

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024**

	Notes	Group		Bank	
		30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
ASSETS					
Cash and short-term funds		952,907	1,558,746	952,455	1,558,045
Financial investments at fair value through through profit or loss ("FVTPL")	8	39,912	-	39,912	-
Financial investments at fair value through other comprehensive income ("FVOCI")	9	2,119,254	1,482,674	2,119,254	1,482,674
Financial investments at amortised cost ("AC")	10	940,692	975,652	940,692	975,652
Loans, advances and financing	11	8,252,261	8,284,537	8,252,261	8,284,537
Other assets		39,704	24,199	123,509	117,678
Investment in associate		-	-	-	-
Property, plant and equipment		123,899	124,395	123,898	124,395
Right-of-use assets		9,530	12,334	9,530	12,334
Investment properties		394,399	394,399	394,399	394,399
Intangible assets		34,376	41,503	34,376	41,503
Tax recoverable		4,306	5,942	1,204	2,692
Deferred tax assets		97,086	113,536	97,086	113,536
TOTAL ASSETS		13,008,326	13,017,917	13,088,576	13,107,445
LIABILITIES					
Deposits from customers	12	4,788,415	3,943,673	4,827,951	3,984,635
Deposits from banks and other financial institutions	13	90,030	140,056	90,030	140,056
Islamic medium-term notes/commercial notes		2,726,336	3,506,937	2,726,336	3,506,937
Borrowings/Fundings	14	2,133,044	2,047,647	2,133,044	2,047,647
Lease liabilities		10,099	12,811	10,099	12,811
Other liabilities		1,017,891	1,118,449	1,063,080	1,156,723
Government funds		531,984	580,125	531,984	580,125
TOTAL LIABILITIES		11,297,799	11,349,698	11,382,524	11,428,934
EQUITY					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(177,519)	(212,192)	(181,994)	(201,900)
Other reserves		38,046	30,411	38,046	30,411
TOTAL EQUITY		1,710,527	1,668,219	1,706,052	1,678,511
TOTAL LIABILITIES AND EQUITY		13,008,326	13,017,917	13,088,576	13,107,445
COMMITMENTS AND CONTINGENCIES	20	1,729,421	1,969,272	1,729,421	1,969,272

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

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

**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

Group	Notes	Third Quarter Ended		Nine Months Ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
		RM'000	RM'000	RM'000	RM'000
Interest income	15	71	126	224	282
Interest expense	16	(1,360)	(1,458)	(4,123)	(4,380)
Net interest expense		(1,289)	(1,332)	(3,899)	(4,098)
Gross income from Islamic banking business	22	130,406	126,881	377,704	370,523
Other operating income	17	4,807	1,977	12,423	6,074
Net income		133,924	127,526	386,228	372,499
Other operating expenses	18	(74,918)	(70,715)	(214,852)	(215,582)
Operating profit		59,006	56,811	171,376	156,917
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	19	(29,946)	(43,660)	(110,773)	(109,808)
- commitments and contingencies		300	830	864	179
- financial investments at FVOCI	8	1,723	-	1,633	27
- financial investments at AC	9	(442)	-	(31)	-
- other assets at AC		99	549	(537)	(5)
Profit before tax expense and zakat		30,740	14,530	62,532	47,310
Tax expense		(6,609)	(4,787)	(18,162)	(12,093)
Zakat		(435)	(375)	(1,185)	(1,125)
Profit for the period		23,696	9,368	43,185	34,092
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		6,341	308	9,268	12,226
Changes in expected credit loss on financial investments at FVOCI		(1,723)	-	(1,633)	(27)
Other comprehensive income for the period		4,618	308	7,635	12,199
Total comprehensive income for the period		28,314	9,676	50,820	46,291
Profit for the period attributable to owner of the Bank		23,696	9,368	43,185	34,092
Total comprehensive income attributable to owner of the Bank		28,314	9,676	50,820	46,291

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**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

Bank	Notes	Third Quarter Ended		Nine Months Ended	
		30 September 2024	30 September 2023	30 September 2024	30 September 2023
		RM'000	RM'000	RM'000	RM'000
Interest income	15	71	126	224	282
Interest expense	16	(1,360)	(1,458)	(4,123)	(4,380)
Net interest expense		(1,289)	(1,332)	(3,899)	(4,098)
Gross income from Islamic banking business	22	126,020	123,023	373,265	366,420
Other operating income	17	3,601	1,529	9,370	4,114
Net income		128,332	123,220	378,736	366,436
Other operating expenses	18	(76,586)	(69,430)	(215,803)	(213,218)
Operating profit		51,746	53,790	162,933	153,218
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	19	(47,384)	(47,690)	(134,770)	(121,802)
- commitments and contingencies		300	830	864	179
- financial investments at FVOCI	8	1,723	-	1,633	27
- financial investments at AC	9	(442)	-	(31)	-
- other assets at AC		99	549	(537)	(5)
- other assets at FVOCI		9,215	7,030	15,645	15,833
Profit before tax expense and zakat		15,257	14,509	45,737	47,450
Tax expense		(5,785)	(4,025)	(16,134)	(10,985)
Zakat		(435)	(375)	(1,185)	(1,125)
Profit for the period		9,037	10,109	28,418	35,340
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		6,341	308	9,268	12,226
Changes in expected credit loss on financial investments at FVOCI		(1,723)	-	(1,633)	(27)
Other comprehensive income for the period		4,618	308	7,635	12,199
Total comprehensive income for the period		13,655	10,417	36,053	47,539
Profit for the period attributable to owner of the Bank		9,037	10,109	28,418	35,340
Total comprehensive income attributable to owner of the Bank		13,655	10,417	36,053	47,539

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

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

Group	Note	<=====Attributable to the Owner of the Bank=====>				
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2024		1,850,000	20,297	10,114	(212,192)	1,668,219
Unrealised gain on revaluation of financial investments at FVOCI		-	9,268	-	-	9,268
Changes in expected credit losses of financial investments at FVOCI	9	-	(1,633)	-	-	(1,633)
Profit for the period		-	-	-	43,185	43,185
Total comprehensive income for the period		-	7,635	-	43,185	50,820
Transaction with owner: Dividends		-	-	-	(8,512)	(8,512)
At 30 September 2024		1,850,000	27,932	10,114	(177,519)	1,710,527
At 1 January 2023		1,850,000	3,927	10,114	(288,613)	1,575,428
Unrealised gain on revaluation of financial investments at FVOCI		-	18,735	-	-	18,735
Reclassification of gain included in profit or loss		-	36	-	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	-	2,104
Income tax relating to components of other comprehensive income		-	(4,505)	-	-	(4,505)
Profit for the year		-	-	-	82,642	82,642
Total comprehensive income for the year		-	16,370	-	82,642	99,012
Transaction with owner: Dividends		-	-	-	(6,221)	(6,221)
At 31 December 2023		1,850,000	20,297	10,114	(212,192)	1,668,219

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

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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

Bank	Note	<=====Attributable to the Owner of the Bank=====>					Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	<=====Non-distributable=====>	
At 1 January 2024		1,850,000	20,297	10,114	(201,900)		1,678,511
Unrealised gain on revaluation of financial investments at FVOCI		-	9,268	-	-		9,268
Changes in expected credit losses of financial investments at FVOCI	9	-	(1,633)	-	-		(1,633)
Profit for the period		-	-	-	28,418		28,418
Total comprehensive income for the period		-	7,635	-	28,418		36,053
Transaction with owner: Dividends		-	-	-	(8,512)		(8,512)
At 30 September 2024		<u>1,850,000</u>	<u>27,932</u>	<u>10,114</u>	<u>(181,994)</u>		<u>1,706,052</u>
At 1 January 2023		1,850,000	3,927	10,114	(280,796)		1,583,245
Unrealised gain on revaluation of financial investments at FVOCI		-	18,735	-	-		18,735
Reclassification of gain included in profit or loss		-	36	-	-		36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	-		2,104
Income tax relating to components of other comprehensive income		-	(4,505)	-	-		(4,505)
Profit for the year		-	-	-	85,117		85,117
Total comprehensive income for the year		-	16,370	-	85,117		101,487
Transaction with owner: Dividends		-	-	-	(6,221)		(6,221)
At 31 December 2023		<u>1,850,000</u>	<u>20,297</u>	<u>10,114</u>	<u>(201,900)</u>		<u>1,678,511</u>

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

**Small Medium Enterprise Development Bank Malaysia Berhad
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**CONDENSED INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

