

Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Notes	Group		Bank	
		31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
ASSETS					
Cash and short-term funds		627,961	1,558,746	627,751	1,558,045
Financial investments at fair value through through profit or loss ("FVTPL")	8	382,446	-	382,446	-
Financial investments at fair value through other comprehensive income ("FVOCI")	9	1,875,537	1,482,674	1,875,537	1,482,674
Financial investments at amortised cost ("AC")	10	924,722	975,652	924,722	975,652
Loans, advances and financing	11	8,238,668	8,284,537	8,238,668	8,284,537
Other assets		29,633	24,199	91,256	117,678
Investment in associate		-	-	-	-
Property, plant and equipment		123,528	124,395	123,526	124,395
Right-of-use assets		11,398	12,334	11,398	12,334
Investment properties		394,399	394,399	394,399	394,399
Intangible assets		39,162	41,503	39,162	41,503
Tax recoverable		4,512	5,942	1,463	2,692
Deferred tax assets		108,486	113,536	108,486	113,536
TOTAL ASSETS		12,760,452	13,017,917	12,818,814	13,107,445
LIABILITIES					
Deposits from customers	12	4,512,010	3,943,673	4,519,791	3,984,635
Deposits from banks and other financial institutions	13	120,035	140,056	120,035	140,056
Islamic medium-term notes/commercial notes		2,726,172	3,506,937	2,726,172	3,506,937
Borrowings/Fundings	14	2,076,914	2,047,647	2,076,914	2,047,647
Lease liabilities		11,914	12,811	11,914	12,811
Other liabilities		1,061,321	1,118,449	1,101,800	1,156,723
Government funds		572,953	580,125	572,953	580,125
TOTAL LIABILITIES		11,081,319	11,349,698	11,129,579	11,428,934
EQUITY					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(203,782)	(212,192)	(193,680)	(201,900)
Other reserves		32,915	30,411	32,915	30,411
TOTAL EQUITY		1,679,133	1,668,219	1,689,235	1,678,511
TOTAL LIABILITIES AND EQUITY		12,760,452	13,017,917	12,818,814	13,107,445
COMMITMENTS AND CONTINGENCIES	20	2,049,977	1,969,272	2,049,977	1,969,272

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2024

Group	Notes	First Quarter Ended		Three Months Ended	
		31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Interest income	15	77	16	77	16
Interest expense	16	(1,398)	(1,468)	(1,398)	(1,468)
Net interest expense		(1,321)	(1,452)	(1,321)	(1,452)
Gross income from Islamic banking business	22	122,001	119,769	122,001	119,769
Other operating income	17	4,458	1,991	4,458	1,991
Net income		125,138	120,308	125,138	120,308
Other operating expenses	18	(74,102)	(70,932)	(74,102)	(70,932)
Operating profit		51,036	49,376	51,036	49,376
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	19	(37,461)	(28,163)	(37,461)	(28,163)
- commitments and contingencies		201	(312)	201	(312)
- financial investments at FVOCI	8	124	27	124	27
- financial investments at AC	9	208	-	208	-
- other assets at AC		(246)	(435)	(246)	(435)
Profit before tax expense and zakat		13,862	20,493	13,862	20,493
Tax expense		(5,077)	(3,108)	(5,077)	(3,108)
Zakat		(375)	(375)	(375)	(375)
Profit for the period		8,410	17,010	8,410	17,010
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		2,628	5,859	2,628	5,859
Changes in expected credit loss on financial investments at FVOCI		(124)	(71)	(124)	(71)
Other comprehensive income for the period		2,504	5,788	2,504	5,788
Total comprehensive income for the period		10,914	22,798	10,914	22,798
Profit for the period attributable to owner of the Bank		8,410	17,010	8,410	17,010
Total comprehensive income attributable to owner of the Bank		10,914	22,798	10,914	22,798

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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2024

Bank	Notes	First Quarter Ended		Three Months Ended	
		31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Interest income	15	77	16	77	16
Interest expense	16	(1,398)	(1,468)	(1,398)	(1,468)
Net interest expense		(1,321)	(1,452)	(1,321)	(1,452)
Gross income from Islamic banking business	22	122,040	121,442	122,040	121,442
Other operating income	17	3,332	1,225	3,332	1,225
Net income		124,051	121,215	124,051	121,215
Other operating expenses	18	(74,024)	(69,915)	(74,024)	(69,915)
Operating profit		50,027	51,300	50,027	51,300
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	19	(37,959)	(32,391)	(37,959)	(32,391)
- commitments and contingencies		201	(312)	201	(312)
- financial investments at FVOCI	8	124	27	124	27
- financial investments at AC	9	208	-	208	-
- other assets at AC		(246)	(435)	(246)	(435)
- other assets at FVOCI		715	4,401	715	4,401
Profit before tax expense and zakat		13,070	22,590	13,070	22,590
Tax expense		(4,475)	(2,934)	(4,475)	(2,934)
Zakat		(375)	(375)	(375)	(375)
Profit for the period		8,220	19,281	8,220	19,281
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		2,628	5,859	2,628	5,859
Changes in expected credit loss on financial investments at FVOCI		(124)	(71)	(124)	(71)
Other comprehensive income for the period		2,504	5,788	2,504	5,788
Total comprehensive income for the period		10,724	25,069	10,724	25,069
Profit for the period attributable to owner of the Bank		8,220	19,281	8,220	19,281
Total comprehensive income attributable to owner of the Bank		10,724	25,069	10,724	25,069

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

Small Medium Enterprise Development Bank Malaysia Berhad
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CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2024

Group	Note	<=====Attributable to the Owner of the Bank=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2024		1,850,000	20,297	10,114	(212,192)	1,668,219
Unrealised gain on revaluation of financial investments at FVOCI		-	2,628	-	-	2,628
Changes in expected credit losses of financial investments at FVOCI	9	-	(124)	-	-	(124)
Profit for the period		-	-	-	8,410	8,410
Total comprehensive income for the period		-	2,504	-	8,410	10,914
At 31 March 2024		1,850,000	22,801	10,114	(203,782)	1,679,133
At 1 January 2023		1,850,000	3,927	10,114	(288,613)	1,575,428
Unrealised gain on revaluation of financial investments at FVOCI		-	18,735	-	-	18,735
Reclassification of gain included in profit or loss		-	36	-	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	-	2,104
Income tax relating to components of other comprehensive income		-	(4,505)	-	-	(4,505)
Profit for the year		-	-	-	82,642	82,642
Total comprehensive income for the year		-	16,370	-	82,642	99,012
Transaction with owner:						
Dividends		-	-	-	(6,221)	(6,221)
At 31 December 2023		1,850,000	20,297	10,114	(212,192)	1,668,219

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

Bank	Note	<=====Attributable to the Owner of the Bank=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
At 1 January 2024		1,850,000	20,297	10,114	(201,900)	1,678,511
Unrealised loss on revaluation of financial investments at FVOCI		-	2,628	-	-	2,628
Changes in expected credit losses of financial investments at FVOCI	9	-	(124)	-	-	(124)
Profit for the period		-	-	-	8,220	8,220
Total comprehensive income for the period		-	2,504	-	8,220	10,724
At 31 March 2024		1,850,000	22,801	10,114	(193,680)	1,689,235
At 1 January 2023		1,850,000	3,927	10,114	(280,796)	1,583,245
Unrealised gain on revaluation of financial investments at FVOCI		-	18,735	-	-	18,735
Reclassification of gain included in profit or loss		-	36	-	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	-	2,104
Income tax relating to components of other comprehensive income		-	(4,505)	-	-	(4,505)
Profit for the year		-	-	-	85,117	85,117
Total comprehensive income for the year		-	16,370	-	85,117	101,487
Transaction with owner: Dividends		-	-	-	(6,221)	(6,221)
At 31 December 2023		1,850,000	20,297	10,114	(201,900)	1,678,511

(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2024**

	Group		Bank	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	13,862	20,493	13,070	22,590
Adjustments for:				
Net impairment loss on loans, advances and financing	37,269	28,163	37,959	32,391
Net impairment (writeback)/loss of commitment and contingencies	(201)	312	(201)	312
Net impairment writeback on financial investment at FVOCI	(124)	(27)	(124)	(27)
Net impairment writeback on financial investment at AC	(208)	-	(208)	-
Impairment loss on other assets at AC	246	435	246	435
Impairment writeback on other assets at FVOCI	-	-	(715)	(4,401)
Depreciation of property, plant and equipment	2,919	3,370	2,919	3,370
Depreciation of right-of-use assets	936	897	936	897
Amortisation of intangible assets	2,656	1,846	2,656	1,846
Government funds released	(7,172)	(7,807)	(7,172)	(7,807)
Income from financial investments at FVOCI	(14,381)	(11,933)	(14,381)	(11,933)
Income from financial investments at FVTPL	(2,034)	(1,123)	(2,034)	(1,123)
Income from financial investments at AC	(9,460)	(8,845)	(9,460)	(8,845)
Profit expense on medium-term notes/commercial papers	29,414	22,812	29,414	22,812
Profit expense on borrowings/fundings	10,817	10,519	10,817	10,519
Finance cost on lease liabilities	113	133	113	133
Profit income on amount due from a subsidiary company	-	-	(1,785)	(599)
Gain on disposal of associate	-	(3,465)	-	(5,800)
Operating profit before working capital changes	64,652	55,780	62,050	54,770
Changes in working capital:				
Net changes in operating assets	2,920	(68,142)	36,588	(29,371)
Net changes in operating liabilities	490,901	(458,375)	459,927	(496,229)
Cash generated from/(used in) operating activities	558,473	(470,737)	558,565	(470,830)
Profit received	9,983	22,315	9,983	22,315
Tax paid	(445)	(326)	(43)	(153)
Tax refund	1,848	-	1,847	-
Zakat refund	113	119	113	119
Net cash generated from/(used in) operating activities	569,972	(448,629)	570,465	(448,549)
Cash flows from investing activities				
Net proceed from purchase of financial investment	(705,653)	(175,000)	(705,653)	(175,000)
Net purchase of property, plant and equipment	(2,364)	(8,978)	(2,364)	(8,978)
Net cash used in investing activities	(708,017)	(183,978)	(708,017)	(183,978)
Cash flows from financing activities				
Net (payment)/disburse of medium-term notes/commercial papers	(810,179)	85,160	(810,179)	85,160
Net disburse of borrowings/fundings	18,448	11,183	18,448	11,183
Payment of lease liabilities	(1,011)	(986)	(1,011)	(986)
Proceeds from disposal of associate	-	5,800	-	5,800
Net cash (used in)/generated from financing activities	(792,742)	101,157	(792,742)	101,157
Net decrease in cash and cash equivalents	(930,787)	(531,450)	(930,294)	(531,370)
Cash and cash equivalents at beginning of period	1,558,746	1,628,091	1,558,045	1,626,827
Cash and cash equivalents at end of period	627,959	1,096,641	627,751	1,095,457
Cash and cash equivalents comprise:				
- Cash and short term funds	627,961	1,096,641	627,751	1,095,457

