

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

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Notes	Group		Bank	
		30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,681,840	1,254,962	1,681,006	1,246,606
Financial investments at fair value through through profit or loss ("FVTPL")	9	39,910	100,927	39,910	100,927
Financial investments at fair value through other comprehensive income ("FVOCI")	10	1,277,572	1,396,737	1,277,572	1,396,737
Financial investments at amortised cost ("AC")	11	565,427	518,757	565,427	518,757
Loans, advances and financing	12	7,556,495	7,423,451	7,556,495	7,423,451
Other assets		28,132	20,608	89,567	106,480
Investment in associate		2,654	2,654	-	-
Property, plant and equipment		147,033	134,044	147,000	134,011
Right-of-use assets		12,056	13,830	12,056	13,830
Investment properties		374,081	374,081	374,081	374,081
Intangible assets		10,647	14,762	10,647	14,762
Tax recoverable		5,208	5,572	2,996	2,997
Deferred tax assets		106,947	106,947	106,947	106,947
<b>TOTAL ASSETS</b>		<b>11,808,002</b>	<b>11,367,332</b>	<b>11,863,704</b>	<b>11,439,586</b>
<b>LIABILITIES</b>					
Deposits from customers	13	4,503,806	3,742,803	4,523,540	3,776,444
Deposits from banks and other financial institutions	14	250,442	50,085	250,442	50,085
Islamic medium-term notes/commercial notes		1,869,200	2,521,926	1,869,200	2,521,926
Borrowings/Fundings	15	1,936,913	1,741,109	1,936,913	1,741,109
Lease liabilities		12,567	14,195	12,567	14,195
Other liabilities		1,058,049	1,151,093	1,087,447	1,178,555
Government funds		564,416	540,701	564,416	540,701
<b>TOTAL LIABILITIES</b>		<b>10,195,393</b>	<b>9,761,912</b>	<b>10,244,525</b>	<b>9,823,015</b>
<b>EQUITY</b>					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(245,305)	(262,346)	(238,735)	(251,195)
Other reserves		7,914	17,766	7,914	17,766
<b>TOTAL EQUITY</b>		<b>1,612,609</b>	<b>1,605,420</b>	<b>1,619,179</b>	<b>1,616,571</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>11,808,002</b>	<b>11,367,332</b>	<b>11,863,704</b>	<b>11,439,586</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	21	<b>2,365,401</b>	<b>2,180,552</b>	<b>2,365,401</b>	<b>2,180,552</b>

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 SECOND QUARTER ENDED 30 JUNE 2022**

<b>Group</b>	<b>Notes</b>	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 June 2022 RM'000</b>	<b>30 June 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>30 June 2021 RM'000</b>
Interest income	16	242	464	525	1,133
Interest expense	17	(3,722)	(3,808)	(7,433)	(7,603)
<b>Net interest expense</b>		<b>(3,480)</b>	<b>(3,344)</b>	<b>(6,908)</b>	<b>(6,470)</b>
Gross income from Islamic banking business	23	111,619	104,246	216,554	198,995
Other operating income	18	5,403	1,237	5,909	4,423
<b>Net income</b>		<b>113,542</b>	<b>102,139</b>	<b>215,555</b>	<b>196,948</b>
Other operating expenses	19	(42,375)	(63,960)	(110,027)	(127,292)
<b>Operating profit</b>		<b>71,167</b>	<b>38,179</b>	<b>105,528</b>	<b>69,656</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(70,088)	(21,808)	(86,565)	(24,545)
- commitments and contingencies		326	(245)	149	(449)
- financial investments at FVOCI	10	236	(50)	307	(5,286)
- financial investments at AC	11	285	(1,065)	278	(1,065)
- other assets at AC		(139)	102	(705)	(171)
		<b>1,787</b>	<b>15,113</b>	<b>18,992</b>	<b>38,140</b>
Share of loss after tax of associate		-	-	-	-
<b>Profit before tax expense and zakat</b>		<b>1,787</b>	<b>15,113</b>	<b>18,992</b>	<b>38,140</b>
Tax expense		(218)	(275)	(451)	(549)
Zakat		(750)	(750)	(1,500)	(1,500)
<b>Profit for the period</b>		<b>819</b>	<b>14,088</b>	<b>17,041</b>	<b>36,091</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		(15,404)	1,565	(9,545)	(28,202)
Changes in expected credit losses on financial investments at FVOCI		(236)	50	(307)	5,286
<b>Other comprehensive (loss)/income for the period</b>		<b>(15,640)</b>	<b>1,615</b>	<b>(9,852)</b>	<b>(22,916)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(14,821)</b>	<b>15,703</b>	<b>7,189</b>	<b>13,175</b>
Profit for the period attributable to owner of the Bank		819	14,088	17,041	36,091
Total comprehensive (loss)/income attributable to owner of the Bank		(14,821)	15,703	7,189	13,175

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements.)*

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

<b>Bank</b>	<b>Notes</b>	<b>Second Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 June 2022 RM'000</b>	<b>30 June 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>30 June 2021 RM'000</b>
Interest income	16	242	464	525	1,133
Interest expense	17	(3,722)	(3,808)	(7,433)	(7,603)
<b>Net interest expense</b>		<b>(3,480)</b>	<b>(3,344)</b>	<b>(6,908)</b>	<b>(6,470)</b>
Gross income from Islamic banking business	23	110,116	106,067	213,136	202,698
Other operating income	18	583	300	826	663
<b>Net income</b>		<b>107,219</b>	<b>103,023</b>	<b>207,054</b>	<b>196,891</b>
Other operating expenses	19	(45,026)	(62,374)	(110,230)	(124,166)
<b>Operating profit</b>		<b>62,193</b>	<b>40,649</b>	<b>96,824</b>	<b>72,725</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(72,583)	(23,535)	(90,236)	(30,404)
- commitments and contingencies		326	(245)	149	(449)
- financial investments at FVOCI	10	236	(50)	307	(5,286)
- financial investments at AC	11	285	(1,065)	278	(1,065)
- other assets at AC		(139)	102	(705)	(171)
- other assets at FVOCI		9,851	(2,801)	7,702	(5,603)
<b>Profit before tax expense and zakat</b>		<b>169</b>	<b>13,055</b>	<b>14,319</b>	<b>29,747</b>
Tax expense		(179)	(211)	(359)	(422)
Zakat		(750)	(750)	(1,500)	(1,500)
<b>(Loss)/Profit for the period</b>		<b>(760)</b>	<b>12,094</b>	<b>12,460</b>	<b>27,825</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised gain/(loss) on revaluation of financial investments at FVOCI		(15,404)	1,565	(9,545)	(28,202)
Changes in expected credit losses on financial investments at FVOCI		(236)	50	(307)	5,286
<b>Other comprehensive (loss)/income for the period</b>		<b>(15,640)</b>	<b>1,615</b>	<b>(9,852)</b>	<b>(22,916)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(16,400)</b>	<b>13,709</b>	<b>2,608</b>	<b>4,909</b>
(Loss)/Profit for the period attributable to owner of the Bank		(760)	12,094	12,460	27,825
Total comprehensive (loss)/income attributable to owner of the Bank		(16,400)	13,709	2,608	4,909

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 SECOND QUARTER ENDED 30 JUNE 2022**

Group	Note	<=====Attributable to the Owner of the Bank=====> <=====Non-distributable=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
<b>At 1 January 2022</b>		1,850,000	7,652	10,114	(262,346)	1,605,420
Unrealised loss on revaluation of financial investments at FVOCI		-	(9,545)	-	-	(9,545)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	-	(307)
Profit for the period		-	-	-	17,041	17,041
Total comprehensive (loss)/income for the period		-	(9,852)	-	17,041	7,189
<b>At 30 June 2022</b>		<b>1,850,000</b>	<b>(2,200)</b>	<b>10,114</b>	<b>(245,305)</b>	<b>1,612,609</b>
<b>At 1 January 2021</b>		1,850,000	42,054	10,114	(301,724)	1,600,444
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss		-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income		-	10,676	-	-	10,676
Profit for the year		-	-	-	52,589	52,589
Total comprehensive (loss)/income for the year		-	(34,402)	-	52,589	18,187
Transaction with owner:						
Dividends		-	-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,850,000</b>	<b>7,652</b>	<b>10,114</b>	<b>(262,346)</b>	<b>1,605,420</b>

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 SECOND QUARTER ENDED 30 JUNE 2022**

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	
<b>At 1 January 2022</b>		1,850,000	7,652	10,114	(251,195)	1,616,571
Unrealised loss on revaluation of financial investments at FVOCI		-	(9,545)	-	-	(9,545)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	-	(307)
Profit for the period		-	-	-	12,460	12,460
Total comprehensive (loss)/income for the period		-	(9,852)	-	12,460	2,608
<b>At 30 June 2022</b>		<b>1,850,000</b>	<b>(2,200)</b>	<b>10,114</b>	<b>(238,735)</b>	<b>1,619,179</b>
<b>At 1 January 2021</b>		1,850,000	42,054	10,114	(288,039)	1,614,129
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss		-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income		-	10,676	-	-	10,676
Profit for the year		-	-	-	50,055	50,055
Total comprehensive (loss)/income for the year		-	(34,402)	-	50,055	15,653
Transaction with owner:						
Dividends		-	-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,850,000</b>	<b>7,652</b>	<b>10,114</b>	<b>(251,195)</b>	<b>1,616,571</b>

*(These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 SECOND QUARTER ENDED 30 JUNE 2022**