	Group		Bank	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Cash flows from operating activities				
Profit before tax expense and zakat	62,532	47,310	45,737	47,450
Adjustments for:				
Net impairment loss on loans, advances and financing	110,447	107,803	134,770	119,797
Net impairment writeback of commitment and contingencies	(864)	(179)	(864)	(179)
Net impairment writeback on financial investment at FVOCI	(1,633)	(27)	(1,633)	(27)
Net impairment loss on financial investment at AC	31	-	31	-
Impairment loss on other assets at AC	537	5	537	5
Impairment writeback on other assets at FVOCI	-	-	(15,645)	(15,833)
Depreciation of property, plant and equipment	9,097	9,853	9,096	9,852
Depreciation of right-of-use assets	2,803	2,716	2,803	2,716
Amortisation of intangible assets	7,523	7,782	7,523	7,782
Government funds released	(20,651)	(24,415)	(20,651)	(24,415)
Income from financial investments at FVOCI	(48,146)	(35,457)	(48,146)	(35,457)
Income from financial investments at FVTPL	(7,435)	(4,466)	(7,435)	(4,466)
Income from financial investments at AC	(27,030)	(29,504)	(27,030)	(29,504)
Profit expense on medium-term notes/commercial papers	79,651	79,819	79,651	79,819
Profit expense on borrowings/fundings	32,455	31,613	32,455	31,613
Finance cost on lease liabilities	342	372	342	372
Gain on disposal of property, plant and equipment	(208)	-	(208)	-
Profit income on amount due from a subsidiary company	-	-	(5,355)	(1,667)
Gain on disposal of associate	-	(3,465)	-	(5,800)
Operating profit before working capital changes	<u>199,451</u>	<u>189,760</u>	<u>185,978</u>	<u>182,058</u>
Changes in working capital:				
Net changes in operating assets	(94,295)	(391,938)	(87,942)	(363,136)
Net changes in operating liabilities	693,460	(681,952)	698,949	(704,121)
Cash generated from/(used in) operating activities	<u>798,616</u>	<u>(884,130)</u>	<u>796,985</u>	<u>(885,199)</u>
Profit received	75,316	(20,136)	75,316	(20,136)
Tax paid	(1,987)	(1,961)	(43)	(305)
Tax refund	1,911	179	1,847	-
Zakat paid	(435)	(1,724)	(435)	(1,724)
Zakat refund	113	289	113	289
Net cash generated from/(used in) operating activities	<u>873,534</u>	<u>(907,483)</u>	<u>873,783</u>	<u>(907,075)</u>
Cash flows from investing activities				
Net purchase from purchase of financial investment	(625,000)	(505,264)	(625,000)	(505,264)
Net proceed from disposal of property, plant and equipment	500	-	500	-
Net purchase of property, plant and equipment	(9,106)	(15,099)	(9,106)	(15,099)
Net purchase of intangible assets	(98)	(8,814)	(98)	(8,814)
Net cash used in investing activities	<u>(633,704)</u>	<u>(529,177)</u>	<u>(633,704)</u>	<u>(529,177)</u>
Cash flows from financing activities				
Net (payment)/disburse of medium-term notes/commercial papers	(860,252)	500,000	(860,252)	500,000
Net disburse of borrowings/fundings	52,940	44,805	52,940	44,805
Refund to government funds	(26,791)	-	(26,791)	-
Payment of lease liabilities	(3,054)	(2,957)	(3,054)	(2,957)
Proceeds from disposal of associate	-	5,800	-	5,800
Dividend paid	(8,512)	(6,221)	(8,512)	(6,221)
Net cash (used in)/generated from financing activities	<u>(845,669)</u>	<u>541,427</u>	<u>(845,669)</u>	<u>541,427</u>
Net decrease in cash and cash equivalents	<u>(605,839)</u>	<u>(895,233)</u>	<u>(605,590)</u>	<u>(894,825)</u>
Cash and cash equivalents at beginning of period	<u>1,558,746</u>	<u>1,628,091</u>	<u>1,558,045</u>	<u>1,626,827</u>
Cash and cash equivalents at end of period	<u>952,907</u>	<u>732,858</u>	<u>952,455</u>	<u>732,002</u>
Cash and cash equivalents comprise:				
- Cash and short term funds	<u>952,907</u>	<u>732,858</u>	<u>952,455</u>	<u>732,002</u>

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**Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("MFRS 134")
Interim Financial Reporting**

1. Basis of preparation

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

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3. Auditors' report on preceding audited annual financial statements

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

4. Seasonal or cyclical factors

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the third quarter and nine months period ended 30 September 2024.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the third quarter and nine months period ended 30 September 2024.

6. Changes in estimates

There were no material changes in estimates that have a material effect in the third quarter and nine months period ended 30 September 2024.

7. Dividends

A final single-tier dividend of 0.46 sen per share for the financial year ended 31 December 2023, amounting to RM8,512,000 was declared during the Annual General Meeting on 28 June 2024 and cash dividend payment was made on 5 July 2024.

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8. Financial investments at FVTPL

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
At fair value		
Money market instruments		
Commercial papers	39,912	-

9. Financial investments at FVOCI

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	1,820,432	1,108,183
Non-money market instruments		
Equity securities		
- Private debt securities	31,784	30,761
- Unquoted shares	10,693	10,693
- Other investment	3,780	-
Debt securities		
- Private debt securities	252,565	333,037
	<u>298,822</u>	<u>374,491</u>
	<u>2,119,254</u>	<u>1,482,674</u>

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve.

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

	Group and Bank			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	446	1,857	10,000	12,303
Changes due to change in credit risk	(5)	(1,857)	-	(1,862)
New financial investments originated	273	-	-	273
Financial investments derecognised	(44)	-	-	(44)
At 30 September 2024	<u>670</u>	<u>-</u>	<u>10,000</u>	<u>10,670</u>
At 1 January 2023	1	198	10,000	10,199
Changes due to change in credit risk	445	1,659	-	2,104
At 31 December 2023	<u>446</u>	<u>1,857</u>	<u>10,000</u>	<u>12,303</u>

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

The impairment losses by external rating grade are as follows:

<i>External rating grade</i>	Group and Bank			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
RAM AAA	14	-	-	14
MARC AAA	4	-	-	4
RAM A	273	-	-	273
MARC AA-	379	-	-	379
RAM D [^]	-	-	10,000	10,000
At 30 September 2024	<u>670</u>	<u>-</u>	<u>10,000</u>	<u>10,670</u>

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

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

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10. Financial investments at AC

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
At amortised cost		
Government securities		
Malaysian Government Investment Issues	201,247	292,369
Money market instruments		
Commercial papers	174,055	138,890
Non-money market instruments		
Private debt securities	566,208	545,180
	941,510	976,439
Less: Accumulated impairment losses	(818)	(787)
	<u>940,692</u>	<u>975,652</u>

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

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
Within one year	431,555	321,506
More than one year to three years	438,946	373,587
More than three years to five years	55,761	266,306
More than five years	15,248	15,040
	<u>941,510</u>	<u>976,439</u>

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

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

	Group and Bank	
	30 September 2024 RM'000 Stage 1	31 December 2023 RM'000 Stage 1
At 1 January	787	1
Changes due to change in credit risk	2	199
New financial assets originated	571	587
Financial assets derecognised	(542)	-
At 30 September/31 December	818	787

The impairment losses by external rating grade are as follows:

	Group and Bank	
	30 September 2024 Stage 1 RM'000	31 December 2023 Stage 1 RM'000
<i>External rating grade</i>		
RAM AAA	43	26
MARC AAA	27	26
RAM AA	228	354
MARC AA	520	381
Total	818	787

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

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
Malaysian Government Investment Issues	202,713	293,515
Commercial papers	174,055	138,890
Private debt securities	578,855	549,680
	955,623	982,085

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11. Loans, advances and financing

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Term loans/financing				
- Hire purchase	270,404	330,085	259,996	319,715
- Leasing	209	225	-	-
- Other term loans/financing	5,505,947	6,406,039	5,308,088	6,184,151
Revolving loans/financing	3,393,397	2,397,789	3,392,815	2,397,217
Staff loans/financing	8,752	9,798	8,752	9,798
Gross loans, advances and financing	<u>9,178,709</u>	<u>9,143,936</u>	<u>8,969,651</u>	<u>8,910,881</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 11(ix))	(84,559)	(105,085)	(84,559)	(105,085)
- Stage 2 (Note 11(ix))	(83,580)	(63,292)	(83,580)	(63,292)
- Stage 3 (Note 11(ix))	(758,309)	(691,022)	(549,251)	(457,967)
Net loans, advances and financing	<u>8,252,261</u>	<u>8,284,537</u>	<u>8,252,261</u>	<u>8,284,537</u>
Gross impaired loans, advances and financing (Note 11(viii))	<u>1,425,720</u>	<u>1,347,439</u>	<u>1,216,662</u>	<u>1,114,384</u>
Net impaired loans, advances and financing	<u>667,411</u>	<u>656,417</u>	<u>667,411</u>	<u>656,417</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM134,634,000 (2023: RM124,160,000) financed by Government funds.

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Within one year	2,848,175	2,610,292	2,666,241	2,421,238
More than one year to three years	954,948	940,745	946,301	922,926
More than three years to five years	1,566,454	1,377,271	1,566,454	1,369,904
More than five years	3,809,132	4,215,628	3,790,655	4,196,813
	<u>9,178,709</u>	<u>9,143,936</u>	<u>8,969,651</u>	<u>8,910,881</u>

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Domestic business enterprise	9,169,957	9,134,138	8,960,899	8,901,083
Individual	8,752	9,798	8,752	9,798
	<u>9,178,709</u>	<u>9,143,936</u>	<u>8,969,651</u>	<u>8,910,881</u>

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Constructions	1,587,743	1,619,022	1,586,973	1,618,252
Education, health and others	565,795	600,806	558,803	593,052
Electricity, gas and water supply	156,153	162,567	156,153	162,567
Financial, insurance/takaful, real estate and business services	1,086,025	1,081,271	1,085,363	1,080,609
Manufacturing	1,771,449	1,654,468	1,746,272	1,628,889
Mining and quarrying	131,362	114,979	131,362	114,979
Primary agriculture	8,211	10,153	8,181	10,123
Transportation, storage and communication	1,171,666	1,261,432	1,155,090	1,244,816
Wholesale, retail trade, restaurants and hotels	2,691,553	2,629,440	2,532,702	2,447,796
Others	8,752	9,798	8,752	9,798
	<u>9,178,709</u>	<u>9,143,936</u>	<u>8,969,651</u>	<u>8,910,881</u>

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,072,276	39,191	109,844	68,102	96,518	201,812	1,587,743
Education, health and others	439,862	26,071	11,565	46,386	31,531	10,380	565,795
Electricity, gas and water supply	143,470	1,353	4,173	1,875	2,539	2,743	156,153
Financial, insurance/takaful, real estate and business services	740,963	118,560	68,839	34,411	50,342	72,910	1,086,025
Manufacturing	929,462	266,159	260,675	98,299	47,607	169,247	1,771,449
Mining and quarrying	65,178	-	7,973	35,029	17,287	5,895	131,362
Primary agriculture	1,273	-	156	192	3,512	3,078	8,211
Transportation, storage and communication	844,273	93,071	41,827	95,370	70,292	26,833	1,171,666
Wholesale, retail trade, restaurants and hotels	1,380,284	329,388	125,681	323,514	313,449	219,237	2,691,553
Others	8,752	-	-	-	-	-	8,752
At 30 September 2024	5,625,793	873,793	630,733	703,178	633,077	712,135	9,178,709