**Small Medium Enterprise Development Bank Malaysia Berhad
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**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")
Interim Financial Reporting**

1. Basis of preparation

The unaudited condensed interim financial statements for the Group and the Bank have been prepared under the historical cost convention except for the following assets that are stated at fair values: financial investments at fair value through other comprehensive income (FVOCI), financial investments at fair value through profit or loss (FVTPL) and investment properties.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by Malaysian Accounting Standards Board ("MASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2023. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2023.

The unaudited condensed interim financial statements incorporate those activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits, granting of financing under the principles of Shariah and providing entrepreneur training.

The accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2023. At the date of authorisation of these interim financial statements, the Group and the Bank has not applied in advance the following accounting standards and interpretation that have been effective on 1 January 2024 issued by MASB but not yet effective:-

- Supplier Finance Arrangements (Amendments to MFRS 7 and MFRS 107)
- Lease Liability in a Sale and Leaseback (Amendments to MFRS 16)
- Classification of Liabilities as Current and Non-Current (Amendments to MFRS 101)
- Non-current Liabilities with Covenants (Amendments to MFRS 101)

The Group and the Bank plan to adopt the above pronouncement when effective in the respective financial year. Unless otherwise stated, the initial application of the above pronouncement is not expected to have any significant impact on the Group and the Bank.

2. Summary of Significant Accounting Policies

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2023 were prepared in accordance with MFRS, IFRS and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2023.

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3. Auditors' report on preceding audited annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2023 was not qualified.

4. Seasonal or cyclical factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the first quarter and three months period ended 31 March 2024.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the first quarter and three months period ended 31 March 2024.

6. Changes in estimates

There were no material changes in estimates that have a material effect in the first quarter and three months period ended 31 March 2024.

7. Dividends

No dividend has been paid for the first quarter ended 31 March 2024.

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8. Financial investments at FVTPL

	Group and Bank	
	31 March 2024	31 December 2023
	RM'000	RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	183,151	-
Money market instruments		
Commercial papers	199,295	-
	<u>382,446</u>	<u>-</u>

9. Financial investments at FVOCI

	Group and Bank	
	31 March 2024	31 December 2023
	RM'000	RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	<u>1,501,956</u>	<u>1,108,183</u>
Non-money market instruments		
Equity securities		
- Private debt securities	31,700	30,761
- Unquoted shares	10,693	10,693
Debt securities		
- Private debt securities	<u>331,188</u>	<u>333,037</u>
	<u>373,581</u>	<u>374,491</u>
	<u>1,875,537</u>	<u>1,482,674</u>

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.

Movements in allowances for impairment which reflects the expected credit loss ("ECL") model on impairment, recognised in other comprehensive income are as follows:

	Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	446	1,857	10,000	12,303
Writeback made due to changes in credit risk	(5)	(119)	-	(124)
At 31 March 2024	<u>441</u>	<u>1,738</u>	<u>10,000</u>	<u>12,179</u>
At 1 January 2023	1	198	10,000	10,199
Allowance made due to changes in credit risk	445	1,659	-	2,104
At 31 December 2023	<u>446</u>	<u>1,857</u>	<u>10,000</u>	<u>12,303</u>

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9. Financial investments at FVOCI (cont'd.)

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	14	-	-	14
RAM A	-	1,738	-	1,738
MARC AA-	379	-	-	379
RAM D [^]	48	-	10,000	10,048
At 31 March 2024	441	1,738	10,000	12,179

<i>External rating grade</i>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	14	-	-	14
MARC AAA	48	-	-	48
RAM A	-	1,857	-	1,857
MARC AA-	384	-	-	384
RAM D [^]	-	-	10,000	10,000
At 31 December 2023	446	1,857	10,000	12,303

[^] The nominal amount of certain private debt securities were impaired in full due to qualitative factors.

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10. Financial investments at AC

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	294,467	292,369
Money market instruments		
Commercial papers	59,867	138,890
Non-money market instruments		
Private debt securities	570,967	545,180
	925,301	976,439
Less: Accumulated impairment losses	(579)	(787)
	<u>924,722</u>	<u>975,652</u>

The maturity structure of financial assets at amortised cost are as follows:

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Within one year	271,910	321,506
More than one year to three years	371,025	373,587
More than three years to five years	267,111	266,306
More than five years	15,255	15,040
	<u>925,301</u>	<u>976,439</u>

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10. Financial investments at AC (cont'd.)

Movements in allowances for impairment which reflects the ECL model on impairment are as follows:

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
	Stage 1	Stage 1
At 1 January	787	1
Allowance made due to changes in credit risk	1	199
New financial investments originated or purchased	4	587
Financial investments derecognised	(213)	-
At 31 March/31 December	579	787

The impairment losses by external rating grade are as follows:

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
	Stage 1	Stage 1
<i>External rating grade</i>		
RAM AAA	30	26
MARC AAA	26	26
RAM AA	315	354
MARC A+	208	-
MARC AA	-	381
Total	579	787

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	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Malaysian Government Investment Issues	294,012	293,515
Commercial papers	59,867	138,890
Private debt securities	576,179	549,680
	930,058	982,085

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11. Loans, advances and financing

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Term loans/financing				
- Hire purchase	253,901	330,085	243,507	319,715
- Leasing	225	225	-	-
- Other term loans/financing	5,637,993	6,406,039	5,416,637	6,184,151
Revolving loans/financing	3,216,238	2,397,789	3,215,656	2,397,217
Staff loans/financing	9,347	9,798	9,347	9,798
Gross loans, advances and financing	<u>9,117,704</u>	<u>9,143,936</u>	<u>8,885,147</u>	<u>8,910,881</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 11(ix))	(106,007)	(105,085)	(106,007)	(105,085)
- Stage 2 (Note 11(ix))	(74,598)	(63,292)	(74,598)	(63,292)
- Stage 3 (Note 11(ix))	(698,431)	(691,022)	(465,874)	(457,967)
Net loans, advances and financing	<u>8,238,668</u>	<u>8,284,537</u>	<u>8,238,668</u>	<u>8,284,537</u>
Gross impaired loans, advances and financing (Note 11(viii))	<u>1,366,795</u>	<u>1,347,439</u>	<u>1,134,238</u>	<u>1,114,384</u>
Net impaired loans, advances and financing	<u>668,364</u>	<u>656,417</u>	<u>668,364</u>	<u>656,417</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM128,348,000 (2023: RM124,160,000) financed by Government funds.

(i) The maturity structure of gross loans, advances and financing are as follow:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Within one year	2,674,570	2,610,292	2,471,290	2,421,238
More than one year to three years	932,693	940,745	929,561	922,926
More than three years to five years	1,400,648	1,377,271	1,393,319	1,369,904
More than five years	4,109,793	4,215,628	4,090,977	4,196,813
	<u>9,117,704</u>	<u>9,143,936</u>	<u>8,885,147</u>	<u>8,910,881</u>

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11. Loans, advances and financing (cont'd.)

(ii) Gross loans, advances and financing analysed by type of customers are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Domestic business enterprise	9,108,357	9,134,138	8,875,800	8,901,083
Individual	9,347	9,798	9,347	9,798
	9,117,704	9,143,936	8,885,147	8,910,881

(iii) Gross loans, advances and financing analysed by industry are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Constructions	1,521,695	1,619,022	1,520,925	1,618,252
Education, health and others	588,460	600,806	581,027	593,052
Electricity, gas and water supply	172,149	162,567	172,149	162,567
Financial, insurance/takaful, real estate and business services	1,078,755	1,081,271	1,078,093	1,080,609
Manufacturing	1,681,702	1,654,468	1,656,084	1,628,889
Mining and quarrying	123,636	114,979	123,636	114,979
Primary agriculture	10,107	10,153	10,077	10,123
Transportation, storage and communication	1,228,039	1,261,432	1,211,404	1,244,816
Wholesale, retail trade, restaurants and hotels	2,703,814	2,629,440	2,522,405	2,447,796
Others	9,347	9,798	9,347	9,798
	9,117,704	9,143,936	8,885,147	8,910,881

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11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows:

Group	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
Constructions	1,043,176	36,069	78,140	65,936	97,790	200,584	1,521,695
Education, health and others	439,514	24,735	13,902	64,500	34,944	10,865	588,460
Electricity, gas and water supply	163,019	2,074	632	1,617	2,785	2,022	172,149
Financial, insurance/takaful, real estate and business services	729,049	114,805	72,491	35,979	52,012	74,419	1,078,755
Manufacturing	909,330	248,880	243,589	89,227	49,429	141,247	1,681,702
Mining and quarrying	66,649	-	11,927	34,819	4,079	6,162	123,636
Primary agriculture	4,785	-	179	210	3,663	1,270	10,107
Transportation, storage and communication	868,183	83,145	42,486	100,315	70,366	63,544	1,228,039
Wholesale, retail trade, restaurants and hotels	1,398,478	332,079	122,202	325,292	301,187	224,576	2,703,814
Others	9,347	-	-	-	-	-	9,347
At 31 March 2024	5,631,530	841,787	585,548	717,895	616,255	724,689	9,117,704

