



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Corporate Strategic Plan

Exposure Draft

Applicable to:
Prescribed development financial institutions

As part of the objectives to further enhance the governance process and strengthen operational efficiencies of the development financial institutions (DFIs), Bank Negara Malaysia (BNM) is developing a regulatory policy on 'Corporate Strategic Plan for DFIs' (the policy document). The policy document sets out the parameters for DFIs to develop the business plan and funding required in carrying out the strategies set.

The Bank invites written comments on this exposure draft, including suggestions for particular issues/areas to be clarified or elaborated further and any alternative proposal that the Bank should consider. To facilitate the Bank's assessment, please support each comment with a clear rationale, accompanying evidence or illustration, as appropriate.

In addition to providing general feedback, development financial institutions are requested to respond to the specific questions set out in this exposure draft.

Responses must be submitted by 16 March 2020 to:

Pengarah
Jabatan Kewangan Pembangunan dan Rangkuman Kewangan
Bank Negara Malaysia
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Electronic submission is encouraged. Submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

Any query may be directed to:

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*for matters related to Performance Measurement Framework

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PART A OVERVIEW

1 Introduction

- 1.1 Development financial institutions (DFIs) are specialised financial institutions established by the Government with specific mandate to develop and promote key strategic sectors in driving the socio-economic development objectives of the country. Therefore, establishment of a robust corporate strategy is crucial to ensure that DFIs remain focused on their mandated roles and have adequate resources and capabilities to support the changing needs of the economy. In this regard, the Guidelines on the Statement of Corporate Intent (SCI) and Annual Funding Requirement (AFR) were introduced in 2002 as part of the regulatory requirement to ensure that the financial and operational affairs of a DFI are conducted with greater accountability and transparency.
- 1.2 Over the years, DFIs have evolved in line with the changing economy that resulted in wider activities and more diversified products and services to better serve their mandates, including creation of additionality in their business operations. In this context, additionality is defined as positive impact attributable to DFIs beyond that, which is delivered under a fully commercial or profit-driven environment. Thus, it is imperative for DFIs to ensure that they remain financially sustainable in the long term while continue to serve their mandates successfully and complement the private sector by:
- (a) filling financing gaps through participating in markets not adequately served by the private sector;
 - (b) providing counter-cyclical financing in the event of a crisis or economic downturn; and
 - (c) crowding-in the private sector into the underserved and unserved markets through innovative financing solutions and capacity building.
- 1.3 It is therefore crucial for DFIs to develop holistic and integrated corporate strategy plans supported with robust risk management to ensure DFIs are able to achieve their mandates on a sustainable basis. To further strengthen the strategic planning process of DFIs, the SCI and AFR guidelines will be consolidated into a single policy document, Corporate Strategic Plan (CSP). It will serve as a comprehensive framework for a DFI to develop robust and forward looking corporate strategies to achieve greater developmental outcomes, consistent with the economic agenda driven by the Government.
- 1.4 The enhancements also set an expectation on DFIs to measure the effectiveness and efficiency of discharging their mandates and creating additionalities through an enhanced performance measurement framework (PMF). The PMF accords emphasis on the DFIs to incorporate additionalities as part of their business operations with the intention to promote greater development outcomes and strengthen their accountability as public institutions.

- 1.5 This policy document sets out the following:
- (a) requirements on the board and senior management to provide the strategic direction, oversight and ensure the effective implementation of the CSP;
 - (b) key features of the CSP which includes the enhanced SCI and AFR; and
 - (c) Implementation Guide on Performance Measurement Framework for Development Financial Institutions.

2 Applicability

- 2.1 This policy document is applicable to all DFIs prescribed under the Development Financial Institutions Act 2002 (DFIA).

3 Legal provision

- 3.1 The requirements in this policy document are specified pursuant to sections 5, 34, 35, 41 and 116 of the DFIA.
- 3.2 The guidance in this policy document is issued pursuant to section 126 of the DFIA.

4 Effective date

- 4.1 This policy document comes into effect on <date> <month> 2020.