	Group		Bank	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
<b>Cash flows generated from/(used in) operating activities</b>				
Profit before tax expense and zakat	18,992	38,140	14,319	29,747
<b>Adjustments for:</b>				
Net impairment loss on loans, advances and financing	102,929	42,533	106,600	48,392
Net impairment loss of commitment and contingencies	(149)	449	(149)	449
Net impairment (writeback)/loss on financial investment at FVOCI	(307)	5,286	(307)	5,286
Net impairment loss on financial investment at AC	(278)	1,065	(278)	1,065
Impairment writeback on other assets at AC	705	171	705	171
Impairment writeback on other assets at FVOCI	-	-	(7,702)	5,603
Depreciation of property, plant and equipment	5,464	5,745	5,463	5,742
Depreciation of right-of-use assets	1,773	1,747	1,773	1,747
Amortisation of intangible assets	4,114	3,325	4,114	3,325
Government funds released	(13,300)	(8,836)	(13,300)	(8,836)
Income from financial investments at FVOCI	(21,997)	(24,499)	(21,997)	(24,499)
Income from financial investments at FVTPL	(1,214)	(3,385)	(1,214)	(3,385)
Income from financial investments at AC	(8,281)	(10,456)	(8,281)	(10,456)
Profit expense on medium-term notes/commercial papers	41,420	34,576	41,420	34,576
Profit expense on borrowings/fundings	18,578	14,821	18,578	14,821
Finance cost on lease liabilities	243	245	243	245
Profit income on amount due from a subsidiary company	-	-	(4,298)	(5,603)
<b>Operating profit before working capital changes</b>	<b>148,692</b>	<b>100,927</b>	<b>135,689</b>	<b>98,390</b>
Changes in working capital:				
Net changes in operating assets	(243,538)	(304,451)	(210,772)	(231,398)
Net changes in operating liabilities	885,293	(72,886)	873,323	(142,297)
<b>Cash generated from/(used in) operating activities</b>	<b>790,447</b>	<b>(276,410)</b>	<b>798,240</b>	<b>(275,305)</b>
Interest and profit received	40,681	28,650	40,410	28,650
Tax and zakat refunded/(paid)	(1,092)	(911)	(1,092)	(512)
<b>Net cash generated from/(used in) operating activities</b>	<b>830,036</b>	<b>(248,671)</b>	<b>837,558</b>	<b>(247,167)</b>
<b>Cash flows from/(used in) investing activities</b>				
Net proceed from maturity/(purchase) of financial investment	114,967	(298,973)	114,967	(298,973)
Net purchase of property, plant and equipment	(18,412)	(8,927)	(18,412)	(8,927)
Net purchase of intangible assets	-	(1,091)	-	(1,091)
<b>Net cash generated from/(used in) investing activities</b>	<b>96,555</b>	<b>(308,991)</b>	<b>96,555</b>	<b>(308,991)</b>
<b>Cash flows from/(used in) financing activities</b>				
Net payment of medium term notes/commercial notes	(694,146)	(34,780)	(694,146)	(34,780)
Net disburse of borrowings/fundings	177,227	169,296	177,227	169,296
Proceeds from government funds	19,077	2,923	19,077	2,923
Payment of lease liabilities	(1,871)	(1,934)	(1,871)	(1,934)
Dividend paid	-	(13,211)	-	(13,211)
<b>Net cash (used in)/generated from financing activities</b>	<b>(499,713)</b>	<b>122,294</b>	<b>(499,713)</b>	<b>122,294</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>426,878</b>	<b>(435,368)</b>	<b>434,400</b>	<b>(433,864)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,254,962</b>	<b>1,406,158</b>	<b>1,246,606</b>	<b>1,401,826</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,681,840</b>	<b>970,790</b>	<b>1,681,006</b>	<b>967,962</b>
<b>Cash and cash equivalents comprise:</b>				
- Cash and short term funds	1,681,840	970,790	1,681,006	967,962

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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 2021. 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 2021.

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 2021 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS") and annual improvements to MFRSs, effective for annual periods beginning on or after 1 January 2022:-

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendments to MFRS 16)  
Reference to Conceptual Framework (Amendments to MFRS 3)  
Property, Plant, and Equipment - Proceeds before Intended Use (Amendments to MFRS 116)  
Onerous Contracts - Costs of Fulfilling a Contract (Amendments to MFRS 137)

**2. Summary of Significant Accounting Policies**

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021 were prepared in accordance with MFRS, as modified by Bank Negara Malaysia 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 2021.

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**3. Significant Accounting Estimates and Judgements**

The preparation of unaudited condensed interim financial statements requires management to make judgement, estimates and assumption that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosure and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current event and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 31 December 2021.

**4. Auditors' report on preceding audited annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2021 was not qualified.

**5. 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 financial period ended 30 June 2022.

**6. 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 financial period ended 30 June 2022.

**7. Changes in estimates**

There were no material changes in estimates that have a material effect in the financial period ended 30 June 2022.

**8. Dividends**

During the financial period ended 30 June 2022, a final dividend of 0.71 sen per share for the financial year ended 31 December 2021, amounting to RM5,005,000 was declared during the Annual General Meeting on 29 June 2022 and paid on 4 July 2022.



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**9. Financial investments at FVTPL**

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	-	41,102
<b>Money market instruments</b>		
Commercial papers	39,910	59,825
	<u>39,910</u>	<u>100,927</u>

**10. Financial investments at FVOCI**

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	906,917	892,606
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	30,584	30,572
- Unquoted shares	10,192	10,192
Debt securities		
- Private debt securities	329,879	463,367
	<u>370,655</u>	<u>504,131</u>
	<u>1,277,572</u>	<u>1,396,737</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:

	<b>Group and Bank</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	89	218	10,000	10,307
Writeback made due to changes in credit risk	(52)	-	-	(52)
Financial investments derecognised	(37)	(218)	-	(255)
At 30 June 2022	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>
At 1 January 2021	-	900	10,000	10,900
Allowance/(Writeback) made due to changes in credit risk	89	(682)	-	(593)
At 31 December 2021	<u>89</u>	<u>218</u>	<u>10,000</u>	<u>10,307</u>

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**10. Financial investments at FVOCI (cont'd.)**

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	<b>Group and Bank</b>			<b>Total RM'000</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	
RAM AAA	-	-	-	-
RAM A	-	-	-	-
MARC AA-	-	-	-	-
RAM D^	-	-	10,000	10,000
At 30 June 2022	-	-	10,000	10,000

<i>External rating grade</i>	<b>Group and Bank</b>			<b>Total RM'000</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	
RAM AAA	6	-	-	6
MARC AAA	26	-	-	26
RAM AA	48	-	-	48
RAM A	-	218	-	218
MARC AA	9	-	-	9
RAM D^	-	-	10,000	10,000
At 31 December 2021	89	218	10,000	10,307

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

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**11. Financial investments at amortised cost**

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>At amortised cost</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	50,869	50,905
<b>Money market instruments</b>		
Commercial papers	162,124	33,895
<b>Non-money market instruments</b>		
Private debt securities	352,434	434,235
	565,427	519,035
Less: Accumulated impairment losses	-	(278)
	<u>565,427</u>	<u>518,757</u>

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

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Within one year	379,278	402,759
More than one year to three years	20,092	35,292
More than three years to five years	125,664	40,585
More than five years	40,393	40,399
	<u>565,427</u>	<u>519,035</u>

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**11. Financial investments at amortised cost (cont'd.)**

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Stage 1</b>	<b>Stage 1</b>
At 1 January	278	-
Allowance made due to changes in credit risk	(70)	120
New financial investments originated or purchased	-	158
Financial investments derecognised	(208)	-
At 30 June/31 December	<u>-</u>	<u>278</u>

The impairment losses by external rating grade are as follows:

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Stage 1</b>	<b>Stage 1</b>
<i>External rating grade</i>		
RAM AAA	-	5
MARC AAA	-	19
RAM AA	-	122
MARC AA	-	61
MARC AA-	-	71
Total	<u>-</u>	<u>278</u>

The indicative market values of financial investments at amortised cost on government securities, money market instruments and non-money market instruments are as follows:

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Investment Issues	50,889	51,312
Commercial papers	162,124	33,895
Private debt securities	351,304	436,849
	<u>564,317</u>	<u>522,056</u>

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**12. Loans, advances and financing**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Term loans/financing				
- Hire purchase	394,786	393,901	358,895	357,583
- Leasing	342	342	-	-
- Other term loans/financing	6,149,873	5,987,744	5,815,826	5,652,166
Revolving loans/financing	1,950,346	1,909,608	1,930,482	1,888,031
Staff loans/financing	11,319	11,988	11,319	11,988
Gross loans, advances and financing	<u>8,506,666</u>	<u>8,303,583</u>	<u>8,116,522</u>	<u>7,909,768</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 12(ix))	(86,643)	(97,559)	(86,643)	(97,559)
- Stage 2 (Note 12(ix))	(32,699)	(16,634)	(32,699)	(16,634)
- Stage 3 (Note 12(ix))	(830,829)	(765,939)	(440,685)	(372,124)
Net loans, advances and financing	<u>7,556,495</u>	<u>7,423,451</u>	<u>7,556,495</u>	<u>7,423,451</u>
Gross impaired loans, advances and financing (Note 12(viii))	<u>1,519,960</u>	<u>1,526,505</u>	<u>1,129,816</u>	<u>1,132,690</u>
Net impaired loans, advances and financing	<u>689,131</u>	<u>760,566</u>	<u>689,131</u>	<u>760,566</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM93,465,000 (2021: RM84,730,000) financed by Government grant.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Within one year	1,984,208	1,761,750	1,684,538	1,459,184
More than one year to three years	577,487	635,000	549,816	606,615
More than three years to five years	1,408,213	1,352,761	1,375,274	1,319,667
More than five years	4,536,758	4,554,072	4,506,894	4,524,302
	<u>8,506,666</u>	<u>8,303,583</u>	<u>8,116,522</u>	<u>7,909,768</u>

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**12. Loans, advances and financing (cont'd.)**

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Domestic business enterprise	8,495,347	8,291,595	8,105,203	7,897,780
Individual	11,319	11,988	11,319	11,988
	<u>8,506,666</u>	<u>8,303,583</u>	<u>8,116,522</u>	<u>7,909,768</u>

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Constructions	1,465,196	1,377,290	1,462,372	1,374,467
Education, health and others	640,241	655,163	595,637	610,181
Electricity, gas and water supply	190,975	166,680	190,975	166,680
Financial, insurance/takaful, real estate and business services	1,105,390	1,107,202	1,102,625	1,104,443
Manufacturing	1,536,046	1,420,443	1,467,364	1,348,757
Mining and quarrying	131,749	143,895	129,753	141,899
Primary agriculture	7,566	8,089	7,304	7,827
Transportation, storage and communication	1,004,755	1,006,740	965,874	967,553
Wholesale, retail trade, restaurants and hotels	2,413,429	2,406,093	2,183,299	2,175,973
Others	11,319	11,988	11,319	11,988
	<u>8,506,666</u>	<u>8,303,583</u>	<u>8,116,522</u>	<u>7,909,768</u>