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11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Group	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
Constructions	1,139,986	36,311	65,985	59,038	102,993	214,709	1,619,022
Education, health and others	448,628	23,298	14,605	68,100	35,132	11,043	600,806
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	721,595	115,065	68,804	36,076	63,965	75,766	1,081,271
Manufacturing	878,126	261,026	232,140	99,949	50,589	132,638	1,654,468
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,805	-	185	219	3,625	1,319	10,153
Transportation, storage and communication	899,844	85,396	42,895	94,856	72,854	65,587	1,261,432
Wholesale, retail trade, restaurants and hotels	1,323,006	330,948	119,390	331,979	302,776	221,341	2,629,440
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,629,721	855,662	560,737	726,984	641,865	728,967	9,143,936

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11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Bank	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
Constructions	1,042,406	36,069	78,140	65,936	97,790	200,584	1,520,925
Education, health and others	432,081	24,735	13,902	64,500	34,944	10,865	581,027
Electricity, gas and water supply	163,019	2,074	632	1,617	2,785	2,022	172,149
Financial, insurance/takaful, real estate and business services	728,387	114,805	72,491	35,979	52,012	74,419	1,078,093
Manufacturing	883,712	248,880	243,589	89,227	49,429	141,247	1,656,084
Mining and quarrying	66,649	-	11,927	34,819	4,079	6,162	123,636
Primary agriculture	4,755	-	179	210	3,663	1,270	10,077
Transportation, storage and communication	851,548	83,145	42,486	100,315	70,366	63,544	1,211,404
Wholesale, retail trade, restaurants and hotels	1,217,069	332,079	122,202	325,292	301,187	224,576	2,522,405
Others	9,347	-	-	-	-	-	9,347
At 31 March 2024	5,398,973	841,787	585,548	717,895	616,255	724,689	8,885,147

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11. Loans, advances and financing (cont'd.)

(iv) Gross loans, advances and financing analysed by location and sector are as follows: (cont'd.)

Bank	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
Constructions	1,139,216	36,311	65,985	59,038	102,993	214,709	1,618,252
Education, health and others	440,874	23,298	14,605	68,100	35,132	11,043	593,052
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	720,933	115,065	68,804	36,076	63,965	75,766	1,080,609
Manufacturing	852,547	261,026	232,140	99,949	50,589	132,638	1,628,889
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,775	-	185	219	3,625	1,319	10,123
Transportation, storage and communication	883,228	85,396	42,895	94,856	72,854	65,587	1,244,816
Wholesale, retail trade, restaurants and hotels	1,141,362	330,948	119,390	331,979	302,776	221,341	2,447,796
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,396,666	855,662	560,737	726,984	641,865	728,967	8,910,881

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11. Loans, advances and financing (cont'd.)

(v) Gross loans, advances and financing analysed by interest/profit rate sensitivity as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Fixed rate:				
- Staff loan/financing	9,347	9,798	9,347	9,798
- Hire purchase	99,624	121,355	89,793	111,548
- Leasing	225	225	-	-
- Other term loans/financing	1,730,445	2,173,061	1,601,935	2,044,081
- Revolving loans/financing	2,169,376	1,947,655	2,168,859	1,947,138
Variable rate				
- Hire purchase	154,277	208,730	153,714	208,167
- Other term loans/financing	3,907,548	4,232,978	3,814,702	4,140,070
- Revolving loans/financing	1,046,862	450,134	1,046,797	450,079
	<u>9,117,704</u>	<u>9,143,936</u>	<u>8,885,147</u>	<u>8,910,881</u>

(vi) Gross impaired loans, advances and financing by industry as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Constructions	138,836	135,787	138,066	135,017
Education, health and others	66,143	56,615	58,710	48,861
Electricity, gas and water supply	39,220	55,383	39,220	55,383
Financial, insurance/takaful, real estate and business services	174,332	174,500	173,670	173,838
Manufacturing	241,941	247,623	216,323	222,044
Mining and quarrying	14,051	7,818	14,051	7,818
Primary agriculture	616	528	586	498
Transportation, storage and communication	99,897	95,954	83,262	79,338
Wholesale, retail trade, restaurants and hotels	591,759	573,231	410,350	391,587
	<u>1,366,795</u>	<u>1,347,439</u>	<u>1,134,238</u>	<u>1,114,384</u>

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11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows:

Group	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
Constructions	106,036	163	3,109	6,768	11,888	10,872	138,836
Education, health and others	44,421	284	2,379	7,371	6,339	5,349	66,143
Electricity, gas and water supply	39,220	-	-	-	-	-	39,220
Financial, insurance/takaful, real estate and business services	153,820	7,855	2,515	4,487	3,062	2,593	174,332
Manufacturing	137,824	6,218	55,100	16,103	24,427	2,269	241,941
Mining and quarrying	9,625	-	462	3,274	383	307	14,051
Primary agriculture	526	-	90	-	-	-	616
Transportation, storage and communication	64,619	5,746	14,161	5,080	8,004	2,287	99,897
Wholesale, retail trade, restaurants and hotels	415,499	66,574	13,530	44,078	47,112	4,966	591,759
At 31 March 2024	<u>971,590</u>	<u>86,840</u>	<u>91,346</u>	<u>87,161</u>	<u>101,215</u>	<u>28,643</u>	<u>1,366,795</u>

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11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows (cont'd.):

Group	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
Constructions	107,987	162	3,099	5,755	9,509	9,275	135,787
Education, health and others	44,730	320	1,847	7,311	1,783	624	56,615
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	155,283	7,524	2,477	4,314	3,111	1,791	174,500
Manufacturing	138,880	7,170	52,573	19,440	22,933	6,627	247,623
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	528	-	-	-	-	-	528
Transportation, storage and communication	59,857	6,894	13,481	5,147	8,303	2,272	95,954
Wholesale, retail trade, restaurants and hotels	406,427	65,445	11,255	39,410	45,673	5,021	573,231
At 31 December 2023	973,978	87,515	85,186	83,534	91,312	25,914	1,347,439

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11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows (cont'd.):

Bank	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
Constructions	105,266	163	3,109	6,768	11,888	10,872	138,066
Education, health and others	36,988	284	2,379	7,371	6,339	5,349	58,710
Electricity, gas and water supply	39,220	-	-	-	-	-	39,220
Financial, insurance/takaful, real estate and business services	153,158	7,855	2,515	4,487	3,062	2,593	173,670
Manufacturing	112,206	6,218	55,100	16,103	24,427	2,269	216,323
Mining and quarrying	9,625	-	462	3,274	383	307	14,051
Primary agriculture	496	-	90	-	-	-	586
Transportation, storage and communication	47,984	5,746	14,161	5,080	8,004	2,287	83,262
Wholesale, retail trade, restaurants and hotels	234,090	66,574	13,530	44,078	47,112	4,966	410,350
At 31 March 2024	<u>739,033</u>	<u>86,840</u>	<u>91,346</u>	<u>87,161</u>	<u>101,215</u>	<u>28,643</u>	<u>1,134,238</u>

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11. Loans, advances and financing (cont'd.)

(vii) Gross impaired loans, advances and financing analysed by location and sector are as follows (cont'd.):

Bank	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
Constructions	107,217	162	3,099	5,755	9,509	9,275	135,017
Education, health and others	36,976	320	1,847	7,311	1,783	624	48,861
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	154,621	7,524	2,477	4,314	3,111	1,791	173,838
Manufacturing	113,301	7,170	52,573	19,440	22,933	6,627	222,044
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	498	-	-	-	-	-	498
Transportation, storage and communication	43,241	6,894	13,481	5,147	8,303	2,272	79,338
Wholesale, retail trade, restaurants and hotels	224,783	65,445	11,255	39,410	45,673	5,021	391,587
At 31 December 2023	740,923	87,515	85,186	83,534	91,312	25,914	1,114,384

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11. Loans, advances and financing (cont'd.)

(viii) Movements in impaired loans, advances and financing are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
At 1 January	1,347,439	1,472,816	1,114,384	1,102,725
-Transfers to Stage 1	-	(54,736)	-	(54,736)
-Transfers to Stage 2	(395)	(13,500)	(395)	(13,500)
-Transfers to Stage 3	75,990	250,199	75,990	250,199
	<u>1,423,034</u>	<u>1,654,779</u>	<u>1,189,979</u>	<u>1,284,688</u>
Changes due to change in credit risk	(22,775)	(50,624)	(22,277)	(25,555)
New financial assets originated	4	51,555	4	51,555
Financial assets derecognised	(15,661)	(58,183)	(15,661)	(58,183)
Amount written-off	(17,807)	(250,088)	(17,807)	(138,121)
At 31 March/31 December	<u>1,366,795</u>	<u>1,347,439</u>	<u>1,134,238</u>	<u>1,114,384</u>

(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 2024	105,085	63,292	691,022	859,399
-Transfers to Stage 1	859	(859)	-	-
-Transfers to Stage 2	(2,060)	2,093	(33)	-
-Transfers to Stage 3	(163)	(8,880)	9,043	-
	<u>(1,364)</u>	<u>(7,646)</u>	<u>9,010</u>	<u>-</u>
Changes due to change in credit risk (Note 19)	(64)	18,817	17,639	36,392
New financial assets originated (Note 19)	12,676	286	-	12,962
Financial assets derecognised (Note 19)	(10,326)	(151)	(1,608)	(12,085)
Amount written off	-	-	(17,632)	(17,632)
At 31 March 2024	<u>106,007</u>	<u>74,598</u>	<u>698,431</u>	<u>879,036</u>
At 1 January 2023	91,586	45,182	808,748	945,516
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	<u>25,171</u>	<u>(11,564)</u>	<u>(13,607)</u>	<u>-</u>
Changes due to change in credit risk (Note 19)	(28,688)	28,076	150,027	149,415
New financial assets originated (Note 19)	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 19)	(10,836)	(268)	(15,183)	(26,287)
Amount written off	-	-	(246,065)	(246,065)
At 31 December 2023	<u>105,085</u>	<u>63,292</u>	<u>691,022</u>	<u>859,399</u>

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11. Loans, advances and financing (cont'd.)