5 Interpretation

- 5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the DFIA unless otherwise defined in this policy document.
- 5.2 For the purpose of this policy document –
- “**S**” denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;
- “**G**” denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;
- “**additionality**” refers to the positive impact attributable to a DFI beyond that which is delivered under a fully commercial or profit-driven environment;
- “**board**” means the board of directors of the DFI, or a committee of the board of directors to whom the responsibilities set out in this policy document have been delegated;

“**Corporate Strategic Plan**” or “**CSP**” means the statement of corporate intent and annual funding requirement collectively, as may be approved by the Minister;

“**senior management**” refers to the Chief Executive Officer and senior officers of the DFI;

“**stakeholder Ministries**” in relation to a DFI, means the Ministry in charge of the DFI’s policy direction and the Ministry in charge of finance, as set out in Appendix 1;

6 Related policy documents

- 6.1 The policy document must be read together with other relevant legal instruments, policy documents, guidelines, codes or circulars that have been issued by the Bank, in particular –
- (a) *Policy Document on Risk Governance*;
 - (b) *Guidelines on Corporate Governance for Development Financial Institutions*; and
 - (c) *Guidelines on Financial Reporting for Development Financial Institutions*.

7 Policy documents superseded

- 7.1 This policy document supersedes the following guidelines and policy documents:
- (a) *Guideline on Statement of Corporate Intent* issued on 23 December 2002; and
 - (b) *Guideline on Annual Funding Requirements* issued on 23 December 2002.

PART B POLICY REQUIREMENTS**8 Duties of the board and senior management**

- S** 8.1 In line with section 5 of the DFIA, the board is responsible for the overall business and affairs of a DFI, including promoting the sustainable growth and financial soundness of the DFI. In this regard, the board must ensure that the business strategies of the DFI are consistent with and aligned to the achievement of its mandate, and that the DFI must have the capacity and capability to implement such strategies. In doing so, the board must:
- (a) provide strategic directions in identifying and promoting strategic sectors or segments within the mandated roles of the DFI;
 - (b) ensure that the CSP is within the DFI's risk appetite and is sustainable with adequate funding, resources and enabling infrastructure to execute the strategies;
 - (c) review, challenge and approve the CSP developed by the senior management;
 - (d) ensure agreed objectives within the CSP are translated into specific measures and targets including but not limited to additionality indicators;
 - (e) oversee the effective implementation of the CSP;
 - (f) monitor and review the performance targets and provide feedback for improvement; and
 - (g) maintain professional and effective communication with stakeholder Ministries to ensure alignment of strategies with the Government's priorities.
- S** 8.2 The senior management of a DFI is responsible for the effective implementation of the CSP. In discharging this responsibility, the senior management must:
- (a) establish clear roles and responsibilities for each function in the DFI to support the implementation of the CSP;
 - (b) develop a yearly CSP for approval by the board including to incorporate any revisions or amendments to the CSP in line with board's direction;
 - (c) engage the stakeholder Ministries to obtain and incorporate their feedback on the CSP;
 - (d) ensure the content and governance of the CSP is in accordance to the requirements in this policy document;
 - (e) implement the approved CSP in accordance with the direction of the board;
 - (f) report to the board regularly and ensure that the stakeholder Ministries are updated on the progress and performance of the CSP;
 - (g) communicate with the stakeholder Ministries and obtain their agreements on any amendment to the approved CSP, and explicitly include the amendments to the revised CSP; and
 - (h) ensure that the reporting of the CSP under paragraph 8.2(d) is done timely and within an agreed timeline.

