

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

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

	Notes	Group		Bank	
		30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,367,615	1,254,962	1,364,011	1,246,606
Financial investments at fair value through through profit or loss ("FVTPL")	9	352,988	100,927	352,988	100,927
Financial investments at fair value through other comprehensive income ("FVOCI")	10	1,592,502	1,396,737	1,592,502	1,396,737
Financial investments at amortised cost ("AC")	11	836,944	518,757	836,944	518,757
Loans, advances and financing	12	7,729,580	7,423,451	7,729,580	7,423,451
Other assets		28,413	20,608	102,872	106,480
Investment in associate		2,654	2,654	-	-
Property, plant and equipment		152,421	134,044	152,388	134,011
Right-of-use assets		11,163	13,830	11,163	13,830
Investment properties		374,081	374,081	374,081	374,081
Intangible assets		8,590	14,762	8,590	14,762
Tax recoverable		5,341	5,572	2,993	2,997
Deferred tax assets		106,947	106,947	106,947	106,947
<b>TOTAL ASSETS</b>		<b>12,569,239</b>	<b>11,367,332</b>	<b>12,635,059</b>	<b>11,439,586</b>
<b>LIABILITIES</b>					
Deposits from customers	13	4,665,930	3,742,803	4,696,839	3,776,444
Deposits from banks and other financial institutions	14	250,213	50,085	250,213	50,085
Islamic medium-term notes/commercial notes		2,412,549	2,521,926	2,412,549	2,521,926
Borrowings/Fundings	15	1,976,492	1,741,109	1,976,492	1,741,109
Lease liabilities		11,648	14,195	11,648	14,195
Other liabilities		1,078,953	1,151,093	1,110,184	1,178,555
Government funds		557,545	540,701	557,545	540,701
<b>TOTAL LIABILITIES</b>		<b>10,953,330</b>	<b>9,761,912</b>	<b>11,015,470</b>	<b>9,823,015</b>
<b>EQUITY</b>					
Share capital		1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses		(241,128)	(262,346)	(237,448)	(251,195)
Other reserves		7,037	17,766	7,037	17,766
<b>TOTAL EQUITY</b>		<b>1,615,909</b>	<b>1,605,420</b>	<b>1,619,589</b>	<b>1,616,571</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,569,239</b>	<b>11,367,332</b>	<b>12,635,059</b>	<b>11,439,586</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	21	<b>2,392,098</b>	<b>2,180,552</b>	<b>2,392,098</b>	<b>2,180,552</b>

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Group	Notes	Third Quarter Ended		Nine Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Interest income	16	106	592	631	1,725
Interest expense	17	2,797	(3,836)	(4,636)	(11,439)
<b>Net interest expense</b>		2,903	(3,244)	(4,005)	(9,714)
Gross income from Islamic banking business	23	110,404	104,233	326,958	303,228
Other operating income	18	2,981	1,298	8,890	5,721
<b>Net income</b>		116,288	102,287	331,843	299,235
Other operating expenses	19	(65,560)	(66,252)	(175,587)	(193,544)
<b>Operating profit</b>		50,728	36,035	156,256	105,691
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(41,651)	(4,082)	(128,216)	(28,627)
- commitments and contingencies		64	(1,246)	213	(1,695)
- financial investments at FVOCI	10	-	51	307	(5,235)
- financial investments at AC	11	(1)	113	277	(952)
- other assets at AC		(405)	369	(1,110)	198
<b>Profit before tax expense and zakat</b>		8,735	31,240	27,727	69,380
Tax expense		(240)	(275)	(691)	(824)
Zakat		688	(750)	(812)	(2,250)
<b>Profit for the period</b>		9,183	30,215	26,224	66,306
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised loss on revaluation of financial investments at FVOCI		(877)	(9,060)	(10,422)	(37,262)
Changes in expected credit losses on financial investments at FVOCI		-	(51)	(307)	5,235
<b>Other comprehensive (loss)/income for the period</b>		(877)	(9,111)	(10,729)	(32,027)
<b>Total comprehensive income for the period</b>		8,306	21,104	15,495	34,279
Profit for the period attributable to owner of the Bank		9,183	30,215	26,224	66,306
Total comprehensive income attributable to owner of the Bank		8,306	21,104	15,495	34,279

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

**Small Medium Enterprise Development Bank Malaysia Berhad  
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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

<b>Bank</b>	<b>Notes</b>	<b>Third Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>30 September 2022</b>	<b>30 September 2021</b>	<b>30 September 2022</b>	<b>30 September 2021</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	16	106	592	631	1,725
Interest expense	17	2,797	(3,836)	(4,636)	(11,439)
<b>Net interest expense</b>		<b>2,903</b>	<b>(3,244)</b>	<b>(4,005)</b>	<b>(9,714)</b>
Gross income from Islamic banking business	23	110,991	98,991	324,127	301,689
Other operating income	18	333	350	1,159	1,013
<b>Net income</b>		<b>114,227</b>	<b>96,097</b>	<b>321,281</b>	<b>292,988</b>
Other operating expenses	19	(66,535)	(64,017)	(176,765)	(188,183)
<b>Operating profit</b>		<b>47,692</b>	<b>32,080</b>	<b>144,516</b>	<b>104,805</b>
(Allowances)/Writeback for impairment losses on:					
- loans, advances and financing	20	(49,416)	(5,376)	(139,652)	(35,780)
- commitments and contingencies		64	(1,246)	213	(1,695)
- financial investments at FVOCI	10	-	51	307	(5,235)
- financial investments at AC	11	(1)	113	277	(952)
- other assets at AC		(405)	369	(1,110)	198
- other assets at FVOCI		7,851	(2,802)	15,553	(8,405)
<b>Profit before tax expense and zakat</b>		<b>5,785</b>	<b>23,189</b>	<b>20,104</b>	<b>52,936</b>
Tax expense		(180)	(212)	(539)	(634)
Zakat		688	(750)	(812)	(2,250)
<b>Profit for the period</b>		<b>6,293</b>	<b>22,227</b>	<b>18,753</b>	<b>50,052</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised loss on revaluation of financial investments at FVOCI		(877)	(9,060)	(10,422)	(37,262)
Changes in expected credit losses on financial investments at FVOCI		-	(51)	(307)	5,235
<b>Other comprehensive loss for the period</b>		<b>(877)</b>	<b>(9,111)</b>	<b>(10,729)</b>	<b>(32,027)</b>
<b>Total comprehensive income for the period</b>		<b>5,416</b>	<b>13,116</b>	<b>8,024</b>	<b>18,025</b>
Profit for the period attributable to owner of the Bank		6,293	22,227	18,753	50,052
Total comprehensive income attributable to owner of the Bank		5,416	13,116	8,024	18,025

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**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 2022**

Group	Note	<=====Attributable to the Owner of the Bank=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
<b>At 1 January 2022</b>		1,850,000	7,652	10,114	(262,346)	1,605,420
Unrealised loss on revaluation of financial investments at FVOCI		-	(10,422)	-	-	(10,422)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	-	(307)
Profit for the period		-	-	-	26,224	26,224
Total comprehensive (loss)/income for the period		-	(10,729)	-	26,224	15,495
Transaction with owner:						
Dividends		-	-	-	(5,006)	(5,006)
<b>At 30 September 2022</b>		<b>1,850,000</b>	<b>(3,077)</b>	<b>10,114</b>	<b>(241,128)</b>	<b>1,615,909</b>
<b>At 1 January 2021</b>		1,850,000	42,054	10,114	(301,724)	1,600,444
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss		-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income		-	10,676	-	-	10,676
Profit for the year		-	-	-	52,589	52,589
Total comprehensive (loss)/income for the year		-	(34,402)	-	52,589	18,187
Transaction with owner:						
Dividends		-	-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,850,000</b>	<b>7,652</b>	<b>10,114</b>	<b>(262,346)</b>	<b>1,605,420</b>

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**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 2022**

Bank	Note	<=====Attributable to the Owner of the Bank=====>				Total RM'000
		Share capital RM'000	Fair value reserve RM'000	General reserve RM'000	Accumulated losses RM'000	
<b>At 1 January 2022</b>		1,850,000	7,652	10,114	(251,195)	1,616,571
Unrealised loss on revaluation of financial investments at FVOCI		-	(10,422)	-	-	(10,422)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	-	(307)
Profit for the period		-	-	-	18,753	18,753
Total comprehensive (loss)/income for the period		-	(10,729)	-	18,753	8,024
Transaction with owner:						
Dividends		-	-	-	(5,006)	(5,006)
<b>At 30 September 2022</b>		<b>1,850,000</b>	<b>(3,077)</b>	<b>10,114</b>	<b>(237,448)</b>	<b>1,619,589</b>
<b>At 1 January 2021</b>		1,850,000	42,054	10,114	(288,039)	1,614,129
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,004)	-	-	(38,004)
Reclassification of loss included in profit or loss		-	(6,481)	-	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	-	(593)
Income tax relating to components of other comprehensive income		-	10,676	-	-	10,676
Profit for the year		-	-	-	50,055	50,055
Total comprehensive (loss)/income for the year		-	(34,402)	-	50,055	15,653
Transaction with owner:						
Dividends		-	-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<b>1,850,000</b>	<b>7,652</b>	<b>10,114</b>	<b>(251,195)</b>	<b>1,616,571</b>