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**12. Loans, advances and financing (cont'd.)**

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,011,843	38,082	57,840	47,536	95,803	214,092	1,465,196
Education, health and others	469,742	10,562	24,031	84,737	38,562	12,607	640,241
Electricity, gas and water supply	184,137	243	1,693	1,283	3,262	357	190,975
Financial, insurance/takaful, real estate and business services	751,414	115,498	53,188	41,715	65,807	77,768	1,105,390
Manufacturing	884,624	212,224	208,253	97,560	51,054	82,331	1,536,046
Mining and quarrying	73,292	-	22,648	30,982	2,243	2,584	131,749
Primary agriculture	1,245	-	256	96	4,357	1,612	7,566
Transportation, storage and communication	589,563	120,760	45,836	114,566	60,916	73,114	1,004,755
Wholesale, retail trade, restaurants and hotels	1,264,935	272,441	100,474	301,611	295,049	178,919	2,413,429
Others	11,319	-	-	-	-	-	11,319
At 30 June 2022	5,242,114	769,810	514,219	720,086	617,053	643,384	8,506,666

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**12. Loans, advances and financing (cont'd.)**

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	887,211	45,477	87,034	46,245	94,092	217,231	1,377,290
Education, health and others	422,191	26,574	60,507	94,322	39,200	12,369	655,163
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680
Financial, insurance/takaful, real estate and business services	668,171	108,739	151,267	38,788	65,177	75,060	1,107,202
Manufacturing	745,621	236,357	242,928	108,285	54,108	33,144	1,420,443
Mining and quarrying	97,772	289	24,770	15,710	2,545	2,809	143,895
Primary agriculture	262	373	942	102	4,702	1,708	8,089
Transportation, storage and communication	547,310	168,981	53,616	103,344	57,850	75,639	1,006,740
Wholesale, retail trade, restaurants and hotels	1,215,494	323,997	132,905	288,025	280,057	165,615	2,406,093
Others	11,988	-	-	-	-	-	11,988
At 31 December 2021	<b>4,750,357</b>	<b>912,835</b>	<b>757,565</b>	<b>697,721</b>	<b>601,179</b>	<b>583,926</b>	<b>8,303,583</b>



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**12. Loans, advances and financing (cont'd.)**

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,009,019	38,082	57,840	47,536	95,803	214,092	1,462,372
Education, health and others	425,138	10,562	24,031	84,737	38,562	12,607	595,637
Electricity, gas and water supply	184,137	243	1,693	1,283	3,262	357	190,975
Financial, insurance/takaful, real estate and business services	748,649	115,498	53,188	41,715	65,807	77,768	1,102,625
Manufacturing	815,942	212,224	208,253	97,560	51,054	82,331	1,467,364
Mining and quarrying	71,296	-	22,648	30,982	2,243	2,584	129,753
Primary agriculture	983	-	256	96	4,357	1,612	7,304
Transportation, storage and communication	550,682	120,760	45,836	114,566	60,916	73,114	965,874
Wholesale, retail trade, restaurants and hotels	1,034,805	272,441	100,474	301,611	295,049	178,919	2,183,299
Others	11,319	-	-	-	-	-	11,319
At 30 June 2022	4,851,970	769,810	514,219	720,086	617,053	643,384	8,116,522

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**12. Loans, advances and financing (cont'd.)**

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	884,388	45,477	87,034	46,245	94,092	217,231	1,374,467
Education, health and others	377,209	26,574	60,507	94,322	39,200	12,369	610,181
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680
Financial, insurance/takaful, real estate and business services	665,412	108,739	151,267	38,788	65,177	75,060	1,104,443
Manufacturing	673,935	236,357	242,928	108,285	54,108	33,144	1,348,757
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899
Primary agriculture	-	373	942	102	4,702	1,708	7,827
Transportation, storage and communication	508,123	168,981	53,616	103,344	57,850	75,639	967,553
Wholesale, retail trade, restaurants and hotels	985,374	323,997	132,905	288,025	280,057	165,615	2,175,973
Others	11,988	-	-	-	-	-	11,988
At 31 December 2021	4,356,542	912,835	757,565	697,721	601,179	583,926	7,909,768

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**12. Loans, advances and financing (cont'd.)**

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Fixed rate:				
- Staff loan/financing	11,319	11,988	11,319	11,988
- Hire purchase	178,954	191,080	143,917	155,639
- Leasing	342	342	-	-
- Other term loans/financing	2,004,094	1,928,220	1,775,376	1,697,917
- Revolving loans/financing	1,002,050	632,904	982,244	611,385
Variable rate				
- Hire purchase	215,832	202,821	214,978	201,944
- Other term loans/financing	4,145,779	4,059,524	4,040,450	3,954,249
- Revolving loans/financing	948,296	1,276,704	948,238	1,276,646
	<u>8,506,666</u>	<u>8,303,583</u>	<u>8,116,522</u>	<u>7,909,768</u>

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Constructions	142,154	134,922	139,330	132,099
Education, health and others	158,606	175,969	114,002	130,987
Electricity, gas and water supply	52,292	43	52,292	43
Financial, insurance/takaful, real estate and business services	162,573	153,902	159,808	151,143
Manufacturing	304,638	321,201	235,956	249,515
Mining and quarrying	10,544	10,258	8,548	8,262
Primary agriculture	541	540	279	278
Transportation, storage and communication	107,598	151,315	68,717	112,128
Wholesale, retail trade, restaurants and hotels	581,014	578,355	350,884	348,235
	<u>1,519,960</u>	<u>1,526,505</u>	<u>1,129,816</u>	<u>1,132,690</u>

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**12. Loans, advances and financing (cont'd.)**

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	115,424	673	1,527	10,572	11,906	2,052	142,154
Education, health and others	106,669	817	9,986	32,470	7,828	836	158,606
Electricity, gas and water supply	52,292	-	-	-	-	-	52,292
Financial, insurance/takaful, real estate and business services	139,916	8,194	776	9,647	3,276	764	162,573
Manufacturing	198,408	9,219	58,452	31,854	1,316	5,389	304,638
Mining and quarrying	3,114	-	7,103	327	-	-	10,544
Primary agriculture	328	-	-	-	213	-	541
Transportation, storage and communication	57,872	4,142	8,630	17,071	11,981	7,902	107,598
Wholesale, retail trade, restaurants and hotels	427,169	14,018	15,791	58,098	56,461	9,477	581,014
At 30 June 2022	<b>1,101,192</b>	<b>37,063</b>	<b>102,265</b>	<b>160,039</b>	<b>92,981</b>	<b>26,420</b>	<b>1,519,960</b>

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**12. Loans, advances and financing (cont'd.)**

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	103,980	1,923	3,341	11,071	12,595	2,012	134,922
Education, health and others	106,006	3,165	22,503	34,897	8,478	920	175,969
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	119,671	8,568	11,250	9,796	3,206	1,411	153,902
Manufacturing	190,310	17,020	60,166	46,328	1,731	5,646	321,201
Mining and quarrying	2,718	-	7,212	328	-	-	10,258
Primary agriculture	262	-	66	-	212	-	540
Transportation, storage and communication	97,600	5,289	9,613	19,446	11,548	7,819	151,315
Wholesale, retail trade, restaurants and hotels	389,648	39,817	20,033	60,199	58,274	10,384	578,355
At 31 December 2021	1,010,195	75,825	134,184	182,065	96,044	28,192	1,526,505

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**12. Loans, advances and financing (cont'd.)**

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	112,600	673	1,527	10,572	11,906	2,052	139,330
Education, health and others	62,065	817	9,986	32,470	7,828	836	114,002
Electricity, gas and water supply	52,292	-	-	-	-	-	52,292
Financial, insurance/takaful, real estate and business services	137,151	8,194	776	9,647	3,276	764	159,808
Manufacturing	129,726	9,219	58,452	31,854	1,316	5,389	235,956
Mining and quarrying	1,118	-	7,103	327	-	-	8,548
Primary agriculture	66	-	-	-	213	-	279
Transportation, storage and communication	18,991	4,142	8,630	17,071	11,981	7,902	68,717
Wholesale, retail trade, restaurants and hotels	197,039	14,018	15,791	58,098	56,461	9,477	350,884
At 30 June 2022	<u>711,048</u>	<u>37,063</u>	<u>102,265</u>	<u>160,039</u>	<u>92,981</u>	<u>26,420</u>	<u>1,129,816</u>

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**12. Loans, advances and financing (cont'd.)**

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	101,157	1,923	3,341	11,071	12,595	2,012	132,099
Education, health and others	61,024	3,165	22,503	34,897	8,478	920	130,987
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	116,912	8,568	11,250	9,796	3,206	1,411	151,143
Manufacturing	118,624	17,020	60,166	46,328	1,731	5,646	249,515
Mining and quarrying	722	-	7,212	328	-	-	8,262
Primary agriculture	-	-	66	-	212	-	278
Transportation, storage and communication	58,413	5,289	9,613	19,446	11,548	7,819	112,128
Wholesale, retail trade, restaurants and hotels	159,528	39,817	20,033	60,199	58,274	10,384	348,235
At 31 December 2021	616,380	75,825	134,184	182,065	96,044	28,192	1,132,690

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**12. Loans, advances and financing (cont'd.)**

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
At 1 January	1,526,505	1,581,516	1,132,690	1,167,360
-Transfers to Stage 1	(22,864)	(21,254)	(19,193)	(21,254)
-Transfers to Stage 2	(12,448)	(2,553)	(12,448)	(2,553)
-Transfers to Stage 3	132,885	253,436	132,885	253,436
	<u>1,624,078</u>	<u>1,811,145</u>	<u>1,233,934</u>	<u>1,396,989</u>
Changes due to change in credit risk	(39,979)	(46,881)	(39,979)	(26,540)
New financial assets originated	549	4,093	549	4,093
Financial assets derecognised	(31,798)	(87,283)	(31,798)	(87,283)
Amount written-off	(32,890)	(154,569)	(32,890)	(154,569)
At 30 June/31 December	<u>1,519,960</u>	<u>1,526,505</u>	<u>1,129,816</u>	<u>1,132,690</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 2021	97,559	16,634	765,939	880,132
-Transfers to Stage 1	421	(292)	(129)	-
-Transfers to Stage 2	(20,184)	20,319	(135)	-
-Transfers to Stage 3	(74,416)	(9,580)	83,996	-
	<u>(94,179)</u>	<u>10,447</u>	<u>83,732</u>	<u>-</u>
Changes due to change in credit risk (Note 20)	76,218	5,682	20,623	102,523
New financial assets originated (Note 20)	17,519	22	69	17,610
Financial assets derecognised (Note 20)	(10,474)	(86)	(6,644)	(17,204)
Amount written off	-	-	(32,890)	(32,890)
At 30 June 2022	<u>86,643</u>	<u>32,699</u>	<u>830,829</u>	<u>950,171</u>
At 1 January 2021	67,708	18,297	793,434	879,439
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	<u>(58,283)</u>	<u>(50,472)</u>	<u>108,755</u>	<u>-</u>
Changes due to change in credit risk	76,326	49,722	27,242	153,290
New financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,145)	(916)	(11,011)	(22,072)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	<u>97,559</u>	<u>16,634</u>	<u>765,939</u>	<u>880,132</u>