(ix) Movement in loss allowances which reflect the ECL model on impairment are as follows (cont'd.):

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	105,085	63,292	457,967	626,344
-Transfers to Stage 1	859	(859)	-	-
-Transfers to Stage 2	(2,060)	2,093	(33)	-
-Transfers to Stage 3	(163)	(8,880)	9,043	-
	(1,364)	(7,646)	9,010	-
Changes due to change in credit risk (Note 19)	(64)	18,817	18,137	36,890
New financial assets originated (Note 19)	12,676	286	-	12,962
Financial assets derecognised (Note 19)	(10,326)	(151)	(1,608)	(12,085)
Amount written off	-	-	(17,632)	(17,632)
At 31 March 2024	106,007	74,598	465,874	646,479
At 1 January 2023	91,586	45,182	438,657	575,425
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	25,171	(11,564)	(13,607)	-
Changes due to change in credit risk (Note 19)	(28,688)	28,076	175,096	174,484
New financial assets originated (Note 19)	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 19)	(10,836)	(268)	(15,183)	(26,287)
Amount written off	-	-	(134,098)	(134,098)
At 31 December 2023	105,085	63,292	457,967	626,344

(x) Net impaired loans, advances and financing as percentage of net loans, advances and financing are as follows:

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Net impaired loans, advances and financing in percentage	7.95%	7.77%	7.95%	7.77%

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12. Deposits from customers

	Group		Bank	
	31 March	31 December	31 March	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	4,512,010	3,943,673	4,519,791	3,984,635

(i) The deposits are sourced from the following types of customers:

	Group		Bank	
	31 March	31 December	31 March	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Government bodies	1,292,193	1,052,155	1,292,193	1,052,155
Statutory bodies	631,567	532,591	631,567	532,591
Business enterprise	1,332,698	1,244,995	1,340,479	1,285,957
Others	1,255,552	1,113,932	1,255,552	1,113,932
	4,512,010	3,943,673	4,519,791	3,984,635

(ii) The maturity structure of deposits is as follows:

	Group		Bank	
	31 March	31 December	31 March	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Within three months	2,424,914	2,283,720	2,429,531	2,322,100
More than three months to six months	1,435,943	482,628	1,439,107	485,210
More than six months to one year	651,153	1,177,325	651,153	1,177,325
	4,512,010	3,943,673	4,519,791	3,984,635

The deposits from customers carried weighted average profit rate of 3.50% (2023: 3.48%) per annum.

13. Deposits from banks and other financial institutions

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Licensed banks and other financial institutions	120,035	140,056

The deposits maturity structure is as follows:

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Less than three months	120,035	140,056

The deposits from banks and other financial institutions carried weighted average profit rate of 3.02% (2023: 3.13%) per annum.

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14. Borrowings/Fundings

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Unsecured borrowings/fundings	2,076,914	2,047,647

(i) The maturity structure of the borrowings/fundings is as follows:

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Within one year	60,365	59,107
More than one year to five years	1,284,740	813,300
More than five years	731,809	1,175,240
	<u>2,076,914</u>	<u>2,047,647</u>

(ii) The unsecured borrowings/fundings denominated in RM are sourced from the following:

		Group and Bank	
	Note	31 March 2024 RM'000	31 December 2023 RM'000
Government of Malaysia	(a)	900,235	911,000
Other institutions	(b)	1,176,679	1,136,647
		<u>2,076,914</u>	<u>2,047,647</u>

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14. Borrowings/Fundings (cont'd.)

(a) Borrowings/fundings from Government of Malaysia

The borrowings/fundings from the Government of Malaysia are repayable as follows:

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Maturity structure:		
Within one year	54,380	53,238
More than one year to five years	454,040	316,970
More than five years	391,815	540,792
	<u>900,235</u>	<u>911,000</u>

The weighted average interest/profit rate on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2023: 0% to 2.75%) per annum.

(b) Borrowings/fundings from other institutions

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Bank Negara Malaysia ("BNM")	<u>1,176,679</u>	<u>1,136,647</u>

The borrowings/fundings from other institutions are repayable as follows:

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Maturity structure:		
Within one year	5,985	5,869
More than one year to five years	830,700	496,330
More than five years	339,994	634,448
	<u>1,176,679</u>	<u>1,136,647</u>

The weighted average profit rates on the borrowings/fundings from other institutions range from 0% to 1.50% (2023: 0% to 1.50%) per annum.

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15. Interest income

	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Group and Bank				
Interest income from:				
- Loans, advances and financing	77	16	77	16

16. Interest expense

	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Group and Bank				
Term loans	1,398	1,468	1,398	1,468

17. Other operating income

	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Group				
Fee income	-	3	-	3
	-	3	-	3
Other income:				
Recoveries from financing written off	4,347	1,822	4,347	1,822
Compensation on late payment charges	111	166	111	166
	4,458	1,988	4,458	1,988
Total other operating income	4,458	1,991	4,458	1,991
Bank				
Fee income	-	3	-	3
	-	3	-	3
Other income:				
Recoveries from financing written off	3,221	1,056	3,221	1,056
Compensation on late payment charges	111	166	111	166
	3,332	1,222	3,332	1,222
Total other operating income	3,332	1,225	3,332	1,225

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18. Other operating expenses

Group	Note	First Quarter Ended		Three Months Ended	
		31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Personnel expenses	(i)	47,524	43,691	47,524	43,691
Establishment related expenses	(ii)	13,525	13,335	13,525	13,335
Promotion and marketing expenses	(iii)	3,099	2,412	3,099	2,412
Administration and general expenses	(iv)	9,954	11,494	9,954	11,494
		<u>74,102</u>	<u>70,932</u>	<u>74,102</u>	<u>70,932</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		37,778	33,599	37,778	33,599
Group President/ Chief Executive Officer and Directors' fees and remuneration		558	513	558	513
Shariah Committees' fees and remuneration		104	90	104	90
Social security cost		317	288	317	288
Contribution to Employee Provident Fund		4,745	4,240	4,745	4,240
Other staff related expenses		4,022	4,961	4,022	4,961
		<u>47,524</u>	<u>43,691</u>	<u>47,524</u>	<u>43,691</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		2,919	3,370	2,919	3,370
Depreciation of right-of-use assets		936	897	936	897
Amortisation of intangible assets		2,656	1,846	2,656	1,846
Rental expenses		13	39	13	39
Repairs and maintenance of property, plant and equipment		7,001	7,183	7,001	7,183
		<u>13,525</u>	<u>13,335</u>	<u>13,525</u>	<u>13,335</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		3,099	2,412	3,099	2,412
(iv) Administration and general expenses					
Administrative expenses		2,014	1,928	2,014	1,928
Auditors' remuneration		309	317	309	317
General expenses		7,631	9,249	7,631	9,249
		<u>9,954</u>	<u>11,494</u>	<u>9,954</u>	<u>11,494</u>

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18. Other operating expenses (cont'd.)

Bank	Note	First Quarter Ended		Three Months Ended	
		31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Personnel expenses	(i)	45,976	42,654	45,976	42,654
Establishment related expenses	(ii)	13,511	13,318	13,511	13,318
Promotion and marketing expenses	(iii)	3,099	2,412	3,099	2,412
Administration and general expenses	(iv)	11,438	11,531	11,438	11,531
		<u>74,024</u>	<u>69,915</u>	<u>74,024</u>	<u>69,915</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		36,461	32,764	36,461	32,764
Group President/ Chief Executive Officer and Directors' fees and remuneration		558	513	558	513
Shariah Committees' fees and remuneration		104	90	104	90
Social security cost		299	281	299	281
Contribution to Employee Provident Fund		4,564	4,144	4,564	4,144
Other staff related expenses		3,990	4,862	3,990	4,862
		<u>45,976</u>	<u>42,654</u>	<u>45,976</u>	<u>42,654</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		2,919	3,370	2,919	3,370
Depreciation of right-of-use assets		936	897	936	897
Amortisation of intangible assets		2,656	1,846	2,656	1,846
Rental expenses		13	39	13	39
Repairs and maintenance of property, plant and equipment		6,987	7,166	6,987	7,166
		<u>13,511</u>	<u>13,318</u>	<u>13,511</u>	<u>13,318</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		3,099	2,412	3,099	2,412
(iv) Administration and general expenses					
Administrative expenses		2,014	1,923	2,014	1,923
Auditors' remuneration		290	300	290	300
General expenses		9,134	9,308	9,134	9,308
		<u>11,438</u>	<u>11,531</u>	<u>11,438</u>	<u>11,531</u>

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19. Allowances for impairment on loans, advances and financing

Group	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	2,286	(4,800)	2,286	(4,800)
- Stage 2, net (Note 11(ix))	18,952	7,030	18,952	7,030
- Stage 3, net (Note 11(ix))	16,031	25,933	16,031	25,933
	<u>37,269</u>	<u>28,163</u>	<u>37,269</u>	<u>28,163</u>
Impaired loans, advances and financing written off	192	-	192	-
Total allowance for impairment on loans, advances and financing	<u>37,461</u>	<u>28,163</u>	<u>37,461</u>	<u>28,163</u>
Bank				
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	2,286	(4,800)	2,286	(4,800)
- Stage 2, net (Note 11(ix))	18,952	7,030	18,952	7,030
- Stage 3, net (Note 11(ix))	16,529	30,161	16,529	30,161
	<u>37,767</u>	<u>32,391</u>	<u>37,767</u>	<u>32,391</u>
Impaired loans, advances and financing written off	192	-	192	-
Total allowance for impairment on loans, advances and financing	<u>37,959</u>	<u>32,391</u>	<u>37,959</u>	<u>32,391</u>

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20. Commitment and contingencies

- (i) Loans, advances and financing related commitments and contingencies of the Group and of the Bank are as follows:

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Direct credit substitutes	166,902	149,032
Transaction-related-contingent items	267,058	251,229
Undisbursed loans/financing		
- original maturity up to one year	487,925	340,257
- original maturity more than one year	1,110,098	1,215,945
	2,031,983	1,956,463

- (ii) Capital expenditure commitments of the Group and of the Bank are as follows:

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Approved and contracted for Information technology system	17,994	12,809
Total commitments and contingencies	2,049,977	1,969,272

21. 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 is required to maintain a 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 the Bank are computed in accordance with the requirements of BNM's Capital Framework for Development Financial Institutions, which is based on the Basel I capital adequacy framework requirements.