9 Engagement with stakeholder Ministries

- S** 9.1 Prior to submitting the CSP for the approval of the stakeholder Ministries, a DFI must engage with the stakeholder Ministries to ensure that the strategies are consistent with the Government's development policies and strategic initiatives. In doing so, the DFI must undertake the following:
- (a) engage its stakeholder Ministries to ensure that its CSP is not only consistent with the approved mandate but also is in line with the nation's broad policies on strategic sectors for economic development. The engagement must be robust to include assessment on mandate relevance and any new strategic focus areas or activities to be carried out by the DFI. Therefore, the business direction and strategies developed must take into consideration current economic and market conditions;
 - (b) ensure that the strategies are within the approved risk appetite of the DFI and supported with sound risk management. A DFI must engage the stakeholder Ministries in assessing the relevance and soundness of strategies developed and the adequacy of capital and other sources of funds for the DFI to effectively implement the strategies and achieve financial projections and performance targets set under the CSP;
 - (c) ensure performance targets set by the DFI for each of its strategies are agreed by the stakeholder Ministries. In addition to additionality targets, this must include financial soundness targets to ensure the DFI will continue to remain safe and sound; and
 - (d) engage its stakeholder Ministries for continuous assessment of actual performance against agreed targets to facilitate the review of the effectiveness and efficiency of the DFI in performing its mandated roles.
- S** 9.2 In relation to paragraph 9.1, a DFI must ensure all feedback received from the stakeholder Ministries are documented and considered in the formulation of the CSP.

10 Corporate Strategic Plan (CSP)

- S** 10.1 CSP is a framework that guides the establishment of a DFI's overall strategies in a structured and comprehensive manner. In developing the CSP, a DFI must take into consideration its future strategic direction and assess the economic environment as well as institutional capacity and capability for effective implementation. The strategy must be supported with clear and measurable action plans and targets covering short-term, medium term and longer term plans to ensure effective implementation.
- S** 10.2 At minimum, a CSP must consist of:
- (a) Review of operating environment;
 - (b) Statement of corporate intent; and
 - (c) Annual funding requirement.

- S** 10.3 For the purpose of paragraph 10.2(a), a DFI must evaluate and provide an assessment in its Corporate Strategic Plan of:
- (a) the current and future economic outlook in which the DFI operates;
 - (b) relevance of the institution's mandates to the national development priorities;
 - (c) prospects for the DFI to create additionalities, having regard to the desired developmental outcomes of the DFI;
 - (d) the institutional strengths, capability and responses in addressing challenges that DFIs may face; and
 - (e) risk oversight and management, in the context of the DFI's development priorities and financial sustainability.
- S** 10.4 The assessment on additionality creation aims to ensure that a DFI goes beyond just providing financing but generating meaningful development impact from the activities reported in the CSP. This shall be guided by the Performance Measurement Framework (PMF) as set out in Appendix 2.
- G** 10.5 In line with global best practices, a DFI may consider adopting the theory of change in developing its business strategies under the CSP and applying a robust additionality evaluation as part of client on-boarding process. This is elaborated in the Implementation Guide on the PMF provided in the Attachment to this policy document.
- S** 10.6 For the purpose of paragraph 10.3(e), a DFI must incorporate the methodologies and tools deployed in managing key risks and challenges in the CSP. A DFI must demonstrate that the strategies set are within the risk appetite and are subjected to the overall risk oversight, management and internal control of the DFI.

11 Statement of Corporate Intent

- S** 11.1 Statement of Corporate Intent aims to guide a DFI in formulating robust and comprehensive outcome-based business strategies to strengthen strong-performance driven culture. This is to ensure continued focus and alignment with the DFI's mandate and overall corporate strategy, through effective allocation of resources and prioritisation of strategies to preserve sustainability of a DFI in the long term.
- S** 11.2 A DFI must adopt a rigorous strategic planning process in establishing its Statement of Corporate Intent, which at minimum must consist of:
- (a) overall business strategies; and
 - (b) strategies on Government specific funds/schemes; and

Overall business strategies

- S** 11.3 For the purpose of paragraph 11.2(a), a DFI must indicate the basis of its business strategies which shall include amongst others:
- (a) broad context on how strategies relate to the DFI's assessment of the operating environment under paragraph 10.3; including measurement of success and its alignment to the performance measurement framework;