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**12. Loans, advances and financing (cont'd.)**

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

<b>Bank</b>	<b>Stage1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2021	97,559	16,634	372,124	486,317
-Transfers to Stage 1	421	(292)	(129)	-
-Transfers to Stage 2	(20,184)	20,319	(135)	-
-Transfers to Stage 3	(74,416)	(9,580)	83,996	-
	(94,179)	10,447	83,732	-
Changes due to change in credit risk (Note 20)	76,218	5,682	24,294	106,194
New financial assets originated (Note 20)	17,519	22	69	17,610
Financial assets derecognised (Note 20)	(10,474)	(86)	(6,644)	(17,204)
Amount written off	-	-	(32,890)	(32,890)
At 30 June 2022	86,643	32,699	440,685	560,027
At 1 January 2021	67,708	18,297	379,278	465,283
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	(58,283)	(50,472)	108,755	-
Changes due to change in credit risk	76,326	49,722	47,583	173,631
New financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,145)	(916)	(11,011)	(22,072)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	97,559	16,634	372,124	486,317

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2022</b>	<b>31 December 2021</b>	<b>30 June 2022</b>	<b>31 December 2021</b>
Net impaired loans, advances and financing in percentage	8.99%	10.11%	8.99%	10.11%

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**13. Deposits from customers**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term deposit:				
- Commodity Murabahah/Tawarruq	4,503,806	3,742,803	4,523,540	3,776,444

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Government bodies	1,523,584	1,030,879	1,523,584	1,030,879
Statutory bodies	603,585	995,907	603,585	995,907
Business enterprise	1,514,275	1,098,771	1,534,009	1,132,412
Others	862,362	617,246	862,362	617,246
	<u>4,503,806</u>	<u>3,742,803</u>	<u>4,523,540</u>	<u>3,776,444</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Within three months	3,216,814	2,920,489	3,223,121	2,954,130
More than three months to six months	718,593	471,685	729,422	471,685
More than six months to one year	568,399	350,629	570,997	350,629
	<u>4,503,806</u>	<u>3,742,803</u>	<u>4,523,540</u>	<u>3,776,444</u>

**14. Deposits from banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks and other financial institutions	250,442	50,085

The deposits maturity structure is as follows:

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Less than three months	250,442	50,085

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**15. Borrowings/Fundings**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured borrowings/fundings	1,936,913	1,741,109

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	493,849	488,408
More than one year to five years	697,728	729,824
More than five years	745,336	522,877
	<u>1,936,913</u>	<u>1,741,109</u>

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

		<b>Group and Bank</b>	
		<b>30 June</b>	<b>31 December</b>
		<b>2022</b>	<b>2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Government of Malaysia	(a)	963,942	974,546
Other institutions	(b)	972,971	766,563
		<u>1,936,913</u>	<u>1,741,109</u>

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**15. Borrowings/Fundings (cont'd.)**

**(a) Borrowings/fundings from Government of Malaysia**

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

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Maturity structure:</b>		
Within one year	483,379	479,852
More than one year to five years	260,562	242,054
More than five years	220,001	252,640
	963,942	974,546

The weighted average interest on the borrowings/fundings from the Government of Malaysia range from 0% to 2.75% (2021: 0% to 2.75%) per annum.

**(b) Borrowings/fundings from other institutions**

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Bank Negara Malaysia	972,971	766,563

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

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>Maturity structure:</b>		
Within one year	10,469	8,556
More than one year to five years	437,166	487,770
More than five years	525,336	270,237
	972,971	766,563

The weighted average profit rates on the borrowings/fundings from other institutions range from 0% to 1.5% (2021: 0% to 1.5%) per annum.

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## 16. Interest income

Group and Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	242	464	525	1,133

## 17. Interest expense

Group and Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Term loans	3,722	3,808	7,433	7,603

## 18. Other operating income

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	14	13	19	15
<b>Other income:</b>				
Recovery income	4,820	937	5,083	3,760
Compensation on late payment charges	569	287	807	628
Others	-	-	-	20
<b>Total other operating income</b>	<b>5,403</b>	<b>1,237</b>	<b>5,909</b>	<b>4,423</b>
<b>Bank</b>				
Fee income	14	13	19	15
<b>Other income:</b>				
Compensation on late payment charges	569	287	807	628
Others	-	-	-	20
<b>Total other operating income</b>	<b>583</b>	<b>300</b>	<b>826</b>	<b>663</b>

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**19. Other operating expenses**

Group	Note	Second Quarter Ended		Six Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel expenses	(i)	23,411	46,180	68,281	92,397
Establishment related expenses	(ii)	11,604	9,954	22,944	19,834
Promotion and marketing expenses	(iii)	1,639	623	3,167	1,087
Administration and general expenses	(iv)	5,721	7,203	15,635	13,974
		<u>42,375</u>	<u>63,960</u>	<u>110,027</u>	<u>127,292</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		13,860	36,553	48,569	74,139
Directors' fees and remuneration		489	519	1,019	886
Social security cost		243	241	759	479
Contribution to Employee Provident Fund		4,254	4,202	8,499	8,095
Other staff related expenses		4,565	4,665	9,435	8,798
		<u>23,411</u>	<u>46,180</u>	<u>68,281</u>	<u>92,397</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,698	2,914	5,464	5,745
Depreciation of right-of-use assets		886	874	1,773	1,747
Amortisation of intangible assets		2,072	1,620	4,114	3,325
Rental expenses		67	(18)	97	(21)
Repairs and maintenance of property, plant and equipment		5,881	4,564	11,496	9,038
		<u>11,604</u>	<u>9,954</u>	<u>22,944</u>	<u>19,834</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		1,639	623	3,167	1,087
<b>(iv) Administration and general expenses</b>					
Administrative expenses		1,875	1,812	3,798	3,615
Auditors' remuneration		281	242	562	482
General expenses		3,565	5,149	11,275	9,877
		<u>5,721</u>	<u>7,203</u>	<u>15,635</u>	<u>13,974</u>

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**19. Other operating expenses (cont'd.)**

Bank	Note	Second Quarter Ended		Six Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel expenses	(i)	23,198	45,258	67,016	90,434
Establishment related expenses	(ii)	11,586	9,940	22,915	19,812
Promotion and marketing expenses	(iii)	1,638	592	3,164	1,056
Administration and general expenses	(iv)	8,604	6,584	17,135	12,864
		<u>45,026</u>	<u>62,374</u>	<u>110,230</u>	<u>124,166</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		13,847	35,886	47,636	72,575
Directors' fees and remuneration		489	520	1,019	886
Social security cost		237	234	748	466
Contribution to Employee Provident Fund		4,153	4,092	8,329	7,887
Other staff related expenses		4,472	4,526	9,284	8,620
		<u>23,198</u>	<u>45,258</u>	<u>67,016</u>	<u>90,434</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,697	2,912	5,463	5,742
Depreciation of right-of-use assets		886	874	1,773	1,747
Amortisation of intangible assets		2,072	1,619	4,114	3,325
Rental expenses		67	(18)	97	(21)
Repairs and maintenance of property, plant and equipment		5,864	4,553	11,468	9,019
		<u>11,586</u>	<u>9,940</u>	<u>22,915</u>	<u>19,812</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		1,638	592	3,164	1,056
<b>(iv) Administration and general expenses</b>					
Administrative expenses		1,875	1,808	3,793	3,610
Auditors' remuneration		265	225	530	450
General expenses		6,464	4,551	12,812	8,804
		<u>8,604</u>	<u>6,584</u>	<u>17,135</u>	<u>12,864</u>

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**20. Allowances for impairment on loans, advances and financing**

Group	Second Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(2,875)	13,899	(10,916)	28,683
- Stage 2, net (Note 12(ix))	678	2,978	16,065	4,710
- Stage 3, net (Note 12(ix))	85,815	13,840	97,780	9,140
	<u>83,618</u>	<u>30,717</u>	<u>102,929</u>	<u>42,533</u>
Impaired loans, advances and financing recovered	<u>(13,530)</u>	<u>(8,909)</u>	<u>(16,456)</u>	<u>(17,988)</u>
Impaired loans, advances and financing written off	<u>-</u>	<u>-</u>	<u>92</u>	<u>-</u>
<b>Total allowance for impairment on loans, advances and financing</b>	<b><u>70,088</u></b>	<b><u>21,808</u></b>	<b><u>86,565</u></b>	<b><u>24,545</u></b>
<b>Bank</b>				
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	(2,875)	13,899	(10,916)	28,683
- Stage 2, net (Note 12(ix))	678	2,978	16,065	4,710
- Stage 3, net (Note 12(ix))	88,310	15,567	101,451	14,999
	<u>86,113</u>	<u>32,444</u>	<u>106,600</u>	<u>48,392</u>
Impaired loans, advances and financing recovered	<u>(13,530)</u>	<u>(8,909)</u>	<u>(16,456)</u>	<u>(17,988)</u>
Impaired loans, advances and financing written off	<u>-</u>	<u>-</u>	<u>92</u>	<u>-</u>
<b>Total allowance for impairment on loans, advances and financing</b>	<b><u>72,583</u></b>	<b><u>23,535</u></b>	<b><u>90,236</u></b>	<b><u>30,404</u></b>



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**21. Commitment and contingencies**

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Direct credit substitutes	180,852	231,283
Transaction-related-contingent items	158,793	160,555
Undisbursed loans/financing		
- original maturity up to one year	249,540	235,490
- original maturity more than one year	1,752,109	1,547,106
	<b>2,341,294</b>	<b>2,174,434</b>

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Approved and contracted for Information technology system	24,107	6,118
<b>Total commitments and contingencies</b>	<b>2,365,401</b>	<b>2,180,552</b>

**22. Capital adequacy**

**Capital management**

Capital policy

The overall objective of capital management is to maintain a strong capital position in order to provide opportunities for business growth and be able to provide cushion for any potential losses. In line with this objective, the Bank views its capital position as an important key barometer of financial health.