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21. Capital adequacy (cont'd.)

Regulatory capital (cont'd.)

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 beginning from financial year 2020 until 2023.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month ("12mECL") and lifetime ECL ("LTECL") 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 year:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
<u>Tier I Capital</u>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(212,192)	(212,192)	(201,900)	(201,900)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing ¹	-	43,564	-	43,564
Less: Deferred tax assets	(108,486)	(113,536)	(108,486)	(113,536)
Less: Property revaluation reserve	(248,934)	(248,933)	(248,934)	(248,933)
Total Tier I capital	1,290,502	1,329,017	1,300,794	1,339,309
<u>Tier II Capital</u>				
General provision for loans, advances and financing ¹	186,319	130,728	186,319	130,728
Property revaluation reserve ²	124,467	124,467	124,467	124,467
Government funds	427,191	427,977	427,191	427,977
Total Tier II capital	737,977	683,172	737,977	683,172
Total capital	2,028,479	2,012,189	2,038,771	2,022,481
Less: Investment in subsidiaries	-	-	-	-
Total capital base	2,028,479	2,012,189	2,038,771	2,022,481

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.

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21. Capital adequacy (cont'd.)

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
20%	149,624	320,673	149,624	320,673
50%	4,220	4,501	4,220	4,501
100%	10,615,493	10,553,908	10,674,065	10,644,139
	<u>10,769,337</u>	<u>10,879,082</u>	<u>10,827,909</u>	<u>10,969,313</u>

Before deducting dividends:

Core capital ratio	11.983%	12.216%	12.013%	12.210%
Risk-weighted capital ratio	<u>18.836%</u>	<u>18.496%</u>	<u>18.829%</u>	<u>18.438%</u>

After deducting dividends:

Core capital ratio	11.904%	12.138%	11.935%	12.132%
Risk-weighted capital ratio	<u>18.757%</u>	<u>18.418%</u>	<u>18.750%</u>	<u>18.360%</u>

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the minimum 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 preserve its "well capitalised" status. Internal capital limit and regulatory capital requirement are closely monitored, regularly reviewed and reported to the Senior Management and the Board of Directors.

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22. Islamic banking business

The state of affairs as at 31 March 2024 and results for the financial period then ended under the Islamic Banking business of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:-

**Unaudited Statements of Financial Position
As at 31 March 2024**

	Note	Group		Bank	
		31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Assets					
Cash and short-term funds		627,708	1,558,358	627,566	1,557,705
Financial investments at FVTPL	8	382,446	-	382,446	-
Financial investments at FVOCI	22(a)	1,864,844	1,471,981	1,864,844	1,471,981
Financial investments at AC	10	924,722	975,652	924,722	975,652
Advances and financing	22(b)	8,229,053	8,274,888	8,229,053	8,274,888
Other assets		29,633	24,199	91,256	117,678
Property, plant and equipment		123,528	124,395	123,526	124,395
Right-of-use assets		11,398	12,334	11,398	12,334
Investment properties		394,399	394,399	394,399	394,399
Intangible assets		39,162	41,503	39,162	41,503
Tax recoverables		4,512	5,942	1,463	2,692
Deferred tax assets		108,486	113,536	108,486	113,536
Total assets		12,739,891	12,997,187	12,798,321	13,086,763
Liabilities					
Deposits from customers	12	4,512,010	3,943,673	4,519,791	3,984,635
Deposits from banks and other financial institutions	13	120,035	140,056	120,035	140,056
Islamic medium-term notes/ commercial notes		2,726,172	3,506,937	2,726,172	3,506,937
Term financing/fundings	22(c)	1,616,560	1,574,346	1,616,560	1,574,346
Other liabilities		1,060,918	1,118,045	1,101,397	1,156,319
Lease liabilities		11,914	12,811	11,914	12,811
Amount due to conventional operations		324,606	336,044	456,131	468,890
Government funds		572,953	580,125	572,953	580,125
Total liabilities		10,945,168	11,212,037	11,124,953	11,424,119
Islamic general funds		1,794,723	1,785,150	1,673,368	1,662,644
Total liabilities and Islamic banking funds		12,739,891	12,997,187	12,798,321	13,086,763
Commitments	22(i)	2,031,983	1,956,463	2,031,983	1,956,463

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

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22. Islamic banking business (cont'd.)

Unaudited Statements of Comprehensive Income
For the first quarter ended 31 March 2024

Group	Note	First Quarter Ended		Three Months Ended	
		31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Income from Islamic banking business	22(d)	173,070	160,193	173,070	160,193
Profit expense attributable to Islamic banking business	22(e)	(76,145)	(68,427)	(76,145)	(68,427)
Gross income from Islamic banking business		96,925	91,766	96,925	91,766
Other operating income	22(f)	25,076	28,003	25,076	28,003
Other operating expenses	22(g)	(73,862)	(70,901)	(73,862)	(70,901)
Operating profit		48,139	48,868	48,139	48,868
(Allowances)/Writeback for impairment losses on:					
- advances and financing	22(h)	(37,811)	(28,179)	(37,811)	(28,179)
- commitments		201	(313)	201	(313)
- financial investments at FVOCI	8	124	27	124	27
- financial investments at AC	9	208	-	208	-
- other assets at AC		(246)	(435)	(246)	(435)
Profit before tax expense and zakat		10,615	19,968	10,615	19,968
Tax expense		(5,077)	(3,108)	(5,077)	(3,108)
Zakat		(375)	(375)	(375)	(375)
Profit for the period		5,163	16,485	5,163	16,485
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		2,628	(34,303)	2,628	(34,303)
Changes in expected credit loss on financial investments at FVOCI		(124)	(27)	(124)	(27)
Other comprehensive income/(loss) for the period		2,504	(34,330)	2,504	(34,330)
Total comprehensive income/(loss) for the period		7,667	(17,845)	7,667	(17,845)

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

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22. Islamic banking business (cont'd.)

Unaudited Statements of Comprehensive Income
For the first quarter ended 31 March 2024 (cont'd.)

Bank	Note	First Quarter Ended		Three Months Ended	
		31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Income from Islamic banking business	22(d)	173,070	160,193	173,070	160,193
Profit expense attributable to Islamic banking business	22(e)	(76,262)	(68,564)	(76,262)	(68,564)
Gross income from Islamic banking business		96,808	91,629	96,808	91,629
Other operating income	22(f)	25,232	29,813	25,232	29,813
Other operating expenses	22(g)	(73,782)	(69,885)	(73,782)	(69,885)
Operating profit		48,258	51,557	48,258	51,557
(Allowances)/Writeback for impairment losses on:					
- advances and financing	22(h)	(38,096)	(29,237)	(38,096)	(29,237)
- commitments and contingencies		201	(313)	201	(313)
- financial investments at FVOCI	8	124	27	124	27
- financial investments at AC	9	208	-	208	-
- other assets at AC		(246)	(435)	(246)	(435)
- other assets at FVOCI		715	4,401	715	4,401
Profit before tax expense and zakat		11,164	26,000	11,164	26,000
Tax expense		(4,475)	(2,934)	(4,475)	(2,934)
Zakat		(375)	(375)	(375)	(375)
Profit for the period		6,314	22,691	6,314	22,691
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		2,628	(34,303)	2,628	(34,303)
Changes in expected credit loss on financial investments at FVOCI		(124)	(27)	(124)	(27)
Other comprehensive income/(loss) for the period		2,504	(34,330)	2,504	(34,330)
Total comprehensive income/(loss) for the period		8,818	(11,639)	8,818	(11,639)

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

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22. Islamic banking business (cont'd.)

Statements of changes in Islamic General Funds
For the first quarter ended 31 March 2024

Group	Note	<=====Non-distributable=====>		Distributable	Total
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
At 1 January 2024		1,324,198	14,542	446,410	1,785,150
Share capital reallocation		1,906	-	-	1,906
Unrealised gain on revaluation of financial investments at FVOCI		-	2,628	-	2,628
Changes in expected credit losses of financial investments at FVOCI	8	-	(124)	-	(124)
Profit for the period		-	-	5,163	5,163
Total comprehensive income for the period		-	2,504	5,163	7,667
At 31 March 2024		1,326,104	17,046	451,573	1,794,723
At 1 January 2023		1,050,564	(1,348)	393,029	1,442,245
Share capital reallocation		273,634	-	-	273,634
Unrealised gain on revaluation of financial investments at FVOCI		-	18,104	-	18,104
Reclassification of gain included in profit or loss		-	36	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	2,104
Income tax relating to components of other comprehensive income		-	(4,354)	-	(4,354)
Profit for the year		-	-	59,602	59,602
Total comprehensive income for the year		-	15,890	59,602	75,492
Transaction with owner:					
Dividends		-	-	(6,221)	(6,221)
At 31 December 2023		1,324,198	14,542	446,410	1,785,150

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

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22. Islamic banking business (cont'd.)