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**CONDENSED INTERIM FINANCIAL STATEMENTS  
UNAUDITED STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	Group		Bank	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax expense and zakat	27,727	69,380	20,104	52,936
<b>Adjustments for:</b>				
Net impairment loss on loans, advances and financing	156,731	55,148	168,167	62,301
Net impairment loss of commitment and contingencies	(213)	1,695	(213)	1,695
Net impairment (writeback)/loss on financial investment at FVOCI	(307)	5,235	(307)	5,235
Net impairment loss on financial investment at AC	(277)	952	(277)	952
Impairment writeback on other assets at AC	1,110	(198)	1,110	(198)
Impairment writeback on other assets at FVOCI	-	-	(15,553)	8,405
Depreciation of property, plant and equipment	8,311	8,582	8,309	8,579
Depreciation of right-of-use assets	2,667	2,620	2,667	2,620
Amortisation of intangible assets	6,171	5,347	6,171	5,347
Fair value adjustment on investment properties	-	18	-	18
Government funds released	(19,995)	(13,381)	(19,995)	(13,381)
Income from financial investments at FVOCI	(32,681)	(36,151)	(32,681)	(36,151)
Income from financial investments at FVTPL	(2,271)	(4,672)	(2,271)	(4,672)
Income from financial investments at AC	(14,982)	(16,229)	(14,982)	(16,229)
Profit expense on medium-term notes/commercial papers	61,223	54,656	61,223	54,656
Profit expense on borrowings/fundings	27,887	22,234	27,887	22,234
Finance cost on lease liabilities	393	353	393	353
Profit income on amount due from a subsidiary company	-	-	(6,447)	(8,405)
<b>Operating profit before working capital changes</b>	<b>221,494</b>	<b>155,589</b>	<b>203,305</b>	<b>146,295</b>
Changes in working capital:				
Net changes in operating assets	(495,802)	(411,176)	(473,825)	(340,881)
Net changes in operating liabilities	1,078,426	(677,260)	1,079,464	(735,537)
<b>Cash generated from/(used in) operating activities</b>	<b>804,118</b>	<b>(932,847)</b>	<b>808,944</b>	<b>(930,123)</b>
Interest and profit received/(paid)	50,484	(112,080)	50,484	(112,080)
Tax and zakat refunded/(paid)	(1,553)	(666)	(1,627)	(913)
<b>Net cash generated from/(used in) operating activities</b>	<b>853,049</b>	<b>(1,045,593)</b>	<b>857,801</b>	<b>(1,043,116)</b>
<b>Cash flows from investing activities</b>				
Net proceed from maturity/(purchase) of financial investment	(776,708)	(332,003)	(776,708)	(332,003)
Net purchase of property, plant and equipment	(2,641)	(14,176)	(2,641)	(14,176)
Net purchase of intangible assets	-	(7,590)	-	(7,590)
<b>Net cash generated used in investing activities</b>	<b>(779,349)</b>	<b>(353,769)</b>	<b>(779,349)</b>	<b>(353,769)</b>
<b>Cash flows from financing activities</b>				
Net (payment)/disbursed of medium-term notes/commercial papers	(170,599)	742,008	(170,599)	742,008
Net disburse of borrowings/fundings	207,497	245,211	207,497	245,211
Proceeds from government funds	10,000	2,923	10,000	2,923
Payment of lease liabilities	(2,939)	(2,919)	(2,939)	(2,919)
Dividend paid	(5,006)	(13,211)	(5,006)	(13,211)
<b>Net cash generated from financing activities</b>	<b>38,953</b>	<b>974,012</b>	<b>38,953</b>	<b>974,012</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>112,653</b>	<b>(425,350)</b>	<b>117,405</b>	<b>(422,873)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,254,962</b>	<b>1,406,158</b>	<b>1,246,606</b>	<b>1,401,826</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,367,615</b>	<b>980,808</b>	<b>1,364,011</b>	<b>978,953</b>
<b>Cash and cash equivalents comprise:</b>				
- Cash and short term funds	1,367,615	980,808	1,364,011	978,953

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

**1. Basis of preparation**

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

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2021. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2021.

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

The accounting policies and methods of computation applied by the Group and the Bank are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2021 except for adoption of the following amendments to Malaysian Financial Reporting Standards ("MFRS") and annual improvements to MFRSs, effective for annual periods beginning on or after 1 January 2022:-

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

**2. Summary of Significant Accounting Policies**

The audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021 were prepared in accordance with MFRS, as modified by Bank Negara Malaysia and the requirements of the Companies Act, 2016 in Malaysia. The significant accounting policies adopted in preparing these unaudited condensed interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2021.

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**3. Significant Accounting Estimates and Judgements**

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

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

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

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

**5. Seasonal or cyclical factors**

The operations of the Group and of the Bank were not materially affected by any seasonal or cyclical factors in the third quarter and nine months ended 30 September 2022.

**6. Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and of the Bank in the third quarter and nine months ended 30 September 2022.

**7. Changes in estimates**

There were no material changes in estimates that have a material effect in the third quarter and nine months ended 30 September 2022.

**8. Dividends**

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



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**9. Financial investments at FVTPL**

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	173,057	41,102
<b>Money market instruments</b>		
Commercial papers	179,931	59,825
	<u>352,988</u>	<u>100,927</u>

**10. Financial investments at FVOCI**

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	1,193,315	892,606
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	31,340	30,572
- Unquoted shares	10,192	10,192
Debt securities		
- Private debt securities	357,655	463,367
	<u>399,187</u>	<u>504,131</u>
	<u>1,592,502</u>	<u>1,396,737</u>

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

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

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

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

The impairment losses by external rating grade are as follows:

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

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

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

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**11. Financial investments at amortised cost**

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	98,026	50,905
	<hr/>	<hr/>
<b>Money market instruments</b>		
Commercial papers	163,319	33,895
	<hr/>	<hr/>
<b>Non-money market instruments</b>		
Private debt securities	575,600	434,235
	<hr/>	<hr/>
	836,945	519,035
Less: Accumulated impairment losses	(1)	(278)
	<hr/>	<hr/>
	<b>836,944</b>	<b>518,757</b>
	<hr/>	<hr/>

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	370,869	402,759
More than one year to three years	176,095	35,292
More than three years to five years	138,377	40,585
More than five years	151,604	40,399
	<hr/>	<hr/>
	<b>836,945</b>	<b>519,035</b>
	<hr/>	<hr/>

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

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Stage 1</b>	<b>Stage 1</b>
At 1 January	278	-
Allowance made due to changes in credit risk	(69)	120
New financial investments originated or purchased	-	158
Financial investments derecognised	(208)	-
At 30 September/31 December	1	278

The impairment losses by external rating grade are as follows:

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

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Investment Issues	97,009	51,312
Commercial papers	163,319	33,895
Private debt securities	572,103	436,849
	832,431	522,056

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**12. Loans, advances and financing**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Term loans/financing				
- Hire purchase	395,000	393,901	359,219	357,583
- Leasing	345	342	-	-
- Other term loans/financing	6,300,187	5,987,744	5,973,917	5,652,166
Revolving loans/financing	2,012,973	1,909,608	1,992,990	1,888,031
Staff loans/financing	11,154	11,988	11,154	11,988
Gross loans, advances and financing	<u>8,719,659</u>	<u>8,303,583</u>	<u>8,337,280</u>	<u>7,909,768</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 12(ix))	(90,197)	(97,559)	(90,197)	(97,559)
- Stage 2 (Note 12(ix))	(36,231)	(16,634)	(36,231)	(16,634)
- Stage 3 (Note 12(ix))	(863,651)	(765,939)	(481,272)	(372,124)
Net loans, advances and financing	<u>7,729,580</u>	<u>7,423,451</u>	<u>7,729,580</u>	<u>7,423,451</u>
Gross impaired loans, advances and financing (Note 12(viii))	<u>1,531,988</u>	<u>1,526,505</u>	<u>1,149,609</u>	<u>1,132,690</u>
Net impaired loans, advances and financing	<u>668,337</u>	<u>760,566</u>	<u>668,337</u>	<u>760,566</u>

Included in loans, advances and financing for the Group and the Bank are gross loans, advances and financing of RM97,910,000 (2021: RM84,730,000) financed by Government funds.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Within one year	2,022,132	1,761,750	1,730,271	1,459,184
More than one year to three years	626,360	635,000	598,635	606,615
More than three years to five years	1,431,750	1,352,761	1,398,839	1,319,667
More than five years	4,639,417	4,554,072	4,609,535	4,524,302
	<u>8,719,659</u>	<u>8,303,583</u>	<u>8,337,280</u>	<u>7,909,768</u>

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Domestic business enterprise	8,708,505	8,291,595	8,326,126	7,897,780
Individual	11,154	11,988	11,154	11,988
	<u>8,719,659</u>	<u>8,303,583</u>	<u>8,337,280</u>	<u>7,909,768</u>

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Constructions	1,495,770	1,377,290	1,492,946	1,374,467
Education, health and others	632,459	655,163	588,656	610,181
Electricity, gas and water supply	194,399	166,680	194,399	166,680
Financial, insurance/takaful, real estate and business services	1,103,435	1,107,202	1,100,668	1,104,443
Manufacturing	1,594,213	1,420,443	1,525,617	1,348,757
Mining and quarrying	130,033	143,895	128,037	141,899
Primary agriculture	7,454	8,089	7,192	7,827
Transportation, storage and communication	1,017,634	1,006,740	978,863	967,553
Wholesale, retail trade, restaurants and hotels	2,533,108	2,406,093	2,309,748	2,175,973
Others	11,154	11,988	11,154	11,988
	<u>8,719,659</u>	<u>8,303,583</u>	<u>8,337,280</u>	<u>7,909,768</u>