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,139,986	36,311	65,985	59,038	102,993	214,709	1,619,022
Education, health and others	448,628	23,298	14,605	68,100	35,132	11,043	600,806
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	721,595	115,065	68,804	36,076	63,965	75,766	1,081,271
Manufacturing	878,126	261,026	232,140	99,949	50,589	132,638	1,654,468
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,805	-	185	219	3,625	1,319	10,153
Transportation, storage and communication	899,844	85,396	42,895	94,856	72,854	65,587	1,261,432
Wholesale, retail trade, restaurants and hotels	1,323,006	330,948	119,390	331,979	302,776	221,341	2,629,440
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,629,721	855,662	560,737	726,984	641,865	728,967	9,143,936

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,071,506	39,191	109,844	68,102	96,518	201,812	1,586,973
Education, health and others	432,870	26,071	11,565	46,386	31,531	10,380	558,803
Electricity, gas and water supply	143,470	1,353	4,173	1,875	2,539	2,743	156,153
Financial, insurance/takaful, real estate and business services	740,301	118,560	68,839	34,411	50,342	72,910	1,085,363
Manufacturing	904,285	266,159	260,675	98,299	47,607	169,247	1,746,272
Mining and quarrying	65,178	-	7,973	35,029	17,287	5,895	131,362
Primary agriculture	1,243	-	156	192	3,512	3,078	8,181
Transportation, storage and communication	827,697	93,071	41,827	95,370	70,292	26,833	1,155,090
Wholesale, retail trade, restaurants and hotels	1,221,433	329,388	125,681	323,514	313,449	219,237	2,532,702
Others	8,752	-	-	-	-	-	8,752
At 30 September 2024	5,416,735	873,793	630,733	703,178	633,077	712,135	8,969,651

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,139,216	36,311	65,985	59,038	102,993	214,709	1,618,252
Education, health and others	440,874	23,298	14,605	68,100	35,132	11,043	593,052
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	720,933	115,065	68,804	36,076	63,965	75,766	1,080,609
Manufacturing	852,547	261,026	232,140	99,949	50,589	132,638	1,628,889
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,775	-	185	219	3,625	1,319	10,123
Transportation, storage and communication	883,228	85,396	42,895	94,856	72,854	65,587	1,244,816
Wholesale, retail trade, restaurants and hotels	1,141,362	330,948	119,390	331,979	302,776	221,341	2,447,796
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,396,666	855,662	560,737	726,984	641,865	728,967	8,910,881

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Fixed rate:				
- Staff loan/financing	8,752	9,798	8,752	9,798
- Hire purchase	99,208	121,355	89,363	111,548
- Leasing	209	225	-	-
- Other term loans/financing	1,645,464	2,173,061	1,539,272	2,044,081
- Revolving loans/financing	2,339,797	1,947,655	2,339,280	1,947,138
Variable rate				
- Hire purchase	171,196	208,730	170,633	208,167
- Other term loans/financing	3,860,483	4,232,978	3,768,816	4,140,070
- Revolving loans/financing	1,053,600	450,134	1,053,535	450,079
	<u>9,178,709</u>	<u>9,143,936</u>	<u>8,969,651</u>	<u>8,910,881</u>

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Constructions	142,344	135,787	141,574	135,017
Education, health and others	64,934	56,615	57,942	48,861
Electricity, gas and water supply	35,310	55,383	35,310	55,383
Financial, insurance/takaful, real estate and business services	190,708	174,500	190,046	173,838
Manufacturing	270,549	247,623	245,372	222,044
Mining and quarrying	14,415	7,818	14,415	7,818
Primary agriculture	610	528	580	498
Transportation, storage and communication	100,535	95,954	83,959	79,338
Wholesale, retail trade, restaurants and hotels	606,315	573,231	447,464	391,587
	<u>1,425,720</u>	<u>1,347,439</u>	<u>1,216,662</u>	<u>1,114,384</u>

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	105,877	174	3,812	10,241	11,239	11,001	142,344
Education, health and others	42,083	281	3,486	7,325	6,429	5,330	64,934
Electricity, gas and water supply	35,216	-	-	94	-	-	35,310
Financial, insurance/takaful, real estate and business services	161,456	8,191	2,842	4,679	10,733	2,807	190,708
Manufacturing	162,831	4,707	59,937	15,603	24,186	3,285	270,549
Mining and quarrying	9,911	-	489	3,094	383	538	14,415
Primary agriculture	519	-	91	-	-	-	610
Transportation, storage and communication	63,506	1,747	14,161	10,051	8,736	2,334	100,535
Wholesale, retail trade, restaurants and hotels	413,392	72,591	12,575	44,096	57,525	6,136	606,315
At 30 September 2024	994,791	87,691	97,393	95,183	119,231	31,431	1,425,720

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	107,987	162	3,099	5,755	9,509	9,275	135,787
Education, health and others	44,730	320	1,847	7,311	1,783	624	56,615
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	155,283	7,524	2,477	4,314	3,111	1,791	174,500
Manufacturing	138,880	7,170	52,573	19,440	22,933	6,627	247,623
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	528	-	-	-	-	-	528
Transportation, storage and communication	59,857	6,894	13,481	5,147	8,303	2,272	95,954
Wholesale, retail trade, restaurants and hotels	406,427	65,445	11,255	39,410	45,673	5,021	573,231
At 31 December 2023	973,978	87,515	85,186	83,534	91,312	25,914	1,347,439

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	105,107	174	3,812	10,241	11,239	11,001	141,574
Education, health and others	35,091	281	3,486	7,325	6,429	5,330	57,942
Electricity, gas and water supply	35,216	-	-	94	-	-	35,310
Financial, insurance/takaful, real estate and business services	160,794	8,191	2,842	4,679	10,733	2,807	190,046
Manufacturing	137,654	4,707	59,937	15,603	24,186	3,285	245,372
Mining and quarrying	9,911	-	489	3,094	383	538	14,415
Primary agriculture	489	-	91	-	-	-	580
Transportation, storage and communication	46,930	1,747	14,161	10,051	8,736	2,334	83,959
Wholesale, retail trade, restaurants and hotels	254,541	72,591	12,575	44,096	57,525	6,136	447,464
At 30 September 2024	785,733	87,691	97,393	95,183	119,231	31,431	1,216,662

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	107,217	162	3,099	5,755	9,509	9,275	135,017
Education, health and others	36,976	320	1,847	7,311	1,783	624	48,861
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	154,621	7,524	2,477	4,314	3,111	1,791	173,838
Manufacturing	113,301	7,170	52,573	19,440	22,933	6,627	222,044
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	498	-	-	-	-	-	498
Transportation, storage and communication	43,241	6,894	13,481	5,147	8,303	2,272	79,338
Wholesale, retail trade, restaurants and hotels	224,783	65,445	11,255	39,410	45,673	5,021	391,587
At 31 December 2023	740,923	87,515	85,186	83,534	91,312	25,914	1,114,384

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
At 1 January	1,347,439	1,472,816	1,114,384	1,102,725
-Transfers to Stage 1	(5,296)	(54,736)	(5,296)	(54,736)
-Transfers to Stage 2	(2,337)	(13,500)	(2,337)	(13,500)
-Transfers to Stage 3	223,977	250,199	223,977	250,199
	<u>1,563,783</u>	<u>1,654,779</u>	<u>1,330,728</u>	<u>1,284,688</u>
Changes due to change in credit risk	(56,877)	(50,624)	(32,880)	(25,555)
New financial assets originated	2,521	51,555	2,521	51,555
Financial assets derecognised	(39,999)	(58,183)	(39,999)	(58,183)
Amount written-off	(43,708)	(250,088)	(43,708)	(138,121)
At 30 June/31 December	<u>1,425,720</u>	<u>1,347,439</u>	<u>1,216,662</u>	<u>1,114,384</u>

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	105,085	63,292	691,022	859,399
-Transfers to Stage 1	3,659	(2,352)	(1,307)	-
-Transfers to Stage 2	(4,048)	4,860	(812)	-
-Transfers to Stage 3	(1,527)	(15,229)	16,756	-
	<u>(1,916)</u>	<u>(12,721)</u>	<u>14,637</u>	<u>-</u>
Changes due to change in credit risk (Note 19)	(25,084)	32,112	103,052	110,080
New financial assets originated (Note 19)	25,629	1,499	662	27,790
Financial assets derecognised (Note 19)	(19,155)	(602)	(7,666)	(27,423)
Amount written off	-	-	(43,398)	(43,398)
At 30 September 2024	<u>84,559</u>	<u>83,580</u>	<u>758,309</u>	<u>926,448</u>
At 1 January 2023	91,586	45,182	808,748	945,516
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	<u>25,171</u>	<u>(11,564)</u>	<u>(13,607)</u>	<u>-</u>
Changes due to change in credit risk (Note 19)	(28,688)	28,076	150,027	149,415
New financial assets originated (Note 19)	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 19)	(10,836)	(268)	(15,183)	(26,287)
Amount written off	-	-	(246,065)	(246,065)
At 31 December 2023	<u>105,085</u>	<u>63,292</u>	<u>691,022</u>	<u>859,399</u>