**Statements of changes in Islamic General Funds
For the first quarter ended 31 March 2024 (cont'd.)**

Bank	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
At 1 January 2024		1,324,198	14,542	323,904	1,662,644
Share capital reallocation		1,906	-	-	1,906
Unrealised gain on revaluation of financial investments at FVOCI		-	2,628	-	2,628
Changes in expected credit losses of financial investments at FVOCI	8	-	(124)	-	(124)
Profit for the period		-	-	6,314	6,314
Total comprehensive income for the period		-	2,504	6,314	8,818
At 31 March 2024		1,326,104	17,046	330,218	1,673,368
At 1 January 2023, as previously reported		1,050,564	(1,348)	331,698	1,380,914
Effect on the expiry of BNM MAF		-	-	(86,804)	(86,804)
At 1 January 2023, as restated		1,050,564	(1,348)	244,894	1,294,110
Share capital reallocation		273,634	-	-	273,634
Unrealised gain on revaluation of financial investments at FVOCI		-	18,104	-	18,104
Reclassification of gain included in profit or loss		-	36	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	2,104
Income tax relating to components of other comprehensive income		-	(4,354)	-	(4,354)
Profit for the year		-	-	85,231	85,231
Total comprehensive income for the year		-	15,890	85,231	101,121
Transaction with owner: Dividends		-	-	(6,221)	(6,221)
At 31 December 2023		1,324,198	14,542	323,904	1,662,644

(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these financial statements.)

**Small Medium Enterprise Development Bank Malaysia Berhad
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22. Islamic banking business (cont'd.)

(a) Financial investments at FVOCI

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	1,501,956	1,108,183
Non-money market instruments		
Equity securities		
- Private debt securities	31,700	30,761
Debt securities		
- Private debt securities	331,188	333,037
	<u>362,888</u>	<u>363,798</u>
	<u>1,864,844</u>	<u>1,471,981</u>

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 9.

(b) Advances and financing

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Bai' Bithaman Aji	23	23	-	-
Murabahah	807,565	856,574	791,712	840,752
Istisna'	47,466	53,133	46,422	51,767
Ijarah Thumma Al-Bai	339,002	356,736	325,595	343,335
Tawarruq	7,700,388	7,652,996	7,700,388	7,652,996
Bai' Inah	8,399	9,229	8,194	9,024
Gross advances and financing	<u>8,902,843</u>	<u>8,928,691</u>	<u>8,872,311</u>	<u>8,897,874</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 22(b)(x))	(106,007)	(105,084)	(106,007)	(105,084)
- Stage 2 (Note 22(b)(x))	(74,571)	(63,286)	(74,571)	(63,286)
- Stage 3 (Note 22(b)(x))	(493,212)	(485,433)	(462,680)	(454,616)
Net advances and financing	<u>8,229,053</u>	<u>8,274,888</u>	<u>8,229,053</u>	<u>8,274,888</u>
Gross impaired advances and financing (Note 22(b)(vii))	<u>1,153,692</u>	<u>1,133,956</u>	<u>1,123,160</u>	<u>1,103,139</u>
Net impaired advances and financing	<u>660,480</u>	<u>648,523</u>	<u>660,480</u>	<u>648,523</u>

Included in advances and financing are gross advances and financing amounting to RM128,348,000 (2023: RM124,121,000) financed by Government funds.

**Small Medium Enterprise Development Bank Malaysia Berhad
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22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(i) The maturity profile of the gross advances and financing are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Maturity within one year	2,500,806	2,451,028	2,471,032	2,420,969
More than one year to three years	928,317	921,641	927,825	921,187
More than three years to five years	1,385,880	1,362,377	1,385,843	1,362,303
More than five years	4,087,840	4,193,645	4,087,611	4,193,415
	8,902,843	8,928,691	8,872,311	8,897,874

(ii) Gross advances and financing analysed by type of customers are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Domestic business enterprise	8,893,496	8,918,893	8,862,964	8,888,076
Individual	9,347	9,798	9,347	9,798
	8,902,843	8,928,691	8,872,311	8,897,874

(iii) Gross advances and financing analysed by industry are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Constructions	1,521,582	1,618,909	1,520,924	1,618,251
Education, health and others	586,136	598,486	580,899	592,926
Electricity, gas and water supply	172,149	162,567	172,149	162,567
Financial, insurance/takaful, real estate and business services	1,078,669	1,081,185	1,078,093	1,080,609
Manufacturing	1,663,491	1,636,244	1,655,962	1,628,755
Mining and quarrying	123,636	114,979	123,636	114,979
Primary agriculture	10,077	10,123	10,077	10,123
Transportation, storage and communication	1,220,607	1,254,005	1,211,404	1,244,816
Wholesale, retail trade, restaurants and hotels	2,517,149	2,442,395	2,509,820	2,435,050
Others	9,347	9,798	9,347	9,798
	8,902,843	8,928,691	8,872,311	8,897,874

**Small Medium Enterprise Development Bank Malaysia Berhad
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22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows:

Group	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
Constructions	1,043,065	36,069	78,140	65,936	97,788	200,584	1,521,582
Education, health and others	437,190	24,735	13,902	64,500	34,944	10,865	586,136
Electricity, gas and water supply	163,019	2,074	632	1,617	2,785	2,022	172,149
Financial, insurance/takaful, real estate and business services	728,963	114,805	72,491	35,979	52,012	74,419	1,078,669
Manufacturing	891,119	248,880	243,589	89,227	49,429	141,247	1,663,491
Mining and quarrying	66,649	-	11,927	34,819	4,079	6,162	123,636
Primary agriculture	4,755	-	179	210	3,663	1,270	10,077
Transportation, storage and communication	860,751	83,145	42,486	100,315	70,366	63,544	1,220,607
Wholesale, retail trade, restaurants and hotels	1,222,657	328,711	122,202	317,816	301,187	224,576	2,517,149
Others	9,347	-	-	-	-	-	9,347
At 31 March 2024	5,427,515	838,419	585,548	710,419	616,253	724,689	8,902,843

**Small Medium Enterprise Development Bank Malaysia Berhad
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22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows (cont'd.):

Group	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
Constructions	1,139,874	36,311	65,985	59,038	102,992	214,709	1,618,909
Education, health and others	446,308	23,298	14,605	68,100	35,132	11,043	598,486
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	721,509	115,065	68,804	36,076	63,965	75,766	1,081,185
Manufacturing	859,902	261,026	232,140	99,949	50,589	132,638	1,636,244
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,775	-	185	219	3,625	1,319	10,123
Transportation, storage and communication	892,417	85,396	42,895	94,856	72,854	65,587	1,254,005
Wholesale, retail trade, restaurants and hotels	1,146,962	327,548	119,390	324,378	302,776	221,341	2,442,395
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,425,478	852,262	560,737	719,383	641,864	728,967	8,928,691

**Small Medium Enterprise Development Bank Malaysia Berhad
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22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows (cont'd.):

Bank	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
Constructions	1,042,407	36,069	78,140	65,936	97,788	200,584	1,520,924
Education, health and others	431,953	24,735	13,902	64,500	34,944	10,865	580,899
Electricity, gas and water supply	163,019	2,074	632	1,617	2,785	2,022	172,149
Financial, insurance/takaful, real estate and business services	728,387	114,805	72,491	35,979	52,012	74,419	1,078,093
Manufacturing	883,590	248,880	243,589	89,227	49,429	141,247	1,655,962
Mining and quarrying	66,649	-	11,927	34,819	4,079	6,162	123,636
Primary agriculture	4,755	-	179	210	3,663	1,270	10,077
Transportation, storage and communication	851,548	83,145	42,486	100,315	70,366	63,544	1,211,404
Wholesale, retail trade, restaurants and hotels	1,215,328	328,711	122,202	317,816	301,187	224,576	2,509,820
Others	9,347	-	-	-	-	-	9,347
At 31 March 2024	5,396,983	838,419	585,548	710,419	616,253	724,689	8,872,311

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**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(iv) Gross advances and financing analysed by location and sector are as follows (cont'd.):

Bank	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
Constructions	1,139,216	36,311	65,985	59,038	102,992	214,709	1,618,251
Education, health and others	440,748	23,298	14,605	68,100	35,132	11,043	592,926
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	720,933	115,065	68,804	36,076	63,965	75,766	1,080,609
Manufacturing	852,413	261,026	232,140	99,949	50,589	132,638	1,628,755
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,775	-	185	219	3,625	1,319	10,123
Transportation, storage and communication	883,228	85,396	42,895	94,856	72,854	65,587	1,244,816
Wholesale, retail trade, restaurants and hotels	1,139,617	327,548	119,390	324,378	302,776	221,341	2,435,050
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,394,661	852,262	560,737	719,383	641,864	728,967	8,897,874

**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(v) Gross advances and financing by types and Shariah contracts are as follows:

Group	Hire purchase RM'000	Leasing RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Bithaman Ajil	-	-	23	-	-	23
Murabahah	152	-	744,408	53,658	9,347	807,565
Istisna'	-	-	46,254	1,212	-	47,466
Ijarah	-	-	-	-	-	-
Ijarah Thumma Al-Bai	253,082	-	14,782	71,138	-	339,002
Bai' Dayn	-	-	-	-	-	-
Tawarruq	219	-	4,617,780	3,082,389	-	7,700,388
Bai' Inah	-	-	8,324	75	-	8,399
At 31 March 2024	253,453	-	5,431,571	3,208,472	9,347	8,902,843
Bai' Bithaman Ajil	-	-	23	-	-	23
Murabahah	162	-	837,999	8,615	9,798	856,574
Istisna'	-	-	52,924	209	-	53,133
Ijarah	-	-	-	-	-	-
Ijarah Thumma Al-Bai	329,260	-	17,656	9,820	-	356,736
Bai' Dayn	-	-	-	-	-	-
Tawarruq	229	-	5,273,912	2,378,855	-	7,652,996
Bai' Inah	-	-	9,229	-	-	9,229
At 31 December 2023	329,651	-	6,191,743	2,397,499	9,798	8,928,691