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,029,486	36,638	58,922	49,552	105,513	215,659	1,495,770
Education, health and others	466,470	11,741	22,178	82,451	37,470	12,149	632,459
Electricity, gas and water supply	187,811	234	1,596	1,255	3,158	345	194,399
Financial, insurance/takaful, real estate and business services	752,682	113,666	52,410	42,270	65,896	76,511	1,103,435
Manufacturing	903,385	237,531	214,687	97,388	50,542	90,680	1,594,213
Mining and quarrying	72,098	-	20,543	32,778	2,082	2,532	130,033
Primary agriculture	1,413	-	243	93	4,141	1,564	7,454
Transportation, storage and communication	638,176	80,099	45,042	112,855	70,343	71,119	1,017,634
Wholesale, retail trade, restaurants and hotels	1,331,551	277,930	104,235	317,514	304,232	197,646	2,533,108
Others	11,154	-	-	-	-	-	11,154
At 30 September 2022	5,394,226	757,839	519,856	736,156	643,377	668,205	8,719,659

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

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

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



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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,026,662	36,638	58,922	49,552	105,513	215,659	1,492,946
Education, health and others	422,667	11,741	22,178	82,451	37,470	12,149	588,656
Electricity, gas and water supply	187,811	234	1,596	1,255	3,158	345	194,399
Financial, insurance/takaful, real estate and business services	749,915	113,666	52,410	42,270	65,896	76,511	1,100,668
Manufacturing	834,789	237,531	214,687	97,388	50,542	90,680	1,525,617
Mining and quarrying	70,102	-	20,543	32,778	2,082	2,532	128,037
Primary agriculture	1,151	-	243	93	4,141	1,564	7,192
Transportation, storage and communication	599,405	80,099	45,042	112,855	70,343	71,119	978,863
Wholesale, retail trade, restaurants and hotels	1,108,191	277,930	104,235	317,514	304,232	197,646	2,309,748
Others	11,154	-	-	-	-	-	11,154
At 30 September 2022	<b>5,011,847</b>	<b>757,839</b>	<b>519,856</b>	<b>736,156</b>	<b>643,377</b>	<b>668,205</b>	<b>8,337,280</b>

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

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

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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Fixed rate:				
- Staff loan/financing	11,154	11,988	11,154	11,988
- Hire purchase	175,785	191,080	140,858	155,639
- Leasing	345	342	-	-
- Other term loans/financing	2,136,869	1,928,220	1,914,645	1,697,917
- Revolving loans/financing	1,100,532	632,904	1,080,607	611,385
Variable rate				
- Hire purchase	219,215	202,821	218,361	201,944
- Other term loans/financing	4,163,318	4,059,524	4,059,272	3,954,249
- Revolving loans/financing	912,441	1,276,704	912,383	1,276,646
	<u>8,719,659</u>	<u>8,303,583</u>	<u>8,337,280</u>	<u>7,909,768</u>

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Constructions	133,675	134,922	130,851	132,099
Education, health and others	149,008	175,969	105,204	130,987
Electricity, gas and water supply	53,769	43	53,769	43
Financial, insurance/takaful, real estate and business services	188,124	153,902	185,357	151,143
Manufacturing	313,076	321,201	244,481	249,515
Mining and quarrying	17,701	10,258	15,705	8,262
Primary agriculture	540	540	278	278
Transportation, storage and communication	105,736	151,315	66,965	112,128
Wholesale, retail trade, restaurants and hotels	570,359	578,355	346,999	348,235
	<u>1,531,988</u>	<u>1,526,505</u>	<u>1,149,609</u>	<u>1,132,690</u>

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	114,707	383	1,472	3,159	11,902	2,052	133,675
Education, health and others	102,716	703	8,529	29,261	7,130	669	149,008
Electricity, gas and water supply	53,769	-	-	-	-	-	53,769
Financial, insurance/takaful, real estate and business services	171,091	7,940	771	4,271	3,295	756	188,124
Manufacturing	202,493	14,345	58,708	30,854	1,231	5,445	313,076
Mining and quarrying	17,376	-	-	325	-	-	17,701
Primary agriculture	329	-	-	-	211	-	540
Transportation, storage and communication	58,521	3,347	8,303	15,818	11,810	7,937	105,736
Wholesale, retail trade, restaurants and hotels	418,960	14,694	17,371	57,865	52,717	8,752	570,359
At 30 September 2022	<b>1,139,962</b>	<b>41,412</b>	<b>95,154</b>	<b>141,553</b>	<b>88,296</b>	<b>25,611</b>	<b>1,531,988</b>

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

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

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	111,883	383	1,472	3,159	11,902	2,052	130,851
Education, health and others	58,912	703	8,529	29,261	7,130	669	105,204
Electricity, gas and water supply	53,769	-	-	-	-	-	53,769
Financial, insurance/takaful, real estate and business services	168,324	7,940	771	4,271	3,295	756	185,357
Manufacturing	133,898	14,345	58,708	30,854	1,231	5,445	244,481
Mining and quarrying	15,380	-	-	325	-	-	15,705
Primary agriculture	67	-	-	-	211	-	278
Transportation, storage and communication	19,750	3,347	8,303	15,818	11,810	7,937	66,965
Wholesale, retail trade, restaurants and hotels	195,600	14,694	17,371	57,865	52,717	8,752	346,999
At 30 September 2022	<b>757,583</b>	<b>41,412</b>	<b>95,154</b>	<b>141,553</b>	<b>88,296</b>	<b>25,611</b>	<b>1,149,609</b>

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

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

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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
At 1 January	1,526,505	1,581,516	1,132,690	1,167,360
-Transfers to Stage 1	(55,877)	(21,254)	(44,441)	(21,254)
-Transfers to Stage 2	(13,573)	(2,553)	(13,573)	(2,553)
-Transfers to Stage 3	217,706	253,436	217,706	253,436
	<u>1,674,761</u>	<u>1,811,145</u>	<u>1,292,382</u>	<u>1,396,989</u>
Changes due to change in credit risk	(49,991)	(46,881)	(49,991)	(26,540)
New financial assets originated	4,430	4,093	4,430	4,093
Financial assets derecognised	(49,977)	(87,283)	(49,977)	(87,283)
Amount written-off	(47,235)	(154,569)	(47,235)	(154,569)
At 30 September/31 December	<u>1,531,988</u>	<u>1,526,505</u>	<u>1,149,609</u>	<u>1,132,690</u>

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

Group	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	765,939	880,132
-Transfers to Stage 1	730	(418)	(312)	-
-Transfers to Stage 2	(22,807)	22,975	(168)	-
-Transfers to Stage 3	(118,789)	(11,450)	130,239	-
	<u>(140,866)</u>	<u>11,107</u>	<u>129,759</u>	<u>-</u>
Changes due to change in credit risk (Note 20)	120,787	8,208	30,472	159,467
New financial assets originated (Note 20)	24,241	381	1,261	25,883
Financial assets derecognised (Note 20)	(11,524)	(99)	(16,996)	(28,619)
Amount written off	-	-	(46,784)	(46,784)
At 30 September 2022	<u>90,197</u>	<u>36,231</u>	<u>863,651</u>	<u>990,079</u>
At 1 January 2021	67,708	18,297	793,434	879,439
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	<u>(58,283)</u>	<u>(50,472)</u>	<u>108,755</u>	<u>-</u>
Changes due to change in credit risk	76,326	49,722	27,242	153,290
New financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,145)	(916)	(11,011)	(22,072)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	<u>97,559</u>	<u>16,634</u>	<u>765,939</u>	<u>880,132</u>



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

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

<b>Bank</b>	<b>Stage1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	97,559	16,634	372,124	486,317
-Transfers to Stage 1	730	(418)	(312)	-
-Transfers to Stage 2	(22,807)	22,975	(168)	-
-Transfers to Stage 3	(118,789)	(11,450)	130,239	-
	(140,866)	11,107	129,759	-
Changes due to change in credit risk (Note 20)	120,787	8,208	41,908	170,903
New financial assets originated (Note 20)	24,241	381	1,261	25,883
Financial assets derecognised (Note 20)	(11,524)	(99)	(16,996)	(28,619)
Amount written off	-	-	(46,784)	(46,784)
At 30 September 2022	90,197	36,231	481,272	607,700
At 1 January 2021	67,708	18,297	379,278	465,283
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	(58,283)	(50,472)	108,755	-
Changes due to change in credit risk	76,326	49,722	47,583	173,631
New financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,145)	(916)	(11,011)	(22,072)
Amount written off	-	-	(154,569)	(154,569)
At 31 December 2021	97,559	16,634	372,124	486,317

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>	<b>30 September 2022</b>	<b>31 December 2021</b>
Net impaired loans, advances and financing in percentage	8.52%	10.11%	8.52%	10.11%

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**13. Deposits from customers**

	Group		Bank	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Term deposit:				
- Commodity Murabahah/Tawarruq	4,665,930	3,742,803	4,696,839	3,776,444

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Government bodies	1,310,705	1,030,879	1,310,705	1,030,879
Statutory bodies	898,123	995,907	898,123	995,907
Business enterprise	1,330,759	1,098,771	1,361,668	1,132,412
Others	1,126,343	617,246	1,126,343	617,246
	4,665,930	3,742,803	4,696,839	3,776,444

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Within three months	3,354,622	2,920,489	3,368,723	2,954,130
More than three months to six months	866,261	471,685	883,069	471,685
More than six months to one year	445,047	350,629	445,047	350,629
	4,665,930	3,742,803	4,696,839	3,776,444

The weighted average profit rate on the deposit from customers range from 0.50% to 3.25% (2021: 0.50% to 2.40%) per annum.