Regulatory capital

In order to support its mandated roles, the Bank has strong and adequate capital to support its business activities on an on-going basis. Bank Negara Malaysia ("BNM") has imposed several regulatory capital requirements whereby, the Bank must have an absolute minimum capital of RM300,000,000 and a minimum Risk Weighted Capital Ratio ("RWCR") of 8% at all times. The minimum capital funds refer to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act, 2002.

The capital adequacy ratios of the Group and of the Bank are computed in accordance with the requirements of BNM's Capital Framework for Development Financial Institutions, which is based on the Basel I capital adequacy framework requirements.

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**22. 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 from financial year beginning 2020.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month and lifetime ECL 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	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
<b><u>Tier I Capital</u></b>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(262,346)	(262,346)	(251,195)	(251,195)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	28,307	32,743	28,307	32,743
Less: Deferred tax assets	(106,947)	(106,947)	(106,947)	(106,947)
Less: Property revaluation reserve	(228,616)	(228,616)	(228,616)	(228,616)
<b>Total Tier I capital</b>	<b>1,290,512</b>	<b>1,294,948</b>	<b>1,301,663</b>	<b>1,306,099</b>
<b><u>Tier II Capital</u></b>				
General provision for loans, advances and financing*	96,599	87,163	96,599	87,163
Property revaluation reserve <sup>^</sup>	114,308	114,308	114,308	114,308
Government funds <sup>#</sup>	437,480	428,923	437,480	428,923
<b>Total Tier II capital</b>	<b>648,387</b>	<b>630,394</b>	<b>648,387</b>	<b>630,394</b>
<b>Total capital</b>	<b>1,938,899</b>	<b>1,925,342</b>	<b>1,950,050</b>	<b>1,936,493</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,938,899</b>	<b>1,925,342</b>	<b>1,950,050</b>	<b>1,936,493</b>

\* 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.

<sup>^</sup> The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

<sup>#</sup> An amount of RMNil (2021: RM26,791,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

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**22. Capital adequacy (cont'd.)**

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
20%	331,085	246,248	331,085	246,248
50%	5,264	5,621	5,264	5,621
100%	9,928,387	9,772,457	9,984,924	9,853,065
	<b>10,264,736</b>	<b>10,024,326</b>	<b>10,321,273</b>	<b>10,104,934</b>

Before deducting dividends:

Core capital ratio	12.572%	12.918%	12.611%	12.925%
Risk-weighted capital ratio	<b>18.889%</b>	<b>19.207%</b>	<b>18.894%</b>	<b>19.164%</b>

After deducting dividends:

Core capital ratio	12.524%	12.868%	12.563%	12.876%
Risk-weighted capital ratio	<b>18.840%</b>	<b>19.157%</b>	<b>18.845%</b>	<b>19.114%</b>

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 have the "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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**23. Islamic banking business**

The state of affairs as at 31 December 2021 and results for the financial year 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 30 June 2022**

	Note	Group		Bank	
		30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
<b>Assets</b>					
Cash and short-term funds		1,681,252	1,248,636	1,680,570	1,246,152
Financial investments at FVTPL	9	39,910	100,927	39,910	100,927
Financial investments at FVOCI	23(a)	1,267,380	1,386,545	1,267,380	1,386,545
Financial investments at AC	11	565,427	518,757	565,427	518,757
Advances and financing	23(b)	7,537,463	7,374,322	7,537,463	7,374,322
Other assets		28,132	20,608	89,567	106,480
Property, plant and equipment		147,033	134,044	147,000	134,011
Right-of-use assets		12,056	13,830	12,056	13,830
Investment properties		374,081	374,081	374,081	374,081
Intangible assets		10,647	14,762	10,647	14,762
Tax recoverables		5,208	5,572	2,996	2,997
Deferred tax assets		106,947	106,947	106,947	106,947
<b>Total assets</b>		<b>11,775,536</b>	<b>11,299,031</b>	<b>11,834,044</b>	<b>11,379,811</b>
<b>Liabilities</b>					
Deposits from customers	13	4,503,806	3,742,803	4,523,540	3,776,444
Deposits from banks and other financial institutions	14	250,442	50,085	250,442	50,085
Islamic medium-term notes/ commercial notes		1,869,200	2,521,926	1,869,200	2,521,926
Term financing/fundings	23(c)	972,971	766,563	972,971	766,563
Other liabilities		1,056,846	1,150,023	1,086,222	1,177,524
Lease liabilities		12,567	14,195	12,567	14,195
Amount due to conventional operations		1,031,019	998,938	1,211,507	1,192,341
Government funds		564,416	540,701	564,416	540,701
<b>Total liabilities</b>		<b>10,261,267</b>	<b>9,785,234</b>	<b>10,490,865</b>	<b>10,039,779</b>
Islamic general funds		1,514,269	1,513,797	1,343,179	1,340,032
<b>Total liabilities and Islamic banking funds</b>		<b>11,775,536</b>	<b>11,299,031</b>	<b>11,834,044</b>	<b>11,379,811</b>
<b>Commitments</b>	23(i)	<b>2,338,698</b>	<b>2,174,403</b>	<b>2,338,698</b>	<b>2,174,403</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements.)*

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**23. Islamic banking business (cont'd.)**

**Unaudited Statements of Comprehensive Income  
For the second quarter ended 30 June 2022**

Group	Note	Second Quarter Ended		Six Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Income from Islamic banking business	23(d)	140,991	131,898	273,798	260,058
Profit expense attributable to Islamic banking business	23(e)	(49,698)	(43,758)	(96,975)	(88,023)
<b>Gross income from Islamic banking business</b>		<b>91,293</b>	<b>88,140</b>	<b>176,823</b>	<b>172,035</b>
Other operating income	23(f)	20,326	16,106	39,731	26,960
Other operating expenses	23(g)	(42,377)	(63,001)	(109,770)	(126,221)
<b>Operating profit</b>		<b>69,242</b>	<b>41,245</b>	<b>106,784</b>	<b>72,774</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(76,762)	(24,856)	(94,536)	(27,833)
- commitments		324	(241)	147	(451)
- financial investments at FVOCI	10	236	(50)	307	(5,286)
- financial investments at AC	11	285	(1,065)	278	(1,065)
- other assets at AC		(139)	102	(705)	(171)
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(6,814)</b>	<b>15,135</b>	<b>12,275</b>	<b>37,968</b>
Tax expense		(218)	(338)	(451)	(549)
Zakat		(750)	(750)	(1,500)	(1,500)
<b>(Loss)/Profit for the period</b>		<b>(7,782)</b>	<b>14,047</b>	<b>10,324</b>	<b>35,919</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised (loss)/gain on revaluation of financial investments at FVOCI		(15,404)	1,565	(9,545)	(28,202)
Changes in expected credit (losses)/gains on financial investments at FVOCI		(236)	50	(307)	5,286
<b>Other comprehensive (loss)/income for the period</b>		<b>(15,640)</b>	<b>1,615</b>	<b>(9,852)</b>	<b>(22,916)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(23,422)</b>	<b>15,662</b>	<b>472</b>	<b>13,003</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements.)*

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**23. Islamic banking business (cont'd.)**

**Unaudited Statements of Comprehensive Income  
For the second quarter ended 30 June 2022 (cont'd.)**

Bank	Note	Second Quarter Ended		Six Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Income from Islamic banking business	23(d)	140,991	131,898	273,798	260,058
Profit expense attributable to Islamic banking business	23(e)	(49,748)	(43,783)	(97,070)	(88,226)
<b>Gross income from Islamic banking business</b>		<b>91,243</b>	<b>88,115</b>	<b>176,728</b>	<b>171,832</b>
Other operating income	23(f)	18,873	17,952	36,408	30,866
Other operating expenses	23(g)	(45,021)	(62,220)	(109,968)	(123,901)
<b>Operating profit</b>		<b>65,095</b>	<b>43,847</b>	<b>103,168</b>	<b>78,797</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(77,165)	(25,995)	(96,039)	(29,328)
- commitments and contingencies		324	(241)	147	(451)
- financial investments at FVOCI	10	236	(50)	307	(5,286)
- financial investments at AC	11	285	(1,065)	278	(1,065)
- other assets at AC		(139)	102	(705)	(171)
- other assets at FVOCI		9,851	(2,801)	7,702	(5,603)
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(1,513)</b>	<b>13,797</b>	<b>14,858</b>	<b>36,893</b>
Tax expense		(179)	(211)	(359)	(422)
Zakat		(750)	(750)	(1,500)	(1,500)
<b>(Loss)/Profit for the period</b>		<b>(2,442)</b>	<b>12,836</b>	<b>12,999</b>	<b>34,971</b>
<b>Other comprehensive income/(loss) Item that may be reclassified to profit or loss:</b>					
Unrealised (loss)/gain on revaluation of financial investments at FVOCI		(15,404)	1,565	(9,545)	(28,202)
Changes in expected credit (losses)/gains on financial investments at FVOCI		(236)	50	(307)	5,286
<b>Other comprehensive (loss)/income for the period</b>		<b>(15,640)</b>	<b>1,615</b>	<b>(9,852)</b>	<b>(22,916)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(18,082)</b>	<b>14,451</b>	<b>3,147</b>	<b>12,055</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements.)*

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**23. Islamic banking business (cont'd.)**

