

NEWS RELEASE

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For Immediate Release

SME BANK UNVEILS RM3 BILLION SUKUK WAKALAH PROGRAMMES AND MAIDEN ISSUANCE OF SUSTAINABILITY SUKUK

KUALA LUMPUR: 5 July 2021 – SME Bank, an agency under the Ministry of Entrepreneur Development and Cooperatives unveils its RM3 billion Sukuk Wakalah Programmes and will become the first Development Financial Institution (DFI) in the country to issue Sustainability Sukuk to meet its funding and working capital requirement moving forward.

Minister of Entrepreneur Development and Cooperatives, YB Dato Sri Dr Hj Wan Junaidi Bin Tuanku Jaafar said, “The Sustainability Sukuk issuance by SME Bank is timely during this time of crisis whereby there is a need of balance in doing business for profit and doing good to fulfil our obligations towards the environmental, social and governance (ESG) factors. SME Bank’s effort to be part of the global trend is a smart move to secure a strong financial imprint in the country’s financial landscape for now and in the future.”

“Taking from this significant development, one important issue surfaces and that is, where are all our Small Medium Enterprises (SMEs) in this space of placing ESG in their DNA? There will come a time ESG will be the norm and our SMEs should be ready and willing to adopt its principles in their daily operations. The Government, banks and relevant stakeholders who have the capacity to invoke change should take the lead and push for continuous transformation by the SMEs,” he added.

The Chairman of SME Bank, Dato’ Seri Nazir Ariff said, “SME Bank has continued to fulfil its mandate to nurture and develop the nation’s SMEs, backed by the strong support from the Government and all our stakeholders. The AAA_{IS} ratings accorded by the Malaysian Rating Corporation Berhad (MARC) for this Sukuk Wakalah Programme is a testament of our strength and commitment in upholding this virtue.”

Dato’ Seri Nazir added, “SME Bank has been incorporating ESG elements in carrying our mandate since its establishment and with our very own ESG Framework, coupled with its Sustainability Sukuk Framework, it is a step towards reaffirming and deepening the Bank’s vision

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and mission and raising awareness among the community about the importance of sustainable development. At the same time, it demonstrates our commitment in creating positive impacts on society and the environment.”

Aria Putera Ismail, SME Bank’s Group President/Chief Executive Officer said, “The proceeds from the Sustainability Sukuk issuances will be channeled to finance projects that directly support 11 of the 17 United Nations Sustainable Development Goals (SDGs).”

Aria added, “The 11 categories chosen are aligned with the green and social project categories recognized by the ASEAN Sustainability Bond Standards (ASEAN SUS), ASEAN Social Bond Standards (ASEAN SBS) and ASEAN Green Bond Standards (ASEAN GBS) issued by the ASEAN Capital Market Forum (ACMF). In addition, the 11 categories are also aligned with the Sustainability Bond Guidelines (SBG), Green Bond Principles (GBP), Social Bond Principles (SBP) issued by the International Capital Market Association (ICMA) and follow the standard guidelines from the Sustainable and Responsible Investment Sukuk Framework issued by the Securities Commission Malaysia.”

Aria said, “The green project categories target six initial key sectors which are energy, manufacturing, transport, building, waste and water. These sectors have been identified by the Green Technology Master Plan to facilitate green growth in Malaysia. While the focus of the social project categories is on creating decent work, improving gender equality, and providing economic opportunities to the unserved and underserved social groups in the country. With the issuance of the Sustainability Sukuk, SME Bank is in the right position to promote and educate the importance of incorporating the ESG in business operations to all SMEs. This will enable them to build sustainable businesses, grow bigger and become enterprises that meet international standards.”

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

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The Sole Principal Adviser/Sole Lead Arranger for this Sustainability Sukuk program exercise is RHB Investment Bank Berhad and the Joint Lead Managers (JLMs) are AmInvestment Bank Berhad, CIMB Investment Bank Berhad, Maybank Investment Bank Berhad and also RHB Investment Bank Berhad. Earlier during the day, SME Bank and JLMs had organized a virtual Group Investor Presentation explaining on the Sukuk Wakalah Programme and its target maiden Sustainability Sukuk issuance to potential and interested investors.

Since its establishment in 2005, SME Bank has stayed true to its mandate of supporting the growth of the SMEs through financing as well as beyond financing efforts. Up to date, SME Bank has approved over RM35 billion worth of financing to more than 19,000 customers who majority of them came from the underserved and unserved SMEs.

Through Centre for Entrepreneur Development and Research Sdn. Bhd. or CEDAR, the Bank's wholly-owned subsidiary, SME Bank has trained and coached more than 60,000 participants at various levels of development through dedicated programmes. This commitment is in line with the SDGs to enhance the living standards of those around us by meeting SMEs financial needs and delivering exemplary services.

SME Bank's Sustainability Sukuk Framework and the Second Opinion Report by the External Reviewer, MARC are now available at the Bank's official website, www.smebank.com.my for viewing.

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About SME Bank

As the leader of the Development Financial Institution (DFI) providing services to the SME sector, we operate as a local center offering financing facilities and business development programs for entrepreneurs.

In line with the National Entrepreneurship Policy (DKN) 2030, SME Bank aims to contribute to the country's economic growth through high impact initiatives such as the use of digital technology and the Industrial Revolution (IR 4.0). For more information, please visit: www.smebank.com.my

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