengarah.</p> <p>(viii) Mencadangkan pelantikan atau pelantikan semula juruaudit luar, yuran mereka serta perkara-perkara berkaitan peletakan jawatan atau pemecatan atau perubahan atau penyingkiran juruaudit luar.</p> | <p>(iv) Investigating all matters which include investigations pursuant to the Whistle Blowing Policy.</p> <p>(v) Reviewing the effectiveness of internal controls and risk management processes.</p> <p>(vi) Reviewing reports relating to the perpetration and prevention of fraud and recommending actions to be taken by Management.</p> <p>(vii) Reviewing and endorsing the status and progress of Management's response and corrective measures on issues raised in BNM's Composite Risk Rating Letter prior to its submission to the Board.</p> <p>(viii) Recommending the appointment or re-appointment of the external auditor, the fee and matters pertaining to the resignation or termination or change or removal of the external auditor.</p> |
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JAWATANKUASA LEMBAGA PEMBIAYAAN DAN PELABURAN

1. Objektif

Objektif utama Jawatankuasa Pembiayaan dan Pelaburan Lembaga Pengarah ("BFIC") adalah untuk menyokong Lembaga Pengarah dalam menyelia pengurusan dan menyediakan halatuju strategik berkaitan pembiayaan, pelaburan dan kualiti aset Bank.

BOARD FINANCING AND INVESTMENT COMMITTEE

1. Objective

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

2. Komposisi, Mesyuarat dan Kehadiran

BFIC mengadakan 23 mesyuarat pada tahun kewangan berakhir 31 Disember 2022. Komposisi dan rekod kehadiran BFIC pada tahun 2022 adalah seperti berikut:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Encik Zulkiflee bin Hashim	Pengerusi Chairman	23/23
2.	Dato' Muslim bin Hussain	Ahli Member	23/23
3.	Puan Suharti binti Mohd Ali	Ahli Member	23/23
4.	Dato' Sharkawi bin Alis	Ahli Member	23/23
5.	Encik Wan Abdul Rahman bin Wan Abu Bakar	Ahli Member	23/23 (Tempoh berakhir pada 10 Januari 2023) (Tenure ended on 10 January 2023)
6.	Dato' Mohammad Radhi bin Abdul Razak	Ahli Member	11/19 (Tempoh berakhir pada 8 Oktober 2022) (Tenure ended on 8 October 2022)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

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

3. Peranan dan Tanggungjawab

Peranan dan tanggungjawab BFIC meliputi, antara lain, perkara-perkara berikut:

- Melaksanakan kuasa veto bagi menolak kredit atau mengubah terma-terma kredit yang telah diluluskan oleh Jawatankuasa Pembiayaan dan Pelaburan ("FIC") jika BFIC berpendapat bahawa pembiayaan tersebut akan mendedahkan Bank kepada risiko yang melampau. Sebaliknya, BFIC akan menyokong semua cadangan pembiayaan dan pelaburan yang diluluskan oleh FIC sekiranya tiada bantahan atau pengubahsuaian. Selain itu, BFIC juga menyarankan cadangan Pembiayaan dasar untuk kelulusan Lembaga Pengarah.
- Menilai, menyemak, dan menyediakan halatuju strategik berkaitan Laporan Kualiti Aset dan Laporan Perbendaharaan yang perlu dibentangkan secara bulanan bagi mempertingkatkan pengurusan pertumbuhan aset dan kualiti aset SME Bank.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2022, BFIC held 23 meetings. The composition of BFIC during the year 2022 and record of attendance are as follows:

3. Roles and Responsibilities

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

- Exercising veto power to reject credits or modify the terms of credit which had been approved by the Financing and Investment Committee ("FIC") if the BFIC is of the view that the financing would expose the Bank to undue excessive risk. Otherwise, BFIC shall endorse all financing and investment related proposals duly approved by FIC should there be no objection or modification. In addition, BFIC also recommends the proposals on Policy Financing for the Boards' approval.
- Assessing, reviewing and providing strategic direction in regard to Asset Quality Report and Treasury Report which are to be presented on monthly basis in order to improve the management of asset growth and asset quality of SME Bank.

PENYATA TADBIR URUS KORPORAT STATEMENT OF CORPORATE GOVERNANCE

(iii) Menilai, menyemak, dan menyediakan halatuju strategik berkaitan Laporan Ekonomi yang perlu dibentangkan apabila perlu atau secara bulanan.

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

JAWATANKUASA LEMBAGA TEKNOLOGI MAKLUMAT

1. Objektif

Objektif utama Jawatankuasa Lembaga Teknologi Maklumat ("BITC") adalah untuk menyokong Lembaga Pengarah dalam menyediakan penyeliaan ke atas perkara-perkara berkaitan teknologi.

2. Komposisi, Mesyuarat dan Kehadiran

BITC mengadakan 7 mesyuarat pada tahun kewangan berakhir 31 Disember 2022. Komposisi dan rekod kehadiran BITC pada tahun 2022 adalah seperti berikut:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Puan Suharti binti Mohd Ali	Pengerusi Chairman	7/7
2.	Dato' Muslim bin Hussain	Ahli Member	7/7
3.	Datuk Ahmad Hizzad bin Baharuddin	Ahli Member	7/7
4.	Encik Zulkiflee bin Hashim	Ahli Member	7/7
5.	Dato' Seri Nazir Ariff bin Mushir Ariff	Ahli Member	6/6 (Tempoh berakhir pada 17 Oktober 2022) (Tenure ended on 17 October 2022)
6.	Encik Mohd Sakeri bin Abdul Kadir	Ahli Member	7/7 (Meletakkan jawatan pada 4 Disember 2022) (Resigned on 4 December 2022)

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

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

BOARD INFORMATION TECHNOLOGY COMMITTEE

1. Objective

The primary objective of the Board Information Technology Committee ("BITC") is to support the Board in providing oversight over technology-related matters.

2. Composition, Meeting and Attendance

During the financial year ended 31 December 2022, BITC held 7 meetings. The composition of BITC during the year 2022 and record of attendance are as follows:

3. Peranan dan tanggungjawab

Peranan dan tanggungjawab BITC meliputi, antara lain, perkara-perkara berikut:

- Memastikan teknologi yang relevan seperti selera risiko siber yang sejajar dengan pernyataan selera risiko Bank serta pelaksanaan efektif Rangka Kerja Pengurusan Risiko Teknologi ("TRMF") dan Dasar Kebingkasian Siber ("CRP") yang selamat dan kukuh.
- Memastikan toleransi risiko yang selari dengan peristiwa-peristiwa teknologi yang berkaitan, menilai penunjuk prestasi utama dan penunjuk risiko berkemajuan, serta memantau risiko teknologi Bank berbanding toleransi risiko yang diluluskan.
- Memantau kecekapan infrastruktur IT Bank serta pelan strategik keselamatan siber yang merangkumi pelaksanaan inisiatif-inisiatif/projek-projek IT dan Digital Bank.
- Memantau dan menangani risiko-risiko berkaitan apabila menggunakan khidmat penyedia perkhidmatan pihak ketiga untuk fungsi-fungsi dan sistem-sistem teknologi yang kritikal serta mana-mana pelantikan individu, perunding atau penasihat yang akan terlibat dalam menguruskan projek-projek atau tugas-tugas khusus berkaitan inisiatif/projek IT dan Digital Bank.
- Menyemak dan menyarankan strategi utama IT dan Digital selain pelan transformasi strategik digital dan kemajuan projek.

3. Roles and Responsibilities

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

- Ensuring the relevant technology including cyber risk appetite which is aligned with the Bank's risk appetite statement and effective implementation of a sound and robust Technology Risk Management Framework ("TRMF") and Cyber Resilience Framework ("CRP").
- Ensuring corresponding risk tolerances for technology-related events, assess the key performance indicators and forward-looking risk indicators and monitor the Bank's technology risk against its approved risk tolerance.
- Overseeing the adequacy of the Bank's IT infrastructure as well as cybersecurity strategic plans covering and the implementation of IT and Digital initiatives/projects undertaken by the Bank.
- Overseeing and address associated risk when engaging third party service providers for critical technology functions and systems as well as any appointment of such person, consultants or advisors to undertake any specific projects or assignments in relation to the Bank's IT and Digital initiatives/projects.
- Review and recommend on key IT and Digital strategy as well as digital transformation strategic plan and project progress

EMOLUMEN REMUNERATION

Emolumen Lembaga Pengarah

Pakej Emolumen Lembaga Pengarah untuk Pengerusi Bukan Eksekutif dan Lembaga Pengarah Bukan Eksekutif adalah setimpal dengan akauntabiliti, peranan dan tanggungjawab Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah.

Emolumen Lembaga Pengarah bagi TK2022 adalah seperti berikut:

2022	IMBUHAN DITERIMA DARIPADA BANK/ REMUNERATION RECEIVED FROM THE BANK						BANK/ BANK
	GAJI/ SALARY RM'000	FI/ FEE RM'000	BONUS/ BONUS RM'000	KOS PENCEN/ PENSION COST RM'000	EMOLUMEN LAIN/ OTHER EMOLUMENTS RM'000	MANFAAT/ BENEFIT- IN-KIND RM'000	
NON-EXECUTIVE DIRECTORS							
Dato' Seri Nazir Ariff bin Mushir Ariff	-	115	-	-	107	-	222
Dato' Muslim bin Hussain	-	48	-	-	165	-	213
Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	121	-	169
Encik Mohd Sakeri bin Abdul Kadir	-	45	-	-	83	-	128
Encik Zulkiflee bin Hashim	-	48	-	-	195	-	243
Dato' Mohammad Radhi bin Abdul Razak	-	37	-	-	53	-	90
Encik Wan Abdul Rahman bin Wan Abu Bakar	-	48	-	-	130	-	178
Puan Suharti binti Mohd Ali	-	48	-	-	150	-	198
Dato' Sharkawi bin Alis	-	48	-	-	123	-	171
	-	485	-	-	1,127	-	1,612

* Mewakili bilangan mesyuarat dihadiri sepanjang tempoh Pengarah memegang jawatan.

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

Emolumen Presiden Kumpulan/Ketua Pegawai Eksekutif, Kumpulan Pengurusan Kanan dan Pengambil Risiko Material lain

Emolumen untuk Presiden Kumpulan/Ketua Pegawai Eksekutif ("GP/CEO"), Kumpulan Kepimpinan Kanan ("SLT") dan Pengambil Risiko Material ("OMRT") semasa TK2022 adalah seperti berikut:

	GAJI TAHUNAN ASAS/ ANNUAL BASIC SALARY (RM'000)	EMOLUMEN LAIN/ OTHER EMOLUMENTS (RM'000)	JUMLAH EMOLUMEN TAHUNAN/ BONUS/ INCENTIVE (RM'000)	KOS PENCEN/ PENSION COST (RM'000)	JUMLAH IMBUHAN TAHUNAN/ TOTAL ANNUAL REMUNERATION (RM'000)
GP/CEO	930	60	150	194	1,334
SLT	5,287	691	988	1,064	8,030
OMRT	4,261	624	822	890	6,597

Board's Remuneration

The Board's remuneration package for Non-Executive Chairman and Non-Executive Directors commensurate with the accountabilities, roles and responsibilities at both Board and Board Committees.

The Board's remuneration during FYE 2022 is as follows:

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PENGENALAN

Lembaga Pengarah komited untuk memupuk dan memelihara pengurusan risiko dan kawalan dalaman yang mantap serta amalan tadbir urus korporat yang baik di seluruh Kumpulan SME Bank seperti yang ditetapkan dalam penyata pengurusan risiko dan kawalan dalaman Lembaga yang disediakan menurut resolusi Lembaga Pengarah bertarikh 23 Februari 2023.

Lembaga Pengarah telah membentuk Jawatankuasa Lembaga Pengurusan Risiko ("BRMC"), Jawatankuasa Lembaga Audit ("BAC"), Jawatankuasa Lembaga Pencalonan dan Pampasan ("BNCC") dan Jawatankuasa Lembaga Pembiayaan dan Pelaburan ("BFIC") dan Jawatankuasa Lembaga Teknologi Maklumat ("BITC"). Bagi tujuan penyata ini, syarikat-syarikat bersekutu tidak dikendalikan sebagai sebahagian daripada Kumpulan, justeru, tidak disertakan dalam penyata ini. Walau bagaimanapun, wakil yang dilantik oleh Lembaga dalam Lembaga Pengarah syarikat bersekutu akan menyelia aktiviti perniagaan dan operasi syarikat tersebut serta memaklumkan Lembaga Pengarah berhubung perkara-perkara utama dan maklumat penting terkini.

TANGGUNGJAWAB

Lembaga Pengarah mengakui keseluruhan tanggungjawabnya dalam mengawasi persekitaran kawalan dalaman dan keberkesannya bagi melindungi kepentingan pemegang saham dan aset Kumpulan. Langkah-langkah kawalan dalaman direka untuk mengurus dan bukan untuk menghapuskan risiko kegagalan dalam mencapai matlamat dan objektif Kumpulan, dan dengan demikian hanya memberi jaminan munasabah terhadap salah nyata maklumat kewangan yang ketara atau terhadap kerugian dan pemalsuan kewangan.

Sistem kawalan dalaman yang diwujudkan di seluruh Kumpulan dikemaskini dari semasa ke semasa selaras dengan perubahan persekitaran perniagaan serta inisiatif penambahbaikan proses yang dijalankan. Lembaga Pengarah mengesahkan bahawa Pengurusan Kumpulan telah melaksanakan dasar, prosedur dan garis panduan risiko dan kawalan dengan penuh tanggungjawab dengan cara mengenal pasti dan menilai risiko yang dihadapi serta pencapaian objektif dan strategi perniagaan.

Lembaga Pengarah berpendapat bahawa pengurusan risiko dan sistem kawalan dalaman yang tersedia pada tahun yang ditinjau dan hingga ke tarikh penerbitan penyata kewangan ini adalah mencukupi dan berkesan untuk melindungi pelaburan pemegang saham, kepentingan pelanggan, pihak pengawal selia dan kakitangan serta aset Kumpulan.

INTRODUCTION

The Board of Directors ("Board") is committed to nurture and preserve throughout SME Bank Group a sound risk management and internal controls and good corporate governance practices as set out in the Board's statement on risk management and internal control, made in accordance with the resolution of the Board dated 23 February 2023.

The Board has established the Board Risk Management Committee ("BRMC"), Board Audit Committee ("BAC"), Board Nomination and Compensation Committee ("BNCC"), Board Financing and Investment Committee ("BFIC") and Board Information Technology Committee ("BITC"). For the purposes of this statement, associates are not dealt with as part of the Group, and are therefore not covered by this statement. Nevertheless, the Board appointed representative in the Board of associate company will oversee the business and operational activities, and to update key matters and significant information to the Board.

RESPONSIBILITIES

The Board acknowledges its overall responsibility in providing oversight for the internal control environment and its effectiveness in safeguarding shareholder's interests and the Group's assets. The internal control measures are designed to manage rather than eliminate the risk of failure in the achievement of goals and objectives of the Group, and therefore provide reasonable assurance against material misstatement of financial information or against financial losses and fraud.

The system of internal control that is instituted throughout the Group is updated from time to time to align with the changes in the business environment as well as process improvement initiatives undertaken. The Board confirms that the Management of the Group responsibly implements the policies, procedures and guidelines on risks and controls via identifying and evaluating the risks faced, and the achievement of business objectives and strategies.

The Board is of the view that the risk management and internal control system is in place for the year under review, and up to the date of issuance of the financial statements, is adequate and effective to safeguard the shareholder's investment, the interests of customers, regulators, employees, and the Group's assets.

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CIRI-CIRI UTAMA RANGKA KERJA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

Kumpulan mempunyai struktur organisasi yang ditakrif dengan jelas dan had-had kebertanggungjawaban, kuasa dan tanggungjawab yang jelas kepada Lembaga Pengarah, jawatankuasanya dan unit operasi. Proses-proses utama telah diwujudkan bagi mengkaji kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman.

1. Fungsi Pengurusan Risiko

Pengurusan risiko adalah disiplin teras yang menyokong matlamat Kumpulan dalam mencapai keseimbangan antara risiko dan pulangan. Sebagai salah satu bahagian penting dalam melaksanakan fungsi-fungsi kawalan yang menyediakan semakan dan imbalan terhadap proses perniagaan dan perancangan strategik pengurusan, pengurusan risiko agar pengenalpastian, pengukuran, mitigasi dan pelaporan risiko baharu dan penting yang dihadapi oleh Kumpulan secara tepat pada masanya dan berkesan.

Pengurusan Risiko Kumpulan ("GRM") melaksanakan pendekatan pengurusan risiko bersepadu dalam usaha mewujudkan kesedaran risiko dan kefahaman terhadap prosedur dan kawalan, justeru, mempertingkatkan keseluruhan persekitaran kawalan. Pada tahun ini, dasar dan proses pengurusan risiko telah dipertingkatkan supaya bersesuaian dengan perubahan dalam pasaran, produk dan persekitaran kawal selia bagi memastikan agar dasar-dasar tersebut kekal relevan manakala profil risiko Kumpulan kekal relevan dan dalam lingkungan kecenderungan mengambil risiko Kumpulan.

Rangka Kerja Pengurusan Risiko Kumpulan ("GRMF") tersedia sebagai satu rangka kerja pengurusan risiko perusahaan bersepadu, yang merangkumi antara lainnya tadbir urus, selera risiko, pematuhan risiko dan kawalan dalaman yang menyokong aktiviti-aktiviti perniagaan dan strategik di seluruh Kumpulan.

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has a well-defined organisational structure with clearly delineated lines of accountability, authority and responsibility to the Board, its committees and operating units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

1. Risk Management Function

Risk management is a core discipline which supports the Group's aim to achieve a measured balance between risk and return. As an integral part of the control functions in providing the check and balance to the business processes and management strategic planning, risk management ensures timely and effective identification, measurement, mitigation and reporting of significant and emerging risks faced by the Group.

The Group Risk Management ("GRM") undertakes the implementation of an integrated risk management approach in creating continuous risk awareness and understanding of procedures and controls, thus enhancing the overall control environment. During the year, risk management policies and processes were enhanced to reflect changes in the markets, products and regulatory environment to ensure that the policies remain relevant and the Group's risk profile remains prudent and within the risk appetite of the Group.

The Group Risk Management Framework ("GRMF") is in place as an integrated enterprise-wide risk management framework, which includes amongst others, governance, risk appetite, risk compliance and internal controls which support business and strategic activities across the Group.

Tadbir urus risiko bersandarkan konsep tiga benteng pertahanan yang menggariskan pemisahan fungsi dan tanggungjawab utama bagi fungsi pengawasan dan kawalan bebas serta unit perniagaan dan sokongan.

The governance of risk is premised on the three lines of defence concept which outlines the functional segregation and key responsibilities of the independent oversight and control functions, as well as the business and support units.

Rangka Kerja Pengurusan Risiko Kumpulan Group Risk Management Framework

Ditadbir oleh fungsi penyeliaan yang teguh, terdiri daripada Lembaga Pengarah dan Jawatankuasa-jawatankuasa Pengurusan serta semua unit perniagaan dan sokongan.

Governed by a strong oversight function comprising the Board of Directors and Management Committees as well as all business and support units.

Selera risiko menampilkan kemampuan menerima risiko yang sanggup diambil dan ditanggung oleh Kumpulan dan anak-anak syarikatnya dalam usaha mencapai objektif perniagaan dan matlamat strategik. Risk appetite demonstrates the risk bearing capacity the Group and its subsidiaries are prepared to undertake and sustain whilst pursuing business objectives and strategic goals.

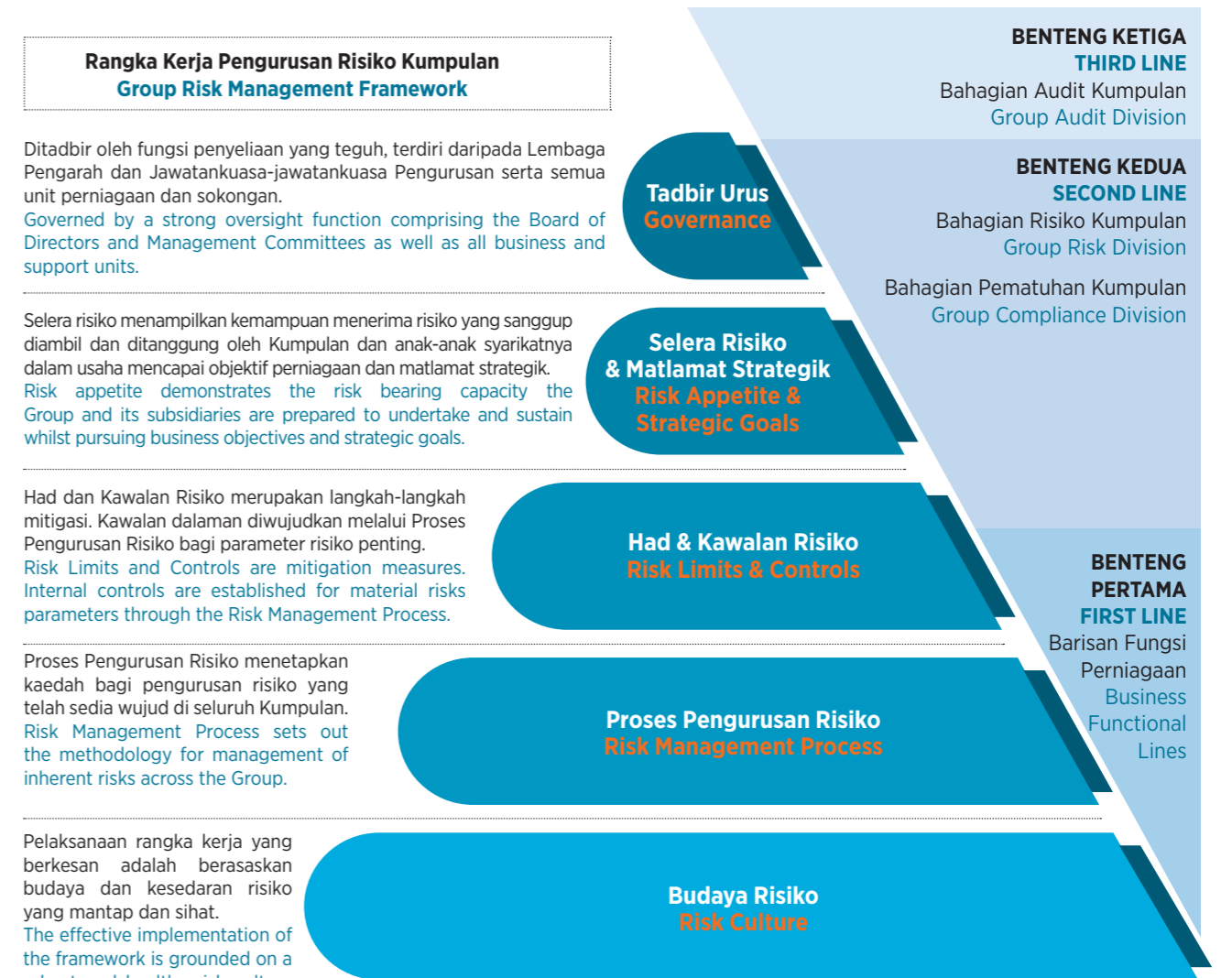
Had dan Kawalan Risiko merupakan langkah-langkah mitigasi. Kawalan dalaman diwujudkan melalui Proses Pengurusan Risiko bagi parameter risiko penting. Risk Limits and Controls are mitigation measures. Internal controls are established for material risks parameters through the Risk Management Process.

Proses Pengurusan Risiko menetapkan kaedah bagi pengurusan risiko yang telah sedia wujud di seluruh Kumpulan. Risk Management Process sets out the methodology for management of inherent risks across the Group.

Pelaksanaan rangka kerja yang berkesan adalah berasaskan budaya dan kesedaran risiko yang mantap dan sihat. The effective implementation of the framework is grounded on a robust and healthy risk culture and awareness.

Peringkat pertahanan pertama melibatkan tanggungjawab pemilik risiko (barisan fungsi perniagaan) dalam pengurusan harian risiko yang sedia wujud dalam pelbagai aktiviti perniagaan dan operasi. Di peringkat kedua pertahanan, fungsi kawalan (Pematuhan Kumpulan dan Pengurusan Risiko Kumpulan) memainkan peranan menetapkan dasar yang meliputi pembangunan peralatan dan kaedah yang relevan untuk mengenal pasti, mengukur, mengurung dan melaporkan risiko penting dan baharu. Melengkapi benteng pertahanan ini adalah peringkat pertahanan ketiga iaitu audit dalaman (Audit Kumpulan) yang menyediakan jaminan bebas terhadap keberkesanan pendekatan pengurusan risiko.

The first level of defence entails the responsibilities of risk owners (business functional lines) in the day-to-day management of risks inherent in the various business and operational activities. At the second level of defence, the control functions (Group Compliance and Group Risk Management) perform the role of policy setting which includes the development of relevant tools and methodologies to identify, measure, mitigate and report significant and emerging risks. Complementing this, at the third level of defence, is internal audit (Group Audit), which provides independent assurance of the effectiveness of the risk management approach.



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Lembaga Pengarah menerusi BRMC memacu agenda penyeliaan risiko yang kesuluruhan merangkumi kredit, pasaran, kecairan, operasi, perundangan, reputasi dan lain-lain risiko material selain memastikan bahawa proses pengurusan risiko dan rangka kerja pematuhan tersedia serta berfungsi dengan berkesan. BRMC bertanggungjawab menetapkan keseluruhan hala tuju strategi risiko Kumpulan dan memastikan keberkesanan komunikasi dan integrasi selera risiko dan pematuhan dalam perniagaan, operasi dan budaya. Ia turut membantu Lembaga Pengarah melaksanakan tanggungjawab pengawasan terhadap kawalan dalaman, pengurusan risiko dan strategi, dasar, proses dan rangka kerja pematuhan Kumpulan serta hal-hal berkaitan risiko lain.

Dalam melaksanakan peranan dan tanggungjawabnya, BRMC disokong oleh beberapa jawatankuasa pengurusan kanan, iaitu Jawatankuasa Aset dan Liability ("ALCO") dan Jawatankuasa Pematuhan dan Pengurusan Risiko ("CRMC"). Semua Jawatankuasa ini bertanggungjawab terhadap keberkesanan penilaian dan kawalan risiko harian, dalam usaha untuk mengimbangi risiko dan pulangan Kumpulan serta mengekalkan kelebihan daya saingnya.

Sejajar dengan aspirasi Kumpulan untuk menjalankan perbankan Islam sepenuhnya ("FFIB"), rangka kerja dan dasar-dasar risiko Syariah dalaman telah diwujudkan bagi memandu dan memperkukuhkan pengurusan potensi risiko ketidakpatuhan Syariah yang mungkin timbul daripada aktiviti-aktiviti dan operasi perniagaan. Fungsi utama Pengawasan Syariah, Pengurusan Risiko Syariah dan Audit Syariah didokumentasi dengan peranan dan tanggungjawab yang jelas, menurut Dokumen Dasar Tadbir Urus Syariah yang dikeluarkan oleh BNM dan keperluan pengawalseliaan lain. Objektif utama dokumentasi tersebut adalah bagi mengukuhkan kemantapan proses membuat keputusan dan keteguhan fungsi kawalan dalaman untuk menghasilkan pengurusan risiko ketidakpatuhan Syariah yang berkesan.

The Board, via BRMC, drives the overall risk oversight agenda of the Group in risk management activities involving credit, market, liquidity, operational, legal, reputational and other material risks as well as ensuring that the risk management process and compliance framework are in place and functioning effectively. BRMC is responsible for setting the overall tone of the Group's risk strategy and ensuring effective communication and integration of risk appetite and compliance within the business, operations and culture. It also assists the Board in undertaking the oversight responsibilities on the Group's internal controls, risk management and compliance strategies, policies, processes, frameworks and other risk related matters.

The BRMC, in discharging its roles and responsibilities, is supported by a number of senior management committees; namely the Asset and Liability Committee ("ALCO") and Compliance and Risk Management Committee ("CRMC"). These committees are accountable for the effectiveness of the day-to-day risk assessment and controls, in an effort to balance the Group's risk and return as well as maintain its competitive advantage.

In line with the Group's aspiration to become a full-fledged Islamic bank ("FFIB"), internal Shariah risk framework and policies have been established to guide and strengthen the management of potential Shariah non-compliance risk which may arise from business activities and operations. The key functions of Shariah Review, Shariah Risk Management and Shariah Audit are documented with clear roles and responsibilities, in accordance with the Shariah Governance Policy Document issued by BNM and other relevant regulatory requirements. The main objective is to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks.

Dengan mengambilkira kemajuan teknologi khususnya berkaitan inisiatif digitalisasi, Kumpulan telah mewujudkan Dasar Keselamatan Maklumat dan Rangka Kerja Pengurusan Risiko Teknologi. Ini bertujuan untuk menangani kehendak teknologi maklumat pengurusan risiko ("RMIT") bagi memastikan pengurusan berkesan risiko teknologi yang timbul daripada kegagalan atau kebobolan sistem, aplikasi, platform atau infrastruktur IT, yang boleh mengakibatkan kerugian kewangan, gangguan dalam perkhidmatan kewangan atau operasi, atau ancaman reputasi.

Pengurusan Kesenambungan Perniagaan Kumpulan ("BCM") telah tersedia dengan tumpuan khusus ke atas strategi pemulihan perniagaan serta jangkaan dan perancangan pemulihan secara proaktif. Aktiviti seperti simulasi krisis dijalankan setiap tahun bagi menguji daya maju dan kebolehppercayaan pelan-pelan tindakan serta strategi-strategi pemulihan dan kesinambungan bagi mempertingkatkan kesiapsiagaan BCM.

Kumpulan menerima pakai dan menggalakkan budaya pengurusan risiko di seluruh organisasi untuk meningkatkan dan memupuk budaya kesedaran risiko yang merupakan aspek penting bagi rangka kerja pengurusan risiko seluruh perusahaan yang berkesan. Asas kepada Budaya Pengurusan Risiko Kumpulan adalah struktur tadbir urus korporat yang kukuh, struktur organisasi dengan peranan dan tanggungjawab yang ditakrif dengan jelas, komunikasi dan latihan yang berkesan, komitmen terhadap pematuhan undang-undang, peraturan dan kawalan dalaman, kewibawaan dalam tanggungjawab fidusiari dan dasar yang jelas, serta prosedur dan garis panduan yang difahami dengan jelas di seluruh Kumpulan.

2. Fungsi Pematuhan

Pematuhan Kumpulan ("GC") menerusi cogan kata "Pematuhan Bermula dengan Anda" terus menyemai, memperkukuh dan merangkumkan piawaian Pematuhan tertinggi ke dalam budaya teras Kumpulan menerusi pelbagai strategi bagi memenuhi semua kehendak-kehendak kawal selia, operasi, Syariah, Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan dan Wang Daripada Aktiviti Haram 2001 ("AMLA"), Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018) dan Akta Pemberi Maklumat 2010.

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

The Group's Business Continuity Management ("BCM") is in place solely to focus on business recovery strategies and to proactively anticipate and undertake recovery planning. Activities such as the crisis simulation exercise are conducted annually to test the viability and reliability of the response plans, recovery and continuity strategies to enhance the BCM's preparedness and readiness.

The Group adopts and promotes risk management culture throughout the organisation to enhance and inculcate risk awareness culture which is a key aspect of an effective enterprise-wide risk management framework. Fundamental to the Group's Risk Management Culture are strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines cascaded across the Group.

2. Compliance function

Group Compliance's ("GC") through its motto "Compliance starts with you", has continuously cultivated, reinforced and integrated the high standard of Compliance into Group's core culture through numerous strategies to meet all regulatory, operational, Shariah, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018) and Whistleblowing Act 2010 requirements.

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Penyelidikan oleh Lembaga Pengarah serta komitmen pengurusan kanan dalam memastikan pelaksanaan berkesan program-program pematuhan dan integrasi kakitangan ke arah mencapai piawaian pematuhan dilakukan menerusi pelaporan bulanan iaitu Laporan Pematuhan oleh GC.

GC selaku barisan pertahanan kedua bertanggungjawab mengenalpasti, menilai dan memantau risiko pematuhan pada tahap Kumpulan yang merangkumi pematuhan terhadap semua kehendak kawal selia, operasi, Syariah, Akta Pencegahan Pengubahan Wang Haram, Pencegahan Pembiayaan Keganasan dan Hasil Daripada Aktiviti Haram 2001 ("AMLA"), Akta Suruhanjaya Pencegahan Rasuah Malaysia 2009 (Pindaan 2018) dan Akta Pemberi Maklumat 2010.

Pengenalpastian risiko pematuhan dilakukan menerusi Senarai Semak Pematuhan Kawal Selia ("RCC"), di mana dasar-dasar dan prosedur-prosedur ("P&P") dalaman Bank dikaji agar memenuhi semua kehendak kawal selia yang berkaitan. Risiko Pematuhan yang dikenalpasti kemudian dinilai dan pelan-pelan tindakan dirangka dengan bantuan Pegawai Perhubungan Pematuhan dan Risiko ("CRLO"). GC kemudian memantau risiko pematuhan tersebut menerusi program-program semakan pematuhan yang merangkumi Ibu Pejabat sehingga rangkaian-rangkaian Bank. Selain daripada itu, GC juga bertanggungjawab mengemaskini dan melaporkan secara berkala penilaian dan/atau aktiviti-aktivitinya kepada pengurusan kanan dan Jawatankuasa Syariah.

3. Fungsi Audit Dalaman

Audit Dalaman ("GA") ditadbir oleh Piagam Audit yang mentakrif antara lain; tujuan, misi, tanggungjawab, kebebasan dan standard etika fungsi Audit Dalaman (IA) Kumpulan.

GA menjalankan kajian berkala bagi perniagaan dan operasi Kumpulan untuk menyediakan jaminan berobjektif kepada Lembaga Pengarah bahawa proses pengurusan risiko, kawalan dalaman dan tadbir urus adalah mencukupi dan berkesan. Di samping itu, GA turut menyediakan khidmat rundingan, nasihat dan memberi pandangan kepada pihak berkepentingan bagi menambah nilai dan menambah baik operasi Kumpulan. Kajian secara umumnya dipandu oleh Rancangan Audit Tahunan ("AAP") yang diluluskan oleh BAC. Dalam merumus AAP,

The Board's oversight, coupled with the senior management's commitment in ensuring effective implementation of compliance programmes and integration of staff towards compliance standards are done through monthly reporting, Compliance Reports by GC.

GC as the second line of defence, is responsible in identifying, assessing and monitoring the compliance risk at the Group level which includes compliance with all regulatory, operational, Shariah, Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") Malaysia Anti-Corruption Commission Act 2009 (Amendment 2018) and Whistleblowing Act 2010 requirements.

The identification of compliance risk is conducted through Regulatory Compliance Checklist ("RCC"), where the Bank's internal policies and procedures ("P&P") are being analysed in meeting up with all relevant regulatory requirements. The identified Compliance Risk has then been assessed and its action plans are addressed together with the assistance of Compliance and Risk Liaison Officer ("CRLO"). GC then will monitor the compliance risk through compliance review programs that stretch from HQ to the Bank's networks. Beside the above, GC is also responsible to regularly update and report its assessment and/or activities to the senior management and Shariah Committee.

3. Internal Audit Function

The Group Audit ("GA") is governed by its Audit Charter, which defines among others; the purpose, mission, responsibility, independence, and ethical standards of the Internal Audit ("IA") function of the Group.

GA undertakes periodic review of the Group's business and operations to provide objective assurance to the Board that the risk management, internal control and governance processes are adequate and effective. In addition, GA provides consulting services, advice and insight to the stakeholders to add value and improve the Group's operations. The reviews are mainly guided by the Annual Audit Plan ("AAP") approved by the BAC. In formulating the AAP, GA adopts a risk-based approach, which takes into account the Bank's corporate strategy, regulatory requirements

GA menerima pakai pendekatan berasaskan risiko yang mengambil kira strategi korporat Bank, keperluan pengawalseliaan dan risiko baharu yang utama bagi perniagaan dan operasi Kumpulan seperti kualiti aset, penilaian pihak pengawal selia, keselamatan siber, penarafan audit terdahulu dan fungsi-fungsi kritikal. Pemerhatian audit terhadap risiko dan ketidakpatuhan utama yang memberi kesan kepada Kumpulan serta cadangan yang diketengahkan akan dibincang dan dibuat susulan dengan pihak berkepentingan sehingga selesai bagi memastikan supaya kawalan telah pun dilaksanakan secara berkesan untuk mengurangkan risiko. GA turut menjalankan siasatan ke atas sebarang dakwaan kecuaihan, penipuan dan salah laku yang dilaporkan. Audit ke atas sistem maklumat Kumpulan dilaksanakan bagi menentukan sama ada persekitaran IT beroperasi secara berkesan untuk mencapai objektif Kumpulan sambil melindungi aset dan mengekalkan integriti dan kerahsiaan data.

Dalam memastikan kebolehannya bagi menyediakan jaminan yang wajar kepada BAC secara berkesan dan cekap, GA melakukan penambahbaikan secara berterusan ke atas proses-proses audit dalaman dan kecekapan juruadit dalaman menerusi pelbagai latihan dalaman dan luar termasuk pensijilan juruaudit. Bagi menilai secara objektif kualiti perkhidmatannya dan memastikan ia sentiasa menambah baik penyediaan perkhidmatan, semakan Program Jaminan Kualiti dan Penambahbaikan ("QAIP") dijalankan melalui penilaian tahunan sendiri dan oleh penilai bebas luar yang berkelayakan sekurang-kurangnya sekali setiap lima tahun. Program tersebut juga berperanan menilai kepatuhan GA terhadap Rangka Kerja Amalan Profesional Antarabangsa, Institut Juruadit Dalaman. Sebagai sebahagian daripada usaha mendokong kebebasan ini sejajar dengan QAIP dan IPPF, GA mengisytiharkan kebebasannya daripada operasi-operasi dan aktiviti-aktiviti audit dalaman kepada BAC pada setiap tahun. Kaedah yang dikemas kini tersebut turut diperkemas berpandukan Penarafan Risiko Komposit BNM dan ditanda aras dengan amalan-amalan terbaik industri.

and the top emerging risks affecting the Group's business and operations such as asset quality, regulators' assessments, cyber security, previous audit rating and criticality of functions. Audit observations on significant risks and non-compliances impacting the Group together with the recommendations are highlighted, deliberated and followed up with the stakeholders until resolution to ensure that the controls are effectively implemented to mitigate the risks. GA also carries out investigation on any alleged negligence, frauds and misconducts reported. Audit on the information systems of the Group is conducted to determine whether the IT environment is operating effectively to achieve the Group's objectives while safeguarding the assets and maintaining data integrity and confidentiality.

In ensuring its capabilities to provide the necessary assurance to BAC more effectively and efficiently, GA makes continuous improvements to internal audit processes and the competency of internal auditors through various internal and external trainings including certification of auditors. To objectively evaluate its service quality and to ensure it constantly improves service delivery, Quality Assurance and Improvement Programme ("QAIP") review is conducted via yearly self-assessment and by qualified external independent reviewer at least once in every five years. The programme also serves to assess GA's conformance with the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors. As part of the effort to uphold the independencies in accordance to QAIP and IPPF, GA has declared its independence of the internal audit's operations and activities to the BAC on annual basis. In addition, GA has established its Audit Rating Methodology which was developed based on industry-accepted frameworks as a testament for continuous improvement. The updated methodology was also streamlined with BNM's Composite Risk Rating and benchmarked against industry best practices.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Sejajar dengan digitalisasi institusi-institusi kewangan dan sebagai sebahagian daripada pelan strategi jangka panjang, GA telah melaksanakan Sistem Pengurusan Audit automatik. Matlamatnya adalah untuk memperkemaskan proses audit manual semasa dan menggunakan satu proses audit bersepadu dan tangkas berpacuan risiko menggunakan sistem audit automatik. Selain itu, sistem ini bertujuan menjadikan proses audit automatik sepenuhnya agar selari dengan perubahan persekitaran, bagi memastikan semua aktiviti audit dijalankan secara berkesan dan mantap.

Peranan Bebas, Jawatankuasa Audit Pengurusan dan Jawatankuasa Lembaga Audit

Seperti keperluan BNM/RH/GL013-4 - Garis Panduan Fungsi Audit Dalaman Institusi Berlesen 2010, Ketua Juruaudit Dalaman Kumpulan melapor secara fungsinya kepada BAC dan secara pentadbirannya kepada Presiden Kumpulan/Ketua Pegawai Eksekutif. Di samping itu, Ketua Juruaudit Dalaman Kumpulan membentangkan laporan audit Syariah kepada Jawatankuasa Syariah menurut keperluan Dokumen Dasar Tadbir Urus Syariah yang dikeluarkan oleh Bank Negara Malaysia.

Bank telah menubuhkan Jawatankuasa Audit Pengurusan ("MAC") yang terdiri daripada wakil-wakil pengurusan kanan untuk memastikan kecukupan perbincangan bagi isu dan penemuan yang dibangkitkan oleh GA. Laporan audit dan tindakan pemuliharaan dibentangkan untuk makluman dan perbincangan dalam mesyuarat MAC yang dijalankan secara berjadual. Minit mesyuarat MAC serta laporan-laporan audit yang berkaitan kemudian dibentangkan kepada BAC.

BAC dipengerusikan oleh Pengarah Bebas Bukan Eksekutif daripada Lembaga Pengarah. Semua keputusan dan cadangan BAC disampaikan dengan sewajarnya kepada pihak berkepentingan yang berkenaan untuk tindakan pembetulan dan dibuat susulan sehingga isu tersebut ditutup. Laporan Pengerusi BAC dan minit mesyuarat BAC kemudiannya dibentangkan kepada Lembaga Pengarah.

* Maklumat terperinci mengenai Jawatankuasa Lembaga Audit dibentangkan dalam bahagian Tadbir Urus Korporat.