**Statements of changes in Islamic General Funds  
For the second quarter ended 30 June 2022**

Group	Note	<=====Non-distributable=====>		Distributable retained earnings RM'000	Total RM'000
		Share capital RM'000	Fair value reserve RM'000		
<b>At 1 January 2022</b>		1,050,564	2,278	460,955	1,513,797
Unrealised loss on revaluation of financial investments at FVOCI		-	(9,545)	-	(9,545)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	(307)
Profit for the period		-	-	10,324	10,324
Total comprehensive income for the period		-	(9,852)	10,324	472
<b>At 30 June 2022</b>		<b>1,050,564</b>	<b>(7,574)</b>	<b>471,279</b>	<b>1,514,269</b>
<b>At 1 January 2021</b>		1,050,564	37,174	430,789	1,518,527
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss		-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	43,377	43,377
Total comprehensive (loss)/income for the year		-	(34,896)	43,377	8,481
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,050,564</b>	<b>2,278</b>	<b>460,955</b>	<b>1,513,797</b>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements.)*

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**23. Islamic banking business (cont'd.)**

**Statements of changes in Islamic General Funds  
For the second quarter ended 30 June 2022 (cont'd.)**

Bank	Note	<=====Non-distributable=====>		Distributable retained earnings RM'000	Total RM'000
		Share capital RM'000	Fair value reserve RM'000		
<b>At 1 January 2022</b>		1,050,564	2,278	287,190	1,340,032
Unrealised loss on revaluation of financial investments at FVOCI		-	(9,545)	-	(9,545)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	(307)
Profit for the period		-	-	12,999	12,999
Total comprehensive income for the period		-	(9,852)	12,999	3,147
<b>At 30 June 2022</b>		<u>1,050,564</u>	<u>(7,574)</u>	<u>300,189</u>	<u>1,343,179</u>
<b>At 1 January 2021</b>		1,050,564	37,174	243,816	1,331,554
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss		-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	56,585	56,585
Total comprehensive (loss)/income for the year		-	(34,896)	56,585	21,689
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<u>1,050,564</u>	<u>2,278</u>	<u>287,190</u>	<u>1,340,032</u>

*(These unaudited condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to these financial statements.)*



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**23. Islamic banking business (cont'd.)**

**(a) Financial investments at FVOCI**

	<b>Group and Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	906,917	892,606
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	30,584	30,572
Debt securities		
- Private debt securities	329,879	463,367
	<u>360,463</u>	<u>493,939</u>
	<u>1,267,380</u>	<u>1,386,545</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 10.

**(b) Advances and financing**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Bai' Bithaman Aji	1,509	1,509	-	-
Murabahah	1,277,395	1,463,786	1,229,412	1,415,280
Istisna'	87,556	26,943	83,111	21,801
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	422,942	412,599	368,170	357,583
Bai' Dayn	-	1,668	-	1,668
Tawarruq	6,390,879	6,035,984	6,390,874	6,035,979
Bai' Inah	17,545	20,906	16,314	19,636
Gross advances and financing	<u>8,197,910</u>	<u>7,963,479</u>	<u>8,087,881</u>	<u>7,851,947</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 23(b)(x))	(86,642)	(97,559)	(86,642)	(97,559)
- Stage 2 (Note 23(b)(x))	(32,699)	(16,634)	(32,699)	(16,634)
- Stage 3 (Note 23(b)(x))	(541,106)	(474,964)	(431,077)	(363,432)
Net advances and financing	<u>7,537,463</u>	<u>7,374,322</u>	<u>7,537,463</u>	<u>7,374,322</u>
Gross impaired advances and financing (Note 23(b)(vii))	<u>1,211,401</u>	<u>1,186,610</u>	<u>1,101,372</u>	<u>1,075,078</u>
Net impaired advances and financing	<u>670,295</u>	<u>711,646</u>	<u>670,295</u>	<u>711,646</u>

Included in advances and financing are gross advances and financing amounting to RM93,465,000 (2021: RM84,730,000) financed by the Government funds.

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**23. 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	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Maturity within one year	1,784,503	1,558,442	1,678,513	1,451,817
More than one year to three years	550,649	607,686	549,488	605,801
More than three years to five years	1,369,624	1,316,075	1,368,465	1,314,751
More than five years	4,493,134	4,481,276	4,491,415	4,479,578
	<u>8,197,910</u>	<u>7,963,479</u>	<u>8,087,881</u>	<u>7,851,947</u>

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic business enterprise	8,186,591	7,951,492	8,076,562	7,839,960
Individual	11,319	11,987	11,319	11,987
	<u>8,197,910</u>	<u>7,963,479</u>	<u>8,087,881</u>	<u>7,851,947</u>

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Constructions	1,463,853	1,375,949	1,462,371	1,374,466
Education, health and others	626,473	641,642	593,548	608,391
Electricity, gas and water supply	190,975	166,680	190,975	166,680
Financial, insurance/takaful, real estate and business services	1,104,433	1,106,244	1,102,624	1,104,442
Manufacturing	1,499,044	1,380,882	1,467,245	1,348,115
Mining and quarrying	129,753	141,899	129,753	141,899
Primary agriculture	7,304	7,827	7,304	7,827
Transportation, storage and communication	990,597	963,154	962,732	935,071
Wholesale, retail trade, restaurants and hotels	2,174,159	2,167,215	2,160,010	2,153,069
Others	11,319	11,987	11,319	11,987
	<u>8,197,910</u>	<u>7,963,479</u>	<u>8,087,881</u>	<u>7,851,947</u>

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**23. Islamic banking business (cont'd.)**

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,010,501	38,082	57,840	47,536	95,802	214,092	1,463,853
Education, health and others	455,974	10,562	24,031	84,737	38,562	12,607	626,473
Electricity, gas and water supply	184,137	243	1,693	1,283	3,262	357	190,975
Financial, insurance/takaful, real estate and business services	750,456	115,499	53,188	41,715	65,807	77,768	1,104,433
Manufacturing	847,622	212,224	208,253	97,560	51,054	82,331	1,499,044
Mining and quarrying	71,296	-	22,648	30,982	2,243	2,584	129,753
Primary agriculture	983	-	256	96	4,357	1,612	7,304
Transportation, storage and communication	575,408	120,760	45,836	114,566	60,913	73,114	990,597
Wholesale, retail trade, restaurants and hotels	1,041,529	268,932	100,474	294,579	289,726	178,919	2,174,159
Others	11,319	-	-	-	-	-	11,319
<b>At 30 June 2022</b>	<b>4,949,225</b>	<b>766,302</b>	<b>514,219</b>	<b>713,054</b>	<b>611,726</b>	<b>643,384</b>	<b>8,197,910</b>

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**23. 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.):

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	885,871	45,477	87,034	46,245	94,091	217,231	1,375,949
Education, health and others	408,670	26,574	60,507	94,322	39,200	12,369	641,642
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680
Financial, insurance/takaful, real estate and business services	667,213	108,739	151,267	38,788	65,177	75,060	1,106,244
Manufacturing	706,566	235,851	242,928	108,285	54,108	33,144	1,380,882
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899
Primary agriculture	-	373	942	102	4,702	1,708	7,827
Transportation, storage and communication	503,727	168,981	53,616	103,344	57,847	75,639	963,154
Wholesale, retail trade, restaurants and hotels	992,247	320,500	132,905	281,133	274,815	165,615	2,167,215
Others	11,987	-	-	-	-	-	11,987
<b>At 31 December 2021</b>	<b>4,426,394</b>	<b>908,832</b>	<b>757,565</b>	<b>690,829</b>	<b>595,933</b>	<b>583,926</b>	<b>7,963,479</b>

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**23. 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.):

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,009,019	38,082	57,840	47,536	95,802	214,092	1,462,371
Education, health and others	423,049	10,562	24,031	84,737	38,562	12,607	593,548
Electricity, gas and water supply	184,137	243	1,693	1,283	3,262	357	190,975
Financial, insurance/takaful, real estate and business services	748,647	115,499	53,188	41,715	65,807	77,768	1,102,624
Manufacturing	815,823	212,224	208,253	97,560	51,054	82,331	1,467,245
Mining and quarrying	71,296	-	22,648	30,982	2,243	2,584	129,753
Primary agriculture	983	-	256	96	4,357	1,612	7,304
Transportation, storage and communication	547,543	120,760	45,836	114,566	60,913	73,114	962,732
Wholesale, retail trade, restaurants and hotels	1,027,380	268,932	100,474	294,579	289,726	178,919	2,160,010
Others	11,319	-	-	-	-	-	11,319
<b>At 30 June 2022</b>	<b>4,839,196</b>	<b>766,302</b>	<b>514,219</b>	<b>713,054</b>	<b>611,726</b>	<b>643,384</b>	<b>8,087,881</b>

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**23. 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.):

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	884,388	45,477	87,034	46,245	94,091	217,231	1,374,466
Education, health and others	375,419	26,574	60,507	94,322	39,200	12,369	608,391
Electricity, gas and water supply	154,337	2,048	3,596	2,900	3,448	351	166,680
Financial, insurance/takaful, real estate and business services	665,411	108,739	151,267	38,788	65,177	75,060	1,104,442
Manufacturing	673,799	235,851	242,928	108,285	54,108	33,144	1,348,115
Mining and quarrying	95,776	289	24,770	15,710	2,545	2,809	141,899
Primary agriculture	-	373	942	102	4,702	1,708	7,827
Transportation, storage and communication	475,644	168,981	53,616	103,344	57,847	75,639	935,071
Wholesale, retail trade, restaurants and hotels	978,101	320,500	132,905	281,133	274,815	165,615	2,153,069
Others	11,987	-	-	-	-	-	11,987
<b>At 31 December 2021</b>	<b>4,314,862</b>	<b>908,832</b>	<b>757,565</b>	<b>690,829</b>	<b>595,933</b>	<b>583,926</b>	<b>7,851,947</b>

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**23. Islamic banking business (cont'd.)**

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

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

<b>Group</b>	<b>Hire purchase RM'000</b>	<b>Leasing RM'000</b>	<b>Other term financing RM'000</b>	<b>Revolving financing RM'000</b>	<b>Staff financing RM'000</b>	<b>Total RM'000</b>
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,231,523	34,553	11,319	1,277,395
Istisna'	-	-	87,556	-	-	87,556
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	392,992	-	29,950	-	-	422,942
Bai' Dayn	-	-	-	-	-	-
Tawarruq	5	-	4,481,819	1,909,055	-	6,390,879
Bai' Inah	-	-	17,545	-	-	17,545
<b>At 30 June 2022</b>	<b>392,997</b>	<b>84</b>	<b>5,848,782</b>	<b>1,944,728</b>	<b>11,319</b>	<b>8,197,910</b>
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,407,443	44,356	11,987	1,463,786
Istisna'	-	-	26,943	-	-	26,943
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	392,107	-	20,492	-	-	412,599
Bai' Dayn	-	-	-	1,668	-	1,668
Tawarruq	5	-	4,180,738	1,855,241	-	6,035,984
Bai' Inah	-	-	20,906	-	-	20,906
<b>At 31 December 2021</b>	<b>392,112</b>	<b>84</b>	<b>5,656,911</b>	<b>1,902,385</b>	<b>11,987</b>	<b>7,963,479</b>

