

Report Card 2014

Members Of Corporation



*"In the competitive banking world
with its tough competition,
it is exhilarating to be a part
of highly innovative and
flexible corporation."*



Over the years we have seen the steady transformation of Sabah Credit Corporation into a sustainable growth organisation, underpinned by an energising and purpose-driven vision & mission. Year 2014 was another year full of exciting progress and this promising growth has made the members of the Corporation remain confident that the Corporation's strategies will continue to generate sustainable returns for its shareholders and investors.

Although the rough economic last year, the Corporation's financial highlights point towards a business that is delivering long-term financial performance. Strong dependable cash management has led to steadily increasing dividends year on year. The full-year dividend paid to the State Government in 2014 was RM20.00 million and since 2002, the Corporation has paid a total sum of RM205.48 million of dividends and will proceed with dividend payments as a means of giving back to its shareholders.

Despite the measures taken by Bank Negara Malaysia to reduce indebtedness and intensified competition from the key players in the market, the Corporation continued to strengthen following another favourable set of financial results in 2014. Even with this major change in indebtedness policy imposed to all civil servants, I am happy to see that the competition given by competitors is actually making SCC more innovative and flexible. This is shown by our achievements for this year.

The core business of the Corporation continues to improve with its Shariah-compliant product, the i-Executive, which was launched in November 2010. At the closing of FY2014, the total assets of the Corporation is RM2.31 billion that contributed to a profit of RM71.08 million. These are good indicators that SCC is readily on their toes to contend with the intense challenges posed by the market. SCC will continue to be productive and its efficient branch network as well as its excellent customer service to deliver continuous revenue growth.

In no way have we forgotten our mandated objectives of providing easier access to financial facilities as we have also further endeavoured to improve the socio-economic status of our community at large through our Corporate Social Responsibility programmes from 10% of our declared surplus before tax.

Once again, on behalf of the Corporation, I take this opportunity to record my heartfelt gratitude for the continuous support, assistance and guidance from the Ministry of Finance, government agencies, stakeholders, business partners and all the relevant authorities.

On behalf of the Members of Corporation, I would like to thank our Management and Warga SCC for their dedication, excellence and inspired work over the past year and for helping us continue to build long term sustainable foundation for the years ahead. Finally, I thank our valued customers for their continuous support and loyalty.

Thank you.

YB DATUK LINDA TSEN
Chairman

Vision

*To become a leading Corporate Citizen
in Malaysia and to contribute to the
State Social Agenda with the intention*

"To make a Difference"

Management Team



Visit us at
<http://www.sabahcredit.com.my>



Find us on Facebook
<http://www.facebook.com/SabahCreditCorporation>



PERBADANAN PINJAMAN SABAH
(SABAH CREDIT CORPORATION)



SCC Corporate Social Responsibility (CSR) programme emphasizes on WOMEN, CHILDREN and the LESS FORTUNATE all over the state of Sabah, empowering them to move ahead in their quest for better opportunities and living, through the provision of infrastructure and the contributions of necessary equipment. SCC has been putting aside 10% of its surplus before tax to fund these programmes and to date, has benefited 28 districts.



Pusat Pemulihan Dalam Komuniti
Ranau
28 March



Jambatan Gantung
Kg Segaliud, Sandakan
31 October



Thalassemia Ward
Hospital Kudat
22 February



Asrama Desa PRIDE
SK Abuan Beluran
9 May



Pusat Pembelajaran
SM Advent, Tamparuli
24 October



Asrama PRIDE SK Melangkap
Kota Marudu
18 November



Dewan PRIDE
Sabah Family Planning, KK
18 December

Significant Events

▲ 2014 ▲
▼ TIMELINE ▼



- SUKUK
1.5 Billion
Launching

- Kick-start of
BBA
development

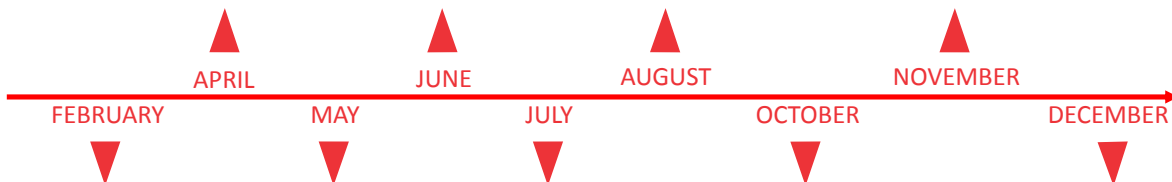
- Launching of
Kempen
Kesilapan Sifar

- Implementation
of Paperless
Application



- UTC Sabah
Launching
by PM

- Final draft of
BBA blueprint



- Centralized Online
Payment for all
releases and refund

- Implementation
of MM Module

- Implementation
of PDPA

- IBFIM Syariah audit

- Financial
Management
Innovation Award
State of Sabah



- RAM Rating
Visit



- Anugerah Inovasi
Sektor Awam
AIPK Nominee



- Asset reach
2.31 Billion



- Sabah State
Secretary
Innovation
Award

“Accountability Index Rating ★★★★★”