In tandem with the digitalisation in financial institutions and as part of long-term strategy plan, GA has implemented an automated Audit Management System. The objective is to streamline the current manual audit processes to adopt an agile and integrated risk-driven audit process using audit automated system. Besides, the system is aimed to fully automate the audit process in order to keep up with the changes of the environment, in ensuring that all audit activities conducted are performed in an effective and robust manner.

Independent Role, Management Audit Committee and Board Audit Committee

As per requirement of BNM/RH/GL013-4 - Guidelines on Internal Audit Function of Licensed Institutions 2010, the Group Chief Internal Auditor reports functionally to the BAC and administratively to the Group President/Chief Executive Officer. In addition, Group Chief Internal Auditor presents the Shariah audit reports to the Shariah Committee as per requirement of the Shariah Governance Policy Document issued by Bank Negara Malaysia.

The Bank has established Management Audit Committee ("MAC"), which comprises of senior management representatives to ensure the adequacy of deliberation of issues and findings raised by GA. The audit reports and remedial actions are presented for notification and deliberation in the MAC meeting that is conducted on a scheduled basis. Minutes of MAC meeting together with the relevant audit reports are subsequently tabled to the BAC.

The BAC is chaired by an Independent Non-Executive Director of the Board. All BAC's decisions and recommendations are duly cascaded down to the relevant stakeholders for corrective actions and are followed through until the issues are closed. The BAC Chairman's reports and minutes of the BAC meetings are subsequently tabled to the Board.

* The details of Board Audit Committee are discussed in Corporate Governance section.

4. Unsur Utama Lain bagi Kawalan Dalaman

Unsur-unsur utama lain bagi prosedur yang diwujudkan oleh Lembaga Pengarah yang menyediakan kawalan dalaman berkesan termasuk:

- Jawatankuasa Lembaga Pengarah yang lain turut ditubuhkan bagi membantu Lembaga Pengarah menjalankan fungsi peneliaannya iaitu BNCC, BFIC dan BITC. Jawatankuasa Lembaga dengan terma rujukan yang telah diformal ini diamanahkan dengan tanggungjawab khusus.
- Lembaga Pengarah mengkaji laporan berkala daripada pengurusan mengenai statistik operasi penting serta hal-hal berkaitan undang-undang dan kawal selia. Rancangan perniagaan dan belanjawan tahunan juga dikemukakan kepada Lembaga Pengarah untuk kelulusan. Pencapaian prestasi dinilai berdasarkan sasaran yang ditetapkan secara berkala bagi membolehkan tindak balas dan tindakan pembetulan diambil tepat pada masanya untuk mengurangkan risiko. Lembaga Pengarah turut meluluskan sebarang perubahan atau pindaan kepada dasar Kumpulan.
- Dasar/garis panduan taksiran pengambilan pekerja dan prestasi diwujudkan dalam Kumpulan bagi memastikan supaya individu-individu yang layak dan sesuai dipilih untuk mengisi kekosongan jawatan. Program latihan rasmi dan prosedur-prosedur berkaitan lain disediakan bagi memastikan kakitangan dilatih dan mempunyai daya saing yang mencukupi bagi membolehkan mereka menjalankan tugas dan tanggungjawab secara berkesan. Garis panduan yang sewajarnya turut ditetapkan bagi penamatan perkhidmatan kakitangan.

4. Other Key Elements of Internal Controls

The other key elements of the procedures established by the Board that provides effective internal control include:

- Other Board Committee is also established to assist the Board in performing its oversight function namely BNCC, BFIC and BITC. Specific responsibilities have been delegated to these Board Committees, which has formalised terms of reference.
- The Board reviews regular reports from the management on the key operating statistics, as well as legal and regulatory matters. An annual business plan and budget are submitted to the Board for approval. Performance achievements are reviewed against the targeted results on a periodic basis allowing timely responses and corrective actions to be taken to mitigate risks. The Board also approves any changes or amendments to the Group's policies.
- There are recruitment and performance appraisal policies/guidelines established within the Group to ensure that the right and appropriate persons are selected to fill available positions. Formal training programmes and other relevant procedures are in place to ensure that staff are adequately trained and competent to enable them to discharge their duties and responsibilities effectively. Proper guidelines are also drawn up for termination of staff.

PENYATA PENGURUSAN RISIKO DAN KAWALAN DALAMAN

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Piagam Integriti Korporat SME Bank menekankan bahawa SME Bank berikrar untuk: (i) tidak, menerusi mana-mana kakitangan, wakil atau ejennya, melakukan sebarang kesalahan rasuah di bawah undang-undang seperti Akta Suruhanjaya Anti Rasuah (Pindaan) Malaysia 2018 atau Kod Penal; (ii) tidak menjalankan sebarang amalan atau aktiviti perniagaan yang memerlukan atau menggalakkan kakitangan, wakil atau ejennya melakukan kesalahan tersebut; (iii) bekerjasama dengan rakan-rakan niaga, pengawal selia dan agensi-agensi penguatkuasa undang-undang bagi mencipta persekitaran perniagaan yang bebas daripada rasuah; (iv) mendokong Prinsip-prinsip Integriti Korporat SME Bank di Malaysia dalam perjalanan perniagaan dan interaksinya dengan rakan-rakan niaga dan Kerajaan; dan (v) mengambil tindakan tegas ke atas mana-mana pihak yang mencemarkan integriti dan imej SME Bank.
- SME Bank telah mewujudkan saluran pemberi maklumat di bawah penyeliaan Jawatankuasa Lembaga Audit. Pengurusan SME Bank memastikan supaya semua aduan yang diterima dianalisis secara bebas dan maklumat akan disampaikan hanya kepada pihak yang diperlukan untuk tujuan penyiasatan dan penyelesaian. Proses komunikasi adalah sulit sepenuhnya dan ketanpanamaan komunikasi tersebut dijamin.
- SME Bank memiliki kod tata laku diluluskan oleh Lembaga Pengarah yang mencerminkan keteguhan asas kami dan mengukuhkan nilai-nilai integriti kami.

5. Jaminan daripada Pengurusan

Lembaga Pengarah turut menerima jaminan munasabah daripada Presiden Kumpulan/ Ketua Pegawai Eksekutif dan Ketua Pegawai Kewangan Kumpulan bahawa pengurusan risiko dan sistem kawalan dalaman Kumpulan bagi tahun berakhir 2022 telah beroperasi dengan sewajarnya dan berkesan, dalam semua aspek penting, berdasarkan pengurusan risiko dan sistem kawalan dalaman Kumpulan.

- Establishment of SME Bank's Corporate Integrity Pledge which stipulates that SME Bank pledges that it shall: (i) not, through any of its employees, representatives or agents, commit any corruption offence under any law, such as Malaysian Anti-Corruption Commission (Amendment) ("MACC") Act 2018 or Penal Code; (ii) not conduct any business practices or activities that would require or encourage any of its employees, representatives or agents to commit such offences; (iii) work together with its business partners, regulators and law enforcement agencies to create a business environment that is free from corruption; (iv) uphold the SME Bank's Corporate Integrity Principles in Malaysia in the conduct of its business and in its interactions with its business partners and the Government; and (v) take strict action against any party who tarnishes the integrity and SME Bank's image.
- SME Bank has established whistleblowing channel under supervision of Board Audit Committee. SME Bank's management ensures that all complaints received are independently analysed and information is communicated only to the people required to the investigation and resolution. The communication process is completely confidential and the anonymity of the communication is assured.
- SME Bank has a code of conduct approved by the Board of Directors, which reflects our fundamental and strengthen integrity values.

5. Assurance from Management

The Board has also received reasonable assurance from the Group President/Chief Executive Officer and Group Chief Financial Officer that the Group's risk management and internal control system for the year ended 2022 is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

KAJIAN PENYATA OLEH JURUAUDIT LUAR

Juruaudit luar telah menyemak Penyata Pengurusan Risiko dan Kawalan Dalaman ini untuk disertakan dalam Laporan Tahunan bagi tahun kewangan berakhir 31 Disember 2022. Juruaudit luar telah menjalankan semakan selaras dengan skop yang ditetapkan dalam Panduan Amalan Audit dan Jaminan 3 ("AAPG 3"), Panduan bagi Juruaudit tentang Penglibatan untuk Laporan mengenai Penyata Pengurusan Risiko dan Kawalan Dalaman yang disertakan dalam Laporan Tahunan (sebelumnya, Cadangan Panduan Amalan ("RPG") 5 (Semakan 2015), Panduan bagi Juruaudit tentang Penglibatan untuk Laporan mengenai Penyata Pengurusan Risiko dan Kawalan Dalaman yang disertakan dalam Laporan Tahunan) yang dikeluarkan oleh Institut Akauntan Malaysia ("MIA"). Mereka telah melaporkan kepada Lembaga Pengarah bahawa sesuatu perkara pun dalam perhatian mereka yang menyebabkan mereka percaya bahawa penyata yang bertujuan untuk disertakan dalam laporan tahunan Kumpulan ini, dalam semua aspek penting:

- a) tidak disediakan menurut pendedahan yang dikehendaki oleh perenggan 41 dan 42 Penyata Pengurusan Risiko dan Kawalan Dalaman: Garis Panduan bagi Pengarah Penerbit Tersenarai; atau
- b) dari segi faktanya tidak tepat.

AAPG 3 tidak memerlukan juruaudit luar untuk mempertimbangkan sama ada Penyata Pengurusan Risiko dan Kawalan Dalaman Pengarah meliputi semua risiko dan kawalan, atau membentuk pandangan tentang kecukupan dan keberkesanan pengurusan risiko dan sistem kawalan dalaman Kumpulan termasuk penilaian dan pandangan oleh Lembaga Pengarah dan pengurusan mengenainya. Juruaudit juga tidak diperlukan untuk mempertimbangkan sama ada proses yang dijelaskan untuk menangani aspek kawalan dalaman bagi sebarang masalah penting yang didedahkan dalam laporan kewangan akan, pada hakikatnya, menyelesaikan masalah tersebut.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2022. The external auditors conducted the review in accordance with the scope set out in Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report (previously, Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report) issued by the Malaysian Institute of Accountants ("MIA"). They have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

PENYATA TADBIR URUS SYARIAH

STATEMENT ON SHARIAH GOVERNANCE

1. Latar Belakang

Tadbir urus Syariah adalah penting untuk kestabilan sistem kewangan Islam. Kewujudan rangka kerja tadbir urus Syariah yang mampan mampu mengukuhkan keyakinan orang ramai terhadap integriti, pengurusan dan operasi perniagaan sesebuah institusi kewangan Islam.

Dokumen Dasar Bank Negara Malaysia (BNM) berhubung Tadbir Urus Syariah berperanan mengukuhkan kebertanggungjawaban pengawasan ke atas Lembaga Pengarah, Jawatankuasa Syariah (JS) dan bahagian-bahagian penting lain yang terlibat dalam pelaksanaan tadbir urus Syariah. Ia turut menggariskan objektiviti JS bagi memperkukuh proses membuat keputusan dan keberkesanan fungsi-fungsi kawalan dalaman bagi mencapai pengurusan risiko ketidakpatuhan Syariah yang efektif.

Produk-produk dan perkhidmatan kewangan Islamik SME Bank ditadbir di bawah peruntukan-peruntukan yang berkaitan dalam Akta Institusi Kewangan Pembangunan 2002 dan peraturan-peraturan serta undang-undang yang berkuatkuasa yang dikeluarkan oleh BNM.

2. Peranan dan Tanggungjawab Lembaga Pengarah

Lembaga Pengarah bertanggungjawab, antara lain, memastikan pematuhan Syariah menurut keperluan Dokumen Dasar BNM berhubung Tadbir Urus Syariah.

Lembaga Pengarah telah mentakrifkan dengan jelas hubungannya dengan JS. Lembaga Pengarah bertanggungjawab untuk mengawasi rangka kerja tadbir urus Syariah yang teguh dan integrasinya dalam perniagaan dan strategi risiko Bank manakala JS mempunyai tanggungjawab untuk memberikan khidmat nasihat yang wajar kepada Bank untuk memastikan matlamat dan operasi, perniagaan, hal ehwal dan aktiviti Bank adalah mematuhi Syariah.

Bank telah mewujudkan komunikasi yang berkesan di antara Lembaga Pengarah dan JS ke atas semua perkara berkaitan keperluan Syariah, tadbir urus Syariah atau risiko ketidakpatuhan Syariah bagi membolehkan kedua-dua pihak menjalankan tanggungjawab masing-masing secara efektif di bawah Dasar Tadbir Urus Syariah BNM.

1. Background

Shariah governance is integral to Islamic financial system stability. The institutionalisation of a sound Shariah governance framework strengthens public confidence in the integrity, management and business operations of the Islamic financial institutions.

Bank Negara Malaysia (BNM) Policy Document on Shariah Governance has strengthened the oversight accountabilities on the Board, Shariah Committee (SC) and other key organs involved in the implementation of Shariah governance. It also highlights the SC's objectivity to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks.

SME Bank's Islamic financial products & services are governed mainly by the relevant provisions of Development Financial Institutions Act 2002 and other applicable rules and regulations issued by BNM.

2. Board Roles and Responsibilities

The Board is responsible, among others, to ensure Shariah compliance in accordance to the requirements of BNM Policy Document on Shariah Governance.

The Board has clearly defined its relationship with SC. The Board is responsible to oversee a robust Shariah governance framework and its integration within the business and risk strategies of the Bank whereas the SC has the responsibility to provide objective and sound advice to the Bank to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah.

The Bank has established the effective communication between Board and Shariah committee on all matters relating to Shariah requirements, Shariah governance or Shariah non-compliance risks to enable both parties to effectively discharge respective responsibilities under BNM Policy of Shariah Governance.

Terdapat empat (4) sesi libat urus antara Lembaga Pengarah dan JS yang telah dijalankan sepanjang tahun bagi memastikan hubungan kerjasama yang berterusan antara kedua-dua pihak.

- Majlis Berbuka Puasa SME Bank yang diadakan pada 28 April 2022;
- Sesi Meja Bulat Strategik Syariah yang diadakan pada 23 November 2022;
- Taklimat mengenai Kesedaran Keselamatan Siber yang diadakan pada 29 November 2022; dan
- Taklimat mengenai Kesedaran Pengurusan Kesenambungan Perniagaan (BCM) yang diadakan pada 29 November 2022.

Sebagai sebahagian daripada peranan Ahli Lembaga Pengarah adalah untuk mengawasi pelaksanaan ketetapan Majlis Penasihat Syariah (MPS) dan keputusan atau nasihat oleh JS dalam semua bidang perniagaan dan fungsi tugas, semua keputusan yang dibuat oleh JS akan dibentangkan kepada Lembaga Pengarah. Terdapat lima (5) laporan Pengerusi JS dibentangkan kepada Lembaga Pengarah berhubung keputusan yang dibuat oleh JS semasa mesyuarat JS yang diadakan sepanjang tahun.

Sebagai sebahagian daripada tanggungjawab Lembaga Pengarah untuk menggalakkan pertumbuhan dan keteguhan kewangan Bank yang mampan, Lembaga Pengarah telah mewujudkan sebuah rangka kerja tadbir urus Syariah yang berkesan. Tanggungjawab pengawasan Lembaga Pengarah terhadap tadbir urus dan pematuhan Syariah menggambarkan integrasi pertimbangan dari sudut tadbir urus Syariah dalam strategi perniagaan dan risiko Bank. Bagi menyempurnakan peranan ini, Lembaga Pengarah telah:

- meluluskan dasar-dasar berkaitan struktur tadbir urus dan susunan laporan, pengurusan risiko ketidakpatuhan Syariah dan bidang-bidang lain yang penting bagi keberkesanan pelaksanaan tadbir urus Syariah dalam Bank;
- mengawasi pelaksanaan ketetapan dan keputusan Majlis Penasihat Syariah (MPS) BNM atau nasihat daripada JS dalam semua bidang perniagaan dan fungsi, termasuk sebarang implikasi perniagaan atau risiko yang timbul daripada pelaksanaan tersebut;

There were four (4) engagement sessions conducted between the Board and SC during the year in ensuring continuous engagement between the parties. Details are as follows:

- Majlis Berbuka Puasa* SME Bank held on 28 April 2022;
- Shariah Strategic Roundtable Session held on 23 November 2022;
- Briefing on Cyber Security Awareness held on 29 November 2022; and
- Briefing on Business Continuity Management (BCM) Awareness held on 29 November 2022.

As part of the role of Board members to oversee the implementation of SAC rulings and decisions or advice of SC within all business and functional lines, all decisions made by SC will be tabled to Board. There were five (5) SC Chairman reports presented to the Board with regards to decision made by SC during SC meetings throughout the year.

As part of the Board's responsibility to promote the Bank's sustainable growth and financial soundness, the Board has institutionalised a robust Shariah governance framework. The Board's oversight accountability over Shariah governance and compliance reflects the integration of Shariah governance considerations within the Bank's business and risk strategies. In fulfilling this role, the Board has:

- approved policies relating to governance structure and reporting arrangements, Shariah non-compliance risk management and other areas that are material to the effective implementation of Shariah governance within the Bank;
- oversight on the implementation of Shariah Advisory Council (SAC) of BNM rulings and decisions or advice of the SC within all business and functional lines, including any business or risk implications arising from such implementation;

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

- (c) mengawasi pelaksanaan rangka kerja kawalan dalaman untuk mencegah/menghalang ketidakpatuhan Syariah dan sebarang langkah pembetulan bagi menyelesaikan sebarang insiden atau keadaan yang boleh menyebabkan atau telah menyebabkan ketidakpatuhan Syariah;
- (d) mengawasi prestasi pengurusan kanan dan pegawai-pegawai lain yang diamanahkan untuk melaksanakan rangka kerja tadbir urus Syariah sehinggalah Lembaga Pengarah berpuas hati bahawa tahap prestasi mereka adalah selaras dengan objektif tadbir urus Syariah; dan
- (e) menggalakkan budaya korporat sihat yang mencerminkan peri pentingnya pematuan dengan keperluan Syariah dalam pembangunan dan pemasaran produk, perumusan strategi, operasi perniagaan, amalan pengurusan risiko dan aspek-aspek lain yang boleh menggalakkan pematuan Syariah secara menyeluruh.

Dalam menjalankan peranan dan tanggungjawab mereka, Lembaga Pengarah telah diberikan maklumat dan penerangan yang diperlukan serta bukti dan jaminan yang mencukupi bahawa Bank telah patuh Syariah.

3. Peranan dan Tanggungjawab JS

Selaras dengan Dokumen Dasar BNM berhubung Tadbir Urus Syariah, Bank telah membentuk/mewujudkan Piagam Jawatankuasa Syariah yang tersendiri sebagai sebahagian daripada rangka kerja tadbir urus Syariah berkesan bagi menggalakkan/mempromosikan piawaian tadbir urus Syariah tertinggi dalam Bank.

Objektif Piagam Jawatankuasa Syariah adalah untuk memastikan supaya semua Ahli Jawatankuasa Syariah (AJS) mengetahui tugas, peranan dan tanggungjawab mereka sebagaimana yang digariskan oleh undang-undang dan peraturan berkaitan serta bagi memastikan supaya semua AJS mengamalkan keperibadian berintegriti pada tahap tertinggi yang dapat memberi keyakinan terhadap kemampuan mereka untuk melaksanakan tanggungjawab secara berkesan dalam tadbir urus Syariah.

- (c) oversight on the implementation of the internal control framework to prevent Shariah non-compliance and any rectification measures to resolve incidences or circumstances that may result or have resulted in Shariah non-compliance;
- (d) oversight on the performance of senior management and other officers entrusted to implement Shariah governance framework such that the Board is satisfied that the measures of their performance are aligned with Shariah governance objectives; and
- (e) promoted a sound corporate culture which reflected the importance of adhering to Shariah requirements in product development and marketing, strategy formulation, business operations, risk management practices and other aspects that promote end-to-end compliance with Shariah.

In performing their roles and responsibilities, the Board has been provided with the necessary information and explanations as well as sufficient evidence and assurance that the Bank has complied with Shariah.

3. SC Roles and Responsibilities

In light of BNM Policy Document on Shariah Governance, the Bank has established its own Shariah Committee Charter as part and parcel of the robust Shariah governance framework to promote highest standard of Shariah governance within the Bank.

The objectives of the Shariah Committee Charter are to ensure that all SC members are aware of their duties, roles and responsibilities as outlined by various legislations and regulations as well as to ensure that all SC members carry themselves with the highest level of integrity that commands confidence in effectively discharging their accountability over Shariah governance.

JS memainkan peranan pengawasan dalam mengawal selia semua perkara berkaitan perniagaan perbankan Islam Bank. Peranan dan tanggungjawab JS adalah, tetapi tidak terhad kepada perkara-perkara berikut:

- (a) Menyediakan objektif dan nasihat yang berkesan kepada Lembaga Pengarah dan/atau Pengurusan berhubung perkara-perkara Syariah bagi memastikan supaya sasaran dan operasi, perniagaan, hal ehwal dan aktiviti Bank adalah mematuhi Syariah. Ini meliputi:
 - (i) Memberi keputusan atau nasihat kepada Bank tentang aplikasi sebarang ketetapan MPS BNM atau piawaian hal-hal berkaitan Syariah yang boleh diguna pakai dalam operasi, perniagaan, hal ehwal dan aktiviti Bank;
 - (ii) Memberi keputusan atau nasihat mengenai perkara-perkara yang perlu dirujuk kepada MPS BNM;
 - (iii) Memberi keputusan atau nasihat tentang operasi, perniagaan, hal ehwal dan aktiviti Bank yang mungkin boleh menyebabkan berlaku insiden ketidakpatuhan Syariah;
 - (iv) Membincang dan mengesahkan penemuan ketidakpatuhan Syariah oleh mana-mana fungsi berkaitan;
 - (v) Menyokong langkah-langkah pembetulan untuk menangani insiden ketidakpatuhan Syariah;
 - (vi) Memberi keputusan atau nasihat berhubung perkara-perkara Syariah yang bersesuaian untuk dokumentasi yang berkaitan dengan operasi, perniagaan, hal ehwal dan aktiviti Bank termasuk, tetapi tidak terhad kepada dokumentasi undang-undang, bahan-bahan pemasaran, dasar dan prosedur serta garis panduan operasi;
 - (vii) Mengeluarkan Laporan Jawatankuasa Syariah tahunan seperti yang terkandung dalam laporan tahunan Bank untuk menyatakan kepatuhan Bank terhadap Syariah.

The SC plays an oversight role in overseeing all Shariah matters related to the Bank's Islamic banking business. The roles and responsibilities of SC are, but not limited to the following:

- (a) to provide objective and sound advice to the Board of Directors and/or the Management on Shariah matters in order to ensure that its aims and operations, business, affairs and activities are in compliance with Shariah. This includes:
 - (i) providing decision or advice to the Bank on the application of any rulings of the SAC of BNM or standards on Shariah matters that are applicable to the Bank's operations, business, affairs and activities;
 - (ii) providing decision or advice on matters which require reference to be made to the SAC of BNM;
 - (iii) providing decision or advice on the Bank's operations, business, affairs and activities which may trigger Shariah non-compliance event;
 - (iv) deliberating and affirming Shariah non-compliance finding by any relevant functions;
 - (v) endorsing rectification measure to address Shariah non-compliance event;
 - (vi) providing decision or advice on Shariah matters that are applicable to the documentation relating to the Bank's operations, business, affairs and activities including but not limited to legal documentation, marketing materials, policies and procedures and operating guidelines; and
 - (vii) issuing annual Shariah Committee's Report as contained in the Bank's annual report to state the Bank's compliance with Shariah.

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

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| <p>(b) Membina pemahaman yang wajar tentang perniagaan dan operasi Bank secara berterusan dan sentiasa mengikuti perkembangan pasaran dan peraturan yang berkaitan.</p> <p>(c) Menyemak kerja yang dijalankan oleh fungsi-fungsi Syariah termasuk Divisyen Syariah Kumpulan, Semakan Syariah untuk Divisyen Pematuhan Kumpulan, Risiko Syariah untuk Pengurusan Risiko Kumpulan dan Audit Syariah untuk Divisyen Audit Kumpulan;</p> <p>(d) Terlibat secara aktif dalam membincangkan isu-isu Syariah yang dibentangkan dan penyertaan secara aktif melalui kehadiran dalam mesyuarat, menilai laporan, menyemak minit mesyuarat dan tugas-tugas lain yang dimandatkan.</p> <p>(e) Memastikan piawaian yang tinggi dalam proses membuat keputusan Syariah melalui ketetapan Syariah yang wajar dan komprehensif.</p> <p>(f) Memperuntukkan masa secukupnya bagi membuat persediaan dan menghadiri mesyuarat JS.</p> <p>(g) Memastikan konsistensi dalam memberikan pandangan dan tidak sekali-kali mengambil tindakan yang akan mengabaikan ketetapan MPS BNM atau sebarang keputusan JS yang mereka wakili.</p> <p>(h) Mendedahkan segera kepada Lembaga Pengarah tentang sebarang keadaan yang boleh menjejaskan kemampuannya memenuhi kelayakan minimum untuk menjadi AJS.</p> <p>(i) Meluluskan kaedah pengiraan zakat dan jumlah zakat yang perlu dibayar oleh Bank.</p> | <p>(b) to continuously develop reasonable understanding of the Bank's business and operations and keep abreast with relevant market and regulatory developments;</p> <p>(c) to review the work carried out by Shariah functions including Group Shariah Division, Shariah Review of Group Compliance Division, Shariah Risk of Group Risk Management and Shariah Audit of Group Audit Division;</p> <p>(d) to actively engage in deliberating Shariah issues presented and have active participation through attending meetings, evaluating reports, reading minutes, and other mandated task;</p> <p>(e) to ensure high standard in arriving at Shariah decision through proper and comprehensive Shariah ruling;</p> <p>(f) to dedicate sufficient time to prepare for and attend SC meetings;</p> <p>(g) to ensure consistency in providing its views and must not act in a manner that would undermine the rulings of the SAC of BNM or any decisions of SC that they represent;</p> <p>(h) to immediately disclose to the Board any circumstances that may affect his ability to meet the minimum requirement to be a qualified SC; and</p> <p>(i) to approve the zakat calculation methodology and total zakat payable by the Bank.</p> |
|---|---|

Other than the above, SC shall also carry out the roles and responsibilities as outlined in the Bank's Shariah Committee Charter, BNM Policy Document on Shariah Governance, relevant BNM Guidelines and other relevant policy documents/memo issued by the Bank/governing authorities as revised from time to time.

In performing their roles and responsibilities, SC had obtained all the information and explanations which they considered necessary in order to provide them with sufficient evidences to give reasonable assurance that the Bank has complied with the Shariah.

Selain daripada yang dinyatakan di atas, JS juga hendaklah menjalankan peranan dan tanggungjawab seperti yang digariskan dalam Piagam Jawatankuasa Syariah Bank, Dokumen Polisi BNM berhubung Tadbir Urus Syariah, Garis Panduan BNM yang berkaitan dan dokumen dasar lain/memo berkaitan yang dikeluarkan oleh Bank/pihak berkuasa yang berkaitan seperti yang disemak dari semasa ke semasa.

Dalam melaksanakan peranan dan tanggungjawab mereka, JS telah mendapatkan semua maklumat dan penerangan yang dianggap perlu bagi menyediakan bukti mencukupi bagi JS untuk memberi jaminan wajar bahawa Bank telah mematuhi Syariah.

4. Komposisi JS

Pada 31 Disember 2022, JS dianggotai oleh tujuh (7) orang ahli dengan pelbagai latar belakang dari segi kelayakan, pengalaman dan pengetahuan yang meliputi bidang Syariah, undang-undang dan ekonomi bagi membolehkan perbincangan Syariah yang luas dan mendalam dilakukan. Majoriti daripada ahli terdiri daripada para sarjana dengan kelayakan, kepakaran dan pengalaman dalam bidang Syariah, khususnya Usul al-Fiqh dan Fiqh al-Muamalat.

5. Mesyuarat dan Kehadiran JS

Sepanjang tahun kewangan berakhir 31 Disember 2022, mesyuarat JS telah diadakan sebanyak dua belas (12) kali. Komposisi dan rekod kehadiran JS pada tahun 2022 adalah seperti berikut:

No	NAMA PENGARAH/ NAME OF DIRECTORS	JAWATAN/ DESIGNATION	BIL. MESYUARAT DIHADIRI*/ NO. OF MEETINGS ATTENDED*
1.	Prof. Dr. Amir Shahrudin	Pengerusi Chairman	12/12
2.	Assoc. Prof. Dr. Asmak binti Ab Rahman	Ahli Member	12/12
3.	Dr. Shamsiah binti Mohamad	Ahli Member	12/12
4.	Dr. Ahmad Sufian bin Che Abdullah	Ahli Member	12/12
5.	Assoc. Prof. Dr. Ahmad Zaki bin Salleh	Ahli (Dilantik pada 15 Ogos 2022) Member (Appointed on 15 August 2022)	4/4
6.	Ustaz Ahmad Husni bin Abdul Rahman	Ahli (Dilantik pada 15 Ogos 2022) Member (Appointed on 15 August 2022)	4/4
7.	Encik Faizal bin Jaffar	Ahli (Dilantik pada 15 Ogos 2022) Member (Appointed on 15 August 2022)	4/4
8.	Dr. Azrul Azlan Iskandar Mirza	Ahli (Meletak jawatan pada 28 Februari) Member (Resigned effectively on 28 February 2022)	2/2

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

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

4. SC Composition

As at 31 December 2022, SC consists of seven (7) members with diverse backgrounds in terms of qualification, experience and knowledge, which includes the fields of Shariah, accounting and economics, to support the depth and breadth of the Shariah deliberations. Majority of the members are scholars with qualification, expertise and experience in the areas of Shariah especially Islamic Jurisprudence (*Usul al-Fiqh*) and Islamic Commercial Law (*Fiqh al-Muamalat*).

5. SC Meeting & Attendance

During the financial year ended 31 December 2022, SC held twelve (12) meetings. The composition of the SC during the year 2022 and record of attendance are as follows:

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

6. Latihan dan Pembangunan AJS

Bagi mempertingkatkan profesionalisme dan memperkukuhkan keupayaan AJS, mereka telah mendaftar dalam Certified Shariah Advisor (CSA) dan Certified Shariah Practitioner (CSP) yang dianjurkan oleh Persatuan Penasihat Syariah dalam Kewangan Islam (ASAS). Bagi memastikan AJS mempunyai maklumat berterusan mengenai perkembangan terkini industri, mereka juga telah menghadiri, antara lain, program-program dan acara-acara berikut:

a) Program Dalam

- Sesi Perkongsian mengenai Perjalanan Kelestarian SME Bank pada 26 Mei 2022.
- Kesedaran Pencegahan Pengubahan Wang Haram/Mencegah Pembiayaan Keganasan (AML/CFT) pada 26 Ogos 2022.
- Tinjauan Perniagaan dan Prestasi SME Bank pada 26 Ogos 2022.
- Sesi Perkongsian Audit Dalam SME Bank pada 26 Oktober 2022.
- Sesi Meja Bulat Strategik Syariah pada 23 November 2022.
- Kesedaran Keselamatan Siber pada 29 November 2022.

b) Program Luar

- Penasihat Syariah Bertauliah (CSA) & Pengamal Syariah Bertauliah (CSP).
- Muzakarah Nusantara Cendekiawan Syariah ke-16 (27 - 28 Julai 2022).
- Forum Kewangan Islam Kuala Lumpur ke-17 (16 - 17 Ogos 2022).
- Muzakarah Penasihat Syariah Dalam Kewangan Islam kali ke-15 (18 Ogos 2022).
- Persidangan Meja Bulat Cendekiawan Syariah Antarabangsa ke-4 (iSHAR) 2022 (19 - 20 September 2022).

6. Training and Development of SC Members

Towards elevating the professionalism and strengthening capabilities of the SC members, they have enrolled in Certified Shariah Advisor (CSA) and Certified Shariah Practitioner (CSP) Certification Programme organised by the Association of Shariah Advisors in Islamic Finance (ASAS). To keep the SC members abreast with the latest development of the industry, they have also attended, among others, the following programmes and events:

a) Internal programme

- Sharing Session on SME Bank's Sustainability Journey on 26 May 2022.
- Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) Awareness on 26 August 2022.
- Business Outlook and Performance of SME Bank on 26 August 2022.
- Sharing Session on SME Bank's Internal Audit on 26 October 2022.
- Shariah Strategic Roundtable Session on 23 November 2022.
- Cyber Security Awareness on 29 November 2022.

b) External programme

- Certified Shariah Advisor (CSA) & Certified Shariah Practitioner (CSP).
- *Muzakarah Cendekiawan Syariah Nusantara ke-16 (27 - 28 July 2022).*
- 17th Kuala Lumpur Islamic Finance Forum (16 - 17 August 2022).
- *Muzakarah Penasihat Syariah Dalam Kewangan Islam kali ke-15 (18 August 2022).*
- 4th International Shariah Scholars Roundtable (iSHAR) 2022 (19 - 20 September 2022).

7. Bahagian Syariah Kumpulan dan Fungsi-Fungsi Kawalan Syariah

(a) Bahagian Syariah Kumpulan

Melalui Bahagian Syariah Kumpulan (GSD), SME Bank kini melaksanakan dua (2) bidang tanggungjawab utama seperti berikut:

(i) Penyelidikan dan Khidmat Nasihat Syariah

Bertanggungjawab dalam memastikan fungsi penasihat Syariah yang berkesan berhubung dengan perkara berkaitan Syariah dalam operasi, aktiviti dan hal ehwal harian Bank selaras dengan keputusan Majlis Penasihat Syariah Bank Negara Malaysia, Majlis Penasihat Syariah Suruhanjaya Sekuriti dan Jawantankuasa Syariah Bank. Ia turut bertanggungjawab menjalankan penyelidikan dan kajian mendalam berhubung isu-isu Syariah bagi menyokong perniagaan, operasi, hal ehwal dan aktiviti Bank serta melaksanakan fungsi pentadbiran dan kesetiausahaan untuk membantu JS. Fungsi-fungsi tersebut termasuk menyelaras mesyuarat, menyusun kertas-kertas cadangan, menyerahkan keputusan umum JS kepada pihak berkepentingan yang berkaitan dan pelantikan JS.

(ii) Tadbir Urus Syariah

Bertanggungjawab sebagai Sekretariat bagi Kumpulan Kerja Tadbir Urus Syariah yang bertindak sebagai platform penghubung antara fungsi-fungsi Syariah yang ditentukan di bawah rangka kerja Tadbir Urus Syariah Bank. Ia juga bertanggungjawab untuk menyemak dan mengemas kini dasar, prosedur dan panduan kerja yang berkaitan dengan Syariah bagi memastikan pelaksanaan Perbankan Islam dan prosesnya mematuhi Dokumen Dasar Tadbir Urus Syariah BNM serta menjalankan latihan Syariah dan sesi kesedaran untuk

7. Group Shariah Division and Shariah Control Functions

(a) Group Shariah Division

SME Bank via Group Shariah Division (GSD) is currently undertaking two (2) main areas of responsibilities as follows:

(i) Shariah Research & Advisory

Responsible to ensure the effective Shariah advisory function with regards to Shariah related matters in the bank's day-to-day operations, activities and affairs in line with decisions of the Shariah Advisory Council of Bank Negara Malaysia, Shariah Advisory Council of Securities Commission and Bank's SC. It is also responsible for performing in-depth research and studies on Shariah issues to support the Bank's business, operations, affairs and activities as well as to undertake administrative and secretarial functions to support SC such as coordinating meeting, compiling proposal papers, disseminating SC general decisions to the relevant stakeholders and appointment of SC.

(ii) Shariah Governance

Responsible as the Secretariat of Shariah Governance Working Group (SGWG) which acts as a bridging platform between the Shariah functions specified under the Bank's Shariah Governance framework. It is also responsible to review and update policies, procedures and work guide which related to Shariah to ensure the implementation of Islamic Banking and its processes are in compliance with Shariah Governance Policy Document of BNM as well as to conduct Shariah training

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

pihak berkepentingan dalaman. Jabatan Tadbir Urus Syariah juga bertanggungjawab untuk menjalankan projek Kewangan Sosial Islam yang dilaksanakan oleh GSD yang telah dipilih sebagai Penyata Niat Korporat (SCI) Bank. Pada tahun 2022, Jabatan Tadbir Urus Syariah telah menguruskan dua (2) projek iaitu pelaksanaan program keusahawanan Asnaf (ISHRAF 2.0) yang melibatkan 79 peserta dengan kerjasama Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) dan SME Corporation Malaysia (SME Corp.); dan program 'Zero to Hero' yang memberi tumpuan dalam menyediakan sijil kompetensi dan penggajian yang diperlukan dalam bidang perancah kepada 30 peserta dari kategori asnaf.

(b) Fungsi-Fungsi Kawalan Syariah

Rangka kerja dan polisi fungsi-fungsi kawalan Syariah dalaman telah diwujudkan untuk memberi panduan dan mengukuhkan pengurusan potensi risiko ketidakpatuhan Syariah yang mungkin timbul daripada aktiviti dan operasi perniagaan Bank. Fungsi-fungsi utama iaitu Pengawasan Syariah, Risiko Syariah dan Audit Syariah didokumenkan dengan peranan dan tanggungjawab yang jelas, selaras dengan Dokumen Dasar BNM berhubung Tadbir Urus Syariah dan keperluan-keperluan peraturan lain yang berkaitan. Objektif utama adalah untuk memperkukuhkan proses membuat keputusan dan keberkesanan fungsi-fungsi kawalan dalaman bagi menghasilkan pengurusan risiko ketidakpatuhan Syariah yang berkesan. Fungsi-fungsi kawalan Syariah adalah seperti berikut:

(i) Risiko Syariah

Risiko Syariah di bawah Pengurusan Risiko Operasi merupakan satu bahagian penting dalam rangka kerja pengurusan risiko bersepadu Bank dan mengguna pakai prinsip-prinsip yang digariskan dalam Dokumen Dasar BNM berhubung Tadbir Urus Syariah. Tanggungjawab

and awareness session for internal stakeholders. Shariah Governance Department is also accountable to conduct Islamic Social Finance projects undertaken by GSD which had been selected as Statement of Corporate Intent (SCI) of the Bank. In 2022, Shariah Governance Department has managed two (2) projects i.e. the implementation of Asnaf entrepreneurship programme (ISHRAF 2.0) involving the 79 participants in collaboration with Yayasan Pembangunan Ekonomi Islam Malaysia (YaPEIM) and SME Corporation Malaysia (SME Corp.); and Zero to Hero programme that focused to provide the jobless with the necessary certificates of competency and job employment in scaffolding field for 30 participants from asnaf category.

(b) Shariah Control Functions

The internal Shariah control functions' framework and policies have been established to guide and strengthen the management of potential Shariah non-compliance risks which may arise from the Bank's business activities and operations. The key functions of Shariah Risk, Shariah Review and Shariah Audit are documented with clear roles and responsibilities, in accordance with BNM Policy Document on Shariah Governance and other relevant regulatory requirements. The main objective is to reinforce sound decision-making process and robustness of internal control functions for effective management of Shariah non-compliance risks. The Shariah control functions are as follows:

(i) Shariah Risk

Shariah Risk function under Operational Risk Management forms an important part of the Bank's integrated risk management framework and applies the principles outlined in BNM Policy Document on Shariah Governance. Shariah Risk's main responsibility include the

utama Risiko Syariah termasuk merumus dasar dan garis panduan berhubung pengurusan risiko Syariah. Ini termasuk pendekatan untuk mengenal pasti dan menilai risiko ketidakpatuhan Syariah dalam aktiviti perniagaan, produk dan perkhidmatan serta menilai keberkesanan kawalan sedia ada dan pelan mitigasi. Risiko Syariah turut menjalankan penilaian terhadap produk, perkhidmatan dan prosedur operasi daripada perspektif risiko Syariah dan mengendalikan program latihan dan kesedaran berhubung risiko Syariah bagi memupuk budaya kesedaran terhadap risiko pematuhan Syariah.

Sebagai sebahagian daripada risiko operasi, Risiko Syariah memanfaatkan prinsip, proses dan kaedah risiko operasi yang sama seperti Penilaian Kendiri Kawalan Risiko, Petunjuk Risiko Utama dan Pengurusan Insiden & Pengumpulan Data.

(ii) Pengawasan Syariah

Semakan Syariah menjalankan penilaian berkala ke atas pematuhan operasi, perniagaan, hal ehwal dan aktiviti Bank dengan keperluan Syariah berdasarkan Rancangan Tahunannya yang diluluskan oleh Lembaga Jawatankuasa Pengurusan Risiko (BRMC) dan JS. Ia menyediakan laporan tetap mengenai isu dan penemuan ketidakpatuhan Syariah kepada Lembaga Pengarah, JS dan pengurusan kanan. Pengawasan Syariah adalah sebahagian daripada Bahagian Pematuhan Kumpulan dan Ketua Pegawai Pematuhan Kumpulan mempunyai aliran fungsi secara langsung kepada JS.

Pengawasan Syariah dalaman yang dijalankan secara berterusan merupakan pengawasan terhadap proses dan hasil yang dapat dicapai, serta menentukan bahawa proses dan hasil tersebut memenuhi keperluan Syariah. Pengawasan Syariah adalah sebuah fungsi

formulation of policies and guidelines on Shariah risk management. This includes the approaches for identification and assessment of Shariah non-compliance risks in business activities, products and services, and assessment of the effectiveness of existing controls and mitigation plan. Shariah Risk also performs assessment of products, services and operating procedures from Shariah risk perspective and conducts training and awareness programs on Shariah risk to promote a Shariah compliance risk culture.

Being part of operational risk, Shariah Risk leverages on the same principles, processes and tools of operational risk such as Risk Control Self-Assessment, Key Risk Indicators and Incident Management & Data Collection.