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

	Group and Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Licensed banks and other financial institutions	250,213	50,085

The deposits maturity structure is as follows:

	Group and Bank	
	30 September	31 December
	2022	2021
	RM'000	RM'000
Less than three months	250,213	50,085

The weighted average profit rate on the deposit from banks and other financial institutions range from 2.60% to 2.72% (2021: 1.87%) per annum.

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**15. Borrowings/Fundings**

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured borrowings/fundings	1,976,492	1,741,109

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	58,005	488,408
More than one year to five years	807,140	729,824
More than five years	1,111,347	522,877
	<u>1,976,492</u>	<u>1,741,109</u>

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

		<b>Group and Bank</b>	
		<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
Government of Malaysia	(a)	953,136	974,546
Other institutions	(b)	1,023,356	766,563
		<u>1,976,492</u>	<u>1,741,109</u>

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

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

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity structure:</b>		
Within one year	46,974	479,852
More than one year to five years	356,325	242,054
More than five years	549,837	252,640
	<u>953,136</u>	<u>974,546</u>

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

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank Negara Malaysia	<u>1,023,356</u>	<u>766,563</u>

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

	<b>Group and Bank</b>	
	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Maturity structure:</b>		
Within one year	11,031	8,556
More than one year to five years	450,815	487,770
More than five years	561,510	270,237
	<u>1,023,356</u>	<u>766,563</u>

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

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**16. Interest income**

	Third Quarter Ended		Nine Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<b>Group and Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income from:				
- Loans, advances and financing	106	592	631	1,725

**17. Interest expense**

	Third Quarter Ended		Nine Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<b>Group and Bank</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	(2,797)	3,836	4,636	11,439

**18. Other operating income**

	Third Quarter Ended		Nine Months Ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<b>Group</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income	206	6	225	21
	206	6	225	21
<b>Other income:</b>				
Recovery income	2,648	948	7,731	4,708
Compensation on late payment charges	127	344	934	972
Others	-	-	-	20
	2,775	1,292	8,665	5,700
<b>Total other operating income</b>	<b>2,981</b>	<b>1,298</b>	<b>8,890</b>	<b>5,721</b>
<b>Bank</b>				
Fee income	206	6	225	21
	206	6	225	21
<b>Other income:</b>				
Compensation on late payment charges	127	344	934	972
Others	-	-	-	20
	127	344	934	992
<b>Total other operating income</b>	<b>333</b>	<b>350</b>	<b>1,159</b>	<b>1,013</b>

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**19. Other operating expenses**

Group	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Personnel expenses	(i)	42,929	47,173	111,210	139,570
Establishment related expenses	(ii)	11,111	10,601	34,055	30,435
Promotion and marketing expenses	(iii)	1,685	538	4,852	1,625
Administration and general expenses	(iv)	9,835	7,940	25,470	21,914
		<u>65,560</u>	<u>66,252</u>	<u>175,587</u>	<u>193,544</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		34,702	37,267	83,271	111,406
Directors' fees and remuneration		691	504	1,710	1,390
Social security cost		238	242	997	721
Contribution to Employee Provident Fund		4,128	4,129	12,627	12,224
Other staff related expenses		3,170	5,031	12,605	13,829
		<u>42,929</u>	<u>47,173</u>	<u>111,210</u>	<u>139,570</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,847	2,837	8,311	8,582
Depreciation of right-of-use assets		894	873	2,667	2,620
Amortisation of intangible assets		2,057	2,022	6,171	5,347
Rental expenses		(34)	(15)	63	(36)
Repairs and maintenance of property, plant and equipment		5,347	4,884	16,843	13,922
		<u>11,111</u>	<u>10,601</u>	<u>34,055</u>	<u>30,435</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		1,685	538	4,852	1,625
<b>(iv) Administration and general expenses</b>					
Administrative expenses		1,662	1,763	5,460	5,378
Auditors' remuneration		282	241	844	723
General expenses		7,891	5,936	19,166	15,813
		<u>9,835</u>	<u>7,940</u>	<u>25,470</u>	<u>21,914</u>

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

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Personnel expenses	(i)	41,765	46,141	108,781	136,575
Establishment related expenses	(ii)	11,094	10,590	34,009	30,402
Promotion and marketing expenses	(iii)	1,683	537	4,847	1,593
Administration and general expenses	(iv)	11,993	6,749	29,128	19,613
		<u>66,535</u>	<u>64,017</u>	<u>176,765</u>	<u>188,183</u>
<b>(i) Personnel expenses</b>					
Salaries, allowances and bonuses		33,731	36,440	81,367	109,015
Directors' fees and remuneration		691	504	1,710	1,390
Social security cost		232	235	980	701
Contribution to Employee Provident Fund		4,028	4,023	12,357	11,910
Other staff related expenses		3,083	4,939	12,367	13,559
		<u>41,765</u>	<u>46,141</u>	<u>108,781</u>	<u>136,575</u>
<b>(ii) Establishment related expenses</b>					
Depreciation of property, plant and equipment		2,846	2,837	8,309	8,579
Depreciation of right-of-use assets		894	873	2,667	2,620
Amortisation of intangible assets		2,057	2,022	6,171	5,347
Rental expenses		(34)	(15)	63	(36)
Repairs and maintenance of property, plant and equipment		5,331	4,873	16,799	13,892
		<u>11,094</u>	<u>10,590</u>	<u>34,009</u>	<u>30,402</u>
<b>(iii) Promotion and marketing expenses</b>					
Advertisement and publicity		1,683	537	4,847	1,593
<b>(iv) Administration and general expenses</b>					
Administrative expenses		1,661	1,763	5,454	5,373
Auditors' remuneration		265	225	795	675
General expenses		10,067	4,761	22,879	13,565
		<u>11,993</u>	<u>6,749</u>	<u>29,128</u>	<u>19,613</u>

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

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	3,554	(480)	(7,362)	28,203
- Stage 2, net (Note 12(ix))	3,532	2,727	19,597	7,437
- Stage 3, net (Note 12(ix))	46,716	10,368	144,496	19,508
	<u>53,802</u>	<u>12,615</u>	<u>156,731</u>	<u>55,148</u>
Impaired loans, advances and financing recovered	<u>(12,603)</u>	<u>(8,533)</u>	<u>(29,059)</u>	<u>(26,521)</u>
Impaired loans, advances and financing written off	<u>452</u>	<u>-</u>	<u>544</u>	<u>-</u>
<b>Total allowance for impairment on loans, advances and financing</b>	<u>41,651</u>	<u>4,082</u>	<u>128,216</u>	<u>28,627</u>
<b>Bank</b>				
(Writeback)/Allowance for impairment losses on loans, advances and financing made during the period:				
- Stage 1, net (Note 12(ix))	3,554	(480)	(7,362)	28,203
- Stage 2, net (Note 12(ix))	3,532	2,727	19,597	7,437
- Stage 3, net (Note 12(ix))	54,481	11,662	155,932	26,661
	<u>61,567</u>	<u>13,909</u>	<u>168,167</u>	<u>62,301</u>
Impaired loans, advances and financing recovered	<u>(12,603)</u>	<u>(8,533)</u>	<u>(29,059)</u>	<u>(26,521)</u>
Impaired loans, advances and financing written off	<u>452</u>	<u>-</u>	<u>544</u>	<u>-</u>
<b>Total allowance for impairment on loans, advances and financing</b>	<u>49,416</u>	<u>5,376</u>	<u>139,652</u>	<u>35,780</u>



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**21. Commitment and contingencies**

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

	<b>Group and Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Direct credit substitutes	171,494	231,283
Transaction-related-contingent items	169,483	160,555
Undisbursed loans/financing		
- original maturity up to one year	89,660	235,490
- original maturity more than one year	1,934,318	1,547,106
	<b>2,364,955</b>	<b>2,174,434</b>

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

	<b>Group and Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Approved and contracted for Information technology system	27,143	6,118
<b>Total commitments and contingencies</b>	<b>2,392,098</b>	<b>2,180,552</b>

**22. Capital adequacy**

**Capital management**

Capital policy

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

Regulatory capital

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

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

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

Regulatory capital (cont'd.)