- (b) challenges, constraints or limitations faced including appropriate mitigation plans to address them; and
 - (c) specific strategies based on three key distinct categories:
 - (i) the DFI's business activities which includes financing, deposit-taking and investment activities etc;
 - (ii) institutional arrangements fundamental in carrying out the strategies including human resource planning, capital investment and IT systems; and
 - (iii) subsidiaries and holding of material interest in corporations by the DFI.
- S** 11.4 For paragraph 11.3(c)(i) and 11.3(c)(ii), a DFI must, at minimum, include the following information:
- (a) specific objectives that state the DFI's key focus area in delivering its mandate and potential for creation of additionality;
 - (b) clear business strategies that are supported with specific action plans;
 - (c) implementation timeline of the identified business strategies; and
 - (d) performance measurement on the achievement of business strategies (output and outcome) including key indicators related to additionality creation.
- S** 11.5 For paragraph 11.3(c)(iii), the DFI must include at minimum, information on the business objectives, activities and foreseeable changes over the next 2 years of its subsidiaries and companies in which it is holding a material interest.
- S** 11.6 A DFI must ensure that the activities of its subsidiaries and companies in which it holds a material interest in are consistent with the DFI's mandate and the approved developmental priorities and strategies.
- S** 11.7 A DFI must develop its overall business strategies in alignment with its Annual Funding Requirement in order to ensure a comprehensive approach in the development of the CSP which will strengthen the ability of the DFI to serve its developmental mandates.

Strategies on Government specific funds/ schemes

- S** 11.8 For the purpose of paragraph 11.2(b), a DFI must indicate specific strategies for each Government fund/scheme managed by the DFI and at minimum, shall include:
- (a) specific objectives that state the DFI's key focus area in relation to the Government's specific funds/schemes. This should reflect agreed outcomes from the implementation of the Government funds/schemes to ensure that they achieve their intended objectives and are consistent with the DFI's mandates and financial sustainability goals;
 - (b) clear strategies including design features for each of the funds/schemes supported with specific action plans;
 - (c) implementation timeline for each of the strategies; and
 - (d) performance measurements on the achievement of the strategies (output and income) including key indicators related to additionality

creation and financial soundness such as impaired financing and sustainability of the funds/schemes.

- S** 11.9 A DFI shall refer to Appendix 3 on the areas to be included as part of the Statement of Corporate Intent, whereby a DFI must include:
- (a) summary of the prior year achievements against target set, based on the specific strategies pursuant to paragraph 11.3(c); and
 - (b) specific strategies pursuant to paragraph 11.3(c) for both the current year and next year.
- S** 11.10 A DFI shall refer to the Indicator Taxonomy in Appendix 2 for guidance on the various additionality indicators used under the PMF.

12 Annual Funding Requirement

- S** 12.1 A DFI must adopt a rigorous planning process in establishing its Annual Funding Requirement, which at minimum must consist of:
- (a) broad funding strategies; and
 - (b) detailed funding plan.

Broad funding strategies

- S** 12.2 For the purpose of paragraph 12.1(a), a DFI must indicate the broad funding strategies including the new sources of funding to support its business strategies. The funding strategies must be supported with a comprehensive contingency funding plan, which includes projected asset growth, and sources of funds for different types of contingency scenarios identified by the DFI. In cases where the funding strategies are dependent on specific external sources of funds or allocations, a DFI must identify triggers for tapping on such sources and any associated funding constraints, including strategies to overcome them¹.

Detailed funding plan

- S** 12.3 For the purpose of paragraph 12.1(b), a DFI must include detailed sources of funds for the identified business strategies in the Statement of Corporate Intent. This is to ensure that the DFI is adequately funded and funds are utilised in line with the mandated functions and activities.
- S** 12.4 A DFI must ensure that the Annual Funding Requirement contains funding strategies for the previous, current and subsequent year, supported with a detailed breakdown on the sources of funds and its intended usage of funds.
- S** 12.5 For the purpose of paragraph 12.4 –
- (a) “**sources of funds**” refer to financial resources of a DFI, which includes, amongst others, budget allocation from the Government, credit, venture capital, donations, grants, subsidies and taxes. The source also includes funds raised from the capital market; and

¹ Examples include reduction in the specific funds or allocations and alternative funding strategy would result in higher costs.