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

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

Bank	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	105,085	63,292	457,967	626,344
-Transfers to Stage 1	3,659	(2,352)	(1,307)	-
-Transfers to Stage 2	(4,048)	4,860	(812)	-
-Transfers to Stage 3	(1,527)	(15,229)	16,756	-
	(1,916)	(12,721)	14,637	-
Changes due to change in credit risk (Note 19)	(25,084)	32,112	127,049	134,077
New financial assets originated (Note 19)	25,629	1,499	662	27,790
Financial assets derecognised (Note 19)	(19,155)	(602)	(7,666)	(27,423)
Amount written off	-	-	(43,398)	(43,398)
At 30 September 2024	84,559	83,580	549,251	717,390
At 1 January 2023	91,586	45,182	438,657	575,425
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	25,171	(11,564)	(13,607)	-
Changes due to change in credit risk (Note 19)	(28,688)	28,076	175,096	174,484
New financial assets originated (Note 19)	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 19)	(10,836)	(268)	(15,183)	(26,287)
Amount written off	-	-	(134,098)	(134,098)
At 31 December 2023	105,085	63,292	457,967	626,344

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

	Group		Bank	
	30 September 2024	31 December 2023	30 September 2024	31 December 2023
Net impaired loans, advances and financing in percentage	7.93%	7.77%	7.93%	7.77%

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12. Deposits from customers

	Group		Bank	
	30 September	31 December	30 September	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	4,788,415	3,943,673	4,827,951	3,984,635

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Government bodies	1,320,725	1,052,155	1,320,725	1,052,155
Statutory bodies	557,450	532,591	557,450	532,591
Business enterprise	1,674,283	1,244,995	1,713,819	1,285,957
Others	1,235,957	1,113,932	1,235,957	1,113,932
	4,788,415	3,943,673	4,827,951	3,984,635

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Within three months	1,286,774	2,283,720	1,326,310	2,322,100
More than three months to six months	1,572,069	482,628	1,572,069	485,210
More than six months to one year	1,929,572	1,177,325	1,929,572	1,177,325
	4,788,415	3,943,673	4,827,951	3,984,635

The deposits from customers carried weighted average profit rate of 3.47% (2023: 3.48%) per annum.

13. Deposits from banks and other financial institutions

	Group and Bank	
	30 September	31 December
	2024	2023
	RM'000	RM'000
Licensed banks and other financial institutions	90,030	140,056

The deposits maturity structure is as follows:

	Group and Bank	
	30 September	31 December
	2024	2023
	RM'000	RM'000
Less than three months	90,030	140,056

The deposits from banks and other financial institutions carried weighted average profit rate of 3.09% (2023: 3.13%) per annum.

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14. Borrowings/Fundings

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
Unsecured borrowings/fundings	2,133,044	2,047,647

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

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
Within one year	69,091	59,107
More than one year to five years	1,536,007	813,300
More than five years	527,946	1,175,240
	<u>2,133,044</u>	<u>2,047,647</u>

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

		Group and Bank	
	Note	30 September 2024 RM'000	31 December 2023 RM'000
Government of Malaysia	(a)	881,148	911,000
Other institutions	(b)	1,251,896	1,136,647
		<u>2,133,044</u>	<u>2,047,647</u>

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14. Borrowings/Fundings (cont'd.)

(a) Borrowings/fundings from Government of Malaysia

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

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
Maturity structure:		
Within one year	62,603	53,238
More than one year to five years	563,158	316,970
More than five years	255,387	540,792
	<u>881,148</u>	<u>911,000</u>

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

(b) Borrowings/fundings from other institutions

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
Bank Negara Malaysia ("BNM")	<u>1,251,896</u>	<u>1,136,647</u>

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

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
Maturity structure:		
Within one year	6,489	5,869
More than one year to five years	972,849	496,330
More than five years	272,558	634,448
	<u>1,251,896</u>	<u>1,136,647</u>

The weighted average profit rates on the borrowings/fundings from other institutions range from 0% to 0.50% (2023: 0% to 1.50%) per annum.

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15. Interest income

	Third Quarter Ended		Nine Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Group and Bank	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- Loans, advances and financing	71	126	224	282

16. Interest expense

	Third Quarter Ended		Nine Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Group and Bank	RM'000	RM'000	RM'000	RM'000
Term loans	1,360	1,458	4,123	4,380

17. Other operating income

	Third Quarter Ended		Nine Months Ended	
	30 September 2024	30 September 2023	30 September 2024	30 September 2023
Group	RM'000	RM'000	RM'000	RM'000
Fee income	-	614	20	720
	-	614	20	720
Other income:				
Recoveries from financing written off	4,764	1,225	12,133	4,950
Compensation on late payment charges	43	138	270	404
	4,807	1,363	12,403	5,354
Total other operating income	4,807	1,977	12,423	6,074
Bank				
Fee income	-	614	20	720
	-	614	20	720
Other income:				
Recoveries from financing written off	3,558	777	9,080	2,990
Compensation on late payment charges	43	138	270	404
	3,601	915	9,350	3,394
Total other operating income	3,601	1,529	9,370	4,114

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18. Other operating expenses

Group	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Personnel expenses	(i)	48,822	41,058	136,308	128,921
Establishment related expenses	(ii)	13,271	14,022	40,355	42,240
Promotion and marketing expenses	(iii)	3,096	2,298	9,290	7,198
Administration and general expenses	(iv)	9,729	13,337	28,899	37,223
		<u>74,918</u>	<u>70,715</u>	<u>214,852</u>	<u>215,582</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		37,574	31,152	103,772	98,002
Group President/ Chief Executive Officer and Directors' fees and remuneration		941	641	2,528	2,002
Shariah Committees' fees and remuneration		88	88	270	266
Social security cost		310	297	947	869
Contribution to Employee Provident Fund		4,894	4,560	14,722	13,317
Other staff related expenses		5,015	4,320	14,069	14,465
		<u>48,822</u>	<u>41,058</u>	<u>136,308</u>	<u>128,921</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		3,102	2,869	9,097	9,853
Depreciation of right-of-use assets		939	914	2,803	2,716
Amortisation of intangible assets		2,329	2,787	7,523	7,782
Rental expenses		(110)	32	(82)	107
Repairs and maintenance of property, plant and equipment		7,011	7,420	21,014	21,782
		<u>13,271</u>	<u>14,022</u>	<u>40,355</u>	<u>42,240</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		3,096	2,298	9,290	7,198
(iv) Administration and general expenses					
Administrative expenses		1,977	1,908	5,954	5,743
Auditors' remuneration		309	317	928	952
General expenses		7,443	11,112	22,017	30,528
		<u>9,729</u>	<u>13,337</u>	<u>28,899</u>	<u>37,223</u>

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18. Other operating expenses (cont'd.)

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Personnel expenses	(i)	49,097	39,938	133,088	125,970
Establishment related expenses	(ii)	13,262	14,038	40,318	42,227
Promotion and marketing expenses	(iii)	3,096	2,272	9,290	7,172
Administration and general expenses	(iv)	11,131	13,182	33,107	37,849
		<u>76,586</u>	<u>69,430</u>	<u>215,803</u>	<u>213,218</u>
(i) Personnel expenses					
Salaries, allowances and bonuses		37,827	30,258	101,217	95,723
Group President/ Chief Executive Officer and Directors' fees and remuneration		941	641	2,528	2,002
Shariah Committees' fees and remuneration		88	88	270	266
Social security cost		310	290	922	847
Contribution to Employee Provident Fund		4,964	4,464	14,410	13,025
Other staff related expenses		4,967	4,197	13,741	14,107
		<u>49,097</u>	<u>39,938</u>	<u>133,088</u>	<u>125,970</u>
(ii) Establishment related expenses					
Depreciation of property, plant and equipment		3,102	2,868	9,096	9,852
Depreciation of right-of-use assets		939	914	2,803	2,716
Amortisation of intangible assets		2,329	2,787	7,523	7,782
Rental expenses		(110)	32	(82)	107
Repairs and maintenance of property, plant and equipment		7,002	7,437	20,978	21,770
		<u>13,262</u>	<u>14,038</u>	<u>40,318</u>	<u>42,227</u>
(iii) Promotion and marketing expenses					
Advertisement and publicity		3,096	2,272	9,290	7,172
(iv) Administration and general expenses					
Administrative expenses		1,975	1,896	5,951	5,724
Auditors' remuneration		290	300	871	900
General expenses		8,866	10,986	26,285	31,225
		<u>11,131</u>	<u>13,182</u>	<u>33,107</u>	<u>37,849</u>

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19. Allowances for impairment on loans, advances and financing

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	(3,167)	(632)	(18,610)	(7,446)
- Stage 2, net (Note 11(ix))	(3,705)	6,345	33,009	19,211
- Stage 3, net (Note 11(ix))	36,818	36,448	96,048	96,038
	<u>29,946</u>	<u>42,161</u>	<u>110,447</u>	<u>107,803</u>
Impaired loans, advances and financing written off	-	1,499	326	2,005
Total allowance for impairment on loans, advances and financing	<u>29,946</u>	<u>43,660</u>	<u>110,773</u>	<u>109,808</u>
Bank				
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 11(ix))	(3,167)	(632)	(18,610)	(7,446)
- Stage 2, net (Note 11(ix))	(3,705)	6,345	33,009	19,211
- Stage 3, net (Note 11(ix))	54,256	40,478	120,045	108,032
	<u>47,384</u>	<u>46,191</u>	<u>134,444</u>	<u>119,797</u>
Impaired loans, advances and financing written off	-	1,499	326	2,005
Total allowance for impairment on loans, advances and financing	<u>47,384</u>	<u>47,690</u>	<u>134,770</u>	<u>121,802</u>

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20. Commitment and contingencies

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

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
Direct credit substitutes	106,426	149,032
Transaction-related-contingent items	286,994	251,229
Undisbursed loans/financing		
- original maturity up to one year	342,055	340,257
- original maturity more than one year	975,925	1,215,945
	1,711,400	1,956,463

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

	Group and Bank	
	30 September 2024	31 December 2023
	RM'000	RM'000
Approved and contracted for Information technology system	18,021	12,809
Total commitments and contingencies	1,729,421	1,969,272

21. Capital adequacy

Capital management

Capital policy

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

Regulatory capital

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

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

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21. Capital adequacy (cont'd.)