(ii) Shariah Review

Shariah Review conducts regular assessment on the compliance of the Bank's operations, business, affairs and activities with Shariah requirements based on its Annual Plan approved by Board Risk Management Committee (BRMC) and SC. It provides regular reporting on Shariah non-compliance issues and findings to the Board, SC and senior management. Shariah Review is part of the Group Compliance Division and the Group Chief Compliance Officer has direct functional line and unimpeded access to the SC.

The internal Shariah review is conducted on a continuous basis, which is a review of processes and deliverables, as well as determining that such processes and outcomes satisfy the needs of the Shariah. Shariah Review is an independent

PENYATA TADBIR URUS SYARIAH STATEMENT ON SHARIAH GOVERNANCE

kawalan yang bebas dan berkesan serta tidak diletakkan dalam kedudukan konflik dari segi skop tanggungjawab dan jalur pelaporan. Pengawasan Syariah juga bertanggungjawab memastikan penyediaan latihan dan panduan yang mencukupi kepada para pegawai Bank berhubung keperluan Syariah berkaitan yang mentadbir operasi, perniagaan, hal ehwal dan aktiviti Bank.

(iii) Audit Syariah

Audit Syariah merupakan sebahagian daripada Bahagian Kumpulan. Ia menyediakan penilaian bebas berhubung kualiti dan keberkesanan kawalan dalaman, sistem pengurusan risiko dan proses tadbir urus Bank serta keseluruhan pematuhan operasi, perniagaan, hal ehwal dan aktiviti Bank terhadap Syariah.

Audit Syariah turut bertanggungjawab mewujudkan satu kaedah audit untuk menilai kelemahan profil risiko bagi setiap bidang yang boleh diaudit, merangka pelan audit, mewujudkan program audit yang didokumenkan dengan jelas dan menyampaikan keputusan audit tersebut kepada Jawatankuasa Lembaga Audit dan JS melalui laporan audit yang memperincikan penemuan-penemuan audit dan cadangan untuk langkah-langkah pembedahan.

and effective control function and is not place in a position of conflict in terms of scope of responsibilities and reporting lines. Shariah Review is also responsible to ensure adequate training and guidance are provided to the officers of the Bank on relevant Shariah requirements governing the Bank's operations, business, affairs and activities.

(iii) Shariah Audit

Shariah Audit forms part of the Group Audit Division. It provides independent assessments on the quality and effectiveness of the Bank's internal control, risk management systems, governance processes as well as the overall compliance of the Bank's operations, business, affairs and activities with Shariah.

It is also responsible to establish an audit methodology to assess the risk profile vulnerabilities of each auditable area, generate an audit plan, establish clear documented audit programs and communicate the results to the Board Audit an audit report, detailing the audit findings and recommendations for rectification measures.

RANGKA KERJA PENGUKURAN PRESTASI PERFORMANCE MEASUREMENT FRAMEWORK

Peranan Penting Rangka Kerja Pengukuran Prestasi

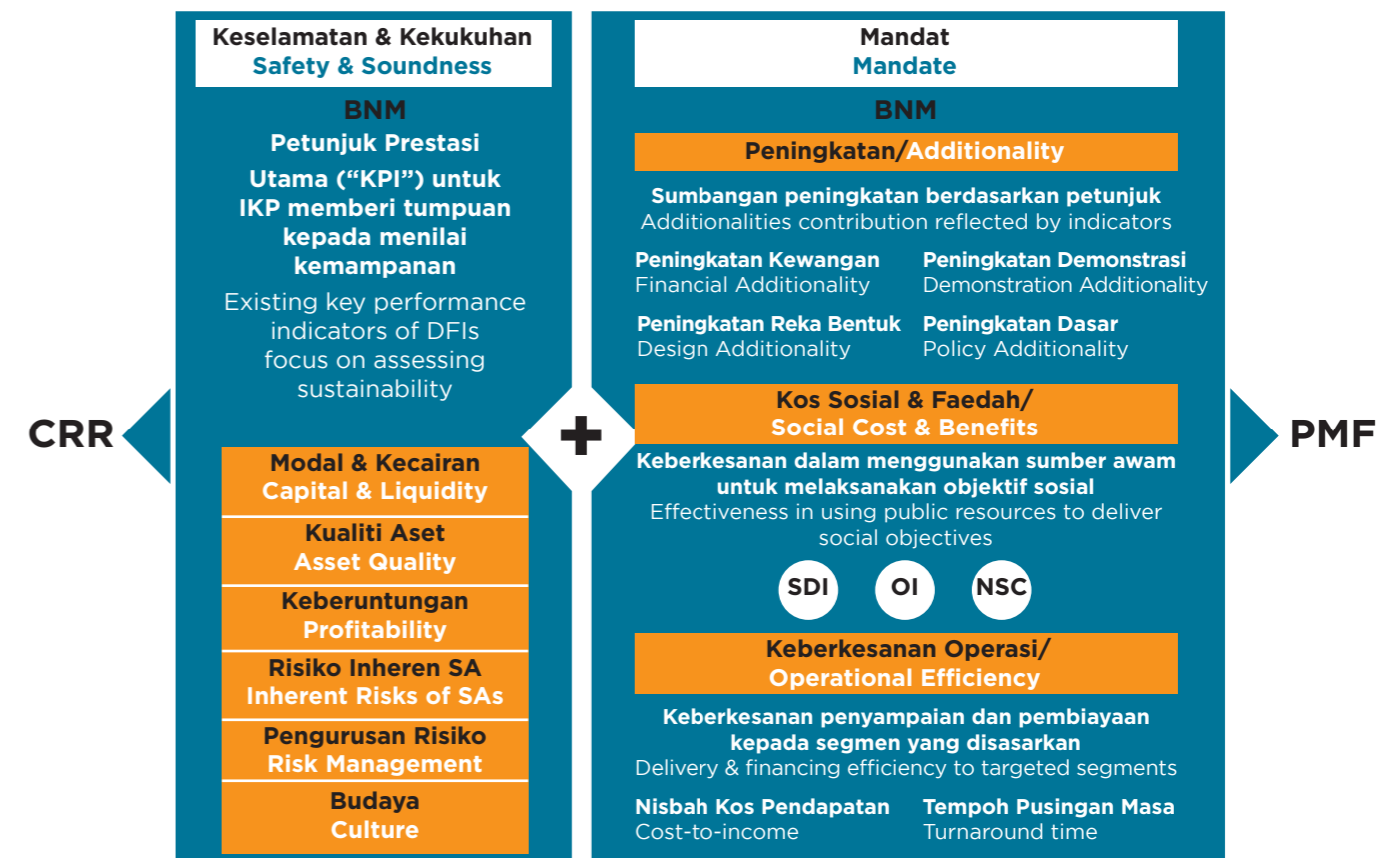
Rangka Kerja Pengukuran Prestasi ("PMF") untuk Institusi Kewangan Pembangunan ("IKP") merupakan rangka kerja pencapaian berasaskan hasil untuk menilai sumbangan meluas IKP melangkaui petunjuk pertumbuhan pembiayaan. Secara khususnya, PMF merangkumkan petunjuk hasil pembangunan utama bagi mengukur impak sosio-ekonomi operasi IKP dan bagi mewujudkan pelbagai insentif kukuh untuk penajaran strategik bagi mencapai impak pembangunan yang lebih besar. Adaptasi PMF bukan sahaja bertujuan untuk memperkukuhkan kapasiti dan kebolehan IKP melangkaui penyediaan pembiayaan tetapi juga penajanan budaya dan penetapan minda pembangunan yang bermakna dalam memberikan nilai kepada masyarakat.

PMF menjadi pelengkap kepada Petunjuk Prestasi Utama ("KPI") sedia ada untuk IKP (iaitu Penarafan Risiko Komposit atau "CRR"). Komponen-komponen CRR & PMF digambarkan di bawah:

The Vital Role of Performance Management Framework

The Performance Management Framework ("PMF") for Development Financial Institutions ("DFIs") is an outcome-based framework designed to capture the broader contributions of DFIs beyond the narrow focus of financing growth indicators. In particular, PMF integrates developmental key result indicators to measure the socio-economic impact of DFIs' operations and to create strong incentives for strategic alignment to achieve greater development impact. The adoption of PMF is also intended to strengthen the capacity and capability of DFIs beyond just providing financing but also generating meaningful development culture and mindset in delivering value to society.

The PMF complements the existing Key Performance Indicators ("KPI") of DFIs (i.e. Composite Risk Rating ("CRR")). The components of both CRR & PMF are as illustrated below:



Nota: SAs = Aktiviti Penting; SDI = Indeks Kebergantungan Subsidi; OI = Indeks Keluaran; NSC = Kos Bersih Subsidi
Note: SAs = Significant Activities; SDI = Subsidy Dependence Index; OI = Output Index; NSC = Net Subsidy Cost

RANGKA KERJA PENGUKURAN PRESTASI PERFORMANCE MEASUREMENT FRAMEWORK

Kepentingan PMF telah digariskan dalam dasar SME Bank melalui kelulusan Lembaga Pengarah pada tahun 2018. Berikutan itu, satu pasukan projek khas telah ditubuhkan untuk melaksanakan pembangunan kad skor peningkatan untuk SME Bank. Indikator PMF telah diperhalusi lagi pada tahun berikutnya yang mentakrifkan dan menyatakan dengan jelas hasil yang diinginkan, melaksanakan program dan cadangan, mengukur dan menilai prestasi dan membuat pelarasan yang diperlukan untuk meningkatkan kecekapan dan keberkesanan.

Pelan Hala Tuju 3 Tahun PMF (2022 - 2024)

Lembaga Pengarah telah meluluskan Pelan Hala Tuju 3 Tahun PMF (2022 - 2024) ("Pelan Hala Tuju") pada 30 Ogos 2022. Pelan Hala Tuju ini dibahagikan kepada tiga (3) fasa yang menggariskan aktiviti-aktiviti penting yang akan dilaksanakan bagi mencapai objektif Pelan Hala Tuju iaitu untuk menginstitusikan rangka kerja PMF di SME Bank. Fasa 1 Pelan Hala Tuju telah disiapkan seperti yang dirancang. Gambaran Pelan Hala Tuju adalah seperti berikut:

The importance of PMF was articulated in SME Bank's policy following the approval by the Board of Directors in 2018. Following this, a special Project Team was formed to specifically undertake the development of additionality scorecards for SME Bank. The PMF indicators were further refined in the following year by a dedicated unit within the Bank who clearly defines and articulates the desired results, delivers the programmes and recommendations, measures and evaluates performance and make the necessary adjustments to improve both efficiency and effectiveness.

PMF 3-Year Roadmap (2022 - 2024)

The BOD has approved the Bank's 3-Year (2022 - 2024) PMF Roadmap ("Roadmap") on 30 August 2022. The Roadmap is divided into three (3) phases that outline the important activities that will be implemented to achieve the objective of the Roadmap which is to institutionalise the PMF framework at SME Bank. The 1st phase of Roadmap has been completed as per planned. The snapshot of the Roadmap is as follows:

Pelan Hala Tuju 3 Tahun PMF (2022 - 2024)/PMF 3-YEAR ROADMAP (2022 - 2024)

OBJEKTIF: UNTUK MENGINSTITUSIKAN RANGKA KERJA PENGUKURAN PRESTASI (PMF)
OBJECTIVE: TO INSTITUTIONALISE PERFORMANCE MEASUREMENT FRAMEWORK (PMF)



Ringkasan 3 Komponen PMF

PMF terdiri daripada tiga komponen utama:

- i) **Peningkatan** - Peningkatan yang dikehendaki daripada operasi:
 - a. Peningkatan Kewangan
 - b. Peningkatan Reka Bentuk
 - c. Peningkatan Demonstrasi
 - d. Peningkatan Dasar
- ii) **Kos Sosial dan Manfaat (SCB)** - Keberkesanan dalam menggunakan sumber awam untuk melaksanakan mandat:
 - a. Indeks Pergantungan Subsidi
 - b. Indeks Keluaran
 - c. Kos Subsidi Bersih
- iii) **Kecekapan Operasi (OE)** - Pencapaian aktiviti IKP dalam memenuhi objektif sosialnya:
 - a. Nisbah kos kepada pendapatan
 - b. Tempoh pusingan masa

Summary of 3 PMF Components

The PMF consists of three key components:

- i) **Additionality** - Desired additionalities from operations:
 - a. Financial Additionality
 - b. Design Additionality
 - c. Demonstration Additionality
 - d. Policy Additionality
- ii) **Social Cost and Benefit (SCB)** - Effectiveness in using public resources to deliver mandate:
 - a. Subsidy Dependence Index
 - b. Output Index
 - c. Net Subsidy Cost
- iii) **Operational Efficiency (OE)** - Achievement of DFI's activities in fulfilling its social objectives:
 - a. Cost-to-income ratio
 - b. Turnaround time

Sorotan utama Laporan Tahunan PMF untuk tahun 2022 Key highlights of PMF Annual Report for year 2022

a) KOMPONEN 1 - PENINGKATAN/COMPONENT 1 - ADDITIONALITY

i. Kewangan/Financial

Petunjuk Indicator	Sorotan Utama Key Highlights	
Kelulusan Pembiayaan Financing Approved	i) Jumlah kelulusan:	
	Petunjuk	NOC Jumlah (RM'm)
	Bukan PKS (Enterpris Besar)	18 362.9
	Jumlah Kelulusan PKS	1,547 3,162.6
	Jumlah Kelulusan Keseluruhan	1,565 3,528.5
	ii) Kelulusan segmen sasaran (PKS):	
	Petunjuk	NOC Jumlah (RM'm)
	Perniagaan baharu (<3 tahun beroperasi)	150 104.7
	Pelanggan kali pertama kepada Institusi Kewangan	239 184.5
	Syarikat Bumiputera	1,070 2,166.6
	Pembiayaan berkaitan perniagaan eksport	34 185.4
	Perusahaan mikro	106 100.2
	Sektor berkaitan ESG	1,544 3,003.2
	Sektor pelancongan	24 26.3
	Sektor pembinaan	247 846.4
	Nota: • NOC - Bilangan Pelanggan	

RANGKA KERJA PENGUKURAN PRESTASI PERFORMANCE MEASUREMENT FRAMEWORK

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Latihan / Capaian Training/ Outreach	<p>Jumlah latihan, capaian dan khidmat nasihat:</p> <table border="1"> <thead> <tr> <th>Latihan Yang Disediakan</th> <th>Bilangan Peserta bagi Tahun 2022</th> </tr> </thead> <tbody> <tr> <td>Latihan/Program Capaian (Contoh: Let's Engage, Jom Xcess)</td> <td>20,528</td> </tr> <tr> <td>Bimbingan Berstruktur/Khidmat Nasihat Khas (Contoh: BEP, PPKV, ISHRAF 2.0 Penjana Komuniti 3.0, N-Gene etc)</td> <td>3,252</td> </tr> <tr> <td>Syarikat terlibat dengan Pameran/Pameran Perdagangan Antarabangsa</td> <td>73</td> </tr> </tbody> </table> <p>Total training, outreach and advisory services:</p> <table border="1"> <thead> <tr> <th>Training Provided</th> <th>Participants for Year 2022</th> </tr> </thead> <tbody> <tr> <td>Training/Outreach (eg. Let's Engage, Jom Xcess etc)</td> <td>20,528</td> </tr> <tr> <td>Structured Coaching/Specialised Advisory (eg. BEP, PPKV, ISHRAF 2.0, Penjana Komuniti 3.0, N-Gene etc)</td> <td>3,252</td> </tr> <tr> <td>Companies participated in international trade fairs/exhibitions</td> <td>73</td> </tr> </tbody> </table>	Latihan Yang Disediakan	Bilangan Peserta bagi Tahun 2022	Latihan/Program Capaian (Contoh: Let's Engage, Jom Xcess)	20,528	Bimbingan Berstruktur/Khidmat Nasihat Khas (Contoh: BEP, PPKV, ISHRAF 2.0 Penjana Komuniti 3.0, N-Gene etc)	3,252	Syarikat terlibat dengan Pameran/Pameran Perdagangan Antarabangsa	73	Training Provided	Participants for Year 2022	Training/Outreach (eg. Let's Engage, Jom Xcess etc)	20,528	Structured Coaching/Specialised Advisory (eg. BEP, PPKV, ISHRAF 2.0, Penjana Komuniti 3.0, N-Gene etc)	3,252	Companies participated in international trade fairs/exhibitions	73																							
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ii. Demonstrasi/Demonstration

Petunjuk Indicator	Sorotan Utama Key Highlights																
Jumlah keseluruhan pendanaan daripada sektor swasta Total funding amount crowded-in from the private sector	<p>Jumlah: RM679,798.00</p> <p>Catatan:</p> <p>i) Pendanaan untuk SME BANK ITEKAD PENJANA dan ISHRAF 2.0</p> <p>ii) Dana sumbangan YaPEIM, PKS (Pelanggan SME Bank) dan kakitangan SME Bank.</p> <p>iii) Pendanaan tersebut telah digunakan untuk latihan, bimbingan dan wang modal/geran untuk peserta. Peserta adalah terdiri daripada kategori B40 (termasuk usahawan mikro, ibu tunggal dan Asnaf), yang sangat terkesan oleh pandemik dan masih dalam proses pemulihan.</p> <p>Total: RM679,798.00</p> <p>Remark:</p> <p>i) Crowded-in fund for SME BANK ITEKAD PENJANA and ISHRAF 2.0.</p> <p>ii) Funds contributed by YaPEIM, SMEs (Clients of SME Bank) and SME Bank staff.</p> <p>iii) Crowd-in fund has been utilised for training, coaching and seed capital/grant for the participants. Participants are from B40 category (including microentrepreneurs, single mothers and Asnaf), who are badly affected by pandemic and in the process of recovering.</p>																
Jumlah pelanggan yang berjaya mendapatkan pembiayaan daripada institusi kewangan Total clients who succeed in obtaining financing from Fis	<table border="1"> <thead> <tr> <th>Jenis Pelanggan</th> <th>NOC bagi Tahun 2022</th> </tr> </thead> <tbody> <tr> <td>Pelanggan sedia ada yang turut mendapatkan pembiayaan daripada institusi kewangan lain</td> <td>525</td> </tr> <tr> <td>Penebusan daripada institusi kewangan lain</td> <td>15</td> </tr> <tr> <td>JUMLAH</td> <td>540</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Type of Client</th> <th>NOC for Year 2022</th> </tr> </thead> <tbody> <tr> <td>Existing Clients also obtained financing from other financial institutions</td> <td>525</td> </tr> <tr> <td>Redeemed by other financial institutions</td> <td>15</td> </tr> <tr> <td>TOTAL</td> <td>540</td> </tr> </tbody> </table>	Jenis Pelanggan	NOC bagi Tahun 2022	Pelanggan sedia ada yang turut mendapatkan pembiayaan daripada institusi kewangan lain	525	Penebusan daripada institusi kewangan lain	15	JUMLAH	540	Type of Client	NOC for Year 2022	Existing Clients also obtained financing from other financial institutions	525	Redeemed by other financial institutions	15	TOTAL	540
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iii. Reka Bentuk/Design

Petunjuk Indicator	Sorotan Utama Key Highlights																																				
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RANGKA KERJA PENGUKURAN PRESTASI

PERFORMANCE MEASUREMENT FRAMEWORK

Petunjuk Indikator	Sorotan Utama Key Highlights								
	Nama Program	Butiran Program	Bilangan Peserta	Sumbangan kepada Limpahan Positif					
				Petunjuk	Keluaran	Hasil			
1. ISHRAF 2.0	Program berstruktur untuk mempersiapkan Asnaf berpotensi dengan asas kemahiran dan teknik perniagaan yang betul untuk menjadi usahawan berjaya	79 peserta (Asnaf)	Pertumbuhan dalam Hasil Jualan	68 peserta menunjukkan peningkatan dalam hasil jualan	Jumlah hasil jualan yang dihasilkan - RM3.6 juta				
			Pekerjaan	24 peserta mewujudkan peluang pekerjaan	24 pekerjaan baharu diwujudkan				
	2. Zero to Hero	Program berstruktur untuk menyokong agenda kerajaan dalam membantu golongan penganggur/ gelandangan dengan kemahiran untuk kelangsungan hidup	30 peserta	Pekerjaan	Semua 30 peserta telah selesai menjalani sesi latihan dan telah bekerja	30 kerja baharu diwujudkan			
				3. Upward Migration Programme	Program intervensi bimbingan berstruktur untuk meningkatkan kapasiti perniagaan pelanggan di mana kejayaan mereka diukur dengan peningkatan jualan atau pendapatan, bilangan pekerja & pendapatan eksport.	308 peserta	Pertumbuhan dalam pendapatan jualan	121 syarikat menunjukkan peningkatan dalam pendapatan jualan	Jumlah Pendapatan Jualan dihasilkan: RM1.4 juta
							Pekerjaan	98 syarikat mewujudkan peluang pekerjaan	565 pekerjaan baharu diwujudkan
4. Best Exporters Programme	Program intervensi bimbingan berstruktur menyasarkan syarikat untuk menambah kapasiti eksport	47 syarikat (Fasa 1 BEP (25)) (Fasa 2 BEP (22))	Pendapatan Eksport	24 Syarikat menunjukkan pendapatan jualan eksport	Jumlah pendapatan eksport - RM20.2 juta				
			5. Program Penjana Komuniti	Program tanggungjawab korporat bertujuan untuk merangsang aktiviti ekonomi usahawan B40 yang terkesan dengan COVID-19	249 peserta	Pertumbuhan Hasil Perniagaan	249 peserta menunjukkan peningkatan dalam jualan	Jumlah jualan selepas 3 bulan program - RM1.8 juta	
Pendapatan Eksport	18 syarikat dalam eksport	Jumlah Pendapatan Eksport: RM203.9 juta							

Petunjuk Indikator	Sorotan Utama Key Highlights					
	Nama Program	Butiran Program	Bilangan Peserta	Sumbangan kepada Limpahan Positif		
				Petunjuk	Keluaran	Hasil
6. N-Gen 2.0	Latihan keusahawanan dalam talian dan program bimbingan perniagaan secara menyeluruh untuk membantu graduan dan generasi muda untuk memulakan perniagaan berisiko rendah termasuk memberi bimbingan dan peluang dalam perniagaan francais dan pra-francais. Peserta diberikan geran pemula berjumlah RM3,000 seorang	200 peserta	Pertumbuhan dalam pendapatan Jualan	144 syarikat menunjukkan peningkatan dalam hasil jualan	Jumlah pendapatan dihasilkan: RM8.3 juta i) 109 peserta mencapai 20% peningkatan pendapatan ii) 17 peserta mencapai lebih dari 10%-19% peningkatan pendapatan iii) 18 peserta menunjukkan lebih dari 1%-9% peningkatan pendapatan	
			Pekerjaan	99 Syarikat mewujudkan peluang pekerjaan	190 pekerjaan baharu diwujudkan	
7. SME Bank 90-Days Business Challenge 2022	Program kolaborasi dengan Kementerian Pendidikan Tinggi berbentuk pertandingan ini dilaksanakan bagi memupuk semangat keusahawanan di antara Kolej Komuniti dan pelajar Politeknik	92 pelajar Politeknik & 368 pelajar Kolej Komuniti	Pendapatan Jualan	20 finalis memperoleh hasil pendapatan jualan semasa program	Jumlah pendapatan yang dihasilkan - RM598K	

RANGKA KERJA PENGUKURAN PRESTASI

PERFORMANCE MEASUREMENT FRAMEWORK

Petunjuk Indicator	Sorotan Utama Key Highlights					
	Name of Programme	Programme Details	No of Participants	Contribution to Positive Spillover		
				Indicators	Output	Outcome
	1. ISHRAF 2.0	A structured programme to equip the potential Asnaf with the basic business skills and proper tools to become a successful entrepreneur	79 participants (Asnaf)	Growth in Sales Revenue	68 participants showed increase in sales revenue	Total sales revenue generated - RM3.6 million
	2. Zero to Hero	A structured programme to support government agenda in helping the jobless/homeless with the related skill for their future survival.	30 participants	Employment	All 30 participants completed the training session and successfully employed	30 new jobs created
	3. Upward Migration Programme	A structured intervention coaching programme aimed at elevating its customers business of which their successes are measured either by increase in sales and revenue, employees & export revenue.	308 participants	Growth in sales revenue	121 Companies showed increase in sales revenue	Total Sales Revenue generated : RM1.4 million
				Employment	98 Companies created job opportunities	565 new jobs created
Export Revenue				18 companies in export	Total Export Revenue : RM203.9 million	
4. Best Exporters Programme	A structured intervention programme aimed for companies to expand their capacity for exports.	47 Companies (BEP Phase 1 (25)) (BEP Phase 2 (22))	Export Revenue	24 companies showed export sales revenue	Total export revenue - RM20.2 million	
5. Program Penjana Komuniti	A corporate responsibility programme aimed at stimulating economic activities for the B40 entrepreneurs who are affected by the COVID-19	249 participants	Growth in Sales Revenue	249 participants showed increase in sales revenue	Total sales after 3 months programme - RM1.8 million	

Petunjuk Indicator	Sorotan Utama Key Highlights					
	Name of Programme	Programme Details	No of Participants	Contribution to Positive Spillover		
				Indicators	Output	Outcome
	6. N-Gen 2.0	An online entrepreneurship training and end-to-end business coaching programme to help graduates and youths to start low-risk businesses, including providing guidance and matching opportunities on franchise and pre-franchise businesses. They will also receive a start-up grant of RM3,000 per person.	200 participants	Growth in Sales Revenue	144 companies showed increase in sales revenue	Total revenue generated : RM8.3 million i) 109 participants achieved 20% increase in income ii) 17 participants achieved more than 10% - 19% increase in income iii) 18 participants shows more than 1% - 9% increase in income
				Employment	99 Companies created job opportunities	190 new jobs created
	7. SME Bank 90-Days Business Challenge 2022	A programme in collaboration with the Ministry of Higher Education. This competition is designed to foster entrepreneurship amongst Community College and Polytechnic students.	92 Polytechnic students & 368 College Community students	Sales Revenue	20 finalists generated sales revenue during the competition	Total revenue generated - RM598k

RANGKA KERJA PENGUKURAN PRESTASI

PERFORMANCE MEASUREMENT FRAMEWORK

Petunjuk Indicator	Sorotan Utama Key Highlights	
Daya Tahan Pelanggan Client Resilience	Petunjuk	
	2022	
	Jumlah Jangkaan Nilai Jualan	RM62.3b
	Purata Purata Produktiviti Jualan	RM562K
	Bilangan Pelanggan berjaya dalam peningkatan klasifikasi PKS	66
	Bilangan Pelanggan berjaya merekodkan peningkatan dalam Penilaian Kredit Dalam	897
	Bilangan Pelanggan dengan peningkatan jualan	782
	Indicator	
	2022	
	Total Expected Sales Value	RM62.3b
Average Sales Productivity	RM562K	
Upward Migration of Clients according to SME classification	66	
No. of Clients that improved in Internal Credit Rating	897	
No. of Clients with increased sales	782	

iv. Dasar- N/A/Policy - N/A

b) KOMPONEN 2 - KOS SOSIAL & FAEDAH COMPONENT 2 - SOCIAL COST & BENEFIT

Petunjuk	Indeks 2022	Catatan
Indek Kebergantungan Subsidi (SDI)	7.9%	<ul style="list-style-type: none"> i. Bank mengekalkan tahap SDI yang rendah untuk tahun 2022 dan 2021, mencerminkan ketidakbergantungan kepada bantuan kewangan Kerajaan. ii. Walaubagaimanapun, sebagai IKP, subsidi berterusan (contoh: geran, pembiayaan mudah & subsidi kadar keuntungan) diperlukan bagi membolehkan SME Bank melaksanakan agenda pembangunan usahawan dengan menawarkan pembiayaan yang kompetitif dan program latihan bersubsidi kepada segmen afirmatif.
Indeks Pengeluaran (OI)	0.61	OI dikekalkan di bawah 1 yang mencerminkan kejayaan Bank menyalurkan dana kepada segmen yang disasarkan berbanding segmen yang tidak disasarkan.
Kos Subsidi Bersih (NSC)	RM24.1 juta	Bank mengekalkan Indeks NSC lebih rendah dari jumlah subsidi untuk tempoh 2 tahun, menunjukkan sebahagian besar dana digunakan untuk segmen sasaran.

Indicator	2022 Index	Remarks
Subsidy Dependence Index (SDI)	7.9%	<ul style="list-style-type: none"> i. The Bank maintained a low level of SDI for both 2022 and 2021 reflecting lesser government's financial assistance. ii. Nevertheless, being a DFI, continuous subsidy (eg grants, soft financing & profit subsidy) is required in order for the Bank to undertake its developmental mandate by offering competitive financing facilities and subsidised training to affirmative segments.
Output Index (OI)	0.61	OI has been maintained below 1 which reflected the Bank has successfully channelled its funds more towards the targeted segment as compared to non-targeted segment.
Net Subsidy Cost (NSC)	RM24.1m	The Bank maintained an NSC Index lower than total subsidy for both years, reflected that the funds were largely utilised in reaching out to targeted segment.

c) KOMPONEN 3 - KECEKAPAN OPERASI/COMPONENT 3 - OPERATIONAL EFFICIENCY

- i) Nisbah Kos kepada Pendapatan (CTI) bagi tahun 2022 ialah **50.13%**.
- ii) Tempoh Pusingan Masa (TAT) - Jumlah purata TAT bagi tahun 2022 kekal dalam lingkungan piagam pelanggan (Piagam Pelanggan 94 hari)
- i) Cost-to-income (CTI) ratio for year 2022 is **50.13%**.
- ii) Turnaround time (TAT) - Total Average TAT for year 2022 remained within the acceptable client charter. (Client Charter 94 days)

MEMACU HARI ESOK KAKITANGAN KAMI

PROPELLING OUR PEOPLE'S TOMORROWS

Kakitangan kami adalah nadi operasi dan penggerak pencapaian kami. SME Bank menghargai mereka sebagai aset yang berharga dan komited untuk menjadi tempat kerja pilihan di mana mereka boleh menyerlahkan potensi sepenuhnya serta menikmati keseimbangan kerja dan kehidupan demi hidup yang lebih bermakna.

Our employees serve as the heartbeat of our operations and are the drivers of our achievements. SME Bank values them as priceless assets and is committed to becoming a workplace of choice where people can live up to their fullest potential and enjoy optimum work-life-service balance for more fulfilling lives.

Penetapan **Pengganti**
Penilaian Ketersediaan
Established **Successor**
Readiness Assessment



Lebih **RM3 juta** dilabur dalam pembangunan kakitangan

Over **RM3 million** invested in employee development



409 penerima Anugerah Kesetiaan Kakitangan

409 recipients of Employee Loyalty Award



Purata **22 jam latihan** bagi setiap kakitangan

Average of **22 training hours** per employee.

Butiran lanjut dalam segmen BUDAYA & BAKAT di halaman 127 hingga 142.
More details under TALENT & CULTURE from page 127 to 142.

TAKWIM PERISTIWA

CALENDAR OF EVENTS

JAN JAN

04

Misi Bantuan Banjir di Hulu Langat dan Banting dengan kerjasama Kementerian Pembangunan Usahawan dan Koperasi (KUSKOP) dan Islamic Relief Malaysia

Flood Relief in Hulu Langat and Banting in collaboration with the Ministry of Entrepreneur and Cooperatives Development (MECD) and Islamic Relief Malaysia



24

Pengedaran Hamper Tahun Baharu Cina kepada kakitangan SME Bank

Distribution of the Chinese New Year Hampers to SME Bank's Staff



FEB FEB

07

Majlis Graduasi Program E-Coach Dubai, Kuala Lumpur

Graduation ceremony for the E-Coach Dubai Programme in Kuala Lumpur



13-19

Misi Peningkatan Eksport (EAM) Ke Dubai bersempena dengan 'World Expo Dubai 2020'

Export Acceleration Mission (EAM) to Dubai in conjunction with 'World Expo Dubai 2020'



MAC MAR

16

Majlis Menandatangani Perjanjian Kolektif bersama Kesatuan Sekerja Komersial Kebangsaan (NUCW) yang mewakili Kesatuan Sekerja SME Bank

Collective Agreement Signing Ceremony with the National Union of Commercial Workers (NUCW) representing SME Bank's Staff Union



30

Majlis Anugerah IFN 2022 'SRI & ESG Deal of the Year'

IFN Awards Ceremony 2022 'SRI & ESG Deal of the Year'



APR APR

15

Majlis Pengumuman Penerimaan Pembiayaan RM132 juta SME Bank - HRSB Holdings Sdn. Bhd.

SME Bank - HRSB Holdings Sdn. Bhd.'s RM132 million Financing Announcement Ceremony



22

Anugerah Khidmat Setia SME Bank 2022

SME Bank 2022 Employee Loyalty Awards



TAKWIM PERISTIWA CALENDAR OF EVENTS

MEI
MAY

27

Rumah Terbuka Hari Raya SME Bank
SME Bank's Raya Open House



JUN
JUN

1

Program Jom XCESS Pusat Wilayah
Utara SME Bank di Sungai Petani, Kedah
SME Bank Northern Regional Centre
Jom XCESS Programme in Sungai



14

Hari Alam Sekitar Dunia 2022: Bengkel
Terrarium
World Environment Day 2022:
Terrarium Workshop



JUL
JUL

1-3

Konvensyen dan Pameran Halal
Antarabangsa Pulau Pinang (PIHEC) di
Pusat Konvensyen Setia Spice, Pulau Pinang
Penang International Halal Showcase
& Conference (PIHEC) at Setia Spice
Convention Centre, Penang



4

Majlis Penghargaan untuk Pemegang
Sukuk SME Bank
SME Bank Sukuk Holder Appreciation
Luncheon



OGOS
AUG

06

"Fish On Challenge FY2022" di Kolam
Perdana, Sea Lion, Port Klang
"Fish On Challenge FY2022" at Kolam
Perdana, Sea Lion, Port Klang



11

SME Bank XCESS 2022
SME Bank XCESS 2022



04

Lawatan dari Bank Bhutan di Menara SME
Bank
Visit from Bank of Bhutan at Menara SME
Bank



SEP
SEP

05

Program Jom XCESS Pusat Wilayah
Selatan SME Bank di Johor Bahru, Johor
SME Bank Southern Regional Centre Jom
XCESS Programme in Johor Bahru, Johor



29

Lawatan daripada CRDB Bank, Tanzania
Visit From CRDB Bank of Tanzania



TAKWIM PERISTIWA CALENDAR OF EVENTS

SEP
SEP

22

Majlis Anugerah 'MARC Sustainability'
MARC Sustainability Award Ceremony



29

Majlis Pelancaran Program Penjana
Komuniti@SME Bank 3.0
Launching Ceremony of SME Bank
Penjana Komuniti Programme 3.0



OKT
OCT

31

Majlis Penyampaian Hadiah SME Bank
90-Days Biz Challenge 2022
Prize Giving Ceremony of SME Bank
90-Days Biz Challenge 2022



NOV
NOV

25

Program Jom XCESS Pusat Wilayah
Tengah SME Bank di Ipoh, Perak
SME Bank Central Region Centre Jom
XCESS Programme in Ipoh, Perak



26

Kejohanan Golf SME Bank 2022 di
Impian Golf & Country Club
SME Bank Golf Championship 2022 in
Impian Golf & Country Club



OKT
OCT

17

Majlis Pelancaran Dana Permodalan
Semula PKS 2022 di Putrajaya
SME Recapitalisation Fund Launch
Ceremony 2022 in Putrajaya



29

Majlis Perasmian Taska Pintar SME Bank
di Quill Mall, Kuala Lumpur
Taska Pintar SME Bank Opening
Ceremony in Quill Mall, Kuala Lumpur



DEC
DEC

24

Pengedaran Hamper Deepavali untuk
kakitangan SME Bank
Deepavali Hampers Distribution for
SME Bank's staff



13

Majlis Graduasi Program SME Bank
untuk meningkatkan Kemahiran dan
Mobiliti SME Bank
SME Bank Upskilling and Upward
Mobility Programme Graduation
Ceremony



14

Projek Tanaman Hidroponik atas
Bumbung.
Rooftop Hydroponic Planting Project



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DIRECTORS' REPORT

The directors of Small Medium Enterprise Development Bank Malaysia Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2022.

Principal activities

The principal activities of the Bank are those of development banking, both Islamic and conventional and related financial services.

The information on the name, place of incorporation, principal activities and percentage of issued share capital held by the Bank in each subsidiary and associate is as disclosed in Note 10 and Note 11 to the financial statements respectively.

Financial results

The results of the Group and of the Bank for the financial year are as follows:

	Group RM'000	Bank RM'000
Profit before tax expense and zakat	68,040	64,489
Tax expense	(935)	(718)
Zakat	(1,562)	(1,562)
Profit for the year	65,543	62,209
Profit for the year attributable to the owner of the Bank	65,543	62,209

In the opinion of the directors, the results of operations of the Group and of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the continuation of relief programme as disclosed in Note 2.13 to the financial statements.

Dividends

The amount of dividend paid by the Bank since the end of the previous financial year is as follows:

In respect of the financial year ended 31 December 2021, a final single-tier dividend of 0.27 sen per share on 1,850,000,000 ordinary shares, amounting to RM5,005,500 was proposed, approved and declared at the Annual General Meeting held on 29 June 2022. The dividend was paid on 4 July 2022.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2022 of 0.34 sen per share on 1,850,000,000 ordinary shares, amounting to RM6,221,000 will be proposed for the shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

The Bank did not issue any new shares or debentures during the financial year.

Directors

The directors of the Bank in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Muslim bin Hussain	
Datuk Ahmad Hizzad bin Baharuddin	
Zulkiflee bin Hashim	
Suharti binti Mohd Ali	
Dato' Sharkawi bin Alis	
Dato' Mohammad Radhi bin Abdul Razak	(end of tenure on 8 October 2022)
Dato' Seri Nazir Ariff bin Mushir Ariff	(end of tenure on 17 October 2022)
Mohd Sakeri bin Abdul Kadir	(resigned on 4 December 2022)
Wan Abdul Rahman bin Wan Abu Bakar	(end of tenure on 10 January 2023)
Afidah Azwa binti Abdul Aziz	(appointed on 1 February 2023)
Datuk Haji Zamri @ Fazillah bin Salleh	(appointed on 1 February 2023)

The directors who are not the directors of the Bank who held office in the subsidiaries of the Bank during the financial year and up to the date of this report are:

Datuk Wira (Dr.) Aria Putera bin Ismail	
Datuk Dr. Mohammad Hardee bin Ibrahim	
Samad Majid Zain Abdul Majid	
Zarina Nor binti Ismail	
Mohd Fikri bin Abd Ghapar	
Mohammad Azam bin Ahmad	
Hairil Izwar bin Abd. Rahman	
Zabidi bin Abdullah	(appointed on 1 February 2023)
Sainursalwa Sani	(resigned on 29 March 2022)
Nurbayu Kasim Chang	(resigned on 4 January 2023)

DIRECTORS' REPORT

Directors' benefits

Since the end of the previous financial year, none of the directors of the Bank has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of remuneration received or due and receivable by the director or the fixed salary of a full time employee of the Bank as disclosed in Note 30 to the financial statements) by reason of a contract made by the Bank or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During the financial year, the fees, salaries and other benefits received and receivable by the Directors of the Bank are as follows:

	Bank RM'000
Non-Executive Directors:	
- Directors' fee	485
- Directors salaries and other benefits	1,127
	1,612

During and at the end of the financial year, no arrangement subsisted to which the Bank is a party whereby directors of the Bank might acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other body corporate.

Directors' interests

None of the directors in office at the end of the financial year held shares or had a beneficial interest in the shares of the Bank or its related corporations during or at the beginning and end of the financial year.

Other statutory information

Before the financial statements of the Group and of the Bank were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Bank had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Bank misleading; or
- (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate; or
- (iv) not otherwise dealt with in this report of the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

Other statutory information (cont'd)

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Bank which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Bank to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank in the financial year in which this report is made.

Indemnity and takaful for directors, officers and auditors

The Group and of the Bank maintains directors' liability takaful for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate takaful cover for the directors of the Group and of the Bank. The amount of takaful coverage paid during the year amounted to RM138,600.

Save as disclosed above, there were no indemnity given to or takaful effected for officers or auditors of the Group and of the Bank in accordance with Section 289 of the Companies Act, 2016.

Holding corporation

The directors regard Minister of Finance (Incorporated), a body corporate incorporated pursuant to the Minister of Finance (Incorporated) Act, 1957 (Revised 1989), as the Bank's immediate and ultimate holding corporation.

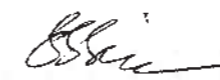
Auditors

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

Auditors' remuneration

The amount paid as remuneration of the auditors for the financial year ended 31 December 2022 is as disclosed in Note 29 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 February 2023.



Zulkiflee bin Hashim



Dato' Muslim bin Hussain

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

The directors of Small Medium Enterprise Development Bank Malaysia Berhad state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statements and the requirement of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as of 31 December.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 February 2023.



Zulkiflee bin Hashim



Dato' Muslim bin Hussain

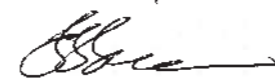
Kuala Lumpur, Malaysia

STATUTORY DECLARATION

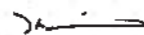
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

We, Zulkiflee bin Hashim and Y.Bhg. Datuk Wira (Dr.) Aria Putera bin Ismail, being the Director and Group President/Chief Executive Officer respectively, being the officers primarily responsible for the financial management of Small Medium Enterprise Development Bank Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in our opinion, correct and we make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 27 February 2023.



Zulkiflee bin Hashim



Datuk Wira (Dr.) Aria Putera bin Ismail

Before me,



Unit C-6-1, Megan Avenue II
No. 12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

SHARIAH COMMITTEE'S REPORT

PURSUANT TO PARAGRAPH 22 OF SHARIAH GOVERNANCE POLICY DOCUMENT OF BANK NEGARA MALAYSIA

In the Name of Allah, The Compassionate, The Most Merciful

Praise be to Allah and peace be upon His messenger, his family and his companions.