(b) **“usage of funds”** refers to application of the funds on specific activities carried out by the DFI.

- G** 12.6 A DFI may refer to Appendix 4 for guidance in relation to the format of Annual Funding Requirement to be submitted to the Bank.
- S** 12.7 A DFI shall highlight in the CSP any variation or amendment made in prior year’s Annual Funding Requirement submission.
- S** 12.8 A DFI must also provide the assumptions used in arriving at the projected Annual Funding Requirement, which includes macroeconomic assumptions² and specific assumptions³.

13 Submission requirements

- S** 13.1 A DFI shall refer to Appendix 5 for full illustration of CSP submission requirements.
- S** 13.2 A DFI must ensure its CSP has been jointly signed by the Chairman and the Chief Executive Officer of the DFI for submission to its stakeholder Ministries.
- S** 13.3 For the purpose of sections 34 and 35 of the DFIA, a DFI must seek the joint approval from its stakeholder ministries for its proposed CSP before submitting CSP to the Bank.
- S** 13.4 A DFI must submit to the Bank by end February every year the CSP approved by its board and the relevant Ministers, supported by the minutes on the deliberation including any dissenting views by the board members.
- S** 13.5 In the event of any subsequent modification or variation to the approved CSP, the board must deliberate these changes before the DFI submits the same to the relevant Minister for approval in accordance with paragraph 13.3 and onward notification to the Bank.

² An example includes GDP growth.

³ An example includes financing growth and impairment rates.

APPENDIX 1 : List of stakeholder ministries

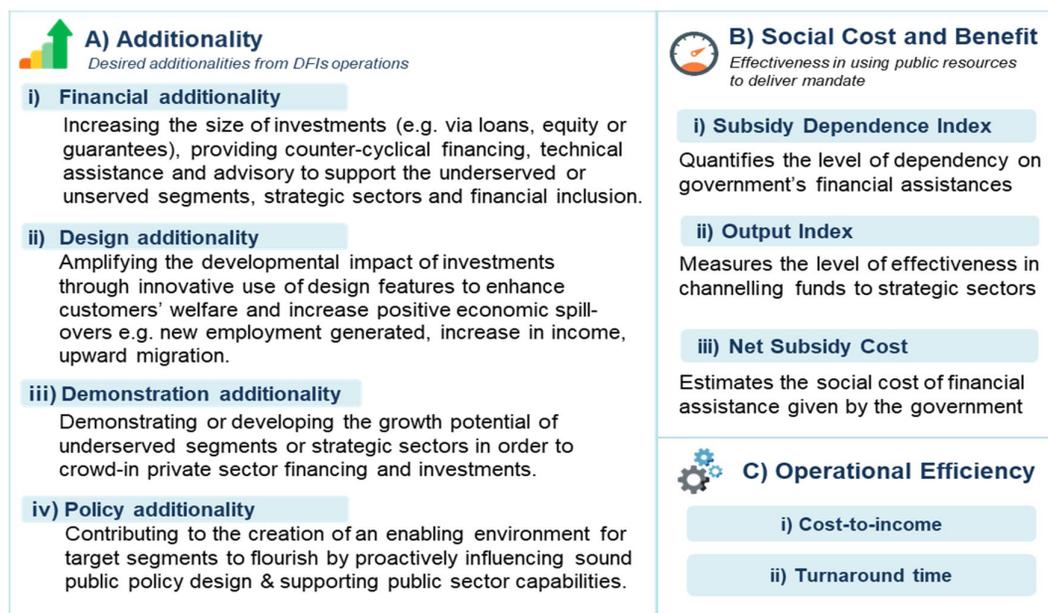
The DFIs' stakeholder Ministries must include the following Ministries:

DFI	Stakeholder Ministries
Bank Simpanan Nasional	Ministry of Finance
Bank Pembangunan Malaysia Berhad	Ministry of Finance Ministry of Economic Affairs
Bank Kerjasama Rakyat Malaysia Berhad	Ministry of Finance Ministry of Entrepreneur Development
Export-Import Bank of Malaysia Berhad	Ministry of Finance Ministry of International Trade and Industry
Small Medium Enterprise Development Bank Berhad	Ministry of Finance Ministry of Entrepreneur Development
Bank Pertanian Malaysia Berhad	Ministry of Finance Ministry of Agriculture

APPENDIX 2 : Performance Measurement Framework for DFIs

- The PMF shall consist of three key components namely, i) additionality, ii) social cost and benefit, and iii) operational efficiency, with additionality being the core results area.