Financial Performance Highlights

BALANCE SHEET AS AT 31 DECEMBER 2014

ASSETS	2014 RM	2013 RM	Company 2014 RM	2013 RM
NON-CURRENT ASSETS				
Property, plant and equipment	38,724,692	43,828,607	38,724,692	43,828,607
Investment in jointly controlled entity	6,905,575	11,779,721	8,123,199	8,123,199
	45,630,267	55,608,328	46,847,891	51,951,806

CURRENT ASSETS				
Other receivables	9,325,871	936,159	9,325,871	936,159
Investments	31,744,810	73,975,132	31,744,810	73,975,132
Deposits	5,635,227	19,086,114	5,635,227	19,086,114
Loans, advances and financing	2,195,374,457	2,000,363,151	2,195,374,457	2,000,363,151
Cash and bank balance	21,876,660	29,383,354	21,876,660	29,383,354
Current tax asset	-	1,957,989	-	1,957,989

	2,263,957,025	2,125,701,899	2,263,957,025	2,125,701,899
TOTAL ASSETS	2,309,587,292	2,181,310,227	2,310,804,916	2,177,653,705

LIABILITIES AND SHAREHOLDERS' EQUITY				
NON-CURRENT LIABILITIES				
Borrowings	1,835,360,390	1,752,416,265	1,835,360,390	1,752,416,265
CURRENT LIABILITIES				
Other payables and accruals	45,195,397	45,784,319	45,195,397	45,784,319
Current tax liabilities	151,735	-	151,735	-

TOTAL LIABILITIES	1,880,707,522	1,798,200,584	1,880,707,522	1,798,200,584
Share capital	200,000,000	182,000,000	200,000,000	182,000,000
Non-distributable reserves	638,142	553,432	638,142	553,432
Accumulated funds	228,241,628	200,556,211	229,459,252	196,899,689

TOTAL SHAREHOLDERS' EQUITY	428,879,770	383,109,643	430,097,394	379,453,121
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,309,587,292	2,181,310,227	2,310,804,916	2,177,653,705
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INCOME STATEMENT FOR YEAR ENDED 31 DECEMBER 2014

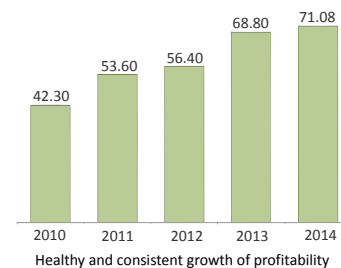
	2014 RM	2013 RM	Company 2014 RM	2013 RM
Interest income	187,265,611	156,835,682	187,265,611	156,835,682
Interest expense	(65,879,758)	(57,405,987)	(65,879,758)	(57,405,987)
NET INTEREST INCOME	121,385,853	99,429,695	121,385,853	99,429,695
Non-Interest income	13,769,784	26,140,461	13,769,784	26,140,461
Non-Interest expense	(22,444,819)	(18,486,765)	(22,444,819)	(18,486,765)

NET INCOME	112,710,818	107,083,391	112,710,818	107,083,391
Operating expenses	(38,873,191)	(40,235,073)	(38,873,191)	(40,235,073)
Share of profits of jointly controlled entity	(2,754,443)	1,954,691	-	-

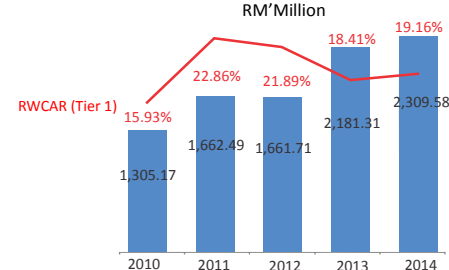
SURPLUS BEFORE TAX	71,083,184	68,803,009	73,837,627	66,848,318
Tax expense				
- Corporation	(21,677,992)	(24,526,517)	(21,677,992)	(24,526,517)
- Jointly controlled entity	199,885	(181,770)	-	-