Regulatory capital (cont'd.)

Pursuant to BNM's Policy Document on Transitional Arrangements for Regulatory Capital Treatment of Account Provisions for Development Financial Institutions, the Bank had elected to apply the transitional arrangements where the Bank are allowed to add back a portion of the Stage 1 and Stage 2 provisions for ECL to Common Equity Tier 1 Capital over a four-year period beginning from financial year 2020 until 2023.

The Bank is allowed to add back the amount of loss allowance measured at an amount equal to 12-month ("12mECL") and lifetime ECL ("LTECL") to the extent they are ascribed to non-credit-impaired exposures to Tier 1 Capital.

The following table set forth capital resources and capital adequacy for the Group and the Bank as at the end of the reporting year:

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
<u>Tier I Capital</u>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(220,704)	(212,192)	(210,412)	(201,900)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing ¹	-	43,564	-	43,564
Less: Deferred tax assets	(97,086)	(113,536)	(97,086)	(113,536)
Less: Property revaluation reserve	(248,934)	(248,933)	(248,934)	(248,933)
Total Tier I capital	1,293,390	1,329,017	1,303,682	1,339,309
<u>Tier II Capital</u>				
General provision for loans, advances and financing ¹	173,191	130,728	173,191	130,728
Property revaluation reserve ²	124,467	124,467	124,467	124,467
Government funds	399,002	427,977	399,002	427,977
Total Tier II capital	696,660	683,172	696,660	683,172
Total capital	1,990,050	2,012,189	2,000,342	2,022,481
Less: Investment in subsidiaries	-	-	-	-
Total capital base	1,990,050	2,012,189	2,000,342	2,022,481

¹ General provision refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

² The eligible amount for Tier II Capital is only limited to 50% of property revaluation reserves.

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21. Capital adequacy (cont'd.)

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
20%	227,688	320,673	228,989	320,673
50%	3,978	4,501	3,978	4,501
100%	10,337,621	10,553,908	10,411,817	10,644,139
	10,569,287	10,879,082	10,644,784	10,969,313
Before deducting dividends:				
Core capital ratio	12.237%	12.216%	12.247%	12.210%
Risk-weighted capital ratio	18.829%	18.496%	18.792%	18.438%
After deducting dividends:				
Core capital ratio	12.237%	12.138%	12.247%	12.132%
Risk-weighted capital ratio	18.829%	18.418%	18.792%	18.360%

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. In addition to the minimum regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a management trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to preserve its capital adequacy. Internal capital limit and regulatory capital requirement are closely monitored, regularly analysed and reported to the Senior Management and the Board of Directors.

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22. Islamic banking business

The state of affairs as at 30 September 2024 and results for the financial period then ended under the Islamic Banking business of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:-

Unaudited Statements of Financial Position
As at 30 September 2024

	Note	Group		Bank	
		30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Assets					
Cash and short-term funds		952,545	1,558,358	952,275	1,557,705
Financial investments at FVTPL	8	39,912	-	39,912	-
Financial investments at FVOCI	22(a)	2,108,561	1,471,981	2,108,561	1,471,981
Financial investments at AC	10	940,692	975,652	940,692	975,652
Advances and financing	22(b)	8,243,072	8,274,888	8,243,072	8,274,888
Other assets		39,704	24,199	123,509	117,678
Property, plant and equipment		123,899	124,395	123,898	124,395
Right-of-use assets		9,530	12,334	9,530	12,334
Investment properties		394,399	394,399	394,399	394,399
Intangible assets		34,376	41,503	34,376	41,503
Tax recoverables		4,306	5,942	1,204	2,692
Deferred tax assets		97,086	113,536	97,086	113,536
Total assets		12,988,082	12,997,187	13,068,514	13,086,763
Liabilities					
Deposits from customers	12	4,788,415	3,943,673	4,827,951	3,984,635
Deposits from banks and other financial institutions	13	90,030	140,056	90,030	140,056
Islamic medium-term notes/ commercial notes		2,726,336	3,506,937	2,726,336	3,506,937
Term financing/fundings	22(c)	1,696,166	1,574,346	1,696,166	1,574,346
Other liabilities		1,017,487	1,118,045	1,062,677	1,156,319
Lease liabilities		10,099	12,811	10,099	12,811
Amount due to conventional operations		326,434	336,044	433,086	468,890
Government funds		531,984	580,125	531,984	580,125
Total liabilities		11,186,951	11,212,037	11,378,329	11,424,119
Islamic general funds		1,801,131	1,785,150	1,690,185	1,662,644
Total liabilities and Islamic banking funds		12,988,082	12,997,187	13,068,514	13,086,763
Commitments	22(i)	1,711,400	1,956,463	1,711,400	1,956,463

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

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22. Islamic banking business (cont'd.)

Unaudited Statements of Comprehensive Income
For the third quarter ended 30 September 2024

Group	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Income from Islamic banking business	22(d)	175,932	171,184	524,446	493,838
Profit expense attributable to Islamic banking business	22(e)	(76,059)	(74,890)	(228,032)	(214,306)
Gross income from Islamic banking business		99,873	96,294	296,414	279,532
Other operating income	22(f)	30,533	30,587	81,290	90,991
Other operating expenses	22(g)	(74,647)	(70,666)	(214,238)	(215,398)
Operating profit		55,759	56,215	163,466	155,125
(Allowances)/Writeback for impairment losses on:					
- advances and financing	22(h)	(46,792)	(46,515)	(133,664)	(115,218)
- commitments		300	831	864	179
- financial investments at FVOCI	8	1,723	-	1,633	27
- financial investments at AC	9	(442)	-	(31)	-
- other assets at AC		99	549	(537)	(5)
Profit before tax expense and zakat		10,647	11,080	31,731	40,108
Tax expense		(6,609)	(4,787)	(18,162)	(12,093)
Zakat		(435)	(375)	(1,185)	(1,125)
Profit for the period		3,603	5,918	12,384	26,890
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		6,341	308	9,268	12,226
Changes in expected credit loss on financial investments at FVOCI		(1,723)	-	(1,633)	(27)
Other comprehensive income for the period		4,618	308	7,635	12,199
Total comprehensive income for the period		8,221	6,226	20,019	39,089

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

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22. Islamic banking business (cont'd.)

Unaudited Statements of Comprehensive Income

For the third quarter ended 30 September 2024 (cont'd.)

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Income from Islamic banking business	22(d)	175,932	171,184	524,446	493,838
Profit expense attributable to Islamic banking business	22(e)	(76,343)	(75,067)	(228,519)	(214,752)
Gross income from Islamic banking business		99,589	96,117	295,927	279,086
Other operating income	22(f)	26,431	26,906	77,338	87,334
Other operating expenses	22(g)	(76,315)	(69,382)	(215,190)	(213,036)
Operating profit		49,705	53,641	158,075	153,384
(Allowances)/Writeback for impairment losses on:					
- advances and financing	22(h)	(47,174)	(47,314)	(134,386)	(117,838)
- commitments and contingencies		300	831	864	179
- financial investments at FVOCI	8	1,723	-	1,633	27
- financial investments at AC	9	(442)	-	(31)	-
- other assets at AC		99	549	(537)	(5)
- other assets at FVOCI		9,215	7,030	15,645	15,833
Profit before tax expense and zakat		13,426	14,737	41,263	51,580
Tax expense		(5,785)	(4,025)	(16,134)	(10,985)
Zakat		(435)	(375)	(1,185)	(1,125)
Profit for the period		7,206	10,337	23,944	39,470
Other comprehensive income/(loss)					
Item that may be reclassified to profit or loss:					
Unrealised gain on revaluation of financial investments at FVOCI		6,341	308	9,268	12,226
Changes in expected credit loss on financial investments at FVOCI		(1,723)	-	(1,633)	(27)
Other comprehensive income for the period		4,618	308	7,635	12,199
Total comprehensive income for the period		11,824	10,645	31,579	51,669

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

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22. Islamic banking business (cont'd.)

**Statements of changes in Islamic General Funds
For the third quarter ended 30 September 2024**

Group	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
At 1 January 2024		1,324,198	14,542	446,410	1,785,150
Share capital reallocation		4,474	-	-	4,474
Unrealised gain on revaluation of financial investments at FVOCI		-	9,268	-	9,268
Changes in expected credit losses of financial investments at FVOCI	8	-	(1,633)	-	(1,633)
Profit for the period		-	-	12,384	12,384
Total comprehensive income for the period		-	7,635	12,384	20,019
Transaction with owner: Dividends		-	-	(8,512)	(8,512)
At 30 September 2024		1,328,672	22,177	450,282	1,801,131
At 1 January 2023		1,050,564	(1,348)	393,029	1,442,245
Share capital reallocation		273,634	-	-	273,634
Unrealised gain on revaluation of financial investments at FVOCI		-	18,104	-	18,104
Reclassification of gain included in profit or loss		-	36	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	2,104
Income tax relating to components of other comprehensive income		-	(4,354)	-	(4,354)
Profit for the year		-	-	59,602	59,602
Total comprehensive income for the year		-	15,890	59,602	75,492
Transaction with owner: Dividends		-	-	(6,221)	(6,221)
At 31 December 2023		1,324,198	14,542	446,410	1,785,150

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

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22. Islamic banking business (cont'd.)