Performance Measurement Framework (PMF) for DFIs



- In developing the performance measurements under the CSP, DFIs shall refer to the corresponding additionality indicators and definitions provided in the Indicator Taxonomy. DFIs may also include other additionality indicators not listed in the taxonomy to better reflect its institutional performance based on the DFIs' unique developmental mandate.

For information:

While the social cost and benefit and operational efficiency indicators are not part of the requirements under the CSP, DFIs are required to report these indicators to BNM as part of the Bank's continuous surveillance on the DFIs' performance.

BNM will be issuing a separate letter to the DFIs on the PMF reporting requirements. In the meantime, DFIs may refer to the Implementation Guide in the Attachment to facilitate DFIs in implementing and institutionalising the PMF.

Indicator Taxonomy

PMF Component	Indicator	Details	Metrics
Additionality	Financial additionality (output)		
	1) Financing approved to underserved segments, including:		
	• SMEs and/or micro	Definition of micro, small and medium entrepreneurs (MSMEs) to be guided by SMECorp Malaysia	Amount (RM), No. of accounts, YoY growth (%)
	• Strategic sectors	Sectors include but not limited to Industrial Revolution 4.0, Digital Economy, Rural Development, Tourism, Green Technology and Agriculture. ⁴	
	• New businesses	Business in operation less than 3 years	
	• New exporters	Exporters less than 3 years	
	• Long term business financing	Financing to businesses with tenure of more than 7 years	
	• Low income households	Financing to income earners of RM4,000 and below (income threshold proxied from Bantuan Sara Hidup eligibility criteria)	
	• Affordable housing	Financing of properties valued less than RM300,000	
	2) Financial inclusion		
	• Savings of individuals	Individual savings tracked by income level, age group, programme or locality	No. of access points, transaction volume of EB (RM)
	• Access points	Branches, ATM, CDM, agent banks (EB) by rural or urban area (rural area refers to a mukim with population of 10,000 and below)	
Policy additionality (output & outcome)			
3) Policy advice by DFIs taken up by Government (output)	Qualitative data – narrative on substantive contribution by DFIs to Government policy formulation, how the Government has adopted DFIs' proposal on economic policies and solutions and its medium-to-long term impact		-
4) Impact from policy implementation by Government (outcome)			
Demonstration additionality (outcome)			
5) Crowd-in private investment			

⁴ Source: Eleventh Malaysia Plan (RMK-11) and National Industry 4.0 Policy Framework.

	<ul style="list-style-type: none"> • Crowd-in ratio 	Total funding from the private sector in targeted segments (syndicated loan, face value of guaranteed financing) / total funding from DFI for syndicated loan, guaranteed financing in targeted segments	Amount (RM), %
	<ul style="list-style-type: none"> • Funds raised from capital market (without Government guarantee) 	Funds sourced from the private sector without Government's explicit guarantee (excluding funding from affiliates/ subsidiaries of MOF Inc (e.g. Khazanah) and state (e.g. Menteri Besar Inc)	Amount (RM)
	Design additionality (outcome)		
	6) Increase in revenue	Additional revenue generated by clients after receiving assistance from DFIs	RM, %
	7) Job creation	New permanent jobs created after receiving assistance from DFIs	No. of jobs
	8) Productivity of businesses	Revenue / Total employee	RM / employee
	9) Client resilience	Upward migration of clients according to SMECorp MSME classification, improvement of clients' credit profile, clients graduated from DFIs	No. of clients
Operational Efficiency	10) Cost-to-income ratio	Overheads / [(interest income – interest expense) + other income]	%
	11) Turnaround time	Average time taken to approve and disburse financing by type of financing i.e. consumer and business (microfinance, SMEs and corporate)	No. of days