أَسْلَامٌ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

To the shareholder, depositors and customers of Small Medium Enterprise Development Bank Malaysia Berhad ("the Bank"):

In carrying out the roles and responsibilities of the Bank's Shariah Committee ("SC") as prescribed in the Shariah Governance Policy Document of Bank Negara Malaysia ("BNM"), we hereby submit the following report for the financial year ended 31 December 2022.

We have reviewed the principles and the contracts relating to the transactions and applications introduced by the Bank during the financial year ended 31 December 2022. We have also conducted our review to form an opinion as to whether the Bank has complied with the Shariah principles and with the Shariah rulings issued by the Shariah Advisory Council ("SAC") of BNM, as well as Shariah decisions made by us.

The management of the Bank shall at all times be responsible for ensuring that the conducts of all its Islamic Banking operations, business, affairs and activities are in accordance with Shariah principles. It is our responsibility to form an independent opinion, based on our review of the Islamic Banking operations of the Bank, and to report to you.

In discharging our duties effectively, we are supported by dedicated internal Shariah functions of the Bank, namely Group Shariah Division, Shariah Review of Group Compliance Division, Shariah Risk of Group Risk Management and Shariah Audit of Group Audit Division, whose roles and responsibilities as well as scope of duties are embedded in the Shariah Governance Policy Document of BNM and in the Bank's internal Shariah framework, policies and guidelines.

We had convened a total of twelve (12) meetings during the financial year, in which we reviewed inter alia products, transactions, services, processes and documents of the Bank. All SC members have complied with the minimum requirement of 75% attendance of the Shariah Committee meetings held in the financial year, as laid down in the Shariah Governance Policy Document of BNM.

As part of the initiatives towards strengthening capabilities of the SC members and to keep ourselves abreast with the latest development of the industry, we have attended the following programmes and events:

- (a) Internal programmes
- Sharing Session on SME Bank's Sustainability Journey on 26 May 2022
 - Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) Awareness on 26 August 2022
 - Business Outlook and Performance of SME Bank on 26 August 2022
 - Sharing Session on SME Bank's Internal Audit on 26 October 2022
 - Shariah Strategic Roundtable Session on 23 November 2022
 - Cyber Security Awareness on 29 November 2022
- (b) External programmes
- Certified Shariah Advisor (CSA) & Certified Shariah Practitioner (CSP)
 - Muzakarah Cendekiawan Syariah Nusantara ke- 16 on 27 - 28 July 2022
 - 17th Kuala Lumpur Finance Forum on 16 - 17 August 2022
 - Muzakarah Penasihat Syariah Dalam Kewangan Islam kali ke-15 on 18 August 2022
 - 4th International Shariah Scholars Roundtable (iSHAR) 2022 on 19 - 20 September 2022

SHARIAH COMMITTEE'S REPORT PURSUANT TO PARAGRAPH 22 OF SHARIAH GOVERNANCE POLICY DOCUMENT OF BANK NEGARA MALAYSIA

In compliance with BNM's Shariah Governance Policy, the SC undergoes the process of assessing the effectiveness of the individual members and the committee as a whole on a yearly basis. The SC annual assessment exercise is primarily based on a questionnaire distributed to the respective committee members and encompasses considerations on the effectiveness of the SC in discharging its duties.

In performing our roles and responsibilities, we had obtained all the information and explanations which we considered necessary in order to provide us with sufficient evidences to give reasonable assurance that the Bank has complied with the Shariah rules and principles.

We also oversee the Shariah Risk function in systematically identify, measure, monitor and report any potential or actual Shariah non-compliance risks associated with the Bank's business and operations as per regulatory requirements.

Apart from that, we had also assessed the Shariah Review and Shariah Audit reports based on their respective annual plans which have been approved by us. The outcomes of the reports were deliberated in our meetings to confirm that the Bank has complied with the applicable internal SC's decisions as well as the relevant resolutions and rulings issued by the SAC of BNM and SAC of Securities Commission for capital market related matters

In our opinion:

- (1) Nothing has come to the SC's attention that causes the SC to believe that the operations, business, affairs and activities of the Bank during the financial year ended 31 December 2022 involve any material Shariah non-compliances; and
- (2) The calculation and distribution of zakat is in compliance with the Shariah principles.

We, Prof. Dr. Amir bin Shahrudin and Dr. Shamsiah binti Mohamad, being two of the members of the SC of the Bank, do hereby confirm on behalf of the members of the SC that, in our level best, the Islamic Banking's operations, business, affairs and activities of the Bank for the financial year ended 31 December 2022 has been conducted in conformity with the Shariah principles.

We beg Allah the Almighty to grant us all the success and straight-forwardness and Allah knows best.



Prof. Dr. Amir bin Shahrudin
Chairman of the Committee



Dr. Shamsiah binti Mohamad
Member of the Committee

Kuala Lumpur, Malaysia
27 February 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD, which comprise the statements of financial position of the Group and of the Bank as at 31 December 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 232 to 383.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statements and the requirement of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors are responsible for the other information. The other information comprises the Directors' report, Statement of Risk Management and Internal Control and Shariah Committee's Report but does not include the financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and other information and reports included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information and reports included in the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD (INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standards, as modified by Bank Negara Malaysia as disclosed in Note 2 to the financial statements and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Bank to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

MAK WAI KIT
Chartered Accountant
Partner - 03546/12/2024 J

27 February 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
Cash and short-term funds	4	1,628,091	1,254,962	1,626,827	1,246,606
Financial investments at fair value through other comprehensive income ("FVOCI")	5	1,436,121	1,396,737	1,436,121	1,396,737
Financial investments at fair value through profit or loss ("FVTPL")	6	-	100,927	-	100,927
Financial investments at amortised cost ("AC")	7	934,753	518,757	934,753	518,757
Loans, advances and financing	8	7,838,869	7,423,451	7,838,869	7,423,451
Other assets	9	25,210	20,608	121,889	106,480
Investment in subsidiaries	10	-	-	-	-
Investment in associate	11	2,335	2,654	-	-
Property, plant and equipment	12	146,131	134,044	146,098	134,011
Right-of-use assets	13	14,821	13,830	14,821	13,830
Investment properties	14	377,231	374,081	377,231	374,081
Intangible assets	15	17,698	14,762	17,698	14,762
Tax recoverable		5,203	5,572	2,997	2,997
Deferred tax assets	16	108,089	106,947	108,089	106,947
TOTAL ASSETS		12,534,552	11,367,332	12,625,393	11,439,586
LIABILITIES					
Deposits from customers	17	4,503,909	3,742,803	4,553,795	3,776,444
Deposits from banks and other financial institutions	18	150,208	50,085	150,208	50,085
Islamic medium-term notes/commercial papers	19	2,622,297	2,521,926	2,622,297	2,521,926
Borrowings/Fundings	20	1,949,473	1,741,109	1,949,473	1,741,109
Lease liabilities	21	15,137	14,195	15,137	14,195
Other liabilities	22	1,028,511	1,151,093	1,061,649	1,178,555
Government funds	23	602,785	540,701	602,785	540,701
TOTAL LIABILITIES		10,872,320	9,761,912	10,955,344	9,823,015
EQUITY					
Share capital	24	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(201,809)	(262,346)	(193,992)	(251,195)
Other reserves	25	14,041	17,766	14,041	17,766
TOTAL EQUITY		1,662,232	1,605,420	1,670,049	1,616,571
TOTAL LIABILITIES AND EQUITY		12,534,552	11,367,332	12,625,393	11,439,586
COMMITMENTS AND CONTINGENCIES					
	34	2,255,710	2,180,552	2,255,710	2,180,552

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income	26	679	1,994	679	1,994
Interest expense	27	(6,149)	(15,245)	(6,149)	(15,245)
Net interest expense		(5,470)	(13,251)	(5,470)	(13,251)
Gross income from					
Islamic banking business	40	445,465	419,533	441,238	410,678
Other operating income	28	11,250	11,167	1,384	1,324
Net income		451,245	417,449	437,152	398,751
Other operating expenses	29	(242,103)	(239,541)	(243,311)	(231,378)
Operating profit		209,142	177,908	193,841	167,373
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	31	(140,653)	(119,661)	(164,377)	(140,002)
- commitments and contingencies	22(v)	989	(779)	989	(779)
- financial investments at FVOCI	5	108	593	108	593
- financial investments at AC	7	277	(278)	277	(278)
- other assets at AC	9(i)(b)	(1,504)	605	(1,504)	605
- other assets at FVOCI	9(ii)	-	-	35,155	27,793
		68,359	58,388	64,489	55,305
Share of loss after tax of an associate	11(ii)	(319)	(296)	-	-
Profit before tax expense and zakat		68,040	58,092	64,489	55,305
Tax expense	32	(935)	(4,188)	(718)	(3,935)
Zakat	32	(1,562)	(1,315)	(1,562)	(1,315)
Profit for the year		65,543	52,589	62,209	50,055
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
Unrealised loss on revaluation of financial investments at FVOCI	25	(17,325)	(38,004)	(17,325)	(38,004)
Reclassification of gain/(loss) included in profit or loss	25	12,566	(6,481)	12,566	(6,481)
Changes in expected credit losses on financial investments at FVOCI	25	(108)	(593)	(108)	(593)
Income tax relating to components of other comprehensive income	25	1,142	10,676	1,142	10,676
Other comprehensive loss for the year, net of tax		(3,725)	(34,402)	(3,725)	(34,402)
Total comprehensive income for the year, net of tax		61,818	18,187	58,484	15,653

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D.)

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit for the year attributable to the owner of the Bank		65,543	52,589	62,209	50,055
Total comprehensive income attributable to the owner of the Bank		61,818	18,187	58,484	15,653
Earnings per share attributable to the owner of the Bank (sen)					
- Basic and diluted	33			3.36	2.71

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Attributable to the Owner of the Bank				Total equity RM'000
		Non-distributable		General reserve RM'000	Accumulated losses RM'000	
		Share capital RM'000	Fair value reserve RM'000			
At 1 January 2022		1,850,000	7,652	10,114	(262,346)	1,605,420
Unrealised loss on revaluation of financial investments at FVOCI	25	-	(17,325)	-	-	(17,325)
Reclassification of gain included in profit or loss	25	-	12,566	-	-	12,566
Changes in expected credit losses of financial investments at FVOCI	25	-	(108)	-	-	(108)
Income tax relating to components of other comprehensive income	25	-	1,142	-	-	1,142
Profit for the year		-	-	-	65,543	65,543
Total comprehensive (loss)/income for the year		-	(3,725)	-	65,543	61,818
Transaction with owner:						
Dividends	39	-	-	-	(5,006)	(5,006)
At 31 December 2022		1,850,000	3,927	10,114	(201,809)	1,662,232
At 1 January 2021		1,850,000	42,054	10,114	(301,724)	1,600,444
Unrealised loss on revaluation of financial investments at FVOCI	25	-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss	25	-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income	25	-	10,676	-	-	10,676
Profit for the year		-	-	-	52,589	52,589
Total comprehensive (loss)/income for the year		-	(34,402)	-	52,589	18,187
Transaction with owner:						
Dividends	39	-	-	-	(13,211)	(13,211)
At 31 December 2021		1,850,000	7,652	10,114	(262,346)	1,605,420

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D.)

Bank	Note	Attributable to the Owner of the Bank				Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2022		1,850,000	7,652	10,114	(251,195)	1,616,571
Unrealised loss on revaluation of financial investments at FVOCI	25	-	(17,325)	-	-	(17,325)
Reclassification of gain included in profit or loss	25	-	12,566	-	-	12,566
Changes in expected credit losses of financial investments at FVOCI	25	-	(108)	-	-	(108)
Income tax relating to components of other comprehensive income	25	-	1,142	-	-	1,142
Profit for the year		-	-	-	62,209	62,209
Total comprehensive (loss)/income for the year		-	(3,725)	-	62,209	58,484
Transaction with owner:						
Dividends	39	-	-	-	(5,006)	(5,006)
At 31 December 2022		1,850,000	3,927	10,114	(193,992)	1,670,049
At 1 January 2021		1,850,000	42,054	10,114	(288,039)	1,614,129
Unrealised loss on revaluation of financial investments at FVOCI	25	-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss	25	-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income	25	-	10,676	-	-	10,676
Profit for the year		-	-	-	50,055	50,055
Total comprehensive (loss)/income for the year		-	(34,402)	-	50,055	15,653
Transaction with owner:						
Dividends	39	-	-	-	(13,211)	(13,211)
At 31 December 2021		1,850,000	7,652	10,114	(251,195)	1,616,571

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	68,040	58,092	64,489	55,305
Adjustments for:				
Net impairment loss on loans, advances and financing	31	176,482	155,262	200,206
Net impairment (writeback)/loss of commitment and contingencies	22(v)	(989)	779	(989)
Net writeback on financial investments at FVOCI	5	(108)	(593)	(108)
Net impairment (writeback)/loss on financial investment at AC	7	(277)	278	(277)
Impairment loss/(gain) on other asset at AC	9(i)(b)	1,504	(605)	1,504
Impairment gain on other asset at FVOCI	9(ii)	-	-	(35,155)
Depreciation of property, plant and equipment	29(ii)	11,613	11,580	11,613
Depreciation of right-of-use assets	29(ii)	3,562	3,519	3,562
Amortisation of intangible assets	29(ii)	8,394	7,447	8,394
Fair value gain on investment properties	40(i)	(3,150)	(8,319)	(3,150)
Government funds released, net	40(i)	(34,564)	(22,330)	(34,564)
Income from financial investments at FVOCI	26,40(g)	(45,195)	(47,724)	(45,195)
Income from financial investments at FVTPL	40(g)	(3,499)	(5,713)	(3,499)
Income from financial investments at AC	40(g)	(23,160)	(22,170)	(23,160)
Interest/Profit expense on borrowings/fundings	27,40(h)	42,030	33,534	42,030
Profit expense on medium-term notes/commercial papers	40(h)	84,084	77,672	84,084
Finance cost on lease liabilities	40(h)	524	522	524
Profit income on amount due from a subsidiary company	40(i)	-	-	(8,596)
Gain on derecognition of leases		(211)	-	(211)
Share of loss after tax of an associate	11	319	296	-

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D.)

Note	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating profit before working capital changes	285,399	241,527	261,502	219,781
Changes in working capital:				
Loans, advances and financing	(591,901)	(733,952)	(615,624)	(754,293)
Other assets	(6,104)	(1,599)	26,840	77,560
Deposits from customers	787,896	(503,171)	804,142	(544,764)
Deposits from banks and other financial institutions	100,124	50,085	100,124	50,085
Other liabilities	(121,417)	29,362	(115,743)	29,234
Cash generated from/ (used in) operating activities	453,997	(917,748)	461,241	(922,397)
Interest and profit received	79,627	99,910	79,627	99,910
Income tax paid	(1,533)	(1,524)	(718)	(929)
Real property gains tax ("RPGT") paid	-	(111)	-	(111)
Zakat paid	(1,702)	(2,315)	(1,702)	(2,315)
Income tax refunded	967	-	-	-
Net cash generated from/ (used in) operating activities	531,356	(821,788)	538,448	(825,842)
Cash flows from investing activities				
Purchase of private debt securities	(690,709)	(240,048)	(690,709)	(240,048)
Purchase of Islamic commercial papers	(810,000)	(1,239,194)	(810,000)	(1,239,194)
Purchase of sukuk	(690,000)	(952,245)	(690,000)	(952,245)
Proceeds from redemption of private debt securities	25,000	123,582	25,000	123,582
Proceeds from redemption of bond/sukuk	100,000	470,627	100,000	470,627
Proceeds from maturity of bond/sukuk	300,000	110,000	300,000	110,000
Proceeds from maturity of private debt securities	560,000	220,000	560,000	220,000
Proceeds from maturity of Islamic commercial papers	839,000	1,315,000	839,000	1,315,000
Proceeds from disposal of investment properties	-	26,481	-	26,481
Purchase of property, plant and equipment	12 (34,494)	(18,303)	(34,494)	(18,273)
Purchase of intangible assets	15 (536)	(3,806)	(536)	(3,806)
Net cash used in investing activities	(401,739)	(187,906)	(401,739)	(187,876)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D.)

Note	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from financing activities				
Net disburse of borrowings/ fundings	245,935	289,832	245,935	289,832
Net disburse of Islamic medium-term notes/ commercial papers	91,246	648,403	91,246	648,403
Interest/Profit paid on borrowings/fundings	(19,781)	(17,653)	(19,781)	(17,653)
Profit paid on Islamic medium-term notes/ commercial papers	(74,959)	(70,576)	(74,959)	(70,576)
Proceeds from government funds	10,000	25,909	10,000	25,909
Payment of lease liabilities	(3,923)	(4,206)	(3,923)	(4,206)
Dividend paid	(5,006)	(13,211)	(5,006)	(13,211)
Net cash generated from financing activities	243,512	858,498	243,512	858,498
Net increase/(decrease) in cash and cash equivalents	373,129	(151,196)	380,221	(155,220)
Cash and cash equivalents at beginning of year	1,254,962	1,406,158	1,246,606	1,401,826
Cash and cash equivalents at end of year	1,628,091	1,254,962	1,626,827	1,246,606
Cash and cash equivalents comprise of:				
- Cash and short-term funds	4 1,628,091	1,254,962	1,626,827	1,246,606

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D.)

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Bank's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Bank's statements of cash flows from financing activities.

Group and Bank

2022	Note	1 January		Financing cash flows (i)	Interest/profit accrual (Note 27 & 40(K))	Non-cash changes		Effect of benefit derived from below market profit rate (Note 23)	31 December
		RM'000	RM'000			RM'000	RM'000		
Islamic medium-term notes/commercial papers	19	2,521,926	16,287	84,084	-	-	-	-	2,622,297
Borrowings/fundings	20	1,741,109	226,154	42,030	-	-	(59,820)	-	1,949,473
Lease liabilities	21	14,195	(3,923)	524	4,341	-	-	-	15,137
Government funds	23	540,701	10,000	-	-	26,828	(34,564)	59,820	602,785
		4,817,931	248,518	126,638	4,341	26,828	(34,564)	59,820	5,189,692
2021									
Islamic medium-term notes/commercial papers	19	1,866,327	577,927	77,672	-	-	-	-	2,521,926
Borrowings/fundings	20	1,507,974	272,179	33,534	-	-	(72,578)	-	1,741,109
Lease liabilities	21	13,364	(4,206)	522	4,515	-	-	-	14,195
Government funds	23	454,883	25,909	-	-	9,661	(22,330)	72,578	540,701
		3,842,548	871,809	111,728	4,515	9,661	(22,330)	72,578	4,817,931

i) The cash flows from Islamic medium-term notes, borrowings/fundings, government funds and lease liabilities make up the net amount of proceeds and payments of Islamic medium-term notes, borrowings/fundings and lease liabilities, interest/profit payment on Islamic medium-term notes, borrowings/fundings and lease liabilities and receipt of government fund in the statements of cash flows.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

1. Corporate information

Small Medium Enterprise Development Bank Malaysia Berhad ("the Bank") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Bank is at Level 22, Menara SME Bank, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The immediate and ultimate holding company of the Bank during the financial year is Minister of Finance Incorporated. The Bank is principally engaged in development banking, both Islamic and conventional and related financial services. The principal activities of the subsidiaries and associate are described in Note 10 and Note 11, respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2023.

2. Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), as modified by Bank Negara Malaysia ("BNM") as disclosed below, and the requirements of Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Bank are presented in Ringgit Malaysia ("RM") and values are rounded to the nearest thousand (RM'000) except when otherwise stated.

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below. The Group and the Bank present the statements of financial position in order of liquidity.

Modified accounting treatment for modifications made to contractual cash flows of loans/financing

Under the Financial Reporting for Development Financial Institutions policy document issued by BNM on 28 July 2020, in accordance with Section 75 of the Development Financial Institutions Act, 2002 in Malaysia and Section 26D of the Financial Reporting Act, 1997 in Malaysia, Development Financial Institutions are allowed to apply the modified accounting treatment for any modifications made to contractual cash flows of loans/financing, including payments deferred under moratoriums provided by the development financial institutions, during the three financial years beginning on or after 1 January 2020, with the details as follows:

(i) Duration of modified accounting treatment

Development financial institutions shall make a one-time election in 2020 to apply the modified accounting treatment and once an election is made, the requirement shall apply for two financial years beginning on or after 1 January 2020, which is then extended for another year;

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.1 Statement of compliance and basis of preparation (cont'd.)

Modified accounting treatment for modifications made to contractual cash flows of loans/financing (cont'd.)

(ii) Comparison of accounting treatment in accordance with MFRS and modified accounting treatment

Accounting treatment in accordance with MFRS

Under paragraph 5.4.3 of MFRS 9 Financial Instruments, the modification gain or loss that arises as at the contractual cash flow modification date is recognised in the profit or loss immediately by recalculating the gross carrying amount of the loan/financing based on the present value of the modified cash flows discounted at the loan or financing's original effective interest/profit rate ("EIR/EPR").

Modified accounting treatment

No modification gain or loss is recorded against the gross carrying amount of the loan/financing as at the contractual cash flow modification date.

Instead, a new and revised effective interest/profit rate is calculated that exactly discounts the modified remaining cash flows to the gross carrying amount of the loan/financing as at the contractual cash flow modification commencement date.

(iii) Disclosures

The Development Financial Institutions which apply this modified accounting treatment shall disclose the fact of this adoption in the basis of preparation of the interim financial reports and annual financial statements, together with the duration of the application and a comparison of the financial impact of applying the accounting treatment in accordance with the MFRS and the modified accounting treatment.

Under Section 244(5) of the Companies Act, 2016, the financial statements that are required to be prepared for or lodged with the authorities referred to in section 26D of the Financial Reporting Act, 1997 shall be prepared in accordance with the approved accounting standards subject to any specifications, guidelines or regulations as may be issued by the authorities, including BNM.

The Bank has adopted the modified accounting treatment for the modification gain or loss arising from modifications of contractual cash flows made to loans/financing as specified by BNM in the policy document dated 28 July 2020 stated above. The modified accounting treatment has been applied by the Bank in its financial statements for the previous financial years ended 31 December 2020, 31 December 2021 and current financial year ended 31 December 2022 on any modifications of contractual cash flows made to loans/financing during these three financial years, as allowed by BNM.

Pursuant to the extension of the modified accounting treatment for modification losses, the Group and the Bank shall adopt the treatment as per MFRS 9 Financial Instruments, of which RM63,091,000 to be charged directly in the Group's and Bank's retained earnings during the financial year 31 December 2023. The Bank anticipates that the profit income on loans, advances and financing of the Bank will increase in the coming financial years, net of modification losses arising from financial assistance to be provided in the coming financial years.

2. Summary of significant accounting policies (cont'd.)

2.1 Statement of compliance and basis of preparation (cont'd.)

Impact of adopting the modified accounting treatment for the modification gain or loss

The financial impact of the affected items in the statements of financial position and statements of profit or loss of the Group and the Bank are as summarised below:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statements of financial position				
As at 31 December				
Loans, advances and financing	7,775,778	7,343,894	7,775,778	7,343,894
Accumulated losses	(264,900)	(341,903)	(257,083)	(330,752)

Statements of profit or loss

For the year ended

31 December

Profit income on loans, advances and financing

Year end balance under MFRS	82,009	48,588	78,675	46,054
Impact of modification loss	6,840	22,679	6,840	22,679
Loss of income due to changes in effective rate	(22,351)	(15,045)	(22,351)	(15,045)
Allowance for impairment losses on loans, advances and financing	(955)	(3,633)	(955)	(3,633)
Year end balance under modified accounting treatment	65,543	52,589	62,209	50,055

The financial impact of modification loss to the retained earnings of the Group and the Bank moving forward are as follows:

	Group RM'000	Bank RM'000
At 1 January 2023, as stated	(201,809)	(193,992)
Impact of modification loss at 1 January 2023	(63,091)	(63,091)
At 1 January 2023, restated	(264,900)	(257,083)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies and disclosures

Amendments to MFRSs

In the current financial year, the Group and the Bank have adopted all Amendments to MFRS issued by the Malaysian Accounting Standard Board (“MASB”) that are relevant to the operations and effective for accounting period that begins on or after 1 January 2022.

Amendments to:

MFRSs	Annual Improvements to MFRS Standards 2018 - 2020
MFRS 3	Reference to Conceptual Framework
MFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
MFRS 116	Property, Plant, and Equipment - Proceeds before Intended Use
MFRS 137	Onerous Contracts - Costs of Fulfilling a Contract

The adoption of the Amendments to MFRSs above did not have any material impact on the financial statements of the Group and the Bank in current financial year.

2.3 Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the relevant Amendments to MFRSs, which were in issue but not yet effective and not early adopted by the Group and the Bank are as listed below:

Amendments to:

MFRS 16	Lease Liability in a Sale and Leaseback ²
MFRS 101	Disclosure of Accounting Policies ¹
MFRS 101	Classification of Liabilities as Current or Non-current ²
MFRS 101	Non-current Liabilities with Covenants ²
MFRS 108	Definition of Accounting Estimates ¹
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures ³

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date deferred to a date to be announced by MASB

The initial application of the accounting standards, interpretations or amendments did not have any material financial impacts to the current period and prior period financial statements of the Group and the Bank.

The directors anticipate that the abovementioned Amendments will be adopted in the annual financial statements of the Group and of the Bank when they become effective and is of the view that the adoption of these Amendments will have no material impact on the financial statements of the Group and of the Bank in the period of initial application.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of preparation

The financial statements of the Group and of the Bank have been prepared under the historical cost convention unless otherwise indicated in the summary of significant accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group and the Bank take into account the characteristics of the asset or liability if market participant would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of MFRS 102, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the input to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than unquoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities (including structured entities) controlled by the Bank and its subsidiaries. Control is achieved when the Bank has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its return.

The Bank reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control stated above.

When the Bank has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Bank considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- the size of the Bank's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Bank, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Bank has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.6 Subsidiaries

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in profit or loss and other comprehensive income from the date the Bank gains control until the date when the Bank ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Bank and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policy.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Bank.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained profit and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9, when applicable, the cost on initial recognition of an investment in an associate or joint venture. Investment in subsidiaries which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Bank's separate financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

2. Summary of significant accounting policies (cont'd.)

2.7 Associate

An associated company is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, an investment in an associate is initially recognised in the statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investment in associates which are consolidated using the equity method are stated at cost less accumulated impairment losses in the Bank's separate financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

2.8 Property, plant and equipment and depreciation

Land and buildings comprise mainly branches and offices. All property, plant and equipment used by the Group and the Bank are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Freehold land has indefinite useful life and therefore is not depreciated. Construction work-in-progress is not depreciated as this asset is also not available for use. Depreciation of other property, plant and equipment are calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building	50 years
Furniture and equipment	3 - 10 years
Renovation	3 years
Motor vehicles	5 years
Electrical and machinery	10 - 15 years

The leasehold land are amortised on a straight-line basis over the remaining lease terms, ranging from 13 to 902 years (2021 : 14 to 903 years).

The assets' residual values, useful lives and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gains and losses arising on disposals are determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.9 Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Bank are lessees, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Bank recognise a right-of-use asset at the date of initial application for leases previously classified as operating lease. The right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements in which the group and the Bank are the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The right-of-use asset is initially measured at an amount equal to the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use assets are presented as a separate line in the statements of financial position.

The lease liability is initially measured at the present value of the remaining lease payments at the date of initial application, discounted using the Group's and the Bank's incremental borrowing rate. The lease liability is presented as a separate line in the statements of financial position.

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

(ii) Recognition and initial measurement (cont'd.)

(a) As a lessee (cont'd.)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group and the Bank exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Bank have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group and the Bank recognise the lease payments associated with these leases as an operating expense over the lease term.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group and the Bank have not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) As a lessor

The Group and the Bank enter into lease agreements as a lessor with respect to their properties. When the Group and the Bank act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Bank make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Bank apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.9 Leases (cont'd.)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The Group and the Bank apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Whenever the Group and the Bank incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137.

The lease liability is measured by increasing the carrying amount to reflect profit on the lease liability and reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group and the Bank's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Bank remeasure the lease liability whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating profit/interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group and the Bank did not make any such adjustments during the current financial year.

(b) As a lessor

The Group and the Bank recognise lease payment from operating leases as income on a straight-line basis. The Group and the Bank also recognise cost, including depreciation, incurred in earning the lease income as an expense.

2. Summary of significant accounting policies (cont'd.)

2.10 Investment properties

Investment properties of the Group and the Bank are properties held to earn rentals and/or for capital appreciation (including property under construction for such purpose). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which property is derecognised.

2.11 Intangible assets

Intangible assets with indefinite lives are not amortised but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset;
- The ability to measure reliably the expenditure during development; and
- The ability to use the intangible asset generated.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.12 Impairment of non-financial assets

At the end of each reporting period, the Group and the Bank review the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Bank estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Financial instruments

Initial recognition

Financial assets and liabilities, with the exception of loans, advances and financing to customers, are initially recognised on the trade date, i.e., the date that the Group and the Bank become a party to the contractual provisions of the instrument. Loans, advances and financing to customers are recognised when funds are transferred to the customers' accounts.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit or Loss ("FVTPL"), transaction costs are added to, or subtracted from, this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group and the Bank account for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Group and the Bank recognise the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

2. Summary of significant accounting policies (cont'd.)

2.13 Financial instruments (cont'd.)

Measurement categories of financial assets and liabilities

The Group and the Bank classify all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised Cost ("AC")
- Fair Value Through Other Comprehensive Income ("FVOCI")
- Fair Value Through Profit or Loss ("FVTPL")

The Group and the Bank classify and measures its derivative at FVTPL. The Group and the Bank may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial assets and liabilities

The Group and the Bank only measure loans, advances and financing to customers and other financial investments at Amortised Cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below:

Business model assessment

The Group and the Bank determine their business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's and the Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's and Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.13 Financial instruments (cont'd.)

The SPPI test

As a second step of its classification process, the Group and the Bank assess the contractual terms of financial asset to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are payments of principal or amortisation of the premium/discount).

The most significant elements of profit within a lending/financing arrangement are typically the consideration for the time value of money and credit risk. To perform the SPPI assessment, the Group and the Bank apply judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the profit rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and profit on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial investment at AC

The Group and the Bank measure debt instruments at AC when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved solely by collecting contractual cash flows
- The contractual terms of the financial asset meet the SPPI test

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2. Summary of significant accounting policies (cont'd.)

2.13 Financial instruments (cont'd.)

Debt instruments at FVOCI

The Group and the Bank measure debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Profit income are recognised in profit or loss in the same manner as for financial assets measured at AC as explained in Note 2.22. The expected credit loss ("ECL") calculation for Debt instruments at FVOCI is explained in Note 2.14. Where the Group and the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

Upon initial recognition, the Group and the Bank elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value on these equity instruments are recorded in OCI and accumulated revaluation reserve. The cumulative fair value gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends are recognised in profit or loss as other operating income when the right of the payment has been established.

Derivatives recorded at fair value through profit or loss

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified profit/interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in Note 6. Changes in the fair value of derivatives are included in net trading income.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.13 Financial instruments (cont'd.)

Financial guarantees, letters of credit and undrawn loan/undisbursed financing

The Group and the Bank issue financial guarantees, letters of credit and loan/financing commitments. Financial guarantees are initially recognised in the financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's and the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in profit or loss.

The premium received is recognised in profit or loss in fees and commission income, on a straight line basis over the life of the guarantee.

Undrawn loan/undisbursed financing and letters of credits are commitments under which, over the duration of the commitment, the Group and the Bank are required to provide a financing with pre-specified terms to the customer. A provision is made if there is any onerous contract under the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan/undisbursed financing, where the loan/financing agreed to be provided is on market terms, are not recorded in the Statements of Financial Position.

Reclassification of financial assets and liabilities

The Group and the Bank do not reclassify their financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

Derecognition due to substantial modification of terms and conditions

The Group and the Bank derecognise a financial asset, such as a financing to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financing, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financing are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a financing to a customer, amongst others, the Group and the Bank consider the following factors:

- Change in currency of the loans, advances and financing
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in substantial change in cash flows, thus, the modification does not result in derecognition.

The Bank has adopted the modified accounting treatment for the modification gain or loss arising from modifications of contractual cashflows made to loans/financing as specified by BNM in the policy document dated 28 July 2020. Under the modified accounting treatment, no modification gain or loss is recorded against the gross carrying amount of the loans/financing as at the contractual cash flow modification date. Instead, a new and revised effective interest/profit rate is calculated that exactly discounts the modified remaining cashflows to the gross carrying amount of the loans/financing as at the contractual cashflow modification commencement date.

BNM has granted another year of extension on the adoption of accounting treatment for modification gain or loss for prescribed Development Financial Institutions for the financial year ended 31 December 2022. For financial year ending 31 December 2023, after the expiry of the modified accounting treatment as specified, the Bank will adopt the treatment as per MFRS 9 Financial Instruments accordingly.

2. Summary of significant accounting policies (cont'd.)

2.13 Financial instruments (cont'd.)

Implication of COVID-19 measures

During the financial year, the Group and the Bank extended repayment assistance for selected slow recovery customers in sectors that were badly affected by Covid-19. The deferment is applicable to performing financing, denominated in Ringgit Malaysia, that have not been in arrears for more than 90 days. During this period, the Group and the Bank continue to accrue profit on the financing and customers will need to honour the deferred payments in the future.

The deferment announced has resulted in changes in cash flows of the financing that could lead to modification loss to the Group and the Bank which shall be recorded in profit or loss. Pursuant to the policy document on Financial Reporting for Development Financial Institutions issued by BNM, revision of the original effective profit rate in respect of any modification made to the contractual cash flows of the financing has negated the impact of the modification loss.

Derecognition other than for substantial modification

The Group and the Bank derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Bank recognise their retained interest in the asset and an associated liability for amounts they may have to pay. If the Group and the Bank retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Bank continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in reserves is recognised in profit and loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group and the Bank retain an option to repurchase part of a transferred asset), the Group and the Bank allocate the previous carrying amount of the financial asset between the part they continue to recognise under continuing involvement, and the part they no longer recognise on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.14 Impairment of financial assets

Overview of the ECL principles

With respect to financing loss impairment method, the Group and the Bank have applied a forward-looking ECL approach.

Through this approach, the Group and the Bank have recorded the allowance for ECL for all loans, advances and financing and other debt financial assets not held at FVTPL, together with loans, advances and financing commitments and financial guarantee contracts (all referred to as 'financial instruments' in this section). Equity instruments are not subject to impairment under MFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Group's and the Bank's policies for determining if there has been a significant increase in credit risk are set out below.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the end of the reporting period. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of the financial instruments.

The Group and the Bank have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Group and the Bank groups its loans, advances and financing into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1 When loans, advances and financing are first recognised, the Group and the Bank recognise an allowance based on 12mECLs. Stage 1 loans, advances and financing also include facilities where the credit risk has improved and the loans, advances and financing has been reclassified from Stage 2.
- Stage 2 When a loans, advances and financing has shown a significant increase in credit risk since origination, the Group and the Bank record an allowance for the LTECLs. Stage 2 loans, advances and financing also include facilities, where the credit risk has improved and the loans, advances and financing has been reclassified from Stage 3.
- Stage 3 Financial assets are assessed as credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of that asset have occurred.

2. Summary of significant accounting policies (cont'd.)

2.14 Impairment of financial assets (cont'd.)

Significant increase in credit risk

At the end of each reporting period, the Group and the Bank assess whether there has been a significant increase in credit risk for exposures since initial recognition to determine whether the exposure is subject to 12-month ECL or lifetime ECL. This is performed by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. When determining whether the risk of default has increased significantly since initial recognition, the Group and the Bank consider both quantitative and qualitative information and analysis based on the Group's and the Bank's historical experience and credit risk assessment, including forward-looking information.

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative factors such as delinquency, historical delinquency trend, changes in credit ratings and qualitative factors as well as a backstop based on delinquency.

A financial asset is considered to have experienced a significant increase in credit risk if the financial asset is more than 30 days past due on its contractual payments. In addition, the Group and the Bank may determine that an exposure has demonstrated a significant increase in credit risk based on certain qualitative factors using its expert credit judgement and, where possible, relevant historical experience that are considered to be indicative of such increase and whose effect may not otherwise be fully reflected in its quantitative factors.

The qualitative factor in assessing the significant increase in credit risk had been extensively applied for all financing that have been subjected to payment assistance during the COVID-19 pandemic. Based on the well-balanced experience in credit judgement, the Group and the Bank considerably view relevant factors when assessing the increase in credit risk. In the absence of the relevant factors indicating evidence of significant increase in credit risk, the Group and the Bank considered that the extension of repayment assistance, specifically the financial assistance of 6 months from 1 October 2022 to 31 March 2023 provided during the year, has not automatically resulted in a staging transfer of financing. The application of judgement and qualitative factors have been applied responsibly with appropriate oversight structure within the Group and the Bank.

The calculation of ECLs

The Group and the Bank calculate ECLs based on multiple scenarios to measure the expected cash shortfalls, which are discounted using the EIR/EPR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The PD rates are derived from latest 7-years historical data on Months-in-Arrears ("MIA") of an instrument in accordance to its SME Category.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the end of the reporting period, including payments of principal and interest/profit and accrued interest/profit from missed payments.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group and the Bank would expect to receive, including from the realisation of any collateral.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.14 Impairment of financial assets (cont'd)

The calculation of ECLs (cont'd.)

The mechanics of the ECL method are summarised below:

- | | |
|---------|---|
| Stage 1 | The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the end of the reporting period. The Group and the Bank calculate the 12mECL allowance based on the expectation of a default occurring in the 12 months following the end of the reporting period. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by applying the original EIR/EPR. |
| Stage 2 | For exposures where there has been a significant increase in credit risk since initial recognition, the Group and the Bank record an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by applying the original EIR/EPR. |
| Stage 3 | For financial assets that are considered as credit-impaired, the Group and the Bank recognise the lifetime expected credit losses. The method is similar to that for Stage 2 assets, with the PD set at 100% for any instrument with MIA more than 2 months. For exposure on loans, advances and financing under this category with significant EAD, i.e. more than RM1.0 million, assessment are made on individual basis. |

Overlays and adjustments for expected credit losses amid COVID-19 environment

In continuation from financial year 2020 which has been largely affected by COVID-19 pandemic, the Group and the Bank continue to factor in the impact through application of management overlay in the ECL calculations. The management overlay has been prudently incorporated within the ECL mechanism taking into account the heightened uncertainty surrounding the determination of estimates in the current environment and to preserve sound provisioning buffers.

As the current MFRS 9 models are not expected to generate levels of ECL's with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 December 2022.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures expire.

The overlays and post-model adjustments of RM40,185,000 (2021: RM78,630,000) involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The Group and the Bank have updated the related parameters for ECL computation and the current Macro Economics Variables ("MEV") for both loans, advances and financing and the financial investment portfolio. Considering the current pandemic situation, the Group and the Bank have taken all necessary measures in deriving the final PD rates such as taking the latest forecasted numbers published by Bloomberg and the LGD parameters has been updated using historical LGD populations up to 30 September 2022. The Group and the Bank has revised its probability-weighted ratio i.e. (upside, baseline and downside) to 10% - 75% - 15% (2021: 5% - 65% - 30%).

In addition, the Group and the Bank have also imposed the overlay by applying lifetime ECL to all Stage 1 accounts under SME Restart and Recovery Programme ("RECOVERY +") accounts, limited to the unsecured percentage of cash collateral for the customer. This overlay also applied to other SME Relief Programme which were still in payment observation period after the moratorium ended.

2. Summary of significant accounting policies (cont'd.)

2.14 Impairment of financial assets (cont'd)

Debt instruments measured at FVOCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statements of financial position, which remains at fair value. The calculation of ECLs for debt instruments are describe in Note 2.14, the calculation of ECLs.

Instead, an amount equal to the allowance that would arise if the assets were measured at Amortised Cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Forward-looking information

The Group and the Bank use multiple scenarios, i.e. Baseline, Upside and Downside, to model the non-linear impact of assumptions about macroeconomic factors on ECL. The Group and the Bank apply probabilities to the forecast scenarios identified. In their ECL models, the Group and the Bank rely on a broad range of forward-looking information, such as:

- GDP growth
- BRENT crude oil price

The forward-looking information of the Group and the Bank are subject to change on an annual basis. The use of these macroeconomic factors have been determined as appropriate based on the annual assessment made by the Group and the Bank.

Write-offs

The Group's and the Bank's financial assets are written off either partially or in their entirety only when the Group and the Bank has stopped pursuing the recovery or become uncollectible.

2.15 Financial liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at Amortised Cost using the effective interest/profit method. The Group and the Bank do not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities at Amortised Cost include deposits from customers, deposits and placements from banks and financial institutions, other liabilities, Islamic medium-term notes, borrowings/fundings and lease liabilities.

The effective interest/profit method is a method of calculating the Amortised Cost of a financial liability and of allocating interest/profit expense over the relevant period. The effective interest/profit rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.15 Financial liabilities (cont'd.)

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

The Group and the Bank do not have any financial liabilities held for trading or financial liabilities designated upon initial recognition as at fair value through profit or loss as at the end of the reporting period.

(b) Other financial liabilities

The Group's and the Bank's other financial liabilities include deposits from customers, deposits from other financial institutions, medium term notes, borrowings/fundings and other liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at Amortised Cost using the EIR/EPR method.

(c) Derecognition

The Group and the Bank derecognise financial liabilities when, and only when, the Group's and the Bank's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid or payable is recognised in profit or loss.

2.16 Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

2.17 Cash and cash equivalents

The Group and the Bank adopt the indirect method in the preparation of statements of cash flows.