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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
<b><u>Tier I Capital</u></b>				
Paid-up share capital	1,850,000	1,850,000	1,850,000	1,850,000
Accumulated losses	(267,352)	(262,346)	(256,201)	(251,195)
General reserves	10,114	10,114	10,114	10,114
General provision for loans, advances and financing*	33,573	32,743	33,573	32,743
Less: Deferred tax assets	(106,947)	(106,947)	(106,947)	(106,947)
Less: Property revaluation reserve	(228,616)	(228,616)	(228,616)	(228,616)
<b>Total Tier I capital</b>	<b>1,290,772</b>	<b>1,294,948</b>	<b>1,301,923</b>	<b>1,306,099</b>
<b><u>Tier II Capital</u></b>				
General provision for loans, advances and financing*	98,354	87,163	98,354	87,163
Property revaluation reserve <sup>^</sup>	114,308	114,308	114,308	114,308
Government funds <sup>#</sup>	436,425	428,923	436,425	428,923
<b>Total Tier II capital</b>	<b>649,087</b>	<b>630,394</b>	<b>649,087</b>	<b>630,394</b>
<b>Total capital</b>	<b>1,939,859</b>	<b>1,925,342</b>	<b>1,951,010</b>	<b>1,936,493</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,939,859</b>	<b>1,925,342</b>	<b>1,951,010</b>	<b>1,936,493</b>

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

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

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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
20%	278,088	246,248	278,088	246,248
50%	5,193	5,621	5,193	5,621
100%	10,526,026	9,772,457	10,595,449	9,853,065
	<b>10,809,307</b>	<b>10,024,326</b>	<b>10,878,730</b>	<b>10,104,934</b>

Before deducting dividends:

Core capital ratio	11.941%	12.918%	11.968%	12.925%
Risk-weighted capital ratio	<b>17.946%</b>	<b>19.207%</b>	<b>17.934%</b>	<b>19.164%</b>

After deducting dividends:

Core capital ratio	11.941%	12.868%	11.968%	12.876%
Risk-weighted capital ratio	<b>17.946%</b>	<b>19.157%</b>	<b>17.934%</b>	<b>19.114%</b>

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the minimum regulatory capital requirement of 8%, the Group and the Bank adhere to an internal capital limit that would act as a trigger to the regulatory capital and also as an indicator that allows the Group and the Bank to have the "well capitalised" status. Internal capital limit and regulatory capital requirement are closely monitored, regularly reviewed and reported to the Senior Management and the Board of Directors.

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**23. Islamic banking business**

The state of affairs as at 31 December 2021 and results for the financial year then ended under the Islamic Banking business of the Bank and included in the Group's and the Bank's financial statements are summarised as follows:-

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**As at 30 September 2022**

	Note	Group		Bank	
		30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
<b>Assets</b>					
Cash and short-term funds		1,365,061	1,248,636	1,363,575	1,246,152
Financial investments at FVTPL	9	352,988	100,927	352,988	100,927
Financial investments at FVOCI	23(a)	1,582,310	1,386,545	1,582,310	1,386,545
Financial investments at AC	11	836,944	518,757	836,944	518,757
Advances and financing	23(b)	7,713,784	7,374,322	7,713,784	7,374,322
Other assets		28,413	20,608	102,872	106,480
Property, plant and equipment		152,421	134,044	152,388	134,011
Right-of-use assets		11,163	13,830	11,163	13,830
Investment properties		374,081	374,081	374,081	374,081
Intangible assets		8,590	14,762	8,590	14,762
Tax recoverables		5,341	5,572	2,993	2,997
Deferred tax assets		106,947	106,947	106,947	106,947
<b>Total assets</b>		<b>12,538,043</b>	<b>11,299,031</b>	<b>12,608,635</b>	<b>11,379,811</b>
<b>Liabilities</b>					
Deposits from customers	13	4,665,930	3,742,803	4,696,839	3,776,444
Deposits from banks and other financial institutions	14	250,213	50,085	250,213	50,085
Islamic medium-term notes/ commercial notes		2,412,549	2,521,926	2,412,549	2,521,926
Term financing/fundings	23(c)	1,470,312	766,563	1,470,312	766,563
Other liabilities		1,078,062	1,150,023	1,109,332	1,177,524
Lease liabilities		11,648	14,195	11,648	14,195
Amount due to conventional operations		595,352	998,938	768,718	1,192,341
Government funds		557,545	540,701	557,545	540,701
<b>Total liabilities</b>		<b>11,041,611</b>	<b>9,785,234</b>	<b>11,277,156</b>	<b>10,039,779</b>
Islamic general funds		1,496,432	1,513,797	1,331,479	1,340,032
<b>Total liabilities and Islamic banking funds</b>		<b>12,538,043</b>	<b>11,299,031</b>	<b>12,608,635</b>	<b>11,379,811</b>
<b>Commitments</b>	23(i)	<b>2,362,071</b>	<b>2,174,403</b>	<b>2,362,071</b>	<b>2,174,403</b>

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

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

**Unaudited Statements of Comprehensive Income**  
**For the nine quarter ended 30 September 2022**

Group	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Income from Islamic banking business	23(d)	150,762	130,262	424,560	390,320
Profit expense attributable to Islamic banking business	23(e)	(59,361)	(45,017)	(156,336)	(133,040)
<b>Gross income from Islamic banking business</b>		<b>91,401</b>	<b>85,245</b>	<b>268,224</b>	<b>257,280</b>
Other operating income	23(f)	19,003	18,988	58,734	45,948
Other operating expenses	23(g)	(64,499)	(66,909)	(174,269)	(193,130)
<b>Operating profit</b>		<b>45,905</b>	<b>37,324</b>	<b>152,689</b>	<b>110,098</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(57,965)	712	(152,501)	(33,029)
- commitments		65	(1,253)	212	(1,704)
- financial investments at FVOCI	10	-	51	307	(5,235)
- financial investments at AC	11	(1)	113	277	(952)
- other assets at AC		(405)	369	(1,110)	198
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(12,401)</b>	<b>37,316</b>	<b>(126)</b>	<b>69,376</b>
Tax expense		(241)	(275)	(692)	(824)
Zakat		688	(750)	(812)	(2,250)
<b>(Loss)/Profit for the period</b>		<b>(11,954)</b>	<b>36,291</b>	<b>(1,630)</b>	<b>66,302</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised loss on revaluation of financial investments at FVOCI		(877)	(9,060)	(10,422)	(37,262)
Changes in expected credit (losses)/gains on financial investments at FVOCI		-	(51)	(307)	5,235
<b>Other comprehensive loss for the period</b>		<b>(877)</b>	<b>(9,111)</b>	<b>(10,729)</b>	<b>(32,027)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(12,831)</b>	<b>27,180</b>	<b>(12,359)</b>	<b>34,275</b>

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

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

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

Bank	Note	Third Quarter Ended		Nine Months Ended	
		30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Income from Islamic banking business	23(d)	150,762	130,262	424,560	390,320
Profit expense attributable to Islamic banking business	23(e)	(59,536)	(45,072)	(156,606)	(133,298)
<b>Gross income from Islamic banking business</b>		<b>91,226</b>	<b>85,190</b>	<b>267,954</b>	<b>257,022</b>
Other operating income	23(f)	19,765	13,801	56,173	44,667
Other operating expenses	23(g)	(65,479)	(63,867)	(175,447)	(187,768)
<b>Operating profit</b>		<b>45,512</b>	<b>35,124</b>	<b>148,680</b>	<b>113,921</b>
(Allowances)/Writeback for impairment losses on:					
- advances and financing	23(h)	(59,347)	(404)	(155,386)	(35,640)
- commitments and contingencies		65	(1,253)	212	(1,704)
- financial investments at FVOCI	10	-	51	307	(5,235)
- financial investments at AC	11	(1)	113	277	(952)
- other assets at AC		(405)	369	(1,110)	198
- other assets at FVOCI		7,851	(2,802)	15,553	(8,405)
<b>(Loss)/Profit before tax expense and zakat</b>		<b>(6,325)</b>	<b>31,198</b>	<b>8,533</b>	<b>62,183</b>
Tax expense		(180)	(212)	(539)	(634)
Zakat		688	(750)	(812)	(2,250)
<b>(Loss)/Profit for the period</b>		<b>(5,817)</b>	<b>30,236</b>	<b>7,182</b>	<b>59,299</b>
<b>Other comprehensive income/(loss)</b>					
<b>Item that may be reclassified to profit or loss:</b>					
Unrealised loss on revaluation of financial investments at FVOCI		(877)	(9,060)	(10,422)	(37,262)
Changes in expected credit (losses)/gains on financial investments at FVOCI		-	(51)	(307)	5,235
<b>Other comprehensive loss for the period</b>		<b>(877)</b>	<b>(9,111)</b>	<b>(10,729)</b>	<b>(32,027)</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(6,694)</b>	<b>21,125</b>	<b>(3,547)</b>	<b>27,272</b>

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

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

**Statements of changes in Islamic General Funds  
For the nine quarter ended 30 September 2022**

Group	Note	<=====Non-distributable=====>		Distributable retained earnings RM'000	Total RM'000
		Share capital RM'000	Fair value reserve RM'000		
<b>At 1 January 2022</b>		1,050,564	2,278	460,955	1,513,797
Unrealised loss on revaluation of financial investments at FVOCI		-	(10,422)	-	(10,422)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	(307)
Profit for the period		-	-	(1,630)	(1,630)
Total comprehensive income for the period		-	(10,729)	(1,630)	(12,359)
Transaction with owner:					
Dividends		-	-	(5,006)	(5,006)
<b>At 30 September 2022</b>		<u>1,050,564</u>	<u>(8,451)</u>	<u>454,319</u>	<u>1,496,432</u>
<b>At 1 January 2021</b>		1,050,564	37,174	430,789	1,518,527
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss		-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	43,377	43,377
Total comprehensive (loss)/income for the year		-	(34,896)	43,377	8,481
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<u>1,050,564</u>	<u>2,278</u>	<u>460,955</u>	<u>1,513,797</u>