APPENDIX 3 : Illustration of Statement of corporate intent

Example: reporting year 2020

1) Summary of Preceding Year (Actual vs target)

DFIs are required to provide summary of the 3 areas covered under the Statement of Corporate Intent– business activities, institutional arrangement including subsidiaries and material interest.

a) Example: Business activities

	Preceding year (2019)		
Business Activities	Objective	Performance measurement*	
		Target	Actual
Financing			
Deposit			
Investment			

2) Strategies for current year and following year*a) Business activities*

	Current year (2020)			
Business Activities	Objective	Strategies/ plans	Implementation timeline (indicate start and end date where relevant)	Performance measurement*
Financing				
Deposit				
Investment				

b) Institutional arrangements

	Current year (2020)			
Institutional arrangements	Objective	Strategies/ plans	Implementation timeline (indicate start and end date where relevant)	Performance measurement
Human capital				
IT				
Risk management				

c) Subsidiaries and Material Interest

Subsidiaries and material interest	Current year (2020)		Foreseeable changes over the next year 2 years
	Objectives	Business Activities	
List of subsidiary companies			
xxx			
xxx			
List of companies where DFI has material interest in			
xxx			
xxx			

Note:

Summary of the following year strategies (e.g. 2021) as per paragraph 11.3(c) above must be provided accordingly as part of the Statement of Corporate Intent submission.

* Performance measurement reported in the Statement of Corporate Intent must reflect both the strategies outputs and outcomes (refer to the Appendix 4 - Indicator Taxonomy)

APPENDIX 4 : Illustration of Annual Funding Requirement

ANNUAL FUNDING REQUIREMENT FOR YEAR 20XX

	Ref	Prior year	Current year	Next year
		Actual	Estimated	Projected
		RM '000		
<u>Source of Funds</u>				
Shareholders' Funds	1			
Government Sources				
Annual Budget Allocation	2			
<i>Direct allocation</i>				
<i>Indirect allocation</i>				
Deposits				
Borrowings	3			
Government compensation	4			
Other Sources				
Capital market	5			
Deposits				
Borrowings	6			
Total				
<u>Uses of Funds</u>				
Net Loans Disbursement	7			
Commercial programme				
Government programme				
Net Investments	8			
of which:				
Government securities				
Repayment of Funds	9			
Capital Expenditure	10			
Operating Expenditure	11			
Total				

ANNUAL FUNDING REQUIREMENT FOR YEAR 20XX

Supporting Notes – Sources of Funds

	Amount RM '000
1 Shareholders' Funds	XXX
<i>of which:-</i>	XX
<i>Paid-Up Capital</i>	XX
<i>Projected Retained Profits</i>	XX
<i>Reserve Funds</i>	XX
2 Annual Budget Allocation	XXX
<u>Direct Allocation¹</u>	
(to provide detailed breakdown of the funds received)	
<i>Equity</i>	XX
<i>Borrowing</i>	XX
<i>Grant</i>	XX
¹ Direct allocation refers to funds requested by the DFI directly through the annual budget allocation	
<u>Indirect Allocation</u>	XX
<u>Fixed Allocation²</u>	
(to provide detailed breakdown of the funds received)	
<i>Fund provider (e.g. MOF, MOA, MITI, MEA, etc.)</i>	XX
<u>Grant³</u>	
<i>Fund provider (e.g. MOF, MOA, MITI, MEA, etc.)</i>	XX
² Fixed allocation refers to funds provided by the Government in the form of Government loans. List all the names of fund providers.	
³ Grant refers to funds provided by the Government through its agencies without any financial cost being borne by DFI for the funds. To list out the names of fund providers	
3 Government Borrowing⁴	XXX
<i>of which:-</i>	
<i>State Government</i>	XX
<i>Bank Negara Malaysia</i>	XX
<i>Statutory Bodies / Government Agencies/ Government Owned Companies</i>	XX
⁴ Borrowings (including funds provided by the Government through its various agencies on a reimbursement basis) that have not been allocated through the annual budget allocation. DFI is also required to append the terms of borrowing given such as tenure and interest rate.	
4 Government Compensation	XXX
(To provide detailed breakdown of the compensation received according to the funds/ programmes undertaken by the DFI)	
5 Capital market	XXX
(To provide detailed proposed tranches of bond/ sukuk issuance, reflecting the projected amount and year of issuance. For bond/ sukuk that has been issued during the submission period, information of the issuance terms to be included.)	