Cash and cash equivalents, which comprise cash and balances with banks and other financial institutions and money at call and deposit placements maturing within three month, are short-term, highly liquid investments with maturities of three month or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

2. Summary of significant accounting policies (cont'd.)

2.18 Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of past events, when it is probable that the Group and the Bank will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

2.19 Government funds

Government funds are meant for the following purposes:

- (i) To finance the purchase of investment properties. The funds are initially recognised at their fair values in the statements of financial position as deferred income when there is reasonable assurance that the funds will be received and all attaching conditions will be complied with. Government funds that compensate the Group and the Bank for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Government funds that compensate the Group and the Bank for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.
- (ii) To finance loans, advances and financing for specific projects and utilise against credit losses and charges arising from the financing of these projects. The government funds are recognised at the fair value of the consideration received in the statements of financial position. Any credit losses or charges as a result of defaulted loans/financing on the loans/financing financed by the government funds are recognised and utilised against the funds.

2.20 Employee benefits

(i) Short-term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated absences such as paid annual leaves are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leaves are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Bank pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, the Group and the Bank use the following valuation techniques in determining the fair values:

- A market approach premised on the current realisable values of the net assets for unquoted shares.
- A market approach using indicative market value published by pricing agencies in Malaysia as reference for Malaysian Government Investment Issues, Malaysian Government Securities and private debt securities.
- An income approach premised on the future cash flows and expected recoveries, discounted using the prevailing market rates at the end of the reporting period for deposits and placements with banks, Bai' Inah facility granted to SMEB Asset Management Sdn. Bhd. ("SAM") and derivative financial assets and liabilities.

For recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the significant unobservable inputs are as follows:

Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	
Current realisable values	Increase in realisable value will result in higher fair value, and vice versa
Deposits and placements with banks, Bai' Inah facility granted to SAM and derivative financial assets and liabilities	
Current prevailing rates	Increase in current prevailing rates will result in lower fair value, and vice versa
Expected recoveries	Increase in expected recoveries will result in higher fair value, and vice versa

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. Summary of significant accounting policies (cont'd.)

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Bank and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Under MFRS 15, the Group's and the Bank's revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

(a) The EIR/EPR method

Under MFRS 9, interest/profit income is recorded using the EIR/EPR method for all financial instruments measured at Amortised Cost and financial instruments designated at FVTPL. The EIR/EPR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR/EPR (and therefore, the Amortised Cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR/EPR. The Group and the Bank recognise profit income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financing. Hence, it recognises the effect of potentially different interest/profit rates charged at various stages, and other characteristics of the product life cycle (including payments, penalty interest/compensation (ta'widh) and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through profit and similar income in profit or loss.

(b) Interest/profit income

The Group and the Bank calculate interest/profit income by applying the EIR/EPR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3, the Group and the Bank calculate interest/profit income by applying the EIR/EPR to the net Amortised Cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group and the Bank revert to calculating interest/profit income on a gross basis.

Interest/profit income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest/profit rate in net trading income and net gains/(losses) on financial assets at fair value through profit or loss, respectively.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.22 Revenue (cont'd.)

(c) Islamic income recognition by type of Shariah contract

(i) Bai' contracts

Bai' Bithaman Ajil

A contract of sale and purchase of an asset in which the payment of price is deferred either be paid in lump-sum or instalment basis within an agreed period of time. Income shall be recognised based on agreed profit rate over the expected life of the contract.

Murabahah

A contract of sale of assets at a mark-up price, which includes a profit margin as agreed by the contracting parties. The price, costs and profit margin in Murabahah shall be made transparent and agreed upon between buyer and seller. Income shall be recognised based on agreed profit rate over the financing tenure.

Istisna'

A contract which a seller sells to a purchaser an asset which is yet to be constructed, built or manufactured according to agreed specifications and delivered on an agreed specified future date at an agreed pre-determined price. Income shall be recognised based on agreed profit rate over the financing tenure.

Bai' Dayn

A contract of trading of debt and the outstanding debt may be sold to the debtor or to a third party on cash basis. Income from the transaction shall be recognised based on the agreed profit rate over the tenure.

Tawarruq

Arrangement that involves a purchase of an asset/commodity based on musawamah or murabahah contract on deferred term and a subsequent sale of the same asset to a third party in order to obtain cash. Income shall be recognised based on agreed profit rate over the financing tenure.

Bai' Inah

A contract of sale and purchase of an asset whereby the seller sells to buyer in cash and subsequently buy back the asset at a marked up and deferred. Income shall be recognised based on agreed profit rate over the financing tenure.

(ii) Ijarah contracts

A lease contract that transfers the ownership of a usufruct of an asset to another party for a specified period in exchange for a rental. Ijarah contract may end with the transfer of the legal title of the leased asset to the lessee is called Ijarah Muntahia bi al-Tamlik (IMBT). Effective transfer of the legal title is consequent to the conclusion of the lease arrangement that can be in the form of a sale or a gift of the asset to the lessee. Al-Ijarah Thumma al-Bai (AITAB) is a form of Ijarah Muntahia bi al-Tamlik where the sale of asset to the lessee is executed at the completion of the lease period. Income is recognised based on agreed profit rate basis over the lease term.

2. Summary of significant accounting policies (cont'd.)

2.22 Revenue (cont'd.)

(c) Islamic income recognition by type of Shariah contract (cont'd.)

(iii) Loan contracts

Qard

A contract of lending a fungible asset to a borrower who is bound to return an equivalent replacement. No income from this contract shall be generated from the transactions.

(d) Dividend income

Dividend income is recognised when the Group's and the Bank's right to receive payment are established.

(e) Fee income

Fee income from bank guarantee arrangements and letters of credit is recognised on an accrual basis.

(f) Rental income

Rental income is accounted for on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. Summary of significant accounting policies (cont'd.)

2.23 Income taxes (cont'd.)

(b) Deferred tax

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that sufficient future taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax entity and the same tax authority.

2.24 Zakat

In computing for zakat, the Group and the Bank have been applying the growth capital method based on the rate of 2.5%. This method applies the rate on owner's equity, long term liabilities, net of fixed assets and non-current assets, and subjected to allowable adjustments.

It is an obligatory amount payable on the business on behalf of the shareholder(s) and/or business entity depending on the ownership characteristics.

Zakat is distributed according to Shariah principles and being extended through Islamic Religious Council of the respective states and other rightful beneficiaries or Asnaf.

2. Summary of significant accounting policies (cont'd.)

2.25 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Bank's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Bank and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the date of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period. All foreign currency losses out of the foreign currency loans are underwritten by the Government of Malaysia. Accordingly, these loans are carried as amount recoverable in the statements of financial position.

2.26 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Bank after deducting all of its liabilities. Ordinary share is an equity instrument.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Bank.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

3. Significant accounting judgement and estimates

The preparation of the Group's and of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Group's and the Bank's accounting policies, the management have made the following judgements and estimates which has the most significant effect on the amounts recognised in the financial statements.

(a) Impairment losses on financial assets and loans, advances and financing

The measurement of impairment losses both under MFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.
- A set of post model overlays were considered to reflect the effect of COVID-19 Pandemic to ensure sufficient ECL were allocated.

(b) Income taxes

The Group and the Bank are subject to income taxes in Malaysia and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time in the future. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking expert advice where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

(c) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

4. Cash and short-term funds

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	50,771	103,832	49,507	95,476
Short-term deposits and maturing within three months:				
- Licensed banks	1,577,320	1,151,130	1,577,320	1,151,130
	1,628,091	1,254,962	1,626,827	1,246,606

Cash at banks is placed in non-profit bearing accounts. Short-term deposit placements are made between one day to three months depending on the Group's and the Bank's cash requirements, and earn profit at the respective short-term deposit rates. The weighted average effective profit rate and weighted average remaining maturity as at 31 December 2022 for the Group and the Bank was 3.37% per annum and 15 days (2021: 1.87% per annum and 11 days) respectively.

5. Financial investments at FVOCI

	Group and Bank	
	2022 RM'000	2021 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	1,059,078	892,606
Non-money market instruments		
Equity securities		
- Private debt securities	30,618	30,572
- Unquoted shares	10,062	10,192
Debt securities		
- Private debt securities	336,363	463,367
	377,043	504,131
	1,436,121	1,396,737

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve (Note 25).

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

5. Financial investments at FVOCI (cont'd.)

Movements in allowances for impairment losses which reflects the ECL model on impairment, recognised in profit or loss and other comprehensive income are as follows:

	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 January 2022	89	218	10,000	10,307
Allowance made due to changes in credit risk (Note 25)	(40)	-	-	(40)
New financial investments originated	1	198	-	199
Financial investments derecognised	(49)	(218)	-	(267)
At 31 December 2022	1	198	10,000	10,199
At 1 January 2021	-	900	10,000	10,900
Allowance/(Writeback) made due to changes in credit risk (Note 25)	89	(682)	-	(593)
At 31 December 2021	89	218	10,000	10,307

The impairment losses by external rating grade are as follows:

	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
External rating grade				
RAM A	-	198	-	198
MARC AA-	1	-	-	1
RAM D [^]	-	-	10,000	10,000
At 31 December 2022	1	198	10,000	10,199
External rating grade				
RAM AAA	6	-	-	6
MARC AAA	26	-	-	26
RAM AA	48	-	-	48
RAM A	-	218	-	218
MARC AA	9	-	-	9
RAM D [^]	-	-	10,000	10,000
At 31 December 2021	89	218	10,000	10,307

[^] The nominal amount of certain private debt securities were impaired in full due to qualitative factors.

6. Financial investments at FVTPL

	Group and Bank	
	2022 RM'000	2021 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	-	41,102
Money market instruments		
Commercial papers	-	59,825
	-	100,927

7. Financial investments at AC

	Group and Bank	
	2022 RM'000	2021 RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	199,429	50,905
Money market instruments		
Commercial papers	64,140	33,895
Non-money market instruments		
Private debt securities	671,185	434,235
	934,754	519,035
Less: Accumulated impairment losses	(1)	(278)
	934,753	518,757

The maturity structure of financial investments at amortised cost are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	416,607	402,759
More than one year to three years	196,574	35,292
More than three years to five years	281,172	40,585
More than five years	40,401	40,399
	934,754	519,035

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

7. Financial investments at AC (cont'd.)

Movements in allowances for impairment losses which reflects the ECL model on impairment are as follows:

	Group and Bank	
	2022	2021
	RM'000	RM'000
	Stage 1	Stage 1
At 1 January	278	-
(Writeback)/Allowance made due to changes in credit risk	(32)	120
New financial investments originated or purchased*	1	158
Financial investments derecognised	(246)	-
At 31 December	1	278

The impairment losses by external rating grade are as follows:

	Group and Bank	
	2022	2021
	RM'000	RM'000
	Stage 1	Stage 1*
External rating grade		
RAM AAA	-	5
MARC AAA	-	19
RAM AA	1	122
MARC AA	-	61
MARC AA-	-	71
	1	278

* The impairment losses amount of certain private debt securities under Stage 1 are less than RM1,000.

The indicative market values of financial investments at amortised cost on government securities, money market instruments and non-money market instruments are as follows:

	Group and Bank	
	2022	2021
	RM'000	RM'000
Malaysian Government Investment Issues	199,428	51,312
Commercial papers	64,140	33,895
Private debt securities	670,110	436,849
	933,678	522,056

8. Loans, advances and financing

	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Term loans/financing				
- Hire purchase	391,041	393,901	355,560	357,583
- Leasing	345	342	-	-
- Other term loans/financing	6,401,094	5,987,744	6,086,815	5,652,166
Revolving loans/financing	1,991,084	1,909,608	1,971,098	1,888,031
Staff loans/financing	10,991	11,988	10,991	11,988
Gross loans, advances and financing	8,794,555	8,303,583	8,424,464	7,909,768
Less: Allowance for impairment losses on				
- Stage 1 (Note 8(ix))	(93,965)	(97,559)	(93,965)	(97,559)
- Stage 2 (Note 8(ix))	(45,769)	(16,634)	(45,769)	(16,634)
- Stage 3 (Note 8(ix))	(815,952)	(765,939)	(445,861)	(372,124)
Net loans, advances and financing	7,838,869	7,423,451	7,838,869	7,423,451
Gross impaired loans, advances and financing (Note 8(vii))	1,484,710	1,526,505	1,114,619	1,132,690
Net impaired loans, advances and financing	668,758	760,566	668,758	760,566

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM107,062,000 (2021: RM84,730,000) financed by Government funds. The treatment of credit losses incurred for these loans, advances and financing is as disclosed in Note 2.19(ii).

(i) The maturity structure of gross loans, advances and financing are as follows:

	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within one year	1,969,780	1,761,750	1,690,385	1,459,184
More than one year to three years	701,591	635,000	673,821	606,615
More than three years to five years	1,406,664	1,352,761	1,373,667	1,319,667
More than five years	4,716,520	4,554,072	4,686,591	4,524,302
	8,794,555	8,303,583	8,424,464	7,909,768

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

8. Loans, advances and financing (cont'd.)

(ii) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic business enterprise	8,783,564	8,291,595	8,413,473	7,897,780
Individual	10,991	11,988	10,991	11,988
	8,794,555	8,303,583	8,424,464	7,909,768

(iii) Gross loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction	1,448,561	1,377,290	1,445,737	1,374,467
Education, health and others	637,094	655,163	593,221	610,181
Electricity, gas and water supply	162,564	166,680	162,564	166,680
Financial, insurance/takaful, real estate and business services	1,143,111	1,107,202	1,140,395	1,104,443
Manufacturing	1,623,674	1,420,443	1,555,435	1,348,757
Mining and quarrying	113,441	143,895	111,445	141,899
Primary agriculture	7,432	8,089	7,163	7,827
Transportation, storage and communication	1,099,517	1,006,740	1,061,215	967,553
Wholesale, retail trade, restaurants and hotels	2,548,170	2,406,093	2,336,298	2,175,973
Others	10,991	11,988	10,991	11,988
	8,794,555	8,303,583	8,424,464	7,909,768

8. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows:

	Group 2022	East				Total RM'000
		Central Region RM'000	Northern Region RM'000	Southern Region RM'000	Coast Region RM'000	
Construction		996,097	29,440	53,465	48,247	1,448,561
Education, health and others		463,010	19,958	21,389	84,370	637,094
Electricity, gas and water supply		155,074	578	1,518	2,009	162,564
Financial, insurance/takaful, real estate and business services		777,863	113,857	67,676	40,570	1,143,111
Manufacturing		920,762	246,930	213,044	104,020	1,623,674
Mining and quarrying		57,086	-	18,680	33,316	113,441
Primary agriculture		1,371	-	231	240	7,432
Transportation, storage and communication		702,036	91,204	44,366	115,228	1,099,517
Wholesale, retail trade, restaurants and hotels		1,277,617	317,984	107,490	324,439	2,548,170
Others		10,991	-	-	-	10,991
		5,361,907	819,951	527,859	752,439	8,794,555
	2021					
Construction		887,211	45,477	87,034	46,245	1,377,290
Education, health and others		422,191	26,574	60,507	94,322	655,163
Electricity, gas and water supply		154,337	2,048	3,596	2,900	166,680
Financial, insurance/takaful, real estate and business services		668,171	108,739	151,267	38,788	1,107,202
Manufacturing		745,621	236,357	242,928	108,285	1,420,443
Mining and quarrying		97,772	289	24,770	15,710	143,895
Primary agriculture		262	373	942	102	8,089
Transportation, storage and communication		547,310	168,981	53,616	103,344	1,006,740
Wholesale, retail trade, restaurants and hotels		1,215,494	323,997	132,905	288,025	2,406,093
Others		11,988	-	-	-	11,988
		4,750,357	912,835	757,565	697,721	8,303,583

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

8. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

	Bank 2022					Total RM'000
	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	
Construction	993,273	29,440	53,465	48,247	100,650	220,662
Education, health and others	419,137	19,958	21,389	84,370	36,666	11,701
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	333
Financial, insurance/takaful, real estate and business services	775,147	113,857	67,676	40,570	65,667	77,478
Manufacturing	852,523	246,930	213,044	104,020	53,865	85,053
Mining and quarrying	55,090	-	18,680	33,316	1,847	2,512
Primary agriculture	1,102	-	231	2 40	4,074	1 516
Transportation, storage and communication	663,734	91,204	44,366	115,228	72,076	74,607
Wholesale, retail trade, restaurants and hotels	1,065,745	317,984	107,490	324,439	309,823	210,817
Others	10,991	-	-	-	-	-
2021	4,991,816	819,951	527,859	752,439	647,720	684,679
Construction	884,388	45,477	87,034	46,245	94,092	217,231
Education, health and others	377,209	26,574	60,507	94,322	39,200	12,369
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351
Financial, insurance/takaful, real estate and business services	665,412	108,739	151,267	38,788	65,177	75,060
Manufacturing	673,935	236,357	242,928	108,285	54,108	33,144
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809
Primary agriculture	-	373	942	102	4,702	1,708
Transportation, storage and communication	508,123	168,981	53,616	103,344	57,850	75,639
Wholesale, retail trade, restaurants and hotels	985,374	323,997	132,905	288,025	280,057	165,615
Others	11,988	-	-	-	-	-
2021	4,356,542	912,835	757,565	697,721	601,179	583,926

8. Loans, advances and financing (cont'd.)

(v) Gross loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate				
- Staff loan/financing	10,991	11,988	10,991	11,988
- Hire purchase	167,742	191,080	133,127	155,639
- Leasing	345	342	-	-
- Other term loans/financing	2,200,288	1,928,220	1,989,885	1,697,917
- Revolving loans/financing	1,173,510	632,904	1,153,585	611,385
Variable rate				
- Hire purchase receivables	223,299	202,821	222,433	201,944
- Other term loans/financing	4,200,806	4,059,524	4,096,930	3,954,249
- Revolving loans/financing	817,574	1,276,704	817,513	1,276,646
	8,794,555	8,303,583	8,424,464	7,909,768

(vi) Impaired loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction	131,438	134,922	128,614	132,099
Education, health and others	145,096	175,969	101,223	130,987
Electricity, gas and water supply	54,833	43	54,833	43
Financial, insurance/takaful, real estate and business services	182,439	153,902	179,723	151,143
Manufacturing	288,267	321,201	220,028	249,515
Mining and quarrying	7,162	10,258	5,166	8,262
Primary agriculture	486	540	217	278
Transportation, storage and communication	106,906	151,315	68,604	112,128
Wholesale, retail trade, restaurants and hotels	568,083	578,355	356,211	348,235
	1,484,710	1,526,505	1,114,619	1,132,690

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

8. Loans, advances and financing (cont'd.)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows:

Group 2022	Central Region RM'000		Northern Region RM'000		Southern Region RM'000		East Coast Region RM'000		Sabah Region RM'000		Sarawak Region RM'000		Total RM'000	
	Construction	107,382	700	2,035	3,271	10,272	7,778	131,438	Education, health and others	100,775	461	7,969	6,837	817
Electricity, gas and water supply	54,833	-	-	-	-	-	-	Financial, insurance/takaful, real estate and business services	165,956	7,449	1,507	3,067	748	182,439
Manufacturing	186,873	13,445	55,737	25,637	1,179	5,396	288,267	Mining and quarrying	6,839	-	-	-	-	7,162
Primary agriculture	315	-	-	-	171	-	486	Transportation, storage and communication	56,485	7,586	9,830	11,494	7,572	106,906
Wholesale, retail trade, restaurants and hotels	388,659	66,789	15,450	43,858	46,241	7,086	568,083	Total	1,068,117	96,430	92,528	118,977	79,261	1,484,710
2021								Construction	103,980	1,923	3,341	11,071	2,012	134,922
Education, health and others	106,006	3,165	22,503	34,897	8,478	920	175,969	Electricity, gas and water supply	-	43	-	-	-	43
Financial, insurance/takaful, real estate and business services	119,671	8,568	11,250	9,796	3,206	1,411	153,902	Manufacturing	190,310	17,020	60,166	1,731	5,646	321,201
Mining and quarrying	2,718	-	7,212	328	-	-	10,258	Primary agriculture	262	-	66	212	-	540
Transportation, storage and communication	97,600	5,289	9,613	19,446	11,548	7,819	151,315	Wholesale, retail trade, restaurants and hotels	389,648	39,817	20,033	60,199	10,384	578,355
Total	1,010,195	75,825	134,184	182,065	96,044	28,192	1,526,505							

8. Loans, advances and financing (cont'd.)

(vii) Impaired loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Bank 2022	Central Region RM'000		Northern Region RM'000		Southern Region RM'000		East Coast Region RM'000		Sabah Region RM'000		Sarawak Region RM'000		Total RM'000	
	Construction	104,558	700	2,035	3,271	10,272	7,778	128,614	Education, health and others	56,902	461	7,969	6,837	817
Electricity, gas and water supply	54,833	-	-	-	-	-	-	Financial, insurance/takaful, real estate and business services	163,240	7,449	1,507	3,067	748	179,723
Manufacturing	118,634	13,445	55,737	25,637	1,179	5,396	220,028	Mining and quarrying	4,843	-	-	-	-	5,166
Primary agriculture	46	-	-	-	171	-	217	Transportation, storage and communication	18,183	7,586	9,830	11,494	7,572	68,604
Wholesale, retail trade, restaurants and hotels	176,787	66,789	15,450	43,858	46,241	7,086	356,211	Total	698,026	96,430	92,528	118,977	79,261	1,114,619
2021								Construction	101,157	1,923	3,341	11,071	2,012	132,099
Education, health and others	61,024	3,165	22,503	34,897	8,478	920	130,987	Electricity, gas and water supply	-	43	-	-	-	43
Financial, insurance/takaful, real estate and business services	116,912	8,568	11,250	9,796	3,206	1,411	151,143	Manufacturing	118,624	17,020	60,166	1,731	5,646	249,515
Mining and quarrying	722	-	7,212	328	-	-	8,262	Primary agriculture	-	-	66	212	-	278
Transportation, storage and communication	58,413	5,289	9,613	19,446	11,548	7,819	112,128	Wholesale, retail trade, restaurants and hotels	159,528	39,817	20,033	60,199	10,384	348,235
Total	616,380	75,825	134,184	182,065	96,044	28,192	1,132,690							

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

8. Loans, advances and financing (cont'd.)

(viii) Movements in impaired loans, advances and financing are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	1,526,505	1,581,516	1,132,690	1,167,360
-Transfers to Stage 1	(61,315)	(21,254)	(61,315)	(21,254)
-Transfers to Stage 2	(29,203)	(2,553)	(29,203)	(2,553)
-Transfers to Stage 3	282,994	253,436	282,994	253,436
	1,718,981	1,811,145	1,325,166	1,396,989
Changes due to change in credit risk	(75,305)	(46,881)	(51,581)	(26,540)
New financial assets originated	7,196	4,093	7,196	4,093
Financial assets derecognised	(62,258)	(87,283)	(62,258)	(87,283)
Amount written-off	(103,904)	(154,569)	(103,904)	(154,569)
At 31 December	1,484,710	1,526,505	1,114,619	1,132,690

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	765,939	880,132
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk (Note 31)	(4,706)	20,009	169,111	184,414
New financial assets originated (Note 31)	20,208	933	2,113	23,254
Financial assets derecognised (Note 31)	(12,924)	(174)	(18,088)	(31,186)
Amount written-off	-	-	(100,928)	(100,928)
At 31 December 2022	93,965	45,769	815,952	955,686
At 1 January 2021	67,708	18,297	793,434	879,439
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,395)	(4,102)	6,497	-
	2,673	(2,665)	(8)	-
Changes due to change in credit risk (Note 31)	15,370	1,915	136,005	153,290
New financial assets originated (Note 31)	21,953	3	2,088	24,044
Financial assets derecognised (Note 31)	(10,145)	(916)	(11,011)	(22,072)
Amount written-off	-	-	(154,569)	(154,569)
At 31 December 2021	97,559	16,634	765,939	880,132

8. Loans, advances and financing (cont'd.)

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd.):

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	372,124	486,317
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk (Note 31)	(4,706)	20,009	192,835	208,138
New financial assets originated (Note 31)	20,208	933	2,113	23,254
Financial assets derecognised (Note 31)	(12,924)	(174)	(18,088)	(31,186)
Amount written-off	-	-	(100,928)	(100,928)
At 31 December 2022	93,965	45,769	445,861	585,595
At 1 January 2021	67,708	18,297	379,278	465,283
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,395)	(4,102)	6,497	-
	2,673	(2,665)	(8)	-
Changes due to change in credit risk (Note 31)	15,370	1,915	156,346	173,631
New financial assets originated (Note 31)	21,953	3	2,088	24,044
Financial assets derecognised (Note 31)	(10,145)	(916)	(11,011)	(22,072)
Amount written-off	-	-	(154,569)	(154,569)
At 31 December 2021	97,559	16,634	372,124	486,317

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net impaired loans, advances and financing as a percentage	8.39%	10.11%	8.39%	10.11%

The borrowers and customers who have received repayment supports remain in their existing stages unless they have been individually identified as not viable or with subsequent indicators of significant increase in credit risk from potential impact to delinquencies and defaults when the various relief and support measures expired.

In ensuring the sufficient level of ECL, the overlay of RM40,185,000 (2021: RM78,630,000) as at 31 December 2022, were estimated at customer level and adjusted on top of ECL model based on the requirements of MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

8. Loans, advances and financing (cont'd.)

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd.):

	Group and Bank	
	2022 RM'000	2021 RM'000
Education	21,507	157,532
Healthcare	-	120,286
Passenger Transport	105,362	104,427
Petrol Station	-	113,987
Tourism	560,993	775,069
	687,862	1,271,301

The above are the impacted sectors by COVID-19 within the Group and the Bank financing portfolios. The Group and the Bank are focusing on education, passenger transport and tourism sectors as reflected by overlay incorporated in the computation of ECL as mentioned in Note 2.14. The figure reflected net exposure after computation on ECL amount.

(xi) COVID-19 customer relief and support measures based on category are as follow:

The Group and the Bank continuously support as well as assist the impacted customers, by introducing the RECOVERY+ programme on October 2022, replacing the Bank's Special Relief Programme, which has ended during the financial year, focusing on specific sectors (tourism, passenger transport and education) that are badly affected by the COVID-19 and have yet to be fully recovered.

The below illustrates the status of loans, advances and financing that were entitled to financial assistance in the financial year ended 31 December 2020:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3* RM'000	Total RM'000
2022				
Repaying as per revised schedules	2,576,604	280,895	133,292	2,990,791
Missed payments	-	130,562	362,667	493,229
Total repayment assistances granted	2,576,604	411,457	495,959	3,484,020
As a percentage of total:				
Repaying as per revised schedules	100.0%	68.0%	27.0%	86.0%
Missed payments	-	32.0%	73.0%	14.0%
	100.0%	100.0%	100.0%	100.0%
2021				
Repaying as per revised schedules	3,443,162	277,249	321,944	4,042,355
Missed payments	-	-	473	473
Total repayment assistances granted	3,443,162	277,249	322,417	4,042,828
As a percentage of total:				
Repaying as per revised schedules	100.0%	100.0%	99.9%	100.0%
Missed payments	-	0.0%	0.1%	0.0%
	100.0%	100.0%	100.0%	100.0%

* This represents customers that turned to Stage 3 after acceptance of assistance under the relief programme.

9. Other assets

	Note	Group	
		2022 RM'000	2021 RM'000
At AC			
Other receivables		10,402	11,796
Rental receivables	(i)	1,523	1,200
		11,925	12,996
Prepayments		13,285	7,612
		25,210	20,608

	Note	Bank	
		2022 RM'000	2021 RM'000
At FVOCI			
Amount due from a subsidiary company	(ii)	43,751	39,000
At AC			
Amount due from subsidiary companies	(iii)	50,489	44,322
Other receivables		12,855	14,380
Rental receivables	(i)	1,523	1,200
		64,867	59,902
Prepayments		13,271	7,578
		121,889	106,480

(i) As at 31 December 2022, the portfolio impacted under other assets is rental receivables from investment properties with net carrying amount of RM1,523,000 (2021: RM1,200,000).

(a) The movement of gross rental receivables are as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2022	482	9,154	9,636
Transfer to non-credit impaired	301	(301)	-
Transfer to credit impaired	(207)	207	-
Maintain status	40	1,787	1,827
At 31 December 2022	616	10,847	11,463
At 1 January 2021	702	9,829	10,531
Transfer to non-credit impaired	411	(411)	-
Transfer to credit impaired	(81)	81	-
Maintain status	(550)	(345)	(895)
At 31 December 2021	482	9,154	9,636

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9. Other assets (cont'd.)

(b) Movement in loss allowances which reflect the ECL model on impairment are as follows:

	Non-credit impaired RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2022	(20)	(8,416)	(8,436)
Allowance made during the year	(5)	(1,499)	(1,504)
At 31 December 2022	(25)	(9,915)	(9,940)
At 1 January 2021	(35)	(9,006)	(9,041)
Writeback made during the year	15	590	605
At 31 December 2021	(20)	(8,416)	(8,436)

(ii) On 15 December 2014, the Bank issued an unsecured Bai' Inah facility to SAM amounting to RM510,000,000. This facility bears a step-up rate at 2.75% for year 2015 and 2016, 3.50% for 2017 and an increase of 100 basis points every 2 years thereafter, and is payable over 8 annual instalments commencing 15 December 2017.

The Bank, via its Board resolution dated on 30 August 2022 approved the rescheduling of the intercompany unsecured Bai'Inah facility to SAM by extending the facility to another 7 years from its original maturity date, 15 December 2024. The detailed terms and conditions on the rescheduling of the facility shall be finalised and to be effective after the financial year end.

Movements in allowances for impairment which reflects the ECL model on impairment, recognised in profit or loss and other comprehensive income are as follows:

	Bank	
	2022 RM'000	2021 RM'000
At 1 January	(268,877)	(296,670)
Allowance made during the year	(8,596)	(11,207)
Writeback during the year	43,751	39,000
At 31 December	(233,722)	(268,877)

(iii) The amounts due from subsidiaries are non-trade, interest-free, unsecured and repayable on demand.

10. Investment in subsidiaries

	Bank	
	2022 RM'000	2021 RM'000
Unquoted shares		
At cost	3,582	3,582
Allowances for impairment loss	(3,582)	(3,582)
Carrying amount	-	-

Movements in allowances for impairment loss recognised in profit or loss are as follows:

	Bank	
	2022 RM'000	2021 RM'000
At 1 January/31 December	3,582	3,582

The subsidiaries, all of which are incorporated and having their principal place of business in Malaysia are as follows:

Name of companies	Principal activities	Proportion of Ownership Interest and Voting Power Held by the Group (%)	
		2022	2021
Held by the Bank:			
SMEB Asset Management Sdn. Bhd.	Asset management company, debts recovery agents, advisory and consultancy provider on distressed loans/financing and debt recovery	100	100
Centre for Entrepreneur Development and Research Sdn. Bhd. ("CEDAR")	Providing training, consultancy services, research, development and publication	100	100
BI Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100

The subsidiaries are consolidated based on the respective management accounts and all intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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11. Investment in associate

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares				
At cost	6,826	6,826	6,826	6,826
Share of post-acquisition reserves	2,335	2,654	-	-
	9,161	9,480	6,826	6,826
Less: Accumulated impairment losses	(6,826)	(6,826)	(6,826)	(6,826)
	2,335	2,654	-	-

The associate company is incorporated and having its principal place of business in Malaysia. The details of the associate company is as follows:

Name of companies	Principal activities	Proportion of Ownership Interest and Voting Power Held by the Group (%)		Accounting model applied
		2022	2021	
Held by the Bank:				
Capatronics (M) Sdn. Bhd.	Manufacturing of ceramic capacitors	30	30	Equity method

(i) Summarised statement of financial position

	Capatronics (M) Sdn. Bhd.	
	2022 RM'000	2021 RM'000
Non-current assets	3,468	21,108
Current assets	21,932	23,374
Total assets	25,400	44,482
Current liabilities	4,070	34,127
Total liabilities	4,070	34,127
Net assets as at 31 December	21,330	10,355

11. Investment in associate (cont'd.)

(ii) Summarised statement of comprehensive income

	Capatronics (M) Sdn. Bhd.	
	2022 RM'000	2021 RM'000
Revenue	-	534
Loss before tax	(1,064)	(986)
Loss for the year	(1,064)	(986)
Total comprehensive loss for the year	(1,064)	(986)
Interest in associate	30%	30%
Share of loss after tax of an associate	(319)	(296)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	Capatronics (M) Sdn. Bhd.	
	2022 RM'000	2021 RM'000
Net assets as at 1 January	8,847	9,833
Total comprehensive loss for the year	(1,064)	(986)
Net assets as at 31 December	7,783	8,847
Interest in associate	30%	30%
Carrying value of Group's interest in associate	2,335	2,654

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12. Property, plant and equipment

Group	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
Cost									
At 1 January 2022	4,083	36,545	86,108	39,406	58,634	1,677	7,992	17,811	252,256
Additions	-	118	-	2,705	749	80	85	30,757	34,494
Write-offs	-	-	-	(72)	(289)	-	(35)	-	(396)
Reclassification to intangible assets (Note 15)	-	-	-	10,740	499	-	-	(22,033)	(10,794)
At 31 December 2022	4,083	36,663	86,108	52,779	59,593	1,757	8,042	26,535	275,560
Accumulated depreciation									
At 1 January 2022	-	6,130	28,167	34,656	40,134	1,532	7,593	-	118,212
Charge for the year (Note 29(ii))	-	82	2,444	3,362	5,540	41	144	-	11,613
Write-offs	-	-	-	(72)	(289)	-	(35)	-	(396)
At 31 December 2022	-	6,212	30,611	37,946	45,385	1,573	7,702	-	129,429
Net carrying amount									
At 31 December 2022	4,083	30,451	55,497	14,833	14,208	184	340	26,535	146,131
Cost									
At 1 January 2021	4,083	36,676	86,108	37,104	57,292	1,510	7,820	7,522	238,115
Additions	-	-	-	2,457	803	167	172	14,704	18,303
Adjustment	-	(131)	-	(160)	-	-	-	(46)	(337)
Reclassification to intangible assets (Note 15)	-	-	-	5	539	-	-	(4,369)	(3,825)
At 31 December 2021	4,083	36,545	86,108	39,406	58,634	1,677	7,992	17,811	252,256
Accumulated depreciation									
At 1 January 2021	-	5,673	25,723	31,445	34,849	1,510	7,432	-	106,632
Charge for the year (Note 29(ii))	-	457	2,444	3,211	5,285	22	161	-	11,580
At 31 December 2021	-	6,130	28,167	34,656	40,134	1,532	7,593	-	118,212
Net carrying amount									
At 31 December 2021	4,083	30,415	57,941	4,750	18,500	145	399	17,811	134,044

Included in property, plant and equipment of the Group are fully depreciated assets at a total cost of RM51,004,000 (2021: RM44,837,000), which are still in use by the Group.

12. Property, plant and equipment (cont'd.)

Bank	Freehold land RM'000	Long-term leasehold land RM'000	Building RM'000	Furniture and equipment RM'000	Renovation RM'000	Motor vehicles RM'000	Electrical and machinery RM'000	Work-in progress RM'000	Total RM'000
Cost									
At 1 January 2022	4,083	36,545	86,108	39,238	58,634	1,677	7,992	17,811	252,088
Additions	-	118	-	2,705	749	80	85	30,757	34,494
Write-offs	-	-	-	(72)	(289)	-	(35)	-	(396)
Reclassification to intangible assets (Note 15)	-	-	-	10,740	499	-	-	(22,033)	(10,794)
At 31 December 2022	4,083	36,663	86,108	52,611	59,593	1,757	8,042	26,535	275,392
Accumulated depreciation									
At 1 January 2022	-	6,130	28,167	34,526	40,134	1,527	7,593	-	118,077
Charge for the year (Note 29(ii))	-	82	2,444	3,362	5,540	41	144	-	11,613
Write-offs	-	-	-	(72)	(289)	-	(35)	-	(396)
At 31 December 2022	-	6,212	30,611	37,816	45,385	1,568	7,702	-	129,294
Net carrying amount									
At 31 December 2022	4,083	30,451	55,497	14,795	14,208	189	340	26,535	146,098
Cost									
At 1 January 2021	4,083	36,676	86,108	36,966	57,292	1,510	7,820	7,522	237,977
Additions	-	-	-	2,427	803	167	172	14,704	18,273
Adjustment	-	(131)	-	(160)	-	-	-	(46)	(337)
Reclassification to intangible assets (Note 15)	-	-	-	5	539	-	-	(4,369)	(3,825)
At 31 December 2021	4,083	36,545	86,108	39,238	58,634	1,677	7,992	17,811	252,088
Accumulated depreciation									
At 1 January 2021	-	5,673	25,723	31,318	34,849	1,506	7,432	-	106,501
Charge for the year (Note 29(ii))	-	457	2,444	3,208	5,285	21	161	-	11,576
At 31 December 2021	-	6,130	28,167	34,526	40,134	1,527	7,593	-	118,077
Net carrying amount									
At 31 December 2021	4,083	30,415	57,941	4,712	18,500	150	399	17,811	134,011

Included in property, plant and equipment of the Bank are fully depreciated assets at a total cost of RM50,881,000 (2021: RM44,713,000), which are still in use by the Bank.

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13. Right-of-use assets

Group and Bank	Enterprise Centre RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 January 2022	19,872	4,361	24,233
Additions	4,553	-	4,553
At 31 December 2022	24,425	4,361	28,786
Accumulated depreciation			
At 1 January 2022	8,050	2,353	10,403
Charge for the year (Note 29(ii))	2,777	785	3,562
At 31 December 2022	10,827	3,138	13,965
Carrying amount			
At 31 December 2022	13,598	1,223	14,821
Cost			
At 1 January 2021	15,357	4,361	19,718
Additions	4,515	-	4,515
At 31 December 2021	19,872	4,361	24,233
Accumulated depreciation			
At 1 January 2021	5,316	1,568	6,884
Charge for the year (Note 29(ii))	2,734	785	3,519
At 31 December 2021	8,050	2,353	10,403
Carrying amount			
At 31 December 2021	11,822	2,008	13,830

The Group and the Bank lease a number of premises and motor vehicles with lease term ranges between 1-7 years (2021: 1-7 years), with an option for renewal. The leased assets are utilised to carry out the Bank's operational activities.

14. Investment properties

	Group and Bank	
	2022 RM'000	2021 RM'000
At fair value		
At 1 January	374,081	393,062
Disposal	-	(27,300)
Fair value adjustment (Note 40(i))	3,150	8,319
At 31 December	377,231	374,081

The following investment properties are held under leasehold:

	Group and Bank	
	2022 RM'000	2021 RM'000
At fair value		
Building	193,411	192,861
Land	183,820	181,220
	377,231	374,081

The investment properties comprise of land and building which was financed by government funds. The fair value of the Group's and of the Bank's investment properties as of 31 December 2022 have been arrived at on the basis of valuations carried out by independent valuers, who are not related to the Group and to the Bank. The independent valuers have appropriate qualifications and recent experience in the valuation of properties in the respective locations. The fair value was determined using the cost and comparison approach. The fair values determined under this approach are derived by comparing and adopting as yardstick, recent transactions and sale evidences involving other similar properties in the vicinity. Due consideration is given for such factors including location, plot size, improvements made, if any, surrounding developments, facilities and amenities available.

Rental income earned from investment properties during the year amounted to RM11,178,000 (2021: RM2,899,000). Direct operating expenses arising from the investment properties during the year amounting to RM3,364,000 (2021: RM3,213,000).

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15. Intangible assets

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At cost				
At 1 January	74,037	66,448	73,385	65,796
Additions	536	3,806	536	3,806
Adjustment	-	(42)	-	(42)
Reclassification from property, plant and equipment (Note 12)	10,794	3,825	10,794	3,825
At 31 December	85,367	74,037	84,715	73,385
Accumulated amortisation				
At 1 January	59,275	51,828	58,623	51,176
Charge for the year (Note 29(ii))	8,394	7,447	8,394	7,447
At 31 December	67,669	59,275	67,017	58,623
Carrying amount				
At 31 December	17,698	14,762	17,698	14,762

16. Deferred tax assets

	Group and Bank	
	2022 RM'000	2021 RM'000
At 1 January	106,947	99,278
Recognised in profit or loss (Note 32)	-	(3,007)
Recognised in other comprehensive income (Note 25)	1,142	10,676
At 31 December	108,089	106,947
Presented before appropriate offsetting as follows:		
Deferred tax assets	136,766	134,451
Deferred tax liabilities	(28,677)	(27,504)
	108,089	106,947

16. Deferred tax assets

The components and movement of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

	Loans, advances and financing RM'000	Unabsorbed business losses and capital allowance RM'000	Provisions RM'000	Financial investments at AC RM'000	Financial investments at FVOCI RM'000	Other assets RM'000	Right-of- use assets and lease liabilities RM'000	Total RM'000
At 1 January 2022	27,405	26,564	12,484	67	3,313	64,530	88	134,451
Recognised in profit or loss	6,131	8,046	(723)	(67)	857	(13,059)	(12)	1,173
Recognised in other comprehensive income	-	-	-	-	1,142	-	-	1,142
At 31 December 2022	33,536	34,610	11,761	-	5,312	51,471	76	136,766
At 1 January 2021	18,445	34,461	9,474	-	-	71,201	127	133,708
Recognised in profit or loss	8,960	(7,897)	3,010	67	(7,168)	(6,671)	(39)	(9,738)
Recognised in other comprehensive income	-	-	-	-	10,481	-	-	10,481
At 31 December 2021	27,405	26,564	12,484	67	3,313	64,530	88	134,451

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

16. Deferred tax assets (cont'd.)

Deferred tax liabilities of the Group and of the Bank:

	Financial investments at FVOCI RM'000	Investment properties RM'000	Property plant and equipment RM'000	Intangible assets RM'000	Total RM'000
At 1 January 2022	-	(17,911)	(6,348)	(3,245)	(27,504)
Recognised in profit or loss	-	(315)	2,480	(3,338)	(1,173)
At 31 December 2022	-	(18,226)	(3,868)	(6,583)	(28,677)
At 1 January 2021	(7,221)	(17,990)	(6,394)	(2,825)	(34,430)
Recognised in profit or loss	7,026	79	46	(420)	6,731
Recognised in other comprehensive income	195	-	-	-	195
At 31 December 2021	-	(17,911)	(6,348)	(3,245)	(27,504)

Deferred tax assets have not been recognised in respect of the following items:

As mentioned in Note 2.23, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised.