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

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

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

Bank	Note	<=====Non-distributable=====>		Distributable	Total RM'000
		Share capital RM'000	Fair value reserve RM'000	retained earnings RM'000	
<b>At 1 January 2022</b>		1,050,564	2,278	287,190	1,340,032
Unrealised loss on revaluation of financial investments at FVOCI		-	(10,422)	-	(10,422)
Changes in expected credit losses of financial investments at FVOCI	10	-	(307)	-	(307)
Profit for the period		-	-	7,182	7,182
Total comprehensive income for the period		-	(10,729)	7,182	(3,547)
Transaction with owner:					
Dividends		-	-	(5,006)	(5,006)
<b>At 30 September 2022</b>		<u>1,050,564</u>	<u>(8,451)</u>	<u>289,366</u>	<u>1,331,479</u>
<b>At 1 January 2021</b>		1,050,564	37,174	243,816	1,331,554
Unrealised loss on revaluation of financial investments at FVOCI		-	(38,654)	-	(38,654)
Reclassification of loss included in profit or loss		-	(6,481)	-	(6,481)
Changes in expected credit losses of financial investments at FVOCI		-	(593)	-	(593)
Income tax relating to components of other comprehensive income		-	10,832	-	10,832
Profit for the year		-	-	56,585	56,585
Total comprehensive (loss)/income for the year		-	(34,896)	56,585	21,689
Transaction with owner:					
Dividends		-	-	(13,211)	(13,211)
<b>At 31 December 2021</b>		<u>1,050,564</u>	<u>2,278</u>	<u>287,190</u>	<u>1,340,032</u>

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



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

**(a) Financial investments at FVOCI**

	<b>Group and Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
<b>At fair value</b>		
<b>Government securities</b>		
Malaysian Government Investment Issues	1,193,315	892,606
<b>Non-money market instruments</b>		
Equity securities		
- Private debt securities	31,340	30,572
Debt securities		
- Private debt securities	357,655	463,367
	<u>388,995</u>	<u>493,939</u>
	<u>1,582,310</u>	<u>1,386,545</u>

No loss allowance is recognised in the statements of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the fair value reserve. The movement in allowances for impairment which reflects the ECL model on impairment are as disclosed in Note 10.

**(b) Advances and financing**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Bai' Bithaman Aji	1,509	1,509	-	-
Murabahah	1,221,918	1,463,786	1,174,573	1,415,280
Istisna'	85,261	26,943	80,824	21,801
Ijarah	84	84	-	-
Ijarah Thumma Al-Bai	425,403	412,599	370,738	357,583
Bai' Dayn	-	1,668	-	1,668
Tawarruq	6,672,316	6,035,984	6,672,311	6,035,979
Bai' Inah	16,557	20,906	15,326	19,636
Gross advances and financing	<u>8,423,048</u>	<u>7,963,479</u>	<u>8,313,772</u>	<u>7,851,947</u>
Less: Allowance for impairment losses on				
- Stage 1 (Note 23(b)(x))	(90,197)	(97,559)	(90,197)	(97,559)
- Stage 2 (Note 23(b)(x))	(36,231)	(16,634)	(36,231)	(16,634)
- Stage 3 (Note 23(b)(x))	(582,836)	(474,964)	(473,560)	(363,432)
Net advances and financing	<u>7,713,784</u>	<u>7,374,322</u>	<u>7,713,784</u>	<u>7,374,322</u>
Gross impaired advances and financing (Note 23(b)(vii))	<u>1,235,591</u>	<u>1,186,610</u>	<u>1,126,315</u>	<u>1,075,078</u>
Net impaired advances and financing	<u>652,755</u>	<u>711,646</u>	<u>652,755</u>	<u>711,646</u>

Included in advances and financing are gross advances and financing amounting to RM97,910,000 (2021: RM84,730,000) financed by Government funds.

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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Maturity within one year	1,834,935	1,558,442	1,729,611	1,451,817
More than one year to three years	599,454	607,686	598,301	605,801
More than three years to five years	1,392,828	1,316,075	1,391,752	1,314,751
More than five years	4,595,831	4,481,276	4,594,108	4,479,578
	<u>8,423,048</u>	<u>7,963,479</u>	<u>8,313,772</u>	<u>7,851,947</u>

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Domestic business enterprise	8,411,895	7,951,492	8,302,619	7,839,960
Individual	11,153	11,987	11,153	11,987
	<u>8,423,048</u>	<u>7,963,479</u>	<u>8,313,772</u>	<u>7,851,947</u>

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Constructions	1,494,427	1,375,949	1,492,945	1,374,466
Education, health and others	620,626	641,642	588,450	608,391
Electricity, gas and water supply	194,399	166,680	194,399	166,680
Financial, insurance/takaful, real estate and business services	1,102,476	1,106,244	1,100,666	1,104,442
Manufacturing	1,557,404	1,380,882	1,525,487	1,348,115
Mining and quarrying	128,037	141,899	128,037	141,899
Primary agriculture	7,192	7,827	7,192	7,827
Transportation, storage and communication	1,003,549	963,154	975,794	935,071
Wholesale, retail trade, restaurants and hotels	2,303,785	2,167,215	2,289,649	2,153,069
Others	11,153	11,987	11,153	11,987
	<u>8,423,048</u>	<u>7,963,479</u>	<u>8,313,772</u>	<u>7,851,947</u>

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,028,144	36,638	58,922	49,552	105,512	215,659	1,494,427
Education, health and others	454,637	11,741	22,178	82,451	37,470	12,149	620,626
Electricity, gas and water supply	187,811	234	1,596	1,255	3,158	345	194,399
Financial, insurance/takaful, real estate and business services	751,723	113,666	52,410	42,270	65,896	76,511	1,102,476
Manufacturing	866,576	237,531	214,687	97,388	50,542	90,680	1,557,404
Mining and quarrying	70,102	-	20,543	32,778	2,082	2,532	128,037
Primary agriculture	1,151	-	243	93	4,141	1,564	7,192
Transportation, storage and communication	624,094	80,099	45,042	112,855	70,340	71,119	1,003,549
Wholesale, retail trade, restaurants and hotels	1,114,616	274,455	104,235	310,401	302,432	197,646	2,303,785
Others	11,153	-	-	-	-	-	11,153
<b>At 30 September 2022</b>	<b>5,110,007</b>	<b>754,364</b>	<b>519,856</b>	<b>729,043</b>	<b>641,573</b>	<b>668,205</b>	<b>8,423,048</b>

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

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

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

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

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	1,026,662	36,638	58,922	49,552	105,512	215,659	1,492,945
Education, health and others	422,461	11,741	22,178	82,451	37,470	12,149	588,450
Electricity, gas and water supply	187,811	234	1,596	1,255	3,158	345	194,399
Financial, insurance/takaful, real estate and business services	749,913	113,666	52,410	42,270	65,896	76,511	1,100,666
Manufacturing	834,659	237,531	214,687	97,388	50,542	90,680	1,525,487
Mining and quarrying	70,102	-	20,543	32,778	2,082	2,532	128,037
Primary agriculture	1,151	-	243	93	4,141	1,564	7,192
Transportation, storage and communication	596,339	80,099	45,042	112,855	70,340	71,119	975,794
Wholesale, retail trade, restaurants and hotels	1,100,480	274,455	104,235	310,401	302,432	197,646	2,289,649
Others	11,153	-	-	-	-	-	11,153
<b>At 30 September 2022</b>	<b>5,000,731</b>	<b>754,364</b>	<b>519,856</b>	<b>729,043</b>	<b>641,573</b>	<b>668,205</b>	<b>8,313,772</b>

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

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

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

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

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

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

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

<b>Group</b>	<b>Hire purchase RM'000</b>	<b>Leasing RM'000</b>	<b>Other term financing RM'000</b>	<b>Revolving financing RM'000</b>	<b>Staff financing RM'000</b>	<b>Total RM'000</b>
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,178,813	31,952	11,153	1,221,918
Istisna'	-	-	85,261	-	-	85,261
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	393,205	-	32,198	-	-	425,403
Bai' Dayn	-	-	-	-	-	-
Tawarruq	5	-	4,698,045	1,974,266	-	6,672,316
Bai' Inah	-	-	16,557	-	-	16,557
<b>At 30 September 2022</b>	<b>393,210</b>	<b>84</b>	<b>6,011,263</b>	<b>2,007,338</b>	<b>11,153</b>	<b>8,423,048</b>
Bai' Bithaman Ajil	-	-	389	1,120	-	1,509
Murabahah	-	-	1,407,443	44,356	11,987	1,463,786
Istisna'	-	-	26,943	-	-	26,943
Ijarah	-	84	-	-	-	84
Ijarah Thumma Al-Bai	392,107	-	20,492	-	-	412,599
Bai' Dayn	-	-	-	1,668	-	1,668
Tawarruq	5	-	4,180,738	1,855,241	-	6,035,984
Bai' Inah	-	-	20,906	-	-	20,906
<b>At 31 December 2021</b>	<b>392,112</b>	<b>84</b>	<b>5,656,911</b>	<b>1,902,385</b>	<b>11,987</b>	<b>7,963,479</b>

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

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

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

<b>Bank</b>	<b>Hire purchase RM'000</b>	<b>Other term financing RM'000</b>	<b>Revolving financing RM'000</b>	<b>Staff financing RM'000</b>	<b>Total RM'000</b>
Murabahah	-	1,144,735	18,685	11,153	1,174,573
Istisna'	-	80,824	-	-	80,824
Ijarah Thumma Al-Bai Bai' Dayn	359,218	11,520	-	-	370,738
Tawarruq Bai' Inah	-	-	-	-	-
	-	4,698,045	1,974,266	-	6,672,311
	-	15,326	-	-	15,326
<b>At 30 September 2022</b>	<b>359,218</b>	<b>5,950,450</b>	<b>1,992,951</b>	<b>11,153</b>	<b>8,313,772</b>
Murabahah	-	1,372,204	31,089	11,987	1,415,280
Istisna'	-	21,801	-	-	21,801
Ijarah Thumma Al-Bai Bai' Dayn	357,583	-	-	-	357,583
Tawarruq Bai' Inah	-	-	1,668	-	1,668
	-	4,180,738	1,855,241	-	6,035,979
	-	19,636	-	-	19,636
<b>At 31 December 2021</b>	<b>357,583</b>	<b>5,594,379</b>	<b>1,887,998</b>	<b>11,987</b>	<b>7,851,947</b>