6	Other Borrowing⁵	XXX
	<i>of which:-</i>	
	<i>Foreign sources</i>	XX

<p>⁵ Borrowings obtained direct from domestic and foreign sources, with or without the Government's guarantee. If it is guaranteed by the Government, a DFI is required to disclose the terms and exposure amount that is guaranteed.</p>

Supporting Notes – Usage of Funds

Ref		Amount RM '000
7	Net Loans Disbursement	XXX
	<u>Commercial programme</u>	
	<i>Loans Disbursed</i>	XX
	<i>Less: (Loan Repayment)</i>	(XX)
	<u>Government specific scheme/ programme</u>	
	(to provide detailed breakdown of the scheme/ programme undertaken such as 'Skim Pembiayaan Ekonomi Desa')	
	<i>Total Allocation</i>	XX
	<i>Loans Disbursed</i>	XX
	<i>Less: (Loan Repayment)</i>	(XX)
	⁶ Loan repayment is to be computed net of all interest components	
8	Net Investments	XXX
	Investments	
	<i>of which:-</i>	
	<i>Government Securities</i>	XX
	<i>Investment in Subsidiaries and Associate Companies</i>	XX
	<i>Investment in VC Companies</i>	XX
	<i>Less: (Divestments)</i>	(XX)
	<i>of which:-</i>	
	<i>Government Securities</i>	XX
	<i>Divestment in Subsidiaries and Associate Companies</i>	XX
	<i>Investment in VC Companies</i>	XX
9	Repayment of funds	XXX
	<i>(To provide detailed breakdown of the repayment made to Government according to the funds received by the DFI)</i>	
10	Capital Expenditure	XXX
	<i>(To provide detailed breakdown on capital expenditure such as purchase of fixed assets, investment on IT and others)</i>	
11	Operating Expenditure	XXX
	<i>of which:-</i>	
	<i>Overhead costs</i>	XX
	<i>Provisions for impaired assets</i>	XX
	<i>Provisions for diminution in value for investments</i>	XX
	<i>(To provide list of expenditures incurred)</i>	

APPENDIX 5 : Illustration of CSP submission**A. Review of Operating Environment**

- Environment outlook
- Operational mandate
- Additionality creation
- Institutional strength and capability
- Risk oversight and management (context of development priorities and financial sustainability)

B. Statement of Corporate Intent (SCI – refer template in Appendix 3)***i. Overall business strategies***

- Broad context on how strategies are developed.
- Challenges, constraint faced and mitigation plans.
- specific strategies based on three key distinct categories:
 - the DFI's business activities which includes financing, deposit-taking and investment activities;
 - Institutional arrangements fundamental in carrying out the strategies including human resource planning, capital investment and IT system; and
 - subsidiaries and holding of material interest in corporations by the DFI.

ii. Strategies on Government specific schemes

- Reporting scope similar to business strategies above, and to include on allocation received from Government or uses of internal fund. To include the agreed outcomes for the implementation of the Government funds/schemes.
- Include the assessment on performance; additionality creation, impaired financing and sustainability of the funds.

C. Annual Funding Requirement***i. Broad funding strategies***

- Broad context on how strategies are developed.
- Emphasise on new sources of fund to finance business activities.

ii. Detailed funding plan (refer template in Appendix 4)

- Funding strategies containing detailed sources of fund for the identified business strategies in SCI.