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**23. 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.):

<b>Bank</b>	<b>Hire purchase RM'000</b>	<b>Other term financing RM'000</b>	<b>Revolving financing RM'000</b>	<b>Staff financing RM'000</b>	<b>Total RM'000</b>
Murabahah	-	1,196,688	21,405	11,319	1,229,412
Istisna'	-	83,111	-	-	83,111
Ijarah Thumma Al-Bai Bai' Dayn	358,895	9,275	-	-	368,170
Tawarruq	-	4,481,819	1,909,055	-	6,390,874
Bai' Inah	-	16,314	-	-	16,314
At 30 June 2022	<b>358,895</b>	<b>5,787,207</b>	<b>1,930,460</b>	<b>11,319</b>	<b>8,087,881</b>
Murabahah	-	1,372,204	31,089	11,987	1,415,280
Istisna'	-	21,801	-	-	21,801
Ijarah Thumma Al-Bai Bai' Dayn	357,583	-	-	-	357,583
Tawarruq	-	4,180,738	1,855,241	-	6,035,979
Bai' Inah	-	19,636	-	-	19,636
At 31 December 2021	<b>357,583</b>	<b>5,594,379</b>	<b>1,887,998</b>	<b>11,987</b>	<b>7,851,947</b>



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**23. 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	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Fixed rate				
- Staff financing	11,319	11,987	11,319	11,987
- Hire purchase	177,173	189,298	143,917	155,639
- Leasing	84	84	-	-
- Other term financing	1,807,254	1,705,689	1,750,099	1,647,579
- Revolving financing	996,432	625,692	982,222	611,363
Variable rate				
- Hire purchase	215,825	202,814	214,978	201,944
- Other term financing	4,041,527	3,951,222	4,037,108	3,946,800
- Revolving financing	948,296	1,276,693	948,238	1,276,635
	<b>8,197,910</b>	<b>7,963,479</b>	<b>8,087,881</b>	<b>7,851,947</b>

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
Constructions	140,812	133,582	139,330	132,099
Education, health and others	144,838	162,449	111,913	129,198
Electricity, gas and water supply	52,292	43	52,292	43
Financial, insurance/takaful, real estate and business services	161,617	152,945	159,808	151,143
Manufacturing	267,655	281,671	235,856	248,904
Mining and quarrying	8,548	8,262	8,548	8,262
Primary agriculture	279	278	279	278
Transportation, storage and communication	93,440	107,822	65,575	79,739
Wholesale, retail trade, restaurants and hotels	341,920	339,558	327,771	325,412
	<b>1,211,401</b>	<b>1,186,610</b>	<b>1,101,372</b>	<b>1,075,078</b>

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**23. 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:

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	114,082	673	1,527	10,572	11,906	2,052	140,812
Education, health and others	92,901	817	9,986	32,470	7,828	836	144,838
Electricity, gas and water supply	52,292	-	-	-	-	-	52,292
Financial, insurance/takaful, real estate and business services	138,960	8,194	776	9,647	3,276	764	161,617
Manufacturing	161,425	9,219	58,452	31,854	1,316	5,389	267,655
Mining and quarrying	1,118	-	7,103	327	-	-	8,548
Primary agriculture	66	-	-	-	213	-	279
Transportation, storage and communication	43,717	4,142	8,630	17,071	11,978	7,902	93,440
Wholesale, retail trade, restaurants and hotels	203,936	10,512	15,791	51,066	51,138	9,477	341,920
<b>At 30 June 2022</b>	<b>808,497</b>	<b>33,557</b>	<b>102,265</b>	<b>153,007</b>	<b>87,655</b>	<b>26,420</b>	<b>1,211,401</b>

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**23. 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.):

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	102,640	1,923	3,341	11,071	12,595	2,012	133,582
Education, health and others	92,486	3,165	22,503	34,897	8,478	920	162,449
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	118,714	8,568	11,250	9,796	3,206	1,411	152,945
Manufacturing	151,286	16,514	60,166	46,328	1,731	5,646	281,671
Mining and quarrying	722	-	7,212	328	-	-	8,262
Primary agriculture	-	-	66	-	212	-	278
Transportation, storage and communication	54,110	5,289	9,613	19,446	11,545	7,819	107,822
Wholesale, retail trade, restaurants and hotels	166,424	36,372	20,033	53,313	53,032	10,384	339,558
<b>At 31 December 2021</b>	<b>686,382</b>	<b>71,874</b>	<b>134,184</b>	<b>175,179</b>	<b>90,799</b>	<b>28,192</b>	<b>1,186,610</b>

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**23. 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.):

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	112,600	673	1,527	10,572	11,906	2,052	139,330
Education, health and others	59,976	817	9,986	32,470	7,828	836	111,913
Electricity, gas and water supply	52,292	-	-	-	-	-	52,292
Financial, insurance/takaful, real estate and business services	137,151	8,194	776	9,647	3,276	764	159,808
Manufacturing	129,626	9,219	58,452	31,854	1,316	5,389	235,856
Mining and quarrying	1,118	-	7,103	327	-	-	8,548
Primary agriculture	66	-	-	-	213	-	279
Transportation, storage and communication	15,852	4,142	8,630	17,071	11,978	7,902	65,575
Wholesale, retail trade, restaurants and hotels	189,787	10,512	15,791	51,066	51,138	9,477	327,771
<b>At 30 June 2022</b>	<b>698,468</b>	<b>33,557</b>	<b>102,265</b>	<b>153,007</b>	<b>87,655</b>	<b>26,420</b>	<b>1,101,372</b>

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**23. 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.):

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	101,157	1,923	3,341	11,071	12,595	2,012	132,099
Education, health and others	59,235	3,165	22,503	34,897	8,478	920	129,198
Electricity, gas and water supply	-	43	-	-	-	-	43
Financial, insurance/takaful, real estate and business services	116,912	8,568	11,250	9,796	3,206	1,411	151,143
Manufacturing	118,519	16,514	60,166	46,328	1,731	5,646	248,904
Mining and quarrying	722	-	7,212	328	-	-	8,262
Primary agriculture	-	-	66	-	212	-	278
Transportation, storage and communication	26,027	5,289	9,613	19,446	11,545	7,819	79,739
Wholesale, retail trade, restaurants and hotels	152,278	36,372	20,033	53,313	53,032	10,384	325,412
<b>At 31 December 2021</b>	<b>574,850</b>	<b>71,874</b>	<b>134,184</b>	<b>175,179</b>	<b>90,799</b>	<b>28,192</b>	<b>1,075,078</b>

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**23. Islamic banking business (cont'd.)**
**(b) Advances and financing (cont'd.)**

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

	Group		Bank	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
At 1 January	1,186,610	1,200,035	1,075,078	1,074,357
-Transfers to Stage 1	(19,193)	(21,254)	(19,193)	(21,254)
-Transfers to Stage 2	(12,448)	(2,553)	(12,448)	(2,553)
-Transfers to Stage 3	132,885	253,436	132,885	253,436
	<u>1,287,854</u>	<u>1,429,664</u>	<u>1,176,322</u>	<u>1,303,986</u>
Changes due to change in credit risk	(12,819)	(31,629)	(11,316)	(17,483)
New financial assets originated	549	10,033	549	10,033
Financial assets derecognised	(31,293)	(82,766)	(31,293)	(82,766)
Amount written-off	(32,890)	(138,692)	(32,890)	(138,692)
At 30 June/31 December	<u>1,211,401</u>	<u>1,186,610</u>	<u>1,101,372</u>	<u>1,075,078</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 2022	97,559	16,634	474,964	589,157
-Transfers to Stage 1	421	(292)	(129)	-
-Transfers to Stage 2	(20,184)	20,319	(135)	-
-Transfers to Stage 3	(74,416)	(9,580)	83,996	-
	<u>(94,179)</u>	<u>10,447</u>	<u>83,732</u>	<u>-</u>
Changes due to change in credit risk (Note 23(h))	76,217	5,682	21,714	103,613
Net financial assets originated (Note 23(h))	17,519	22	69	17,610
Financial assets derecognised (Note 23(h))	(10,474)	(86)	(6,483)	(17,043)
Amount written-off	-	-	(32,890)	(32,890)
At 30 June 2022	<u>86,642</u>	<u>32,699</u>	<u>541,106</u>	<u>660,447</u>
At 1 January 2021	67,685	18,294	493,244	579,223
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	<u>(58,283)</u>	<u>(50,472)</u>	<u>108,755</u>	<u>-</u>
Changes due to change in credit risk	76,329	49,724	20,428	146,481
Net financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,125)	(915)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	<u>97,559</u>	<u>16,634</u>	<u>474,964</u>	<u>589,157</u>

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**23. 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.):

<b>Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	97,559	16,634	363,432	477,625
-Transfers to Stage 1	421	(292)	(129)	-
-Transfers to Stage 2	(20,184)	20,319	(135)	-
-Transfers to Stage 3	(74,416)	(9,580)	83,996	-
	(94,179)	10,447	83,732	-
Changes due to change in credit risk (Note 23(h))	76,217	5,682	23,217	105,116
Net financial assets originated (Note 23(h))	17,519	22	69	17,610
Financial assets derecognised (Note 23(h))	(10,474)	(86)	(6,483)	(17,043)
Amount written-off	-	-	(32,890)	(32,890)
At 30 June 2022	86,642	32,699	431,077	550,418
At 1 January 2021	67,685	18,294	367,565	453,544
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	(58,283)	(50,472)	108,755	-
Changes due to change in credit risk	76,329	49,724	34,575	160,628
Net financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,125)	(915)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	97,559	16,634	363,432	477,625

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 June 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Net impaired advances and financing as a percentage	8.77%	9.52%	8.77%	9.52%

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**23. Islamic banking business (cont'd.)**

**(c) Term financing/Fundings**

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured term financing/fundings	972,971	766,563

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	10,469	8,556
More than one year to five years	437,166	487,770
More than five years	525,336	270,237
	<u>972,971</u>	<u>766,563</u>

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

	<b>Group and Bank</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing from:		
- Bank Negara Malaysia ("BNM")	972,971	766,563
	<u>972,971</u>	<u>766,563</u>

The weighted average profit rates on the borrowings/fundings from Bank Negara Malaysia range from 0% to 1.5% (2021: 0% to 1.5%) per annum.