Under the current tax legislation, the unabsorbed tax losses will expire whereas the unutilised capital allowances do not expire. As of 31 December 2022, the unused tax losses for which deferred tax assets has not been recognised in the financial statements due to uncertainty of its realisation, are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Unused tax losses	62,469	196,272

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses with no expiry period will be imposed with a time limit of utilisation. Effective from year of assessment 2019, unutilised tax losses in a year of assessment can only be carried for a maximum period of 7 consecutive years of assessment.

Subsequently, pursuant to the guidelines issued by the Malaysian tax authorities on 29 October 2021, a transitional provision was introduced to cater for any unutilised business losses accumulated up to year of assessment 2018 can be carried forward for a maximum of 10 years, up to year of assessment 2028.

Expiry date of the Group's and the Bank's tax losses are summarised as below:

	Group and Bank	
	2022 RM'000	2021 RM'000
Expiring in year assessment ("YA") 2029	59,034	192,837
Expiring in YA2031	779	779
Expiring in YA2032	2,656	2,656
	62,469	196,272

17. Deposits from customers

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	4,503,909	3,742,803	4,553,795	3,776,444

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Government bodies (Note 36(c))	1,614,767	1,030,879	1,614,767	1,030,879
Statutory bodies	870,527	995,907	870,527	995,907
Business enterprise	1,443,003	1,098,771	1,492,889	1,132,412
Others	575,612	617,246	575,612	617,246
	4,503,909	3,742,803	4,553,795	3,776,444

(ii) The maturity structure of deposits are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Within three months	3,797,935	2,920,489	3,847,821	2,954,130
More than three months to six months	466,222	471,685	466,222	471,685
More than six months to one year	239,752	350,629	239,752	350,629
	4,503,909	3,742,803	4,553,795	3,776,444

The deposits from customers carried weighted average profit rate of 3.28% (2021: 2.04%) per annum.

18. Deposits from banks and other financial institutions

	Group and Bank	
	2022 RM'000	2021 RM'000
Licensed banks and other financial institutions	150,208	50,085

The deposits maturity structure are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Less than three months	150,208	50,085

The deposits from banks and other financial institutions carried weighted average profit rate of 2.98% (2021: 1.87%) per annum.

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19. Islamic medium-term notes/commercial papers

	Note	Group and Bank	
		2022 RM'000	2021 RM'000
Islamic medium-term notes ("IMTNs")	(i)	2,124,222	2,372,687
Islamic commercial papers ("ICPs")	(ii)	498,075	149,239
		2,622,297	2,521,926

(i) The IMTNs' details of issuance as of 31 December 2022 are as follows:

Issuance Date

Guaranteed by the Government of Malaysia:

RM400,000,000 4.03% maturing on 22 March 2024	22 March 2019
RM200,000,000 4.10% maturing on 20 March 2026	22 March 2019
RM250,000,000 3.02% maturing on 23 April 2025	23 April 2020
RM250,000,000 3.30% maturing on 23 April 2027	23 April 2020

Rated:

RM500,000,000 3.10% matured on 31 July 2026	2 August 2021
RM500,000,000 4.04% matured on 4 August 2025	4 August 2022

(ii) The unsecured ICPs issued by the Group and the Bank as of 31 December 2022 are as follows:

Issuance Date

RM380,000,000 3.30% maturing on 19 January 2023	21 October 2022
RM120,000,000 3.55% maturing on 19 April 2023	21 October 2022

(iii) The maturity structure of IMTNs and ICPs are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	522,297	921,926
More than one year to three years	1,150,000	400,000
More than three years to five years	950,000	950,000
More than five years	-	250,000
	2,622,297	2,521,926

20. Borrowings/Fundings

	Group and Bank	
	2022 RM'000	2021 RM'000
Unsecured borrowings/fundings	1,949,473	1,741,109

Included in the borrowings/fundings is amount received by the Group and the Bank under Government financing scheme as part of the Government support measure in response to COVID-19 pandemic for the purpose of SME lending at a below market rate amounting RM924,005,000 (2021: RM726,351,000).

(i) The maturity structure of the borrowings/fundings are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	44,001	488,408
More than one year to five years	911,363	729,824
More than five years	994,109	522,877
	1,949,473	1,741,109

(ii) The unsecured borrowings/fundings are sourced from the following:

	Note	Group and Bank	
		2022 RM'000	2021 RM'000
Government of Malaysia (Note 36(c))	(a)	941,916	974,546
Other institutions	(b)	1,007,557	766,563
		1,949,473	1,741,109

(a) Borrowings/Fundings from Government of Malaysia

The borrowings/fundings from the Government of Malaysia are payable as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	33,266	479,852
More than one year to five years	453,647	242,054
More than five years	455,003	252,640
	941,916	974,546

The interest/profit rates on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2021: 0% to 2.75%) per annum

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

20. Borrowings/Fundings

(b) Borrowings/Fundings from other institutions

	Group and Bank	
	2022 RM'000	2021 RM'000
BNM	1,007,557	766,563
The borrowings/fundings from other institutions are payable as follows:		
	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	10,735	8,556
More than one year to five years	457,716	487,770
More than five years	539,106	270,237
	1,007,557	766,563

The interest/profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2021: 0% to 1.5%) per annum.

21. Lease liabilities

	Group and Bank	
	2022 RM'000	2021 RM'000
Lease liabilities	15,137	14,195
The Group and the Bank lease a number of premises and motor vehicles with lease term ranges between 1-7 years (2021: 1-7 years), with options for renewal. The weighted average of discount rates of the Group and of the Bank range between 3.06% to 3.42% (2021: 3.06% to 3.18%) per annum.		
The maturity structure based on undiscounted contractual cash flows is as follows:		
	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	3,741	3,914
More than one year to five years	12,214	10,902
More than five years	551	622
	16,506	15,438
Less: Future finance cost	(1,369)	(1,243)
	15,137	14,195

22. Other liabilities

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables and accruals (Note i)	422,446	529,808	427,721	537,553
Islamic margin account (Note ii)	381,832	410,289	381,779	410,237
Guarantee payable (Note iii)	164,197	150,243	164,197	150,243
Amount due to subsidiaries (Note iv)	-	-	29,276	20,803
Sinking fund	429	510	429	509
Rental and security deposits	3,689	3,358	3,689	3,358
Provision for zakat	5,118	3,453	5,118	3,453
Allowance for impairment on commitments and contingencies (Note v)	4,724	5,713	4,724	5,713
Other provisions	46,076	47,719	44,716	46,686
	1,028,511	1,151,093	1,061,649	1,178,555

(i) Included in other payables and accruals are undisbursed funds amounting to RM37,867,000 (2021: RM88,117,000) provided by Small and Medium Enterprise Corporation Malaysia ("SME Corp"). Under the arrangement with SME Corp, the Bank acts as an agent to administer the said funds to be channelled as financial assistance to the small and medium sized companies.

Also included in other payables and accruals are fund balance under Skim Pinjaman Ekonomi Desa ("SPED") amounting to RM26,553,000 (2021: RM25,287,000). Under the agreement with SPED, the Bank acts as an agent to execute and channel the said fund as financial assistance to the small and medium sized companies.

(ii) Islamic margin account refers to the cash collateral pledged by the Islamic banking customers of the Bank. The amount will be repaid to the customers at the end of the financing tenure or will be offset with any overdue amount. The Bank will pay a hibah/profit rate at 0.25% (2021: 0.25%) per annum to the customers.

(iii) Guarantee payable refers to the guarantee extended by Teraju which applies to companies classified as Small Medium Enterprise ("SMEs") companies as defined by the terms of the Teraju Program. The guarantee payable will be liquidated in the event of financing accounts under Teraju guarantee is exhausted.

(iv) The amounts due to subsidiaries are non-trade, interest-free, unsecured and repayable on demand.

(v) Movement in loss allowances for impairment on financing commitments and contingencies are as follows:

	Group and Bank	
	2022 RM'000 Stage 1	2021 RM'000 Stage 1
Commitments and Contingencies		
At 1 January	5,713	4,934
Changes due to change in credit risk	476	148
New financial assets originated	1,334	3,148
Derecognition	(2,799)	(2,517)
At 31 December	4,724	5,713

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23. Government funds

	Note	Group and Bank	
		2022 RM'000	2021 RM'000
To finance:			
Purchase of investment properties	(i)	104,854	108,381
Loans, advances and financing	(ii)	497,931	432,320
		602,785	540,701

(i) To finance the purchase of investment properties:

Group and Bank	Kompleks Kilang Bimbingan			Total RM'000
	Nursery Factory Scheme (RMK7) RM'000	Nursery Factory Scheme (RMK8) RM'000	Nursery Factory Scheme (RMK9) RM'000	
At 1 January 2022	65,128	10,423	32,830	108,381
Government fund released (Note 40(i))	(236)	(2,911)	(380)	(3,527)
At 31 December 2022	64,892	7,512	32,450	104,854
At 1 January 2021	65,363	13,334	33,209	111,906
Government fund released (Note 40(i))	(235)	(2,911)	(379)	(3,525)
At 31 December 2021	65,128	10,423	32,830	108,381

23. Government funds (cont'd.)

(ii) To finance loans, advances and financing:

Group and Bank	Soft Loan Scheme RM'000	Tabung Usahawan Pahang RM'000	Tabung Inkubator Pertanian Kelantan RM'000	Tabung Usahawan Siswazah Terengganu RM'000	Dana Usahawan Negeri RM'000	Program dan Skim Usahawan Batik RM'000	Skim Perusahaan Kapal Tradisional RM'000	Program dan Skim Usahawan Kraf RM'000	Balance c/f RM'000	Total RM'000
At 1 January 2022	36,648	288	2,669	19,819	4,687	4,206	33,639	4,757	109,713	
Recoveries from loan/ financing written-off (Note 40(i))	(357)	-	-	(1,228)	(589)	-	249	(76)	(2,001)	
At 31 December 2022	36,291	288	2,669	18,591	4,098	4,206	33,888	4,681	107,712	
At 1 January 2022	109,713	140,341	23,209	59,593	10,899	68,077	20,488	-	432,320	
Proceeds	-	-	-	-	-	-	10,000	-	10,000	
Additions ^c	-	-	-	-	-	44,517	12,133	3,170	59,820	
Deposit matured	-	37	26,791	-	-	-	-	-	26,828	
Recoveries from loan/ financing written-off (Note 40(i))	(2,001)	-	-	(13,227)	(1,509)	-	-	-	(2,001)	
Mukasah (Note 40(i))	-	-	-	(13,227)	(1,509)	(13,364)	(666)	(270)	(29,036)	
At 31 December 2022	107,712	140,378	50,000	46,366	9,390	99,230	30,488	2,900	497,931	

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23. Government funds (cont'd.)

(ii) To finance loans, advances and financing: (cont'd.)

Group and Bank	Soft Loan Scheme	Tabung Usahawan Pahang	Tabung Inkubator Pertanian Kelantan	Tabung Usahawan Negeri Terengganu	Dana Usahawan Negeri Terengganu	Program dan Skim Usahawan Batik	Basic Capital Scheme	Skim Perusahaan Kapal Tradisional	Balance c/f
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	36,574	288	2,669	19,670	4,505	4,205	33,615	3,000	104,526
Recoveries from loan/financing written-off (Note 40(i))	74	-	-	149	182	1	24	-	430
At 31 December 2021	36,648	288	2,669	19,819	4,687	4,206	33,639	3,000	104,956

Balance b/f	Program dan Skim Usahawan		Skim Anjakan Usahawan		Teraju Facilitation Fund*		Special Relief Facility^		PENJANA Tourism Fund^		Targeted Relief and Recovery Facility^		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021	104,526	4,756	134,920	13,548	72,820	12,407	-	-	20,488	-	-	342,977	
Proceeds	-	-	5,421	-	-	-	-	-	-	-	-	25,909	
Additions^	-	-	-	-	-	-	-	-	-	-	72,578	72,578	
Deposit matured	-	-	-	9,661	-	-	-	-	-	-	-	9,661	
Recoveries from loan/financing written-off (Note 40(i))	430	1	-	-	(13,227)	(1,508)	-	-	-	-	(4,501)	(19,236)	
Muqasah (Note 40(i))	-	-	-	-	59,593	10,899	68,077	20,488	-	-	-	432,320	
At 31 December 2021	104,956	4,757	140,341	23,209	59,593	10,899	68,077	20,488	-	-	-	432,320	

^ The amount represent the benefits derived from the below-market interest element of the borrowings/fundings obtained from Bank Negara Malaysia as mentioned in Note 20.

* In the financial year 2021, an amount of RM26,791,000 for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

23. Government funds (cont'd.)

Summary of the government funds are as follows:

Types of fund	Purpose of fund	Source	Grant received RM'000
(a) Soft Loan Scheme	To provide soft loans/financing to Bumiputera entrepreneurs	Ministry of International Trade and Industry ("MITI")	34,400
(b) Tabung Usahawan Pahang	To provide loans/financing to provide loans/financing Temerloh, Pahang	Pahang State Government	1,000
(c) Tabung Inkubator Pertanian Kelantan	To support the business expansion of livestock business	MITI	2,992
(d) Tabung Usahawan Siswazah	To encourage graduates into entrepreneurship	MITI	62,000
(e) Dana Usahawan Negeri Terengganu	To promote Bumiputera entrepreneurs in Terengganu	MITI	30,000
(f) Program dan Skim Usahawan Batik	To promote Bumiputera entrepreneurs in the batik industry	MITI	5,000
(g) Basic Capital Scheme	To promote Bumiputera entrepreneurs with basic capital	MITI	75,835
(h) Skim Perusahaan Kapal Tradisional	To promote ship making in Terengganu	MITI	3,000
(i) Program dan Skim Usahawan Kraf	To promote Bumiputera entrepreneurs in the craft industry	MITI	5,000
(j) Skim Anjakan Usahawan	To promote business expansion for Bumiputera entrepreneur	MITI	140,000
(k) Teraju Facilitation Fund	To finance project cost and acquisition of machinery for Bumiputera entrepreneur	Teraju Bumiputera Corporation ("TERAJU")	50,000
(l) Program Strategik	To assist SMEs in the acquisition of machinery/equipment to encourage automation and reduce dependency on foreign workers	Ministry of Finance ("MOF")	30,488
(m) Kompleks Kilang Bimbingan	To provide premises for Bumiputera entrepreneurs industry	MITI	220,775

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31 DECEMBER 2022

23. Government funds (cont'd.)

Summary of utilisation of the government funds are as follows: (cont'd.)

The following funds are channelled from BNM with 0% funding rate to the Group and the Bank to assist selected eligible SMEs. The funds received at below market rate were fair valued at inception using the market profit rate. The difference between the proceeds received and the fair value of the financing was recognised as government grants.

Types of fund	Purpose of fund	Source	Outstanding balance as at 31 December 2022 RM'000
(n) Special Relief Facility	To help alleviate the short-term cash flow problems faced by SMEs adversely affected by the COVID-19 outbreak	BNM	46,366
(o) PENJANA Tourism Fund	To support SMEs in the tourism sector	BNM	9,390
(p) Targeted Relief and Recovery Facility	To provide relief and support recovery for SMEs in the services sector affected by reintroduction of containment measures, except tourism and tourism related subsectors	BNM	99,230
(q) High Tech and Green Facility	To help SMEs and innovative start-ups to grow their businesses and invest in strategic sectors and technologies fields (digital tech, green tech and biotech) for a sustainable and entrenched economic recovery	BNM	11,467
(r) Disaster Relief Facility	To alleviate the financial burden of SMEs affected by the recent floods and facilitate the resumption of their business operations	BNM	2,900

23. Government funds (cont'd.)

All the government grants are non-repayable and the credit risk pertaining to loans, advances and financing financed by the government grants are borne by the Government of Malaysia.

Summary of utilisation of the government funds are as follows:

31 December 2022

Types of fund	Outstanding loans, advances and financing RM'000	No. of customers assisted
(a) Soft Loan Scheme	1,726	33
(b) Tabung Usahawan Pahang	-	-
(c) Tabung Inkubator Pertanian Kelantan	-	-
(d) Tabung Usahawan Siswazah	7,017	85
(e) Dana Usahawan Negeri Terengganu	3,613	26
(f) Program dan Skim Usahawan Batik	-	-
(g) Basic Capital Scheme	3,424	12
(h) Skim Perusahaan Kapal Tradisional	-	-
(i) Program dan Skim Usahawan Kraf	-	-
(j) Skim Anjakan Usahawan	73,178	33
(k) Teraju Facilitation Fund	11,137	8
(l) Program Strategik Memperkasa Rakyat dan Ekonomi	6,966	40
Total	107,061	
Types of fund	Outstanding loans, advances and financing RM'000	No. of customers assisted
(m) Kompleks Kilang Bimbingan	377,231	397

(Note 14)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

23. Government funds (cont'd.)

All the government grants are non-repayable and the credit risk pertaining to loans, advances and financing financed by the government grants are borne by the Government of Malaysia. (cont'd.)

Summary of utilisation of the government funds are as follows: (cont'd.)

31 December 2021

Types of fund	Outstanding loans, advances and financing RM'000	No. of customers assisted
(a) Soft Loan Scheme	3,462	78
(b) Tabung Usahawan Pahang	-	-
(c) Tabung Inkubator Pertanian Kelantan	-	-
(d) Tabung Usahawan Siswazah	10,882	245
(e) Dana Usahawan Negeri Terengganu	5,042	47
(f) Program dan Skim Usahawan Batik	-	-
(g) Basic Capital Scheme	10,713	45
(h) Skim Perusahaan Kapal Tradisional	-	-
(i) Program dan Skim Usahawan Kraf	92	1
(j) Skim Anjakan Usahawan	48,897	52
(k) Teraju Facilitation Fund	5,227	5
(l) Program Strategik Memperkasa Rakyat dan Ekonomi	415	3
Total	84,730	

Types of fund	Outstanding loans, advances and financing RM'000	No. of customers assisted
(m) Kompleks Kilang Bimbingan	374,081	379
	(Note 14)	

24. Share capital

	Number of ordinary shares		Amount	
	2022 Unit '000	2021 Unit '000	2022 RM'000	2021 RM'000
Group and Bank				
Issued and fully paid	1,850,000	1,850,000	1,850,000	1,850,000

25. Other reserves

	Distributable		
	Fair value reserve RM'000	general reserve RM'000	Total RM'000
Group and Bank			
At 1 January 2022	7,652	10,114	17,766
Unrealised loss on revaluation of debt instrument at FVOCI	(17,180)	-	(17,180)
Unrealised loss on revaluation of equity instrument at FVOCI	(145)	-	(145)
Reclassification of gain included in profit or loss	12,566	-	12,566
Changes in expected credit losses of financial investments at FVOCI (Note 5)	(108)	-	(108)
Income tax relating to components of other comprehensive income (Note 16)	1,142	-	1,142
At 31 December 2022	3,927	10,114	14,041
At 1 January 2021	42,054	10,114	52,168
Unrealised gain on revaluation of debt instrument at FVOCI	(38,658)	-	(38,658)
Unrealised gain on revaluation of equity instrument at FVOCI	654	-	654
Reclassification of loss included in profit or loss	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI (Note 5)	(593)	-	(593)
Income tax relating to components of other comprehensive income (Note 16)	10,676	-	10,676
At 31 December 2021	7,652	10,114	17,766

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

25. Other reserves (cont'd.)

(a) Fair value reserve

Non-distributable fair value reserve represents the cumulative fair value changes, net of tax, of financial investments at FVOCI. Interest/Profit income are recognised in profit or loss in the same manner as for financial investments measured at AC. When the Group and the Bank hold more than one investment in the same security, they are deemed to be disposed off on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified to profit or loss. Equity instruments are normally measured at FVTPL. However, for non-traded equity instruments, with an irrevocable option at initial recognition (on an instrument-by-instrument basis), the Group and the Bank measure the changes in fair value through OCI (without recycling to profit or loss upon derecognition). Included in financial investments at FVOCI are equity instruments which the Group and the Bank have elected at initial recognition to measure the fair value changes in OCI whose fair value amounted to RM40,680,000 (2021: RM40,764,000).

(b) Distributable general reserve

Distributable general reserves arose from the rationalisation process between Bank Pembangunan dan Infrastruktur Malaysia Berhad and Bank Industri dan Teknologi Malaysia Berhad in 2005, of which eventually led to the commencement of operations of Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank).

26. Interest income

	Group and Bank	
	2022 RM'000	2021 RM'000
Interest income from loans	679	1,994

Included in interest income from loans is interest on impaired loans amounting to RM549,000 (2021: RM1,929,000).

27. Interest expense

	Group and Bank	
	2022 RM'000	2021 RM'000
Term loans	6,149	15,245

28. Other operating income

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fee income	262	23	262	23
Other income:				
Recovery income	9,866	9,843	-	-
Compensation on late payment charges	1,121	1,224	1,121	1,224
Others	1	77	1	77
	10,988	11,144	1,122	1,301
Total other operating income	11,250	11,167	1,384	1,324

29. Other operating expenses

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Personnel expenses	(i)	160,246	164,721	156,415	160,839
Establishment related expenses	(ii)	43,304	41,581	43,253	41,543
Promotion and marketing expenses	(iii)	4,995	2,968	4,961	2,933
Administration and general expenses	(iv)	33,558	30,271	38,682	26,063
		242,103	239,541	243,311	231,378

(i) Personnel expenses

Salaries, allowances and bonuses		126,201	129,284	123,064	126,148
Group President/Chief Executive Officer and Directors' fees and remuneration	30	2,946	2,927	2,946	2,927
Social security cost		1,012	953	987	927
Contribution to Employee Provident Fund		16,729	16,156	16,353	15,753
Other staff related expenses		13,358	15,401	13,065	15,084
		160,246	164,721	156,415	160,839

Included in personnel expenses are allowances paid to the Shariah Committee members amounting to RM293,000 (2021: RM305,000).

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29. Other operating expenses (cont'd.)

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(ii) Establishment related expenses					
Depreciation of property, plant and equipment	12	11,613	11,580	11,613	11,576
Depreciation of right-of-use assets	13	3,562	3,519	3,562	3,519
Amortisation of intangible assets	15	8,394	7,447	8,394	7,447
Rental expenses		98	(37)	98	(37)
Repairs and maintenance of property, plant and equipment		19,637	19,072	19,586	19,038
		43,304	41,581	43,253	41,543
(iii) Promotion and marketing expenses					
Advertisement and publicity		4,995	2,968	4,961	2,933
(iv) Administration and general expenses					
Administrative expenses		6,315	5,953	6,311	5,947
Auditors' remuneration					
- Statutory audit		898	815	825	750
- Regulatory related services		34	31	34	31
- Other assurance services		166	140	166	140
General expenses		26,145	23,332	31,346	19,195
		33,558	30,271	38,682	26,063

30. Group President/Chief Executive Officer and Directors' fees and remuneration

	←----- Remuneration received from the Bank -----→					Remuneration received from subsidiaries			Group Total RM'000
	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other Benefits-in-kind RM'000	Fees emoluments RM'000	Other Benefits-in-kind RM'000	Total RM'000	
2022									
Group President/Chief Executive Officer:									
Datuk Wira (Dr.) Aria Putera bin Ismail	930	-	150	194	60	-	-	-	1,334
	930	-	150	194	60	-	-	-	1,334
Non-Executive Directors:									
Dato' Seri Nazir Ariff bin Mushir Ariff	-	115	-	-	107	-	-	-	222
Dato' Muslim bin Hussain	-	48	-	-	165	-	-	-	213
Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	121	-	-	-	169
Mohd Sakeri bin Abdul Kadir	-	45	-	-	83	-	-	-	128
Zulkiflee bin Hashim	-	48	-	-	195	-	-	-	243
Dato' Mohammad Radhi Bin Abdul Razak	-	37	-	-	53	-	-	-	90
Wan Abdul Rahman bin Wan Abu Bakar	-	48	-	-	130	-	-	-	178
Suharti binti Mohd Ali	-	48	-	-	150	-	-	-	198
Dato' Sharkawi bin Alis	-	48	-	-	123	-	-	-	171
	930	485	150	194	1,187	-	-	-	1,612
									2,946

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31 DECEMBER 2022

30. Group President/Chief Executive Officer and Directors' fees and remuneration (cont'd.)

	←----- Remuneration received from the Bank -----→					Remuneration received from subsidiaries					Group	
	Salary RM'000	Fees RM'000	Bonus RM'000	Pension cost RM'000	Other Benefits- in-kind RM'000	Total RM'000	Fees emoluments RM'000	Other Benefits- in-kind RM'000	Total RM'000	Fees emoluments RM'000		Other Benefits- in-kind RM'000
2021	900	-	150	181	60	1,291	-	-	1,291	-	-	1,291
	900	-	150	181	60	1,291	-	-	1,291	-	-	1,291
Group President/Chief Executive Officer:												
Datuk Wira (Dr.) Aria Putera bin Ismail	-	144	-	-	135	279	-	-	279	-	-	279
Non-Executive Directors:												
Dato' Seri Nazir Ariff bin Mushir Ariff	-	48	-	-	175	223	-	-	223	-	-	223
Dato' Muslim bin Hussain	-	48	-	-	150	198	-	-	198	-	-	198
Datuk Ahmad Hizzad bin Baharuddin	-	48	-	-	80	128	-	-	128	-	-	128
Mohd Sakeri bin Abdul Kadir	-	48	-	-	198	246	-	-	246	-	-	246
Zulkiflee bin Hashim	-	48	-	-	66	114	-	-	114	-	-	114
Dato' Mohammad Radhi Bin Abdul Razak	-	47	-	-	130	177	-	-	177	-	-	177
Wan Abdul Rahman bin Wan Abu Bakar	-	40	-	-	110	150	-	-	150	-	-	150
Suharti binti Mohd Ali	-	36	-	-	85	121	-	-	121	-	-	121
Dato' Sharkawi bin Alis	-	507	-	-	1,129	1,636	-	-	1,636	-	-	1,636
	900	507	150	181	1,189	1,636	-	-	1,636	-	-	2,927

30. Group President/Chief Executive Officer and Directors' fees and remuneration (cont'd.)

The number of chief executives and directors of the Group and of the Bank whose total remuneration fell within the following bands are analysed below:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Number of Chief Executives:				
RM1,000,001 to RM1,500,000	1	1	1	1
	1	1	1	1
Number of Non-Executive Directors:				
RM200,001 to RM400,000	3	3	3	3
RM100,001 to RM200,000	5	6	5	6
RM1 to RM100,000	1	-	1	-
	9	9	9	9

31. Allowance/(Writeback) for impairment loss on loans, advances and financing

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Allowance for impairment losses on loans, advances and financing made during the year				
- Stage 1, net (Note 8(ix))	2,578	27,178	2,578	27,178
- Stage 2, net (Note 8(ix))	20,768	1,002	20,768	1,002
- Stage 3, net (Note 8(ix))	153,136	127,082	176,860	147,423
	176,482	155,262	200,206	175,603
Impaired loans, advances and financing written off	5,517	-	5,517	-
Impaired loans, advances and financing recovered	(41,346)	(35,601)	(41,346)	(35,601)
	140,653	119,661	164,377	140,002

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32. Tax expense/(credit) and zakat

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax:				
Tax expense for the year	935	253	718	-
Deferred tax (Note 16):				
Origination or reversal of temporary differences	(10,299)	(9,180)	(10,299)	(9,180)
Overprovision in prior years	10,299	12,187	10,299	12,187
	-	3,007	-	3,007
Real property gain tax	-	928	-	928
Total tax expense for the year	935	4,188	718	3,935

The reconciliation between tax expense and accounting profit of the Group and of the Bank multiplied by the applicable corporate tax rate is as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax expense and zakat	68,359	58,388	64,489	55,305
Tax expenses at Malaysian tax rate of 24% (2021: 24%)	16,406	14,013	15,477	13,273
Tax effects of:				
Non-deductible expenses	16,766	6,752	17,555	7,310
Non-taxable income	(10,500)	(7,433)	(10,500)	(7,433)
Utilisation of deferred tax previously not recognised	(32,113)	(21,402)	(32,113)	(21,402)
Effects of share of associate's post tax loss included in Group's profit before taxation	77	71	-	-
Underprovision of deferred tax in prior years	10,299	12,187	10,299	12,187
Total tax expense for the year	935	4,188	718	3,935

	Group and Bank	
	2022 RM'000	2021 RM'000
Zakat:		
Zakat for the year	1,562	1,315

33. Earnings per share

The basic and diluted earnings per share amount is calculated by dividing profit for the year net of tax, by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Bank	
	2022 RM'000	2021 RM'000
Profit for the year	62,209	50,055
Earnings per share (sen)		
- Basic and diluted	3.36	2.71
Weighted average number of ordinary shares for basic earnings per share computation	1,850,000	1,850,000

34. Commitments and contingencies

(i) Loans, advances and financing related commitments and contingencies of the Group and of the Bank are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Direct credit substitutes	178,521	231,283
Transaction-related-contingent items	167,106	160,555
Undisbursed loans/financing		
- original maturity up to one year	226,071	235,490
- original maturity more than one year	1,667,262	1,547,106
	2,238,960	2,174,434

(ii) Capital expenditure commitments of the Group and of the Bank are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Approved and contracted for:		
Information technology system	16,750	6,118
	16,750	6,118
Total commitments and contingencies	2,255,710	2,180,552

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35. Capital adequacy

Capital management

Capital policy

The overall objective of capital management is to maintain a strong capital position in order to provide opportunities for business growth and be able to provide cushion for any potential losses. In line with this objective, the Bank views its capital position as an important key barometer of financial health.

Regulatory capital

In order to support its mandated roles, the Bank has strong and adequate capital to support its business activities on an on-going basis. Bank Negara Malaysia (“BNM”) has imposed several regulatory capital requirements whereby, the Bank must have an absolute minimum capital of RM300,000,000 and a minimum Risk Weighted Capital Ratio (“RWCR”) of 8% at all times. The minimum capital funds refer to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act, 2002.

The capital adequacy ratios of the Group and of the Bank are computed in accordance with the requirements of the BNM’s Capital Framework for Development Financial Institutions, which is based on the Basel I capital adequacy framework requirements.

Pursuant to BNM’s Policy Document on Transitional Arrangements for Regulatory Capital Treatment of Account Provisions for Development Financial Institutions, the Bank had elected to apply the transitional arrangements where the Bank are allowed to add back a portion of the Stage 1 and Stage 2 provisions for ECL to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month (12mECLs) and lifetime expected credit losses (LTECLs) to the extent they are ascribed to non-credit-impaired exposures to Tier 1 Capital.

The following table set forth capital resources and capital adequacy for the Group and the Bank as at the end of the reporting period:

	Group		Bank	
	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000
Tier I Capital				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(201,809)	(262,346)	(193,992)	(251,195)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing ¹	42,971	32,743	42,971	32,743
Less: Deferred tax assets	(108,089)	(106,947)	(108,089)	(106,947)
Less: Property revaluation reserve	(231,765)	(228,616)	(231,765)	(228,616)
Total Tier I capital	1,361,422	1,294,948	1,369,239	1,306,099
Tier II Capital				
General provision for loans, advances and financing ¹	101,487	87,163	101,487	87,163
Property revaluation reserve ²	115,883	114,308	115,883	114,308
Government funds ³	433,432	428,923	433,432	428,923
Total Tier II capital	650,802	630,394	650,802	630,394
Total capital	2,012,224	1,925,342	2,020,041	1,936,493
Less: Investment in subsidiaries	-	-	-	-
Total capital base	2,012,224	1,925,342	2,020,041	1,936,493

35. Capital adequacy (cont’d.)

Capital management (cont’d.)

¹ General provision refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

² The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

³ In the financial year 2021, an amount of RM26,791,000 for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	2022 RM’000	2021 RM’000	2022 RM’000	2021 RM’000
20%	351,705	246,248	351,705	246,248
50%	5,121	5,621	5,121	5,621
100%	10,243,324	9,772,457	10,335,414	9,853,065
	10,600,150	10,024,326	10,692,240	10,104,934

	Group		Bank	
	2022	2021	2022	2021
Before deducting proposed dividends:				
Core capital ratio	12.843%	12.918%	12.806%	12.925%
Risk-weighted capital ratio	18.983%	19.207%	18.893%	19.164%

	Group		Bank	
	2022	2021	2022	2021
After deducting proposed dividends:				
Core capital ratio	12.785%	12.868%	12.748%	12.876%
Risk-weighted capital ratio	18.924%	19.157%	18.834%	19.114%

Capital monitoring

The Group’s and the Bank’s capital are closely monitored and actively managed. Besides the regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to have the “well capitalised” status. Internal capital limit and regulatory capital requirement are closely monitored, regularly reviewed and reported to senior management and the Board of Directors.

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36. Related party transactions

(a) Parent entity

The Bank is a Government Linked Corporation, with all shares held by the Minister of Finance Incorporated and is incorporated on behalf of the Government of Malaysia ("GOM"). GOM and entities directly controlled by GOM are collectively referred to as government-related-entities to the Group and the Bank.

(b) Compensation of key management personnel

The compensation of key management personnel other than the directors of the Group and of the Bank as disclosed in Note 30 is follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Salaries and other emoluments	6,966	7,237
Defined contribution plan	1,064	1,073
	8,030	8,310

(c) Related party transactions

The significant outstanding balances of the Group and of the Bank with its related parties are as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Long-term loans/financing from MOF (Note 20)	932,393	960,544
Interest/profit payable to MOF (Note 20)	9,523	14,002
Deposit acceptance from government agencies (Note 17(i))	1,603,375	1,022,203
Interest/profit payable to government agencies (Note 17(i))	11,392	8,676
Government fund from MITI (Note 23)	352,656	358,147
Government fund from Ministry of Rural and Regional Development ("MRRD")	25,756	24,906
	2,935,095	2,388,478

The significant related parties credits/(charges) within the Group, which were determined based on terms agreed between the parties are as follows:

	Bank	
	2022 RM'000	2021 RM'000
Profit income on amount due from a subsidiary company (Note 40(i))	8,596	11,207
Profit expense on Commodity Murabahah to subsidiary companies (Note 40(h)(i))	(536)	(353)
Service fee charged by a subsidiary company	(9,289)	(1,199)
	(1,229)	9,655

36. Related party transactions (cont'd.)

(d) Connected parties

	Total outstanding RM'000	Group and Bank Total number of connected party account/ counter- party	Total exposure (total outstanding plus unutilised limit) RM'000	Total financing exposure which is non- performing or in default RM'000
31 December 2022				
Loans/financing facility (except guarantee)	459,755	9	459,755	-
Off-balance sheet exposure	22	1	22	-
Equities and private debt securities held	133,884	6	133,884	-
	593,661	16	593,661	-

Total exposure to connected parties as % of total capital 29.4% -

Total exposure to connected parties as % of total outstanding exposure 4.7% -

31 December 2021				
Loans/financing facility (except guarantee)	497,496	9	497,846	-
Equities and private debt securities held	212,953	7	212,953	-
	710,449	16	710,799	-

Total exposure to connected parties as % of total capital 38.5% -

Total exposure to connected parties as % of total outstanding exposure 6.0% -

The connected parties refers to parties involved in a related-party transaction relating to a deal or arrangement made between the said two parties who are joined by a pre-existing business relationship or common interest. The Bank connected parties transactions relate to any loans/financing facility (except guarantee) and equities and private debt securities held.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

37. Fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The information presented herein represents best estimates of fair value of financial instruments at the end of the reporting period.

For loans, advances and financing to customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair value of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding the risk characteristics of various financial instruments, discount rates, estimates of future cash flows, historical loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and of the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sale transaction at the end of the reporting period. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and of the Bank as a going concern.

The on-balance sheet financial assets and financial liabilities of the Group and of the Bank whose fair values are required to be disclosed in accordance with MFRS 7 comprise all its assets and liabilities with the exception of investments in subsidiaries, investments in an associate and provisions.

The estimated fair value of those on-balance sheet financial assets and financial liabilities as at the end of the reporting period approximate their carrying amounts as shown in the statements of financial position, except for the following financial assets and financial liabilities:

	Group and Bank	
	Carrying amount RM'000	Fair value RM'000
31 December 2022		
Financial assets:		
Debt instruments at AC	934,753	933,678
Loans, advances and financing	7,838,869	6,703,225
Financial liabilities:		
Islamic medium-term notes/commercial papers	2,622,297	2,506,574
Borrowings/Fundings	1,949,473	1,733,393
Lease liabilities	15,137	14,176
31 December 2021		
Financial assets:		
Debt instruments at AC	518,757	522,056
Loans, advances and financing	7,423,451	6,147,407
Financial liabilities:		
Islamic medium-term notes/commercial papers	2,521,926	2,446,442
Borrowings/Fundings	1,741,109	1,592,842
Lease liabilities	14,195	13,526

37. Fair value of financial instruments (cont'd.)

The methods and assumptions used in estimating the fair values of the financial instruments are as follows:

(a) Debt instruments at AC

The fair values of private debt securities, Malaysian Government Investment Issues and Commercial papers are determined by reference to the market value of these instruments published by pricing agencies in Malaysia.

(b) Loans, advances and financing

The fair values of variable and fixed rate loans/financing with remaining maturity of less than one year are estimated to approximate their carrying values. For variable and fixed rate loans, advances and financing with maturities of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing rates at end of the reporting period offered for similar loans/financing to new borrowers/customers with similar credit profiles, where applicable. For impaired loans/financing, the fair values are deemed to approximate the carrying values, net of impairment allowance.

(c) Islamic medium-term notes/commercial notes, borrowings/fundings and lease liabilities

The fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at prevailing rates at the end of the reporting period obtained for similar loans/financing with similar maturities, where applicable.

The following table provides the fair value measurement hierarchy of the Group's and of the Bank's financial assets and financial liabilities other than those short-term or on demand financial assets and financial liabilities whose carrying amounts are reasonable approximation of their fair values.

	Group and Bank			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Financial assets and financial liabilities measured at fair value:				
Financial assets:				
Debt instruments at FVOCI	-	1,395,441	-	1,395,441
Equity instruments at FVOCI	-	30,618	10,062	40,680
Financial assets and financial liabilities not measured at fair value for which fair values are disclosed:				
Financial assets:				
Debt instruments at AC	-	933,678	-	933,678
Loans, advances and financing	-	-	6,703,225	6,703,225
Financial liabilities:				
Islamic medium-term notes/ commercial papers	-	2,506,574	-	2,506,574
Borrowings/Fundings	-	1,733,393	-	1,733,393
Lease liabilities	-	14,176	-	14,176

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37. Fair value of financial instruments (cont'd.)

	Group and Bank			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2021				
Financial assets and financial liabilities measured at fair value:				
Financial assets:				
Debt instruments at FVOCI	-	1,355,973	-	1,355,973
Equity instruments at FVOCI	-	30,572	10,192	40,764
Debt instruments at FVTPL	-	100,927	-	100,927
Financial assets and financial liabilities not measured at fair value for which fair values are disclosed:				
Financial assets:				
Debt instruments at AC	-	522,056	-	522,056
Loans, advances and financing	-	-	6,147,407	6,147,407
Financial liabilities:				
Islamic medium-term notes/ commercial papers	-	2,446,442	-	2,446,442
Borrowings/Fundings	-	1,592,842	-	1,592,842
Lease liabilities	-	13,526	-	13,526

38. Financial risk management objectives and policies

The Group's and the Bank's financial risk management frameworks and policies have been established with the objective to enhance shareholder's value. The Group and the Bank focus on the enterprise wide risk exposure, which include the major risk arising from credit risk, liquidity risk, market risk, operational risk and seeks to minimise potential adverse effects on the financial performance of the Group and of the Bank.

Risk management structure

The Board of Directors is responsible for the overall risk management approach and for approving the risk management principles and strategies. Separate independent bodies and functions have been established and are responsible in assisting the Board of Directors in managing and monitoring risks, which are elaborated as follows:

(a) Board Risk Management Committee

The Board Risk Management Committee ("BRMC") has the overall responsibilities for the development of the risk strategies and implementing principles, frameworks, policies and limits. The BRMC is responsible for managing risk decisions and monitoring risk levels.

(b) The Risk Management and Compliance

The Risk Management and Compliance is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained.

Risk Management and Compliance is also responsible for monitoring and review of compliance with risk principles, policies and limits across the Bank as well as applicable laws and regulations. The function ensures the completeness of risk identification, measurement, monitoring and reporting.

(c) Assets and Liability Management

Treasury and Finance are responsible for managing the Bank's assets and liabilities and the overall financial structure. Treasury and Finance are also responsible for the funding and liquidity of the Bank.

(d) Internal Audit

The Internal Audit function provides an on-going focus on the internal control systems and periodic reviews of the risk management processes. It also reviews compliance with approved policies, as well as applicable laws and regulations.

Internal Audit also evaluates the independence and overall effectiveness of the risk management systems. Internal Audit's assessment on the adequacy of internal controls will involve understanding, documenting, evaluating and testing the Group's and the Bank's internal control system and follow-up on corrective actions and review of management's action to address material weaknesses.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems

Monitoring and controlling risks is primarily performed based on limits established by the Group and the Bank. These limits reflect the business strategy and market environment of the Group and the Bank as well as the level of risk the Group and the Bank are willing to accept, with additional emphasis on selected industries. In addition, the Group's and the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information compiled from all the businesses is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented to various committee at management level before submitting to the BRMC and Board of Directors. The BRMC receives a comprehensive risk report which is designed to provide all the necessary information to assess and conclude on the risks of the Bank. In discharging its roles and responsibilities, BRMC is supported by a number of Executive Committees ("EXCO"). These Management Committees are generally accountable for the effectiveness of the day-to-day risk assessment and controls, in an effort to balance the Group's risk and return as well as maintain its competitive advantage.