NET SURPLUS FOR THE YEAR	49,605,077	44,094,722	52,159,635	42,321,801
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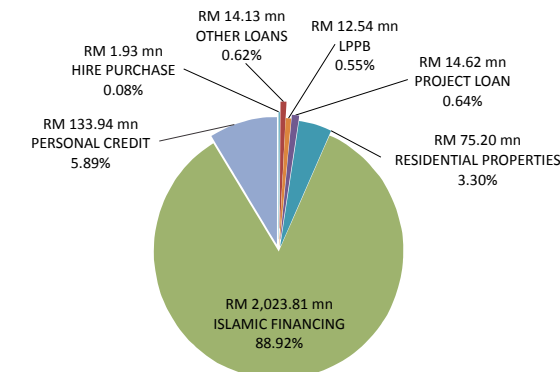
Surplus Before Tax RM'Million



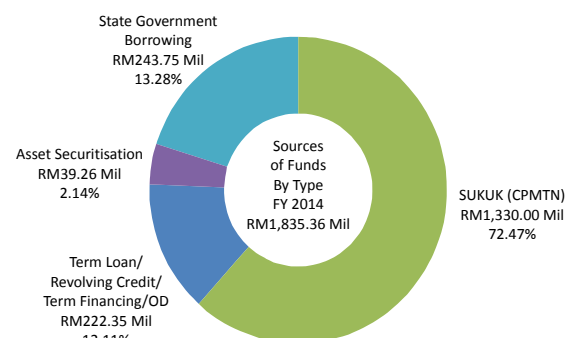
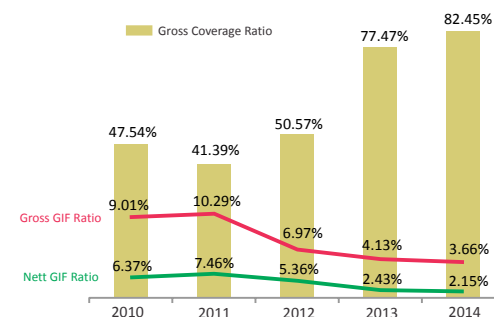
Asset Base RM'Million



Gross Financing Amount 2276.17 million



Gross GIF, Net GIF and Gross Coverage Ratio



“Together is Our Strength”



2014 had been a very challenging year of market and interest uncertainty and as before, Sabah Credit Corporation has been focused and consistent in its goals: That is to create value for shareholders, and to increase the State's social economic welfare, one step at a time. Each year, SCC has followed a disciplined approach: building on existing operations towards precision and sustainability, seeking out new growth opportunities and prudently deploying our capital. As such, SCC now plays a major role in the State's rapidly growing financial services sector offering value added services. In 2014 the strategic plan and rallying cry employed by SCC was “Could Be Better”, a measure taken to enhance the creativity, quality and service delivery by our most valuable resource, our Warga SCC.

FINANCIAL PERFORMANCE

Just like the year before, 2014 was another excellent year of solid growth as SCC accepted the 10-year personal credit limit as a trigger to innovate on its products and services, which saw the launch of the Additional Financing, another segment of the i-Executive product under the Islamic portfolio. Despite the threats of the rate hikes and the changing market, SCC was still able to achieve a profit surplus of RM71.08 million, an increase of 3.31% from RM68.80 million in 2013. With the great marketing efforts performed by Warga SCC, we managed to see an increase of 12,700 new customers totalling to a RM274 million increase in portfolio balance, which contributes to SCC reaching an asset base of RM2.31 billion by year end 2014.

SCC's participation in the State and Federal level for Financial Management Innovation award in 2014 was mainly focused for the sole purpose; of challenging our comfort zones and the dreaded complacency. SCC won the Setiausaha Kerajaan Negeri (SKN) award and Financial Management Innovation award at State level and was the finalist for the Federal Financial Management Innovation Award.

LOOKING AHEAD

2015 will see SCC celebrating its 60th anniversary, in which we would be even more focused on bringing better and improved quality service delivery to the customer's doorstep and spreading SCC's “Anda DiUtamakan” brand throughout the State, especially in the rural areas. Being appointed as the caretakers of the first Sabah Urban Transformation Centre (UTC), and the opening of the 13th District Client Centre in Kota Marudu, SCC's potential in making its mark in the market grows ever brighter as SCC is nurturing many capable future leaders in the organisation. It is my belief that SCC should not only strategise for situations that are in front of us but also anticipate all future challenges.

APPRECIATION

I am most grateful for a very understanding and supportive Members of the Corporation. In addition, I am delighted with positive response by our stakeholders, the Ministry of Finance. It is indeed very encouraging and empowering to have such good working relationships.

Finally, I wish to thank all my Warga PPS for their strong support and commitment in 2014. Because of you, SCC is able to achieve greater heights and financial performance. This is aptly coined by our corporate catchphrase, “Together is Our Strength”.

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Datuk Vincent Pung
Chief Executive Officer

“RAM Rating : AA1/P1 With Stable Outlook”