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**23. Islamic banking business (cont'd.)**

**(d) Income from Islamic banking business**

Group and Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income from advances and financing				
- Murabahah	16,069	33,383	31,322	53,310
- Istisna'	1,263	900	2,543	2,511
- Ijarah Thumma Al-Bai	4,949	1,974	10,183	6,520
- Bai' Dayn	43	45	90	154
- Tawarruq	93,806	72,168	182,362	149,390
- Bai' Inah	273	145	547	478
<b>Total income from advances and financing</b>	<b>116,403</b>	<b>108,615</b>	<b>227,047</b>	<b>212,363</b>
Tawarruq deposit placements	9,320	4,575	15,259	9,355
Financial investments at FVTPL	453	2,058	1,214	3,385
Financial investments at FVOCI	10,570	11,336	21,997	24,499
Financial investments at AC	4,245	5,314	8,281	10,456
<b>Total income from Islamic banking business</b>	<b>140,991</b>	<b>131,898</b>	<b>273,798</b>	<b>260,058</b>

**(e) Profit expense attributable to Islamic banking business**

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	22,874	21,725	41,882	44,589
Deposits from banks and other financial institutions	1,411	622	1,570	766
Islamic medium-term notes/commercial notes	19,414	17,384	41,420	34,576
Term financing/Fundings	5,584	3,609	11,145	7,218
Others	415	418	958	874
	<b>49,698</b>	<b>43,758</b>	<b>96,975</b>	<b>88,023</b>

  

Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	22,924	21,750	41,977	44,792
Deposits from banks and other financial institutions	1,411	622	1,570	766
Islamic medium-term notes/commercial notes	19,414	17,384	41,420	34,576
Term financing/Fundings	5,584	3,609	11,145	7,218
Others	415	418	958	874
	<b>49,748</b>	<b>43,783</b>	<b>97,070</b>	<b>88,226</b>

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**23. Islamic banking business (cont'd.)**

**(f) Other operating income**

Group	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	2,847	3,056	6,672	5,941
Commission fee income	269	361	473	585
Rental income	2,566	1,728	5,123	3,052
Government fund released	6,583	4,718	13,300	8,836
Government compensation	2,235	(443)	4,306	688
Recovery income	3,116	367	5,753	665
Ta'widh/Compensation on late payment charges	1,563	1,162	2,296	2,547
Others	1,147	5,157	1,808	4,646
	<u>20,326</u>	<u>16,106</u>	<u>39,731</u>	<u>26,960</u>

Bank	Second Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	2,294	2,442	4,648	4,841
Commission fee income	269	361	473	585
Rental income	2,566	1,728	5,123	3,052
Government fund released	6,583	4,718	13,300	8,836
Government compensation	2,235	(443)	4,306	688
Management fees	98	44	196	89
Profit income on amount owing by subsidiary company	2,149	2,801	4,298	5,603
Ta'widh/Compensation on late payment charges	1,563	1,162	2,296	2,547
Others	1,116	5,139	1,768	4,625
	<u>18,873</u>	<u>17,952</u>	<u>36,408</u>	<u>30,866</u>

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**23. Islamic banking business (cont'd.)**

**(g) Other operating expenses**

Group	Second Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel expenses	23,411	46,180	68,281	92,397
Establishment related expenses	11,604	9,954	22,944	19,834
Promotion and marketing expenses	1,639	623	3,167	1,087
Administration and general expenses	5,723	6,244	15,378	12,903
	<u>42,377</u>	<u>63,001</u>	<u>109,770</u>	<u>126,221</u>

  

Bank	Second Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Personnel expenses	23,198	45,258	67,016	90,434
Establishment related expenses	11,586	9,940	22,915	19,812
Promotion and marketing expenses	1,638	592	3,164	1,056
Administration and general expenses	8,599	6,430	16,873	12,599
	<u>45,021</u>	<u>62,220</u>	<u>109,968</u>	<u>123,901</u>

**(h) Allowances for impairment on advances and financing**

Group	Second Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(2,874)	16,323	(10,917)	28,675
- Stage 2 (Note 23(b)(x))	678	2,642	16,065	4,714
- Stage 3 (Note 23(b)(x))	86,809	11,799	99,032	4,560
	<u>84,613</u>	<u>30,764</u>	<u>104,180</u>	<u>37,949</u>
Impaired advances and financing recovered	(7,851)	(5,908)	(9,736)	(10,116)
Impaired advances and financing written off	-	-	92	-
<b>Total allowance for impairment on advances and financing</b>	<u>76,762</u>	<u>24,856</u>	<u>94,536</u>	<u>27,833</u>

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**22. Islamic banking business (cont'd.)**

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

Bank	Second Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	(2,874)	16,323	(10,917)	28,675
- Stage 2 (Note 23(b)(x))	678	2,642	16,065	4,714
- Stage 3 (Note 23(b)(x))	87,212	12,938	100,535	6,055
	<u>85,016</u>	<u>31,903</u>	<u>105,683</u>	<u>39,444</u>
Impaired advances and financing recovered	<u>(7,851)</u>	<u>(5,908)</u>	<u>(9,736)</u>	<u>(10,116)</u>
Impaired advances and financing written off	-	-	92	-
<b>Total allowance for impairment on advances and financing</b>	<u>77,165</u>	<u>25,995</u>	<u>96,039</u>	<u>29,328</u>

**(i) Commitments**

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Direct credit substitutes	180,852	231,283
Transaction-related-contingent items	158,793	160,555
Undisbursed financing		
- original maturity up to one year	249,059	235,459
- original maturity more than one year	1,749,994	1,547,106
	<u>2,338,698</u>	<u>2,174,403</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	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
<b>Tier I Capital</b>				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	460,955	460,955	287,190	287,190
General provision for advances and financing*	30,254	35,337	30,254	35,337
Less: Deferred tax assets	(106,947)	(106,947)	(106,947)	(106,947)
Less: Property revaluation reserves	(228,616)	(228,616)	(228,616)	(228,616)
<b>Total Tier I capital</b>	<u>1,206,210</u>	<u>1,211,293</u>	<u>1,032,445</u>	<u>1,037,528</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	
	30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
<b>Tier II Capital</b>				
General provision for advances and financing*	94,650	84,565	94,650	84,565
Property revaluation reserve <sup>^</sup>	114,308	114,308	114,308	114,308
Government funds <sup>#</sup>	437,480	428,923	437,480	428,923
<b>Total Tier II capital</b>	<b>646,438</b>	<b>627,796</b>	<b>646,438</b>	<b>627,796</b>
<b>Total capital</b>	<b>1,852,648</b>	<b>1,839,089</b>	<b>1,678,883</b>	<b>1,665,324</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,852,648</b>	<b>1,839,089</b>	<b>1,678,883</b>	<b>1,665,324</b>

\* 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.

<sup>^</sup> The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

<sup>#</sup> An amount of RMNil (2021: RM26,791,000) for Teraju Facilitation fund was channelled as placement with profit sharing of 70:30 between the Group and the Bank; and Teraju.

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
20%	330,272	245,435	330,272	245,435
50%	5,264	5,621	5,264	5,621
100%	9,899,516	9,713,334	9,958,707	9,796,596
	<b>10,235,052</b>	<b>9,964,390</b>	<b>10,294,243</b>	<b>10,047,652</b>

Before deducting dividends:

Core capital ratio	11.785%	12.156%	10.029%	10.326%
Risk-weighted capital ratio	<b>18.101%</b>	<b>18.457%</b>	<b>16.309%</b>	<b>16.574%</b>

After deducting dividends:

Core capital ratio	11.736%	12.106%	9.981%	10.276%
Risk-weighted capital ratio	<b>18.052%</b>	<b>18.406%</b>	<b>16.260%</b>	<b>16.524%</b>

## 24. Analysis of financial performance

Current Full Period vs. Previous Full Period

Key Profit or Loss item:	GROUP Six months ended			
	30 June 2022 RM'000	30 June 2021 RM'000	Variances RM'000 %	
Profit before tax expense and zakat	18,992	38,140	(19,148)	(50.2%)
Ratio of profit before tax to average shareholders' funds	1.18%	2.38%	-	(1.20%)
Ratio of profit before tax to average total assets	0.16%	0.35%	-	(0.19%)

Key Balance Sheet	GROUP As at			
	30 June 2022 RM'000	31 December 2021 RM'000	Variances RM'000 %	
Gross loans, advances and financing	8,506,666	8,303,583	203,083	2.45%
Gross impaired loans, advances and financing (%)	17.87%	18.38%	-	0.52%
Deposits from customers	4,503,806	3,742,803	761,003	20.33%

SME Bank Group (the "Group") reported profit before tax expense and zakat of RM18.99 million for the financial period ended 30 June 2022. The result is lower by RM19.15 million from the prior financial year of RM38.14 million largely due to the higher net impairment allowance on loans, advances and financing incurred amounting to RM86.57 million compared to RM24.55 million in the preceding period.

Higher gross income recognized from Islamic banking of RM219.79 million as compared to RM199.00 million in the prior period were consistent with the larger gross financing portfolio of the Group totalling to RM8.51 billion in the current financial period compared to RM8.00 billion in the previous financial period.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets was calculated at 1.18% and 0.16% respectively dropped during the period compared to 2.38% and 0.35% in the previous financial period.

The Group's total assets increased to RM11.81 billion as at 30 June 2022 compared to RM10.93 billion as at 30 June 2021. This was primarily contributed by higher cash and short term funds of RM1.68 billion compared to the corresponding financial period of RM0.97 billion.

The Group's gross impaired ratio improved to 17.87% in the current financial period in comparison to 18.38% in the prior financial period. The Group's Risk-Weighted Capital Ratio stood at 18.89% while its Core Capital Ratio stood at 12.57% compared to 18.63% and 12.53% respectively in the preceding financial period.