The main areas of financial risks faced by the Group and the Bank are set out as follows:

(a) Credit risk

Credit risk is the potential loss arising from customers or counterparties failing to meet their financial contractual obligations. Management of credit risk is principally through financing directions and policies, which are instituted based on prevailing business and economic conditions. Credit processes are also structured to ensure adherence of credit policies and to establish impartiality in loan/financing origination, approval, documentation, disbursement, monitoring and settlement.

The Group's and the Bank's Credit and Risk Management manages and reviews asset quality, reviews concentration limits, according to various categories such as customer, economic segment and product types and monitors credit portfolio risk. Industry risk is also evaluated and monitored as dynamic changes in the economic environment have a direct impact on the Group's and the Bank's asset quality.

The internal credit risk rating system has been established to measure the credit worthiness of each customer. The primary objectives are to provide a consistent approach in risk grading of the Group's and the Bank's customers.

The Group and the Bank adopt best practices as set out in BNM Guidelines on Best Practices for the Management of Credit Risk for Development Financial Institutions and Credit Risk Policy Document. The Integrated Risk Management Framework has also been established in line with best practices. Internal single customer limits are regularly monitored to minimise the risk of over-concentration. The overall risk management is subjected to an on-going process for review and enhancement.

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

Credit assessments on financing applications will be performed before the applications are being approved by the approving authorities. Various Credit Committees have been established to review all financing to be submitted for the approval of the respective approving authorities. The respective Credit Committees have specified approval authority limit.

(i) Credit exposure

The gross credit risk exposure of the Group and the Bank at the end of the reporting period are as follows:

	Group	
	2022 RM'000	2021 RM'000
On balance sheet:		
Cash and short-term funds	1,628,091	1,254,962
Debt instrument at FVOCI (Note 5)	1,395,441	1,355,973
Debt instrument at FVTPL	-	100,927
Debt instrument at AC	934,754	519,035
Loans, advances and financing (Note 8)	8,794,555	8,303,583
Other receivables and rental receivables (Note 9)	21,865	21,432
	12,774,706	11,555,912
Off balance sheet:		
Commitments and contingencies (Note 34 (i))	2,238,960	2,174,434
	15,013,666	13,730,346
	Bank	
	2022 RM'000	2021 RM'000
On balance sheet:		
Cash and short-term funds	1,626,827	1,246,606
Debt instrument at FVOCI (Note 5)	1,395,441	1,355,973
Debt instrument at FVTPL	-	100,927
Debt instrument at AC	934,754	519,035
Loans, advances and financing (Note 8)	8,424,464	7,909,768
Amount due from subsidiaries, other receivables and rental receivables (Note 9)	352,280	376,215
	12,733,766	11,508,524
Off balance sheet:		
Commitments and contingencies (Note 34 (i))	2,238,960	2,174,434
	14,972,726	13,682,958

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(ii) Gross loans, advances and financing rated based on internal rating by the Bank:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Group				
31 December 2022				
Risk rating category				
Highest safety*	3,201,691	126,881	-	3,328,572
Moderate safety**	3,013,764	375,845	-	3,389,609
High risk***	479,639	94,414	-	574,053
Non-rated	16,669	942	-	17,611
Impaired	-	-	1,484,710	1,484,710
	6,711,763	598,082	1,484,710	8,794,555
31 December 2021				
Risk rating category				
Highest safety*	2,816,942	110,335	-	2,927,277
Moderate safety**	3,029,189	151,510	-	3,180,699
High risk***	584,464	64,616	-	649,080
Non-rated	19,681	341	-	20,022
Impaired	-	-	1,526,505	1,526,505
	6,450,276	326,802	1,526,505	8,303,583

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(ii) Gross loans, advances and financing rated based on internal rating by the Bank: (cont'd.)

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank				
31 December 2022				
Risk rating category				
Highest safety*	3,201,691	126,881	-	3,328,572
Moderate safety**	3,013,764	375,845	-	3,389,609
High risk***	479,639	94,414	-	574,053
Non-rated	16,669	942	-	17,611
Impaired	-	-	1,114,619	1,114,619
	6,711,763	598,082	1,114,619	8,424,464
31 December 2021				
Risk rating category				
Highest safety*	2,816,942	110,335	-	2,927,277
Moderate safety**	3,029,189	151,510	-	3,180,699
High risk***	584,464	64,616	-	649,080
Non-rated	19,681	341	-	20,022
Impaired	-	-	1,132,690	1,132,690
	6,450,276	326,802	1,132,690	7,909,768

* Strong capacity to meet financial commitments

** Moderate capacity to meet financial commitments

*** Poor credit quality and high risk of default

It is the Bank's policy to maintain accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating policy. The attributable risk ratings are assessed and updated regularly.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances):

Group	Short-term funds and placements with financial institutions							Debt instrument at AC and financing advances	Debt instrument at AC	Loans, advances and financing	Other assets	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
31 December 2022												
Government	-	1,059,078	199,429	-	-	-	-	-	1,258,507	-	-	-
Construction	-	-	-	-	1,448,561	-	-	-	1,448,561	-	-	-
Education, health and others	-	-	-	-	637,094	-	-	-	637,094	-	-	-
Electricity, gas and water supply	-	-	-	-	162,564	-	-	-	162,564	-	-	-
Financial, insurance/takaful, real estate and business services	1,628,091	336,363	735,325	1,143,111	-	-	-	-	3,842,890	-	-	-
Manufacturing	-	-	-	1,623,674	-	-	-	-	1,623,674	-	-	-
Mining and quarrying	-	-	-	113,441	-	-	-	-	113,441	-	-	-
Primary agriculture	-	-	-	7,432	-	-	-	-	7,432	-	-	-
Transportation, storage and communication	-	-	-	-	1,099,517	-	-	-	1,099,517	-	-	-
Wholesale, retail trade, restaurants and hotels	-	-	-	-	2,548,170	-	-	-	2,548,170	-	-	-
Others	-	-	-	-	10,991	-	-	-	21,865	21,865	32,856	2,238,960
Gross total	1,628,091	1,395,441	934,754	8,794,555	21,865	12,774,706	2,238,960					

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances) (cont'd.):

Group	Short-term funds and placements with financial institutions							Debt instrument at AC and financing advances	Debt instrument at AC	Loans, advances and financing	Other assets	Commitments and contingencies
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					
31 December 2021												
Government	-	892,606	41,102	50,905	-	-	-	-	984,613	-	-	-
Construction	-	-	-	-	1,377,290	-	-	-	1,377,290	-	-	-
Education, health and others	-	-	-	-	655,163	-	-	-	655,163	-	-	-
Electricity, gas and water supply	-	-	-	-	166,680	-	-	-	166,680	-	-	-
Financial, insurance/takaful, real estate and business services	1,254,962	463,367	59,825	468,130	1,107,202	-	-	-	3,353,486	-	-	-
Manufacturing	-	-	-	-	1,420,443	-	-	-	1,420,443	-	-	-
Mining and quarrying	-	-	-	-	143,895	-	-	-	143,895	-	-	-
Primary agriculture	-	-	-	-	8,089	-	-	-	8,089	-	-	-
Transportation, storage and communication	-	-	-	-	1,006,740	-	-	-	1,006,740	-	-	-
Wholesale, retail trade, restaurants and hotels	-	-	-	-	2,406,093	-	-	-	2,406,093	-	-	-
Others	-	-	-	-	11,988	-	-	-	21,432	21,432	33,420	2,174,434
Gross total	1,254,962	1,355,973	100,927	519,035	8,303,583	21,432	11,555,912	2,174,434				

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31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances) (cont'd.):

Bank	Short-term funds and placements with financial institutions						Debt instrument			Loans, advances and financing			Other assets		Commitments and contingencies		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
31 December 2022																	
Government	-	-	1,059,078	-	199,429	-	-	-	-	-	-	-	-	-	1,258,507	-	-
Construction	-	-	-	-	-	-	-	-	1,445,737	-	-	-	-	-	1,445,737	-	-
Education, health and others	-	-	-	-	-	-	-	-	593,221	-	-	-	-	-	593,221	-	-
Electricity, gas and water supply	-	-	-	-	-	-	-	-	162,564	-	-	-	-	-	162,564	-	-
Financial, insurance/takaful, real estate and business services	1,626,827	336,363	735,325	1,140,395	277,473	4,116,383	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	1,555,435	-	1,555,435	-	-	-	-	-	-	-	-	1,555,435	-	-
Mining and quarrying	-	-	-	111,445	-	111,445	-	-	-	-	-	-	-	-	111,445	-	-
Primary agriculture	-	-	-	7,163	-	7,163	-	-	-	-	-	-	-	-	7,163	-	-
Transportation, storage and communication	-	-	-	1,061,215	-	1,061,215	-	-	-	-	-	-	-	-	1,061,215	-	-
Wholesale, retail trade, restaurants and hotels	-	-	-	2,336,298	-	2,336,298	-	-	-	-	-	-	-	-	2,336,298	-	-
Others	-	-	-	10,991	-	10,991	-	-	74,807	-	-	-	-	-	85,798	-	-
Gross total	1,626,827	1,395,441	934,754	8,424,464	352,280	12,733,766	2,238,960	2,238,960									

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iii) The following table sets out the credit risk concentration by industry sector (gross balances) (cont'd.):

Bank	Short-term funds and placements with financial institutions				Debt instrument			Loans, advances and financing			Other assets		Commitments and contingencies	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2021														
Government	-	892,606	41,102	50,905	-	-	-	-	-	-	-	-	-	984,613
Construction	-	-	-	-	-	-	-	1,374,467	-	-	-	-	-	1,374,467
Education, health and others	-	-	-	-	-	-	-	610,181	-	-	-	-	-	610,181
Electricity, gas and water supply	-	-	-	-	-	-	-	166,680	-	-	-	-	-	166,680
Financial, insurance/takaful, real estate and business services	1,246,606	463,367	59,825	468,130	1,104,443	307,877	3,650,248	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	1,348,757	-	1,348,757	-	-	-	-	-	-	1,348,757
Mining and quarrying	-	-	-	-	141,899	-	141,899	-	-	-	-	-	-	141,899
Primary agriculture	-	-	-	-	7,827	-	7,827	-	-	-	-	-	-	7,827
Transportation, storage and communication	-	-	-	-	967,553	-	967,553	-	-	-	-	-	-	967,553
Wholesale, retail trade, restaurants and hotels	-	-	-	-	2,175,973	-	2,175,973	-	-	-	-	-	-	2,175,973
Others	-	-	-	-	11,988	68,338	80,326	2,174,434	-	-	-	-	-	2,174,434
Gross total	1,246,606	1,355,973	100,927	519,035	7,909,768	376,215	11,508,524	2,174,434	2,174,434					

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit risk exposure analysis of the Group and the Bank are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 31 December 2022				
Short-term funds and placements with financial institutions	1,628,091	-	-	1,628,091
Debt instrument at FVOCI	1,359,407	26,034	10,000	1,395,441
Debt instrument at AC	934,754	-	-	934,754
Loans, advances and financing:				
Term loans/financing				
- Hire purchase	300,981	19,214	70,846	391,041
- Leasing	-	-	345	345
- Other term loans/financing	4,671,826	515,596	1,213,672	6,401,094
Revolving loans/financing	1,727,965	63,272	199,847	1,991,084
Staff loans/financing	10,991	-	-	10,991
Other assets	11,018	-	10,847	21,865
	10,645,033	624,116	1,505,557	12,774,706

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit risk exposure analysis of the Group and the Bank are as follows: (cont'd.)

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 31 December 2021				
Short-term funds and placements with financial institutions	1,254,962	-	-	1,254,962
Debt instrument at FVOCI	1,331,224	14,749	10,000	1,355,973
Debt instrument at FVTPL	100,927	-	-	100,927
Debt instrument at AC	519,035	-	-	519,035
Loans, advances and financing:				
Term loans/financing				
- Hire purchase	293,969	13,037	86,895	393,901
- Leasing	-	-	342	342
- Other term loans/financing	4,428,607	297,851	1,261,286	5,987,744
Revolving loans/financing	1,715,010	15,121	179,477	1,909,608
Staff loans/financing	11,988	-	-	11,988
Other assets	12,278	-	9,154	21,432
	9,668,000	340,758	1,547,154	11,555,912

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit risk exposure analysis of the Group and the Bank are as follows: (cont'd.)

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 31 December 2022				
Short-term funds and placements with financial institutions	1,626,827	-	-	1,626,827
Debt instrument at FVOCI	1,359,407	26,034	10,000	1,395,441
Debt instrument at AC	934,754	-	-	934,754
Loans, advances and financing:				
Term loans/financing				
- Hire purchase	300,981	19,214	35,365	355,560
- Other term loans/financing	4,671,826	515,596	899,393	6,086,815
Revolving loans/financing	1,727,965	63,272	179,861	1,971,098
Staff loans/financing	10,991	-	-	10,991
Other assets	63,960	-	288,320	352,280
	10,696,711	624,116	1,412,939	12,733,766

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(iv) Credit risk exposure analysis of the Group and the Bank are as follows: (cont'd.)

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
As at 31 December 2021				
Short-term funds and placements with financial institutions	1,246,606	-	-	1,246,606
Debt instrument at FVOCI	1,331,224	14,749	10,000	1,355,973
Debt instrument at FVTPL	100,927	-	-	100,927
Debt instrument at AC	519,035	-	-	519,035
Loans, advances and financing:				
Term loans/financing				
- Hire purchase	293,969	13,037	50,577	357,583
- Other term loans/financing	4,428,607	297,851	925,708	5,652,166
Revolving loans/financing	1,715,010	15,121	157,900	1,888,031
Staff loans/financing	11,988	-	-	11,988
Other assets	59,184	-	317,031	376,215
	9,706,550	340,758	1,461,216	11,508,524

(v) Collateral and credit enhancement

The amount and type of collateral required depends on assessment of the credit risk of the counterparty. Guidelines are implemented on areas relating to the acceptability of collateral types and valuation parameters.

The main types of collateral and credit enhancement obtained are charges over real estate properties, vehicles, plant and machinery, shares and guarantees.

Management monitors the market value of collateral and ascertains the market value of collateral obtained during its review to ensure the adequacy of impairment losses.

(vi) Collateral and credit enhancement for loans, advances and financing

Collateral represents the asset pledged by a borrower/customer and/or a third party on behalf of the borrower/customer, in whole or in part, to secure credit exposure and/or potential credit exposure with the Group and the Bank.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(v) Collateral and credit enhancement (cont'd.)

The Group and the Bank will only accept high quality collateral by considering its marketability, measurability, stability, transferability, speed in realising the collateral value, enforceability and free from encumbrances. The estimated fair value of collaterals over gross loans/financing held by the Group and the Bank for respective industry sector are as follows:

Group	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
31 December 2022		
Construction	1,448,561	66.06
Education, health and others	637,094	75.83
Electricity, gas and water supply	162,564	52.26
Financial, insurance/takaful, real estate and business services	1,143,111	71.21
Manufacturing	1,623,674	65.33
Mining and quarrying	113,441	86.74
Primary agriculture	7,432	85.42
Transportation, storage and communication	1,099,517	66.55
Wholesale, retail trade, restaurants and hotels	2,548,170	80.55
Others	10,991	-
	8,794,555	
31 December 2021		
Construction	1,377,290	61.7
Education, health and others	655,163	75.2
Electricity, gas and water supply	166,680	38.0
Financial, insurance/takaful, real estate and business services	1,107,202	72.4
Manufacturing	1,420,443	64.6
Mining and quarrying	143,895	72.6
Primary agriculture	8,089	79.9
Transportation, storage and communication	1,006,740	72.0
Wholesale, retail trade, restaurants and hotels	2,406,093	76.6
Others	11,988	-
	8,303,583	

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(v) Collateral and credit enhancement (cont'd.)

Bank	Gross loans, advances and financing RM'000	Estimated fair value of collateral (%)
31 December 2022		
Construction	1,445,737	66.2
Education, health and others	593,221	81.1
Electricity, gas and water supply	162,564	52.3
Financial, insurance/takaful, real estate and business services	1,140,395	71.3
Manufacturing	1,555,435	68.1
Mining and quarrying	111,445	88.3
Primary agriculture	7,163	88.6
Transportation, storage and communication	1,061,215	69.0
Wholesale, retail trade, restaurants and hotels	2,336,298	84.0
Others	10,991	-
	8,424,464	
31 December 2021		
Construction	1,374,467	61.8
Education, health and others	610,181	80.2
Electricity, gas and water supply	166,680	38.0
Financial, insurance/takaful, real estate and business services	1,104,443	72.5
Manufacturing	1,348,757	67.9
Mining and quarrying	141,899	73.6
Primary agriculture	7,827	82.6
Transportation, storage and communication	967,553	74.7
Wholesale, retail trade, restaurants and hotels	2,175,973	79.3
Others	11,988	-
	7,909,768	

(vii) Restructured loans/financing

Restructured loans/financing refer to the financial assets that would otherwise be past due or impaired, where there is fundamental revision in the principal terms and conditions of the facility. Restructuring is considered when the customer's business is still viable and is expected to remain viable after the restructuring. Total gross restructured loans/financing held by the Group and the Bank at the end of the reporting period stood at RM4,367 million (2021: RM5,016 million).

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(viii) Credit quality for treasury credit risk exposures

The table below shows treasury credit risk exposures by the current counterparty's rating:

Group & Bank

Financial Investments:

	Rating agency	Credit rating	Nominal value 2022 RM'000	Nominal value 2021 RM'000
Corporate sukuk	RAM	AAA	310,000	200,000
Corporate sukuk	MARC	AAA	85,000	95,000
Corporate sukuk	RAM	AA1	110,000	130,000
Corporate sukuk	RAM	AA2	75,000	45,000
Corporate sukuk	RAM	AA3	100,000	110,000
Corporate sukuk	RAM	A2	25,709	25,000
Corporate sukuk	MARC	AA-	60,000	20,000
Corporate sukuk	MARC	AA	5,000	5,000
Corporate sukuk	RAM	D	10,000	10,000
Malaysian Government Investment Issues	Not applicable	Not applicable	1,250,000	960,000
Government Guarantee sukuk	Not applicable	Not applicable	185,000	180,000
Commercial papers	RAM	P1	40,000	60,000
Commercial papers	MARC	-1	25,000	34,000
Non-rated			30,000	70,000
Total			2,310,709	1,944,000

Deposits and placements with banks and other financial institutions:

Rating for counterparty	Total principal outstanding 2022 RM'000	Total principal outstanding 2021 RM'000
AAA	394,800	400,200
AA	895,500	530,000
A	270,000	70,000
Non-rated	15,000	150,000
Total	1,575,300	1,150,200

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(ix) Impairment assessment

The Group and the Bank consider that a financial instrument has defaulted and, therefore, is placed under Stage 3 (credit-impaired) for ECL calculations in all cases, when the customer of loans/financing portfolio is due for 3 MIA on its contractual payments. The Group and the Bank consider treasury as defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

As a part of a qualitative assessment of whether a customer is in default, the Group and the Bank also consider variety of instances that may indicate unlikeliness to pay. When such events occur, the Group and the Bank carefully consider whether the event should result in treatment of the customer as defaulted and, therefore, assessed as Stage 3 for

- Imminent closure/discontinuation of customer's operation
- Legal action initiated/taken against the customer by a third party
- The customer files for bankruptcy application/protection
- Significant/major adverse reports on customer's business

Restructure and Reschedule

It is the Group's and the Bank's policy to consider a financial instrument as 'cured' and, therefore, re-classified out of Stage 3 when there are sufficient cash inflows. The 'cured' rate for Restructure and Reschedule financial instruments is measured through 6 months continuous adherence to the revised payment schedule.

Probability of Default ("PD") estimation

The PD model was devised on non-rating based measure which is MIA. Financing, Undisbursed Commitments ("UDC") and Trade Finance share similar PD model which was developed via statistical method. Marginal PD is assigned to accounts with significant increase in credit risk/Stage 2.

The PD model for Treasury was devised through similar statistical method but was based on default study papers published by external rating agencies/ External Credit Assessment Institution ("ECAI").

PD is adjusted to incorporate forward looking information and is assessed for updates on a quarterly basis. The suitability of MEVs are assessed and applied as appropriate on similar intervals.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(x) Commitment and guarantees

To meet the financial needs of customers, the Group and the Bank enter into various irrevocable commitments and contingent liabilities. Even though these obligations may not be recognised on the statements of financial position, they do contain credit risk and are, therefore, part of the overall risk of the Group and the Bank. The table below shows the Group's and the Bank's maximum credit risk exposure for commitments and guarantees.

The maximum exposure to credit risk relating to a financial guarantee is the maximum amount the Group and the Bank could have to pay if the guarantee is called on. The maximum exposure to credit risk relating to a loans/financing commitment is the full amount of the commitment.

	Group and Bank	
	2022 RM'000	2021 RM'000
Financial guarantees, Corporate Guarantee Schemes, Letters of Credit and others	178,521	231,283
Performance guarantees	167,106	160,555
Undisbursed commitments	1,893,333	1,782,596
	2,238,960	2,174,434

Market Risk Governance

The management of market risk is principally carried out by using sets of policies and guidelines recommended by the Management through CRMC and Board via BRMC respectively, guided by the Board approved Risk Appetite Statement ("RAS"). The RAS is established and reviewed consistently that governed the Market Risk are includes New Liquidity Framework ("NLF"), Earning at Risk ("EaR") and Economic Value Equity ("EVE").

Management of market risk

The objective is to manage market risk exposures in order to optimise return on risk while maintaining a market risk profile consistent with the Group's and the Bank's approved risk appetite. The management of market risk is guided by comprehensive limits, policies and guidelines which are periodically reviewed. The Liquidity & Market Risk is the independent risk control function that is responsible for the developing and reviewing the Group's and the Bank's market risk management guidelines and policies, monitoring tools, behavioural assumptions and limit setting methodologies.

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(a) Credit risk (cont'd.)

(x) Commitment and guarantees (cont'd.)

(i) Interest/Profit rate risk

Interest/Profit rate risk is the impact to earnings and economic value of the Group and the Bank due to fluctuations in benchmark interest/profit rate.

Interest/Profit rate exposure arises from differences in the maturities and repricing dates of assets, liabilities and off-balance sheet items. These mismatches are actively monitored and managed as part of the overall interest/profit rate risk management process which is conducted in accordance with the Group's and the Bank's policies as approved by the Board.

The Group and the Bank may be exposed to a loss in earnings due to the interest/profit rate structure in the statements of financial position arising from interest/profit rate and yield curve changes. The sensitivity to interest/profit rate arises from the mismatches in the repricing rates, cash flows and other characteristics of the assets and their corresponding liability funding. The Group and the Bank manage their interest rate/profit rate risk exposure through the use of fixed and floating rate financing, deposit acceptance, fundings etc.

The table below shows the Group's and the Bank's interest/profit income sensitivity based on possible parallel shift in interest/profit rate.

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Impact on variable rate loans, advances and financing				
+ 50 basis points	26,208	27,695	25,684	27,164
- 50 basis points	(26,208)	(27,695)	(25,684)	(27,164)

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(b) Market risk

(i) Interest/profit rate risk

The following table indicates the EIR/EPR at the end of the reporting period and the Group's and the Bank's sensitivity to the interest/profit rate of return by time band based on the earlier of contractual repricing date and maturity date.

Group 31 December 2022	----- Non-trading book ----->					Non- interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short-term funds	1,507,280	70,040	-	-	-	50,771	-	1,628,091	3.37
Debt instrument at FVOCI	36,033	5,070	307,196	822,293	224,849	-	-	1,395,441	3.89
Equity instrument at FVOCI	-	-	-	-	-	40,680	-	40,680	9.75
Debt instrument at AC	-	25,465	391,141	477,746	40,401	-	-	934,753	3.78
Loans, advances and financing	259,202	544,802	632,434	1,785,888	4,087,519	-	-	7,309,845	7.34
- non-credit impaired	-	-	-	-	-	529,024	-	529,024	-
- credit impaired*	-	-	-	-	-	11,925	-	11,925	-
Other assets (Note 9)	-	-	-	-	-	-	-	-	-
Total assets	1,802,515	645,377	1,330,771	3,085,927	4,352,769	632,400	-	11,849,759	
Liabilities									
Deposits from customers	2,416,429	1,381,506	705,974	-	-	-	-	4,503,909	3.28
Deposits from banks and other financial institutions	100,135	50,073	-	-	-	-	-	150,208	2.98
Islamic medium-term notes/commercial papers	379,348	140,049	2,900	2,100,000	-	-	-	2,622,297	3.56
Borrowings/Fundings	1,835	16,527	25,639	911,363	994,109	-	-	1,949,473	0.89
Lease liabilities (Note 21)	286	571	2,415	11,330	535	-	-	15,137	3.10
Other liabilities (Note 22)	-	-	-	-	-	972,593	-	972,593	-
Total liabilities	2,898,033	1,588,726	736,928	3,022,693	994,644	972,593	-	10,213,617	
On-balance sheet interest/profit sensitivity gap	(1,095,518)	(943,349)	593,843	63,234	3,358,125	(340,193)	-	-	
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,255,710)	-	-	
Total interest/profit sensitivity gap	(1,095,518)	(943,349)	593,843	63,234	3,358,125	(2,595,903)	-	-	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 from the outstanding gross impaired loans, advances and financing.

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Group 31 December 2021	----- Non-trading book ----->					Non- interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short-term funds	1,141,128	10,002	-	-	-	103,832	-	1,254,962	1.87
Debt instrument at FVOCI	-	-	329,531	759,895	266,547	-	-	1,355,973	3.99
Equity instrument at FVOCI	-	-	-	-	-	40,764	-	40,764	8.75
Debt instrument at FVTPL	-	-	-	-	-	-	100,927	100,927	2.74
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	-	-	518,757	3.80
Loans, advances and financing	148,182	444,938	575,171	1,687,097	3,921,690	-	-	6,777,078	6.73
- non-credit impaired	-	-	-	-	-	646,373	-	646,373	-
- credit impaired*	-	-	-	-	-	12,996	-	12,996	-
Other assets (Note 9)	-	-	-	-	-	-	-	-	-
Total assets	1,360,744	488,774	1,201,947	2,522,837	4,228,636	803,965	100,927	10,707,830	
Liabilities									
Deposits from customers	1,319,309	1,601,180	822,314	-	-	-	-	3,742,803	2.04
Deposits from banks and other financial institutions	50,085	-	-	-	-	-	-	50,085	1.87
Islamic medium-term notes/commercial papers	-	368,392	553,534	1,350,000	250,000	-	-	2,521,926	3.53
Borrowings/Fundings	651	17,720	470,037	729,824	522,877	-	-	1,741,109	1.02
Lease liabilities (Note 21)	283	566	2,614	10,129	603	-	-	14,195	3.22
Other liabilities (Note 22)	-	-	-	-	-	1,094,208	-	1,094,208	-
Total liabilities	1,370,328	1,987,858	1,848,499	2,089,953	773,480	1,094,208	-	9,164,326	
On-balance sheet interest/profit sensitivity gap	(9,584)	(1,499,084)	(646,552)	432,884	3,455,156	(290,243)	100,927	-	
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,180,552)	-	-	
Total interest/profit sensitivity gap	(9,584)	(1,499,084)	(646,552)	432,884	3,455,156	(2,470,795)	100,927	-	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 from the outstanding gross impaired loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Bank 31 December 2022	Non-trading book					Non- interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short-term funds	1,507,280	70,040	-	-	-	49,507	-	1,626,827	3.37
Debt instrument at FVOCI	36,033	5,070	307,196	822,293	224,849	-	-	1,395,441	3.89
Equity instrument at FVOCI	-	-	-	-	-	40,680	-	40,680	9.75
Debt instrument at AC	-	25,465	391,141	477,746	40,401	-	-	934,753	3.78
Loans, advances and financing	259,202	544,802	632,434	1,785,888	4,087,519	-	-	7,309,845	7.34
- non-credit impaired	-	-	-	-	-	529,024	-	529,024	-
- credit impaired*	43,751	-	-	-	-	64,867	-	108,618	-
Other assets (Note 9)	-	-	-	-	-	-	-	-	-
Total assets	1,846,266	645,377	1,330,771	3,085,927	4,352,769	684,078	-	11,945,188	
Liabilities									
Deposits from customers	2,463,308	1,384,513	705,974	-	-	-	-	4,553,795	3.28
Deposits from banks and other financial institutions	100,135	50,073	-	-	-	-	-	150,208	2.98
Islamic medium-term notes/commercial papers	379,348	140,049	2,900	2,100,000	-	-	-	2,622,297	3.56
Borrowings/Fundings	1,835	16,527	25,639	911,363	994,109	-	-	1,949,473	0.89
Lease liabilities (Note 21)	286	571	2,415	11,330	535	-	-	15,137	3.10
Other liabilities (Note 22)	-	-	-	-	-	1,007,091	-	1,007,091	-
Total liabilities	2,944,912	1,591,733	736,928	3,022,693	994,644	1,007,091	-	10,298,001	
On-balance sheet interest/profit sensitivity gap	(1,098,646)	(946,356)	593,843	63,234	3,358,125	(323,013)	-	-	-
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,255,710)	-	-	-
Total interest/profit sensitivity gap	(1,098,646)	(946,356)	593,843	63,234	3,358,125	(2,578,723)	-	-	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 from the outstanding gross impaired loans, advances and financing.

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(b) Market risk (cont'd.)

(i) Interest/profit rate risk (cont'd.)

Bank 31 December 2021	Non-trading book					Non- interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000	Weighted average effective interest/ profit rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000				
Assets									
Cash and short-term funds	1,141,128	10,002	-	-	-	95,476	-	1,246,606	1.87
Debt instrument at FVOCI	-	-	329,531	759,895	266,547	-	-	1,355,973	3.99
Equity instrument at FVOCI	-	-	-	-	-	40,764	-	40,764	8.75
Debt instrument at FVTPL	-	-	-	-	-	-	100,927	100,927	2.74
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	-	-	518,757	3.80
Loans, advances and financing	148,182	444,938	575,171	1,687,097	3,921,690	-	-	6,777,078	6.73
- non-credit impaired	-	-	-	-	-	646,373	-	646,373	-
- credit impaired*	39,000	-	-	-	-	59,902	-	98,902	-
Other assets (Note 9)	-	-	-	-	-	-	-	-	-
Total assets	1,399,744	488,774	1,201,947	2,522,837	4,228,636	842,515	100,927	10,785,380	
Liabilities									
Deposits from customers	1,352,950	1,601,180	822,314	-	-	-	-	3,776,444	2.04
Deposits from banks and other financial institutions	50,085	-	-	-	-	-	-	50,085	1.87
Islamic medium-term notes/commercial papers	-	368,392	553,534	1,350,000	250,000	-	-	2,521,926	3.53
Borrowings/Fundings	651	17,720	470,037	729,824	522,877	-	-	1,741,109	1.02
Lease liabilities (Note 21)	283	566	2,614	10,129	603	-	-	14,195	3.22
Other liabilities (Note 22)	-	-	-	-	-	1,122,703	-	1,122,703	-
Total liabilities	1,403,969	1,987,858	1,848,499	2,089,953	773,480	1,122,703	-	9,226,462	
On-balance sheet interest/profit sensitivity gap	(4,225)	(1,499,084)	(646,552)	432,884	3,455,156	(280,188)	100,927	-	-
Off-balance sheet interest/profit sensitivity gap	-	-	-	-	-	(2,180,552)	-	-	-
Total interest/profit sensitivity gap	(4,225)	(1,499,084)	(646,552)	432,884	3,455,156	(2,460,740)	100,927	-	

* This is arrived at after deducting Stage 1, Stage 2 and Stage 3 from the outstanding gross impaired loans, advances and financing.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet its current and future payment obligations associated with financial obligations when they fall due. The liquidity and cash flow risks are managed by maintaining a diversity of funding sources and spreading debt payments over a range of maturities.

The Group and the Bank manage their liquidity requirements on a day-to-day basis to ensure that funds are readily available for operational needs, withdrawals of deposits and payments to fund providers. The Group and the Bank may raise funds locally through government borrowings/fundings, securities/debt issuance or direct negotiations.

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity

Group 31 December 2022	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,558,051	70,040	-	-	-	-	1,628,091
Debt instrument at FVOCI	36,033	5,070	307,196	822,293	224,849	-	1,395,441
Equity instrument at FVOCI	-	-	-	-	-	40,680	40,680
Debt instrument at AC	-	25,465	391,141	477,746	40,401	-	934,753
Loans, advances and financing	403,992	545,673	642,017	1,904,627	4,342,560	-	7,838,869
Other assets (Note 9)	-	-	-	-	-	11,925	11,925
Total assets	1,998,076	646,248	1,340,354	3,204,666	4,607,810	52,605	11,849,759
Liabilities							
Deposits from customers	2,416,429	1,381,506	705,974	-	-	-	4,503,909
Deposits from banks and other financial institutions	100,135	50,073	-	-	-	-	150,208
Islamic medium-term notes/commercial papers	379,348	140,049	2,900	2,100,000	-	-	2,622,297
Borrowings/Fundings	1,835	16,527	25,639	911,363	994,109	-	1,949,473
Lease liabilities	286	571	2,415	11,330	535	-	15,137
Other liabilities (Note 22)	-	-	-	-	-	972,593	972,593
Total liabilities	2,898,033	1,588,726	736,928	3,022,693	994,644	972,593	10,213,617
Net maturity mismatches	(899,957)	(942,478)	603,426	181,973	3,613,166	(919,988)	1,636,142
Commitments and contingencies							
Financial guarantees	7,394	-	3,987	197,317	122,559	-	331,257
Letters of credit	3,226	2,246	8,898	-	-	-	14,370
Undisbursed loans/financing	13,695	16,271	194,444	680,313	888,956	99,654	1,893,333
	24,315	18,517	207,329	877,630	1,011,515	99,654	2,238,960

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd.)

Group 31 December 2021	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,244,960	10,002	-	-	-	-	1,254,962
Debt instrument at FVOCI	-	-	329,531	759,895	266,547	-	1,355,973
Equity instrument at FVOCI	-	-	-	-	-	40,764	40,764
Debt instrument at FVTPL	-	-	-	-	-	100,927	100,927
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	-	518,757
Loans, advances and financing	319,293	447,084	595,474	1,812,560	4,249,040	-	7,423,451
Other assets (Note 9)	-	-	-	-	-	12,996	12,996
Total assets	1,635,687	490,920	1,222,250	2,648,300	4,555,986	154,687	10,707,830
Liabilities							
Deposits from customers	1,319,309	1,601,180	822,314	-	-	-	3,742,803
Deposits from banks and other financial institutions	50,085	-	-	-	-	-	50,085
Islamic medium-term notes/commercial papers	-	368,392	553,534	1,350,000	250,000	-	2,521,926
Borrowings/Fundings	651	17,720	470,037	729,824	522,877	-	1,741,109
Lease liabilities	283	566	2,614	10,129	603	-	14,195
Other liabilities (Note 22)	-	-	-	-	-	1,094,208	1,094,208
Total liabilities	1,370,328	1,987,858	1,848,499	2,089,953	773,480	1,094,208	9,164,326
Net maturity mismatches	265,359	(1,496,938)	(626,249)	558,347	3,782,506	(939,521)	1,543,504
Commitments and contingencies							
Financial guarantees	32,819	35,033	91,385	169,087	7,199	-	335,523
Letters of credit	11,124	9,238	35,953	-	-	-	56,315
Undisbursed loans/financing	175,813	246,404	317,018	189,491	157,469	696,401	1,782,596
	219,756	290,675	444,356	358,578	164,668	696,401	2,174,434

NOTES TO THE FINANCIAL STATEMENTS
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38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd.)

Bank 31 December 2022	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,556,787	70,040	-	-	-	-	1,626,827
Debt instrument at FVOCI	36,033	5,070	307,196	822,293	224,849	-	1,395,441
Equity instrument at FVOCI	-	-	-	-	-	40,680	40,680
Debt instrument at AC	-	25,465	391,141	477,746	40,401	-	934,753
Loans, advances and financing	403,992	545,673	642,017	1,904,627	4,342,560	-	7,838,869
Other assets (Note 9)	43,751	-	-	-	-	64,867	108,618
Total assets	2,040,563	646,248	1,340,354	3,204,666	4,607,810	105,547	11,945,188
Liabilities							
Deposits from customers	2,463,308	1,384,513	705,974	-	-	-	4,553,795
Deposits from banks and other financial institutions	100,135	50,073	-	-	-	-	150,208
Islamic medium-term notes/commercial papers	379,348	140,049	2,900	2,100,000	-	-	2,622,297
Borrowings/Fundings	1,835	16,527	25,639	911,363	994,109	-	1,949,473
Lease liabilities	286	571	2,415	11,330	535	-	15,137
Other liabilities (Note 22)	-	-	-	-	-	1,007,091	1,007,091
Total liabilities	2,944,912	1,591,733	736,928	3,022,693	994,644	1,007,091	10,298,001
Net maturity mismatches	(904,349)	(945,485)	603,426	181,973	3,613,166	(901,544)	1,647,187
Commitments and contingencies							
Financial guarantees	7,394	-	3,987	197,317	122,559	-	331,257
Letters of credit	3,226	2,246	8,898	-	-	-	14,370
Undisbursed loans/financing	13,695	16,271	194,444	680,313	888,956	99,654	1,893,333
	24,315	18,517	207,329	877,630	1,011,515	99,654	2,238,960

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk (cont'd.)

(i) Maturity analysis of assets and liabilities based on remaining contractual maturity (cont'd.)

Bank 31 December 2021	Up to 1 months RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	Over 5 years RM'000	Non-specific maturity RM'000	Total RM'000
Assets							
Cash and short-term funds	1,236,604	10,002	-	-	-	-	1,246,606
Debt instrument at FVOCI	-	-	329,531	759,895	266,547	-	1,355,973
Equity instrument at FVOCI	-	-	-	-	-	40,764	40,764
Debt instrument at FVTPL	-	-	-	-	-	100,927	100,927
Debt instrument at AC	71,434	33,834	297,245	75,845	40,399	-	518,757
Loans, advances and financing	319,293	447,084	595,474	1,812,560	4,249,040	-	7,423,451
Other assets (Note 9)	39,000	-	-	-	-	59,902	98,902
Total assets	1,666,331	490,920	1,222,250	2,648,300	4,555,986	201,593	10,785,380
Liabilities							
Deposits from customers	1,352,950	1,601,180	822,314	-	-	-	3,776,444
Deposits from banks and other financial institutions	50,085	-	-	-	-	-	50,085
Islamic medium-term notes/commercial papers	-	368,392	553,534	1,350,000	250,000	-	2,521,926
Borrowings/Fundings	651	17,720	470,037	729,824	522,877	-	1,741,109
Lease liabilities	283	566	2,614	10,129	603	-	14,195
Other liabilities (Note 22)	-	-	-	-	-	1,122,703	1,122,703
Total liabilities	1,403,969	1,987,858	1,848,499	2,089,953	773,480	1,122,703	9,226,462
Net maturity mismatches	262,362	(1,496,938)	(626,249)	558,347	3,782,506	(921,110)	1,558,918
Commitments and contingencies							
Financial guarantees	32,819	35,033	91,385	169,087	7,199	-	335,523
Letters of credit	11,124	9,238	35,953	-	-	-	56,315
Undisbursed loans/financing	175,813	246,404	317,018	189,491	157,469	696,401	1,782,596
	219,756	290,675	444,356	358,578	164,668	696,401	2,174,434

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38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis

The following tables shows the contractual undiscounted cash flows payable for financial liabilities by remaining contractual maturity. The financial liabilities disclosed in the tables below will not agree to the carrying amounts reported in the statements of financial position as the amounts incorporated all contractual cash flows, on an undiscounted basis, relating to both principal and interest/profit payments. The contractual maturity profile does not necessarily reflect the behavioural cash flows.

Group	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Deposits from customers	2,420,562	1,388,910	713,960	-	-	-	4,523,432
Deposits from banks and other financial institutions	100,174	50,143	-	-	-	-	150,317
Islamic medium-term notes/commercial papers	379,347	30,167	164,380	2,255,616	-	-	2,829,510
Borrowings/Fundings	10,589	15,310	29,227	774,986	1,389,252	-	2,219,364
Lease liabilities	329	657	2,755	12,214	551	-	16,506
Other liabilities (Note 22)	-	-	-	-	-	972,593	972,593
Total liabilities	2,911,001	1,485,187	910,322	3,042,816	1,389,803	972,593	10,711,722
Group	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Deposits from customers	1,320,429	1,606,487	829,510	-	-	-	3,756,426
Deposits from banks and other financial institutions	50,102	-	-	-	-	-	50,102
Islamic medium-term notes/commercial papers	265	371,298	596,301	1,516,667	254,114	-	2,738,645
Borrowings/Fundings	650	16,907	473,842	767,035	620,548	-	1,878,982
Lease liabilities	324	649	2,941	10,902	622	-	15,438
Other liabilities (Note 22)	-	-	-	-	-	1,094,208	1,094,208
Total liabilities	1,371,770	1,995,341	1,902,594	2,294,604	875,284	1,094,208	9,533,801

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk (cont'd.)

(ii) Maturity analysis of financial liabilities on an undiscounted basis (cont'd.)

Bank	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
31 December 2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Deposits from customers	2,467,509	1,391,936	713,960	-	-	-	4,573,405
Deposits from banks and other financial institutions	100,174	50,143	-	-	-	-	150,317
Islamic medium-term notes/commercial papers	379,347	30,167	164,380	2,255,616	-	-	2,829,510
Borrowings/Fundings	10,589	15,310	29,227	774,986	1,389,252	-	2,219,364
Lease liabilities	329	657	2,755	12,214	551	-	16,506
Other liabilities (Note 22)	-	-	-	-	-	1,007,091	1,007,091
Total liabilities	2,957,948	1,488,213	910,322	3,042,816	1,389,803	1,007,091	10,796,193
Bank	Up to 1 month	>1 - 3 months	>3 - 12 months	>1 - 5 years	Over 5 years	Non-specific maturity	Total
31 December 2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Liabilities							
Deposits from customers	1,354,077	1,606,487	829,510	-	-	-	3,790,074
Deposits from banks and other financial institutions	50,102	-	-	-	-	-	50,102
Islamic medium-term notes/commercial papers	265	371,298	596,301	1,516,667	254,114	-	2,738,645
Borrowings/Fundings	650	16,907	473,842	767,035	620,548	-	1,878,982
Lease liabilities	324	649	2,941	10,902	622	-	15,438
Other liabilities (Note 22)	-	-	-	-	-	1,122,703	1,122,703
Total liabilities	1,405,418	1,995,341	1,902,594	2,294,604	875,284	1,122,703	9,595,944

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

38. Financial risk management objectives and policies (cont'd.)

(e) Risk measurement and reporting systems (cont'd.)