**Statements of changes in Islamic General Funds
For the third quarter ended 30 September 2024 (cont'd.)**

Bank	Note	<=====Non-distributable=====>		Distributable	Total
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
At 1 January 2024		1,324,198	14,542	323,904	1,662,644
Share capital reallocation		4,474	-	-	4,474
Unrealised gain on revaluation of financial investments at FVOCI		-	9,268	-	9,268
Changes in expected credit losses of financial investments at FVOCI	8	-	(1,633)	-	(1,633)
Profit for the period		-	-	23,944	23,944
Total comprehensive income for the period		-	7,635	23,944	31,579
Transaction with owner: Dividends		-	-	(8,512)	(8,512)
At 30 September 2024		1,328,672	22,177	339,336	1,690,185
At 1 January 2023		1,050,564	(1,348)	244,894	1,294,110
Share capital reallocation		273,634	-	-	273,634
Unrealised gain on revaluation of financial investments at FVOCI		-	18,104	-	18,104
Reclassification of gain included in profit or loss		-	36	-	36
Changes in expected credit losses of financial investments at FVOCI		-	2,104	-	2,104
Income tax relating to components of other comprehensive income		-	(4,354)	-	(4,354)
Profit for the year		-	-	85,231	85,231
Total comprehensive income for the year		-	15,890	85,231	101,121
Transaction with owner: Dividends		-	-	(6,221)	(6,221)
At 31 December 2023		1,324,198	14,542	323,904	1,662,644

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

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22. Islamic banking business (cont'd.)

(a) Financial investments at FVOCI

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
At fair value		
Government securities		
Malaysian Government Investment Issues	1,820,432	1,108,183
Non-money market instruments		
Equity securities		
- Private debt securities	31,784	30,761
- Other investment	3,780	-
Debt securities		
- Private debt securities	252,565	333,037
	<u>288,129</u>	<u>363,798</u>
	<u>2,108,561</u>	<u>1,471,981</u>

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve. The movement in allowances for impairment which reflects the ECL model on impairment are as disclosed in Note 9.

(b) Advances and financing

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Bai' Bithaman Ajil	23	23	-	-
Murabahah	737,995	856,574	722,482	840,752
Istisna'	41,715	53,133	40,781	51,767
Ijarah Thumma Al-Bai	361,555	356,736	348,137	343,335
Tawarruq	7,838,472	7,652,996	7,838,472	7,652,996
Bai' Inah	7,055	9,229	6,848	9,024
Gross advances and financing	<u>8,986,815</u>	<u>8,928,691</u>	<u>8,956,720</u>	<u>8,897,874</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 22(b)(x))	(84,559)	(105,084)	(84,559)	(105,084)
- Stage 2 (Note 22(b)(x))	(83,576)	(63,286)	(83,576)	(63,286)
- Stage 3 (Note 22(b)(x))	(575,608)	(485,433)	(545,513)	(454,616)
Net advances and financing	<u>8,243,072</u>	<u>8,274,888</u>	<u>8,243,072</u>	<u>8,274,888</u>
Gross impaired advances and financing (Note 22(b)(vii))	<u>1,235,420</u>	<u>1,133,956</u>	<u>1,205,325</u>	<u>1,103,139</u>
Net impaired advances and financing	<u>659,812</u>	<u>648,523</u>	<u>659,812</u>	<u>648,523</u>

Included in advances and financing are gross advances and financing amounting to RM134,634,000 (2023: RM124,121,000) financed by Government funds.

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22. Islamic banking business (cont'd.)

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Maturity within one year	2,695,837	2,451,028	2,666,132	2,420,969
More than one year to three years	944,887	921,641	944,728	921,187
More than three years to five years	1,558,508	1,362,377	1,558,508	1,362,303
More than five years	3,787,583	4,193,645	3,787,352	4,193,415
	8,986,815	8,928,691	8,956,720	8,897,874

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Domestic business enterprise	8,978,063	8,918,893	8,947,968	8,888,076
Individual	8,752	9,798	8,752	9,798
	8,986,815	8,928,691	8,956,720	8,897,874

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Constructions	1,587,630	1,618,909	1,586,972	1,618,251
Education, health and others	563,597	598,486	558,801	592,926
Electricity, gas and water supply	156,153	162,567	156,153	162,567
Financial, insurance/takaful, real estate and business services	1,085,939	1,081,185	1,085,363	1,080,609
Manufacturing	1,753,701	1,636,244	1,746,172	1,628,755
Mining and quarrying	131,362	114,979	131,362	114,979
Primary agriculture	8,181	10,123	8,181	10,123
Transportation, storage and communication	1,164,288	1,254,005	1,155,090	1,244,816
Wholesale, retail trade, restaurants and hotels	2,527,212	2,442,395	2,519,874	2,435,050
Others	8,752	9,798	8,752	9,798
	8,986,815	8,928,691	8,956,720	8,897,874

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

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,072,164	39,191	109,844	68,102	96,517	201,812	1,587,630
Education, health and others	437,664	26,071	11,565	46,386	31,531	10,380	563,597
Electricity, gas and water supply	143,470	1,353	4,173	1,875	2,539	2,743	156,153
Financial, insurance/takaful, real estate and business services	740,877	118,560	68,839	34,411	50,342	72,910	1,085,939
Manufacturing	911,714	266,159	260,675	98,299	47,607	169,247	1,753,701
Mining and quarrying	65,178	-	7,973	35,029	17,287	5,895	131,362
Primary agriculture	1,243	-	156	192	3,512	3,078	8,181
Transportation, storage and communication	836,895	93,071	41,827	95,370	70,292	26,833	1,164,288
Wholesale, retail trade, restaurants and hotels	1,227,194	326,083	125,681	315,568	313,449	219,237	2,527,212
Others	8,752	-	-	-	-	-	8,752
At 30 September 2024	5,445,151	870,488	630,733	695,232	633,076	712,135	8,986,815

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22. Islamic banking business (cont'd.)

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,139,874	36,311	65,985	59,038	102,992	214,709	1,618,909
Education, health and others	446,308	23,298	14,605	68,100	35,132	11,043	598,486
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	721,509	115,065	68,804	36,076	63,965	75,766	1,081,185
Manufacturing	859,902	261,026	232,140	99,949	50,589	132,638	1,636,244
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,775	-	185	219	3,625	1,319	10,123
Transportation, storage and communication	892,417	85,396	42,895	94,856	72,854	65,587	1,254,005
Wholesale, retail trade, restaurants and hotels	1,146,962	327,548	119,390	324,378	302,776	221,341	2,442,395
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,425,478	852,262	560,737	719,383	641,864	728,967	8,928,691

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

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,071,506	39,191	109,844	68,102	96,517	201,812	1,586,972
Education, health and others	432,868	26,071	11,565	46,386	31,531	10,380	558,801
Electricity, gas and water supply	143,470	1,353	4,173	1,875	2,539	2,743	156,153
Financial, insurance/takaful, real estate and business services	740,301	118,560	68,839	34,411	50,342	72,910	1,085,363
Manufacturing	904,185	266,159	260,675	98,299	47,607	169,247	1,746,172
Mining and quarrying	65,178	-	7,973	35,029	17,287	5,895	131,362
Primary agriculture	1,243	-	156	192	3,512	3,078	8,181
Transportation, storage and communication	827,697	93,071	41,827	95,370	70,292	26,833	1,155,090
Wholesale, retail trade, restaurants and hotels	1,219,856	326,083	125,681	315,568	313,449	219,237	2,519,874
Others	8,752	-	-	-	-	-	8,752
At 30 September 2024	5,415,056	870,488	630,733	695,232	633,076	712,135	8,956,720

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

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	1,139,216	36,311	65,985	59,038	102,992	214,709	1,618,251
Education, health and others	440,748	23,298	14,605	68,100	35,132	11,043	592,926
Electricity, gas and water supply	150,695	3,618	1,675	1,601	2,898	2,080	162,567
Financial, insurance/takaful, real estate and business services	720,933	115,065	68,804	36,076	63,965	75,766	1,080,609
Manufacturing	852,413	261,026	232,140	99,949	50,589	132,638	1,628,755
Mining and quarrying	53,238	-	15,058	35,166	7,033	4,484	114,979
Primary agriculture	4,775	-	185	219	3,625	1,319	10,123
Transportation, storage and communication	883,228	85,396	42,895	94,856	72,854	65,587	1,244,816
Wholesale, retail trade, restaurants and hotels	1,139,617	327,548	119,390	324,378	302,776	221,341	2,435,050
Others	9,798	-	-	-	-	-	9,798
At 31 December 2023	5,394,661	852,262	560,737	719,383	641,864	728,967	8,897,874

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

22. Islamic banking business (cont'd.)

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

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

Group	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Bai' Bithaman Ajil	-	23	-	-	23
Murabahah	145	681,905	47,193	8,752	737,995
Istisna'	-	40,503	1,212	-	41,715
Ijarah Thumma Al-Bai	269,615	26,308	65,632	-	361,555
Tawarruq	195	4,567,218	3,271,059	-	7,838,472
Bai' Inah	-	6,990	65	-	7,055
At 30 September 2024	<u>269,955</u>	<u>5,322,947</u>	<u>3,385,161</u>	<u>8,752</u>	<u>8,986,815</u>
Bai' Bithaman Ajil	-	23	-	-	23
Murabahah	162	837,999	8,615	9,798	856,574
Istisna'	-	52,924	209	-	53,133
Ijarah Thumma Al-Bai	329,260	17,656	9,820	-	356,736
Tawarruq	229	5,273,912	2,378,855	-	7,652,996
Bai' Inah	-	9,229	-	-	9,229
At 31 December 2023	<u>329,651</u>	<u>6,191,743</u>	<u>2,397,499</u>	<u>9,798</u>	<u>8,928,691</u>

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

22. Islamic banking business (cont'd.)

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

(v) Gross advances and financing by types and Shariah contracts are as follows (cont'd.):