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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Fixed rate				
- Staff financing	11,153	11,987	11,153	11,987
- Hire purchase	174,004	189,298	140,858	155,639
- Leasing	84	84	-	-
- Other term financing	1,950,080	1,705,689	1,893,045	1,647,579
- Revolving financing	1,094,913	625,692	1,080,584	611,363
Variable rate				
- Hire purchase	219,207	202,814	218,360	201,944
- Other term financing	4,061,182	3,951,222	4,057,405	3,946,800
- Revolving financing	912,425	1,276,693	912,367	1,276,635
	<u>8,423,048</u>	<u>7,963,479</u>	<u>8,313,772</u>	<u>7,851,947</u>

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
Constructions	132,333	133,582	130,851	132,099
Education, health and others	137,174	162,449	104,998	129,198
Electricity, gas and water supply	53,769	43	53,769	43
Financial, insurance/takaful, real estate and business services	187,167	152,945	185,357	151,143
Manufacturing	276,302	281,671	244,385	248,904
Mining and quarrying	15,705	8,262	15,705	8,262
Primary agriculture	278	278	278	278
Transportation, storage and communication	91,651	107,822	63,896	79,739
Wholesale, retail trade, restaurants and hotels	341,212	339,558	327,076	325,412
	<u>1,235,591</u>	<u>1,186,610</u>	<u>1,126,315</u>	<u>1,075,078</u>

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

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

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

<b>Group</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	113,365	383	1,472	3,159	11,902	2,052	132,333
Education, health and others	90,882	703	8,529	29,261	7,130	669	137,174
Electricity, gas and water supply	53,769	-	-	-	-	-	53,769
Financial, insurance/takaful, real estate and business services	170,134	7,940	771	4,271	3,295	756	187,167
Manufacturing	165,719	14,345	58,708	30,854	1,231	5,445	276,302
Mining and quarrying	15,380	-	-	325	-	-	15,705
Primary agriculture	67	-	-	-	211	-	278
Transportation, storage and communication	44,439	3,347	8,303	15,818	11,807	7,937	91,651
Wholesale, retail trade, restaurants and hotels	202,199	11,222	17,371	50,751	50,917	8,752	341,212
<b>At 30 September 2022</b>	<b>855,954</b>	<b>37,940</b>	<b>95,154</b>	<b>134,439</b>	<b>86,493</b>	<b>25,611</b>	<b>1,235,591</b>

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

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

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

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

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

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

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

<b>Bank</b>	<b>Central Region RM'000</b>	<b>Northern Region RM'000</b>	<b>Southern Region RM'000</b>	<b>East Coast Region RM'000</b>	<b>Sabah Region RM'000</b>	<b>Sarawak Region RM'000</b>	<b>Total RM'000</b>
Constructions	111,883	383	1,472	3,159	11,902	2,052	130,851
Education, health and others	58,706	703	8,529	29,261	7,130	669	104,998
Electricity, gas and water supply	53,769	-	-	-	-	-	53,769
Financial, insurance/takaful, real estate and business services	168,324	7,940	771	4,271	3,295	756	185,357
Manufacturing	133,802	14,345	58,708	30,854	1,231	5,445	244,385
Mining and quarrying	15,380	-	-	325	-	-	15,705
Primary agriculture	67	-	-	-	211	-	278
Transportation, storage and communication	16,684	3,347	8,303	15,818	11,807	7,937	63,896
Wholesale, retail trade, restaurants and hotels	188,063	11,222	17,371	50,751	50,917	8,752	327,076
<b>At 30 September 2022</b>	<b>746,678</b>	<b>37,940</b>	<b>95,154</b>	<b>134,439</b>	<b>86,493</b>	<b>25,611</b>	<b>1,126,315</b>

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

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

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

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

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

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

	Group		Bank	
	30 September 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
At 1 January	1,186,610	1,200,035	1,075,078	1,074,357
-Transfers to Stage 1	(44,441)	(21,254)	(44,441)	(21,254)
-Transfers to Stage 2	(13,573)	(2,553)	(13,573)	(2,553)
-Transfers to Stage 3	217,707	253,436	217,707	253,436
	<u>1,346,303</u>	<u>1,429,664</u>	<u>1,234,771</u>	<u>1,303,986</u>
Changes due to change in credit risk	(18,760)	(31,629)	(16,504)	(17,483)
New financial assets originated	4,430	10,033	4,430	10,033
Financial assets derecognised	(49,471)	(82,766)	(49,471)	(82,766)
Amount written-off	(46,911)	(138,692)	(46,911)	(138,692)
At 30 September/31 December	<u>1,235,591</u>	<u>1,186,610</u>	<u>1,126,315</u>	<u>1,075,078</u>

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

Group	Stage1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	97,559	16,634	474,964	589,157
-Transfers to Stage 1	730	(418)	(312)	-
-Transfers to Stage 2	(22,807)	22,975	(168)	-
-Transfers to Stage 3	(118,789)	(11,450)	130,239	-
	<u>(140,866)</u>	<u>11,107</u>	<u>129,759</u>	<u>-</u>
Changes due to change in credit risk (Note 23(h))	120,787	8,208	40,146	169,141
Net financial assets originated (Note 23(h))	24,241	381	1,261	25,883
Financial assets derecognised (Note 23(h))	(11,524)	(99)	(16,834)	(28,457)
Amount written-off	-	-	(46,460)	(46,460)
At 30 September 2022	<u>90,197</u>	<u>36,231</u>	<u>582,836</u>	<u>709,264</u>
At 1 January 2021	67,685	18,294	493,244	579,223
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	<u>(58,283)</u>	<u>(50,472)</u>	<u>108,755</u>	<u>-</u>
Changes due to change in credit risk	76,329	49,724	20,428	146,481
Net financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,125)	(915)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	<u>97,559</u>	<u>16,634</u>	<u>474,964</u>	<u>589,157</u>

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

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

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

<b>Bank</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January 2022	97,559	16,634	363,432	477,625
-Transfers to Stage 1	730	(418)	(312)	-
-Transfers to Stage 2	(22,807)	22,975	(168)	-
-Transfers to Stage 3	(118,789)	(11,450)	130,239	-
	(140,866)	11,107	129,759	-
Changes due to change in credit risk (Note 23(h))	120,787	8,208	42,402	171,397
Net financial assets originated (Note 23(h))	24,241	381	1,261	25,883
Financial assets derecognised (Note 23(h))	(11,524)	(99)	(16,834)	(28,457)
Amount written-off	-	-	(46,460)	(46,460)
At 30 September 2022	90,197	36,231	473,560	599,988
At 1 January 2021	67,685	18,294	367,565	453,544
-Transfers to Stage 1	261	(86)	(175)	-
-Transfers to Stage 2	(1,740)	1,911	(171)	-
-Transfers to Stage 3	(56,804)	(52,297)	109,101	-
	(58,283)	(50,472)	108,755	-
Changes due to change in credit risk	76,329	49,724	34,575	160,628
Net financial assets originated	21,953	3	2,088	24,044
Financial assets derecognised	(10,125)	(915)	(10,859)	(21,899)
Amount written-off	-	-	(138,692)	(138,692)
At 31 December 2021	97,559	16,634	363,432	477,625

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>	<b>30 September 2022 RM'000</b>	<b>31 December 2021 RM'000</b>
Net impaired advances and financing as a percentage	8.34%	9.52%	8.34%	9.52%

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

**(c) Term financing/Fundings**

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Unsecured term financing/fundings	1,470,312	766,563

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	20,288	8,556
More than one year to five years	534,923	487,770
More than five years	915,101	270,237
	<u>1,470,312</u>	<u>766,563</u>

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

	<b>Group and Bank</b>	
	<b>30 September</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Financing from:		
- Government of Malaysia	446,956	-
- Bank Negara Malaysia ("BNM")	1,023,356	766,563
	<u>1,470,312</u>	<u>766,563</u>

Ministry of Finance ("MOF") vide its letter dated 13 June 2022, approved the conversion of borrowing granted by the Government of Malaysia to the Bank as term financing amounting to RM446,956,000 effective date 2 January 2022 with original profit rate of 2.0%.

The weighted average profit rates on the term financing/fundings from Government of Malaysia is at 2.0% and Bank Negara Malaysia range from 0% to 1.5% (2021: 0% to 1.5%) per annum.