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**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) 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
Murabahah	152	728,883	53,330	9,347	791,712
Istisna'	-	45,210	1,212	-	46,422
Ijarah	-	-	-	-	-
Ijarah Thumma Al-Bai Bai' Dayn	243,137	11,320	71,138	-	325,595
Tawarruq Bai' Inah	-	-	-	-	-
	219	4,617,780	3,082,389	-	7,700,388
	-	8,119	75	-	8,194
At 31 March 2024	243,508	5,411,312	3,208,144	9,347	8,872,311
Murabahah	162	822,495	8,297	9,798	840,752
Istisna'	-	51,558	209	-	51,767
Ijarah Thumma Al-Bai Bai' Dayn	319,324	14,191	9,820	-	343,335
Tawarruq Bai' Inah	-	-	-	-	-
	229	5,273,912	2,378,855	-	7,652,996
	-	9,024	-	-	9,024
At 31 December 2023	319,715	6,171,180	2,397,181	9,798	8,897,874

**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(vi) Gross advances and financing analysed by profit rate sensitivity are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Fixed rate				
- Staff financing	9,347	9,798	9,347	9,798
- Hire purchase	99,182	120,928	89,793	111,548
- Leasing	-	-	-	-
- Other term financing	1,615,293	2,050,119	1,596,983	2,031,480
- Revolving financing	2,161,626	1,947,381	2,161,363	1,947,118
Variable rate				
- Hire purchase	154,271	208,723	153,715	208,167
- Other term financing	3,816,278	4,141,624	3,814,329	4,139,700
- Revolving financing	1,046,846	450,118	1,046,781	450,063
	8,902,843	8,928,691	8,872,311	8,897,874

(vii) Impaired advances and financing analysed by industry are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Constructions	138,723	135,675	138,065	135,017
Education, health and others	63,819	54,295	58,582	48,735
Electricity, gas and water supply	39,220	55,383	39,220	55,383
Financial, insurance/takaful, real estate and business services	174,246	174,414	173,670	173,838
Manufacturing	223,750	229,419	216,221	221,930
Mining and quarrying	14,051	7,818	14,051	7,818
Primary agriculture	586	498	586	498
Transportation, storage and communication	92,465	88,527	83,262	79,338
Wholesale, retail trade, restaurants and hotels	406,832	387,927	399,503	380,582
	1,153,692	1,133,956	1,123,160	1,103,139

**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows:

Group	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
Constructions	105,924	163	3,109	6,768	11,887	10,872	138,723
Education, health and others	42,097	284	2,379	7,371	6,339	5,349	63,819
Electricity, gas and water supply	39,220	-	-	-	-	-	39,220
Financial, insurance/takaful, real estate and business services	153,734	7,855	2,515	4,487	3,062	2,593	174,246
Manufacturing	119,633	6,218	55,100	16,103	24,427	2,269	223,750
Mining and quarrying	9,625	-	462	3,274	383	307	14,051
Primary agriculture	496	-	90	-	-	-	586
Transportation, storage and communication	57,187	5,746	14,161	5,080	8,004	2,287	92,465
Wholesale, retail trade, restaurants and hotels	241,414	63,208	13,530	36,602	47,112	4,966	406,832
At 31 March 2024	769,330	83,474	91,346	79,685	101,214	28,643	1,153,692

**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows (cont'd.):

Group	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
Constructions	107,876	162	3,099	5,755	9,508	9,275	135,675
Education, health and others	42,410	320	1,847	7,311	1,783	624	54,295
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	155,197	7,524	2,477	4,314	3,111	1,791	174,414
Manufacturing	120,676	7,170	52,573	19,440	22,933	6,627	229,419
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	498	-	-	-	-	-	498
Transportation, storage and communication	52,430	6,894	13,481	5,147	8,303	2,272	88,527
Wholesale, retail trade, restaurants and hotels	232,122	62,047	11,255	31,809	45,673	5,021	387,927
At 31 December 2023	771,495	84,117	85,186	75,933	91,311	25,914	1,133,956

**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows (cont'd.):

Bank	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
Constructions	105,266	163	3,109	6,768	11,887	10,872	138,065
Education, health and others	36,860	284	2,379	7,371	6,339	5,349	58,582
Electricity, gas and water supply	39,220	-	-	-	-	-	39,220
Financial, insurance/takaful, real estate and business services	153,158	7,855	2,515	4,487	3,062	2,593	173,670
Manufacturing	112,104	6,218	55,100	16,103	24,427	2,269	216,221
Mining and quarrying	9,625	-	462	3,274	383	307	14,051
Primary agriculture	496	-	90	-	-	-	586
Transportation, storage and communication	47,984	5,746	14,161	5,080	8,004	2,287	83,262
Wholesale, retail trade, restaurants and hotels	234,085	63,208	13,530	36,602	47,112	4,966	399,503
At 31 March 2024	738,798	83,474	91,346	79,685	101,214	28,643	1,123,160

**Small Medium Enterprise Development Bank Malaysia Berhad
(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(viii) Gross impaired advances and financing analysed by location and sector are as follows (cont'd.):

Bank	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
Constructions	107,218	162	3,099	5,755	9,508	9,275	135,017
Education, health and others	36,850	320	1,847	7,311	1,783	624	48,735
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	154,621	7,524	2,477	4,314	3,111	1,791	173,838
Manufacturing	113,187	7,170	52,573	19,440	22,933	6,627	221,930
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	498	-	-	-	-	-	498
Transportation, storage and communication	43,241	6,894	13,481	5,147	8,303	2,272	79,338
Wholesale, retail trade, restaurants and hotels	224,777	62,047	11,255	31,809	45,673	5,021	380,582
At 31 December 2023	740,678	84,117	85,186	75,933	91,311	25,914	1,103,139

**Small Medium Enterprise Development Bank Malaysia Berhad
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22. Islamic banking business (cont'd.)

(b) Advances and financing (cont'd.)

(ix) Movements in impaired advances and financing are as follows:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
At 1 January	1,133,956	1,188,890	1,103,139	1,081,667
-Transfers to Stage 1	-	(54,736)	-	(54,736)
-Transfers to Stage 2	(395)	(13,500)	(395)	(13,500)
-Transfers to Stage 3	75,990	250,199	75,990	250,199
	<u>1,209,551</u>	<u>1,370,853</u>	<u>1,178,734</u>	<u>1,263,630</u>
Changes due to change in credit risk	(22,570)	(29,401)	(22,285)	(26,413)
New financial assets originated	4	51,555	4	51,555
Financial assets derecognised	(15,661)	(56,434)	(15,661)	(56,434)
Amount written-off	(17,632)	(202,617)	(17,632)	(129,199)
At 31 March/31 December	<u>1,153,692</u>	<u>1,133,956</u>	<u>1,123,160</u>	<u>1,103,139</u>

(x) 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 2024	105,084	63,286	485,433	653,803
-Transfers to Stage 1	859	(859)	-	-
-Transfers to Stage 2	(2,060)	2,092	(32)	-
-Transfers to Stage 3	(163)	(8,880)	9,043	-
	<u>(1,364)</u>	<u>(7,647)</u>	<u>9,011</u>	<u>-</u>
Changes due to change in credit risk (Note 22(h))	(63)	18,797	18,008	36,742
Net financial assets originated (Note 22(h))	12,676	286	-	12,962
Financial assets derecognised (Note 22(h))	(10,326)	(151)	(1,608)	(12,085)
Amount written-off	-	-	(17,632)	(17,632)
At 31 March 2024	<u>106,007</u>	<u>74,571</u>	<u>493,212</u>	<u>673,790</u>
At 1 January 2023	91,586	45,174	538,330	675,090
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	<u>25,171</u>	<u>(11,564)</u>	<u>(13,607)</u>	<u>-</u>
Changes due to change in credit risk (Note 22(h))	(28,689)	28,078	167,385	166,774
Net financial assets originated (Note 22(h))	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 22(h))	(10,836)	(268)	(15,183)	(26,287)
Amount written-off	-	-	(198,594)	(198,594)
At 31 December 2023	<u>105,084</u>	<u>63,286</u>	<u>485,433</u>	<u>653,803</u>

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22. Islamic banking business (cont'd.)

(b) 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 2024	105,084	63,286	454,616	622,986
-Transfers to Stage 1	859	(859)	-	-
-Transfers to Stage 2	(2,060)	2,092	(32)	-
-Transfers to Stage 3	(163)	(8,880)	9,043	-
	(1,364)	(7,647)	9,011	-
Changes due to change in credit risk (Note 22(h))	(63)	18,797	18,293	37,027
Net financial assets originated (Note 22(h))	12,676	286	-	12,962
Financial assets derecognised (Note 22(h))	(10,326)	(151)	(1,608)	(12,085)
Amount written-off	-	-	(17,632)	(17,632)
At 31 March 2024	106,007	74,571	462,680	643,258
At 1 January 2023	91,586	45,174	431,107	567,867
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	25,171	(11,564)	(13,607)	-
Changes due to change in credit risk (Note 22(h))	(28,689)	28,078	170,373	169,762
Net financial assets originated (Note 22(h))	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 22(h))	(10,836)	(268)	(15,183)	(26,287)
Amount written-off	-	-	(125,176)	(125,176)
At 31 December 2023	105,084	63,286	454,616	622,986

(xi) Net impaired advances and financing as percentage of net advances and financing:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Net impaired advances and financing as a percentage	7.86%	7.69%	7.86%	7.69%

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22. Islamic banking business (cont'd.)

(c) Term financing/Fundings

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Unsecured term financing/fundings	1,616,560	1,574,346

The maturity structure of the term financing/fundings is as follows:

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Within one year	8,168	5,869
More than one year to five years	1,000,597	580,438
More than five years	607,795	988,039
	<u>1,616,560</u>	<u>1,574,346</u>

The unsecured term financing/fundings denominated in RM are sourced from the following:

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Financing from:		
- Government of Malaysia	439,881	437,699
- BNM	1,176,679	1,136,647
	<u>1,616,560</u>	<u>1,574,346</u>

The weighted average profit rates on the term financing/fundings from Government of Malaysia is at 2.0% (2022: 2.0%) and BNM range from 0% to 1.5% (2023: 0% to 1.5%) per annum.