(c) Liquidity risk (cont'd.)

The Group and the Bank are subject to liquidity requirements to support calls under outstanding contingent liabilities and undrawn credit facility commitments as disclosed in Note 34. These have been incorporated in the net off-balance sheet position for each year ended. The total outstanding contractual amounts of these items do not represent future cash requirements since the Group and the Bank expect many of these contingent liabilities and commitments (such as direct credit substitutes, and undisbursed credit facilities) to expire without being called or drawn upon, and many of the contingent liabilities (such as letters of credit) are reimbursable by customers.

(d) Operational risk

Operational risk, which is inherent in all business activities, is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational Risk Management (“ORM”) takes place in a day-to-day basis at each business unit level. The Group and the Bank mitigate their operational risk by having comprehensive internal controls, conduct risk assessments through Risk Control Self Assessment (“RCSA”), fraud and loss analysis, system and procedures, which are reviewed regularly and subjected to periodical audits by Internal Auditors.

39. Dividends

Group and Bank	
2022	2021
RM'000	RM'000

Dividends on ordinary shares:

Final tax exempt (single-tier) dividend for 2021: 0.27 sen
(2020: 0.71 sen) per share

5,006	13,211
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At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2022 of 0.34 sen per share on 1,850,000,000 ordinary shares, amounting to RM6,221,000 will be proposed for the shareholder's approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholder, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

40. Islamic banking business

The state of affairs as at 31 December 2022 and results for the financial year then ended under the Islamic Banking business of the Group and of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:

Statements of financial position As at 31 December 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Cash and short-term funds	40(a)	1,627,108	1,248,636	1,626,341	1,246,152
Financial investments at FVOCI	40(b)	1,426,059	1,386,545	1,426,059	1,386,545
Financial investments at FVTPL	6	-	100,927	-	100,927
Financial investments at AC	7	934,753	518,757	934,753	518,757
Advances and financing	40(c)	7,823,198	7,374,322	7,823,198	7,374,322
Other assets	40(d)	25,210	20,608	121,889	106,480
Investment in subsidiaries	10	-	-	-	-
Property, plant and equipment	12	146,131	134,044	146,098	134,011
Right-of-use assets	13	14,821	13,830	14,821	13,830
Investment properties	14	377,231	374,081	377,231	374,081
Intangible assets	15	17,698	14,762	17,698	14,762
Tax recoverables		5,203	5,572	2,997	2,997
Deferred tax assets	16	108,089	106,947	108,089	106,947
Total assets		12,505,501	11,299,031	12,599,174	11,379,811
Liabilities					
Deposits from customers	17	4,503,909	3,742,803	4,553,795	3,776,444
Deposits from banks and other financial institutions	18	150,208	50,085	150,208	50,085
Islamic medium-term notes/ commercial papers	19	2,622,297	2,521,926	2,622,297	2,521,926
Term financing/Fundings	40(e)	1,445,256	766,563	1,445,256	766,563
Other liabilities	40(f)	1,031,893	1,150,023	1,065,071	1,177,524
Lease liabilities	21	15,137	14,195	15,137	14,195
Amount due to conventional operations		604,967	998,938	763,711	1,192,341
Government funds	23	602,785	540,701	602,785	540,701
Total liabilities		10,976,452	9,785,234	11,218,260	10,039,779
Islamic general fund		1,529,049	1,513,797	1,380,914	1,340,032
Total liabilities and Islamic banking funds		12,505,501	11,299,031	12,599,174	11,379,811
Commitments	40(m)	2,236,532	2,174,403	2,236,532	2,174,403

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Statements of comprehensive income For the financial year ended 31 December 2022

	Note	Group		Bank	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income from Islamic banking business	40(g)	577,980	520,841	577,980	520,841
Profit expense attributable to Islamic banking business	40(h)	(223,385)	(182,633)	(223,921)	(182,986)
Gross income from Islamic banking business		354,595	338,208	354,059	337,855
Other operating income	40(i)	90,870	81,325	87,179	72,823
Other operating expenses	40(j)	(240,921)	(238,914)	(242,127)	(230,750)
Operating profit		204,544	180,619	199,111	179,928
(Allowances)/Writeback for impairment losses on:					
- advances and financing	40(k)	(178,030)	(131,862)	(182,339)	(146,009)
- commitments	40(f)(i)	986	(797)	986	(797)
- financial investments at FVOCI	5	108	593	108	593
- financial investments at AC	7	277	(278)	277	(278)
- other assets at AC	9(i)(b)	(1,504)	605	(1,504)	605
- other assets at FVOCI	9(ii)	-	-	35,155	27,793
Profit before taxation and zakat		26,381	48,880	51,794	61,835
Tax expense		(935)	(4,188)	(718)	(3,935)
Zakat	32	(1,562)	(1,315)	(1,562)	(1,315)
Profit for the year		23,884	43,377	49,514	56,585

Other comprehensive income items that may be reclassified to profit or loss:

Unrealised loss on revaluation of financial investments at FVOCI		(17,195)	(38,654)	(17,195)	(38,654)
Reclassification of gain/(loss) included in profit or loss	25	12,566	(6,481)	12,566	(6,481)
Changes in expected credit losses on financial investments at FVOCI	25	(108)	(593)	(108)	(593)
Income tax relating to components of other comprehensive income		1,111	10,832	1,111	10,832
Other comprehensive loss for the year, net of tax		(3,626)	(34,896)	(3,626)	(34,896)
Total comprehensive income for the year		20,258	8,481	45,888	21,689

40. Islamic banking business (cont'd.)

Statements of changes in Islamic General Funds For the financial year ended 31 December 2022

Group	Note	Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2022		1,050,564	2,278	460,955	1,513,797
Unrealised loss on revaluation of financial investments at FVOCI		-	(17,195)	-	(17,195)
Reclassification of gain included in profit or loss	25	-	12,566	-	12,566
Changes in expected credit losses of financial investments at FVOCI	25	-	(108)	-	(108)
Income tax relating to components of other comprehensive income		-	1,111	-	1,111
Profit for the year		-	-	23,884	23,884
Total comprehensive (loss)/income for the year		-	(3,626)	23,884	20,258
Transaction with owner:					
Dividends	39	-	-	(5,006)	(5,006)
At 31 December 2022		1,050,564	(1,348)	479,833	1,529,049
At 1 January 2021		1,050,564	37,174	430,789	1,518,527
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss	25	-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	43,377	43,377
Total comprehensive (loss)/income for the year		-	(34,896)	43,377	8,481
Transaction with owner:					
Dividends	39	-	-	(13,211)	(13,211)
At 31 December 2021		1,050,564	2,278	460,955	1,513,797

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Statements of changes in Islamic General Funds For the financial year ended 31 December 2022 (cont'd.)

Bank	Note	Share capital RM'000	Non-distributable fair value reserve RM'000	Distributable retained profits RM'000	Total RM'000
At 1 January 2022		1,050,564	2,278	287,190	1,340,032
Unrealised loss on revaluation of financial investments at FVOCI		-	(17,195)	-	(17,195)
Reclassification of gain included in profit or loss	25	-	12,566	-	12,566
Changes in expected credit losses of financial investments at FVOCI	25	-	(108)	-	(108)
Income tax relating to components of other comprehensive income		-	1,111	-	1,111
Profit for the year		-	-	49,514	49,514
Total comprehensive (loss)/ income for the year		-	(3,626)	49,514	45,888
Transaction with owner					
Dividends	39	-	-	(5,006)	(5,006)
At 31 December 2022		1,050,564	(1,348)	331,698	1,380,914
At 1 January 2021		1,050,564	37,174	243,816	1,331,554
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss	25	-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI	25	-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	56,585	56,585
Total comprehensive (loss)/ income for the year		-	(34,896)	56,585	21,689
Transaction with owner:					
Dividends	39	-	-	(13,211)	(13,211)
At 31 December 2021		1,050,564	2,278	287,190	1,340,032

40. Islamic banking business (cont'd.)

Statements of cash flows For the financial year ended 31 December 2022

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	26,381	48,880	51,794	61,835
Adjustments for:				
Net impairment loss on loans, advances and financing	196,614	148,626	200,923	162,773
Net impairment (writeback)/loss of commitment and contingencies	(986)	797	(986)	797
Net writeback on financial investments at FVOCI	(108)	(593)	(108)	(593)
Net impairment (writeback)/loss on financial investment at AC	(277)	278	(277)	278
Impairment gain/(loss) on other asset at AC	1,504	(605)	1,504	(605)
Writeback of impairment loss on other asset at FVOCI	-	-	(35,155)	(27,793)
Depreciation of property, plant and equipment	11,613	11,580	11,613	11,576
Depreciation of right-of-use assets	3,562	3,519	3,562	3,519
Amortisation of intangible assets	8,394	7,447	8,394	7,447
Fair value adjustment on investment properties	(3,150)	(8,319)	(3,150)	(8,319)
Government funds released, net	(34,564)	(22,330)	(34,564)	(22,330)
Income from financial investments at FVOCI	(45,195)	(47,724)	(45,195)	(47,724)
Income from financial investments at FVTPL	(3,499)	(5,713)	(3,499)	(5,713)
Income from financial investments at AC	(23,160)	(22,170)	(23,160)	(22,170)
Profit expense on medium-term notes	84,084	77,672	84,084	77,672
Profit expense on term financing/ fundings	35,881	18,289	35,881	18,289
Finance cost on lease liabilities	524	522	524	522
Profit income on amount due from a subsidiary company	-	-	(8,596)	(11,207)
Gain on derecognition of leases	(211)	-	(211)	-
Operating profit before working capital changes	257,407	210,156	243,378	198,254

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Statements of cash flows

For the financial year ended 31 December 2022 (cont'd.)

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from operating activities (cont'd.)				
Changes in working capital:				
Advances and financing	(644,863)	(768,103)	(649,800)	(782,249)
Other assets	(6,104)	(1,965)	26,839	77,029
Deposits from customers	787,896	(503,171)	804,142	(544,764)
Deposits from banks and other financial institutions	100,124	50,085	100,124	50,085
Other liabilities	(116,966)	29,413	(111,291)	29,288
Amount due to conventional operations	43,067	21,011	9,038	10,235
Cash generated from/(used in) operating activities	420,561	(962,574)	422,430	(962,122)
Profit received	79,627	99,910	79,627	99,910
Income tax paid	(1,533)	(1,524)	(718)	(929)
RPGT paid	-	(111)	-	(111)
Zakat paid	(1,702)	(2,315)	(1,702)	(2,315)
Income tax refunded	967	-	-	-
Net cash generated from/(used in) operating activities	497,920	(866,614)	499,637	(865,567)
Cash flows from investing activities				
Purchase of private debt securities	(690,709)	(240,048)	(690,709)	(240,048)
Purchase of Islamic commercial papers	(810,000)	(1,239,194)	(810,000)	(1,239,194)
Purchase of sukuk	(690,000)	(952,245)	(690,000)	(952,245)
Proceed from redemption of private debt securities	25,000	123,582	25,000	123,582
Proceeds from redemption of sukuk	100,000	470,627	100,000	470,627
Proceeds from maturity of sukuk	300,000	110,000	300,000	110,000
Proceeds from maturity of private debt securities	560,000	220,000	560,000	220,000
Proceeds from maturity of Islamic commercial papers	839,000	1,315,000	839,000	1,315,000
Proceeds from disposal of investment properties	-	26,481	-	26,481
Purchase of property, plant and equipment	(34,494)	(18,303)	(34,494)	(18,273)
Purchase of intangible assets	(536)	(3,806)	(536)	(3,806)
Net cash used in investing activities	(401,739)	(187,906)	(401,739)	(187,876)

40. Islamic banking business (cont'd.)

Statements of cash flows

For the financial year ended 31 December 2022 (cont'd.)

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash flows from financing activities				
Net disbursement of term financing/ fundings	274,086	317,822	274,086	317,822
Net disbursement of Islamic medium-term notes/commercial papers	91,246	648,403	91,246	648,403
Profit paid on term financing/fundings	(9,153)	(607)	(9,153)	(607)
Profit paid on medium-term notes/commercial papers	(74,959)	(70,576)	(74,959)	(70,576)
Proceed from government funds	10,000	25,909	10,000	25,909
Payment of lease liability	(3,923)	(4,206)	(3,923)	(4,206)
Dividend paid	(5,006)	(13,211)	(5,006)	(13,211)
Net cash generated from financing activities	282,291	903,534	282,291	903,534
Net increase/(decrease) in cash and cash equivalents	378,472	(150,986)	380,189	(149,909)
Cash and cash equivalents at beginning of year	1,248,636	1,399,622	1,246,152	1,396,061
Cash and cash equivalents at end of year	1,627,108	1,248,636	1,626,341	1,246,152
Cash and cash equivalents comprise of:				
- Cash and short-term funds	1,627,108	1,248,636	1,626,341	1,246,152

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022

(a) Cash and short-term funds

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	49,788	97,506	49,021	95,022
Money at call and deposit placements maturing within three months	1,577,320	1,151,130	1,577,320	1,151,130
	1,627,108	1,248,636	1,626,341	1,246,152

(b) Financial investments at FVOCI

	Group and Bank	
	2022 RM'000	2021 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	1,059,078	892,606
Non-money market instruments		
Equity securities		
- Private debt securities	30,618	30,572
Debt securities		
- Private debt securities	336,363	463,367
	366,981	493,939
Total	1,426,059	1,386,545

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve. The movement in allowances for impairment which reflects the ECL model on impairment are as disclosed in Note 5.

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bai' Bithaman Ajil	1,509	1,509	-	-
Murabahah	1,111,712	1,463,786	1,064,315	1,415,280
Istisna'	79,134	26,943	76,312	21,801
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	421,095	412,599	366,920	357,583
Bai' Dayn	-	1,668	-	1,668
Tawarruq	6,880,691	6,035,984	6,880,686	6,035,979
Bai' Inah	14,233	20,906	13,002	19,636
Gross advances and financing	8,508,458	7,963,479	8,401,235	7,851,947
Less: Allowance for impairment losses on				
- Stage 1 (Note 40(c)(x))	(93,965)	(97,559)	(93,965)	(97,559)
- Stage 2 (Note 40(c)(x))	(45,761)	(16,634)	(45,761)	(16,634)
- Stage 3 (Note 40(c)(x))	(545,534)	(474,964)	(438,311)	(363,432)
Net advances and financing	7,823,198	7,374,322	7,823,198	7,374,322
Gross impaired advances and financing (Note 40(c)(viii))	1,200,785	1,186,610	1,093,562	1,075,078
Net impaired advances and financing	655,251	711,646	655,251	711,646

Included in advances and financing for the Group and the Bank are gross loans, advances and financing of RM107,062,000 (2021: RM84,730,000) financed by Government funds. The treatment of credit losses incurred for these loans, advances and financing is as disclosed in Note 2.19(ii).

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(i) The maturity profile of the gross advances and financing are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Maturity within one year	1,792,987	1,558,442	1,689,760	1,451,817
More than one year to three years	674,638	607,686	673,485	605,801
More than three years to five years	1,367,673	1,316,075	1,366,564	1,314,751
More than five years	4,673,160	4,481,276	4,671,426	4,479,578
	8,508,458	7,963,479	8,401,235	7,851,947

(ii) Gross advances and financing analysed by type of customers are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic business enterprise	8,497,468	7,951,492	8,390,245	7,839,960
Individual	10,990	11,987	10,990	11,987
	8,508,458	7,963,479	8,401,235	7,851,947

(iii) Gross advances and financing analysed by industry are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction	1,447,218	1,375,949	1,445,736	1,374,466
Education, health and others	625,327	641,642	593,087	608,391
Electricity, gas and water supply	162,564	166,680	162,564	166,680
Financial, insurance/takaful, real estate and business services	1,142,153	1,106,244	1,140,394	1,104,442
Manufacturing	1,587,000	1,380,882	1,555,062	1,348,115
Mining and quarrying	111,445	141,899	111,445	141,899
Primary agriculture	7,163	7,827	7,163	7,827
Transportation, storage and communication	1,085,754	963,154	1,058,480	935,071
Wholesale, retail trade, restaurants and hotels	2,328,844	2,167,215	2,316,314	2,153,069
Others	10,990	11,987	10,990	11,987
	8,508,458	7,963,479	8,401,235	7,851,947

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows:

	Central Region		Northern Region		Southern Region		East Coast		Sabah Region		Sarawak Region		Total	
	Group 2022	RM'000	Group 2022	RM'000	Group 2022	RM'000	Group 2022	RM'000	Group 2022	RM'000	Group 2022	RM'000	Group 2022	RM'000
Construction	994,755	29,440	53,465	48,247	100,649	48,247	100,649	220,662	1,447,218	11,701	625,327	77,478	1,142,153	
Education, health and others	451,243	19,958	21,389	84,370	36,666	84,370	36,666	11,701	625,327	3,052	162,564	85,053	1,587,000	
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	2,009	3,052	333	162,564	4,074	7,163	2,512	111,445	
Financial, insurance/takaful, real estate and business services	776,905	113,857	67,676	40,570	65,667	40,570	65,667	77,478	1,142,153	74,607	1,085,754	1,516	7,163	
Manufacturing	884,088	246,930	213,044	104,020	53,865	104,020	53,865	85,053	1,587,000	72,073	1,085,754	1,516	7,163	
Mining and quarrying	55,090	-	18,680	33,316	1,847	33,316	1,847	2,512	111,445	4,074	7,163	1,516	7,163	
Primary agriculture	1,102	-	231	240	4,074	240	4,074	1,516	7,163	74,607	1,085,754	1,516	7,163	
Transportation, storage and communication	688,276	91,204	44,366	115,228	72,073	115,228	72,073	74,607	1,085,754	72,073	1,085,754	74,607	1,085,754	
Wholesale, retail trade, restaurants and hotels	1,070,727	314,515	107,490	317,221	308,074	317,221	308,074	210,817	2,328,844	308,074	2,328,844	210,817	2,328,844	
Others	10,990	-	-	-	-	-	-	-	10,990	-	-	-	10,990	
	5,088,250	816,482	527,859	745,221	645,967	745,221	645,967	684,679	8,508,458	645,967	8,508,458	684,679	8,508,458	

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows: (cont'd.)

Group 2021	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Construction	885,871	45,477	87,034	46,245	94,091	217,231	1,375,949						
Education, health and others	408,670	26,574	60,507	94,322	39,200	12,369	641,642						
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680						
Financial, insurance/takaful, real estate and business services	667,213	108,739	151,267	38,788	65,177	75,060	1,106,244						
Manufacturing	706,566	235,851	242,928	108,285	54,108	33,144	1,380,882						
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899						
Primary agriculture	-	373	942	102	4,702	1,708	7,827						
Transportation, storage and communication	503,727	168,981	53,616	103,344	57,847	75,639	963,154						
Wholesale, retail trade, restaurants and hotels	992,247	320,500	132,905	281,133	274,815	165,615	2,167,215						
Others	11,987	-	-	-	-	-	11,987						
	4,426,394	908,832	757,565	690,829	595,933	583,926	7,963,479						

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows: (cont'd.)

Bank 2022	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Construction	993,273	29,440	53,465	48,247	100,649	220,662	1,445,736						
Education, health and others	419,003	19,958	21,389	84,370	36,666	11,701	593,087						
Electricity, gas and water supply	155,074	578	1,518	2,009	3,052	333	162,564						
Financial, insurance/takaful, real estate and business services	775,146	113,857	67,676	40,570	65,667	77,478	1,140,394						
Manufacturing	852,150	246,930	213,044	104,020	53,865	85,053	1,555,062						
Mining and quarrying	55,090	-	18,680	33,316	1,847	2,512	111,445						
Primary agriculture	1,102	-	231	240	4,074	1,516	7,163						
Transportation, storage and communication	661,002	91,204	44,366	115,228	72,073	74,607	1,058,480						
Wholesale, retail trade, restaurants and hotels	1,058,197	314,515	107,490	317,221	308,074	210,817	2,316,314						
Others	10,990	-	-	-	-	-	10,990						
	4,981,027	816,482	527,859	745,221	645,967	684,679	8,401,235						

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows: (cont'd.)

Bank 2021	Central Region		Northern Region		Southern Region		East Coast Region		Sabah Region		Sarawak Region		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Construction	884,388	45,477	87,034	46,245	94,091	217,231	1,374,466							
Education, health and others	375,419	26,574	60,507	94,322	39,200	12,369	608,391							
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680							
Financial, insurance/takaful, real estate and business services	665,411	108,739	151,267	38,788	65,177	75,060	1,104,442							
Manufacturing	673,799	235,851	242,928	108,285	54,108	33,144	1,348,115							
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899							
Primary agriculture	-	373	942	102	4,702	1,708	7,827							
Transportation, storage and communication	475,644	168,981	53,616	103,344	57,847	75,639	935,071							
Wholesale, retail trade, restaurants and hotels	978,101	320,500	132,905	281,133	274,815	165,615	2,153,069							
Others	11,987	-	-	-	-	-	11,987							
	4,314,862	908,832	757,565	690,829	595,933	583,926	7,851,947							

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd.)

Group	Hire purchase RM'000	Leasing RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
2022						
Bai' Bithaman						
Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,073,582	27,140	10,990	1,111,712
Istisna'	-	-	79,134	-	-	79,134
Ijarah	-	84	-	-	-	84
Ijarah Thumma						
Al-Bai	389,246	-	31,849	-	-	421,095
Tawarruq	5	-	4,923,738	1,956,948	-	6,880,691
Bai' Inah	-	-	14,233	-	-	14,233
	389,251	84	6,122,925	1,985,208	10,990	8,508,458
2021						
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,407,443	44,356	11,987	1,463,786
Istisna'	-	-	26,943	-	-	26,943
Ijarah	-	84	-	-	-	84
Ijarah Thumma						
Al-Bai	392,107	-	20,492	-	-	412,599
Bai' Dayn	-	-	-	1,668	-	1,668
Tawarruq	5	-	4,180,738	1,855,241	-	6,035,984
Bai' Inah	-	-	20,906	-	-	20,906
	392,112	84	5,656,911	1,902,385	11,987	7,963,479

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(v) Gross advances and financing by types and Shariah contracts are as follows: (cont'd.)

Bank	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
2022					
Murabahah	-	1,039,455	13,870	10,990	1,064,315
Istisna'	-	76,312	-	-	76,312
Ijarah Thumma					
Al-Bai	355,560	11,360	-	-	366,920
Tawarruq	-	4,923,738	1,956,948	-	6,880,686
Bai' Inah	-	13,002	-	-	13,002
	355,560	6,063,867	1,970,818	10,990	8,401,235
2021					
Murabahah	-	1,372,204	31,089	11,987	1,415,280
Istisna'	-	21,801	-	-	21,801
Ijarah Thumma					
Al-Bai	357,583	-	-	-	357,583
Bai' Dayn	-	-	1,668	-	1,668
Tawarruq	-	4,180,738	1,855,241	-	6,035,979
Bai' Inah	-	19,636	-	-	19,636
	357,583	5,594,379	1,887,998	11,987	7,851,947

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(vi) Gross advances and financing analysed by profit rate sensitivity are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate				
- Staff financing	10,990	11,987	10,990	11,987
- Hire purchase	165,960	189,298	133,127	155,639
- Leasing	84	84	-	-
- Other term financing	2,023,634	1,705,689	1,968,362	1,647,579
- Revolving financing	1,167,634	625,692	1,153,305	611,363
Variable rate				
- Hire purchase	223,291	202,814	222,433	201,944
- Other term financing	4,099,291	3,951,222	4,095,505	3,946,800
- Revolving financing	817,574	1,276,693	817,513	1,276,635
	8,508,458	7,963,479	8,401,235	7,851,947

(vii) Impaired advances and financing analysed by industry are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction	130,096	133,582	128,614	132,099
Education, health and others	133,329	162,449	101,089	129,198
Electricity, gas and water supply	54,833	43	54,833	43
Financial, insurance/takaful, real estate and business services	181,482	152,945	179,723	151,143
Manufacturing	251,870	281,671	219,932	248,904
Mining and quarrying	5,166	8,262	5,166	8,262
Primary agriculture	217	278	217	278
Transportation, storage and communication	93,143	107,822	65,869	79,739
Wholesale, retail trade, restaurants and hotels	350,649	339,558	338,119	325,412
	1,200,785	1,186,610	1,093,562	1,075,078

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

40. Islamic banking business (cont'd.)

**Notes to the financial statements
For the financial year ended 31 December 2022 (cont'd.)**

(c) Advances and financing (cont'd.)

(viii) Impaired advances and financing analysed by location and sector are as follows:

Group	2022				2021			
	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000	
Construction	106,041	700	2,035	3,271	10,271	7,778	130,096	
Education, health and others	89,008	461	7,969	28,237	6,837	817	133,329	
Electricity, gas and water supply	54,833	-	-	-	-	-	54,833	
Financial, insurance/takaful, real estate and business services	164,999	7,449	1,507	3,712	3,067	748	181,482	
Manufacturing	150,476	13,445	55,737	25,637	1,179	5,396	251,870	
Mining and quarrying	4,843	-	-	323	-	-	5,166	
Primary agriculture	46	-	-	-	171	-	217	
Transportation, storage and communication	42,725	7,586	9,830	13,939	11,491	7,572	93,143	
Wholesale, retail trade, restaurants and hotels	183,657	63,323	15,450	36,641	44,492	7,086	350,649	
	796,628	92,964	92,528	111,760	77,508	29,397	1,200,785	
2021								
Construction	102,640	1,923	3,341	11,071	12,595	2,012	133,582	
Education, health and others	92,486	3,165	22,503	34,897	8,478	920	162,449	
Electricity, gas and water supply	-	43	-	-	-	-	43	
Financial, insurance/takaful, real estate and business services	118,714	8,568	11,250	9,796	3,206	1,411	152,945	
Manufacturing	151,286	16,514	60,166	46,328	1,731	5,646	281,671	
Mining and quarrying	722	-	7,212	328	-	-	8,262	
Primary agriculture	-	-	66	-	212	-	278	
Transportation, storage and communication	54,110	5,289	9,613	19,446	11,545	7,819	107,822	
Wholesale, retail trade, restaurants and hotels	166,424	36,372	20,033	53,313	53,032	10,384	339,558	
	686,382	71,874	134,184	175,179	90,799	28,192	1,186,610	

40. Islamic banking business (cont'd.)

**Notes to the financial statements
For the financial year ended 31 December 2022 (cont'd.)**

(c) Advances and financing (cont'd.)

(viii) Impaired advances and financing analysed by location and sector are as follows:

Bank	2022				2021			
	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000	
Construction	104,559	700	2,035	3,271	10,271	7,778	128,614	
Education, health and others	56,768	461	7,969	28,237	6,837	817	101,089	
Electricity, gas and water supply	54,833	-	-	-	-	-	54,833	
Financial, insurance/takaful, real estate and business services	163,240	7,449	1,507	3,712	3,067	748	179,723	
Manufacturing	118,538	13,445	55,737	25,637	1,179	5,396	219,932	
Mining and quarrying	4,843	-	-	323	-	-	5,166	
Primary agriculture	46	-	-	-	171	-	217	
Transportation, storage and communication	15,451	7,586	9,830	13,939	11,491	7,572	65,869	
Wholesale, retail trade, restaurants and hotels	171,127	63,323	15,450	36,641	44,492	7,086	338,119	
	689,405	92,964	92,528	111,760	77,508	29,397	1,093,562	
2021								
Construction	101,157	1,923	3,341	11,071	12,595	2,012	132,099	
Education, health and others	59,235	3,165	22,503	34,897	8,478	920	129,198	
Electricity, gas and water supply	-	43	-	-	-	-	43	
Financial, insurance/takaful, real estate and business services	116,912	8,568	11,250	9,796	3,206	1,411	151,143	
Manufacturing	118,519	16,514	60,166	46,328	1,731	5,646	248,904	
Mining and quarrying	722	-	7,212	328	-	-	8,262	
Primary agriculture	-	-	66	-	212	-	278	
Transportation, storage and communication	26,027	5,289	9,613	19,446	11,545	7,819	79,739	
Wholesale, retail trade, restaurants and hotels	152,278	36,372	20,033	53,313	53,032	10,384	325,412	
	574,850	71,874	134,184	175,179	90,799	28,192	1,075,078	

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(ix) Movements in impaired advances and financing are as follows:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	1,186,610	1,200,035	1,075,078	1,074,357
-Transfers to Stage 1	(61,315)	(21,254)	(61,315)	(21,254)
-Transfers to Stage 2	(27,287)	(2,553)	(27,287)	(2,553)
-Transfers to Stage 3	282,975	253,436	282,975	253,436
	1,380,983	1,429,664	1,269,451	1,303,986
Changes due to change in credit risk	(22,156)	(31,629)	(17,847)	(17,483)
New financial assets originated	7,196	10,033	7,196	10,033
Financial assets derecognised	(61,751)	(82,766)	(61,751)	(82,766)
Amount written-off	(103,487)	(138,692)	(103,487)	(138,692)
At 31 December	1,200,785	1,186,610	1,093,562	1,075,078

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

(x) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	97,559	16,634	474,964	589,157
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk (Note 40(k))	(4,706)	20,001	189,089	204,384
Net financial assets originated (Note 40(k))	20,208	933	2,113	23,254
Financial assets derecognised (Note 40(k))	(12,924)	(174)	(17,926)	(31,024)
Amount written-off	-	-	(100,511)	(100,511)
At 31 December 2022	93,965	45,761	545,534	685,260
At 1 January 2021	67,685	18,294	493,244	579,223
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,395)	(4,101)	6,496	-
	2,673	(2,664)	(9)	-
Changes due to change in credit risk (Note 40(k))	15,372	1,917	129,192	146,481
Net financial assets originated (Note 40(k))	21,953	3	2,088	24,044
Financial assets derecognised (Note 40(k))	(10,124)	(916)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	97,559	16,634	474,964	589,157

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

- (x) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd.):

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	363,432	477,625
-Transfers to Stage 1	12,517	(4,190)	(8,327)	-
-Transfers to Stage 2	(9,713)	16,850	(7,137)	-
-Transfers to Stage 3	(8,976)	(4,293)	13,269	-
	(6,172)	8,367	(2,195)	-
Changes due to change in credit risk (Note 40(k))	(4,706)	20,001	193,398	208,693
Net financial assets originated (Note 40(k))	20,208	933	2,113	23,254
Financial assets derecognised (Note 40(k))	(12,924)	(174)	(17,926)	(31,024)
Amount written-off	-	-	(100,511)	(100,511)
At 31 December 2022	93,965	45,761	438,311	578,037
At 1 January 2021	67,685	18,294	367,565	453,544
-Transfers to Stage 1	5,348	(361)	(4,987)	-
-Transfers to Stage 2	(280)	1,798	(1,518)	-
-Transfers to Stage 3	(2,395)	(4,101)	6,496	-
	2,673	(2,664)	(9)	-
Changes due to change in credit risk (Note 40(k))	15,372	1,917	143,339	160,628
Net financial assets originated (Note 40(k))	21,953	3	2,088	24,044
Financial assets derecognised (Note 40(k))	(10,124)	(916)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	97,559	16,634	363,432	477,625
	Group		Bank	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net impaired advances and financing as a percentage	8.24%	9.52%	8.24%	9.52%

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(c) Advances and financing (cont'd.)

- (xi) Exposures to COVID-19 impacted sectors are as follow:

	Group and Bank	
	2022 RM'000	2021 RM'000
Education	21,507	156,809
Healthcare	-	120,277
Passenger Transport	105,362	104,358
Petrol Station	-	113,722
Tourism	560,993	773,521
	687,862	1,268,687

The above are the impacted sectors by COVID-19 within the Group and the Bank financing portfolios. The Group and the Bank are focusing on education, passenger transport and tourism sectors as reflected by overlay incorporated in the computation of ECL as mentioned in Note 2.14. The figure reflected net exposure after computation on ECL amount.

- (xii) COVID-19 customer relief and support measures based on category are as follow:

Accounts that are entitled under the relief programme offered by the Bank are illustrated below:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3* RM'000	Total RM'000
2022				
Repaying as per revised schedules	2,576,604	280,895	133,292	2,990,791
Missed payments	-	130,562	362,667	493,229
Total repayment assistances granted	2,576,604	411,457	495,959	3,484,020
As a percentage of total:				
Repaying as per revised schedules	100.0%	68.0%	27.0%	86.0%
Missed payments	-	32.0%	73.0%	14.0%
	100.0%	100.0%	100.0%	100.0%
2021				
Resumed payments	3,443,162	277,249	321,944	4,042,355
Missed payments	-	-	473	473
Total repayment assistances granted	3,443,162	277,249	322,417	4,042,828
As a percentage of total:				
Resumed payments	100.0%	100.0%	99.9%	100.0%
Missed payments	-	-	0.1%	-
	100.0%	100.0%	100.0%	100.0%

* This represents customers that turned to Stage 3 after acceptance of assistance under the relief programme.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(d) Other assets

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At FVOCI				
Amount due from a subsidiary company (Note 9(ii))	-	-	43,751	39,000
At AC				
Amount due from subsidiary companies (Note 9(iii))	-	-	50,489	44,322
Other receivables and rental receivables	11,925	12,996	14,378	15,580
	11,925	12,996	64,867	59,902
Prepayments	13,285	7,612	13,271	7,578
	25,210	20,608	121,889	106,480

(e) Term financing/Fundings

	Group and Bank	
	2022 RM'000	2021 RM'000
Unsecured term financing//fundings	1,445,256	766,563

(i) The maturity structure of the term financing/fundings is as follows:

	Group and Bank	
	2022 RM'000	2021 RM'000
Within one year	10,736	8,556
More than one year to five years	627,613	487,770
More than five years	806,907	270,237
	1,445,256	766,563

(ii) The unsecured term financing/fundings denominated in RM is sourced from the following:

	Group and Bank	
	2022 RM'000	2021 RM'000
Financing from:		
- Government of Malaysia	437,699	-
- BNM	1,007,557	766,563
	1,445,256	766,563

MOF vide its letter dated 13 June 2022, approved the conversion of borrowing granted by the Government of Malaysia to the Bank as term financing amounting to RM437,698,000 effective date 2 January 2022 with original profit rate of 2.0%.

The profit rates on the term financing/fundings from Government of Malaysia is at 2.0% and Bank Negara Malaysia range from 0% to 1.5% (2021: 0% to 1.5%) per annum.

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(f) Other liabilities

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables and accruals	426,258	529,252	431,573	537,035
Islamic margin account (Note 22(ii))	381,832	410,289	381,779	410,237
Guarantee payable (Note 22(iii))	164,197	150,243	164,197	150,243
Amount due to subsidiaries (Note 22(iv))	-	-	29,276	20,803
Rental and security deposits	3,689	3,358	3,689	3,358
Provision for zakat	5,118	3,453	5,118	3,453
Allowance for impairment on financing commitments (Note (i))	4,723	5,709	4,723	5,709
Other provisions	46,076	47,719	44,716	46,686
	1,031,893	1,150,023	1,065,071	1,177,524

(i) Movement in loss allowances for impairment on financing commitments are as follows:

	Group and Bank	
	2022 Stage 1 RM'000	2021 Stage 1 RM'000
Commitments		
At 1 January	5,709	4,912
Changes due to change in credit risk	479	148
New financial assets originated	1,334	3,147
Derecognition	(2,799)	(2,498)
At 31 December	4,723	5,709

(g) Income from Islamic banking business

	Group and Bank	
	2022 RM'000	2021 RM'000
Income from advances and financing		
- Murabahah	77,443	81,291
- Istisna'	4,932	5,420
- Ijarah Thumma Al-Bai	23,369	20,326
- Bai' Dayn	126	317
- Tawarruq	365,332	317,702
- Bai' Inah	1,039	1,676
Total income from advances and financing	472,241	426,732
Tawarruq deposit placements	33,885	18,502
Financial investments at FVOCI	45,195	47,724
Financial investments at FVTPL	3,499	5,713
Financial investments at AC	23,160	22,170
	577,980	520,841

Included in income from advances and financing is profit on impaired advances and financing amounting to RM52,906,000 (2021: RM55,904,000).

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(h) Profit expense attributable to Islamic banking business

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits from customers (Note i)	98,050	82,856	98,586	83,209
Islamic medium-term notes/ commercial papers	84,084	77,672	84,084	77,672
Term financing	35,881	18,289	35,881	18,289
Deposits from banks and other financial institutions	3,550	1,507	3,550	1,507
Others (Note ii)	1,820	2,309	1,820	2,309
	223,385	182,633	223,921	182,986

(i) Included in profit expense on deposits from customers of the Bank is profit expenses for subsidiary companies amounting to RM536,000 (2021: RM353,000) (Note 36(c)).

(ii) Included in other profit expenses is finance cost on lease liabilities amounting to RM524,000 (2021: RM522,000).

(i) Other income

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fee income	17,558	15,494	10,303	10,362
Commission fee income	1,867	1,801	1,867	1,801
Rental income	11,585	2,005	11,585	2,005
Government funds released (Note 23)	34,564	22,330	34,564	22,330
Government compensation	8,528	4,447	8,528	4,447
Management fee	-	-	391	179
Fair value adjustment on investment properties (Note 14)	3,150	8,319	3,150	8,319
Profit income on amount due from a subsidiary company (Note 36(c))	-	-	8,596	11,207
Recovery income	5,378	14,696	-	-
Ta'widh/Compensation on late payment charges	5,091	4,841	5,091	4,841
Others	3,149	7,392	3,104	7,332
	90,870	81,325	87,179	72,823

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(j) Other operating expenses

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Personnel expenses	160,246	164,721	156,415	160,839
Establishment related expenses	43,304	41,569	43,253	41,530
Promotion and marketing expenses	4,995	2,968	4,961	2,933
Administration and general expenses	32,376	29,656	37,498	25,448
	240,921	238,914	242,127	230,750

(k) Allowance/(Writeback) for impairment loss on advances and financing

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Allowance for impairment losses on advances and financing made during the year				
- Stage 1, net (Note 40(c)(ix))	2,578	27,201	2,578	27,201
- Stage 2, net (Note 40(c)(ix))	20,760	1,004	20,760	1,004
- Stage 3, net (Note 40(c)(ix))	173,276	120,421	177,585	134,568
	196,614	148,626	200,923	162,773
Impaired advances and financing written off	5,517	-	5,517	-
Impaired advances and financing recovered	(24,101)	(16,764)	(24,101)	(16,764)
Total allowance for impairment loss on advances and financing	178,030	131,862	182,339	146,009

(l) Commitments

	Group and Bank	
	2022 RM'000	2021 RM'000
Direct credit substitutes	178,521	231,283
Transaction-related-contingent items	167,106	160,555
Undisbursed financing		
- original maturity up to one year	226,071	235,459
- original maturity more than one year	1,664,834	1,547,106
	2,236,532	2,174,403

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2022

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(m) Capital adequacy

Regulatory capital

Pursuant to BNM's Policy Document on Transitional Arrangements for Regulatory Capital Treatment of Account Provisions for Development Financial Institutions, the Bank had elected to apply the transitional arrangements where the Bank are allowed to add back a portion of the Stage 1 and Stage 2 provisions for expected credit losses (ECL) to Common Equity Tier 1 Capital over a four-year period from financial year beginning 2020.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month (12mECLs) and lifetime expected credit losses (LTECLs) to the extent they are ascribed to non-credit-impaired

Capital management

The following table set forth capital resources and capital adequacy for the Group's and the Bank's Islamic banking business as at the end of the reporting period:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tier I Capital				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	479,833	460,955	331,698	287,190
General provision for advances and financing ¹	44,912	35,337	44,912	35,337
Less: Deferred tax assets	(108,089)	(106,947)	(108,089)	(106,947)
Less: Property revaluation reserve	(231,765)	(228,616)	(231,765)	(228,616)
Total Tier I capital	1,235,455	1,211,293	1,087,320	1,037,528
Tier II Capital				
General provision for advances and financing ¹	99,536	84,565	99,536	84,565
Property revaluation reserve ²	115,883	114,308	115,883	114,308
Government funds ³	433,432	428,923	433,432	428,923
Total Tier II capital	648,851	627,796	648,851	627,796
Total capital	1,884,306	1,839,089	1,736,171	1,665,324
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,884,306	1,839,089	1,736,171	1,665,324

¹ General provision for advances and financing refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

² The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

³ In the financial year 2021, an amount of RM26,791,000 for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

40. Islamic banking business (cont'd.)

Notes to the financial statements For the financial year ended 31 December 2022 (cont'd.)

(m) Capital adequacy (cont'd.)

Capital management (cont'd.)

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
20%	350,881	245,435	350,881	245,435
50%	5,120	5,621	5,120	5,621
100%	10,218,138	9,713,334	10,312,578	9,796,596
	10,574,139	9,964,390	10,668,579	10,047,652

Before deducting

proposed dividends:

Core capital ratio	11.684%	12.156%	10.192%	10.326%
Risk-weighted capital ratio	17.820%	18.457%	16.274%	16.574%

After deducting

proposed dividends:

Core capital ratio	11.625%	12.106%	10.133%	10.276%
Risk-weighted capital ratio	17.761%	18.406%	16.215%	16.524%

The capital adequacy ratios of the Islamic banking business are computed in accordance with the requirements of the Bank Negara Malaysia's Capital Framework for Development Financial Institutions which is based on Basel I capital adequacy framework requirements.

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CORPORATE DIRECTORY



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