Bank	Hire purchase RM'000	Other term financing RM'000	Revolving financing RM'000	Staff financing RM'000	Total RM'000
Murabahah	145	666,720	46,865	8,752	722,482
Istisna'	-	39,569	1,212	-	40,781
Ijarah Thumma Al-Bai	259,657	22,848	65,632	-	348,137
Tawarruq	195	4,567,218	3,271,059	-	7,838,472
Bai' Inah	-	6,783	65	-	6,848
At 30 September 2024	259,997	5,303,138	3,384,833	8,752	8,956,720
Murabahah	162	822,495	8,297	9,798	840,752
Istisna'	-	51,558	209	-	51,767
Ijarah Thumma Al-Bai	319,324	14,191	9,820	-	343,335
Tawarruq	229	5,273,912	2,378,855	-	7,652,996
Bai' Inah	-	9,024	-	-	9,024
At 31 December 2023	319,715	6,171,180	2,397,181	9,798	8,897,874

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

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Fixed rate				
- Staff financing	8,752	9,798	8,752	9,798
- Hire purchase	98,765	120,928	89,363	111,548
- Other term financing	1,552,397	2,050,119	1,534,532	2,031,480
- Revolving financing	2,331,577	1,947,381	2,331,314	1,947,118
Variable rate				
- Hire purchase	171,190	208,723	170,634	208,167
- Other term financing	3,770,550	4,141,624	3,768,606	4,139,700
- Revolving financing	1,053,584	450,118	1,053,519	450,063
	<u>8,986,815</u>	<u>8,928,691</u>	<u>8,956,720</u>	<u>8,897,874</u>

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Constructions	142,231	135,675	141,573	135,017
Education, health and others	62,736	54,295	57,940	48,735
Electricity, gas and water supply	35,310	55,383	35,310	55,383
Financial, insurance/takaful, real estate and business services	190,622	174,414	190,046	173,838
Manufacturing	252,821	229,419	245,292	221,930
Mining and quarrying	14,415	7,818	14,415	7,818
Primary agriculture	580	498	580	498
Transportation, storage and communication	93,157	88,527	83,959	79,338
Wholesale, retail trade, restaurants and hotels	443,548	387,927	436,210	380,582
	<u>1,235,420</u>	<u>1,133,956</u>	<u>1,205,325</u>	<u>1,103,139</u>

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

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	105,765	174	3,812	10,241	11,238	11,001	142,231
Education, health and others	39,885	281	3,486	7,325	6,429	5,330	62,736
Electricity, gas and water supply	35,216	-	-	94	-	-	35,310
Financial, insurance/takaful, real estate and business services	161,370	8,191	2,842	4,679	10,733	2,807	190,622
Manufacturing	145,103	4,707	59,937	15,603	24,186	3,285	252,821
Mining and quarrying	9,911	-	489	3,094	383	538	14,415
Primary agriculture	489	-	91	-	-	-	580
Transportation, storage and communication	56,128	1,747	14,161	10,051	8,736	2,334	93,157
Wholesale, retail trade, restaurants and hotels	261,874	69,288	12,575	36,150	57,525	6,136	443,548
At 30 September 2024	815,741	84,388	97,393	87,237	119,230	31,431	1,235,420

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22. Islamic banking business (cont'd.)

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

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

Group	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	107,876	162	3,099	5,755	9,508	9,275	135,675
Education, health and others	42,410	320	1,847	7,311	1,783	624	54,295
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	155,197	7,524	2,477	4,314	3,111	1,791	174,414
Manufacturing	120,676	7,170	52,573	19,440	22,933	6,627	229,419
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	498	-	-	-	-	-	498
Transportation, storage and communication	52,430	6,894	13,481	5,147	8,303	2,272	88,527
Wholesale, retail trade, restaurants and hotels	232,122	62,047	11,255	31,809	45,673	5,021	387,927
At 31 December 2023	771,495	84,117	85,186	75,933	91,311	25,914	1,133,956

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(Incorporated in Malaysia)**

22. Islamic banking business (cont'd.)

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	105,107	174	3,812	10,241	11,238	11,001	141,573
Education, health and others	35,089	281	3,486	7,325	6,429	5,330	57,940
Electricity, gas and water supply	35,216	-	-	94	-	-	35,310
Financial, insurance/takaful, real estate and business services	160,794	8,191	2,842	4,679	10,733	2,807	190,046
Manufacturing	137,574	4,707	59,937	15,603	24,186	3,285	245,292
Mining and quarrying	9,911	-	489	3,094	383	538	14,415
Primary agriculture	489	-	91	-	-	-	580
Transportation, storage and communication	46,930	1,747	14,161	10,051	8,736	2,334	83,959
Wholesale, retail trade, restaurants and hotels	254,536	69,288	12,575	36,150	57,525	6,136	436,210
At 30 September 2024	785,646	84,388	97,393	87,237	119,230	31,431	1,205,325

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22. Islamic banking business (cont'd.)

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

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

Bank	Central Region RM'000	Northern Region RM'000	Southern Region RM'000	East Coast Region RM'000	Sabah Region RM'000	Sarawak Region RM'000	Total RM'000
Constructions	107,218	162	3,099	5,755	9,508	9,275	135,017
Education, health and others	36,850	320	1,847	7,311	1,783	624	48,735
Electricity, gas and water supply	55,383	-	-	-	-	-	55,383
Financial, insurance/takaful, real estate and business services	154,621	7,524	2,477	4,314	3,111	1,791	173,838
Manufacturing	113,187	7,170	52,573	19,440	22,933	6,627	221,930
Mining and quarrying	4,903	-	454	2,157	-	304	7,818
Primary agriculture	498	-	-	-	-	-	498
Transportation, storage and communication	43,241	6,894	13,481	5,147	8,303	2,272	79,338
Wholesale, retail trade, restaurants and hotels	224,777	62,047	11,255	31,809	45,673	5,021	380,582
At 31 December 2023	740,678	84,117	85,186	75,933	91,311	25,914	1,103,139

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22. Islamic banking business (cont'd.)

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
At 1 January	1,133,956	1,188,890	1,103,139	1,081,667
-Transfers to Stage 1	(5,296)	(54,736)	(5,296)	(54,736)
-Transfers to Stage 2	(2,337)	(13,500)	(2,337)	(13,500)
-Transfers to Stage 3	223,977	250,199	223,977	250,199
	<u>1,350,300</u>	<u>1,370,853</u>	<u>1,319,483</u>	<u>1,263,630</u>
Changes due to change in credit risk	(33,694)	(29,401)	(32,972)	(26,413)
New financial assets originated	2,521	51,555	2,521	51,555
Financial assets derecognised	(39,999)	(56,434)	(39,999)	(56,434)
Amount written-off	(43,708)	(202,617)	(43,708)	(129,199)
At 30 June/31 December	<u>1,235,420</u>	<u>1,133,956</u>	<u>1,205,325</u>	<u>1,103,139</u>

(x) Movement in loss allowances which reflect the ECL model on impairment are as follows:

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	105,084	63,286	485,433	653,803
-Transfers to Stage 1	3,659	(2,352)	(1,307)	-
-Transfers to Stage 2	(4,048)	4,859	(811)	-
-Transfers to Stage 3	(1,527)	(15,229)	16,756	-
	<u>(1,916)</u>	<u>(12,722)</u>	<u>14,638</u>	<u>-</u>
Changes due to change in credit risk (Note 22(h))	(25,083)	32,115	125,939	132,971
Net financial assets originated (Note 22(h))	25,629	1,499	662	27,790
Financial assets derecognised (Note 22(h))	(19,155)	(602)	(7,666)	(27,423)
Amount written-off	-	-	(43,398)	(43,398)
At 30 September 2024	<u>84,559</u>	<u>83,576</u>	<u>575,608</u>	<u>743,743</u>
At 1 January 2023	91,586	45,174	538,330	675,090
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	<u>25,171</u>	<u>(11,564)</u>	<u>(13,607)</u>	<u>-</u>
Changes due to change in credit risk (Note 22(h))	(28,689)	28,078	167,385	166,774
Net financial assets originated (Note 22(h))	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 22(h))	(10,836)	(268)	(15,183)	(26,287)
Amount written-off	-	-	(198,594)	(198,594)
At 31 December 2023	<u>105,084</u>	<u>63,286</u>	<u>485,433</u>	<u>653,803</u>

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22. Islamic banking business (cont'd.)

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

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

Bank	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2024	105,084	63,286	454,616	622,986
-Transfers to Stage 1	3,659	(2,352)	(1,307)	-
-Transfers to Stage 2	(4,048)	4,859	(811)	-
-Transfers to Stage 3	(1,527)	(15,229)	16,756	-
	(1,916)	(12,722)	14,638	-
Changes due to change in credit risk (Note 22(h))	(25,083)	32,115	126,661	133,693
Net financial assets originated (Note 22(h))	25,629	1,499	662	27,790
Financial assets derecognised (Note 22(h))	(19,155)	(602)	(7,666)	(27,423)
Amount written-off	-	-	(43,398)	(43,398)
At 30 September 2024	84,559	83,576	545,513	713,648
At 1 January 2023	91,586	45,174	431,107	567,867
-Transfers to Stage 1	30,096	(6,313)	(23,783)	-
-Transfers to Stage 2	(3,631)	7,387	(3,756)	-
-Transfers to Stage 3	(1,294)	(12,638)	13,932	-
	25,171	(11,564)	(13,607)	-
Changes due to change in credit risk (Note 22(h))	(28,689)	28,078	170,373	169,762
Net financial assets originated (Note 22(h))	27,852	1,866	7,102	36,820
Financial assets derecognised (Note 22(h))	(10,836)	(268)	(15,183)	(26,287)
Amount written-off	-	-	(125,176)	(125,176)
At 31 December 2023	105,084	63,286	454,616	622,986

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Net impaired advances and financing as a percentage	7.85%	7.69%	7.85%	7.69%

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22. Islamic banking business (cont'd.)