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

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

Group and Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Income from advances and financing				
- Murabahah	15,468	16,528	46,790	69,838
- Istisna'	1,234	501	3,777	3,012
- Ijarah Thumma Al-Bai	6,803	4,429	16,986	10,949
- Bai' Dayn	32	44	122	198
- Tawarruq	99,475	85,390	281,837	234,780
- Bai' Inah	270	202	817	680
<b>Total income from advances and financing</b>	<b>123,282</b>	<b>107,094</b>	<b>350,329</b>	<b>319,457</b>
Tawarruq deposit placements	9,038	4,456	24,297	13,811
Financial investments at FVTPL	1,057	1,287	2,271	4,672
Financial investments at FVOCI	10,684	11,652	32,681	36,151
Financial investments at AC	6,701	5,773	14,982	16,229
<b>Total income from Islamic banking business</b>	<b>150,762</b>	<b>130,262</b>	<b>424,560</b>	<b>390,320</b>

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

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Deposits from customers	26,070	19,990	67,952	64,579
Deposits from banks and other financial institutions	923	551	2,493	1,317
Islamic medium-term notes/commercial notes	19,803	20,080	61,223	54,656
Term financing/fundings	12,106	3,577	23,251	10,795
Others	459	819	1,417	1,693
	<b>59,361</b>	<b>45,017</b>	<b>156,336</b>	<b>133,040</b>

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Deposits from customers	26,245	20,046	68,222	64,838
Deposits from banks and other financial institutions	923	551	2,493	1,317
Islamic medium-term notes/commercial notes	19,803	20,080	61,223	54,656
Term financing/fundings	12,106	3,577	23,251	10,795
Others	459	818	1,417	1,692
	<b>59,536</b>	<b>45,072</b>	<b>156,606</b>	<b>133,298</b>

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

**(f) Other operating income**

Group	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	4,288	3,276	10,960	9,217
Commission fee income	1,029	332	1,502	917
Rental income	3,223	(10)	8,346	3,042
Government fund released	6,695	4,545	19,995	13,381
Government compensation	2,495	1,821	6,801	2,509
Recovery income	(659)	7,547	5,094	8,212
Ta'widh/Compensation on late payment charges	1,332	1,035	3,628	3,582
Others	600	442	2,408	5,088
	<u>19,003</u>	<u>18,988</u>	<u>58,734</u>	<u>45,948</u>

Bank	Third Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fee income	2,145	2,835	6,793	7,676
Commission fee income	1,029	332	1,502	917
Rental income	3,223	(10)	8,346	3,042
Government fund released	6,695	4,545	19,995	13,381
Government compensation	2,495	1,821	6,801	2,509
Management fees	98	45	294	134
Profit income on amount owing by subsidiary company	2,149	2,802	6,447	8,405
Ta'widh/Compensation on late payment charges	1,332	1,035	3,628	3,582
Others	599	396	2,367	5,021
	<u>19,765</u>	<u>13,801</u>	<u>56,173</u>	<u>44,667</u>

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

**(g) Other operating expenses**

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Personnel expenses	42,929	47,173	111,210	139,570
Establishment related expenses	11,111	10,602	34,055	30,436
Promotion and marketing expenses	1,685	538	4,852	1,625
Administration and general expenses	8,774	8,596	24,152	21,499
	<u>64,499</u>	<u>66,909</u>	<u>174,269</u>	<u>193,130</u>

  

Bank	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
Personnel expenses	41,765	46,141	108,781	136,575
Establishment related expenses	11,094	10,590	34,009	30,402
Promotion and marketing expenses	1,683	537	4,847	1,593
Administration and general expenses	10,937	6,599	27,810	19,198
	<u>65,479</u>	<u>63,867</u>	<u>175,447</u>	<u>187,768</u>

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

Group	Third Quarter Ended		Nine Months Ended	
	30 September 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	3,555	(1,967)	(7,362)	26,708
- Stage 2 (Note 23(b)(x))	3,532	4,244	19,597	8,958
- Stage 3 (Note 23(b)(x))	54,671	5,934	153,703	10,494
	<u>61,758</u>	<u>8,211</u>	<u>165,938</u>	<u>46,160</u>
Impaired advances and financing recovered	(4,245)	(8,923)	(13,981)	(13,131)
Impaired advances and financing written off	452	-	544	-
<b>Total allowance for impairment on advances and financing</b>	<u>57,965</u>	<u>(712)</u>	<u>152,501</u>	<u>33,029</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 2022 RM'000	30 September 2021 RM'000	30 September 2022 RM'000	30 September 2021 RM'000
(Writeback)/Allowance for impairment losses on advances and financing made during the period:				
- Stage 1 (Note 23(b)(x))	3,555	(1,967)	(7,362)	26,708
- Stage 2 (Note 23(b)(x))	3,532	4,244	19,597	8,958
- Stage 3 (Note 23(b)(x))	56,053	7,050	156,588	13,105
	63,140	9,327	168,823	48,771
Impaired advances and financing recovered	(4,245)	(8,923)	(13,981)	(13,131)
Impaired advances and financing written off	452	-	544	-
<b>Total allowance for impairment on advances and financing</b>	<b>59,347</b>	<b>404</b>	<b>155,386</b>	<b>35,640</b>

**(i) Commitments**

	Group and Bank	
	30 September 2022 RM'000	31 December 2021 RM'000
Direct credit substitutes	171,494	231,283
Transaction-related-contingent items	169,483	160,555
Undisbursed financing		
- original maturity up to one year	88,891	235,459
- original maturity more than one year	1,932,203	1,547,106
	<b>2,362,071</b>	<b>2,174,403</b>

**(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 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
<b>Tier I Capital</b>				
Capital funds	1,050,564	1,050,564	1,050,564	1,050,564
Retained earnings	455,949	460,955	282,184	287,190
General provision for advances and financing*	33,573	35,337	33,573	35,337
Less: Deferred tax assets	(106,947)	(106,947)	(106,947)	(106,947)
Less: Property revaluation reserves	(228,616)	(228,616)	(228,616)	(228,616)
<b>Total Tier I capital</b>	<b>1,204,523</b>	<b>1,211,293</b>	<b>1,030,758</b>	<b>1,037,528</b>

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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 2022 RM'000	31 December 2021 RM'000	30 September 2022 RM'000	31 December 2021 RM'000
<b>Tier II Capital</b>				
General provision for advances and financing*	98,354	84,565	98,354	84,565
Property revaluation reserve <sup>^</sup>	114,308	114,308	114,308	114,308
Government funds <sup>#</sup>	436,425	428,923	436,425	428,923
<b>Total Tier II capital</b>	<b>649,087</b>	<b>627,796</b>	<b>649,087</b>	<b>627,796</b>
<b>Total capital</b>	<b>1,853,610</b>	<b>1,839,089</b>	<b>1,679,845</b>	<b>1,665,324</b>
Less: Investment in subsidiaries	-	-	-	-
<b>Total capital base</b>	<b>1,853,610</b>	<b>1,839,089</b>	<b>1,679,845</b>	<b>1,665,324</b>

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

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

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

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

	Group		Bank	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
20%	277,275	245,435	277,275	245,435
50%	5,193	5,621	5,193	5,621
100%	10,501,838	9,713,334	10,572,471	9,796,596
	<b>10,784,306</b>	<b>9,964,390</b>	<b>10,854,939</b>	<b>10,047,652</b>

Before deducting dividends:

Core capital ratio	11.169%	12.156%	9.496%	10.326%
Risk-weighted capital ratio	<b>17.188%</b>	<b>18.457%</b>	<b>15.475%</b>	<b>16.574%</b>

After deducting dividends:

Core capital ratio	11.169%	12.106%	9.496%	10.276%
Risk-weighted capital ratio	<b>17.188%</b>	<b>18.406%</b>	<b>15.475%</b>	<b>16.524%</b>

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**24. Analysis of financial performance**

**Current Full Period vs. Previous Full Period**

Key Profit or Loss item:	GROUP			
	30 September		Nine months ended	
	2022	30 September	Variances	
	2021			
	RM'000	RM'000	RM'000	%
Profit before tax expense and zakat	27,727	69,380	(41,653)	(60.0%)
Ratio of profit before tax to average shareholders' funds	1.72%	4.34%	-	(2.62%)
Ratio of profit before tax to average total assets	0.23%	0.64%	-	(0.41%)

Key Balance Sheet	GROUP			
	30 September		As at	
	2022	31 December	Variances	
	2021			
	RM'000	RM'000	RM'000	%
Gross loans, advances and financing	8,719,659	8,303,583	416,076	5.01%
Gross impaired loans, advances and financing (%)	17.57%	18.38%	-	0.81%
Deposits from customers	4,665,930	3,742,803	923,127	24.66%

SME Bank Group (the "Group") reported profit before tax expense and zakat of RM27.73 million for the financial period ended 30 September 2022. The result is lower by RM41.65 million from the prior financial year of RM69.38 million largely due to the higher net impairment allowance on loans, advances and financing incurred amounting to RM128.22 million compared to RM28.63 million in the preceding period.

Higher gross income recognised from Islamic banking of RM326.96 million as compared to RM303.23 million in the prior period were consistent with the larger gross financing portfolio of the Group totalling to RM8.72 billion in the current financial period compared to RM8.34 billion in the previous financial period.

Ratio of PBT to average shareholders' funds and ratio of PBT to average total assets was calculated at 1.72% and 0.23% respectively dropped during the period compared to 4.34% and 0.64% in the previous financial period.

The Group's total assets increased to RM12.57 billion as at 30 September 2022 compared to RM11.22 billion as at 30 September 2021. This was primarily contributed by higher loans, advances and financing of RM8.72 billion followed by cash and short term funds of RM1.37 billion compared to the corresponding financial period of RM7.19 billion and RM0.98 billion respectively.

The Group's gross impaired ratio improved to 17.57% in the current financial period in comparison to 18.12% in the corresponding financial period. The Group's Risk-Weighted Capital Ratio stood at 17.95% while its Core Capital Ratio stood at 11.94% compared to 18.62% and 12.41% respectively in the preceding financial period.