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22. Islamic banking business (cont'd.)

(d) Income from Islamic banking business

Group and Bank	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Income from advances and financing				
- Murabahah	13,411	14,903	13,411	14,903
- Istisna'	780	1,250	780	1,250
- Ijarah Thumma Al-Bai	6,274	5,862	6,274	5,862
- Tawarruq	117,162	107,625	117,162	107,625
- Bai' Inah	172	224	172	224
Total income from advances and financing	137,799	129,864	137,799	129,864
Tawarruq deposit placements	9,396	8,428	9,396	8,428
Financial investments at FVTPL	2,034	1,123	2,034	1,123
Financial investments at FVOCI	14,381	11,933	14,381	11,933
Financial investments at AC	9,460	8,845	9,460	8,845
Total income from Islamic banking business	173,070	160,193	173,070	160,193

Included in income from advances and financing is unwinding of modification loss amounting to RM2,053,000 (31 March 2023: RM1,678,000).

(e) Profit expense attributable to Islamic banking business

Group	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Deposits from customers	36,598	35,413	36,598	35,413
Deposits from banks and other financial institutions	491	783	491	783
Islamic medium-term notes/ commercial papers	29,414	22,812	29,414	22,812
Term financing/fundings	9,419	9,051	9,419	9,051
Others	223	368	223	368
	76,145	68,427	76,145	68,427

Bank	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Deposits from customers	36,715	35,550	36,715	35,550
Deposits from banks and other financial institutions	491	783	491	783
Islamic medium-term notes/ commercial papers	29,414	22,812	29,414	22,812
Term financing/fundings	9,419	9,051	9,419	9,051
Others	223	368	223	368
	76,262	68,564	76,262	68,564

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22. Islamic banking business (cont'd.)

(f) Other operating income

Group	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fee income	3,545	2,521	3,545	2,521
Commission fee income	514	384	514	384
Rental income	3,042	2,911	3,042	2,911
Government fund released	7,172	7,807	7,172	7,807
Government compensation	2,651	2,947	2,651	2,947
Gain on disposal of associate	-	3,465	-	3,465
Recoveries from financing written off	5,390	4,166	5,390	4,166
Ta'widh/Compensation on late payment charges	2,276	1,692	2,276	1,692
Others	486	2,110	486	2,110
	25,076	28,003	25,076	28,003

Bank	First Quarter Ended		Three Months Ended	
	31 March	31 March	31 March	31 March
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fee income	2,013	1,847	2,013	1,847
Commission fee income	514	384	514	384
Rental income	3,042	2,911	3,042	2,911
Government fund released	7,172	7,807	7,172	7,807
Government compensation	2,651	2,947	2,651	2,947
Management fees	141	98	141	98
Gain on disposal of associate	-	5,800	-	5,800
Profit income on amount owing by subsidiary company	1,785	599	1,785	599
Recoveries from financing written off	5,173	3,688	5,173	3,688
Ta'widh/Compensation on late payment charges	2,276	1,692	2,276	1,692
Others	465	2,040	465	2,040
	25,232	29,813	25,232	29,813

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22. Islamic banking business (cont'd.)

(g) Other operating expenses

Group	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Personnel expenses	47,524	43,691	47,524	43,691
Establishment related expenses	13,525	13,335	13,525	13,335
Promotion and marketing expenses	3,099	2,412	3,099	2,412
Administration and general expenses	9,714	11,463	9,714	11,463
	<u>73,862</u>	<u>70,901</u>	<u>73,862</u>	<u>70,901</u>

Bank	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Personnel expenses	45,976	42,654	45,976	42,654
Establishment related expenses	13,511	13,318	13,511	13,318
Promotion and marketing expenses	3,099	2,412	3,099	2,412
Administration and general expenses	11,196	11,501	11,196	11,501
	<u>73,782</u>	<u>69,885</u>	<u>73,782</u>	<u>69,885</u>

(h) Allowances for impairment on advances and financing

Group	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 22(b)(x))	2,287	(4,801)	2,287	(4,801)
- Stage 2 (Note 22(b)(x))	18,932	7,031	18,932	7,031
- Stage 3 (Note 22(b)(x))	16,400	25,949	16,400	25,949
	<u>37,619</u>	<u>28,179</u>	<u>37,619</u>	<u>28,179</u>
Impaired advances and financing written off	192	-	192	-
Total allowance for impairment on advances and financing	<u>37,811</u>	<u>28,179</u>	<u>37,811</u>	<u>28,179</u>

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22. Islamic banking business (cont'd.)

(h) Allowances for impairment on advances and financing (cont'd.)

Bank	First Quarter Ended		Three Months Ended	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 22(b)(x))	2,287	(4,801)	2,287	(4,801)
- Stage 2 (Note 22(b)(x))	18,932	7,031	18,932	7,031
- Stage 3 (Note 22(b)(x))	16,685	27,007	16,685	27,007
	<u>37,904</u>	<u>29,237</u>	<u>37,904</u>	<u>29,237</u>
Impaired advances and financing written off	192	-	192	-
Total allowance for impairment on advances and financing	<u>38,096</u>	<u>29,237</u>	<u>38,096</u>	<u>29,237</u>

(i) Commitments

	Group and Bank	
	31 March 2024 RM'000	31 December 2023 RM'000
Direct credit substitutes	166,902	149,032
Transaction-related-contingent items	267,058	251,229
Undisbursed financing		
- original maturity up to one year	487,925	340,257
- original maturity more than one year	1,110,098	1,215,945
	<u>2,031,983</u>	<u>1,956,463</u>

(j) Capital adequacy

Capital management

The following table set forth capital resources and capital adequacy for the Bank's Islamic banking business as at reporting date:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Tier I Capital				
Capital funds	1,326,104	1,324,198	1,326,104	1,324,198
Retained earnings	446,410	446,410	323,904	323,904
General provision for advances and financing ¹	-	44,860	-	44,860
Less: Deferred tax assets	(108,486)	(113,536)	(108,486)	(113,536)
Less: Property revaluation reserves	(248,934)	(248,933)	(248,934)	(248,933)
Total Tier I capital	<u>1,415,094</u>	<u>1,452,999</u>	<u>1,292,588</u>	<u>1,330,493</u>

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22. Islamic banking business (cont'd.)

(j) Capital adequacy (cont'd.)

Capital management (cont'd.)

The following table set forth capital resources and capital adequacy for the Bank's Islamic banking business as at reporting date (cont'd.):

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
Tier II Capital				
General provision for advances and financing ¹	186,291	129,426	186,291	129,426
Property revaluation reserve ²	124,467	124,467	124,467	124,467
Government funds	427,191	427,977	427,191	427,977
Total Tier II capital	737,949	681,870	737,949	681,870
Total capital	2,153,043	2,134,869	2,030,537	2,012,363
Less: Investment in subsidiaries	-	-	-	-
Total capital base	2,153,043	2,134,869	2,030,537	2,012,363

² 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.

³ The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

Breakdown of risk-weighted assets in the various categories of risk-weights:

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 RM'000
20%	148,798	319,847	148,798	319,847
50%	4,220	4,501	4,220	4,501
100%	10,599,289	10,537,691	10,657,862	10,627,922
	10,752,307	10,862,039	10,810,880	10,952,270

Before deducting dividends:

Core capital ratio	13.161%	13.377%	11.956%	12.148%
Risk-weighted capital ratio	20.024%	19.654%	18.782%	18.374%

After deducting dividends:

Core capital ratio	13.082%	13.298%	11.878%	12.070%
Risk-weighted capital ratio	19.945%	19.576%	18.704%	18.296%

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23. Analysis of financial performance

Current Year Period vs. Previous Year Period

Key Profit or Loss item:	GROUP			
	Three months ended			
	31 March 2024 RM'000	31 March 2023 RM'000	Variances	
		RM'000	%	
Profit before tax expense and zakat	13,862	20,493	(6,631)	(32.4%)
Profit after tax expense and zakat	8,410	17,010	(8,600)	(50.6%)
Ratio of profit before tax to average shareholders' funds	0.83%	1.26%	-	(0.43%)
Ratio of profit before tax to average total assets	0.11%	0.16%	-	(0.05%)

Key Balance Sheet	GROUP			
	As at			
	31 March 2024 RM'000	31 December 2023 RM'000	Variances	
		RM'000	%	
Total assets	12,760,452	13,017,917	(257,465)	(1.98%)
Gross loans, advances and financing	9,117,704	9,143,936	(26,232)	(0.29%)
Gross impaired loans, advances and financing (%)	15.01%	14.75%	-	(0.26%)
Deposits from customers	4,512,010	3,943,673	568,337	14.41%

SME Bank Group ("Group") reported profit before tax expense and zakat of RM13.86 million for the financial period ended 31 March 2024. The result is lower by RM6.63 million from the same period last year of RM20.49 million largely due to higher allowance for impairment losses in loans, advances and financing amounting to RM37.46 million compared to RM28.16 million in the preceding financial period, notwithstanding higher gross income from Islamic banking business of RM122.00 million compared to RM119.77 million in prior period.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets came in at 0.83% and 0.11% respectively, which is lower during the current period under review compared to 1.26% and 0.16% recorded in the previous corresponding quarter.

The Group's total assets however decreased to RM12.76 billion as at 31 March 2024 compared to RM13.02 billion as at 31 December 2023. This was primarily contributed by lower gross financing portfolio of RM9.12 billion compared to RM9.14 billion in the previous financial year end.

The Group's gross impaired ratio is slightly higher to 15.01% in the current financial period in comparison to 14.75% in the preceding financial year end. The Group's Risk-Weighted Capital Ratio stood at 18.84% while its Core Capital Ratio stood at 11.98% compared to 18.50% and 12.22% respectively as at 31 December 2023.