(c) Term financing/Fundings

	Group and Bank	
	30 September	31 December
	2024	2023
	RM'000	RM'000
Unsecured term financing/fundings	1,696,166	1,574,346

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

	Group and Bank	
	30 September	31 December
	2024	2023
	RM'000	RM'000
Within one year	13,060	5,869
More than one year to five years	1,230,251	580,438
More than five years	452,855	988,039
	<u>1,696,166</u>	<u>1,574,346</u>

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

	Group and Bank	
	30 September	31 December
	2024	2023
	RM'000	RM'000
Financing from:		
- Government of Malaysia	444,270	437,699
- BNM	1,251,896	1,136,647
	<u>1,696,166</u>	<u>1,574,346</u>

The weighted average profit rates on the term financing/fundings from Government of Malaysia is at 2.00% (2023: 2.0%) and BNM range from 0% to 0.50% (2023: 0% to 1.50%) per annum.

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22. Islamic banking business (cont'd.)

(d) Income from Islamic banking business

Group and Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Income from advances and financing				
- Murabahah	9,458	14,580	35,237	43,412
- Istisna'	609	980	2,220	3,255
- Ijarah Thumma Al-Bai	3,288	5,712	15,908	17,593
- Tawarruq	125,615	115,890	362,136	332,834
- Bai' Inah	154	222	501	661
Total income from advances and financing	139,124	137,384	416,002	397,755
Tawarruq deposit placements	8,708	8,665	25,833	26,656
Financial investments at FVTPL	1,729	908	7,435	4,466
Financial investments at FVOCI	17,458	12,590	48,146	35,457
Financial investments at AC	8,913	11,637	27,030	29,504
Total income from Islamic banking business	175,932	171,184	524,446	493,838

Included in income from advances and financing is unwinding of modification loss amounting to RM7,846,000 (30 September 2023: RM6,089,000).

(e) Profit expense attributable to Islamic banking business

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Deposits from customers	41,563	34,966	118,962	104,474
Deposits from banks and other financial institutions	270	632	1,106	1,856
Islamic medium-term notes/ commercial papers	25,256	29,903	79,651	79,819
Term financing/fundings	9,481	9,107	28,332	27,233
Others	(511)	282	(19)	924
	76,059	74,890	228,032	214,306

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Deposits from customers	41,847	35,143	119,449	104,920
Deposits from banks and other financial institutions	270	632	1,106	1,856
Islamic medium-term notes/ commercial papers	25,256	29,903	79,651	79,819
Term financing/fundings	9,481	9,107	28,332	27,233
Others	(511)	282	(19)	924
	76,343	75,067	228,519	214,752

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22. Islamic banking business (cont'd.)

(f) Other operating income

Group	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fee income	4,449	5,898	11,061	12,979
Commission fee income	490	465	1,388	1,113
Rental income	3,079	2,935	8,922	8,810
Government fund released	6,353	9,074	20,651	24,415
Government compensation	2,658	3,174	8,103	9,517
Gain on disposal of associate	-	-	-	3,465
Recoveries from financing written off	9,704	6,918	21,345	23,301
Ta'widh/Compensation on late payment charges	1,619	1,840	6,234	4,808
Others	2,181	283	3,586	2,583
	30,533	30,587	81,290	90,991

Bank	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Fee income	2,089	3,152	5,843	7,646
Commission fee income	490	465	1,388	1,113
Rental income	3,079	2,935	8,922	8,810
Government fund released	6,353	9,074	20,651	24,415
Government compensation	2,658	3,174	8,103	9,517
Management fees	146	98	433	294
Gain on disposal of associate	-	-	-	5,800
Profit income on amount owing by subsidiary company	1,785	470	5,355	1,667
Recoveries from financing written off	6,122	5,244	16,955	20,820
Ta'widh/Compensation on late payment charges	1,619	1,840	6,234	4,808
Others	2,090	454	3,454	2,444
	26,431	26,906	77,338	87,334

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22. Islamic banking business (cont'd.)

(g) Other operating expenses

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Personnel expenses	48,822	41,058	136,308	128,921
Establishment related expenses	13,271	14,022	40,355	42,240
Promotion and marketing expenses	3,096	2,298	9,290	7,198
Administration and general expenses	9,458	13,288	28,285	37,039
	<u>74,647</u>	<u>70,666</u>	<u>214,238</u>	<u>215,398</u>

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Personnel expenses	49,097	39,938	133,088	125,970
Establishment related expenses	13,262	14,038	40,318	42,227
Promotion and marketing expenses	3,096	2,272	9,290	7,172
Administration and general expenses	10,860	13,134	32,494	37,667
	<u>76,315</u>	<u>69,382</u>	<u>215,190</u>	<u>213,036</u>

(h) Allowances for impairment on advances and financing

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 22(b)(x))	(3,167)	(630)	(18,609)	(7,445)
- Stage 2 (Note 22(b)(x))	(3,701)	6,345	33,012	19,213
- Stage 3 (Note 22(b)(x))	53,660	39,301	118,935	101,445
	<u>46,792</u>	<u>45,016</u>	<u>133,338</u>	<u>113,213</u>
Impaired advances and financing written off	-	1,499	326	2,005
Total allowance for impairment on advances and financing	<u>46,792</u>	<u>46,515</u>	<u>133,664</u>	<u>115,218</u>

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22. Islamic banking business (cont'd.)

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

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 22(b)(x))	(3,167)	(630)	(18,609)	(7,445)
- Stage 2 (Note 22(b)(x))	(3,701)	6,345	33,012	19,213
- Stage 3 (Note 22(b)(x))	54,042	40,100	119,657	104,065
	47,174	45,815	134,060	115,833
Impaired advances and financing written off	-	1,499	326	2,005
Total allowance for impairment on advances and financing	47,174	47,314	134,386	117,838

(i) Commitments

	Group and Bank	
	30 September 2024 RM'000	31 December 2023 RM'000
Direct credit substitutes	106,426	149,032
Transaction-related-contingent items	286,994	251,229
Undisbursed financing		
- original maturity up to one year	342,055	340,257
- original maturity more than one year	975,925	1,215,945
	1,711,400	1,956,463

(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 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Tier I Capital				
Capital funds	1,328,672	1,324,198	1,328,672	1,324,198
Retained earnings	437,898	446,410	315,392	323,904
General provision for advances and financing ¹	-	44,860	-	44,860
Less: Deferred tax assets	(97,086)	(113,536)	(97,086)	(113,536)
Less: Property revaluation reserves	(248,934)	(248,933)	(248,934)	(248,933)
Total Tier I capital	1,420,550	1,452,999	1,298,044	1,330,493

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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 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
Tier II Capital				
General provision for advances and financing ¹	173,186	129,426	173,186	129,426
Property revaluation reserve ²	124,467	124,467	124,467	124,467
Government funds	399,002	427,977	399,002	427,977
Total Tier II capital	696,655	681,870	696,655	681,870
Total capital	2,117,205	2,134,869	1,994,699	2,012,363
Less: Investment in subsidiaries	-	-	-	-
Total capital base	2,117,205	2,134,869	1,994,699	2,012,363

² General provision for advances and financing refers to loss allowance measured at an amount equal to 12mECLs and LTECLs commonly known as Stage 1 and Stage 2 provisions respectively; and regulatory reserves, to the extent they are ascribed to non-credit impaired exposures.

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

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

	Group		Bank	
	30 September 2024 RM'000	31 December 2023 RM'000	30 September 2024 RM'000	31 December 2023 RM'000
20%	226,861	319,847	228,163	319,847
50%	3,978	4,501	3,978	4,501
100%	10,321,867	10,537,691	10,396,063	10,627,922
	10,552,706	10,862,039	10,628,204	10,952,270

Before deducting dividends:

Core capital ratio	13.461%	13.377%	12.213%	12.148%
Risk-weighted capital ratio	20.063%	19.654%	18.768%	18.374%

After deducting dividends:

Core capital ratio	13.461%	13.298%	12.213%	12.070%
Risk-weighted capital ratio	20.063%	19.576%	18.768%	18.296%

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23. Analysis of financial performance

Current Year Period vs. Previous Year Period

Key Profit or Loss item:	GROUP Nine months ended			
	30 September 2024	30 September 2023	Variances	
	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat ("PBT")	62,532	47,310	15,222	32.2%
Profit after tax expense and zakat	43,185	34,092	9,093	26.7%
Ratio of PBT to average shareholders' funds	3.70%	2.87%	-	0.83%
Ratio of PBT to average total assets	0.48%	0.38%	-	0.10%

Key Balance Sheet	GROUP As at			
	30 September 2024	31 December 2023	Variances	
	RM'000	RM'000	RM'000	%
Total assets	13,008,326	13,017,917	(9,591)	(0.07%)
Gross loans, advances and financing	9,178,709	9,143,936	34,773	0.38%
Gross impaired loans, advances and financing (%)	15.55%	14.75%	-	(0.80%)
Deposits from customers	4,788,415	3,943,673	844,742	21.42%

SME Bank Group ("Group") reported PBT of RM62.53 million for the financial period ended 30 September 2024. The result is higher by RM15.22 million from the same period last year of RM47.31 million largely due to stronger operating profit of RM171.38 million compared to RM156.92 million in prior period, notwithstanding higher allowance for impairment losses in loans, advances and financing amounting to RM110.77 million compared to RM109.81 million in the preceding financial period.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets improved to 3.70% and 0.48% respectively from 2.87% and 0.38% recorded in the previous corresponding year.

The Group's total assets decreased marginally to RM13.01 billion as at 30 September 2024 compared to RM13.02 billion as at 31 December 2023. This was primarily contributed by the lower cash and short term funds at RM0.95 billion compared to RM1.56 billion in the previous financial year offset by the higher gross financing portfolio of RM9.18 billion (30 September 2023: RM9.14 billion) and financial investments of RM3.10 billion (30 September 2023: RM2.46 billion).

The Group's gross impaired ratio is higher at 15.55% in the current financial period in comparison to 14.75% in the preceding financial year end. The Group's Risk-Weighted Capital Ratio stood at 18.83% while its Core Capital Ratio stood at 12.24% compared to 18.42% and 12.14% respectively as at 31 December 2023.